VidaCaixa

2013

Consolidated Annual Accounts and Management Report

VidaCaixa

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VidaCaixa Corporate Governance Report

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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, S.A., de Seguros y Reaseguros, Sole-Shareholder Company:

We have audited the consolidated financial statements of VidaCaixa, S.A., de Seguros y Reaseguros, Sole-Shareholder Company ("the Company") and companies composing the VidaCaixa Group (see Note 1 to the accompanying consolidated financial statements), which comprise the consolidated balance sheet at 31 December 2013 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 2013 present fairly, in all material aspects, the consolidated equity and consolidated financial position of VidaCaixa, S.A., de Seguros y Reaseguros, Sole-Shareholder Company and Subsidiaries at 31 of December 2013, 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 2013 contains the explanations which the directors of VidaCaixa, S.A., de Seguros y Reaseguros, Sole-Shareholder Company 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 2013. 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, S.A., de Seguros y Reaseguros, Sole-Shareholder Company and Subsidiaries.

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

Jordi Montalbo

31 March 2014

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.
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VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS, SINGLE-SHAREHOLDER COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS (Figures in thousands of Euros)	Note in the Annual Report	31.12.2013		31.12.2012 (*)	
1. Cash and other equivalent liquid assets			**1,180,886**		**1,575,515**
2. Financial assets held for trading	**Note 6**		**3,836**		**3,535**
3. Other financial assets at fair value with changes registered in the profit and loss account	**Note 6**		**1,199,839**		**223,589**
a) Equity instruments		-		-	
b) Debt securities		-		-	
c) Hybrid instruments		-		-	
d) Investment on behalf of life insurance policyholders who assume the risk of the investment		1,199,839		223,589	
e) Other		-		-	
4. Financial assets available for sale	**Note 6**		**35,418,100**		**29,516,733**
a) Equity instruments		24,260		20,163	
b) Debt securities		35,393,840		29,496,570	
c) Loans		-		-	
d) Deposits in credit entities		-		-	
e) Other		-		-	
5. Loans and receivable items	**Note 6**		**11,535,633**		**10,793,837**
a) Loans and deposits		10,881,121		10,128,622	
b) Payments receivable		654,512		665,215	
6. Investments held to maturity					
7. Hedging derivatives			**-**		**-**
8. Share of reinsurance in technical reserves	**Note 15**		**518,074**		**581,408**

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ASSETS (Figures in thousands of Euros)	Note in the Annual Report	31.12.2013		31.12.2012 (*)	
9. Tangible fixed assets and property investments	**Note 9**		**30,209**		**31,519**
a) Tangible fixed assets		21,825		23,002	
b) Property investments		8,384		8,517	
10. Intangible fixed assets	**Note 10**		**833,696**		**89,599**
a) Goodwill		579,948		3,407	
b) Portfolio acquisition expenses		-		-	
c) Other intangible assets		253,748		86,192	
11. Shareholdings in companies valued by the equity method	**Note 8**		**1,007,786**		**911,301**
12. Tax assets	**Note 12**		**156,570**		**68,492**
a) Assets through ordinary tax		-		-	
b) Deferred tax assets		156,570		68,492	
13. Other assets			**822,392**		**718,063**
14. Assets held for sale			**0**		**-**
TOTAL ASSETS			**52,707,021**		**44,513,591**

(*) Presented solely and exclusively for purposes of comparison (See Note 2.e).

Notes 1 to 24 in the accompanying Report and in Annexes I to 5 form an integral part of the Consolidated Balance Sheet at 31 December 2013.

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NET ASSETS AND LIABILITIES (Figures in thousands of Euros)	Note in the Annual Report	31.12.2013		31.12.2012 (*)	
TOTAL LIABILITIES			**47,817,356**		**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	**Notes 12 and 13**		**12,078,851**		**12,133,869**
a) Subordinated liabilities		145,357		144,711	
b) Other debts		11,933,494		11,989,158	
4. Hedging derivatives			-		-
5. Technical reserves	**Note 15**		**34,900,426**		**27,893,282**
a) For unearned premiums		2,291		1,746	
b) For unexpired risks		-		-	
c) For life insurance		34,345,604		27,441,035	
- Reserve for unearned premiums and unexpired risks		82,422		48,384	
- Policy reserves		33,017,327		27,147,416	
- Provisions for life insurance when the policyholder assumes the investment risk		1,245,855		245,235	
d) Claims provision		494,509		404,410	
e) Share in profits and returns		58,022		46,091	
f) Other technical reserves		-		-	
6. Non-technical reserves	**Note 16**		**124**		-
7. Tax liabilities	**Note 12**		**811,760**		**884,165**
a) Liabilities through ordinary tax		-		-	
b) Deferred tax liabilities		811,760		884,165	
8. Rest of liabilities			**26,195**		**28,275**
9. Liabilities associated with assets held for sale			-		-

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NET ASSETS AND LIABILITIES (Figures in thousands of Euros)	Note in the Annual Report	31.12.2013		31.12.2012 (*)	
TOTAL NET ASSETS			**4,889,665**		**3,574,000**
Own funds			**4,853,819**		**3,625,563**
1. Capital	**Note 17**	**1,347,462**		**930,729**	
a) Authorised capital		1,347,462		930,729	
b) *Less*: Uncalled capital		-		-	
2. Issue premium		**1,181,210**		**1,245,321**	
3. Reserves	**Note 17**	**1,998,052**		**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 controlling company		**420,095**		**789,541**	
a) Consolidated Losses and Profits		420,095		789,541	
b) Losses and Profits attributable to minority interests				-	
8. *Less*: Interim dividend	**Note 17**	**(93,000)**		**(953,000)**	
9. Other net equity instruments		-		-	
Adjustments for changes in value	**Note 6**		**34,759**		**(52,650)**
1. Financial assets available for sale		**34,759**		**(52,650)**	
2. Hedged transactions		-		-	
3. Exchange differences		-		-	
4. Corrections of accounting mismatches		-		-	

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NET ASSETS AND LIABILITIES (Figures in thousands of Euros)	Note in the Annual Report	31.12.2013	31.12.2012 (*)
5. Companies valued by the equity method		-	-
6. Other adjustments		-	-
Subsidies, donations and legacies received		-	-
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE PARENT COMPANY		4,888,578	3,572,913
MINORITY INTERESTS	Note 18	1,087	1,087
1. Adjustments for changes in value		-	-
2. Rest		1,087	1,087
TOTAL NET ASSETS AND LIABILITIES		52,707,021	44,513,591

(*) Presented solely and exclusively for purposes of comparison (See Note 2.e).

Notes 1 to 24 in the accompanying Report and in Annexes 1 to 5 form an integral part of the Consolidated Balance Sheet at 31 December 2013.

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS, SINGLE-SHAREHOLDER COMPANY AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Figures in thousands of Euros	Note in the Annual Report	2013 Financial Year	Financial Year 2012 (*)
1. Premiums applied to period, net of reinsurance		21,906	28,711
2. Tangible fixed asset and investment revenue		74,410	51,656
3. Other technical revenue		-	-
4. Losses incurred in the period, net of reinsurance		(12,988)	(12,500)
5. Change in other technical reserves, net of reinsurance		-	-
6. Profit-sharing and returns		(815)	(389)
7. Net operating expenses		(4,404)	(5,725)
8. Other technical expenses		(524)	(402)
9. Tangible fixed asset and investment expenses		(71)	(355)
A) RESULT NON-LIFE INSURANCE	Note 19	77,514	60,997
10. Premiums applied to period, net of reinsurance		4,988,298	4,314,627
11. Tangible fixed asset and investment revenue		1,781,709	2,156,884
12. Revenue for investments subject to insurance in which the policyholder assumes the investment risk		81,237	37,008
13. Other technical revenue		4,337	601,160
14. Losses incurred in the period, net of reinsurance		(3,457,108)	(2,822,666)
15. Change in other technical reserves, net of reinsurance		(2,703,003)	(2,473,652)
16. Profit-sharing and returns		(48,616)	(49,624)
17. Net operating expenses		(191,269)	(139,374)
18. Other technical expenses		(6,099)	(5,015)

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Figures in thousands of Euros	Note in the Annual Report	2013 Financial Year	Financial Year 2012 (*)
19. Tangible fixed asset and investment expenses		(236,176)	(526,598)
20. Expenses of investments subject to insurance in which the policyholder assumes the investment risk		(16,551)	(18,883)
B) LIFE INSURANCE EARNINGS	Note 19	196,759	1,073,866
21. Tangible fixed asset and investment revenue		220,144	202,666
22. Negative consolidation difference		-	-
23. Tangible fixed asset and investment expenses		(89,882)	(267,586)
24. Other income		161,199	145,044
25. Other expenses		(132,546)	(109,317)
C) EARNINGS FROM OTHER ACTIVITIES		158,915	(29,193)
E) PROFIT/LOSS BEFORE TAX		433,188	1,105,670
26. Profits tax	Note 12	(13,093)	(316,129)
F) FINANCIAL YEAR EARNINGS FROM CONTINUED OPERATIONS		420,095	789,541
27. Result of financial year from uninterrupted operations net of tax		-	-
G) CONSOLIDATED PROFIT/LOSS FOR THE YEAR		420,095	789,541
a) Profit attributed to the Parent Company		420,095	789,541
b) Profit attributed to minority interests	Note 18	-	-
PER SHARE PROFIT			
Basic and diluted per share profit		2	5

(*) Presented solely and exclusively for purposes of comparison (See Note 2.e).

Notes 1 to 24 described and Annexes 1 to 5 form an integral part of the Consolidated Profit and Loss Account corresponding to the 2013 financial year.

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS, SINGLE-SHAREHOLDER COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET BY SEGMENTS AT 31 DECEMBER 2013

ASSETS (Figures in thousands of Euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
1. Cash and other equivalent liquid assets	**14,699**	**1,162,676**	**3,511**	**1,180,886**
2. Financial assets held for trading	**-**	**3,836**	**-**	**3,836**
3. Other financial assets at fair value with changes registered in the profit and loss account	**-**	**1,199,839**	**-**	**1,199,839**
4. Financial assets available for sale	**-**	**35,418,100**	**-**	**35,418,100**
5. Loans and receivable items	**-**	**11,531,336**	**4,297**	**11,535,633**
a) Loans and deposits	-	10,881,121	-	10,881,121
b) Payments receivable	-	650,215	4,297	654,512
6. Investments held to maturity	**-**	**-**	**-**	**-**
7. Hedging derivatives	**-**	**-**	**-**	**-**
8. Share of reinsurance in technical reserves	**-**	**518,074**	**-**	**518,074**
9. Tangible fixed assets and property investments	**-**	**20,732**	**9,477**	**30,209**
a) Tangible fixed assets	-	12,348	9,477	21,825
b) Property investments	-	8,384	-	8,384
10. Intangible fixed assets	**-**	**833,245**	**451**	**833,696**
a) Goodwill	-	579,948	-	579,948
b) Portfolio acquisition expenses	-	-	-	-
c) Other intangible assets	-	253,297	451	253,748

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ASSETS (Figures in thousands of Euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
11. Shareholdings in companies valued by the equity method	**1,007,786**	**-**	**-**	**1,007,786**
12. Tax assets	**-**	**156,570**	**-**	**156,570**
a) Assets through ordinary tax	-	-	-	-
b) Deferred tax assets	-	156,570	-	156,570
13. Other assets	**-**	**822,254**	**138**	**822,392**
14. Assets held for sale	**-**	**-**	**-**	**-**
TOTAL ASSETS	**1,022,485**	**51,666,662**	**17,874**	**52,707,021**

NET ASSETS AND LIABILITIES (Figures in thousands of Euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
TOTAL LIABILITIES	**14,698**		**4,433**	
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	-	12,077,257	1,594	12,078,851
4. Hedging derivatives	-	-	-	-
5. Technical reserves	14,698	34,885,728	-	34,900,426
6. Non-technical reserves	-	124	-	124
7. Tax liabilities	-	809,398	2,362	811,760
8. Rest of liabilities	-	25,718	477	26,195
9. Liabilities associated with assets held for sale	-	-	-	-
TOTAL NET ASSETS	**1,085,300**	**3,803,278**	**1,087**	**4,889,665**
Own funds	**1,085,300**	**3,768,519**	-	**4,853,819**
1. Capital	-	1,347,462	-	1,347,462
a) Authorised capital	-	1,347,462		1,347,462
b) *Less*: Uncalled capital	-	-		-
2. Issue premium	-	1,181,210	-	1,181,210
3. Reserves	1,007,786	990,266	-	1,998,052
4. *Less*: Shares and holdings in own assets	-	-	-	-
5. Earnings of previous financial years	-	-	-	-

(Cont.)

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NET ASSETS AND LIABILITIES (Figures in thousands of Euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
6. Other shareholder contributions	**-**	**-**	**-**	**-**
7. Financial year result attributed to the controlling company	**77,514**	**342,581**	**-**	**420,095**
a) Consolidated Losses and Profits	77,514	342,581	-	420,095
b) Losses and Profits attributable to minority interests	-	-	-	-
8. *Less*: Interim dividend	**-**	**(93,000)**	**-**	**(93,000)**
9. Other net equity instruments	**-**	**-**	**-**	**-**
Adjustments for changes in value	**-**	**34,759**	**-**	**34,759**
1. Financial assets available for sale	**-**	**34,759**	**-**	**34,759**
2. Hedged transactions	**-**	**-**	**-**	**-**
3. Exchange differences	**-**	**-**	**-**	**-**
4. Corrections of accounting mismatches	**-**	**-**	**-**	**-**
5. Companies valued by the equity method	**-**	**-**	**-**	**-**
6. Other adjustments	**-**	**-**	**-**	**-**
Subsidies, donations and legacies received	**-**	**-**	**-**	**-**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	**1,085,300**		**-**	
MINORITY INTERESTS	**-**	**-**	**1,087**	**1,087**
TOTAL NET ASSETS AND LIABILITIES	**1,099,998**		**5,520**	

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS, SINGLE-SHAREHOLDER COMPANY 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 registered 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 receivable items	**-**	**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 reserves	**-**	**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) Portfolio acquisition expenses	-	-	-	-
c) Other intangible assets	-	85,764	428	86,192

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ASSETS (Figures in thousands of Euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
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 reserves	12,837	27,880,445	-	27,893,282
6. Non-technical reserves	-	-	-	-
7. Tax liabilities	-	880,763	3,402	884,165
8. Rest of 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**
Own funds	**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	-	-	-	-

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NET ASSETS AND LIABILITIES (Figures in thousands of Euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
6. Other shareholder contributions	-	-	-	-
7. Financial year result attributed to the controlling 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 net equity instruments	-	-	-	-
Adjustments for changes in value	-	**(52,650)**	-	**(52,650)**
1. Financial assets available for sale	-	**(52,650)**	-	**(52,650)**
2. Hedged transactions	-	-	-	-
3. Exchange differences	-	-	-	-
4. Corrections of accounting mismatches	-	-	-	-
5. Companies valued by the equity method	-	-	-	-
6. Other adjustments	-	-	-	-
Subsidies, donations and legacies received	-	-	-	-
SHAREHOLDERS' EQUITY 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, S.A. DE SEGUROS Y REASEGUROS, SINGLE-SHAREHOLDER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

(Figures in thousands of Euros)	2013 Financial Year	Financial Year 2012 (*)
A) CONSOLIDATED PROFIT/LOSS FOR THE YEAR	420,095	789,541
B) OTHER RECOGNISED INCOME (EXPENSES)	87,409	(40,144)
Items that will be transferred to the profit and loss account in the next periods:	**87,409**	**(40,144)**
1. Financial assets available for sale:	**124,870**	**(57,349)**
a) Profit/(Loss) through valuation	140,918	(57,349)
b) Sums transferred to the profit and loss account	(16,048)	-
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	-	-
d) 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 rate differences:	**-**	**-**
a) Profit/(Loss) through valuation	-	-
b) Sums transferred to the profit and loss account	-	-
c) Other reclassifications	-	-

(Cont.)

(Cont.)

(Figures in thousands of Euros)	2013 Financial Year	2012 Financial Year (*)
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	-	-
7. Actuarial Profits/(Losses) 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	(37,461)	17,205
Items that will not be transferred to the profit and loss account in the next periods:	-	-
11. Actuarial Profits/(Losses) in pension plans	-	-
a) Profit/(Loss) through valuation	-	-
b) Amounts transferred to reserves	-	-
TOTAL RECOGNISED INCOME/(EXPENSES) (A + B)	507,504	749,397
a) Attributed to the Parent Company	507,504	749,397
b) Attributed to minority interests	-	-

(*) Presented solely and exclusively for purposes of comparison (See Note 2.e).
Notes 1 to 24 described in the attached Report and Annexes 1 to 5 form an integral part of the Consolidated Statement of Recognised Income and Expenses corresponding to the 2013 financial year.

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS, SINGLE-SHAREHOLDER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Figures in thousands of Euros)	Equity attributable to the Parent Company						Minority interests	Total net equity
	Own Funds				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 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 shareholders' equity	-	-	-	-	-	-	-	-
3. Payment of dividends	-	-	-	(953,000)	-	-	-	(953,000)
4. Transactions 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
	Own Funds				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 net equity	**-**	**421,032**	**(912,029)**	**540,000**	**-**	**-**	**(3)**	**49,000**
1. Payments based on equity instruments	-	-	-	-	-	-	-	-
2. Transfers between net asset items	-	372,029	(912,029)	540,000	-	-	-	-
3. Other changes	-	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**
Adjustments through change of accounting principle	-	-	-	-	-	-	-	-
Adjustments for errors	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2013	**930,729**	**2,858,293**	**789,541**	**(953,000)**	**(52,650)**	**-**	**1,087**	**3,574,000**
I. Total Recognised Income/(Expenses) for 2013 financial year	**-**	**-**	**420,095**	**-**	**87,409**	**-**	**-**	**507,504**
II. Transactions with shareholders or owners	**294,490**	**1,180,410**	**-**	**(93,000)**	**-**	**-**	**-**	**1,381,900**
1. Capital increases/(reductions)	294,490	1,180,410	-	-	-	-	-	1,474,900
2. Conversion of financial liabilities into shareholders' equity	-	-	-	-	-	-	-	-
3. Payment of dividends	-	-	-	(93,000)	-	-	-	(93,000)
4. Transactions with shares or holdings in own assets (net)	-	-	-	-	-	-	-	-

(Cont.)

(Cont.)

(Figures in thousands of Euros)	Equity attributable to the Parent Company						Minority interests	Total net equity
	Own Funds				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)				
5. Increases/(Reductions) through business combinations	-	-	-	-	-	-	-	-
6. Other transactions with shareholders or owners	-	-	-	-	-	-	-	-
III. Other changes in net equity	**122,243**	**(859,441)**	**(789,541)**	**953,000**	-	-	-	**(573,739)**
1. Payments based on equity instruments	-	-	-	-	-	-	-	-
2. Transfers between net asset items	**122,243**	**(285,702)**	**(789,541)**	**953,000**	-	-	-	-
3. Other changes	-	**(573,739)**	-	-	-	-	-	**(573,739)**
Final balance at 31 December 2013	**1,347,462**	**3,179,262**	**420,095**	**(93,000)**	**34,759**	-	**1,087**	**4,889,665**

(*) Presented solely and exclusively for purposes of comparison (See Note 2.e).
Notes 1 to 24 in the accompanying Report and in Annexes 1 to 5 form an integral part of the Consolidated Statement of Changes in Equity at 31 December 2013.

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS, SINGLE-SHAREHOLDER COMPANY AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT (DIRECT METHOD)

(Figures in thousands of Euros)	2013 Financial Year	Financial Year 2012 (*)
A) CASH FLOW OF OPERATING ACTIVITIES (1+2+3)	**5,478,943**	**3,186,689**
1. Insured activity:	**5,667,297**	**1,764,124**
(+) Cash collections from insurance activity	12,110,422	7,772,900
(-) Cash payments from insurance activity	(6,443,125)	(6,008,776)
2. Other operating activities:	**(14,779)**	**931,112**
(+) Cash collections from insurance activity	201,662	1,040,429
(-) Cash payments from insurance activity	(216,441)	(109,317)
3. Receipts/(payments) for profit tax	**(173,575)**	**491,453**
B) CASH FLOW OF INVESTMENT ACTIVITIES (1 + 2)	**(6,197,951)**	**(2,839,444)**
1. Collections from investment activities:	**74,775,357**	**73,875,351**
(+) Tangible fixed assets	1,177	-
(+) Property investments	132	18,890
(+) Intangible fixed assets	-	-
(+) Financial instruments	72,603,148	71,981,164
(+) Holdings	-	-
(+) Subsidiaries and other business units	-	38,877
(+) Interest received	2,102,761	1,833,886
(+) Dividends received	353	672
(+) Other payments related to investment activities	67,786	1,862

(Cont.)

(Cont.)

(Figures in thousands of Euros)	2013 Financial Year	Financial Year 2012 (*)
2. Payments from investment activities:	**(80,973,308)**	**(76,714,795)**
(-) Tangible fixed assets	-	-
(-) Property investments	-	1,425
(-) Intangible fixed assets	(744,097)	(560)
(-) Financial instruments	(78,271,750)	(76,590,928)
(-) Holdings	-	-
(-) Subsidiaries and other business units	-	(1,189,744)
(-) Other payments related to investment activities	(1,957,461)	1,065,012
C) CASH FLOWS OF FINANCING ACTIVITIES (1 + 2)	**324,379**	**(948,347)**
1. Collections from financing activities:	**49,469,284**	**686,505**
(+) Subordinated liabilities	4,370	-
(+) Collections through issue of asset and capital enlargement instruments	416,733	686,505
(+) Asset apportionment and contributions of shareholders or policyholders	-	-
(+) Transfer of own securities	-	-
(+) Other collections related to financing activities	49,048,181	-
2. Payments from financing activities:	**(49,144,905)**	**(1,634,852)**
(-) Dividends paid to the shareholders	(93,000)	(953,000)
(-) Interest paid	-	-
(-) Subordinated liabilities	(5,484)	(149,352)
(-) Payments through repayment of contributions to shareholders	-	-
(-) Liability assessments and repayment of contributions to shareholders or policyholders	-	-
(-) Acquisition of own securities	-	(532,500)
(-) Other payments related to financing activities	(49,046,421)	-
D) EFFECT OF CHANGES IN EXCHANGE RATES	-	-

(Cont.)

(Cont.)

(Figures in thousands of Euros)	2013 Financial Year	Financial Year 2012 (*)
E) NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS (A + B + C+ D)	**(394,629)**	**(601,102)**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**1,575,515**	**2,176,617**
G) CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (E + F)	**1,180,886**	**1,575,515**

ELEMENTS OF CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	Financial Year 2013 (*)	Financial Year 2012 (*)
(+) Cash and banks	217,166	135,351
(+) Other financial assets	963,720	1,440,164
TOTAL CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	-	-
TOTAL CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**1,180,886**	**1,575,515**

(*) Presented solely and exclusively for purposes of comparison in all applicable captions (See Note 2.e).

Notes 1 to 24 of the attached Report and Annexes 1 to 5 form an integral part of the Consolidated Cash Flow Statement corresponding to the 2013 financial year.

VidaCaixa, S.A. de Seguros y Reaseguros, Single-Shareholder Company and Subsidiaries (VidaCaixa Group)

Annual Consolidated Accounts Report Corresponding to the Financial Year Ending 31 December 2013

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 assets and of the financial situation of the consolidated VidaCaixa Group at 31 December 2013 (hereinafter Vidacaixa Group), as well as the results of its operations, of the changes in equity and consolidated cash flows, which were produced in the financial year that ended on that date.

1. General information on the parent company and its activities

a) Corporate Purpose, Legal Framework and Branches of Operation

VidaCaixa, S.A. de Seguros y Reaseguros, Single-Shareholder Company (hereinafter, VidaCaixa, S.A. or Parent Company) was incorporated by public deed on 5 March 1987 in Spain pursuant to the Capital Companies Act.

Its corporate purpose is to perform life insurance and reinsurance operations, as well as other operations subject to the administration of private insurance, especially insurance or capitalisation operations, non-life insurances, the management of collective retirement funds, pensions and any others approved by the Law on Administration and Supervision of Private Insurance, its Regulations and reserves that complement those to which the Group is subject, once the requirements set forth therein have been fulfilled. It operates, with the authorisation of the Directorate General of Insurance and Pension Funds (hereinafter DGIPF), in the branches of life, accidents and illness. It also manages individual and collective pension funds that offer coverage for risks related to human life.

In the 2013 financial year, the Insurance Group was reorganised in order to simplify its organisational structure. Thus, on 5 March 2013, the Boards of Directors of VidaCaixa Grupo, S.A.U. and VidaCaixa, S.A., approved the merger by absorption project by means of which the latter absorbed VidaCaixa Grupo, S.A.U. (See Note 5).

Prior to the merger, VidaCaixa Group transferred its 49.9% share in SegurCaixa Adeslas to VidaCaixa, S.A. by means of a non-monetary contribution. On 26 March 2013, as part of the Insurance Group's restructuring process, VidaCaixa, S.A. acquired Banca Cívica's life insurance companies from CaixaBank (See Note 5 and 10).

As a result of the whole process, VidaCaixa, S.A. became the Group's parent company and the one that holds the shares.

On 31 December 2013, 100% of the shares of VidaCaixa, S.A. belonged to CaixaBank, S.A.

CaixaBank is the bank through which the Caja de Ahorros y Pensiones de Barcelona (hereinafter, "la Caixa") indirectly exercises its activity as a credit entity pursuant to the reserves of article 5 of Royal Decree Law 11/2010, of 9 July, and of article 3.4 of the Revised Text of the Law on Savings Banks in Catalonia, of 11 March 2008. "La Caixa" is the majority shareholder of CaixaBank, with a 64.37% holding at 31 December 2013.

The Group directly practices the insurance activity, or related activities, that hold the corresponding administrative authorisation. In this case it is the DGIPF which carries out the functions assigned to the Ministry of Economy and Competitiveness, under current provisions, concerning private insurance and reinsurance, insurance mediation, capitalisation and pension funds.

Until 31 December 2012, the VidaCaixa Group voluntarily formulated consolidated annual accounts, being exempt from doing the same pursuant to the applicable regulations. As a consequence of the aforementioned reorganisation of the Insurance Group, VidaCaixa, S.A. is obliged to formulate Consolidated Annual Accounts, by virtue of article 43.bis of the Commercial Code, as it controls investee subsidiary companies and also presents issued securities admitted to trading on a regulated market of a European Union Member State, being subject to the legislation of the European Union, in application of the adopted international standards on financial information.

The Group, via its Parent Company and the insurance companies in which it participates, operates in the following branches: Automobile, Accidents, Illness (including Healthcare), Life, Death, Legal Defence, Home, 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.

Given the activities of the Companies of the Group, it has no environmental responsibilities, expenses, assets or reserves 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.

At 31 December 2013, the Group managed 166 pension funds and 5 Voluntary Social Welfare Entities (EPSVs for their Spanish initials) with a volume of consolidated rights of 16,682,188 thousand Euros (14,781,957 thousand Euros at 31 December 2012). The gross income accrued through management fees of the various funds rose to 138,670 thousand Euros during the 2013 financial year (117,558 thousand Euros in the 2012 financial year) and are recorded under the caption "Result from other activities — Other income". Also, the expenses associated with said management were 29,467 thousand Euros (28,395 thousand Euros in 2012), appearing under the caption "Result from other activities — Other expenses".

b) Internal Structure and Distribution Systems

VidaCaixa, S.A. directs and manages its share in the share capital of other companies by means of the corresponding organisation of personal and material means. 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.

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

With regard to its mediation channels, the Group markets its products principally through the distribution network of the credit entity CaixaBank, S.A., which has been established as an exclusive banking-insurance operator of the Parent Company VidaCaixa, S.A. de Seguros y Reaseguros, authorised to market the insurance policies of SegurCaixa Adeslas, S.A. Also, VidaCaixa, S.A. holds exclusive agency contracts with BMW Financial Services Ibérica, EFC, S.A. and AgenCaixa, S.A. Agencia de Seguros Generales, belonging to the VidaCaixa Group.

Similarly, the Group, basically via VidaCaixa Mediación, S.A.U. also holds service contracts for distributing the insurance products of other insurance companies, under the responsibility of the latter, through its distribution network.

c) Customer Ombudsman

As set out in the Regulations for Protecting Customers of Grupo CaixaBank, S.A., the channels for claims established in the Group are the Customer Ombudsman and the Customer Care Service. No file was handed to the latter in 2013, since the Customer Care Service is competent if the Ombudsman is declared incompetent on the grounds set forth in the aforesaid Regulations.

The figures listed below include the information prepared by the Customer Ombudsman of Banca Cívica Vida y Pensiones, CajaCanarias Aseguradora de Vida y Pensiones and Cajasol Vida y Pensiones together with the information prepared by VidaCaixa’s Customer Ombudsman.

221 claims were filed with the Customer Care Service in 2013; 219 were accepted for processing and 2 were rejected on formal grounds.

The types of claims submitted were as follows:

Subjects of claims	2013
Collection and payment services	-
Insurance policies and pension funds	224
Total admitted	**224**
Non-admitted	2
TOTAL	**226**

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

Type of resolution	2013
Upheld	93
Rejected	97
Not applicable	5
Partial estimate	10
Customer waiver	9
Pending resolution	12
TOTAL	**226**

The decision-making criteria used by the Service are taken basically from the sense 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 Parent Company, depending on the specific circumstances behind the claim.

2. Basis of Presentation and Consolidation Principles

a) Financial Reporting Standards Applicable to the Group

These 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 Accounting and Auditing Institute in the implementation of the General Accounting Plan and the complementary regulations thereof.

b) True and Fair View

The individual annual accounts for 2012 of VidaCaixa, S.A. were prepared by the Board of Directors in their meeting of 5 March 2013. Said accounts were prepared pursuant to the current legal provisions on accounting that basically derive from RD 1317/2008 approving the Spanish General Accounting Plan for Insurance Companies, of the Regulation on Administration and Supervision of Private Insurance approved by RD 2486/1998 (hereinafter ROSSP, for the Spanish initials, or Regulation), and its partial modifications, applying the accounting policies and assessment criteria described in Notes 2 and 3 of said annual accounts, so they show a true and fair view of the equity, the financial situation, the results and the treasury flows for the 2012 financial year.

The 2012 consolidated annual accounts of the Group, whose parent company was VidaCaixa Group, were formulated by the Board of Directors of VidaCaixa Group, a company absorbed by VidaCaixa, S.A. and that became the Parent Company of the Group, in its meeting of 29 March 2013 and ratified by the Single Shareholder on 23 May 2013, pursuant to the International Financial Reporting Standards (hereinafter, IFRS) adopted by the European Union according to

Regulation 1606/2002 of the European Parliament and the Council, of 19 July 2002, in addition to subsequent amendments.

The Group's consolidated annual accounts for 2013 were prepared according to the Commercial Code, the International Financial Reporting Standards 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 and taking into consideration the mandatory regulations approved by the Accounting and Auditing Institute in the implementation of the General Accounting Plan and the complementary regulations thereof. During their preparation, Circular 1/2008 of the National Securities and Exchange Commission was also taken into account.

Thus, said consolidated annual accounts, the first with VidaCaixa, S.A. as the Parent Company, are not the first application of the International Financial Reporting Standards under the terms set forth in IFRS 1 "First-Time Adoption of the International Financial Reporting Standards", as they were being prepared voluntarily (See Note 1) under said accounting principles with VidaCaixa Group as the Parent Company until it was absorbed by VidaCaixa, S.A. (see Note 2.e).

The consolidated annual accounts were prepared from the accounting records held by VidaCaixa, S.A. and by the other Group companies, and include certain adjustments and reclassifications in order to standardise the principles and criteria followed by the integrated companies with those of VidaCaixa, S.A.

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 losses account and are presented according to their application.

At 31 December 2013, the currency in which the Group accounts were presented was the Euro.

All amounts are expressed 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, 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 2013 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, which has verified, with due diligence, that the different controls established to ensure the quality of the financial-accounts 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 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. The most significant include judgements and estimations 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 recording of deferred tax liabilities, 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.

During 2013, no significant changes occurred to the estimates made at the close of the financial year, except for the change in estimates on deferred tax liabilities, linked to shares in affiliated companies, given that, as set forth in IAS 12 "Income Taxes", the Group can control the reversion period. Thus, a repeat estimate has been made, taking into account its will to stay in said holding, it being improbable that said temporary difference would revert in the future. Said tax liabilities amount to 91,572 thousand Euros, which have been repaid to the profit and loss account as a minor expense for the period in the financial year's income tax.

d) New Accounting Principles and Policies Applied to the Group's Consolidated Annual Accounts

Standards and interpretations issued by the International Accounting Standards Board (IASB) that came into effect in the 2013 financial year.

On the date when these consolidated annual accounts were formulated, the following standards came into effect, the adoption of which in the Group has not had a significant impact on the same.

- **Modification of IAS 1 "Presentation of financial statements".**

This modification changes the breakdown of items presented in "Other Recognised Income and Expenses", included in the Statement of Recognised Income and Expenses. The items must be separated into two groups, according to whether or not they allow future transfers to the profit and loss account.

This standard has not entailed any relevant modification to the presentation of financial information in the Statement of Recognised Income and Expenses.

- **Modification to IAS 19 "Employee Benefits".**

The fundamental change of this modification to IAS 19, which came into effect on 1 January 2013, concerns the accounting treatment of the defined profit plans, given that, from the moment when the modification came into effect, all the actuarial profits and losses were immediately recognised in equity so that the plan's total deficit or surplus could be recognised in the consolidated balance sheet. Meanwhile, the borrowing costs and expected return on the plan's assets are replaced in the new version by a net borrowing amount, which is calculated by applying the discount rate to the liability (or asset) through the commitment. It also entails changes in the presentation of the cost components in the statement of recognised income and expenses, which are grouped together and presented in a different way.

The application of this IAS has not entailed an impact on the Group's equity.

- **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 effect of the modification of IFRS 7 has not entailed the extension of the breakdowns, given that the analysis conducted by the Group as to whether or not to present certain financial assets and liabilities in a balanced way is in line with the clarifications introduced in the standard.

- **IFRS 13 "Fair value measurement".**

The standard is issued so as to be the sole regulatory source for calculating the fair value of assets and liabilities when this is the valuation method required by other standards. Thus, it does not in any way modify the current valuation criteria established by other standards and it applies to the valuations of both financial and non-financial elements.

Also, the standard changes the current definition of fair value, introducing new aspects to consider, and approaches its calculation by adopting what is called the "Fair value hierarchy" which is conceptually similar to that already used by IFRS 7 – "Financial instruments: Disclosures" for certain breakdowns of financial instruments.

The Group has analysed the potential impacts entailed by the new definition of fair value in the valuation, without this representing a significant change.

- **Modification of IAS 12 "Income taxes – Deferred Taxes relating to Real Estate".**

The modification introduces an exception to the general principles of IAS 12, which affects the deferred tax on real estate valued pursuant to the fair value model of IAS 40 Investment Properties. In these cases, a presumption is introduced concerning the measurement of the applicable deferred taxes, by means of which the book value of these assets will be fully recovered through sale. This presumption may be refuted when this real estate is depreciable and its business model is to maintain it to obtain its financial profits over time through its use instead of its sale.

Given the nature of the modification, its entry into effect has entailed no impact whatsoever for the Group.

Standards and interpretations issued by the IASB not in force

On the date of drafting these annual consolidated accounts, the following are 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 approved by the European Union.

The Group evaluated the impacts that derive from this and decided not to exercise the option of early application, if it were possible, considering that the same will not have significant impacts.

- **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 principal change that IFRS 10 proposes is the modification of the currently existing definition of control. The new definition of control includes three elements that must be fulfilled: the power over the investee company, the exposure or right to variable results of the investment and the capacity to use such power in order to influence the amount of these returns.

To date, no significant changes are expected to affect the entities that the Group controls as a result of adopting the new definition of control.

- **IFRS 11 "Joint Arrangements".**

The entry into force of this standard will replace the current IAS 31 "Interests in Joint Ventures". The fundamental change proposed with regard to this standard is the elimination of the option of proportional consolidation for jointly-controlled entities, which will be incorporated using 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, the standard defines two unique types of joint arrangement: joint operation or jointly-owned company.

The Group consolidates the joint businesses using the equity method. Thus, no significant impact is expected as a result of applying this standard.

- **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 will require the increase of breakdowns related to affiliated and multi-group companies, especially with regard to the reconciliations between the profits and losses contributed by the companies and those 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 to 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.

- **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 their presentation on the balance sheet. IAS 32 already indicates that a financial asset and liability can only be settled when the entity currently holds the right to legally required right to offset the recognised amounts.

The modified implementation guide specifies, among other aspects, that in order to fulfil this condition, the right to offset must not depend on future events and must be legally required, both in the normal course of business and in the event of a breach, insolvency or bankruptcy of the company and all the counterparties.

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

In the future, IFRS 9 will replace the current part on the classification and measurement of financial instruments of IAS 39. Very significant differences exist compared to the current standard with regard to financial assets. These include, among other things, the approval of a new classification model based on two unique categories of amortised cost and fair value, the disappearance of the current classifications of "Held to maturity investments" and "Financial assets available for sale", impairment analysis of assets measured at amortised cost and the non-bifurcation of derivatives embedded in financial asset contracts.

With regard to financial liabilities, the classification categories proposed by IFRS 9 are similar to those that currently already exist in IAS 39, so that no very significant differences should exist except for the requirement to record variations in the fair value that are related to credit risk as a component of equity, in the case of the financial liabilities of the fair value option.

Senior management deems that the future application of IFRS 9 will have a significant impact on the currently reported financial assets and liabilities. The Entity is currently analysing all future impacts of adopting this standard and it is not possible to supply a reasonable estimate of its effects until said analysis is complete.

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

Via this modification, the IASB wanted to clarify some matters relating to the transition rules for these standards. It is clarified that the application start date is the start of the period in which IFRS 10 is applied for the first time. This would be the date when the investor conducts its analysis as to whether or not there have been any changes in the conclusions about shares that must be consolidated.

Furthermore, with regard to the comparative analyses, it is established that if there are no changes to the start date for applying them to the consolidation conclusions, no adjustment needs be made to the comparative figures. If there were changes, a re-statement must be made, but only for the previous financial year.

- **Modification of IFRS 10, IFRS 12 and IAS 27: "Investment entities".**

These modifications introduce the definition of "Investment entity" and establish exceptions under which the controlled holdings that are defined as "Investment entities" will not be consolidated and must instead be registered at fair value with changes in the profit and loss account.

Also, breakdown requirements are introduced for entities defined as "Investment entities".

- **Modification of IAS 36: "Recoverable Amount Disclosures for Non-financial Assets".**

This modification proposes to restrict the current recoverable amount breakdown of an asset or cash-generating unit to those periods when a drop has been recognised or, on the other hand, a reverted drop, eliminating the current requirement for breakdown when there has been no drop or reversion.

Furthermore, it introduces new breakdowns when the recoverable value has been calculated as the recoverable value less the sale cost and a drop or reversion has been registered. This modification will require the hierarchy level of IFRS 13, which was used to calculate the fair value and, if this is a level 2 or 3, the valuation techniques used must be described, as well as the principal hypotheses used, such as the current and previous discount rate.

- **Modification of IAS 39: "Novation of Derivatives and Continuation of Hedge Accounting".**

This modification will allow hedge accounting to continue when a derivative, which has been designated as a hedge instrument, is novated under specific conditions to a central clearing house as a consequence of a legal framework coming into effect that encourages said novation.

This aspect was introduced in response to the legislative changes made to incorporate the G20 commitments to improve the transparency and regulatory control of OTC derivatives.

- **Modification of IAS 19: "Employee Contributions to Defined Benefit Plans".**

This modification allows these contributions to be deducted from the cost of the service in the same period in which they are paid, if certain requirements are met, without having to make calculations to pay the reduction for each year of service.

- **Interpretation 21: "Tax collection".**

The interpretation covers the treatment of when to recognise a liability due to taxes or tax obligation when they are based on the financial information for a period that is different to that in which the activity occurs which gives rise to the payment of the tax obligation.

The interpretation indicates that the liability must be registered when the event that gives rise to its recognition occurs and this moment is normally identified by the legislation. For example, if the entity is obliged to pay a tax obligation that is calculated according to the revenue of the previous year, but according to legislation the entity is only obliged to pay it if it is operating in this activity on 1 January of the previous year, there will be no constructive obligation until 1 January and therefore the liability does not have to be recognised until said date.

e) Comparison of Information and Correction of Errors

It is a requirement of the International Financial Reporting Standards that information presented between both periods should be homogeneous.

Nevertheless, it must be taken into consideration that as a consequence of the Group's reorganisation, during which VidaCaixa Group and VidaCaixa merged during 2013, the latter became, with effects backdated to 1 January 2013, the head of the VidaCaixa Group, directly holding controlling shares, and therefore the Company under which the consolidated annual accounts of VidaCaixa Group for 2013 were obligatorily presented, given the circumstances set forth in art.42 of the Commercial Code. Although these accounts are the first in which VidaCaixa acts as the Parent Company, the companies and businesses integrated in the same as a consequence of the aforesaid merger with VidaCaixa Group were already being consolidated under IFRS in VidaCaixa Group as Parent Company, with no variations in the scope of the Group. Thus, and to favour the greatest understanding and comparison of accounting information, the comparative figures referring to the 2012 financial year relate to VidaCaixa Group, and these 2013 accounts will not be considered to be the first consolidation.

Finally, it should be considered that the financial information, the results of the operations and of the cash flows of the VidaCaixa Group for 2013 incorporate the effects of the acquisition and subsequent merger of the life insurance business from Banca Cívica, CajaSol and Caja Canarias.

In 2013 no other significant variation arose in the scope of consolidation except for those previously indicated that appear described in Note 5 "Variations in Associated, Group and Multi-group Companies" relating to the incorporation of the life insurance business from the Banca Cívica.

Effect of the acquisition and merger of Banca Cívica Vida y Pensiones, CajaSol Vida y pensiones and CajaCanarias Vida y Pensiones

As described below in Note 5, in 2013 the companies Banca Cívica Vida y Pensiones, Sociedad Anónima de Seguros (hereinafter "Banca Cívica Vida y Pensiones"), CajaSol Vida y Pensiones de Seguros y Reaseguros, S.A. (hereinafter "CajaSol Vida y Pensiones") and CajaCanarias Aseguradora de Vida y Pensiones, de Seguros y Reaseguros, S.A. (hereinafter CajaCanarias Vida y Pensiones) were acquired and merged with VidaCaixa. Similarly, and to allow the adequate understanding and comparison of the financial situation, Annex 5 includes financial information related to the 2012 financial year for said companies. The acquisition and merger of Banca Cívica Vida y Pensiones with VidaCaixa was carried out with effects backdated to 1 January 2013 since said company belonged to Grupo CaixaBank, the Single Shareholder of VidaCaixa, prior to 31 December 2012. For their part, the results of the operations and cash flows of CajaSol Vida y Pensiones and CajaCanarias Vida y Pensiones for the 2013 financial year have been incorporated in VidaCaixa since the date of the takeover (see Note 5).

f) Consolidation Principles

The Group's consolidation scope was defined according to the reserves 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 affiliated 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 in 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.

In Annex 1 to this Report, relevant information is provided on such companies and in Note 5 of the Report, information is provided on the most significant variations that occurred during the 2013 financial year.

The annual accounts of subsidiary companies are consolidated with those of VidaCaixa by applying the global integration 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		Other Equity	Total Equity	Dividends received	Book value		
			Direct		Operations	Net				Cost	Impairment of financial yea	Accumulated impairment
GeroCaixa Pyme	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	30	1,282	1,282	19,176	20,488	-	23	-	-
GeroCaixa	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	6	41,915	41,915	502,835	544,756	-	6	-	-
GeroCaixa Privada Pensiones	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	6	73	73	956	1,035	-	6	-	-
GeroCaixa Previsión Futuro	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	30	752	752	11,530	12,312	-	30	-	-

(figures in thousands of Euros)

Said companies centre their activity around managing the commercial provident funds with domicile in the Basque Country. All of them are Unlisted Companies. The Group only participates in the Mutual Fund, the rest of the Equity being in the hands of the participants.

Affiliated companies

Considered as affiliated 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, affiliated 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 affiliated 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 affiliated 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 2013 financial year, in addition to the period between 31 December 2013 and the date on which the present annual accounts were prepared, in affiliated 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

Certain items of the balance sheet, of the profit and loss account, of the statement of changes in equity and the statement of cash flows are presented in groups so they are easier to understand. Insofar as it is significant, the disaggregated information has been included in the corresponding notes of 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 policyholder. 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.a 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 consolidated line by line, respecting the allocation made in the "Investments Book". The Group holding in the profit/loss of the affiliated 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 own funds 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) Statement of Cash Flows

The following expressions are used in the cash flow statement:

- Cash flows: additions and disposals of cash and its 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 its equivalents.
- Financing activities: activities that produce changes to the scale and composition of the net assets 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 2013 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 valuation, the Group designates the financial instruments at the time of their acquisition or generation as financial assets at the reasonable 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 2013 and 2012, 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-affiliated 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 externalisation 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 own funds and reserves in the Group’s consolidated balance sheet.

Investments in affiliated 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 1: based on listed prices in active markets.
- Level 2: using valuation techniques in which the hypotheses considered correspond to directly or indirectly observable market data, or to listed prices in active markets for similar instruments.
- Level 3: using valuation techniques in which the principal hypotheses are not supported by data observable in the markets.

The majority of financial instruments use the listed prices of active markets (Level 1) 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 2, 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 3, 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. On 31 December 2013, the Group includes subordinated issues in this level that are issued by the Company for the Management of Assets proceeding from Restructuring of the Banking System (SAREB, for the Spanish initials).

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 losses caused by previously recorded 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, including those occupied by companies of the Group, 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:

	2013	2012
Tangible fixed assets	**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 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 reasonable values of both the property investments and own-use buildings indicated in Note 9.a.) of the Report have been obtained from the rating reports prepared by independent experts, which have a maximum life of 2 years. For property located in Spain, the aforementioned market value has been calculated in accordance with the reserves 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 caption "Property investments" of the consolidated balance sheet contains the values of land, buildings and other constructions that are held to use them for rental or for obtaining a capital gain upon their sale as a consequence of the increases that will occur in the future 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.

This section encompasses, at their fair value on the acquisition date, the intangible assets acquired in business combinations and goodwill arising in merger processes. The goodwill represents the advance payment of future trading profits derived from the acquired assets that are not individually and separately identifiable and recognisable. The existence of internal or external signs of impairment is periodically analysed and under no circumstances is it amortised.

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 interpretations 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 "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.

In 2013, the Group restructured the company and acquired and merged the companies from Banca Cívica (See Note 5), by virtue of which a goodwill fund and some associated intangible assets have been declared. (See Notes 5 and 10).

With regard to the SegurCaixa Adeslas holding, this includes intangible assets embedded in the value and percentage of the holding of 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 company operations and merger processes have been classified under this sub-caption.

Computer programs

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 application 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 programmes 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 useful life, which fluctuates between three and a maximum of five years.

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.

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 neither be produced. 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 2013 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 Parent Company of the Tax Group to which the Group belongs was "la Caixa" from 1 January 2008 up to the 2012 financial year. With the entry into effect, last 30 December, of Law 26/2013 on Savings Banks and Banking Foundations, and given that in 2013 the holding of "la Caixa" in CaixaBank dropped below 70%, CaixaBank was replaced in its capacity as parent company of the Tax Group, with effect on 1 January 2013. Thus, CaixaBank became the Parent Company of the Tax Group to which the Group belongs.

h) Financial Liabilities

Financial liabilities are the Group's debits and payable items that stemmed from the purchase of goods and services due to the company's trade operations, or those which, not having a commercial origin, cannot be considered derivative financial instruments.

The debits and payable items are initially valued at the fair value of the consideration received, adjusted by the directly attributable costs of the transaction. Subsequently, said liabilities are valued according to 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 arising between the market value of the financial instruments subject to 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 2013, said liabilities sufficiency test was performed, confirming the sufficiency of the established reserves.

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 or losses, 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:

For unearned premiums and unexpired risks

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 fees 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 Regulation on Administration and Supervision of Private Insurance (hereinafter, ROSSP) 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 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 according to the generally-accepted statistical methods from various groups of methods, with the reserve amount constituting 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 2013 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 Reserve Three of Royal Decree 239-2007, of 16 February, which amends the ROSSP. The differences between the reserves 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 reserves of Article 42 of Royal Decree 239-2007, of 16 February, which modifies the ROSSP, 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”.

Other assets and rest of liabilities

The caption of the balance “Other assets” basically includes the fees 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 fees 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 fees 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.

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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 2013 financial year, the subsidiary companies contributed 321 thousand Euros to this Fund (336 thousand Euros in 2012).

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) Leasing

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 reserve 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) Fees

The income and expenses for fees 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.

In 2012 the Group carried out a Reinsurance operation with Berkshire Hathaway, through which it received an advance fee of 600,000 thousand Euros. Considering the substantial transfer of risks and benefits associated with the receipt of said fee and the associated contracts, basically annually renewable, the Group recorded said fee under the caption "Other Technical Revenue" of the Life Segment of the Consolidated Profit And Loss Account. (See Notes 15 and 19).

4. Management of Risks and Capital

Management of capital

The Parent Company and the subsidiaries 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 ROSSP, modified by RD 297-2004, of 20 February, RD 239-2007, of 16 February and 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's 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 accordance with the future standards, which are 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. Following conservative criteria, the parent company deducts from the margin resulting from the previous calculation an estimate of the amount it will be obliged to pay if, due to remote or uncontrollable circumstances, it is necessary to annul the reinsurance contract from the life-risk portfolio entered into with Berkshire Hathaway in 2012.

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 2013 and 2012, the breakdown of the solvency margin and the minimum quantity of the parent company VidaCaixa with criteria Directorate General of Insurance and Pension Funds is as follows (in millions of Euros):

2013 Financial Year

Solvency Margin	VidaCaixa
Own uncommitted assets	3,834
Solvency margin minimum quantity	1,548
Solvency margin surplus	2,286
Percentage (%) of the required minimum that the assets represent	**248%**

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%**

Risk management

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.

Due to the considerable growth of the Group, as well as the technical sophistication and extension of the managed products, a need is generated 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 the 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 the Group is determined by internal compliance with the actions defined by the Management and approved by the Administrative Bodies.

In order to adapt to the changes undergone by the market, the Group has developed a universe of values that is consistent with the group. Said universe is adjusted to the Group's investment management structure and approach with regard to the long-term nature of the investment and the criticality of the 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, the VidaCaixa Group has a treasury which displays its balance. In addition, ALM analysis performed in Life portfolios makes it possible to mitigate this risk.

Also, VidaCaixa S.A. has a collateral position — financial transactions framework agreement — with Caixabank (See note 6.a.4).

- 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 in decreases to equity or in 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, the Group does not own assets with a significant and direct exposure in currencies other than the Euro and, wherever required, 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 Regulation on Administration and Supervision of Private Insurance (ROSSP) 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 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 credit rating at 31 December 2013 and 2012:

	thousands of Euros			
	Nominal Value		Weighting	
Rating	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Between AA- and AAA	633,674	752,801	1%	2%
Between A- and A+	3,828,320	2,919,033	8%	7%
Between BBB- and BBB+	45,308,426	36,803,912	89%	87%
Between BB- and BB +	546,790	762,957	1%	2%
Between B- and B+	107,983	53,900	-	-
Below B-	-	218,100	-	1%
Unrated	555,311	360,461	1%	1%
Total	**51,010,504**	**41,871,164**	**100%**	**100%**

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 2013 and 2012 are as follows:

Geographical diversification

2013 Financial Year

Country	thousands of Euros				
	Fixed Income	Equity instruments	Funds	Derivatives	Loans and deposits in credit entities
Germany	316,258	-	-	-	-
Netherlands Antilles	-	-	-	-	-
Australia	5,824	-	-	-	-
Austria	127,632	-	-	-	-
Belgium	103,555	-	-	-	-
Canada	9,249	-	-	-	-
Slovakia	1,118	-	-	-	-
Spain	32,052,642	272	-	1,340	10,846,768
United States	517,237	-	-	-	-
Finland	2,091	-	-	-	-
France	353,085	-	-	1,965	-
Greece	-	-	-	-	-
Guernsey	4,159	-	-	-	-
Netherlands	352,584	-	-	531	19,770
Ireland	42,285	-	-	-	-
Jersey	13,074	-	-	-	-
Cayman Islands	48,828	-	-	-	-

(Cont.)

(Cont.)

Country	thousands of Euros				
	Fixed Income	Equity instruments	Funds	Derivatives	Loans and deposits in credit entities
Italy	948,178	-	-	-	-
Japan	1,034	-	-	-	-
Luxembourg	96,622	-	23,988	-	-
Mexico	5,115	-	-	-	-
Nigeria	4,854	-	-	-	-
Norway	20,786	-	-	-	-
Portugal	66,375	-	-	-	-
United Kingdom	270,174	-	-	-	-
Czech Republic	4,042	-	-	-	-
Sweden	22,932	-	-	-	-
Switzerland	2,999	-	-	-	-
Venezuela	1,108	-	-	-	-
Total	**35,393,840**	**272**	**23,988**	**3,836**	**10,866,538**

2012 Financial Year

Country	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**

Diversification by sector

2013 Financial Year

Sector	thousands of Euros				
	Fixed Income	Equity instruments	Funds	Derivatives	Loans and deposits in credit entities
Communications	345,058	-	-	-	-
Consumer goods Non-cyclical	64,770	-	-	-	-
Energy	69,475	-	-	-	-
Financial	8,014,194	272	23,988	3,836	10,842,162
Government	25,509,445	-	-	-	24,376
Industrial	834,194	-	-	-	-
Raw materials	14,601	-	-	-	-
Utilities	542,103	-	-	-	-
Total	**35,393,840**	**272**	**23,988**	**3,836**	**10,866,538**

2012 Financial Year

Sector	thousands of Euros				
	Fixed Income	Equity instruments	Funds	Derivatives	Loans
Communications	365,751	-	-	-	-
Consumer goods Non-cyclical	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**

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

Transactions carried out during the 2013 financial year

5.a) Merger by Absorption of VidaCaixa Group

On 5 March 2013, the Boards of Directors of VidaCaixa Group, S.A.U. and VidaCaixa, S.A., de Seguros y Reaseguros, Single Shareholder Company approved the Joint Merger Project of VidaCaixa Grupo (Absorbed Company) and VidaCaixa (Absorbing Company), ratified by the Single Shareholder on 18 March 2013. Said merger by absorption operation was performed by the universal en bloc transfer of the assets of the former to the latter, its dissolution without liquidation and the attribution of the shares issued from the Absorbing Company to CaixaBank.

Once the relevant authorisations had been obtained from the Directorate General of Insurance and Pension Funds, the merger took place on 28 June 2013. Nevertheless, within the framework of operations between group companies, 1 January 2013 is understood to be the date for accounting purposes.

The individual Financial Statements of VidaCaixa Group were incorporated into Annex 4 on 31 December 2012.

The assets and liabilities of VidaCaixa Group recognised on the merger date were as follows:

ASSETS as of 31/12/2012	thousands of Euros	LIABILITIES as of 31/12/12	thousands of Euros
Cash and other equivalent liquid assets	53,744	Debts and payable items	743,832
Loans and receivable items	877,445	Tax liabilities	6,000
Holdings in group and associated companies	2,466,531		
VidaCaixa	*1,831,785*		
SegurCaixa Adeslas	*630,855*		
Others	*3,891*		
Total assets	**3,397,720**	**Total liabilities**	**749,832**

As previously indicated, the accounting record for the merger was made according to the Registration and Valuation Norm NRV 21 for transactions between Group companies. Thus, apart from the assets and liabilities associated with VidaCaixa Group (absorbed company), by means of the merger record, the assets and liabilities associated with VidaCaixa have been declared according to the values that appear in the Group's consolidated accounts, including the Goodwill and other intangible assets (see Note 10), as well as the deferred tax liabilities associated with the holding in SegurCaixa Adeslas. As a consequence of the merger process, the Parent Company VidaCaixa, S.A. has increased its equity by 488,271 thousand Euros. With regards to said tax liabilities for deferred taxes associated with SegurCaixa Adeslas, and given the will to remain in said holding in the future, while also taking into account that its origin is related to the registration of an asset stemming from a different transaction of a combination of businesses that does not affect the results or tax base of the tax, the Group deemed it improbable during the 2013 financial year to apply said temporary difference arising from its prospective reversion credited to profits and losses as less expenditure of the period in Corporation Tax.

Said merger was classified under the Special Regime for mergers, de-mergers, transfers of assets and exchange of securities, as defined in Chapter VIII, Caption VII of Royal Decree 4/2004 of 5 March, which approves the Revised Text of the Corporation Tax Law (TRLIS).

On the merger date, the absorbed Company had no tangible assets likely to be amortised.

In compliance with the reserves of article 93.1.d) of the TRLIS (Revised Text of the Corporation Tax Law), it is stated that VidaCaixa is replaced in the tax credit due to deduction for generated reinvestment of extraordinary profits by VidaCaixa Group in the 2011 and 2012 financial years, for the purpose of which the necessary reinvestment was made by other entities of the tax group to which VidaCaixa Group belongs.

5.b) Merger by absorption of Banca Cívica Vida y Pensiones, CajaSol Vida y Pensiones and CajaCanarias Vida y Pensiones

As part of the restructuring of the activity from Banca Cívica in CaixaBank, in October 2012 a purchase and sales agreement was signed with AEGON to acquire 50% of the shares that said entity held in Banca Cívica Vida y Pensiones, Cajaburgos Vida, (entities previously merged when the agreement was signed) and Can Seguros de Salud. In this operation, CaixaBank acquired control of these companies, as it previously held 50% shares in the same.

In March 2013, CaixaBank signed a purchase and sales agreement with CASER to acquire 50% of the shares that this company held in CajaSol Vida y Pensiones, CajaCanarias Aseguradora de Vida y Pensiones and CajaSol Seguros Generales. In this operation, at the end of March 2013, CaixaBank acquired control of these companies, in which it previously held 50% of shares.

Within the insurance portfolio restructuring plan of the CaixaBank group, on 26 March 2013, the deeds of sale from VidaCaixa, S.A. to CaixaBank were registered in the Mercantile Register of Barcelona, firstly for the company Banca Cívica Vida y Pensiones, Sociedad

Anónima de Seguros, and secondly for the companies CajaSol Vida y Pensiones de Seguros y Reaseguros, S.A. and CajaCanarias Aseguradora de Vida y Pensiones, for an amount of 280,195, 113,500 and 93,900 thousand Euros respectively.

In June 2013, the Boards of Directors of VidaCaixa and Banca Cívica Vida y Pensiones entered into the corresponding Joint Merger Project of VidaCaixa (Absorbing Company) and Banca Cívica Vida y Pensiones (Absorbed Company), approved by the respective Single Shareholders on 11 June 2013. Also, in the same month of June, the Boards of Directors of VidaCaixa (Absorbing Company) and CajaSol Vida y Pensiones and CajaCanarias Aseguradora de Vida y Pensiones (Absorbed Companies) entered into the corresponding Joint Merger Project, approved by the respective Single Shareholders on 26 June 2013.

The deeds of merger of Banca Cívica Vida y Pensiones and CajaSol Vida y Pensiones and CajaCanarias Aseguradora de Vida y Pensiones were registered in the Mercantile Register on 20 November, in the case of Banca Cívica Vida y Pensiones and on 20 December 2013, in the case of the other entities.

Within the framework of operations between group companies, the merger by absorption of Banca Cívica Vida y Pensiones is deemed to have taken place on 1 January 2013 for accounting purposes. The mergers of CajaSol Vida y Pensiones and CajaCanarias Aseguradora de Vida y Pensiones is deemed to have taken place on 1 April 2013 for accounting purposes.

Incorporated in Annex 5 of this report are the individual Financial Statements of Banca Cívica Vida y Pensiones, of CajaSol Vida y Pensiones and of CajaCanarias Aseguradora de Vida y Pensiones for the 2012 financial year.

On the merger date, the assets and liabilities for each of the three companies absorbed by VidaCaixa were as follows:

Banca Cívica Vida i Pensions at 31 December 2012

ASSETS	thousands of Euros	LIABILITIES AND ADJUSTMENTS FOR CHANGES IN VALUE	thousands of Euros
Cash and other equivalent liquid assets	17,015	Debts and payable items	5,439
Other financial assets with changes in the P&L account	770,121	Technical reserves	1,343,495
Financial assets available for sale	672,444	Non-technical reserves	60
Loans and receivable items	3,133	Tax liabilities and rest of liabilities	28,733
Investments held to maturity	1,493		
Share of reinsurance in technical reserves	918	**TOTAL LIABILITIES**	**1,377,727**
Tangible fixed assets and property investments	13	Adjustments for changes in value	21,218
Intangible fixed assets	25		
Holding in group and assoc. companies Tax assets and other Assets	23,400		
Total Assets	**1,488,562**	**Total Liabilities and Adjustments for Changes in value**	**1,398,945**

Cajasol Vida y Pensiones at 1 April 2013

ASSETS	thousands of Euros	LIABILITIES AND ADJUSTMENTS FOR CHANGES IN VALUE	thousands of Euros
Cash and other equivalent liquid assets	12,183	Financial liabilities held for trading	97
Financial assets held for trading	-	Debts and payable items	2,387
Other financial assets with changes in the P&L account	51,632	Technical reserves	111,746
Financial assets available for sale	83,575	Non-technical reserves	6
Loans and receivable items	19,528	Tax liabilities and rest of liabilities	2,094
Share of reinsurance in technical reserves	755		
Tangible fixed assets and property investments	25	**TOTAL LIABILITIES**	**116,330**
Holding in group and assoc. companies and other Assets	2,832	Adjustments for changes in value	494
Total assets	**170,530**	**Total Liabilities and Adjustments for Changes in value**	**116,824**

CajaCanarias Aseguradora de Vida y Pensiones at 1 April 2013

ASSETS	thousands of Euros	LIABILITIES AND ADJUSTMENTS FOR CHANGES IN VALUE	thousands of Euros
Cash and other equivalent liquid assets	25,436	Debts and payable items	4,860
Other financial assets with changes in the P&L account	27,604	Technical reserves	76,297
Financial Assets available for sale	49,847	Non-technical reserves	5
Loans and receivable items	3,107	Tax liabilities and rest of liabilities	1,287
Share of reinsurance in technical reserves	1,083	**TOTAL LIABILITIES**	82,449
Tangible fixed assets and property investments	115	Adjustments for changes in value	523
Holding in group and assoc. companies and other Assets	1,677		
Total assets	**108,869**	**Total Liabilities and Adjustments for Changes in value**	**82,972**

As a consequence of the recognition of the aforementioned assets and liabilities, some intangible assets and goodwill have been recognised. The goodwill and intangible assets associated with the merger by absorption with Banca Cívica Vida y Pensiones on 1 January 2013, date of the combination, amounted to 137,180 and 72,401 thousand Euros respectively. The goodwill and intangible assets associated with the merger by absorption with CajaSol Vida y Pensiones and CajaCanarias Aseguradora de Vida y Pensiones on 26 March 2013, date of the transaction, amounted to 48,131, 14,876, 60,300 and 9,424 thousand Euros respectively (see Note 10).

The accounting regulations stipulate the period of 1 year during which the valuation of acquired assets and liabilities is not definitive, and therefore the previous valuations done by the Group were the best estimate available on the date when these annual accounts were prepared, and are in any case provisional for CajaSol Vida y Pensiones and CajaCanarias Aseguradora de Vida y Pensiones.

The costs incurred in the transactions amount to 10 thousand Euros, and were recorded in the attached consolidated profit and loss accounts for the 2013 financial year. Also, the costs related to capital increases as a consequence of the mergers which were assumed by the Single Shareholder of the Parent Company.

The results that would have been generated if the mergers of CajaSol Vida y Pensiones and CajaCanarias Aseguradora de Vida y Pensiones took place on 1 January 2013 instead of 1 April 2013, which is the date from which the financial effects of the same were recognised for financial purposes, were not significant for the Group.

When the businesses of Banca Cívica Vida y Pensiones, CajaSol Vida y Pensiones and CajaCanarias Aseguradora de Vida y Pensiones were integrated, no contingent liabilities were recorded.

Said mergers were classified under the Special Regime of mergers, de-mergers, transfers of assets and exchange of securities, as contained in Chapter VIII of Caption VII of Royal Decree 4/2004, of 5 March, which approves the Revised Text of the Corporation Tax Law (TRLIS). On the merger dates, the absorbed companies had barely significant balances of tangible assets likely to be amortised, which were fully amortised by the absorbing Company during 2013.

5.c) Purchase of Holdings in SegurCaixa Adeslas from Minority Shareholders

On 18 October 2013, the Group purchased 4,158 shares in SegurCaixa Adeslas from its minority shareholders, explaining the variation of 18 thousand Euros compared to the 2012 financial year.

Transactions carried out during the 2012 financial year

5.d) Capital Disbursement Pending in VidaCaixa, S.A., de Seguros y Reaseguros

On 23 November 2012, the Company's Board of Directors approved the capital payment pending disbursement in VidaCaixa. On 29 November 2012 the full balance for an amount of 532,500 thousand Euros was disbursed.

5.e) 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' Meeting of SegurCaixa Adeslas and Aresa, respectively, approved the merger by absorption of Aresa by SegurCaixa Adeslas. Said merger project was jointly formulated on the same date by the Administrative Bodies of both companies, and the deed was registered in the Mercantile Register on 8 May 2012.

The fundamental objective of this operation was the joint development, sale and distribution of general non-life insurances, avoiding duplications and obtaining a unique and more powerful presence in the insurance market.

Capital increase of Aresa

As a consequence of the merger by absorption of Aresa by SegurCaixa, and with its shareholders' goal of maintaining the same percentage of shares as prior to the merger, on 25 July 2012 the Extraordinary General Meeting approved a capital increase for the Company for the amount of 3,964.87 Euros, achieved through a contribution of 4.32 Euros and the exchange of 4,357 shares in SegurCaixa Adeslas for 225 shares in Aresa, of which the minority shareholder is Eterna Aseguradora, S.A. Compañía de Seguros y Reaseguros.

6. Financial Assets

The breakdown of the financial assets at 31 December 2013 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 P&L account (CFVP&L)	Financial assets available for sale (AFS)	Loans and payments receivable (L&PR)	Held-to-maturity investments (HTM)	Total at 31.12.2013
FINANCIAL INVESTMENTS	**3,836**	**1,199,839**	**35,418,100**	**10,881,121**	**-**	**47,502,896**
Equity instruments	-	-	24,260	-	-	24,260
- Financial investments in capital	-	-	272	-	-	272
- Holdings in investment funds	-	-	23,988	-	-	23,988
Debt securities	-	-	35,393,840	-	-	35,393,840
Investment on behalf of life insurance policyholders who assume the risk of the investment	-	1,199,839	-	-	-	1,199,839
Loans	-	-	-	10,844,370	-	10,844,370
Other financial assets	3,836	-	-	-	-	3,836
Deposits in credit entities	-	-	-	36,751	-	36,751
Deposits constituted for accepted reinsurance	-	-	-	-	-	-
CREDITS:	**-**	**-**	**-**	**654,512**	**-**	**654,512**
Credits through direct insurance and co-insurance operations	-	-	-	135,495	-	135,495
Credits for reinsurance operations	-	-	-	25,554	-	25,554
Other credits	-	-	-	493,463	-	493,463
Impairments in aggregate	-	-	-	-	-	-
Total	**3,836**	**1,199,839**	**35,418,100**	**11,535,633**	**-**	**48,157,408**

The same information 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 P&L 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 for 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**

Also, the breakdown of the financial assets, according to the inputs used, at 31 December 2013 is as follows (in thousands of Euros):

	Level 1	Level 2	Level 3	Total at 31.12.2013
Financial assets held for trading				
Debt securities	-	-	-	-
Derivatives	250	3,586	-	3,836
Other financial assets at fair value with changes in the P&L account				
Debt securities	-	-	-	-
Equity instruments	-	-	-	-
Investments on behalf of life insurance policyholders who assume the risk of the investment	1,90,704	9,136	-	1,199,840
Hybrid instruments	-	-	-	-
Loans	-	-	-	-
Deposits in credit entities	-	-	-	-
Financial assets available for sale				
Financial investments in capital	-	272	-	272
Holdings in investment funds	23,988	-	-	23,988
Debt securities	33,644,833	1,317,202	431,805	35,393,840
Loans	-	-	-	-
Other financial assets without published prices	-	-	-	-
Deposits in credit entities	-	-	-	-
Investments held to maturity				
Debt securities	-	-	-	-
Total at 31 December 2013	**33,859,775**	**1,330,196**	**431,805**	**36,621,776**

The assets classified in level 3 are subordinated issues issued by the Company for the Management of Assets proceeding from Restructuring of the Banking System (SAREB, for the Spanish initials), and the details of the movement for the 2012 and 2013 financial years is as follows:

SAREB	thousands of Euros
Net book value at 31 December 2011	**-**
Purchases	354,000
Implicit interest accrued	-
Sales and amortisations	-
Reclassifications and transfers	-
Revaluations	-
Registered profit/loss	-
Net book value at 31 December 2012	**354,000**
Purchases	77,805
Implicit interest accrued	-
Sales and amortisations	-
Reclassifications and transfers	-
Revaluations	-
Registered profit/loss	-
Net book value at 31 December 2013	**431,805**

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 P&L 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**

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 2012	**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**
Purchases	302
Changes to consolidation method	-
Sales and amortisations	-
Additions to the consolidation scope	-
Reclassifications and transfers	-
Revaluations against reserves	-
Revaluations against results	(1)
Registered profit/loss	-
Net book value at 31 December 2013	**3,836**

The investments held in derivatives at 31 December 2013 correspond mainly to implied derivatives which the Group has valued and recorded separately and which, in their entirety, correspond to "Lookback" options on Eurostoxx 50. The maturity dates of the "Lookback" options are between the years 2020 and 2021. The fair value of such investments has been calculated from the final listing, in the case of securities listed in 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 that are generally accepted in 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 2012	**210,654**	**-**	**-**	**210,654**
Purchases and accruals	288,979	-	-	288,979
Additions to the consolidation scope	-	-	-	-
Sales, accruals and amortisations	(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**
Purchases and accruals	543,384	-	-	**543,384**
Merger incorporations	830,108	-	-	**830,108**
Sales, accruals and amortisations	(428,112)	-	-	**(482.112)**
Revaluations against results	30,870	-	-	**30,870**
Changes in the losses through impairment of value	-	-	-	-
Net book value at 31 December 2013	**1,199,839**	**-**	**-**	**1,199,839**

During the 2013 financial year, the income net of expenses of investments on behalf of policyholders who assume the risk of the investment amounted to 64,686 thousand Euros (18,125 thousand Euros in 2012). Said income corresponds to the results for investments, the changes in value of the assets, as well as 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 2013, the Group held no hybrid instruments.

Financial assets available for sale

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

	AFS		
	Financial investments in capital	Debt securities	Total
Net book value at 1 January 2012	**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

(Cont.)

(Cont.)

	AFS		
	Financial investments in capital	**Debt securities**	**Total**
Net book value at 31 December 2012	**20,163**	**29,496,570**	**29,516,733**
Non-cash contributions	-	-	-
Purchases	-	19,208,649	19,208,649
Changes to consolidation method	-	-	-
Implicit interest accrued	-	(168,592)	(168,592)
Sales and amortisations	(67)	(16,743,021)	(16,743,088)
Merger incorporations	2	805,724	805,726
Reclassifications and transfers	-	(36,751)	(36,751)
Revaluations against reserves	4,162	2,802,263	2,806,425
Changes in the losses through impairment of value	-	-	-
Registered profit/loss	-	28,998	28,998
Net book value at 31 December 2013	**24,260**	**35,393,840**	**35,418,100**

During the 2013 financial year, the Company disposed of public debt securities, basically Spanish and, to a lesser degree, those of private corporations, with maturity between 2013 and 2044, 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 policyholders. As a result of this transaction, the Group has recorded profits of 142,867 thousand Euros and losses of 49,728 thousand Euros, which are recorded, mostly, under the caption “Tangible fixed asset and investment revenue” and “Tangible fixed asset and investment expenses” in the Life Segment of the 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 75,000 thousand Euros and losses of 139,142 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 has purchased the subordinated fixed income issued by the Company for the Management of Assets proceeding from Restructuring of the Banking System (SAREB, for its Spanish initials) whose legal system was defined in RDL 24/2012, currently Law 9/2012. The primary objective of said company is the management and ordered disinvestment of property loans and assets received from the participating entities (initially, the entities included in Group 1 according to the Memorandum of Understanding on Financial Sector Policy Conditionality, hereinafter Memorandum or MoU, published by the European Council on 9 July 2012). The nominal acquired on 31 December 2013 amounts to 431,900 thousand Euros that accrue a coupon of 8% a year, redeemable prior to expiry on 27 November 2027. This asset was valued at the close of the financial year at its acquisition cost. The coupon payment is directly related to the results obtained by said company. Given the recent incorporation of the same and the uncertainty as to its results, following a criteria of prudence, the coupon amount disbursed during 2013 for an amount of 33,656 thousand Euros has been provided under the caption “tangible fixed asset and investment expenses” in the Life Technical Account.

Said Memorandum describes the specific measures for reinforcing financial stability according to the needs of each of the national financial entities. At the proposal of the Banco de España, on 28 September 2012 the results of the Stress Tests were published for the whole of the Spanish Banking sector in which the capital needs for each financial sector entity were quantified according to the MoU groups in terms of levels of capitalisation.

Subsequently, on 28 November 2012, the BFA-Bankia Group published its restructuring and recapitalisation plan in which it described the Burden Sharing required by the MoU, which contained the exchange equations for holders of preferred shares and subordinated debt. Thus, the Group has two issues of subordinated debt that matures subject to the restructuring plan, with an exchange price of half of 86%.

In addition to the price discount, the Group registered, under the caption "Tangible fixed asset and investment expenses" of the consolidated profit and loss account, the impairment of said issues up to their listed price on 31 December 2012 (a weighted average of 31.44%).

In 2013, the Group disposed of said issues, registering a loss on the one hand of 44,723 thousand Euros under the caption "Tangible fixed asset and investment expenses" of the technical-life insurance profit and loss account, and on the other hand, a release of the impairment for 47,497 Euros under the caption "Tangible fixed asset and investment revenue" of the technical-life insurance profit and loss account.

At 31 December 2013, the Group has contracted 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. Their maturity dates are between 2014 and 2055. Although the Group disposes of the valuations of said swaps and their associated bonds, it values them jointly as indicated in Note 3.b.

The unpaid explicit interest in favour of the Group at 31 December 2013 totals 804,924 thousand Euros (695,779 thousand Euros at the close of 2012) 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 272 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.

Loans and receivables

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 2012	**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**
Purchases	18,364,647	-	-	-	18,364,647
Implicit interest accrued	(1,205)	-	-	-	(1,205)
Changes to consolidation method	-	-	-	-	-
Sales and amortisations	(17,647,694)	-	-	-	(17,647,694)
Additions to the consolidation scope	-	-	-	-	-
Reclassifications and transfers	-	-	36,751	-	36,751
Revaluations against reserves	-	-	-	-	-
Changes in the losses through impairment of value	-	-	-	-	-
Net book value at 31 December 2013	**10,844,370**	-	**36,751**	-	**10,881,121**

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 2012	**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	-
Purchases	-
Sales and amortisations	-
Reclassifications and transfers	-
Revaluations against reserves	-
Revaluations against results	-
Changes in the losses through impairment of value	-
Net book value at 31 December 2013	-

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 2013 and 2012:

	Thousands of Euros	
	AFS Portfolio	
	31/12/2013	31/12/2012
Shares in Spanish listed companies	-	-
Shares in Spanish unlisted companies	272	337
Spanish investment funds	-	-
Listed foreign investment funds	23,988	19,826
Total	**24,260**	**20,163**

At 31 December 2013, the Group holds shares in the company called "Tecnologías de la información y redes para las entidades aseguradoras, S.A." (65 thousand Euros), in the company GestiCaixa (140 thousand Euros), in the mutual fund of various Voluntary Social Welfare Entities (65 thousand Euros), in a 2 thousand Euro holding of the company "Caser Gestión Técnica, A.I.E" and finally, a holding of 23,988 thousand Euros in an investment fund.

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:

	thousands of Euros			
	31/12/2013		31/12/2012	
	HTM Portfolio (1)	AFS Portfolio (2)	HTM Portfolio (1)	AFS Portfolio (2)
Public debt and Government obligations and bonds	-	22,082,211	-	17,996,660
Other Public Administration	-	2,299,958	-	2,423,015
Issued by financial companies	-	6,528,564	-	4,743,742
Foreign public debt	-	1,127,275	-	1,091,563
Issued by foreign financial companies	-	1,485,628	-	1,566,291
Other fixed income values	-	1,870,204	-	1,675,299
Total	**-**	**35,393,840**	**-**	**29,496,570**

(1) Portfolio Held to Maturity Assets

(2) Portfolio Available for Sale Assets

The maturity dates of the securities included in this sub-caption, according to their allocation portfolio at 31 December 2013 and 2012, and taking into consideration their fair value, are as follows:

Year of maturity	thousands of Euros			
	31/12/2013		31/12/2012	
	HTM Portfolio	AFS Portfolio	HTM Portfolio	AFS Portfolio
Less than 1 year	-	1,741,890	-	1,425,950
1 to 3 years	-	3,708,622	-	3,157,248
3 to 5 years	-	3,958,173	-	3,501,113
5 to 10 years	-	4,540,878	-	4,253,555
10 to 15 years	-	7,598,031	-	5,917,276
15 to 20 years	-	6,330,761	-	5,413,708
20 to 25 years	-	2,193,662	-	1,497,957
More than 25 years	-	5,321,823	-	4,329,763
Total	**-**	**35,393,840**	**-**	**29,496,570**

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

The following is the breakdown by investment type at 31 December 2013 and 2012:

Investment on behalf of life insurance policyholders who assume the risk of the investment	thousands of Euros			
	31/12/2013		31/12/2012	
	CFVP&L	Other assets	CFVP&L	Other assets
Variable income	61,437	-	23,986	-
Holdings in investment funds	191,118	-	107,826	-
Fixed income and deposits in credit entities	947,284	-	91,777	-
Cash and other equivalent assets	-	46,622	-	20,108
Loans and receivable items	-	403	-	262
Periodificacions	-	7,360	-	1,276
Total	**1,199,839**	**54,385**	**223,589**	**21,646**

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

Year of maturity	thousands of Euros	
	31/12/2013	31/12/2012
	CFVP&L	CFVP&L
Less than 1 year	**700,294**	33,378
1 to 3 years	**96,103**	29,775
3 to 5 years	**150,888**	16,385
5 to 10 years	**-**	11,215
More than 10 years	**-**	1,024
Total	**947,285**	**91,777**

The variation during the 2013 financial year of the gains net of losses of these assets totalled 31,192 thousand Euros of gains (gains valued at 11,038 thousand Euros in 2012). 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 2013 and 2012:

	thousands of Euros	
	31/12/2013	31/12/2012
Non-mortgage loans and advance payments on policies:		
- Unlisted loans	10,829,787	10,113,727
- Advance payments on policies	14,583	14,895
Mortgage loans:	**-**	-
Deposits in credit entities:	**36,751**	**-**
Deposits constituted for accepted reinsurance:	**-**	**-**
Total	**10,881,121**	**10,128,622**

The balance of the "Loans and receivables" caption mainly 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 2013, the Group had 2 deposits taken for the assignment of assets with "CaixaBank" for the sum of 10,579,110 thousand Euros, 3 deposits for the sum of 135,666 thousand Euros with maturity in 2014, which have an average weighted IRR of 1.71% and 3 deposits for the sum of 90,150 thousand Euros with maturity in 2019, which have an average weighted IRR of 8.37%. This caption also includes 3 acquisitions with a buy-back clause for the sum of 24,376 thousand Euros with maturity between 2014 and 2017.

Said deposits and acquisitions with a buy-back clause have generated revenue of 42,897 thousand Euros that are booked under "Tangible fixed asset and investment revenue" of the Life Insurance profit and loss account.

Under the caption "Deposits in credit entities" the Group registers 48 deposits contracted mainly with Santander, BBVA and Royal Bank of Scotland for a total amount of 36,751 thousand Euros. The maturity dates of said deposits vary between the years 2014 and 2044 and their weighted average IRR amounts to 5.37%.

On 18 October 2013, 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 Entity. At 31 December 2013, this guarantee was constituted in one of the deposits contracted with "CaixaBank" with maturity in 2014, for an amount of 1,301,841 thousand Euros and which presented a weighted average IRR of 0.68%.

b) Credits

The following is the breakdown of the credits derived from insurance, reinsurance and co-insurance contracts at 31 December 2013 and 2012:

	thousands of Euros	
	L&PR	
	31/12/2013	31/12/2012
Credits through direct insurance and co-insurance operations:		
- Insurance policyholders - receipts pending:		
Direct and co-insurance business	*116,414*	*113,233*
Premiums accrued and not issued	*3,265*	*3,246*
(Reserve for premiums pending payment)	*(4,017)*	*(4,694)*
- Brokers:		
Pending balances with brokers	*4,211*	*2,328*
(Reserve for impairment of balance with brokers)	-	*(78)*
- Accounts receivable for co-insurance operations:		
Pending balances with co-insurers	*15,623*	*14,014*
(Reserve for impairment of balance with co-insurers)	-	-
Credits through reinsurance operations:		
Pending balance with reinsurance companies	25,554	24,828
(Reserve for impairment of balance with reinsurance)	-	-
Other credits:		
Rest of credits	493,462	512,338
(Reserve for impairment of other credits)	-	-
Total	**654,512**	**665,215**

The movement and detail of the losses of value recorded during the 2013 and 2012 financial years are set out in the following table, the different variations having been recorded in the "Net reinsurance premiums imputed" and "Net operating expenses" captions in the profit and loss account applicable to each segment.

	Reserve for pending premiums	Reserve for impairment of balance with reinsurance	Reserve for impairment of balance with broker
Balances at 31 December 2011	**(3,253)**	**(3)**	**-**
Allocations charged to profit and loss account	(5,173)	-	(78)
Applications with payment to profit and loss account	3,732	3	-
Balances at 31 December 2012	**(4,694)**	**-**	**(78)**
Merger incorporations	(53)	-	-
Allocations charged to profit and loss account	4,406	-	-
Applications with payment to profit and loss account	(5,136)	-	78
Balances at 31 December 2013	**(4,017)**	**-**	**-**

The breakdown of other credits in the consolidated balance sheet at 31 December 2013 and 2012 is as follows:

	thousands of Euros	
	31/12/2013	31/12/2012
Administration fees and other fees receivable	**54,205**	**44,847**
Other debtors	**425,424**	**453,596**
Creditors for securities	**13,833**	**13,895**
Total	**493,462**	**512,338**

7. Joint Ventures

These accounts register the proportional part of the investments in Temporary Joint Ventures (TJVs), recording in the balance sheet the corresponding proportion according to the holding percentage of the jointly-controlled assets and jointly-incurred expenses.

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.

On 5 December 2011, the Group, via its Parent Company VidaCaixa, incorporated a TJV at 50% with SegurCaixa Adeslas, S.A. de Seguros y Reaseguros, pursuant to 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 (temporary joint venture Law 18/1982, of 26 May)" with the purpose of contracting corporate and personal life and accident policies to the executives and other personnel of Bilbao City Council.

The term of the TJV is 6 years, beginning its operations on 1 January 2012, and its address for tax purposes is in Barcelona, calle Juan Gris, número 20-26, Torre Norte del Complejo "Torres Cerdá", piso 3º. Its members specify that the financing of the common activities is charged to the common operating fund that they have set up with an initial contribution of 123 thousand Euros, of which both parties paid half. Also, the member companies participate in equal share in the distribution of results and in the income and expenses of the TJV, having joint and unlimited responsibility before third parties for the acts and operations that the TJV performs for joint benefit.

The assets of the TJV's balance sheet and profit and loss account had a balance below one thousand Euros at 31 December 2013.

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 2013 is as follows:

Company	thousands of Euros				
	Balances at 31/12/2012	Consolidation scope additions and withdrawals	Increases through year result	Other variations through valuation	Balances at 31/12/2013
Grupo SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	911,301	67,023	29,462	-	1,007,786
Gross total	**911,301**	**67,023**	**29,462**	**-**	**1,007,786**
Impairment losses	-	-	-	-	-
Total net	**911,301**	**67,023**	**29,462**	**-**	**1,007,786**

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 2013 (in thousands of Euros):

	Buildings for own use	Furniture and fittings	Data processing equipment	Other fixed assets	Total
Cost at 31 December 2012	**18,965**	**12,617**	**7,924**	**22**	**39,528**
Accumulated amortisation at 1 January 2013	**(1,953)**	**(6,980)**	**(7,056)**	**(22)**	**(16,011)**
Impairment losses	**(515)**	**-**	**-**	**-**	**(515)**
Net Book Value at 1 January 2013	**16,497**	**5,637**	**868**	**-**	**23,002**
Investments or additions	-	-	428	-	428
Merger incorporation	-	206	90	-	296
Changes to consolidation method	-	-	-	-	-
Advance payments in progress	-	-	-	-	-
Reclassifications and transfers	-	-	-	-	-
Sales and disposals	-	(1,824)	(1)	-	(1,825)
Amortisation of financial year	(272)	(986)	(494)	-	(1,752)
Merger incorporation	-	(53)	(89)	-	(142)
Changes to consolidation method	-	-	-	-	-
Reclassifications and transfers of the amortisation	-	-	-	-	-
Disposals of the amortisation	-	1,817	1	-	1,818
Impairment losses	-	-	-	-	-
Net book value at 31 December 2013	**16,225**	**4,797**	**803**	**-**	**21,825**

The composition of the net book value at 31 December 2013 in thousands of Euros is listed below:

	Buildings for own use	Furniture and fittings	Data processing equipment	Other fixed assets	Total
Cost at 31 December 2013	18,965	10,999	8,441	22	38,427
Accumulated amortisation at 31 December 2013	(2,225)	(6,202)	(7,638)	(22)	(16,087)
Impairment losses	(515)	-	-	-	(515)
Net book value at 31 December 2013	16,225	4,797	803	-	21,825

The following is the movement and breakdown corresponding to the 2012 financial year (in thousands of Euros):

	Buildings for own use	Furniture and fittings	Data processing equipment	Other 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)**
Impairment losses	**-**	**-**	**-**	**-**	**-**
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
Impairment losses	(515)	-	-	-	(515)
Net book value at 31 December 2012	**16,497**	**5,637**	**868**	**-**	**23,002**

Breakdown of Net Book Value at 31 December 2012:

	Buildings for own use	Furniture and fittings	Data processing equipment	Other 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)
Impairment losses	(515)	-	-	-	(515)
Net book value at 31 December 2012	16,497	5,637	868	-	23,002

At 31 December 2013 and 2012, 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 2013 and 2012 financial years, all tangible assets of the Group are used directly for operational purposes.

The market value at 31 December 2013 of the properties used by the Group and of the investments is summarised below (in thousands of Euros):

	Market value at 31-12-2013			
	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 buildings used by the Group allocated to the Life and Other Activities segments was 18,145 and 10,161 thousand Euros, respectively.

During the 2013 and 2012 financial years, as a consequence of the property valuation analysis, the Group registered an amount of 0 and 1,125 thousand Euros respectively for impairment of tangible fixed assets and property investments in the consolidated profit and loss account.

9.b) Property Investments

The breakdown and movement of this consolidated balance sheet caption is as follows (in thousands of Euros):

	Property investments third-party use
Cost at 31 December 2012	**9,563**
Accumulated amortisation at 31 December 2012	**(375)**
Impairment losses	**(672)**
Net book value at 31 December 2012	**8,517**
Investments or additions	-
Changes to consolidation method	-
Reclassifications and transfers	-
Sales and disposals	-
Amortisation of financial year	(133)
Changes to consolidation method	-
Reclassifications and transfers of the amortisation	-
Disposals of the amortisation	-
Impairment losses	-
Net book value at 31 December 2013	**8,384**

Breakdown of Net Book Value at 31 December 2013

	Property investments third-party use
Cost at 31 December 2013	**9,563**
Accumulated amortisation at 31 December 2013	(508)
Impairment losses	(671)
Net book value at 31 December 2013	**8,384**

	Property investments third-party use
Cost at 1 January 2012	**20,056**
Accumulated amortisation at 1 January 2012	(552)
Impairment losses	(61)
Net book value at 1 January 2012	**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	-
Impairment losses	(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)
Impairment losses	(672)
Net book value at 31 December 2012	**8,517**

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 2013 and 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 2013 of the Group's property investments is summarised below (in thousands of Euros):

	Market value at 31-12-2013			
	Non-life Segment	Life Segment	Other Activities Segment	Total
Property investments third-party use	-	-	10,779	10,779

At the close of the financial year no additional compensation was shown that revealed the market value of property investments.

10. Intangible Fixed Assets

The movements that occurred in this caption during the 2013 and 2012 financial years are set out in the accompanying Annexes II and III, respectively.

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

The breakdown of Goodwill and Intangible Assets is as follows, according to its type and companies of origin:

	thousands of Euros	
Goodwill	**31/12/2013**	**31/12/2012**
la Caixa Gestión de Pensiones, E.G.F.P., S.A.U.	3,407	3,407
Fortis holding value	330,930	-
Insurance companies of Banca Cívica	245,611	-
	579,948	**3,407**

	thousands of Euros	
Intangible Assets	**31/12/2013**	**31/12/2012**
Computer applications and other intangible assets	15,828	10,215
La Caixa Gestión de Pensiones, E.G.F.P., S.A.U.	3,766	4,346
Fortis holding value	72,761	-
Banca Cívica Vida y Pensiones	64,975	-
CajaSol Vida y Pensiones	13,760	-
CajaCanarias Vida y Pensiones	8,717	-
Caixa Girona E.G.F.P	593	1,267
Agrupació Bankpyme	148	241
Acquisition expenses	73,200	70,123
	253,748	**86,192**

At 31 December 2013, the Group's goodwill amounted to 579,948 thousand Euros (3,407 thousand Euros on 31 December 2012) and was generated by the following operations:

- Merger by absorption of "la Caixa Gestión de Pensiones, E.G.F.P., S.A.U." (previously called Morgan Stanley Gestión Pensiones, E.G.F.P, S.A.U), carried out by VidaCaixa, S.A. in the 2008 financial year. The record of assets and liabilities stemming from said merger showed a goodwill of 3,407 thousand Euros.
- Merger by absorption of VidaCaixa Group in the 2013 financial year. The record of assets and liabilities stemming from said merger shows a goodwill of 330,930 thousand Euros associated with the holding in VidaCaixa, S.A. Said goodwill originates from the purchase by CaixaBank (previously Criteria CaixaCorp, S.A.) from Fortis of the latter's holding in VidaCaixa, S.A. (See note 5).
- Acquisition and subsequent merger during 2013 of the companies Banca Cívica Vida y Pensiones, CajaSol Vida y Pensiones and CajaCanarias Vida y Pensiones which generated goodwill of 245,611 thousand Euros. (See note 5.

The goodwill that arose in these operations was assigned to a cash-generating unit (hereinafter CGU) of the Parent Company's Life and Pensions Insurance Business and reflects the way in which the Senior Management monitors the entity's business in a single CGU.

At least once a year, the Parent Company performs an impairment test of the overall CGU. The valuation of the CGU performed by the Parent Company is based on the Dividend Discount Model (DDM) considering the minimum regulatory capital. Said model, widely accepted by the financial community, is based on the projection of dividends that the Parent Company expects for the coming financial years. For this, some 5-year projections were made, based on the operational plans of the Parent Company, and the flows until maturity have been taken into account for the savings business. To determine the residual value from the projections, a growth rate has been taken of 2%, based on estimates of the most relevant macroeconomic variables applied to the Parent Company's activity. Also, a discount rate applied in the projections of 10.04% is considered, calculated on the interest rate of the 10-year Spanish bond, plus an associated country risk premium. The fall rates of the projected portfolio are based on internal studies of the actual experience of the Parent Company.

In addition to the central scenario, possible variations in the model's principal hypotheses have been calculated and a sensitivity analysis of the most significant variables has been conducted. The result of said valuations, including adverse hypotheses in the sensitivity analyses, have not revealed the need to make allocations during the financial year.

The intangible assets recorded as a consequence of business combinations correspond, basically, to:

- Intangible assets associated with the acquisition of Banca Cívica Vida y Pensiones, CajaSol Vida y Pensiones and CajaCanarias Vida y Pensiones for an initial amount of 72,401, 14,876 and 9,424 thousand Euros respectively and calculated based on the best estimate of expected cash flows, assuming a constant growth rate of 2% and discounted at a rate of 8.62%, calculated on the interest rate of the 10-year Spanish bond, plus a risk premium associated with the insurance business. In the annual valuation of said intangibles, the Parent Company projected its cash flows expected until expiry. To complement the hypotheses used in the valuation model, the Company conducted a sensitivity analysis on the most significant variables, without any significant deviations having arisen from the same that would reveal the need to make allocations in the financial year. The amortisation associated with said intangibles in 2013 amounts to 9,249 thousand Euros at 31 December 2013 and is registered under the caption "Other expenses" of the Non-Technical Account. The useful life of said intangible is 10 years.

- Intangible assets associated with the merger by absorption of VidaCaixa Group, whose assets and liabilities stemming from said merger have been registered, showing the values in consolidated books of the "la Caixa" Group, revealing an initial net intangible asset of 90,951 thousand Euros associated with the consolidated book value of the holding of VidaCaixa, S.A. that was held by VidaCaixa Group. The amortisation of said intangible in 2013 amounts to 18,190 thousand Euros registered under the caption "Other expenses" of the Non-Technical Account. The useful life of said intangible is 10 years. On the date of said merger by absorption, the pending useful life was 5 years.
- Intangible asset derived from the agreement to mobilise the pension plan from Agrupació Bankpyme Pensiones and for the transfer of portfolio management as broker originating from Agrupació Mútua for a value of 180 and 200 thousand Euros respectively, during 2011. The amortisation of the intangible in 2013 amounted to 95 thousand Euros registered under the caption "Other expenses" of the Non-Technical Account. The useful life of said intangible is 4 years.
- Intangible asset as a consequence of the fair value book entry of the assets and liabilities stemming from the transfer of the Caixa Girona Pensions business to VidaCaixa prior to the absorption of Caixa d'Estalvis Girona by "la Caixa". Deriving from the former, an intangible asset was identified in 2010 for a value of 2,696 thousand Euros, corresponding to the current value of the commercial management rights of the Pension Funds. The amortisation of the intangible in 2013 amounted to 674 thousand Euros registered under the caption "Other expenses" of the Non-Technical Account. The useful life of said intangible is 4 years.
- Intangible asset associated with the merger by absorption of "la Caixa Gestión de Pensiones, E.G.F.P., S.A.U." (previously called Morgan Stanley Gestión Pensiones, E.G.F.P, S.A.U), carried out by VidaCaixa, S.A. in the 2008 financial year. Deriving from this, an intangible asset was identified for a value of 6,953 thousand Euros. The amortisation of the asset in 2013 amounted to 579 thousand Euros registered under the caption "Other expenses" of the Non-Technical Account. The useful life of said intangible is 10 years.

As a government concession, deriving from the operation to purchase Edificio Torre Sur, located in calle Juan Gris, 20-26 in Barcelona, 1,221 thousand Euros were collected, expedited in 2010. The Company amortises said asset in the 50-year period since the start of the concession. In 2012, the Company registered an impairment for an amount of 89 thousand Euros.

IT applications are also included under this caption, where the Group registers in this account the costs incurred in the acquisition and development of computer programmes, provided that it is planned to use them over several financial years. The maintenance costs for IT applications are registered in the profit and loss account of the financial year in which they are incurred. The amortisation of the IT applications is calculated by applying the straight line method for a maximum period of 4 years.

At the close of 2013, the Group had fully amortised intangible fixed assets that continued in use, pursuant to the following list (in thousands of Euros):

Description	Book value 2013 (Gross)	Book value 2012 (Gross)
Computer programs	16,135	13,350
	16,135	**13,350**

11. Leasing

11.1 The Group Acting as a Lessor

During 2013, the Group acted as lessor in the following contracts:

- Office contract leased to Caixabank, as well as,
- Rental contract for several floors of Torre Sur to Nissan and SegurCaixa Adeslas.

For said items, the Group received 63 thousand Euros and 1,327 thousand Euros respectively (61 thousand Euros and 762 thousand Euros in 2012).

11.2 The Group Acting as a Lessee

At 31 December 2013, the Group has contracted the following minimum lease rents with the lessors, pursuant to the current valid contracts, not taking into account the repercussion of shared costs, future increases in the CPI, or future updates of contractually agreed rents (in thousands of Euros):

Operative Leases Minimum rents	(thousands of Euros)	
	2013	2012
Less than 1 year	-	600
Between 1 and 5 years	1,360	480
More than 5 years	-	-
Total	**1,360**	**1,080**

The amount of the operating lease and sub-lease rents recognised, respectively, as expenditure and income during the 2013 and 2012 financial years is as follows:

	(thousands of Euros)	
	2013	2012
Lease payments	1,360	1,134
(Subletting rents)	-	-
Total	**1,360**	**1,134**

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 CaixaBank Tax Group, and 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 up to the 2012 financial year, with the prior authorisation of the Tax Administration, the consolidated companies pay Corporation Tax under the Fiscal Consolidation Regime jointly with the "la Caixa" and with the rest of the companies which, in accordance with the applicable regulations of each financial year, make up the tax consolidation group. From 2013, the Parent Company of the tax group changed to CaixaBank, S.A. The profits determined in compliance with the tax legislation for this consolidated tax group are subject to a rate of tax of 30% on the tax base in 2013. (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 taxes under the tax consolidation regime, at 31 December 2013 and 2012 no assets and liabilities through current tax were shown.

c) Assets and Liabilities through Deferred Tax

At 31 December 2013, the Group has assets and liabilities for deferred taxes for the amount of 156,570 and 811,760 thousand Euros respectively, 68,492 and 891,048 at 31 December 2012, recorded under the sub-captions "Assets through deferred taxes" and "Liabilities through deferred taxes".

The deferred taxes which are credited or charged directly to the statement of recognised revenue and expenses (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 2013 financial year.

d) Taxes Charged on Equity and Deferred Taxes

The following is the breakdown of taxes directly recognised in Equity:

Deferred tax assets	thousands of Euros	
	31/12/2013	31/12/2012
Sales for variable income	32,491	-
Deductions pending application	51,597	-
Losses of financial assets available for sale	8,222	-
Homogenisation of technical provisions	21,165	22,791
Other	43,095	45,701
Total	**156,570**	**68,492**

Deferred tax liabilities	thousands of Euros	
	31/12/2013	31/12/2012
Liabilities amortisation intangible assets	43,023	-
Levelling technical reserves	277,678	334,635
Sales of variable income securities	433,098	484,528
Gains of financial assets available for sale	22,905	65,885
Other	35,056	6,000
Total	**811,760**	**891,048**

The deferred tax associated with the adjustment of intangible assets and levellings of technical reserves is linked, in the 2013 financial year, to the value levelling adjustments arising from the results of the Liabilities Sufficiency Test in the Technical reserves.

e) Reconciliation of the book results and corporation tax expenses

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 2013 and 2012:

	thousands of Euros	
	2013	2012
	CaixaBank Tax Group	"laCaixa" Tax Group
Locally based taxable income before taxes	**386,558**	**2.,070,462**
Elimination intra-group dividends	(44,930)	(1,023,536)
Adjustment recovery intra-group fees	(620)	(8,988)
Goodwill adjustments	-	-
Taxable income of Group	**341,008**	**1,037,938**
Payable value (30%)	**102,302**	**311,381**
Deductions	(15,264)	(307,086)
Adjustments of previous years and others	-	328
Liquid value of Group	**87,038**	**4,623**

In the 2013 and 2012 financial years, the deductions are basically the dividends received from the consolidated group companies.

	thousands of Euros	
	2013	2012
	CaixaBank Tax Group	"laCaixa" Tax Group
Corporation Tax of VidaCaixa Companies and Subsidiaries	**8,458**	**4,623**
Corporation Tax of other companies not belonging to the tax consolidation group	-	-
Consolidation and application of IFRS adjustments	4,634	311,506
Corporation tax of VidaCaixa companies and Subsidiaries	**13,092**	**316,129**

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. Therefore, the Group has the last four financial years open to inspection for all applicable taxes.

On 16 May 2011, given that the Group forms part of the consolidated tax group, in the Corporation Tax, where the Parent Company is CaixaBank, S.A. (up to the 2012 financial year it was 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 tax obligations during the financial years 2007 to 2009. The Corporation Tax settlements were checked, and the actions will be finalised with a Report, which will be incorporated into the group's records once the verification is complete.

Also, on 16 January 2013 the Group received a communication to initiate inspection actions for the 2008 to 2011 period for the partial verification and investigation of withholdings and payments on account for financial assets arising from capitalisation operations and life or disability insurance contracts. A certificate of compliance was signed in 2013 and the amount agreed in the same, of 641 thousand Euros, was shown in the Group's profit and loss account on 31 December 2013, the same amount having been paid in January 2014. Due to the partial nature of the inspection, the Group continues to have 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. Therefore, the Group has the last four financial years open to inspection for all applicable taxes.

13. Debits 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 2013 and 2012 (in thousands of Euros):

Debits and payable items	Portfolio of debits and payable items	
	31/12/2013	31/12/2012
Subordinated liabilities	145,357	144,711
Deposits received for ceded reinsurance	1,891	1,146
Debts through insurance and co-insurance operations	121,881	112,983
Debts through reinsurance operations	48,601	48,786
Amounts owed to credit institutions	2,948	3,460
Debts through Temporary Assignment of Assets	11,511,900	10,671,139
Other debts	246,273	1,151,644
Total	**12,078,851**	**12,133,869**

On 31 December 2012, 743,000 thousand Euros were recorded as dividends pending payment to the Single Shareholder under “Other debts - Debits and payable items” of the attached consolidated balance (See Note 17.c).

a) Subordinated Liabilities

On 29 December 2000, VidaCaixa issued a subordinated debt for the amount of 150,000 thousand Euros, comprising one hundred and fifty thousand subordinated perpetual obligations, each one with a par 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 requested the early amortisation of said issue, approved by the Directorate General of Insurance and Pension Funds on 4 April 2012. VidaCaixa proceeded with the total amortisation thereof on 17 May 2012. Each Subordinated Perpetual

Obligation accrued remuneration equal to the 3-month Euribor index on the nominal amount of the same, with a minimum annual APR of 3% and maximum of 8%, until amortisation.

On 1 December 2004, VidaCaixa proceeded with 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 3.455% (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 reserves of articles 58 and 59 of the Regulation on Administration and Supervision of Private Insurance, they may be totally or partially amortised at the will of the issuer with the previous authorization 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 2013, the amount pending amortisation of the expenses associated with the issues was 646 thousand Euros and they are recorded deducting the value of the subordinate liabilities.

In the 2013 financial year, 5,046 thousand Euros were recorded as a financial expense derived from such issues (6,739 in 2012), having settled the quarterly coupons applying an average interest rate of 3.455%. This is recorded in the sub-caption "Tangible assets and investment expenses" of the consolidated profit and loss account.

On 7 March 2012, the Board of Directors of VidaCaixa agreed the total amortisation of the 2nd issue, in as short a time as possible from 30 December 2014, pursuant to the minimum date specified in the information brochure for said issue.

As a consequence of the amortisation of the 1st issue of the subordinated debt, VidaCaixa undid the "collar" position associated with the same, generating a result in the 2012 financial year of 4,399 thousand Euros that are registered under the caption "Tangible fixed asset and investment revenue" of the consolidated profit and loss account for 2012.

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 2013 and 2012:

	thousands of Euros	
	31/12/2013	31/12/2012
Debts through direct insurance and co-insurance operations::		
• With policyholders	80,773	78,884
• With co-insurers	4,503	6,071
• With brokers	32,806	23,431
• Preparatory debts of insurance contracts	733	969
• Conditioned debts	3,066	3,628
TOTAL	**121.881**	**112,983**
Debts through reinsurance operations	**48,601**	**48,786**
Other Debts	**246,273**	**1,151,644**

The "Other Debts" sub-caption includes the following items at 31 December 2013 and 2012:

	thousands of Euros	
	31/12/2013	31/12/2012
Group and associated companies	**-**	**-**
• For fees pending liquidation	-	-
• With "la Caixa" through IS	176,439	365,042
• Group company loans	8,747	1,273
Other pending fees	**-**	**-**
Accounts payable	**-**	**-**
Suppliers	**21,266**	**19,991**
Sundry creditors	**39,821**	**22,338**
Dividend payable to CaixaBank	**-**	**743,000**
TOTAL	**246,273**	**1,151,644**

Information on payment deferrals made to suppliers

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

	Payments made and pending payment at the close of the financial year			
	2013		2012	
	Amount	%	Amount	%
Made within the legal deadline	119,716	100%	191,312	100%
Rest	-	-		-
Total payments during the financial year	**119,716**	**100%**	**191,312**	**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 creditors and other accounts payable" items of the liabilities in the attached balance sheet.

The average payment period for payments made beyond the maximum legal payment deadline was calculated as the coefficient formed where the numerator is given by the sum of the products of each of the payments made to supplies throughout the financial year with a delay exceeding the legal payment deadline and the number of days of delay; and the denominator is given by the total amount of payments made throughout the financial year with a delay exceeding the legal payment deadline.

The weighted average days past due for payments has been calculated as the difference in days between the average payment period of the payments made that exceeded said deadline and the maximum legal deadline.

The maximum legal payment deadline applicable to the Group during the 2013 financial year, according to Law 3/2004, of 29 December, which establishes the measures to deal with bad debts in commercial operations, is 60 days (75 days in the 2012 financial year).

All the payments made by the Company in 2013 were made within the maximum legal deadline and at 31 December 2013 there was no amount pending payment to its providers for commercial operations that exceeded the legal payment deadline.

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

Within the framework of treasury management, throughout the 2013 financial year the Group has carried out operations involving the acquisition and assignment of financial assets with a repurchase agreement. At 31 December 2013, 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 11,511,900 thousand Euros (10,671,139 thousand Euros in 2012). 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 2013 financial year, the short-term assets which offset the assignments made have generated an income of 75,653 thousand Euros. The expenses associated with such assignments totalled 70,110 thousand Euros.

The deposits and repos through assignments still in effect at 31 December 2013 totalled 11,513,048 thousand Euros and are recorded in the "Cash and other equivalent liquid assets" caption for the sum of 913,720 thousand Euros and in "Loans and payments receivable" for the sum of 10,599,328 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 2013 and 2012 is detailed below:

Assets at 31 December 2013	Equivalent value in thousands of Euros			
	Pounds sterling	US dollars	Japanese yen	Total
Financial instruments (*)	9,223	61,289	2,363	72,875
Cash and cash equivalents	6	542	2	550
Total	**9,229**	**61,831**	**2,365**	**73,425**

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

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.

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 2013 and their movement with regard to the financial year ended 31 December 2012 is set out below, together with the reinsurance participation in the same:

Reserve	Balances at 31 December 2012	Merger incorporation	Endowments charged to results	Applications with payment to results	Balances at 31 December 2013
	thousands of Euros				
Technical reserves:					
Unearned premiums and unexpired risks	1,746	-	2,291	(1,746)	2,291
Life insurance:					
• Related to life insurance (*)	27,195,800	659,731	32,440,018	(27,195,800)	33,099,749
• Related to life insurance when the risk is assumed by the policyholders	245,235	841,895	403,960	(245,235)	1,245,855
Claims	404,410	28,996	465,513	(404,410)	494,509
Profit-sharing and returns	46,091	916	57,106	(46,091)	58,022
Total	**27,893,282**	**1,531,538**	**33,368,888**	**(27,893,282)**	**34,900,426**
Share of reinsurance in technical reserves (ceded):					
Unearned premium reserves	(104)	-	(730)	104	(730)
Reserve for life insurance	(576,245)	(728)	(509,804)	576,245	(510,532)
Claim reserves	(5,059)	(2,028)	(4,784)	5,059	(6,812)
Other technical reserves	-	-	-	-	-
Total	**(581,408)**	**(2,756)**	**(515,318)**	**581,408**	**(518,074)**

( )At 31 December 2013 it includes 82,442 thousand Euros corresponding to unearned premium reserves for the products with coverages of less than one year.*

The movement of these reserves during the financial year 2012 was as follows:

	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 of less than one 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 said evaluation amounted to 421,645 thousand Euros. On 31 December 2013, the Group had allocated all of said reserve.

Also the Group calculates certain mathematical reserves at the maximum rate established by the DGIPF (the criteria established in article 33.1 of the Regulation on Administration and Supervision of Private Insurance, hereinafter ROSSP for its Spanish initials, which for the 2013 financial year was 3.34%, see decision of 2 January 2013). On 31 December 2013, the Group held an additional reserve for interest rates of 5,229 thousand Euros for the purposes of said calculation.

Below is the breakdown of the technical reserves of the direct business at 31 December 2013 according to the different businesses included in the Life and Non-life segments:

	thousands of Euros		
Reserve at 31 December 2013	Non-Life Accidents and illness	Life	Total
Technical reserves:			
Unearned premiums and unexpired risks	2,291	82,422	84,713
Policy reserves	-	33,017,327	33,017,327
Reserve for life insurance when the policyholder assumes the investment risk	-	1,245,855	1,245,855
Claims	11,565	482,944	494,509
Profit-sharing and returns	842	57,180	58,022
Total	**14,698**	**34,885,728**	**34,900,426**

The breakdown of the technical reserves of the direct business for the 2012 financial year is as follows:

	thousands of Euros		
Reserve at 31 December 2012	Non-Life Accidents and illness	Life	Total
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 unrealised losses of financial assets classified in the Available for Sale portfolio and associated with the insurance contracts by means of financial immunisation techniques are presented, reducing the caption of "Technical Reserves":

	thousands of Euros
Balance at 1 January 2013	**(276,699)**
Net movement through allocation of net unearned capital gains charged to equity	2.681,470
Balance at 31 December 2013	**2,404,771**

The movement experienced in the 2012 financial year is as follows:

	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 effect of the reinsurance on the profit and loss account for the financial years 2013 and 2012 was the following:

	thousands of Euros	
	2013 Financial Year	2012 Financial Year
Premiums imputed to the ceded reinsurance		
• Ceded premiums	(257,057)	(674,116)
• Change in unearned premium reserves	626	(18)
Fees (*)	2,933	1,324
Cost of the cession	**(253,498)**	**(672,810)**
Reinsurance loss (*)	131,607	42,626
Total cost of reinsurance	**(121,891)**	**(630,184)**

(*) The fees 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.

The caption "Premiums applied to period, net of reinsurance" for the 2012 financial year includes 597,049 thousand Euros by way of the premium assigned by the annuity reinsurance contract in effect from 1 October 2012. See Notes 3.o.4 and 19.

The reinsurance loss includes settlements for the annuity reinsurance contract made during the 2013 financial year.

16. Non-Technical Reserves

The non-technical reserves are intended to cover current obligations derived from past events, the cancellation of which could give rise to an outflow of resources, but are indefinite in terms of their amount and/or time of cancellation.

The non-technical reserves are valued by taking the current value of the best possible estimate of the amount necessary to cancel or transfer the obligation, taking into account the information available about the event and its consequences, and recording the adjustments that arise due to the update of said reserves as a financial expense as they accrue.

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 party that, according to IFRS, recognises direct variations in 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 2013 financial year, the Group's Parent Company made no significant change in its accounting policies, and nor was it necessary to correct errors from previous financial years either.

a) Capital and share premium

The share capital of the parent company at 31 December 2013 is 1,347,462 thousand Euros, represented by 224,203,300 shares, each with a par value of 6.01 Euros, fully subscribed and paid up. All these shares have identical political and economic rights.

On 31 December 2013, the shareholders of the parent company with a holding equal to or greater than 10% of the subscribed capital were as follows:

	Percentage of Holding
Criteria CaixaCorp, S.A. (direct holding)	**100%**

On 7 February 2013, the Board of Directors of VidaCaixa, S.A. approved two share capital increases, ratified by the Sole Administrator on 15 March 2013.

The first increase consisted of the non-monetary contribution by VidaCaixa Grupo, S.A.U. of its holding in SegurCaixa Adeslas, (49.9%) valued by an independent third-party expert at 993,300 thousand Euros. As a result of said operation, the Share Capital of VidaCaixa, S.A. was increased by 198,330 thousand Euros comprising 33,000,000 new shares, numbered sequentially from 175,203,301 to 208,203,300, both inclusive, of €6.01 each, plus an issue premium of 794,970 thousand Euros, amounting to a premium of 24.09 Euros for each new share issued.

The second increase consisted of the monetary contribution by VidaCaixa Grupo, S.A. to VidaCaixa, S.A. of 96,160 thousand Euros comprising 16,000,000 new shares, numbered sequentially from 208,203,301 to 224,203,300, both inclusive, of €6.01 each, plus an issue premium of 385,440 thousand Euros, leading to a premium of 24.09 Euros for each new share issued, fully subscribed and paid up. The aim of said increase originated from the acquisition of the life insurance companies from Banca Cívica, Caja Sol and Caja Canarias.

Both increases were registered in the Mercantile Register on 20 March 2013.

On 5 March 2013, the Boards of Directors of VidaCaixa Grupo, S.A.U. and VidaCaixa, S.A., approved the merger by absorption project by means of which VidaCaixa, S.A. absorbed VidaCaixa Grupo, S.A.U. Said decision was ratified by the Group's Single Shareholder on 18 March 2013. As a consequence of the above, the Own Funds from VidaCaixa Group led to an increase in the reserves of VidaCaixa, S.A. as the absorbing company of 2,647,888 thousand Euros.

At 31 December 2013, the share capital of the parent company on that date (VidaCaixa Grupo, S.A.U) amounted to 930,729 thousand Euros, represented by 154,863,400 shares, each with a par value of 6.01 Euros, fully subscribed and paid up.

b) Reserves

The statement of changes in equity attached to these annual accounts details the balances of the reserves through accumulated profits at 31 December 2012 and at 31 December 2013, as well as the movements produced during the financial year.

The breakdown of each type of reserve at 31 December 2013 and 2012 is detailed below:

	thousands of Euros	
	31/12/2013	31/12/2012
Legal reserve	210,594	186,146
Voluntary reserves of the Parent Company	1,784,453	2,537
Reserves in fully consolidated companies	3,004	1,238,492
Reserves in companies consolidated by the equity method	-	185,797
Total Reserves	**1,998,051**	**1,612,972**

At the General Shareholders' Meeting on 30 November 2012, the Single Shareholder of VidaCaixa Grupo, S.A.U. adopted the decision to reclassify the sum of 30,801 thousand Euros of 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

At 31 December 2013, the breakdown of the voluntary reserves of the Group's Parent Company on said date (VidaCaixa) is as follows (in thousands of Euros):

	31/12/2013
VidaCaixa voluntary reserves	1,139,984
CaixaVida IAS reserve	647,916
IAS reserves	(3,010)
Gain adjustments	(437)
Total	**1,784,453**

At 31 December 2012, the breakdown of the voluntary reserves of the Group's Parent Company on said date (VidaCaixa Group) is as follows (in thousands of Euros):

	31/12/2012
Voluntary reserves	3,400
Merger reserve	-
Other reserves	(863)
Total	**2,537**

The balances of these reserves are freely available, except for the special goodwill reserve that amounted to 3,407 thousand Euros on 31 December 2013.

b.3) Reserves in Consolidated Companies

The breakdown of balances by companies in the attached consolidated balance sheet at 31 December 2013 and 2012, having considered the effect of the consolidation adjustments, is shown below:

Reserves of fully consolidated companies	VidaCaixa	AgenCaixa	Mediació	AIE	Invervida	Total
Balances at 31.12.2012	**1,223,129**	**16,699**	**(3,045)**	**1,709**	**-**	**1,238,492**
Distribution of 2012 financial year result	-	(2,333)	45	-	-	(2,288)
Dividends from profit and loss account 2012	-	-	-	-	-	
Reclassification to Parent Company	(1,223,129)	-	-	-	-	(1,223,29)
Consolidation adjustments	-	-	-	-	-	
Other	-	(11,040)	1,594	(625)	-	(10,071)
Balances at 31.12.2013	**-**	**3,326**	**(1,406)**	**1,084**	**-**	**3,004**

Reserves in companies consolidated by the equity method	SCA	Total
Balances at 31.12.2012	**185,797**	**185,797**
Distribution of 2012 financial year result	-	-
Dividends from profit and loss account 2012	-	-
Variation of holdings	(185,797)	**(185,797)**
Reserves consolidated by the equity method	-	-
Balances at 31.12.2013	**-**	**-**

c) Distribution of Results

The proposal for distributing the net profit of 2013 of VidaCaixa, S.A., de Seguros y Reaseguros, Single Shareholder Company, which will be submitted by its Board of Directors for the Single Shareholder's approval, is as follows:

	Financial Year (thousands of Euros) 2013
To Other Reserves:	
• Legal reserve	38,068
• Goodwill Reserve	28,997
• Voluntary Reserves	83,617
To dividends	**230,000**
Total	**380,682**

On 6 March 2013, Vidacaixa, S.A. reimbursed the dividend corresponding to the distributed result of 2012 for an amount of 680,000 thousand Euros pending payment on 31 December 2012 to VidaCaixa Group, which in turn, on 22 April 2013, disbursed the dividend pending payment at the close of the 2012 financial year to CaixaBank for the amount of 743,000 thousand Euros.

Also, on 16 July 2013, Vidacaixa, S.A. administrators approved the distribution of an interim dividend of the 2013 results for an amount of 93 million Euros, which was paid to the Single Shareholder on 16 November 2013.

In accordance with the reserves established in article 277 of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, the Board of Directors prepared the following accounting statement of liquidity which shows that the liquidity position was sufficient for the distribution.

STATEMENT OF LIQUIDITY AT 16/07/2013

Interim dividend proposal	thousands of Euros
Profits of the period 1.01.2013 to 30.06.2013	101,415
Legal reserve allocation	8,415
Profit at 30.06.2013	**93,000**
Interim dividend 2013	(93,000)
Surplus	**-**
Available in current accounts and other equivalent assets at 30.06.2013	**11,224,783**
Temporary financial investments	**32,467,834**
Surplus liquidity	**43,692,617**

The distribution of the net profit for the 2012 financial year of VidaCaixa, Grupo, S.A.U, which was approved by the Single Shareholder on 18 March 2013, was as follows (in thousands of Euros):

	Financial year 2012
To voluntary reserves	3,674
To dividends	953,000
Total	**956,674**

On 29 March 2012, the Single Shareholder agreed on the distribution of an interim dividend of the 2012 result for the amount of 210,000 thousand Euros and on 24 December 2012 the Board of Directors agreed on the distribution of another interim dividend of the 2012 result for the amount of 743,000 thousand Euros. The first distribution of the interim dividend, agreed for the amount of 210,000 thousand Euros, was paid to the Single 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 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 reversion of the gains and losses of assets subject 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 in which they originate takes place.

With regard to the remainder of these changes in value, which total 568,887 thousand Euros, the Group considers that they should be allocated to policyholders, and for this reason they were allocated on 31 December 2013, increasing 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 1,835,884 thousand Euros, the Group considers that they should be allocated to policyholders, and for this reason they were allocated on 31 December 2013, increasing the amount of mathematical 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 2013 and 2012 is as follows:

	thousands of Euros			
	31/12/2013		31/12/2012	
	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	-	1,087	-
Total	**1,087**	**-**	**1,087**	**-**

The movement which occurred in the caption "Minority interests" during the 2013 and 2012 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 2013 and 2012 financial years totalled 5,286,612 and 5,027,111 thousand Euros, respectively.

The breakdown of the imputed premiums of the 2013 financial year and the remaining income and expense items in accordance with the main segments and sub-segments defined is as follows:

(thousands of Euros)	Non-life Segment Accidents and illness	Life Segment	Total
Premiums attributed to direct reinsurance business Accepted (I)	**27,806**	**5,238,829**	**5,666,635**
Accrued direct insurance premiums	28,347	5,528,265	5,286,612
Change in reserve for premiums pending payment	4	774	778
Change in reserve for direct insurance unearned premiums and unexpired risks	(545)	(20,210)	(20,755)
Premiums attributed to reinsurance (II)	**(5,900)**	**(250,531)**	**(256,431)**
Total premiums imputed net of reinsurance (I-II)	**21,906**	**4,988,298**	**5,010,204**
Other technical income net of expenses (III)	**(524)**	**(1,762)**	**(2,286)**
Other technical revenue	-	4,337	4,337
Other technical expenses	(524)	(6,099)	(6,623)
Losses incurred in the period, net of reinsurance (IV)	**(12,988)**	**(3,457,108)**	**(3,470,096)**
Direct and accepted insurance claims paid	(11,844)	(3,528,961)	(3,540,805)
Ceded reinsurance claims paid	-	131,882	131,882
Change in direct insurance claims reserve	(987)	(52,389)	(52,376)
Change in the ceded reinsurance claims reserve	254	(530)	(276)
Expenses imputed to claims	(411)	(7,110)	(7,521)
Variation of other technical reserves (V)	**(815)**	**(2,751,619)**	**(2,752,434)**
Change in reserve for share in profits and returns	(495)	(48,616)	(49,111)
Change in other technical reserves (policy reserves)	(320)	(2,703,003)	(2,703,323)

(Cont.)

(Cont.)

(thousands of Euros)	Non-life Segment Accidents and illness	Life Segment	Total
Net operating expenses (VI)	**(4,404)**	**(191,269)**	**(195,673)**
Acquisition expenses (fees and other expenses)	(3,005)	(122,466)	(125,471)
Administration expenses	(1,399)	(71,736)	(73,135)
Fees and holdings in ceded reinsurance	-	2,933	2,933
Net investment income (VII)	**74,339**	**1,610,219**	**1,684,558**
Income from financial investments	74,410	1,781,709	1,856,119
Management expenses of financial investments and assets	(71)	(236,176)	(236,247)
Financial results of Investments on behalf of life insurance policyholders who assume the risk of the Investment	-	64,686	64,686
TECHNICAL-FINANCIAL RESULT (I-II+III-IV+V-VI+VII+VIII)	**77,514**	**196,759**	**274,273**

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

The first of the contracts was a proportional quota-share reinsurance contract for the transfer of 100% of the portfolio for Family Life and Seviam products corresponding to individual policies that cover the risk of the policyholder's death during the period of time covered by the policy.

The operation was carried out by signing a contract with the distinctive feature that, on the date of its signing, an initial amount was received as an advance reinsurance fee for the full duration of the contract or "up-front payment" determined by the reinsurer based on its expectation of future profits (VIF or Value-in-Force) deriving from the business of the portfolio of yearly renewable life risk insurances. Every quarter, the Group pays the reinsuring entity the amount that results from deducting the net cost of claims and the administration costs from the accrued premiums. Furthermore, a Profit-Sharing clause has been added in case the profits that the insurance contracts generate for the reinsurer are higher than the received "up front" amount.

The duration of the reinsurance contract is indefinite or, failing that, up to the expiry of the insurance contract portfolio. Also, the reinsurer assumes the risk of mortality of the underlying portfolio, as well as the risk of drops in the portfolio.

The second contract with the reinsurer is an annuity reinsurance contract in effect from 1 October 2012. The aim of said contract is to mitigate the longevity risk maintained on the annuity portfolio. The agreed expiry date will be 30 September 2022 or the date that coincides with the end of the covered obligations.

As a consequence of said operations, on 31 December 2013, the Group has the amounts of 20,827 and 46,160 thousand Euros under the captions "Loans and payments receivable" and "Debits and payable items" of the attached consolidated balance sheet, respectively, for receipts and payments pending with the reinsurer. (See Notes 3.o.4 and 15).

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:

(thousands of Euros)	Non-life Segment Accidents and illness	Life Segment	Total
Premiums attributed to direct reinsurance business	**33,678**	**4,983,793**	**5,017,471**
Accrued direct insurance premiums	33,140	4,993,971	5,027,111
Change in reserve for premiums pending payment	(6)	(1,435)	(1,441)
Change in reserve for direct insurance unearned	544	(8,743)	(8,199)
Premiums attributed 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)

(Cont.)

(Cont.)

(thousands of Euros)	Non-life Segment Accidents and illness	Life Segment	Total
Losses incurred in the period, net of reinsurance (IV)	**(12,816)**	**(2,870,702)**	**(2,883,518)**
Direct and accepted insurance claims paid	(12,816)	(2,810,329)	(2,823,013)
Ceded reinsurance claims paid	-	43,269	43,269
Change in 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)
Change in other technical reserves (policy reserves)	-	(2,473,652)	(2,473,652)
Net operating expenses (VI)	**(6,127)**	**(139,374)**	**(145,501)**
Acquisition expenses (fees and other expenses)	(5,754)	(98,125)	(103,879)
Administration expenses	(373)	(42,573)	(42,946)
Fees 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 results of Investments 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**

In the profit and loss account, the caption "Results from other activities" corresponding to the 2013 financial year, "Other income" and "Other expenses", includes the following items:

Operating income – 2013 financial year	thousands of Euros Other Activities Segment
Pension fund administration income	138,670
Income from healthcare activity	-
Other income	22,529
Rest of other income	**161,199**
Amortisation of pension-fund marketing expenses	28,848
Other expenses	103,699
Rest of other expenses	**132,546**
Total	**28,653**

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

Operating income – 2012 financial year	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**

a) Composition of Life Business by Volume of Premiums

The composition of the life business (direct insurance), by volume of premiums for the 2013 and 2012 financial years, is as follows:

Life insurance (direct)	thousands of Euros	
	2013	2012
Premiums on individual policies	4,109,820	3,879,915
Premiums on group policies	1,146,425	1,111,896
	5,256,245	**4,991,811**
Regular premiums	766,327	637,877
Single premiums	4,489,918	4,353,934
	5,256,245	**4,991,811**
Premiums on policies without profit sharing	4,747,268	4,712,912
Premiums on policies with profit sharing	286,092	259,153
Premiums in which the investment risk is attributed to the policyholder	222,885	19,746
	5,256,245	**4,991,811**

Said premiums are registered under the caption "Premiums applied to period, net of reinsurance" in the Life segment of the Consolidated Profit and Loss Account.

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:

2013 Financial Year

Format and type of coverage	Interest technical	Table biometric	Profit sharing		thousands of Euros		
			Applies? Yes/No	Form of distribution	Premiums	Policy reserves (*)	Amount distributed in profit sharing
PVI	4.23%	(1)	No	-	1,881,398	9,901,729	-
Pension 2000	6.90%	(2)	Yes	Policy reserves	68,418	4,582,524	1
PEA/PIES	1.81%	(5)	No	-	369,927	583,534	-
Group Insurance	Variable	(3)	Yes	Claims	919,530	8,853,166	38,407
PPA	3.56%	(4)	No	-	1,304,190	4,531,297	-

(*) 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, tables GR-80, GR-80 less two years and GR-95 are used. Until 20/12/2012, tables GR-95 or GK-95 were used for new production. As of 21/12/2012, the PASEM 2010 Unisex (mix sector) tables are used.

(2) Tables GR-80, GR-80 less two years are basically used, and the GR-70 and GR-95 tables for certain formats. As of 21/12/2012 tables GR-95 Unisex (company mix, savings portfolio) are used.

(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 taken out before 01/01/2009, the GKM-80/GKF-80 tables are used. For policies taken out between 01/01/2009 and 20/12/2012 the INE 2004-2005 tables are used. Policies taken out after 21/12/2012 use the GR10EU tables.

(5) According to the formats, GR-80 less two years, GR-95 and GK-95 tables are used. As of 21/12/2012, the PASEM 2010 Unisex (mix sector) tables are used for new production.

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2012 Financial Year

Format and type of coverage	Interest technical	Table biometric	Profit sharing		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	-
PEA/PIES	5.50%	(2)	Yes	Policy reserves	75,110	4,524,019	2
Group Insurance	Variable	(3)	Yes	Claims	930,894	8,702,960	3708
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, tables GR-80, GR-80 less two years and GR-95 are used. Until 20/12/2012, tables GR-95 or GK-95 were used for new production. As of 21/12/2012, the PASEM (mix sector) tables are used.

(2) Tables GR-80, GR-80 less two years are basically used, and the GR-70 and GR-95 tables 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 taken out before 01/01/2009, the GKM-80/GKF-80 tables are used. For policies taken out between 01/01/2009 and 20/12/2012 the INE 2004-2005 tables are used. Policies taken out after 21/12/2012 use the GR10EU tables.

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".

Following the guidelines of the Internal Inspection Instructions 9/2009 published by the Directorate General of Insurance and Pension Funds, on interpreting the concept of real yield for the purposes of article 33 and the Second Transitional Reserve of the Regulation on Administration and Supervision of Private Insurance, approved by Royal Decree 2486/1998, of 20 November, the financial duration of the Group's assets (excluding property) and liabilities on 31 December 2013 and 2012 (in thousands of Euros) are listed below:

31 December 2013

Assets	Book value (thousands of Euros)	Real Yield	Financial Duration	Percentage Excluded (*)
Portfolio before 1 January 1999. (Second transitional reserve of the ROSSP).	7,436,394	5.69%	13.30	0.00%
Immunized portfolio. (Art. 33.2 ROSSP).	20,791,317	5.36%	9.19	0.00%
Portfolio after 1 January 1999. (Art. 33.1 a). 1st ROSSP).	3,048,048	4.26%	4.67	0.00%

(*) Percentage of the assets portfolio value for which the financial duration calculation cannot be performed (investments in equity instruments)

Liabilities	Policy Reserve (thousands of Euros)	Average Interest of the Mathematical Reserve	Financial Duration
Portfolio before 1 January 1999. (Second transitional reserve of the ROSSP).	7,417,027	5.49%	12.53
Immunized portfolio. (Art. 33.2 ROSSP).	2,750,292	4.20%	9.86
Portfolio after 1 January 1999. (Art. 33.1 a). 1st ROSSP).	3,300,283	2.56%	5.06

31 December 2012

Assets	Book value (thousands of Euros)	Real Yield	Financial Duration	Percentage Excluded (*)
Portfolio before 1 January 1999. (Second transitional reserve of the ROSSP).	7,392,797	5.73%	11.87	0.00%
Immunized portfolio. (Art. 33.2 ROSSP).	18,778,011	5.44%	8.05	0.00%
Portfolio after 1 January 1999. (Art. 33.1 a). 1st ROSSP).	2,236,241	4.21%	3.83	0.00%

(*) (*) Percentage of the assets portfolio value for which the financial duration calculation cannot be performed (investments in equity instruments).

Liabilities	Policy Reserve (thousands of Euros)	Average Interest of the Mathematical Reserve	Financial Duration
Portfolio before 1 January 1999. (Second transitional reserve of the ROSSP).	7,202,381	5.05%	13.54
Immunized portfolio. (Art. 33.2 ROSSP).	18,619,629	4.33%	8.05
Portfolio after 1 January 1999. (Art. 33.1 a). 1st ROSSP).	2,462,879	2.51%	4.81

c) Change in the Claims Reserve

The evolution of the claims reserve of the direct Non-Life insurance, for the main branches of the Parent Company, incorporated on 31 December 2012 for an amount of 10,568 thousand Euros, presents no significant deviations.

d) Other Expenses by Segments

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

The composition of the personnel expenses of the financial years 2013 and 2012, and their allocation in the profit and loss account by segments and sub-segments, is as follows:

	thousands of Euros	
	2013 Financial Year	2012 Financial Year
Wages and Salaries	32,106	26,975
Social Security	6,427	5,650
Contributions to external pension funds and life insurance premiums	992	281
Compensations and awards	582	823
Other personnel expenses	3,335	6,731
Total	**43,442**	**40,460**

Allocation of personnel expenses – 2013 financial year	Non-life Segment	Life Segment	Others Segment	Total
Losses incurred in the period, net of reinsurance	194	3,408	-	3,602
Tangible fixed asset and investment expenses	35	1,918	-	1,953
Other technical expenses	339	4,142	-	4,481
Net operating expenses	811	13,739	18,856	33,406
Net Total	**1,379**	**23,207**	**18,856**	**43,442**

20. Breakdown of Associate Company Transactions

Operations between Group companies

The details of the main transactions carried out in the 2013 financial year are as follows:

Item	thousands of Euros	
	Income	Expenses
Credited interests	198	-
Fees for marketing of premiums	-	160,328
Insurance operations	242,675	-
Other income	1,482	246,352

The same information for the 2012 financial year is as follows

Item	thousands of Euros	
	Income	Expenses
Credited interests	356	-
Fees for marketing of premiums	-	115,273
Insurance operations	145,872	-
Other income	13,899	245,470

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

a) Employees

In accordance with the reserves established in the Law on Capital Companies, the average number of employees of the Parent Company and the subsidiary companies during the 2013 and 2012 financial years, distributed according to professional category and gender, is as follows:

Professional category	Number of employees		
	2013 Financial Year		
	Men	Women	Total
Directors	20	5	25
Departmental Managers	28	25	53
Graduates and technical staff	46	69	115
Administrative employees	62	117	179
Sales Network	73	179	252
Total	**229**	**395**	**624**

(Cont.)

Professional category	Number of employees		
	2013 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**

The Board of Directors of the Parent Company at 31 December 2013 was made up of 11 directors, all physical persons and male.

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

The remuneration received during the 2013 and 2012 financial years by the members of the Board of Directors and the Senior Management of VidaCaixa S.A., de Seguros y Reaseguros, Single Shareholder Company and VidaCaixa Grupo, S.A.U., classified respectively by items, was as follows (in thousands of Euros):

2013 Financial Year

	Wages	Allowances	Other items	Pension Plans	Insurance premiums	Severance arrangements	Payments based on equity instruments
Board of Directors	-	2,251	-	-	-	-	-
Senior Management	3,731	-	-	-	185	1,791	-

In 2013 and as a result of the company restructuring, the Senior Management from VidaCaixa Group was incorporated into the Parent Company and the changes indicated in this same note were made to the Board of Directors. On 31 December 2013, 10 Senior Management positions were included.

2012 Financial Year

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

In accordance with the reserves established in article 229 of the Capital Companies Act, the shareholdings and/or posts and functions of the Parent Company's 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. de Seguros y Reaseguros, Single Shareholder Company is set out below:

Shareholder	Company in which they hold a stake and/or carry out a role	Post or function	No. of shares	% Holding
Ricardo Fornesa Ribó (until 1 March 2014)	CaixaBank, S.A	Honorary Chair (until 1 March 2014)	637,647 (229 convertible bonds)	0.00%
	VidaCaixa Grupo, S.A (until June 2013)	Chair	-	-
Mario Berenguer Albiac (until 14 July 2013)	CaixaBank, S.A	-	3,160	0.00%
	Banca Cívica Vida y Pensiones, S.A. de Seguros	Chair-Board Member (until 20 November 2013)	-	-
	CAN Seguros de Salud, S.A	Chair-Board Member (until 14 June 2013)	-	-
	CajaSol Seguros Generales, Sociedad de Seguros y Reaseguros, S.A.	Board Member (until 5 June 2013)	-	-
	CajaSol Vida y Pensiones de Seguros y Reaseguros, S.A.	Board Member (until 5 June 2013)	-	-
	CajaCanarias Aseguradora de Vida y Pensiones de Seguros y Reaseguros, S.A.	Board Member (until 20 December 2013)	-	-
	CAN Seguros Generales, S.A	Vice-Chair-Board Member (until 5 June 2013)	-	-
	CAN Mediación Operador de Banca Seguros Vinculado, S.A	Sole Administrator	-	-
	SegurCajaSol Operador de Banca Seguros, S.L.U	Sole Administrator (until 30 December 2013)	-	-
María del Carmen Gimeno Olmos (until 14 July 2013)	CaixaBank, S.A.	Corporate Director	3,379	0.00%
	Invercaixa Gestión S.G.I.I.C., S.A.U.	Board Member	-	-
	Gesticaixa, S.G.F.T., S.A.U.	Board Member	-	-
	GDS Risk Solutions, Insurance Broker	Board Member	-	-
	Banca Cívica Gestión de Activos S.G.I.I.C., S.A.U. (cancelled 19.04.13)	Board Member	-	-

(Cont.)

(Cont.)

Shareholder	Company in which they hold a stake and/or carry out a role	Post or function	No. of shares	% Holding
María del Carmen Gimeno Olmos (until 14 July 2013)	Banca Cívica Vida y Pensiones, S.A de Seguros	Board Member	-	-
	CajaCanarias Aseguradora de Vida y Pensiones de Seguros y Reaseguros, S.A.	Board Member	-	-
	Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros, S.A.	Board Member	-	-
	Cajasol Vida y Pensiones de Seguros y Reaseguros, S.A.	Board Member	-	-
	CAN Seguros de Salud, S.A	Board Member	-	-
Antonio López López (until 14 July 2013)	Banca Cívica Vida i Pensions, S.A.	Board Member	-	-
	CAN Seguros de Salud, S.A.	Board Member	-	-
	Mutual Medica de Catalunya i Baleares, MPS a prima fija	Independent Member of Audit and Control Committee	-	-
Antonio Trueba de Sinety (from 16 May 2013 until 15 July 2013)	CaixaBank, S.A	-	8,759	0.00%
	Nacional de Reaseguros, S.A.	-	2,690	0.00%
	Agencaixa, S.A Agencia de Seguros	Physical Rep. of Sole Administrator (from 25 June 2013)	-	-
	VidaCaixa Group, S.A.U.	Managing Director (from 16 May 2013 to 28 June 2013)	-	-
Juan María Nin Génova	CaixaBank, S.A.	Vice-Chair and Managing Director	376,997	0.00%
	VidadaCaixa Grupo, S.A.U.	Board Member (until 28 June 2013)	-	-

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Shareholder	Company in which they hold a stake and/or carry out a role	Post or function	No. of shares	% Holding
Tomás Muniesa Arantegui	CaixaBank, S.A.	-	63,234	0.00%
	Segurcaixa Adeslas, S.A de Seguros y Reaseguros	Vice-Chairman	-	-
	Consorcio Compensación de Seguros	Board Member	-	-
Jorge Mercader Miró	CaixaBank, S.A.	Board Member until 22.05.2012	3,089	0.00%
	CaixaBank, S.A.	Representing HACIA, S.A. (Chairman)	3,089	0.00%
Francesc Homs Ferret	-	-	-	-
José Antonio Sarría Terrón	-	-	-	-
José Vilarasau Salat	-	-	-	-
Miquel Valls Maseda	-	-	-	-
Miquel Noguer Planas	-	-	-	-
Jaime Gil Aluja	-	-	-	-
Javier Godó Muntañola	Grupo Catalana Occidente	Neither	31,460	0.00%
	INOC, S.A.	Neither	4,087	0.00%
	CaixaBank, S.A.	Board Member	1,447,203	0.00%
	Caixa d'Estalvis i Pensions de Barcelona	2nd Vice-chair	-	-
Fernando Cánovas Atienza (until 14 July 2013)	-	-	-	-

c) Associated Operations

In accordance with the reserves established in Order EHA-3050-2004, of 15 September, it is stated for the record that, apart from the emoluments 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 2013 and 2012 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):

2013 Financial Year

Categories	thousands of Euros			
	Auditing of Accounts	Other Verification Services	Tax Consultancy	Other Services
Deloitte, S.L.	448	22	-	-
Total	**448**	**22**	**-**	**-**

2012 Financial Year

Categories	thousands of Euros			
	Auditing of Accounts	Other Verification Services	Tax Consultancy	Other Services
Deloitte, S.L.	557	117	-	-
Total	**557**	**117**	**-**	**-**

During the 2013 financial year, neither the main auditors nor any affiliated companies of the same have invoiced other services to the companies that make up the Group.

e) Communications with the Regulatory Body

On 20 September 2013, the Directorate General of Insurance and Pension Funds issued an inspection order to perform the necessary checks on the activity of the Parent Company as the Pension Fund management entity.

On 23 December 2013 it drew up a report on the same, presenting the Parent Company with allegations on 22 January 2014. No significant effects on equity are expected to derive from the decision of the same.

Also, on 17 February 2014, the Directorate General of Insurance and Pension Funds issued an inspection order to perform the necessary checks on the Parent Company's equity activity and position, on prevention of money laundering and any other matters that the inspection deemed appropriate to examine during the visit. On the date when the annual accounts were prepared, said inspection was in the process of sending the requested information.

22. Statement of Technical Reserves Hedging

The template of the consolidated technical reserves hedging statement is reproduced below, pursuant to the format specified in the consolidated statistical-accounting documentation referring to 31 December 2013:

At 31 December 2013:	thousands of Euros		
	Direct insurance	Accepted reinsurance	Total
Life Insurance:			
Insurance contracts with a coverage period equal to or less than one year:	**82,422**	**-**	**82,422**
• Reserve for unearned premiums at the close of the financial year	82,422	-	82,422
• Reserve for unearned premiums on premiums pending receipt	-	-	-
• Fees pending application to income	-	-	-
• Reserve for accrued premiums not issued net of fees	-	-	-
Reserve for unexpired risks	-	-	-
Rest of Life Insurance	**32,007,338**	**387**	**32,007,725**

(Cont.)

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At 31 December 2013:	thousands of Euros		
	Direct insurance	Accepted reinsurance	Total
Mathematical reserve at year-end	31,467,602	-	31,467,602
• Mathematical reserve on premiums pending receipt at the close of the financial year, issued in the same financial year	-	-	-
• Advance payments on policies	-	-	-
• Interest pending reimbursement on advance payments	-	-	-
• Fees technically pending amortisation	-	-	-
• Reserve for accrued premiums not issued	-	-	-
Reserves for share in profits and returns	56,793	387	57,180
Claim reserves:			
• Claim reserves, pending settlement or payment	421,424	-	421,424
• Claim reserves, pending declaration	60,804	-	60,804
• Claim reserves, internal expenses of claims settlements	716	-	716
Reserves for deviations of capitalisation policies by lot	-	-	-
Life insurance, when the policyholder assumes the investment risk	**1,245,855**	**-**	**1,245,855**
Preparatory or complementary operations	**733**	**-**	**733**
Non-Life insurance:	**14,698**	**-**	**14,698**
Unearned premium reserves	2,291	-	2,291
• Reserve for unearned premiums on premiums pending receipt	-	-	-
• Fees pending application to income	-	-	-
• Reserve for accrued premiums not issued net of fees	-	-	-

(Cont.)

(Cont.)

At 31 December 2013:	thousands of Euros		
	Direct insurance	Accepted reinsurance	Total
Reserve for unexpired risks	-	-	-
Reserves for share in profits and returns	842	-	842
Claim reserves:			
• Claim reserves, pending settlement and payment	236	-	236
• Claim reserves, pending declaration	11,329	-	11,329
• Claim reserves, internal expenses of claims settlements	-	-	-
Death insurance reserve	-	-	-
Illness insurance reserve	-	-	-
Total reserves to be covered	**33,351,047**	**387**	**33,351,434**

At 31 December 2013:	thousands of Euros		
	Direct insurance	Accepted reinsurance	Total
Assets covered by technical Life Insurance reserves:	**34,714,462**	**387**	**34,714,849**
Cash and other equivalent liquid assets	1,114,934	387	1,115,321
Financial assets held for trading	3,836	-	3,836
Other financial assets at fair value with changes registered in the profit and loss account	-	-	-
Financial assets available for sale	22,698,400	-	22,698,400
Loans and receivable items	10,897,292	-	10,897,292
Held-to-maturity investments	-	-	-
Hedging derivatives	-	-	-

(Cont.)

(Cont.)

At 31 December 2013:	thousands of Euros		
	Direct insurance	Accepted reinsurance	Total
Assets covered by technical Life Insurance reserves when the policyholder assumes the investment risk (see Note 11) (*)	**1,253,813**	**-**	**1,253,813**
Assets hedged by funds deriving from preparatory or complementary financing operations (see Note 11)	**733**	**-**	**733**
Assets subject to the coverage of technical Non-Life Insurance reserves:	**14,699**	**-**	**14,699**
Cash and other equivalent liquid assets	14,699	-	14,699
Financial assets held for trading	-	-	-
Other financial assets at fair value with changes registered in the profit and loss account	-	-	-
Financial assets available for sale	-	-	-
Loans and receivable items	-	-	-
Held-to-maturity investments	-	-	-
Hedging derivatives	-	-	-
Total assets subject to hedging	**35,983,707**	**387**	**35,984,094**
DIFFERENCE Surplus / (Deficit)	**2,632,660**	**-**	**2,632,660**

(*) Includes the corresponding balances of cash and explicit accrued interest.

According to the reserves of article 5 of Order ECC/2150/2012, of 28 September, amending article 19 of Order EHA/339/2007, in the case of assets in public debt, the valuation for the purposes of article 52.1.a) of the Regulation on Administration and Supervision of Private Insurance (ROSSP) will be done according to the amortised cost as defined in the General Accounting Plan for Insurance Companies for the purposes of the hedging statements of technical reserves and solvency margin. Said assets must be assigned to operations other than those provided for in article 33.2 of said Regulation and must have, at the time of acquisition, a credit rating not less than the credit rating group of the Spanish public debt instruments and not less than the Group 5 limit provided for in article 17. Consequently, for the purposes of own uncommitted assets provided for in article 59 of the Regulation on Administration and Supervision of Private Insurance, the unrealised gains and losses, booked or not, deriving from said assets, will not be counted with a positive sign or deducted with a negative sign.

Also, according to article 5 of Royal-Decree Law 2/2013 of 1 February, on urgent measures in the Electronic System and in the Financial Sector, the transferable securities or rights issued by the Company for the Management of Assets proceeding from Restructuring of the Banking System will be valued by their cost or amortised cost as defined in the Spanish General Accounting Plan for Insurance Companies, with regard to the technical reserves and solvency margin hedging system. Said assets are deemed suitable for the technical reserves hedging, not exceeding the limit calculated as 3% of the technical reserves to be hedged. For the purposes of the solvency margin, the unrealised gains and losses deriving from said assets, booked or not, will not be counted.

On 31 December 2012, as the Parent Company (VidaCaixa Grupo, S.A.U.) was not an insurance company, the Group was not obliged to present the consolidated statistical-accounting documentation referring to the close of said financial year.

23. Statement of Margin of Solvency and Consolidated Assurance Fund

Below the template of the consolidated assurance fund and solvency margin statement is reproduced, pursuant to the format specified in the consolidated statistical-accounting documentation referring to 31 December 2013:

Consolidated Solvency Margin 2013	thousands of Euros		
	Amount recorded	Non computable amount	Computable amount
Paid-up share capital or mutual fund	1,347,462	15,311	1,332,151
50% subscribed share capital pending disbursement	-	-	-
Issue premium	1,181,210	-	1,181,210
Asset reserves	1,364,720	280,982	1,083,738
Surplus	-	-	-
Credit balance of profit and loss to be used to increase own funds (deducting the debit balance of the "Interim equalisation reserve")	408,520	230,000	178,520
Subordinated financing	145,357	116,800	28,557
Capital corresponding to non-voting shares	-	-	-

(Cont.)

(Cont.)

Consolidated Solvency Margin 2013	Milers d'euros		
	Import comptabilitzat	Import no computable	Import computable
Indefinite term financing	-	-	-
Positive adjustments for changes in value	-	-	-
Unrecognised gains resulting from the understatement of asset items (net of tax effect)	-	-	42,038
Net fees technically pending amortisations	-	-	-
Debit balance of profit and loss	-	-	-
Negative results from previous years	-	-	-
Negative adjustments for changes in value	-	-	-
Unrecognised losses resulting from the overstatement of asset items or understatement of liabilities	-	-	(12,252)
• Holdings of more or less than 20% of capital in other insurance companies, in credit entities and investment service companies, as well as subordinated financing issued by these companies owned by the Company.	-	-	-
50% Future earnings	-	-	-
Solvency Margin	**4,447,269**	**643,093**	**3,833,962**
Solvency margin minimum quantity	**-**	**-**	**1,547,729**
Result of solvency margin	**-**	**-**	**2,286,233**

On 31 December 2012, as the parent company (VidaCaixa Grupo, S.A.U.) was not an insurance company, the Group was not obliged to present the consolidated statistical-accounting documentation referring to the close of said financial year (See Note 4).

24. Subsequent Events

On 21 March 2014, the Single Shareholder of the Parent Company agreed the repayment of the issue premium for an amount of 1,000,000 thousand Euros.

Also, as indicated in Note 21.e), the Parent Company is working to meet the requirements requested by the Regulatory Body with regard to the two inspections that were initiated in 2013 and 2014 respectively. The position of the same on the date when these annual accounts were prepared is that stated in said Note.

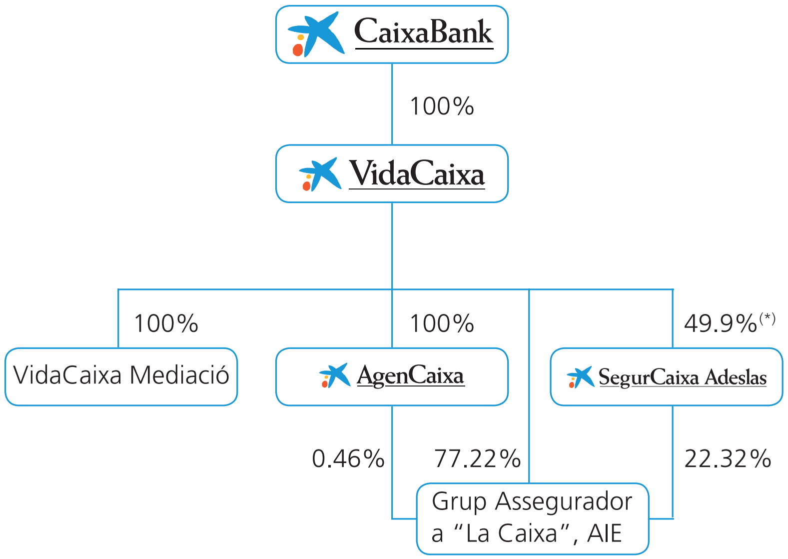
In the period from 31 December 2013 until the preparation of the present annual accounts, there were no other events with a significant impact on the Group that require specific mention in the annual accounts, except for those commented on above.

VIDACAIXA S.A. DE SEGUROS Y REASEGUROS, SINGLE SHAREHOLDER COMPANY AND SUBSIDIARIES

MANAGEMENT REPORT FOR THE 2013 FINANCIAL YEAR

VidaCaixa, company belonging to the "CaixaBank" Insurance Group, is the company that channels the life insurance business and manages pension plans for individual customers, Small and Medium-Sized Businesses and large companies and groups.

In this financial year the group's restructuring processes and integration of the insurance businesses of the Banca Civica companies were completed, and at 31 December 2013 the group was structured as follows:



(*) *There is a minority shareholding of 0.08%.*

To arrive at this structure, the following operations were performed:

a) Acquisition by VidaCaixa of the companies from Banca Cívica: Banca Cívica Vida y Pensiones, CajaSol Vida y Pensiones and CajaCanarias Vida y Pensiones. All of this upon payment of a monetary contribution of capital to finance the acquisition.

b) Non-monetary capital increase through the contribution of SegurCaixa Adeslas fromVidaCaixa Group to VidaCaixa.

c) Reverse merger by the absorption of VidaCaixa Group by VidaCaixa, S.A. de Seguros y Reaseguros.

d) Merger by absorption of the companies from Banca Cívica, these being Banca Cívica Vida y Pensiones taking effect on 1 January 2013 and CajaSol Vida y Pensiones and CajaCanarias Vida y Pensiones taking effect on 1 April 2013.

In 2013, the VidaCaixa Group obtained a recurring net profit of 328.3 million Euros, due to the excellent progress of all the businesses in which it operates, which allowed it to offset the effect of the reinsurance operation of the life-risk portfolio, which took place in the last quarter of 2012. The revenue practically equals the ordinary earnings of the previous financial year.

In total, the volume of the Group's premiums and contributions increased by 10.3% compared to the previous year, selling 6,648.8 million Euros of life insurance and pension plans.

(millions of Euros)

		2012	2013	%
Premiums and Contributions	Subtotal Risk (Individual + Company)	465.5	532.8	14.5%
	Life-risk insurance	4,561.6	4,753.8	4.2%
	Pension plans	1,002,6	1,362.1	35.9%
	Subtotal Savings (Individual + Company)	5,564.2	6,116.0	9.9%
	Total Risk and Savings (Individual + Company)	**6,029.7**	**6,648.8**	**10.3%**
Managed funds	Life insurance	29,070.6	33,350.7	14.7%
	Pension plans and EPSV	14,781.7	16,678.5	12.8%
	Total Cust. Funds Managed (Indiv. + Company)	**43,852.3**	**50,029.2**	**14.1%**
	Individual Customers	**3,143.015**	**3,586,801**	**14.1%**
	Consolidated net profit VidaCaixa	**338.7**	**328.3**	**-3.1%**
	Recurring net profit VidaCaixa	**789.5**	**420.1**	**-46.8%**

In 2013, the VidaCaixa Group managed a volume of resources of 50,029.2 million Euros, representing a growth of 14.1% on the previous year. Of this figure, 16,678.5 million Euros related to pension plans and Voluntary Social Welfare Entities (EPSV for the Spanish initials) with an increase of 12.8% compared to the 6.8% rise in the market according to data from Inverco.

The rest, 33,350.7 million Euros, relates to life insurance, with an increase of 14.7% on the previous year, while the sector grew by 3.2% (data from ICEA).

The market share of VidaCaixa (Parent Company of the Group) in all the life insurance premiums rose from 19.5% in December 2012 to 20.9% in 2013. This value reflects the strengthening of the Group's leadership in the sector.

The Group's solvency margin was 3,833.9 million Euros, representing a solvency ratio of 2.5 above the legally required level.

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, VidaCaixa undertakes various projects in the field of reducing waste generation and in energy consumption savings.

In addition, the evolution of the economic environment is one of the uncertainties facing the Group in 2014. 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 recovery of the economy among other factors, will influence the contracting of pension plans and life-savings insurance.

With regard to management of the Group's investments, VidaCaixa, as the Parent Company, 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.

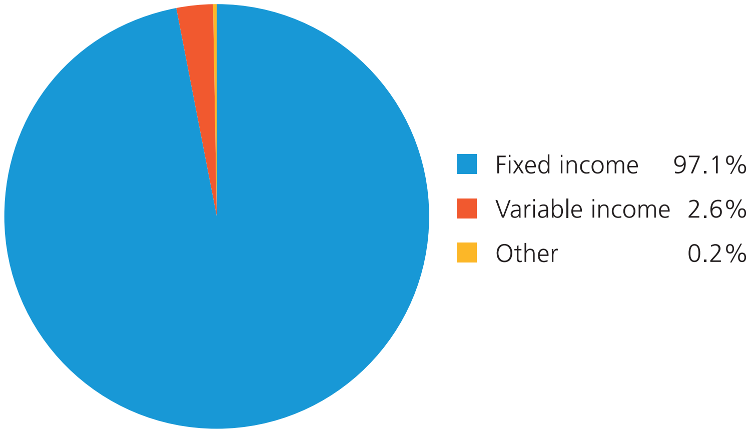
The Group's financial derivatives management policy also covers the use of counterparts which, as financial institutions subject to the supervision of the governing authorities of the member states of the European Union, have sufficient solvency. Contractually, these positions have an explicit guarantee 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.

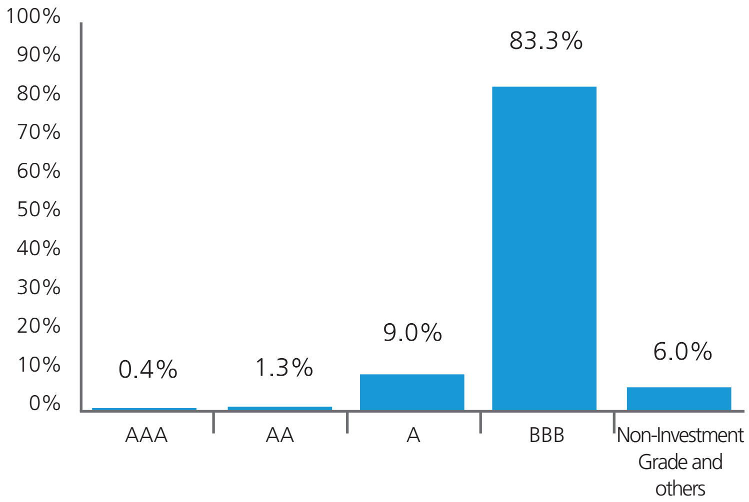
The summary of the Group's financial investment portfolio by asset type and issuer rating at 31 December 2013 is as follows:

Portfolio by type of asset



37.8 Billion Euros

Portfolio by rating



Average Rating BBB

Ratings according to Standard & Poor's. The average rating of 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 Group's Internal Control systems.

On 16 May 2013, the Board of Directors of the Parent Company, VidaCaixa, accepted the voluntary resignation of Màrius Berenguer from his position as Managing Director of the Company and the appointment of Antonio Trueba as the new Managing Director of the Group.

On 16 July 2013 after the merger with VidaCaixa Group, VidaCaixa held the first meeting of its Board of Directors, introducing Francesc Homs and José Antonio Sarría to the governing bodies of the Insurance Group.

After the introduction of the new members, the Board of Directors is comprised of the following:

Chair:	Juan Mª Nin Génova
Executive Vice-Chair and Chief Executive Officer:	Tomás Muniesa Arantegui
Vice-Chair:	Jordi Mercader Miró
Members:	Jaime Gil Aluja Javier Godó Muntañola Francesc Homs Ferret Miquel Noguer Planas José Antonio Sarría Terrón Miquel Valls Maseda José Vilarasau Salat
Managing Director (non-Board Member):	Antonio Trueba de Sinéty
Secretary (non-Board Member):	Adolfo Feijóo Rey
Vice-Secretary (non-Board Member):	Blanca Zamora García

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS, SINGLE-SHAREHOLDER COMPANY AND SUBSIDIARIES (VIDACAIXA GROUP)

ANNEX I: LIST OF SUBSIDIARY AND ASSOCIATED COMPANIES AT 31.12.2013

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	Book value
GROUP COMPANIES:								
AGENCAIXA, S.A. AGENCIA DE SEGUROS	Juan Gris, 20-26. Barcelona	Distribution of insurance and other	100.00%	-	601	3,384	(1,100)	659
VIDACAIXA MEDIACION, SOCIEDAD DE AGENCIA DE SEGUROS VINCULADOS, S.A.U	Juan Gris, 20-26. Barcelona	Private insurance agent and linked insurance agency company	100.00%	-	60	1,811	319	3,277
GRUPO ASEGURADOR DE LA CAIXA, AIE	Juan Gris, 20-26. Barcelona	Economic Interest Group	77.22%	11.60%	9,729	-	-	7,513
GEROCAIXA PYME	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	-	30	19,176	1,282	23
GEROCAIXA	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	-	6	502,835	41,915	6
GEROCAIXA PRIVADA PENSIONES	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	-	6	956	73	6
GESTICAIXA	Pere i Pons, 9-11. Barcelona	Securitisation Funds Management Company	9.00%	-	1,503	301	1,276	140

(Cont.)

(Cont.)

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	Book value
GEROCAIXA PREVISIÓN FUTURO	Gran Vía López de Haro, 38. Bilbao	Voluntary Social Welfare Entity	100.00%	-	30	11,530	752	30
ASSOCIATED COMPANIES:								
SEGURCAIXA ADESLAS, S.A. DE SEGUROS Y REASEGUROS	c/ Juan Gris, 20-26. 08014 Barcelona	Insurance Company	49.92%	-	469,670	830,007	41,422	978,323
SOCIEDAD INMOBILIARIA DEL IGUALATORIO MEDICO QUIRURGICO	c/ Máximo Aguirre, 18 bis, 7º - 48011 Bilbao	Property Agency	-	9.97%	20,000	4,067	(850)	-
IGUALATORIO MEDICO QUIRURGICO DENTAL	c/ Máximo Aguirre, 18 bis - 48011 Bilbao	Dental	-	22.34%	200	(85)	(33)	-
IGUALATORIO MEDICO QUIRURGICO DENTAL VIZKAIA	c/ Máximo Aguirre, 18 bis - 48011 Bilbao	Dental	-	22.34%	203	(47)	4	-
IGUALATORIO MÉDICO QUIRÚRGICO S.A. DE SEGUROS Y REASEGUROS	c/ Máximo Aguirre, 18 bis - 48011 Bilbao	Insurance Company	-	22.46%	16,175	68,563	14,907	-
IGURCO GESTION, S.L.	c/ Máximo Aguirre, 18 bis - 2ª planta 48011 Bilbao	Geriatric Services	-	15.79%	8,679	5,253	3,101	-

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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	Book value
IGURCO RESIDENCIAS SOCIOSANITARIAS	c/ José María Olabarrí, 6-Departamento 26 - 48001 Bilbao	Geriatric Services	-	15.79%	61	209	(23)	-
IGURCO CENTROS GERONTOLOGICOS, S.L.	c/ José María Olabarrí, 6-Departamento 26 - 48001 Bilbao	Geriatric Services	-	15.79%	1,703	807	808	-
ORUE XXI, S.L.	Barrio de San Miguel, s/n. EUBA - 48340 Amorabieta	Geriatric Services	-	10.84%	3,265	2,022	270	-
CENTRO DE REHABILITACION Y MEDICINA DEPORTIVA BILBAO, S.L.	c/ Rafaela Ybarra, 25 - 48014 Bilbao	Rehabilitation	-	21.19%	106	(216)	7	-
SOCIEDAD DE PROMOCION DEL IGUALATORIO MEDICO QUIRURGICO, S.A.	c/ Máximo Aguirre, 18 bis, 2º - 48011 Bilbao	Business Development	-	22.46%	29,005	984	525	-
IGUALATORIO DE BILBAO AGENCIA DE SEGUROS	c/ Máximo Aguirre, 18 bis, bajo izquierda - 48011 Bilbao	Insurance Agency	-	22.46%	150	110	5	-
RESIDENCIA ORUE, S.L.	Barrio de San Miguel, s/n. EUBA - 48340 Amorabieta	Geriatric Services	-	10.84%	200	168	56	-

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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	Book value
MODELOS E ATENCION GESTIONADA, S.L.	C/BRUC, Nº 35, 5º - 08010 Barcelona	Consultancy	-	11.46%	3	111	4	-
SANATORIO MEDICO-QUIRURGICO CRISTO REY, S.A.	Paseo de la Estación, 40 - 23008 Jaén	Clinic	-	19.70%	121	3,575	238	-
GRUPO IQUIMESA, S.L.	Plaza Amárica, 4-01005 Vitoria	Administrator	-	49.92%	7,552	60,096	61	-
ADESLAS DENTAL	Joaquín Costa, 35-28002 Madrid	Dental	-	49.92%	6,000	18,408	96	-
ADESLAS DENTAL ANDALUZA	Joaquín Costa, 35-28002 Madrid	Dental	-	49.92%	1,307	(164)	(953)	-
INFRAESTRUCTURAS Y SERVICIOS DE ALZIRA, S.A.	Ctra. Corbera, Km. 1 - 46600 Alzira (Valencia)	Car Park	-	25.46%	1,250	1,714	220	-
GENERAL DE INVERSIONES ALAVESAS	Plaza Amárica, 4-01005 Vitoria	Property Agency	-	49.92%	1,200	78	7	-
CAN SALUD	Avda. Carlos III El Noble 8 - 31002 Pamplona	Insurance Company	-	49.92%	3,167	(192)	(237)	-
CAJA SOL	Pza. San Francisco 1 - 41004 Sevilla	Insurance Company	-	49.92%	9,286	733	(73)	-
ADESLAS SALUD, S.A.	Príncipe de Vergara 110, 28002, Madrid	Consultancy	-	49.92%	313	242	150	-

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS, SINGLE-SHAREHOLDER COMPANY AND SUBSIDIARIES (VIDACAIXA GROUP)

ANNEX II. MOVEMENT OF INTANGIBLE FIXED ASSETS DURING THE 2013 FINANCIAL YEAR

	Thousands of Euros												
	Goodwill		Financial rights derived from the policy portfolio acquired from brokers	Other intangible assets									Total intangible assets
	Conso-lidated goodwill	Merger goodwill		Conso-lidated 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 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**
Additions	-	576,541	-	-	187,652	-	-	-	9,464	-	875	29,912	804,444
Changes to consolidation method (cost)	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	(2,018)	-	(2,018)
Reclassifications and transfers	-	-	-	-	-	-	-	-	-	-	-	-	-

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	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	
Amortisation of financial year	-	-	-	-	(28,786)	-	-	(31)	(3,820)	-	(21)	(25,671)	(58,329)
Changes to consolidation method (amortisation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals in the amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost at 31 December 2013	**-**	**579,948**	**-**	**-**	**197,681**	**-**	**-**	**1,372**	**38,429**	**-**	**8,019**	**187,800**	**1,013,249**
Accumulated amortisation at 31 December 2013	**-**	**-**	**-**	**-**	**(32,961)**	**-**	**-**	**(166)**	**(23,807)**	**-**	**(3,510)**	**(119,109)**	**(179,553)**
Net book value at 31 December 2013	**-**	**579,948**	**-**	**-**	**164,720**	**-**	**-**	**1,206**	**14,622**	**-**	**4,509**	**68,691**	**833,696**

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS, SINGLE-SHAREHOLDER COMPANY AND SUBSIDIARIES (VIDACAIXA GROUP)

ANNEX III. MOVEMENT OF INTANGIBLE FIXED ASSETS DURING THE 2012 FINANCIAL YEAR

	Thousands of Euros												
	Goodwill		Financial rights derived from the policy portfolio acquired from brokers	Other intangible assets									Total intangible assets
	Conso-lidated goodwill	Merger goodwill		Conso-lidated 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	-	-	-	-	-	-	-	-	-	-	-	-	-

(Cont.)

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	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	
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
Impairment losses	-	-	-	-	-	-	-	(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**

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS, SINGLE-SHAREHOLDER COMPANY AND SUBSIDIARIES (VIDACAIXA GROUP)

ANNEX IV. INDIVIDUAL FINANCIAL STATEMENTS OF THE VIDACAIXA GROUP FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2012

VIDACAIXA GRUPO, S.A.U. BALANCE SHEET AT 31 DECEMBER 2012 AND 2011 (Thousands of Euros)

ASSETS	Notes in the Report	31.12.12	31.12.11 (*)
NON-CURRENT ASSETS:			
Intangible fixed assets	**Note 6**	**-**	**-**
IT applications		-	-
Tangible fixed assets	**Note 7**	**-**	**5**
Data processing equipment		-	-
Vehicles		-	5
Long-term investments in group and associated companies	**Note 9.2 and 13.2**	**2,535,099**	**1,934,022**
Equity instruments		2,466,512	2,466,522
Disbursements pending on long-term holdings in Group companies		-	(532,500)
Credit to companies		68,587	-
Long-term financial investments	**Note 9.1**	**12**	**12**
Other financial assets		12	12
Deferred tax assets	**Note 11.6**	**14**	**43**
TOTAL NON-CURRENT ASSETS		**2,535,125**	**1,934,082**

LIABILITIES	Notes in the Report	31.12.12	31.12.11 (*)
EQUITY:	**Note 10**		
OWN FUNDS			
Capital		**930,729**	**776,723**
Authorised capital		930,729	776,723
Issue premiums		**1,524,802**	**939,581**
Reserves		**188,683**	**157,497**
Legal		186,146	155,345
Other reserves		2,537	2,152
Financial year's earnings		**956,674**	**540,385**
Interim dividend	**Note 3**	**(953,000)**	**(540,000)**
TOTAL EQUITY		**2,647,888**	**1,874,186**
NON-CURRENT LIABILITIES:			
Deferred tax liabilities	**Note 11.7**	**6,000**	**-**
TOTAL NON-CURRENT LIABILITIES		**6,000**	**-**

(Cont.)

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ASSETS	Notes in the Report	31.12.12	31.12.11 (*)
CURRENT ASSETS:			
Trade debtors and other accounts receivable		**98,836**	**23,542**
Group company debtors	**Notes 11 and 13.2**	98,815	23,490
Sundry debtors		2	33
Other credits with Public Authorities		19	19
Short-term investments in group and associated companies	**Note 13.2**	**710,015**	**-**
Other financial assets		710,015	-
Cash and other equivalent liquid assets		**53,744**	**1,837**
Cash	**Note 13.2**	53,744	1,837
Cash and equivalent liquid assets		-	-
TOTAL CURRENT ASSETS		**862,595**	**25,379**
TOTAL ASSETS		**3,397,720**	**1,959,461**

LIABILITIES	Notes in the Report	31.12.12	31.12.11 (*)
CURRENT LIABILITIES:			
Short-term debts to group and associated companies	**Note 13.2**	**743,000**	**84,430**
Trade creditors and other accounts payable		**488**	**469**
Sundry creditors		-	15
Personnel		299	292
Other debts with Public Authorities	**Note 11.1**	189	162
Short-term accruals		**344**	**376**
TOTAL CURRENT LIABILITIES		**743,832**	**85,275**
TOTAL EQUITY AND LIABILITIES		**3,397,720**	**1,959,461**

(*) Presented solely and exclusively for purposes of comparison

Notes 1 to 17 described in the Report and in Annex I attached form an integral part of the balance sheet at 31 December 2012

VIDACAIXA GRUPO, S.A.U. PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEARS 2012 AND 2011 (Thousands of Euros)

	Notes in the Report	Financial year 2012	Financial year 2011(*)
CONTINUING OPERATIONS:			
Net turnover			
From shares in equity instruments	**Note 13.1**	**1,023,536**	**183,934**
From group and associated companies		1,023,536	183,934
Employee expenses		**(3,555)**	**(3,739)**
Wages, salaries and similar		(3,146)	(3,106)
Fringe benefits	**Note 12.1**	(409)	(633)
Other operating expenses		**(357)**	**(4,866)**
External services	**Note 8**	(354)	(4,863)
Taxes		(3)	(3)
Fixed asset amortisation	**Note 7**	**(5)**	**(16)**
Operating earnings		**1,019,619**	**175,313**
Financial income			
From negotiable securities and other financial instruments		**27,117**	**448,985**
From group and associated companies	**Notes 12.2 and 13.1**	27,110	448,985
In third parties		7	-
Financial expenses	**Notes 12.2 and 13.1**	**-**	**-**
For debts with group and associated companies		-	-

(Cont.)

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	Notes in the Report	Financial year 2012	Financial year 2011 (*)
Change in fair value of financial instruments	**Note 12.3**	**(118,717)**	**481**
Trading portfolio and others		(118,717)	481
Financial result		**(91,600)**	**449,466**
Profit before tax		**928,019**	**624,779**
Profits tax	**Note 11.3**	28,655	(84,394)
Financial year earnings from continued operations		**956,674**	**540,385**
FINANCIAL YEAR'S EARNINGS		**956,674**	**540,385**

(*) Presented solely and exclusively for purposes of comparison

Notes 1 to 17 described in the Report, as well as Annex I attached, form an integral part of the profit and loss account of the financial year 2012

VIDACAIXA GRUPO, S.A.U. STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2012 AND 2011

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES (Thousands of Euros)

	Notes in the Report	Financial year 2012	Financial year 2011 (*)
RESULT OF THE PROFIT AND LOSS ACCOUNT (I)		**956,674**	**540,385**
Income and expenses directly recognised in equity:			
For valuation of financial instruments		-	-
Financial assets available for sale		-	-
Other income/expenses		-	-
Cash-flow hedge		-	-
Subsidies, donations and legacies received		-	-
For actuarial profits and losses and other adjustments		-	-
Tax effect		-	-
TOTAL INCOME AND EXPENSES DIRECTLY ALLOCATED TO EQUITY (II)		-	-
Transfers to the profit and loss account:			
For valuation of financial instruments		-	-
Financial assets available for sale		-	-
Other income/expenses		-	-
Cash-flow hedge		-	-
Subsidies, donations and legacies received		-	-
Tax effect		-	-
TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT (III)		-	-
TOTAL RECOGNISED INCOME AND EXPENSES (I+II+III)		**956,674**	**540,385**

(*) Presented solely and exclusively for purposes of comparison

Notes 1 to 17 described in the Report and attached Annex I form an integral part of the statement of recognised income and expenses for the 2012 financial year

VIDACAIXA GRUPO, S.A.U. STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2012 AND 2011

B) TOTAL STATEMENT OF CHANGES IN EQUITY (Thousands of Euros)

2012 Financial Year

	Capital	Issue premium	Reserves	Earnings for the financial year	Interim dividend	TOTAL
BALANCE, END OF 2011	**776,723**	**939,581**	**157,497**	**540,385**	**(540,000)**	**1,874,186**
Adjustments for changes in basis 2011	-	-	-	-	-	-
Adjustments for errors in 2011	-	-	-	-	-	-
ADJUSTED BALANCE, START OF 2012	**776,723**	**939,581**	**157,497**	**540,385**	**(540,000)**	**1,874,186**
Total recognised income and expenses	**-**	**-**	**-**	**956,674**	**-**	**956,674**
Transactions with shareholders	**154,006**	**616,022**	**-**	**-**	**(953,000)**	**(182,972)**
• Increases in capital	154,006	616,022	-	-	-	770,028
• Capital reductions	-	-	-	-	-	-
• Conversion of financial liabilities into equity	-	-	-	-	-	-
• Payment of dividends	-	-	-	-	(953,000)	(953,000)
• Operations with own (net) shares	-	-	-	-	-	-
• Business combination	-	-	-	-	-	-
• Other operations	-	-	-	-	-	-
Other changes in equity	**-**	**(30,801)**	**31,186**	**(540,385)**	**540,000**	**-**
BALANCE, END OF 2012	**930,729**	**1,524,802**	**188,683**	**956,674**	**(953,000)**	**2,647,888**

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(Cont.)

Financial Year 2011 (*)

	Capital	Issue premium	Reserves	Earnings for the financial year	Interim dividend	TOTAL
BALANCE, END OF 2010	**776,723**	**1,015,905**	**80,989**	**157,200**	**(63,500)**	**1,967,317**
Adjustments for changes in basis 2010	-	-	-	-	-	-
Adjustments for errors in 2010	-	-	-	-	-	-
ADJUSTED BALANCE, START OF 2011	**776,723**	**1,015,905**	**80,989**	**157,200**	**(63,500)**	**1,967,317**
Total recognised income and expenses	**-**	**-**	**-**	**540,385**	**-**	**540,385**
Transactions with shareholders	**-**	**-**	**-**	**(93,500)**	**(540,000)**	**(633,500)**
• Increases in capital	-	-	-	-	-	
• Capital reductions	-	-	-	-	-	-
• Conversion of financial liabilities into equity	-	-	-	-	-	-
• Payment of dividends	-	-	-	(93,500)	(540,000)	(633,500)
• Operations with own (net) shares	-	-	-	-	-	-
• Business combination	-	-	-	-	-	-
• Other operations	-	-	-	-	-	-
Other changes in equity	**-**	**(76,324)**	**76,508**	**(63.700)**	**63,500**	**(16)**
BALANCE, END OF 2011	**776,723**	**939,581**	**157,497**	**540,385**	**(540,000)**	**1,874,186**

(*) Presented solely and exclusively for purposes of comparison

Notes 1 to 17 described in the Report and the attached Annex I form an integral part of the total statement of changes in equity for the 2012 financial year

VIDACAIXA GRUPO, S.A.U. CASH-FLOW STATEMENT FOR FINANCIAL YEARS 2012 AND 2011 (Thousands of Euros)

	Notes in the Report	Financial year 2012	Financial year 2011 (*)
CASH FLOW FROM OPERATING ACTIVITIES (I):		**802,793**	**70,882**
Profit (loss) during financial year before tax		**928,019**	**624,779**
Earnings adjustment-		**(1,050,648)**	**(632,903)**
Fixed asset amortisation	**Note 7**	5	16
Allowances for impairment		-	-
Change in provisions		-	-
Allocation of subsidies		-	-
Earnings due to write-offs and disposals of fixed assets		-	-
Result for write-offs and disposals of financial instruments		(27,117)	(448,985)
Financial income	**Note 13.1**	(1,023,536)	(183,934)
Exchange differences		-	-
Change in fair value of financial instruments		-	-
Other income and expenses		-	-
Changes in working capital-		**(132,894)**	**(22,052)**
Stock		-	-
Debtors and other accounts receivable		(132,894)	(22,410)
Other current assets		-	-
Creditors and other accounts payable		-	358
Other current liabilities		-	-
Other non-current assets and liabilities		-	-

(Cont.)

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	Notes in the Report	Financial year 2012	Financial year 2011(*)
Other cash flows from operating activities-		**1,058,316**	**101,058**
Interest payments		-	-
Receipt of dividends	**Note 13.1**	1,023,536	183,934
Receipt of interests	**Note 13**	96	1,518
Receipts (payments) for profit tax	**Note 11.3**	34,684	(84,394)
Other receipts (payments)		-	-
Cash flows from investment activities (II)		**(1,226,484)**	**389,400**
OPERATING EARNINGS:			
Payments for investments-		**(1,253,505)**	**(3,953,600)**
Group and associated companies		(543,490)	(644,905)
Intangible fixed assets		-	-
Tangible fixed assets		-	-
Property Investments		-	-
Other financial assets		0	(3,308,695)
Non-Current Assets Held for Sale		-	-
Other assets		(710,015)	-
Receipts for disinvestments-	**Note 12.2**	**27,021**	**4,343,000**
Group and associated companies		27,014	1,000,000
Intangible fixed assets		-	-
Tangible fixed assets		-	-
Property Investments		-	-
Other financial assets			3,343,000
Non-Current Assets Held for Sale		-	-
Other assets		7	-
Cash flows for financing activities (III)		**475,598**	**(557,088)**

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	Notes in the Report	Financial year 2012	Financial year 2011(*)
Receipts and payments for equity instruments-	**Note 13.1**	**770,028**	**-**
Issue of equity instruments		770,028	-
Amortisation of equity instruments		-	-
Acquisition of own equity instruments		-	-
Disposal of own equity instruments		-	-
Subsidies, donations and legacies received		-	-
Receipts and payments for financial liability instruments-		**658,570**	**76,412**
Issue of debentures and other negotiable securities		-	-
Issue of debts with credit entities		-	-
Issue of debts with group and associated companies		658,570	76,412
Issue of other debts		-	-
Repayment and amortisation of debentures and other negotiable securities		-	-
Repayment and amortisation of debts with credit entities		-	-
Repayment and amortisation of debts with group and associated companies		-	-
Repayment and amortisation of other debts		-	-
Payments through dividends and remunerations of other equity instruments-		**(953,000)**	**(633,500)**
Dividends	**Note 3**	(953,000)	(633,500)
Remuneration of other equity instruments		-	-
Effect of changes in exchange rates (IV)		**-**	**-**
NET INCREASE/REDUCTION IN CASH OR CASH EQUIVALENTS (I+II+III+IV)		**51,907**	**(96,806)**
Cash or cash equivalents at start of financial year		1,837	98,643
Cash or cash equivalents at end of financial year		53,744	1,837

(*) Presented solely and exclusively for purposes of comparison
Notes 1 to 17 described in the Report and the attached Annex I form an integral part of the cash flow statement for the 2012 financial year

ANNEX V.

INDIVIDUAL FINANCIAL STATEMENTS OF BANCA CÍVICA VIDA Y PENSIONES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2012.

INDIVIDUAL FINANCIAL STATEMENTS OF CAJASOL VIDA Y PENSIONES DE SEGUROS Y REASEGUROS, S.A. FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2012.

INDIVIDUAL FINANCIAL STATEMENTS OF CAJACANARIAS ASEGURADORA DE VIDA Y PENSIONES DE SEGUROS Y REASEGUROS, S.A. FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2012.

BANCA CÍVICA VIDA Y PENSIONES S.A. DE SEGUROS

I) BALANCE SHEET AT 31 December 2012 AND 2011

A) ASSETS	Notes in the Report	2012	2011
A-1)Cash and other equivalent liquid assets	**6**	**17,015**	**36,255**
A-2)Financial assets held for trading		**-**	**-**
I. Equity instruments		-	-
II. Debt securities		-	-
III. Derivatives		-	-
IV. Others		-	-

(Cont.)

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A) ASSETS	Notes in the Report	2012	2011
A-3) Other financial assets at fair value with changes in the profit and loss account	**6**	**770,121**	**834,622**
I. Equity instruments		-	-
II. Debt securities		-	-
III. Hybrid instruments		7,462	4,144
IV. Investments on behalf of policyholders who assume investment risk		762,659	830,479
V. Other		-	-
A-4) Financial assets available for sale	**6**	**672,444**	**510,627**
I. Equity instruments		-	-
II. Debt securities		672,444	510,627
III. Investments on behalf of policyholders who assume investment risk		-	-
IV. Other		-	-
A-5) Loans and receivables	**6**	**3,132**	**22,408**
I. Debt securities		-	-
II. Loans		120	2,762
1. Advance payments on policies		-	-
2. Loans to group and associated companies		*120*	*2,762*
3. Loans to other associated parties		-	-
III. Deposits in credit entities		-	-
IV. Deposits constituted for accepted reinsurance		-	-
V. Credits for direct insurance operations		52	87
1. Insurance policyholders		-	*87*
2. Brokers		*52*	-

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A) ASSETS	Notes in the Report	2012	2011
VI. Credits through reinsurance operations		719	1,110
VII. Credits for co-insurance operations		2	2
VIII. Called payments		-	-
IX. Other credits		2,239	18,447
1. Credits with Public Authorities		*1*	*1*
2. Rest of credits		*2,238*	*18,446*
A-6) Held-to-maturity investments	**6**	**1,493**	**-**
A-7) Hedging derivatives		**-**	**-**
A-8) Share of reinsurance in technical provisions		**918**	**892**
I. Unearned premium reserves		-	-
II. Life insurance reserve		-	-
III. Claim reserves		918	892
IV. Other technical reserves		-	-
A-9) Tangible fixed assets and property investments		**13**	**7**
I. Tangible fixed assets		13	7
II. Property investments		-	-
A-10) Intangible assets		**25**	**-**
I. Goodwill		-	-
II. Financial rights derived from the policy portfolios acquired from brokers		-	-
III. Other intangible assets		25	-

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A) ASSETS	Notes in the Report	2012	2011
A-11) Holdings in group and associated companies		**-**	**-**
I. Holdings in associated companies		-	-
II. Holdings in multi-group companies		-	-
III. Shareholdings in group companies		-	-
A-12) Tax assets	**7**	**9,096**	**13,454**
I. Current tax assets		335	-
II. Deferred tax assets		8,761	13,454
A-13) Other assets		**14,305**	**11,845**
I. Assets and reimbursement rights for long-term remunerations to personnel		-	-
II. Commissions and other acquisition expenses		-	-
III. Accruals		14,305	11,844
IV. Rest of assets		-	1
A-14) Assets held for sale		**-**	**-**
TOTAL ASSETS		**1,488,562**	**1,430,110**

(Figures in thousands of Euros)

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NET LIABILITIES AND ASSETS	Notes in the Report	2012	2011
A) LIABILITIES			
A-1) Financial liabilities held for trading		**-**	**-**
A-2) Other financial liabilities at fair value with changes in the profit and loss account		**-**	**-**
A-3) Debits and payable items	**6**	**5,439**	**4,947**
I. Subordinated liabilities		-	-
II. Deposits received for ceded reinsurance		-	-
III. Debts through insurance operations		3,725	323
1. Debts with policyholders		*2,968*	*-*
2. Debts with brokers		*752*	*322*
3. Conditioned debts		*5*	*1*
IV. Debts through reinsurance operations		466	-
V. Debts through co-insurance operations		-	-
VI. Debentures and other negotiable values		-	-
VII. Debts with credit institutions		-	-
VIII. Debts for preparatory insurance contract operations		-	-
IX. Other debts:		1,248	4,624
1. Debts with Public Authorities		260	175
2. Other debts with group and associated companies		-	-
3. Rest of other debts		988	4,449
A-4) Hedging derivatives		**-**	**-**

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NET LIABILITIES AND ASSETS	Notes in the Report	2012	2011
A-5) Technical provisions	**15**	**1,343,495**	**1,357,381**
I. Unearned premium reserves		-	-
II. Provision for unexpired risks		-	-
III. Life insurance provision		1,332,640	1,349,091
1. Unearned premium reserves		1,572	1,845
2. Provision for unexpired risks		-	-
3. Policy reserves		568,409	516,760
4. Provision for life insurance when the policyholder assumes the investment risk		762,659	830,487
IV. Claim reserves		10,149	7,936
V. Reserve for share in profits and returns		707	354
VI. Other technical reserves		-	-
A-6) Non-technical reserves	**9**	**60**	**136**
I. Provisions for taxes and other legal contingencies		-	-
II. Reserves for pensions and similar obligations		-	-
III. Reserve for payments through liquidation agreements		-	-
IV. Other non-technical reserves		60	136
A-7) Tax liabilities	**7**	**19,940**	**16,687**
I. Current tax liabilities		2,588	6,333
II. Deferred tax liabilities		17,352	10,353

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NET LIABILITIES AND ASSETS	Notes in the Report	2012	2011
A-8) Rest of liabilities		**8,792**	**(1,314)**
I. Accruals		605	573
II. Liabilities for accounting mismatches		8,187	(1,887)
III. Fees and other acquisition costs of the ceded reinsurance		-	-
IV. Other liabilities		-	-
A-9) Liabilities associated with assets held for sale		**-**	**-**
TOTAL LIABILITIES		**1,377,727**	**1,377,837**
B) NET EQUITY			
B-1) Own funds		**89,617**	**59,507**
I. Capital or mutual fund	**6**	20,780	18,000
1. Authorised capital or mutual fund		*20,780*	18,000
2. (Uncalled capital)		-	-
II. Issue premium		6,320	-
III. Reserves		36,985	29,350
1. Legal and statutory		*3,600*	3,600
2. Equalisation reserve		-	-
3. Other reserves		*33,385*	25,750
IV. (Own shares)		-	-
V. Earnings of previous financial years		-	-
1. Surplus		-	-
2. (Negative results from previous years)		-	-
VI. Other contributions of shareholders or policyholders		-	-

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NET LIABILITIES AND ASSETS	Notes in the Report	2012	2011
VII. Financial year's earnings	**3**	25,532	24,158
VIII. (Interim dividend and interim equalisation reserve)	**3**	-	(12,000)
IX. Other equity instruments		-	-
B-2) Adjustments for changes in value:	**6**	**21,218**	**(7,234)**
I. Financial assets available for sale		26,949	(18,090)
II. Hedging operations		-	-
III. Exchange rate and conversion differences		-	-
IV. Correction of accounting mismatches		(5,731)	1,321
V. Other adjustments		-	9,536
B-3) Subsidies, donations and legacies received		**-**	**-**
TOTAL NET EQUITY		**110,835**	**52,274**
NET TOTAL LIABILITIES AND ASSETS		**1,488,562**	**1,430,110**

(Figures in thousands of Euros)

BANCA CÍVICA VIDA Y PENSIONES S.A. DE SEGUROS

II) PROFIT AND LOSS ACCOUNT for the financial years ending 31 December 2012 and 2011

PROFIT AND LOSS ACCOUNT	Notes in the Report	2012	2011
I. TECHNICAL-LIFE INSURANCE ACCOUNT			
II.1. Premiums applied to period, net of reinsurance	**14-15**	**134,844**	**432,014**
A) Accrued premiums		136,539	435,341
A.1) Direct insurance	**14-15**	136,528	435,355
A.2) Accepted reinsurance		-	-
A.3) Variation of the correction due to impairment of the premiums pending receipt (+ or -)		11	(14)
B) Ceded reinsurance premiums (-)		(2,406)	(3,277)
C) Change in the reserve for unearned premiums and for unexpired risks (+ or -)		711	(51)
C.1) Direct insurance		711	(51)
C.2) Accepted reinsurance		-	-
D) Change in the reserve for unearned, ceded reinsurance premiums (+ or -)		-	-
II.2. Tangible fixed asset and investment revenue	**6**	**36,801**	**27,401**
A) Income from property investments		-	-
B) Income from financial investments		28,286	27,197
C) Applications of value corrections due to impairment of tangible fixed assets and investments		3,095	-
C.1) From tangible fixed assets and property investments		-	-
C.2) From financial investments		3,095	-
D) Profits from tangible fixed asset and investments		5,420	204
D.1) From tangible fixed assets and property investments		-	-
D.2) From financial investments		5,420	204

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PROFIT AND LOSS ACCOUNT	Notes in the Report	2012	2011
II.3. Revenue for investments subject to insurance in which the policyholder assumes the Investment risk	**6**	**31,138**	**23,005**
II.4. Other technical income		**-**	**-**
II.5. Losses in the financial year. Net of reinsurance		**203,961**	**101,153**
A) Claims and expenses paid		201,573	99,172
A.1) Direct insurance		203,144	100,474
A.2) Accepted reinsurance		-	-
A.3) Ceded reinsurance (-)		(1,571)	(1,302)
B) Change in the claims reserve (+ or -)		2,028	1,597
B.1) Direct insurance		1,965	1,353
B.2) Accepted reinsurance		-	-
B.3) Ceded reinsurance (-)		63	245
C) Expenses imputed to claims		360	384
II.6. Change in other technical reserves, net of reinsurance (+ or -)		**(61,580)**	**329,908**
A) Life insurance reserves		6,247	98,749
A.1) Direct insurance		6,247	98,749
A.2) Accepted reinsurance		-	-
A.3) Ceded reinsurance (-)		-	-
B) Reserves for life insurance when the investment risk is assumed by the insurance policyholder		(67,827)	231,159
C) Other technical reserves		-	-
II.7. Profit-sharing and returns		**353**	**243**
A) Payments and expenses for profit-sharing and returns		-	-
B) Change in reserve for profit-sharing and returns (+or-)		353	243

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PROFIT AND LOSS ACCOUNT	Notes in the Report	2012	2011
II.8. Net operating expenses		**4,942**	**4,234**
A) Acquisition costs		4,906	5,329
B) Administration expenses		816	814
C) Fees and holdings in ceded and retroceded reinsurance		(780)	(1,909)
II.9. Other technical expenses		**671**	**813**
A) Change in impairment due to insolvencies (+ or -)		-	165
B) Change in impairment of fixed assets (+ or -)		-	-
C) Others		671	648
II.10. Tangible fixed asset and investment expenses	**6**	**9,776**	**3,774**
A) Tangible fixed asset and investment management costs		4,361	(2,478)
A.1) Tangible fixed asset and investment expenses		-	-
A.2) Financial accounts and investments expenses		4,361	(2,478)
B) Corrections of the value of tangible fixed asset and investments		1	3,095
B.1) Amortisation of tangible fixed assets and property investments		1	-
B.2) Impairment of tangible fixed assets and property investments		-	-
B.3) Impairment of financial investments		-	3,095
C) Losses from tangible fixed assets and investments		5,414	3,158
C.1) From tangible fixed assets and property investments		-	-
C.2) From financial investments		5,414	3,158
II.11. Expenses of investments subject to insurance in which the policyholder assumes the Investment risk	**6**	**8,477**	**9,907**
II.12. Subtotal (income from the technical life insurance account)		**36,183**	**32,388**

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PROFIT AND LOSS ACCOUNT	Notes in the Report	2012	2011
III. NON-TECHNICAL ACCOUNT			
III.1. Tangible fixed asset and investment revenue		**-**	**-**
A) Income from property investments		-	-
B) Income from financial investments		-	-
C) Applications of value corrections due to impairment of tangible fixed assets and investments		-	-
C.1) From tangible fixed asset and property investments		-	-
C.2) From financial investments		-	-
D) Profits from tangible fixed assets		-	-
D.1) From tangible fixed asset and property investments		-	-
D.2) From financial investments		-	-
III.2. Tangible fixed asset and investment expenses		**1,109**	**-**
A) Investment management expenses		-	-
A.1) Financial accounts and investment expenses		-	-
A.2) Tangible investment expenses		-	-
B) Value corrections of tangible fixed asset and investments		1,109	-
B.1) Amortisation of tangible fixed assets and property investments		-	-
B.2) Impairment of tangible fixed assets and property investments		-	-
B.3) Impairment of financial investments		1,109	-
C) Losses from tangible fixed assets and investments		-	-
C.1) From tangible fixed asset and property investments		-	-
C.2) From financial investments		-	-

(Cont.)

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PROFIT AND LOSS ACCOUNT	Notes in the Report	2012	2011
III.3. Other Income		**4,800**	**6,724**
A) Pension fund administration income	**12**	4,670	6,597
B) Rest of income		130	128
III.4. Other expenses		**3,404**	**4,619**
A) Pension fund administration expenses	**12**	2,273	3,538
B) Rest of expenses		1,131	1,081
III.5. Subtotal, (Profit/Loss of the Non-Technical Account)		**287**	**2,105**
III.6. Profit/loss before tax (I.10 + II.12 + III.5)		**36,470**	**34,493**
III.7. Profit tax	**7**	**(10,938)**	**(10,335)**
III.8. Earnings from continued operations (III.6 + III.7)		**25,532**	**24,158**
III.9. Earnings from interrupted operations, net of tax (+ or -)		**-**	**-**
III.10.Financial year's earnings (III.8 + III.9)	**3**	**25,532**	**24,158**

(Figures in thousands of Euros)

BANCA CÍVICA VIDA Y PENSIONES S.A. DE SEGUROS

III) STATEMENT OF CHANGES IN EQUITY for the financial years ending 31 December 2012 and 2011

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

STATEMENT OF RECOGNISED INCOME AND EXPENSES	Notes in the Report	2012	2011
I. FINANCIAL YEAR'S EARNINGS	**3**	**25,532**	**24,158**
II. OTHER RECOGNISED INCOME AND EXPENSES		**28,452**	**(2,584)**
II.1. Financial assets available for sale		**64,342**	**(10,658)**
Profits and losses by value		61,235	(11,569)
Sums transferred to profit and loss account		3,107	911
Other reclassifications		-	-
II.2. Cash-flow hedges		**-**	**-**
Profits and losses by value		-	-
Sums transferred to the profit and loss account		-	-
Sums transferred to the initial value of hedged items		-	-
Other reclassifications		-	-
II.3. Hedge of a net investment in foreign operations		**-**	**-**
Profits and losses by value		-	-
Sums transferred to the profit and loss account		-	-
Other reclassifications		-	-
II.4. Exchange rate and conversion differences		**-**	**-**
Profits and losses by value		-	-
Sums transferred to the profit and loss account		-	-
Other reclassifications		-	-

(Cont.)

(Cont.)

STATEMENT OF RECOGNISED INCOME AND EXPENSES	Notes in the Report	2012	2011
II.5. Correction of accounting mismatches		**(10,074)**	**786**
Profits and losses by value		(10,074)	786
Sums transferred to the profit and loss account		-	-
Other reclassifications		-	-
II.6. Assets held for sale		**-**	**-**
Profits and losses by value		-	-
Sums transferred to the profit and loss account		-	-
Other reclassifications		-	-
II.7. Actuarial Profits/(Losses) through long-term remuneration to personnel		**-**	**-**
II.8. Other recognised income and expenses		**(13,622)**	**6,181**
II.9. Profit tax		**(12,194)**	**1,107**
III. TOTAL RECOGNISED INCOME AND EXPENSES		**53,984**	**21,574**

(Figures in thousands of Euros)

BANCA CÍVICA VIDA Y PENSIONES S.A. DE SEGUROS

III) STATEMENT OF CHANGES IN EQUITY for the financial years ending 31 December 2012 and 2011

ITEM	Capital		Issue premium	Reserves	(Shares and holdings in own assets)	Earnings of previous financial years	Other shareholder contributions	Financial year's earnings	(Interim dividend)	Other equity instruments	Adjustments for changes in value	Subsidies, donations and legacies received	TOTAL
	Authorised	Uncalled											
C. BALANCE, END OF 2010	18,000	-	-	30,940	-	-	-	18,013	(12,605)	-	(4,650)	-	49,698
I. Adjustments for changes in basis 2010.	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Adjustments for errors in 2010.	-	-	-	-	-	-	-	-	-	-	-	-	-
D. ADJUSTED BALANCE, START OF YEAR 2011	18,000	-	-	30,940	-	-	-	18,013	(12,605)	-	(4,650)	-	49,698
I. Total recognised income and expenses.	-	-	-	-	-	-	-	24,158	-	-	(2,584)	-	21,574
II. Transactions with shareholders or policyholders.	-	-	-	(7,000)	-	-	-	(12,605)	605	-	-	-	(19,000)
1. Increases of capital or mutual fund.	-	-	-	-	-	-	-	-	-	-	-	-	-
2. (-) Decreases of capital or mutual fund.	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Conversion of financial liabilities into equity (conversion of debts, debt waivers).	-	-	-	-	-	-	-	-	-	-	-	-	-

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ITEM	Capital		Issue premium	Reserves	(Shares and holdings in own assets)	Earnings of previous financial years	Other shareholder contributions	Financial year's earnings	(Interim dividend)	Other equity instruments	Adjustments for changes in value	Subsidies, donations and legacies received	TOTAL
	Authorised	Uncalled											
4. (-) Distribution of dividends or apportionment of assets.	-	-	-	(7,000)	-	-	-	(12,605)	605	-	-	-	(19,000)
5. Transactions with shares or holdings in own assets (net).	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Incr/(decr.) of equity resulting from a combination of businesses.	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Other transactions with shareholders or policyholders.	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Other changes in equity.	**-**	**-**	**-**	**5,408**	**-**	**-**	**-**	**(5,408)**	**-**	**-**	**-**	**-**	**-**
1. Payments based on equity instruments.	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfers between net asset items.	-	-	-	5,408	-	-	-	(5,408)	-	-	-	-	-
3. Other changes.	-	-	-	-	-	-	-	-	-	-	-	-	-
E. BALANCE, END OF 2011	**18,000**	**-**	**-**	**29,350**	**-**	**-**	**-**	**24,158**	**(12,000)**	**-**	**(7,234)**	**-**	**52,274**
I. Adjustments for changes in basis 2011.	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
II. Adjustments for errors in 2011.	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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ITEM	Capital		Issue premium	Reserves	(Shares and holdings in own assets)	Earnings of previous financial years	Other share-holder contribu-tions	Financial year's earnings	(Interim dividend)	Other equity instruments	Adjustments for changes in value	Subsidies, donations and legacies received	TOTAL
	Authorised	Uncalled											
D. ADJUSTED BALANCE, START OF YEAR 2012	**18,000**	**-**	**-**	**29,350**	**-**	**-**	**-**	**24,158**	**(12,000)**	**-**	**(7,234)**	**-**	**52,274**
I. Total recognised income and expenses.	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,532**	**-**	**-**	**28,452**	**-**	**53,984**
II. Transactions with shareholders or policyholders.	**2,780**	**-**	**6,320**	**(4,523)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,577**
1. Increases of capital or mutual fund.	-	-	-	-	-	-	-	-	-	-	-	-	-
2. (-) Decreases of capital or mutual fund.	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Conversion of financial liabilities into equity (conversion of debts, debt waivers).	-	-	-	-	-	-	-	-	-	-	-	-	-
4. (-) Distribution of dividends or apportionment of assets.	-	-	-	(6,000)	-	-	-	-	-	-	-	-	(6,000)
5. Transactions with shares or holdings in own assets (net).	-	-	-		-	-	-	-	-	-	-	-	-
6. Incr/(decr.) of equity resulting from a combination of businesses.	2,780	-	6,320	1,477	-	-	-	-	-	-	-	-	10,577

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ITEM	Capital		Issue premium	Reserves	(Shares and holdings in own assets)	Earnings of previous financial years	Other shareholder contributions	Financial year's earnings	(Interim dividend)	Other equity instruments	Adjustments for changes in value	Subsidies, donations and legacies received	TOTAL
	Authorised	Uncalled											
7. Other transactions with shareholders or policyholders.	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Other changes in equity.	-	-	-	**12,158**	-	-	-	**(24,158)**	**12,000**	-	-	-	-
1. Payments based on equity instruments.	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfers between net asset items.	-	-	-	12,158	-	-	-	(24,158)	12,000	-	-	-	-
3. Other changes.	-	-	-	-	-	-	-	-	-	-	-	-	-
E. BALANCE, END OF 2012	**20,780**	-	**6,320**	**36,985**	-	-	-	**25,532**	-	-	**21,218**	-	**110,835**

(Figures in thousands of Euros)

BANCA CÍVICA VIDA Y PENSIONES S.A. DE SEGUROS

IV) STATEMENT OF CASH FLOWS at 31 December 2012 and 31 December 2011

CASH FLOW STATEMENT	Notes in the Report	2012	2011
A) CASH FLOW FROM OPERATING ACTIVITIES			
A.1.) Insurance activity			
1. Collections from direct insurance, co-insurance and accepted reinsurance		139,931	435,748
2. Payments for direct insurance, co-insurance and accepted reinsurance.		(203,023)	(100,315)
3. Collections ceded reinsurance		-	1,302
4. Payments ceded reinsurance		774	(3,277)
5. Recovery of claims		-	-
6. Remuneration payments to brokers		(3,426)	(3,819)
7. Other operating collections		7,093	6,072
8. Other operating payments		(9,361)	(14,253)
9. Total cash collections from insurance activity (1+3+5+7) = I		147,024	443,123
10. Total cash payments from insurance activity (2+4+6+8) = I		(215,036)	(121,664)
A.2.) Other operating activities			
1. Collections from pension fund management activities		4,670	6,597
2. Payments for pension fund management activities		(2,273)	(3,257)
3. Collections from other activities		1	1
4. Payments from other activities		-	-
5. Total cash collections from other operating activities (1+3) = III		4,672	6,598
6. Total cash collections from other operating activities (2+4) = IV		(2,273)	(3,257)
7. Receipts and payments for profit tax (V)		(6,333)	(548)
A.3.) Total net cash flows from operating activities (I-II+III-IV + - V)		**(71,946)**	**324,253**

(Cont.)

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CASH FLOW STATEMENT	Notes in the Report	2012	2011
B) CASH FLOWS FOR INVESTMENT ACTIVITIES			
B.1) Collections from investment activities			
1. Tangible fixed assets		-	-
2. Property investments		-	-
3. Intangible assets		-	-
4. Financial instruments		57,087	1,952
5. Holdings in group, multi-group and associated companies		-	-
6. Interest received		5,960	6,891
7. Dividends received		-	-
8. Business unit		-	-
9. Other payments related to investment activities		48,282	86,511
10. Total cash collections from investment activities (1+2+3+4+5+6+7+8+9) = VI		111,329	95,355
B.2.) Payments from investment activities			
1. Tangible fixed assets		-	-
2. Property investments		-	-
3. Intangible assets		-	-
4. Financial instruments		(49,226)	(286,655)
5. Holdings in group, multi-group and associated companies		-	-
6. Business unit		-	-
7. Other payments related to investment activities		(3,997)	(97,187)
8. Total cash collections from investment activities (1+2+3+4+5+6+7) = VII		(52,622)	(383,843)
B.3.) Total cash flows from investment activities (VI – VII)		**58,707**	**(288,488)**

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CASH FLOW STATEMENT	Notes in the Report	2012	2011
C) CASH FLOWS FOR FINANCING ACTIVITIES			
C.1) Collections from financing activities			
1. Subordinated liabilities		-	-
2. Collections through issue of asset and capital enlargement instruments		-	-
3. Asset apportionment and contributions of shareholders or policyholders		-	-
4. Transfer of own securities		-	-
5. Other collections related to financing activities		-	-
6. Total cash collections from financing activities (1+2+3+4+5) = VIII		-	-
C.2) Payments from financing activities		**-**	**-**
1. Dividends paid to the shareholders		(6,000)	(19,000)
2. Interest paid		-	-
3. Subordinated liabilities		-	-
4. Payments through repayment of contributions to shareholders		-	-
5. Liability apportionment and repayment of contributions to policyholders		-	-
6. Acquisition of own securities		-	-
7. Other payments related to financing activities		-	-
8. Total cash payments from financing activities (1+2+3+4+5+6+7) = IX		(6,000)	(19,000)
C.3.) Total net cash flows from financing activities (VIII – IX)		**(6,000)**	**(19,000)**
Effect of changes in exchange rates (X)		-	-
Total increase / decreases of cash and equivalents (A.3 + B.3 + C.3 + - X)		**(19,240)**	**16,765**
Cash at start of period		**36,255**	**19,490**
Cash at end of period		**17,015**	**36,255**

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CASH FLOW STATEMENT	Notes in the Report	2012	2011
Components of cash and cash equivalents at end of financial year			
1. Cash and banks	**6**	11,905	20,462
2. Other financial assets	**6**	5,110	15,793
3. Bank overdrafts payable on demand		-	-
Total cash and cash equivalents at end of period (1 + 2 - 3)		**17,015**	**36,255**

(Figures in thousands of Euros)

CAJASOL VIDA Y PENSIONES, DE SEGUROS Y REASEGUROS, S.A.

Balance sheet at 31 December 2012 and 2011 (Expressed in Euros)

A) ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
A-1) Cash and other equivalent liquid assets (Note 11)	**9,943,274**	**11,075,912**
A-2) Financial assets held for trading (Note 8)	**-**	**2,022,419**
I. Equity instruments	-	-
II. Debt securities	-	2,000,000
III. Derivatives	-	22,419
IV. Other	-	-
A-3) Other financial assets at fair value with changes registered in the profit and loss account (Note 8)	**52,005,962**	**60,350,518**
I. Equity instruments	-	-
II. Debt securities	-	-
III. Hybrid instruments	-	-
IV. Investments on behalf of policyholders who assume investment risk	52,005,962	*60,350,518*
V. Other	-	-
A-4) Financial assets available for sale (Note 8)	**96,561,924**	**89,029,151**
I. Equity instruments	-	-
II. Debt securities	56,833,855	49,519,144
III. Investments on behalf of policyholders who assume investment risk	-	-
IV. Other	39,728,069	39,510,007
A-5) Loans and receivable items (Note 8)	**3,814,188**	**3,292,579**
I. Debt securities	1,924,900	1,898,628
II. Loans	493	869
1. Advance payments on policies	-	-
2. Loans to group and associated companies	*493*	*869*
3. Loans to other associated parties	-	-

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A) ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
III. Deposits in credit entities	-	-
IV. Deposits constituted for accepted reinsurance	-	-
V. Credits for direct insurance operations	1,019,978	-
1. Insurance policyholders	1,019,978	924,810
2. Brokers	-	-
VI. Credits for reinsurance operations	37,176	-
VII. Credits for co-insurance operations	-	-
VIII. Called payments	-	-
IX. Other credits	831,641	468,272
1. Credits with Public Authorities	*942*	*127*
2. Rest of credits	*830,699*	*468,145*
A-6) Held-to-maturity investments	**-**	**-**
A-7) Hedging derivatives	**-**	**-**
A-8) Share of reinsurance in technical reserves (Note 14)	**728,911**	**690,986**
I. Unearned premium reserves	-	-
II. Reserve for life insurance	249,550	314,225
III. Claim reserves	479,361	376,761
IV. Other technical reserves	-	-
A-9) Tangible fixed assets and property investments (Note 6)	**25,311**	**28,012**
I. Tangible fixed assets	25,311	28,012
II. Property Investments	-	-
A-10) Intangible assets	**-**	**-**
I. Goodwill	-	-
II. Financial rights derived from the policy portfolios	-	-
III. Other intangible assets	-	-

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A) ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
A-11) Holdings in group and associated companies (Note 9)	**1,000**	**1,000**
I. Holdings in associated companies	-	1,000
II. Holdings in multi-group companies	-	-
III. Shareholdings in group companies	1,000	-
A-12) Tax assets (Note 18)	**417,957**	**708,698**
I. Current tax assets	-	-
II. Deferred tax assets	417,957	708,698
A-13) Other assets (Note 12)	**3,139,419**	**2,414,085**
I. Assets and reimbursement rights for long-term remunerations to personnel	2,038	1,347
II. Advance fees and other acquisition expenses	-	-
III. Accruals	3,075,248	2,412,738
IV. Rest of assets	62,133	-
A-14) Assets held for sale	**-**	**-**
TOTAL ASSETS	**166,637,946**	**169,613,360**

(Cont.)

B) NET LIABILITIES AND ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
LIABILITIES		
B-1) Financial liabilities held for trading	**114,883**	-
B-2) Other financial liabilities at fair value with changes in the profit and loss account	**-**	**-**
B-3) Debits and payable items (Note 16)	**2,640,760**	**1,315,494**
I. Subordinated liabilities	-	-
II. Deposits received for ceded reinsurance	-	-
III. Debts through insurance operations	174,699	278,764
1. - Debts with policyholders	-	-
2.- Debts with brokers	*47,444*	*159,008*
3.- Conditioned debts	*127,255*	*119,756*
IV. Debts through reinsurance operations	-	117,551
V. Debts through co-insurance operations	-	-
VI. Debentures and other negotiable values	-	-
VII. Debts with credit institutions	-	231,445
VIII. Debts for preparatory insurance contract operations	-	-
IX. Other debts:	2,466,061	687,734
1. - Debts with Public Authorities	*528,760*	*46,207*
2.- Other debts with group and associated companies	*157,317*	*173,146*
3.- Rest of other debts	*1,779,984*	*468,381*
B-4) Hedging derivatives	**-**	**-**
B-5) Technical reserves (Note 14)	**112,453,319**	**129,200,267**
I. Unearned premium reserves	-	-
II. Reserve for unexpired risks	-	-

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B) NET LIABILITIES AND ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
III. Reserve for life insurance	102,432,784	120,573,133
1.- Unearned premium reserves	*5,581,972*	*7,283,344*
2. - Provision for unexpired risks	-	-
3.- Policy reserves	*44,844,850*	*52,939,271*
4. - Provision for life insurance when the policyholder assumes the investment risk	*52,005,962*	*60,350,518*
IV. Claim reserves	9,858,804	8,600,000
V. Reserve for share in profits and returns	161,731	27,134
VI. Other technical reserves	-	-
B-6) Non-technical reserves (Note 15)	**5,050**	**8,438**
I. Reserves for taxes and other legal contingencies	-	-
II. Reserves for pensions and similar liabilities	5,050	8,438
III. Reserve for payments through liquidation agreements	-	-
IV. Other non-technical reserves	-	-
B-7) Tax liabilities (Note 18)	**273,068**	**492,456**
I. Current tax liabilities	-	182,470
II. Deferred tax liabilities	273,068	309,986
B-8) Rest of liabilities	**197,167**	**124,365**
I. Accruals	-	-
II. Liabilities due to accounting mismatches	197,167	124,140
III. Fees and other acquisition expenses for ceded reinsurance	-	-
IV. Other liabilities	-	225
B-9) Liabilities associated with assets held for sale	**-**	**-**
TOTAL LIABILITIES	**115,684,247**	**131,141,020**

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B) NET LIABILITIES AND ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
NET EQUITY		
B-10) Own Funds	**51,234,198**	**39,159,757**
I. Capital	22,915,182	22,915,182
1. Authorised capital (Note 13)	*22,915,182*	*22,915,182*
2. (Uncalled capital)	-	-
II. Issue premium	-	-
III. Reserves	16,245,931	6,355,300
1. Legal and statutory	*4,583,036*	*4,583,036*
2. Equalisation reserve	-	-
3. Other reserves	*11,662,895*	*1,772,264*
IV. (Own shares)	-	-
V. Earnings of previous financial years	-	-
1. Surplus	-	-
2. (Negative results from previous years)	-	-
VI. Other contributions from shareholders and policyholders	-	-
VII. Financial year's earnings	12,073,085	9,889,275
VIII. (Interim dividend and interim equalisation reserve)	-	-
IX. Other net equity instruments	-	-
B-11) Adjustments for changes in value:	**(280,499)**	**(687,417)**
I. Financial assets available for sale	(142,482)	(600,519)
II. Hedged transactions	-	-
III. Exchange rate and conversion differences	-	-
IV. Corrections of accounting mismatches	(138,017)	(86,898)
V. Other adjustments	-	-
B-12) Subsidies, donations and legacies received	**-**	**-**
TOTAL NET EQUITY	**50,953,699**	**38,472,340**
NET TOTAL LIABILITIES AND ASSETS	**166,637,946**	**169,613,360**

CAJASOL VIDA Y PENSIONES, DE SEGUROS Y REASEGUROS, S.A.

PROFIT AND LOSS ACCOUNT for the financial years ending 31 December 2012 and 2011

(Expressed in Euros)

II. TECHNICAL ACCOUNT - LIFE INSURANCE	2012	2011
II.1 Premiums Applied to Period, Net of Reinsurance	**22,907,397**	**98,773,255**
A) Accrued premiums	22,028,822	99,779,432
A1) Direct insurance (Note 20)	22,045,020	99,766,213
A3) Change of correction for impairment of premiums pending receipt (+ or -)	(16,198)	13,219
B) Ceded reinsurance premiums (-)	(758,121)	(912,358)
C) Change in the reserve for unearned premiums and unexpired risks	1,701,371	(24,399)
C1) Direct insurance (Note 14)	1,701,371	(24,399)
C2) Accepted reinsurance (Note 14)	-	-
D) Change in the reserve for unearned premiums, ceded reinsurance (+ or -)	(64,675)	(69,420)
II.2. Tangible fixed asset and investment revenue	**3,377,601**	**4,829,333**
A) Income from property investments	-	-
B) Income from financial investments	2,727,574	3,988,289
D) Profits from tangible fixed assets and investments	650,027	841,044
D1) From tangible fixed assets and property investments	-	-
D2) From financial investments	650,027	841,044
II.3. Revenue for investments subject to insurance in which the policyholder assumes the risk	**11,701,500**	**598,760**
II.4. Other Technical Revenue	**-**	**-**
II.5 Losses Incurred in the Period, Net of Reinsurance	**27,682,363**	**30,534,534**
A) Claims and expenses paid	26,306,916	25,033,974
A1) Direct insurance	27,200,873	25,970,941
A2) Accepted reinsurance	-	-
A3) Ceded reinsurance (-)	(893,957)	(936,967)

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II. TECHNICAL ACCOUNT - LIFE INSURANCE	2012	2011
B) Change in the claims reserve (+ or -)	1,156,202	5,257,783
B1) Direct insurance (Note 14)	1,258,802	5,203,894
B2) Accepted reinsurance (Note 14)	-	-
B3) Ceded reinsurance (-) (Note 14)	102,600	53,889
C) Expenses imputed to claims	219,245	242,777
II.6. Change in Other Technical Reserves, Net of Reinsurance (+ or -)	**(16,438,976)**	**(55,506,578)**
A) Life insurance reserves	(8,094,420)	4,843,940
A1) Direct insurance	(8,094,420)	4,843,940
A2) Accepted reinsurance	-	-
A3) Ceded reinsurance (-)	-	-
B) Reserves for life insurance when the investment risk is assumed by the insurance policyholder (Note 20)	(8,344,554)	(60,350,518)
II.7. Profit-sharing and returns	**(134,597)**	**(747,076)**
A) Payments and expenses for profit sharing and returns	-	-
B) Change in reserve for profit sharing and returns (+ or -) (Note 14)	(134,597)	(747,076)
II.8. Net operating expenses	**4,252,850**	**4,543,083**
A) Acquisition costs	3,849,616	4,097,063
B) Administration expenses	403,234	479,890
C) Fees and holdings in ceded and retroceded reinsurance	-	(33,870)
II.9. Other Technical Expenses	**14,301**	**15,860**
C) Others	14,301	15,860

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II. TECHNICAL ACCOUNT - LIFE INSURANCE	2012	2011
II. 10. Tangible fixed asset and investment expenses	**1,031,658**	**2,611,456**
A) Tangible fixed asset and investment management expenses	(88,275)	1,526,425
A1) Tangible fixed asset and property investment expenses	96,985	121,254
A2) Financial accounts and investment expenses	(185,260)	1,405,171
B) Corrections of value of tangible fixed assets and investments	117	135
B1) Amortisation of tangible fixed assets and property investments	117	135
C) Losses from tangible fixed assets and investments	1,119,816	1,084,896
C1) From tangible fixed assets and property investments	-	-
C2) From financial investments	1,119,816	1,084,896
II.11. Expenses for investments subject to insurance in which the policyholder assumes the investment risk	**8,720,544**	**910,840**
II.12.Subtotal (Income of the Technical Life Insurance Account)	**12,589,161**	**10,826,073**

III. NON-TECHNICAL ACCOUNT	2012	2011
III.1. Tangible fixed asset and investment revenue	**1,905,000**	**1,024,557**
A) Income from property investments	-	-
B) Income from financial investments	1,808,160	1,015,462
C) Application of corrections of value due to impairment of tangible fixed assets and investments	-	-
C1) From tangible fixed assets and property investments	-	-
C2) From financial investments	-	-
D) Profits from tangible fixed assets and investments	96,840	9,095
D1) From tangible fixed assets and property investments	-	-
D2) From financial investments	96,840	9,095

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III. NON-TECHNICAL ACCOUNT	2012	2011
III.2. Tangible fixed asset and investment expenses	**(60,092)**	**(68,130)**
A) Investment management expenses	(59,543)	(65,336)
A1) Financial accounts and investment expenses	(59,543)	(65,336)
A2) Tangible investment expenses	-	-
B) Corrections of value of tangible fixed assets and investments	(549)	(513)
B1) Amortisation of tangible fixed assets and property investments	(549)	(513)
B2) Impairment of tangible fixed assets and property investments	-	-
B3) Impairment of financial investments	-	-
C) Losses from tangible fixed assets and investments	-	(2,281)
C1) From tangible fixed assets and property investments	-	-
C2) From financial investments	-	(2,281)
III.3. Other Revenues	**4,617,884**	**3,993,041**
A) Pension fund administration income	4,614,071	3,991,352
B) Rest of income	3,813	1,689
III.4. Other Expenses	**(1,798,181)**	**(1,661,483)**
A) Pension fund administration expenses	-	-
B) Rest of expenses	(1,798,181)	(1,661,483)
III.5 Subtotal. (Income from Non-Technical Account)	**4,664,611**	**3,287,985**
III.6 Profit/loss before tax (I.10 + II.12 + III.5)	**17,253,772**	**14,114,058**
III.7 Profit Tax (Note 18)	**(5,180,687)**	**(4,224,783)**
III.8. Earnings from continued operations (III.6 + III.7)	**12,073,085**	**9,889,275**
III.9. Earnings from interrupted operations, net of tax (+ or -)	**-**	**-**
III.10. Financial year's earnings (III.8 + III.9)	**12,073,085**	**9,889,275**

CAJASOL VIDA Y PENSIONES, DE SEGUROS Y REASEGUROS, S.A.

STATEMENT OF CHANGES IN EQUITY for the financial years ending 31 December 2012 and 2011

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2012 AND 2011 (Expressed in Euros)

ACCOUNTS STATEMENT OF RECOGNISED INCOME AND EXPENSES	2012	2011
I) FINANCIAL YEAR'S EARNINGS	**12,073,085**	**9,889,275**
II) OTHER RECOGNISED INCOME AND EXPENSES	**409,138**	**378,769**
II.1.- Financial assets available for sale	**654,338**	**668,772**
Profits and losses by value	802,235	668,772
Sums transferred to the profit and loss account	(147,897)	-
Other reclassifications	-	-
II.2- Cash-flow hedges	**-**	**-**
Profits and losses by value	-	-
Sums transferred to the profit and loss account	-	-
Other reclassifications	-	-
II.3.- Hedge of net investments in foreign operations	**-**	**-**
Profits and losses by value	-	-
Sums transferred to the profit and loss account	-	-
Other reclassifications	-	-
II.4.- Exchange rate and conversion differences	**-**	**-**
Profits and losses by value	-	-
Sums transferred to the profit and loss account	-	-
Other reclassifications	-	-

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ACCOUNTS STATEMENT OF RECOGNISED INCOME AND EXPENSES	2012	2011
II.5. Corrections of accounting mismatches	**(73,027)**	**(124,140)**
Profits and losses by value	(73,027)	(124,140)
Sums transferred to the profit and loss account	-	-
Other reclassifications	-	-
II.6. Assets held for sale	**-**	**-**
Profits and losses by value	-	-
Sums transferred to the profit and loss account	-	-
Other reclassifications	-	-
II.7- Actuarial Profits/(Losses) through long-term remuneration to personnel	**3,172**	**(3,534)**
II.8.- Other recognised income and expenses	**-**	**-**
II.9- Profit tax	**(175,345)**	**(162,329)**
III) TOTAL RECOGNISED INCOME AND EXPENSES	**12,482,224**	**10,268,044**

B) TOTAL STATEMENT OF CHANGES IN OWN FUNDS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2012 AND 2011 (Expressed in Euros)

TOTAL STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDING 2012

	Authorised Capital	Uncalled capital	Reserves	Account equalisation reserve	Own equity shares	Financial year's earnings	Adjustments for changes in value	TOTAL
C. BALANCE, END OF 2010	**22,915,182**	**-**	**(195,597)**	**-**	**-**	**6,553,371**	**(1,068,660)**	**28,204,296**
I. Adjustments for changes in basis 2010	-	-	-	-	-	-	-	-
I. Adjustments for errors in 2010	-	-	-	-	-	-	-	-
D. ADJUSTED BALANCE, START OF 2011	**22,915,182**	**-**	**(195,597)**	**-**	**-**	**6,553,371**	**(1,068,660)**	**28,204,296**
I. Total recognised income and expenses	-	-		-	-	**9,889,275**	**378,769**	**10,268,044**
II. Transactions with shareholders or policyholders	-	-		-	-	-	-	-
1. Increases in capital	-	-		-	-	-	-	-
III. Other changes in equity	-	-	**6,550,898**	-	-	**(6,553,371)**	**2,474**	-
3. Other changes	-	-	6,550,898	-	-	(6,553,371)	2,474	-
E. BALANCE, END OF 2011	**22,915,182**	**-**	**6,355,301**	**-**	**-**	**9,889,275**	**(687,417)**	**38,472,340**
I. Adjustments for changes in basis 2011	-	-	-	-	-	-	-	-
I. Adjustments for errors in 2011	-	-	-	-	-	-	-	-
D. ADJUSTED BALANCE, START OF 2012	**22,915,182**	**-**	**6,355,301**	**-**	**-**	**9,889,275**	**(687,417)**	**38,472,340**
I. Total recognised income and expenses	-	-	-	-	-	**12,073,085**	**409,138**	**12,482,223**
II. Transactions with shareholders or policyholders	-	-	-	-	-	-	-	-
1. Increases in capital	-	-	-	-	-	-	-	-
III. Other changes in equity	-	-	**9,890,630**	-	-	**(9,889,275)**	**(2,220)**	**(864)**
3. Other changes	-	-	9,890,630	-	-	(9,889,275)	(2,220)	(864)
E. BALANCE, END OF 2012	**22,915,182**	**-**	**16,245,931**	**-**	**-**	**12,073,085**	**(280,499)**	**50,953,699**

CAJASOL VIDA Y PENSIONES, DE SEGUROS Y REASEGUROS, S.A.

STATEMENT OF CASH FLOWS for the financial years ending 31 December 2012 and 2011

(Expressed in Euros)

CASH FLOWS	2012	2011
A) CASH FLOW FROM OPERATING ACTIVITIES		
A.1.) Insurance activity		
1.- Collections from direct insurance, co-insurance and accepted reinsurance premiums	22,345,206	100,701,488
2.- Payments for direct insurance, co-insurance and accepted reinsurance claims	25,046,035	26,279,142
3.- Collections ceded reinsurance	134,985	370,426
4.- Payments ceded reinsurance	153,877	287,440
5.- Recovery of claims	-	-
6.- Remuneration payments to brokers	2,138,465	2,785,385
7.- Other operating collections	(287,520)	505,553
8.- Other operating expenses	3,316,871	35,042,618
9.- Total cash collections from insurance activity (1+3+5+7) = I	**22,192,671**	**101,577,467**
10.- Total cash payments from insurance activity (2+4+6+8) = II	**30,655,247**	**64,394,585**
A.2) Other operating activities		
1.- Collections from pension fund management activities	4,597,699	3,614,095
2.- Payments for pension fund management activities	-	-
3.- Collections from other activities	10,583	-
4.- Payments from other activities	7,897	6,815
5.- Total cash collections from other operating activities (1+3) = III	**4,608,282**	**3,614,095**
6.- Total cash payments from other operating activities (2+4) = IV	**7,897**	**6,815**
7.- Receipts and payments for profit tax (V)	(2,634,594)	-
A.3) Total net cash flows from operating activities (I-II+III-IV + V)	**(6,496,785)**	**40,790,162**

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CASH FLOWS	2012	2011
B) CASH FLOWS FOR INVESTMENT ACTIVITIES		
B.1) Collections from investment activities		
1.- Tangible fixed assets	-	-
2.- Property investments	-	-
3.- Intangible assets	-	-
4.- Financial instruments	67,470,781	115,905,347
5.- Holdings in group, multi-group and associated companies	-	-
6.- Interest received	2,901,936	1,987,390
7.- Dividends received	-	-
8.- Business unit	-	-
9.- Other payments related to investment activities	-	-
10.- Total cash collections from investment activities (1+2+3+4+5+6+7+8+9) = VI	**70,372,717**	**117,892,737**
B.2) Payments from investment activities		
1.- Tangible fixed assets	-	-
2.- Property investments	-	-
3.- Intangible assets	-	-
4.- Financial instruments	65,008,570	165,535,199
5.- Holdings in group, multi-group and associated companies	-	-
6.- Business unit	-	-
7.- Other payments related to investment activities	-	-
8.- Total cash collections from investment activities (1+2+3+4+5+6+7) = VII	**65,008,570**	**165,535,199**
B.3.)Total cash flows from investment activities (VI – VII)	**5,364,147**	**(47,642,462)**

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CASH FLOWS	2012	2011
C) CASH FLOWS FOR FINANCING ACTIVITIES		
C.1) Collections from financing activities		
1.- Subordinated liabilities	-	-
2.- Collections through issue of equity and capital increase instruments	-	-
3.- Asset apportionment and shareholders' contributions	-	-
4.- Disposal of own securities	-	-
5.- Other collections related to financing activities	-	-
6.- Total cash collections from financing activities (1+2+3+4+5) = VIII	-	-
C.2) Payments from financing activities		
1.- Dividends to shareholders	-	-
2.- Interest paid	-	-
3.- Subordinated liabilities	-	-
4.- Payments through repayment of contributions to shareholders	-	-
5.- Liability apportionment and repayment of contributions to policyholders	-	-
6.- Acquisition of own securities	-	-
7.- Other payments related to financing activities	-	-
8.- Total cash payments from financing activities (1+2+3+4+5+6+7) = IX	-	-
C.3.)Total net cash flows from financing activities (VIII – IX)	-	-
Effect of changes in exchange rates (X)	-	-
Total increase / decreases of cash and equivalents (A.3 + B.3 + C.3 + - X)	(1,132,638)	(6,852,300)
Cash or cash equivalents at end of financial year	**11,075,912**	**17,928,212**
Cash or cash equivalents at end of financial year	**9,943,274**	**11,075,912**

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CASH FLOWS	2012	2011
Components of cash and cash equivalents at end of period		
1.- Cash and banks	10,472,109	11,467,693
2.- Other financial assets	(528,835)	(391,781)
3.- Bank overdrafts payable on demand		-
Total cash and cash equivalents at end of financial year (1 + 2 - 3)	**9,943,274**	**11,075,912**

CAJACANARIAS ASEGURADORA DE VIDA Y PENSIONES DE SEGUROS Y REASEGUROS, S.A.

BALANCE SHEET at 31 December 2012 and 2011 (Expressed in Euros)

A) ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
A-1) Cash and other equivalent liquid assets (Note 11)	**15,488,043**	**14,618,300**
A-2) Financial assets held for trading	**-**	**-**
I. Equity instruments	-	-
II. Debt securities	-	-
III. Derivatives	-	-
IV. Other	-	-
A-3) Other financial assets at fair value with changes registered in the profit and loss account	**27,816,768**	**26,499,775**
I. Equity instruments	-	-
II. Debt securities	-	-
III. Hybrid instruments	-	-
IV. Investments on behalf of policyholders who assume investment risk	27,816,768	26,499,775
V. Other	-	-
A-4) Financial assets available for sale (Note 8)	**54,417,120**	**50,844,716**
I. Equity instruments	-	-
II. Debt securities	35,785,584	27,184,716
III. Investments on behalf of policyholders who assume investment risk	-	-
IV. Other	18,631,536	23,660,000
A-5) Loans and receivable items (Note 8)	**2,074,290**	**346,034**
I. Debt securities	1,004,016	-
II. Loans	93	-
1. Advance payments on policies	-	-
2. Loans to group and associated companies	*93*	-
3. Loans to other associated parties	-	-

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A) ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
III. Deposits in credit entities	-	-
IV. Deposits constituted for accepted reinsurance	-	-
V. Credits for direct insurance operations	637,201	154,485
1. Insurance policyholders	*637,201*	*154,485*
2. Brokers	-	-
VI. Credits for reinsurance operations	-	-
VII. Credits for co-insurance operations	-	-
VIII. Called payments	-	-
IX. Other credits	432,980	191,549
1. Credits with Public Authorities	*165*	*185*
2. Rest of credits	*432,815*	*191,364*
A-6) Held-to-maturity investments	**-**	**-**
A-7) Hedging derivatives	**-**	**-**
A-8) Share of reinsurance in technical reserves (Note 14)	**1,023,772**	**701,292**
I. Unearned premium reserves	-	-
II. Reserve for life insurance	292,354	350,527
III. Claim reserves	731,418	350,765
IV. Other technical reserves	-	-
A-9) Tangible fixed assets and property investments (Note 6)	**117,911**	**129,995**
I. Tangible fixed assets	117,911	129,995
II. Property Investments	-	-

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A) ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
A-10) Intangible assets	**-**	**-**
I. Goodwill	-	-
II. Financial rights derived from the policy portfolios	-	-
III. Other intangible assets	-	-
A-11) Holdings in group and associated companies (Note 9)	**1,000**	**1,000**
I. Holdings in associated companies	-	1,000
II. Holdings in multi-group companies	-	-
III. Shareholdings in group companies	1,000	-
A-12) Tax assets (Note 18)	**50,236**	**187,395**
I. Current tax assets	-	-
II. Deferred tax assets	50,236	187,395
A-13) Other assets (Note 12)	**1,735,479**	**1,660,440**
I. Assets and reimbursement rights for long-term remunerations to personnel	5,442	3,857
II. Advance fees and other acquisition expenses	-	-
III. Accruals	1,730,037	1,656,572
IV. Rest of assets	-	11
A-14) Assets held for sale	**-**	**-**
TOTAL ASSETS	**102,724,619**	**94,988,947**

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B) NET LIABILITIES AND ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
LIABILITIES		
B-1) Financial liabilities held for trading	**-**	**-**
B-2) Other financial liabilities at fair value with changes in the profit and loss account	**-**	**-**
B-3) Debits and payable items (Note 16)	**1,811,448**	**776,327**
I. Subordinated liabilities	-	-
II. Deposits received for ceded reinsurance	-	-
III. Debts through insurance operations	109,492	130,380
1.- Debts with policyholders	-	-
2.- Debts with brokers	*36,221*	113,016
3.- Conditioned debts	*73,271*	17,364
IV. Debts through reinsurance operations	42,481	94,259
V. Debts through co-insurance operations	-	-
VI. Debentures and other negotiable values	-	-
VII. Debts with credit institutions	-	-
VIII. Debts for preparatory insurance contract operations	-	-
IX. Other debts:	1,659,475	551,688
1.- Debts with Public Authorities	*375,750*	*41,835*
2.- Other debts with group and associated companies	*92,329*	*96,274*
3.-Rest of other debts	*1,191,396*	*413,579*
B-4) Hedging derivatives	**-**	**-**

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B) NET LIABILITIES AND ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
B-5) Technical reserves (Note 14)	**76,006,520**	**76,105,377**
I. Unearned premium reserves		-
II. Reserve for unexpired risks		-
III. Reserve for life insurance	68,328,907	70,962,790
1.- Unearned premium reserves	*4,554,984*	*5,257,711*
2. - Provision for unexpired risks	-	-
3.- Policy reserves	*35,957,155*	*39,205,304*
4.- Provision for life insurance when the policyholder assumes the investment risk	*27,816,768*	*26,499,775*
IV. Claim reserves	7,486,348	5,048,440
V. Reserve for share in profits and returns	191,265	94,147
VI. Other technical reserves	-	-
B-6) Non-technical reserves (Note 15)	**4,560**	**5,225**
I. Reserves for taxes and other legal contingencies	-	-
II. Reserves for pensions and similar obligations	4,560	5,225
III. Reserve for payments through liquidation agreements	-	-
IV. Other non-technical reserves	-	-
B-7) Tax liabilities (Note 18)	**146,616**	**160,758**
I. Current tax liabilities	-	23,929
II. Deferred tax liabilities	146,616	136,829
B-8) Rest of liabilities	**48,722**	**87,416**
I. Accruals	-	-
II. Liabilities due to accounting mismatches	48,722	87,416
III. Fees and other acquisition expenses for ceded reinsurance	-	-
IV. Other liabilities	-	-

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B) NET LIABILITIES AND ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
B-9) Liabilities associated with assets held for sale	-	-
TOTAL LIABILITIES	**78,017,866**	**77,135,103**
NET EQUITY		
B-10) Own Funds	**24,448,331**	**17,966,879**
I. Capital	6,911,639	6,911,639
1. Authorised capital (Note 13)	*9,616,194*	9,616,194
2. (Uncalled capital)	*(2,704,555)*	(2,704,555)
II. Issue premium	-	-
III. Reserves	11,058,885	5,209,801
1. Legal and statutory	*1,923,239*	1,923,239
2. Equalisation reserve	-	-
3. Other reserves	*9,135,646*	3,286,562
IV. (Own shares)	-	-
V. Earnings of previous financial years	(3,827)	(3,827)
1. Surplus	-	-
2. (Negative results from previous years)	*(3,827)*	(3,827)
VI. Other contributions from shareholders and policyholders		-
VII. Financial year's earnings	6,481,634	5,849,266
VIII. (Interim dividend and interim equalisation reserve)	-	-
IX. Other net equity instruments	-	-

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B) NET LIABILITIES AND ASSETS	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
B-11) Adjustments for changes in value:	**258,422**	**(113,035)**
I. Financial assets available for sale	292,528	(51,844)
II. Hedged transactions	-	-
III. Exchange rate and conversion differences	-	-
IV. Corrections of accounting mismatches	(34,106)	(61,191)
V. Other adjustments	-	-
B-12) Subsidies, donations and legacies received	**-**	**-**
TOTAL NET EQUITY	**24,706,753**	**17,853,844**
NET TOTAL LIABILITIES AND ASSETS	**102,724,619**	**94,988,947**

CAJACANARIAS ASEGURADORA DE VIDA Y PENSIONES DE SEGUROS Y REASEGUROS, S.A.

PROFIT AND LOSS ACCOUNT for the financial years ending 31 December 2012 and 2011

(Expressed in Euros)

II. TECHNICAL ACCOUNT - LIFE INSURANCE	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
II.1 Premiums Applied to Period, Net of Reinsurance	**33,559,890**	**58,109,063**
A) Accrued premiums	33,817,519	58,779,828
A1) Direct insurance (Note 20)	33,843,168	58,769,554
A2) Accepted reinsurance	-	-
A3) Change of correction for impairment of premiums pending receipt (+ or -)	(25,649)	10,274
B) Ceded reinsurance premiums (-)	902,183	1,037,948
C) Change in the reserve for unearned premiums and unexpired risks	702,727	399,658
C1) Direct insurance (Note 14)	702,727	399,658
C2) Accepted reinsurance (Note 14)	-	-
D) Change in the reserve for unearned premiums, ceded reinsurance (+ or -)	58,173	32,475
II.2. Tangible fixed asset and investment revenue	**2,069,607**	**2,573,222**
A) Income from property investments	-	-
B) Income from financial investments	2,038,491	2,571,910
C) Application of corrections of value due to impairment of tangible fixed assets and investments	-	-
C1) From tangible fixed assets and property investments	-	-
C2) From financial investments	-	-
D) Profits from tangible fixed assets and investments	31,116	1,312
D1) From tangible fixed assets and property investments	-	-
D2) From financial investments	31,116	1,312
II.3. Revenue for investments subject to insurance in which the policyholder assumes the risk	**5,801,469**	**230,470**
II.4. Other Technical Revenue	**-**	**-**

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II. TECHNICAL ACCOUNT - LIFE INSURANCE	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
II.5 Losses Incurred in the Period, Net of Reinsurance	**28,616,223**	**41,651,901**
A) Claims and expenses paid	26,394,594	38,723,545
A1) Direct insurance	27,128,351	39,463,236
A2) Accepted reinsurance	-	-
A3) Ceded reinsurance (-)	733,757	739,691
B) Change in the claims reserve (+ or -)	2,057,255	2,782,424
B1) Direct insurance (Note 14)	2.437,907	2,988,755
B2) Accepted reinsurance (Note 14)	-	-
B3) Ceded reinsurance (-) (Note 14)	380,652	206,331
C) Expenses imputed to claims	164,374	145,932
II.6. Change in Other Technical Reserves, Net of Reinsurance (+ or -) (Note 14)	**(1,931,157)**	**(8,936,903)**
A) Life insurance reserves	(3,248,149)	17,562,872
A1) Direct insurance	(3,248,149)	17,562,872
A2) Accepted reinsurance	-	-
A3) Ceded reinsurance (-)	-	-
B) Reserves for life insurance when the investment risk is assumed by the policyholder	1,316,992	(26,499,775)
II.7. Profit-sharing and returns	**98,743**	**92,425**
A) Payments and expenses for profit sharing and returns	1,625	1,678
B) Variation in reserve for profit sharing and returns (+ or -) (Note 14)	97,118	90,747
II.8. Net operating expenses	**3,051,004**	**3,038,224**
A) Acquisition costs	2,595,076	2,665,863
B) Administration expenses	455,928	429,447
C) Fees and holdings in ceded and retroceded reinsurance	-	57,086

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II. TECHNICAL ACCOUNT - LIFE INSURANCE	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
II.9. Other Technical Expenses	**6,603**	**8,348**
A) Variation of impairment due to insolvencies (+ or -)	-	-
B) Variation of impairment of fixed assets (+ or -)	-	-
C) Others	6,603	8,348
II. 10. Tangible fixed asset and investment expenses	**79,442**	**67,161**
A) Tangible fixed asset and investment management expenses	71,220	65,791
A1) Tangible fixed asset and property investment expenses	67,507	64,039
A2) Financial accounts and investment expenses	3,713	1,752
B) Corrections of value of tangible fixed assets and investments	749	1,370
B1) Amortisation of tangible fixed assets and property investments	749	1,370
B2) Impairment of tangible fixed assets and property investments	-	-
B3) Impairment of financial investments	-	-
C) Losses from tangible fixed assets and investments	7,473	-
C1) From tangible fixed assets and property investments	-	-
C2) From financial investments	7,473	-
II.11. Expenses for investments subject to insurance in which the policyholder assumes the investment risk	**4,246,187**	**341,927**
II.12.Subtotal (Income of the Technical Life Insurance Account)	**7,263,921**	**6,775,866**

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III. NON-TECHNICAL ACCOUNT	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
III.1. Tangible fixed asset and investment revenue	**875,872**	**485,974**
A) Income from property investments	-	-
B) Income from financial investments	760,794	485,706
C) Application of corrections of value due to impairment of tangible fixed assets and investments	-	-
C1) From tangible fixed assets and property investments	-	-
C2) From financial investments	-	-
D) Profits from tangible fixed assets and investments	115,078	268
D1) From tangible fixed assets and property investments	-	-
D2) From financial investments	115,078	268
III.2. Tangible fixed asset and investment expenses	**12,621**	**7,480**
A) Investment management expenses	7,610	5,323
A1) Financial accounts and investment expenses	7,610	5,323
A2) Tangible investment expenses	-	-
B) Corrections of value of tangible fixed assets and investments	1,933	1,853
B1) Amortisation of tangible fixed assets and property investments	1,933	1,853
B2) Impairment of tangible fixed assets and property investments	-	-
B3) Impairment of financial investments	-	-
C) Losses from tangible fixed assets and investments	3,078	304
C1) From tangible fixed assets and property investments	-	-
C2) From financial investments	3,078	304
III.3. Other Revenues	**1,795,026**	**1,698,590**
A) Pension fund administration income	1,792,877	1,697,383
B) Rest of income	2,149	1,207

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III. NON-TECHNICAL ACCOUNT	FINANCIAL YEAR 2012	FINANCIAL YEAR 2011
III.4. Other Expenses	**654,900**	**609,338**
A) Pension fund administration expenses	-	-
B) Rest of expenses	654,900	609,338
III.5 Subtotal. (Income from Non-Technical Account)	**2,003,377**	**1,567,746**
III.6 Profit/loss before tax (I.10 + II.12 + III.5)	**9,267,298**	**8,343,612**
III.7 Profit Tax (Note 18)	**2,785,664**	**2,494,346**
III.8. Earnings from continued operations (III.6 + III.7)	**6,481,634**	**5,849,266**
III.9. Earnings from interrupted operations, net of tax (+ or -)	**-**	**-**
III.10. Financial year's earnings (III.8 + III.9)	**6,481,634**	**5,849,266**

CAJACANARIAS ASEGURADORA DE VIDA Y PENSIONES DE SEGUROS Y REASEGUROS, S.A.

STATEMENT OF CHANGES IN EQUITY for the financial years ending 31 December 2012 and 2011

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2012 AND 2011
(Expressed in Euros)

ACCOUNTS STATEMENT OF RECOGNISED INCOME AND EXPENSES	2012	2011
I) FINANCIAL YEAR'S EARNINGS	**6,481,634**	**5,849,266**
II) OTHER RECOGNISED INCOME AND EXPENSES	**372,139**	**224,032**
II.1.- Financial assets available for sale	**491,959**	**407,771**
Profits and losses by value	622,902	407,771
Sums transferred to the profit and loss account	(130,943)	-
Other reclassifications	-	-
II.2- Cash-flow hedges	**-**	**-**
Profits and losses by value	-	-
Sums transferred to the profit and loss account	-	-
Other reclassifications	-	-
II.3.- Hedge of net investments in foreign operations	**-**	**-**
Profits and losses by value	-	-
Sums transferred to the profit and loss account	-	-
Other reclassifications	-	-
II.4.- Exchange rate and conversion differences	**-**	**-**
Profits and losses by value	-	-
Sums transferred to the profit and loss account	-	-
Other reclassifications		

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ACCOUNTS STATEMENT OF RECOGNISED INCOME AND EXPENSES	2012	2011
II.5. Corrections of accounting mismatches	**38,693**	**(87,416)**
Profits and losses by value	38,693	(87,416)
Sums transferred to the profit and loss account	-	-
Other reclassifications	-	-
II.6. Assets held for sale	**-**	**-**
Profits and losses by value	-	-
Sums transferred to the profit and loss account	-	-
Other reclassifications	-	-
II.7- Actuarial Profits/(Losses) through long-term remuneration to personnel	**975**	**(310)**
II.8.- Other recognised income and expenses	**-**	**-**
II.9- Profit tax	**(159,488)**	**(96,013)**
III) TOTAL RECOGNISED INCOME AND EXPENSES	**6,853,773**	**6,073,298**

B) TOTAL STATEMENT OF CHANGES IN OWN FUNDS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2012 AND 2011 (Expressed in Euros)

	Authorised Capital	Uncalled capital	Reserves	Earnings of previous financial years	Own equity shares	Financial year's earnings	Adjustments for changes in value	TOTAL
A. BALANCE, END OF 2010	**9,616,194**	**(2,704,555)**	**(2,824)**	**(3,827)**	**-**	**5,212,841**	**(337,283)**	**11,780,546**
I. Adjustments for changes in basis 2010	-	-	-	-	-	-	-	-
I. Adjustments for errors in 2010	-	-		-	-	-	-	-
B. ADJUSTED BALANCE, START OF 2011	**9,616,194**	**(2,704,555)**	**(2,824)**	**(3,827)**	**-**	**5,212,841**	**(337,283)**	**11,780,546**
I. Total recognised income and expenses	-	-	-	-	-	**5,849,266**	**224,032**	**6,073,298**
II. Transactions with shareholders or policyholders	-	-	-	-	-	-	-	-
1. Increases in capital	-	-	-	-	-	-	-	-
III. Other changes in equity	-	-	**5,212,625**	-	-	**(5,212,841)**	**216**	-
3. Other changes	-	-	5,212,625	-	-	(5,212,841)	216	-
C. BALANCE, END OF 2011	**9,616,194**	**(2,704,555)**	**5,209,801**	**(3,827)**	**-**	**5,849,266**	**(113,035)**	**17,853,844**
I. Adjustments for changes in basis 2011	-	-	-	-	-	-		-
I. Adjustments for errors in 2011	-	-	-	-	-	-		-
D. ADJUSTED BALANCE, START OF 2012	**9,616,194**	**(2,704,555)**	**5,209,801**	**(3,827)**	**-**	**5,849,266**	**(113,035)**	**17,853,844**
I. Total recognised income and expenses	-	-	-	-	-	**6,481,634**	**372,140**	**6,853,773**
II. Transactions with shareholders or policyholders	-	-	-	-	-	-		
1. Increases in capital	-	-	-	-	-	-		
III. Other changes in equity	-	-	**5,849,084**	-	-	**(5,849,266)**	**(681)**	**(863)**
3. Other changes	-	-	5,849,084	-	-	(5,849,266)	(681)	(863)
E. BALANCE, END OF 2012	**9,616,194**	**(2,704,555)**	**11,058,885**	**(3,827)**	**-**	**6,481,634**	**258,422**	**24,706,754**

CAJACANARIAS ASEGURADORA DE VIDA Y PENSIONES DE SEGUROS Y REASEGUROS, S.A.

STATEMENT OF CASH FLOWS for the financial years ending 31 December 2012 and 2011 (Expressed in Euros)

CASH FLOWS	2012	2011
A) CASH FLOW FROM OPERATING ACTIVITIES		
A.1.) Insurance activity		
1.- Collections from direct insurance, co-insurance and accepted reinsurance premiums	33,859,078	59,166,080
2.- Payments for direct insurance, co-insurance and accepted reinsurance claims	26,687,898	39,203,329
3.- Collections ceded reinsurance	210,005	348,868
4.- Payments ceded reinsurance	430,209	262,354
5.- Recovery of claims	-	-
6.- Remuneration payments to brokers	1,113,532	1,887,952
7.- Other operating collections	2,544,551	2,045,251
8.- Other operating payments	4,144,372	7,492,036
9.- Total cash collections from insurance activity (1+3+5+7) = I	**36,613,634**	**61,560,199**
10.- Total cash payments from insurance activity (2+4+6+8) = II	**32,376,011**	**48,845,671**
A.2) Other operating activities		
1.- Collections from pension fund management activities	1,790,039	1,544,142
2.- Payments for pension fund management activities	-	-
3.- Collections from other activities	673	2
4.- Payments from other activities	7,167	512
5.- Total cash collections from other operating activities (1+3) = III	**1,790,712**	**1,544,144**
6.- Total cash payments from other operating activities (2+4) = IV	**7,167**	**512**
7.- Receipts and payments for profit tax (V)	(1,157,977)	-
A.3) Total net cash flows from operating activities (I-II+III-IV + V)	**4,863,191**	**14,258,160**

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CASH FLOWS	2012	2011
B) CASH FLOWS FOR INVESTMENT ACTIVITIES		
B.1) Collections from investment activities		
1.- Tangible fixed assets	-	-
2.- Property investments	100	-
3.- Intangible assets	-	-
4.- Financial instruments	29,561,788	83,795,726
5.- Holdings in group, multi-group and associated companies	-	-
6.- Interest received	1,398,773	401,202
7.- Dividends received	-	-
8.- Business unit	-	-
9.- Other payments related to investment activities	-	-
10.- Total cash collections from investment activities (1+2+3+4+5+6+7+8+9) = VI	**30,960,661**	**84,196,927**
B.2) Payments from investment activities		
1.- Tangible fixed assets	-	-
2.- Property investments	-	-
3.- Intangible assets	-	-
4.- Financial instruments	34,954,109	114,615,847
5.- Holdings in group, multi-group and associated companies	-	-
6.- Business unit	-	-
7.- Other payments related to investment activities	-	-
8.- Total cash collections from investment activities (1+2+3+4+5+6+7) = VII	**34,954,109**	**114,615,847**
B.3.) Total cash flows from investment activities (VI – VII)	**(3,993,448)**	**(30,418,919)**

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CASH FLOWS	2012	2011
C) CASH FLOWS FOR FINANCING ACTIVITIES		
C.1) Collections from financing activities	-	-
1.- Subordinated liabilities	-	-
2.- Collections through issue of equity and capital increase instruments	-	-
3.- Asset apportionment and shareholders' contributions	-	-
4.- Disposal of own securities	-	-
5.- Other collections related to financing activities	-	-
6.- Total cash collections from financing activities (1+2+3+4+5) = VIII	-	-
C.2) Payments from financing activities	-	-
1.- Dividends to shareholders	-	-
2.- Interest paid	-	-
3.- Subordinated liabilities	-	-
4.- Payments through repayment of contributions to shareholders	-	-
5.- Liability apportionment and repayment of contributions to policyholders	-	-
6.- Acquisition of own securities	-	-
7.- Other payments related to financing activities	-	-
8.- Total cash payments from financing activities (1+2+3+4+5+6+7) = IX	-	-
C.3.) Total net cash flows from financing activities (VIII – IX)	-	-
Effect of changes in exchange rates (X)	-	-
Total increase / decreases of cash and equivalents (A.3 + B.3 + C.3 + - X)	869,743	(16,160,760)
Cash or cash equivalents at start of financial year	**14,618,300**	**30,779,060**
Cash or cash equivalents at end of financial year	**15,488,043**	**14,618,300**

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CASH FLOWS	2012	2011
Components of cash and cash equivalents at end of period		
1.- Cash and banks	15,488,043	14,618,300
2.- Other financial assets		-
3.- Bank overdrafts payable on demand		-
Total cash and cash equivalents at end of financial year (1 + 2 - 3)	**15,488,043**	**14,618,300**

ANNUAL REPORT ON THE EFFECTIVENESS OF THE INTERNAL CONTROL PROCEDURES OF THE CONSOLIDATED GROUP MADE UP OF VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS AND SUBSIDIARIES 2013 FINANCIAL YEAR

Scope

Pursuant to the current legal framework, a study and assessment was carried out of the internal control system of the consolidated group made up of VidaCaixa, S.A. de Seguros y Reaseguros, with Tax ID Code no. A-58.333.261, and its subsidiaries (hereinafter VidaCaixa, the Entity or the Group), for the purpose of assessing the effectiveness of the implemented internal control procedures applicable to the consolidated group.

The Entity declares that this report, given the provisions in article 110 of the Regulation on Administration and Supervision of Private Insurance (hereinafter ROSSP, for its Spanish initials), has an impact on the significant weaknesses detected and the implications of these, and proposes, where appropriate, the measures deemed suitable for correcting them.

Consequently, this report does not focus on the positive aspects of the procedures and controls that effectively operate in the Entity, nor on those modifications in the internal control system that may have been established after this report was issued.

The report must be considered in its entirety and conclusions must not be drawn through the partial use of or isolated parts of the same, the separate elements of which may lead to misinterpretations.

Introduction

At 31 December 2013 "la Caixa" is a shareholder of 64.37% of CaixaBank, and the latter holds 100% of VidaCaixa shares.

The corporate purpose of VidaCaixa, the Group's Parent Company, is insurance and reinsurance operations, as well as other operations subject to the planning of private insurance, especially insurance or capitalisation operations, the management of collective retirement funds, pensions and any others approved by the Law on Administration and Supervision of Private Insurance, its Regulations and provisions that complement those to which the Company is subject, once the requirements set forth therein have been fulfilled.

VidaCaixa acts as the Parent Company of the consolidated group, which comprises VidaCaixa itself, 100% of AgenCaixa S.A. Agencia de seguros, 100% of VidaCaixa Mediación, Sociedad de Agencia de Seguros Vinculados, S.A.U and 77.68% of Grupo Asegurador de la Caixa, A.I.E. Also, it holds 49.92% of shares in SegurCaixa Adeslas, S.A. de Seguros Generales y Reaseguros, an entity that operates in the Non-Life branches.

In the 2013 financial year, the Insurance Group was restructured in order to simplify its organisational structure. Thus, on 5 March 2013, the Boards of Directors of VidaCaixa Group), S.A.U. (hereinafter VidaCaixa Group) and VidaCaixa approved the Joint Merger Project of VidaCaixa Group) (Absorbed Company) and VidaCaixa (Absorbing Company), ratified by the Single Shareholder on 18 March 2013. Said merger by absorption operation was performed by means of the universal en bloc transfer of assets from the former to the latter, its dissolution without liquidation and the attribution of the shares issued from the Absorbing Company to CaixaBank.

Once the relevant authorisations had been obtained from the Directorate General of Insurance and Pension Funds, the merger took place on 28 June 2013. Nevertheless, within the framework of operations between Group companies, 1 January 2013 is understood to be the date for accounting purposes.

Prior to the merger, VidaCaixa Group assigned its 49.9% share in SegurCaixa Adeslas to VidaCaixa by means of a non-monetary contribution.

Also, within the insurance portfolio restructuring plan of the CaixaBank group, on 26 March 2013, the deeds of sale from VidaCaixa to CaixaBank were formalised, for 100% of the shares of, firstly, the company Banca Cívica Vida y Pensiones, Sociedad Anónima de Seguros, and secondly, the companies CajaSol Vida y Pensiones de Seguros y Reaseguros, S.A. and CajaCanarias Aseguradora de Vida y Pensiones, de Seguros y Reaseguros.

In June 2013, the Boards of Directors of VidaCaixa and Banca Cívica Vida y Pensiones entered into the corresponding Joint Merger Project of VidaCaixa (Absorbing Company) and Banca Cívica Vida y Pensiones (Absorbed Company), approved by the respective Single Shareholders on 11 June 2013. Also, in the same month of June, the Boards of Directors of VidaCaixa (Absorbing Company) and CajaSol Vida y Pensiones and CajaCanarias Aseguradora de Vida y Pensiones (Absorbed Companies) entered into the corresponding Joint Merger Project, approved by the respective Single Shareholders on 26 June 2013.

Within the framework of operations between Group companies, the merger by absorption of Banca Cívica Vida y Pensiones is deemed to have taken place on 1 January 2013 for accounting purposes. The mergers of CajaSol Vida y Pensiones and CajaCanarias Aseguradora Vida y Pensiones is deemed to have taken place on 1 April 2013 for accounting purposes.

As a result of the whole process, VidaCaixa, S.A. became the Group's Parent Company and the one that holds the shares.

Risk management

The Group continuously identifies and assesses the inherent risks, establishes the importance of each of them, and determines the priority and frequency of control most suitable for their management.

Internal control system

The Group has always maintained a rigorous internal control system that is based on the applicable regulations and is applied throughout its entire structure.

Thus, VidaCaixa has adhered to UNESPA's Guidelines on Good Practices for Internal Control since their publication and remains aligned with the policies and methodology established at the level of the CaixaBank group.

Art. 27 of the Company's By-laws define the Audit Committee. Its competences include supervising the effectiveness of the company's internal control and the internal audit and risk management systems, as well as discussing with the account auditors or audit companies the significant weaknesses of the internal control system detected when carrying out the audit, as well as supervising the process of preparing and presenting the regulated financial information.

VidaCaixa has control and review mechanisms established at three levels:

- A first level comprising its own process management departments.
- A second level comprising the risk control function which guarantees the uniformity of the Entity's internal control model.
- A third level comprising Internal Audit, which plans annual reviews and reports its opinion on implemented controls.

On 24 July 2007, by virtue of the provisions in articles 110 and 110 bis of the ROSSP, and its subsequent update by means of RD 1821/2009, of 27 November, the Board of Directors of VidaCaixa, as the Entity's foremost decision-making body, established the general lines that govern the internal control procedures. Furthermore, on 30 April 2009 they were updated and expanded with greater detail.

In particular, the Group has the following specific control procedures applicable to the consolidated group:

- Presentation of consolidated annual accounts: in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies governed by the Law of a member state of the European Union and whose certificates and obligations are the only values admitted for listing in a regulated market of any member state, must present their consolidated accounts for the financial year, in accordance with the International Financial Reporting Standards (IFRS), which have been ratified by the European Union. The Entity follows these standards when drafting its consolidated annual accounts.
- Control procedures for the statements of cover of technical reserves and the consolidated solvency margin: the Group prepares an annual budget of its main financial results and continuously monitors their progress.

Risk control

The Entity has a Risk Control department that periodically presents a description of the operation and results of the risk management and internal control system to the Audit Committee, and in particular, of the Internal Financial Information Control System.

Since 2009, the Entity has regularly been monitoring the effectiveness of the key internal controls implemented as a consequence of the monitoring that the managers of the Risk Control department perform on the self-assessment system.

Internal audit

The Group has an internal audit department that reviews the internal control procedures and issues reports on the fulfilment, effectiveness and detected deviations, at a frequency adapted to its own annual timetable and to the provisions of the Audit Committee.

All the detected incidents and formulated recommendations are reported to the Audit Committee and to Senior Management.

All the planning activities, the execution of jobs and monitoring of recommendations are performed in a coordinated manner by the different internal audit teams of the CaixaBank Group.

EXECUTIVE SUMMARY

By means of this executive summary, the Entity's Board of Directors makes a record of the fulfilment of the current legal framework on internal control and, in particular, of the provisions in article 110 of the ROSSP, with the specific characteristics and precisions that are outlined below and safe from the previously specified restrictions.

Effectiveness and efficiency of the internal control system

On 31 December 2013, there was no specific control applicable to the consolidated group that presented significant shortcomings in its execution.

Reliability and integrity of the information

The Risk Control department presents a description of the operation and results of the internal control system to the Audit Committee, and in particular, of the Internal Financial Information Control System.

The Group's internal audit department reviews the internal control procedures and issues reports on the fulfilment, effectiveness and detected deviations.

The Audit Committee issues its approval and agrees its opinion on the individual and consolidated annual accounts to be formulated by the Board of Directors. Also, the Audit Committee is duly informed about the principal results and financial statements at the close of the financial year, as well as the audit work performed by the external account auditors and the information of the Entity's internal financial information control systems (SCIIF, for their Spanish initials).

Risk analysis and management

The procedures implemented by the Group allow for risks to be identified, evaluated, processed and supervised at the group level.

Compliance with regulations

The Group's internal control system includes controls suitable for covering the main regulation compliance risks identified. The risk control department monitors the effectiveness of said controls within the framework of the system of periodic self-assessments by its managers.

The regulation compliance area of the CaixaBank Group supports and reinforces the work performed by VidaCaixa.

Also, there is a Legal Department that oversees compliance with the applicable regulations as part of its duty as legal advisor.

DEVELOPMENT OF DETECTED SIGNIFICANT INCIDENTS

At 31 December 2013, no specific control had been identified applicable to the consolidated group that presented significant shortcomings in its execution.

OTHER INFORMATION

In the 2014 financial year, the Group plans to continue improving the risk management and internal control systems, in order to extend the culture and environment of control to the whole organisation, maintaining the coordination and alignment at the level of the CaixaBank group at all times, as well as preparing the coming into effect of the Solvency II regulation.