cecabank

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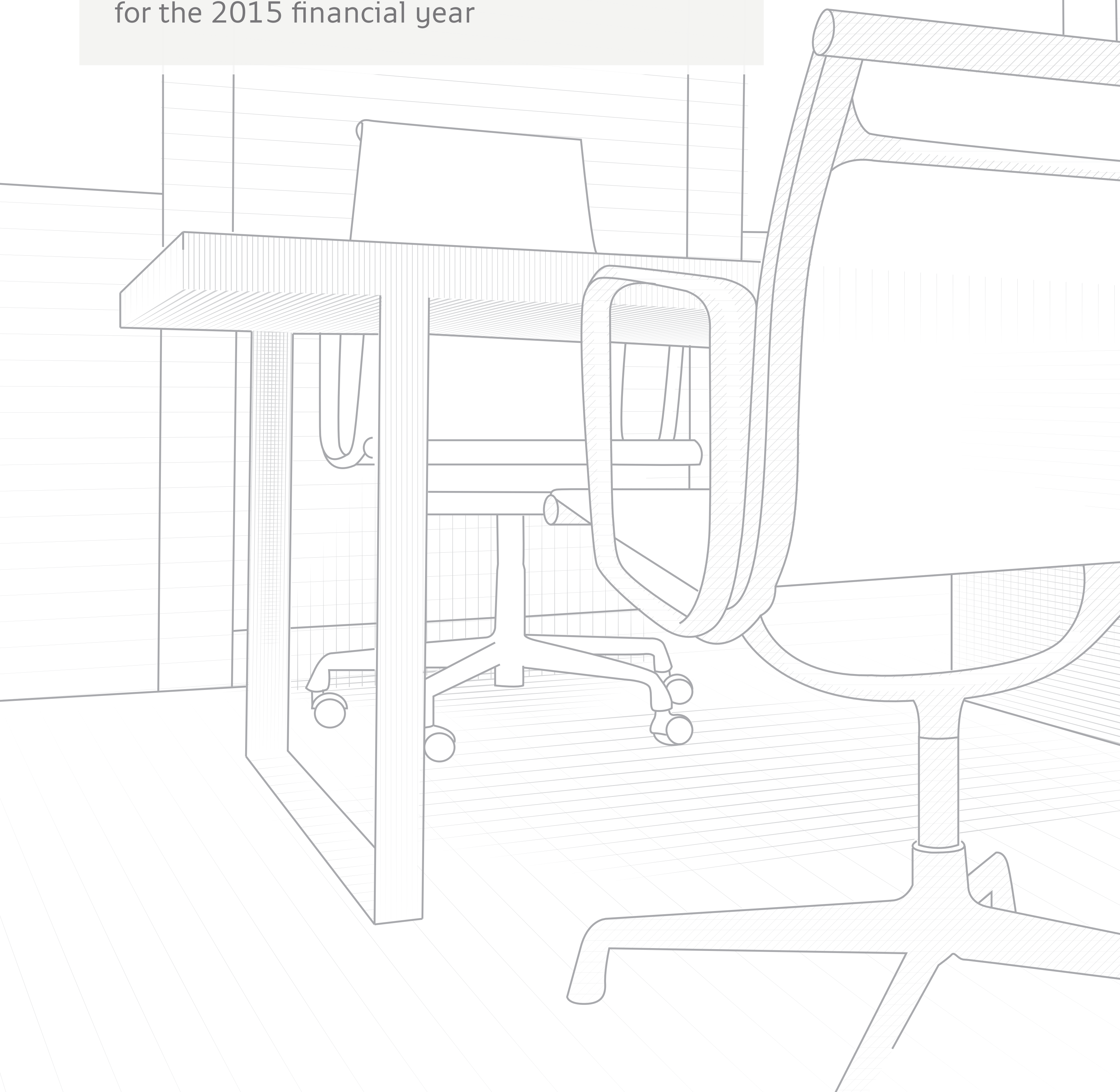
Cecabank, S.A. and dependent companies forming part of the Cecabank Group

Consolidated Financial statements, Management report and Audit report for the 2015 financial year



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Consolidated Financial 2015

Independent auditor´s report on consolidated financial statements

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Cecabank, S.A.,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Cecabank, S.A. ("the Bank") and Subsidiaries composing, together with the Bank, the Cecabank Group ("the Group"), which comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement, consolidated statement of recognised income and expense, consolidated statements of changes in total equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Bank's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of the Group in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRSs") and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain (identified in Note 1.2 to the accompanying consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Bank's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Cecabank Group as at 31 December 2015, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2015 contains the explanations which the Bank's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2015. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Cecabank, S.A. and Subsidiaries composing, together with the Bank, the Cecabank Group.

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

Juan Manuel Alonso Fernández
17 February 2016

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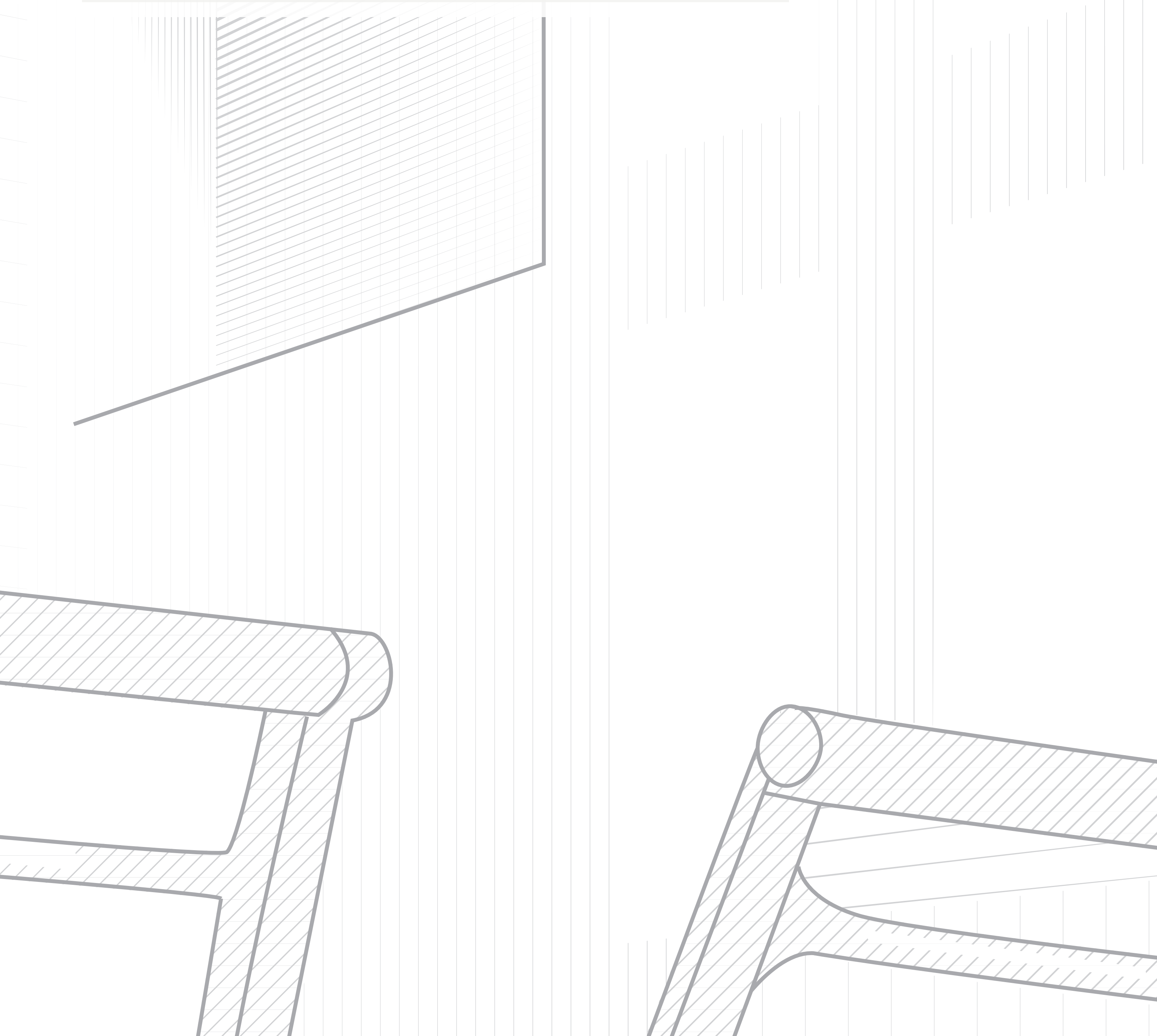
Consolidated Financial 2015

Consolidated Financial Statements

Consolidated balance
Income statements
Statements of recognised income and expense
Statements of changes in total equity
Cash flow statements for the years



Cecabank, S.A

Balance sheets at 31 december 2015 and 2014
(Thousands of Euros)

(*)Presented for comparison purposes only.
The accompanying Notes 1 to 41 and Appendixes I ,II, III and IV are an integral part of the balance sheet at 31 December 2015.

Assets	2015	2014(*)
1. Cash and balances with central banks (Note 5)	**61.560**	**196.387**
2. Financial assets held for trading (Note 6.1)	**2.560.723**	**2.832.794**
2.1. Loans and advances to credit institutions	-	-
2.2. Loans and advances to customers	-	-
2.3. Debt instruments	1.135.252	1.046.083
2.4. Equity instruments	63.160	67.867
2.5. Trading derivatives	1.362.311	1.718.844
Memorandum item: Loaned or advanced as collateral	*309.418*	*219.885*
3. Other financial assets at fair value through profit or loss (Note 6.2)	**2.786.463**	**3.624.938**
3.1. Loans and advances to credit institutions	2.698.393	2.748.641
3.2. Loans and advances to customers	29.954	876.297
3.3. Debt instruments	-	-
3.4. Equity instruments	58.116	-
Memorandum item: Loaned or advanced as collateral	*332.398*	*833.752*
4. Available-for-sale financial assets (Note 7)	**4.202.012**	**2.585.344**
4.1. Debt instruments	4.112.932	2.523.149
4.2. Equity instruments	89.080	62.195
Memorandum item: Loaned or advanced as collateral	716.426	527.250
5. Loans and receivables (Note 8)	**2.041.429**	**1.355.852**
5.1. Loans and advances to credit institutions	1.231.583	923.921
5.2. Loans and advances to customers	768.622	389.102
5.3. Debt instruments	41.224	42.829
Memorandum item: Loaned or advanced as collateral	*38.673*	-
6. Held-to-maturity investments	-	-
Memorandum item: Loaned or advanced as collateral	-	-
7. Changes in the fair value of hedged items in portfolio hedges of interest rate risk	-	-
8. Hedging derivatives (Note 9)	**222**	**19**
9. Non-current assets held for sale (Note 10)	**18.487**	**18.504**
10. Investments (Note 11)	-	**4.645**
10.1. Associates	-	1.492
10.2. Jointly controlled entities	-	3.153
10.2. Subsidiaries		
11. Insurance contracts linked to pensions	-	-
13. Tangible assets (Note 12)	**53.371**	**53.232**
13.1. Property, plant and equipment	52.383	52.208
13.1.1. For own use	52.383	52.208
13.1.2. Leased out under an operating lease	-	-
13.1.3. Assigned to welfare projects	-	-
13.2. Investment property	988	1.024
Memorandum item: Loaned or advanced as collateral	-	-
14. Intangible assets (Note 14)	**84.020**	**39.264**
14.1. Goodwill	-	-
14.2. Other intangible assets	84.020	39.264
15. Tax assets	**128.209**	**124.116**
15.1. Current	572	226
15.2. Deferred	127.637	123.890
16. Other assets (Note 15)	**51.712**	**31.685**
16.1. Inventory	6	6
16.2. Other	51.706	31.679
Total assets	**11.988.208**	**10.866.780**
Memorandum items		
1. Contingent liabilities (Note 27.1)	99.960	89.158
2. Contingent commitments (Note 27.3)	412.074	724.862

Liabilities and equity	2015	2014*
Liabilities		
1. Financial liabilities held for trading(Note 8.1)	2.273.135	2.267.416
1.1. Deposits from central banks	-	-
1.2. Deposits from credit institutions	-	-
1.3. Customer deposits	-	-
1.4. Marketable debt securities	-	-
1.5. Trading derivatives	1.327.114	1.661.534
1.6. Short positions	946.021	605.882
1.7. Other financial liabilities	-	-
2. Other financial liabilities at fair value through profit or loss(Note 8.2)	1.109.908	1.365.643
2.1. Deposits from central banks	-	-
2.2. Deposits from credit institutions	675.885	692.386
2.3. Customer deposits	434.023	673.257
2.4. Marketable debt securities	-	-
2.5. Subordinated liabilities	-	-
2.6. Other financial liabilities	-	-
3. Financial liabilities at amortised cost (Note 16)	7.260.167	5.941.722
3.1. Deposits from central banks	-	-
3.2. Deposits from credit institutions	1.181.969	1.532.528
3.3. Customer deposits	5.829.346	3.922.469
3.4. Marketable debt securities	-	-
3.5. Subordinated liabilities	-	-
3.6. Other financial liabilities	248.852	486.725
4. Changes in the fair value of hedged items in portfolio hedges of interest rate risk	-	-
5. Hedging derivatives (Note 11)	4.418	6.073
6. Liabilities associated with non-current assets held for sale	-	-
7. Liabilities under insurance contracts	-	-
8. Provisions	210.618	196.268
8.1 Provisions for pensions and similar obligations (Note 35)	91.094	84.498
8.2. Provisions for taxes and other legal contingencies	-	-
8.3. Provisions for contingent liabilities and commitments (Note 17)	16	16
8.4. Other provisions (Note 17)	119.508	111.754
9. Tax liabilitie (Note 20)	44.173	52.921
9.1 Current	4.335	3.060
9.2 Deferred	39.838	49.861
10. Background of social work	-	-
11. Other liabilities (Note 15)	113.134	101.007
Total liabilities	11.015.553	9.931.050
Equity		
1. Own Funds	902.650	841.911
1.1 Endowment fund	112.257	112.257
1.1.1 Registered capital (Note 19)	112.257	112.257
1.1.2 *Less: Uncalled capital*	-	-
1.2 Share premium (Note 19)	615.493	615.493
1.3 Reserves	99.219	58.736
1.3.1. Accumulated reserves (losses)	99.219	56.659
1.3.2. Reserves at jointly controlled entities (losses)	-	2.077
1.4 Other equity instruments	-	-
1.4.1 Equity component of compound financial instruments	-	-
1.4.2 Non-voting equity units and associated funds	-	-
1.4.3 Other equity instruments	-	-
1.5. *Less: Treasury shares*	-	-
1.6. Profit for the year	75.681	55.425
1.7 Less: Dividends and remuneration	-	-
2. Valuation adjustments (Note 18)	69.501	93.819
2.1. Financial assets held for sale	61.241	87.779
2.2. Cashflow Hedges	-	-
2.3. Hedges of net investments in foreign operations	-	-
2.4. Foreign currency hedge	-	-
2.5. Non-current assets held for sale	-	-
2.6. Jointly controlled entities	-	-
2.7. Other Valuation Adjustments	8.260	6.040
3. Minority interests	504	-
3.1. Other Valuation Adjustments	-	-
3.2. Other	504	-
Total equity	972.655	935.730
Total liabilities and equity	11.988.208	10.866.780

Income statements for the years ended 31 december 2015 and 2014
(thousands of euros)

(*) Presented for comparison purposes only.
Notes 1 to 42 and Appendixes I, II, III and IV, included in the Consolidated Memorandum adjunted, are an integral part of the income statement for 2015

Income / (Expense)	2015	2014*
1. Interest and similar income (Note 28)	67.474	93.951
2. Interest expense and similar charges (Note 29)	(20.635)	(21.492)
A. Net interest income	46.839	72.459
4. Income from equity instruments (Note 30)	5.474	28.717
5. Share of results of entities accounted for using the equity method	-	1.806
6. Fee and commission income (Note 31)	128.452	108.636
7. Fee and commission expense (Note 32)	(16.470)	(18.854)
8. Gains/losses on financial assets and liabilities (net) (Note 33)	20.375	(34.149)
8.1. Held for trading	8.371	(50.233)
8.2. Other financial instruments at fair value through profit or loss	(1.215)	(63)
8.3. Financial instruments not measured at fair value through profit or loss	15.588	16.250
8.4. Other	(2.369)	(103)
9. Exchange differences (net)	51.754	36.500
10. Other operating income (Note 34)	53.944	45.871
10.1. Income from insurance and reinsurance contracts issued	-	-
10.2. Sales and income from the provision of non-financial services	5.295	1.058
10.3. Other operating income	48.649	44.813
11. Other operating expenses (Note 35)	(8.635)	(711)
11.1. Insurance and reinsurance contract expenses	-	-
11.2. Changes in inventories	57	(179)
11.3. Other operating expenses	(8.692)	(532)
B. Gross income	281.733	240.275
12. Administrative expenses	(117.625)	(119.928)
12.1. Staff costs (Note 35)	(53.632)	(54.760)
12.2. Other general administrative expenses (Note 36)	(63.993)	(65.168)
13. Depreciation and amortisation (Note 39)	(49.709)	(39.696)
14. Provisions (net)	(32.810)	(19.291)
15. Impairment losses on financial assets (net) (Note 38)	19.264	14.765
15.1 Loans and receivables	20.177	18.867
15.2 Other financial instruments not measured at fair value through profit or loss	(913)	(4.102)
C. Profit from operations	100.853	76.125
16. Impairment losses on other assets (net)	-	-
16.1 Goodwill and other intangible assets	-	-
16.2 Other Assets	-	-
17. Gains (losses) on disposal of assets not classified as non-current assets held for sale (Note 2.1.2)	3.251	(1)
18. Negative goodwill on business combinations	-	-
19. Gains (losses) on non-current assets held for sale not classified as discontinued operations	-	-
D. Profit before tax	104.104	76.124
20. Income tax (Note 20)	(28.298)	(20.699)
21. Mandatory transfer to welfare projects and funds	-	-
E. Profit for the year from continuing operations	75.806	55.425
22. Profit/Loss from discontinued operations (net)	-	-
F. Consolidated profit for the year	75.806	55.425
F.1. Profit attributable to the Parent	75.681	55.425
F. 2. Profit attributable to minority interests	125	-

Estados de cambios en el patrimonio neto Consolidados de los ejercicios anuales terminados el 31 de diciembre de 2015 y 2014

(Thousands of Euros)

I. Statements of recognised income and expense for the years ended 31 december 2015 and 2014

(*)Presented for comparison purposes only.
Notes 1 to 42 and Appendixes I, II, III and IV, included in the Consolidated Memorandum adjunted, are an integral part of the Statements of recognised income and expense for 2015.

	2015	2014 (*)
A) Profit for the year	75.806	55.425
B) Other recognised income and expense	(24.318)	34.842
B.1) Items that will not be reclassified to profit or loss	2.220	1.278
1. Actuarial gains and losses on defined benefit pension plans	3.172	1.825
2. Non-current assets held for sale	-	-
4. Income tax relating to items that will not be reclassified to profit or loss	(952)	(548)
B.2) Items that may be reclassified to profit or loss	(26.538)	33.564
1. Available-for-sale financial assets	(37.912)	46.398
1.1. Revaluation gains (losses)	(22.641)	55.023
1.2. Amounts transferred to income statement	(15.271)	(8.625)
1.3. Other reclassifications	-	-
2. Cash flow hedges	-	1.551
2.1. Revaluation gains (losses)	-	1.023
2.2. Amounts transferred to income statement	-	528
2.3. Amounts transferred to the initial carrying amount of hedged items	-	-
2.4. Other reclassifications	-	-
3. Hedges of net investments in foreign operations	-	-
3.1. Revaluation gains (losses)	-	-
3.2. Amounts transferred to income statement	-	-
3.3. Other reclassifications	-	-
4. Exchange differences	-	-
4.1. Revaluation gains (losses)	-	-
4.2. Amounts transferred to income statement	-	-
4.3. Other reclassifications	-	-
5. Non-current assets held for sale	-	-
5.1. Revaluation gains (losses)	-	-
5.2. Amounts transferred to income statement	-	-
5.3. Other reclassifications	-	-
8. Other recognised income and expense	-	-
9. Income tax	11.374	(14.385)
C) Total recognised income and expense (A+B)	51.488	90.267
C 1) Attributable to the Parent	51.363	90.267
C 2) Attributable to minority interests	125	-

II. Statements of changes in total equity for the years ended 31 december 2015 and 2014

(*) Presented for comparison purposes only.
Notes 1 to 42 and Appendixes I, II, III and IV, included in the Consolidated Memorandum adjunted, are an integral part of the statements of Change for 2015.

	Own Funds									Valuation adjustments	Total	Minority Interests	Total Equity
	Endowment Fund	Share Premium	Reserves	Reserves (Losses) of Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Shares	Profit for the Year Attributable to the Parent	Less: Dividends and Remuneration	Total Ow Funds				
1. Ending balance at 31/12/14 (*)	112.257	615.493	56.659	2.077	-	-	55.425	-	841.911	93.819	935.730	-	935.730
1.1. Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Adjusted beginning balance	112.257	615.493	56.659	2.077	-	-	55.425	-	841.911	93.819	935.730	-	935.730
3. Total recognised income and expense	-	-	-	-	-	-	75.681	-	75.681	(24.318)	51.363	125	51.488
4. Other changes in equity	-	-	42.560	(2.077)	-	-	(55.425)	-	(14.942)	-	(14.942)	379	(14.563)
4.1. Increases in endowment fund	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2. Reductions of endowment fund	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4.4. Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
4.5. Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
4.6. Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7. Remuneration of shareholders	-	-	-	-	-	-	(13.622)	-	(13.622)	-	(13.622)	-	(13.622)
4.8. Transactions involving own equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
4.9. Transfers between equity items	-	-	43.540	(1.737)	-	-	(41.803)	-	-	-	-	-	-
4.10. Increases (decreases) due to business combinations	-	-	340	(340)	-	-	-	-	-	-	-	379	379
4.11. Discretionary transfer to welfare projects and funds	-	-	-	-	-	-	-	-	-	-	-	-	-
4.12. Equity-instrument-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
4.13. Other increases (decreases) in equity	-	-	(1.320)	-	-	-	-	-	(1.320)	-	(1.320)	-	(1.320)
5. Ending balance at 31/12/15	112.257	615.493	99.219	-	-	-	75.681	-	902.650	69.501	972.151	504	972.655

	Own Funds									Valuation adjustments	Total	Minority Interests	Total Equity (*)
	Endowment Fund	Share Premium	Reserves	Reserves (Losses) of Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Shares	Profit for the Year Attributable to the Parent	Less: Dividends and Remuneration	Total Ow Funds				
1. Ending balance at 31/12/13 (*)	112.257	615.493	19.235	-	-	-	52.269	-	799.254	58.977	858.231	-	858.231
1.1. Adjustments due to changes in accounting policies	-	-	(1.498)	1.498	-	-	-	-	-	-	-	-	-
1.2. Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Adjusted beginning balance	112.257	615.493	17.737	1.498	-	-	52.269	-	799.254	58.977	858.231	-	858.231
3. Total recognised income and expense	-	-	-	-	-	-	55.425	-	55.425	34.842	90.267	-	90.267
4. Other changes in equity	-	-	38.922	579	-	-	(52.269)	-	(12.768)	-	(12.768)	-	(12.768)
4.1. Increases in endowment fund	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2. Reductions of endowment fund	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4.4. Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
4.5. Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
4.6. Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7. Remuneration of shareholders	-	-	-	-	-	-	(13.104)	-	(13.104)	-	(13.104)	-	(13.104)
4.8. Transactions involving own equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
4.9. Transfers between equity items	-	-	38.926	239	-	-	(39.165)	-	-	-	-	-	-
4.10. Increases (decreases) due to business combinations	-	-	-	340	-	-	-	-	340	-	340	-	340
4.11. Discretionary transfer to welfare projects and funds	-	-	-	-	-	-	-	-	-	-	-	-	-
4.12. Equity-instrument-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
4.13. Other increases (decreases) in equity	-	-	(4)	-	-	-	-	-	(4)	-	(4)	-	(4)
5. Ending balance at 31/12/14	112.257	615.493	56.659	2.077	-	-	55.425	-	841.911	93.819	935.730	-	935.730

(*) Presented for comparison purposes only.

Notes 1 to 42 and Appendixes I, II, III and IV, included in the Consolidated Memorandum adjunted, are an integral part of the statements of Change for 2015.

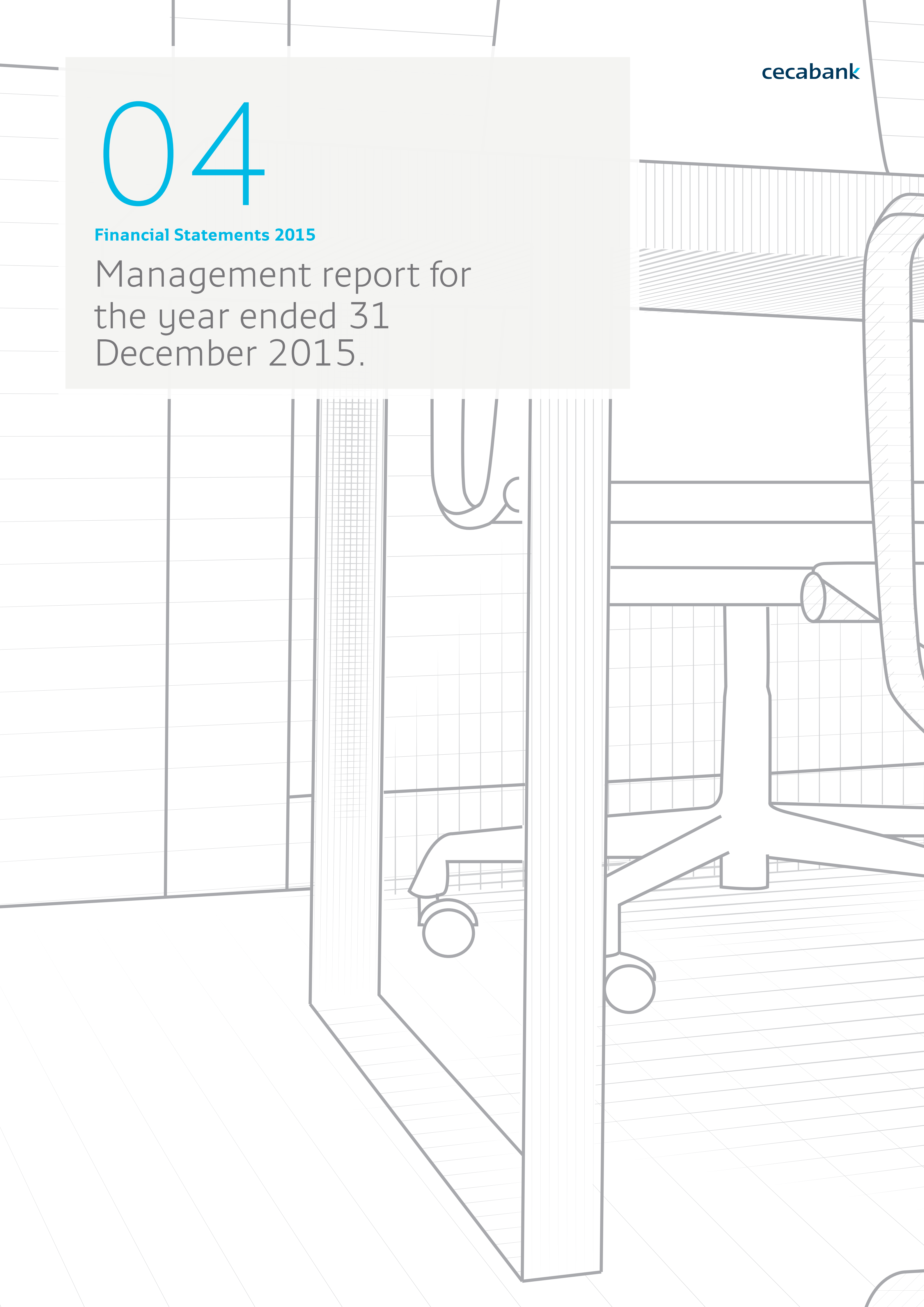
Cash flow statements for the years ended for the years ended 31 december 2015 and 2014

(Thousands of Euros)

(*) Presented for comparison purposes only.
Notes 1 to 42 and Appendixes I, II, III and IV, included in the Consolidated Memorandum adjunted, are an integral part of the Cash Flow Statement for 2015.

Collections / (Payments)	2015	2014 (*)
A) Cash flows from operating activities	(32.108)	(162.404)
1. Consolidated profit for the year	75.806	55.425
2. Adjustments made to obtain the cash flows from operating activities	71.823	88.265
2.1. Depreciation and amortisation	49.709	39.696
2.3. Other adjustments	22.114	48.569
3. Net (increase)/decrease in operating assets	(1.218.906)	1.031.032
3.1. Financial assets held for trading	268.236	1.582.950
3.2. Other financial assets at fair value through profit or loss	854.063	(1.266.695)
3.3. Available-for-sale financial assets	(1.657.293)	1.110.194
3.4. Loans and receivables	(665.401)	(373.265)
3.5. Other operating assets	(18.511)	(22.152)
4. Net (increase)/decrease in operating liabilities	1.069.321	(1.307.631)
4.1. Financial liabilities held for trading	5.719	(1.696.397)
4.2. Other financial liabilities at fair value through profit or loss	(255.735)	(291.505)
4.3. Financial liabilities at amortised cost	1.318.445	780.035
4.4. Other operating liabilities	892	(99.764)
5. Collections/(Payments) of income tax	(30.152)	(29.495)
B) Cash flows from investing activities	(89.097)	(21.507)
6. Payments	(94.558)	(21.507)
6.1. Tangible assets	(2.934)	(1.512)
6.2. Intangible assets	(91.624)	(19.995)
6.3. Investments	-	-
6.4. Other business units	-	-
6.5. Non-current assets held for sale and associated liabilities	-	-
6.6. Held-to-maturity investments	-	-
6.7. Other payments related to investing activities	-	-
7. Collections	5.461	-
7.1. Tangible assets	-	-
7.2. Intangible assets	-	-
7.3. Investments	5.461	-
7.4. Other business units	-	-
7.5. Non-current assets held for sale and associated liabilities	-	-
7.6. Held-to-maturity investments	-	-
7.7. Other payments related to investing activities	-	-
C) Cash flows from financing activities	(13.622)	(13.104)
8. Payments	(13.622)	(13.104)
8.1. Dividends	(13.622)	(13.104)
8.2. Subordinated liabilities	-	-
8.3. Redemption of own equity instruments	-	-
8.4. Acquisition of own equity instruments	-	-
8.5. Other payments related to financing activities	-	-
9. Collections	-	-
9.1. Subordinated liabilities	-	-
9.2. Issuance of own equity instruments	-	-
9.3. Disposal of equity instruments	-	-
9.4. Other collections related to financing activities	-	-
D) Effect of changes in exchange rates	-	-
E) Net increase/decrease in cash and cash equivalents (a+b+c+d)	(134.827)	(197.015)
F) Cash and cash equivalents at beginning of year	196.387	393.402
G) Cash and cash equivalents at end of year	61.560	196.387

Memorandum items	2015	2014 (*)
Components of cash and cash equivalents at end of year		
1.1. Cash	53.495	54.278
1.2. Cash equivalents at central banks	8.065	142.109
1.3. Other financial assets	-	-
1.4. Less: Bank overdrafts refundable on demand	-	-
Total cash and cash equivalents at end of year (Note 7)	61.560	196.387
of which: held by consolidated entities but not drawable by the Group	-	-



04

Financial Statements 2015

Management report for the year ended 31 December 2015.

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

Cecabank Group and Subsidiaries composing the Cecabank Group

Management report for the year ended 31 December 2015

Cecabank, S.A. (Cecabank) is the Parent of the Cecabank Group. The companies composing the Group are detailed in Note 1 to the consolidated financial statements for the year ended 31 December 2015. Cecabank represents 99.95% of the Group's assets.

The main aim of this Directors' report is to provide information on the most significant initiatives developed by Cecabank in 2015, present the actual results obtained, in comparison with the budget, and disclose both the most significant matters relating to risk management and the activities that will be carried out within the framework of the strategic lines of action defined for 2016.

1. Business performance and achievement of targets in 2015

Cecabank is in the final phase of implementation of the 2013-2016 Strategic Plan and, accordingly, deliberations on the next Strategic Plan and future opportunities have already started.

Most of the objectives set in the Strategic Plan have already been achieved: the Bank has successfully consolidated its business model as a bank that provides services to other banks and financial institutions, specialising in wholesale services and assuming a significant position in the Spanish financial system.

The change of model implemented over the last three years has greater strengths than the initial scenario:

a) Leadership in depository service and increased loyalty of management companies, in addition to providing recurring income, boosts cross-selling and provides stability in on-balance-sheet customer funds that the Bank relies on for its treasury activities.

b) The improvement in efficiency facilitated the sustainability of banking services, which continued to make a stable contribution to the income statement.

c) The opening-up to the market beyond the CECA associates segment is a fact, although there is still a certain degree of customer concentration and diversification potential.

The noteworthy developments regarding the three core business lines defined are as follows:

1.1. Securities Services

This business line is achieving higher income than the amounts envisaged in the Strategic Plan, as the target set for 2016 was achieved in 2014 (and comfortably exceeded in 2015).

Depository service: the assets deposited exceed EUR 89,500 million, compared with EUR 64,500 million at 2014 year-end. This growth is due to the transfer of funds from Barclays, pension plans from Unicaja, CNP/BVP, Caja Badajoz Vida and Banco Madrid and investment funds from Unicaja, as well as the positive performance of the market. An agreement was entered into with Abanca for the transfer of its depository service. This process is at a very advanced stage and will be completed at the beginning of 2016. Also, numerous commercial contacts were made with independent managers and private equity fund management companies.

Securities: this continues to be a high-potential service, due not only to the reform of the securities market and the business induced by the depository service, but also to the exploration of other value-chain services that may be of interest to current and potential customers. The reforms of the securities market are at the testing stage and the Bank has held contacts with banks and management companies with a view to providing new services. Cecabank has registered as a Global Clearing Member of Iberclear, which will generate new business opportunities in the coming years.

1.2. Treasury

In results terms, the treasury business grew at a rate that was above the expectations for 2015. The expectations defined in the Strategic Plan are being met.

Treasury room: the search for new treasury customers and the diversification of current ones continue. New transactions were performed with public authorities and business with corporates is increasing, thus improving the variety of transactions. Foreign currency operations were boosted by the increase in tourism and the depreciation of the euro. New customers are being obtained, from both the traditional sector and beyond.

Treasury platform: the plans for the implementation of the ICO projects and the addition of other entities in the industry as customers are being met.

1.3. 1.2 Banking Services

The economic recovery is being reflected in the increase in consumption indicators, which affects the payments and business processes activity. Payment transactions have shown continuing long-term growth, even in the crisis years, and have experienced a faster rate of growth in the last two years.

The initial forecasts in the Strategic Plan are being met, and the estimates made have been slightly exceeded. However, traditional businesses are still accounting for a high proportion of earnings. New business opportunities are being explored, although their contribution to earnings is as yet limited:

Payment:

- In the Payments field, new entities have joined the Spanish National Electronic Clearing System (SNCE) representation service and the SWIFT coverage services. Payment Systems held discussions in the international sphere to explore possible cooperation arrangements. The payments business from the London office continues to grow and discussions were held with other entities with a view to its possible extension.
- Innovation in payments, a mobile P2P payments project, is being developed, which nine entities have joined. The commercial launch will foreseeably take place at the beginning of 2016. The Bank is also participating in a financial services industry project to launch an instant payment platform.

Business Processes:

- e-banking: new agreements were entered into with several small and medium-sized entities outside the traditional sector.
- e-billing: experienced a high level of growth due to e-billing at public authorities and the inclusion of Caixabank.

Advisory:

- In the regulatory field: new reporting modules adapted to the regulatory changes are being rolled out and the CRS model, MIFID2 and PRIIPS projects, as well as certain customised projects, were initiated.
- Regulatory reporting: is achieving new contracts and analysing the possibility of entering new customer segments.
- The digital signature obtained new non-traditional customers, such as a large Spanish insurance Company.

Non-business initiatives were also set in motion aimed at:

Adapt the Organisation:

- In the Corporate Governance sphere, on 17 March Cecabank held its Annual General Meeting, at which it was resolved to amend the bylaws to adapt them to the modifications arising from Law 10/2014, on regulation, supervision and capital adequacy and from Law 31/2014, amending the Spanish Limited Liability Companies Law to improve corporate governance. In accordance with best corporate governance standards, the Nomination and Remuneration Committee was split into two. Also, a new independent female director joined the Board and, accordingly, all the executive committees are chaired by independents. Work is ongoing on this initiative, taking into account the self-assessment process undertaken by the Board in 2015.
- The structural adjustments planned for 2015 as part of the Capacity Reduction Plan initiated in 2010 were implemented.
- Implementation of the Mechanisation Plan continues, with a significant focus on supporting Securities Services activities, in terms of both the developments arising from the securities market reforms and the improvement of the securities and depository services processes.

Change Management:

- In the quality management area, in January 2015 ISO certification was obtained for collections and payments, in July ISO 27001:2013 certification was obtained for SEPA credit transfers and direct debits and in December the Aenor audit to obtain ISO 9001:2008 certification for Pyramid (regulatory reporting) was conducted, with a positive result. The customer satisfaction assessment system was brought into line with the Strategic Plan.
- As regards the Communication Plan, the Second Securities Services Conference was held in January and work was performed to improve the content and positioning of Cecabank's website. A procedure was established for reviewing the content of the corporate website, and a website manager was appointed.
- The Executive Development Plan (DEDICA) moved into a second phase (DEDICA2), which will enable the competencies with scope for improvement to be strengthened. Also, the DEDICA plan for line personnel was designed, and the performance assessment model was redefined.
- A draft CSR policy was prepared, following the format recommended in the 2015 Good Governance Code of the Spanish National Securities Market Commission (CNMV).

The objective of raising fees and commissions as a percentage of the financial margin by increasing recurring business is being met.

We could conclude that the implementation of the Strategic Plan is achieving a greater balance on Customer diversification. Since 2012 the composition of Cecabank's customer portfolio has been transformed, with direct billings to traditional entities being reduced and billings to other customers being increased.

Collective investment undertaking and pension fund management companies have come to represent the most important segment of the customer portfolio, with the additional advantage that in most cases they are tied by long contracts. The importance of billings to other entities outside the "traditional market" continued to be relatively low, so there is still potential to be explored.

2. Income statement

A continuación se detallan las principales magnitudes de la cuenta de pérdidas y ganancias de Cecabank, S.A.:

	Real 2015 (*)	Budget 2015 (*)	Variance	
			Amount (*)	%
Financial margin (**)	124,399	99,587	24,812	25
Net fee and commission income	154,322	139,516	14,806	11
Gross income	**278,721**	**239,103**	**39,618**	**17**
Operating expenses (including endowments)	(178,233)	(165,605)	(12,628)	8
Profit from operations	**100,488**	**73,498**	**26,990**	**37**
Other losses (net)	4,988	3,000	1,988	66
Profit before tax	**105,476**	**76,498**	**28,978**	**38**
Income tax	(28,314)	(20,497)	(7,817)	38
Profit for the year	**77,162**	**56,001**	**21,161**	**38**

(*) Figures related to Cecabank, S.A.'s Income Statement.
(**) Includes net interest income, income from equity instruments, the gains and losses on financial assets and liabilities and exchange differences.

Following is an analysis of the various headings composing the income statement:

- **Financial margin** outperformed the budget by EUR 25 million, of which EUR 9 million related to investments of own funds and borrowings and EUR 16 million to the management of the treasury room.
- **Fees and commissions and income from operations** were EUR 15 million over budget, the most noteworthy component being securities services following the acquisition of the depository services of Unicaja – CEISS, Barclays and Banco Madrid, in addition to the increases in the net assets of the funds.
- **Gross income** reflects all the net income obtained from operations, which amounted to EUR 279 million, up EUR 40 million on the amount budgeted.
- **Operating expenses**: staff costs were 5.7% below budget and other general administrative expenses were 3.7% below budget, while depreciation and amortisation was slightly over budget, partially offsetting the negative figures for provisions and impairment losses on assets, which were due mainly to the period provision of EUR 23 million for a pre-retirement plan.
- **Profit for 2015**: the actual net profit after tax was EUR 77.1 million, 38% over Budget.

It is notable that the **composition of gross income** is becoming more evenly divided between financial margin and fees and commissions:

- The contribution made by treasury dealing to the income statement was gradually reduced due to the change the market underwent in the year.
- The performance of the securities services business enabled a portion of the falls in the financial margin and billings of the traditional banking services business to be offset.
- Income from banking services stabilised after the decline suffered as a result of the reorganisation of the industry, and the Bank maintained a significant market share with scope for growth.

Gross Margin Contributionby Business Lines:

3. External credit ratings

The ratings assigned to Cecabank by the international agencies *Fitch Ratings, Moody's and Standard & Poor's* at 31 December 2015 were as follows:

	Short Run	Long Run
FITCH RATINGS	F-2	BBB-
MOODYS	P-2	Baa2
STANDARD & POOR'S	A-2	BBB

The strategic reorientation and the success of its implementation were key factors in the various rating agencies' reviews of the Bank's credit ratings, all three of which are currently investment grade. In general, when issuing the Entity's ratings, agencies highlight as positive factors the success of:

- The liquidity position
- The Entity's strategic reorientation
- The conservative risk profile
- The Bank's role as a supplier of services to other entities

4. Risk management

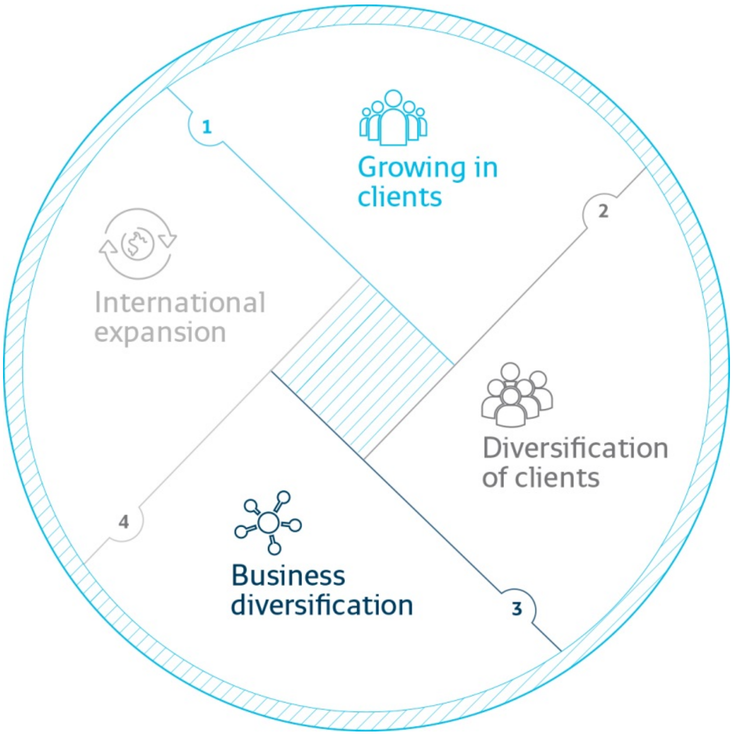
Notes 22, 23, 24, 25 and 26 to the entity's financial statements include the information relating to its risk management objectives, policies and procedures, as well as its exposure by type of risk.

5. Significant events after the reporting period

No significant events occurred after the reporting period.

6. Business outlook

In line with the Strategic Plan developed for Cecabank, S.A. and taking into account the challenges defined therein, he has worked on the definition of a **strategic business objectives for 2016**.



The aim of the strategic targets is to focus commercial efforts in 2016 mainly on:

1. Customer growth: increase income and margins from current customers, achieving greater loyalty and boosting cross-selling.

2. Customer diversification: achieve higher penetration in strategic segments: Insurance companies, public authorities, management companies and corporates. With this aim, a task force and a project to analyse the insurance companies market were set up.

3. Business diversification: complement the current offering with new services leveraged on the Entity's capabilities and status as a wholesale bank.

4. International expansion: search for opportunities taking advantage of the foreign network and the new European Banking Union framework.

The strategic objectives of each of the business lines have been standardised for 2016, in order to bring them into line with the standard management indicators contained in the Entity's balanced scorecard. Thus the aim is to be able to closely monitor the level of achievement of those objectives and be able, during the year, to implement actions to ensure that they are achieved.

At Entity level, the strategic objectives defined are summarised in the following table:

Challenges	2016 Strategic Business Objetives	
01 Grow Up	New agreements 220	Of reinvoicing 21.7 M€
02 Customer Growth	Active customers 198	New customers 30
03 Business Diversification	Global member clearing New business payments systems Ealia y Digital Bank	Diversification treasury services New Pyramid services
04 International Expansion	Opportunities analysis for the international expansion Grasping international customer SPCD	Treasury from London Office Grasping international customers (Trionis)

7. R&D&I activities

In the period from 1 January to 31 December 2015, the R&D activities performed by the Bank focused mainly on technology projects relating to treasury platforms, securities services and payments.

8. Treasury share transactions

In the period from 1 January to 31 December 2015, there were no treasury shares on the Bank's balance sheet.

9. Payments to suppliers

Pursuant to Article 262 of the Spanish Limited Liability Companies Law, Note 36 to the entity's financial statements includes the disclosures on the payment periods to suppliers.

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04

Consolidated Financial 2015

Notes to the Consolidated Financial statements for the year ended 31 December 2015.

Cecabank, S.A. and Subsidiaries composing the Cecabank Group

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2015

1. Introduction, basis of presentation of the consolidated financial statements and other information

1.1. Introduction

Cecabank, S.A. (the "Bank" or the "Entity") is a financial institution established on October 17 2012 by public deed before the Notary Mr. Manuel Richi Alberti. The Bank is registered in the Commercial Register since 12 November 2012 and the Register of financial institutions of Bank of Spain with the code 2000, the latter entity to whose supervision the Bank is subject as a credit institution.

As from the entry into force of the Single Supervisory Mechanism (SSM) on 4 November 2014, the European Central Bank (ECB) assumed responsibility for supervising European credit institutions, one of which is the Bank. The SSM is a new banking supervision system that includes the ECB and the national supervisors (the Bank of Spain in the Spanish case). In the Bank's case, the ECB is empowered to determine and monitor the application of the supervision criteria, in close cooperation with the Bank of Spain. Therefore, the Bank of Spain is responsible for supervising the Bank directly, while the ECB supervises it indirectly since it has ultimate responsibility for ensuring that the SSM works correctly.

The Bank's headquarters is located in Madrid, at Calle Alcalá, 27. Either in this address or on its website (www.cecabank.es) the Bank's bylaws are available along with other relevant legal information.

Cecabank, S.A. comes from the creation of the bank through which the Confederación Española de Cajas de Ahorros (the "Confederación" or "CECA") operates indirectly as a credit entity and the Confederación holds 89% of its share capital. In 2012, following approval by the competent authorities, the Confederación carried out a spin-off of all its assets and liabilities, except certain assets and liabilities relating to its welfare projects, to Cecabank, S.A., thereby creating the Bank in that year, which was subrogated to all the rights and obligations held by the Confederación until that. As a result of this spin-off, the Confederación has been carrying on its activity indirectly through Cecabank, S.A. since 2012.

The Bank bylaws set the activities that it may get involved in, establishing its economic purpose:

- The develop of all type of activities, transactions and services inherent to the Banking business in general or related directly or indirectly with it and are allowed by the active legislation, including investment services and auxiliaries and those related with insurance mediation.
- Providing technological, administrative or assessing services to Public Administrations as to any other public or private entity.
- Acquisition, tenure and disposal of any real estate instrument.

Therefore, the Bank is part of the group of which the Confederación Española de Cajas de Ahorros is parent, with whom it made a significant volume of transactions and with whom it maintains relevant balances as of 31 December 2015 as detailed in Note 40.

Cecabank Group (the "Group" or "Group Cecabank"), which parent is Cecabank, S.A comprised the following depending companies at 31 December 2015:

- Cea Trade Services Limited, incorporated in 2004 to encourage the provision of foreign trade services to savings banks.
- Servipagos, S.A., incorporated in 2014, whose company object is the provision of technical payment services.
- Trionis S.C.R.L., incorporated in 1990 and located in Brussels (Belgium), whose company object is the development, maintenance and operation of international payment services.

The accompanying Appendices I, II and III include certain relevant financial information on these companies. Also, Note 3 contains the 2015 condensed separate financial statements of the Bank, which include comparative information for 2014. At 31 December 2015, the Group did not include any jointly controlled entities. Note 2.1 details the investments held in Group entities in 2015.

1.2. Basis of presentation of the financial statements

The Bank's financial statements for the year 2015 were authorized for issue by its directors at the Board of Directors meeting held on 16 February 2016.

Since the Bank's directors have availed themselves of the option included in Final Provision Eleven of Law 62/2003, of 30 December, on tax, administrative, labour and social security measures with respect to the regulatory accounting framework applicable in preparing consolidated financial statements, the Group's consolidated financial statements are presented in accordance with the financial reporting framework applicable to it, which consists of International Financial Reporting Standards as adopted by the European Union at 31 December 2015 ("EU-IFRSs"), taking into account Bank of Spain Circular 4/2004, of 22 December, to credit institutions, on public and confidential financial reporting rules and formats ("Circular 4/2004"). Circular 4/2004 implements and adapts for the Spanish credit institution sector International Financial Reporting Standards as adopted by the European Union.

The Group's financial statements for the year 2015 have been prepared taking into account all the principles, accounting standards and valuation criteria of mandatory application, so that they present fairly the equity and financial position of the Group as of 31 December 2015 and of the results of its operations and cash flows that have occurred in the financial year then ended, in accordance with the financial reporting framework that is applicable and, in particular, with the principles and accounting criteria contained therein to which reference has been made in the previous paragraph.

The consolidated financial statements of the Group and the Bank for 2015 were approved at the General Assembly held on 22 March 2016.

The consolidated financial statements were prepared from the accounting records kept by the Bank and by the other Group entities. However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2015 may differ from those used by certain Group entities, the required adjustments and reclassifications are made on consolidation to unify such policies and bases and to make them compliant with the EU-IFRSs used by the Group in the preparation of its consolidated financial statements.

The accounting principles and policies described in Note 2 were applied in the preparation of all the consolidated financial statements composing these annual consolidated financial statements.

1.3. Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of Bank´s Directors.

In the preparation of the Group's consolidated financial statements for 2015 estimates were made by the Group's Directors in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The impairment losses on certain assets (see Notes 2.9, 2.13, 2.14 and 2.16).
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations and other long-term obligations to employees (see Note 2.11).
- The calculation of the fair value of its obligations compromises and any provisions required for contingent liabilities (see Notes 2.10 and 2.15).
- The useful life of the tangible and intangible assets (see Notes 2.13 and 2.14); and
- The fair value of certain financial instruments and unquoted liabilities (see Note 2.2.3).
- The assumptions made in estimating the probability of generating future taxable income to enable the recovery of the Group's deferred tax assets (see Note 2.12).

Although these estimates were made on the basis of the best information available at 31 December 2015 and at the date on which these consolidated financial statements were authorized for issue on the events analyzed, future events might make it necessary to change these estimates (upwards or downwards) in coming years. Any required changes in accounting estimates would be applied prospectively in accordance with the applicable standards, recognizing the effects of the change in estimates in the consolidated income statements for the years in question.

1.4. Information relating to 2014

As required by IAS 1, the information relating to 2014 contained in these consolidated financial statements is presented with the information relating to 2015 for comparison purposes only and, accordingly, it does not constitute the Group's statutory consolidated financial statements for 2014.

1.5. Agency Agreements

Neither at 2015 nor 2014 year-end nor at any other time during those years did the Group have any agency agreements in force, as defined in Article 21 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the regulation, supervision and capital adequacy of credit institutions.

1.6. Investments in the share capital of credit institutions

At 31 December 2015 and 2014 the Group did not hold any ownership interests of 5% or more in the share capital or voting power of any Spanish or foreign credit institutions.

1.7. Environmental Impact

In view of the business activities carried on by the Group, it does not have a significant impact on the environment. Therefore, it was not necessary to recognise any provision in this connection the Group's financial statements for 2015 and 2014 do not contain any disclosures on environmental issues.

1.8. Capital management objectives, policies and processes

Bank of Spain Circular 3/2008 ("Circular 3/2008"), of 22th of May, on the calculation and control of minimum capital requirements, and as amended thereafter, regulates the minimum capital requirements for Spanish credit institutions –both as individual entities and as consolidated groups– and how to calculate them, as well as the various internal capital adequacy assessment processes the entities should have in place and the information they should disclose to the market in this connection. Bank of Spain Circular 3/2008 adapts Spanish legislation on capital requirements to the Community Directives, which in turn stem from the Basel Capital Accord (Basel II), structured around three core pillars: minimum capital requirements (Pillar I), the internal capital adequacy assessment process (Pillar II) and market disclosures (Pillar III).

With effect from 1 January 2014, certain amendments were made to capital adequacy regulations that are applicable to European financial institutions, such as the Bank and the Group. In this regard, Royal Decree-Law 14/2013, of 29 November, on urgent measures to adapt Spanish law to European Union legislation in relation to the supervision and capital adequacy of financial institutions, was published in the Official State Gazette on 30 November 2013. This Royal Decree-Law establishes, inter alia, the most urgent measures to adapt the Spanish legal system to the new developments arising from Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and addresses other urgent reforms. For this purpose, the provisions of the aforementioned EU legislation were included in the aforementioned Royal Decree-Law.

In this regard, Bank of Spain Circular 2/2014, of 31 January, to credit institutions was published on 5 February 2014. This Circular relates to the exercise of various regulatory options contained in Regulation (EU) No 575/2013 of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, which are directly applicable to financial institutions in the EU, such as the Bank and the Group. This Circular established, pursuant to the powers conferred upon the Bank of Spain, which options of the aforementioned Regulation (EU) No 575/2013 must be complied with by Spanish financial institutions, including the Bank, from 1 January 2014, on a permanent or transitory basis.

This Regulation (EU) No 575/2013 lays down uniform rules that must be complied with by entities in relation to: 1) own funds requirements relating to elements of credit risk, market risk, operational risk and settlement risk; 2) requirements limiting large exposures; 3) liquidity risk coverage relating to entirely quantifiable, uniform and standardised elements of liquidity risk, after the Commission delegated act has entered into force; 4) the setting of the leverage ratio; and 5) public disclosure requirements. As a result of the entry into force of the mentioned EU Regulation, all the provisions of Bank of Spain Circular 3/2008 that might contradict the Regulation were repealed.

The aforementioned EU Regulation introduces a review of the concept and of the components of the regulatory own funds required of entities. These consist of two elements: Tier 1 capital and Tier 2 capital. In turn, Tier 1 capital comprises Common Equity Tier 1 and Additional Tier 1 capital. Therefore, Tier 1 capital consists of instruments that are able to absorb losses when the entity is a going concern, while the elements of Tier 2 capital will absorb losses primarily when the entity is not viable.

Institutions must satisfy the following own funds requirements at all times:

- A Common Equity Tier 1 capital ratio of 4.5% (CET1).
- A Tier 1 capital ratio (Common Equity plus Additional Tier 1) of 6%.
- A total capital ratio of 8%.

In addition to these requirements, pursuant to the aforementioned legislation the Bank and the Group must comply with the following capital requirements:

- Hold a capital conservation buffer, which was established as Common Equity Tier 1 capital equal to 0.625% of RWAs for 2016, and which will increase by an additional 0.625% each year until it reaches the required level of 2.5% of RWAs in 2019. In 2015, pursuant to current legislation, the Bank and the Group were not required to hold a capital conservation buffer.
- Hold a countercyclical buffer of Common Equity Tier 1 capital that can be up to 2.5% of RWAs. From 2016 onwards, the level that this buffer must reach will be set by the national competent authorities, using macroeconomic variables, when a period of excess credit growth that might be leading to the build-up of system-wide risk is observed. In this connection, at the end of 2015 the Bank of Spain announced that the countercyclical buffer set for Spanish financial institutions is 0% for 2016, although this percentage will be reviewed every quarter by the Bank of Spain.

Also, in addition to the above requirements, Law 10/2014, of 26 June, on the regulation, supervision and capital adequacy of credit institutions confers powers on the Bank of Spain to require entities to hold capital levels above those indicated above. In this connection, on 23 December 2015, the Bank of Spain notified Cecabank, S.A. that it was compliant, in general terms, with the requirements of Article 92.1 of Regulation (EU) No 575/2013 of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms, and it set the requirement for the Entity to maintain a total capital ratio at consolidated and individual level of not less than 9.50%, as that ratio is defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council, which includes the Common Equity Tier 1 capital ratio requirement, the Additional Tier 1 capital ratio required by the Bank of Spain and the aforementioned capital conservation buffer. This requirement took effect from the date of notification. At 31 December 2015 and throughout the year, the Common Equity Tier 1 capital of the Entity and its Group, at consolidated and individual level, exceeded the Bank of Spain's requirement.

The strategic capital management objectives set by Bank management are as follows:

- To comply, at all times with the applicable regulations on minimum capital requirements.
- To seek maximum capital management efficiency so that, together with other profitability and risk variables, the use of capital is considered as a key variable in any analysis related to the Group's investment decisions.

In order to meet these objectives, the Bank has in place a series of capital management policies and processes, the main cornerstones of which are as follow:

- In the Bank's strategic and operational planning, and in the analysis and follow-up of the operations of the Group to which it belongs, the impact of decisions on the Bank's eligible capital and the use-profitability-risk relationship is considered to be a key decision-making factor.
- As part of its organizational structure the Bank has monitoring and control units which at all times analyzes the level of compliance with the regulations on capital, with alerts in place to guarantee compliance with the applicable regulations.

The Bank's management of its capital, as far as conceptual definitions are concerned, is in keeping with Regulation (EU) No 575/2013 and Bank of Spain Circular 3/2008. With a view to ensuring that the aforementioned objectives are met, the Bank performs an integrated management of these risks, in accordance with the policies and processes indicated above.

The Bank's Common Equity Tier 1 capital and its CET 1 plus Additional Tier 1 capital amounted to EUR 819,885 thousand at 31 December 2015, in both cases (31 December 2014: EUR 794,078 thousand), while total capital amounted to EUR 824,515 thousand at that date (31 December 2014: EUR 797,959 thousand), representing capital adequacy ratios of 25.18% and 25.33%, respectively, at 31 December 2015 (31 December 2014: 26.43% and 26.56%), above the minimum requirements.

Tier 1 capital ratio (Common Equity plus Additional Tier 1) includes mainly share capital, share premium, the Group's reserves net of deductions (intangible assets) and the portion of profit for 2015 to be allocated to reserves once the distribution of the profit for the year (see Note 4) has been approved by the Annual General Meeting.

Tier 2 capital includes mainly Tier 1 capial ratio and certain credit loss provisions specified in articles 62 and 63 of Regulation (EU) No 575/2013.

At 31 December 2015 and 2014 and throughout those years, the Group's eligible capital exceeded the minimum required under the applicable regulations.

1.9. Minimum reserve ratio

Throughout the years 2015 and 2014, the Bank, only Group entity subject to this requirement, complied with the minimum ratios required by applicable regulations.

The amount of cash that the Bank had assets in the Bank of Spain account for these purposes amounts to 8,065 and 142,109 thousand euros at December 31, 2015 and 2014, respectively (see Note 7). This coefficient is calculated on the average of end of day balances held by the Bank in the account during the maintenance period.

1.10. Deposit guarentee fund, National Resolution Fund, Unique Resolution Fund

a) Deposit guarantee fund

The Bank, only Group entity subject to this kind of requirement, is integrated into the Deposit Guarantee Fund ("DGF"). The annual contribution to be made to this Fund, established by Royal Decree-Law 16/2011, of 14 October, creating the DGF, as amended by Final Provision Ten of Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment services firms (in force since 20 June 2015), is determined by the Managing Committee of the DGF and is calculated based on the amount of each entity's guaranteed deposits and its risk profile. In 2014, prior to the amendments introduced by Law 11/2015, the Royal Decree-Law established that, pursuant to such terms as might be laid down by regulation, the DGF would be funded by annual contributions from credit institutions of up to 3 per mil of guaranteed deposits, depending on the type of credit institution.

The purpose of the DGF is to guarantee deposits at credit institutions up to the limit envisaged in the aforementioned Royal Decree-Law. In order to achieve its objectives, the DGF is funded by the aforementioned annual contributions, the extraordinary levies the Fund makes on member entities and by the funds obtained in the securities markets, loans and any other debt transactions.

Taking the foregoing into account, in order to reinforce the equity of the DGF, Royal Decree-Law 6/2013, of 22 March, on protection of holders of certain savings and investment products and other financial measures established an extraordinary levy equal to 3 per mil of the institutions' deposits at 31 December 2012. This extraordinary levy is to be paid in two tranches:

- Two-fifths to be paid within 20 business days from 31 December 2013. The Bank paid this contribution, which amounted to EUR 7 thousand, in the first few days of January 2014.
- Three-fifths to be paid within seven years in accordance with the payment schedule established by the Managing Committee of the DGF. In this regard, based on the contribution schedule approved by the Managing Committee of the DGF, the Bank paid one-seventh of this second tranche on 30 September 2014, and on 17 December 2014 the Managing Committee approved payment of the remainder of the second tranche in two disbursements, each of the same amount, on 30 June 2015 (which was settled on that date) and 2016.

The expense incurred for the contributions accruing to the DGF in the year 2015 amounted to EUR 71 thousand (2014: EUR 404 thousand), which were recognised under "Other Operating Expenses" in the accompanying income statement (see Note 37).

b) National Resolution Fund

2015 saw the publication of Royal Decree 1012/2015, of 6 November, implementing Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment services firms, and amending Royal Decree 2606/1996, of 20 December, on deposit guarantee funds for credit institutions. Law 11/2015 regulates the creation of the National Resolution Fund, the financial resources of which must, prior to 31 December 2024, reach 1% of the amount of the deposits guaranteed, through contributions from credit institutions and investment services firms in Spain. The detail of the method for calculating the contributions to this Fund is regulated by Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 and the calculation is performed by the Fund for Orderly Bank Restructuring ("FROB") using information provided by the Entity.

The expense incurred on the contribution made to the National Resolution Fund amounted to EUR 3,990 thousand in 2015, and is recognised under "Other Operating Expenses – Other" in the accompanying income statement (see Note 37).

c) Single Resolution Fund

In March 2014, the European Parliament and the Council reached a political agreement for the creation of the second pillar of Banking Union, the Single Resolution Mechanism ("SRM"). The SRM's main purpose is to ensure an orderly resolution of failing banks in the future with minimal costs to taxpayers and to the real economy. The SRM's scope of activity is identical to that of the SSM, i.e., a central authority, the Single Resolution Board ("SRB"), is ultimately responsible for deciding whether to initiate the resolution of a bank, while the operational decision is implemented in cooperation with the national resolution authorities. The SRB commenced its work as an independent EU agency on 1 January 2015.

The purpose of the rules governing banking union is to ensure that bank resolutions will be financed first of all by the banks and their shareholders and, if necessary, partly by the bank's creditors. However, another source of funding will also be available to which recourse can be had if the contributions of the shareholders and of the bank's creditors are not sufficient. This is the Single Resolution Fund ("SRF"), which is administered by the SRB. The legislation requires banks to make the contributions to the SRF over eight years.

The SRF, which was set up by Regulation (EU) No 806/2014 of the European Parliament and of the Council, will come into operation on 1 January 2016. The competency for calculating the contributions to be made to the SRF by credit institutions and investment services firms lies with the SRB. From 2016 onwards, these contributions will be based on: (a) a flat contribution (or basic annual contribution), that is pro-rata based on the amount of each entity's liabilities excluding own funds and covered deposits, with respect to the total liabilities, excluding own funds and covered deposits, of all of the institutions authorised in the territories of the participating Member States; and (b) a risk-adjusted contribution, that shall be based on the criteria laid down in Article 103(7) of Directive 2014/59/EU, taking into account the principle of proportionality, without creating distortions between banking sector structures of the Member States. The amount of this contribution shall fall due every year from 2016 onwards.

1.11. Changes in accounting policies

No significant change with respect to the accounting policies applied by the Group has occurred in the year 2015 in the consolidated financial statements 2014.

1.12. Main regulatory changes during the period from 1 January to 31 December 2015

1.12.1. Main new Bank of Spain Circulars

Following is a summary of the main Bank of Spain Circulars issued in 2015:

Bank of Spain Circular 1/2015, of 24 March, to payment service providers, on the disclosure of discount and interchange fees collected.

The purpose of Bank of Spain Circular 1/2015, implementing Article 13 of Law 18/2014, is to specify the reporting obligations of entities acting as payment service providers with respect to the discount and interchange fees collected on payment transactions executed using debit or credit cards on point-of-sale terminals located in Spain, irrespective of the retail channel used, when both the payment service provider of the payer and that of the payee are established in Spain. The entry into force of this Circular did not have a material impact on the Group or on the information disclosed in these financial statements.

Bank of Spain Circular 2/2015, of 22 May, on rules for the remittance to the Bank of Spain, by payment service providers and payment system operators, of the payments and payment systems statistics covered by Regulation (EU) No 1409/2013 of the European Central Bank, of 28 November 2013, on payments statistics.

National central banks, in accordance with national characteristics, establish the reporting arrangements to be followed by the reporting population on payments and payment systems. Exercising its powers, the Bank of Spain established that payment service providers with an establishment in Spain registered in the official registers of the Bank of Spain and payment system operators established in Spain must submit all the statistical information contained in Annex III of Regulation (EU) No 1409/2013. The entry into force of this Circular did not have a material impact on the Group or on the information disclosed in these financial statements.

Bank of Spain Circular 3/2015, of 29 July, amending Circular 1/2013, of 24 May, on the Central Credit Register; and Circular 5/2014, of 28 November, amending Circular 4/2004, of 22 December, on public and confidential financial reporting rules and formats, Circular 1/2010, of 27 January, on statistics on interest rates applied to deposits and loans vis-à-vis households and non-financial companies, and Circular 1/2013, of 24 May, on the Central Credit Register.

Bank of Spain Circular 3/2015 amends, postpones and in certain cases repeals the methods for the use and remittance of confidential accounting statements and certain modules of the Risk Information Centre. A reminder is given of the remittance date, for significant groups, of the separate financial information of subsidiaries established in EU Member States not participating in the Single Supervisory Mechanism, or in third countries. And lastly, the frequency of certain Circular 4/2004 statements is changed. The entry into force of this Circular did not have a material impact on the Group or on the information disclosed in these financial statements.

Bank of Spain Circular 4/2015, of 29 July, amending Bank of Spain Circular 4/2004, of 22 December, to credit institutions on public and confidential financial reporting rules and formats, Bank of Spain Circular 1/2013, of 24 May, on the Risk Information Centre and Bank of Spain Circular 5/2012, of 27 June, to credit institutions and payment service providers, on transparency of banking services and responsibility in the granting of loans.

Bank of Spain Circular 4/2015 introduces changes to Bank of Spain Circulars 4/2004 and 1/2013 to include the essential data for the special accounting registers of territorial covered bonds, internationalisation covered bonds and internationalisation bonds, based on the minimum content established for each register by Royal Decree 579/2014, of 4 July. Also, an amendment was introduced to Annex 8 of Bank of Spain Circular 5/2012, of 27 June, with respect to sources of information of one of the official mortgage market reference rates, specifically the "average rate for mortgage loans between one and five years to acquire unsubsidised housing granted by credit institutions in the euro zone" since those that were being used until now to obtain the average rate are no longer available. For this reason, recourse can be had to other alternative sources of this information. The entry into force of this Circular did not have a material impact on the Group or on the information disclosed in these financial statements.

Bank of Spain Circular 5/2015, of 30 September, implementing the specific accounting rules for Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB).

Bank of Spain Circular 5/2015 is the implementation of the power granted to the Bank of Spain by Additional Provision Seven.10 of Law 9/2012, of 14 November, on restructuring and resolution of credit institutions. Pursuant to Additional Provision Seven.10, Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. must comply with all the general obligations regarding the preparation of financial statements in the terms envisaged in Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Spanish Limited Liability Companies Law, except for the provisions of Article 537, and apply the specific rules required - envisaged in Law 9/2012- to ensure the consistency of the accounting principles applicable to SAREB with the mandate and the general objectives of the company established by the legislation applicable to it. The Spanish National Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, and its implementing provisions will be applicable in all matters not specifically regulated in Bank of Spain Circular 5/2015 implementing the specific accounting rules envisaged in Law 9/2012. The entry into force of this Circular did not have a material impact on the Group or on the information disclosed in these financial statements.

Bank of Spain Circular 6/2015, of 17 November, to savings banks and banking foundations, on certain matters relating to the remuneration and corporate governance reports of savings banks that do not issue securities admitted to trading on official securities markets and on the obligations of banking foundations arising from their ownership interests in credit institutions.

Bank of Spain Circular 6/2015 complies with the following mandates received by the Bank of Spain: (a) the adaptation, for savings banks that do not issue securities admitted to trading on official securities markets, of the formats of the annual reports on the remuneration of directors of listed companies and of members of the Boards of Directors and of the control committees of savings banks and other entities that issue securities admitted to trading on official securities markets, and of the formats of the annual corporate governance reports of listed companies; (b) the determination of the minimum content and other aspects related to the obligations arising from the preparation of the management protocol and of the financial plan; and (c) the determination of the value reduction that will be applied to the assets in which the mandatory reserve fund must be invested, depending on their liquidity and the estimated loss of value that might arise at the time of their sale or exchange. The entry into force of this Circular did not have a material impact on the Group or on the information disclosed in these financial statements.

Bank of Spain Circular 7/2015, of 25 November, creating and modifying personal data files.

Bank of Spain Circular 7/2015 modifies certain automated personal data files currently existing at the Bank of Spain, established in seven circulars, creating one new file and modifying previous files. The entry into force of this Circular did not have a material impact on the Group or on the information disclosed in these financial statements.

Bank of Spain Circular 8/2015, of 18 December, on the information to determine the bases for calculating the contributions to the Deposit Guarantee Fund for Credit Institutions.

Bank of Spain Circular 8/2015 establishes the information that entities and branches participating in the Deposit Guarantee Fund for Credit Institutions must submit on a quarterly basis to the Bank of Spain and the measurement methods to be used in the calculation of the bases for determining the contributions to the Fund. This Circular repealed Bank of Spain Circular 4/2001. The entry into force of this Circular did not have a material impact on the Group or on the information disclosed in these financial statements as.

1.12.2 Amendments and adoption of new International Financial Reporting Standards and interpretations issued

The accounting policies used in preparing the consolidated financial statements for the year ended 31 December 2015 are the same as those applied in the consolidated financial statements for the year ended 31 December 2014, except for the standards and interpretations that have come into force and are applicable to annual reporting periods beginning on or after 1 January 2015, which are indicated below:

During fiscal 2015, the only International Financial Reporting Standards applied for the first time by the Group in preparing its financial information were those amended by Improvements to IFRSs, 2011-2013 cycle (minor amendments to a series of standards), applicable in annual reporting periods that began on or after 1 January 2015.

The application of these amendment did not have a material impact on the consolidated financial statements for 2015.

The new standards, amendments and interpretations applicable in the calendar year that began on 1 January 2016 are as follows:

New Standards, Amendments and Interpretation	Topic	Obligatory Application in Annual Reporting Periods Beginning On or After:
Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation (issued in May 2014).	Clarify the acceptable methods of depreciation and amortisation of property, plant and equipment and intangible assets, which do not include methods that are based on revenue, although in the case of intangible assets these methods are acceptable in certain circumstances.	1 January 2016
Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014).	Specifies how to account for the acquisition of a stake in a joint venture whose activity is a business.	1 January 2016
Improvements to IFRSs, 2012-2014 cycle (issued in September 2014).	Minor amendments to a series of standards.	1 January 2016
Amendments to IAS 27, Equity Method in Separate Financial Statements (issued in August 2014).	The equity in the individual financial statements of an investor is allowed	1 January 2016
Amendments to IAS 1, Disclosure Initiative (December 2014).	Various clarifications in relation to disclosures (materiality, aggregation, order of specific items within the notes to the financial statements, etc).	1 January 2016

Although the Bank is currently conducting impact assessment of these rules when its entry into force occurs and, therefore, the application by the Group is not expected that, as a result, is to produce relevant impacts on the financial statements of the Group.

At the date of formal preparation of these consolidated financial statements, the following standards, amendments and interpretations had been published by the International Accounting Standards Board (IASB) but had not been approved by the European Union, as a result of which they were not mandatorily applicable and, therefore, were not applied in these consolidated financial statements for 2015:

New Standards, Amendments and Interpretation	Issue	Obligatory Application in Annual Reporting Periods Beginning On or After:
Amendments to IAS 19, Defined Benefit Plans: Employee Contributions (issued in November 2013).	The amendments were issued to allow employee contributions to be deducted from the service cost in the same period in which they are paid, provided certain requirements are met.	1 February 2015
Improvements to IFRSs, 2010-2012 cycle (issued in December 2013).	Minor amendments to a series of standards.	1 February 2015
IFRS 15, Revenue from Contracts with Customers (issued in May 2014)	New revenue recognition standard (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31).	1 January 2018
IFRS 9 Financial Instruments (issued last phase in July 2014).	Replaces the requirements in IAS 39 relating to the classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.	1 January 2018
IFRS 16, Leases (issued in January 2016).	The new standard on leases, which supersedes IAS 17. Lessees are required to recognise all leases as though they were financed purchases.	1 January 2019
Amendments to IFRS 10, IFRS 12 and IAS 28, Investment Entities (issued in December 2014).	Clarifications on the consolidation exception for investment entities.	1 January 2016
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014).	Clarification in relation to the gain or loss resulting from such transactions involving a business or assets.	Not defined yet

The Group intends to adopt these standards and amendments, if they are ultimately applicable to it, when they come into force, and it is currently analysing their impact.

All accounting principles and measurement bases with a material effect on the consolidated financial statements for 2015 were applied in their preparation.

2. Accounting policies and measurement bases

The accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2015 were as follows:

2.1 Investments

2.1.1. Subsidiaries

"Subsidiaries" are defined as entities over which the Group has the capacity to exercise control; control is, in general but not exclusively, presumed to exist when the Bank owns directly or indirectly half or more of the voting power of the investee or, even if this percentage is lower or zero, when there are other circumstances or agreements that give the Bank control.

Pursuant to IFRS 10 "Consolidated Financial Statements", an entity controls another investee when their involvement in it is exposed or has rights, to volatile returns and has the ability to affect those returns through the power exercised over the investee.

Appendix I to these notes to the consolidated financial statements contains relevant information on these companies.

On 11 March 2014, the incorporation of Servipagos, S.A. through the issuance of 1,000 new shares of EUR 100 par value each was executed in a public deed. Cecabank S.A. holds all the shares of this company.

The main change affecting these entities in 2015 relates to the change from "associate" to "subsidiary" of Trionis S.C.R.L., in whose share capital the Bank held a 75% ownership interest at 31 December 2015 (31 December 2014: 48.74% ownership interest, see Note 2.1.3). In 2015, the Bank increased its ownership interest in the share capital of this entity without making investments additional to that held at 31 December 2014 and acquired control of this entity due to the departure of certain shareholders from the shareholder structure in 2015 and to the retirement of their shares following their departure. This raised the Bank's relative percentage of ownership to 75% at 31 December 2015 and granted it control in the year.

The date on which the Entity obtained control of this investee (the acquisition date) was 30 June 2015. At the acquisition date, prior to the recognition of the business combination, pursuant to the applicable standards, the fair value of Cecabank's investment in the aforementioned entity was estimated, and it was concluded that there was no significant difference between the acquisition-date fair value and the carrying amount of the investment and, accordingly, there was no resulting gain or loss for the Group. Also, after reviewing the nature and the acquisition-date amounts of the assets, liabilities and contingent liabilities of Trionis assumed by the Group in the business combination, it was concluded that these values do not differ significantly from their carrying amounts, and that the comparison of the net amount of these assets and liabilities of Trionis, adjusted for non-controlling interests, with the cost of the business combination (cost of the Group's equity interest in Trionis at the acquisition date) did not give rise to any significant difference that should be recognised, as the case may be, as goodwill or a gain from a bargain purchase.

The financial statements of the subsidiaries are consolidated with those of the Group using the full consolidation method as defined in IAS 10. Consequently, the following methods, inter alia, were applied in the consolidation process:

1. All material balances and transactions between the consolidated companies, and any material gains or losses on intra-Group transactions not realised vis-à-vis third parties, were eliminated on consolidation.
2. The share of non-controlling interests in the equity and profit or loss of the subsidiaries is presented under "Non-Controlling Interests" on the liability side of the consolidated balance sheet and under "Profit (Loss) Attributable to Non-Controlling Interests" in the consolidated income statement, respectively.

3. Any change in the net assets of the consolidated subsidiaries since the acquisition date that is not attributable to changes in ownership interests, to profit or loss for the year, is recognised under "Reserves" in the consolidated balance sheet.
4. The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

2.1.2. Jointly controlled entities

"Jointly controlled entities" are deemed to be those entities that are subject to joint control by two or more entities called "venturers" under an arrangement whereby none of the venturers controls the entity individually, but rather they do so jointly with the other venturers, which means that the power to direct decisions about the relevant activities of the entity requires the unanimous consent of the parties sharing control.

The shares in joint ventures are valued by the participation method defined in IAS 28.

Relevant information on these companies is provided in Annex II of this report as of December 31, 2014. As of December 31, 2015, the Bank has no investments in jointly controlled entities.

In this connection, on 11 November 2014, the shareholders of Ahorro y Titulización, Sociedad Gestora de Fondos de Titulización, S.A. (the only jointly controlled entity in which the Group held an interest), including Cecabank, S.A., entered into an agreement to sell all their shares in this company. At 31 December 2014, the application of this agreement was subject to fulfilment of the condition precedent consisting of the approval by the supervisors, as a result of which the sale was not recognised in the consolidated financial statements for 2014. On 9 April 2015, the condition precedent was fulfilled and, therefore, the ownership interest was sold, giving rise to a gain for the Group of EUR 3,273 thousand, which was recognised, inter alia, under "Gains (Losses) on Disposal of Assets Not Classified as Non-Current Assets Held for Sale" in the consolidated income statement for 2015.

2.1.3. Associated Entities

"Associates" are defined as companies over which the Group is in a position to exercise significant influence, but not control or joint control. Significant influence generally exists when the bank holds - directly or indirectly - 20% or more of the voting power of the investee.

In general, investments in associates are accounted for using the equity method as defined in IAS 28. However, any investments in associates that qualify for classification as non-current assets held for sale are recognized, when applicable, under "Non-Current Assets Held for Sale" in the consolidated balance sheet and are measured in accordance with the policies applicable to these assets (See Note 2.16).

At 31 December 2015 and 2014, the Group held 22.49% of the share capital of Eufiserv Payments, S.C.R.L. This investee was not considered to be an associate either at 31 December 2015 or at 31 December 2014 since, although the Bank owns 22.49% of its voting power, it does not exercise significant influence over it. As a result, this investment is classified in these consolidated financial statements under "Available-for-Sale Financial Assets - Equity Instruments" in the consolidated balance sheet as at those dates and is measured at cost, in accordance with the criteria explained in Note 2.2.4.

Appendix III to these notes to the consolidated financial statements presents certain information on these companies at 31 December 2014. At 31 December 2015, the Group did not have any investments in associates, following the reclassification of the ownership interest in Trionis, S.C.R.L. as a subsidiary in 2015 (see Note 2.1.1).

2.2. Financial instruments – Initial recognition, derecognition, definitions of fair value and amortied cost and classification categories and measurement of financial assests liabilities

2.2.1. Initial recognition of financial instruments

Financial instruments are initially recognized in the consolidated balance sheet when the Group becomes a party to the contract originating them in accordance with the terms and conditions thereof. Specifically, debt instruments, such as loans and cash deposits, are recognized from the date on which the legal right to receive or the legal obligation to pay cash arises. Derivative financial instruments are generally recognized from the trade date.

A regular way purchase or sale of financial assets, defined as one in which the parties' reciprocal obligations must be discharged within a time frame established by regulation or convention in the marketplace and that may not be settled net, such as stock market and forward currency purchase and sale contracts, is recognized on the date from which the rewards, risks, rights and duties attaching to all owners are for the purchaser, which, depending on the type of financial asset purchased or sold, may be the trade date or the settlement or delivery date. In particular, transactions performed in the spot currency market are recognized on the settlement date; equity instruments traded in Spanish secondary securities markets are recognized on the trade date and debt instruments traded in these markets are recognized on the settlement date.

2.2.2. Derecognition of financial instruments

A financial asset is derecognized when:

- The contractual rights to the cash flows from the financial asset expire; or
- The financial asset is transferred and substantially all its risks and rewards are transferred or, although these are not substantially transferred or retained, control over the financial asset is transferred (see Note 2.8).

Also, a financial liability is derecognized when the obligations it generates have been extinguished or when it is purchased by the Group, with the intention either to re-sell it or to cancel it.

2.2.3. Fair value and amortized cost of financial instruments

The fair value of a financial instrument on a given date is taken to be the amount for which it could be bought or sold on that date by two knowledgeable parties in an arm's length transaction. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organized, transparent and deep market ("quoted price" or "market price").

If there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of valuation techniques commonly used by the financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it.

Specifically, the fair value of financial derivatives included in the portfolios of financial assets or liabilities held for trading which are traded in organized, transparent and deep markets is deemed, in case of existence, to be their daily quoted price and if, for exceptional reasons, the quoted price at a given date cannot be determined, these financial derivatives are measured using methods similar to those used to measure OTC derivatives.

The fair value of OTC derivatives or derivatives traded in scantly deep or transparent organized markets is taken, in case of existence, to be the sum of the future cash flows arising from the instrument, discounted to present value at the date of measurement ("present value" or "theoretical close") using valuation techniques recognized by the financial markets: "net present value" (NPV), option pricing models, etc.

Amortized cost is understood to be the acquisition cost of a financial asset or liability plus or minus, as appropriate, the principal and interest repayments and the cumulative amortization (taken to the income statement), calculated using the effective interest method, of the difference between the initial cost and the maturity amount of such financial instruments. In the case of financial assets, amortized cost furthermore includes any reductions for impairment.

At 31 December 2015 and 2014, the Group had arranged various reverse repurchase agreement transactions (see Note 8.2.1), on maturity of which the ownership of the securities constituting the guarantee thereon must be returned to the debtors. At 31 December 2015 and 2014, the fair value of the securities received as guarantee in these reverse repurchase agreement transactions did not differ significantly from their carrying amount.

The effective interest rate is the discount rate that exactly matches the initial amount of a financial instrument to the present value of all its estimated cash flows of all kinds during its remaining life, disregarding future losses from credit risk. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established on the acquisition or arrangement date adjusted, where applicable, for the fees, premiums, discounts and transaction costs that, pursuant to the Circular 4/2004,must be included in the calculation of the effective interest rate. In the case of floating rate financial instruments, the effective interest rate is determined using a method similar to that for fixed rate transactions and is recalculated on each contractual interest reset date, taking into account any changes in the future cash flows.

2.2.4. Classification and measurement of financial assets and liabilities

Financial instruments are classified in the Group's consolidated balance sheet as follows:

Financial assets and liabilities at fair value through profit or loss: pursuant to current legislation, this category includes financial instruments classified as held for trading and other financial assets and liabilities classified at fair value through profit or loss:

- Financial assets held for trading include those acquired for the purpose of selling them in the near term or those which are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking and derivatives not designated as hedging instruments, including those separated from hybrid financial instruments pursuant to the applicable standards.
- Financial liabilities held for trading include those that have been issued with an intention to repurchase them in the near term or that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking; short positions arising from sales of financial assets acquired under non-optional resale agreements or borrowed securities, and financial derivatives not designated as hedging instruments, including those separated from hybrid financial instruments pursuant to the applicable standards.
- Other financial assets at fair value through profit or loss are financial assets designated as such from their initial recognition, whose fair value may be estimated reliably and that meet any of the following requirements:
    - In the case of **hybrid financial instruments** for which it is compulsory to separate the embedded derivative(s) from the host contract, the fair value of the embedded derivative(s) cannot be estimated reliably.
    - In the case of **hybrid financial instruments** for which it is mandatory to separate the embedded derivative(s), the Group elected from their initial recognition to classify the entire hybrid financial instrument under this category, since the requirements established by current regulations were met in the sense that the embedded derivative(s) significantly alter the cash flows that the host contract would have had if it had been considered separately from the embedded derivative(s) and that there is an obligation to separate for accounting purposes the embedded derivative(s) from the host contract.
    - As a result of classifying a financial asset in this category, **more relevant information is obtained** because such designation eliminates or significantly reduces inconsistencies in recognition or measurement (also known as accounting mismatches) that would otherwise arise from measuring assets or liabilities or recognizing the related gains or losses on different bases or because the gain value basis reflects management's investment management or assessment strategy, as established in the applicable regulations. Note 8 contains details on the financial instruments classified in this category.
- Other financial liabilities at fair value through profit or loss are financial liabilities designated as such from their initial recognition, whose fair value may be estimated reliably and that meet any of the following requirements:
    - In the case of **hybrid financial instruments** for which it is compulsory to separate the embedded derivative(s) from the host contract, the fair value of the embedded derivative(s) cannot be estimated reliably.
    - In the case of **hybrid financial instruments** for which it is mandatory to separate the embedded derivative(s), the Group elected from their initial recognition, to classify the entire hybrid financial instrument under this category, since the requirements established by current regulations were met in the sense that the embedded derivative(s) significantly alter the cash flows that the host contract would have had if it had been considered separately from the embedded derivative(s) and that there is an obligation to separate for accounting purposes the embedded derivative(s) from the host contract.

- As a result of classifying a financial liability in this category, **more relevant information is obtained** because such designation eliminates or significantly reduces inconsistencies in recognition or measurement (also known as accounting mismatches) that would otherwise arise from measuring assets or liabilities or recognizing the related gains or losses on different bases or because the fair value basis reflects management's investment management or assessment strategy, as established in the applicable regulations. Note 8 contains details on the financial instruments classified in this category.

Only financial instruments which, from their initial recognition, would have been classified as financial assets and liabilities at fair value through profit or loss are included in this category.

Financial instruments at fair value through profit or loss are initially measured at fair value. Subsequent to acquisition, financial instruments classified in this category continue to be measured at fair value at the reporting date and any changes in the fair value are recognized under "Gains/Losses on Financial Assets and Liabilities (Net)" in the consolidated income statement, except for the fair value changes due to accrued returns on financial instruments other than trading derivatives, which are recognized under "Interest and Similar Income", "Interest Expense and Similar Charges" or "Income from Equity Instruments" in the consolidated income statement, depending on their nature and the changes in fair value of derivatives whose underlying is the foreign currency exchange rate variable, whose changes in fair value are due to this variable are recognised under "Exchange Differences (Net)" in the consolidated income statement. The accrued returns on debt instruments included in this category are calculated using the effective interest method.

Notwithstanding the foregoing, financial derivatives that have as their underlyings equity instruments whose fair value cannot be determined in a sufficiently objective manner and are settled by delivery of those instruments are measured, where appropriate, at cost.

Loans and receivables: pursuant to current legislation, this category includes unquoted debt instruments, financing granted to third parties in connection with ordinary lending activities carried out by the Group (other than those classified at fair value through profit or loss) and receivables from users of services.

The financial assets included in this category are initially measured at fair value adjusted by the amount of the fees and commissions and transaction costs that are directly attributable to the acquisition or arrangement of the financial asset and which, in accordance with IAS 39, must be allocated to the consolidated income statement by the effective interest method through maturity. Subsequent to acquisition, assets included in this category are measured at amortized cost.

Assets acquired at a discount are measured at the cash amount paid and the difference between their repayment value and the amount paid is recognized as finance income using the effective interest method during the remaining term to maturity.

The Group generally intends to hold the loans and credits included in this category granted by it until their final maturity and, therefore, they are presented in the consolidated balance sheet at their amortized cost.

The interest accrued on these assets, which is calculated using the effective interest method, is recognized under "Interest and Similar Income" in the consolidated income statement. Exchange differences on assets included in this portfolio denominated in currencies other than the euro are recognized as set forth in Note 2.5. Any impairment losses on these assets are recognized as explained in Note 2.9.

Available for sale financial assets: this category includes debt instruments not classified as held-to-maturity investments, as loans and receivables or as financial assets at fair value through profit or loss and equity instruments owned by the Group relating to entities other than subsidiaries, jointly controlled entities or associates that are not classified at fair value through profit or loss.

The instruments included in this category are initially recognized at fair value adjusted by the amount of the transaction costs that are directly attributable to the acquisition of the financial asset, which are recognized in the consolidated income statement by the effective interest method, except for those relating to financial assets with no fixed maturity, which are recognized in the consolidated income statement when the assets become impaired or are derecognized. Subsequent to acquisition, financial assets included in this category are measured at fair value at each reporting date.

However, equity instruments whose fair value cannot be determined in a sufficiently objective manner are measured in these consolidated financial statements at cost, net of any impairment loss, calculated as detailed in Note 2.9.

Changes in the fair value of available-for-sale financial assets relating to accrued interest or dividends are recognized under "Interest and Similar Income" (calculated using the effective interest method) and "Income from Equity Instruments" in the consolidated income statement, respectively. Any impairment losses on these instruments are recognized as described in Note 2.9. Exchange differences on financial assets denominated in currencies other than the euro are recognized as explained in Note 2.5.

Other changes in the fair value of available-for-sale financial assets from the acquisition date are recognized in equity under "Valuation Adjustments - Available-for-Sale Financial Assets" until the financial asset is derecognized, when the balance recorded under this item is recognized under "Gains/Losses on Financial Assets and Liabilities (net)" in the consolidated income statement, or in the case of equity instruments considered to be strategic investments for the Group, they are recognized under "Gains/(Losses) on Non-Current Assets Held for Sale not Classified as Discontinued Operations".

Held to maturity investments: pursuant to current legislation, this category includes, in case of existence, debt instruments traded on organized markets with fixed maturity and with fixed or determinable cash flows that, from inception and at any subsequent date, are held with the positive intention and financial ability to hold to maturity.

Debt instruments included in this category are initially measured at fair value adjusted by the amount of the transaction costs that are directly attributable to the acquisition of the financial asset, which are recognized in the consolidated income statement by the effective interest method as defined in IAS 39. They are subsequently measured at amortized cost calculated using the effective interest method.

The interest accrued on these liabilities, which is calculated using the effective interest method, is recognized under "Interest and Similar Income" in the consolidated income statement. Exchange differences on liabilities included in this portfolio denominated in currencies other than the euro are recognized as set forth in Note 2.5. Any impairment losses on these securities are recognized as explained in Note 2.9.

At 31 December 2015 and 2014 and throughout those years the Group did not have any financial instruments classified in this category.

Financial liabilities at amortized cost: this category includes the Group's financial liabilities not included in any other category.

The financial liabilities included in this category are initially measured at fair value adjusted by the amount of the transaction costs that are directly attributable to the issue or arrangement of the financial liability, which are recognized in the consolidated income statement by the effective interest method (as defined by IAS 39) through maturity. Subsequently, these financial liabilities are measured at amortized cost calculated using the effective interest method as defined in IAS 39.

The interest accrued on these liabilities, which is calculated using the effective interest method, is recognized under "Interest Expense and Similar Charges" in the consolidated income statement. Exchange differences on liabilities included in this category denominated in currencies other than the euro are recognized as set forth in Note 2.5.

2.3 Reclassification between financial instrument portfolios

Reclassifications between financial instrument portfolios can only be mate, where appropriate, as follows:

a) Except in the circumstances indicated in paragraph d) below, financial instruments classified as "at fair value through profit or loss" cannot be reclassified into or out of this financial instrument category once they have been acquired, issued or assumed.

b) If, as a result of a change in intention or financial ability of an entity, it is no longer appropriate to classify a financial asset as held to maturity, it is reclassified into the "available-for-sale financial assets" category. In this case, the same treatment shall be applied to all the financial instruments classified as held-to-maturity investments, unless the reclassification is made in any of the circumstances permitted under the applicable regulations (sales very close to maturity, substantially all of the financial asset's original principal has been collected, etc.).

In 2015 and 2014, the Group did not hold any securities classified as held-to-maturity investments and, therefore, it did not perform any reclassifications of the type described in the preceding paragraph.

c) If there is a change in the Group's intention or financial ability, or if the two penalty financial years established by the regulations applicable to the sale of financial assets classified in the held-to-maturity investment category (see paragraph b) above) have passed, the financial assets (debt instruments) included in the "available-for-sale financial assets" category can be reclassified into the "held-to-maturity investments" category. In this case, the fair value of these financial instruments on the date of reclassification becomes their new amortized cost and the difference between this amount and the redemption value is allocated to the consolidated income statement over the remaining life of the instrument using the No reclassifications of the type described in the preceding paragraph were made in 2015 or 2014.

d) A non-derivative financial asset may be reclassified out of the held-for-trading category if it is no longer held for the purpose of selling or repurchasing it in the near term, provided that one of the following circumstances arises:

- In rare or exceptional circumstances, unless the assets could have been included from engagement in the loans and receivables category. For these purposes, rare and exceptional circumstances are those arising from a particular event, which is unusual and highly unlikely to recur in the foreseeable future.
- When the entity has the intention and financial ability to hold the financial asset for the foreseeable future or until maturity, provided that the asset had met the definition of loans and receivables at initial recognition.

In these sircumstances, the financial asset is reclassified at its fair value on the date of reclassifiaction any gain or loss already recognized in profit or loss is not reversed, and this fair value becomes its amortized cost. The financial assets so reclassified can in no case be reclassified into the held for trading category.

No reclassifications of the type described in the preceding paragraph were made during 2015 and 2014.

2.4 Hedge accounting and mitigation of risk

The Group uses financial derivatives as part of its strategy to reduce its exposure to interest rate, foreign currency and other risks. When these transactions meet the requirements stipulated in IAS 39, they qualify for hedge accounting.

When the Group designates a transaction as a hedge it does so upon initial recognition of it, documenting it appropriately. The hedge accounting documentation includes identification of the hedged item(s) and the hedging instrument(s), the nature of the risk to be hedged and the criteria or methods used by the Group to assess the effectiveness of the hedge over its entire life, taking into account the risk to be hedged.

The Group only applies hedge accounting for hedges that are considered highly effective over their entire lives. A hedge is considered to be highly effective if, during its expected life, the changes in fair value or cash flows of the hedged item that are attributable to the risk hedged in the hedging of the financial instrument(s) are almost fully offset by changes in the fair value or cash flows, as appropriate, of the hedging instrument(s).

To measure the effectiveness of hedges defined as such, the Group analyses whether, from the beginning to the end of the term defined for the hedge, the Group can expect, prospectively, that the changes in fair value or cash flows of the hedged item that are attributable to the hedged risk will be almost fully offset by changes in the fair value or cash flows, as appropriate, of the hedging instrument and, retrospectively, that the actual results of the hedge are within a range of 80% to 125% of the results of the hedged item.

Hedging transactions performed by the Group are classified in the following categories:

- Fair value hedges: hedge the exposure to changes in fair value of financial assets or liabilities or unrecognized firm commitments, or of an identified portion of such assets, liabilities or firm commitments, that is attributable to a particular risk, provided that it affects the consolidated income statement.
- Cash flow hedges: hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a financial asset or liability or a highly probable forecast transaction, provided that it affects the consolidated income statement.

In relation to financial instruments designated as hedged items or qualifying for hedge accounting, gains and losses are recognized as follows:

- In fair value hedges, the changes in the fair value of the derivative and the hedged item attributable to the hedged risk are recognized under the heading "Net gains (losses) on financial assets and liabilities" in the consolidated income statement (see Note 33).
- In cash flow hedges, the gains or losses attributable to the portion of the hedging instruments qualifying as an effective hedge are recognized temporarily in equity under "Valuation Adjustments - Cash Flow Hedges" (see Note 18.2) and are taken to the consolidated income statement in the years in which the designated hedged items affect the income statement. Financial instruments hedged in this type of hedging transactions are recognized as explained in Note 2.2, with no change being made in the recognition criteria due to their consideration as hedged ítems.

Generally, in cash flow hedges, in case of existence, the gains or losses arising on the effective portion of the hedging instruments are not recognized in the income statement until the gains or losses on the hedged item are recognized in income or, in the case of a hedge relating to a highly probable forecast transaction that results in the recognition of a non-financial asset or liability, they are recognized as part of the acquisition or issue cost when the asset is acquired or the liability assumed. In cash flow hedges, any gains or losses on the ineffective portion of the hedging instruments are recognized directly under "Gains/Losses on Financial Assets and Liabilities (Net)" in the consolidated income statement. In 2015 and 2014 no amounts were recognized in the consolidated income statements in relation to ineffective hedges.

The Group discontinues hedge accounting when the hedging instrument expires or is sold, when the hedge no longer meets the requirements for hedge accounting or the designation as a hedge is revoked.

When, as explained in the preceding paragraph, hedge accounting is discontinued for a fair value hedge, in the case of hedged items carried at amortized cost, the value adjustments made as a result of the hedge accounting described above are recognized in the consolidated income statement through maturity of the hedged items, using the effective interest rate recalculated as at the date of discontinuation of hedge accounting.

If hedge accounting is discontinued for a cash flow hedge, the cumulative gain or loss on the hedging instrument recognized in "Equity - Valuation Adjustments" in the consolidated balance sheet shall continue to be recognized under this line item until the forecast transaction occurs, when it will be reclassified into the consolidated income statement; or it will adjust the acquisition cost of the asset or liability to be recorded, if the hedged item is a forecast transaction that results in the recognition of a non-financial asset or liability.

Note 11 details the nature of the main positions hedged by the Group and the financial hedging instruments used.

2.5. Foreign currency transactions

2.5.1. Functional currency

The functional and reporting currency of the Group is the euro. Therefore, all balances and transactions denominated in currencies other than the euro are deemed to be denominated in "foreign currency".

The detail, by currency and item, of the equivalent value in thousands of euros of the main asset and liability balances denominated in foreign currencies in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Equivalent value in Thousands of Euros (*)		2015		2014
Nature of Foreign Currency Balances:	Activos	Pasivos	Activos	Pasivos
Balances in US dollars-				
Cash and balances with central banks	19,992	-	19,319	-
Financial assets and liabilities held for trading	778	7,686	863	11,499
Loans and receivables	162,951	-	225,478	-
Other financial assets measured at fair value through profit or loss	37,242	-	-	-
Financial liabilities at amortized cost	-	649,287	-	421,250
Others	496	496	445	445
	221,459	657,469	246,105	433,194
Balances in Japanese yen-				
Cash and balances with central banks	615	-	425	-
Loans and receivables	58,716	-	34,507	-
Financial liabilities at amortized cost	-	140,657	-	43,999
	59,331	140,657	34,932	43,999
Balances in pounds sterling-				
Cash and balances with central banks	17,477	-	18,137	-
Financial assets and liabilities held for trading	1,561	742	2,037	961
Loans and receivables	43,814	-	24,241	-
Financial liabilities at amortized cost	-	125,090	-	34,587
Others	91	230	117	182
	62,943	126,062	44,532	35,730
Balances in Swiss francs-				
Cash and balances with central banks	2,400	-	2,271	-
Loans and receivables	8,718	-	4,322	-
Financial liabilities at amortized cost	-	57,654	-	21,134
	11,118	57,654	6,593	21,134
Balances in Norwegian krone-				
Cash and balances with central banks	752	-	1,222	-
Loans and receivables	2,515	-	2,145	-
Financial liabilities at amortized cost	-	30,786	-	3,104
Others	3	2	-	-
	3,270	30,788	3,367	3,104
Balances in Swedish krone-				
Cash and balances with central banks	561	-	769	-
Loans and receivables	4,549	-	4,021	-
Financial liabilities at amortized cost	-	33,987	-	3,882
	5,110	33,987	4,790	3,882
Balances in other currencies-				
Cash and balances with central banks	6,034	-	6,313	-
Loans and receivables	11,617	-	17,903	-
Financial liabilities at amortized cost	-	97,938	-	31,939
	17,651	97,938	24,216	31,939
Total balances denominated in foreign currencies	380,882	1,144,555	364,535	572,982

(*)Equivalent value calculated by applying the exchange rates at 31 December 2015 and 2014, respectively.

In addition to the currency positions recognized in the consolidated balance sheets at 31 December 2015 and 2014 shown in the preceding table, the Group recognized various currency derivatives and forward foreign currency contracts which are used to manage the exchange rate risk to which it is exposed and which should be considered together with the balance sheet positions for a correct understanding of the Group's exposure to such risks (see Note 23).

2.5.2. Translation of foreign currency balances

Foreign currency balances are translated to euros in two consecutive stages:

- Translation of foreign currency to the functional currency of each of the Group entities and joint ventures.
- Translation to euros of the balances of consolidated companies whose reporting currency is not the euro.

Translation of foreign currency to the functional currency: foreign currency transactions performed by Group companies are initially recognized in the financial statements at the equivalent value in their functional currencies, translated using the exchange rates prevailing at the transaction date. Subsequently, the following rules are applied:

1. Monetary assets and liabilities are translated at the closing rate, which is taken to be the average spot exchange rate at the date of the financial statements.
2. Non-monetary items measured at historical cost are translated to the functional currency at the exchange rate at the date of acquisition.
3. Non-monetary items measured at fair value are translated to the functional currency at the exchange rate at the date when the fair value was determined.
4. Income and expenses are translated at the exchange rate prevailing at the transaction date.

Entities whose reporting currency is not the euro: the balances in the financial statements of consolidated entities whose functional currency is not the euro are translated to euros as follows:

1. Assets and liabilities, at the closing rates.
2. Income, expenses and cash flows, at the average exchange rates for the year.
3. Equity items, at the historical exchange rates.

2.5.3. Exchange rates

The exchange rates used by the Group in translating the foreign currency balances to euros for the purpose of preparing the consolidated financial statements, taking into account the methods mentioned above, were those published by the European Central Bank.

2.5.4. Recognition of exchange differences

The exchange differences arising on the translation of foreign currency balances (using the aforementioned translation methods) to the functional currency of the Group are generally recognized at their net amount under "Exchange Differences (net)" in the consolidated income statement. , except for exchange differences arising on financial instruments at fair value through profit or loss, which are recognised under "Gains/Losses on Financial Assets and Liabilities (Net)" in the consolidated income statement without distinguishing them from other changes in the fair value of these instruments.

However, any exchange differences arising on non-monetary items measured at fair value through equity and any exchange differences arising on the translation to euros of the financial statements of consolidated entities which are not denominated in euros are recognised in consolidated equity under "Valuation Adjustments-Exchange Differences" in the consolidated balance sheet until they are realised.

2.6. Recognition of Income and Expenses

The most significant accounting criteria used by the Group to recognize its income and expenses are summarized as follows:

2.6.1. Interest income, interest expenses, dividends and similar items

Interest income, interest expenses, dividends and similar items are generally recognized on an accrual basis using the effective interest method as defined in IAS 39. Dividends received from other companies, other than those received from Group companies, jointly controlled entities or associates, as the case may be, are recognized as income when the Group's right to receive them arises.

2.6.2. Commissions, fees and similar items

Fee and commission income and expenses that are not to be included in the calculation of the effective interest rate of transactions and/or are not included in the acquisition cost of financial assets or liabilities other than those classified as at fair value through profit or loss are recognized in the consolidated income statement using criteria that vary according to their nature. The main criteria are as follows:

- Fee and commission income and expenses relating to the acquisition of financial assets and liabilities measured at fair value through profit or loss are recognized, in case of existence, in the consolidated income statement when collected or paid.
- Those arising from transactions or services that are performed over a period of time, such as fees and commissions arising from custody services, are recognized in the consolidated income statement over the life of these transactions or services.
- Those relating to services provided in a single act are recognized in the consolidated income statement when the single act is carried out.

2.6.3. Non-finance income and expenses

These are recognized for accounting purposes on an accrual basis.

2.7. Offsetting

Asset and liability balances must be offset and, therefore, the net amount thereof is presented in the consolidated balance sheet only when they arise from transactions in which, contractually or by law, offsetting is permitted and the Group intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

In this regard, the presentation required by the applicable legislation in these consolidated financial statements in respect of the financial assets subject to valuation adjustments for decline in value or impairment, i.e. net of these adjustments, is not deemed to be "offsetting".

2.8. Transfers and derecognition of financial assets and liabilities

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are transferred to third parties:

- If the Group transfers substantially all the risks and rewards of the transferred assets to third parties -unconditional sale of financial assets, sale of financial assets with a repurchase agreement at its fair value at the repurchase date, sale of financial assets with a purchased call option or written put option that is deeply out of the money, securitization of assets in which the transferor does not retain a subordinated debt or grant any credit enhancement to new holders and other similar cases-, the transferred financial asset is derecognized and any rights or obligations retained or created in the transfer are recognized simultaneously.

  The Group is considered to transfer substantially all the risks and rewards if it transfers most of the total risks and rewards of the assets transferred.

- If the Group retains substantially all the risks and rewards associated with the transferred financial asset -sale of financial assets under an agreement to repurchase them at a fixed price or at the sale price plus interest, a securities lending agreement in which the borrower undertakes to return the same or similar assets, securitization of financial assets in which a subordinated debt or another type of credit enhancement is retained that absorbs substantially all the credit losses on the securitized assets, and other similar cases-, the transferred financial asset is not derecognized and continues to be measured by the same criteria as those used before the transfer. However, the following items are recognized, without offsetting:

  - An associated financial liability, for an amount equal to the consideration received; this liability is subsequently measured at amortized cost, or, if the aforementioned requirements for classification of other financial liabilities at fair value through profit or loss are met, at fair value, in accordance with the aforementioned criteria for this type of financial liability (see Note 2.2.4).
  - The income from the transferred financial asset not derecognized and any expense incurred on the new financial liability.

- If the Group neither transfers nor retains substantially all the risks and rewards associated with the transferred financial asset -sale of financial assets with a purchased call option or written put option that is not deeply in or out of the money, securitization of financial assets in which the transferor retains a subordinated debt or another type of credit enhancement for a portion of the transferred asset, and other similar cases- the following distinction is made:
    - If the transferor does not retain control, the transferred financial asset is derecognized and any right or obligation retained or created in the transfer is recognized.
    - If the transferor retains control, it continues to recognize the transferred financial asset in the consolidated balance sheet for an amount equal to its exposure to changes in value and recognizes a financial liability associated with the transferred financial asset. The net carrying amount of the transferred asset and the associated liability is the amortized cost of the rights and obligations retained, if the transferred asset is measured at amortized cost, or the fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

Accordingly, financial assets are only derecognized when the cash flows they generate have been extinguished or when substantially all the significant inherent risks and rewards have been transferred to third parties.

Notes 27.2 and 27.5 contain a summary of the main circumstances of the principal transfers of assets outstanding at 2015 and 2014 year-end which did not lead to the derecognition of the related assets (securities lending transactions and sales of asset under non-optional repurchase agreements).

2.9. Impairment of financial assets

A financial asset is considered to be impaired -and therefore its carrying amount is adjusted to reflect the effect of impairment- when there is objective evidence that events have occurred which:

- In the case of debt instruments (loans and debt securities), give rise to an adverse impact on the future cash flows that were estimated at the transaction date.
- In the case of equity instruments, mean that their carrying amount may not be fully recovered.

In this connection, the situations whose occurrence is considered by the Group as objective evidence that a financial instrument might be impaired, and which give rise to a specific analysis of these financial instruments in order to determine the amount of their possible impairment, include those indicated in IAS 39 and other applicable regulation. The situations that constitute objective evidence for the Group of the possible impairment of a financial instrument include the following:

a) Significant financial difficulty of the issuer or obligor;

b) Breach of the contract, such as default on or delayed payments of interest or principal;

c) When the Group, for economic or legal reasons relating to financial difficulties of the borrower, grants the borrower concessions or advantages that it would not otherwise have granted, in conformity with the requirements established in the legislation applicable to the Group at all times;

d) When it is considered probable that the borrower will be declared bankrupt or undergo any other form of financial reorganization relating to difficulties to meet its payment obligations;

e) When an active market for the financial asset in question ceases to exist due to financial difficulties of the debtor or of the counterparty of the risk assumed by the Group; or

f) When observable data evidence a decrease in the estimated future cash flows in a homogenous group of financial assets since their initial recognition, even though the decrease cannot yet be identified with individual assets in the group. These data include:

- adverse changes in the ability to pay of the borrowers in the group, such as a growing number of delayed payments, debtors that display an inadequate financial structure or any other type of difficulty in meeting their payment obligations, or
- changes in local or domestic economic conditions that correlate with defaults on the assets in the Group, such as an increase in the unemployment rate in the geographical area of the borrowers or adverse changes in industry conditions that affect the parties borrowing from the Group.

h) For equity instruments, information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, as well as the specific situations affecting the entities invested in and which indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment, although it requires an analysis by the Group in order to ascertain whether this decrease actually relates to impairment of the investment thus allowing the Group to conclude that the amount invested by it will not be recovered.

As a general rule, despite of the aforementioned criteria, the carrying amount of impaired financial instruments is adjusted with a charge to the consolidated income statement for the period in which the impairment becomes evident, and the reversal, if any, of previously recognized impairment losses is recognized in the consolidated income statement for the period in which the impairment is reversed or reduced.

When the recovery of any recognized amount is considered unlikely, the amount is written off ("written-off asset"), without prejudice to any actions that the Group may initiate to seek collection until their contractual rights are extinguished due to expiry of the statute-of-limitations period, forgiveness or any other cause.

The criteria applied by the Group to determine possible impairment losses in each of the various financial instrument categories and the method used to recognize such impairment losses are as follows:

2.9.1. Debt instruments carried at amortized cost
The amount of an impairment loss incurred on a debt instrument carried at amortized cost is equal to the positive difference between its carrying amount and the present value of its estimated future cash flows counted at the effective interest rate of the transactions. The market value of quoted debt instruments is deemed to be a reliable estimate of the present value of their future cash flows.

In estimating the future cash flows of debt instruments the following factors are taken into account:

- All the amounts that are expected to be obtained over the remaining life of the instrument, including, where appropriate, those which may result from the collateral provided for the instrument (less the costs for obtaining and subsequently selling the collateral).
- The various types of risk to which each instrument is subject; and
- The circumstances in which collections will foreseeably be made.

These cash flows are subsequently discounted using the instrument's effective interest rate (if its contractual rate is fixed) or the effective contractual rate at the discount date (if it is variable).

Specifically as regards impairment losses resulting from materialization of the insolvency risk of the obligors (credit risk), a debt instrument is impaired due to insolvency:

- When there is evidence of a deterioration of the obligor's ability to pay, either because it is in arrears or for other reasons, and/or;
- When country risk materializes: country risk is defined as the risk that is associated with debtors resident in a given country due to circumstances other than normal commercial risk.

Impairment losses on these assets resulting from materialization of the insolvency risk of the obligors (credit risk) are assessed as follows:

- Individually, for all significant debt instruments and for instruments which, although not material, are not susceptible to being classified in homogeneous groups of instruments with similar risk characteristics: instrument type, debtor's sector and geographical location, type of guarantee or collateral, age of past-due amounts receivable, etc.
- Collectively: the Group classifies transactions on the basis of the nature of the obligors, the conditions of the countries in which they reside, transaction status and type of collateral or guarantee, age of past-due amounts, etc. For each risk group it establishes the impairment losses ("identified losses"), which must be recognized in the financial statements consolidated, applying the parameters established by the applicable regulation. Impairment losses are estimated taking into account the possibility of collection of the interest accrued on these impaired assets.

In addition, the Group recognizes an overall impairment loss on risks in relation to which specific losses have not been identified. This loss is quantified by application of the parameters established by the applicable regulation based on experience and on the information available to it on the Spanish banking industry.

The amount of the impairment losses on debt instruments at amortized cost or, as the case may be, their subsequent reversal, estimated in accordance with the criteria described above, are recognized under "Impairment Losses on Financial Assets (net) - Loans and Receivables" and "Impairment Losses on Financial Assets (net) - Other Financial Assets Not Measured at Fair Value Through Profit or Loss", depending on the category of financial instrument in which the debt instruments are classified (see Note 2.2).

2.9.2. Debt instruments classified as available

The amount of the impairment losses on debt instruments included in the available-for-sale financial asset portfolio is the positive difference between their acquisition cost (net of any principal repayment or amortization) and their fair value less any impairment loss previously recognized in the consolidated income statement.

In the case of impairment losses arising due to the insolvency of the issuer of the debt instruments classified as available for sale, the procedure followed by the Group for calculating such losses is the same as the method used for debt instruments carried at amortized cost explained in section 2.9.1 above.

When there is objective evidence that the losses arising on measurement of these assets are due to impairment, they are removed from the consolidated equity item "Valuation Adjustments -Available-for-Sale Financial Assets" and are recognized, for their cumulative amount, in the consolidated income statement under "Impairment Losses (net) - Other Financial Instruments Not Measured at Fair Value Through Profit or Loss". If all or part of the impairment losses are subsequently reversed, the reversed amount would be recognized in the consolidated income statement for the period in which the reversal occurred under "Impairment Losses on Financial Assets (net) - Other Financial Assets Not Measured at Fair Value Through Profit or Loss".

Similarly, the impairment losses arising on measurement of debt instruments classified as "non-current assets held for sale" which are recognized in the Group's consolidated equity are considered to be realized and, therefore, are recognized in the consolidated income statement when the assets are classified as "non-current assets held for sale".

2.9.3. Equity instruments classified as available for sale

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

The criteria for recognizing impairment losses on equity instruments classified as available for sale are similar to those for debt instruments classified as available for sale (as explained in Note 2.9.2), with the exception that any reversal of these losses is recognized in consolidated equity under "Valuation Adjustments-Available-for-Sale Financial Assets" rather than in the consolidated income statement.

2.9.4. Equity instruments carried at cost

The amount of the impairment losses on equity instruments carried at cost is the positive difference between their carrying amount and the present value of the expected future cash flows discounted at the market rate of return for similar securities.

Impairment losses are recognized in the consolidated income statement for the period in which they arise as a direct reduction of the cost of the instrument. These losses can only be reversed subsequently if the related assets are sold.

2.10. Financial guarantees and provisions for financial guarantees

"Financial guarantees" are defined as contracts whereby an entity undertakes to make specific payments on behalf of a third party if the latter fails to do so, irrespective of the various legal forms they may have, such as guarantees, irrevocable documentary credits issued or confirmed by the Group, etc.

In accordance with EU-IFRSs, the financial guarantees provided by the Group are treated as financial instruments.

The Group initially recognises the financial guarantees provided on the liability side of the consolidated balance sheet at their fair value (plus any transaction costs directly attributable to them), which is generally the amount of the premium received plus, where appropriate, the present value of the fees, commissions and interest receivable from those contracts over their term and, as a balancing entry, it recognises, on the asset side of the consolidated balance sheet, the amount of the fees, commissions and similar interest received at inception of the transactions and the amounts receivable relating to the present value of the fees, commissions and interest outstanding. Subsequent to their initial recognition, these contracts are recognised on the liability side of the consolidated balance sheet at the higher of the following two amounts:

- The amount determined in accordance with IAS 37. In this connection, financial guarantees, regardless of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, to consider whether a provision is required. The credit risk is determined by application of criteria similar to those established for quantifying impairment losses on debt instruments carried at amortised cost (described in Note 2.9 above).
- The amount initially recognised for these instruments, less the amortisation of this amount which, in accordance with IAS 18, is recognised in profit or loss on a straight-line basis over the term of these contracts.

The provisions made for these transactions are recognised under "Provisions - Provisions for Contingent Liabilities and Commitments" on the liability side of the consolidated balance sheet (see Note 17). These provisions are recognised and reversed with a charge or credit, respectively, to "Provisions (Net)" in the consolidated income statement.

If, based on the foregoing, a provision is required for these financial guarantees, the unearned commissions associated with these transactions recognised under "Financial Liabilities at Amortised Cost - Other Financial Liabilities" on the liability side of the consolidated balance sheet are reclassified to the appropriate provision.

2.11. Staff costs

2.11.1 Short-term remuneration

Short-term employee remuneration consists of monetary and non-monetary remuneration such as wages, salaries and social security contributions earned in the year and paid or payable to employees accrued during the reporting period in the twelve months following the end of the reporting period.

Short-term employee remuneration is generally recognised as staff costs in the income statement for the period in which the employees have rendered their services. It is measured at the undiscounted amount payable for the services received, and it is recognised while the employees render their services at the Group, as an accrued expense after deducting any amounts already paid.

2.11.2. Pension Obligations

Under the Collective Labour Agreement currently in force, the Bank is required to supplement the social security benefits accruing to its employees or their beneficiary right holders in the event of retirement, disability, death of spouse or death of parent. The Bank is the only Group entity that has significant obligations of this nature and, therefore, the information in this connection is presented in the Bank's consolidated financial statements.

The Group's post-employment obligations to its employees are deemed to be "defined contribution plans" when the Group makes pre-determined contributions to a separate entity and will have no legal or effective obligation to make further contributions if the separate entity cannot pay the employee benefits relating to the service rendered in the current and prior periods. Post-employment obligations that do not meet the aforementioned conditions are classified as "defined benefit plans".

Cecabank, S.A. has set up an external fund known as the "CECA Employees' Pension Plan" and has taken out insurance policies to cover its pension obligations to its employees. The external fund, in turn, comprises three subplans: a defined benefit plan (for employees hired by the Entity prior to 30 May 1986 who opted not to convert their benefits into defined contribution benefits in the previous years and for early retirees) and two defined contribution retirement benefit subplans (for employees hired by CECA prior to 30 May 1986 who opted in the previous years to convert their benefits into defined contribution benefits, as described below, and for employees hired by CECA or the Bank after 29 May 1986 and for early retirees respectively). The pension plan also includes the obligations to the beneficiaries of the benefits.

In 2011, the Control Committee of the CECA Employees' Pension Plan, pursuant to the obligations previously acquired, resolved to take out an insurance policy to cover the supplementary vested pension income payable to the beneficiaries of the pension plan. The policy is in line with the benefits payable to the group of beneficiaries of the pension plan in order to ensure these obligations are met.

Note 35 to these consolidated financial statements presents additional information on these obligations with regard to reconciliations, sensitivities and other disclosures required by the legislation applicable to the Group.

At 31 December 2015, the total accrued pension obligations to current and retired employees amounted to EUR 193,548 thousand (31 December 2014: EUR 200,302 thousand). These obligations are covered by the aforementioned external pension fund and insurance policies, the fair value of which was EUR 196,932 thousand at 31 December 2015 (31 December 2014: EUR 200,438 thousand) and, therefore, the Group recognised a "Net Asset for Pensions" of EUR 3,384 thousand under "Other Assets" in the accompanying consolidated balance sheet as at 31 December 2015 (31 December 2014: EUR 136 thousand) (see Note 15).

Recognition of defined benefit post employment obligations

The accounting treatment of the defined benefit obligations is as follows:

a) The legal obligations assumed by the Group are taken into consideration according to the formal terms and conditions of the plans.

b) The present value of the legal obligations is calculated at the reporting date by a qualified actuary, together with the fair value estimates of the plan assets.

c) The fair value of the plan assets, which, pursuant to the requirements established in the applicable legislation, meet this definition at the reporting date, is deducted from the present value of the obligations.

d) If the figure obtained in c) above is positive, it is recognised as a provision for defined benefit pension funds.

e) If the figure obtained in c) above is negative, it is recognised as "other assets". The Group measures, where appropriate, the recognised asset at the lower of the following two values:

The figure obtained in c) above, in absolute terms.

The present value of the cash flows available to the Group, in the form of plan redemptions or reductions in future contributions to the plan.

f) Any changes in the recognised provision are recognised when they occur in line with d) above (or, where appropriate, the asset according to e) above) as follows:

- In the income statement: the cost of the services rendered by the employees, those referring to both the year in question and prior years not recognised in those years, the net interest on the provision, and the gain or loss arising upon settlement. When these amounts are to form part of the cost of an asset pursuant to applicable legislation, these amounts are recognized additionally as "other operating income"

- In the consolidated statement of changes in equity: the new measurements of the provision as a result of the actuarial gains and losses, of the return on any plan assets not included in the net interest on the provision, and changes in the present value of the asset as a result of the changes in the present of the cash flows available to the entity, which are not included in the net interest on the provision. The amounts recognised in the consolidated statement of changes in equity should not be reclassified to the income statement in a future year.

The defined contribution obligations are generally recognised at the amount of the contributions made by the Group in the year in exchange for the services rendered by employees in the same period, and are recognised as an expense for the year. In 2015 the portion of the accrued expense for the contributions to the external pension fund relating to defined contribution obligations of the Bank amounted to EUR 1,386 thousand (2014: EUR 2,125 thousand), and this amount was recognised under "Administrative Expenses - Staff Costs" in the income statement (see Note 35).

Furthermore, contributions to the pension plan in excess of the current legal and tax ceilings are covered by two insurance policies taken out with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. ("Caser"). The premiums on these policies and on other insurance policies covering pension obligations and other obligations to employees totalled EUR 376 thousand in 2015 (2014: EUR 266 thousand), and this amount was recognised under "Administrative Expenses - Staff Costs" in the income statement (see Note 35).

2.11.3. Other long-term benefits

2.11.3.1. Early retirements

Through several agreements entered into in 2013, as in previous years, by Cecabank, S.A. and by CECA (to which Cecabank, S.A. was subrogated by virtue of the spin-off of its activity to CECA as indicated in Note 1 above) and the Workplace Trade Union Branch and the representatives of the Works Council, various pre-retirement offers were made to the employees. The following paragraphs contain a summary of the main features of these pre-retirement agreements:

Pre-retirement agreements prior to 20133

On 7 April 2011, an agreement was entered into between CECA, the Workplace Trade Union Branch and the representatives of the Workers' Committee, under which a Pre-Retirement Plan was established for all employees who at 31 December 2011 were at least 55 years of age and had been in CECA's employ for at least ten years. The general registration period for employees wishing to participate in this plan ended on 13 May 2011. As a result of the spin-off mentioned in Note 1.1, the Bank was subrogated to these obligations.

On 25 June 2012, an agreement additional to the one mentioned in the previous paragraph was entered into between Cecabank, S.A., the Workplace Trade Union Branch and the representatives of the Works Council, under which a Pre-Retirement Plan was established for all employees who at 31 December 2012 were at least 53 years of age and had been in the entity's employ for at least ten years. The general registration period for employees wishing to participate in this plan ended on 20 July 2012. This agreement also includes other measures such as termination benefits for the group of employees not included in the pre-retirement plans mentioned above (for which the deadline for participating was 30 September 2012), unpaid leave and reduced working hours (the deadline for participating was 30 October 2012).

Pre-retirement agreements in 2013

Also, on 29 October 2013, another agreement was entered into between Cecabank, S.A., the Workplace Trade Union Branch and the representatives of the Works Council, to extend the agreement entered into on 25 June 2012 for a maximum of 129 employees who at 31 December 2013 were at least 50 years of age and had been in the entity's employ for at least ten years. The general registration period for employees wishing to participate in this plan ended on 12 November 2013. 54 employees availed themselves of this offer. The pre-retirements are taking effect between 1 December 2013 and 31 March 2014. The period of pre-retirement begins on the date of termination of the employment contract and ends on the date on which the employee reaches 63 years of age, with a limit of nine years from the pre-retirement date, whichever occurs first.

The amount receivable by the employee during pre-retirement is equal to 75% of his/her annual gross fixed remuneration while in employment, with a maximum annual benefit limit of EUR 150,000 and a minimum annual limit of EUR 27,119. At the discretion of the pre-retired employee, this benefit may be received either in a single lump sum payment or in 14 monthly payments up until the age established in the Agreement. In addition, regardless of the chosen form of payment, the employees who avail themselves of this offer are entitled to receive a gross incentive of EUR 16,000 in a single payment. Also, any employees who would have been paid a 25-year service bonus had they remained in the entity's employ until 31 March 2014 continue to be entitled to receive this bonus.

For the participants of pension sub-plans two and three, integrated in the "Cecabank Employees Pension Plan" the Group will continue to make contributions to the employee pension plan and the policies provided for in the insurance protocol relating to this plan, where appropriate, solely for retirement cover. The amount of this contribution will be the same as that made in the year immediately prior to the pre-retirement, and will be made until the employee reaches 63 years of age, with a limit of nine years from the pre-retirement date, whichever occurs first. In particular, the participants of sub-plan three will continue to be entitled to the contributions provided for in the Caser policy, for past service, until the age of 65. In the case of the employees who are participants in defined benefit sub-plan one, for retirement cover, the Group will continue to make the contributions required to maintain coverage of the retirement benefit established by the Group until the date on which pre-retirement benefits cease to be paid, and the benefits received in the twelve months prior to retirement. Alternatively, participants in sub-plan one who take pre-retirement pursuant to the pre-retirement plan may transfer their consolidated rights in the plan at the pre-retirement date to sub-plan three and convert the benefit regime into a defined contribution regime. For these participants, contributions are not payable to the Caser policy provided for in the insurance protocol of the Bank's Employees Pension Plan.

Social Security Special Agreement payments are payable by the employees, although the Group will pay these amounts into the employees' salary until they meet the established age requirements and limits. The Special Agreement will be entered into at the employees' maximum contribution rate on the date immediately preceding the retirement date, with a maximum limit of the contribution base that would have been applicable to the employees had they remained in the Bank's employ.

Pre-retirement agreements in 2015

On 18 December 2015, the Board of Directors of the Bank approved a formal pre-retirement plan for certain employees of the Bank who met certain requirements, and this fact was communicated to all the employees on 23 December 2015 by the Works Council.

This plan was formalised in a collective agreement signed in 2016 between the Bank, the Workplace Trade Union Branch and the representatives of the Works Council, using as a basis the pre-retirement plan of 29 October 2013, which established a three-year period (2016-2018) for pre-retirements to take place. Employees aged 56 or over prior to 31 December 2018 with at least ten years' service at the date of departure from the Bank can avail themselves of the plan.

The amount receivable by the employee during pre-retirement is equal to 75% of his/her annual gross fixed remuneration while in employment, with a maximum annual benefit limit of EUR 150,000 and a minimum annual limit of EUR 27,119. At the discretion of the pre-retired employee, this benefit may be received either in a single lump sum payment or in 14 monthly payments up until the age established in the Agreement.

The provisions recognised with a charge to profit or loss to cover these obligations amounted to EUR 24,202 thousand, and they were recognised under "Provisions (Net)" in the accompanying income statement for 2015 (see Note 35).

With regard to the accounting criteria applied to these aforementioned pre-retirement obligations, it should be noted that they are the same as those explained in Note 2.11.2 for the defined benefit post-employment obligations, except for the fact that the actuarial gains and losses are recognised directly in the Group's income statement in the year in which they are disclosed.

The obligations in respect of future salaries, future social security costs and incentives relating to early retirees corresponding to commitments given in the preceding paragraphs as well as the obligations for future contributions to the Pension Plan (all of which were considered as defined benefit obligations) were covered by an internal provision amounting to EUR 91,094 thousand (EUR 84,498 thousand at 31 December 2014), which was recognized under "Provisions - Provisions for Pensions and Similar Obligations" in the balance sheet (see Note 35) and related to early retirement obligations incurred as a result of the aforementioned Agreement dated 7 April 2011, 25 June 2012, 29 October 2013 and 18 December 2015. At 31 December 2015 and 2014 this provision covered the full amount of the Group's early retirement obligations at those dates.

Note 35 to these notes to the financial statements includes additional information relating to these obligations.

2.11.3.2. Death and disability

The commitments for death or disability of current employees are included in the benefits covered by the aforementioned pension fund.

2.11.3.3. Long-service bonuses

Cecabank,S.A. has undertaken to pay a bonus to employees reaching 25 years of service at the Entity.

The amounts paid in this connection at 2015 and 2014 year-end totaled approximately EUR 16 thousand and EUR 81 thousand, respectively, which are recognised under "Administrative Expenses - Staff Costs" in the accompanying consolidated income statement.

There are no other significant agreements of this nature for the Group other than those held with Cecabank, S.A.

2.11.4. Termination benefits

Any termination benefits are recognised as a staff cost only when the Entity is demonstrably committed to terminating the employment relationship with an employee or group of employees.

The termination benefit expense amounted to EUR 2,000 thousand and was recognised under "Administrative Expenses - Staff Costs" in the 215 income statement (same amountrecognised in 2014) (see Note 35).

Also, the Bank has agreements with some of its executives and/or directors to pay them certain benefits in the event that they are terminated without just cause. The amount of the benefit, which in any case would not have a material effect on the Group, would be charged to the consolidated income statement when the decision to terminate the employment of the executive or director concerned was made. The liability recognised for these purposes was included under "Other Liabilities" in the balance sheet as at 31 December 2015.

2.11.5. Loans to employees

Under the collective labour agreement in force and the additional agreements entered into in 2004 with Cecabank's employees, employees are entitled to apply for mortgage loans from the Cecabank, S.A. for a maximum period of 40 years at an interest rate of 70% of Euribor with lower and upper limits for 2015 and 2014 of 1.50% and 5.25%, respectively.

Under the applicable industry collective labour agreement and pursuant to collective agreements reached by Cecabank, S.A. implementing it, employees may, in specific cases, apply for interest free advances and other "welfare" loans or loans for the expansion of their residence, with a repayment period of 10 and 15 years, respectively, at the Euribor interest rate.

In the event of exceptional circumstances requiring an employee to apply for a type of loan that does not fully or partially comply with the regulations stipulated in the industry collective labour agreement, or its implementing regulations, the employee may apply for the loan through the ALCO, indicating the exceptional circumstances.

These loans are recognized at amortized cost under "Loans and Receivables - Loans and Advances to Customers" in the consolidated balance sheet.

There are no other significant agreements of this nature for the Group to further maintained by Cecabank, S.A.

2.12. Income tax

The income tax expense is recognized in the consolidated income statement, except when it results from a transaction recognized directly in the Group's equity, in which case the income tax is also recognized in the Group's equity.

The current income tax expense is calculated as the tax payable with respect to the taxable profit for the year, adjusted by the amount of the changes in the year in the assets and liabilities (deferred taxes) recognized as a result of temporary differences and tax credit and tax loss carry forwards that may exist (see Note 20).

The Group considers that there is a temporary difference when there is a difference between the carrying amount of an asset or liability and its tax base that can be expected to revert in the future. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. A taxable temporary difference is one that will generate a future obligation for the Group to make a payment to the related tax authorities. A deductible temporary difference is one that will generate a right for the Group to a refund or a reduction in its tax charge in the future.

Tax credit and tax loss carry forwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in the tax regulations are met and the Group considers it probable that they will be used in future periods.

Current tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities within 12 months from the balance sheet date. Deferred tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities in over 12 months from the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. However, deferred tax liabilities arising from the initial recognition of goodwill are not recognized.

The Group only recognizes deferred tax assets arising from deductible temporary differences and from tax credit and for tax loss carry forwards when the following conditions are met:

- If it is considered probable that the Group will obtain sufficient future taxable profit against which the deferred tax assets can be utilised; or they are deferred tax assets that the Group might in the future have the right to convert into credits receivable from the tax authorities pursuant to Article 130 of Spanish Income Tax Law 27/2014, of 27 November (called "monetisable tax assets"):and
- In the case of deferred tax assets arising from tax loss carry forwards, in case of existence, the tax losses result from identifiable causes which are unlikely to recur.

No deferred tax assets or liabilities are recognized if they arise from the initial recognition of an asset or liability (except in the case of a business combination) that at the time of recognition affects neither accounting profit nor taxable profit.

The deferred tax assets and liabilities recognized are reassessed at each balance sheet date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

The Group files consolidated tax returns, pursuant to Chapter VI of the Title VII of Legislative Law 27/2014, of 27 November, approving the Consolidated Corporation Tax Law, in the group 0508/12 which parents the Confederation. For each entity that files consolidated tax returns, the Group CECA recognizes the income tax expense that the entity would have had to pay if it had filed an individual tax return, adjusted for the tax losses generated by each entity from which other Group entities benefit, taking into consideration the consolidated tax adjustments to be made.

2.13. Tangible assets

2.13.1. Property, plant and equipment for own use

Property, plant and equipment for own use includes the assets that are held by the Group for present or future purposes which are expected to be used for more than one year. Property, plant and equipment for own use is recognized at acquisition cost in the consolidated balance sheet, less:

- The related accumulated depreciation, and
- Any estimated impairment losses (net carrying amount higher than recoverable amount).

Depreciation is calculated by the straight-line method on the basis of the acquisition cost of the assets less their residual value. The land on which the buildings and other structures stand has an indefinite life and, therefore, is not depreciated.

The tangible asset depreciation charge is recognized under "Depreciation and Amortization" in the consolidated income statement and is calculated basically using the following depreciation rates (based on the average years of estimated useful life of the various assets):

	Anual Percentagel
Property	2% a 4%
Furniture and office equipment	10% a 15%
Computer hardware	15% a 25%
Fixtures	8% a 12%
Transport equipment	16%

The Group assesses at the reporting date whether there is any internal or external indication that an asset may be impaired (i.e. its carrying amount exceeds its recoverable amount). If this is the case, the carrying amount of the asset is reduced to its recoverable amount and future depreciation charges are adjusted in proportion to the revised carrying amount and to the new remaining useful life (if the useful life must be re-estimated). When necessary, the carrying amount of property, plant and equipment for own use is reduced with a charge to "Impairment Losses on Other Assets (Net)-Other Assets" in the consolidated income statement.

Similarly, if there is an indication of a recovery in the value of a previously impaired tangible asset, the Group recognizes the reversal of the impairment loss recognized in prior periods with the related credit to "Impairment Losses on Other Assets (Net)-Other Assets" in the consolidated income statement and adjusts the future depreciation charges accordingly. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognized in prior years.

The estimated useful lives of the items of property, plant and equipment for own use are reviewed at least once a year with a view to detecting significant changes therein. If changes are detected, the useful lives of the assets are adjusted by correcting the depreciation charge to be recognized in the consolidated income statement in future years on the basis of the new useful lives.

Upkeep and maintenance expenses relating to property, plant and equipment for own use are recognized as an expense under "Administrative Expenses-Other General Administrative Expenses" in the consolidated income statement in the year in which they are incurred.

The equipment for own use which is no longer for own use and are included by the management in a sale plan, which is estimated to be achieved in a year, are recognized as non-current assets held for sale, and will be valued in accordance with the criteria detailed in Note 2.16.

2.13.2. Investment property

"Tangible Assets-Investment Property" in the consolidated balance sheet reflects the net values of the land, buildings and other structures held either to earn rentals or for capital appreciation as a result of the increases occur in the future in their respective market prices.

The criteria used to recognize the acquisition cost of investment property, to calculate its depreciation and its estimated useful life and to recognize any impairment losses thereon are consistent with those described in relation to property, plant and equipment for own use (see Note 2.13.1).

2.14. Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the Group. Only intangible assets whose cost can be estimated reasonably objectively and from which the Group considers it probable that future economic benefits will be generated are recognized.

Intangible assets are recognized initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses.

2.14.1. Other Intangible Assets

Intangible assets other than goodwill are recognized in the consolidated balance sheet at acquisition or production cost, less the related accumulated amortization and any accumulated impairment losses.

Intangible assets can have an indefinite useful life - when, based on an analysis of all the relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group- or a finite useful life, in all other cases.

Intangible assets with indefinite useful lives are not amortized, but rather at the end of each reporting period the Group reviews the remaining useful lives of the assets in order to determine whether they continue to be indefinite and, if this is not the case, to take the appropriate steps. At 31 December 2015 and 2014, and throughout these years, there were no intangible assets with indefinite useful lives.

At 31 December 2015 and 2014, "Intangible Assets - Other Intangible Assets" includes, primarily, the acquisition cost, net of accumulated amortisation and impairment, of certain rights of the securities depository business of certain collective investment undertakings and pension funds acquired in 2015 and prior years.

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives, which range from three to ten years depending on the class of asset.

For their part, the management rights of the depository business recognised as intangible assets are amortised over the term of the contracts in which they are acquired, using the straight-line method or a diminishing balance method, depending on the estimated revenue associated with these contracts over time.

The period amortisation charge for these intangible assets is recognised under "Depreciation and Amortisation Charge" in the consolited income statement.

For intangible assets other than goodwill with indefinite useful lives and with finite useful lives, the Group recognizes any impairment loss on the carrying amount of these assets, and any reversal of previously recognized impairment losses, with a charge or credit, as appropriate, to "Impairment Losses on Other Assets (net) – Goodwill and Other Intangible Assets" in the consolidated income statement. The criteria used to recognize the impairment losses on these assets and, where applicable, the reversal of impairment losses recognized in prior years are similar to those used for property, plant and equipment for own use (see Note 2.13.1), except that in no circumstances may any impairment recognized for goodwill in the consolidated balance sheet be reversed.

2.15. Provosions and contingent liabilities

When preparing the consolidated financial statements, the directors made a distinction between:

- Provisions: credit balances covering present obligations at the balance sheet consolidated date arising from past events which could give rise to a loss for the consolidated entities, which is considered to be likely to occur and certain as to its nature but uncertain as to its amount and/or timing; and
- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the consolidated entities.

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized in the consolidated financial statements, but rather are disclosed, as required by the applicable standards.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognized. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

The provisions considered necessary pursuant to the foregoing criteria and their eventual reversal, should the reasons for their recognition disappear, are recognized with a charge or credit, respectively, to "Provisions (net)" in the consolidated income statement.

2.15.1. Litigation and/ or claims in process

At the end of 2015 and 2014 and throughout these years certain litigation and claims were in process against the Group arising from the ordinary course of its operations. The Group's legal advisers and directors consider that the outcome of the litigation and claims will not have a material effect on the consolidated financial statements for the years in which they are settled.

2.16. Non-current assets held for sale

"Non-Current Assets Held for Sale" in the consolidated balance sheet includes the carrying amount of items - individual items, disposal groups or items forming part of a business unit earmarked for disposal ("discontinued operations") - which, because of their nature, are estimated to have a realization or recovery period exceeding one year, but are earmarked for disposal by the Group and whose sale in their present condition is highly probable to be completed within one year from the date of the consolidated financial statements.

Investments in associates or jointly controlled companies that meet the requirements set forth in the foregoing paragraph are also considered to be non-current assets held for sale.

Therefore, the carrying amount of these items -which can be of a financial nature or otherwise- will foreseeably be recovered through the proceeds from their disposal rather than from continuing use.

Symmetrically, "Liabilities Associated with Non-Current Assets Held for Sale" in the consolidated balance sheet includes the balances payable, if any, associated with disposal groups and the Group's discontinued operations.

In general, non-current assets held for sale are initially measured at the lower of their carrying amount calculated as at the classification date and their fair value less estimated costs to sell. Tangible and intangible assets that are depreciable and amortizable by nature are not depreciated or amortized during the time they remain classified in this category.

After the classification as Non-current assets held for sale, if the carrying amount of the assets exceeds their fair value less costs to sell, the Group adjusts the carrying amount of the assets by the amount of the excess with a charge to "Gains/(Losses) on Non-Current Assets Held for Sale not Classified as Discontinued Operations" in the consolidated income statement. If the fair value of such assets subsequently increases, the Group reverses the losses previously recognized and increases the carrying amount of the assets without exceeding the carrying amount prior to the impairment, with a credit to "Gains/(Losses) on Non-Current Assets Held for Sale not Classified as Discontinued Operations" in the consolidated income statement. The gain or loss on sale of these assets is recognised with a credit or charge, respectively, to "Gains (Losses) on Non-Current Assets Held for Sale Not Classified as Discontinued Operations"

Despite the foregoing, financial assets, assets arising from remuneration to employees and any deferred tax assets that are part of a disposal group or of a discontinued operation are not measured as described in the preceding paragraphs, but rather in accordance with the accounting policies and rules applicable to these items, which were explained in previous sections of Note 2.

2.17. Consolidated statement of cash flows

The following terms are used in the consolidated statement of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of credit institutions and other activities that are not investing or financing activities. Operating activities also include interest paid on any financing received, even if this financing is considered to be a financing activity. Activities performed with the various financial instrument categories detailed in Note 2.2.4 above are classified, for the purpose of this statement, as operating activities.
- Investing activities: include transactions such as the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents, such as tangible assets, intangible assets, investments, non-current assets held for sale and associated liabilities, equity instruments classified as available for sale which are strategic investments and debt instruments included in held-to-maturity investments, if any.
- Financing activities: include the cash flows of activities that result in changes in the size and composition of the consolidated equity and liabilities that are not operating activities.

For the purposes of preparing the consolidated statement of cash flows, the balance recognised under "Cash and Balances with Central Banks" on the asset side of the consolidated balance sheet was considered to be "cash and cash equivalents".

2.18. Consolidated statement of recognized income and expense

The consolidated statement of recognized income and expense presents the income and expenses generated by the Group as a result of its business activity in the year, and a distinction is made between the income and expenses recognized in the consolidated income statement for the year and the other income and expenses recognized, in accordance with current regulations, directly in consolidated equity, making a distinction among the latter, in turn, between items that may be reclassified to the income statement, pursuant to applicable legislation, and those that may not.

Accordingly, this statement presents:

a) Consolidated profit for the year.

b) The net amount of the income and expenses recognized in consolidated equity under "Valuation Adjustments", which, pursuant to applicable legislation, will not be reclassified to the consolidated income statement.

c) The net amount of the income and expenses recognized in consolidated equity under "Valuation Adjustments" which may be reclassified to the consolidated income statement.

d) The income tax incurred in respect of the items indicated in b) and c) above.

e) The total recognized consolidated income and expenses, calculated as the sum of a) and d) above.

The changes in income and expenses recognized in consolidated equity under "Valuation Adjustments", which may be reclassified to the consolidated income statement, are broken down as follows:

a) Revaluation gains/ (losses): includes the amount of the income, net of the expenses incurred in the year, recognized directly in consolidated equity. The amounts recognized in the year under "Valuation Adjustments" are recorded in this line item, even though they are transferred in the same year to the consolidated income statement, to the initial value of other assets or liabilities, or are reclassified into another line item.

b) Amounts transferred to the consolidated income statement: includes the amount of the revaluation gains and losses previously recognized in consolidated equity, albeit in the same year, which are recognized in the consolidated income statement.

c) Amount transferred to the initial carrying amount of hedged items: includes the amount of the revaluation gains and losses previously recognized in consolidated equity, albeit in the same year, which are recognized in the initial carrying amount of the assets or liabilities as a result of cash flow hedges.

d) Other reclassifications: includes the amount of the transfers made in the year between valuation adjustment items in accordance with current regulations.

The amounts of these items are presented gross and the related tax effect is recognized in this statement under "Income Tax related items that may be reclassified to income".

2.19. Consolidated statement of changes in total equity

This statement presents all the changes in consolidated equity, including those arising from changes in accounting policies and from the correction of errors. Accordingly, this statement presents a reconciliation of the carrying amount at the beginning and end of the year of all the consolidated equity items, and the changes in the year are grouped together on the basis of their nature into the following items:

a) Adjustments due to changes in accounting policies and adjustments made to correct errors: include significant changes in consolidated equity arising as a result of the retrospective restatement of the balances in the consolidated financial statements due to changes in accounting policies or to the correction of errors.

b) Recognized income and expense: includes the total recognized income and expenses reported in the consolidated statement of recognized income and expense.

c) Other changes in equity: includes the remaining items recognized in consolidated equity, including, inter alia, distribution of Group profit, transfers between consolidated equity items and any other increases or decreases in consolidated equity.

3. Cecabank, S.A.

Cecabank is the parent of the Group. Its separate financial statements are prepared by applying the accounting principles and rules included in Bank of Spain Circular 4/2004, of 22 December, to credit institutions, on public and confidential financial reporting rules and formats.

The condensed consolidated financial statements of the Bank, for 2015 and 2014, for informative purpose are as follows:

Balance Sheet:

ASSETS	2015	2014
1. Cash and balances with central banks (Note 5)	**61.560**	**196.387**
2. Financial assets held for trading (Note 6.1)	**2.560.723**	**2.832.794**
2.1 Loans and advances to credit institutions	-	-
2.2 Loans and advances to customers	-	-
2.3 Debt instruments	1.135.252	1.046.083
2.4 Equity instruments	63.160	67.867
2.5 Trading derivatives	1.362.311	1.718.844
Memorandum item: Loaned or advanced as collateral	*309.418*	*219.885*
3. Other financial assets at fair value through profit or loss (Note 6.2)	**2.786.463**	**3.624.938**
3.1 Loans and advances to credit institutions	2.698.393	2.748.641
3.2 Loans and advances to customers	29.954	876.297
3.3 Debt instruments	-	-
3.4 Equity instruments	58.116	-
Memorandum item: Loaned or advanced as collateral	*332.398*	*833.752*
4. Available-for-sale financial assets (Note 7)	**4.202.012**	**2.585.344**
4.1 Debt instruments	4.112.932	2.523.149
4.2 Equity instruments	89.080	62.195
Memorandum item: Loaned or advanced as collateral	*716.426*	*296.605*
5. Loans and receivables (Note 8)	**2.035.666**	**1.355.848**
5.1 Loans and advances to credit institutions	1.226.997	923.917
5.2 Loans and advances to customers	767.445	389.102
5.3 Debt instruments	41.224	42.829
Memorandum item: Loaned or advanced as collateral	*38.673*	*-*
6. Held-to-maturity investments	**-**	**-**
Memorandum item: Loaned or advanced as collateral	*-*	*-*
7. Changes in the fair value of hedged items in portfolio hedges of interest rate risk	**-**	**-**
8. Hedging derivatives (Note 9)	**222**	**19**
9. Non-current assets held for sale (Note 10)	**18.487**	**18.504**
10. Investments (Note 11)	**416**	**867**
10.1 Associates	-	312
10.2 Jointly controlled entities	-	451
10.3 Subsidiaries	416	104
11. Insurance contracts linked to pensions	**-**	**-**
13. Tangible assets (Note 12)	**53.363**	**53.232**
13.1 Property, plant and equipment	52.375	52.208
13.1.1 For own use	52.375	52.208
13.1.2 Leased out under an operating lease	-	-
13.1.3 Assigned to welfare projects	-	-
13.2 Investment property	988	1.024
Memorandum item: Loaned or advanced as collateral	*-*	*-*
14. Intangible assets	**83.865**	**39.264**
14.1 Goodwill	-	-
14.2 Other intangible assets (Note 13)	83.865	39.264
15. Tax assets	**128.172**	**124.116**
15.1 Current	535	226
15.2 Deferred (Note 20)	127.637	123.890
16. Other assets (Note 14)	**51.697**	**31.685**
TOTAL ASSETS	11.982.646	10.862.998
MEMORANDUM ITEMS		
1. Contingent liabilities (Note 27.1)	**76.982**	**72.750**
2. Contingent commitments (Note 27.3)	**412.074**	**724.862**

LIABILITIES AND EQUITY	2015	2014
LIABILITIES		
1. Financial liabilities held for trading (Note 6.1)	**2.273.135**	**2.267.416**
1.1 Deposits from central banks	-	-
1.2 Deposits from credit institutions	-	-
1.3 Customer deposits	-	-
1.4 Marketable debt securities	-	-
1.5 Trading derivatives	1.327.114	1.661.534
1.6 Short positions	946.021	605.882
1.7 Other financial liabilities	-	-
2. Other financial liabilities at fair value through profit or loss (Note 6.2)	**1.109.908**	**1.365.643**
2.1 Deposits from central banks	-	-
2.2 Deposits from credit institutions	675.885	692.386
2.3 Customer deposits	434.023	673.257
2.4 Marketable debt securities	-	-
2.5 Subordinated liabilities	-	-
2.6 Other financial liabilities	-	-
3. Financial liabilities at amortised cost (Note 15)	**7.256.944**	**5.941.940**
3.1 Deposits from central banks	-	-
3.2 Deposits from credit institutions	1.181.969	1.532.528
3.3 Customer deposits	5.829.642	3.922.701
3.4 Marketable debt securities	-	-
3.5 Subordinated liabilities	-	-
3.6 Other financial liabilities	245.333	486.711
4. Changes in the fair value of hedged items in portfolio hedges of interest rate risk	**-**	**-**
5. Hedging derivatives (Note 9)	**4.418**	**6.073**
6. Liabilities associated with non-current assets held for sale	**-**	**-**
7. Liabilities under insurance contracts	**-**	**-**
8. Provisions	**210.378**	**196.268**
8.1 Provisions for pensions and similar obligations (Note 35)	91.094	84.498
8.2 Provisions for taxes and other legal contingencies	-	-
8.3 Provisions for contingent liabilities and commitments (Note 16)	16	16
8.4 Other provisions (Note 16)	119.268	111.754
9. Tax liabilities (Note 20)	**44.214**	**52.938**
9.1 Current	4.376	3.077
9.2 Deferred	39.838	49.861
11. Other liabilities (Note 14)	**112.714**	**101.007**
12. Capital repayable on demand	**-**	**-**
TOTAL LIABILITIES	11.011.711	9.931.285
EQUITY		
1. Own funds	**901.434**	**837.894**
1.1 Endowment fund	112.257	112.257
1.1.1 Registered capital (Note 18)	112.257	112.257
1.1.2 Less: Uncalled capital	-	-
1.2 Share premium (Note 18)	615.493	615.493
1.3 Reserves (Note 19)	96.522	55.659
1.4 Other equity instruments	-	-
1.4.1 Equity component of compound financial instruments	-	-
1.4.2 Non-voting equity units and associated funds (Note 20)	-	-
1.4.3 Other equity instruments	-	-
1.5 Less: Treasury shares	-	-
1.6 Profit for the year	77.162	54.485
1.7 Less: Dividends and remuneration	-	-
2. Valuation adjustments	**69.501**	**93.819**
2.1 Financial assets held for sale (Note 17)	61.241	87.779
2.2 Cashflow Hedges (Note 17)	-	-
2.3 Hedges of net investments in foreign operations	-	-
2.4 Foreign currency hedge	-	-
2.5 Non-current assets held for sale	-	-
2.7 Other Valuation Adjustments (Note 17)	8.260	6.040
TOTAL EQUITY	970.935	931.713
TOTAL LIABILITIES AND EQUITY	11.982.646	10.862.998

Income Statements:

	Income / (Expense)	
	2015	2014
1. Interest and similar income (Note 28)	**67.414**	**93.951**
2. Interest expense and similar charges (Note 29)	**(20.618)**	**(21.492)**
3. Remuneration of capital having the nature of a financial liability	**-**	**-**
A. NET INTEREST INCOME	**46.796**	**72.459**
4. Income from equity instruments (Note 30)	**5.474**	**29.717**
5. Fee and commission income (Note 31)	**128.130**	**108.351**
6. Fee and commission expense (Note 32)	**(16.251)**	**(18.666)**
8. Gains/losses on financial assets and liabilities (net) (Note 33)	**20.375**	**(34.149)**
8.1 Held for trading	8.371	(50.233)
8.2 Other financial instruments at fair value through profit or loss	(1.215)	(63)
8.3 Financial instruments not measured at fair value through profit or loss	15.588	16.250
8.4 Other	(2.369)	(103)
9. Exchange differences (net)	**51.754**	**36.500**
10. Other operating income (Note 34)	**46.694**	**45.803**
11. Other operating expenses (Note 37)	**(4.251)**	**(711)**
B. GROSS INCOME	**278.721**	**239.304**
12. Administrative expenses	**(115.585)**	**(119.921)**
12.1 Staff costs (Note 35)	(52.773)	(54.760)
12.2 Other general administrative expenses (Note 36)	(62.812)	(65.161)
13. Depreciation and amortisation (Note 39)	**(49.688)**	**(39.696)**
14. Provisions (net) (Note 16)	**(32.251)**	**(19.291)**
15. Impairment losses on financial assets (net) (Notes 22 and 38)	**19.291**	**14.765**
15.1 Loans and receivables	20.204	18.867
15.2 Other financial instruments not measured at fair value through profit or loss	(913)	(4.102)
C. PROFIT FROM OPERATIONS	**100.488**	**75.161**
16. Impairment losses on other assets (net)	**-**	**-**
16.1 Goodwill and other intangible assets	-	-
16.2 Other Assets	-	-
17. Gains (losses) on disposal of assets not classified as non-current assets held for sale (Note 11)	**4.988**	**(1)**
18. Negative goodwill on business combinations	**-**	**-**
19. Gains (losses) on non-current assets held for sale not classified as discontinued operations	**-**	**-**
D. PROFIT BEFORE TAX	**105.476**	**75.160**
20. Income tax (Note 20)	**(28.314)**	**(20.675)**
21. Mandatory transfer to welfare projects and funds	**-**	**-**
E. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**77.162**	**54.485**
22. Profit/Loss from discontinued operations (net)	**-**	**-**
F. CONSOLIDATED PROFIT FOR THE YEAR	**77.162**	**54.485**

Estados de cambios en Patrimonio Neto

Statements Of Recognised Income And Expense:

	2015	2014
A) CONSOLIDATED PROFIT FOR THE YEAR	**77.162**	**54.485**
B) OTHER RECOGNISED INCOME AND EXPENSE	**(24.318)**	**34.842**
B.1) Items that will not be reclassified to profit or loss	**2.220**	**1.278**
1. Actuarial gains and losses on defined benefit pension plans	3.172	1.825
2. Non-current assets held for sale	-	-
4. Income tax relating to items that will not be reclassified to profit or loss	(952)	(548)
B.2) Items that may be reclassified to profit or loss	**(26.538)**	**33.564**
1. Available-for-sale financial assets	**(37.912)**	**46.398**
1.1. Revaluation gains (losses)	(22.641)	55.023
1.2. Amounts transferred to income statement	(15.271)	(8.625)
1.3. Other reclassifications	-	-
2. Cash flow hedges	-	**1.551**
2.1. Revaluation gains (losses)	-	1.023
2.2. Amounts transferred to income statement (Note 29)	-	528
2.3. Amounts transferred to the initial carrying amount of hedged items	-	-
2.4. Other reclassifications	-	-
3. Hedges of net investments in foreign operations	-	-
3.1. Revaluation gains (losses)	-	-
3.2. Amounts transferred to income statement	-	-
3.3. Other reclassifications	-	-
4. Exchange differences	-	-
4.1. Revaluation gains (losses)	-	-
4.2. Amounts transferred to income statement	-	-
4.3. Other reclassifications	-	-
5. Non-current assets held for sale	-	-
5.1. Revaluation gains (losses)	-	-
5.2. Amounts transferred to income statement	-	-
5.3. Other reclassifications	-	-
8. Other recognised income and expense	-	-
9. Income tax	**11.374**	**(14.385)**
C) TOTAL RECOGNISED INCOME AND EXPENSE (A+B)	**52.844**	**89.327**

Statements Of Changes In Total Equity:

	OWN FUNDS										
	Endowment Fund (Note 18)	Share Premium (Note 18)	Reserves (Note 19)	Reserves (Losses) of Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Shares	Profit for the Year Attributable to the Parent (Note 3)	Less: Dividends and Remuneration	Total Own Funds	VALUATION ADJUSTMENTS (Note 17)	TOTAL EQUITY
1. Ending balance at 31/12/14	**112.257**	**615.493**	**55.659**	-	-	-	**54.485**	-	**837.894**	**93.819**	**931.713**
1.1. Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
1.2. Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-	-
2. Adjusted beginning balance	**112.257**	**615.493**	**55.659**	-	-	-	**54.485**	-	**837.894**	**93.819**	**931.713**
3. Total recognised income and expense	-	-	-	-	-	-	**77.162**	-	**77.162**	**(24.318)**	**52.844**
4. Other changes in equity	-	-	**40.863**	-	-	-	**(54.485)**	-	**(13.622)**	-	**(13.622)**
4.1. Increases in endowment fund	-	-	-	-	-	-	-	-	-	-	-
4.2. Reductions of endowment fund	-	-	-	-	-	-	-	-	-	-	-
4.3. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-	-
4.4. Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-	-
4.5. Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-
4.6. Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-
4.7. Remuneration of shareholders	-	-	-	-	-	-	(13.622)	-	(13.622)	-	(13.622)
4.8. Transactions involving own equity instruments	-	-	-	-	-	-	-	-	-	-	-
4.9. Transfers between equity items	-	-	40.863	-	-	-	(40.863)	-	-	-	-
4.10. Increases (decreases) due to business combinations	-	-	-	-	-	-	-	-	-	-	-
4.11. Discretionary transfer to welfare projects and funds	-	-	-	-	-	-	-	-	-	-	-
4.12. Equity-instrument-based payments	-	-	-	-	-	-	-	-	-	-	-
4.13. Other increases (decreases) in equity	-	-	-	-	-	-	-	-	-	-	-
5. Ending balance at 31/12/15	**112.257**	**615.493**	**96.522**	-	-	-	**77.162**	-	**901.434**	**69.501**	**970.935**

	OWN FUNDS										
	Endowment Fund (Note 18)	Share Premium (Note 18)	Reserves (Note 19)	Reserves (Losses) of Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Shares	Profit for the Year Attributable to the Parent (Note 3)	Less: Dividends and Remuneration	Total Own Funds	VALUATION ADJUSTMENTS (Note 17)	TOTAL EQUITY
1. Ending balance at 31/12/13	**112.257**	**615.493**	**16.344**	-	-	-	**52.419**	-	**796.513**	**58.977**	**855.490**
1.1. Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
1.2. Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-	-
2. Adjusted beginning balance	**112.257**	**615.493**	**16.344**	-	-	-	**52.419**	-	**796.513**	**58.977**	**855.490**
3. Total recognised income and expense	-	-	-	-	-	-	**54.485**	-	**54.485**	**34.842**	**89.327**
4. Other changes in equity	-	-	**39.315**	-	-	-	**(52.419)**	-	**(13.104)**	-	**(13.104)**
4.1. Increases in endowment fund	-	-	-	-	-	-	-	-	-	-	-
4.2. Reductions of endowment fund	-	-	-	-	-	-	-	-	-	-	-
4.3. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-	-
4.4. Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-	-
4.5. Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-
4.6. Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-
4.7. Remuneration of shareholders	-	-	-	-	-	-	(13.105)	-	(13.105)	-	(13.105)
4.8. Transactions involving own equity instruments	-	-	-	-	-	-	-	-	-	-	-
4.9. Transfers between equity items	-	-	39.314	-	-	-	(39.314)	-	-	-	-
4.10. Increases (decreases) due to business combinations	-	-	-	-	-	-	-	-	-	-	-
4.11. Discretionary transfer to welfare projects and funds	-	-	-	-	-	-	-	-	-	-	-
4.12. Equity-instrument-based payments	-	-	-	-	-	-	-	-	-	-	-
4.13. Other increases (decreases) in equity	-	-	1	-	-	-	-	-	1	-	1
5. Ending balance at 31/12/14	**112.257**	**615.493**	**55.659**	-	-	-	**54.485**	-	**837.894**	**93.819**	**931.713**

Cash Flow Statements:

	Collections / (Payments) 2015	Collections / (Payments) 2014
A) CASH FLOWS FROM OPERATING ACTIVITIES	**(32.244)**	**(162.381)**
1. Consolidated profit for the year	**77.162**	**54.485**
2. Adjustments made to obtain the cash flows from operating activities	**74.468**	**87.833**
2.1. Depreciation and amortisation	49.688	39.696
2.3. Other adjustments	24.780	48.137
3. Net (increase)/decrease in operating assets	**(1.218.998)**	**1.029.766**
3.1. Financial assets held for trading	268.236	1.582.950
3.2. Other financial assets at fair value through profit or loss	912.179	(1.266.695)
3.3. Available-for-sale financial assets	(1.715.409)	1.110.194
3.4. Loans and receivables	(659.614)	(378.676)
3.5. Other operating assets	(24.390)	(18.007)
4. Net (increase)/decrease in operating liabilities	**1.065.276**	**(1.304.970)**
4.1. Financial liabilities held for trading	5.719	(1.696.397)
4.2. Other financial liabilities at fair value through profit or loss	(255.734)	(291.505)
4.3. Financial liabilities at amortised cost	1.315.004	780.368
4.4. Other operating liabilities	287	(97.436)
5. Collections/(Payments) of income tax	**(30.152)**	**(29.495)**
B) CASH FLOWS FROM INVESTING ACTIVITIES	**(88.961)**	**(21.529)**
6. Payments	**(94.422)**	**(21.529)**
6.1. Tangible assets	(2.928)	(1.508)
6.2. Intangible assets	(91.494)	(20.021)
6.3. Investments	-	-
6.4. Other business units	-	-
6.5. Non-current assets held for sale and associated liabilities	-	-
6.6. Held-to-maturity investments	-	-
6.7. Other payments related to investing activities	-	-
7. Collections	5.461	-
7.1. Tangible assets	-	-
7.2. Intangible assets	-	-
7.3. Investments	5.461	-
7.4. Other business units	-	-
7.5. Non-current assets held for sale and associated liabilities	-	-
7.6. Held-to-maturity investments	-	-
7.7. Other payments related to investing activities	-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES	**(13.622)**	**(13.105)**
8. Payments	**(13.622)**	**(13.105)**
8.1. Dividends	(13.622)	(13.105)
8.2. Subordinated liabilities	-	-
8.3. Redemption of own equity instruments	-	-
8.4. Acquisition of own equity instruments	-	-
8.5. Other payments related to financing activities	-	-
9. Collections	-	**-**
9.1. Subordinated liabilities	-	-
9.2. Issuance of own equity instruments	-	-
9.3. Disposal of equity instruments	-	-
9.4. Other collections related to financing activities	-	-
D) EFFECT OF CHANGES IN EXCHANGE RATES	**-**	**-**
E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(134.827)**	**(197.015)**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**196.387**	**393.402**
G) CASH AND CASH EQUIVALENTS AT END OF YEAR	**61.560**	**196.387**
MEMORANDUM ITEMS		
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF YEAR		
1.1. Cash	53.495	54.278
1.2. Cash equivalents at central banks	8.065	142.109
1.3. Other financial assets	-	-
1.4. Less: Bank overdrafts refundable on demand	-	-
Total cash and cash equivalents at end of year (Note 5)	**61.560**	**196.387**

4. Distribution of the Group's profit

The distribution of the Bank's net profit for 2015 that the Board of Directors will propose for approval by the General Assembly is as follows (balances for the year 2014 are presented solely for comparison purposes):

Thousands of Euros	2015	2014
Legal Reserve	7,716	5,449
Voluntary Reserve	50,155	35,415
Dividends	19,291	13,621
Net profit for the year	**77,162**	**54,485**

5. Business segment

Cecabank, S.A.'s wholesale business, which is carried on in Spain, represents substantially all the Group's activities, of which the retail business accounts for less than 1%.

The following information is a detail of the revenue from external customers in 2015 and 2014 divided by geographical areas.

2015:

Thousands of Euros	Spain	Rest of Europe	Rest of the world	Total
Interest and similar income (Note 28)	67,474	-	-	67,474
Fee and commission income (Note 31)	128,130	-	322	128,452
Gains /losses on financial assets and liabilities (net) (Note 33)	20,375	-	-	20,375
Other productos de explotación (Nota 34)	46,828	7,021	95	53,944

2014:

Thousands of Euros	Spain	Rest of Europe	Rest of the world	Total
Interest and similar income (Note 28)	93,951	-	-	93,951
Fee and commission income (Note 31)	108,351	-	285	108,636
Gains /losses on financial assets and liabilities (net) (Note 33)	(34,149)	-	-	(34,149)
Other productos de explotación (Nota 34)	45,803	-	68	45,871

Note 26 contains information on geographical distribution, by counterparty, of the Group's main activities.

At 31 December 2015 and 2014 and in those years, the Group did not have any single customer which individually accounted for 10% or more of its revenue.

6. Remuneration of directors and senior executives

6.1. Remuneration of directors

The members of the Board of Directors of Cecabank, S.A. (Parent of the Group) receive an attendance fee for attendance of meetings. The detail for 2015 and 2014 is shown in the table below:

Thousands of Euros	2015	2014
Aguirre Loaso, José Luis	26	18
Azuaga Moreno, Manuel	22	8
Cánovas Páez, Joaquín	14	17
Carbó Valverde, Santiago	19	19
García Lurueña, Francisco Javier	21	16
Gómez de Miguel, José Manuel	29	19
Massanel Lavilla, Antonio	15	15
Méndez Álvarez-Cedrón, José María	15	15
Ruano Mochales, Jesús	22	17
Salaverría Monfort, Julia	21	-
Sarro Álvarez, María del Mar	30	23
	234	167

Fees in connection with the abovementioned concepts regarding the 2015 financial period , which are related to the participation in Cecabank SA's management board of an executive of Bankia S.A, and directly debited to this entity, amounted to EUR 23 thousand (2014: EUR 11 thousand).

Note 40 details Cecabank's other balances with its directors and entities or individuals related to them.

The attendance fees were paid in full by Cecabank, and the Bank's directors did not receive any remuneration from any other Group company.

6.2. Remuneration of senior executives and of members of the Board of Directors of the Bank in their capacity as Group executives of the Bank

For the purposes of the preparation of these financial statements, the members of the Group's Management Committee were considered to be senior executives of the Bank. At 31 December 2015 there were 10 Committee members (same number of people in December 2014).

The remuneration earned in 2015 by senior executives and by the Board members in their capacity as executives of the Bank amounted to EUR 3,814 thousand (2014: EUR 3,661 thousand) of which EUR 3,494 thousand were related to short-term remuneration earned in 2015 (2014: EUR 3,420 thousand), EUR 320 thousand related to post-employment benefits (2014: EUR 241 thousand), without any layoff in 2014. The attendance fees were paid in full by Cecabank, and the Bank's directors did not receive any remuneration from any other Group company.At 31 December 2015, the vested pension rights of the senior executives and Board members in their capacity as executives of the Group amounted to EUR 2,602 thousand (31 December 2014: EUR 2,302 thousand).

As for to the former members of the Board of Directors of the Group and the Management Committee (4 members at 31 December 2015 and 2014), during 2015 they received EUR 976 thousand related to Early Retirement Benefits (745 thousand in 2014). Their vested pension rights amounted to EUR 1,493 thousand at 31 December 2015 (2014: EUR 1,402 thousand). These amounts are a consequence of the commitment acquired by the Group with employees that accepted the Collective Company Agreement on Early Retirement and Supplementary Employee Welfare Benefits of 2012 and 2011 offered to those employees who met the requirements aforementioned in Note 2.11.3. There were no obligations relating to other long-term benefits, termination benefits or share-based payments.

6.3. Transparency obligations

Article 229 of the Spanish Law of Capital Companies provides that directors must disclose any conflict, direct or indirect, that may have with the interests of the Company in exercising the office of Director.

In 2015, on four occasions certain directors of Cecabank, S.A. abstained from participating in the deliberation and voting on certain matters at the meetings of the Board of Directors. The detail of the four occasions is as follows: on two occasions the purchase and sale and marketing of certain properties was being discussed, and on the second of these occasions one director left the room; on one occasion the commercial contract of a member of the Board was being discussed, and the director left the room; and on another occasion a financial transaction was being approved. In 2014 the directors of Cecabank, S.A., as defined in the Spanish Limited Liability Companies Law, did not notify the Board of Directors of any direct or indirect conflict that they (or any persons related to them) might have with the Entity's interests.

7. Cash and balances with central banks

The breakdown of the balance of "Cash and Balances with Central Banks" in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Cash	53,495	54,278
Balances with the Bank of Spain (Note 1.9)	8,065	142,109
	61,560	**196,387**

Note 21 includes information on the fair value of these instruments at 31 December 2015 and 2014. Note 24 provides information on the liquidity risk associated with financial instruments, including information on the maturities of these assets.

The balance of "Cash and Balances with Central Banks" at 31 December 2015 and 2014 represents the maximum exposure to credit risk assumed by the Group in relation to these instruments.

At 31 December 2015 and 2014, there were no assets with uncollected past-due amounts or impaired classified under "Cash and Balances with Central Banks".

8. Financial instruments through profit or loss

8.1. Financial assets and liabilities held for trading

8.1.1. Financial assets and liabilities held for trading-Breakdown

Following is a detail of the balances of "Financial Assets/Liabilities Held for Trading" in the consolidated balance sheets at 31 December 2015 and 2014:

Thousands of Euros	Asset Balances		Liability Balances	
	2015	2014	2015	2014
Debt instruments	1,135,252	1,046,083	-	-
Equity instruments	63,160	67,867	-	-
Trading derivatives -				
Derivatives traded in organized markets	1,657	411	1,214	62
OTC derivatives	1,360,654	1,718,433	1,325,900	1,661,472
Short positions	-	-	946,021	605,882
	2,560,723	**2,832,794**	**2,273,135**	**2,267,416**

E Note 22 disclose information on the credit risk assumed by the Group in relation to the financial assets, other than equity instruments, included in this category. In addition, Notes 23 and 24 include information on the market and liquidity risks, respectively, associated with the financial instruments included in this category.

Note 21 provides information on the fair value of the financial instruments included in this category. Notes 26 includes information on the concentration of risk relating to the financial assets held for trading. Note 25 shows information on the exposure to interest rate risk.

8.1.2. Financial assets and liabilities held for trading-Trading derivatives

Following is a breakdown, by type of risk, of the fair value of the trading derivatives arranged by the Group and of their notional amount (on the basis of which the future payments and collections on these derivatives are calculated) at 31 December 2015 and 2014:

Thousands of Euros	2015			2014		
	Fair Value		Notional Amount	Fair Value		Notional Amount
	Asset balances	Liability balances		Asset balances	Liability balances	
Interest rate risk	1,322,323	1,303,175	68,233,057	1,647,146	1,624,148	78,579,676
Foreign currency risk	38,189	22,628	2,037,352	71,287	37,148	1,875,881
Share price risk	1,799	1,311	295,289	411	238	105,496
	1,362,311	**1,327,114**	**70,565,698**	**1,718,844**	**1,661,534**	**80,561,053**

The notional amount of the contracts entered into does not reflect the actual risk assumed by the Group for these contracts, since the net position in these financial instruments is the result of offsetting and/or combining them and of offsetting and/or combining them with other asset or liability positions.

8.1.3. Financial liabilities held for trading-Short positions

The detail, by type of transaction, of the balance of this item in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Classification:		
Short sales		
Debt instruments	946,021	605,882
	946,021	605,882

"Short Positions - Short Sales – Debt Instruments" in the foregoing table includes the fair value of the Group's debt instruments purchased under reverse repurchase agreements and, therefore, as such not recognized on the asset side of the consolidated balance sheet, which have been sold and will be repurchased by the Group before maturity of the reverse repurchase agreement in which they are used as collateral, in order for the Group to return them at the maturity date.

8.2. Other financial instruments at fair value through profit or loss

8.2.1. Other activos financieros a valor razonable con cambios en pérdidas y ganancias

This heading includes reverse repurchase agreements arranged by the Group which are managed jointly with repurchase agreements relating to financial assets classified in "Other Financial Liabilities at Fair Value Through Profit or Loss" and with interest rate derivatives and financial instruments classified as held for trading and other available-for-sale financial assets.

The detail, by nature, of the financial assets included in "Other Financial Assets at Fair Value Through Profit or Loss" in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Loans and advances to credit institutions-		
Reverse repurchase agreements	2,698,146	2,748,405
Valuation adjustments		
Accrued interest	69	211
Revaluation gains	178	25
	247	236
	2,698,393	2,748,641
Loans and advances to customers-		
Reverse repurchase agreements	29,958	876,200
Valuation adjustments-		
Accrued interest	-	63
Revaluation gains	(4)	34
	(4)	97
	29,954	876,297
Equity Instruments		
Shares quoted on organized markets	58,116	-
	58,116	-
	2,786,463	**3,624,938**

Note 22 includes information on the Group's exposure to credit risk at 31 December 2015 and 2014 associated with these financial instruments.

Note 21 discloses information on the fair value of these financial instruments at 31 December 2015 and 2014.

Note 23 provides information on the exposure to market risk of these financial instruments. Note 25 shows information on the Group's exposure to interest rate risk.

Note 24 contains information on the liquidity risk associated with the financial instruments owned by the Group at 31 December 2015 and 2014, including information on the terms to maturity at those dates of the financial assets included in this category.

Note 26 includes information on the concentration risk relating to these financial instruments at 31 December 2015 and 2014.

In view of the characteristics of the transactions included in this category (reverse repurchase agreements), the counterparties and collateral provided, it is estimated that substantially all the changes in the fair value of these financial instruments in 2015 and 2014 recognized in the consolidated income statement are attributable to market risk and, more specifically, to interest rate risk. The fair value of these assets has been estimated using the current value of their cash flows.

8.2.2. Other financial liabilities at fair value through profit or loss

This heading includes repurchase agreements arranged by the Group which are managed jointly with reverse repurchase agreements relating to financial assets classified in "Other Financial Assets at Fair Value Through Profit or Loss" and with interest rate derivatives and financial instruments classified as held for trading.

The detail, by nature, of the financial liabilities included in "Other Financial Liabilities at Fair Value Through Profit or Loss" in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Deposits from credit institutions-		
Repurchase agreements with credit institutions	675,911	692,385
Valuation adjustments-		
Accrued interest	-	(1)
Revaluation gains	(26)	2
	(26)	1
	675,885	**692,386**
Customer deposits-		
Repurchase agreements to entities with central counterparties	177,594	339,706
Repurchase agreements with other resident sectors in Spain	256,418	333,544
Repurchase agreements with other non-resident sectors in Spain	-	-
Valuation adjustments-		
Accrued interest		5
Revaluation gains	11	2
	11	7
	434,023	**673,257**
	1,109,908	**1,365,643**

In view of the characteristics of these financial liabilities (sales of assets under non-optional repurchase agreements arranged by the Group), the significant changes in the fair value of these financial instruments in 2015 and 2014, and accumulated at 31 December 2015 and 2014 are attributable to market risk (mainly interest rate risk) rather than credit risk. The fair value of these assets has been estimated using the current value of their cash flows.

The amounts shown in the above table, net of their related valuation adjustments for "Revaluation Gains", represent the amortized cost of these liabilities at 31 December 2015 and 2014, which does not differ significantly from the amount that would be payable by the Group if they matured at that date.

Note 21 discloses information on the fair value of the financial liabilities included in this category at 31 December 2015 and 2014. Note 24 provides information on the liquidity risk associated with these financial liabilities.

Note 23 shows certain information on the market risk associated with these financial liabilities and Note 25 contains information on interest rate risk.

9. Available for sale financial assets

Following is a detail of the balances of "Available-for-Sale Financial Assets" in the consolidated balance sheets at 31 December 2015 and 2014:

Thousands of Euros	2015	2014
Debt instruments-		
Values of Spanish Central Government	3,121,290	1,495,607
Of which:		
Treasury bills	1,365,994	235,431
Government debt securities	1,755,296	1,260,176
Securities of other Public institutions	493,110	233,548
Other securities	407,017	650,253
	4,021,417	2,379,408
Valuation adjustments-		
Accrued interest	29,678	32,895
Revaluation losses	67,213	115,521
Impairment losses	(5,376)	(4,675)
	91,515	143,741
	4,112,932	**2,523,149**
Equity instruments-		
Shares quoted on organized markets	67,649	49,290
Shares not quoted on organized markets	46,032	46,082
	113,681	95,372
Valuation adjustments-		
Revaluation gains	23,029	14,243
Impairment losses	(47,630)	(47,420)
	(24,601)	(33,177)
	89,080	**62,195**
	4,202,012	**2,585,344**

Note 21 contains certain information on the fair value of the financial instruments included in this category.

Note 22 includes information on the credit risk to which the debt instruments included in this financial instrument category are subject.

Note 23 shows certain information on the market risk to which the Group is exposed in relation to these financial assets. Note 25 shows information on the exposure to interest rate risk.

Note 24 discloses certain information on the Group's liquidity risk, including information on the terms to maturity of these financial assets at 31 December 2015 and 2014. Note 26 includes information on the concentration risk associated to these financial assets.

10. Loans and receivables

Following is a detail of the financial assets included in "Loans and Receivables" in the consolidated balance sheets at 31 December 2015 and 2014:

Thousands of Euros	2015	2014
Loans and advances to credit institutions-		
Time deposits	36,356	40,389
Other accounts	640,341	730,639
Securities lending	472,084	-
Other financial assets	82,896	152,937
Doubtful assets	149	-
	1,231,826	923,965
Valuation adjustments-		
Impairment losses	(165)	(44)
Accrued interest	(78)	-
	(243)	(44)
	1,231,583	**923,921**
Loans and advances to customers-		
Deposits for futures transactions and other guarantees given	499,075	284,724
Unsettled stock exchange transactions	20,052	34,092
Mortgage secured loans	47,218	49,514
Unsecured credits and loans	203,443	21,295
Other assets	43	298
Doubtful assets	55,752	66,692
	825,583	456,615
Valuation adjustments-		
Impairment losses	(56,972)	(67,536)
Accrued interest	11	23
	(56,961)	(67,513)
	768,622	**389,102**
Debt instruments-		
Issued by Spanish Public Administrations	3,200	4,959
Issued by non-residents in Spain	43,598	42,407
Doubtful assets	46,088	60,065
	92,886	107,431
Valuation adjustments-		
Impairment losses	(51,874)	(64,602)
Accrued interest	212	-
	(51,662)	(64,602)
	41,224	**42,829**
	2,041,429	**1,355,852**

Note 21 provides information on the fair value at 31 December 2015 and 2014 of the financial assets included in this category. Note 22 discloses certain relevant information on the credit risk relating to the financial assets included in this financial instrument category at 31 December 2015 and 2014.

Note 23 includes information on the market risk associated with these financial assets at 31 December 2015 and 2014. Note 24 contains information on the liquidity risk associated with the Group's financial instruments at 31 December 2015 and 2014, including information on the terms to maturity at those dates of the financial assets included in this category.

Note 26 includes information on the concentration risk associated with the financial assets included in this category at 31 December 2015 and 2015. Note 25 shows information on the exposure to interest rate risk.

11. Hedging derivatives

11.1. Fair value hedges

The Group has entered into financial derivatives transactions with various counterparties which are considered fair value hedges of certain consolidated balance sheet positions against fluctuations in market interest rates.

The Group's hedged consolidated balance sheet positions relate to fixed-rate debt instruments (guaranteed issues, government bonds and treasury bills). These securities are issued by the Spanish government, Spanish private sector financial institutions and other resident sectors.

Given that the positions giving rise to the risk are long-term transactions tied to a fixed interest rate, the main aim of the hedge is to change the returns of the hedged items from fixed to floating and, accordingly, their performance to changes in market interest rates. To this end, the Group uses OTC interest rate derivatives (basically swaps such as call money swaps).

The Group uses call money swaps to hedge each group of debt instruments, which are grouped on the basis of their sensitivity to changes in interest rates, and documents the related efficiency analyses of the hedges to verify that, at inception and throughout the life of these hedges, the Group can expect, prospectively, that the changes in fair value of the hedged items attributable to the hedged risk will be almost fully offset by changes in the fair value of the hedging instruments and, retrospectively, that the actual results of the hedge are within a range of 80% to 125% of the results of the hedged item. The aforementioned hedges are highly effective.

Following is a detail, by hedged item, of the fair value of the hedging instruments in fair value hedges. Note 21 includes information on the fair value of these hedging derivatives at 31 December 2015 and 2014. Note 22 presents certain information on the credit risk associated with these derivatives at 31 December 2015 and 2014:

Thousands of Euros	2015		2014	
	Asset balances	Liability balances	Asset balances	Liability balances
Hedged instrument				
Available-for-sale assets	222	4,418	19	6,073
	222	4,418	19	6,073

Gains/losses on hedging instruments and hedged items are recognized under "Gains/Losses on Financial Assets and Liabilities (Net)" in the consolidated income statement of the Group (see Note 33).

11.2. Cash flow hedges

At 31 December 2014 and 2015 the Group no balance sheet item was covered by cash flow hedges.

In 2014 the Group cancelled deposits received from financial institutions bearing interest at a floating rate, for which the Group used interest rate swaps as hedging instruments and associated hedges, giving rise to a loss of EUR 4,566 thousand, which is recognised under "Gains/Losses on Financial Assets and Liabilities (Net) – Held for Trading" in the consolidated income statement for 2014.

12. Non-current assets held for sale

The breakdown of the balance of "Non-Current Assets Held for Sale" in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Tangible assets -		
Other Residential assets	18,487	18,504
	18,487	18,504

The changes in 2015 and 2014 in the items included in this heading in the consolidated balance sheet, and the related impairment losses, were as follows:

Thousands of Euros	2015	2014
Cost:		
Balances at 1 January	35,526	35,526
Additions	-	-
Disposals(*)	(54)	-
Balances at 31 December	35,472	35,526
Impairment losses:		
Balances at 1 January	(17,022)	(17,022)
Additions	-	-
Disposals	37	-
Balances at 31 December	(16,985)	(17,022)
Net Balances at 31 December	18,487	18,504

(*)Disposals of non-current assets held for sale gave rise to a loss of EUR 17 thousand in 2015, which was recognised, inter alia, under "Gains (Losses) on Disposal of Assets Not Classified as Non-Current Assets Held for Sale" in the income statement.

In connection with the items included in this section and on which has been exceeded within one year from initial registration (real estate in its entirety), the Group continues doing active management for its sale in the short term. While the real estate market situation in Spain hinders the disposition of these assets, management performed by the Group in relation to those assets is intended to be sold in the short term, taking reasonable measures to this expectation, therefore, the same they continue to be classified as non-current and valuing assets for sale.

The changes in 2015 and 2014 in "Tangible Assets" in the consolidated balance sheets were as follows:

13. Tangible Assets

Thousands of Euros	Property, Plant and Equipment for Own Use			Investment Property	Total
	Land and Buildings	Furniture, Fixtures and Vehicles	IT Equipment and Related Fixtures		
Cost:					
Balance at 1 January 2014	71,036	26,661	13,567	1,333	112,597
Additions	-	1,092	420	-	1,512
Disposals	-	(476)	(3,947)	-	(4,423)
Transfers	-	-	-	-	-
Balance at 31 December 2014	71,036	27,277	10,040	1,333	109,686
Additions	900	398	1,636	-	2,934
Disposals	-	(69)	(680)	-	(749)
Transfers	-	615	307	-	922
Balance at 31 December 2015	71,936	28,221	11,303	1,333	112,793
Accumulated depreciation:					
Balance at 1 January 2014	(22,910)	(21,946)	(12,659)	(273)	(57,788)
Charge for the year (Note 40)	(1,069)	(1,441)	(539)	(36)	(3,085)
Disposals	-	474	3,945	-	4,419
Transfers	-	-	-	-	-
Balance at 31 December 2014	(23,979)	(22,913)	(9,253)	(309)	(56,454)
Charge for the year (Note 40)	(1,074)	(1,191)	(496)	(36)	(2,797)
Disposals	-	64	680	-	744
Transfers	-	(610)	(305)	-	(915)
Balance at 31 December 2015	(25,053)	(24,650)	(9,374)	(345)	(59,422)
Tangible assets, net:					
Net balance at 31 December 2014	47,057	4,364	787	1,024	53,232
Net balance at 31 December 2015	46,883	3,571	1,929	988	53,371

At 31 December 2015 and 1014, property, plant and equipment for own use totaling (gross) approximately EUR 29,048 thousand (EUR 26,796 thousand at 31 December 2014) had been depreciated in full.

At 31 December 2015 and 2014, the tangible assets owned by the Group were not impaired and there were no changes in this connection in those years.

The rental income earned from investment property owned by the Group amounted to approximately EUR 1,200 thousand in 2015 and EUR 1,204 thousand in 2014 (see Note 34).

14. Intagible Assets

14.1. Intangible assets-Other intangible assets

The balance of this heading includes basically rights arising from the acquisition of certain depository businesses relating to collective investment undertakings and pension funds, as well as, to a lesser extent, computer software developed by the Group, which is amortised as indicated in Note 2.14. above. The detail of "Intangible Assets - Other Intangible Assets" in the consolidated balance sheets as at 31 December 2015 and 2014 is as follows:

Thousands of Euros)	2015	2014
Intangible assets with finite useful life	253,970	160,279
Less:		
Accumulated amortization	(125,140)	(76,205)
Impairment losses	(44,810)	(44,810)
Total net	**84,020**	**39,264**

At 31 December 2015 the balance of fully amortized intangible assets in use was EUR 5,305 thousand (31 December 2014: EUR 3,280 thousand).

The changes in 2015 and 2014 in "Other Intangible Assets" in the consolidated balance sheets were as follows:

Thousands of Euros	
Cost:	
Balance at 1 January 2014	**140,258**
Additions	20,021
Disposals	-
Balance at 31 December 2014	**160,279**
Additions	91,624
Disposals	-
Balance at 31 December 2015	**253,970**
Accumulated amortization:	
Balance at 1 January 2014	**(39,594)**
Charge for the year (Note 39)	(36,611)
Balance at 31 December 2014	**(76,205)**
Charge for the year (Note 39)	(46,912)
Disposals	2
Trasfers	(2,025)
Balance at 31 December 2015	**(125,140)**
Impairment Losses:	-
Balance at 31 December 2014	**(44,810)**
Balance at 31 December 2015	**(44,810)**
Intangible assets, net:	
Net balance at 31 December 2014	39,264
Net balance at 31 December 2015	84,020

15. Other assets and liabilities

The breakdown of the balance of "Other Assets" and "Other Liabilities" in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Other assets-		
Prepayments and accrued income-		
Fees and commissions receivable	12,147	11,048
Prepaid expenses	100	100
Prepayments	880	910
Other assets-		
Transactions in transit	11,954	13,618
Post-Employment Plans (Notes 2.11.2 and 35)	3,384	136
Other concepts	23,247	5,873
	51,712	**31,685**
Other liabilities		
Accrued expenses and deferred income		
Fees and commissions payable	2,644	2,754
Accrued expenses	57,306	61,457
Accrued revenues	942	3,335
Other liabilities-		
Transactions in transit	51,488	33,089
Other	754	372
	113,134	**101,007**

"Prepayments and Accrued Income – Fees and Commissions Receivable" from "Other Assets" includes the accrued commissions receivable by the Group in relation to various services provided, basically in relation to the payment methods business and the custody business for collective investment undertakings and pension funds.

"Other Assets – Other Assets -Transactions in Transit" and "Other liabilities – Other Liabilities - Transactions in Transit" mainly include temporary balances which relate basically to securities underwriting transactions and other unsettled OTC transactions within the Securities Clearing and Settlement Service (SCSS).

At 31 December 2015, "Accrued Expenses and Deferred Income – Accrued Expenses" under "Other Liabilities" in the foregoing table included, inter alia, EUR 28,180 thousand in relation to unpaid variable remuneration earned by employees (31 December 2014: EUR 30,667 thousand).

16. Financial liabilities at amortized cost

16.1. Breakdown

The detail of the items composing the balance of "Financial Liabilities at Amortized Cost" in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Deposits from credit institutions	1,181,770	1,532,193
Customer deposits	5,826,461	3,919,760
Other financial liabilities	248,852	486,725
	7,257,083	5,938,678
Valuation adjustments	3,084	3,044
	7,260,167	**5,941,722**

Note 21 presents information on the fair value of these financial liabilities. Note 24 presents information on the residual maturity periods of these liabilities in relation to the liquidity risk associated with the Group's financial instruments.

16.2. Financial liabilities at amortized cost-Deposits from credit institutions

The breakdown, by geographical area of residence of the counterparty and type of instrument, of the balance of this item in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
By geographical location:		
Spain	833,069	1,146,238
Other EMU countries	145,764	60,122
Rest of the world	203,136	326,168
	1,181,969	**1,532,528**
By type of instrument:		
Demand deposits and other-		
Other accounts	1,053,875	1,406,571
Time deposits-		
Time deposits	117,646	125,622
Repurchase agreements	10,249	-
	1,181,770	1,532,193
Valuation adjustments	199	335
	1,181,969	**1,532,528**

16.3. Financial liabilities at amortized cost-Customer deposits

The breakdown, by geographical area of residence of the counterparty, type of instrument and type of counterparty, of the balance of this item in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
By geographical location:		
Spain	5,507,444	3,152,227
Other EMU countries	320,064	767,736
Rest of the world	1,838	2,506
	5,829,346	**3,922,469**
By counterparty:		
Resident public sector	310,333	135,625
Non-resident public sector	560	742
Other resident sectors	4,944,124	3,013,873
Other non-resident sectors	31,358	29,520
Central counterparties	540,086	740,000
	5,826,461	3,919,760
Valuation adjustments	2,885	2,709
	5,829,346	**3,922,469**
By type of instrument:		
Current accounts	4,516,836	2,746,103
Other demand deposits	81,852	79,648
Fixed-term deposits	687,687	354,009
Repurchase agreements	540,086	740,000
	5,826,461	3,919,760
Valuation adjustments	2,885	2,709
	5,829,346	**3,922,469**

16.4. Financial liabilities at amortized cost-Other financial liabilities

The breakdown of the balance of this item in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Payment obligations	16,236	17,850
Collateral received	150	339
Tax collection accounts	24,033	15,421
Special accounts	13,386	20,151
Other	195,047	432,964
	248,852	**486,725**

At 31 December 2015, "Other" in the foregoing table included, among other items, balances amounting to EUR 155,736 thousand (31 December 2014: EUR 176,339 thousand) arising from means of payment procedures that certain credit institutions carry out through the Bank. These balances are temporary and are settled on the first business day following the date on which they were originated.

"Other" also includes the amount of the repayments not yet made to Instituto de Crédito Oficial (ICO) in relation to loans granted to public authorities within the framework of the agreement entered into with ICO to instrument the plan of the Fund for Financing Payments to Suppliers of Public Authorities.

The balance of "Special Accounts" in the foregoing table includes, among other items, unsettled securities underwriting transactions and other unsettled transactions performed in organised markets totalling EUR 11,813 thousand at 31 December 2015 (31 December 2014: EUR 18,825 thousand)

17. Provisions

17.1. Provisions (net)

The detail, according to the purpose of the net provisions recognized, of this item in the consolidated income statements for 2015 and 2014 is as follows:

Net Additions/ (Reversals) (Thousands of Euros)	2015	2014
Additions to/ (Reversal of) provisions for pensions and similar obligations (Note 35)	22,043	3,006
Additions to/ (Reversal of) provisions for pensions and similar obligations (Note 35)	10,767	16,285
	32,810	**19,291**

17.2. Provisions-Provisions for contingent liabilities and commitments and other provisions

The changes in 2015 and 2014 in the balances of these items in the consolidated balance sheets at 31 December 2015 and 2014 were as follows:

Thousands of Euros	Provisions for Contingent Liabilities and Commitments (Notes 2.10 and 22.8)	Other Provisions
Balances at 1 January 2014	**16**	**98,607**
Net addition/ (reversal) charged/ (credited) to income (Note 17.1)	-	16,285
Amounts used	-	(3,138)
Balances at 31 December 2014	**16**	**111,754**
Net addition/ (reversal) charged/ (credited) to income (Note 17.1)	-	10,767
Amounts used	-	(3,013)
Balances at 31 December 2015	**16**	**119,508**

The balance of "Other Provisions" in the foregoing table includes the amounts allocated by the Group to cover certain liabilities and contingencies arising from its business activities, relating mainly to the securities depository activity carried out by the Group with certain guarantees provided to securitisation funds.

18. Valuation adjustments

18.1. Valuation adjustments-Available-for-sale financial assets

This item in the consolidated balance sheets at 31 December 2015 and 2014 includes the amount, net of the related tax effect, of changes in the fair value of assets classified as available-for-sale assets, since the purchase (see Note 9) which, as stated in Note 2, should be recognized in the Group's consolidated equity; these changes are recognized in the consolidated income statements when the assets which gave rise to them are sold or when these assets become impaired. The accompanying statements of recognized income and expense show the changes in 2015 and 2014, in this item in the balances sheet.

18.2. Valuation adjustments - Cash flow hedges

This item in the consolidated balance sheet includes the net amount of the changes in value of financial derivatives designated as hedging instruments in cash flow hedges, in respect of the portion of these changes considered to be effective hedges (see Note 2.4). The statement of changes in equity includes the changes in the consolidated balances recognized in this balance sheet line item in 2015 and 2014.

18.3. Valuation adjustments – Other Valuation adjustments

This heading in the balance sheets at 31 December 2015 and 2014 included the net cumulative amount, adjusted for the related tax effect, of the actuarial gains and losses arising from the measurement of the provision for defined benefit pension obligations (see Notes 2.11.2 and 35). The accompanying statement of changes of equity shows the changes in 2015 and 2014 in this item in the balance sheets at 31 December 2015 and 2014.

19. Own funds

19.1. Share Capital

At 31 December 2015 and 2014, the Bank's share capital consisted of 112,256,540 fully subscribed and paid registered shares of EUR 1 par value each, all with the same dividend and voting rights. At 31 December 2015 and 2014, 89% of the Bank's share capital was held by Confederación Española de Cajas de Ahorros. The remaining 11% is owned by the entities that formerly held the non-voting equity units which formed part of the Confederación's own funds, and was subscribed by these entities following acceptance of the Confederación's offer to repurchase the non-voting equity units and the Confederación's waiver of its pre-emptive subscription right on shares of the Bank.

The Bank made a significant volume of transactions with its major shareholder and the Group in which it forms part (see Note 40) and with the rest of stakeholders.

The Bank's shares are not listed on official stock markets. Except for the Confederación's 89% ownership interest in the Bank's share capital, no entity holds more than 10% of the Bank's share capital. There are no rights on founder's shares, "rights" bonds, convertible debentures or similar securities or rights issued by the Bank or the Group. There are no payments payable on the Bank's shares, amounts authorised by the General Meeting for carrying out capital increases, or capital increases in progress. In 2015 and 2014 there were no increases in the number of shares issued by the Bank.

19.2. Share Premium

According to the Spanish Limited Liability Companies Law, it is explicitly permitted the use of the balance of this reserve to increase capital and it establishes no specific restrictions as to its use. The balance of the Bank's share premium at 31 December 2015 and 2014 amounted to EUR 615,493 thousand, which arose as a result of the capital increase described in Note 18.1 above and the recognition in 2012 of the spin-off of the assets and liabilities of Cecabank described previously (see Note 1.1).

20. Tax matters

The Bank is part of the Tax Consolidation Group number 508/12 established on 1 January 2012, being the Confederación Española de Cajas de Ahorros the parent company. The remaining companies of Cecabank group (see Note 2.1.) present their income tax returns individually, in accordance to the fiscal procedure applicable.

The Group's companies present file individual income tax returns in accordance with the applicable tax regulations.

20.1. Years open for review by the tax authorities

Pursuant to current legislation, tax settlements cannot be deemed to be definitive until they have been reviewed by the tax authorities or until the related statute-of-limitations period has expired.

Accordingly, at 31 December 2015, the Bank and its Tax Consolidation Group had open for review by the tax authorities the taxes to which their business activities are subject, and for which at that date, had not passed within four years from the end of his term voluntary declaration.

Because of the varying interpretations that can be made of the tax legislation, the outcome of any reviews of the open years by the tax authorities might give rise to tax liabilities. However, the tax advisers and directors of the Group consider that the possibility of material liabilities arising in this connection additional to those already recognized is remote.

20.2. Income tax

The detail of "Income Tax" in the consolidated income statements for 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Income tax expense for the year	28,884	21,861
Prior years' and other adjustments	(586)	(1,162)
	28,298	**20,699**

20.3. Reconciliation of accounting profit to taxable profit

The reconciliation of the income tax expense recognized for 2015 and 2014 to the consolidated accounting profit before tax multiplied by the tax rate applicable to the Bank, and the income tax charge recognized at 31 December 2015 and 2014 are as follows:

Thousands of Euros	2015	2014
Accounting profit before tax	105,841	76,124
Tax rate	30%	30%
	31,752	22,837
Permanent differences:		
Increases	36	18
Decreases	(2,736)	-
Total	**29,052**	**22,855**
(Tax credits)/(Tax relief)	(168)	(994)
Income tax expense for the year	**28,884**	**21,861**
Temporary differences:		
Increases	21,620	20,574
Decreases	(18,365)	(14,341)
Tax withholdings and prepayments	(27,804)	(25,034)
Income tax charge for the year (*)	**4,335**	**3,060**

(*)This amount is recognized under "Tax Liabilities - Current" in the consolidated balance sheets at 31 December 2015 and 2014.

"Tax Credits/Tax Relief" in the foregoing table includes for the year 2014, inter alia, tax credits for double taxation of dividends regulated by the Consolidated Spanish Corporation Tax Law.

The permanent differences (decreases) in the foregoing table for 2015 arose from the exemption for the avoidance of double taxation on dividends and the 10% reduction of the tax base due to the increase in equity, both of which meet certain requirements regulated in Spanish Income Tax Law 27/2014, of 27 November.

20.4. Tax recognized in equity

In addition to the income tax recognised in the consolidated income statements, in 2015 and 2014 the Group recognised the following deferred amounts of income tax in consolidated equity:

Thousands of Euros Increase/Decrease in Equity	2015	2014
Tax effect of actuarial gains and losses on pension plans to defined benefit	(952)	(548)
Tax effect of unrealized gains and losses on available for sale and hedging cash flows	11,374	(13,919)
Tax effect of all the cash flow hedging derivatives	-	(466)
	10,422	**(14,933)**

20.5. Deferred taxes

Pursuant to the tax legislation in force, in 2015 and 2014 certain temporary differences arose that must be taken into account when quantifying the related income tax expense. The deferred taxes recognized in the balance sheets at 31 December 2015 and 2014 were as follows:

Thousands of Euros	2015	2014
Deferred tax assets arising from:		
Additions and contributions to pension provisions and funds and other long-term obligations to employees	17,726	17,910
Additions to provisions	38,979	36,526
Impairment losses	69,214	65,165
Available-for-sale debt instruments	396	-
Other	1,322	4,289
	127,637	**123,890**

EUR 46,623 thousand of the total deferred tax assets recognised at 31 December 2015 (31 December 2014: EUR 46,328 thousand) relate to assets that meet the conditions of Article 130 of Spanish Income Tax Law 27/2014, of 27 November, to give rise to a possible right to convert them into credits receivable from the tax authorities.

(Thousands of Euros)	2015	2014
Deferred tax liabilities arising from:		
Revaluation of property	12,180	12,241
Available-for-sale debt instruments	26,642	37,620
Endowments and contributions to Pension Funds and Other: Long -term commitments with staff	1,016	-
	39,838	**49,861**

20.6. Tax credit for reinvestment of extraordinary benefits

The amount of the income qualifying for the reinvestment tax credit and deductions for each year is as follows:

Year (Thousands of Euros)	Income qualifying	Rent accredited	Tax credit
2010 (*)	10,681	4,448	534
2011 (*)	846	1,820	218
2012	-	5,259	631
	11,527	11,527	1,383

(*)Income qualified and Rent accredited by the Confederación before the 2012 spin-off.

21. Fair Value

21.1. Fair value of financial assets and liabilities

The fair value of the Group's financial instruments at 31 December 2015 and 2014 is broken down, by class of financial asset and liability, into the following levels in the Note:

- LEVEL 1: financial instruments whose fair value is determined by reference to their quoted price in active markets, without making any change to these assets.
- LEVEL 2: financial instruments whose fair value is estimated by reference to quoted prices in organized markets for similar instruments or using other valuation techniques in which all the significant inputs are based on directly or indirectly observable market data.
- LEVEL 3: instruments whose fair value is estimated using valuation techniques in which certain significant inputs are not based on observable market data.

The methodology used to calculate fair value for each class of financial assets and liabilities is as follows:

- Trading derivatives and hedging derivatives:
  - Financial derivatives traded in organised, transparent and deep markets: fair value is deemed to be their daily quoted price and if, for exceptional reasons, the quoted price cannot be determined on a given date, these financial derivatives are measured using methods similar to those used to measure OTC derivatives.
  - OTC derivatives or derivatives traded in scantly deep or transparent organised markets: fair value is taken to be the sum of the future cash flows arising from the instrument, discounted to present value at the date of measurement ("present value" or "theoretical close") using valuation techniques accepted in the financial markets: "net present value" (NPV), option pricing models, etc. Specifically:
    - Interest rate derivatives: fair value was determined, for non-option financial instruments, mainly swaps, by discounting future cash flows using the implied money market yield curves and the swap curve, and for interest rate options, by using generally accepted valuation techniques based on the Black-Scholes option pricing model and implied volatility matrices.
    - Equity or stock market index derivatives arranged to hedge the risk of structured customer deposits containing an embedded derivative, and non-option currency derivatives: fair value was obtained by discounting estimated cash flows based on the forward curves of the respective underlyings, quoted in the market, and, for the options, by using generally accepted techniques based on the Black-Scholes option pricing model, which make it possible, using a closed formula and only market inputs, to value options on these underlyings.
- Debt instruments:

20.7 Revaluation

The Group did not avail itself of the process for revaluing the tax value of certain properties as defined by Law 16/2012, of 27 December, adopting various tax measures aimed at consolidating public finances and boosting economic activity, which enables entities, provided certain requirements are met, to revalue certain assets on their balance sheets.

- Quoted debt instruments: their fair value was generally determined on the basis of price quotations on official markets, at the Bank of Spain Book-Entry Trading Central Office, on the Spanish AIAF fixed-income market, etc., or by applying prices obtained from information service providers, mainly Bloomberg and Reuters, which construct their quotes on the basis of prices reported by contributors.

- Unquoted debt instruments: their fair value was determined in the same way as the value of loan and receivable instruments.

Equity instruments:

- Quoted equity instruments: their fair value was determined taking into account their price quotations on official markets.

- Unquoted equity instruments: their fair value was determined taking into consideration valuations performed by independent experts using, inter alia:

    - Discounted cash flows (free operating cash flows or dividends), discounted to present value at a discount rate calculated using commonly accepted methodologies.

    - Multiples of comparable listed companies (EV/EBITDA, PER, Price/Book Value, Price/Premiums), adjusted, as appropriate, to the company valued.

    - Adjusted Net Asset Value (NAV): the result of aggregating shareholders' equity per books and gains, calculated as the difference between the market value of the assets and their carrying amount. For venture capital companies, the NAV was calculated by the managers and was generally estimated taking into account the standards of the European Private Equity and Venture Capital Association (EVCA) and the provisions of Circular 5/2000, of 19 September, of the Spanish National Securities Market Commission.

Loans and receivables-loans and advances to customers:

- The Group considered the fair value of these financial assets to be the same as their carrying amount, since, as a result of their maturity and interest rate features and the early repayment clause of most transactions, there are no material differences between the two values.

Financial liabilities at amortised cost:

- The Group considered the fair value of these financial liabilities to be the same as their carrying amount, since, as a result of their maturity and interest rate features, there are no material differences between the two values.

For the purposes of Levels 2 and 3, the prices were obtained using standard quantitative models fed by market data, which are either directly observable or can be calibrated or calculated using observable data. The most widely used models are the Black, Libor Market and Hull-White models for interest rates, the Black&Scholes model for equities, and the FX and the Jarrow-Turnbull and LHP models for credit products; the most common observable data are the interest rate, exchange rate and certain implied volatilities.

The fair value of the Group's financial instruments at 31 December 2015 and 2014, broken down as indicated above, is as follows:

Financial assets
– fair value at 31 December 2015-

Thousands of Euros	Cash and Balances with Central Banks (Note 7)		Financial Assets Held for Trading (Note 8.1)		Other Financia assets at fair value through Profit or Loss (Note 8.2)		Available-for-sale Financial Assets (Note 9) (*)		Loans and Receivables (Note 10)		Hedging Derivatives (Note 11)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Level 1:												
Debt instruments	-	-	1,108,194	1,108,194	-	-	3,913,448	3,913,448	-	-	-	-
Equity instruments l	-	-	63,160	63,160	58,116	58,116	54,336	54,336	-	-	-	-
Derivatives			1,657	1,657	-	-	-	-	-	-	-	-
	-	-	1,173,011	1,173,011	58,116	58,116	3,967,784	3,967,784	-	-	-	-
Level 2:												
Cash and balances with central banks	61,560	61,560	-	-	-	-	-	-	-	-	-	-
Loans and advances to credit institutions	-	-	-	-	2,698,393	2,698,393	-	-	1,231,583	1,231,583	-	-
Loans and advances to customers	-	-	-	-	29,954	29,954	-	-	768,222	768,622	-	-
Debt instruments	-	-	27,058	27,058	-	-	199,484	199,484	41,224	41,224	-	-
Equity instruments	-	-	-	-	-	-	34,318	34,318	-	-	-	-
Trading derivatives	-	-	1,360,654	1,360,654	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-	-	-	222	222
	61,560	61,560	1,387,712	1,387,712	2,728,347	2,728,347	233,802	233,802	2,041,429	2,041,429	222	222
Level 3:												
Equity instruments carried at cost	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	61,560	61,560	2,560,723	2,560,723	2,786,463	2,786,463	4,201,586	4,201,586	2,041,429	2,041,429	222	222

(*)Those equity instruments that the Bank has valued at cost amounting to EUR 426 thousand are not included.

Financial liabilities
– fair value at 31 December 2015-

Thousands of Euros	Financial Liabilities held for Trading (Note 8.1)		Other Financial liabilities at Fair Value Through Profit or Loss (Note 8.2)		Financial liabilities at amortized Cost (Note 16)		Hedging Derivatives (Note 11)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Level 1:								
Trading derivatives	1,214	1,214	-	-	-	-	-	-
Short positions	946,021	946,021	-	-	-	-	-	-
	947,235	947,235	-	-	-	-	-	-
Level 2:								
Deposits from central banks	-	-	-	-	-	-	-	-
Deposits from credit institutions	-	-	675,885	675,885	1,181,969	1,181,969	-	-
Customer deposits	-	-	434,023	434,023	5,829,346	5,829,346	-	-
Trading derivatives	1,325,900	1,325,900	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	248,852	248,852	-	-
Hedging derivatives	-	-	-	-	-	-	4,418	4,418
	1,325,900	1,325,900	1,109,908	1,109,908	7,260,167	7,260,167	4,418	4,418
Level 3:								
Deposits from credit institutions	-	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-
Trading derivatives	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total	2,273,135	2,273,135	1,109,908	1,109,908	7,260,167	7,260,167	4,418	4,418

Financial assets
– fair value at 31 December 2014-

(Thousands of Euros)	Cash and Balances with Central Banks (Note 7)		Financial Assets Held for Trading (Note 8.1)		Other Financia assets at fair value through Profit or Loss (Note 8.2)		Available-for-sale Financial Assets (Note 9) (*)		Loans and Receivables (Note 10)		Hedging Derivatives (Note 11)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Level 1:												
Debt instruments	-	-	1,043,294	1,043,294	-	-	2,464,234	2,464,234	-	-	-	-
Equity instruments l	-	-	67,867	67,867	-	-	40,484	40,484	-	-	-	-
Derivatives			411	411	-	-	-	-	-	-	-	-
	-	-	1,111,572	1,111,572	-	-	2,504,718	2,504,718	-	-	-	-
Level 2:												
Cash and balances with central banks	196,387	196,387	-	-	-	-	-	-	-	-	-	-
Loans and advances to credit institutions	-	-	-	-	2,748,641	2,748,641	-	-	923,921	923,921	-	-
Loans and advances to customers	-	-	-	-	876,297	876,297	-	-	389,102	389,102	-	-
Debt instruments	-	-	2,789	2,789	-	-	58,915	58,915	42,829	42,829	-	-
Equity instruments	-	-	-	-	-	-	21,285	21,285	-	-	-	-
Trading derivatives	-	-	1,718,433	1,718,433	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-	-	-	19	19
	196,387	196,387	1,721,222	1,721,222	3,624,938	3,624,938	80,200	80,200	1,355,852	1,355,852	19	19
Level 3:												
Equity instruments carried at cost	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	196,387	196,387	2,832,794	2,832,794	3,624,938	3,624,938	2,584,918	2,584,918	1,355,852	1,355,852	19	19

(*) No se incluyen aquellos instrumentos de capital que el Grupo ha valorado a coste por importe de 426 Thousands of Euros.

Financial liabilities
– fair value at 31 December 2014 -

Thousands of Euros	Financial Liabilities held for Trading (Note 8.1)		Other Financial liabilities at Fair Value Through Profit or Loss (Note 8.2)		Financial liabilities at amortized Cost (Note 16)		Hedging Derivatives (Note 11)	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Level 1:								
Trading derivatives	62	62	-	-	-	-	-	-
Short positions	605,882	605,882	-	-	-	-	-	-
	605,944	605,944	-	-	-	-	-	-
Level 2:								
Deposits from central banks	-	-	-	-	-	-	-	-
Deposits from credit institutions	-	-	692,386	692,386	1,532,528	1,532,528	-	-
Customer deposits	-	-	673,257	673,257	3,922,469	3,922,469	-	-
Trading derivatives	1,661,472	1,661,472	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	486,725	486,725	-	-
Hedging derivatives	-	-	-	-	-	-	6,073	6,073
	1,661,472	1,661,472	1,365,643	1,365,643	5,941,722	5,941,722	6,073	6,073
Level 3:								
Deposits from credit institutions	-	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-
Trading derivatives	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total	2,267,416	2,267,416	1,365,643	1,365,643	5,941,722	5,941,722	6,073	6,073

For the purposes of the criteria explained in the foregoing paragraphs, an input is considered to be significant if it is important in determining the fair value taken as a whole.

The level of the aforementioned fair value hierarchy (level 1, 2 or 3) within which the measurement of each of the Group's financial instruments is categorised is determined on the basis of the lowest level input that is significant to the estimate of its fair value.

2015 and 2014, there were no material transfers between the various hierarchy levels, or significant changes in the measurement of unquoted equity instruments included in the available-for-sale financial assets portfolio.

Following is a detail of the changes in fair value of the Group's financial instruments at 31 December 2015 and 2014. The fair value of these financial instruments is calculated applying a valuation technique in which variables are obtained from observable market data (Level 2) the Group has not any instrument which fair value is calculated using valuation techniques in which certain significant inputs are not based on observable market data (Level 3):

(Thousands of Euros)	2015	2014
	Net Gain/ (Loss)	Net Gain/ (Loss)
Level 2		
Financial assets held for trading		
Derivatives	(357,779)	401,827
Debt instruments	6	8
Other financial assets at fair value through profit or loss		
Loans and advances to credit institutions	289	170
Loans and advances to customers	(34)	(183)
Financial liabilities held for trading		
Derivatives	335,572	(399,112)
Hedging derivatives (asset balances)	203	43
Hedging derivatives (liability balances)	(1,655)	511
Other financial liabilities at fair value through profit or loss		
Deposits from credit institutions	10	(18)
Customer deposits	(9)	(13)
	(23,397)	3,233

21.2. Fair value of tangible assets

The only tangible assets classified as real estate investments owned by the Group whose carrying amount differs substantially from their fair value are the properties owned by it. At 31 December 2015, the carrying amount of these properties amounted to EUR 47,871 thousand (31 December 2014: EUR 48,081 thousand) and their estimated fair value was EUR 50,469 thousand in 2015 and 2014.

The aforementioned fair value was estimated by Instituto de Valoraciones, S.A., using generally accepted valuation techniques.

22. Exposure to credit risk

22.1. Credit risk management objectives, policies and processes

Credit risk is defined as the risk that affects, or might affect, results or capital as a result of non-compliance by a borrower with its contractual obligations, or of the borrower failing to act as agreed. This category includes:

- Principal risk: the risk of loss of the principal delivered.
- Replacement cost or counterparty risk: this relates to the counterparty's ability and intention to meet its contractual obligations on maturity. Credit risk exists throughout the term of the transaction, but it can vary during it due to the settlement mechanisms involved and to changes in the marking to market.
- Issuer risk: this risk arises when trading the financial assets of an issuer as a result of a change in the market perception of the issuer's economic and financial strength.
- Settlement or delivery risk: the risk that one of the parties to the transaction fails to deliver the agreed-upon consideration.
- Country risk: it is the credit risk associated with debts held by debtors in a given country due to circumstances other than normal commercial risk. It may take the form of transfer risk, sovereign risk or other risks arising from international financial activity.
- Concentration risk: measures the extent of the concentration of credit risk exposure to a specific geographical area/country, economic sector, product and customer group.
- Residual risk: includes risk derived from hedging strategies, credit risk mitigation techniques, securitization, etc.

The Group has established certain procedures for the correct management of credit risk, the main features of which are as follows:

Credit risk analysis

At the Group Cecabank, the process of assessing the credit quality of counterparties is closely linked with the assignment of limits. Thus, the Group assigns internal ratings to the various potential counterparties. This internal rating contributes to the establishment of the maximum risk to be assumed with each counterparty. It also constitutes the basis for the acceptance and monitoring of risk.

The rating is the result of an analysis of various quantitative and qualitative factors which are assessed independently and receive a specific weighting for the calculating of the final rating. The final rating results from an independent assessment performed by the Group's analysts, which brings together the perception of the credit quality of the entities with which the Group wishes to transact business.

Credit risk monitoring and control

Credit risk is monitored through active portfolio management. The main aim is to detect, sufficiently in advance, any counterparties whose creditworthiness might be deteriorating. Systematic monitoring allows the whole of the portfolio to be classified into standard risk counterparties and counterparties under special surveillance. All the counterparties belonging to the latter category are assigned a specific policy regarding the action to be taken, which ranges from simply reviewing any changes in their creditworthiness to ceasing all transactions with this counterparty, and a period for the reviewing the assigned policy.

As in risk analysis, ratings constitute an extra element for the risk monitoring process together with other variables including the country and type of business, among others.

In addition, as part of the monitoring of the credit risk, the adequacy of the contractual documentation supporting these operations is actively managed and monitored in conjunction with the Legal Department.

The control process comprises all the activities relating to the permanent checking of compliance with the established credit, counterparty and settlement risk limits, the management and reporting of overruns and the maintenance and update of parameterizations of products, customers, countries, economic groups, ratings, contractual offsetting agreements and financial guarantees in the control tools.

Risk limit structure
The Group's general credit risk limit structure is divided into two major groups. On one hand, there are the limits individually assigned to a counterparty. There are also a series of limits associated with certain activities, among others, as country risk limits and operating limits for private-sector fixed-income securities and equity securities.

Credit Risk Measurement Methodology
The Group calculates credit risk exposure by applying the standardized approach provided in current regulations. Also, for products subject to counterparty risk, the Entity values the position at the market prices of the various transactions, to which it adds certain add-ons which, applied to the notional amounts, include in the measurement the potential risk of each transaction until maturity.

The management tools provide real-time information on the utilization of credit risk limits for each counterparty and economic group, thus facilitating the ongoing monitoring of any change and/or overrun of these limits.

In accordance with current legislation, the existence of guarantees and collateral reduces the credit risk of transactions for which they are provided.

Concentration risk
With regard to credit risk, concentration risk is an essential management tool. The Group constantly monitors the extent of its credit risk concentration under various salient classifications: country, rating, sector, economic group, guaranties, etc.

The Group uses a conservative risk criteria for the management of concentration risk which enable it to manage the available limits sufficiently comfortably with respect to the legally established concentration limits.

At 31 December 2015, two of the Bank's positions exceeded the large exposure threshold. At 31 December 2014, no position exceeded the large exposure threshold

At 31 December 2015, with regard to geographic distribution, the largest exposure was located in Spain (81.4%), followed by the other European Union countries (17.6%), rising the exposure in the rest of the world countries to 1.0%. At 31 December 2014, these figures were 84.1%, 14.5%, and 1.4%, respectively.

Note 26 presents information about the Group's geographic concentration risk at 31 December 2015 and 2014.

Regarding the high level of industry concentration, it is due to the Group's focus in conducting many activities, operations and services within the banking business in general, or indirectly related to it. Also, the risks in the financial services industry account for more than 97% of the total risk exposure (excluding public institutions exposure), although when evaluating this level of industry concentration it should be taken into account that this exposure is to a highly regulated and supervised segment.

22.2. Maximum credit risk exposure level

The following tables show the maximum level of exposure to credit risk assumed by the Group at 31 December 2015 and 2014 by class and category of financial instrument, without deducting the collateral or other guarantees received by the Group to ensure debtors meet their obligations:

31 December 2015:

Assets (Thousands of Euros)	Financial Asset at Fair Value Through Profit or Loss		Available-for-Sale financial Assets (Note 9)	Loans and Receivables (Note 10)	Hedging Derivatives (Note 11)	Memorandum Items	Total
	Financial Asset Held for Trading (Note 8.1) (1)	Other Assets (Nota 8.2)					
1. Debt instruments-							
1.1 Loans and advances to credit institutions	-	2,698,146	-	1,227,240	-	-	3,925,386
Reverse repurchase agreements	-	2,698,146	-	472,084	-	-	3,170,230
Time deposits	-	-	-	36,356	-	-	36,356
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-
Doubtful assets	-	-	-	149	-	-	149
Other accounts and other	-	-	-	718,651	-	-	718,651
1.2 Debt instruments	1,135,252	-	4,021,417	92,886	-	-	5,249,555
Government debt securities	896,784	-	1,755,296	3,200	-	-	2,655,280
Treasury bills	170,085	-	1,365,994	-	-	-	1,536,079
Other public institutions	18,820	-	152,895	-	-	-	171,715
Non-resident Public Spanish Administrations	-	-	340,215	-	-	-	340,215
Spanish credit institutions	18,746	-	139,314	-	-	-	158,060
Non-resident credit institutions	-	-	-	-	-	-	-
Private sector (Spain)	30,817	-	267,703	-	-	-	298,520
Private sector (rest of the world)	-	-	-	43,598	-	-	43,598
Doubtful assets	-	-	-	46,088	-	-	46,088
1.3 Loans and advances to customers	-	29,958	-	824,406	-	-	854,364
Reverse repurchase agreements	-	29,958	-	-	-	-	29,958
Mortgage loans	-	-	-	47,218	-	-	47,218
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-
Other loans and credits	-	-	-	202,266	-	-	202,266
Doubtful assets	-	-	-	55,752	-	-	55,752
Other assets	-	-	-	519,170	-	-	519,170
Total debt instruments	1,135,252	2,728,104	4,021,417	2,144,532	-	-	10,029,305
2. Contingent liabilities							
Financial guarantees (Note 27.1)	-	-	-	-	-	76,462	76,462
Documentary credits (Note 27.1)	-	-	-	-	-	23,498	23,498
Total contingent liabilities	-	-	-	-	-	99,960	99,960
3. Other exposures -							
Derivatives	1,362,311	-	-	-	222	-	1,362,533
Contingent commitments (Note 27.3)	-	-	-	-	-	97,828	97,828
Total other exposures	1,362,311	-	-	-	222	97,828	1,460,361
4. Less: recognized impairment losses	-	-	(5,376)	(109,011)	-	(16)	(114,403)
Maximum credit risk exposure level (1+2+3+4)	2,497,563	2,728,104	4,016,041	2,035,521	222	197,772	11,475,223
Valuation adjustments	-	243	96,891	145	-	-	97,279
Total accounting balance	2,497,563	2,728,347	4,112,932	2,035,666	222	197,772	11,572,502

(1) For the abovementioned instruments maximum credit risk exposure, fair value at 31 December 2015 has been used.

31 December 2014:

Assets (Thousands of Euros)	Financial Asset at Fair Value Through Profit or Loss		Available-for-Sale financial Assets (Note 9)	Loans and Receivables (Note 10)	Hedging Derivatives (Note 11)	Memorandum Items	Total
	Financial Asset Held for Trading (Note 8.1) (1)	Other Assets (Nota 8.2)					
1. Debt instruments-							
1.1 Loans and advances to credit institutions	-	2,748,405	-	923,965	-	-	3,672,370
Reverse repurchase agreements	-	2,748,405	-	-	-	-	2,748,405
Time deposits	-	-	-	40,389	-	-	40,389
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-
Doubtful assets	-	-	-	-	-	-	-
Other accounts and other	-	-	-	883,576	-	-	883,576
1.2 Debt instruments	1,046,083	-	2,379,408	107,431	-	-	3,532,922
Government debt securities	746,206	-	1,260,176	4,959	-	-	2,011,341
Treasury bills	166,407	-	235,431	-	-	-	401,838
Other public institutions	73,096	-	133,047	-	-	-	206,143
Non-resident Public Spanish Administrations	-	-	100,501	-	-	-	100,501
Spanish credit institutions	2,253	-	390,596	-	-	-	392,849
Non-resident credit institutions	-	-	50,489	-	-	-	50,489
Private sector (Spain)	58,121	-	209,168	-	-	-	267,289
Private sector (rest of the world)	-	-	-	42,407	-	-	42,407
Doubtful assets	-	-	-	60,065	-	-	60,065
1.3 Loans and advances to customers	-	876,200	-	456,615	-	-	1,332,815
Reverse repurchase agreements	-	876,200	-	-	-	-	876,200
Mortgage loans	-	-	-	49,514	-	-	49,514
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-
Other loans and credits	-	-	-	21,295	-	-	21,295
Doubtful assets	-	-	-	66,692	-	-	66,692
Other assets	-	-	-	319,114	-	-	319,114
Total debt instruments	1,046,083	3,624,605	2,379,408	1,488,011	-	-	8,538,107
2. Contingent liabilities							
Financial guarantees (Note 27.1)	-	-	-	-	-	72,750	72,750
Documentary credits (Note 27.1)	-	-	-	-	-	16,408	16,408
Total contingent liabilities	-	-	-	-	-	89,158	89,158
3. Other exposures -							
Derivatives	1,718,844	-	-	-	19	-	1,718,863
Contingent commitments (Note 27.3)	-	-	-	-	-	96,209	96,209
Total other exposures	1,718,844	-	-	-	19	96,209	1,815,072
4. Less: recognized impairment losses	-	-	(4,675)	(132,182)	-	(16)	(136,873)
Maximum credit risk exposure level (1+2+3+4)	2,764,927	3,624,605	2,374,733	1,355,829	19	185,351	10,305,464
Valuation adjustments	-	333	148,416	23	-	-	148,772
Total accounting balance	2,764,927	3,624,938	2,523,149	1,355,852	19	185,351	10,454,236

(1) For the abovementioned instruments maximum credit risk exposure, fair value at 31 December 2014 has been used

With respect to the credit derivatives arranged by the Group, the foregoing tables include only the fair value thereof at 31 December 2015 and 2014.

The contingent liabilities are presented at the maximum amount guaranteed by the Group. In general, it is considered that most of these balances will expire without any actual financing obligation arising for the Group. The collateral on these transactions must also be taken into account (see Note 22.3 below). The (drawable) balances of the contingent liabilities are presented at the maximum amounts drawable by the counterparties.

22.3. Collateral received and other credit enhancements

The general policy with regard to the arrangement of transactions involving financial derivative products, repos, sell/buy backs and securities lending is to enter into contractual netting agreements drafted by national or international associations. These agreements enable the transactions performed thereunder to be terminated and settled early in the event of default by the counterparty in such a way that the parties can only claim the net balance resulting from the settlement of such transactions.

Derivative financial instruments are arranged using ISDA Master Agreements, which are subject to the laws of England and Wales or the State of New York, or the Framework Agreement for Financial Transactions (CMOF) which is subject to Spanish law, depending on the counterparty. Financial guarantee agreements, namely the Credit Support Annex for ISDA Master Agreements and Appendix III for CMOFs, are entered into to hedge derivative financial instruments exceeding certain risk levels.

Standard Global Master Repurchase Agreements (GMRA) are entered into for repo and sell/buy back transactions, while standard European Master Agreement (EMA) or Global Master Securities Lending Agreements (GMSLA) are used for securities lending transactions. The clauses of these types of contractual netting agreements include regulations on the financial guarantees or spreads on the transactions.

Following is a detail of the Group's maximum credit risk exposure to each financial instrument class secured by collateral or other credit enhancements in addition to the personal guarantee of the borrower, disregarding recognized impairment losses, at 31 December 2015 and 2014:

31 December 2015:

Thousands of Euros	Government-backed	Secured by Spanish Government Debt Securities	Secured by Other Fixed-Income Securities	Secured by Shares	Netting Agreements	Secured by Mortgage	Avalados por entidades de crédito	Total
1. Debt instruments-								
1.1 Loans and advances to credit institutions	-	2,117,266	580,880	472,084	-	-	-	3,170,230
Reverse repurchase agreements	-	2,117,266	580,880	472,084	-	-	-	3,170,230
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-	-
Time deposits	-	-	-	-	-	-	-	-
1.2 Debt instruments	593,808	-	-	-	-	-	-	593,808
1.3 Loans and advances to customers	-	29,958	-	-	-	47,218	-	77,176
Reverse repurchase agreements	-	29,958	-	-	-	-	-	29,958
Mortgage loans	-	-	-	-	-	47,218	-	47,218
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-	-
Other real guarantees	-	-	-	-	-	-	-	-
Total debt instruments	593,808	2,147,224	580,880	472,084	-	47,218	-	3,841,214
2. Contingent liabilities-								
Financial bank guarantees	-	-	-	-	-	-	-	-
Documentary credits	-	-	-	-	-	-	23,498	23,498
Total contingent liabilities	-	-	-	-	-	-	23,498	23,498
3. Other exposures-								
Derivatives (*)	-	-	-	-	2,082,644	-	-	2,082,644
Total other exposures	-	-	-	-	2,082,644	-	-	2,082,644
Total amount covered	593,808	2,147,224	580,880	472,084	2,082,644	47,218	23,498	5,947,356

(*)These 2,082,644 thousand euros representing the fair value of derivatives (debtors balance) made with netting agreement, although not taken into account the existence of such agreements to reduce the value of their exposure to credit risk. Of this amount, 2,078,966 thousand euros, corresponding to IRS whose balances counterpart creditors by the same amount with the same entity.

31 December 2014:

Thousands of Euros	Government-backed	Secured by Spanish Government Debt Securities	Secured by Other Fixed-Income Securities	Secured by Shares	Netting Agreements	Secured by Mortgage	Avalados por entidades de crédito	Total
1. Debt instruments-								
1.1 Loans and advances to credit institutions	-	1,952,728	795,677	-	-	-	-	2,748,405
Reverse repurchase agreements	-	1,952,728	795,677	-	-	-	-	2,748,405
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-	-
Time deposits	-	-	-	-	-	-	-	-
1.2 Debt instruments	584,801	-	-	-	-	-	-	584,801
1.3 Loans and advances to customers	-	876,201	-	-	-	49,514	-	925,715
Reverse repurchase agreements	-	876,201	-	-	-	-	-	876,201
Mortgage loans	-	-	-	-	-	49,514	-	49,514
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-	-
Other real guarantees	-	-	-	-	-	-	-	-
Total debt instruments	584,801	2,828,929	795,677	-	-	49,514	-	4,258,921
2. Contingent liabilities-								
Financial bank guarantees	-	-	-	-	-	-	-	-
Documentary credits	-	-	-	-	-	-	16,408	16,408
Total contingent liabilities	-	-	-	-	-	-	16,408	16,408
3. Other exposures-								
Derivatives (*)	-	-	-	-	2,676,692	-	-	2,676,692
Total other exposures	-	-	-	-	2,676,692	-	-	2,676,692
Total amount covered	584,801	2,828,929	795,677	-	2,676,692	49,514	16,408	6,952,020

(*) These 2,676,692 thousand euros representing the fair value of derivatives (debtors balance) made with netting agreement, although not taken into account the existence of such agreements to reduce the value of their exposure to credit risk. Of this amount, 2,672,324 thousand euros, corresponding to IRS whose balances counterpart creditors by the same amount with the same entity.

22.4. Credit quality of unimpaired, non-past-due financial assets

22.4.1. Analysis of credit risk exposure by credit rating

At 31 December 2015, 63.5% of the exposure had been rated by a credit rating agency recognized by the Bank of Spain (2014: 75.9%). The distribution, by rating, of the rated exposure is as follows:

Level	Rating (*)	Porcentage	
		2015	2014
1	AAA-AA	4.1%	1.1%
2	A	38.6%	20.7%
3	BBB	24.3%	37.8%
4	BB	24.5%	19.1%
5	B	8.5%	15.0%
6	CCC and below	-	6.3%
	Total	100%	100%

(*) The exposures were classified taking the most conservative of the ratings granted by the three rating agencies used to manage the Group risk: Fitch, Moody's and S&P.

This distribution of rated exposure excludes positions in government debt securities and guaranteed debt, and the debt of regional governments and other public bodies with a 0% weighting.

22.4.2. Classification of credit risk exposure by counterparty

Following is a detail, by counterparty, of the maximum credit risk exposure (disregarding recognized impairment losses and the rest of valuation expenses) in connection with financial assets not past-due or impaired at 31 December 2015 and 2014:

31 December 2015:

Thousands of Euros	Resident Public Sector	Resident Credit Institutions	Other Resident Entities	Other Residents	Non-resident Public Sector	Non-Resident Credit Institutions	Other non-Resident Sectors	Total
1. Debt instruments-								
1.1 Loans and advances to credit institutions	-	2,802,893	-	-	-	1,126,930	-	3,929,823
Reverse repurchase agreements	-	2,450,122	-	-	-	720,108	-	3,170,230
Time deposits	-	23,916	-	-	-	12,440	-	36,356
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-	-
Other accounts	-	325,211	-	-	-	315,130	-	640,341
Other	-	3,644	-	-	-	79,252	-	82,896
1.2 Debt instruments	4,363,074	158,060	-	298,520	340,215	-	43,598	5,203,467
1.3 Loans and advances to customers	146	-	14,703	764,670	11	-	20,259	799,789
Reverse repurchase agreements	-	-	14,703	15,255	-	-	-	29,958
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-	-
Other loans and credits	146	-	-	199,570	11	-	2,539	202,266
Mortgage loans	-	-	-	47,218	-	-	-	47,218
Other assets	-	-	-	502,627	-	-	17,720	520,347
Total debt instruments	4,363,220	2,960,953	14,703	1,063,190	340,226	1,126,930	63,857	9,933,079
2. Contingent liabilities-								
Financial bank guarantees	-	71,812	-	4,573	-	77	-	76,462
Documentary credits	-	22,978	-	520	-	-	-	23,498
Total contingent liabilities	-	94,790	-	5,093	-	77	-	99,960
3. Other exposures								
Derivatives	-	262,817	472,742	262	-	626,712	-	1,362,533
Contingent commitments	-	9,760	87,768	-	-	300	-	97,828
Total other exposures	-	272,577	560,510	262	-	627,012	-	1,460,361
Total	4,363,220	3,328,320	575,213	1,068,545	340,226	1,754,019	63,857	11,493,400

31 December2014:

Thousands of Euros	Resident Public Sector	Resident Credit Institutions	Other Resident Entities	Other Residents	Non-resident Public Sector	Non-Resident Credit Institutions	Other non-Resident Sectors	Total
1. Debt instruments-								
1.1 Loans and advances to credit institutions	-	2,994,369	-	-	-	678,001	-	3,672,370
Reverse repurchase agreements	-	2,590,873	-	-	-	157,532	-	2,748,405
Time deposits	-	40,389	-	-	-	-	-	40,389
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-	-
Other accounts	-	353,608	-	-	-	377,031	-	730,639
Other	-	9,499	-	-	-	143,438	-	152,937
1.2 Debt instruments	2,619,322	392,849	-	267,289	100,501	50,489	42,407	3,472,857
1.3 Loans and advances to customers	385,119	-	482,344	389,115	29	-	9,516	1,266,123
Reverse repurchase agreements	384,973	-	482,344	8,883	-	-	-	876,200
Guarantee deposits on securities lending transactions	-	-	-	-	-	-	-	-
Other loans and credits	146	-	-	19,104	29	-	2,016	21,295
Mortgage loans	-	-	-	49,514	-	-	-	49,514
Other assets	-	-	-	311,614	-	-	7,500	319,114
Total debt instruments	3,004,441	3,387,218	482,344	656,404	100,530	728,490	51,923	8,411,350
2. Contingent liabilities-								
Financial bank guarantees	-	68,969	-	3,471	-	310	-	72,750
Documentary credits	-	-	-	16,408	-	-	-	16,408
Total contingent liabilities	-	68,969	-	19,879	-	310	-	89,158
3. Other exposures								
Derivatives	-	302,784	635,897	628	-	779,554	-	1,718,863
Contingent commitments	52,300	10,244	-	33,365	-	-	300	96,209
Total other exposures	52,300	313,028	635,897	33,993	-	779,554	300	1,815,072
Total	3,056,741	3,769,215	1,118,241	710,276	100,530	1,508,354	52,223	10,315,580

Also, as stated in the applicable legislation, presented below is the distribution of the loans to customers by type of counterpartie (book value) and certain guarantee information as of 31 December 2015 and 2014:

31 December 2015:

Thousands of Euros	TOTAL			Credit with real estate collateral. *Loan to value*				
		Of which: real estate collateral	Of which: Other real guarantees	Less or equal to 40%	More than 40% and less or equal than 60%	More than 60% and less or equal than 80%	More than 80% and less or equal than 100%	More than 100%
Public Administrations	157	-	-	-	-	-	-	-
Other financial institutions	742,618	-	29,958	-	-	-	-	29,958
Non-financial entities and individual entrepreneurs	3,468	-	-	-	-	-	-	-
Construction and property development	-	-	-	-	-	-	-	-
Construction of civil works	-	-	-	-	-	-	-	-
Other purposes	3,468	-	-	-	-	-	-	-
Big enterprises	3,416	-	-	-	-	-	-	-
SMEs and individual entrepreneurs	52	-	-	-	-	-	-	-
Rest of households and NPISHs	53,555	47,593	-	18,294	14,126	8,024	7,149	-
Houses	49,163	47,593	-	18,294	14,126	8,024	7,149	-
Consumption	4,362	-	-	-	-	-	-	-
Other purposes	30	-	-	-	-	-	-	-
Subtotal	799,798	47,593	29,958	18,294	14,126	8,024	7,149	29,958
Minus: Value adjustments for impairment of assets not attributable to specific operations	(1,222)	-	-	-	-	-	-	-
Total	798,576	47,593	29,958	18,294	14,126	8,024	7,149	29,958
Memorandum Item:								
Refinancing operations, refinanced and restructured	-	-	-	-	-	-	-	-

31 December 2014:

Thousands of Euros	TOTAL			Credit with real estate collateral. *Loan to value*				
		Of which: real estate collateral	Of which: Other real guarantees	Less or equal to 40%	More than 40% and less or equal than 60%	More than 60% and less or equal than 80%	More than 80% and less or equal than 100%	More than 100%
Public Administrations	385,210	-	385,030	-	-	-	-	385,030
Other financial institutions	818,812	-	491,267	-	-	-	-	491,267
Non-financial entities and individual entrepreneurs	5,971	-	-	-	-	-	-	-
Construction and property development	-	-	-	-	-	-	-	-
Construction of civil works	-	-	-	-	-	-	-	-
Other purposes	5,971	-	-	-	-	-	-	-
Big enterprises	5,971	-	-	-	-	-	-	-
SMEs and individual entrepreneurs	-	-	-	-	-	-	-	-
Rest of households and NPISHs	56,254	49,514	-	18,681	14,437	7,357	9,039	-
Houses	51,343	49,514	-	18,681	14,437	7,357	9,039	-
Consumption	4,875	-	-	-	-	-	-	-
Other purposes	36	-	-	-	-	-	-	-
Subtotal	1,266,247	49,514	876,297	18,681	14,437	7,357	9,039	876,297
Minus: Value adjustments for impairment of assets not attributable to specific operations	(848)	-	-	-	-	-	-	-
Total	1,265,399	49,514	876,297	18,681	14,437	7,357	9,039	876,297
Memorandum Item:								
Refinancing operations, refinanced and restructured	-	-	-	-	-	-	-	-

22.5. Information on non-performing loans ratios

In view of the activities carried on by the Group and the risk profile assumed by it, its non-performing loans ratios, measured as doubtful assets as a percentage of total credit risk, were 0.89%% and 1.22% at 31 December 2015 and 2014, respectively.

22.6. Financial assets renegotiated in the year

Following is a detail by counterparties, classification of NPL's and type of warranties, existing balances of restructuring and refinancing carried on by the Group as of 31 December 2015 and 2014:

31 December 2015:

Normal Thousands of Euros	Full Real Estate mortgage		Other collateral		Without collateral		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
Public Administrations	-	-	-	-	-	-	-
Other legal entities and individual entrepreneurs	-	-	-	-	-	-	-
Of which:							
Construction and property development financing	-	-	-	-	-	-	-
Other individuals	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Substandard Thousands of Euros	Full Real Estate mortgage		Other collateral		Without collateral		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
Public Administrations	-	-	-	-	-	-	-
Other legal entities and individual entrepreneurs	-	-	-	-	-	-	-
Of which:							
Construction and property development financing	-	-	-	-	-	-	-
Other individuals	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Doubtful Thousands of Euros	Full Real Estate mortgage		Other collateral		Without collateral		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
Public Administrations	-	-	-	-	-	-	-
Other legal entities and individual entrepreneurs	-	-	-	-	1	559	559
Of which:							
Construction and property development financing	-	-	-	-	-	-	-
Other individuals	-	-	-	-	-	-	-
	-	-	-	-	1	559	559

Total Thousands of Euros	Full Real Estate mortgage		Other collateral		Without collateral		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
Public Administrations	-	-	-	-	-	-	-
Other legal entities and individual entrepreneurs	-	-	-	-	1	559	559
Of which:							
Construction and property development financing	-	-	-	-	-	-	-
Other individuals	-	-	-	-	-	-	-
	-	-	-	-	1	559	559

31 december 2014:

Normal Thousands of Euros	Full Real Estate mortgage		Other collateral		Without collateral		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
Public Administrations	-	-	-	-	-	-	-
Other legal entities and individual entrepreneurs	-	-	-	-	-	-	-
Of which:							
Construction and property development financing	-	-	-	-	-	-	-
Other individuals	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Substandard Thousands of Euros	Full Real Estate mortgage		Other collateral		Without collateral		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
Public Administrations	-	-	-	-	-	-	-
Other legal entities and individual entrepreneurs	-	-	-	-	-	-	-
Of which:							
Construction and property development financing	-	-	-	-	-	-	-
Other individuals	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Doubtful Thousands of Euros	Full Real Estate mortgage		Other collateral		Without collateral		Specific coverage
	Número de operaciones	Importe bruto	Número de operaciones	Importe bruto	Número de operaciones	Importe bruto	
Public Administrations	-	-	-	-	-	-	-
Other legal entities and individual entrepreneurs	-	-	-	-	2	11,938	11,938
Of which:							
Construction and property development financing	-	-	-	-	-	-	-
Other individuals	-	-	-	-	-	-	-
	-	-	-	-	2	11,938	11,938

Total Thousands of Euros	Full Real Estate mortgage		Other collateral		Without collateral		Specific coverage
	Número de operaciones	Importe bruto	Número de operaciones	Importe bruto	Número de operaciones	Importe bruto	
Public Administrations	-	-	-	-	-	-	-
Other legal entities and individual entrepreneurs	-	-	-	-	2	11,938	11,938
Of which:							
Construction and property development financing	-	-	-	-	-	-	-
Other individuals	-	-	-	-	-	-	-
	-	-	-	-	2	11,938	11,938

22.7. Impaired assets

Following is a detail, by method used to calculate impairment losses (doubtful assets), of the financial assets considered to be impaired due to credit risk at 31 December 2015 and 2014:

(Thousands of Euros)	31 December 2015			31 December 2014		
	Financial Assets Individually Assessed as Impaired	Financial Assets Collectively Assessed as Impaired	Total Impaired Assets	Financial Assets Individually Assessed as Impaired	Financial Assets Collectively Assessed as Impaired	Total Impaired Assets
1. Debt instruments-						
1.1 Loans and advances to credit institutions	149	-	149	-	-	-
1.2 Debt instruments	46,088	-	46,088	60,065	-	60,065
1.3 Loans and advances to customers	55,752	-	55,752	66,692	-	66,692
Total debt instruments	101,989	-	101,989	126,757	-	126,757
2. Contingent liabilities-						
2.1 Financial bank guarantees	-	-	-	-	-	-
2.2 Documentary credit	-	-	-	-	-	-
Total contingent liabilities	-	-	-	-	-	-
3. Other exposures-						
3.1 Derivatives	-	-	-	-	-	-
3.2 Contingent commitments	-	-	-	-	-	-
Total other exposures	-	-	-	-	-	-
Total	101,989	-	101,989	126,757	-	126,757

Assets presented by the Group in the foregoing table as "individually impaired" at 31 December 2015 and 2014 (personal guarantee) were classified on the basis of an analysis of each such transaction, taking into account factors such as the financial position and solvency of the debtors, adverse changes in the fair value of the assets, giving rise to impairment, and other evidence justifying their classification as individually impaired under current legislation.

In connection with the information provided in the previous table, it should be noted that financial assets classified as at fair value through profit or loss which might be impaired due to credit risk were not included, since when such assets are measured at fair value, any impairment losses are recognized as an adjustment to fair value in the Group's consolidated financial statements.

All the transactions considered by the Group to be impaired at 31 December 2015 were classified under the "Loans and Receivables" category for EUR 101,989 thousand. The transactions considered by the Group to be impaired at 31 December 2014 were classified in "Loans and Receivables" for EUR 126,757 thousand.

22.8. Changes in impairment losses

Following are the changes in the impairment losses of debt instruments due to credit risk recognized by the Group in 2015 and 2014:

2015:

Thousands of Euros	Balance at 1 January 2015	Net Additions (Reversals) Charged (Credited) to Income (*)	Transfers Between Items	Amounts Used in the Year	Other Changes (***)	Balance at 31 December 2015
1. Impairment losses not specifically identified						
1.1. Debt instruments-						
Loans and advances to credit institutions	44	(28)	-	-	-	16
Debt instruments	4,675	701	-	-	-	5,376
Loans and advances to customers	844	378	-	-	-	1,222
Total debt instruments	5,563	1,051	-	-	-	6,614
1.2. Contingent liabilities-						
Financial bank guarantees	16	-	-	-	-	16
Total contingent liabilities	16	-	-	-	-	16
1.3. Other exposures-	-	-	-	-	-	-
Total	5,579	1,051	-	-	-	6,630
2. Specifically identified impairment losses						
2.1 Debt instruments-						
Loans and advances to credit institutions	-	149	-	-	-	149
Debt instruments (**)	64,602	(9,770)	-	(5,933)	2,975	51,874
Loans and advances to customers	66,692	(10,931)	-	(11)	-	55,750
Total debt instruments	131,294	(20,552)	-	(5,944)	2,975	107,773
2.2 Contingent liabilities-	-	-	-	-	-	-
Total contingent liabilities	-	-	-	-	-	-
2.3 Other exposures-	-	-	-	-	-	-
Total	131,294	(20,552)	-	(5,944)	2,975	107,773
Total impairment losses (1+2)	136,873	(19,501)	-	(5,944)	2,975	114,403

(*)The total balance of "Net Additions/(Reversals) Charged/(Credited) to Income", representing a recovery of EUR 19,501 thousand, was recognised with a credit to "Impairment Losses on Financial Assets (Net)" (see Note 38) in the consolidated income statement for 2015.

(**) Of the total of EUR 51,874 thousand of specifically identified impairment losses on debt instruments at 31 December 2015, EUR 6,354 thousand related to impairment losses recognised on substandard exposures.

(***) In addition, there was an increase in the specifically identified impairment losses on debt instruments as a result of adjustments made for exchange differences.

2014:

(Thousands of Euros)	Balance at 1 January 2015	Net Additions (Reversals) Charged (Credited) to Income (*)	Transfers Between Items	Amounts Used in the Year	Other Changes (***)	Balance at 31 December 2015
1. Impairment losses not specifically identified						
1.1. Debt instruments-						
Loans and advances to credit institutions	261	(217)	-	-	-	44
Debt instruments	3,831	844	-	-	-	4,675
Loans and advances to customers	864	(20)	-	-	-	844
Total debt instruments	4,956	607	-	-	-	5,563
1.2. Contingent liabilities-						
Financial bank guarantees	16	-	-	-	-	16
Total contingent liabilities	16	-	-	-	-	16
1.3. Other exposures-	-	-	-	-	-	-
Total	4,972	607	-	-	-	5,579
2. Specifically identified impairment losses						
2.1 Debt instruments-						
Loans and advances to credit institutions	3,300	-	-	-	(3,300)	-
Debt instruments (**)	91,165	(20,292)	-	(9,513)	3,242	64,602
Loans and advances to customers	64,757	(1,365)	-	-	3,300	66,692
Total debt instruments	159,222	(21,657)	-	(9,513)	3,242	131,294
2.2 Contingent liabilities-	-	-	-	-	-	-
Total contingent liabilities	-	-	-	-	-	-
2.3 Other exposures-	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total impairment losses (1+2)	159,222	(21,657)	-	(9,513)	3,242	131,294
1. Impairment losses not specifically identified	164,194	(21,050)	-	(9,513)	3,242	136,873

(*) The total balance of "Net Additions/(Reversals) Charged/(Credited) to Income", representing a recovery of EUR 21,050 thousand, was recognised with a credit to "Impairment Losses on Financial Assets (Net)" (see Note 38) in the consolidated income statement for 2014.

(**) Of the total of EUR 64,602 thousand of specifically identified impairment losses on debt instruments at 31 December 2014, EUR 10,587 thousand related to impairment losses recognised on substandard exposures.

(***) In 2014 this column includes the reclassification of EUR 3,300 thousand of impairment losses from "Loans and Advances to Credit Institutions" to "Loans and Advances to Customers" as a result of the change in classification of the financing granted to "Specialised Credit Institutions". In addition, there was an increase in the specifically identified impairment losses on debt instruments as a result of adjustments made for exchange differences.

Following is a detail, by financial instrument category, of the impairment losses recognized by the Group due to credit risk at 31 December 2015 and 2014:

31 december 2015:

Thousands of Euros	A vailable-For-Sale Financial Assets (Note 9)	Loans and Receivables (Note 10)	Provisions for Contingent Liabilities and Commitments (Note 17.2)	Total
1. Impairment losses not specifically identified				
1.1. Debt instruments-				
Loans and advances to credit institutions	-	16	-	16
Debt instruments	5,376	-	-	5,376
Loans and advances to customers	-	1,222	-	1,222
Total debt instruments	5,376	1,238	-	6,614
1.2. Contingent liabilities-				
Financial bank guarantees	-	-	16	16
Total contingent liabilities	-	-	16	16
1.3. Other exposures-	-	-	-	-
Total	5,376	1,238	16	6,630
2. Specifically identified impairment losses				
2.1 Debt instruments-				
Loans and advances to credit institutions	-	149	-	149
Debt instruments (**)	-	51,874	-	51,874
Loans and advances to customers	-	55,750	-	55,750
Total debt instruments	-	107,773	-	107,773
2.2 Contingent liabilities-	-	-	-	-
2.3 Other exposures-	-	-	-	-
Total	-	107,773	-	107,773
Total impairment losses (1+2)	5,376	109,011	16	114,403

31 December 2014:

Thousands of Euros	A vailable-For-Sale Financial Assets (Note 9)	Loans and Receivables (Note 10)	Provisions for Contingent Liabilities and Commitments (Note 17.2)	Total
1. Impairment losses not specifically identified				
1.1. Debt instruments-				
Loans and advances to credit institutions	-	44	-	44
Debt instruments	4,675	-	-	4,675
Loans and advances to customers	-	844	-	844
Total debt instruments	4,675	888	-	5,563
1.2. Contingent liabilities-				
Financial bank guarantees	-	-	16	16
Total contingent liabilities	-	-	16	16
1.3. Other exposures-	-	-	-	-
Total	4,675	888	16	5,579
2. Specifically identified impairment losses				
2.1 Debt instruments-				
Loans and advances to credit institutions	-	-	-	-
Debt instruments (**)	-	64,602	-	64,602
Loans and advances to customers	-	66,692	-	66,692
Total debt instruments	-	131,294	-	131,294
2.2 Contingent liabilities-	-	-	-	-
2.3 Other exposures-	-	-	-	-
Total	-	131,294	-	131,294
Total impairment losses (1+2)	4,675	132,182	16	136,873

As previously stated, pursuant to the applicable legislation, the Group does not calculate impairment losses due to credit risk on equity instruments owned by the Group (impairment losses on these financial assets are calculated as set forth in Note 2.9) and on debt instruments classified at fair value through profit or loss since, because they are carried at fair value, any changes in fair value due to credit risk are recognized immediately in the consolidated income statement. Accordingly, these impairment losses are not included in the foregoing tables.

22.9. Past-due but not impaired assets

At 31 December 2015 and 2014 the Group had not recognized any material past-due but not impaired assets in its consolidated financial statements.

22.10. Write-off of impaired financial assets

At 31 December 2015 and 2014 the Group did not have any material financial assets that, pursuant to the criteria set forth in Note 2, had been written off due to credit risk, and there were no significant changes in this connection in these years.

22.11. Exposure to real estate risk

By 31 December 2015 the only operations granted by the Bank concerning real state exposure are those loans intended to be used for housing acquisition, which are granted to its employees, as the following table shows:

Thousands of Euros	31 December 2015		31 December 2014	
	Gross amount	*From which: Doubtful*	Gross amount	*From which: Doubtful*
Credit for house purchase				
Without mortgage guarantee	1,953	19	1,830	-
With mortgage guarantee	47,593	375	49,514	-
	49,546	394	51,344	-

Following is the breakdown of credit with mortgage guarantee to households for house purchase, according to the percentage represented by the total risk over the amount of the last available as of 31 December 2015 and 2014:

At 31 December 2015:

Thousands of Euros	Risk over the amount of the last available valuation					
	Less or equal than 40%	More than 40% and less or equal than 60%	More than 60% and less or equal than 80%	More than 80% and less or equal than 100%	More than 100%	Total
Gross amount	18,294	14,126	8,024	7,149	-	47,593
From which: Doubtful	-	375	-	-	-	375

At 31 December 2014:

Thousands of Euros	Risk over the amount of the last available valuation					
	Less or equal than 40%	More than 40% and less or equal than 60%	More than 60% and less or equal than 80%	More than 80% and less or equal than 100%	More than 100%	Total
Gross amount	18,681	14,437	7,357	9,039	-	49,514
From which: Doubtful	-	-	-	-	-	-

22.12. Other disclosures on credit risk

Neither at 31 December 2015 nor at 31 December 2014 the amount of accrued uncollected past-due receivables on impaired financial assets was not material.

In 2015 and 2014 no guarantees associated with financial assets owned by the Group were executed in order to guarantee the collection thereof.

23. Exposure to market risk

23.1. Market risk management objectives, policies and processes

Market risk is defined as the risk that affects results or capital as a result of adverse changes in the prices of bonds, securities and commodities and in the exchange rates of transactions recognized in the trading book. This risk arises in market making and trading activities and the taking of positions in bonds, securities, foreign currencies, commodities and derivatives (on bonds, securities, currencies and commodities). This risk includes foreign currency risk, which is defined as the actual or potential risk that affects results or capital as a result of adverse changes in exchange rates in the banking book.

Direct exposure to market risk arises from several financial factors affecting market prices. These factors include mainly, but not only, the following:

- Interest rates in each country and product type
- Spreads of each instrument over the risk-free interest rate curve (including credit and liquidity spreads)
- Market liquidity levels
- Price levels
- Exchange rates
- Levels of volatility of the above factors

Value at Risk ("VaR") provides an integrated measure of market risk and encompasses the basic elements thereof: interest rate risk, foreign currency risk, equity risk and the risk of volatility of the foregoing factors.

Interest rate risk
Interest rate risk is the exposure to market fluctuations due to changes in the general level of interest rates. The exposure to interest rate risk can be divided into the following two elements:

- Directional, slope and basis risk

  Directional risk is the sensitivity of income to parallel shifts in the interest rate curve, while interest rate curve risk is the sensitivity of gains to changes in the structure of the rate curve, due to a change either in the slope or the shape of the curve.

  Basis risk is the potential loss arising from unexpected changes in the spreads between the various interest rate curves with respect to which portfolio positions are held. Liquidity conditions in markets and the perception of the specific risk usually trigger this type of fluctuation, although other factors can also play a part.

  The Group controls all the interest rate risks described above using VaR, which includes all the factors relevant to the measurement thereof, covering the maturity spectrum and all the relevant curves (including specific industry curves by rating).

- Spread risk

  Spread risk arises from holding corporate bond positions (and credit derivatives) and is defined as the exposure to the specific risk of each issuer.

  Certain circumstances relating to the market and/or the issue itself can widen the spreads due to the liquidity premium.

Foreign currencies
In view of its foreign currency and international capital markets operations, the Group is exposed to the following two types of foreign currency risk:

- Foreign exchange risk

  Foreign exchange risk arises on the net positions of one currency against the euro or one currency against another. Therefore, foreign exchange risk is the potential fluctuation in spot exchange rates affecting the value of positions.

- Interest rate spread risk

  Net interest rate spread risk arises from the difference between interest rates in two different currencies and its effect on forward foreign currency positions.

  The Group measures both of these risks using VaR and includes exchange rates and currency yield curves as risk factors.

Equity risk
This represents the risk of incurring losses as a result of changes in share prices.

Volatility risk
As part of its portfolio management activities, the Group arranges options on various underlying assets on a habitual basis.

The most immediate way of measuring the risk of these options is through their delta, a parameter that proxies the risk of an option as an equivalent position in another simpler (linear) instrument.

But the non-linear nature of the value of options makes it advisable, in the case of complex options, basically to perform additional monitoring of the other parameters affecting the value of the option, which are as follows:

- Delta risk

  Delta measures the change in the value of the option arising from a one-point change in the price of the underlying asset. Accordingly, delta risk is the exposure to unexpected changes in the value of the option portfolio as a result of changes in the prices of the underlying instruments.

- Gamma risk

  The gamma of an option measures the sensitivity of its delta to a one-point change in the price of the underlying asset. It represents the risk that the delta of an option portfolio may vary as a result of a change in the prices of the underlying assets.

- Vega risk

  Vega is a measure of the sensitivity of the value of an option to a one-point change in the volatility of the price of the underlying asset.

- Theta risk

  Theta risk relates to the decline in the value of option positions as a consequence of the passage of time.

Delta and vega risk are measured through the Parametric VaR and measures options risks using historical simulation VaR, since this methodology is based on the complete revaluation of options. For transactions with certain complex exotic options which are particularly complicated to manage and measure, general policy is to eliminate this risk from the portfolio by arranging back-to-back transactions in the market.

23.2. Market risk measurement

The methodology used to measure market risk is as follows.

VaR is calculated and monitored in the same way for available-for-sale and investment securities as it is for the trading book, although at present market risk limits have not been set for these portfolios.

Value at Risk
As stated above, VaR is the indicator used to monitor market risk exposure limits. It provides a unique measure of market risk by bringing together the following basic aspects:

- Interest rate risk
- Credit spread risk
- Foreign currency risk
- Equity risk
- Volatility risk (for optionalities)
- Liquidity risk

Parametric VaR
The VaR measure used to monitor the limits described above is Parametric VaR with the following features:

- Time horizon: 1 day
- Confidence interval: 99%
- Decay factor: 0.97
- Depth of the series: 255 trading days

It is calculated daily and the base currency is the Euro.

In addition to the total VaR of the Treasury Room, VaR is also obtained for the different operating levels and units in the Financial Department.

The distribution of the VaR of the trading book by desk at 31 December 2015 and 2014 was as follows:

Thousands of Euros	2015	2014
Money and currency markets	904	812
Fixed-income and equities trading	938	481
Loan trading	567	157
Derivatives and structured products	151	79
Banknotes	31	19

Every day an analytical measure derived from VaR known as the Component VaR of market risk, which enables the total risk contributed by each position and market risk factor (risk concentration) to be known and the sensitivity of VaR to changes in portfolio positions to be proxied, is calculated and reported.

Component VaR can be obtained at a higher level of disaggregation and is reported by:

- Product
- Risk vertex

VaR outcomes quality is corroborated with a daily back test.

Historical simulation VaR
In addition, parametric VaR is calculated and daily, and historical simulation VaR is reported to test the risk estimate obtained using the parametric VaR methodology.

Historical simulation VaR uses historical data to calculate the changes in market risk factors, which are applied to current values to generate simulated gain and loss distributions without making any a priori assumptions regarding the form thereof, since only the actual distribution is used.

The parameters used regarding confidence levels, time decay factors, data series and time horizon of the estimate as those used to calculate parametric VaR.

In addition and for the purpose to complete the measurements of the VaR, a calculation is made of Expected Shortfall.

Management results
Starting with risk tools, management results for the trading portfolios are calculated daily.

The method used is mark-to-market for positions with directly observable market prices (debt, Treasury bills, futures, exchange-traded options) and mark-to-model (theoretical valuation) with market inputs for transactions without quoted prices (deposits, OTC derivatives, etc.)

Sensitivity measures
Although limits are structured with respect to the VaR measure that combines all types of risks and portfolios in a single indicator, there is a series of supplementary measures to monitor exposure to market risk, which are quantified and reported daily. The sensitivity measures performed are as follows:

- Total delta
  Sensitivity of net present value (NPV) to parallel shifts in the interest rate curve
- Curve risk
  Sensitivity of NPV to changes in the maturity structure of the interest rate curve due to changes in the slope or the shape of the curve in particular tranches.
- Spread risk

  Measurement of the specific risk assumed to bond issuers.

  Liquidity risk is also quantified taking into account the nature of portfolio positions and the situation in the financial markets.
- Exchange rate sensitivity

  Sensitivity of the NPV of foreign currency positions in the portfolio to changes in exchange rates.
- Price sensitivity

  Sensitivity of the NPV of equity positions in the portfolio to changes in the prices of the securities held.
- Volatility sensitivity

  Sensitivity of the NPV of option positions in the portfolio to changes in the volatility of the underlying (vega risk).

Stress testing
The purpose of stress tests is to estimate the effects, in terms of losses, of an extreme movement in the market on the current portfolio. To this end, one or more worst case scenarios of price and interest rate fluctuations are defined based on real situations observed in the past or other situations that might arise.

The inclusion of the results of the stress tests in reporting systems enables traders and managers to be informed of the losses that might be incurred in extreme scenarios and facilitates the identification of the portfolio's risk profile in such situations.

23.3. Market risk limits

The market risk of the trading book is measured through VaR, using both the parametric and historical simulation methodologies (for the purposes of usage of limits, the former is currently used), including diversification and risk correlation (diversification benefits) criteria.

The general limit structure is determined by the following guidelines:

- The Board of Directors established the global limits and approves the ALCO proposal, the implementation plans and the management processes.
- The ALCO establishes a general framework of limits for the measurement of market risk and the limits distribution among the desks.
- The Board of Directors approves and reviews changes to limits proposed by the ALCO.
- The Director of the Finance Division will, in all cases, be responsible for the use of the overall limit and delegated limits, and any overrun of these limits must be authorized by the ALCO.

The Risk Department is responsible for monitoring and compliance of the limits and reporting the consumption to the ALCO.

There are two limit structures to control the market risk of Treasury activities:

- VaR limits measure the maximum authorized potential loss for a one-day time horizon based on the size and composition of the portfolio's risk exposure at the close of each day.
- Stop loss limits set the maximum authorized actual losses for both the Treasury Room and the various desks composing it, and include the results of intraday transactions. There are monthly and annual limits, as well as a monthly references and a 22 calendar day reference.

The stop loss limits are reviewed periodically and the review takes place at the same time as the review of VaR limits.

24. Liquidity risk

24.1. Liquidity risk management objectives, policies and processes

Liquidity risk is to have in place at all times the instruments and processes to enable it to meet payment commitments, so that it has available to it the media to enable it to maintain sufficient levels of liquidity to meet its payment commitments without compromising significantly the Group's profits and to have mechanisms that allow it to meet its payments in a timely manner.

Traditionally, the Group has generally had several ways of obtaining liquidity, including attracting customer deposits, the availability of various cash facilities at official agencies and raising liquidity through the interbank market.

Liquidity risk
Liquidity risk is defined as:

- The uncertainty regarding the availability, at reasonable prices, of funds to enable the Confederación to meet its commitments when recourse to external financing is difficult for a particular period of time.
- The maintenance or generation of levels of liquidity required to finance future business growth.

In other words, this risk reflects the probability of incurring losses or having to reject new business or growth in current business as a result of being unable to meet commitments normally when they fall due or being unable to finance additional needs at market rates. In order to mitigate this risk, the Group periodically monitors its liquidity conditions and assesses any action that may be required. Furthermore, the Group has planned measures to enable it to restore the Group's overall financial equilibrium in the event of a possible shortfall in liquidity.

24.2. Liquidity risk measurement

Following is a detail the measures employed by the Market, Balance-Sheet and Liquidity Risk Division to measure liquidity risk:

Liquidity gap
The liquidity gap measures the profile of maturities and settlements by risk type (assets and liabilities classified by residual maturity plus the interest flows arising therefrom) and shows the mismatch structure in the balance sheet in terms of cash inflows and outflows.

It reflects the liquidity level maintained under normal market conditions and provides information on contractual and non-contractual cash inflows and outflows for a given period under certain assumptions regarding behavior.

Liquidity inventory
A list is made to enable monitoring of available liquid assets in order to identify possible available sources of liquidity in the event of a liquidity contingency.

Liquidity ratios
The purpose of liquidity ratios is to value and measure the Group's on-balance-sheet liquidity bimonthly, as follows:

- Short-term liquidity ratio: this ratio estimates the Group's potential capacity to generate liquidity in a period of seven, fifteen and thirty days in order to cater for a liquidity eventuality and evaluate the sufficiency of the proportion of demand deposits obtained held as liquid assets.
- Structural liquidity ratio: the purpose of this ratio is to identify the Group's funding mismatch, showing the liquidity generation structure and funding/lending structure by maturity.
- Survival ratio: this ratio estimates the period of time for which the Group can meet its liquidity commitments for a thirty-day period in the event of a lack of access to the interbank market or alternative sources of funding. Scenarios of the unavailability of sources of funding envisaged in the calculation are combined with scenarios of the immediate withdrawal by customers of positions classified as stable.

Stress scenarios, in which the unavailability of various sources of funding is combined with scenarios of the immediate withdrawal by customers of positions classified as stable, are also analyzed, as well as other market conditions.

Additionally, a daily monitoring of a series of alert indicators and intensity of the liquidity crisis is carried out, as wells as a detailed inventory which is refreshed permanently of the liquation capacity of the assets in the balance sheet.

24.3. Liquidity risk limits

As part of its function of monitoring, the Board of Directors establishes a framework of liquidity risk limits based on monitoring the Group's short-term liquidity position.

In particular, limits were established on the following indicators:

- Short-term liquidity ratio: this ratio estimates the potential capacity to generate liquidity to meet its payment commitments over a given period of time on the assumption that recourse cannot be had to the interbank market.

  Capability to generate liquidity includes:

  - Collections from the current portfolio.
  - Capability to continue to discount eligible paper.
  - Potential liquidity, which is all cashable assets except repurchase agreements.

  Also, in order to provide complete information to facilitate optimum liquidity management, additional stress scenarios are included which envisage an immediate withdrawal of stable funding, activation of contingent commitments, lowering ratings, losses in the bankable portfolio, etc.

  Also, it sets a limit to the liquidity coverage ratio, which is constructed as established by the regulator.

- Liquidity gap at one month with respect to stable funding: this ratio measures the net refinancing requirement at one month with respect to the amount of financing considered not to be volatile (i.e. the number of times by which the net refinancing requirement at one month exceeds the Group's stable funding). Thus, a limit can be placed on the level of concentration of the net lending position at very short term in relation to the amount of stable funding in an attempt to ensure that the term structure of the Group's funding is as balanced as possible.

  Any overrun of these limits must be authorized by the ALCO and, when it is considered necessary, such overruns must be reported to the Board of Directors together with an action plan to correct the situation.

24.4. Analysis of the liquidity gap

The liquidity gap is the profile of maturities and settlements by risk type (assets and liabilities classified by residual maturity plus the accrued interest flows arising from all the balance sheet aggregates) and shows the mismatch structure in the consolidated balance sheet in terms of cash inflows and outflows. Its purpose is to measure the net funding required or the net excess of funds for various time horizons. Accordingly, it reflects the liquidity level maintained under normal market conditions. This measure provides information on the inputs and outputs of both contractual and non contractual (as behavioral assumptions based on historical data on which statistical methods are applied).

Following is a detail at 31 December 2015 and 2014 of the Group's main financial assets and liabilities (other than derivatives) at those dates, classified by residual maturity and estimated on the basis of their contractual conditions, excluding, almost always, the related valuation adjustments:

At 31 December 2015:

(Thousands of Euros)	On Demand	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	After 5 Years	Total
Assets:							
Cash and balances with central banks	61,560	-	-	-	-	-	61,150
Financial assets held for trading-Debt instruments	-	113,670	5,992	395,975	394,525	225,090	1,135,252
Financial assets held for trading-Other equity instruments	-	-	-	-	-	63,160	63,160
Other financial assets at fair value through profit or loss-Loans and advances to credit institutions	-	1,548,883	951,017	198,246	-	-	2,698,146
Other financial assets at fair value through profit or loss-Loans and advances to customers	-	29,958	-	-	-	-	29,958
Other financial assets at fair value through profit or loss-Other equity instruments	-	-	-	-	-	58,116	58,116
Available-for-sale financial assets - Debt instruments (*)	-	426,980	210,775	1,920,161	1,091,681	468,711	4,118,308
Available-for-sale financial assets - Other equity instruments (**)	-	-	-	-	-	89,080	89,080
Loans and receivables - Loans and advances to credit institutions	237,864	972,495	2,002	9,113	10,203	149	1,231,826
Loans and receivables - Loans and advances to customers	189,493	527,740	6	101	2,207	106,036	825,583
Loans and receivables - Debt instruments	-	-	-	-	29,299	63,587	92,886
Total at 31 December 2015	488,917	3,619,726	1,169,792	2,523,596	1,527,915	1,073,929	10,403,875
Liabilities:							
Financial liabilities held for trading-short positions	-	458,090	487,931	-	-	-	946,021
Other financial liabilities at fair value through profit or loss-Deposits from credit institutions	-	675,911	-	-	-	-	675,911
Other financial liabilities at fair value through profit or loss-Customer deposits	-	434,012	-	-	-	-	434,012
Financial liabilities at amortized cost-Deposits from central banks	-	-	-	-	-	-	-
Financial liabilities at amortized cost-Deposits from credit institutions	627,677	513,646	1,644	2,615	-	36,188	1,181,770
Financial liabilities at amortized cost-Customer deposits	4,598,127	946,317	22	280,322	866	807	5,826,461
Total at 31 December 2015	5,225,804	3,027,976	489,597	282,937	866	36,995	9,064,175
Assets minus liabilities at 31 December 2015	(4,736,887)	591,750	680,195	2,240,659	1,527,049	1,036,934	1,339,700

(*)Including valuation adjustments relating to accrued interest and valuation gains or losses.
(**) Presented at fair value.

At 31 December 2014:

(Thousands of Euros)	On Demand	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	After 5 Years	Total
Assets:							
Cash and balances with central banks	196,387	-	-	-	-	-	196,387
Financial assets held for trading-Debt instruments	-	39,700	25,449	211,671	502,568	266,695	1,046,083
Financial assets held for trading-Other equity instruments							
Other financial assets at fair value through profit or loss-Loans and advances to credit institutions	-	-	-	-	-	67,867	67,867
Other financial assets at fair value through profit or loss-Loans and advances to customers	-	1,939,845	808,560	-	-	-	2,748,405
Other financial assets at fair value through profit or loss-Other equity instruments	-	785,209	90,991	-	-	-	876,200
Available-for-sale financial assets - Debt instruments (*)	-	170,612	152,525	959,676	931,454	313,557	2,527,824
Available-for-sale financial assets - Other equity instruments (**)	-	-	-	-	-	62,195	62,195
Loans and receivables - Loans and advances to credit institutions	204,115	694,250	1,793	8,035	15,772	-	923,965
Loans and receivables - Loans and advances to customers	89,213	244,874	6	81	2,547	119,894	456,615
Loans and receivables - Debt instruments	-	-	-	-	29,311	78,120	107,431
Total at 31 December 2014	489,715	3,874,490	1,079,324	1,179,463	1,481,652	908,328	9,012,972
Liabilities:							
Financial liabilities held for trading-short positions	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss-Deposits from credit institutions	-	451,435	154,447	-	-	-	605,882
Other financial liabilities at fair value through profit or loss-Customer deposits	-	692,385	-	-	-	-	692,385
Financial liabilities at amortized cost-Deposits from central banks	-	673,250	-	-	-	-	673,250
Financial liabilities at amortized cost-Deposits from credit institutions	-	-	-	-	-	-	-
Financial liabilities at amortized cost-Customer deposits	896,922	592,644	623	1,455	-	40,549	1,532,193
Total at 31 December 2014	2,824,991	787,056	275,026	293	31,054	1,340	3,919,760
Assets minus liabilities at 31 December 2014	**3,721,913**	**3,196,770**	**430,096**	**1,748**	**31,054**	**41,889**	**7,423,470**
Assets:	(3,232,198)	677,720	649,228	1,177,715	1,450,598	866,439	1,589,502

(*)Including valuation adjustments relating to accrued interest and valuation gains or losses.
(**) Presented at fair value

With a view to the correct interpretation of the information contained in the foregoing tables, it should be stated that the assets and liabilities were classified therein in accordance with their contractual terms and conditions and, accordingly, there are liabilities, such as current accounts on the liability side of the consolidated balance sheet, which are more stable and more permanent than "on demand" (the criteria used to classify them in the foregoing tables). Also, the assets classified as financial assets held for trading will generally be realized earlier than their respective maturity dates (the criterion used to classify them in the foregoing tables).

Also indicate that they have not included in the above tables derivatives assets and liabilities trading, because of the differences that may exist between fair value that are recorded and possible liquidation value and the fact that, considering the Group operations with these products and the symmetry and economic coverage is between bought and sold positions, their inclusion does not have a significant impact on the liquidity gap shown in the above tables. Nor they are included in the tables above hedging derivatives to their significant impact not considered from the point of view of the information displayed therein.

25. Interest rate risk

25.1. On-balance-sheet interest rate risk management objectives, policies and processes

The on-balance-sheet interest rate risk management objectives are as follows:

- To establish appropriate mechanisms to avoid unexpected losses from the impact of changes in interest rates by protecting the net interest margin and the Economic Value of Capital.
- To adopt lending and hedging strategies that offset the financial impact of changes in interest rates at short term (net interest margin) and at long term (Economic Value of Capital).
- To execute lending and hedging strategies that boost the generation of earnings under approved risk limits.

To attain the objectives described above the Group has created an on-balance-sheet structural risk limit structure to guarantee that risk exposure levels are within the tolerance level set by senior management.

The Board of Directors defines the general framework for the management of the balance sheet and approves the risk limits based on its risk tolerance. Structural risks are managed at short, medium and long term using limits that are approved by the Board itself and monitored on a monthly basis.

Senior management is actively involved in on-balance-sheet risk management through the Asset-Liability Committee (ALCO). This committee is responsible for taking the action required to correct any possible on-balance-sheet risk imbalances.

The Market, Balance, and Liquidity Risk Division is responsible for ensuring that the Group's exposure to fluctuations in interest rates remains within the levels approved by the Board, and for measuring, analyzing and monitoring the on-balance-sheet structural risk management performed by the Finance Division.

On-balance-sheet structural interest rate risk can be defined as the exposure of the economic and financial position-resulting from the varying maturity and repricing dates of balance sheet items- to adverse fluctuations in interest rates. This risk is a substantial part of the banking business and can considerably affect the net interest margin and the Economic Value of Capital. Consequently, interest rate risk management that keeps this risk at prudent levels is essential to the security and strength of the Group.

25.2. On-balance-sheet interest rate risk measurement

Analysis of the repricing gap

The objective of gap analysis is to measure the excess or shortfall in the volume of sensitive assets over sensitive liabilities, which is the unmatched (and therefore unhedged) volume subject to possible changes in interest rates. Thus, risk exposure is identified by studying the concentration of aggregates with repricing risk for significant time periods.

The interest rate gap reflects the Group's interest rate risk exposure based on the maturity and/or repricing structure of its positions. This indicator enables the Group to be aware of its interest rate risk exposures over the various maturities and thus attempt to ascertain where potential impacts might affect net interest margin and the Market Value of Equity.

The interest rate gap is constructed by distributing by term the sensitive on-balance-sheet and off-balance-sheet "Banking Book" positions and balances. Items having no set maturity or repricing dates are allocated on the basis of historical-behavior assumptions.

Simulation of the net interest margin

In order to include a dynamic analysis of the balance sheet to various interest rate scenarios, the Group performs simulations of the performance of the net interest margin over a time horizon of one year. This enables it to analyze the effect of changes due to fluctuations in interest rates based on the repricing gaps of the various balance sheet items.

The scenarios not only are the market implied forward rates, but they include different advanced movements and the stress curves and scenarios.

Sensitivity of the economic value

In order to analyze the sensitivity of "the economic value", the Group analyses the impact of the use of stressed interest rate curves on the Net Present Value (NPV) calculated using data from the zero coupon curve.

To complete these sensitivity measures, a methodology which is similar to Market VaR is applied to allow the economic value of the capital at risk to be calculated for a one-month time horizon with a confidence level of 99%, taking into account all the risk factors which affect the balance sheet.

Interest rate risk limits

As part of its function of monitoring the Entity, the Board of Directors establishes interest rate risk limits in terms of the sensitivity of both the net interest income and economic value to changes in market interest rates.

26. Risk concentration

26.1 Risk concentration by activity and geographical area

Following is a detail, by geographical area of residence of the counterparty, type and category of financial instrument, of the distribution of the carrying amount of the Group's financial assets at 31 December 2015 and 2014:

Risk Concentration by activity and geographical area. Total activity (book value):
At 31 December 2015:

Thousands of Euros	Total	Spain	Rest of the European Union	America	Rest of the world
Credit Institutions	5,117,511	3,340,080	1,639,169	46,106	92,156
Public Administrations	4,777,871	4,435,474	342,397	-	-
Central Administration	4,150,618	3,808,221	342,397	-	-
Other	627,253	627,253	-	-	-
Other Credit Institutions	1,598,145	1,538,730	59,411	-	4
Non- financial societies and individual entrepreneurs	150,195	130,315	19,880	-	-
Construction and property development	-	-	-	-	-
Construction of Civil Works	-	-	-	-	-
Other purposes	150,195	130,315	19,880	-	-
Large companies	146,664	126,784	19,880	-	-
SMEs and Individual entrepreneurs	3,531	3,531	-	-	-
Rest of households and NPISHs	53,685	53,673	12	-	-
Houses	49,163	49,163	-	-	-
Consumption	4,362	4,362	-	-	-
Other purposes	160	148	12	-	-
Subtotal	11,697,407	9,498,272	2,060,869	46,106	92,160
Minus: Value adjustments for impairment of assets not attributable to specific operations	(6,614)	-	-	-	-
Total	11,690,793	9,498,672	2,060,869	46,106	92,160

At 31 December 2014:

Thousands of Euros	Total	Spain	Rest of the European Union	America	Rest of the world
Credit Institutions	5,337,867	3,827,091	1,359,190	113,606	37,980
Public Administrations	3,216,479	3,115,260	101,219	-	-
Central Administration	2,849,004	2,747,785	101,219	-	-
Other	367,475	367,475	-	-	-
Other Credit Institutions	1,804,234	1,760,514	43,720	-	-
Non- financial societies and individual entrepreneurs	83,312	62,669	20,643	-	-
Construction and property development	-	-	-	-	-
Construction of Civil Works	-	-	-	-	-
Other purposes	83,312	62,669	20,643	-	-
Large companies	82,739	62,096	20,643	-	-
SMEs and Individual entrepreneurs	573	573	-	-	-
Rest of households and NPISHs	56,379	56,379	-	-	-
Houses	51,343	51,343	-	-	-
Consumption	4,875	4,875	-	-	-
Other purposes	161	161	-	-	-
Subtotal	10,498,271	8,821,913	1,524,772	113,606	37,980
Minus: Value adjustments for impairment of assets not attributable to specific operations	(5,563)	-	-	-	-
Total	10,492,708	8,821,913	1,524,772	113,606	37,980

Risk Concentration by activity and geographical area. Activity in Spain (book value):
At 31 December 2015:

Thousands of Euros	Total	Autonomous communities								
		Andalucía	Aragón	Asturias	Baleares	Canarias	Cantabria	Castilla – La Mancha	Castilla León	Cataluña
Credit Institutions	3,340,080	48,712	252,826	-	6,528	-	504,047	47,312	-	286,986
Public Administrations	4,435,474	30,260	38,045	-	-	-	3,306	53,201	71,542	-
Central Administration	3,808,221	-	-	-	-	-	-	-	-	-
Other	627,253	30,260	38,045	-	-	-	3,306	53,201	71,542	-
Other Credit Institutions	1,538,730	54,012	-	-	204	-	8,272	-	18,910	243,730
Non- financial societies and individual entrepreneurs	130,315	-	-	-	20	-	-	-	-	4,625
Construction and property development	-	-	-	-	-	-	-	-	-	-
Construction of Civil Works	-	-	-	-	-	-	-	-	-	-
Other purposes	130,315	-	-	-	20	-	-	-	-	4,625
Large companies	126,784	-	-	-	20	-	-	-	-	4,625
SMEs and Individual entrepreneurs	3,531	-	-	-	-	-	-	-	-	-
Rest of households and NPISHs	53,673	1	-	-	-	-	-	349	249	-
Houses	49,163	-	-	-	-	-	-	322	249	-
Consumption	4,362	1	-	-	-	-	-	27	-	-
Other purposes	148	-	-	-	-	-	-	-	-	-
Subtotal	9,498,272	132,985	290,871	-	6,752	-	515,625	100,862	90,701	535,341
Minus: Value adjustments for impairment of assets not attributable to specific operations	(6,614)	-	-	-	-	-	-	-	-	-
Total	9,491,658	132,985	290,871	-	6,752	-	515,625	100,862	90,701	535,341

(Thousands of Euros)	Autonomous communities								
	Extremadura	Galicia	Madrid	Murcia	Navarra	Com. Valenciana	País Vasco	La Rioja	Ceuta y Melilla
Credit Institutions	-	48,198	1,846,021	-	-	91,517	207,933	-	-
Public Administrations	585	62,239	287,131	25,642	-	55,302	-	-	-
Central Administration	-	-	-	-	-	-	-	-	-
Other	585	62,239	287,131	25,642	-	55,302	-	-	-
Other Credit Institutions	-	21,177	1,187,228	-	-	-	5,197	-	-
Non- financial societies and individual entrepreneurs	-	7,699	111,664	-	-	257	5,996	54	-
Construction and property development	-	-	-	-	-	-	-	-	-
Construction of Civil Works	-	-	-	-	-	-	-	-	-
Other purposes	-	7,699	111,664	-	-	257	5,996	54	-
Large companies	-	7,699	108,444	-	-	-	5,996	-	-
SMEs and Individual entrepreneurs	-	-	3,220	-	-	257	-	54	-
Rest of households and NPISHs	-	-	53,073	-	-	-	-	1	-
Houses	-	-	48,592	-	-	-	-	-	-
Consumption	-	-	4,333	-	-	-	-	1	-
Other purposes	-	-	148	-	-	-	-	-	-
Subtotal	585	139,313	3,485,117	25,642	-	147,076	219,126	55	-
Minus: Value adjustments for impairment of assets not attributable to specific operations	-	-	-	-	-	-	-	-	-
Total	585	139,313	3,485,117	25,642	-	147,076	219,126	55	-

At 31 December 2014:

(Thousands of Euros)	Total	Autonomous communities								
		Andalucía	Aragón	Asturias	Baleares	Canarias	Cantabria	Castilla - La Mancha	Castilla León	Cataluña
Credit Institutions	3,827,091	179,681	82,950	-	989	-	170,181	49,254	-	1,143,882
Public Administrations	3,115,260	9,572	24,367	-	-	-	4,959	-	26,390	-
Central Administration	2,747,785	-	-	-	-	-	-	-	-	-
Other	367,475	9,572	24,367	-	-	-	4,959	-	26,390	-
Other Credit Institutions	1,760,514	70,185	65	-	-	-	-	-	99,843	572,904
Non- financial societies and individual entrepreneurs	62,669	167	-	-	22	-	-	-	-	6,546
Construction and property development	-	-	-	-	-	-	-	-	-	-
Construction of Civil Works	-	-	-	-	-	-	-	-	-	-
Other purposes	62,669	167	-	-	22	-	-	-	-	6,546
Large companies	62,096	167	-	-	22	-	-	-	-	6,546
SMEs and Individual entrepreneurs	573	-	-	-	-	-	-	-	-	-
Rest of households and NPISHs	56,379	-	-	-	-	-	-	368	263	-
Houses	51,343	-	-	-	-	-	-	338	263	-
Consumption	4,875	-	-	-	-	-	-	30	-	-
Other purposes	161	-	-	-	-	-	-	-	-	-
Subtotal	8,821,913	259,605	107,382	-	1,011	-	175,140	49,622	126,496	1,723,332
Minus: Value adjustments for impairment of assets not attributable to specific operations	(5,563)	-	-	-	-	-	-	-	-	-
Total	8,816,350	259,605	107,382	-	1,011	-	175,140	49,622	126,496	1,723,332

(Thousands of Euros)	Autonomous communities								
	Extremadura	Galicia	Madrid	Murcia	Navarra	Com. Valenciana	País Vasco	La Rioja	Ceuta y Melilla
Credit Institutions	-	321,043	1,582,968	-	-	101,842	194,301	-	-
Public Administrations	-	51,657	242,422	8,108	-	-	-	-	-
Central Administration	-	-	-	-	-	-	-	-	-
Other	-	51,657	242,422	8,108	-	-	-	-	-
Other Credit Institutions	-	22,566	966,918	-	-	28,033	-	-	-
Non- financial societies and individual entrepreneurs	-	5,329	45,766	-	-	237	4,548	54	-
Construction and property development	-	-	-	-	-	-	-	-	-
Construction of Civil Works	-	-	-	-	-	-	-	-	-
Other purposes	-	5,329	45,766	-	-	237	4,548	54	-
Large companies	-	5,329	45,484	-	-	-	4,548	-	-
SMEs and Individual entrepreneurs	-	-	282	-	-	237	-	54	-
Rest of households and NPISHs	-	-	55,748	-	-	-	-	-	-
Houses	-	-	50,742	-	-	-	-	-	-
Consumption	-	-	4,845	-	-	-	-	-	-
Other purposes	-	-	161	-	-	-	-	-	-
Subtotal	-	400,595	2,893,822	8,108	-	130,112	198,849	54	-
Minus: Value adjustments for impairment of assets not attributable to specific operations	-	-	-	-	-	-	-	-	-
Total	-	400,595	2,893,822	8,108	-	130,112	198,849	54	-

26.2. Concentration of equity instruments

Following is a detail, by type of instrument portfolio, type of market listing, if any, and issuer, of the equity instruments held by the Group at 31 December 2015 and 2014:

31 December 2015:

(Thousands of Euros)	Financial Assets Held for Trading (Note 8.1)	Other financial assets at fair value through gains and loss (Note 8.2)	Available-for-Sale Financial Assets (Note 9)	Total
By market listing-				
Shares listed in the Spanish secondary market	62,970	58,116	30,407	151,493
Shares listed in secondary markets in the rest of the world	190	-	23,750	23,940
Unlisted shares	-	-	34923	34,923
	63,160	**58,116**	**89,080**	**210,356**
By issuer type-				
Spanish financial institutions	19,855	29,171	18,384	67,410
Other Spanish companies	43,115	28,945	46,601	118,661
Other foreign companies	190	-	24,095	24,285
	63,160	**58,116**	**89,080**	**210,356**

31 December 2014:

(Thousands of Euros)	Financial Assets Held for Trading (Note 8.1)	Other financial assets at fair value through gains and loss (Note 8.2)	Available-for-Sale Financial Assets (Note 9)	Total
By market listing-				
Shares listed in the Spanish secondary market	66,504	-	12,714	79,218
Shares listed in secondary markets in the rest of the world	1,363	-	27,771	29,134
Unlisted shares	-	-	21,710	21,710
	67,867	**-**	**62,195**	**130,062**
By issuer type-				
Spanish financial institutions	31,416	-	11,616	43,032
Other Spanish companies	35,088	-	30,994	66,082
Other foreign companies	1,363	-	19,585	20,948
	67,867	**-**	**62,195**	**130,062**

27. Other significant disclosures

27.1 Contingent liabilities

The breakdown of the balance of "Memorandum Items –Contingent Liabilities" in the consolidated balance sheets at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Financial bank guarantees and other cautions (see Note 22.2)	76,462	72,750
Documentary credits (see Note 22.2)	23,498	16,408
	99,960	**89,158**

"Financial Guarantees Provided" are defined as the amounts that would be payable by the Group on behalf of third parties as a result of the commitments assumed by the Group in the course of its ordinary business, if the parties who are originally liable to pay fail to do so. Note 22 includes information on the credit risk assumed by the Group in relation to financial guarantees provided.

A significant portion of these guarantees will expire without any payment obligation materializing for the Group and, therefore, the aggregate balance of these commitments cannot be considered as an actual future need for financing or liquidity to be provided by the Group to third parties.

The fee and commission income from these financial guarantees is recognized under "Fee and Commission Income" in the consolidated income statement (see Note 31).

The provisions made to cater for the financial guarantees provided, which were calculated using criteria similar to those applied in the calculation of the impairment of financial assets measured at amortized cost, were recognized under "Provisions - Provisions for Contingent Liabilities and Commitments" in the consolidated balance sheet (see Note 17).

27.2. Assets delivered as security

At 31 December 2015 and 2014, assets owned by the Group had been provided as security for transactions performed by it or by third parties, as well as for various liabilities and contingent liabilities assumed by the Group. The nominal amount, of the financial assets delivered as security for these liabilities, contingent liabilities and similar items at 31 December 2015 and 2014 was as follows:

Thousands of Euros	2015	2014
Spanish government debt securities classified as available-for-sale financial assets	241,474	159,296
Value issued by other public institutions	205,153	189,005
Other securities classified as available-for-sale financial assets	331,300	347,800
	777,927	**696,101**

At 31 December 2015, the Group had securities with a face value of EUR 515,399 thousand (31 December 2014: EUR 696,101 thousand) as security for the performance of the Group's obligations relating to transactions with the clearing and settlement services.

In addition, at 31 December 2015, the Group had entered into repurchase agreements for securities in its portfolio and reverse repurchase agreements for a total amount of EUR 1,396,915 thousand (31 December 2014: EUR 1,350,242 thousand).

"Memorandum Item: Loaned or Advanced as Collateral", which is shown in each of the Group's financial asset categories in the consolidated balance sheets at 31 December 2014 and 2013, includes the amount of financial assets transferred, lent out or delivered as security in which the assignee is entitled, contractually or by custom, to retransfer them or pledge them as security, such as securities lending transactions or sales of financial assets under an agreement to repurchase them at a fixed price or at the sale price plus interest.

27.3. Contingent commitments

The breakdown of the balance of "Contingent Commitments" at 31 December 2015 and 2014 is as follows:

(Thousands of Euros	2015	2014
Drawable by third parties (Note 22.2):		
Public sector – Spain	-	52,300
Credit institutions	9,760	10,244
Other resident sectors	87,768	33,365
Non-resident sectors	300	300
	97,828	96,209
Financial asset forward purchase commitments	4,272	7,706
Regular way financial asset purchase contracts	205,126	168,438
Other contingent commitments	104,848	452,509
	412,074	**724,862**

27.4. Transactions for the account of third parties

The breakdown of the most significant transactions for the account of third parties at 31 December 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Instrumentos financieros confiados por terceros Financial instruments entrusted by third parties	137,802,106	109,412,121
Conditional bills and other securities received for collection	166,707	148,007
Borrowed securities (Note 27.5)	57,364	28,784
	138,026,177	**109,588,912**

27.5. Financial assets lent and borrowed

Pursuant to current legislation, the securities received by the Group in securities lending transactions are not recognized in the consolidated balance sheet unless the Group sells these securities in short sales transactions, in which case they are recognized as financial liabilities under "Financial Liabilities Held For Trading - Short Positions" on the liability side of the consolidated balance sheet (see Note 8).

Similarly, securities lending transactions in which the Group lends securities to third parties are not recognized in the consolidated balance sheet. The securities lent can be securities previously lent to the Group or securities owned by it, and in the latter case these are not derecognized.

Deposits provided or received as security or guarantee for the securities received or lent by the Group, respectively, are accounted for as a financial asset or a financial liability, respectively, and the interest associated therewith is recognized as interest and similar income or as interest expense and similar charges, respectively, in the consolidated income statement, by applying the corresponding effective interest rate.

At 31 december 2015 and 2014, the Group has no financial assets loaned.

Then the fair value of financial assets received in securities lending operations by the Group on 31 December 2015 and 2014 is the following:

Thousands of Euros	2015	2014
Securities borrowed by the Bank- (Note 27.4)		
Debt instruments issued by Public sector – Spain	57,364	28,784
	57,364	**28,784**

27.6. The Group's Customer Care Service

Following is a summary of the complaints and claims received by the Cecabank, S.A.'s Customer Care Service in 2015 and 2014, Cecabank, S.A. being the only Group entity providing this service, pursuant to the applicable legislation. Claims made to the service which were not admitted for consideration in 2015 and 2014 relate to claims affecting entities other than the Cecabank, S.A.:

	2015	2014
Number of complaints and claims received	4	4
Number of complaints and claims admitted for consideration	1	1
Number of complaints and claims resolved	1	1
Number of complaints and claims resolved in favour of the complainant	1	-
Number of complaints and claims resolved against the claimant	-	1
Compensation paid to claimants	19	-
Number of complaints and claims outstanding	-	-

28. Interest and similar income

The breakdown of the most important interest and similar income earned by the Group in 2015 and 2014, by type of instrument giving rise to it, is as follows:

Thousands of Euros	2015	2014
Balances with central banks	47	939
Loans and advances to credit institutions	700	2,943
Loans and advances to customers-		
Public entity	65	1,453
Money market operations through counterparties	149	761
Other resident sectors	1,420	3,100
Other non-resident sectors	67	91
Debt instruments	63,500	87,955
Finance income from securities lending transactions	45	84
Income insurance contracts linked to pensions and similar obligations	86	-
Other interest	3,880	80
Rectification of income as result of hedging transactions	(2,485)	(3,455)
	67,474	**93,951**

Additionally, the breakdown of the amounts recognized under "Interest and Similar Income" in the consolidated income statements for 2015 and 2014, by type of financial instrument category giving rise to them, is as follows:

Thousands of Euros	2015	2014
Balances with central banks	47	939
Financial assets held for trading	12,894	15,272
Available-for-sale financial assets	49,073	69,188
Other financial assets at fair value through profit or loss	4,144	5,778
Loans and receivables	3,670	6,145
Securities lending transactions	45	84
Income insurance contracts linked to pensions and similar obligations	86	-
Rectification of income as result of hedging transactions	(2,485)	(3,455)
	67,474	**93,951**

Note 5 contains information on the breakdown by geographical areas in which "Interest and Similar Income" is generated.

29. Interest expense and similar charges

he detail of the balance of "Interest Expense and Similar Charges" in the consolidated income statements for 2015 and 2014, by type of instrument giving rise to them, is as follows:

Thousands of Euros	2015	2014
Bank of Spain	-	49
Deposits from credit institutions	8,838	9,859
Customer deposits	4,399	6,044
Money market operations through counterparties	3,290	3,541
Cost attributable to pension funds (Note 35)	563	1,346
Finance costs attributable to securities lending transactions	470	119
Other interest	3,075	6
Rectification of income as result of hedging transactions	-	528
	20,635	**21,492**

The breakdown of the amounts recognized under "Interest Expense and Similar Charges" in the consolidated income statements for 2015 and 2014, by type of financial instrument category giving rise to them, is as follows:

Thousands of Euros	2015	2014
Financial liabilities held for trading - Short positions	11,172	10,896
Financial liabilities at amortized cost	6,850	7,529
Securities lending	470	119
Other financial liabilities at fair value through profit or loss	1,574	1,005
Other liabilities	569	1,415
Rectification of income as result of hedging transactions	-	528
	20,635	**21,492**

30. Income from equity instruments

The balance of "Income from Equity Instruments" in the consolidated income statement amounted to EUR 5,474 thousand at 31 December 2015 (31 December 2014: EUR 28,717 thousand), relating basically to dividends on securities classified as held for trading.

31. Fee and commission income

Following is a detail of the fee and commission income earned in 2015 and 2014, classified on the basis of the main items giving rise there to:

Thousands of Euros	2015	2014
Fee and commission income -		
Fees and commissions arising from contingent liabilities (Note 27.1)	801	1,002
Fees and commissions arising from contingent commitments	-	50
Fees and commissions arising from collection and payment services	26,449	33,166
Fees and commissions arising from securities services	90,292	66,292
Other commissions	10,910	8,126
	128,452	108,636

The balance of "Fee for service values in the above table," includes, among others, 85,833 thousand euros in 2015 (61,983 thousand euros in 2014) for services depository and custody of third parties (collective investment and pension funds, mainly) deposited in Cecabank, SA.

Note 5 contains information on the breakdown by geographical areas in which "Fee and Commission Income" is generated.

32. Fee and commission expense

Following is a detail of the fee and commission expense incurred in 2015 and 2014, classified on the basis of the main items giving rise there to:

Thousands of Euros	2015	2014
Fee and commission expense -		
Fees and commissions assigned to other entities and correspondents	9,023	12,719
Fee and commission expenses on securities transactions	7,447	5,947
	16,470	18,666

33. Net gains/losses on financial assets and liabilities

The breakdown of the balance of "Gains/Losses on Financial Assets and Liabilities" in the consolidated income statements for 2015 and 2014, by type of financial instrument giving rise to them, is as follows:

Thousands of Euros		Income/(Expenses)
	2015	2014
Financial assets and liabilities held for trading(1)	**8,371**	**(50,233)**
Trading derivatives	14,182	(30,678)
Debt instruments	(10,785)	5,798
Equity instruments	(1,870)	(16,066)
Short positions	6,844	(9,287)
Other financial instruments at fair value through profit or loss	**(1,215)**	**(63)**
Reverse repurchase agreements	249	(11)
Repurchase agreements	8	(52)
Equity instruments	(1,472)	-
Available-for-sale financial assets	**15,481**	**14,910**
Loans and receivables	**107**	**1,340**
Results of hedging instruments	**(571)**	**785**
Results of hedged items	**(1,798)**	**(888)**
	20,375	**(34,149)**

(1) The balance for the year 2014 this item includes EUR 4,566 thousand corresponding to the result posted losses arising from the cancellation of certain hedging cash flow in that year (see Note 11.2)

Note 5 contains information on the breakdown by geographical areas in which "Financial Operations Income" is generated.

34. Other operating income

The breakdown of the balance of "Other Operating Income" in the consolidated income statements for 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Rental income (Note 13)	1,200	1,204
Income from Confederación membership dues	17,781	16,832
Other income	34,963	27,835
	53,944	**45,871**

The balance of "Other income" in the foregoing table includes the dues collected from the services given to the Confederación Española de Cajas de Ahorros, which amounts EUR 11,571 thousand (2014 EUR 9,837 thousand) (see Note 40).

Note 5 contains information on the breakdown by geographical areas in which "Other operating income" is generated.

35. Administrative expenses – Staff costs

The detail of "Administrative Expenses – Staff Costs" in the consolidated income statements for 2015 and 2014 is as follows:

Thousands of Euros	(Expenses/Revenues)	
	2015	2014
Wages and salaries	42,139	41,923
Social security costs	7,103	7,069
Insurance premiums (Note 2.11.2)	376	266
Termination Benefits (Note 2.11.4)	2,000	2,000
Contributions to defined contribution plans (Note 2.11.2)	1,386	2,125
Normal cost for the year of defined benefit obligations	20	27
Income from insurance policies	(73)	-
Training expenses	139	155
Other staff costs	542	1,195
	53,632	54,760

In 2015 and 2014, the average number of employees at the Group, by level, was as follows:

Proffesional levels	2015			2014		
	Men	Women	Total	Men	Women	Total
1 - LEV.I	5	-	5	5	-	5
1 - LEV.II	12	4	16	13	4	17
1 - LEV.III	15	14	29	13	12	25
1 - LEV.IV	30	14	44	30	14	44
1 - LEV.V	29	24	53	30	25	55
1 - LEV.VI	71	58	129	71	55	126
1 - LEV.VII	16	35	51	20	35	55
1 - LEV.VIII	36	62	98	34	60	94
1 - LEV.IX	7	18	25	11	19	30
1 - LEV.X	11	16	27	10	19	29
1 - LEV.XI	7	16	23	12	22	34
1 - LEV.XII	-	-	-	-	1	1
2 - LEV.II	5	-	5	5	-	5
2 - LEV.III	2	-	2	2	-	2
OTHERS	11	8	19	6	8	14
	257	269	526	262	274	536

At 31 December 2015 the total number of employees was 512 (2014: 523), of which 250 were men (2014: 256) and 262 women (2014: 267), representing 49% and 51%, respectively (2014: 49% and 51%).

Pre-retirements to current and former employees of the Bank (the only Group company with obligations of this kind) described in Note 2.11 above, a detail of these obligations is presented below, making a distinction between those that are instrumented, in full or in part, in pension funds and insurance policies, and those that are not instrumented in this type of instrument and where the associated obligation is covered by the recognition of provisions by the Group:

At 31 December 2015:

Thousands of Euros (Expenses/Revenues)	Post-employment benefits			Long-term pre-retirement obligations			Total (III + VI)
	Value of the obligation (I)	Value of the plan assets (II)	Total (III = I – II) (**)	Value of the obligation (IV)	Value of the plan assets (V)	Total (VI = IV – V) (*)	
Instrumented in external pension plans and/or insurance policies	193,548	196,932	(3,384)	-	-	-	(3,384)
Not instrumented in pension plans or insurance policies	-	-	-	91,094	-	91,094	91,094
Total at 31 December 2015	193,548	196,932	(3,384)	91,094	-	91,094	87,710

(*) This amount is recognised under "Provisions - Provisions for Pensions and Similar Obligations" on the liability side of the consolidated balance sheet as at 31 December 2015 (see Note 2.11.3.1).
(**) This amount is recognised under "Other Assets" in the consolidated balance sheet as at 31 December 2015 (see Note 15)..

At 31 December 2014

Thousands of Euros (Expenses/Revenues)	Post-employment benefits			Long-term pre-retirement obligations			Total (III + VI)
	Value of the obligation (I)	Value of the plan assets (II)	Total (III = I – II) (**)	Value of the obligation (IV)	Value of the plan assets (V)	Total (VI = IV – V) (*)	
Instrumented in external pension plans and/or insurance policies	200,302	200,438	(136)	-	-	-	(136)
Not instrumented in pension plans or insurance policies	-	-	-	84,498	-	84,498	84,498
Total at 31 December 2014	200,302	200,438	(136)	84,498	-	84,498	84,362

(*)This amount is recognised under "Provisions - Provisions for Pensions and Similar Obligations" on the liability side of the consolidated balance sheet as at 31 December 2015 (see Note 2.11.3.1).
(**) This amount is recognised under "Other Assets" in the consolidated balance sheet as at 31 December 2015 (see Note 15).

As can be seen in the foregoing table, a significant proportion of the Group's pension are instrumented in external pension plans or are covered by insurance policies and, therefore, the settlement of these obligations is not expected to have a material effect on the Group's future cash flows in the coming years. However, the following sections include a sensitivity analysis of the impact that a change in certain variables included in the valuation could have on the amounts presented in these consolidated financial statements. In this regard, it should be noted that the average duration of the pension obligations included in the foregoing tables at 31 December 2015 was 25.57 years for assets and 11.31 years for liabilities (31 December 2014: 25.67 years and 11.56 years, respectively).

Following is the reconciliation of the beginning and ending balances in 2015 and 2014 of the present value of the defined benefit post-employment obligations and long-term pre-retirement obligations, showing separately the plan assets, the present value of these obligations and the items triggering the changes in these items in these years:

2015:

Thousands of Euros (Expenses/Revenues)	Post-employment benefits			Long-term pre-retirement obligations			Total (III + VI)
	Value of the obligation (I)	Value of the plan assets (II)	Total (III = I – II) (**)	Value of the obligation (IV)	Value of the plan assets (V)	Total (VI = IV – V) (*)	
1. Amount at 1 January 2015	200,302	200,438	(136)	84,498	-	84,498	84,362
2. Current service cost	20	-	20	-	-	-	20
3. Expected return on plan assets	-	3,429	(3,429)	-	-	-	(3,429)
4. Interest cost	3,343	-	3,343	563	-	563	3,906
5. Contributions made by the participants of the plan	-	-	-	-	-	-	-
6. Contributions made by the Bank	-	10	(10)	-	-	-	(10)
7. Effect of the recalculation on the valuation of the net obligations:	-	-	-	(2,159)	-	(2,159)	(2,159)
7.1 Actuarial gains and losses arising as a result of changes in the demographic assumptions	(660)	(472)	(188)	-	-	-	(188)
7.2 Actuarial gains and losses arising as a result of changes in the financial assumptions	1,187	4,171	(2,984)	-	-	-	(2,984)
7.3 Effect of the change in return on plan assets	-	-	-	-	-	-	-
8. Benefits paid	(10,664)	(10,664)	-	(16,010)	-	(16,010)	(16,010)
9. Past service cost	-	-	-	-	-	-	-
10. Business combinations	-	-	-	-	-	-	-
11. Plan reductions	-	-	-	-	-	-	(96)
12. Plan settlements	-	-	-	-	-	-	-
13. Limits on the recognition of net assets for exceeding the maximum available economic benefits	-	-	-	-	-	-	-
14. Provision for early retirement commitments acquired in the exercise	-	-	-	24,202	-	24,202	24,202
Amount at 31 December 2015	193,548	196,932	(3,384)	91,094	-	91,094	87,710

2014:

Thousands of Euros (Expenses/Revenues)	Post-employment benefits			Long-term pre-retirement obligations			Total (III + VI)
	Value of the obligation (I)	Value of the plan assets (II)	Total (III = I – II) (**)	Value of the obligation (IV)	Value of the plan assets (V)	Total (VI = IV – V) (*)	
1. Amount at 1 January 2014	184,136	182,368	1,768	97,322	-	97,322	99,090
2. Current service cost	27	-	27	-	-	-	27
3. Expected return on plan assets	-	5,012	(5,012)	-	-	-	(5,012)
4. Interest cost	5,013	-	5,013	1,345	-	1,345	6,358
5. Contributions made by the participants of the plan	-	-	-	-	-	-	-
6. Contributions made by the Bank	-	11	(11)	-	-	-	(11)
7. Effect of the recalculation on the valuation of the net obligations:	-	-	-	3,102	-	3,102	3,102
7.1 Actuarial gains and losses arising as a result of changes in the demographic assumptions	1,436	1,248	188				188
7.2 Actuarial gains and losses arising as a result of changes in the financial assumptions	20,694	22,707	(2,013)				(2,013)
7.3 Effect of the change in return on plan assets	-	-	-	-	-	-	-
8. Benefits paid	(10,749)	(10,749)	-	(17,271)	-	(17,271)	(17,271)
9. Past service cost	-	-	-	-	-	-	-
10. Business combinations	-	-	-	-	-	-	-
11. Plan reductions	(255)	(159)	(96)	-	-	-	(96)
12. Plan settlements	-	-	-	-	-	-	-
13. Limits on the recognition of net assets for exceeding the maximum available economic benefits	-	-	-	-	-	-	-
14. Provision for early retirement commitments acquired in the exercise	-	-	-	-	-	-	-
Amount at 31 December 2014	200,302	200,438	(136)	84,498	-	84,498	84,362

The amount recognised by the Group in relation to the current service cost for defined benefit plans in 2015 amounted to EUR 20 thousand. It was recognised under "Administrative Expenses - Staff Costs" in the accompanying income statement (2014: EUR 27 thousand).

In addition, the Group recognised the net amount of the expected return on plan assets and the interest cost of the value of the obligation, which amounted to EUR 563 thousand in 2015, under "Interest Expense and Similar Charges" in the income statement (2014: EUR 1,346 thousand) (see Note 29).

In addition, the Group recognised a charge of EUR 22,043 thousand under "Provisions (Net)" in the income statement for 2015 for the provisions and recoveries of provisions for pensions and similar obligations (2014: EUR 3,006 thousand) the detail of which is presented below (see Note 17):

Thousands of Euros (Expenses/Revenues)	2015	2014
Current service cost for long-term pre-retirement obligations (Note 2.11.3.1)	24,202	-
Actuarial gains and losses arising from the valuation of the long-term pre-retirement obligations	(2,159)	3,102
Net amount of the reductions of the obligations and of the defined benefit plan assets	-	(96)
	22,043	3,006

In 2015 the Group recognised the net amount, adjusted by the corresponding tax effect, of the actuarial gains and losses arising from the valuation of the provision for defined benefit pension obligations, totalling EUR 2,220 thousand (2014: EUR 1,278 thousand), under "Valuation Adjustments - Other Valuation Adjustments" and "Non-Controlling Interests – Valuation Adjustments" in the Group's equity (see Notes 2.11.2 and 18.3). The changes in these consolidated equity items are presented in the accompanying consolidated statement of changes in equity.

The assumptions used in the actuarial calculations at 31 December 2015 and 2014 of the pension and other long-term obligations and of the assets used to cover them, included in the foregoing table, were as follows:

Pension obligations at 31 December 2015 and 2014:

- Mortality tables: PERM 2000-P at 31 December 2015 and 2014.
- Discount rate:
  - For the assets, 1.81% (market discount rate) at 31 December 2015 (31 December 2014: 1.90%).
  - For the liabilities, 1.61% (market discount rate) at 31 December 2015 (31 December 2014: 1.71%).
- Adjustable pension increase rate: 2.5% at 31 December 2015 and 2014.
- Adjustable salary increase rate: 2.68% at 31 December 2015 and 2014.
- Expected rate of return on plan assets:
  - 1.71% for the assets included in the pension plan at 31 December 2015 (31 December 2014: 4.27%).
  - 4.01% for the obligations covered by the insurance policy at 31 December 2015 (31 December 2014: 4.75%).

Other long-term obligations at 31 December 2015 and 2014:

- Mortality tables: PERM/F 2000-P, at 31 December 2015 and 2014.
- Discount rate (market discount rate):
  - 2011 pre-retirement plan: 0.47% at 31 December 2015 and 0.73% at 31 December 2014.
  - 2012 pre-retirement plan: 0.47% at 31 December 2015 and 0.73% at 31 December 2014.
  - 2013 pre-retirement plan: 0.47% at 31 December 2015 and 0.73% at 31 December 2014.
  - 2015 pre-retirement plan: 0.47% at 31 December 2015.
- Salary increase:
  - 2011 pre-retirement plan: 1.50% at 31 December 2015 and 2014.
  - 2012 pre-retirement plan: 0.00% at 31 December 2015 and 2015.
  - 2013 pre-retirement plan: 0.00% at 31 December 2015 and 2015.
  - 2015 pre-retirement plan: 0.00% at 31 December 2015.

The discount rate used was the market rate according to the financial term of the flows relating to the obligations and according to the IBOXX yield relating to corporate bonds with a high credit rating (AA).

Set forth below is the sensitivity analysis at 31 December 2015, which considers how the value of the defined benefit pension obligations and of long-term obligations would have changed in the event of a 50 basis point upward or downward shift in the discount rate used andwith the other assumptions used remaining unchanged at that date:

Post-employment benefits

A 50 basis point upward/downward shift in the discount rate used would give rise to a EUR 10,778 thousand reduction and a EUR 11,837 thousand increase, respectively, in the value of the obligations (EUR 11,394 thousand and EUR 12,537 thousand at 2014).

A 50 basis point upward/downward shift in the pension increase rate would give rise to an EUR 10,517 thousand reduction and a EUR 11,532 thousand increase, respectively, in the value of the obligations (EUR 10,980 thousand and EUR 12,062 thousand at 2014)

Long-term pre-retirement obligations

UA 50 basis point upward/downward shift in the discount rate used would give rise to a EUR 958 thousand reduction and a EUR 984 thousand increase, respectively, in the value of the obligations (EUR 1,368 thousand and EUR 1,409 thousand at 2014).

With regard to the sensitivity analysis described above, it should be noted that, for the other actuarial assumptions used in the valuation of the obligations at 31 December 2015, changes that might significantly affect the value of the obligations in the future are not considered likely to occur.

Following is a detail, by nature, of the assets assigned to the coverage of the Group's pension and other defined benefit long-term obligations at 31 December 2015 and 2014 shown in the foregoing tables:

Thousands of Euros	2015			2014		
	Pension obligations	Other long-term obligations	Total	Pension obligations	Other long-term obligations	Total
Pension fund	4,073	-	4,073	3,310	-	3,310
Insurance policies taken out with CASER	192,859	-	192,859	197,128	-	197,128
Total	**196,932**	**-**	**196,932**	**200,438**	**-**	**200,438**

The pension fund referred to in the table is the Cecabank employees' pension plan ("Plan de pensiones de los empleados de Cecabank"), which forms part of the pension fund for the employees of the Spanish Confederation of Savings Banks ("Fondo de Pensiones de Empleados de la Confederación Española de Cajas de Ahorros"). The latter comprises the defined contribution and defined benefit obligations to the Group's current and former employees (see Note 2.11) and the rest of the Bank's employees. The detail, by principal asset category and related fair value, of this fund's assets at 31 December 2015 and 2014, is as follows:

	2015	2014
Quoted Spanish government debt	18,27%	37,47%
Quoted private fixed-income securities	30,38%	19,05%
Quoted equity securities	24,06%	20,84%
Cash and bank balances	17,91%	15,25%
Other assets (1)	9,38%	7,40%
Total	100%	100%

(1) The fund's assets do not include properties or items of property plant and equipment

With regard to the assets of the pension fund included in the foregoing table, it should be noted that at 31 December 2015 and 2014 there were no financial assets relating to assets issued by the Group.

Following is the detail, at 31 December 2015 and 2014, of the present value of the obligations and of the fair value of the plan assets covering the pension and other long-term obligations (pre-retirements) held by the Group, together with the experience adjustments (in terms of actuarial gains and losses recognised at those dates as part of the Group's equity as consolidated valuation adjustments and as minority interest the corresponding post-employment defined-benefit obligations, and with charge to the profit and loss statement the corresponding to other long-term obligations (pre-retirements):

Thousands of Euros (Expenses/Revenues)	Pension obligations			Other long-term obligations		
	Present value of the obligations	Fair value of plan assets	Net amount	Present value of the obligations	Fair value of plan assets	Net amount
31 December 2015	193,548	196,932	(3,384)	91,094	-	91,094
Actuarial gains and losses at that date	*527*	*(3,699)*	*(3,172)*	*(2,159)*	-	*(2,159)*
31 December 2014	200,302	200,438	(136)	84,498	-	84,498
Actuarial gains and losses at that date	*22,130*	*23,955*	*(1,825)*	*3,102*	-	*3,102*

The Group's best estimate of the contributions to be made to the various defined benefit pension plans and similar obligations to the Group's current and former employees in 2016 is EUR 14 thousand.

The detail of the actuarial gains and losses recognised under "Valuation Adjustments - Other Valuation Adjustments" at the beginning and end of 2015 and 2014 and of the changes therein in those years is as follows:

Thousands of Euros (Expenses/Revenues)	
Balance at 1 January 2014	**4,762**
Effect of the change in policy due to regulatory changes	1,278
Effect of the limit on the recognition of plan assets	-
Balance at 31 December 2014	**6,040**
Actuarial gains and losses in 2015	2,220
Effect of the limit on the recognition of plan assets	-
Balance at 31 December 2015	**8,260**

36. Administrative expenses-Other general administrative expenses

The detail of the balance of "Administrative Expenses - Other General Administrative Expenses" in the consolidated income statements for 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Property, fixtures and supplies	4,455	4,666
IT equipment	21,979	25,442
Communications	2,092	1,971
Advertising and publicity	1,230	259
Technical reports	1,477	976
Surveillance and cash courier services	6,897	6,510
Insurance and self-insurance premiums	408	251
Outsourced administrative services	15,844	13,917
Levies and taxes	2,179	1,881
Entertainment and travel expenses	288	956
Association membership fees	1,187	1,034
External personnel	2,487	2,419
Subscriptions and publications	3,220	3,305
Other administrative expenses	250	1,581
	63,993	65,168

In 2015 and 2014 "Technical Reports" includes, inter alia, the fees for audit and other services billed by the auditor of the Group's consolidated financial statements, the detail of which is as follows:

Thousands of Euros	2015	2014
Audit services	229	220
Other attest services	124	131
Total audit and related services	353	351
Tax counselling services	-	-
Other services	652	260
	652	260
Total professional services	**1,005**	**611**

The services provided by the auditor to the Group comply with the Independence Requirements established in Royal Decree Law 1/2011, of 1 July, which approved the Revised Text of the Account Auditing Legislation and the regulation that develops it.

Information of the average supplier payment period. Additional Provision Three. "Disclosure obligation" provided for in Law 15/2010, of 5 July

Pursuant to Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, on combating late payment in commercial transactions, amended by Final Provision Two of Law 31/2014, of 3 December, establishes the obligation for companies to expressly disclose their average periods of payment to suppliers in the notes to their financial statements, and stipulates that the Spanish Accounting and Audit Institute ("ICAC") shall indicate, by way of a resolution, such adaptations as may be required, in accordance with the provisions of this Law, in order for companies not covered by Article 2.1 of Organic Law 2/2012, of 27 April, on Budgetary Stability and Financial Sustainability to correctly apply the methodology for calculating the average period of payment to suppliers established by the Ministry of Finance and Public Administration.

The forementioned ICAC Resolution (*Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions*), which was published in the Spanish Official State Gazette on 4 February 2016, implements, inter alia, the methodology that must be applied to calculate the average period of payment to suppliers and which, therefore, was applied for the first time by the Confederación for the purpose of preparing the related disclosures included in these financial statements. Accordingly, pursuant to the Single Additional Provision of the aforementioned Resolution, no comparative information is presented for 2014 in connection with this new disclosure obligation.

In order to ensure a proper understanding of the disclosures contained in this Note, as provided for in the aforementioned applicable legislation, it should be noted that "suppliers" are considered to be only those suppliers of goods and services to the Group for which the related expense is recognised, mainly, under "Other Operating Expenses - Outside Services" in the income statement; this Note does not include, therefore, any information on payments in financial transactions constituting the Group's object and core activity or on payments to any non-current asset suppliers, which in any case were made in accordance with the periods established in the corresponding agreements and in current legislation.

Also, it should be noted that, in accordance with the provisions of the aforementioned ICAC Resolution, only transactions relating to goods or services received for which payment has accrued since the entry into force of Law 31/2014 were taken into consideration and that, given the nature of the services that the Confederación receives, for the purpose of preparing this information "period of payment (days)" was deemed to be the period elapsed between the date of receipt of the invoices (which does not differ significantly from the corresponding invoice dates) and the payment date.

The information for 2015 required under the aforementioned legislation, in the format required by the ICAC Resolution mentioned in the foregoing paragraphs, is as follows:

2015	Days
Average period of payment to suppliers	40
Ratio of transaction settled	40
Ratio of transaction not yet settled	47
	Thousands of Euros
Total payments made	81,389
Total payments outstanding	4,198

It should be noted that although under Law 3/2014, of 29 December, the maximum period for payment to suppliers is 60 days, Law 11/2013, of 26 July, established a maximum payment period of 30 days, extendable by agreement between the parties to a maximum of 60 days.

The average period and the ratios of transactions settled and transactions not yet settled shown in the table above were calculated on the basis of the definitions and methodology established in the aforementioned ICAC Resolution of 29 January 2016. However, due to the recent publication of this Resolution and, therefore, the scant amount of time that entities have had to prepare these disclosures, the processes, information sources and procedures used by the Confederación for the purpose of preparing them will be reviewed in the course of the coming year.

37. Other operating expenses

The breakdown of the balance of "Other Operating Expenses" in the consolidated income statements for 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Contribution to the Deposit Guarantee Fund (Note 1.10.a)	71	404
Contribution to the National Resolution Fund (Note 1.10.b)	3,990	-
Other	4,574	307
	8,635	711

38. Impairment losses on financial assets (net)

The breakdown of the balance of "Impairment Losses on Financial Assets (net)" in the consolidated income statements for 2015 and 2014 is as follows:

Thousands of Euros	Net (Additions)/ Reversals (Charged)/ Credited to Income	
	2015	2014
Debt instruments (Note 22.8)		
Available-for-sale financial assets	(701)	2,183
Loans and receivables	20,202	18,867
	19,501	21,050
Equity instruments-		
Available-for-sale equity instruments	(237)	(6,285)
	(237)	(6,285)
	19,264	14,765

39. Depreciation and amortization

The detail of "Depreciation and Amortization" in the consolidated income statements for 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Depreciation of tangible assets (Note 13)	2,797	3,085
Amortization of intangible assets (Note 14)	46,912	36,611
	49,709	39,696

40. Related party transactions

Agreement for the Provision of Services between the Confederación Española de Cajas de Ahorro (CECA) and Cecabank, S.A.

As part of the process to incorporate Cecabank, S.A. and the spin-off carried out by the Confederación to this entity in 2012 (see Note 1.1), an "Internal relationship memorandum of understanding between the Confederación Española de Cajas de Ahorros and Cecabank, S.A." was established. This Agreement for the Provision of Services identified the services that Cecabank provided to the Confederación and fixed the general criteria for intra-Group transactions and for the rendering of intra-Group services on an arm's-length basis, which are summarized below:

- Provision of association services - Communication and External Relations
- Provision of association services - Technical Secretary's Office of the COAS
- Provision of association services - Regulation and Studies
- Provision of association services - Integral Reporting and Analysis Service
- Provision of association services - Consulting, Quality and CSR
- Provision of services - Audit, Control and Compliance Division
- Provision of services - Products & Services and Foreign Development
- Provision of services - General Secretary's Office and Tax and Legal Advisory
- Provision of services - Financial Planning
- Provision of services - Technology Area
- Provision of services - HR and Properties
- Provision of services - Organisation
- Provision of services - Protocol
- Provision of services - Securities Custody and Intermediation

Income received by the Bank for services rendered to the Confederation , which amounted to 11,571 thousand euros in 2015 (2014: EUR 9,837 thousand) , are recorded under the heading " Other operating income " of and loss accounts accompanying consolidated income statements for 2015 and 2014 (see Note 34).

In addition, interest on the account to view the Spanish Confederation of Savings Banks maintained by the Bank are included under "Interest and similar charges" in the consolidated worth EUR 10 and EUR 43 thousand of income in the years 2015 and 2014 , respectively. The amount of the demand account amounted to EUR 16,813 and EUR 15,068 thousand in the years 2015 and 2014, respectively.

The amount of the fees received by the Bank accrued by the Spanish Confederation of Savings Banks amounted to EUR 5 thousand at December 31, 2015 and 2014.

At 31 December 2015, the demand deposits held by the senior executives and entities or persons related to them amounted to EUR 665 thousand (31 December 2014: EUR 446 thousand) and the loans granted to them amounted to EUR 1,053 thousand (31 December 2014: EUR 1,129 thousand). In 2014 these amounts bore interest of EUR 12 thousand (2014: EUR 13 thousand) and EUR 1 thousand (2014: EUR 1 thousand), which were recognised under “Interest and Similar Income” and “Interest Expense and Similar Charges”, respectively, in the consolidated income statements for 2015 and 2014.

Also, the balances recognised in the balance sheets as at 31 December 2015 and 2014 and in the income statements for 2015 and 2014 with respect to companies forming part of the Confederación Española de Cajas de Ahorros Group (see Note 3) are as follows:

Thousands of Euros		2015			2014	
	Entidades Dependientes	Entidades Multigrupo	Entidades Asociadas	Entidades Dependientes	Entidades Multigrupo	Entidades Asociadas
Assets:						
Loans and receivables	247	-	-	-	37	-
Liabilities:						
Financial liabilities at amortized cost	308	-	-	246	1,135	79
Income statement:						
Performance of equity instruments	-	-	-	-	1,000	-
Other general administrative expenses	87	-	-	97	65	84
Other operating expenses	2,539	-	-	-	406	2,487

There are no additional transactions or balances held with parties related to the Group, as defined in the applicable regulations, other than those indicated in this Note and in Note 6 above.

41. Events after the balance sheet date

From the balance sheet date to the date on which these consolidated financial statements were authorized for issue there were no events significantly affecting them.

42. Explanation added for translation to English

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

Appendix I

Subsidiaries included in the Group

At 31 December 2015:

Entity	Location	Line of business	Proportion of ownership interest (%)			Thousands of Euros Entity data at 31 December 2015 (*)			
			Direct	Indirect	Total	Assets	Liabilities	Equity	Profit for the year
Servipagos, S.A.U.	Madrid	Provision of technical payment services	100	-	100	124	9	115	(119)
CEA Trade Services Limited	Hong Kong	Foreign trade	100	-	100	13	9	4	-
Trionis, S.C.R.L.	Brussels	Development and maintenance of the international payment services operative	75	-	75	6,464	4,421	2,043	527

(*)These companies' financial statements at 31 December 2015 have not yet been approved by their shareholders at the respective Annual General Meetings.

At 31 December 2014:

Entity	Location	Line of business	Proportion of ownership interest (%)			Thousands of Euros Entity data at 31 December 2014			
			Direct	Indirect	Total	Assets	Liabilities	Equity	Profit for the year
Servipagos, S.A.U.	Madrid	Provision of technical payment services	100	-	100	235	-	235	135
CEA Trade Services Limited	Hong Kong	Foreign trade	100	-	100	18	14	4	-

Appendix II

Jointly controlled entities

At 31 December 2015:

The Bank does not hold investments classified in this chapter of the balance of sheet at 31 December 2015.

At 31 December 2014:

Entity	Location	Line of business	Proportion of ownership interest (%)			Thousands of Euros Entity data at 31 December 2014			
			Direct	Indirect	Total	Assets	Liabilities	Equity	Profit for the year
Ahorro y Titulización, Sociedad Gestora de Fondos de Titulización, S.A.	Madrid	Securitization SPV managemen	50	-	50	11,742	5,437	6,305	1,930

Appendix III

Associated Entities

At 31 de diciembre de 2015:

The Bank does not hold investments classified in this chapter of the balance of sheet at 31 December 2015.

At 31 de diciembre de 2014:

Entity	Location	Line of business	Proportion of ownership interest (%)			Thousands of Euros Entity data at 31 December 2014			
			Direct	Indirect	Total	Assets	Liabilities	Equity	Profit for the year
Trionis, S.C.R.L.	Brussels	Development and maintenance of the international payment services operative	48,74	-	48,74	8,914	6,539	2,375	(1,205)

Appendix IV –

Information for compliance with Article 87 of Law 10/2014, of 26 June, on the regulation, supervision and capital adequacy of credit institutions.

Informe Bancario anual

This information is published in compliance with the provisions of Article 87 of Law 10/2014, of 26 June, on the regulation, supervision and capital adequacy of credit institutions which, in turn, transposes Article 89 of Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

Pursuant to the aforementioned legislation, credit institutions will be obliged to publish the following information on a consolidated basis relating to the end of the latest reporting period:

a) Name(s), nature of activities and geographical location:
Cecabank, S.A. ("the Bank" or "the Entity") is a bank that was incorporated by public deed executed in Madrid on 17 October 2012. The Entity has been registered at the Mercantile Registry since 12 November 2012 and in the Bank of Spain's Register of Credit Institutions under code 2000. Cecabank, S.A. forms part of the Cecabank Group. Its registered office is at calle Alcalá no. 27, Madrid. The Bank's company object is:

a) The performance of all manner of activities, operations and services inherent to the banking business in general or directly or indirectly related thereto which it is authorised to carry on by current legislation, including the provision of investment and ancillary services and the performance of insurance brokerage activities.

b) The provision of technological, administrative and advisory services to public authorities, as well as to any other public or private-sector entity; and

c) The acquisition, holding, use and disposal of all types of marketable securities

The Cecabank Group carries on its activity in Spain. However, it has a branch in London (United Kingdom) and representative offices in Paris (France) and Frankfurt (Germany) and two subsidiaries abroad, one in Hong Kong and another in Belgium.

The Cecabank Group is composed of the following entities, in addition to the Parent, Cecabank, S.A.:

Subsidiaries: Cea Trade Services Limited, incorporated in 2004 in order to foster the provision of foreign trade services to savings banks, and Servipagos, S.A.U., incorporated in 2014, whose company object is the provision of technical payment services and Trionis S.C.R.L,, incorporated in 1990, set in Brussels (Belgium) whose company object is the development and maintenance of the international payment services operative.

b) Turnover:
Turnover at the Cecabank Group is defined as gross income, which amounted to EUR 281,733 thousand in 2015 (2014: EUR 240,275 thousand).

c) Number of employees on a full time equivalent basis:
At 31 December 2015, the Cecabank Group had 497 full-time employees (a further seven had reduced working hours and four worked part-time). At 31 December 2014, the Group had 511 full-time employees (a further seven had reduced working hours and five worked part-time).

d) Gross profit or loss before tax:
The Cecabank Group's gross profit before tax at 2015 year-end amounted to EUR 104,1014 thousand (2014: EUR 76,214 thousand).

e) Tax on profit or loss:
Tax on the profit for the year ended 31 December 2015 amounted to EUR 28,298 thousand (2014: EUR 20,699 thousand).

f) Public subsidies received:
The subsidies received amounted to EUR 75 thousand at 31 December 2015 (2014: EUR 63 thousand).

g) In order to comply with Article 87.3 of the aforementioned Law, it is stated that the return on the Group's assets, calculated as the result of dividing the Group's consolidated profit for 2015 by the total balance sheet, was 0.63% at 31 December 2015 (31 December 2014: 0.51%).

Formulation by the boarding directors and management report

Proceedings to record that the Board of Cecabank, S.A. at its meeting of February 16, 2016, made the consolidated financial statements and the management report consolidated period between January 1 and December 31, 2015, documents that have been transcribed, including this diligence, on the front of 151 sheets and are sealed with the signing countersigned then all members of the Board Directors of Cecabank, S.A.

Madrid, February 16, 2016

Mr. Antonio Massanell Lavilla
Non- executive Chairman. DNI. 37.663.160 Q

Mr. José Luis Aguirre Loaso
Non- executive deputy Chairman. DNI. 17.109.813 K

Mr. José María Méndez Álvarez-Cedrón
Counselor – CEO. DNI. 33.858.605 Y

Mr. Manuel Azuaga Moreno
Counselor. DNI. 24.750.256 W

Mr. Joaquín Cánovas Páez
Counselor. DNI. 22.923.045 A

Mr. Santiago Carbó Valverde
Counselor. DNI. 25.393.887 R

Mr. Francisco Javier García Lurueña
Counselor. DNI. 14.576.670 Y

Mr. José Manuel Gómez de Miguel
Counselor. DNI. 51.597.496 D

Mr. Antonio Ortega Parra
Counselor. DNI. 22.889.335 B

Mr. Jesús Ruano Mochales
Counselor. DNI. 33.518.307 Q

Mrs. Julia Salaverría Monfort
Counselor. DNI. 15.951.097 E

Mrs. María del Mar Sarro Álvarez
Counselor. DNI. 50.292.331 W