2012
Annual Accounts and Management Report

Index

Deloitte.

Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel.: +34 932 80 40 40
Fax: +34 932 80 28 10
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.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Sole Shareholder of
VidaCaixa Grupo, S.A. (Sole-Shareholder Company):

We have audited the consolidated financial statements of VidaCaixa Grupo, S.A.U. ("the Company") and companies composing the VidaCaixa Grupo Group (see Note 1 to the accompanying consolidated financial statements), which comprise the consolidated balance sheet at 31 December 2012 and the related consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2-c to the accompanying consolidated financial statements, the Company's directors are responsible for the preparation of the Group's consolidated financial statements 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. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for 2012 present fairly, in all material respects, the consolidated equity and consolidated financial position of VidaCaixa Grupo, S.A.U. and Subsidiaries at 31 December 2012, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity 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.

The accompanying consolidated directors' report for 2012 contains the explanations which the directors of VidaCaixa Grupo, S.A.U. 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 2012. 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 VidaCaixa Grupo, S.A.U. and Subsidiaries.

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

Miguel Antonio Pérez

2 April 2013

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS (Figures in thousands of euros)	Note in the Annual Report	31/12/2012		31/12/2011 (*)	
1. Cash and other equivalent liquid assets			1,575,515		2,176,617
2. Financial assets held for trading	Note 6		3,535		8,100
3. Other financial assets at fair value with changes in the profit and loss account	Note 6		223,589		210,654
a) Equity instruments		–		–	
b) Debt securities		–		–	
c) Hybrid instruments		–		–	
d) Investment on behalf of life insurance policyholders who assume the risk of the investment		223,589		210,654	
e) Other		–		–	
4. Financial assets available for sale	Note 6		29,516,733		24,812,014
a) Equity instruments		20,163		21,705	
b) Debt securities		29,496,570		24,790,309	
c) Loans		–		–	
d) Deposits in credit entities		–		–	
e) Other		–		–	
5. Loans and payments receivable	Note 6		10,793,837		9,332,915
a) Loans and deposits		10,128,622		8,923,983	
b) Payments receivable		665,215		408,932	
6. Investments held to maturity					333,529
7. Hedging derivatives					–
8. Share of reinsurance in technical provisions	Note 15		581,408		6,611
9. Tangible fixed assets and property investments	Note 9		31,519		34,045
a) Tangible fixed assets		23,002		14,602	
b) Property investments		8,517		19,443	

(Cont.)

(Cont.)

ASSETS (Figures in thousands of euros)	Note in the Annual Report	31/12/2012		31/12/2011 (*)	
10. Intangible fixed assets	Note 10		89,599		89,038
a) Goodwill		3,407		3,407	
b) Policy portfolio acquisition expenses		–		–	
c) Other intangible assets		86,192		85,631	
11. Shareholdings in companies valued by the equity method	Note 8		911,301		907,992
12. Tax assets	Note 12		68,492		296,240
a) Assets through ordinary tax		–		–	
b) Deferred tax assets		68,492		296,240	
13. Other assets			718,063		557,009
14. Assets held for sale			–		–
TOTAL ASSETS			**44,513,591**		**38,764,764**

(*) Presented solely and exclusively for purposes of comparison.
Notes 1 to 22 in the accompanying Report and in Annexes I, II and III form an integral part of the Consolidated Balance Sheet at 31 December 2012.

NET ASSETS AND LIABILITIES (Figures in thousands of euros)	Note in the Annual Report	31/12/2012		31/12/2011 (*)	
TOTAL LIABILITIES			**40,939,591**		**35,806,189**
1. Financial liabilities held for trading			–		–
2. Other financial liabilities at fair value with changes in the profit and loss account			–		–
3. Debts and payable items	Note 12 and 13		12,133,869		10,938,433
a) Subordinated liabilities		144,711		294,064	
b) Other debts		11,989,158		10,644,369	
4. Hedging derivatives			–		–
5. Technical provisions	Note 15		27,893,282		23,791,120
a) For unearned premiums		1,746		2,291	
b) For unexpired risks		–		–	
c) For life insurance		27,441,035		23,443,146	
– Reserve for unearned premiums and unexpired risks		48,384		39,641	
– Mathematical reserves		27,147,416		23,178,172	
– Provisions for life insurance when the policyholder assumes the investment risk		245,235		225,333	
d) Claims provision		404,410		301,253	
e) Share in profits and returns		46,091		44,430	
f) Other technical provisions		–		–	
6. Non-technical provisions	Note 16		–		–
7. Tax liabilities	Note 12		884,165		1,036,454
a) Liabilities through ordinary tax		–		–	
b) Deferred tax liabilities		884,165		1,036,454	
8. Other liabilities			28,275		40,182
9. Liabilities associated with assets held for sale			–		–

(Cont.)

(Cont.)

NET ASSETS AND LIABILITIES (Figures in thousands of euros)	Note in the Annual Report	31/12/2012		31/12/2011 (*)	
TOTAL NET ASSETS			**3,574,000**		**2,958,575**
Equity			3,625,563		2,969,991
1. Capital	Note 17	930,729		776,723	
a) Authorised capita		930,729		776,723	
b) *Less:* Uncalled capital		–		–	
2. Issue premium		1,245,321		671,175	
3. Reserves	Note 17	1,612,972		1,150,064	
4. *Less:* Shares and holdings in own assets		–		–	
5. Earnings of previous financial years		–		–	
6. Other shareholder contributions		–		–	
7. Financial year result attributed to the Parent Company		789,541		912,029	
a) Consolidated Losses and Profits		789,541		912,029	
b) Losses and Profits attributable to minority interests		–		–	
8. *Less*: Interim dividend	Note 17	(953,000)		(540,000)	
9. Other equity instruments		–		–	
Adjustments for changes in value	Note 6		(52,650)		(12,506)
1. Financial assets available for sale		(52,650)		(12,506)	
2. Hedging operations		–		–	
3. Exchange differences		–		–	
4. Corrections of accounting mismatches		–		–	
5. Companies valued by the equity method		–		–	
6. Other adjustments		–		–	
Subsidies, donations and legacies received			–		–
NET ASSETS ATTRIBUTABLE TO THE PARENT COMPANY			**3,572,913**		**2,957,485**
MINORITY INTERESTS	Note 18		1,087		1,090
1. Adjustments for changes in value		–		–	
2. Other		1,087		1,090	
TOTAL NET ASSETS AND LIABILITIES			**44,513,591**		**38,764,764**

(*) Presented solely and exclusively for purposes of comparison.

Notes 1 to 22 in the accompanying Report and in Annexes I, II and III form an integral part of the Consolidated Balance Sheet at 31 December 2012.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Figures in thousands of euros)	Note in the Annual Report	2012 Financial Year	2011 Financial Year (*)
1. Premiums applied to period, net of reinsurance		28,711	982,421
2. Tangible fixed asset and investment revenue		51,656	16,819
3. Other technical revenue		–	14,399
4. Losses incurred in the period, net of reinsurance		(12,500)	(739,747)
5. Change in other technical provisions, net of reinsurance		–	–
6. Profit-sharing and returns		(389)	(637)
7. Net operating expenses		(5,725)	(108,289)
8. Other technical expenses		(402)	(35,138)
9. Tangible fixed asset and investment expenses		(355)	(3,472)
A) RESULT NON-LIFE INSURANCE	**Note 19**	**60,997**	**126,356**
10. Premiums applied to period, net of reinsurance		4,314,627	5,027,012
11. Tangible fixed asset and investment revenue		2,156,884	1,692,644
12. Revenue for investments subject to insurance in which the policyholder assumes the investment risk		37,008	24,472
13. Other technical revenue		601,160	–
14. Losses incurred in the period, net of reinsurance		(2,822,666)	(2,515,581)
15. Change in other technical provisions, net of reinsurance		(2,473,652)	(3,267,794)
16. Profit-sharing and returns		(49,624)	(39,024)
17. Net operating expenses		(139,374)	(109,234)
18. Other technical expenses		(5,015)	(5,830)
19. Tangible fixed asset and investment expenses		(526,598)	(595,329)
20. Expenses of investments subject to insurance in which the policyholder assumes the investment risk		(18,883)	(28,105)

(Cont.)

(Cont.)

(Figures in thousands of euros)	Note in the Annual Report	2012 Financial Year	2011 Financial Year (*)
B) RESULT LIFE INSURANCE	Note 19	1,073,866	183,231
21. Tangible fixed asset and investment revenue		202,666	1,052,281
22. Negative consolidation difference		–	–
23. Tangible fixed asset and investment expenses		(267,586)	(151,973)
24. Other income		145,044	225,243
25. Other expenses		(109,317)	(214,454)
C) RESULT FROM OTHER ACTIVITIES		(29,193)	911,097
E) PROFIT/LOSS BEFORE TAX		1,105,670	1,220,684
26. Profits tax	Note 12	(316,129)	(308,655)
F) RESULT OF FINANCIAL YEAR FROM CONTINUED OPERATIONS		789,541	912,029
27. Result of financial year from uninterrupted operations net of tax			–
G) CONSOLIDATED PROFIT/LOSS FOR THE YEAR		789,541	912,029
a) Profit attributed to the parent company		789,541	912,029
b) Profit attributed to minority interests	Note 18	–	–

(Figures in euros)	Note in the Annual Report	2012 Financial Year	2011 Financial Year (*)
PER SHARE PROFIT			
Basic and diluted per share profit		5	7

(*) Presented solely and exclusively for purposes of comparison.
Notes 1 to 22 and Annexes I, II and III form an integral part of the Consolidated Profit and Loss Account corresponding to the 2012 financial year.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET BY SEGMENTS AT 31 DECEMBER 2012

ASSETS (Figures in thousands of euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
1. Cash and other equivalent liquid assets	12,837	1,501,529	61,149	1,575,515
2. Financial assets held for trading	–	3,535	–	3,535
3. Other financial assets at fair value with changes in the profit and loss account	–	223,589	–	223,589
4. Financial assets available for sale	–	29,516,733	–	29,516,733
5. Loans and payments receivable	–	10,717,619	76,218	10,793,837
a) Loans and deposits	–	10,128,622	–	10,128,622
b) Payments receivable	–	588,997	76,218	665,215
6. Investments held to maturity	–	–	–	–
7. Hedging derivatives	–	–	–	–
8. Share of reinsurance in technical provisions	–	581,408	–	581,408
9. Tangible fixed assets and property investments	–	3,648	27,871	31,519
a) Tangible fixed assets	–	3,278	19,724	23,002
b) Property investments	–	370	8,147	8,517
10. Intangible fixed assets	–	89,171	428	89,599
a) Goodwill	–	3,407	–	3,407
b) Policy portfolio acquisition expenses	–	–	–	–
c) Other intangible assets	–	85,764	428	86,192
11. Shareholdings in companies valued by the equity method	911,301	–	–	911,301
12. Tax assets	–	68,492	–	68,492
a) Assets through ordinary tax	–	–	–	–
b) Deferred tax assets	–	68,492	–	68,492
13. Other assets	–	717,916	147	718,063
14. Assets held for sale	–	–	–	–
TOTAL ASSETS	**924,138**	**43,423,640**	**165,813**	**44,513,591**

NET ASSETS AND LIABILITIES (Figures in thousands of euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
TOTAL LIABILITIES	**12,837**	**40,916,462**	**10,292**	**40,939,591**
1. Financial liabilities held for trading	–	–	–	–
2. Other financial liabilities at fair value with changes in the profit and loss account	–	–	–	–
3. Debts and payable items	–	12,127,513	6,356	12,133,869
4. Hedging derivatives	–	–	–	–
5. Technical provisions	12,837	27,880,445	–	27,893,282
6. Non-technical provisions	–	–	–	–
7. Tax liabilities	–	880,763	3,402	884,165
8. Other liabilities	–	27,741	534	28,275
9. Liabilities associated with assets held for sale	–	–	–	–
TOTAL NET ASSETS	**911,301**	**2,661,612**	**1,087**	**3,574,000**
Equity	911,301	2,714,262	–	3,625,563
1. Capital	–	930,729	–	930,729
a) Authorised capital	–	930,729	–	930,729
b) *Less:* Uncalled capital	–	–	–	–
2. Issue premium	–	1,245,321	–	1,245,321
3. Reserves	911,301	701,671	–	1,612,972
4. *Less:* Shares and holdings in own assets	–	–	–	–
5. Earnings of previous financial years	–	–	–	–
6. Other shareholder contributions	–	–	–	–
7. Financial year result attributed to the Parent Company	–	789,541	–	789,541
a) Consolidated Losses and Profits	–	789,541	–	789,541
b) Losses and Profits attributable to minority interests	–	–	–	–
8. *Less*: Interim dividend	–	(953,000)	–	(953,000)
9. Other equity instruments	–	–	–	–

(Cont.)

(Cont.)

NET ASSETS AND LIABILITIES (Figures in thousands of euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
Adjustments for changes in value	–	(52,650)	–	(52,650)
1. Financial assets available for sale	–	(52,650)	–	(52,650)
2. Hedging operations	–	–	–	–
3. Exchange differences	–	–	–	–
4. Corrections of accounting mismatches	–	–	–	–
5. Companies valued by the equity method	–	–	–	–
6. Other adjustments	–	–	–	–
Subsidies, donations and legacies received	–	–	–	–
NET ASSETS ATTRIBUTABLE TO THE PARENT COMPANY	911,301	2,661,612	–	3,572,913
MINORITY INTERESTS	–	–	1,087	1,087
TOTAL NET ASSETS AND LIABILITIES	**924,138**	**43,578,074**	**11,379**	**44,513,591**

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET BY SEGMENTS AT 31 DECEMBER 2011

ASSETS (Figures in thousands of euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
1. Cash and other equivalent liquid assets	–	2,168,460	8,157	2,176,617
2. Financial assets held for trading	–	8,100	–	8,100
3. Other financial assets at fair value with changes in the profit and loss account	–	210,654	–	210,654
4. Financial assets available for sale	–	24,812,014	–	24,812,014
5. Loans and payments receivable	–	9,323,144	9,771	9,332,915
a) Loans and deposits	–	8,923,983	–	8,923,983
b) Payments receivable	–	399,161	9,771	408,932
6. Investments held to maturity	–	333,529	–	333,529
7. Hedging derivatives	–	–	–	–
8. Share of reinsurance in technical provisions	–	6,611	–	6,611
9. Tangible fixed assets and property investments	–	23,102	10,943	34,045
a) Tangible fixed assets	–	3,659	10,943	14,602
b) Property investments	–	19,443	–	19,443
10. Intangible fixed assets	–	88,565	473	89,038
a) Goodwill	–	3,407	–	3,407
b) Policy portfolio acquisition expenses	–	–	–	–
c) Other intangible assets	–	85,158	473	85,631
11. Shareholdings in companies valued by the equity method	907,992	–	–	907,992
12. Tax assets	–	266,416	29,824	296,240
a) Assets through ordinary tax	–	–	–	–
b) Deferred tax assets	–	266,416	29,824	296,240
13. Other assets	–	557,005	4	557,009
14. Assets held for sale	–	–	–	–
TOTAL ASSETS	**907,992**	**37,797,600**	**59,172**	**38,764,764**

NET ASSETS AND LIABILITIES (Figures in thousands of euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
TOTAL LIABILITIES	**–**	**35,748,107**	**58,082**	**35,806,189**
1. Financial liabilities held for trading	–	–	–	–
2. Other financial liabilities at fair value with changes in the profit and loss account	–	–	–	–
3. Debts and payable items	–	10,884,491	53,942	10,938,433
4. Hedging derivatives	–	–	–	–
5. Technical provisions	–	23,791,120	–	23,791,120
6. Non-technical provisions	–	–	–	–
7. Tax liabilities	–	1,034,092	2,362	1,036,454
8. Other liabilities	–	38,404	1,778	40,182
9. Liabilities associated with assets held for sale	–	–	–	–
TOTAL NET ASSETS	**907,992**	**2,049,493**	**1,090**	**2,958,575**
Equity	907,992	2,061,999	–	2,969,991
1. Capital	–	776,723	–	776,723
a) Authorised capital	–	776,723	–	776,723
b) *Less:* Uncalled capital	–	–	–	–
2. Issue premium	–	671,175	–	671,175
3. Reserves	907,992	242,072	–	1,150,064
4. *Less:* Shares and holdings in own assets	–	–	–	–
5. Earnings of previous financial years	–	–	–	–
6. Other shareholder contributions	–	–	–	–
7. Financial year result attributed to the Parent Company	–	912,029	–	912,029
a) Consolidated Losses and Profits	–	912,029	–	912,029
b) Losses and Profits attributable to minority interests	–	–	–	–
8. *Less*: Interim dividend	–	(540,000)	–	(540,000)
9. Other equity instruments	–	–	–	–

(Cont.)

(Cont.)

NET ASSETS AND LIABILITIES (Figures in thousands of euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
Adjustments for changes in value	–	(12,506)	–	(12,506)
1. Financial assets available for sale	–	(12,506)	–	(12,506)
2. Hedging operations	–	–	–	–
3. Exchange differences	–	–	–	–
4. Corrections of accounting mismatches	–	–	–	–
5. Companies valued by the equity method	–	–	–	–
6. Other adjustments	–	–	–	–
Subsidies, donations and legacies received	–	–	–	–
NET ASSETS ATTRIBUTABLE TO THE PARENT COMPANY	907,992	2,049,493	–	2,957,485
MINORITY INTERESTS	–	–	1,090	1,090
TOTAL NET ASSETS AND LIABILITIES	**907,992**	**37,797,600**	**59,172**	**38,764,764**

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Figures in thousands of euros)	Equity attributable to the Parent Company						Minority interests	Total net equity
	Equity				Adjustments for changes in value	Subsidies, Donations and Legacies Received		
	Capital or mutual fund	Issue premium and reserves	Financial year result attributed to the Parent Company	(Interim dividends)				
Final balance at 31 December 2010 (*)	**776,723**	**1,001,515**	**248,907**	**(63,500)**	**(17,109)**	**31**	**17,357**	**1,963,924**
Adjustments through change of accounting principle	–	–	–	–	–	–	–	–
Adjustments for errors	–	–	–	–	–	–	–	–
Adjusted balance at 1 January 2011	**776,723**	**1,001,515**	**248,907**	**(63,500)**	**(17,109)**	**31**	**17,357**	**1,963,924**
I. Total Recognised Income/(Expenses) for 2011 financial year	–	–	912,029	–	4,603	–	–	916,632
II. Transactions with shareholders or owners	–	634,317	–	(540,000)	–	(31)	(16,267)	78,019
1. Capital increases/(reductions)	–	–	–	–	–	–	–	–
2. Conversion of financial liabilities into equity	–	–	–	–	–	–	–	–
3. Payment of dividends	–	–	–	(540,000)	–	–	–	(540,000)
4. Operations with shares or holdings in own assets (net)	–	–	–	–	–	–	–	–
5. Increases/(Reductions) through business combinations	–	634,317	–	–	–	(31)	(16,267)	618,019
6. Other transactions with shareholders or owners	–	–	–	–	–	–	–	–

(Cont.)

(Cont.)

(Figures in thousands of euros)	Equity attributable to the Parent Company						Minority interests	Total net equity
	Equity				Adjustments for changes in value	Subsidies, Donations and Legacies Received		
	Capital or mutual fund	Issue premium and reserves	Financial year result attributed to the Parent Company	(Interim dividends)				
III. Other changes in equity	–	185,407	(248,907)	63,500	–	–	–	–
1. Payments based on equity instruments	–	–	–	–	–	–	–	–
2. Transfers between equity items	–	185,407	(248,907)	63,500	–	–	–	–
3. Other variations	–	–	–	–	–	–	–	–
Final balance at 31 December 2011 (*)	**776,723**	**1,821,239**	**912,029**	**(540,000)**	**(12,506)**	**–**	**1,090**	**2,958,575**
Adjustments through change of accounting principle	–	–	–	–	–	–	–	–
Adjustments for errors	–	–	–	–	–	–	–	–
Adjusted balance at 1 January 2012	**776,723**	**1,821,239**	**912,029**	**(540,000)**	**(12,506)**	**–**	**1,090**	**2,958,575**
I. Total Recognised Income/(Expenses) for 2012 financial year	–	–	789,541	–	(40,144)	–	–	749,397
II. Transactions with shareholders or owners	154,006	616,022	–	(953,000)	–	–	–	(182,972)
1. Capital increases/(reductions)	154,006	616,022	–	–	–	–	–	770,028
2. Conversion of financial liabilities into equity	–	–	–	–	–	–	–	–
3. Payment of dividends	–	–	–	(953,000)	–	–	–	(953,000)
4. Operations with shares or holdings in own assets (net)	–	–	–	–	–	–	–	–
5. Increases/(Reductions) through business combinations	–	–	–	–	–	–	–	–
6. Other transactions with shareholders or owners	–	–	–	–	–	–	–	–

(Cont.)

(Cont.)

(Figures in thousands of euros)	Equity attributable to the Parent Company						Minority interests	Total net equity
	Equity				Adjustments for changes in value	Subsidies, Donations and Legacies Received		
	Capital or mutual fund	Issue premium and reserves	Financial year result attributed to the Parent Company	(Interim dividends)				
III. Other changes in equity	–	421,032	(912,029)	540,000	–	–	(3)	49,000
1. Payments based on equity instruments	–	–	–	–	–	–	–	–
2. Transfers between equity items		372,029	(912,029)	540,000	–			–
3. Other variations	–	49,003	–	–	–	–	(3)	49,000
Final balance at 31 December 2012	**930,729**	**2,858,293**	**789,541**	**(953,000)**	**(52,650)**	**–**	**1,087**	**3,574,000**

(*) Presented solely and exclusively for purposes of comparison.

Notes 1 to 22 in the accompanying Report and in Annexes I, II and III form an integral part of the Statement of Changes in Equity at 31 December 2012.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

(Figures in thousands of euros)	2012 Financial Year	2011 Financial Year (*)
A) CONSOLIDATED PROFIT/LOSS FOR THE YEAR	789,541	912,029
B) OTHER RECOGNISED INCOME/(EXPENSES)	(40,144)	4,603
1. Financial assets available for sale:	(57,349)	6,576
a) Profit/(Loss) through valuation	(57,349)	6,576
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–
2. Cash-flow hedges:	–	–
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Sums transferred to the initial value of hedged items	–	–
c) Other reclassifications	–	–
3. Hedge of net investments in foreign operations:	–	–
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–
4. Exchange differences:	–	–
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–
5. Correction of accounting mismatches:	–	–
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–
6. Assets held for sale	–	–
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–

(Cont.)

(Cont.)

(Figures in thousands of euros)	2012 Financial Year	2011 Financial Year (*)
7. Actuarial Profit/(Loss) through long-term remuneration to personnel	–	–
8. Companies valued by the equity method	–	–
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–
9. Other recognised income and expenses	–	–
10. Profits tax	17,205	(1,973)
TOTAL RECOGNISED INCOME/(EXPENSES) (A+B)	**749,397**	**916,632**
a) Attributed to the Parent Company	749,397	916,632
b) Attributed to minority interests	–	–

(*) Presented solely and exclusively for purposes of comparison.

Notes 1 to 22 of the attached Report and Annexes I, II and III form an integral part of the Consolidated Statement of Recognised Income and Expenses corresponding to the 2012 financial year.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT (DIRECT METHOD)

(Figures in thousands of euros)	2012 Financial Year	2011 Financial Year (*)
A) CASH FLOW FROM OPERATING ACTIVITIES (1+2+3)	3,186,689	9,324,363
1. Insurance activity:	**1,764,124**	**5,223,604**
(+) Cash collections from insurance activity	7,772,900	12,747,041
(–) Cash payments from insurance activity	(6,008,776)	(7,523,437)
2. Other operating activities:	**931,112**	**4,417,026**
(+) Cash collections from other operating activities	1,040,429	4,631,479
(–) Cash payments from other operating activities	(109,317)	(214,453)
3. Receipts/(payments) for corporate income tax	**491,453**	**(316,267)**
B) CASH FLOW FROM INVESTMENT ACTIVITIES (1+2)	(2,839,444)	(11,093,077)
1. Collections from investment activities:	**73,875,351**	**85,453,380**
(+) Tangible fixed assets	–	–
(+) Property investments	18,890	–
(+) Intangible fixed assets	–	–
(+) Financial instruments	71,981,164	81,737,807
(+) Holdings	–	507,578
(+) Subsidiaries and other business units	38,877	–
(+) Interest received	1,833,886	1,049,227
(+) Dividends received	672	2,310
(+) Other payments related to investment activities	1,862	2,156,458
2. Payments from investment activities:	**(76,714,795)**	**(96,546,457)**
(–) Tangible fixed assets	–	(4,177)
(–) Property investments	1,425	–
(–) Intangible fixed assets	(560)	(29,241)
(–) Financial instruments	(76,590,928)	(96,506,731)
(–) Holdings	–	(58)
(–) Subsidiaries and other business units	(1,189,744)	–
(–) Other payments related to investment activities	1,065,012	(6,250)

(Cont.)

(Cont.)

(Figures in thousands of euros)	2012 Financial Year	2011 Financial Year (*)
C) CASH FLOW FROM FINANCING ACTIVITIES (1+2)	(948,347)	2,041,903
1. Collections from financing activities:	686,505	34,878,456
(+) Subordinated liabilities	–	4,247
(+) Collections through issue of equity instruments and capital increases	686,505	–
(+) Asset apportionment and contributions of shareholders or policyholders	–	–
(+) Transfer of own securities	–	–
(+) Other collections related to financing activities	–	34,874,209
2. Payments from financing activities:	(1,634,852)	(32,836,553)
(–) Dividends paid to the shareholders	(953,000)	(633,500)
(–) Interest paid	–	–
(–) Subordinated liabilities	(149,352)	(10,423)
(–) Payments through repayment of contributions to shareholders	–	–
(–) Liability apportionment and repayment of contributions to shareholders or policyholders	–	–
(–) Acquisition of own securities	(532,500)	(1,551)
(–) Other payments related to financing activities	–	(32,191,079)
D) EFFECT OF CHANGES IN EXCHANGE RATES	–	–
E) NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS (A+B+C+D)	(601,102)	273,189
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	2,176,617	1,903,428
G) CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (E+F)	1,575,515	2,176,617

ELEMENTS OF CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	2012 Financial Year (*)	2011 Financial Year (*)
(+) Cash and bank	135,351	121,173
(+) Other financial assets	1,440,164	2,055,444
(–) *Less:* Bank overdrafts payable on demand		
TOTAL CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**1,575,515**	**2,176,617**

(*) Presented solely and exclusively for purposes of comparison in all applicable captions.
Notes 1 to 22 of the attached Report and Annexes I, II and III form an integral part of the Consolidated Cash Flow Statement corresponding to the 2012 financial year.

VidaCaixa Grupo, S.A.U. and Subsidiaries (VidaCaixa Group)

Annual Consolidated Accounts Report Corresponding to the Financial Year Ending 31 December 2012

In accordance with the current standards on the content of annual consolidated accounts, this Report completes, extends and discusses the balance, the profit and loss account, the statement of changes in equity and the consolidated cash flow statement (hereinafter, “the consolidated financial statements”), and with them forms a unit, with the aim of showing the true image of the consolidated assets and of the consolidated financial situation of VidaCaixa Grupo S.A.U. at 31 December 2012, as well as the results of its operations, of the changes in equity and cash flows, which were produced in the financial year ended on that date.

1. General Information on the Parent Company and its Activities

a) Incorporation, Duration, Registered Offices and Shareholders

NIC, S.A.U. (hereinafter, VidaCaixa Group or the Group) was incorporated for an indefinite duration in Spain on 11 December 1992 under the name of Caifor, S.A. for the purpose of indirectly engaging in insurance business and other financial services through its shareholdings in companies that carry out these operations, in accordance with the legal requirements and standards. Its registered offices are at Juan Gris, 20-26, Barcelona (Spain).

On 2 February 2009, the sole shareholder in the General Meeting approved the change of the previous name, Caifor S.A., to SegurCaixa Holding, S.A.U., amending the Company Bylaws as a consequence.

On 28 December 2010, the sole shareholder in the General Meeting approved the change of the previous name, SegurCaixa Holding, S.A.U., to the current VidaCaixa Grupo S.A.U., amending the Company Bylaws as a consequence.

At 31 December 2010, Criteria CaixaCorp, S.A. had a 100% holding in VidaCaixa Grupo. During the 2011 financial year, the "la Caixa" group carried out a reorganisation, resulting in Criteria CaixaCorp, S.A. managing the Group's banking business and changing its company name to CaixaBank, S.A., while maintaining its 100% holding in VidaCaixa Group.

The shares of CaixaBank, S.A. have been listed on the stock market since October 2007. At 31 December 2012, the shareholding of "la Caixa" in CaixaBank, S.A. was 72.76%.

b) Corporate Purpose, Legal Framework and Branches of Operation

The Parent Company does not directly carry out insurance activities. These are carried out by the subsidiaries which have the corresponding Government authority. In this case, the Directorate General of Insurance and Pension Funds (hereinafter, DGIPF), carries out the functions which current provisions attribute to the Ministry of Economy and Competitiveness with regard to private insurance and reinsurance, insurance mediation, capitalisation and pension funds.

The Parent Company directs and manages its share in the share capital of other companies by means of the corresponding organisation of human and material resources. When the holding in the capital of these companies allows, the Parent Company directs and controls them, by means of the ownership of its company management bodies or through providing management and administration services to these companies.

On 10 September 2007 the internal Protocol for relations (hereinafter, the Initial Protocol) was signed between "la Caixa" y Criteria Caixa Corp, S.A. With a view to adapting the Initial Protocol to the functions and activities of the "la Caixa" and CaixaBank, in the 2011 Financial Year the parties considered it necessary to sign a new internal Protocol for relations (hereinafter, the Protocol) to replace the initial Protocol. The Board of Directors of the Parent Company made a note of its content and application and agreed to abide by the same. In this Protocol, the parties established the criteria for reaching a balance in their operating relations which on one hand make it possible to reduce and regulate the appearance of conflicts of interest, and on the other hand, to respond to the requirements of the different regulating bodies and the market. Among other questions, the parameters were defined which must govern the eventual business or service relationships which CaixaBank, S.A. and its group have with "la Caixa" and the other companies of the "la Caixa" Group.

Given the activities of the Companies of the Group, it has no environmental responsibilities, expenses, assets or provisions and contingencies that might be significant with respect to their worth, financial situation and the results thereof. This report therefore contains no specific breakdowns of the annual accounts in relation to information on environmental issues.

By virtue of article 43.2 of the Spanish Commercial Code, VidaCaixa Group is not obliged to prepare separate consolidated accounts, since it is consolidated within Grupo CaixaBank, S.A., which controls the Company. CaixaBank, S.A. is subject to European Union legislation. Its registered offices are in Barcelona, at Avda. Diagonal, 621. Notwithstanding, the Group has voluntarily prepared the consolidated financial statements for the 2012 financial year, for the exclusive use of its Directors.

The Group, through the insurance companies it is comprised of (see Note 2.f), operates in the following areas: Automobile, Accidents, Illness (including Healthcare), Life, Death, Legal Defence, Fire and Elements of Nature, Transported Merchandise, Other Damage to Goods, Various Pecuniary Losses, General Third-Party Liability, Terrestrial Vehicle and Non-railway Terrestrial Vehicle Third-Party Liability.

At 31 December 2012, the Group managed 161 pension funds and 5 EPSVs with a volume of consolidated rights of 14,781,957 thousand euros (14,213,256 thousand euros at 31 December 2011). The gross income accrued for administration commissions for the different funds for the 2012 financial year totalled 117,558 thousand euros (125,246 thousand euros in the 2011 financial year) and are recorded under the caption “Results from other activities-Other income”. Additionally, the expenses associated to the aforesaid administration totalled 28,395 thousand euros (29,069 thousand euros in the 2011 financial year), and are presented under the caption “Results from other activities-Other expenses”.

During the 2011 financial year, there were a number of company transactions, the principal ones being the sale of 50% of SegurCaixa Adeslas, S.A. de Seguros y Reaseguros to Mutua Madrileña, the capital increase of SegurCaixa Adeslas through the contribution of Aresa by Mutua Madrileña, the acquisition and merger by absorption of Caixa de Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros, and the merger by absorption of Invervida Consulting.

c) Internal Structure and Distribution Systems

The Group markets different life and non-life insurance products and pension plans.

With regard to its operating channels, the Group markets its products principally through the distribution network of the credit entity CaixaBank, S.A., which it has established as an exclusive banking-insurance operator of the subsidiary VidaCaixa, S.A. de Seguros y Reaseguros, authorised to market the insurance policies of SegurCaixa Adeslas, S.A. VidaCaixa S.A. also maintains exclusive agency contracts with BMW Financial Services Ibérica, EFC, S.A., and AgenCaixa, S.A., a General Insurance Agency belonging to the VidaCaixa Group.

In addition, the Group, basically through VidaCaixa Mediación, S.A.U., also has contracts to provide services for distributing the insurance products of other insurance companies, under the responsibility of these companies, through their distribution network.

d) Clients' Ombudsman

The most relevant points of the 2012 Clients' Ombudsman's Annual Report presented by the head of the Service to the Board of Directors are detailed below. The data given basically refer to the subsidiary VidaCaixa, and thus were obtained on the basis of the same.

During 2012, 88 claims were made to the Customer Service Department (84 in 2011), 84 of which were processed without prejudice to the grounds of inadmissibility in the Service Regulation (80 in 2011).

The types of claims received in the 2012 and 2011 financial years were as follows:

Subjects of claims	2012	2011
Active operations	–	–
Passive operations	–	–
Collection and payment services	4	–
Investment services	–	–
Insurance policies and pension funds	80	80
Total admitted	**84**	**80**
Not admitted	4	4
TOTAL	**88**	**84**

From the analysis made of the answers given to customers, we obtain the following classification:

Type of resolution	2012	2011
Upheld	22	14
Rejected	40	42
Not applicable	8	11
Customer waivers	–	–
Pending resolution	18	17
TOTAL	**88**	**84**

The decision criteria used by the Service are taken basically from the tenor of the resolutions given by the Directorate General of Insurance and Pension Funds in similar cases, and in cases where this reference does not exist, the reply is issued with the advice of the Legal Services of the CaixaBank Group depending on the specific circumstances of the claim.

2. Basis of presentation and consolidation principles

a) Financial Reporting Standards Applicable to the Group

The present consolidated accounts were prepared by the Board of Directors in accordance with the financial reporting standards applicable to the Group, which are established in:

a) The Commercial Code and all other commercial legislation;

b) The International Financial Reporting Standards (hereinafter, IFRS) adopted by the European Union through Regulation 1606/2002 of the European Parliament and the Council, of 19 July 2002, in addition to subsequent amendments;

c) The mandatory regulations approved by the Institute of Accounting and Account Audits (ICAC), developing the General Accounting Plan and the supplementary regulations thereof.

b) True and Fair View

The Group's consolidated annual accounts were obtained from the accounting statements of the Company and its subsidiaries and are presented in accordance with the applicable financial reporting standards and, in particular, the accounting principles and policies contained therein, and offer a true and fair view of the assets, financial situation, results and cash flows of the Group in said financial year. The present annual accounts, consolidated and prepared by the Board of Directors of the VidaCaixa Group, as well as those of its subsidiaries, are pending approval by the respective General Shareholders' Meetings and are expected to be approved without significant modifications. The consolidated financial statements for the 2011 financial year were approved by the Group's Sole Shareholder in the General Meeting of VidaCaixa Grupo, S.A.U. held on 21 March 2012 and deposited in the Mercantile Registry of Barcelona.

The annual accounts for the 2012 financial year were prepared from the accounting statements maintained by VidaCaixa Group and by the other subsidiaries of the Group. However, given that, in certain cases, the valuation principles and criteria applied in the preparation of these Consolidated Annual Accounts for the 2012 financial year (IFRS) differ from those used by organisations within the Group, the necessary adjustments and reclassifications have been introduced to standardise said principles and criteria and adapt them to the International Financial Reporting Standards adopted by the European Union.

As recommended by IAS 1, the assets and liabilities are generally classified in the balance sheet according to their liquidity, but without classifying assets and liabilities as current and non-current, which is more relevant in the case of insurance groups. Similarly to the other insurance company groups, certain expenses are classified in the profit and loss account and are presented according to their application.

At 31 December 2012, the currency in which the Group accounts were presented was the euro.

The amounts are expressed in Figures in thousands of euros, unless the use of a different monetary unit is explicitly stated. Certain financial information in these accounts has been rounded up and consequently the figures expressed as totals in this document may vary slightly from the exact arithmetical operation of the figures that precede them.

Note 3 provides a summary of the most significant accounting principles and valuation rules applied in the preparation of the consolidated annual accounts of the Group for the 2012 financial year.

c) Responsibility for the Information

The information contained in these annual consolidated accounts is the responsibility of the Directors of the Parent Company, who have verified, with due diligence, that the different controls established to ensure the quality of the financial-accounting information, by both the Parent Company and the subsidiaries, have operated efficiently.

Drawing up annual accounts in accordance with IFRS requires that the Directors make judgements, estimates and assumptions that affect the application of accounting policies and the balances of assets, liabilities, income and expenses. Said estimates and assumptions are based on historic experience and on various other factors that are deemed reasonable according to the circumstances and whose results constitute a basis for making judgements on the book value of the assets and liabilities that are not easily available through other sources.

Respective estimates and assumptions are continually revised; the effects of the revisions of the accounting estimates are recognised in the period during which they are carried out, where these solely affect that period, or during the period of the revision and after, where the revision affects these. In any case, the final results derived from a situation which required estimates may differ from what is expected and, prospectively, reflect on the final effects.

In addition to the process of systematic estimates and their periodic revision, the Directors of the Parent Company shall make certain value judgements on issues with a significant impact on the consolidated annual accounts. Included among the most significant are judgements made on the fair value of certain assets and liabilities, losses through impairment, the useful life of the tangible and intangible assets, the valuation of the consolidated goodwill, the actuarial hypotheses used in the calculation of the pension commitments, the hypotheses used in the calculation of the suitability test of liabilities and the hypotheses used to allocate part of the non-realised capital gains in the financial investment portfolios allocated as “available for sale” and at “fair value with changes in profit and loss” as the greater amount of the life insurance reserves.

d) New accounting principles and policies applied to the Group's consolidated annual accounts

New Standards, Revised Standards and Amendments Adopted during the 2012 Financial Year

<u>Standards and interpretations issued by the International Accounting Standards Board (IASB) which came into force in 2012</u>

On the date of preparing the present consolidated annual accounts the following standards and interpretations came into force. The adoption thereof within the Group has not had a significant impact on the same.

– Modification of IFRS 7 "Financial Instruments: Disclosures".

This modification has significantly broadened the range of disclosures to be made in relation to transfers of financial assets, when some type of continuing involvement is kept in the transferred asset.

The coming into force of this standard has not entailed the extension of disclosures.

– Modification of IAS 12 "Income Taxes".

The fundamental change of this modification is that it introduces an exception to the general principles of IAS 12 which affects the deferred taxes related with real estate that the Group values in accordance with the fair value model appearing in IAS 40 Investment Property, through the presumption, with regard to the calculation of deferred taxes, that the book value of these assets will be recovered in full through disposal.

Investment properties are valued in line with the acquisition cost model, owing to which this amendment does not affect the Group's financial information.

Standards and interpretations issued by the IASB not currently in force

At the time of drafting these consolidated financial accounts, the most significant standards and interpretations published by the IASB but which have yet to come into effect, either because their effective date is subsequent to the date of the consolidated annual accounts, or because they still have not been adopted by the European Union, are as follows.

The Group has assessed the impact that may derive from the same and has chosen to not exercise the option of early application, in the event that this were possible, considering that it will have no significant impact.

Standards and interpretations	Title	Application mandatory for financial years starting on or after:
Approved for application in the EU		
Modification of IAS 1	Submission of Financial Statements	1 July 2012
Modification of IAS 19	Employee Benefits	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Agreements	1 January 2014
IFRS 12	Disclosures of Interests in Other Entities	1 January 2014
Modification of IAS 27	Separate Financial Statements	1 January 2014
Modification of IAS 28	Investments in Associates	1 January 2014
IFRS 13	Fair Value Measurement	1 January 2013
Modification of IAS 32	Financial Instruments: Presentation	1 January 2014
Modification of IFRS 7	Financial Instruments: Disclosures	1 January 2013
Not approved for application in the EU		
IFRS 9	Financial Instruments: Classification and Valuation	1 January 2015
Modification to IFRS 10, 12 and IAS 27	Investment Entities	1 January 2014

– *Modification of IAS 1 "Presentation of Financial Statements".*

This amendment changes the breakdown of the items presented in under the "Other recognised income and expenses" caption, in the Statement of Recognised Income and Expenses. The items must be separated into two groups, depending on whether future transfers to the profit and loss account are allowed or not.

On the other hand, and contrary to that indicated in previous drafts, the amendment does not require income and expenses to be recognised jointly in one single Statement. The final wording allows the layout employed by the Group in its financial statements to be used.

This standard came into force during the financial year and will affect annual periods commencing on or after 1 July 2012. Consequently, it will be applicable for the 2013 financial year. Notwithstanding, it will not entail any relevant modification to the presentation of the financial information in the Statement of Recognised Income and Expenses.

– ***Modification of IAS 19 "Employee Benefits".***

The most significant modifications that fundamentally affect the defined benefit plans are as follows:

- The elimination of the "corridor" in the present standard through which companies can defer a certain portion of the actuarial gains and losses. Once the modification comes into force, all actuarial gains and losses must be recognised immediately in the other comprehensive income (equity).
- Significant changes to the grouping and presentation of cost components in the comprehensive income statement. The total cost in relation to the obligation will be presented in three different items: service cost component, net interest component and revaluation component.

This will also entail changes in the presentation of cost components in the comprehensive income statement, which will be grouped and presented in a different manner.

The fundamental change of this modification to IAS 19, which came into force on 1 January 2013, will affect the accounting treatment of the defined benefit plans since, as of the coming into force of the modification, all actuarial gains and losses will be recognised immediately in valuation adjustments in order to recognise the plan's total loss or gain in the consolidated balance sheet.

Furthermore, the cost of interest and the expected return on the assets in the plan are replaced in the new version by a net quantity for interest, calculated by applying the type of discount to the liability (or asset) for the commitment. This will also entail changes in the presentation of cost components in the comprehensive income statement, which will be grouped and presented in a different manner.

The Company is currently analysing the future impact of adopting this standard and a reasonable estimate of its effects cannot be given until said analysis has been completed.

– ***IFRS 10 "Consolidated Financial Statements".***

This standard is issued jointly with IFRS 11, IFRS 12 and the modification to IAS 27 and IAS 28 (all described below), to replace the present regulations concerning the consolidation and accounting of subsidiary and associate companies and joint ventures, in addition to the itemisation of disclosures.

The entry into force of this standard will replace the part relating to consolidation in the present IAS 27 "Consolidated and Separate Financial Statements", and the interpretation of SIC 12 "Consolidation - Special Purpose Entities".

The main innovation of IFRS 10 is the modification of the current definition of control. The new definition of control comprises three elements which must be met: the power over the investee company, the exposure or right to the variable results of the investment and the ability to use such control in order to influence the amount of these returns.

No significant changes are currently expected in relation to the companies controlled by the Group with the adoption of the new definition of control.

– ***IFRS 11 "Joint Arrangements".***

The entry into force of this standard will replace the present IAS 31, "Interests in Joint Ventures". The fundamental modification proposed with regard to the present standard is the elimination of the option of proportional consolidation for jointly-controlled entities, which will be consolidated by the equity method. It also modifies in certain aspects the focus on the analysis of joint arrangements, focusing the analysis on whether or not the joint arrangement is structured via a separate vehicle. Furthermore, it defines two unique types of joint arrangement: joint operation or joint venture.

The Company consolidates its joint ventures through the application of the equity method. Accordingly, the application of this standard is not expected to have any significant impact.

– IFRS 12 "Disclosures of Interests in Other Entities".

Its issue makes it possible to group and extend in a single standard all the disclosure requirements relating to holdings in subsidiary and associate companies, joint ventures and other holdings, one of its innovations with regard to present disclosures being the introduction of the obligation to provide information on unconsolidated structured entities.

The application of this new standard requires increasing the disclosures in relation to associate and multi-group companies, especially with regard to reconciliation between the earnings supplied by entities and those which are attributed.

– Modification of IAS 27 "Separate Financial Statements".

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

– Modification of IAS 28 "Investments in Associates".

This modification reissues the standard, which will now also contain the treatment of joint venture companies, given that they must now, without option, be consolidated as associates by applying the equity method.

– IFRS 13 "Fair Value Measurement".

The standard is issued with the aim of being the sole regulatory source for calculating the fair value of assets and liabilities when this is the manner of valuation required by other standards. In this sense, it does not modify the current valuation criteria established by other standards in any way and it is applicable to the valuation of both financial and non-financial elements.

The standard also modifies the current definition of fair value, introducing new nuances to be considered, and it focuses the calculation thereof on adopting a so-called "fair value hierarchy" which is conceptually similar to that already used by IFRS 7, "Financial Instruments: Disclosure" for certain breakdowns of financial instruments.

The Group has analysed the possible impact that the new definition of fair value will have on the valuation and it is not expected to give rise to any significant modifications with regard to the assumptions, methods or calculations currently made.

– ***Modification of IAS 32 "Financial Instruments: Presentation".***

The modification of IAS 32 introduces a series of additional clarifications to the implementation guidelines on the requirements of the standard for offsetting and presenting financial assets and liabilities in the balance sheet. IAS 32 already indicates that a financial asset or liability may only be offset when, at the current moment in time, the entity has the legally enforceable right to offset the amounts recognised.

The modified implementation guide indicates that, among other aspects, in order to comply with this condition the right to offset must not depend on future events and must be legally enforceable, both in the normal course of business and in the case of non-compliance, insolvency or bankruptcy of the entity and all the counterparties.

– ***Modification of IFRS 7 "Financial Instruments: Disclosures".***

The modification introduces new requirements for the itemisation of financial assets and liabilities which are presented netted in the balance sheet as well as other financial instruments which are subject to an enforceable net offsetting agreement or similar, irrespective of whether these are presented offset or otherwise in accordance with IAS 32 "Financial Instruments: Presentation".

The coming into force of the aforementioned modification to IAS 32 and to IFRS 7 should not entail a change in the accounting policies, given that the analysis made by the Group in order to present or not present certain financial assets and liabilities as offsets is in line with the clarifications introduced into the standard. The parallel modification.

– ***IFRS 9 "Financial Instruments: Classification and Measurement".***

In the future, IFRS 9 will replace that part of IAS 39 dealing with the current classification and valuation of financial instruments. There are highly relevant differences from the current standard in relation to financial assets. Among others, the approval of a new classification model based on two single categories of amortised cost and fair value, the disappearance of the current classifications of "Investments held-to-maturity" and "Financial assets available for sale", impairment analysis only for those assets that appear at amortised cost, and the non-separation of embedded derivatives in financial asset contracts.

In relation to financial liabilities, the classification categories proposed by IFRS 9 are similar to those currently appearing in IAS 39; hence, there should be no relevant differences except for the requirement to record changes in fair value related with own credit risk as a component of equity, in the case of financial liabilities in the fair value option.

The Management believes that the future application of IFRS 9 will have a significant impact on the financial assets and liabilities currently reported. The Company is currently analysing all the future impacts of adopting this standard and a reasonable estimate of its effects cannot be given until said analysis has been completed.

– Modification of IFRS 10, IFRS 12 and IAS 27: "Investment Entity".

These modifications introduce the definition of "Investment Entity" and establish exceptions by way of which controlled holdings which are defined as "Investment Bodies" will not be consolidated; instead, they must be recorded at fair value with changes in the profit and loss account.

Likewise, requirements are introduced for disclosure on entities defined as "Investment Entities".

e) Comparison of Information and Correction of Errors

The total amounts in this report for the 2012 financial year are presented with those of the previous financial year for the purposes of comparison, in accordance with the requirements established by IAS 1 – Presentation of Financial Statements.

Until June 2011, the Group controlled SegurCaixa Adeslas, SA, dedicated to Non-life insurance. The Group sold 50% of its holding in this entity to Mutua Madrileña; consequently, from this date the income, expenses, assets and liabilities of said entity were no longer included in the consolidated accounts.

f) Consolidation Principles

The Group's consolidation scope was defined according to the provisions of IAS 27 – Consolidated and Separate Financial Statements and IAS 28 – Investments in Associates (See Annex I).

In addition to the data corresponding to the Parent Company, the consolidated annual accounts contain information corresponding to the subsidiary, multi-group and associated companies. The procedure for integrating the equity of such companies was implemented in accordance with the control or influence exercised over them, as described below:

Subsidiaries

Considered as subsidiaries are those companies which, regardless of their legal form, the Group has control over, i.e. the power to direct their financial and operating policies, in order to obtain benefits from their activities.

Annex I to the present Report includes relevant information on these companies and Note 5 of the Report includes information on the most significant changes occurring during the 2012 financial year.

The annual accounts of subsidiary companies are consolidated with those of the VidaCaixa Group by applying the full consolidation method, which consists of adding the assets, liabilities and equity, revenue and expenditure, of a similar nature, that appears in their individual annual accounts, duly standardised in order to comply with the IFRS. The book value of shareholdings, direct and indirect, in the capital of subsidiary companies is eliminated applying the fraction of the equity of the subsidiary companies they represent. The remaining balances and significant transactions between the consolidated companies are eliminated in the consolidation process. Furthermore, the shareholdings of third parties in the assets of the Group and in the financial results are presented under the captions of "Minority interests" in the consolidated balance sheet and "Profit/loss attributed to minority interests" in the consolidated profit and loss account, respectively.

The individual financial statements of the Parent Company and the subsidiaries, used to prepare the consolidated financial statements, refer to the same date of presentation that corresponds to the annual financial close of each financial year.

The consolidation of the results generated by the companies acquired in a financial year is performed taking into consideration only those relative to the period between the acquisition date and the close of that financial year. In the case of subsidiaries which cease to be independent, the results are incorporated until the date they cease to be a subsidiary of the Group.

In those cases where an increase is produced in the voting rights of a subsidiary over which the Group already has control, a calculation is made of the difference between the cost of the new acquisition and the portion of the additional equity acquired according to the value to which they appear in the consolidated accounting statements.

None of the Companies indicated in Annex I is listed.

As an exception, in the case of the following companies, which meet the aforementioned requirements, they have not been included in the consolidation scope, due to their insignificant interest for the true image of the consolidated annual accounts and have been classified in the “Financial assets available for sale – Variable income” portfolio:

Name	Registered Address	Activity	% Holding	Mutual fund	Earnings for		Other Equity	Total Equity	Dividends received	Book value		
			Direct		Operations	Net				Cost	Impairment of financial year	Accumulated impairment
GeroCaixa Pyme	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	90	769	769	17,279	18,138	–	90	–	–
GeroCaixa	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	6	22,976	22,976	453,065	476,047	–	6	–	–
GeroCaixa Privada Pensiones	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	6	47	47	868	921	–	6	–	–
GeroCaixa Previsión Futuro	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	30	603	603	12,908	13,541	–	30	–	–

The activities of the aforesaid companies focus on the administration of corporate provident funds domiciled in the Basque Country. All the above are unlisted companies. The Group only has a holding in the Mutual Fund, the rest of the Equity being held by the policyholders.

Associated companies

Considered as associated companies are non-subsidiary companies over which the Group has a significant influence, in other words, the Group may intervene in decisions on the financial and operating policy of the associated company without exercising absolute or joint control over the same.

As a general rule, it is assumed that the Group exercises significant influence if it possesses, directly or indirectly, 20% or more of the voting rights in the associated company, unless it can be clearly demonstrated that such influence does not exist.

Annex I provides significant information on such companies.

In the consolidated annual accounts, associated companies are valued by the equity method, according to which the investment is initially recorded at cost, and subsequently adjusted according to the changes in the portion of net assets of the company that corresponds to the Group. The Group's year result includes the portion which corresponds to it in the results of the associated companies, less any possible own shares maintained in the treasury stock of each associated company, once the dividends and other equity eliminations have been considered.

The portion of permanently interrupted operations (interrupted activities) corresponding to the Group are disclosed in a separate consolidated profit and loss account, while the corresponding portion in the changes which associated companies have recognised directly in equity is also directly recognised in the Group's equity, including this, wherever applicable, in the statement of recognised income and expenses.

When applying the equity method, the most recent available financial statements of the associated company are used.

If any associated company applies accounting policies different to those adopted by the Group, the appropriate adjustments are made to the financial statements of the associated company in order to standardise the accounting policies.

If there is any evidence of impairment in the value of the investment in the associated company, the impairment in value is firstly deducted from any possible goodwill that exists in the investment.

Note 5 of the Report provides information on the most significant acquisitions during the 2012 financial year, in addition to the period between 31 December 2012 and the date on which the present annual accounts were prepared, in associated companies, increases in the share capital of companies with associated company status at the beginning of the financial year and information on the sale of shareholdings.

g) Compensation of Balances

Compensation is made only to the creditor and debtor balances which originate from transactions which, contractually or to comply with a legal regulation, consider the possibility of compensation (consequently they are presented in the consolidated balance sheet by their net amount) and the intention exists to liquidate them for their net amount or to realise the asset and pay the liability simultaneously.

h) Grouping of items

For the sake of clarity, certain items in the balance sheet, the profit and loss account, the statement of changes in equity and the cash flow statement are presented together. Insofar as it is significant, disaggregated information has been included in the corresponding notes to the report.

i) Financial Information by Segments

IFRS 8, “Operating segments” establishes the principles to be followed for preparing financial information by line of business or geographical area.

The information by segments is structured according to the control, monitoring and internal management of the insurance activity and the results of the Group. It is constructed according to various insurance segments and sub-segments operated by the Group, influenced by its structure and organisation.

The Group has defined the business segments of Life insurance, Non-life insurance and Other Activities as the principal segments. The segment defined as Life insurance includes all those insurance contracts which guarantee coverage of a risk which may affect the existence or physical well-being of the insured party. In contrast, the Non-life insurance segment groups together all the insurance contracts different to Life ones and may be broken down into the sub-segments of Accidents and Illness, Household Multi-risk, Other Damage, Automobiles, Death and Miscellaneous.

The two main segments of Life and Non-life are subject to different types of risks and returns. The Other Activities segment is used to group together all the different operating activities that are additional to strictly insurance activities. This includes the activity of pension fund management.

Each insurance company which depends, either directly or indirectly, on the Group may operate in one or more sectors, associated to one or more main segments, according to the definition of sectors provided by the DGIPF. Note 1.b describes the different specific sectors in which the Group has administrative authorisation to operate.

The accounting policies of the segments are the same as those adopted for preparing and presenting the financial statements of the consolidated Group, including all the accounting policies specifically related to the financial information of the segments.

Both the assets and liabilities of the segments and the income and expenses were determined before the elimination of the balances and the inter-group transactions carried out in the consolidation process, except where those balances or transactions had been carried out between companies in one same group. The latter case is the predominant one in the Group, with all inter-group transactions carried out at current market prices at any given moment.

The criteria for allocating assets and liabilities, expenses and revenues to the different main segments of the Group are the following:

Allocation of Assets and Liabilities to the Main Segments

The assets of each segment are those corresponding to the Group's insurance activity which the segment consumes so that it can provide its services, including those directly attributable to each segment and those which may be distributed to each one by applying reasonable bases of distribution.

The assets of the segment include investments valued by the equity method according to the allocation made for such investments in the "Investments Book" of each subsidiary that exercises a significant influence. In this case, the gains and losses from such investments have been included in the ordinary result of the segment in question.

The liabilities of each segment include the proportion of assets corresponding to the operation of the Group deriving from the activities of the segment and which are directly attributable to it or may be allocated to it by applying reasonable bases of distribution. If interest expenses have been included in the segment's result, the segment's liabilities include the debts that generated this interest.

The assets and liabilities of each segment include the part of the assets and liabilities of the Economic Interest Group which must be respectively accrued according to the percentages the insurance and non-insurance companies of the Group.

Allocation of Revenues and Expenses to the Main Segments and Sub-Segments

The technical revenues and expenses deriving from carrying out insurance operations are directly allocated to the Life and Non-life segments, respectively, and in the case of the latter, to its different sub-segments, depending on the type of operation from which they are derived.

The financial revenues and expenses are allocated to the Life and Non-life segments according to the allocation previously carried out for the assets generating these, which is shown in the "Investments Book" of each insurance company. A single financial instrument may be allocated to the different segments. In cases where the portfolios allocated to Life, Non-life or Other Activities include a holding in another subsidiary which is not an insurance company, its individual financial statements have been consolidated line by line, respecting the allocation made in the "Investments Book". The Group holding in the profit/loss of the associated companies, which is presented separately in the profit and loss account, inputs the different segments according to the percentage it represents in each investment portfolio, respectively. The revenues and expenses of the financial instruments in which the capital and reserves are materialised, along with other financial instruments not directly related to the practice of insurance operations, are allocated to the Other Activities segment.

The previous financial revenues and expenses are allocated to the different Non-life sub-segments, basically according to the technical reserves constituted for each of the weighted branches.

The Other Activities segment includes the revenues and expenses which, although derived from the operations carried out in the Life and Non-life segments, must not be included in the above technical areas.

For the other non-technical-financial revenues and expenses that are directly or indirectly related to the different segments, they have been allocated to these according to the segment that originated them, or on a reasonable distribution base, with the segment in question. In the latter case, a method has been used based on attributing expenses by functional activities, identifying for this the activities and tasks undertaken in each of the business processes and allocating to each of these activities the resources consumed by them. Consequently, in the attached profit and loss account, some of the general expenses are presented under the captions “Losses incurred in the period, net of reinsurance”, “Other technical expenses” and “Tangible fixed asset and investment expenses”. The rest of the general expenses appear under the caption “Net operating expenses”.

Together with the Group’s consolidated financial statements, the consolidated financial information by segments is attached, which details the various items that make up the ordinary income and expenses, as well as the segment’s assets and liabilities and those which have been excluded or not allocated. All of this is done regardless of the obligations of the different Spanish insurance companies which make up the scope of the Group to provide statistical-accounts information, based on the local Spanish accounting principles, to the DGIPF.

j) Cash flow statement

The following expressions are used in the cash flow statement:

– Cash flows: additions and disposals of cash and cash equivalents. Cash equivalents correspond to those high-liquidity, short-term investments which are easily convertible to determined cash amounts and are liable to insignificant risk of changes in their value and expire within three months.

– Operating activities: activities typical of insurance groups, as well as other activities which cannot be classified as investment or financing.

– Investment activities: those of acquisition, sale or disposal by other means of long-term assets and other investments not included in the cash and cash equivalents.

– Financing activities: activities that produce changes to the scale and composition of the equity and of the liabilities which do not form part of the operating activities. Operations with own shares, whenever they occur, are considered as financing activities. The payments of dividends made by the Parent Company to its shareholders are also considered under this category.

3. Significant Accounting Principles and Policies and Valuation Criteria Applied

The main valuation standards used in the preparation of the Group's Consolidated Annual Accounts for the 2012 financial year, in accordance with the International Financial Reporting Standards adopted by the European Union, were as follows:

a) Cash and other equivalent liquid assets

This caption of the balance sheet comprises the cash, including the cash on hand and the demand deposits held at banks, as well as the cash equivalents.

Cash equivalents correspond to those high-liquidity, short-term investments which are easily convertible to determined cash amounts and are liable to insignificant risk of changes in their value and expire within three months.

b) Financial Instruments

b.1) Recognition

Financial assets are generally recognised on their liquidation date. In accordance with IAS 39 – Financial Instruments: Recognition and Measurement, the Group designates the financial instruments at the time of their acquisition or generation as financial assets at the fair value with changes in results, as available for sale or as loans and accounts to be received.

b.2) Classification of Financial Instruments

Note 6 of the Report shows the balances of the financial assets in force at 31 December 2012 and 2011, together with their specific nature, classified according to the following criteria:

– Financial assets at fair value with changes in the profit and loss account:

  Within this category of financial assets, a distinction is made between two types:

  - Financial assets held for trading:

    These are financial assets which are classified as held for trading, given that they have been acquired for sale in the short-term, being part of a portfolio of financial instruments identified and managed jointly in order to obtain short-term profit, or which are financial derivatives that are not financial guarantee contracts (for example, bank guarantees) and have not been designated as hedge instruments either. This caption also includes embedded derivatives which have been recognised and valued separately from their initial contract.

  - Other financial assets at fair value with changes in the profit and loss account for the year:

    This category includes financial instruments which, not being part of the financial assets and liabilities held for trading, are jointly managed with liabilities through insurance policies valued at fair value and the purpose of which is to eliminate or reduce to a significant degree inconsistencies in the recognition or valuation (also known as accounting mismatches), which would otherwise have arisen through recognition of the profits or losses of the same.

    The financial instruments in this category are permanently subject to a system of risk measurement, management and control, which makes it possible to check that risk is effectively reduced.

The Group allocates to this portfolio all those financial instruments associated to the Unit Linked business, in which the policyholders of the insurance assume the risk of the investment. These classifications remove the inconsistency in the valuation which would arise from using a different criterion to value the assets and liabilities assigned to this business.

– Loans and payments receivable:

  These are non-derived financial assets with fixed or determinable payments, which are not negotiated in an active market.

  In this caption, the Group classified most of the mortgage loans, non-mortgage loans, policy advance payments and financial assets without publication of prices, in addition to accounts receivable derived from deposits claimed in accepted reinsurance business.

  In addition, there are other accounts receivable which are presented in the balance according to their different nature, as is the case with the credits for direct insurance, reinsurance and co-insurance operations and the tax, social security and other credits. Some of these items are excluded from the scope of IAS 39 and are specifically dealt with by other international regulations.

– Financial assets available for sale:

  This caption of the balance sheet includes debt securities which are not considered for trading, nor held-to-maturity investment portfolios, nor loans and accounts receivable, in addition to equity instruments issued by non-associated companies, wherever said instruments have not been considered for trading, or other financial assets at fair value with changes in profit and loss.

  In general terms, this category includes all variable-income financial assets, holdings in investment funds and indexed values, long-term deposits and fixed-income securities.

  On the latter instruments, the Group has signed various interest rate financial swap contracts, and has generally received fixed and/or determinable amounts from the different counterparts. The principal aim of these operations is to cover the cash flows necessary to meet the payment of benefits derived from the commitments with its policyholders, including the commitments acquired by virtue of certain pension commitment exteriorisation policies. For these fixed-income securities which incorporate interest rate swaps, the Group has the valuation separated from the certificate and swap, but given that their coupons are exchangeable, it values the operation in its entirety by updating the agreed flows and those associated to these financial activities, using a market interest curve.

For accounting purposes, the combined financial accrual of the flow resulting from the certificate plus the swap is also carried out. In accordance with its aforementioned purpose, the differences between this combined market value and the accounting cost are allocated to the technical reserves of the insurance contracts on each closure date. Separately valuing the fixed-income securities and the aforementioned interest rate swaps would have no significant effect on the Group's total assets or capital and reserves in the Group's consolidated balance sheet.

– Held-to-maturity investments:

  This caption of the balance sheet includes debt securities, with fixed maturity dates and receivables of calculable amounts, which are traded in an active market and for which the Group declares its intention and capacity to keep them in its possession until their maturity date.

Investments in associated companies are presented under the specific sub-caption of the balance sheet, "Shareholdings in companies valued by the equity method".

b.3) Recognition and Measurement of Financial Instruments

The financial instruments are initially recorded in the consolidated balance sheet when the Group formalises the contract which gives rise to them, in accordance with the conditions thereof. The financial assets and liabilities are recorded from the effective date on which the legal right to collect or make payment arises.

A financial asset is totally or partially removed from the balance sheet once the contractual rights on the cash flow it generates have expired or when it is transferred. However, a financial liability is totally or partially derecognised from the balance sheet once the obligations, risks or other benefits it generates have terminated.

When initially recorded on the balance sheet, all financial instruments are recorded at fair value which, in the absence of evidence to the contrary, is the price of the transaction. Subsequently, on a specific date, the fair value of a financial instrument corresponds to the amount for which it could be delivered, in the case of an asset, or paid, in the case of a liability, in a transaction entered into by knowledgeable interested parties, acting under conditions of mutual independence. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it in an organised, transparent and strong market ("listed price" or "market price").

In order to estimate a specific financial instrument's fair value when no market price exists, the established price of recent transactions of similar instruments shall be taken as a reference; if such information is not available, valuation models sufficiently recognised by the international financial community will be used, taking into consideration the specific characteristics of the instrument being valued and, in particular, the different types of risk associated with the instrument. The majority of financial instruments, except Over the Counter derivatives (hereinafter, OTC), are valued according to the listings of active markets.

The fair value of negotiated financial derivatives in organised, transparent and strong markets included in the trading portfolio are compared with their daily listing and if, for exceptional reasons, it is not possible to determine their listed price on a specific date, methods similar to those used to value non-negotiated derivatives in organised markets will be used.

The fair value of non-negotiated derivatives in organised markets or negotiated derivatives in organised markets that are not very strong or transparent will be calculated using method recognised by the financial markets, for example the "net present value" (NPV) or the models used to calculate the prices of options (see Note Risk Management Policies).

In the corresponding notes of the report, the financial instruments are valued at fair value according to the methodology employed in their valuation, in the following manner:

- Level I: based on prices listed in active markets.
- Level II: through valuation techniques in which the assumptions considered correspond to directly or indirectly observable market data or prices listed in active markets for similar instruments.

- Level III: through valuation techniques in which some of the principal assumptions are not based on data observable in the market.

The majority of financial instruments use the listed prices of active markets (Level I) as an objective reference for determining their fair value and consequently use to determine their fair value the price that would be paid for them in an organised, transparent and strong market (the listed price or market price). In general terms, listed debt securities and listed equity instruments are included in this level.

In order to estimate the fair value of the instruments classified in Level II, for which no market price exists, the established price of recent transactions of similar instruments shall be taken as a reference; if such information is not available, valuation models sufficiently recognised by the international financial community will be used, taking into consideration the specific characteristics of the instrument being valued and, in particular, the different types of risk associated with the instrument. Consequently, the fair value of OTC derivatives and of financial instruments traded on organised markets that are not very strong or transparent will be calculated using methods recognised by the financial markets, for example the "net present value" (NPV) or the models used to calculate the prices of options, based on parameters observable in the market. Fundamentally, this level includes unlisted debt securities.

To obtain the fair value classified in Level III, for the valuation of which no directly observable data exist in the market, alternative techniques are used, including requesting the price from the vendor entity or the use of market parameters with a risk profile that can be easily applied to the instrument being valued. At 31 December 2012 and 2011, no financial instruments were included in this level.

Furthermore, for certain financial assets and liabilities, the recognition criteria on the balance sheet is the amortised cost. These criteria are mainly applied to financial assets included in the caption "Loans and accounts receivable", and with regard to financial liabilities, to those recorded as "Financial liabilities at amortised cost".

Some of the assets and liabilities contained in these sections are included in some of the micro-hedges of fair value managed by the Group companies and consequently appear in the balance sheet at the fair value which corresponds to the covered risk.

b.4) Impairment of the Value of Financial Instruments

On each date of the balance sheet, the Group evaluates whether there is objective evidence that a financial instrument has been impaired, considering those situations which individually or together with others manifest this evidence.

A financial asset is considered to be impaired when there is objective evidence of a negative impact on the future cash flows estimated at the moment the transaction is formalised or when their book value cannot be fully recouped.

As a general rule, the correction of the book value of financial instruments as a result of their impairment is charged to the consolidated Profit and Loss Account of the period in which said impairment occurs, and the recouping of previously recorded losses caused by impairment, wherever applicable, are recognised in the consolidated Profit and Loss Account of the period in which the impairment is eliminated or reduced, except in the case of equity instruments classified as available for sale, given that such impairment is considered impossible to recoup.

When it is considered that a registered sum is unlikely to be recouped, it is eliminated from the balance sheet, without prejudice to any actions which may be carried out by Group companies in an attempt to collect the amount, until all the rights pertaining to the same are finally extinguished as a result of statute-barring, cancellation or any other cause.

Below, we set out the main criteria adopted when examining the impairment of the Group's different financial assets:

– Financial assets recorded at amortised cost:

The sum of losses through impairment experienced by these instruments coincides with the positive difference between their respective book values and the current value of their estimated future cash flows. A decrease in fair value below the acquisition cost does not in itself constitute proof of impairment.

If, in subsequent periods, the amount of the loss through impairment of value is reduced, the previously-recognised loss through impairment is subject to reversal in the profit and loss account.

This group of assets includes the balances receivable which the Group maintains with certain insured parties or policyholders for the receipts issued awaiting payment and the receipts pending issue. In this case, the loss of value is determined according to the historical experience of annulments in the last 3 years, attributing greater weight to the most recent years and taking into consideration the months that have passed since the theoretical payment date and that of each closure, as well as the specific insurance sector involved.

– Debt securities classified as available for sale:

For fixed-income and readily assimilated securities, the Group considers as an indication of loss a possible reduction or delay in the estimated future cash flows, which among other circumstances may be caused by the debtor's possible insolvency. Loss through impairment of debt securities included in the portfolio of assets available for sale is equal to the positive difference between the acquisition cost (net of any amortisation of the debt principal) and its fair value, after deducting any loss through impairment previously recognised in the consolidated profit and loss account. The market value of listed debt securities is considered a reasonable estimation of the current value of its future cash flows, in spite of the fact that the decrease in fair value below acquisition cost does not in itself constitute proof of impairment.

When there is objective evidence that the differences arising in the valuation of these assets originate from their impairment, they are no longer presented under the equity caption *"Adjustments to assets through valuation – Financial assets available for sale"* and are recorded for the sum considered to be the accumulated impairment until that time in the consolidated profit and loss account.

If some or all of the losses through impairment are recovered at a later date, their amount is recognised in the profit and loss account of the period in which the recovery occurs.

– Equity instruments classified as available for sale.

The indicators used to evaluate the impairment of these instruments, which are listed in secondary markets according to the methodology established by the Group, include the listed value at the close of the financial year, a significant or prolonged decrease of the market value below the acquisition cost, historical data on the dividends paid in previous financial years, the anticipated dividends and the expectations of the market in which the subsidiary company operates. These indicators are used to evaluate whether objective evidence of impairment exists. A decrease in fair value below the acquisition cost does not in itself constitute proof of impairment.

The loss through impairment of equity instruments is calculated on an individual basis and, once objective loss is evidenced as a consequence of an event or series of events with an impact on the estimated future cash flows, is equal to the difference between the acquisition cost and its fair value, after deducting any loss through impairment previously recognised in the consolidated profit and loss account.

The criteria for recording losses through impairment coincide with the ones applied to debt securities classified as available for sale, except for the fact that any recovery of the aforementioned losses is recognised under the equity caption *"Adjustments to assets through valuation – Financial assets available for sale"*.

b.5) Register of the Variations Arising in the Valuations of Financial Assets and Liabilities

The loss or gain arising from the variation in the fair value of a financial asset, which does not form part of a hedging operation, is recognised as follows:

- The loss or gain in a financial asset at fair value with changes in profit and loss is recognised in the profit and loss account of the financial year under the sub-caption "Losses from financial investments" or "Profits from financial investments" from the Life and Non-Life segment.
- The loss or gain in an asset available for sale is directly recognised in equity in the line "Adjustments through valuation" until the financial asset is cancelled in the accounts registers, with exception of the losses through

impairment of the value of the losses or gains due to the exchange rate. At the time of cancellation, the loss or gain which has been previously recognised in equity is registered in the profit and loss account of the financial year.

However, interest calculated according to the effective interest method is recognised in the financial year results. The dividends of an asset instrument classified as available for sale are recognised in the profit and loss account of the financial year when the Group's right to receive the payment has been established.

When a financial asset registered at amortised cost is cancelled, has suffered a loss in value or the effective interest method is applied, the different derived revenues and expenses are registered through the profit and loss account.

b.6) Investment on Behalf of Life Insurance Policyholders who Assume the Risk of the Investment

Investments on behalf of policyholders who assume the risk of the investment are valued at the acquisition price on subscription or purchase. This acquisition price is subsequently adjusted according to its realisation value. The revaluations and depreciations of these assets are entered as credits or debits in the profit and loss account of the Life segment, for their net amount, under the sub-caption "Unrealised gains and losses from the investments".

The entirety of the instruments of variable income, fixed income and other types which have official listing, or in those where a market value can be reliably estimated, are designated and classified in the portfolio "at fair value with changes in profit and loss".

For presentation purposes, it must be considered that part of the balances affected by this business are presented in balance sheet captions different to that of "Investments on behalf of life insurance policyholders who assume the investment risk", classifying the liabilities through such insurance policies under the caption "Technical reserves – for life insurance".

c) Tangible Fixed Assets

Under this caption, the Group registers the balance of all buildings for own use and those occupied by Group companies, all owned freehold.

This caption also includes the elements of transport, buildings and facilities and data-processing equipment, among others.

These assets are recognised at their cost of acquisition or construction, less the accumulated depreciation and, where appropriate, the accumulated amount of the losses through impairment in value, but in no case below the residual value. The costs of the extensions and improvements carried out on the buildings owned by the Group, subsequent to their initial recognition, are expedited as another tangible asset, providing they increase their capacity or surface area or increase either their return or useful life. On the other hand, upkeep and maintenance costs are expensed during the period in which they occur. The Group does not capitalise the financial expenses associated to these assets, wherever they exist.

If the payments relating to a property investment are postponed, its cost is the equivalent of the cash price. The difference between this amount and the total of payments is recognised as an interest expense during the period of postponement.

As a general rule, the Group uses the systematic method of linear depreciation on the acquisition cost, the residual value and the value of the land in the case of buildings being excluded throughout the following estimated useful lives:

	2012	2011
Tangible fixed asset	Estimated useful life	Estimated useful life
Property (excluding land)	50 years	50 years
Furniture and fittings	Between 3 and 13 years	Between 3 and 13 years
Vehicles	5 years	5 years
Data-processing equipment	Between 3 and 10 years	Between 3 and 10 years
Other tangible fixed assets	Between 5 and 10 years	Between 5 and 10 years

In the case of buildings under construction, the Group starts to depreciate them once they are ready for use.

The residual values and lives of these assets are revised on every balance date and adjusted as necessary. The recognised accounting value for an asset is immediately reduced to its recoverable amount if the accounting value of the asset is greater than its estimated recoverable amount. The gains and losses per report are calculated comparing the quantities obtained with the recognised accounting values.

The market value for buildings for own use, which is indicated in Note 9.a of the Report, was obtained from the valuation reports conducted by independent experts, and which have a maximum life of 3 years. The Group has updated all the valuations during the present financial year. For property located in Spain, the aforementioned market value has been calculated in accordance with the provisions established in Order ECO-805-2003, of 27 March, partially amended by Order EHA 3011-2007, of 4 October, and updated by Law 16/2012, of 27 December, on the valuation rules for property and certain rights for certain financial aims.

d) Property investments

The property investments caption in the consolidated balance sheet includes the values of land, buildings and other constructions which are held either for leasing, or to obtain a gain in the sale thereof as a result of any increases which may come about in their respective market prices.

Land owned for an undetermined future use and currently unoccupied buildings are also presented under this sub-caption.

Certain properties consist of a part which is for operational purposes and another part for own use. If these parts can be sold separately, the Group will also record them separately. If this is not the case, the property will only be classified as a property investment when an insignificant part of the same is used for own use.

Property investments include land and buildings possessed freehold. They are entered in the accounts at the acquisition or construction cost, less any subsequent accumulated depreciation and subsequent accumulated losses through impairment, where appropriate, but in no case below their residual value. The acquisition cost includes the sale price along with any directly attributable payment (associated transaction costs). In the case of real estate investments constructed by the Group itself, the acquisition cost is the cost at the date on which the construction or development is completed.

The treatment of the costs of extension, modernisation or improvements, as well as the methods for calculating impairment, the depreciation systems and the useful lives established for property investments are similar to those applied to own-use buildings (see Note 3.c).

The market value of property investments, which is indicated in Note 9.b of the Report, has been obtained in accordance with the Order mentioned in the previous section with regard to own-use buildings.

e) Intangible fixed assets

Identifiable monetary assets which have no physical appearance and which arise as a consequence of an acquisition from third parties or have been developed internally by a company in the Group are considered as intangible assets. For accounting purposes, the only intangible assets recognised are those in which, being identifiable, and where future financial benefits exist in addition to control over the intangible asset in question, the Group can reasonably estimate their cost and it is probable that the future financial benefits attributed to them flow to the Group itself.

The Group values intangible assets by their cost of acquisition or production and maintains this cost model in subsequent valuations, minus the corresponding accumulated amortisation, if applicable, and the accumulated amount of the losses through impairment of value, where appropriate. To determine whether the value of the intangible assets has been impaired, the Group applies IAS 36 – *Impairment of Assets* and subsequent interpretation of this, such as IFRS 4 – *Insurance Contracts*, in cases where this is applicable.

The Group evaluates whether the useful life of the intangible assets is finite or undefined. If it is finite, it evaluates the duration of their useful life.

e.1) Goodwill

The caption "Consolidated goodwill" includes the positive difference of consolidation deriving from the acquisition of holdings in the capital of subsidiary companies, through the difference between the acquisition cost of the new holding and the acquired participation in the fair net value of the assets, liabilities and identifiable contingent liabilities which are not allocated to assets or specific intangible assets.

The Group had no goodwill prior to the first application of the IFRS-EU regulations.

At 31 December 2012, the consolidated balance sheet includes:

- The amount corresponding to the goodwill originating from the purchase on 31 March 2008 and subsequent merger by absorption of the company "la Caixa Gestión de Pensiones, E.G.F.P., S.A.U." (previously known as Morgan Stanley Gestión Pensiones, E.G.F.P., S.A.U.) by VidaCaixa. Said merger was approved by the DGIPF on 30 November 2008, with retroactive effect from 30 June 2008.

  As a consequence of the operation, in the process of allocating the cost of the acquisition, the Group identified an intangible asset together with goodwill, as established in applicable accounting regulations. Said intangible asset is classified under "Other intangible assets" in the "Intangible fixed assets" caption of the assets in the balance sheet and is amortised according to its estimated useful life of 12 years. Similarly, the resulting Goodwill is classified under "Merger goodwill" in the "Intangible fixed assets" caption. In accordance with applicable accounting regulations, the Group will evaluate the existence of possible impairments in the goodwill on an annual basis (see Note 10.b).

- The intangible assets identified in the process of purchasing Caixa Girona Pensions' pension fund management business (see Note 5).

  By virtue of the merger by absorption of Caixa d'Estalvis de Girona by "la Caixa", the Caixa Girona Pensions business was transferred to VidaCaixa. As a consequence of recording the assets and liabilities at fair value from said operation, an intangible asset valued at 2,696 thousand euros was identified at 31 December 2010, corresponding to the current value of the commercial management rights of the Pension Funds. Said intangible asset is classified under "Other intangible assets" in the "Intangible fixed assets" caption of the assets in the balance sheet, and is amortised according to its estimated useful life of 4 years.

- The intangible fixed asset identified in the acquisition process of various businesses of Bankpyme.

  On 22 November 2011, the Group, as a consequence of the merger by absorption of the entity Bankpyme by CaixaBank, in accordance with the mobilisation plan, proceeded to integrate the "Plan de Pensiones Multindividual" pension plan originating from Agrupació Bankpyme Pensiones and accepted the management of the assigned portfolio by a broker of Agrupació Mútua. As an intangible fixed asset, the Group activated the sums originating from said agreements at 180 and 200 thousand euros, respectively.

With regard to the holding held in SegurCaixa Adeslas, this includes intangible assets implicit in the value and in the percentage of the holding held in the same.

e.2) Other Intangible Fixed Assets

The specific accounting policies applied to the other main intangible assets are described below:

Intangible assets identified

As described in the Goodwill section, the intangible assets identified during the merger process have been classified under this caption.

IT applications

This sub-caption basically includes redeemable expenses related to the development of computer systems and electronic channels.

The licences of the computer programs are valued by the amount paid for their ownership or right of use, together with the costs incurred in putting the specific program to use, provided that its use is foreseen for several years, and they are recorded as computer applications acquired entirely from third parties. Under this same item, the costs of third parties who collaborate in the development of computer applications for the Group are recorded.

In the case of those applications generated internally, the Group expedites the expenses directly associated with the production of identifiable and exclusive computer programs controlled by the Group, in other words, the labour costs of the development teams of these applications and the part corresponding to the associated indirect expenses. The remaining costs associated with the development or maintenance of internal projects are recorded as an expense in the financial year in which they are accrued.

The subsequent costs are only capitalised when the future profits of the intangible asset to which they relate increase. Recurring expenses arising from the modification or revaluation of computer applications or systems, expenses arising from global revisions of systems and maintenance costs are recorded in the profit and loss account in the period in which they are incurred.

All computer applications are amortised systematically over their maximum useful life, which fluctuates between three and five years.

Marketing expenses associated with non-life insurance contracts

This corresponds to the financial revaluation of premiums for policies in the portfolio of the SegurCrédit product, characterized by a single payment and being linked to mortgage loans covering the duration for a maximum of ten years renewable.

Other expenses of acquisition of pension plans and life insurance contracts

Since the 2004 financial year, the Group has marketed some new types of pension plans that have a cash premium associated with their sale. In the 2006 financial year, marketing of insurance products which also have the same type of premium associated to them commenced. The Group activates the cost of said rewards and amortises them over a maximum term of 5 years, taking into account movements and falls in the portfolio.

The possible loss of value in the expedited acquisition expenses referring to life and non-life insurance contracts is evaluated according to the requirements set out in IFRS 4 - Insurance Contracts (see Note 10.a).

f) Transactions in Foreign Currencies

f.1) Functional Currency

The operating currency of the Parent Company and its subsidiary companies with registered offices in the European Union is the euro.

The consolidated annual accounts are presented in euros, the currency in which the Group presents its accounts. Consequently, all balances and transactions named in currencies other than the euro are considered to be in “foreign currency”.

f.2) Conversion Criteria of Balances in Foreign Currencies

The conversion of balances in foreign currencies to euros is performed in two consecutive stages:

- Conversion from the foreign currency into the operating currency (the currency of the principal economic area in which the subsidiary operates or the euro in the case of companies domiciled in the European Monetary Union), and
- Conversion to euros of the balances maintained in the operating currencies of subsidiaries whose operating currency is not the euro.

Transactions in foreign currencies which are carried out by consolidated companies not located in EMU countries are initially recorded at an equivalent value in the operational currency by applying the exchange rate at the date on which the operation was performed. Subsequently, the monetary balances in foreign currencies are converted into their respective operating currencies by applying the exchange rate at the financial year close. Furthermore:

- Non-monetary entries valued at their historic cost are converted into the operating currency by applying the exchange rate at the date of their acquisition.
- Non-monetary entries valued at their fair value are converted into the operating currency by applying the exchange rate at the date on which said fair value was calculated.
- Revenue and expenses are converted by applying the average exchange rates of the period for all operations that belong to the same.
- Futures trading operations of currencies against currencies and currencies against euros not aimed at covering asset positions are converted at the exchange rates established on the date of the financial year close by the currency futures market for the corresponding accrual date.

The Group applies the same principles for the conversion to euros of entries and transactions carried out in "foreign currency" by its subsidiary companies domiciled in the EMU.

f.3) Recording of Exchange Rate Differences

The exchange rate differences produced when the balances in foreign currency are converted to the euro are generally recorded as net amounts in the profit and loss account. However:

The exchange rate differences arising in the non-monetary items whose fair value is adjusted with counterpart in equity are recorded in equity under the item "Adjustments to assets through valuation – Portfolios available for sale".

The exchange rate differences arising in the non-monetary items whose gains or losses are recorded in the financial year result, are also recognised in the financial year result, without differentiating them from the other variations that may occur to their fair value.

g) Corporation tax

The Corporation Tax expense for each financial year is calculated according to the reported result before taxes, determined according to the local Spanish accounting principles, increased or reduced accordingly by the permanent differences. These are understood to be those produced between the taxable income and the reported result before taxes, which are not going to be reversed in following periods, as well as those derived from the application of the IFRS and for which a reversal will not be produced either. When the value differences are registered in equity, the corresponding corporate income tax is also registered against equity.

The temporary differences originating from the differences between the book value and the taxable income of an asset item such as, in the case of activation, tax credits and abatements and by negative taxable income, give rise to the corresponding deferred taxes, whether assets or liabilities, which are quantified by applying the temporary difference or credit corresponding to the tax obligation to which it is expected to recover them or liquidate them.

The Group recognises liabilities through deferred taxes for all the temporary taxable differences. The assets through deferred taxes are only recognised in the case where it is considered highly probable that the consolidated companies are going to have sufficient tax gains in the future against which these assets can be applied.

In the case of temporary taxable differences derived from investments in Group and associate companies (which are not consolidated fiscally), a liability for deferred taxes is recognised except where the Group can control the reversion of the temporary differences and it is probable that these will not be reverted in the foreseeable future.

The assets and liabilities through current tax are valued at the sums expected to be paid to or recovered from the Treasury, in accordance with the current legislation or approved legislation pending publication on the date of the financial year end. In this regard, the Group has calculated the Corporation Tax at 31 December 2012 by applying the current tax regulations and Royal Decree Law 2/2008, of 21 April, on measures to promote economic activity in all companies domiciled for tax purposes in Spain.

The Group Companies and its subsidiaries have been in the tax consolidation regime within the ”la Caixa” Group since the 2008 financial year; therefore the balances payable for said items are recorded under Debts with Group Companies in the “Debits and payable items” caption of the attached balance sheet.

h) Financial Liabilities

Financial liabilities are those debts and payable items the Group has and which have resulted from the purchase of goods and services for the company’s trade provisions, or those which, not being of a commercial nature, cannot be considered as derivative financial instruments.

Debts and payable items are valued initially at the fair value of the consideration received, adjusted for the directly attributable transaction costs. Said liabilities are subsequently valued at their amortised cost.

This caption includes subordinated debt issues. These issues are presented net of the expenses associated therewith, which are recorded in the profit and loss account as major financial expenses, with a time period of 10 years from each issue being considered.

i) Assets and Liabilities Derived from Insurance and Reinsurance Contracts

The Group applies the requirements established in IFRS 4 – *Insurance Contracts* to all the assets and liabilities in its consolidated financial statements which derive from insurance contracts, in accordance with the definition set out in the regulation itself.

i.1) Classification of the Contracts Portfolio

The Group evaluates and classifies its life and non-life insurance contracts of the direct business (including accepted reinsurance) and of the ceded business, taking into consideration the Implementation Guides which accompany IFRS 4, as well as the non-regulatory guidelines published by the DGIPF on 22 December 2004, by means of the Framework Document on Accounting Procedure of the Insurance Companies relating to IFRS 4. All the contracts are classified as “insurance contracts”.

The Group does not separate any deposit component associated with insurance contracts, such disassociation being voluntary for the same. Meanwhile, it is estimated that the surrender options issued in favour of insurance contract holders have a nil fair value or otherwise, their valuation forms part of the value of the liability of the insurance.

i.2) Valuation of Assets and Liabilities Derived from Insurance and Reinsurance Contracts

In accordance with the criteria indicated in the IFRS, insurance entities must perform a sufficiency test, with regard to the contractual commitments assumed, for the liabilities derived from insurance contracts recorded in its balance sheet.

Specifically, in accordance with IFRS 4 – Insurance Contracts, the group performs a liabilities sufficiency test, in order to guarantee of the suitability of its contractual liabilities. To this effect, the Group compares the difference between the book value of the technical reserves, net of any deferred acquisition cost or any intangible asset related to the insurance contracts subject to evaluation, with the amount resulting from considering the current estimations, applying market interest rates, of all the cash flows derived from the insurance contracts, with the difference that derives between the market value of the financial instruments affecting the previous contracts and their acquisition cost. In order to determine the market value of these liabilities, the same interest rate as the one employed in the financial instruments is used. The valuations of the insurance contracts also include the related cash flows, such as those coming from the implicit options and guarantees.

On 31 December 2012 the aforementioned liability adequacy test was conducted and the sufficiency of the reserves constituted was borne out.

In order to avoid some of the accounting mismatches produced by using different valuation criteria for financial investments, mainly classified in the “Financial assets available for sale” caption, and the liabilities derived from insurance contracts, the Group registers as the greater amount of the caption *Insurance contract reserves* that part of the unrealised net capital gains, derived from the above investments, which are expected to be accrued in the future to the insurance companies as these materialise or by means of applying a technical interest rate higher than the market interest rate. Said practice is known as “shadow accounting”.

The policy accounting principles applied by the Group with regard to the technical reserves are summarised below:

<u>For unearned premiums and unexpired risks</u>

The reserve for unearned premiums constitutes the proportion of premiums accrued during the financial year which must be input to the period from the close of each financial year and the termination of the policy. The Group’s insurance companies have calculated this reserve for each type or area using the “policy by policy” method, taking as a base for calculation the tariff premiums, deducting, wherever applicable, the security surcharge, in other words, without deducting the commissions and other acquisition costs.

The unexpired risks reserve is aimed at complementing the unearned premium reserve when its amount is insufficient to reflect the valuation of all the risks and expenses to be covered for the period of cover remaining at the end of the year. This reserve is calculated and is in turn made, according to the calculation established by Article 31 of the Regulations on Administration and Supervision of Private Insurance (hereinafter, RASPI) modified by Royal Decree 239-2007, of 16 February, considering the technical result by year of occurrence together with same year of closure and the previous one or of the four previous years, depending on the area in question.

Life insurance

This reserve includes the reserve for unearned premiums of insurance contracts with a period of coverage equal to or lower than the year and principally, for the other insurance contracts, the policy reserve. The policy reserves, which represent the excess of the current actuarial value of the future obligations of the subsidiary insurance companies over that of the premiums which the policyholder must satisfy, are calculated policy by policy using a system of individual capitalisation, taking as its calculation base the inventory premium accrued in the year, in accordance with the Technical Notes of each type, updated in turn with the mortality tables accepted by current Spanish legislation.

Reserves relative to life insurance when investment risk is assumed by policyholders

For presentation purposes, the caption in the liabilities "Technical reserves – life insurance" includes the technical reserves corresponding to insurance in which the policyholder assumes the investment risk. The corresponding technical reserves are determined on the basis of indices or assets used as a reference to determine the economic value of the rights of the policyholders (see Note 6).

Claims

This account represents the total amount of pending liabilities arising from claims that occurred before year-end. The Group calculates this reserve as the difference between the total estimated or certain cost of the claims pending declaration, settlement or payment and the set of amounts already paid for these claims.

Claims pending settlement or payment

This account represents the total amount of pending liabilities arising from claims that occurred before year-end. The Group calculates this reserve as the difference between the total estimated or certain cost of the claims pending declaration, settlement or payment and the set of amounts already paid for these claims. The reserve is calculated individually for claims pending settlement or payment and includes external and internal management expenses and processing of claims, whatever their origin, produced or to be produced, until the final settlement and payment of the claim.

Claims pending declaration

The Group's insurance companies are authorised by the DGIPF to use global statistical methods to calculate the reserve for claims pending declaration in the Individual Life, Group Life and Group Accident and Non-life types, with effect from 31 December 2006. Since then, said reserve has been calculated in accordance with generally accepted statistical methods of groups of different methods, establishing as the reserve amount the greater of the results obtained.

For the above cases, the reserve has been calculated according to the best estimate provided by the internal actuarial calculations based on generally accepted calculation methods. The methodology and main hypotheses used in the calculation of said reserves at 31 December 2012 is described below:

- Chain Ladder and Cape Cod analysis (calculation methods) of payments and expenses incurred have been selected.
- To calculate the level of fixed security, no inflation effect or financial discounting over time was considered. Peak claims, defined as those whose estimated cost exceeds a certain amount according to each segment, are excluded from these methods.
- The calculated payments are considered net of recovery.

Every year, the Group checks the goodness of fit of the calculations performed, in accordance with the requirements established in the Regulation. Furthermore, each claim is subject to an individual valuation, independently of the statistical methods used.

For the purposes of the tax deductibility of the claims reserve calculated using statistical methods, calculations have been made for consideration of the minimum amount of the reserve, in accordance with the requirements established by Additional Provision Three of Royal Decree 239-2007, of 16 February, which amends the RASPI. The differences between the provisions made and those considered as a tax deductible expense during the financial year have taken time differences into account.

Internal expenses of claims settlements

The claims reserve includes an estimate for internal management expenses and the administration of proceedings in order to meet the internal expenses of the Company necessary for the full completion of claims that have to be included in the claims reserve, for both direct insurance and accepted reinsurance. This estimation is produced in accordance with the provisions of Article 42 of Royal Decree 239-2007, of 16 February, which modifies the RASPI, irrespective of the calculation method used and in compliance with the current regulation.

Reserves for share in profits and returns

This reserve includes the amount of the gains accrued in favour of the policyholders or beneficiaries still not allocated at the closure date. It does not include the effect of allocating part of the unrealised capital gains of the investments portfolio in favour of the policyholders, which is included in the sub-caption “Technical reserves”.

Commissions and accrued acquisition expenses

The caption of the balance “Other assets” basically includes the commissions and other acquisition expenses corresponding to the premiums accrued which are applicable to the period between the closure date and the termination of the coverage of the contracts, with the imputed expenses corresponding to results actually supported in the period with the limit established in the technical bases.

In parallel, the caption “Rest of liabilities” includes, among others, the amounts of the commissions and other acquisition expenses of the ceded reinsurance which must be accrued to following financial years in accordance with the period of coverage of the ceded policies.

The commissions and acquisition expenses directly related to the newly-produced sale are not activated under any circumstances, being entered in the profit and loss account of the year during which they are incurred.

Claims recovery

In general terms, the recovery credits for claims are only entered in the accounts when there is sufficient guarantee that they will be realised.

The sum of the recovery credits net of the reinsurance participation is registered in the caption "Loans and payments receivable – Other credits" of the consolidated balance sheet.

Reinsurance

The reinsurance contracts signed between subsidiary insurance companies of the Group and other insurance companies aim, in all cases, to transfer part of the insurance risk to the reinsurance companies with whom they have signed the contract.

j) Non-technical Reserves

The consolidated financial statements of the Group include all the significant reserves with regard to which it is estimated that the probability of having to meet the obligation is greater than the opposite case. The contingent liabilities are not included in the financial statements.

The reserves are quantified taking into consideration the best available information on the consequences of the event for which they are intended and are re-estimated in every closing of accounts. They are used to confront the specific risks for which they were originally recognised and are totally or partially reversed when these risks disappear or are reduced.

j.1) Reserves for Pensions and Similar Risks

Numerous Group companies have agreements for post-employment pensions, which are outsourced through various contributory pension plans associated to the “PENSIONS CAIXA, 21, FONDO DE PENSIONES” Pension Fund.

For these companies, the Group makes contributions of a predetermined nature to said plans, according to the percentages applied to the basic salary of each employee, without any legal or effective obligation to make additional contributions if the separated entity is unable to attend to the remuneration of the employees related to the services rendered in the current financial year and in previous ones.

On the other hand, upkeep and maintenance costs are expensed during the period in which they occur in each Group company. In the 2012 financial year, the subsidiary companies contributed 336 thousand euros to this Fund (493 thousand euros in 2011).

The non-outsourced part, which is insignificant, corresponds to the Subsidiaries’ commitments to non-working personnel.

j.2) Other Non-Technical Reserves

The remaining non-technical reserves basically include the payments for debts assumed by the Group with regard to the agreements established with insurance companies and the amounts estimated for confronting probable or certain responsibilities, such as current litigation, compensation, regularisations pending payment to staff and other obligations.

k) Leases

Leases are classified as financial leases wherever it may be deduced from the conditions thereof that the risks and benefits inherent in the property which is the object of the lease are substantially transferred to the lessee. All other leases are classified as operating leases.

Financial leases

Assets acquired through financial leases are classified in the caption “Tangible fixed assets” according to the nature of the asset which is the object of the contract, with a balancing entry of a liability for an identical amount, for the lesser amount between their fair value and the present value of the amount payable to the lessor, including the price of exercising the option to purchase. These assets are amortised applying criteria similar to those applied to the group of tangible assets of a similar nature.

The financial expenses associated with these contracts are charged to the consolidated profit and loss account, in accordance with the effective interest rate of such operations.

Operative Leases

Operating lease operations are considered to be those in which the inherent risks and benefits of the ownership of the asset are not transferred by the lessor.

The expenses of operating leases are systematically charged to the consolidated profit and loss in the financial year in which they are accrued.

l) Related Party Transactions

The Group carries out all its related party transactions at market values. Furthermore, the transfer prices are appropriately supported and for this reason the Directors of the Parent Company consider that no significant risks exist which may give rise to significant liabilities in the future.

m) Environmental Equity Items

Assets of an environmental nature include items which are used over long periods of time in the Group’s activity, the main purpose of which is to minimise environmental impact and to protect and improve the environment, including the reduction or elimination of future pollution.

Given the Group’s activity, it does not have a significant environmental impact.

n) Severance Pay

In accordance with current legislation, the Group is obliged to pay compensation to employees whose employment contracts have been terminated under certain circumstances. Consequently, severance payments subject to reasonable quantification are recorded as an expense in the year in which the decision to dismiss the employee was taken. Given that no situations of this nature are envisaged, no provision for this item has been made in the accompanying annual accounts.

o) Income and Expenses

The Group enters the income and expenses in the accounts according to the accrual principle, i.e. according to the real flow of goods and services these represent, regardless of the time when the monetary or financial flow derived from them is produced.

The most significant criteria used by the Group to recognise its revenues and expenses are summarised below:

o.1) Income Through Issued Premiums

The premiums issued during the financial year are entered in the accounts as a deposit, net of the annulments and returns, corrected by the variation in the accrued, non-issued premiums, which derive from contracts perfected or extended in the year, in relation to which the policyholder's right to realise them arises during this period.

The premiums of the Non-life segment and of the renewable annual life contracts are included as a deposit throughout the contracts' period of validity, depending on the time passed. These premiums are accrued using the constitution of the reserve for unearned premiums. The Life segment premiums which are long-term, whether they are single or periodic premiums, are included when the contract issuer's right to realise them arises.

The premiums corresponding to the ceded reinsurance are registered according to the underwritten reinsurance contracts and under the same criteria used for direct insurance.

o.2) Income and Expenses Through Interest and Similar Items

For accounting purposes, these are generally recognised by applying the effective interest method, regardless of the monetary or financial flow derived from the financial assets. The perceived dividends of other companies are recognised as income at the moment when the subsidiaries' right to receive them originates.

o.3) Claims Paid and Variation in Reserves

The loss is composed of the claims paid during the year and the variation experienced in the technical reserves relating to the claims and the imputable part of the general expenses which must be allocated to this.

o.4) Commission

The income and expenses for commissions are registered in the profit and loss account during the period when the associated service is provided, except those which respond to a particular or single act, which are accrued at the moment these are produced.

During the 2012 financial year, the Group conducted a Reinsurance transaction with Berkshire Hathaway, for which it received an upfront commission payment of 600,000 thousand euros. Considering the substantial transfer of risks and benefits associated with charging said commission and the associated contracts, basically renewable annually, the Group has recorded this commission under the caption "Other technical revenue" in the Life Segment of the consolidated financial Statement (see Notes 15 and 19).

4. Management of risk and capital

Management of capital

The Parent Company and the subsidiaries VidaCaixa, VidaCaixa Mediación and AgenCaixa are under the supervision of the DGIPF and are regulated by the legislation applicable to insurance companies. Said legislation establishes that insurance companies must at all times have, as a solvency margin, their own uncommitted assets, sufficient for their combined activities.

The solvency margin is calculated in accordance with the corresponding articles established in the RASPI, modified by RD 297-2004, of 20 February, RD 239-2007, of 16 February, RD 1318-2008, of 24 July, Order ECC/335/2012, of 22 February and Order ECC/2150/2012, of 28 September. Consequently, all the Group insurance companies participated in the last European impact study (Solvency II) through the QIS 5 and are making progress in the quantification of the capital adapted to the Group's risk profile in accordance with the future legislation, which is still at the development stage.

These assets basically consist of the share capital paid, the reserves, the undistributed profit, the subordinate financing and the capital gains of the investments not linked to reserves, less the expenses to be distributed.

In turn, the minimum quantity of the solvency margin is determined in the Non-life insurance branch by a percentage over the accrued premiums or the claims, the greater of these two, corrected by the impact of the accepted, ceded reinsurance. For life insurance, the minimum is fixed according to 4% of the technical reserves and an additional percentage over the insured capital in risk.

At 31 December 2012, the breakdown of the solvency margin and the minimum quantity of the subsidiary VidaCaixa is as follows (in millions of euros):

2012 Financial Year

Solvency margin	VidaCaixa
Own uncommitted assets	1,972
Solvency margin minimum quantity	1,229
Solvency margin surplus	743
Percentage (%) of the required minimum that the assets represent	160%

2011 Financial Year

Solvency margin	VidaCaixa
Own uncommitted assets	1,831
Solvency margin minimum quantity	1,132
Solvency margin surplus	699
Percentage (%) of the required minimum that the assets represent	162%

Management of risks

Through its subsidiaries, the Group carries out its insurance and social security activities in a regulated market where there are frequent updates of regulations, specific both to insurance and pension funds and other matters applicable to these, such as tax, labour or financial matters.

Due to the size of VidaCaixa Group, as well as the technical sophistication and extension of the managed products, there is a need to operate using an integrated system of highly-mechanised processes and procedures which are constantly updated. Also, to guarantee fulfilment of all the objectives approved by the Board of Directors and to inform the market on a periodic basis, a thorough internal control system has been defined and developed throughout the structure.

– Credit Risk

In general VidaCaixa Group maintains its cash and equivalent liquid assets in financial entities with a high credit rating.

For the balances receivable maintained with insurance policyholders, there is no significant concentration of credit risk with third parties.

As far as the credit risk associated with financial instruments is concerned, the policy established by the Group is based on two basic principles:

- Prudence: rating scales and periods have been established.
- Diversification: high diversification in sectors and issuing entities, with maximum limits of risk per issuing entity.

The credit risk management of VidaCaixa Group is determined by internal compliance with the actions defined by the Management and approved by the Administrative Bodies.

With the aim of adapting to the changes that have occurred in the market, VidaCaixa Group has developed a universe of values which is consistent with the Group. This universe is adjusted to the structure and approach of the Group's investment management in relation to the long-term nature of the investment and the criticality of liquidity.

– Liquidity risk

The liquidity risk refers to the possibility of being unable to disinvest in a financial instrument quickly enough and without incurring significant additional costs or to the risk associated with the fact of not having liquidity at the moment when payment obligations must be met.

The liquidity risk associated to the possibility of realising the financial investments in cash is insignificant, since these are generally listed in markets, the aim of the insurance company's activities being to maintain them in its portfolio while the agreement derived from the insurance contracts continues to exist.

In order to ensure liquidity and be able to attend to all the payment commitments derived from its activity, VidaCaixa Group has a treasury which displays its balance. In addition, ALM analysis performed in Life portfolios makes it possible to mitigate this risk.

– Market risk (includes interest rates, exchange rates and other price risks)

This refers to the risk that the value of a financial instrument may vary due to changes in the price of the shares, interest rates or exchange rate. The consequence of these risks is the possibility of incurring decreases to equity or losses due to movements of the market prices.

The Group periodically performs different types of sensitivity analysis on its portfolios to market risk, principally derived from the evolution of the interest rates. Along these lines, it performs monthly checks on the modified durations of fixed-income portfolios associated to the Life branch.

The Group's financial derivatives management policy also covers the use of counterparts which, as financial institutions subject to the supervision of the governing authorities of the member states of the European Union, have sufficient solvency. Contractually, these positions have an explicit guarantee allowing them to be left without effect at any time during the operation, either through their liquidation or through being ceded to third parties. This liquidation is guaranteed by a commitment on the part of the counterparts to publish the execution prices on a daily basis, together with a clear specification of the method of valuation used.

With regard to exchange rate risk, VidaCaixa Group does not own assets with a significant and direct exposure in currencies other than the euro and, wherever necessary, the necessary coverage is provided.

– Technical or underwriting risk

The associated risks of the insurance business in the existing branches and types are managed by producing and monitoring a Balanced Scorecard, aimed at keeping the synthetic vision of the products' technical evolution up-to-date. This Balanced Scorecard defines the policies of:

- Underwriting. Based on the acceptance of risks based on the actuarial variable principles (age, capital insured and duration of guarantee).
- Pricing. In accordance with the current DGIPF regulations, the price rates for the Life insurance area are established using the mortality tables permitted by current legislation. The interest rates used for pricing are applied in accordance with the maximum rate determined by the Regulations on Administration and Supervision of Private Insurance (RASPI) approved by Royal Decree 2486/1998 of 20 November.
- Definition and supervision of Reinsurance Policy: Establishing appropriate diversification of the risk among various reinsurance companies with sufficient capacity to absorb unforeseen losses. From this, stability in the claims results is obtained.

The definitions and monitoring of the above policies in turn permit them to be modified in order to adapt the risks to the Group's overall strategy.

The treatment of claims and the sufficiency of the reserves are basic principles of insurance management. The technical reserves are estimated using specific procedures and systems.

– Sensitivity to insurance risk (IFRS 4):

For the Life insurance business, the Embedded Value is a tool for providing supplementary information and breakdowns to companies, analysts and investors. Specifically, it is defined as the adjusted company assets plus the current value of the business net of the retained capital cost.

The value of the business is calculated by projecting the future cash flows of the current policies and discounting the after-tax profits at an established discount rate.

For this calculation, the hypotheses must be established over the risk premium to be used in the discount rate, the variables which affect the projections, such as rate of decrease of the portfolio, of mortality and of reinvestment return. Other key points when determining the embedded value are the fixing of capital required and the valuation of the cost of the options and guarantees the insurance products offer.

Quantitative information on the Group's exposure to the different risks described is set out below:

Breakdown of rating at 31 December 2012 and 2011:

Rating	(Figures in thousands of euros)			
	Nominal Value		Weighting	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Between AA– and AAA	752,801	25,647,046	2%	79%
Between A– and A+	2,919,033	4,144,317	7%	13%
Between BBB– and BBB+	36,803,912	1,770,743	87%	6%
Between BB– and BB +	762,957	132,592	2%	0%
Between B– and B+	53,900	148,860	0%	0%
Below B–	218,100	767,300	1%	2%
Unrated	360,461	6,750	1%	0%
TOTAL	**41,871,164**	**32,617,608**	**100%**	**100%**

Changes in the rating of the majority of the portfolio from AA– – AAA, to BBB– – BBB+, is due to the change in the rating valuation of the principal ratings agencies of Spain's public debt during the 2012 financial year.

As investment criteria, the different measures of diversification of the risks, by country or by sector, are also taken into account. The data at 31 December 2012 and 2011 are as follows:

Geographical diversification

2012 Financial Year

Country	(Figures in thousands of euros)				
	Fixed Income	Equity instruments	Funds	Derivatives	Loans
Germany	312,568	–	–	–	–
Netherlands Antilles	–	–	–	–	–
Australia	1,277	–	–	–	–
Austria	180,115	–	–	–	–
Belgium	122,800	–	–	–	–
Canada	9,560	–	–	–	–
Spain	26,033,359	337	–	1,039	10,128,622
United States	561,236	–	–	1,965	–
France	319,174	–	–	–	–
Greece	–	–	–		–
Guernsey	4,205	–	–	–	–
Netherlands	442,454	–	–	531	–
Ireland	31,161	–	–	–	–
Cayman Islands	49,828	–	–	–	–
Italy	893,095	–	–	–	–
Luxembourg	85,630	–	19,826	–	–
Nigeria	5,643	–	–	–	–
Norway	17,344	–	–	–	–
Portugal	59,291	–	–	–	–
United Kingdom	339,134	–	–	–	–
Sweden	25,612	–	–	–	–
Switzerland	3,084	–	–	–	–
TOTAL	**29,496,570**	**337**	**19,826**	**3,535**	**10,128,622**

2011 Financial Year

Country	(Figures in thousands of euros)				
	Fixed Income	Equity instruments	Funds	Derivatives	Loans
Germany	843,320	–	–	–	–
Netherlands Antilles	82,195	–	–	–	–
Australia	1,289	–	–	–	–
Austria	238,827	–	–	–	–
Belgium	107,375	–	–	–	–
Canada	31,637	–	–	–	–
Spain	19,283,597	307		1,352	8,923,983
United States	1,027,966	–	–	–	–
France	773,893	–		6,021	–
Greece	333,529	–	–	–	–
Netherlands	632,578	–		727	–
Cayman Islands	37,036	–	–	–	–
Italy	786,759	–	–	–	–
Jersey	26,260	–	–	–	–
Luxembourg	153,381	–	21,398	–	–
Norway	17,061	–	–	–	–
Portugal	168,277	–	–	–	–
United Kingdom	380,468	–	–	–	–
Sweden	24,602	–	–	–	–
Switzerland	173,788	–	–	–	–
TOTAL	**25,123,838**	**307**	**21,398**	**8,100**	**8,923,983**

Diversification by sector

2012 Financial Year

Sector	(Figures in thousands of euros)				
	Fixed Income	Equity instruments	Funds	Derivatives	Loans
Communications	365,751	–	–	–	–
Non-cyclical consumer goods	50,842	–	–	–	–
Energy	42,519	–	–	–	–
Financial	6,310,033	337	19,826	3,535	10,095,603
Government	21,511,238	–	–	–	33,019
Industrial	694,909	–	–	–	–
Raw materials	9,590	–	–	–	–
Utilities	511,688	–	–	–	–
TOTAL	**29,496,570**	**337**	**19,826**	**3,535**	**10,128,622**

2011 Financial Year

Sector	(Figures in thousands of euros)				
	Fixed Income	Equity instruments	Funds	Derivatives	Loans
Communications	431,057	–	–	–	–
Non-cyclical consumer goods	505,745	–	–	–	–
Energy	22,444	–	–	–	–
Financial	6,185,367	307	21,398	8,100	8,923,983
Government	16,603,636	–	–	–	–
Industrial	548,218	–	–	–	–
Raw materials	131,246	–	–	–	–
Utilities	696,125	–	–	–	–
TOTAL	**25,123,838**	**307**	**21,398**	**8,100**	**8,923,983**

5. Variations in Associated, Group and Multi-Group Companies

Transactions carried out during the 2012 financial year

5.a) Paying-up of capital pending in VidaCaixa S.A., de Seguros y Reaseguros

On 23 November 2012, the Company's Board of Directors approved the payment of the capital not yet paid in VidaCaixa. On 29 November 2012 the entire balance of 532,500 thousand euros was disbursed.

5.b) Merger by absorption and capital increase of Aresa Seguros Generales, S.A.

Merger by absorption of Aresa by SegurCaixa

On 25 July 2012 and 2 July 2012, the Extraordinary General Shareholders' Meetings of SegurCaixa Adeslas and of Aresa respectively, approved the merger absorption of Aresa by SegurCaixa Adeslas. The aforesaid merger project was prepared jointly on the same date by the governing bodies of both companies and the deed registered in the Mercantile Registry on 8 May 2012.

The fundamental aim of this operation was the joint development, marketing and distribution of general non-life insurance, avoiding overlapping and attaining a single, more powerful presence in the insurance market.

Capital Increase of Aresa

As a consequence of the fusion by absorption of Aresa by SegurCaixa, and with the aim of their shareholders to maintain the same percentage of holdings as prior to the fusion, on 25 July 2012 the Extraordinary General Meeting approved a capital increase for the Company of 3,964.87 euros, conducted by means of a contribution of 4.32 euros and the swapping of 4,357 shares in SegurCaixa Adeslas for 225 shares in Aresa, of which Eterna Aseguradora, S.A. Compañía de Seguros y Reaseguros holds a minority interest.

Transactions carried out during the 2011 financial year

5.c) Sale of 50% of SegurCaixa Adeslas, S.A. de Seguros y Reaseguros

During the 2011 financial year, CaixaBank and Mutua Madrileña announced the signature of an agreement to enter into a strategic alliance in non-life insurance, by virtue of which in June 2011 the VidaCaixa Group recorded the sale of a 50% holding in SegurCaixa Adeslas to Mutua Madrileña. The transaction amount totalled 1,075 million euros and was paid by Mutua Madrileña by means of a cash payment of 1,000 million euros and the contribution to SegurCaixa Adeslas of its healthcare branch subsidiary Aresa Seguros Generales, S.A. which, prior to the transaction, was valued by an independent expert at 150 million euros.

CaixaBank had previously acquired from SegurCaixa Adeslas 100% of its hospital business, for an approximate total price of 235 million euros.

Subsequently, the shareholding of SegurCaixa Adeslas was distributed between Mutua Madrileña, with a 50% holding, VidaCaixa Group with a 49.92% holding and the remainder in the hands of minority shareholders. This resulted in the loss of the control which the VidaCaixa Group exercised over SegurCaixa Adeslas. Consequently, VidaCaixa Grupo recognised a profit of 756 million euros (578 million euros net of tax) and on 30 June 2011 proceeded to derecognise the book value of the entire business (1,206 million euros). From this date, the 49.9% holding of VidaCaixa Group in SegurCaixa Adeslas has been integrated using the equity method.

The net profit referred to above includes 191 million euros corresponding to the valuation at fair value of the 49.9% holding which the VidaCaixa Group maintains in SegurCaixa Adeslas, which was calculated based on the fair value of the transaction without taking the part attributable to the control premium into consideration.

Subsequently, during the last quarter of the 2011 financial year, the Group acquired 13,068 shares in SegurCaixa Adeslas which were previously in the hands of minority shareholders. These shares have a nominal value of 0.91 euros and represent 0.01% of SegurCaixa Adeslas's share capital. The acquisition price of the shares was 4.46 euros, making an effective overall total of 58 thousand euros.

5.d) Acquisition and Merger by Absorption of Caixa de Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros

Acquisition of CaixaVida

In accordance with the reorganisation of the "la Caixa" Group during the 2011 financial year, "la Caixa" transferred to MicroBank (a wholly-owned subsidiary of "la Caixa"), through a segregation, the assets and liabilities of its financial activity, including the holding in Caixa de Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros (hereinafter, CaixaVida), receiving shares in MicroBank in exchange, following the corresponding increase in its share capital. Once the segregation was complete, "la Caixa" carried out a swap operation with Criteria (currently, CaixaBank, S.A.), through which it handed over its holding in MicroBank, and therefore its indirect holding in CaixaVida, in exchange for certain industrial shareholdings.

Subsequently, Criteria (currently CaixaBank, S.A.) transferred to VidaCaixa Grupo, S.A.U. 100% of its shares in CaixaVida for the total sum of 504,905 thousand euros.

Merger by absorption of CaixaVida by VidaCaixa

On 14 June, the Board of Directors of VidaCaixa approved the merger, which was subsequently ratified by the Extraordinary General Shareholders' Meeting of 30 June 2011.

Subsequently, the deed for the merger by absorption was issued on 29 November 2011 and registered in the Mercantile Registry on 1 December 2011. The acquisition date of the shares in the absorbed company was 30 June 2011, and 1 January 2011 was established as the date as of which, for accounting and tax purposes, the operations of CaixaVida were considered to have been conducted by VidaCaixa.

5.e) Merger by absorption of Invervida Consulting S.L.

On 16 June 2011, the agreement for the merger by absorption of Invervida Consulting, S.L. by VidaCaixa Grupo, S.A.U., which already owned 100% of said Company, was approved. The Merger project, in which the assets and liabilities of the absorbed company have been integrated, was registered in the Mercantile Registry on 9 June 2011. For accounting purposes, the operations of the absorbed company were considered to have been conducted by the absorbing company as of 1 January 2011.

5.f) Capital Increase in VidaCaixa S.A., de Seguros y Reaseguros

On 23 December 2011, VidaCaixa Grupo, S.A.U., as Sole Shareholder of VidaCaixa S.A. de Seguros y Reaseguros, agreed to increase its share capital by 560,000 thousand euros, thus establishing it at 1,052,972 thousand euros, through the issue of 93,178,000 shares numbered correlatively from 82,025,301 to 175,203,300, both inclusive, each with a nominal value of 6.01 euros.

All of the new shares issued were subscribed by the Sole Shareholder VidaCaixa Grupo S.A.U., paying in 25% of the nominal value of each of the shares through a monetary contribution of 140,000 thousand euros.

6. Financial Assets

The breakdown of the financial assets at 31 December 2012 is as follows (in thousands of euros):

Investments classified by category of financial assets and type	Financial assets held for trading (HFT)	Other financial assets at fair value with changes in the profit and loss account (CFVP&L)	Financial assets available for sale (AFS)	Loans and payments receivable (L&PR)	Held-to-maturity investments (HTM)	Total at 31/12/2012
FINANCIAL INVESTMENTS:	3,535	223,589	29,516,733	10,128,622	–	39,872,479
Equity instruments	–	–	20,163	–	–	20,163
– Financial investments in capital	–	–	337	–	–	337
– Holdings in investment funds			19,826	–	–	19,826
Debt securities	–	–	29,496,570	–	–	29,496,570
Investment on behalf of life insurance policyholders who assume the risk of the investment	–	223,589	–	–	–	223,589
Loans	–	–	–	10,128,622	–	10,128,622
Other financial assets	3,535	–	–	–	–	3,535
Deposits in credit entities	–	–	–	–	–	–
Deposits constituted for accepted reinsurance	–	–	–	–	–	–
CREDITS:				665,215		665,215
Credits through direct insurance and co-insurance operations	–	–	–	128,049	–	128,049
Credits through reinsurance operations	–	–	–	24,828	–	24,828
Other credits	–	–	–	512,338	–	512,338
Impairment	–	–	–	–	–	–
TOTAL	**3,535**	**223,589**	**29,516,733**	**10,793,837**	**–**	**40,537,694**

The same information at 31 December 2011 is as follows (in Figures in thousands of euros):

Investments classified by category of financial assets and type	Financial assets held for trading (HFT)	Other financial assets at fair value with changes in the profit and loss account (CFVP&L)	Financial assets available for sale (AFS)	Loans and payments receivable (L&PR)	Held-to-maturity investments (HTM)	Total at 31/12/2011
FINANCIAL INVESTMENTS:	8,100	210,654	24,812,014	8,923,983	333,529	34,288,280
Equity instruments	–	–	21,705	–	–	21,705
– Financial investments in capital	–	–	307	–	–	307
– Holdings in investment funds	–	–	21,398	–	–	21,398
Debt securities	–	–	24,790,309	–	333,529	25,123,838
Investment on behalf of life insurance policyholders who assume the risk of the investment	–	210,654	–	–	–	210,654
Loans	–	–	–	8,923,983	–	8,923,983
Other financial assets	8,100	–	–	–	–	8,100
Deposits in credit entities	–	–	–	–	–	–
Deposits constituted for accepted reinsurance	–	–	–	–	–	–
CREDITS:				408,932	–	408,932
Credits through direct insurance and co-insurance operations	–	–	–	121,715	–	121,715
Credits through reinsurance operations	–	–	–	253	–	253
Other credits	–	–	–	286,964	–	286,964
Impairment	–	–	–	–	–	–
TOTAL	**8,100**	**210,654**	**24,812,014**	**9,332,915**	**333,529**	**34,697,212**

The breakdown of the financial assets, according to the inputs used, at 31 December 2012 is as follows (in thousands of euros):

	Level 1	Level 2	Level 3	Total at 31/12/2012
Financial assets held for trading				
Debt securities	–	–		–
Derivatives	–	3,535	–	3,535
Other financial assets at fair value with changes in the profit and loss account				
Debt securities	–	–	–	–
Equity instruments	–	–	–	–
Investment on behalf of life insurance policyholders who assume the risk of the investment	221,996	1,593	–	223,589
Hybrid instruments	–	–	–	–
Loans	–	–	–	–
Deposits in credit entities	–	–	–	–
Financial assets available for sale				
Financial investments in capital	–	337	–	337
Holdings in investment funds	19,826	–	–	19,826
Debt securities	26,898,533	2,598,037	–	29,496,570
Loans	–	–	–	–
Other financial assets without published prices	–	–	–	–
Deposits in credit entities	–	–	–	–
Investments held to maturity				
Debt securities	–	–	–	–
TOTAL AT 31 DECEMBER 2012	**27,140,355**	**2,603,502**	**–**	**29,743,857**

The breakdown of the financial assets, according to the inputs used, at 31 December 2011 is as follows (in thousands of euros):

	Level 1	Level 2	Level 3	Total at 31/12/2011
Financial assets held for trading				
Debt securities	–	–	–	–
Derivatives	1	8,099	–	8,100
Other financial assets at fair value with changes in the profit and loss account				
Debt securities	–	–	–	–
Equity instruments	–	–	–	–
Investment on behalf of life insurance policyholders who assume the risk of the investment	209,585	1,069	–	210,654
Hybrid instruments	–	–	–	–
Loans	–	–	–	–
Deposits in credit entities	–	–	–	–
Financial assets available for sale				
Financial investments in capital	–	307	–	307
Holdings in investment funds	21,398	–	–	21,398
Debt securities	23,225,978	1,564,331	–	24,790,309
Loans	–	–	–	–
Other financial assets without published prices	–	–	–	–
Deposits in credit entities	–	–	–	–
Investments held to maturity				
Debt securities	333,529	–	–	333,529
TOTAL AT 31 DECEMBER 2011	**23,790,491**	**1,573,806**	**–**	**25,364,297**

6.a) Financial Investments

Financial assets held for trading

The movement in this caption, broken down into portfolios, is detailed below (in thousands of euros):

	HFT
	Derivatives
Net book value at 1 January 2011	11,519
Purchases	24
Changes to consolidation method	(980)
Sales and amortisations	–
Additions to the consolidation scope	3,376
Reclassifications and transfers	–
Revaluations against reserves	–
Revaluations against results	(5,839)
Changes in the losses through impairment of value	–
Net book value at 31 December 2011	8,100
Purchases	–
Changes to consolidation method	–
Sales and amortisations	(15,722)
Additions to the consolidation scope	–
Reclassifications and transfers	–
Revaluations against reserves	–
Revaluations against results	(1,131)
Registered profit/loss	12,288
Net book value at 31 December 2012	3,535

The investments held in derivatives at 31 December 2012 correspond to embedded derivatives which the Group has valued and recorded separately and which, in their entirety, correspond to "Lookback" options on Euro Stoxx 50. The maturity dates of said options are between 2019 and 2021. The fair value of such investments has been calculated from the final listing, in the case of securities listed on organised markets, and in the case of non-listed securities or securities without a representative listing, the market value has been calculated by applying valuation methods generally accepted within the financial sector.

Financial Assets at Fair Value with Changes in the Profit and Loss Account

The movement in this caption is detailed below (in thousands of euros):

	Investment on behalf of life insurance policyholders who assume the risk of the investment	Equity instruments	Hybrid instruments	Total
Net book value at 1 January 2011	201,473	14	6,013	207,500
Purchases and accruals	331,669	–	–	331,669
Additions to the consolidation scope	–	(14)	(6,013)	(6,027)
Sales, accruals and depreciations	(314,755)	–	–	(314,755)
Revaluations against results	(7,733)	–	–	(7,733)
Changes in the losses through impairment of value	–	–	–	–
Net book value at 31 December 2011	210,654	–	–	210,654
Purchases and accruals	288,979	–	–	288,979
Changes to consolidation method	–	–	–	–
Sales, accruals and depreciations	(287,082)	–	–	(287,082)
Revaluations against results	11,038	–	–	11,038
Changes in the losses through impairment of value	–	–	–	–
Net book value at 31 December 2012	223,589	–	–	223,589

In 2012, the income net of expenses from investments by insurance policyholders who assume the risk of the investment stood at 18,125 thousand euros (3,633 thousand euros of expenses in 2011). This revenue corresponds to the income from investments, changes in the value of assets and the interest recognised by applying the effective interest method.

The majority of the recognised revaluations credited to the profit and loss account originated from financial instruments listed in organised markets or for those which, being non-listed, the Group has a sufficiently reliable market valuation.

At 31 December 2012, the Group held no hybrid instruments.

Financial assets available for sale

The movement in this caption is detailed below (in thousands of euros):

	AFS		Total
	Financial investments in capital	Debt securities	
Net book value at 1 January 2011	**75,325**	**19,023,998**	**19,099,323**
Non-cash contributions	–	–	–
Purchases	–	20,854,977	20,854,977
Changes to consolidation method	(1,386)	(445,226)	(446,612)
Implicit interest accrued	–	(80,662)	(80,662)
Sales and amortisations	(52,726)	(17,290,923)	(17,343,649)
Additions to the consolidation scope	6	3,264,209	3,264,215
Reclassifications and transfers	–	(411,306)	(411,306)
Revaluations against reserves	(36,568)	(286,102)	(322,670)
Changes in the losses through impairment of value	–	–	–
Registered profit/loss	37,054	–161,344	198,398

(Cont.)

(Cont.)

	AFS		Total
	Financial investments in capital	Debt securities	
Net book value at 31 December 2011	**21,705**	**24,790,309**	**24,812,014**
Non-cash contributions	–	–	–
Purchases	30	19,368,872	19,368,902
Changes to consolidation method	–	–	–
Implicit interest accrued	–	220,389	220,389
Sales and amortisations	–	(16,094,219)	(16,094,219)
Additions to the consolidation scope	–	–	–
Reclassifications and transfers	–	–	–
Revaluations against reserves	(1,572)	956,947	955,375
Changes in the losses through impairment of value	–	–	–
Registered profit/loss	–	254,272	254,272
Net book value at 31 December 2012	**20,163**	**29,496,570**	**29,516,733**

During the 2012 financial year, the Group disposed of public debt securities, basically Spanish and, to a lesser degree, those of private corporations, with a maturity between 2012 and 2055 and reinvested in securities issued mainly by the Spanish Government of the same duration, in order to adapt the durations of the financial investments to the durations of the commitments with insurance policy holders. As a result of this transaction, the Group has recorded profits of 331,222 thousand euros and losses of 9,764 thousand euros, the majority of which are recorded under the caption "Tangible fixed asset and investment revenue" and "Tangible fixed asset and investment expenses" in the Life Segment of the attached consolidated profit and loss account. In addition, the Group disposed of debt securities within the standard operations of the available-for-sale portfolio, recording profits of 83,184 thousand euros and losses of 150,371 thousand euros under the caption "Tangible fixed asset and investment revenue" and "Tangible fixed asset and investment expenses" in the attached consolidated profit and loss account.

The Group purchased subordinated fixed income instruments issued by the Asset Management Company for Assets Arising from Bank Restructuring (SAREB), the legal status of which is defined in RDL 24/2012, currently Law 9/2012. The primary objective of said company is the orderly management and disinvestment of the real estate assets received from the participating entities (initially, those entities appearing in Group 1, according to the Memorandum of Understanding on the conditions of the Financial Sector Policy, hereinafter the Memorandum, or MoU, published by the Council of Europe on 9 July 2012). The nominal sum acquired at 31 December 2012 stood at 354,000 euros, which accrues an annual coupon of 8% with callable maturity on 27 November 2027. At year-end, this asset was valued at its acquisition cost.

In the aforementioned Memorandum, details are given of the specific measures for reinforcing financial stability on the basis of the needs of each of the national financial institutions. At the proposal of the Bank of Spain, on 28 September 2012 the results of the Stress Test were published for the Spanish banking sector as a whole, wherein the capital requirements for each of the entities in the financial sector were quantified in line with the groups in the MoU with regard to capitalisation levels.

The positions held by the Group in MoU Group 1 entities (nationalised by the Fund for Orderly Bank Restructuring) are given below:

(Figures in thousands of euros)

Company	No. of securities	Seniority	Nominal Value	% Acquisition Cost	Market value
BFA-Bankia	2,181	Senior Subordinated	118,100	68.80%	37,134
	1,000	Senior Unsecured	50,000	100.00%	33,743
	3,098	Senior Secured	175,450	99.70%	151,513
	4,075	Covered by the State	203,750	99.84%	202,589
NovaCaixaGalicia	1,297	Covered by the State	64,850	98.51%	63,400
CatalunyaBanc	40	Covered by the State	2,000	100.46%	1,970

Subsequently, on 28 November 2012, the BFA-Bankia Group published its restructuring and recapitalisation plan, wherein it gave details of the burden sharing required by the MoU, providing information on the swapping equations for holders of preferential shares and subordinated debt. In this regard, the Group had two issues of subordinated debt with maturity dates subject to the restructuring plan, the average swap price of which is 86%.

In addition to the discount on the price, under the captions “Tangible fixed asset and investment expenses” in the consolidated profit and loss account, the Group has recorded the impairment of said issues to the list price thereof at 31 December 2012 (a weighted average of 31.44%).

During January 2013, the Group disposed of part of the aforesaid securities (a nominal amount of 68,100 thousand euros), with no significant differences being generated with the values at which they were recorded.

At 31 December 2012 the Group had interest rate swaps formalised with various financial institutions, principally “CaixaBank”, in order to adapt the flows derived from the investment portfolio to the liquidity requirements of the different affected policies, receiving from the various counterparties, in general terms, fixed and/or determinable sums. The maturity dates of the same are between 2013 and 2055. Although the Group disposes of the valuations of said swaps and their associated bonds, it values them jointly as indicated in Note 4.b.

The unpaid explicit interest in favour of the Group at 31 December 2012 totals 695,779 thousand euros (543,305 thousand euros at the close of 2011) and is recorded in the “Other assets” sub-caption of the accompanying balance sheet. This caption also includes the unpaid accrued interest through the current accounts the Group maintains with “CaixaBank” and other entities for the sum of 271 thousand euros.

The majority of the recognised revaluations credited to the reserves, net of the corresponding tax effect and of the imputation to external partners, originated from financial instruments listed in organised markets or for those which, being non-listed, the Group as a sufficiently reliable market valuation. These revaluations are principally imputed to policyholders of life insurance. As a consequence of this, equity of the Group, as well as the deferred taxes and the subsidiaries' holdings in these are not affected, since the counterpart of the variations in these capital gains net of losses are the life insurance reserves.

During 2011, the Group sold all the holdings it held in Abertis Infraestructuras, S.A. for the sum of 52,338 thousand euros and received a dividend of 1,118 thousand euros. Said holding corresponded to 0.5044% of the company at that date. As a result of the sale of Abertis Infraestructuras, S.A., the Group made a profit of 37,054 thousand euros, which is recorded under the caption "Tangible fixed asset and investment revenue" in the Life Segment of the Consolidated Financial Statement.

Loans and payments receivable

The movement in this caption is detailed below (in thousands of euros):

	Non-mortgage loans and advance payments on policies	Mortgage loans	Deposits in credit entities	Deposits constituted for accepted reinsurance	Total
Net book value at 1 January 2011	4,857,614	727	174,361	1	5,032,703
Purchases	21,701,514	–	–	–	21,701,514
Implicit interest accrued	15,156	–	–	–	15,156
Changes to consolidation method	(33,728)	(727)	(174,361)	(1)	(208,817)
Sales and amortisations	(19,188,108)	–	–	–	(19,188,108)
Additions to the consolidation scope	1,571,535	–	–	–	1,571,535
Reclassifications and transfers	–	–	–	–	–
Revaluations against reserves	–	–	–	–	–
Changes in the losses through impairment of value	–	–	–	–	–

(Cont.)

(Cont.)

	Non-mortgage loans and advance payments on policies	Mortgage loans	Deposits in credit entities	Deposits constituted for accepted reinsurance	Total
Net book value at 31 December 2011	8,923,983	–	–	–	8,923,983
Purchases	25,678,889	–	–	–	25,678,889
Implicit interest accrued	(16,744)	–	–	–	(16,744)
Changes to consolidation method	–	–	–	–	–
Sales and amortisations	(24,457,506)	–	–	–	(24,457,506)
Additions to the consolidation scope	–	–	–	–	–
Reclassifications and transfers	–	–	–	–	–
Revaluations against reserves	–	–	–	–	–
Changes in the losses through impairment of value	–	–	–	–	–
Net book value at 31 December 2012	10,128,622	–	–	–	10,128,622

Investments held to maturity

The movement in this caption is detailed below (in thousands of euros):

	HTM
	Debt securities
Net book value at 1 January 2011	–
Purchases	–
Sales and amortisations	–
Reclassifications and transfers	411,306
Revaluations against reserves	–
Revaluations against results	–
Changes in the losses through impairment of value	(77,777)
Net book value at 31 December 2011	333,529
Purchases	–
Sales and amortisations	411,306
Reclassifications and transfers	–
Revaluations against reserves	–
Revaluations against results	–
Changes in the losses through impairment of value	77,777
Net book value at 31 December 2012	–

At 31 December 2011, in this portfolio the Group held a position in Greek Sovereign Debt with a book value of 333,529 thousand euros, corresponding to 43% of the nominal value thereof.

During the financial year, the Group swapped the securities established by the Greek Government and the Entities in the Eurozone and disposed of all its holdings in said securities. Considering the total effect of all the operations, losses stood at 167,767 thousand euros, recorded under the caption “Tangible fixed asset and investment expenses” in the consolidated profit and loss account.

6.a.1) Financial Investments in Capital and Holdings in Investment Funds

The following is the breakdown of the balances in this sub-caption at 31 December 2012 and 2011:

(Figures in thousands of euros)	AFS Portfolio	
	31/12/2012	31/12/2011
Shares in Spanish listed companies	–	–
Shares in Spanish unlisted companies	337	307
Spanish investment funds	–	–
Quoted foreign investment funds	19,826	21,398
TOTAL	**20,163**	**21,705**

At 31 December 2012, the Group maintained its holdings in the company "Tecnologías de la información y redes para las entidades aseguradoras, S.A." (65 thousand euros), in GestiCaixa (140 thousand euros), in the mutual funds of various Voluntary Social Welfare Entities (132 thousand euros) and finally, a holding in an investment fund of 19,826 thousand euros.

For the shares in unlisted companies, their fair value has been calculated by employing generally accepted valuation techniques within the financial sector.

6.a.2) Fixed Income Values

The following is the breakdown of the balances included in this sub-caption:

(Figures in thousands of euros)	31/12/2012		31/12/2011	
	HTM Portfolio (1)	AFS Portfolio (2)	HTM Portfolio (1)	AFS Portfolio (2)
Public debt and Government obligations and bonds	–	17,996,660	–	13,900,183
Other Public Administration	–	2,423,015	–	1,034,987
Issued by financial companies	–	4,743,742	–	3,092,087
Foreign public debt	–	1,091,563	333,529	3,037,834
Issued by foreign financial companies	–	1,566,291	–	1,382,722
Other fixed income values		1,675,299	–	2,342,496
TOTAL	**–**	**29,496,570**	**333,529**	**24,790,309**

(1) Portfolio of Assets held to maturity
(2) Portfolio of Assets available for sale

The maturity dates of the securities included in this sub-caption, according to their allocation portfolio at 31 December 2012 and taking into consideration their fair value, are as follows:

Maturity	(Figures in thousands of euros)			
	31/12/2012		31/12/2011	
	HTM Portfolio	AFS Portfolio	HTM Portfolio	AFS Portfolio
Less than 1 year		1,425,950	–	2,418,842
1 to 3 years		3,157,248	–	3,765,835
3 to 5 years		3,501,113	–	3,724,274
5 to 10 years	–	4,253,555	156,172	3,528,184
10 to 15 years	–	5,917,276	90,415	3,679,544
15 to 20 years		5,413,708	–	3,250,578
20 to 25 years		1,497,957	–	1,653,347
More than 25 years	–	4,329,763	86,942	2,769,705
TOTAL	**–**	**29,496,570**	**333,529**	**24,790,309**

6.a.3) Investments of Insurance Policyholders who Assume the Investment Risk

The following is the breakdown by investment type at 31 December 2012 and 2011:

Investment on behalf of life insurance policyholders who assume the risk of the investment	(Figures in thousands of euros)			
	31/12/2012		31/12/2011	
	CFVP&L	Other assets	CFVP&L	Other assets
Variable income	23,986	–	24,602	–
Holdings in investment funds	107,826	–	90,057	–
Fixed income and other investments	91,777	–	95,995	–
Cash and other equivalent assets	–	20,108	–	12,924
Loans and payments receivable	–	262	–	689
Accruals		1,276	–	1,067
TOTAL	**223,589**	**21,646**	**210,654**	**14,680**

The following is an annual breakdown of maturity dates of fixed-income securities and other financial assets:

Maturity	(Figures in thousands of euros)	
	31/12/2012	31/12/2011
	CFVP&L	CFVP&L
Less than 1 year	33,378	53,493
1 to 3 years	29,775	27,452
3 to 5 years	16,385	8,308
5 to 10 years	11,215	6,156
More than 10 years	1,024	586
TOTAL	**91,777**	**95,995**

The variation during the 2012 financial year of the gains net of losses of these assets totalled 11,038 thousand euros of gains (losses valued at 7,733 thousand euros in 2011). They are recorded in the “Revenue and expenses for investments subject to insurance in which the policyholder assumes the risk of the investment” caption in the profit and loss account of the Life segment.

6.a.4) Loans and Other Financial Assets without Published Prices

The following is the detail of the balances that make up this sub-caption at 31 December 2012 and 2011:

(Figures in thousands of euros)	31/12/2012	31/12/2011
Non-mortgage loans and advance payments on policies:		
– Unlisted loans	10,113,727	8,923,983
– Advance payments on policies	14,895	–
Mortgage loans:	–	–
Deposits in credit entities:	–	–
Deposits constituted for accepted reinsurance:	–	–
TOTAL	**10,128,622**	**8,923,983**

The balance of the “Loans and payments receivable” caption includes the deposits and acquisitions with a buy-back clause whose duration from the acquisition date is more than 3 months contracted with “CaixaBank”.

At 31 December 2012 the Group held 8 deposits taken from the assignment of assets with “CaixaBank”; 5 deposits totalling 8,688,249 thousand euros with a maturity in 2013 which have a weighted average IRR of 0.96% and 3 deposits totalling 90,150 thousand euros with a maturity in 2019. Additionally, this caption includes 3 acquisitions with a buy-back clause totalling 33,019 thousand euros with a maturity in 2013.

Said deposits and acquisitions with a buy-back clause have generated revenue of 72,821 thousand euros which are recorded under “Tangible fixed asset and investment revenue” of the Life Insurance profit and loss account.

On 27 July 2012, the Group renewed a framework contract for financial transactions with "CaixaBank", undertaking to leave under guarantee the sum of 1,300,000 thousand euros in an account deposited in said institution. At 31 December 2012, this guarantee was constituted in one of the deposits contracted with "CaixaBank" with a maturity in 2013, which stood at 1,302,160 thousand euros with a weighted average IRR of 0.96%.

6.b) Credits

The following is the breakdown of the credits derived from insurance, reinsurance and co-insurance contracts at 31 December 2012 and 2011:

(Figures in thousands of euros)	L&PR	
	31/12/2012	31/12/2011
Credits through direct insurance and co-insurance operations:		
– Insurance policyholders – receipts pending:		
Direct and reinsurance business	113,233	108,482
Credit to the Community of Valencia (Ribera Salud II UTE)	–	–
Premiums accrued and not issued	3,246	3,842
(Reserve for premiums pending payment)	(4,694)	(3,253)
– Brokers:		
Pending balances with brokers	2,328	3,040
(Reserve for impairment of balance with brokers)	(78)	–
– Accounts receivable for co-insurance operations:		
Pending balances with co-insurers	14,014	9,604
(Reserve for impairment of balance with co-insurers)	–	–
Credits through reinsurance operations:		
Pending balance with reinsurance companies	24,828	256
(Reserve for impairment of balance with reinsurance)	–	(3)
Other credits:		
Rest of credits	512,338	286,964
(Reserve for impairment of other credits)	–	–
TOTAL	**665,215**	**408,932**

The movement and detail of the losses of value recorded during the 2012 and 2011 financial years are shown in the following table, the different variations having been recorded in the captions “Net reinsurance premiums imputed” and “Net operating expenses” in the profit and loss account applicable to each segment.

	Reserve for pending premiums	Reserve for impairment of balance with brokers	Reserve for impairment of balance with reinsurance	Reserve for impairment of balance with co-insurers	Reserve for impairment of other credits
Balances at 1 January 2011	**(32,122)**	**(10)**	**(397)**	**(398)**	**(990)**
Merger incorporations	27,662	10	357	398	990
Endowments charged to results	(3,617)	–	–	–	–
Applications with payment to results	4,824	–	37	–	–
Balances at 31 December 2011	**(3,253)**	**–**	**(3)**	**–**	**–**
Changes to consolidation method	–	–	–	–	–
Endowments charged to results	(5,173)	(78)	–	–	–
Applications with payment to results	3,732	–	3	–	–
Balances at 31 December 2012	**(4,694)**	**(78)**	**–**	**–**	**–**

The breakdown of other credits in the consolidated balance sheet at 31 December 2012 and 2011 is detailed below:

Rest of Credits:	**(Figures in thousands of euros)**	
	31/12/2012	**31/12/2011**
Administration commissions and other commissions to be received	44,847	37,272
Other debtors	453,596	233,891
Reserve for impairment of debtor balance	–	–
Healthcare clients	–	–
Ribera Salud II UTE credits	–	–
Creditors for securities	13,895	15,801
TOTAL	**512,338**	**286,964**

7. Joint Ventures

These accounts record the proportional part of investments in Temporary Joint Ventures (UTEs), recording in the balance thereof the corresponding proportional part, on the basis of the percentage holding, of jointly controlled assets and jointly incurred liabilities.

Furthermore, the corresponding proportion of the revenue generated and expenses incurred through the joint venture are recognised in the profit and loss account. Similarly, the Statement of Changes in Equity and the Cash Flow Statement include the corresponding proportion of the entries relating to the joint venture.

At 5 December 2011, the Group, through its investee VidaCaixa, established a UTE at 50% with SegurCaixa Adeslas, S.A. de Seguros y Reaseguros, within the framework of Law 18/1982, of 26 May, called “UTE SEGURCAIXA ADESLAS, S.A. Y VIDACAIXA, S.A., Unión Temporal de Empresas Ley 18/1982, de 26 de mayo” the object of which is the contracting of corporate life and accident policies, as well as those for the personnel in the service of the Bilbao City Council.

The duration of the UTE is 6 years, its operations commencing on 1 January 2012. It is domiciled in Barcelona at Juan Gris, 20-26, Torre Norte, Complejo “Torres Cerdá”, piso 3º. The constituents establish that the common activities be financed through the common operating fund, established by the same with an initial contribution of 123 thousand euros, with both parties supplying half the sum. Similarly, the member companies hold equal shares in the distribution of profit and in the income and expenses of the UTE, having joint, unlimited responsibility towards third parties for the actions and transactions conducted by the UTE in their common interest.

At 31 December 2012, the assets in the financial statement and profit and loss account stood below one thousand euros.

8. Holdings in Companies Valued by the Equity Method

The breakdown of the companies valued by the equity method is included in the accompanying Annex I.

The movement of these shareholdings in the capital of unlisted companies in which the Group exercises a significant influence during 2012 is as follows:

Company	(Figures in thousands of euros)				
	Balances at 31/12/2011	Consolidation scope additions and withdrawals	Increases through year result	Other variations through valuation	Balances at 31/12/2012
Grupo SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	907,992	–	51,643	(48,334)	911,301
GROSS TOTAL	**907,992**	**–**	**51,643**	**(48,334)**	**911,301**
Losses through impairment	–	–	–	–	–
NET TOTAL	**907,992**	**–**	**51,643**	**(48,334)**	**911,301**

9. Tangible fixed assets and property investments

9.a) Tangible Fixed Assets

According to their nature, the following is the breakdown of the items making up the balance of this caption and sub-caption of the consolidated balance sheet at 31 December 2012 (in Figures in thousands of euros):

	Buildings for own use	Furniture and fittings	Data processing equipment	Other tangible fixed assets	Total
Cost at 31 December 2011	8,472	12,476	7,728	22	28,698
Accumulated amortisation at 1 January 2012	(1,380)	(6,191)	(6,508)	(17)	(14,096)
Losses through impairment	–	–	–	–	–
Net book value at 1 January 2012	7,092	6,285	1,220	5	14,602
Investments or additions	–	175	196	–	371
Changes to consolidation method	–	–	–	–	–
Advance payments in progress	–	–	–	–	–
Reclassifications and transfers	10,493	–	–	–	10,493
Sales and disposals	–	(34)	–	–	(34)
Amortisation of financial year	(250)	(805)	(548)	(5)	(1,608)
Changes to consolidation method	–	–	–	–	–
Reclassifications and transfers of the amortisation	(323)	–	–	–	(323)
Disposals of the amortisation	–	16	–	–	16
Losses through impairment	(515)	–	–	–	(515)
Net book value at 31 December 2012	16,497	5,637	868	–	23,002

The composition of the net book value at 31 December 2012 in thousands of euros is as follows:

	Buildings for own use	Furniture and fittings	Data processing equipment	Other tangible fixed assets	Total
Cost at 31 December 2012	18,965	12,617	7,924	22	39,528
Accumulated amortisation at 31 December 2012	(1,953)	(6,980)	(7,056)	(22)	(16,011)
Losses through impairment	(515)	–	–	–	(515)
Net book value at 31 December 2012	**16,497**	**5,637**	**868**	**–**	**23,002**

The following is the movement and breakdown corresponding to the 2011 financial year (in thousands of euros):

	Buildings for own use	Furniture and fittings	Data processing equipment	Machinery and technical installations	Other tangible fixed assets	Tangible fixed assets in progress	Total
Cost at 1 January 2011	326,195	90,371	33,458	87,766	2,324	3,084	543,198
Accumulated amortisation at 1 January 2011	(74,545)	(54,003)	(28,350)	(50,796)	(1,007)	–	(208,701)
Losses through impairment	(3,793)	(993)	–	(1,329)	–	–	(6,115)
Net book value at 1 January 2011	247,857	35,375	5,108	35,641	1,317	3,084	328,382
Investments or additions	–	3,800	355	–	22	–	4,177
Changes to consolidation method	(313,930)	(79,569)	(26,085)	(86,437)	(2,324)	(3,084)	(511,429)
Advance payments in progress	–	–	–	–	–	–	–
Reclassifications and transfers	–	–	–	–	–	–	–
Sales and disposals	–	(1,133)	–	–	–	–	(1,133)

(Cont.)

(Cont.)

	Buildings for own use	Furniture and fittings	Data processing equipment	Machinery and technical installations	Other tangible fixed assets	Tangible fixed assets in progress	Total
Amortisation of financial year	(109)	(666)	(589)	–	(17)	–	(1,381)
Changes to consolidation method	73,274	47,892	22,431	50,796	1,007	–	195,400
Reclassifications and transfers of the amortisation	–	–	–	–	–	–	–
Disposals of the amortisation	–	586	–	–	–	–	586
Losses through impairment	–	–	–	–	–	–	–
Net book value at 31 December 2011	**7,092**	**6,285**	**1,220**	**–**	**5**	**–**	**14,602**

Breakdown of Net Book Value at 31 December 2011:							
	Buildings for own use	**Furniture and fittings**	**Data processing equipment**	**Machinery and technical installations**	**Other tangible fixed assets**	**Tangible fixed assets in progress**	**Total**
Cost at 31 December 2011	8,472	12,476	7,728	–	22	–	28,698
Accumulated amortisation at 31 December 2011	(1,380)	(6,191)	(6,508)	–	(17)	–	(14,096)
Losses through impairment	–						
Net book value at 31 December 2012	**7,092**	**6,285**	**1,220**	**–**	**5**	**–**	**14,602**

At 31 December 2012 and 2011, the Group has full rights of ownership over these properties, none of them being liable as any type of guarantee. Furthermore, the Group has no commitment to acquire new properties.

At the close of the 2012 and 2011 financial years, all tangible assets of the Group are used directly for operational purposes.

The market value at 31 December 2012 of the properties used by the Group and of the investments is summarised below (in thousands of euros):

	Market value at 31-12-2012			
	Non-life Segment	Life Segment	Other Activities Segment	Total
Buildings for own use	–	18,145	10,161	28,306

At the close of the previous financial year, the market value of the investments allocated to the Life and Other Activities segments was 2,177 and 20,559 thousand euros, respectively.

As a result of the real-estate valuation analysis during 2012, the Group recorded an amount of 1,125 thousand euros for impairment in tangible fixed assets and property investments in the consolidated profit and loss account.

9.b) Property Investments

The break-down and movement under this caption in the consolidated balance sheet (in thousands of euros) is as follows:

	Property investments third-party use
Cost at 31 December 2011	20,056
Accumulated amortisation at 31 December 2011	(552)
Losses through impairment	(61)
Net book value at 31 December 2011	**19,443**
Investments or additions	–
Changes to consolidation method	–
Reclassifications and transfers	(10,495)
Sales and disposals	–
Amortisation of financial year	(147)
Changes to consolidation method	–
Reclassifications and transfers of the amortisation	323
Disposals of the amortisation	–
Losses through impairment	(610)
Net book value at 31 December 2012	**8,517**

Breakdown of Net Book Value at 31 December 2012	
	Property investments third-party use
Cost at 31 December 2012	9,563
Accumulated amortisation at 31 December 2012	(375)
Losses through impairment	(672)
Net book value at 31 December 2012	**8,517**

	Property investments third-party use
Cost at 1 January 2011	24,849
Accumulated amortisation at 1 January 2011	(1,054)
Losses through impairment	–
Net book value at 1 January 2011	23,795
Investments or additions	–
Changes to consolidation method	(4,793)
Reclassifications and transfers	–
Sales and disposals	–
Amortisation of financial year	(298)
Changes to consolidation method	800
Reclassifications and transfers of the amortisation	
Disposals of the amortisation	
Losses through impairment	(61)
Net book value at 31 December 2011	19,443

Breakdown of Net Book Value at 31 December 2011	
	Property investments third-party use
Cost at 31 December 2011	20,056
Accumulated amortisation at 31 December 2011	(552)
Losses through impairment	(61)
Net book value at 31 December 2011	19,443

The Group has full rights of ownership over the same and no additional commitments to the acquisition of new tangible assets.

At the close of the 2012 financial year, there were no restrictions for making new property investments or for receiving income from the same, or with regard to income obtained from a possible transfer.

The market value at 31 December 2012 of the Group's property investments is summarised below (in thousands of euros):

	Market value at 31-12-2012			
	Non-life Segment	Life Segment	Other Activities Segment	Total
Property investments third-party use	–	–	10,779	10,779

At year end, there was no sign of any additional reorganisation highlighting the market value of property investments.

10. Intangible fixed assets

The movements that occurred in this caption during the 2012 and 2011 financial years are set out in the accompanying Annexes II and III, respectively.

In 2011, the derecognitions owing to changes in the equity method corresponded to the change of the Company SegurCaixa Adeslas's consolidation method following the sale of 50% to Mutua Madrileña (see Note 3.e.1).

The most significant information relating to these intangible assets is shown below:

a) Merger Goodwill and Intangible Assets

This chapter includes the Merger Goodwill and Intangible Assets for the acquisition of "la Caixa Gestión de Pensiones, E.G.F.P., S.A.U." and the intangible assets identified in the processes of purchasing the pension fund management business from Caixa Girona Pensions and the "Plan de Pensiones Multindividual" pension plan originating from Agrupació Bankpime Pensiones, as well as the management of the assigned portfolio by a broker of Agrupació Mútua (see Note 3.e.).

b) Other Intangible Fixed Assets

These intangible assets have a defined useful life, according to their nature, and their amortisation criteria are described in the valuation rules (see Note 3.e of the Report).

In the last two financial years, the Group has not recorded any loss through impairment for this type of intangible asset, and has full rights of ownership over them. The Group has no additional commitments to those recorded in its consolidated financial statements for the acquisition of intangible assets. At the 2012 and 2011 financial year close, all tangible assets of the Group are used directly for operational purposes.

11. Leasing

11.1 The Group Acting as a Lessor

During the 2012 financial year, the Group has acted as a lessor in the following contracts:

- Contract for offices leased to CaixaBank, as well as,
- Contract for the lease of different floors in the Torre Sur to Nissan and Omnicon Media.

In this regard the Group received 61 thousand euros and 762 thousand euros, respectively (59 thousand euros and 771 thousand euros, respectively, during the 2011 financial year).

11.2 The Group Acting as a Lessee

At 31 December 2012, the Group had contracted with lessors the following minimum lease rents, in accordance with the contracts currently in force, without taking into account the effect of community expenses, future CPI increases, or future updates of contractually agreed rents (in thousands of euros):

Operative Leases Minimum rents	(Figures in thousands of euros)	
	2012	2011
Less than 1 year	600	184
Between 1 and 5 years	480	300
More than 5 years	–	–
TOTAL	**1,080**	**484**

The amount of the operating lease and sub-lease rents recognised, respectively, as expenditure and income during the 2012 and 2011 financial years is as follows:

(Figures in thousands of euros)	2012	2011
Lease payments	1,134	1,483
(Subletting rents)		–
TOTAL	**1,134**	**1,483**

12. Tax Situation

Corporate income tax is based on each Company's reported profits calculated by application of generally accepted accounting principles, which do not necessarily agree with the fiscal results, this being understood as the tax base of the tax.

a) Tax Consolidation Regime

The Group Companies and its subsidiaries are in the tax consolidation regime within the "la Caixa" Group; therefore the balances payable for said items are recorded under Debts with Group Companies in the "Debits and payable items" caption of the attached balance sheet.

Since 1 January 2008, with the prior authorisation of the Tax Administration, the consolidated companies pay Corporation Tax under the Fiscal Consolidation Regime jointly with ”la Caixa” and with the remainder of the companies which, in accordance with the applicable regulations of each financial year, make up the tax consolidation group. The profits determined according to tax legislation for this consolidated Group are liable to a tax obligation of 30% on the tax base in the 2012 financial year (see Note 3.g).

b) Assets and Liabilities through Current Tax

The assets and liabilities through current tax consist of fiscal credits and debts which are expected to be offset at the moment of settlement of corporation tax with the Tax Administration. Given that the Company pays corporation tax under the tax consolidation regime, at 31 December 2012 and 2011, it had no assets or liabilities through current tax.

c) Assets and Liabilities through Deferred Tax

At 31 December 2012, the Group held assets and liabilities through deferred tax totalling 68,492 and 891,048 thousand euros, respectively, 296,240 and 1,036,454 thousand euros at 31 December 2011, recorded under the sub-captions “Deferred tax assets” and “Deferred tax liabilities”.

The deferred taxes which are credited or charged directly to recognised revenue and expenses accounts (basically, the valuation adjustments derived from the classified financial instruments in the “available for sale” portfolio) have been recorded through said account without having any effect on the consolidated profit and loss account for the 2012 financial year.

d) Taxes Charged on Equity and Deferred Taxes

The breakdown of tax recognised directly in the Equity is as follows:

Deferred Debtor Taxes with Origin in:	(Figures in thousands of euros)	
	31/12/2012	31/12/2011
Adaptation of the life insurance reserves tables	45,701	27,120
Sales of fixed income securities	–	–
Adjustment through valuations of financial investments	22,791	239,296
Other	–	29,824
TOTAL	**68,492**	**296,240**

Deferred Creditor Taxes with Origin in:	(Figures in thousands of euros)	
	31/12/2012	31/12/2011
Adjustments through valuations of financial investments	65,885	45,981
Sales of fixed income securities	–	–
Adjustment to consolidated intangible assets and homogenisation of technical provisions	334,635	498,189
Sales of variable income securities	484,528	490,484
Other	6,000	1,800
TOTAL	**891,048**	**1,036,454**

The deferred tax associated to the adjustment of the intangible asset is linked to the revaluation of the holding retained in SegurCaixa Adeslas, as a result of the sale of said company to Mutua Madrileña during the 2011 financial year, as well as the valuation harmonisation adjustments arising as a result of the Liability Adequacy Test in the Technical provisions.

e) Reconciliation of accounting profit and corporation tax expense

The following is the breakdown of the corporation tax expense of companies reflected in the attached consolidated profit and loss account for the financial years 2012 and 2011:

(Figures in thousands of euros)	"la Caixa" Tax Group	
	2012	2011
Locally based taxable income before taxes	**2,070,462**	**1,280,457**
Elimination intra-group dividends	(1,023,536)	(183,934)
Adjustment recovery intra-group commissions	(8,988)	(9,773)
Goodwill adjustments	–	–
Taxable income of Group	**1,037,938**	**1,086,750**
Payable value (30%)	**311,381**	**325,025**
Deductions	(307,086)	(57,588)
Adjustments for previous years and others	328	–
Liquid value of Group	**4,623**	**268,437**

In the 2012 financial year, deductions correspond basically to the dividends received from companies in the consolidation group. Similarly, the deductions for the 2011 financial year correspond to deductions for reinvestment made by the tax consolidation group.

(Figures in thousands of euros)	"la Caixa" Tax Group	
	2012	2011
Corporation Tax of VidaCaixa Group and Subsidiaries	**4,623**	**268,437**
Corporation Tax of other companies not belonging to the tax consolidation group	–	–
Consolidation and application of IFRS adjustments	311,506	40,218
Corporation Tax of VidaCaixa Group and Subsidiaries	**316,129**	**308,655**

f) Financial Years Subject to Tax Inspection

According to current legislation, tax liquidations may not be considered final until the presented declarations have been inspected by the tax authorities or the statute barred period of four years has passed. Accordingly, the Company has the last four financial years open to inspection for all taxes applicable to it.

On 16 May 2011, given that the Group is part of the tax consolidation group for Corporation Tax, the Parent Company of which is Caixa d'Estalvis i Pensions de Barcelona, "la Caixa", a verification was initiated as part of the activities carried out by the Tax Administration in relation to the "la Caixa" tax group, in order to verify compliance with the tax obligations during the tax years 2008 to 2009. The Corporation Tax settlements were checked, and the actions will be finalised with a report, which will be incorporated in the company documents once it has checked employee remuneration, VAT and the tax on insurance premiums. On 14 February 2012, the consent orders in relation to these items were collected.

Additionally, on 16 January 2013, the Group received notification of the commencement of inspection proceedings for the partial verification and investigation for the financial years 2008 to 2011 regarding withholdings and payments on account for financial assets originating from capitalisation operations and life or disability insurance contracts. Owing to the partial nature of the inspection, the Company still has the last four financial years open to inspection.

According to current legislation, tax liquidations may not be considered final until the presented declarations have been inspected by the tax authorities or the statute barred period of four years has passed. Accordingly, the Company has the last four financial years open to inspection for all taxes applicable to it.

13. Debts and payable items

According to their nature, the following is the breakdown of the items that make up the financial liabilities of the consolidated balance sheet at 31 December 2012 and 2011 (in Figures in thousands of euros):

Debts and payable items	Portfolio of debits and payable items (Figures in thousands of euros)	
	31/12/2012	31/12/2011
Subordinated liabilities	144,711	294,064
Deposits received for ceded reinsurance	1,146	1,059
Debts through insurance and co-insurance operations	112,983	102,735
Debts through reinsurance operations	48,786	1,103
Amounts owed to credit institutions	3,460	3,949
Debts through Temporary Assignment of Assets	10,671,139	10,356,297
Other debts	1,151,644	179,226
TOTAL	**12,133,86**	**10,938,433**

At 31 December 2012, 743,000 thousand euros were registered as dividends pending payment to the Sole Shareholder under the caption "Other debts – Debts and payable items" in the attached consolidated balance sheet (see Note 17.c).

a) Subordinated liabilities

On 29 December 2000, VidaCaixa issued subordinated debt for an amount of 150,000 thousand euros, comprising 150,000 subordinated perpetual obligations, each one with a nominal value of 1,000 euros. The issue was called “1st Issue of Subordinated Perpetual Obligations of VidaCaixa, S.A. de Seguros y Reaseguros (December 2000)”.

On 22 March 2012, VidaCaixa proceeded to request the early repayment of said emission, approved by the Directorate General of Insurance and Pension Funds on 4 April 2012. VidaCaixa proceeded with the total repayment thereof on 17 May 2012. Each of the Subordinated Perpetual Obligations accrued remuneration equal to the Euribor 3-month rate over the nominal amount thereof, with an annual minimum of 3% and a maximum of 8% in terms of APR, until amortisation.

On 1 December 2004, VidaCaixa proceeded to issue the second issue of Subordinated Debt for an amount of 146,000 thousand euros, which is recorded in the “Subordinated Liabilities” caption of the consolidated balance sheet. The issue comprises 146,000 Subordinated Perpetual Obligations with a par value of 1,000 euros each.

The issue was called “2nd Issue of Subordinated Perpetual Obligations by VidaCaixa, S.A. de Seguros y Reaseguros”. The nature of the securities is that of simple obligations representative of a subordinated, perpetual loan with a quarterly interest accrual at a rate linked to the Euribor index. The Nominal Interest Rate will vary throughout the life of the issue, although from 1 December 2004 to 30 December 2014, the minimum rate of the coupon to which the Subordinated Perpetual Obligations give entitlement will be at least 3.445% (3.5% APR) with a maximum 5.869% (6% APR) on the nominal value of the same.

The obligations are perpetual and are therefore issued for an indefinite period. However, according to the provisions of articles 58 and 59 of the Regulations on Administration and Supervision of Private Insurance, they may be totally or partially amortised at the will of the issuer with the previous authorisation of the Directorate-General for Insurance and Pension Funds. If applicable, the obligations will be amortised to 100% of their par value.

At 31 December 2012, the amount pending amortisation of the expenses associated with the issues was 1,288 thousand euros and they are recorded deducting the value of the subordinate liabilities.

In the 2012 financial year, 6,739 thousand euros were recorded as a financial expense derived from such issues (9,498 in 2011), having settled the quarterly coupons applying an average interest rate of 3% for the first issue and 3.45% for the second issue. This is recorded in the sub-caption "Tangible fixed asset and investment expenses" of the consolidated profit and loss account.

On 7 March 2012, the VidaCaixa Board of Directors agreed to the total repayment of the 2nd issue, as early as possible after 30 December 2014, in accordance with the earliest date appearing in the prospectus of the aforesaid issue.

As a consequence of the repayment of the 1st issue of subordinated debt, VidaCaixa unloaded the "collar" position associated to the same, generating profit of 4,399 thousand euros, which is recorded under the "Tangible fixed asset and investment revenue" caption of the consolidated profit and loss account.

b) Debts

The following is the breakdown of the debts derived from insurance, reinsurance and co-insurance contracts, together with other debts, at 31 December 2012 and 2011:

(Figures in thousands of euros)	31/12/2012	31/12/2011
Debts through direct insurance and co-insurance operations:		
– With policyholders	78,884	77,908
– With co-insurers	6,071	5,370
– With brokers	23,431	16,735
– Preparatory debts of insurance contracts	969	1,366
– Conditioned debts	3,628	1,356
TOTAL	**112,983**	**102,735**
Debts through reinsurance operations	48,786	1,103
Other debts	1,151,644	179,226

The “Other debts” sub-caption includes the following items at 31 December 2012 and 2011.

(Figures in thousands of euros)	31/12/2012	31/12/2011
Group and associated companies	–	–
For commissions pending liquidation	–	61,701
With ”la Caixa” through IS	365,042	–
Group company loans	1,273	–
Other pending commissions	–	–
Accrued wages and salaries	–	–
Suppliers	19,991	15,134
Sundry creditors	22,338	102,391
Dividend to pay to CaixaBank	743,000	
TOTAL	**1,151,644**	**179,226**

Information on Payment Deferrals made to Suppliers

The information required by Additional Provision Three of Law 15/2010, of 5 July, is set out below (in thousands of euros):

	Payments made and pending payment at the close of the financial year			
	2012		2011	
	Amount	%	Amount	%
Made within the legal deadline	191,312	100%	229,797	100%
Other		–	–	–
TOTAL PAYMENTS DURING THE FINANCIAL YEAR	**191,312**	**100%**	**229,797**	**100%**
Weighted average days past due	n.a.		n.a.	
Delays which exceed the legal deadline at the close date			–	

The information provided in the above table on payments to suppliers refers to those which, given their nature, are trade creditors through debts with suppliers of goods and services, and therefore include data relating to the “Trade and other payables” caption of the liabilities section of the attached balance sheet.

The average payment period (APM) for payments effected outside the maximum legal deadline has been calculated as the coefficient given by the sum of the products of each of the payments to suppliers effected in the financial year with a postponement greater than the respective legal payment period plus the number of day’s postponement over the total amount of the payments made in the financial year with a postponement in excess of the legal payment period.

The average weighted days past due for payments has been calculated as the difference between the APM for those payments made after said period and the maximum legal period in days.

The maximum legal payment deadline applicable to the Group during the 2012 financial year, according to Law 3/2004, of 29 December, which establishes the measures to deal with bad debts in commercial operations, is 75 days (85 days in the 2011 financial year).

All payments made by the Company throughout the 2012 financial year were made within the maximum legal deadline and at 31 December 2012 there was no amount pending payment to the suppliers thereof for commercial operations accumulating a postponement greater than the legal payment deadline.

c) Debts with Credit Institutions: Debts through Temporary Assignment of Assets

Within the framework of treasury management, throughout the 2012 financial year the Group has carried out operations involving the acquisition and assignment of financial assets with a repurchase agreement. At 31 December 2012, the Group had assigned financial assets (debt representative securities classified in the available for sale portfolio, in addition to deposits contained in Cash and cash equivalents) with a book value of 10,671,139 thousand euros (10,356,297 thousand euros in 2011). It also has debts through operations involving the temporary assignment of assets for the same amount, which are valued at the nominal value of the agreed debt, since the maturity of the same is short-term.

The repurchase agreement stipulated by the Group in all its transactions is non-optional in nature, calculating the sale of the rights associated with the assigned securities until the amortisation date at a price which is established at the moment of contracting. The Group simultaneously agrees with the purchaser the repurchase of the rights of the financial assets for the same nominal value at an intermediate date between the sale and the nearest amortisation, at a price stipulated at the moment of contracting.

During the 2012 financial year, the short-term assets which have offset the assignments made have generated an income of 109,954 thousand euros. The expenses associated with such assignments totalled 97,836 thousand euros.

The deposits and repos through assignments still in effect at 31 December 2012 totalled 10,672,054 thousand euros and are recorded in the caption “Cash and equivalent liquid assets” for the sum of 690,414 thousand euros and in “Loans and payments receivable” for the sum of 9,981,640 thousand euros in the accompanying balance sheet.

These operations do not represent any additional risk for the Group (which is the assignor), since its exposure to credit risk remains unaltered.

14. Balances in foreign currencies

The balances the Group maintains in foreign currencies basically refer to current accounts, both own accounts and accounts linked to policyholders assuming the investment risk. Currently, the Group has investments in fixed income securities in currencies whose exchange risk is covered with financial swap operations into euros.

The equivalent value in euros of the main balances held by the Group in foreign currencies at 31 December 2012 and 2011 is detailed below:

Assets at 31 December 2012	Equivalent value in thousands of euros			
	Pounds sterling	US dollars	Japanese yen	Total
Financial instruments (*)	17,345	125,122	5,854	148,321
Cash and cash equivalents	6	16	2	24
TOTAL	**17,351**	**125,138**	**5,856**	**148,345**

(*) These are positions in passive currencies associated to flows of financial swap operations.

Assets at 31 December 2011	Equivalent value in thousands of euros			
	Pounds sterling	US dollars	Japanese yen	Total
Financial instruments (*)	55,767	337,453	1,499	394,719
Cash and cash equivalents	373	6	2	381
TOTAL	**56,140**	**337,459**	**1,501**	**395,100**

(*) These are positions in passive currencies associated to flows of financial swap operations.

The average cash exchange rates used at the financial year close coincide with the ones published by the European Central Bank.

15. Technical reserves

The detail of the reserves established at 31 December 2012 and their movement with regard to the financial year ended 31 December 2011 is set out below, together with the reinsurance participation in the same:

(Figures in thousands of euros)				
Reserve	**Balances at 31 December 2011**	**Endowments charged to results**	**Applications with payment to results**	**Balances at 31 December 2012**
Technical reserves:				
Unearned premiums and unexpired risks	2,291	1,746	(2,291)	1,746
Life insurance:				
– Related to life insurance (*)	23,217,813	27,195,800	(23,217,813)	27,195,800
– Related to life insurance when the risk is assumed by the policyholder	225,333	245,235	(225,333)	245,235
Claims	301,253	404,410	(301,253)	404,410
Profit-sharing and returns	44,430	46,091	(44,430)	46,091
TOTAL	**23,791,120**	**27,893,282**	**(23,791,120)**	**27,893,282**
Share of reinsurance in technical reserves (ceded):				
Unearned premium reserves	(122)	(104)	122	(104)
Life insurance reserve	(786)	(576,245)	786	(576,245)
Claim reserves	(5,703)	(5,059)	5,703	(5,059)
Other technical reserves	–	–	–	–
TOTAL	**(6,611)**	**(581,408)**	**6,611**	**(581,408)**

(*) At 31 December 2012 it includes 48,384 thousand euros corresponding to unearned premium reserves for the products with coverages shorter than the year.

The movement of these reserves during the financial year 2011 was as follows:

(Figures in thousands of euros)						
Reserve	**Balances at 31 December 2010**	**Changes to consolidation method**	**Additions to the consolida-tion scope**	**Endowments charged to results**	**Applications with payment to results**	**Balances at 31 December 2011**
Technical reserves:						
Unearned premiums and unexpired risks	204,218	(202,018)	–	2,291	(2,200)	2,291
Life insurance:						
– Related to life insurance (*)	18,190,340	–	3,632,839	19,584,974	(18,190,340)	23,217,813
– Related to life insurance when the risk is assumed by the policyholder	215,897	–	–	225,333	(215,897)	225,333
Claims	681,782	(422,830)	9,922	291,331	(258,952)	301,253
Profit-sharing and returns	59,743	–	15	44,415	(59,743)	44,430
TOTAL	**19,351,980**	**(624,848)**	**3,642,776**	**20,148,344**	**(18,727,132)**	**23,791,120**
Share of reinsurance in technical reserves (ceded):						
Unearned premium reserves	(6,012)	5,994	–	(122)	18	(122)
Life insurance reserve	(813)	–	–	(786)	813	(786)
Claim reserves	(16,782)	10,924	–	(5,703)	5,858	(5,703)
Other technical reserves	–				–	
TOTAL	**(23,607)**	**16,918**	**–**	**(6,611)**	**6,689**	**(6,611)**

(*) At 31 December 2011 it includes 39,641 thousand euros corresponding to unearned premium reserves for the products with coverages shorter than the year.

On 3 October 2000 a Resolution of the Directorate General of Insurance and Pension Funds was published, relating to the mortality and survival tables to be used by insurance entities and the new PERM/F-2000P tables were published, which went on to be applied for the new production to be effected from the coming into force of the Resolution (15 October 2000). Also, for the portfolio of policies in force at that date, use of the

PERM/F-2000C tables was enabled. The Group has assessed the impact of adapting the calculation of the life insurance reserves of its products to the PERM/F-2000C tables. The result of the aforesaid valuation totals 402,410 thousand euros. At 31 December 2012, the Group had said reserve fully funded.

The details of the direct technical business reserves at 31 December 2012 on the basis of the different business lines included in the Life and Non-life segments are as follows:

Reserve at 31 December 2012	(Figures in thousands of euros)		
	Non-Life	Life	Total
	Accidents and illness		
Technical reserves:			
Unearned premiums and unexpired risks	1,746	48,384	50,130
Policy reserves		27,147,416	27,147,416
Reserve for life insurance when the policyholder assumes the investment risk		245,235	245,235
Claims	10,568	393,842	404,410
Profit-sharing and returns	523	45,568	46,091
TOTAL	**12,837**	**27,880,445**	**27,893,282**

The breakdown of the technical reserves of the direct business for the 2011 financial year is as follows:

Reserve at 31 December 2011	(Figures in thousands of euros)		
	Non-Life	Life	Total
	Accidents and illness		
Technical reserves:			
Unearned premiums and unexpired risks	2,291	–	2,291
Policy reserves	–	23,217,813	23,217,813
Reserve for life insurance when the policyholder assumes the investment risk	–	225,333	225,333
Claims	10,805	290,448	301,253
Profit-sharing and returns	449	43,981	44,430
TOTAL	**13,545**	**23,777,575**	**23,791,120**

The unrealised losses from the financial assets classified in the Available-for-Sale portfolio and which are associated to insurance contracts through financial immunisation techniques, are shown as a reduction in the balance of "Technical Provisions":

	(Figures in thousands of euros)
Balance at 1 January 2012	(1,289,422)
Net movement through allocation of net unearned capital gains charged to equity	1,012,723
Balance at 31 December 2012	(276,699)

The movement experienced in the previous 2011 financial year is as follows:

	(Figures in thousands of euros)
Balance at 1 January 2011	(535,464)
Net movement through allocation of net unearned capital gains charged to equity	(753,958)
Balance at 31 December 2011	(1,289,422)

The effect of the reinsurance on the profit and loss account for the financial years 2012 and 2011 was the following:

(Figures in thousands of euros)	2012 Financial Year	2011 Financial Year
Premiums imputed to the ceded reinsurance		
– Ceded premiums	(674,116)	(56,310)
– Change in unearned premium reserves	(18)	(3,293)
Commissions (*)	1,324	4,435
Cost of the cession	**(672,810)**	**(55,168)**
Reinsurance loss (*)	42,626	4,446
Total cost of reinsurance	**(630,184)**	**(50,722)**

(*) The commissions and loss of the reinsurance are represented in the profit and loss account netting the sub-captions "Net operating expenses" and "Net reinsurance loss in the financial year", respectively.

Included under the caption "Premiums applied to period, net of reinsurance" is the amount of 597,049 thousand euros by way of the premium settled by the life annuity reinsurance contract, in force since 1 October 2012 (see Notes 3.o.4 and 19).

The reinsurance loss contemplates settlements for the annuity reinsurance contracts entered into during the financial year.

16. Non-technical reserves

The non-technical reserves are intended to cover current obligations derived from past events, the cancellation of which will likely result in an outflow of resources, but the amount of which and/or time of cancellation are uncertain.

Non-technical reserves are valued at the current value of the best possible estimate of the amount required to cancel or transfer the obligation, taking into account information available on the event and the consequences thereof and recording the adjustments which may arise through the updating of said reserves as a financial expense as they arise.

The Group has no significant claims, lawsuits or litigation, other than those which correspond to the insurance business (and which, in this case are duly valued and included, wherever applicable, in the reserves for claims) which may damage or affect the consolidated financial statements, or the contingent liabilities, and which might involve the Group in litigation or result in fines or penalties with a significant effect on the assets thereof.

17. Assets Attributed to Shareholders of the Parent Company

As part of the consolidated financial statements, the Group presents a consolidated statement of changes in equity which shows, among others:

- The financial year result derived from the profit and loss account;
- Each one of the items which, according to the IFRS, recognise direct changes in the net equity;
- The total of revenues and expenses for the financial year (sum of the two above sections), separately showing the total amount attributed to the shareholders of the Parent Company and to minority interests;
- The effects of the changes in the accounting policies and of the correction of errors in each of the components of equity, where these have occurred;
- The amounts of the transactions that the holders of equity instruments have carried out in their condition as such, for example the capital contributions, the repurchases of own shares maintained in their own portfolios and the distribution of dividends, showing these last distributions separately;
- The balance of the reserves through accumulated profits at the beginning of the financial year and on the date of the balance, as well as its movements during the financial year.

In addition, the Group separately details all the income and expenses recognised during the financial year, whether through the profit and loss account or directly in the assets. This statement is called the “Statement of recognised income and expenses" and supplements the information provided in the statement of changes in equity.

In the 2012 financial year, the Group's Parent Company made no significant change in its accounting policies, nor was it necessary to correct errors from previous financial years.

a) Share capital and share premium

At 31 December 2012, the net equity of the parent company stood at 930,729 thousand euros, represented by 154,863,400 fully subscribed and paid-up shares with a par value of 6.01 euros. All the shares enjoy identical political and economic rights. The parent company may issue non-voting shares.

At 31 December 2012, the shareholders of the Parent Company with a holding equal to or greater than 10% of the subscribed capital were as follows:

	Percentage Holding
CaixaBank, S.A. (direct holding)	100%

On 29 November 2012, the Sole Shareholder took the decision to increase the share capital by the amount of 154,006 thousand euros, through the creation of 25,624,891 new registered shares each with a par value of 6.01 euros, with the same rights and obligations as those already in circulation, with an issue premium of 24.04 euros per share, giving a total issue premium of 616,022 thousand euros. The new shares thus issued, as well as the corresponding issue premium, were subscribed and paid up by the Sole Shareholder, CaixaBank, S.A. through a monetary contribution of 770,028 thousand euros. The aforesaid capital increase agreement was publicly recorded through a deed issued before a notary dated 4 December 2012 and registered with the Mercantile Registry on 21 December 2012.

b) Reserves

The statement of changes in equity attached to these annual accounts details the balances of the reserves through accumulated profits at the beginning and end of the 2011 financial year and at 31 December 2012, as well as the movements produced during the financial year.

The breakdown of each type of reserve at 31 December 2012 and 2011 is detailed below:

(Figures in thousands of euros)	31/12/2012	31/12/2011
Legal reserve	186,146	155,345
Voluntary reserves of the Parent Company	2,537	2,152
Reserves in fully consolidated companies	1,238,492	992,567
Reserves in companies consolidated by the equity method	185,797	–
TOTAL RESERVES	**1,612,972**	**1,150,064**

On 30 November 2012, the Sole Shareholder of VidaCaixa Grupo, S.A.U. took the decision to reclassify the quantity of 30,801 thousand euros from the issue premium to the legal reserve.

b.1) Legal Reserve

According to the Law on Capital Companies, a sum equivalent to 10% of the financial year profits must be passed over to the legal reserve until the reserve reaches at least 20% of the share capital. The legal reserve may be used to increase the capital in the part that exceeds the 10% already increased. Otherwise, as long as the reserve does not exceed 20% of the share capital, it may only be used to compensate losses and provided there are no other sufficient reserves available for this purpose.

b.2) Voluntary Reserves of the Parent Company

The same information at 31 December 2012 and 2011 is as follows (in thousands of euros):

	31/12/2012	31/12/2011
Voluntary reserves	3,400	3,015
Merger reserve	-	–
Other reserves	(863)	(863)
TOTAL	**2,537**	**2,152**

The balances of these reserves are freely available.

b.3) Reserves in Consolidated Companies

The breakdown of balances by companies in the attached consolidated balance sheet at 31 December 2012 and 2011, having considered the effect of the consolidation adjustments, is shown below (in thousands of euros):

Reserves of fully consolidated companies	VidaCaixa	AgenCaixa	Mediació	AIE	Invervida	Total
Balances at 31/12/2011	978,689	14,816	(1,594)	625	31	992,567
Distribution of 2011 financial year result	194,600	20	143	–	–	194,763
Interim dividends paid against profit 2011	–	–	–			–
Changes in shareholdings	–	–	–	–	(31)	(31)
Consolidation adjustments	49,840	1,863	(1,594)	1,084	–	51,193
Other						–
Balances at 31/12/2012	1,223,129	16,699	(3,045)	1,709	–	1,238,492

Reserves in companies consolidated by the equity method	SCA	Total
Balances at 31/12/2011		
Distribution of 2011 financial year result		
Interim dividends paid against profit 2011		
Changes in shareholdings		
Reserves Consolidated by the equity method	185,797	185,797
Balances at 31/12/2012	185,797	185,797

c) Distribution of results

The following is the proposal for distributing the net profit of the 2012 financial year of VidaCaixa Grupo, S.A.U., which its Board of Directors will submit to the Sole Shareholder for approval:

	2012 Financial Year (Figures in thousands of euros)
To voluntary reserves	3,674
To dividends	953,000
TOTAL	**956,674**

On 29 March 2012, the Sole Shareholder agreed to distribute an interim dividend for the 2012 financial year for the amount of 210,000 thousand euros and on 24 December 2012 the Board of Directors agreed on the distribution of a further interim dividend for the 2012 financial year for the amount of 743,000 thousand euros. The first distribution of interim dividends for the amount of 210,000 thousand euros was paid to the Sole Shareholder on 5 December 2012, while the second distribution for the amount of 743,000 thousand euros was pending payment at 31 December 2012 (see Note 13).

The distribution of the net profit for the 2011 financial year, which was approved by the Sole Shareholder on 21 March 2012, was as follows (in thousands of euros):

	2011 Financial Year
To voluntary reserves	385
To dividends	540,000
TOTAL	**540,385**

Pursuant to Article 277 of the Law on Capital Companies, approved by Royal Legislative Decree 1/2010, of 2 July, the Board of Directors prepared the following accounting liquidity statements which reveal sufficient liquidity for the distribution thereof:

LIQUIDITY STATEMENT AT 26/03/2012	(Figures in thousands of euros)
Interim dividend proposal	
Profit from the period 01/01/12 to 26/03/12 (net of taxes)	211,043
Allocation to legal reserve (10%)	–
Distributable profit at 26/03/2012	211,043
Interim dividend 2012	(210,000)
Carryover	1,043
Available in current accounts and other equivalent assets at 26/03/12	218,870
Payment of comfort letter	(124,717)
Receipt of interim dividend VidaCaixa, SA de Seguros y Reaseguros	120,000
Payment of interim dividend 2012	(210,000)
Carryover liquidity	4,153
Cash flow forecast at 1 year:	
Carryover liquidity in March 2012	4,153
(+) Receipts	60,488
(–) Payments	(43,468)
Carryover liquidity in March 2013	21,173

LIQUIDITY STATEMENT AT 20/12/2012	(Figures in thousands of euros)
Interim dividend proposal	
Profit from the period 01/01/12 to 20/12/2012 (net of taxes)	956,626
First interim dividend (March 2012)	(210,000)
Distributable profit at 20/12/2012	**746,626**
Second interim dividend 2012	**(743,000)**
Carryover	**3,626**
Available in current accounts and other equivalent assets at 20/03/2012	**53,811**
Receipt of second interim dividend VidaCaixa, S.A. de Seguros y Reaseguros	680,000
Payment of interim dividend SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	29,952
Payment of second interim dividend 2012	(743,000)
Carryover liquidity	**20,763**
Cash flow forecast at 1 year:	
Carryover liquidity in December 2012	20,763
(+) Receipts	9,010
(–) Payments	(4,500)
Carryover liquidity in December 2013	**25,273**

The distribution of the consolidated net profit for the 2011 financial year is set out in the statement of changes in equity.

d) Recognised Income and Expenses

The main item registered in the recognised income and expenses outside the profit and loss account refers to adjustments through changes in value of the reserves for valuation adjustments to assets classified in the "available for sale" portfolio, including the reversal of gains and losses from the assets assigned to the insurance contracts (see Note 15).

Adjustments for changes in value (Assets available for sale)

This item principally includes the net amount of those variations in the fair value of the financial assets classified as available for sale which, according to Note 3.b, must be classified as an integral part of the Group's consolidated assets. These variations are recorded in the consolidated profit and loss account when the sale of the assets from which they originate takes place.

With regard to the remainder of these changes in value, which total 236,808 thousand euros, the Group considers that they should be allocated to policyholders and for this reason they were allocated on 31 December 2012, decreasing the amount of policy reserves.

Corrections of accounting mismatches

This item includes the variations of unearned gains derived from financial assets classified in the available for sale and at fair value with changes in profit and loss portfolios which are imputable to life insurance policyholders.

With regard to the remainder of these changes in value, which total 39,891 thousand euros, the Group considers that they should be allocated to policyholders and for this reason they were allocated on 31 December 2012, decreasing the amount of policy reserves.

18. Minority interests

The breakdown, by consolidated companies, of the balance of the caption "Minority interests" and the sub-caption "Losses and gains attributable to external partners" at 31 December 2012 and 2011 is as follows:

(Figures in thousands of euros)	31/12/2012		31/12/2011	
	Minority interests	Losses and gains attributable to external partners	Minority interests	Losses and gains attributable to external partners
Grupo Asegurador de la Caixa, A.I.E.	1,087	–	1,090	–
TOTAL	**1,087**	**–**	**1,090**	**–**

The movement which occurred in the caption "Minority interests" during the 2012 and 2011 financial years is included in the consolidated statement of changes in equity.

19. Information on Insurance Contracts According to Segments

The total volume of the premiums accrued for direct insurance and accepted reinsurance during the 2012 and 2011 financial years totalled 5,027,111 thousand euros and 6,149,899 thousand euros, respectively.

The breakdown of the imputed premiums of the 2012 financial year and the remaining income and expense items in accordance with the main segments and sub-segments defined is as follows:

(Figures in thousands of euros)	Non-life Segment Accidents and illness	Life Segment	Total
Premiums imputed to direct reinsurance business accepted (I)	**33,678**	**4,983,793**	**5,017,471**
Accrued direct insurance premiums	33,140	4,993,971	5,027,111
Variation in reserve for premiums pending payment	(6)	(1,435)	(1,441)
Change in the reserve for direct insurance unearned premiums and unexpired risks	544	(8,743)	(8,199)
Premiums imputed to reinsurance (II)	**(4,967)**	**(669,166)**	**(674,133)**
Total premiums imputed net of reinsurance (I-II)	**28,711**	**4,314,627**	**4,343,338**
Other technical income net of expenses (III)	**–**	**596,145**	**596,145**
Other technical revenue	–	601,160	601,160
Other technical expenses	–	(5,015)	(5,015)
Losses incurred in the period, net of reinsurance (IV)	**(12,816)**	**(2,870,702)**	**(2,883,518)**
Direct and accepted insurance claims paid	(12,684)	(2,810,329)	(2,823,013)
Ceded reinsurance claims paid	–	43,269	43,269
Change in the direct insurance claims reserve	237	(98,563)	(98,326)
Change in the ceded reinsurance claims reserve	(133)	(510)	(643)
Expenses imputed to claims	(236)	(4,569)	(4,805)
Variation of other technical reserves (V)	**(73)**	**(2,475,239)**	**(2,475,312)**
Change in reserve for share in profits and returns	(73)	(1,587)	(1,660)
Variation of other technical reserves (policy reserves)	–	(2,473,652)	(2,473,652)
Net operating expenses (VI)	**(6,127)**	**(139,374)**	**(145,501)**
Acquisition expenses (commissions and other expenses)	(5,754)	(98,125)	(103,879)
Administration expenses	(373)	(42,573)	(42,946)
Commissions and holdings in ceded reinsurance	–	1,324	1,324
Net investment income (VII)	**(341)**	**1,648,411**	**1,648,070**
Income from financial investments	14	2,156,884	2,156,898
Management expenses of financial investments and assets	(355)	(526,598)	(526,953)
Financial income from investment on behalf of life insurance policyholders who assume the risk of the investment	–	18,125	18,125
TECHNICAL-FINANCIAL RESULT (I-II+III-IV+V-VI+VII+VIII)	**9,354**	**1,073,866**	**1,083,220**

On 29 November 2012, the Group, through its subsidiary VidaCaixa, signed two reinsurance operations with Berkshire Hathaway Life Insurance Company of Nebraska (hereinafter, the "reinsurance company").

The first of the contracts corresponds to a proportional share reinsurance contract for 100% of the portfolio corresponding to the Vida Familiar and Seviam products. The aforesaid insurance portfolio corresponds to the body of individual policies which cover the risk of the policyholder's death during the time period covered. The Seviam modality is linked with mortgage or consumer loans and the duration thereof is mainly annual, being renewed at the will of the parties. The reinsurance affected the contracts entered into by the Group until 31 December 2012 (net of any other previous reinsurance contracted by the reinsurance company).

The operation was implemented through the signing of a proportional reinsurance contract which includes the basic conditions of this type of reinsurance, with the specific feature that on the date of the signing thereof, the Group received an upfront payment for the entire duration of the contract determined by the reinsurance company on the basis of its expected future profits (VIF) derived from the business of the portfolio of annually renewable life-risk insurance policies underwritten. On a quarterly basis, the Group will pay the reinsurance company the amount given by deducting the net cost of losses and administration costs from the accrued premiums.

The duration of the reinsurance contract is indefinite, or until the depletion of the insurance contract portfolio. The reinsurance company also assumes the mortality risk in the underlying portfolio, as well as the risk of falls in the portfolio.

A profit-sharing clause was also included to cover the case of the profit generated by the insurance contracts for the reinsurance company being greater than the amount received up-front.

For this item, the Group received an upfront payment from the Reinsurance company for the amount of 600,000 thousand euros, recorded under the caption "Other Technical Income" in the consolidated profit and loss account at 31 December 2012 in the Life segment.

The second of the contracts with the reinsurance company corresponds to an annuity reassurance contract which has been in force since 1 October 2012. The aim of the aforesaid contract is to mitigate the risk of longevity maintained against the annuity portfolio; for this reason the Group paid a one-off reinsurance premium by way of risk transfer, which was registered under the caption “Change in other technical provisions, net of reinsurance” of the consolidated profit and loss account in the Life segment at 31 December 2012. The maturity date agreed upon will be 30 September 2022, or the date coinciding with the termination of the obligations covered.

As a consequence of the aforesaid operations, at 31 December 2012, the Group maintained amounts of 21,572 thousand euros and 46,517 thousand euros under the captions “Loans and payments receivable” and “Debts and payable items” in the attached consolidated balance sheet, respectively, for receipts and payments pending with the reinsurance company (see Notes 3.o.4 and 15).

The breakdown of the imputed premiums of the 2011 financial year and the remaining income and expense items in accordance with the main segments and sub-segments defined is as follows:

2011	(Figures in thousands of euros)						
	Non-life Segment (*)					Life Segment	Total
	Household multi-risk	Automobiles	Accidents and illness	Others	Various		
Premiums imputed to direct reinsurance business accepted (I)	**99,622**	**69,735**	**832,007**	**19,924**	**8,135**	**5,033,026**	**6,062,449**
Accrued direct insurance premiums	108,305	75,814	901,474	21,661	9,101	5,033,544	6,149,899
Variation in reserve for premiums pending payment	546	382	4,368	109	48	1,036	6,489
Change in the reserve for direct insurance unearned premiums and unexpired risks	(9,229)	(6,461)	(73,835)	(1,846)	(1,014)	(1,554)	(93,939)
Premiums imputed to reinsurance (II)	**4,407**	**3,085**	**38,294**	**881**	**335**	**6,014**	**53,016**
Total premiums imputed net of reinsurance (I-II)	**95,215**	**66,650**	**793,713**	**19,043**	**7,800**	**5,027,012**	**6,009,433**
Other technical income net of expenses (III)	**(2,035)**	**(1,425)**	**(16,668)**	**(407)**	**(204)**	**(5,830)**	**(26,569)**
Other technical revenue	1,440	1,008	11,519	288	144	–	14,399
Other technical expenses	(3,475)	(2,433)	(28,187)	(695)	(348)	(5,830)	(40,968)
Losses incurred in the period, net of reinsurance (IV)	**73,567**	**51,498**	**592,611**	**14,714**	**7,357**	**2,515,581**	**3,255,328**
Direct and accepted insurance claims paid	67,900	47,530	553,598	13,580	6,577	2,466,478	3,155,663
Ceded reinsurance claims paid	(311)	(217)	(2,484)	(62)	(31)	(2,275)	(5,380)
Change in the direct insurance claims reserve	(2,305)	(1,614)	(24,770)	(461)	(231)	45,831	16,450
Change in the ceded reinsurance claims reserve	78	55	624	16	6	155	934
Expenses imputed to claims	8,205	5,744	65,643	1,641	1,036	5,392	87,661

(Cont.)

(Cont.)

2011	(Figures in thousands of euros)						
	Non-life Segment (*)					Life Segment	Total
	Household multi-risk	Automobiles	Accidents and illness	Others	Various		
Variation of other technical reserves (V)	–	–	**(637)**	–	–	**(3,306,818)**	**(3,307,455)**
Change in reserve for share in profits and returns	–	–	(637)	–	–	(39,024)	(39,661)
Variation of other technical reserves (policy reserves)	–	–	–	–	–	(3,267,794)	(3,267,794)
Net operating expenses (VI)	**10,283**	**7,197**	**87,724**	**2,057**	**1,028**	**109,234**	**217,523**
Acquisition expenses (commissions and other expenses)	8,772	6,140	75,270	1,754	877	81,842	174,655
Administration expenses	1,723	1,206	14,165	345	172	29,691	47,302
Commissions and holdings in ceded reinsurance	(212)	(149)	(1,711)	(42)	(21)	(2,299)	(4,434)
Net investment income (VII)	**1,360**	**952**	**13,136**	**272**	**136**	**1,093,682**	**1,107,029**
Income from financial investments	1,674	1,172	13,471	335	167	1,692,644	1,709,463
Management expenses of financial investments and assets	(314)	(220)	(335)	(63)	(31)	(595,329)	(598,801)
Unrealised gains and losses (VIII)	–	–	–	–	–	(3,633)	(3,633)
TECHNICAL-FINANCIAL RESULT (I-II+III-IV+V-VI+VII+VIII)	**10,690**	**7,482**	**107,487**	**2,137**	**1,069**	**183,231**	**309,587**

(*) The 2012 data basically correspond to the six-month period between 1 January and 30 June 2012 in which SegurCaixa Adeslas was integrated in the Group by the full consolidation method.

In the profit and loss account, under the caption "Results from other activities" corresponding to the 2012 financial year, "Other income" and "Other expenses" include the following items:

Operating income – 2012 financial year	(Figures in thousands of euros)
	Other Activities Segment
Pension fund administration income	117,558
Income from healthcare activity	–
Other income	37,486
Rest of other income	**145,044**
Amortisation of pension-fund marketing expenses	28,395
Other expenses	80,922
Rest of other expenses	**109,317**
TOTAL	**35,727**

The breakdown of the income and expenses in the "Other activities" segment for the previous financial year is as follows:

Operating income – 2011 financial year	(Figures in thousands of euros)
	Other Activities Segment
Pension fund administration income	125,246
Income from healthcare activity	91,860
Other income	8,137
Rest of other income	**225,243**
Amortisation of pension-fund marketing expenses	29,069
Other expenses	185,385
Rest of other expenses	**214,454**
TOTAL	**10,789**

a) Composition of Life Business by Volume of Premiums

The composition of the Life business (direct insurance), by volume of premiums for the 2012 and 2011 financial years, is as follows:

Life insurance (direct)	(Figures in thousands of euros)	
	2012	2011
Premiums on individual policies	3,879,915	4,320,871
Premiums on group policies	1,111,896	712,673
	4,991,811	**5,033,544**
Regular premiums	637,877	620,493
Single premiums	4,353,934	4,413,051
	4,991,811	**5,033,544**
Premiums on policies without profit sharing	4,712,912	4,769,585
Premiums on policies with profit sharing	259,153	229,830
Premiums in which the investment risk is attributed to the policyholder	19,746	34,129
	4,991,811	**5,033,544**

The aforesaid premiums are recorded under the caption "Premiums applied to period, net of reinsurance" in the Life segment of the Consolidated income statement.

b) Technical Conditions of the Main Types of Life Insurance

The technical conditions of the main types of life insurance, which represent more than 5% of the premiums or reserves of the Life business, are as follows:

2012 Financial Year

Format and type of coverage	Technical interest	Biometric table	Profit sharing		(Figures in thousands of euros)		
			Applies? Yes/No	Form of distribution	Premiums	Policy reserves (*)	Amount distributed in profit sharing
PVI	3.79%	(1)	No	–	1,489,371	8,557,724	–
Pension 2000	5.50%	(2)	Yes	Policy reserves	75,110	4,524,019	2
Group Insurance	Variable	(3)	Yes	Claims	930,894	8,702,960	3,708
PPA	3.74%	(4)	No	–	1,687,177	3,507,636	–

(*) The biometric tables specified in the Technical Notes are indicated, along with the policy reserve derived from applying these tables.

(1) According to the different formats, GR-80, GR-80 less two years and GR-95 tables are used. Until 20/12/2012, for new production the GR-95 or GK-95 tables were used. Since 21/12/2012, the PASEM (mix sector) tables have been used.

(2) Based on GR-80, GR-80 less two years; GR-70 and GR-95 tables are used for certain formats.

(3) According to the different formats, GR-80, GR-80 less two years and GR-70, GR-95 or PER2000P tables are used.

(4) For policies contracted prior to 01/01/2009 the GKM-80/GKF-80 tables are used. For policies contracted between 01/01/2009 and 20/12/2012 the INE 2004-2005 tables are used. For those policies contracted as of 21/12/2012 the GR10EU tables are used.

2011 Financial Year

Format and type of coverage	Technical interest	Biometric table	Profit sharing		(Figures in thousands of euros)		
			Applies? Yes/No	Form of distribution	Premiums	Policy reserves (*)	Amount distributed in profit sharing
PVI	4.25%	(1)	No	–	1,992,193	7,549,329	–
Pension 2000	6.87%	(2)	Yes	Reserve	82,083	4,487,474	1
Plan 2000	1.86%	(3)	No	–	317,219	488,710	–
Group Insurance	Variable	(4)	Yes	Claims	665,539	8,366,808	54,772
PPA	3.65%	(5)	–	–	1,415,780	1,932,138	–

(*) The biometric tables specified in the Technical Notes are indicated, along with the policy reserve derived from applying these tables.
(1) According to the different formats, GR-80, GR-80 less two years and GR-95 tables are used. For the new production the GR-95 or GK-95 tables are used.
(2) Based on GR-80, GR-80 less two years; GR-70 and GR-95 tables are used for certain formats.
(3) According to the formats, GR-80 less two years and GR-95 tables are used. For new production GK-95 tables are used.
(4) According to the different formats, GR-80, GR-80 less two years and GR-70, GR-95 or PER2000P tables are used.
(5) In accordance with format 391: For policies contracted prior to 01/01/2009 the GKM-80/GKF-80 tables are used. For those policies contracted subsequent to 01/01/2009 the INE 2004-2005 tables are used. For all other modalities the INE 2004-2005 tables are used.

For certain types of individual life and various group life policy, profit sharing is distributed as an increase in the life insurance reserve, in accordance with the periods envisaged in the different policies. The amount of the benefits accrued in favour of policyholders and beneficiaries that has still not been allocated is recorded in the sub-caption “Technical reserves – Reserves for share in profit and returns”.

c) Change in the Claims Reserve

Below we set out the evolution of the technical reserve for claims established at the various dates for the direct business, taking into account the occurrence of claims, in accordance with the claims paid and the reserves for the same prior to the closes:

(Figures in thousands of euros)	Pending settlement and payment and pending declaration at 31/12/2011		
	Reserve at 31/12/2011	Payments during 2012	Reserve at 31/12/2012
Accidents	8,267	7,839	7,098
Illness	2,537	4,406	3,470

The breakdown of the allocations made by segments and sub-segments as provisions for amortisation and depreciation of the intangible assets, property investments and tangible assets is set out in Notes 3.c, 3.b and 3.e of the Report.

The composition of the personnel expenses of the financial years 2012 and 2011 and their allocation in the profit and loss account by segments and sub-segments, is as follows:

(Figures in thousands of euros)	2012 Financial Year	2011 Financial Year
Wages and Salaries	26,975	22,751
Social Security	5,650	8,346
Contributions to external pension funds and life insurance premiums	281	7,746
Compensations and awards	823	300
Other personnel expenses	6,731	12,346
TOTAL	**40,460**	**51,489**

Allocation of personnel expenses – 2012 financial year	Non-life Segment	Life Segment	Others segment	Total
Losses incurred in the period, net of reinsurance	39	1,965	–	2,004
Tangible fixed asset and investment expenses	55	1,719	–	1,773
Other technical expenses	213	2,859	–	3,073
Net operating expenses	43	5,270	28,297	30,055
NET TOTAL	**349**	**11,813**	**28,297**	**36,905**

20. Breakdown of Associate Company Transactions

Transactions between group companies

The details of the main transactions carried out in the financial year 2012 are as follows:

Item	(Figures in thousands of euros)	
	Income	Expenses
Credited interests	356	–
Commissions for marketing of premiums	–	115,273
Insurance operations	145,872	–
Other income	13,899	245,470

The same information for the 2011 financial year is as follows:

Item	(Figures in thousands of euros)	
	Income	Expenses
Credited interests	119,187	4,387
Commissions for marketing of premiums	–	106,412
Insurance operations	119,087	–
Other income	2,377	13,427

21. Other Information (including Remuneration and Other Benefits to the Board of Directors and the Top Management and Remuneration of the Auditors)

a) Employees

In accordance with the provisions established in the Law on Capital Companies, the average number of employees of the Parent Company and the subsidiary companies during the 2012 and 2011 financial years, distributed according to professional category and gender, is as follows:

Professional Category	Number of employees		
	2012 Financial Year		
	Men	Women	Total
Directors	11	2	13
Departmental Managers	36	20	56
Graduates and technical staff	53	79	132
Administrative employees	42	111	153
Sales Network	112	189	301
TOTAL	**254**	**401**	**655**

Professional Category	Number of employees		
	2011 Financial Year		
	Men	Women	Total
Directors	12	1	13
Departmental Managers	39	25	64
Graduates and technical staff	92	135	227
Administrative employees	50	155	205
Sales Network	133	222	355
TOTAL	**326**	**538**	**864**

The Board of Directors of the Company is made up of 11 physical persons, 10 male and 1 female.

b) Remuneration and Other Benefits to the Board of Directors and the Top Management

The remuneration received during the 2012 and 2011 financial years by the members of the Board of Directors and the Top Management of VidaCaixa Grupo S.A.U., classified by items, was as follows (in thousand euros):

2012 Financial Year

	Salaries	Allowances	Other items	Pension Plans	Insurance premiums	Severance arrangements	Payments based on equity instruments
Board of Directors	–	2,326	–	–	–	–	–
Top Management	1,216	–	–	–	41	–	–

2011 Financial Year

	Salaries	Allowances	Other items	Pension Plans	Insurance premiums	Severance arrangements	Payments based on equity instruments
Board of Directors	–	2,258	–	–	–	–	–
Top Management	924	–	–	–	44	–	–

In accordance with the provisions established in article 229 of the Capital Companies Act, the shareholdings and/or posts and functions of the Company Directors and persons related thereto in companies with the same, similar or complementary activity to that which is the corporate purpose of VidaCaixa Grupo, S.A.U. is set out below:

Director	Company in which they hold a stake and/or carry out a role	Post or function	No. of shares	% Holding
Ricardo Fornesa Ribó	CaixaBank	Honorary Chairman	637,647	0,02%
	VidaCaixa Grupo, S.A.U.	Chairman	–	–
Jaime Gil Aluja	–	–	–	–
Inmaculada Juan Franch	Caja de Ahorros y Pensiones, "la Caixa"	Board Member (until 22/05/2012)	–	–
	CaixaBank, S.A.	Board Member (until 26/06/2012)	10,260	–
Tomás Muniesa Arantegui	SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	Vice-Chairman	–	–
	Consorcio de Compensación de Seguros	Board Member	–	–
	CaixaBank, S.A.	–	51,004	–
José Vilarasau Salat	–	–	–	–
Jordi Mercader Miró	CaixaBank, S.A.	Board Member (until 22/05/2012)	3,089	–
Miguel Valls Maseda	–	–	–	–
Javier Godó Muntañola	Grupo Catalana Occidente, S.A.	–	31,460	–
	CaixaBank, S.A.	Board Member	1,322,004 (indirect holding through Privat Media S.L.)	0,037% (indirect holding)
	INOC, S.A.	–	4,087	0,037%
	Caixa d'Estalvis i Pensions de Barcelona	3rd Vice-Chairman	–	–
Juan María Nin Génova	CaixaBank, S.A.	Vice-Chairman and Chief Executive Officer	306,483	0,07%
Guillaume Sarkozy de Nagy-Bocsa[1]	Malakov Mederic Assurances, S.A.	n/a	n/a	n/a
	Quatrem, S.A.	n/a	n/a	n/a
Miquel Noguer Planas	CaixaBank, S.A.	Board Member (until 26/06/2012)	4,785	–

(1) The group has duly requested the information corresponding to 2012 from all its Directors. This declaration, made on the activities and shareholdings of Mr Sarkozy in other companies with the same, similar or complimentary type of activity, is the one corresponding to 8 March 2012, without his having declared, with regard to the 2012 financial year, any information which is complementary or additional to that given for the previous year. Mr Sarkozy ceased to be a Director of the Group on 25 February 2013, without holding any post therein on the date of preparing the Financial Statements for the 2012 financial year. Given the Group's activity and geographic setting, no potential conflict of interests is envisaged.

c) Associated Operations

In accordance with the provisions established in Order EHA-3050-2004, of 15 September, it is stated for the record that, apart from the dividends received, during the financial year no associated operations have occurred with directors or managers, or similar operations to such effect, except for those which correspond to the ordinary business activity of the company, under normal market conditions and of little significance.

d) Remuneration to Auditors

During the 2012 and 2011 financial years, the fees corresponding to the auditing of the accounts and other services rendered to the various companies that make up the Group by the company auditors Deloitte, S.L., were as follows (including VAT):

2012 Financial Year

Categories	(Figures in thousands of euros)			
	Auditing of Accounts	Other Verification Services	Tax Consultancy	Other Services
Deloitte, S.L.	557	117		
TOTAL	**557**	**117**		

2011 Financial Year

Categories	(Figures in thousands of euros)			
	Auditing of Accounts	Other Verification Services	Tax Consultancy	Other Services
Deloitte, S.L.	384	48	–	–
TOTAL	**384**	**48**	**–**	**–**

During the 2012 financial year, neither the main auditors nor any associated companies of the same have invoiced other services to the companies that make up the Group.

22. Subsequent events

On 7 February 2013, the Parent Company's Board of Directors approved a restructuring project for the insurance companies from Banca Cívica, which has been approved by the governing bodies of "la Caixa" and of CaixaBank.

The aim of the project is to gain in terms of simplicity and organisational efficiency and to comply with the agreements with Mutua Madrileña, starting from a highly complex corporate situation and reaching a final situation in which CaixaBank becomes the sole shareholder in VidaCaixa S.A. de Seguros y Reaseguros and the latter, in turn, will be the owner of the holding in SegurCaixa Adeslas.

The project is structured into the following phrases:

1. An initial phase to be conducted during the first quarter of 2013, in which VidaCaixa S.A. de Seguros y Reaseguros will acquire 100% of the companies of Banca Cívica from CaixaBank and 49.9% of SegurCaixa Adeslas from VidaCaixa Group.
2. A second phase, to be conducted during the second quarter of 2013, in which there will be a reverse merger of VidaCaixa Group with VidaCaixa S.A. de Seguros y Reaseguros.
3. A third phase, in which there will be a merger of VidaCaixa S.A. de Seguros y Reaseguros with the Life companies of Banca Cívica.

Lastly, after the close of the financial year, the Group reached an agreement with CASER for the purchase of its holdings in CajaCanarias Aseguradora de Vida y Pensiones de Seguros y Reaseguros, S.A., Cajasol Vida y Pensiones de Seguros y Reaseguros, S.A. and Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros, S.A.

With the aim of supporting the corporate operations described above, it was agreed to propose a capital increase in VidaCaixa S.A. de Seguros y Reaseguros for the amount of 198,330 thousand euros through the issue and distribution of 33,000,000 new shares, each with a par value of 6.01 euros. The shares will be issued with an issue premium of 794,970 thousand euros (24.09 euros for each new share issued). The settlement for the disbursement has been agreed as the non-monetary provision of 257,646,893 shares, each with a par value of 0.91 euros, corresponding to 49.92% of the share capital of SegurCaixa Adeslas, S.A.

Additionally, it has been agreed to propose a second increase in the capital of VidaCaixa S.A. de Seguros y Reaseguros of 96,160 thousand euros through the issue and distribution of 16,000,000 new shares, the consideration for the same taking the form of monetary contributions to be subscribed by CaixaBank. The new shares will be issued with an issue premium of 385,440 thousand euros, corresponding to an issue premium of 24.09 euros on each share issued.

Lastly, the impact on the insurance business of CaixaBank's purchase of Banco de Valencia is being analysed, describing their marketing structure and analysing the different options with the aim of managing the portfolio after the operational integration, given their specific circumstances in insurance marketing.

In the period from 31 December 2012 until the preparation of the present consolidated annual accounts, there were no other events with a significant impact on the Group that require specific mention in the consolidated annual accounts, except for that commented on above.

Management Report for the 2012 Financial Year

In the 2012 financial year, VidaCaixa Grupo –the Insurance Group of "la Caixa"–, made a recurring net profit of 338.7 million euros, 21.2% more than in the previous year.

Including extraordinary income, from the life-risk portfolio reinsurance operation (more than 1.5 million policies) with Berkshire Hathaway, the Group's net profit totalled 789.5 million euros.

The profit from SegurCaixa Adeslas, which is consolidated into the VidaCaixa Group by the equity method, provided 51.6 million to the Group's profit and loss account.

The number of clients, policyholders and participants was 3.1 million, the solvency ratio was 2.1 and the efficiency ratio was 11.3%.

VIDACAIXA GROUP	2012	2011
Savings Premiums	4,561,610	4,647,135
Life-Risk Accidents Premiums	465,502	422,858
Total Premiums	5,027,112	5,069,993
Total Contributions to Pension Plans	1,002,602	1,433,345
Total Premiums and Contributions	6,029,714	6,503,338
Total Life Insurance Reserves	27,893,282	23,791,120
Total Consolidated Rights of Pension Plans	14,781,660	14,023,876
Total Resources Managed	42,674,942	37,814,996
Net Result	789,541	912,029
Recurring Net Profit	338,738	279,489
Number of Clients	3,143,015	2,943,572
Efficiency Ratio	11.3%	14.2%
Solvency Ratio	2.1	1.9

In 2012, VidaCaixa Group administered a volume of resources totalling 42,675 million euros, including pension plans and life policies, making it once again the leading complimentary social welfare company.

The volume of resources managed in pension plans stood at 14,782 million euros, 5.4% up on 2011, in line with the growth of the market, which was 4.3%.

VidaCaixa is the leading company in life-savings insurance, administering 27,893 million euros in life insurance in 2012, with a growth of 17.2%, far above the market average, which was 1.5%.

The volume in life-risk premiums totalled 465 million euros. Of this figure, 257 million euros corresponded to the individual life-risk business, with growth of 11.3%, while group insurance grew by 8.5%, totalling 180 million euros. Life-risk insurance for SMEs and the self-employed grew by 9.5%, giving a total of 28 million euros in premiums.

On 30 November 2012, VidaCaixa signed a reinsurance contract with Berkshire Hathaway by way of which it assigned the individual life-risk portfolio, highlighting the value of this part of VidaCaixa's business. The reinsurance agreement will have no impact whatsoever on the insured policyholders, neither operationally nor a commercial level, since the portfolio will continue to be administered from VidaCaixa.

The Group has complied with the Ministry of Justice Order of 8 October 2001 relating to environmental information, carrying out a declaration on the part of the Directors confirming that there is no issue that need be included in the document with regard to environmental information. In parallel, as part of its Corporate Social Responsibility strategy, the VidaCaixa Group undertakes various projects in the field of reducing waste generation and in energy consumption savings.

In addition, the evolution of the economic environment in 2013 is one of the uncertainties facing the VidaCaixa Group. The evolution of the property market and consumption will depend in good measure on the contracting of risk insurance, while the evolution of the level of family savings and the situation with regard to interest rate curves, as well as the contraction of the economy among other factors, will influence the contracting of pension plans and life-savings insurance.

With regard to management of the Company's investments, the VidaCaixa Group principally manages a fixed-income portfolio and has very limited exposure to variable income securities. The Group's investment management is based on principles of consistency, profitability, security, liquidity and dispersal. The main financial risks of assets are also considered:

Market Risk: Understood as the risk of losses being incurred through holding positions on markets as a result of adverse movements in financial variables such as interest rates, exchange rates, share prices, commodities, etc.

Credit Risk: This is the risk of incurring losses through a failure on the part of debtors to meet their contractual obligations, or the expansion of the risk premium tied to their financial solvency.

Liquidity Risk: Assumed on the positioning of the various assets, this being the possibility of selling or mobilising the asset positions at any time.

When implementing the investments policy, consideration is also given to all the Group's liquidity needs, this being a fundamental parameter for management purposes. This analysis is supplemented and optimised by the centralisation of the liquidity balances of the different areas of the Group.

Management of the Group's credit is determined by strict internal compliance with an operational framework. This operational framework is approved by the Board of Directors. It defines the category of assets liable to be incorporated within the investments portfolio, using parameters such as solvency, liquidity and geographical exposure.

The management of investments is structured mainly through cash investments in the various classes of assets on financial markets. Nonetheless, the Group can use various categories of financial derivatives to the following ends:

To guarantee adequate cover for the risks assumed in whole or in part by the asset portfolio held by the Group.

As an investment in order to manage the portfolio appropriately.

Within the framework of an administration policy intended to obtain a certain return.

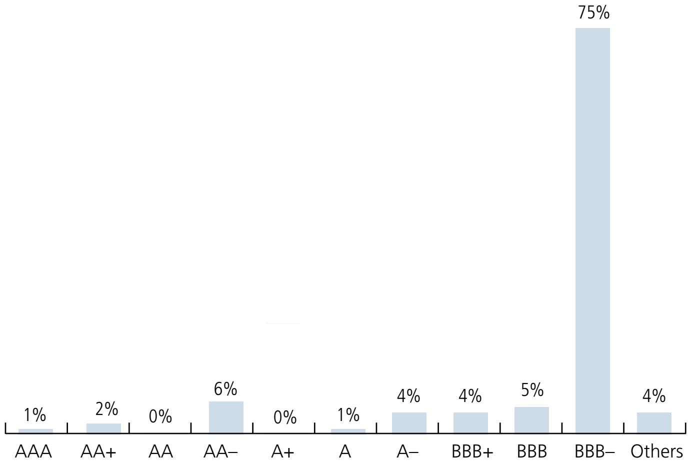
The Group's financial derivatives management policy also covers the use of counterparts which, as financial institutions subject to the supervision of the governing authorities of the member states of the European Union, have sufficient solvency. Contractually, these positions have an explicit guarantee allowing them to be left without effect at any time during the operation, either through their liquidation or through being ceded to third parties. This liquidation is guaranteed by a commitment on the part of the counterparts to publish the execution prices on a daily basis, together with a clear specification of the method of valuation used.

Financial derivatives are mainly used in financial swaps in order to adapt the flows of the investment portfolio to the needs derived from agreements with policyholders contained in the insurance contracts.

The Group's risk control strategy is based on the implementation by the investment managers of the directives and strategies established by the governing bodies of the Group and is supplemented by a clear segregation of the functions of administration, control and management of investments. In addition, the internal audit unit is responsible for reviewing and guaranteeing compliance with control systems and procedures.

The summary of the Group's financial investment portfolio by issuer rating at 31 December 2012 is as follows:

PORTFOLIO BY RATING



Ratings according to Standard & Poor's. The average rating for our portfolio is BBB–.

Finally, within the sphere of the risks facing the Group, there is also Operational Risk. All of these are controlled and managed using the Internal Control systems of the VidaCaixa Group.

VidaCaixa Group is participating in the commercial and technological integration of the insurance business from Banca Civica.

As a consequence of the project for restructuring the Banca Cívica insurance companies and in line with the resolution adopted by the Board of Directors on 7 February 2013, it is envisaged that a reverse merger of VidaCaixa Group with VidaCaixa will be conducted during the second quarter of 2013.

ANNEX I: List of Subsidiary and Associated Companies at 31/12/2012

Name of the Company	Registered address	Activity	% Voting rights		Abridged financial information (*)				
			Direct	Indirect	Share capital paid	Asset reserves	Financial year result net of dividend	Applied premiums, net of reinsurance	Book value
Group Companies:									
VidaCaixa, S.A. de Seguros y Reaseguros	Barcelona	Insurance and Reinsurance	100.00%	–	1,052,972	860,229	2,078	4,343,338	1,831,785
AgenCaixa, S.A. Agencia de Seguros	Barcelona	Distribution of insurance and other	99.00%	1.00%	601	5,697	(2,333)	–	595
Grupo Asegurador de la Caixa, A.I.E.	Barcelona	Economic Interest Group	–	88.79%	9,729	–	–	–	–
VidaCaixa Mediació, Sociedad de Agencia de Seguros Vinculada, S.A.U.	Barcelona	Distribution of insurance and other	100.00%	–	60	1,623	45	–	3,277
Associated Companies:									
SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	Barcelona	Insurance and Reinsurance	49.92%	–	469,670	340,457	39,589	2,304,824	630,855
Adeslas Salud, S.A.	Madrid	Consultancy	–	49.92%	313	165	102	–	–
Adeslas Dental, S.A.	Madrid	Dental	–	49.92%	4,000	5,108	760	–	–
Adeslas Dental Andaluza, S.L.	Madrid	Dental	–	42.28%	1,307	(42)	(439)	–	–
Infraestructuras y Servicios de Alzira, S.A.	Alzira	Car Park	–	25.46%	1,250	1,679	235	–	–
Grupo Iquimesa, S.L.	Madrid	Administrator	–	49.92%	7,552	19,172	5,215	–	–
General de Inversiones Alavesas, S.L.	Vitoria	Property Agency	–	49.92%	1,200	77	1	–	–
Iquimesa Seguros de Salud, S.A.	Vitoria	Insurance Company	–	22.46%	1,055	4,604	(639)	–	–
Igualatorio Médico Quirúrgico, S.A. de Seguros y Reaseguros	Bilbao	Insurance Company	–	22.46%	16,175	23,836	11,385	–	–
Igualatorio Médico Quirúrgico Dental, S.A.	Bilbao	Dental	–	22.46%	200	(39)	(33)	–	–
Igualatorio de Bilbao Agencia de Seguros, S.A.	Bilbao	Insurance Agency	–	22.46%	150	98	6	–	–
Sociedad de Promoción del Igualatorio Médico Quirúrgico, S.A.	Bilbao	Business Development	–	22.46%	29,005	5,551	436	–	–
Centro de Rehabilitación y Medicina Deportiva Bilbao, S.L.	Bilbao	Rehabilitation	–	21.19%	106	(121)	(95)	–	–

Annex II: Movement of Intangible Fixed Assets during the 2012 Financial Year

(Figures in thousands of euros)	Goodwill		Financial rights derived from the policy portfolio acquired from brokers	Other intangible assets									Total intangible assets
	Consolidated goodwill	Merger goodwill		Consolidated intangible assets	Merger intangible assets	Trademark	Client portfolio	Concessions	IT applications	Pension fund expenses	Marketing expenses of other non-life insurance policies	Other expenses of acquisition of pension funds and life insurance contracts	
Cost at 31 December 2011	–	3,407	–	–	10,029	–	–	1,461	21,229	–	6,039	133,001	175,166
Accumulated amortisation at 31 December 2011	–	–	–	–	(2,824)	–	–	(105)	(17,051)	–	(1,279)	(64,869)	(86,128)
Net book value at 31 December 2011	–	3,407	–	–	7,205	–	–	1,356	4,178	–	4,760	68,132	89,038
Additions	–	–	–	–	–	–	–	–	8,242	–	1,105	24,887	8,242
Changes to consolidation method (cost)	–	–	–	–	–	–	–	–		–			–
Disposals	–	–	–	–	–	–	–	–	(507)	–			(507)
Reclassifications and transfers	–	–	–	–	–	–	–	–		–			–
Amortisation of financial year	–	–	–	–	(1,351)	–	–	(30)	(3,038)	–	(192)	(28,569)	(4,419)
Changes to consolidation method (amortisation)	–	–	–	–	–	–	–	–		–			–
Disposals in the amortisation	–	–	–	–	–	–	–	–	102	–			102
Losses through impairment	–	–	–	–	–	–	–	(89)		–			(89)
Cost at 31 December 2012	–	3,407	–	–	10,029	–	–	1,372	28,965	–	7,144	157,888	208,805
Accumulated amortisation at 31 December 2012	–	–	–	–	(4,175)	–	–	(135)	(19,987)	–	(1,471)	(93,438)	(119,206)
Net book value at 31 December 2012	–	3,407	–	–	5,854	–	–	1,237	8,978	–	5,673	64,450	89,599

Annex III: Movement of Intangible Fixed Assets during the 2011 Financial Year

(Figures in thousands of euros)	Goodwill		Financial rights derived from the policy portfolio acquired from brokers	Other intangible assets									Total intangible assets
	Consolidated goodwill	Merger goodwill		Consolidated intangible assets	Merger intangible assets	Trademark	Client portfolio	Concessions	IT applications	Pension fund expenses	Marketing expenses of other non-life insurance policies	Other expenses of acquisition of pension funds and life insurance contracts	
Cost at 31 December 2010	301,207	3,407	2,647	26,799	9,649	310,883	241,796	39,910	59,466	9,379	4,396	109,990	1,119,529
Accumulated amortisation at 31 December 2010	–	–	(69)	(5,361)	(1,571)	–	(23,508)	(18,213)	(50,155)	(8,118)	(838)	(42,871)	(150,704)
Net book value at 31 December 2010	301,207	3,407	2,578	21,438	8,078	310,883	218,288	21,697	9,311	1,261	3,558	67,119	968,825
Additions	–	–	–	–	380	–	–	–	4,207	–	1,643	23,011	29,241
Changes to consolidation method (cost)	(301,207)	–	(2,647)	(26,799)	–	(310,883)	(241,796)	(38,449)	(42,444)	–	–	–	(964,225)
Disposals	–	–	–	–	–	–	–	–	–	–	–	–	–
Reclassifications and transfers	–	–	–	–	–	–	–	–	–	–	–	–	–
Amortisation of financial year	–	–	–	–	(1,253)	–	–	(24)	(1,020)	(1,261)	(441)	(21,998)	(25,997)
Changes to consolidation method (amortisation)	–	–	69	5,361	–	–	23,508	18,132	34,124	–	–	–	81,194
Disposals in the amortisation	–	–	–	–	–	–	–	–	–	–	–	–	–
Losses through impairment	–	–	–	–	–	–	–	–	–	–	–	–	–
Cost at 31 December 2011	–	3,407	–	–	10,029	–	–	1,461	21,229	–	6,039	133,001	175,166
Accumulated amortisation at 31 December 2011	–	–	–	–	(2,824)	–	–	(105)	(17,051)	–	(1,279)	(64,869)	(86,128)
Net book value at 31 December 2011	–	3,407	–	–	7,205	–	–	1,356	4,178	–	4,760	68,132	89,038