VidaCaixa Grupo

2011

Consolidated Annual Accounts and Management Report

Index

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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 Grupo, S.A. (Sole-Shareholder Company):

We have audited the consolidated financial statements of VidaCaixa Grupo, S.A.U. ("the Company") and companies composing the VidaCaixa Grupo Group (see Note 1 to the accompanying consolidated financial statements), which comprise the consolidated balance sheet at 31 December 2011 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-a 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 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of VidaCaixa Grupo, S.A.U. and Subsidiaries at 31 December 2011, 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 2011 contains the explanations which the directors of VidaCaixa Grupo, S.A.U. consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2011. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of VidaCaixa Grupo, S.A.U. and Subsidiaries.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Fernando Foncea

9 March 2012

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 GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS (Thousands of euros)	Notes in the Annual Report	31/12/2011		31/12/2010 (*)	
1. Cash and other equivalent liquid assets			**2,176,617**		**1,903,428**
2. Financial assets held for trading	**Note 6**		**8,100**		**11,519**
3. Other financial assets at fair value with changes in the profit and loss account	**Note 6**		**210,654**		**207,500**
a) Equity instruments		–		14	
b) Debt securities		–		–	
c) Hybrid instruments		–		6,013	
d) Investment on behalf of life insurance policyholders who assume the risk of the investment		210,654		201,473	
e) Other		–		–	
4. Available for sale financial assets	**Note 6**		**24,812,014**		**19,099,323**
a) Equity instruments		21,705		75,325	
b) Debt securities		24,790,309		19,023,998	
c) Loans		–		–	
d) Deposits in credit entities		–		–	
e) Other		–		–	
5. Loans and payments receivable	**Note 6**		**9,332,915**		**5,515,133**
a) Loans and deposits		8,923,983		5,032,703	
b) Payments receivable		408,932		482,430	
6. Held-to-maturity investments			**333,529**		**–**
7. Hedging derivatives			**–**		**–**
8. Share of reinsurance in technical reserves	**Note 15**		**6,611**		**23,607**
9. Tangible fixed assets and property investments	**Note 9**		**34,045**		**352,177**
a) Tangible fixed assets		14,602		328,382	
b) Property investments		19,443		23,795	
10. Intangible fixed assets	**Note 10**		**89,038**		**968,825**
a) Goodwill		3,407		304,614	
b) Policy portfolio acquisition expenses		–		2,578	
c) Other intangible assets		85,631		661,633	
11. Holdings in companies valued by the equity method	**Note 8**		**907,992**		**80,552**
12. Tax assets	**Note 12**		**296,240**		**204,516**
a) Current tax assets		–		9,169	
b) Deferred tax assets		296,240		195,347	
13. Other assets			**557,009**		**440,853**
14. Assets held for sale			**–**		**–**
TOTAL ASSETS			38,764,764		28,807,433

(*) Presented solely and exclusively for comparison purposes.
Notes 1 to 22 in the accompanying Report and in Annexes I, II and III form an integral part of the Consolidated Balance Sheet at 31 December 2011.

NET ASSETS AND LIABILITIES (Thousands of euros)	Notes in the Annual Report	31/12/2011		31/12/2010 (*)	
TOTAL LIABILITIES			35,806,189		26,843,509
1. Financial liabilities held for trading			–		–
2. Other financial liabilities at fair value with changes in the profit and loss account			–		–
3. Debits and payable items profit and loss account	**Note 13**		**10,938,433**		**7,259,132**
a) Subordinated liabilities		294,064		293,422	
b) Other debts		10,644,369		6,965,710	
4. Hedging derivatives			–		–
5. Technical reserves	**Note 15**		**23,791,120**		**19,351,980**
a) For unearned premiums		2,291		197,003	
b) For unexpired risks		–		7,215	
c) For life insurance		23,443,146		18,406,237	
– Unearned premiums and unexpired risks reserve		39,641		37,933	
– Policy reserves		23,178,172		18,152,407	
– Reserve for life insurance when the policyholder assumes the investment risk		225,333		215,897	
d) Claim reserves		301,253		681,782	
e) Share in profits and returns		44,430		59,743	
f) Other technical reserves		–		–	
6. Non-technical reserves	**Note 16**		–		**14,432**
7. Tax liabilities	**Note 12**		**1,036,454**		**166,650**
a) Current tax liabilities		–		1,588	
b) Deferred tax liabilities		1,036,454		165,062	
8. Rest of liabilities			**40,182**		**51,315**
9. Liabilities associated with assets held for sale			–		–
TOTAL EQUITY			2,958,575		1,963,924
Capital and reserves			**2,969,991**		**1,963,645**
1. Capital	Note 17	776,723		776,723	
a) Authorised capital		776,723		776,723	
b) *Less*: Uncalled capital		–		–	
2. Issue premium		671,175		747,499	
3. Reserves	Note 17	1,150,064		254,016	
4. *Less:* Treasury shares and holdings		–		–	
5. Earnings of previous financial years		–		–	
6. Other shareholder contributions		–		–	
7. Financial year result attributed to the parent company		912,029		248,907	
a) Consolidated losses and profits		912,029		249,222	
b) Losses and gains attributable to external partners		–		(315)	
8. *Less:* Interim dividend	Note 17	(540,000)		(63,500)	
9. Other equity instruments		–		–	
Adjustments for changes in value	**Note 6**		**(12,506)**		**(17,109)**
1. Available for sale financial assets		(12,506)		(17,109)	
2. Hedging operations		–		–	
3. Exchange rate differences		–		–	
4. Correction of accounting mismatches		–		–	
5. Companies valued by the equity method		–		–	
6. Other adjustments		–		–	
Subsidies, donations and legacies received			–		**31**
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY			2,957,485		1,946,567
MINORITY INTERESTS	**Note 18**		1,090		17,357
1. Adjustments for changes in value		–		–	
2. Rest		1,090		17,357	
TOTAL EQUITY AND LIABILITIES			38,764,764		28,807,433

(*) Presented solely and exclusively for comparison purposes.
Notes 1 to 22 in the accompanying Report and in Annexes I, II and III form an integral part of the Consolidated Balance Sheet at 31 December 2011.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Thousands of euros)	Notes in the Annual Report	2011 Financial Year	Financial Year 2010 (*)
1. Premiums applied to period, net of reinsurance		982,421	1,212,291
2. Tangible fixed asset and investment revenue		16,819	23,842
3. Other technical revenue		14,399	9,003
4. Losses incurred in the period, net of reinsurance		(739,747)	(965,683)
5. Change in other technical reserves, net of reinsurance		–	–
6. Profit-sharing and returns		(637)	(1,220)
7. Net operating expenses		(108,289)	(135,680)
8. Other technical expenses		(35,138)	(40,081)
9. Tangible fixed asset and investment expenses		(3,472)	(5,766)
A) NON-LIFE INSURANCE RESULT	Note 19	126,356	96,706
10. Premiums applied to period, net of reinsurance		5,027,012	3,693,233
11. Tangible fixed asset and investment revenue		1,692,644	1,085,519
12. Revenue for investments subject to insurance in which the policyholder assumes the risk of the investment		24,472	18,621
13. Other technical revenue		–	–
14. Losses incurred in the period, net of reinsurance		(2,515,581)	(2,365,645)
15. Change in other technical reserves, net of reinsurance		(3,267,794)	(1,837,189)
16. Profit-sharing and returns		(39,024)	(43,707)
17. Net operating expenses		(109,234)	(104,579)
18. Other technical expenses		(5,830)	(3,683)
19. Tangible fixed asset and investment expenses		(595,329)	(208,193)
20. Expenses of investments subject to insurance in which the policyholder assumes the risk of the investment		(28,105)	(11,011)
B) LIFE INSURANCE RESULT	Note 19	183,231	223,366
21. Tangible fixed asset and investment revenue		1,052,281	105,387
22. Negative consolidation difference		–	–
23. Tangible fixed asset and investment expenses		(151,973)	(88,287)
24. Other income		225,243	229,044
25. Other expenses		(214,454)	(212,540)
C) RESULT FROM OTHER ACTIVITIES		911,097	33,604
E) PROFIT/LOSS BEFORE TAX		1,220,684	353,676
26. Profits tax	Note 12	(308,655)	(104,454)
F) FINANCIAL YEAR RESULT FROM CONTINUING OPERATIONS		912,029	249,222
27. Financial year result from uninterrupted operations net of tax		–	–
G) CONSOLIDATED PROFIT/LOSS FOR THE YEAR		912,029	249,222
a) Profit/loss attributed to the parent company		912,029	248,907
b) Profit/loss attributed to minority interests	Note 18	–	315

(Euros)	Notes in the Annual Report	2011 Financial Year	Financial Year 2010 (*)
PER SHARE PROFIT			
Basic and diluted per share profit		7.06	1.93

(*) Presented solely and exclusively for comparison purposes.
Notes 1 to 22 and Annexes I, II and III form an integral part of the Consolidated Profit and Loss Account corresponding to the 2011 financial year.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET BY SEGMENTS AT 31 DECEMBER 2011

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

NET ASSETS AND LIABILITIES (Thousands of euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
TOTAL LIABILITIES	–	35,748,107	58,082	35,806,189
1. Financial liabilities held for trading	–	–	–	–
2. Other financial liabilities at fair value with changes in the profit and loss account	–	–	–	–
3. Debits and payable items	–	**10,884,491**	**53,942**	**10,938,433**
4. Hedging derivatives	–	–	–	–
5. Technical reserves	–	**23,791,120**	–	**23,791,120**
6. Non-technical reserves	–	–	–	–
7. Tax liabilities	–	**1,034,092**	**2,362**	**1,036,454**
8. Rest of liabilities	–	**38,404**	**1,778**	**40,182**
9. Liabilities associated with assets held for sale	–	–	–	–
TOTAL EQUITY	907,992	2,049,493	1,090	2,958,575
Capital and reserves	**907,992**	**2,061,999**	–	**2,969,991**
1. Capital	–	776,723	–	776,723
a) Authorised capital	–	776,723	–	776,723
b) *Less*: Uncalled capital	–	–	–	–
2. Issue premium	–	671,175	–	671,175
3. Reserves	907,992	242,072	–	1,150,064
4. *Less*: Treasury shares and holdings	–	–	–	–
5. Earnings of previous financial years	–	–	–	–
6. Other shareholder contributions	–	–	–	–
7. Financial year result attributed to the parent company	–	912,029	–	912,029
a) Consolidated losses and profits	–	912,029	–	912,029
b) Losses and gains attributable to external partners	–	–	–	–
8. *Less*: Interim dividend	–	(540,000)	–	(540,000)
9. Other equity instruments	–	–	–	–
Adjustments for changes in value	–	**(12,506)**	–	**(12,506)**
Available for sale financial assets	–	(12,506)	–	(12,506)
Hedging operations	–	–	–	–
Exchange rate differences	–	–	–	–
Correction of accounting mismatches	–	–	–	–
Companies valued by the equity method	–	–	–	–
Other adjustments	–	–	–	–
Subsidies, donations and legacies received	–	–	–	–
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	907,992	2,049,493	–	2,957,485
MINORITY INTERESTS	–	–	1,090	1,090
TOTAL EQUITY AND LIABILITIES	907,992	37,797,600	59,172	38,764,764

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET BY SEGMENTS AT 31 DECEMBER 2010

ASSETS (Thousands of euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
1. Cash and other equivalent liquid assets	**80,339**	**1,713,930**	**109,159**	**1,903,428**
2. Financial assets held for trading	**980**	**10,539**		**11,519**
3. Other financial assets at fair value with changes in the profit and loss account	**6,027**	**201,473**		**207,500**
4. Available for sale financial assets	**446,612**	**18,652,711**		**19,099,323**
5. Loans and payments receivable	**460,823**	**5,044,638**	**9,672**	**5,515,133**
a) Loans and deposits	208,817	4,823,886	–	5,032,703
b) Payments receivable	252,006	220,752	9,672	482,430
6. Held-to-maturity investments	–	–	–	–
7. Hedging derivatives	–	–	–	–
8. Share of reinsurance in technical reserves	**16,919**	**6,688**	–	**23,607**
9. Tangible fixed assets and property investments	**320,035**	**20,828**	**11,314**	**352,177**
a) Tangible fixed assets	316,030	1,038	11,314	328,382
b) Property investments	4,005	19,790	–	23,795
10. Intangible fixed assets	**815,000**	**85,383**	**68,442**	**968,825**
a) Goodwill	256,914	3,407	44,293	304,614
b) Policy portfolio acquisition expenses	284	–	2,294	2,578
c) Other intangible assets	557,802	81,976	21,855	661,633
11. Holdings in companies valued by the equity method	**80,552**	–	–	**80,552**
12. Tax assets	**31,831**	**165,185**	**7,500**	**204,516**
a) Current tax assets	8,399	–	770	9,169
b) Deferred tax assets	23,432	165,185	6,730	195,347
13. Other assets	**47,889**	**392,961**	**3**	**440,853**
14. Assets held for sale	–	–	–	–
TOTAL ASSETS	2,307,007	26,294,336	206,090	28,807,433

NET ASSETS AND LIABILITIES (Thousands of euros)	NON-LIFE SEGMENT	LIFE SEGMENT	OTHERS SEGMENT	TOTAL
TOTAL LIABILITIES	**1,086,651**	**25,734,750**	**22,108**	**26,843,509**
1. Financial liabilities held for trading	–	–	–	–
2. Other financial liabilities at fair value with changes in the profit and loss account	–	–	–	–
3. Debits and payable items	**420,756**	**6,832,123**	**6,253**	**7,259,132**
4. Hedging derivatives	–	–	–	–
5. Technical reserves	**624,848**	**18,727,132**	–	**19,351,980**
6. Non-technical reserves	**14,432**	–	–	**14,432**
7. Tax liabilities	**17,130**	**135,455**	**14,065**	**166,650**
8. Rest of liabilities	**9,485**	**40,040**	**1,790**	**51,315**
9. Liabilities associated with assets held for sale	–	–	–	–
TOTAL EQUITY	76,323	(82,004)	1,969,605	1,963,924
Capital and reserves	**68,431**	**(74,294)**	**1,969,508**	**1,963,645**
1. Capital	–	–	776,723	776,723
a) Authorised capital	–	–	776,723	776,723
b) *Less:* Uncalled capital	–	–	–	–
2. Issue premium	–	–	747,499	747,499
3. Reserves	14,131	(283,153)	523,038	254,016
4. *Less:* Treasury shares and holdings	–	–	–	–
5. Earnings of previous financial years	–	–	–	–
6. Other shareholder contributions	–	–	–	–
7. Financial year result attributed to the parent company	54,300	208,859	(14,252)	248,907
a) Consolidated losses and profits	54,615	208,859	(14,252)	249,222
b) Losses and gains attributable to external partners	(315)	–	–	(315)
8. *Less:* Interim dividend	–	–	(63,500)	(63,500)
9. Other equity instruments	–	–	–	–
Adjustments for changes in value	**(9,399)**	**(7,710)**	–	**(17,109)**
1. Available for sale financial assets	(9,399)	(7,710)	–	(17,109)
2. Hedging operations	–	–	–	–
3. Exchange rate differences	–	–	–	–
4. Correction of accounting mismatches	–	–	–	–
5. Companies valued by the equity method	–	–	–	–
6. Other adjustments	–	–	–	–
Subsidies, donations and legacies received	**31**	–	–	**31**
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	59,063	(82,004)	1,969,508	1,946,567
MINORITY INTERESTS	17,260	–	97	17,357
TOTAL EQUITY AND LIABILITIES	1,162,974	25,652,746	1,991,713	28,807,433

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of euros)	Equity attributed to the parent company		
	Capital and reserves		
	Capital or mutual fund	Issue premium and reserves	Treasury shares and holdings
Closing balance at 31 December 2009 (*)	394,187	248,883	–
Adjustments through change of accounting principle	–	–	–
Adjustments for errors	–	–	–
Adjusted balance at 1 January 2010	394,187	248,883	–
I. Total recognised income/(expenses) for 2010 financial year	–	–	–
II. Transactions with shareholders or owners	**382,536**	**747,499**	**–**
1. Capital increases/(decreases)	382,536	747,499	–
2. Conversion of financial liabilities into equity	–	–	–
3. Payment of dividends	–	–	–
4. Operations with treasury shares or holdings (net)	–	–	–
5. Increases/(decreases) through business combinations	–	–	–
6. Other transactions with shareholders or owners	–	–	–
III. Other changes in equity	**–**	**5,133**	**–**
1. Payments based on equity instruments	–	–	–
2. Transfers between equity items	–	5,133	–
3. Other variations	–	–	–
Closing balance at 31 December 2010 (*)	776,723	1,001,515	–
Adjustments through change of accounting principle	–	–	–
Adjustments for errors	–	–	–
Adjusted balance at 1 January 2011	776,723	1,001,515	–
I. Total recognised income/(expenses) for 2011 financial year	**–**	**–**	**–**
II. Transactions with shareholders or owners	–	**634,317**	**–**
1. Capital increases/(decreases)	–	–	–
2. Conversion of financial liabilities into equity	–	–	–
3. Payment of dividends	–	–	–
4. Operations with treasury shares or holdings (net)	–	–	–
5. Increases/(decreases) through business combinations	–	–	–
6. Other transactions with shareholders or owners	–	634,317	–
III. Other changes in equity	**–**	**185,407**	**–**
1. Payments based on equity instruments	–	–	–
2. Transfers between equity items	–	185,407	–
3. Other variations	–	–	–
Closing balance at 31 December 2011	776,723	1,821,239	–

(*) Presented solely and exclusively for comparison purposes.
Notes 1 to 22 in the accompanying Report and in Annexes I, II and III form an integral part of the Consolidated Statement of Changes in Equity at 31 December 2011.

Equity attributed to the parent company					Minority interests	Total equity
Capital and reserves			Adjustments for changes in value	Subsidies, donations and legacies received		
Financial year result attributed to the parent company	(Interim dividends)	Other equity instruments				
177,225	**(50,000)**	**–**	**10,700**	**–**	**281**	**781,276**
–	–	–	–	–	–	–
–	–	–	–	–	–	–
177,225	(50,000)	–	10,700	–	281	781,276
248,907	**–**	**–**	**(27,307)**	**–**	**315**	**221,915**
–	**(63,500)**	**–**	**(502)**	**31**	**16,761**	**1,082,825**
–	–	–	–	–	–	1,130,035
–	–	–	–	–	–	–
–	(63,500)	–	–	–	–	(63,500)
–	–	–	–	–	–	–
–	–	–	(502)	31	16,761	16,290
–	–	–	–	–	–	–
(177,225)	**50,000**	**–**	**–**	**–**	**–**	**(122,092)**
–	–	–	–	–	–	–
(177,225)	50,000	–	–	–	–	(122,092)
–	–	–	–	–	–	–
248,907	**(63,500)**	**–**	**(17,109)**	**31**	**17,357**	**1,963,924**
–	–	–	–	–	–	–
–	–	–	–	–	–	–
248,907	(63,500)	–	(17,109)	31	17,357	1,963,924
912,029	**–**	**–**	**4,603**	**–**	**–**	**916,632**
–	**(540,000)**	**–**	**–**	**(31)**	**(16,267)**	**78,019**
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	(540,000)	–	–	–	–	(540,000)
–	–	–	–	–	–	–
–	–	–	–	(31)	(16,267)	618,019
–	–	–	–	–	–	–
(248,907)	**63,500**	**–**	**–**	**–**	**–**	**–**
–	–	–	–	–	–	–
(248,907)	63,500	–	–	–	–	–
–	–	–	–	–	–	–
912,029	**(540,000)**	**–**	**(12,506)**	**–**	**1,090**	**2,958,575**

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

(Thousands of euros)	2011 Financial Year	2010 Financial Year (*)
A) CONSOLIDATED PROFIT/LOSS FOR THE YEAR	912,029	249,222
B) OTHER RECOGNISED INCOME/(EXPENSES)	4,603	(27,809)
1. Financial assets available for sale:	**6,576**	**(39,727)**
a) Profit/(Loss) through valuation	6,576	(39,727)
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–
2. Cash-flow hedges:	**–**	**–**
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Sums transferred to the initial value of hedged items	–	–
c) Other reclassifications	–	–
3. Hedge of net investments in foreign operations:	**–**	**–**
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–
4. Exchange rate differences:	**–**	**–**
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–
5. Correction of accounting mismatches:	**–**	**–**
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–
6. Assets held for sale:	**–**	**–**
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–
7. Actuarial Profit/(Loss) through long-term remuneration to personnel	**–**	**–**
8. Companies valued by the equity method:	**–**	**–**
a) Profit/(Loss) through valuation	–	–
b) Sums transferred to the profit and loss account	–	–
c) Other reclassifications	–	–
9. Other recognised income and expenses	**–**	**–**
10. Profits tax	**(1,973)**	**11,918**
TOTAL RECOGNISED INCOME/(EXPENSES) (A + B)	916,632	221,413
a) Attributed to the parent company	916,632	221,113
b) Attributed to minority interests	–	280

(*) Presented solely and exclusively for comparison purposes.
Notes 1 to 22 of the attached Report and Annexes I, II and III form an integral part of the Consolidated Statement of Recognised Income and Expenses corresponding to the 2011 financial year.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT (DIRECT METHOD)

(Thousands of euros)	2011 Financial Year	2010 Financial Year (*)
A) CASH FLOW FROM OPERATING ACTIVITIES (1+2+3)	9,324,363	1,105,521
1. Insurance activity:	**5,223,604**	**1,421,736**
(+) Cash collections from insurance activity	12,747,041	6,967,708
(–) Cash payments from insurance activity	(7,523,437)	(5,545,972)
2. Other operating activities:	**4,417,026**	**(195,167)**
(+) Cash collections from other operating activities	4,631,479	132,252
(–) Cash payments from other operating activities	(214,453)	(327,419)
3. Collections/(payments) for profits tax	**(316,267)**	**(121,048)**
B) CASH FLOWS OF INVESTMENT ACTIVITIES (1+2)	(11,093,077)	(1,618,694)
1. Collections from investment activities:	**85,453,380**	**9,831,274**
(+) Tangible fixed assets	–	694
(+) Property investments	–	64
(+) Intangible fixed assets	–	55
(+) Financial instruments	81,737,807	7,947,967
(+) Holdings	507,578	122,913
(+) Subsidiaries and other business units	–	–
(+) Interest received	1,049,227	5,892
(+) Dividends received	2,310	–
(+) Other collections related to investment activities	2,156,458	1,753,689
2. Collections from investment activities:	**(96,546,457)**	**(11,449,968)**
(–) Tangible fixed assets	(4,177)	(11,887)
(–) Property investments	–	(17,839)
(–) Intangible fixed assets	(29,241)	(9,650)
(–) Financial instruments	(96,506,731)	(311,775)
(–) Holdings	(58)	(1,245,549)
(–) Subsidiaries and other business units	–	–
(–) Other payments related to investment activities	(6,250)	(9,853,268)
C) CASH FLOWS OF FINANCING ACTIVITIES (1+2)	2,041,903	550,488
1. Collections from financing activities:	**34,878,456**	**1,236,668**
(+) Subordinated liabilities	4,247	1,405
(+) Collections through issue of asset and capital increase instruments	–	532,514
(+) Asset apportionment and contributions of shareholders or policyholders	–	–
(+) Disposal of own securities	–	1,304
(+) Other collections related to financing activities	34,874,209	701,445
2. Collections from financing activities:	**(32,836,553)**	**(686,180)**
(–) Dividends paid to the shareholders	(633,500)	(131,569)
(–) Interest paid	–	(1,867)
(–) Subordinated liabilities	(10,423)	–
(–) Payments through repayment of contributions to shareholders	–	–
(–) Liability apportionment and repayment of contributions to shareholders or policyholders	–	–
(–) Acquisition of own securities	(1,551)	(2,552)
(–) Other payments related to financing activities	(32,191,079)	(550,192)
D) EFFECT OF CHANGES IN EXCHANGE RATES	–	–
E) NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS (A+B+C+D)	273,189	37,315
F) CASH AND CASH EQUIVALENTS AT FINANCIAL YEAR BEGINNING	1,903,428	1,866,113
G) CASH AND CASH EQUIVALENTS AT FINANCIAL YEAR CLOSE (E+F)	2,176,617	1,903,428

(*) Presented solely and exclusively for comparison purposes in all applicable captions.
Notes 1 to 22 of the attached Report and Annexes I, II and III form an integral part of the Consolidated Statement of Cash Flows corresponding to the 2011 financial year.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT (DIRECT METHOD)

ELEMENTS OF CASH AND CASH EQUIVALENTS AT FINANCIAL YEAR CLOSE	2011 Financial Year	Financial Year 2010 (*)
(+) Cash and bank	121,173	213,367
(+) Other financial assets	2,055,444	1,690,061
(–) *Less*: Bank overdrafts payable on demand		
TOTAL CASH AND CASH EQUIVALENTS AT FINANCIAL YEAR CLOSE	2,176,617	1,903,428

(*) Presented solely and exclusively for comparison purposes in all applicable captions.

Notes 1 to 22 of the attached Report and Annexes I, II and III form an integral part of the Consolidated Statement of Cash Flows corresponding to the 2011 financial year.

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

Annual Consolidated Accounts Report Corresponding to the Financial Year Ending 31 December 2011

In accordance with the current standards on the content of annual consolidated accounts, this Report completes, extends and discusses the balance, the profit and loss account, the statement of changes in equity and the consolidated cash flow statement (hereinafter, "the consolidated financial statements"), and with them forms a unit, with the aim of showing the true image of the consolidated assets and of the consolidated financial situation of VidaCaixa Grupo S.A.U. at 31 December 2011, as well as the results of its operations, of the changes in equity and cash flows, which were produced in the financial year ended on that date.

1. General Information on the Parent Company and its Activities

a) Incorporation, Duration, Registered Offices and Shareholders

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

On 2 February 2009, an Extraordinary General Shareholders' Meeting approved the change of the previous name, Caifor S.A., to the current SegurCaixa Holding, S.A.U., amending the Company Statutes as a consequence.

On 28 December 2010, an Extraordinary General Shareholders' Meeting approved the change of the previous name, SegurCaixa Holding, S.A.U., to the current VidaCaixa Grupo S.A.U., amending the Company Statutes as a consequence.

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

The shares of CaixaBank, S.A. have been listed on the stock market since October 2007. The shareholding of "la Caixa" in said Company was 81.52% at 31 December 2011.

b) Corporate Purpose, Legal Framework and Branches of Operation

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

The Parent Company directs and manages its share in the share capital of other companies by means of the corresponding organisation of 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.

On 10 September 2007, the Internal Protocol (hereinafter, the Initial Protocol) of the relationship signed between "la Caixa" and Criteria CaixaCorp, S.A. came into force. In order to adapt the Initial Protocol to the distribution of functions and activities of "la Caixa" and CaixaBank, the parties considered that it would be appropriate to sign, on 1 July 2011, a new Internal Protocol of relationships (hereinafter, the Protocol), which replaces the Initial Protocol. The Board of Directors of the Parent Company, at its meeting of 27 July 2011, made a note of its content and application and agreed to abide by the same. In this Protocol, the parties established the criteria for reaching a balance in their operating relations which on one hand permit the appearance of conflicts of interest to be reduced and regulated, and on the other hand, to respond to the requirements of the different regulating bodies and the market. Among other questions, the parameters were defined which must govern the eventual business or service relationships which CaixaBank, S.A. and its group have with "la Caixa" and the other companies of the "la Caixa" Group.

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

By virtue of article 43.2 of the Spanish Commercial Code, VidaCaixa Group is not obliged to prepare separate consolidated accounts, since it is consolidated within Grupo CaixaBank, S.A., which controls the Company. CaixaBank, S.A. is subject to European Union legislation. Its registered offices are in Barcelona, at Avda. Diagonal, 621. Notwithstanding the above, the Company has voluntarily drafted the consolidated annual accounts for the 2011 financial year, prepared by the Directors at the meeting of its Board of Directors on 7 March 2012.

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

At 31 December 2011, the Group managed 165 pension funds with a volume of consolidated rights of 14,213,256 thousand euros (14,338,173 thousand euros at 31 December 2010). The net income accrued by the management committees of the various funds totalled 125,246 thousand euros in the 2011 financial year (125,502 thousand euros in the 2010 financial year) and are recorded through the sum of net expenses in the profit and loss account, under the caption "Other activities – Other income". (See Note 19).

During the 2011 financial year, there were various company transactions, in particular the sale of 50% of SegurCaixa Adeslas, S.A. de Seguros y Reaseguros (hereinafter, SegurCaixa Adeslas) to Mutua Madrileña, the acquisition and merger by absorption of Caixa de Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros (hereinafter, CaixaVida), the merger by absorption of Invervida Consulting and the capital increase in VidaCaixa, S.A. de Seguros y Reaseguros (See Note 5).

c) Internal Structure and Distribution Systems

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

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

Finally, the Group has also concluded contracts to provide services for distributing the insurance products of other insurance companies, under the responsibility of these companies, through their distribution network. Products are also marketed through the network of brokers.

d) Clients' Ombudsman

The most relevant points of the 2011 Annual Report presented by the head of the Service of the Board of Directors are detailed below. The information provided has been obtained from the VidaCaixa annual report.

During the 2011 financial year, 84 claims were made to Customer Services (4,372 in 2010), 80 of which were processed without prejudice to the grounds of inadmissibility in the Service Regulation (4,291 in 2010). These reductions compared to the 2010 financial year are explained by the sale of 50% of SegurCaixa Adeslas and the exclusion of data belonging thereto.

The type of claims submitted was as follows:

Subjects of claims	2011	2010
Active operations	–	–
Passive operations	–	–
Collection and payment services	–	1,338
Investment services	–	–
Insurance policies and pension funds	80	2,953
Total admitted	80	4,291
Non-admitted	4	81
TOTAL	84	4,372

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

Type of resolution	2011	2010
Upheld	14	3,143
Rejected	42	1,032
Not applicable	11	159
Customer waivers	–	4
Pending resolution	17	21
Customer service		13
TOTAL	84	4,372

The decision 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 CaixaBank Group depending on the specific circumstances of the claim.

2. Basis of Presentation and Consolidation Principles

a) Financial Reporting Standards Applicable to the Group

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

a) The Commercial Code and all other commercial legislation.

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

b) True and Fair View

The Group's consolidated annual accounts were obtained from accounting statements of the Company and its subsidiaries and are presented in accordance with the applicable financial reporting standards and, in particular, the accounting principles and policies contained therein, and offer a true and fair view of the assets, financial position, results and cash flows of the Group in said financial year. The present consolidated annual accounts, which were prepared by the Board of Directors of the VidaCaixa

Group on 7 March 2012, as well as those of its subsidiaries, are pending approval by the respective General Shareholders' Meetings, and are expected to be approved without significant modifications. The consolidated annual accounts for the 2010 financial year were approved by the General Shareholders' Meeting of VidaCaixa Grupo, S.A.U. of 31 March 2011.

The annual accounts for the 2011 financial year were prepared from the accounting statements maintained by VidaCaixa Group and by the other subsidiaries of the Group. However, given that, in certain cases, the valuation principles and criteria applied in the preparation of these Consolidated Annual Accounts for the 2011 financial year (IFRS) differ from those used by organisations within the Group, the necessary adjustments and reclassifications have been introduced to standardise said principles and criteria and adapt them to the International Financial Reporting Standards adopted by the European Union.

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

At 31 December 2011, 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 2011 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. Included among the most significant are 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 actuarial hypotheses used in the calculation of the pension commitments, the hypotheses used in the calculation of the suitability test of liabilities and the hypotheses used to allocate part of the non-realised capital gains in the financial investment portfolios allocated as "available for sale" and at "fair value with changes in profit and loss" as the greater amount of the life insurance reserves.

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

New Standards, Revised Standards and Amendments Adopted during the 2011 Financial Year

Standards and Interpretations Effective during the Present Period

During the 2011 financial year, various new accounting standards came into force and were therefore applied in the preparation of the attached consolidated annual accounts.

New standards, modifications and interpretations		Mandatory Application for Financial Years initiated from:
Modification of IAS 32 – *Financial Instruments: Presentation – Classification of Rights Issues*	Modifies the accounting treatment of rights, options and warrants in a currency other than the operating currency.	Annual periods initiated from 1 February 2010
IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*	Treatment of the cancellation of financial liabilities through share issues.	Annual periods initiated from 1 July 2010
Revision of IAS 24 – *Related Party Disclosures*	Modifies the definition of "related party" and reduces the disclosure requirements for companies related merely by being under the control, joint control or significant influence of the State.	Annual periods initiated from 1 January 2011
Modification of IFRIC 14 – *Minimum Funding Requirements*	Prepaid contributions by virtue of a minimum funding requirement may give rise to an asset.	Annual periods initiated from 1 January 2011

Standards and Interpretations which Have Been Issued but Are Not In Force

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

New standards, modifications and interpretations Approved for use in the European Union		Mandatory Application for Financial Years initiated from:
Modification to IFRS 7 – *Financial Instruments: Disclosures*	Extends and increases the disclosures on the transfers of financial assets.	Annual periods initiated from 1 July 2011

New standards, modifications and interpretations Not approved for use in the European Union		Mandatory Application for Financial Years initiated from:
Modification to IAS 12 – *Income Taxes – Deferred Taxes relating to Real Estate* (published in December 2010)	On the calculation of deferred taxes related to real estate, according to the fair value method of IAS 40.	Annual periods initiated from 1 January 2012
Modification of IAS 1 – *Presentation of Financial Statements*	The modification introduces the requirement to present separately a total of "income and expenses", of "Other comprehensive income", distinguishing between items that will be reclassified in the profit and loss account in future financial years from those which will not.	Annual periods initiated from 1 July 2012
Modification to 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*.	Annual periods initiated from 1 January 2013

(Cont.)

New standards, modifications and interpretations Not approved for use in the European Union		Mandatory Application for Financial Years initiated from:
IFRS 9 – *Financial Instruments: Classification and Measurement* (published in November 2009 and October 2010)	Replaces the classification and measurement requirements of financial assets and liabilities of IAS 39.	Annual periods initiated from 1 January 2013
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 *Consolidation and Separate Financial Statements*, and the interpretation of SIC 12 – *Consolidation – Special Purpose Entities*. The principal innovation introduced is the modification of the definition of control, eliminating the focus of SIC-12 on risks and benefits. The new definition of control consists of three elements that have to be fulfilled, namely: the power over the investee company, the exposure or right to variable results of the investment and the ability to use such control in order to influence the amount of the returns.	Annual periods initiated from 1 January 2013
IFRS 11 – *Joint Arrangements*	The entry into force of this standard will replace the present IAS 31 – *Interests in Joint Ventures*. The fundamental modification proposed with regard to the present standard is the elimination of the option of proportional consolidation for jointly-controlled entities, which will be consolidated by the equity method. It also modifies in certain aspects the focus on the analysis of joint arrangements, focusing the analysis on whether or not the joint arrangement is structured via a separate vehicle. It also defines two unique types of joint arrangement: joint operation or joint venture.	Annual periods initiated from 1 January 2013
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.	Annual periods initiated from 1 January 2013
Modification to IAS 19 – *Employee Benefits*	The most significant modifications that fundamentally affect defined benefits plans are as follows: 1. The elimination of the "corridor" in the present standard through which companies can defer a certain portion of the actuarial gains and losses. Once the modification comes into force, all actuarial gains and losses must be recognised immediately. 2. Significant changes to the grouping and presentation of cost components in the comprehensive income statement. The total cost related to the obligation will be presented under three different items: service cost, net interest and remeasurement.	Annual periods initiated from 1 January 2013
Modification of IAS 27 – *Consolidated and Separate Financial Statements*	This modification reissues the standard, given that from its entry into force its content will only refer to individual financial statements.	Annual periods initiated from 1 January 2013
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.	Annual periods initiated from 1 January 2013

(Cont.)

New standards, modifications and interpretations Not approved for use in the European Union		Mandatory Application for Financial Years initiated from:
Modification of IAS 32 – *Financial Instruments: Presentation*	The modification introduces a series of additional clarifications to the implementation guidelines on the requirements of the standard for offsetting and presenting financial assets and liabilities in the balance sheet.	Annual periods initiated from 1 January 2014

IFRS 9 – Financial Instruments: Classification and Measurement

IFRS 9 will in the future replace the current classification and measurement part of IAS 39. Significant differences to the current standard exist in relation to financial assets, including 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 the ones that already exist in IAS 39.

At today's date, no analysis of the future impact of adopting this standard has been carried out, while the adoption of the same by the European Union remains pending.

No compulsory accounting principle of any significant effect was omitted in the preparation of the accompanying consolidated annual accounts.

e) Comparison of Information and Correction of Errors

The total amounts in this report for the 2011 financial year are presented with those of the previous financial year for the purposes of comparison, in accordance with the requirements established by IAS 1 – *Presentation of Financial Statements*.

f) Consolidation Principles

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

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

Subsidiaries

Considered as subsidiaries are those companies 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 I of the present 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 2011 financial year and during the period between the financial year end and the date on which the accounts were prepared.

The annual accounts of subsidiary companies are consolidated with those of the VidaCaixa Group by applying the full consolidation method, which consists of adding the assets, liabilities and equity, revenue and expenditure, of a similar nature, that appear 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	% Voting rights	Year of incorporation	Thousands of euros Balances at 31 December 2011 Consolidated balance of the Group			
			Acquisition cost	Fair value	Subscribed capital	Dividends paid fin. year 2011
GeroCaixa Previsión Empresarial	100%	2000	102	102	30	–

- GeroCaixa Previsión Empresarial, which is engaged in the business of commercial provident funds, whose registered offices are at Juan Gris, 20-26, Barcelona. Non-listed company.

Associated Companies

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

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

Annex I provides significant information on such companies.

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

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

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

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

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

Note 5 of the Report provides information on the most significant acquisitions during the 2011 financial year, in addition to the period between 31 December 2011 and the date on which the present annual accounts were prepared, in associated companies, increases in the share capital of companies with associated company status at the beginning of the financial year, and information on the sale of shareholdings.

g) Compensation of Balances

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

h) Financial Information by Segments

IFRS 8 – *Operating Segments* establishes the principles to be followed for preparing financial information by line of business or geographical area.

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

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

Until June 2011, the Group controlled SegurCaixa Adeslas, SA, dedicated to Non-life insurance. As indicated in Note 5, the Group sold 50% of its holding in this entity to Mutua Madrileña; consequently, from this, date the income, expenses, assets and liabilities of said entity are not included in the consolidated accounts.

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

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

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

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

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

Allocation of Assets and Liabilities to the Main Segments

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

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

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

The assets and liabilities of each segment include the part of the assets and liabilities of the Agrupación de Interés Económico 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 are consolidated line by line, respecting the allocation made in the "Investments Book". The Group holding in the profit/loss of the associated companies, which is presented separately in the profit and loss account, inputs the different segments according to the percentage it represents in each investment portfolio, respectively. The revenues and expenses of the financial instruments in which the capital and reserves are materialised, along with other financial instruments not directly related to the practice of insurance operations, are allocated to the Other Activities segment.

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

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

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

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

i) Cash Flow Statement

The following expressions are used in the cash flow statement:

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

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

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

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

3. Significant Accounting Principles and Policies and Valuation Criteria Applied

The main valuation standards used in the preparation of the Group's Consolidated Annual Accounts for the 2011 financial year, in accordance with the International Financial Reporting Standards adopted by the European Union, were as follows:

a) Cash and Other Equivalent Liquid Assets

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

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

b) Financial Instruments

b.1) Recognition

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

b.2) Classification of Financial Instruments

Note 6) of the Report shows the balances of the financial assets in force at 31 December 2011 and 2010, together with their specific nature, classified according to the following criteria:

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

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

• Financial assets held for trading:

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

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

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

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

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

– Loans and payments receivable:

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

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

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

– Financial assets available for sale:

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

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

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

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

– Held-to-maturity investments:

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

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

b.3) Recognition and Measurement of Financial Instruments

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

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

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

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

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

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

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. At 31 December 2011 and 2010, no financial instruments were included in this level.

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

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

b.4) Impairment of the Value of Financial Instruments

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

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

As a general rule, the correction of the book value of financial instruments as a result of their impairment is charged to the consolidated Profit and Loss Account of the period in which said impairment occurs, and the recouping of 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 [for consistency] segment.

- The loss or gain in an asset available for sale is directly recognised in equity in the line “Adjustments through valuation” until the financial asset is cancelled in the accounts registers, with exception of the losses through impairment of the value of the losses or gains due to the exchange rate. At the time of cancellation, the loss or gain which has been previously recognised in equity is registered in the profit and loss account of the financial year.

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

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

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

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

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

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

c) Tangible Fixed Assets

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

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

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

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

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

Tangible fixed asset	2011	2010
	Estimated useful life	Estimated useful life
Property (excluding land)	50 years	Between 25 and 50 years
Furniture and fittings	Between 3 and 13 years	Between 3 and 20 years
Vehicles	5 years	5 years
Data-processing equipment	Between 3 and 10 years	Between 3 and 10 years
Other tangible fixed assets	Between 5 and 10 years	Between 5 and 10 years

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

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

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

d) Property Investments

The property owned in order to obtain long-term capital gains or returns from renting it and which is not occupied by companies of the Group is classified as property investments.

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, indicated in Note 9.b.) of the Report, has been obtained in accordance with the Order mentioned in the previous section with regard to own-use buildings.

e) Intangible Fixed Assets

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

The Group values intangible assets by their cost of acquisition or production and maintains this cost model in subsequent valuations, minus the corresponding accumulated amortisation, if applicable, and the accumulated amount of the losses through impairment of value, where appropriate. To determine whether the value of the intangible assets has been impaired, the Group applies IAS 36 – *Impairment of Assets,* and subsequent 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 "Consolidated goodwill" includes the positive difference of consolidation deriving from the acquisition of holdings in the capital of subsidiary companies, through the difference between the acquisition cost of the new holding and the acquired participation in the fair net value of the assets, liabilities and identifiable contingent liabilities which are not allocated to assets or specific intangible assets.

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

At 31 December 2011, the consolidated balance sheet includes:

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

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

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

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

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

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

With regard to the goodwill and the intangible assets recorded at 31 December 2010, and as a result of the sale of 50% of SegurCaixa Adeslas to Mutua Madrileña (See Note 5) and the change in the consolidation method from the full consolidation method to the equity method, the goodwill has been derecognised to the value of 301,207 thousand euros in addition to the intangible assets identified in the acquisition and subsequent merger of Adeslas by SegurCaixa Adeslas, namely Trademark and Client Portfolio, for the value of 310,883 and 218,288 thousand euros, respectively.

The aforementioned intangible assets are implicit in the value and within the percentage holding maintained in SegurCaixa Adeslas.

e.2) Other Intangible Fixed Assets

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

Intangible assets identified

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

IT applications

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

The licences of the computer programs are valued by the amount paid for their ownership or right of use, together with the costs incurred in putting the specific program to use, provided that its use is foreseen for several years, and it is 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.

Pension-fund marketing expenses

These include commissions paid in advance by a Group company to Crosselling, S.A. on pension plan operations which the Group decided to activate from the 2002 financial year until the 2008 financial year inclusive, when the contract with Crosselling, S.A. was terminated. In accordance with a criterion of greater correlation of income and expenses, these expenses are amortised over a maximum period of three years, also taking into account any falls observed in the portfolio. Consequently, at 31 December 2011, they were fully amortised.

Marketing expenses associated with Non-life insurance contracts

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

Other expenses of acquisition of pension plans and life insurance contracts

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

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

f) Transactions in Foreign Currencies

f.1) Functional Currency

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

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

f.2) Conversion Criteria of Balances in Foreign Currencies

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

- Conversion from the foreign currency into the operating currency (the currency of the principal economic area in which the subsidiary operates or the euro in the case of companies domiciled in the European Monetary Union), and

- Conversion to euros of the balances maintained in the operating currencies of subsidiaries whose operating currency is not the euro.

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

- Non-monetary entries valued at their historic cost are converted into the operating currency by applying the exchange rate at the date of their acquisition.

- Non-monetary entries valued at their fair value are converted into the operating currency by applying the exchange rate at the date on which said fair value was calculated.

- Revenue and expenses are converted by applying the average exchange rates of the period for all operations that belong to the same.

- Futures trading operations of currencies against currencies and currencies against euros not aimed at covering asset positions are converted at the exchange rates established on the date of the financial year close by the currency futures market for the corresponding accrual date.

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

f.3) Recording of Exchange Rate Differences

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

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

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

g) Corporation Tax

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

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

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

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

The assets and liabilities through current tax are valued at the sums expected to be paid to or recovered from the Treasury, in accordance with the current legislation or approved legislation pending publication on the date of the financial year end. In this regard, the Group has calculated the Corporation Tax at 31 December 2011 by applying the current tax regulations and Royal Decree Law 2-2008, of 21 April, on measures to promote economic activity in all companies domiciled for tax purposes in Spain.

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

h) Financial Liabilities

Financial liabilities are those contractual obligations of the Group to provide cash or other financial assets to another company, or to exchange financial assets or financial liabilities with another company, in conditions that are potentially unfavourable for the Group.

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.

At 31 December 2011, neither the Parent Company nor any other Group company had guaranteed other debt securities issued by associate companies or by third parties outside the Group.

i) Assets and Liabilities Derived from Insurance and Reinsurance Contracts

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

i.1) Classification of the Contracts Portfolio

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

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

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

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

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

As a result of the acquisition of Caixa de Barcelona de Seguros de Vida, S.A. (hereinafter, CaixaVida) by CaixaBank, S.A. during the 2011 financial year, and its subsequent merger by absorption by VidaCaixa, S.A. de Seguros y Reaseguros (hereinafter, VidaCaixa), the Group analysed the liabilities sufficiency test on 1 January 2011, the accounting date of the acquisition and subsequent merger, in accordance with accounting regulations applicable to merger and spin-off operations between companies within the same group. The test confirmed the sufficiency of the established reserves and the majority of the extraordinary reserves established by the Group in previous financial years were liberated, basically those originating from the acquired company CaixaVida, with the net balancing entry for the corresponding tax effect in reserves for the sum of 778,807 thousand euros.

At 31 December 2011, said liabilities sufficiency test was performed once more, confirming the sufficiency of the established reserves and an additional surplus derived from the aforementioned extraordinary reserves established by the Group in previous financial years. At 31 December 2011, said surplus totalled 37 thousand euros (26 thousand euros net), recorded as a profit for the year in the attached profit and loss account.

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

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

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 commissions and other acquisition costs.

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

Life insurance

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

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

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

Claims

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

Claims pending settlement or payment

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

Claims pending declaration

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

For the above cases, the reserve has been calculated according to the best estimate provided by the internal actuarial calculations based on generally accepted calculation methods. The methodology and main hypotheses used in the calculation of said reserves at 31 December 2011 is described below:

– Chain Ladder and Cape Cod analysis (calculation methods) of payments and expenses incurred have been selected.

– To calculate the level of fixed security, no inflation effect or financial discounting over time was considered. Peak claims, defined as those whose estimated cost exceeds a certain amount according to each segment, are excluded from these methods.

– The calculated payments are considered net of recovery.

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

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

Internal expenses of claims settlements

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

Reserves for share in profits and returns

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

Commissions and accrued acquisition expenses

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

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

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

Claims recovery

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

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

Reinsurance

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

j) Non-Technical Reserves

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

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

j.1) Reserves for Pensions and Similar Risks

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

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

On the other hand, upkeep and maintenance costs are expensed during the period in which they occur in each Group company. In the 2011 financial year, the subsidiary companies contributed 7,746 thousand euros to this fund (578 thousand euros in 2010).

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

j.2) Other Non-Technical Reserves

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

k) Leases

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

Financial leases

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

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

Operating leases

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

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

l) Related Party Transactions

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

m) Environmental Equity Items

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

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

n) Severance Pay

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

o) Income and Expenses

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

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

o.1) Income Through Issued Premiums

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

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

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

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

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

o.3) Claims Paid and Variation in Reserves

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

o.4) Commission

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

4. Management of Risk and Capital

Management of capital

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

The solvency margin is calculated in accordance with the corresponding articles established in the RASPI, modified by RD 297-2004, of 20 February, RD 239-2007, of 16 February and RD 1318-2008, of 24 July. Consequently, all the Group 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 legislation, which is still at the development stage.

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

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

At 31 December 2011, the breakdown of the solvency margin and the minimum quantity of the subsidiary VidaCaixa is as follows (in millions of euros):

2011 FINANCIAL YEAR

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

2010 FINANCIAL YEAR

Solvency margin	VidaCaixa	VidaCaixa Adeslas
Own uncommitted assets	888	1,181
Solvency margin minimum quantity	860	295
Solvency margin surplus	28	886
Percentage (%) of the required minimum that the assets represent	103%	400%

The variation in the solvency margin in VidaCaixa for the 2011 financial year is due to the fact that, for the purpose of calculating the company's Solvency Margin, the own uncommitted assets are not subject to deductions of losses of assets classified in the available-for-sale portfolio recorded in the valuation adjustments in the Equity, with the limit of the surplus additional provision per interest rate, where said amount does not exceed the provision that the entity would have omitted under the terms of Instruction 9/2009. In other words, with the limit of the sum of the provision the entity may not have made had it opted to allocate additional assets instead of the provision option based on real profitability.

Management of risks

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

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

– Credit risk

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

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

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

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

The credit risk management of VidaCaixa Group is determined by internal compliance with the actions defined by the Management and approved by the Administrative Bodies. It defines the category of assets liable to be incorporated within the investments portfolio, using definition parameters such as the main rating scales and periods.

– Liquidity risk

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

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

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

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

This refers to the risk that the value of a financial instrument may vary due to changes in the price of the shares, interest rates or exchange rate. The consequence of these risks is the possibility of incurring 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, VidaCaixa Group does not own assets with a significant and direct exposure in currencies other than the euro and, wherever necessary, the necessary coverage is provided.

– Technical or underwriting risk

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

- Underwriting. Based on the acceptance of risks based on the actuarial variable principles (age, capital insured and duration of guarantee).

- Pricing. In accordance with the current DGIPF regulations, the price rates for the life insurance area are established using the mortality tables permitted by current legislation. The interest rates used for pricing are applied in accordance with the maximum rate determined by the Regulations on Administration and Supervision of Private Insurance (RASPI) approved by Royal Decree 2486/1998 of 20 November.

- Definition and supervision of Reinsurance Policy. Establishing appropriate diversification of the risk among various reinsurance companies with sufficient capacity to absorb unforeseen losses. From this, stability in the claims results is obtained.

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

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

– Sensitivity to insurance risk (IFRS 4):

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

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

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

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

Breakdown of credit rating at 31 December 2011 and 2010:

Rating	Thousands of euros			
	Nominal Value		Weighting	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Between AA– and AAA	25,647,046	15,610,088	79%	68%
Between A– and A+	4,144,317	5,831,416	13%	26%
Between BBB– and BBB+	1,770,743	1,121,407	6%	5%
Between BB– and BB+	132,592	272,166	–	1%
Between B– and B+	148,860	1,973	–	–
Below B–	767,300	–	2%	–
Unrated	6,750	–	–	–
TOTAL	32,617,608	22,837,050	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 2011 and 2010 are as follows:

Geographical diversification

2011 FINANCIAL YEAR

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

2010 FINANCIAL YEAR

Country	Thousands of euros						
	Fixed Income	Equity instruments	Derivatives	Hybrids	Deposits in credit entities	Loans granted	Investment funds
Germany	1,386,122	–	–	–	–	–	–
Netherlands Antilles	80,612	–	–	–	–	–	–
Australia	2,160	–	–	–	–	–	–
Austria	238,581	–	–	–	–	–	–
Belgium	331,256	–	–	–	–	–	–
Canada	28,377	–	–	–	–	–	–
Spain	10,372,890	51,485	2,945	2,260	174,361	4,858,341	762
United States	1,001,298	–	–	–	–	–	–
Finland		–	–	–	–	–	–
France	1,462,417	–	7,532	–	–	–	–
Greece	121,313	–	–	–	–	–	–
Netherlands	1,328,308	–	1,042	–	–	–	–
Hungary	83,836	–	–	–	–	–	–
Ireland	46,360	–	–	–	–	–	–
Cayman Islands	37,399	–	–	–	–	–	–
Italy	1,296,946	–	–	–	–	–	–
Japan	–	–	–	–	–	–	–
Luxembourg	194,041	–	–	1,872	–	–	23,092
Norway	40,054	–	–	–	–	–	–
Portugal	127,966	–	–	–	–	–	–
United Kingdom	640,115	–	–	1,881	–	–	–
Sweden	29,534	–	–	–	–	–	–
Switzerland	174,413	–	–	–	–	–	–
TOTAL	19,023,998	51,485	11,519	6,013	174,361	4,858,341	23,854

Diversification by sector

2011 FINANCIAL YEAR

	Thousands of euros				
	Fixed Income	Equity instruments	Funds	Derivatives	Loans
Communications	431,057	–	–	–	–
Consumer goods	505,745	–	–	–	–
Energy	22,444	–	–	–	–
Financial	6,185,367	307	21,398	8,100	8,923,983
Government	16,603,636	–	–	–	–
Industrial	548,218	–	–	–	–
Raw materials	131,246	–	–	–	–
Utilities	696,125	–	–	–	–
TOTAL	25,123,838	307	21,398	8,100	8,923,983

2010 FINANCIAL YEAR

	Thousands of euros						
	Fixed Income	Equity instruments	Funds	Derivatives	Loans	Hybrids	Deposits in credit entities
Raw materials	1,119	–	–	–	–	–	–
Communications	744,692	–	–	–	–	–	–
Consumer goods	403,073	–	–	–	–	–	–
Energy	162,277	–	–	–	–	–	–
Financial	6,897,278	61	23,092	11,519	4,858,341	6,013	174,361
Funds	–	–	762	–	–	–	–
Government	8,654,267	–	–	–	–	–	–
Industrial	618,924	–	–	–	–	–	–
Infrastructure	0	50,790	–	–	–	–	–
Raw materials	141,837	–	–	–	–	–	–
Maritime	154	–	–	–	–	–	–
Utilities	1,400,377	–	–	–	–	–	–
Health	–	528	–	–	–	–	–
Real estate	–	–	–	–	–	–	–
Insurance	–	106	–	–	–	–	–
TOTAL	19,023,998	51,485	23,854	11,519	4,858,341	6,013	174,361

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

Transactions carried out during the 2011 financial year

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

In January 2011, Criteria (now known as CaixaBank) and Mutua Madrileña announced the signing of an agreement for the development of a strategic alliance in non-life insurance, by virtue of which the CaixaBank Group recorded the sale to Mutua Madrileña of a 50% holding in SegurCaixa Adeslas, S.A. de Seguros y Reaseguros (hereinafter SegurCaixa Adeslas) in June 2011.

The transaction amount totalled 1,075 million euros and was paid by Mutua Madrileña by means of a cash payment of 1,000 million euros and the contribution to SegurCaixa Adeslas of its healthcare branch subsidiary Aresa Seguros Generales, S.A. which, prior to the transaction, was valued by an independent expert at 150 million euros.

Previously, CaixaBank had acquired from SegurCaixa Adeslas a 100% holding in its hospital business, namely the companies UMR, S.L., Iquimesa Servicions Sanitarios, S.L., General de Inversiones Tormes, S.A. and Lince Servicios Sanitarios, S.A., for the total sum of approximately 235 million euros.

Subsequently, the shareholding of SegurCaixa Adeslas was distributed between Mutua Madrileña, with a 50% holding, VidaCaixa Group with a 49.92% holding and the remainder in the hands of minority shareholders. This resulted in the loss of the control which the VidaCaixa Group exercised over SegurCaixa Adeslas. Consequently, VidaCaixa Group recognised a profit of 756 million euros (578 million euros net of tax), recorded in the "Results from other activities" caption of the attached consolidated profit and loss account, and reduced the total book value of the business on 30 June 2011 (1,206 million euros). From this date, the 49.9% holding of the CaixaBank Group in SegurCaixa Adeslas has been integrated using the equity method.

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

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

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

Acquisition of CaixaVida

In accordance with the reorganisation of the "la Caixa" Group during the 2011 financial year, "la Caixa" transferred to Microbank (a wholly-owned subsidiary of "la Caixa"), through a segregation, the assets and liabilities of its financial activity, including the holding in Caixa de Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros (hereinafter, CaixaVida), receiving shares in Microbank in exchange, following the corresponding increase in its share capital. After completing said segregation, "la Caixa" performed a swap with Criteria CaixaCorp, S.A. (now known as CaixaBank, S.A.), through which it handed over its holding in MicroBank, and therefore its indirect holding in CaixaVida, in exchange for certain industrial holdings.

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

Merger by absorption of CaixaVida by VidaCaixa

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

Subsequently, on 29 November 2011, the deed for the merger by absorption was executed and recorded at the Mercantile Register on 1 December 2011.

The most significant aspects of the merger are as follows:

- The acquisition date of the shares of the absorbed company was 30 June 2011, establishing 1 January 2011 as the date from which the transactions of CaixaVidas will be considered, for accounting and tax purposes, to be made by VidaCaixa.

- The operation was classified under the Special Regime contained in Chapter VIII of Title VII of Royal Decree 4/2004, of 5 March, which approves the Consolidated Text of the Corporation Tax Law (TRLIS).

• The price of the business combination was 504,905 thousand euros, which was paid in cash.

• As a consequence of recognising the aforementioned assets and liabilities at fair value, no goodwill was declared.

• The assets and liabilities recognised at the acquisition date were as follows:

Assets	Thousands euros	Liabilities	Thousands euros
Cash and other equivalent liquid assets	435,662	Debits and payable items	1,259,601
Financial assets held for trading	3,376	Technical reserves	3,642,776
Available for sale financial assets	3,264,216	Non-technical reserves	–
Loans and payments receivable	1,756,402	Tax liabilities	524,926
		Rest of liabilities	11,029
Holdings in group and associated companies	98		
Tax assets	219,861	Adjustments for changes in value	(306,697)
Other assets	95,431	Subsidies, donations and legacies received	–
TOTAL ASSETS	5,775,046	TOTAL LIABILITIES	5,131,635

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

On 16 June 2011, the agreement for the merger by absorption of Invervida Consulting, S.L. by VidaCaixa Grupo, S.A.U., which already owned 100% of said Company, was approved.

The most significant aspects of the merger are as follows:

- The date on which the Merger was recorded in the Mercantile Register, in which the absorbed company's assets and liabilities were integrated, was 9 June 2011.

- The planned merger is a short-form merger, given that the absorbing company owns all the representative shares of the absorbed company's share capital, without any requirement to increase the absorbing company's share capital, or for administrators or independent experts to draft a report, or calculate the exchange ratio of the holdings for shares.

- The transactions of the absorbed company will be considered made by the absorbing company, for accounting purposes, from 1 January 2011.

- The operation was classified under the Special Regime contained in Chapter VIII of Title VII of Royal Decree 4/2004, of 5 March, which approves the Consolidated Text of the Corporation Tax Law (TRLIS).

- As a consequence of recognising the aforementioned assets and liabilities at fair value, no goodwill was declared.

During the merger's accounting process, the net book value of the holding in Invervida Consulting, S.L. will be eliminated and all the assets and liabilities of the absorbed company will be incorporated.

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

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

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

Transactions carried out during the 2010 financial year

5.e) Acquisition of Compañía de Seguros Adeslas, S.A.

By virtue of the agreement signed between Criteria Caixa Corp, S.A (now known as CaixaBank, S.A.) and Suez Environment and Malakoff Médéric, the Group, through the company SegurCaixa Adeslas, acquired and carried out the subsequent merger by absorption of Compañía de Seguros Adeslas, S.A.

The price of the business combination was 1,128,335 thousand euros and as a consequence of the recognition of the aforementioned assets and liabilities at fair value, goodwill of 256,914 thousand euros was recorded, in addition to other intangible assets valued at 552,679 thousand euros, which include the Adeslas trademark and the portfolio of policyholders. Furthermore, through the acquisition of Adeslas, the Group incorporated the hospital group previously owned by said Company.

5.f) Acquisition of Caixa Girona Mediació, Sociedad de Agencia de Seguros Vinculada, S.A.U.

Following the merger between Caixa d'Estalvis de Girona and Caixa d'Estalvis i Pensions de Barcelona ("la Caixa") and in accordance with the Internal Protocol of Relations in force between "la Caixa" and Criteria CaixaCorp, S.A., the affected businesses were transferred to the preferential areas of action of the companies belonging to the Criteria Group.

Within this protocol, on 11 November 2010 VidaCaixa Group acquired from "la Caixa" the company Vida Caixa Mediació, Sociedad de Agencia de Seguros Vinculada, S.A.U. for the total sum of 8,227 thousand euros.

5.g) Dissolution and Liquidation of SegurVida Consulting S.A.

On 5 July 2010, the General Shareholders' Meeting of SegurVida Consulting, S.A. (80% owned by VidaCaixa Grupo, S.A.U. and 20% by Criteria CaixaCorp, S.A., now known as CaixaBank, S.A.) approved its dissolution and liquidation in accordance with the provisions of article 260.1.2 of the Consolidated Text of the Public Limited Companies Act.

As a result, and in accordance with the applicable accounting regulations, VidaCaixa Grupo, S.A.U., has registered its disposal of the holding in SegurVida Consulting, S.A., generating capital gains to the value of 8 thousand euros, due to the difference between the liquidated assets and the book value of the holding.

6. Financial Assets

The breakdown of the financial assets at 31 December 2011 is as follows (in thousands of euros):

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

The same information at 31 December 2010 is as follows (in thousands of euros):

Investments classified by category of financial assets and type	Financial assets held for trading (HFT)	Other financial assets at fair value with changes in the profit and loss account (CFVP&L)	Financial assets available for sale (AFS)	Loans and payments receivable (L&PR)	Total at 31/12/2010
FINANCIAL INVESTMENTS:	11,519	207,500	19,099,323	5,032,703	24,351,045
Equity instruments	–	14	75,325	–	75,339
– Financial investments in capital	–	14	51,471	–	51,485
– Holdings in investment funds	–	–	23,854	–	23,854
Debt securities	–	–	19,023,998	–	19,023,998
Investment on behalf of life insurance policyholders who assume the risk of the investment	–	201,473	–	–	201,473
Loans	–	–	–	4,858,341	4,858,341
Other financial assets	11,519	6,013	–	–	17,532
Deposits in credit entities	–	–	–	174,361	174,361
Deposits constituted for accepted reinsurance	–	–	–	1	1
CREDITS:	–	–	–	482,430	482,430
Credits through direct insurance and co-insurance operations	–	–	–	219,155	219,155
Credits through reinsurance operations	–	–	–	6,315	6,315
Other credits	–	–	–	256,960	256,960
Impairment	–	–	–	–	–
TOTAL	11,519	207,500	19,099,323	5,515,133	24,833,475

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

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

The breakdown of the financial assets, according to the inputs used, at 31 December 2010 is as follows (in thousands of euros):

	Level 1	Level 2	Level 3	Total at 31/12/2010
Financial assets held for trading				
Debt securities	–	–	–	–
Derivatives	–	11,519	–	11,519
Other financial assets at fair value with changes in the profit and loss account				
Debt securities	–	–	–	–
Equity instruments	–	14	–	14
Investment on behalf of life insurance policyholders who assume the risk of the investment	169,435	32,038	–	201,473
Hybrid instruments	6,013	–	–	6,013
Loans	–	–	–	–
Deposits in credit entities	–	–	–	–
Available for sale financial assets				
Financial investments in capital	73,250	2,075	–	75,325
Holdings in investment funds	–	–	–	–
Debt securities	14,620,834	4,403,164	–	19,023,998
Loans	–	–	–	–
Other financial assets without published prices	–	–	–	–
Deposits in credit entities	–	–	–	–
TOTAL AT 31 DECEMBER 2010	14,869,531	4,448,809	–	19,318,342

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 2010	**23,987**
Purchases	–
Sales and amortisations	(11,481)
Reclassifications and transfers	(987)
Revaluations against reserves	–
Revaluations against results	–
Changes in the losses through impairment of value	–
Net book value at 31 December 2010	**11,519**
Purchases	24
Changes to consolidation method	(980)
Sales and amortisations	–
Additions to the consolidation scope	3,376
Reclassifications and transfers	–
Revaluations against reserves	–
Revaluations against results	(5,839)
Changes in the losses through impairment of value	–
Net book value at 31 December 2011	**8,100**

The investments held in derivatives at 31 December 2011 correspond to a Euro Stoxx 50 Call Option with maturity in 2012 and some embedded derivatives which the Group has valued and recorded separately and which, in their entirety, correspond to "Lookback" options on Euro Stoxx 50. The maturity dates of said derivatives are between 2019 and 2021. The fair value of such investments has been calculated from the final listing, in the case of securities listed on organised markets, and in the case of non-listed securities or securities without a representative listing, the market value has been calculated by applying valuation methods generally accepted within the financial sector.

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

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

	Investment on behalf of life insurance policyholders who assume the risk of the investment	Equity instruments	Hybrid instruments	Total
Net book value at 1 January 2010	184,312	–	–	184,312
Purchases and accruals	177,329	–	–	177,329
Additions to the consolidation scope	–	14	7,855	7,869
Sales, accruals and depreciations	(164,274)	–	(2,201)	(166,475)
Revaluations against results	4,106	–	359	4,465
Changes in the losses through impairment of value	–	–	–	–
Net book value at 31 December 2010	201,473	14	6,013	207,500
Purchases and accruals	331,669	–	–	331,669
Changes to consolidation method	–	(14)	(6,013)	(6,027)
Sales, accruals and depreciations	(314,755)	–	–	(314,755)
Revaluations against results	–	–	–	–
Changes in the losses through impairment of value	(7,733)	–	–	(7,733)
Net book value at 31 December 2011	210,654	–	–	210,654

During the 2011 financial year, the income from investments on behalf of policyholders who assume the risk of the investment totalled 24,472 thousand euros (18,621 thousand euros in 2010), while the expenses of the same totalled 28,105 thousand euros (11,011 thousand euros in 2010). Both sums are recorded in the attached Consolidated Profit and Loss Account.

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 2011, the Group no longer held the hybrid and asset instruments it incorporated through the merger with Adeslas the previous financial year, owing to a change in SegurCaixa Adeslas's consolidation method.

Available For Sale Financial Assets

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

	AFS		Total
	Financial investments in capital	Debt securities	
Net book value at 1 January 2010	57,274	17,934,950	17,992,224
Non-cash contributions	666,486	–	666,486
Purchases	48,962	11,444,716	11,493,678
Additions to the consolidation scope	1,320	63,480	64,800
Implicit interest accrued	–	367,816	367,816
Sales and amortisations	(691,082)	(9,708,433)	(10,399,515)
Reclassifications and transfers	–	–	–
Revaluations against reserves	(7,485)	(1,126,127)	(1,133,612)
Changes in the losses through impairment of value	–	–	–
Registered profit/loss	(150)	47,596	47,446
Net book value at 31 December 2010	75,325	19,023,998	19,099,323
Non-cash contributions	–	–	–
Purchases	–	20,854,977	20,854,977
Changes to consolidation method	(1,386)	(445,226)	(446,612)
Implicit interest accrued	–	(80,662)	(80,662)
Sales and amortisations	(52,726)	(17,290,923)	(17,343,649)
Additions to the consolidation scope	6	3,264,209	3,264,215
Reclassifications and transfers	–	(411,306)	(411,306)
Revaluations against reserves	(36,568)	(286,102)	(322,670)
Changes in the losses through impairment of value	–	161,344	161,344
Registered profit/loss	37,054	–	37,054
Net book value at 31 December 2011	21,705	24,790,309	24,812,014

On 25 February 2011, the Group sold all the holdings it held in Abertis Infraestructuras, S.A. for the sum of 52,338 thousand euros and received a dividend of 1,118 thousand euros. Said holding corresponded to 0.5044% of the company at that date. As a result of the sale of Abertis Infraestructuras, S.A., the Group made a profit of 37,054 thousand euros, which is recorded under the caption “Tangible fixed asset and investment revenue”.

During the 2011 financial year, the Company disposed of public debt securities, basically Spanish (35%), Italian (10%), Belgian (2%), French (2%), German (2%) and, to a lesser degree, those of private corporations, with a maturity between 2012 and 2055, and reinvested in securities issued mainly by the Spanish Government of the same duration, in order to adapt the durations of the financial investments to the durations of the commitments with insurance policyholders. As a result of this transaction, the Group has recorded profits of 282,404 thousand euros and losses of 179,955 thousand euros, which are recorded 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 aforementioned losses include the losses recognised originating from acquisitions and disposals made during the 2011 financial year by the Group in the Greek Public Debt portfolio, prior to their reclassification in the maturity portfolio for the sum of 108,638 thousand euros (see the maturity portfolio section).

In addition, the Group disposed of debt securities within the standard operations of the available-for-sale portfolio, recording profits of 134,636 thousand euros and losses of 75,740 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.

Furthermore, the Group formalised sale and purchase agreements for fixed-income securities within its own ordinary portfolio, generating a net income of 2,374 thousand euros, which are recorded in the corresponding captions of the accompanying profit and loss account.

Also, under the same caption, the Group presented at 31 December 2011 interest rate swaps formalised with various financial institutions, principally "CaixaBank", in order to adapt the flows derived from the investment portfolio to the liquidity requirements of the different affected policies, receiving from the various counterparties, in general terms, fixed and/or determinable sums. The maturity thereof is between 2012 and 2055. Although the Group disposes of the valuations of said swaps and their associated bonds, it values them jointly as indicated in Note 4.b.

The unpaid explicit interest in favour of the Group at 31 December 2011 totals 543,305 thousand euros (389,109 thousand euros at the close of 2010) 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 258 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 has a sufficiently reliable market valuation. These revaluations are principally imputed to policyholders of life insurance. As a consequence of this, the 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 Payments Receivable

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

	Non-mortgage loans and advance payments on policies	Mortgage loans	Deposits in credit entities	Deposits constituted for accepted reinsurance	Total
Net book value at 1 January 2010	**4,313,261**	**864**	**117,418**	**–**	**4,431,543**
Purchases	10,219,059	–	12,020	1	10,231,080
Implicit interest accrued	(19,935)	–	1,341	–	(18,594)
Additions to the consolidation scope	30,765	–	216,200	–	246,965
Sales and amortisations	(9,685,536)	(137)	(172,618)	–	(9,858,291)
Reclassifications and transfers	–	–	–	–	–
Revaluations against reserves	–	–	–	–	–
Changes in the losses through impairment of value	–	–	–	–	–
Net book value at 31 December 2010	**4,857,614**	**727**	**174,361**	**1**	**5,032,703**
Purchases	21,701,514	–	–	–	21,701,514
Implicit interest accrued	15,156	–	–	–	15,156
Changes to consolidation method	(33,728)	(727)	(174,361)	(1)	(208,817)
Sales and amortisations	(19,188,108)	–	–	–	(19,188,108)
Additions to the consolidation scope	1,571,535	–	–	–	1,571,535
Reclassifications and transfers	–	–	–	–	–
Revaluations against reserves	–	–	–	–	–
Changes in the losses through impairment of value	–	–	–	–	–
Net book value at 31 December 2011	**8,923,983**	**–**	**–**	**–**	**8,923,983**

Held-To-Maturity Investments

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

	HTM
	Debt securities
Net book value at 1 January 2010	–
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 2010	–
Purchases	–
Sales and amortisations	–
Reclassifications and transfers	411,306
Revaluations against reserves	–
Revaluations against results	–
Changes in the losses through impairment of value	(77,777)
Net book value at 31 December 2011	333,529

On 21 July 2011, the Council of the European Union published a document in which the Heads of State and Government of the Euro Zone and European Union Institutions gave their support to a new financing programme for Greece, which included the participation of the IMF and the contribution of the private sector. At the end of July, the Group, after analysing this document and taking other factors into consideration, decided to modify its investment policy in Greece's sovereign debt. In this regard, considering both the Group's intention and capacity at 31 July 2011 to maintain the investment until its maturity, on said date it reclassified its entire exposure to Greek public debt, from the available-for-sale portfolio to the maturity portfolio. At 31 July 2011, the investment in Greek sovereign debt was recorded in the balance sheet for the sum of 411,306 thousand euros, which was its market value at said date, becoming the new amortised cost following its classification in the maturity portfolio. Given the uncertainty that exists with regard to the Greek economic situation, the Group has recorded 286,433 thousand euros under the "Tangible fixed asset and investment expenses" caption of the Life Insurance profit and loss account for the 2011 financial year in order to adjust the book value of the investment in Greek debt to 56.51% of its nominal value, 333,529 thousand euros.

On 21 February 2012, the Ministry of Finance of the Greek Republic announced the terms of a voluntary exchange of bonds in Greek public debt with the beneficiaries from the private sector. As a consequence of the continued deterioration in the Greek economic situation, this agreement involves a reduction greater than the one agreed in the Euro Summit Statement of 26 October 2011, which invited the Greek Republic and the private sector to perform a voluntary exchange of bonds with a discount of 50% on the nominal amount. Specifically, the agreement establishes a reduction of 53.5% of the nominal amount, in addition to a coupon reduction and an extended deadline. Faced with this exceptional situation, on 6 March 2012 the Group proceeded with the partial disposal of the Greek public debt portfolio. Considering both the effect of the sale and the additional deterioration in the maintained debt, the total net loss affecting the Group is 105 million euros. Furthermore, from 1 January 2012 until the drafting of the annual accounts, as a consequence of actively managing the available-for-sale portfolio, the Group has recorded net profits through the disposal of financial assets in excess of said amount.

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 2011 and 2010:

Thousands of euros	AFS Portfolio	
	31/12/2011	31/12/2010
Shares in Spanish listed companies	–	50,158
Shares in Spanish unlisted companies	307	1,312
Spanish investment funds	–	763
Foreign investment funds	21,398	23,092
TOTAL	21,705	75,325

On 25 February 2011, the Group sold the holding it maintained in Abertis Infraestructuras, S.A. for the sum of 52,338 thousand euros and received a dividend of 1,118 thousand euros. Said holding corresponded to 0.5044% of the company at that date.

The Group also has a stake in the company "Tecnologías de la información y redes para las entidades aseguradoras, S.A." for the sum of 65 thousand euros (6 thousand euros correspond to incorporations within the scope by CaixaVida) and a holding in an investment fund for 21,398 thousand euros.

For the shares in unlisted companies, their fair value has been calculated by employing valuation techniques generally accepted 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	31/12/2011		31/12/2010
	HTM Portfolio	AFS Portfolio	AFS Portfolio
Public debt and Government obligations and bonds	–	1,034,987	6,586,551
Other Public Administration	–	13,900,183	297,104
Issued by financial companies	–	3,092,087	2,842,411
Foreign public debt	333,529	3,037,834	1,770,612
Issued by foreign financial companies	–	1,382,722	4,045,957
Other fixed income values	–	2,342,496	3,481,363
TOTAL	333,529	24,790,309	19,023,998

The unpaid explicit interest in favour of the Group at 31 December 2011 totals 543,305 thousand euros (399,511 thousand euros at the close of 2010) and is recorded in the "Other assets" sub-caption of the accompanying balance sheet. The remaining balance of said caption corresponds to the unpaid interests accrued through the current accounts which the Group maintains with "CaixaBank" and other entities.

The maturity dates of the securities included in this sub-caption, according to their allocation portfolio at 31 December 2011 and 2010, and taking into consideration their fair value, are as follows:

Maturity	Thousands of euros		
	31/12/2011		31/12/2010
	HTM Portfolio	AFS Portfolio	AFS Portfolio
Less than 1 year	–	2,418,842	1,265,260
1 to 3 years	–	3,765,835	3,074,413
3 to 5 years	–	3,724,274	2,382,371
5 to 10 years	156,172	3,528,184	3,781,921
10 to 15 years	90,415	3,679,544	2,842,189
15 to 20 years	–	3,250,578	1,184,275
20 to 25 years	–	1,653,347	1,465,433
More than 25 years	86,942	2,769,705	3,028,135
TOTAL	333,529	24,790,309	19,023,998

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

The following is the breakdown by investment type at 31 December 2011 and 2010:

Investment on behalf of life insurance policyholders who assume the risk of the investment	Thousands of euros			
	31/12/2011		31/12/2010	
	CFVP&L	Other assets	CFVP&L	Other assets
Variable income	24,602	–	30,056	–
Holdings in investment funds	90,057	–	96,729	–
Fixed income and other investments	95,995	–	74,688	–
Cash and other equivalent assets	–	12,924	–	13,382
Loans and payments receivable	–	689	–	–
Accruals	–	1,067	–	1,042
TOTAL	210,654	14,680	201,473	14,424

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

Maturity	Thousands of euros	
	31/12/2011	31/12/2010
	CFVP&L	CFVP&L
Less than 1 year	53,493	23,815
1 to 3 years	27,452	23,359
3 to 5 years	8,308	18,854
5 to 10 years	6,156	7,817
More than 10 years	586	842
TOTAL	95,995	74,688

The variation during the 2011 financial year of the losses net of gains of these assets totalled 7,733 thousand euros of losses (gains valued at 826 thousand euros in 2010). 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 2011 and 2010:

Thousands of euros	31/12/2011	31/12/2010
	L&PR	L&PR
Non-mortgage loans and advance payments on policies:		
– Unlisted loans	8,923,983	4,857,614
Mortgage loans:	–	**727**
Deposits in credit entities:	–	**174,361**
Deposits constituted for accepted reinsurance:	–	**1**
TOTAL	8,923,983	5,032,703

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

At 31 December 2011, the Group maintained six deposits contracted with "CaixaBank", three deposits for the sum of 8,314,877 thousand euros with a maturity in 2012 which have an average weighted IRR of 2.16% and three deposits for the sum of 90,149 thousand euros with a maturity in 2019 originating from the merger with CaixaVida which have an average weighted IRR of 8.38%.

This caption also includes five acquisitions with a buy-back clause for the sum of 518,957 thousand euros with a maturity in 2012.

Said deposits and acquisitions with a buy-back clause have generated revenue of 99,701 thousand euros and are recorded under "Tangible fixed asset and investment revenue" of the Life Insurance profit and loss account.

On 28 April 2011, the Group signed a framework contract for financial transactions with "CaixaBank", undertaking to leave under guarantee the sum of 600,000 thousand euros in an account deposited in said institution. At 31 December 2011, this guarantee was constituted in one of the deposits contracted with "CaixaBank" with a maturity in 2012 and which presented a weighted average IRR of 2.16%.

b) Credits

The following is the breakdown of the credits derived from insurance, reinsurance and co-insurance contracts at 31 December 2011 and 2010:

Thousands of euros	L&PR	
	31/12/2011	31/12/2010
Credits through direct insurance and co-insurance operations:		
Insurance policyholders – receipts pending:		
Direct and reinsurance business	108,482	114,780
Credit to the Community of Valencia (Ribera Salud II UTE)	–	50,334
Premiums accrued and not issued	3,842	66,164
(Reserve for premiums pending payment)	(3,253)	(32,122)
Brokers:		
Pending balances with brokers	3,040	5,522
(Reserve for impairment of balance with brokers)	–	(10)
Accounts receivable for co-insurance operations:		
Pending balances with co-insurers	9,604	14,884
(Reserve for impairment of balance with co-insurers)	–	(398)
Credits through reinsurance operations:		
Pending balance with reinsurance companies	256	6,713
(Reserve for impairment of balance with reinsurance)	(3)	(397)
Other credits:		
Rest of credits	286,964	257,950
(Reserve for impairment of other credits)	–	(990)
TOTAL	408,932	482,430

The movement and detail of the losses of value recorded during the 2011 and 2010 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 brokers	Reserve for impairment of balance with reinsurance	Reserve for impairment of balance with co-insurers	Reserve for impairment of other credits
Balances at 1 January 2010	(12,064)	(10)	(346)	(2)	(274)
Merger incorporations	(19,663)	–	–	(395)	(646)
Endowments charged to results	(22,475)	–	(51)	(1)	(85)
Applications with payment to results	22,080	–	–	–	15
Balances at 31 December 2010	(32,122)	(10)	(397)	(398)	(990)
Changes to consolidation method	27,662	10	357	398	990
Endowments charged to results	(3,617)	–	–	–	–
Applications with payment to results	4,824	–	37	–	–
Balances at 31 December 2011	(3,253)	–	(3)	–	–

The breakdown of other credits in the consolidated balance sheet at 31 December 2011 and 2010 is detailed below:

Rest of Credits:	Thousands of euros	
	31/12/2011	31/12/2010
Administration commissions and other commissions to be received	37,272	23,491
Other debtors	233,891	153,735
Reserve for impairment of debtor balance	–	(990)
Healthcare clients	–	56,732
Ribera Salud II UTE credits	–	3,136
Creditors for securities	15,801	20,856
TOTAL	286,964	256,960

7. Joint Ventures

The present accounts record the proportional part (51%) of the profit and loss account until June 2011 of Ribera Salud II UTE Ley 18/82, the date on which the sale of 50% of SegurCaixa Adeslas to Mutua Madrileña occurred, after which said joint venture was no longer consolidated by proportional consolidation.

Ribera Salud II UTE Ley 18/82

By virtue of the ruling of 21 February 2003, the management of the public service concession for the integral healthcare in Área de Salud 10 in the Community of Valencia was awarded in favour of "Ribera Salud II UTE Ley 18/82", which commenced its activities on 1 April 2003.

Said company is held by SegurCaixa Adeslas, Ribera Salud, S.A. (whose shareholders are Bancaja and Caja de Ahorros del Mediterráneo), Dragados y Construcciones, S.A. and Luis Batalla, S.A. SegurCaixa Adeslas has a 51% shareholding in "Ribera Salud II UTE Ley 18/82", originating from the merger by absorption with Adeslas.

The main conditions of the tender were as follows:

- Management of primary and specialised healthcare of Área de Salud no. 10 of the Community of Valencia.
- Initial one-off contribution of 72 million euros.
- Concession period of 15 years, which may be extended by another 5 years.

For the 2011 financial year, the established capital is 620 euros per annum (607 euros per annum for 2010). For subsequent financial years, the increase in capital will match the growth of the healthcare budget of the Regional Government of Valencia in the areas that correspond to the object of the contract.

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 companies in which the Group exercises a significant influence during 2011 is as follows:

Company	Thousands of euros				
	Balances at 31/12/2010	Consolidation scope additions and withdrawals	Increases through year result	Other variations through valuation	Balances at 31/12/2011
Igualatorio Médico Quirúrgico, S.A. de Seguros y Reaseguros	69,778	(69,778)	–	–	–
Sanatorio Médico-Quirúrgico Cristo Rey, S.A.	1,489	(1,489)	–	–	–
Sociedad Inmobiliaria del Igualatorio Médico Quirúrgico, S.A.	4,013	(4,013)	–	–	–
Igualatorio Médico Quirúrgico Dental, S.A.	78	(78)	–	–	–
Igurco Gestión, S.L.	5,194	(5,194)	–	–	–
Grupo SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	–	885,527	22,465	–	907,992
GROSS TOTAL	80,552	804,975	22,465	–	907,992
Losses through impairment	–	–	–	–	–
NET TOTAL	80,552	804,975	22,465	–	907,992

The exits from the consolidation scope basically correspond to the change in the consolidation method of the SegurCaixa Adeslas Group which, as a result of the sale to Mutua Madrileña, has changed from consolidation by the full consolidation method to the equity method. Consequently, the entities which the Group integrated until 30 June 2011 have been derecognised with the remainder of the assets and liabilities of the SegurCaixa Adeslas Group. Similarly, the addition within the scope recorded during the 2011 financial year corresponds to the recording of the participation of SegurCaixa Adeslas by the equity method from 1 July 2011. Furthermore, the variation through the result of said group corresponds to the incorporation of the result by the equity method corresponding to the six-month period from 1 July to 31 December 2011.

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 2011 (in thousands of euros):

	Buildings for own use	Furniture and fittings	Data processing equipment	Machinery and technical installations	Other tangible fixed assets	Tangible fixed assets in progress	Total
Cost at 1 January 2011	326,195	90,371	33,458	87,766	2,324	3,084	543,198
Accumulated depreciation at 1 January 2011	(74,545)	(54,003)	(28,350)	(50,796)	(1,007)	–	(208,701)
Losses through impairment	(3,793)	(993)	–	(1,329)	–	–	(6,115)
Net book value at 1 January 2011	247,857	35,375	5,108	35,641	1,317	3,084	328,382
Investments or additions	–	3,800	355	–	22	–	4,177
Changes to consolidation method	(313,930)	(79,569)	(26,085)	(86,437)	(2,324)	(3,084)	(511,429)
Advance payments in progress	–	–	–	–	–	–	–
Reclassifications and transfers	–	–	–	–	–	–	–
Sales and disposals	–	(1,133)	–	–	–	–	(1,133)
Depreciation of financial year	(109)	(666)	(589)	–	(17)	–	(1,381)
Changes to consolidation method	73,274	47,892	22,431	50,796	1,007	–	195,400
Reclassifications and transfers of the depreciation	–	–	–	–	–	–	–
Disposals of the depreciation	–	586	–	–	–	–	586
Losses through impairment	–	–	–	–	–	–	–
Net book value at 31 December 2011	7,092	6,285	1,220	–	5	–	14,602

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

The following is the movement and breakdown corresponding to the 2010 financial year (in thousands of euros):

	Buildings for own use	Furniture and fittings	Data processing equipment	Machinery and technical installations	Other tangible fixed assets	Tangible fixed assets in progress	Total
Cost at 1 January 2010	8,472	8,221	8,386	–	–	–	25,079
Accumulated depreciation at 1 January 2010	(1,164)	(5,793)	(5,916)	–	–	–	(12,873)
Losses through impairment	–	–	–	–	–	–	–
Net book value at 1 January 2010	7,308	2,428	2,470	–	–	–	12,206
Investments or additions	8,508	3,859	1,047	2,460	6	4,575	20,455
Additions to the consolidation scope	305,518	72,139	24,545	85,432	10,841	3,830	502,305
Advance payments in progress	–	–	–	–	–	–	–
Reclassifications and transfers	5,493	6,989	17	1,345	(8,523)	(5,321)	–
Sales and disposals	(1,796)	(837)	(537)	(1,471)	–	–	(4,641)
Depreciation of financial year	(5,457)	(196)	(1,646)	(4,173)	(29)	–	(11,501)
Additions to the consolidation scope	(69,304)	(48,674)	(21,297)	(47,819)	(978)	–	(188,072)
Reclassifications and transfers of the depreciation	(49)	26	1	22	–	–	–
Disposals of the depreciation	1,429	634	508	1,174	–	–	3,745
Losses through impairment	(3,793)	(993)	–	(1,329)	–	–	(6,115)
Net book value at 31 December 2010	247,857	35,375	5,108	35,641	1,317	3,084	328,382

Breakdown of Net Book Value at 31 December 2010:	Buildings for own use	Furniture and fittings	Data processing equipment	Machinery and technical installations	Other tangible fixed assets	Tangible fixed assets in progress	Total
Cost at 31 December 2010	326,195	90,371	33,458	87,766	2,324	3,084	543,198
Accumulated depreciation at 31 December 2010	(74,545)	(54,003)	(28,350)	(50,796)	(1,007)	–	(208,701)
Losses through impairment	(3,793)	(993)	–	(1,329)	–	–	(6,115)

At 31 December 2011 and 2010, 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 2011 and 2010 financial years, all tangible assets of the Group are used directly for operational purposes.

No significant losses through impairment of tangible assets occurred during the financial year.

The market value at 31 December 2011 of the properties used by the Group and of the investments is summarised below (in thousands of euros):

	Market value at 31/12/2011			
	Non-life Segment	Life Segment	Other Activities Segment	Total
Buildings for own use	–	2,177	20,559	22,736

At the close of the previous financial year, the market value of the buildings used by the Group allocated to the Non-life, Life and Other Activities segments was 236,214, 2,054 and 17,600 thousand euros, respectively.

9.b) Property Investments

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 2011 (in thousands of euros):

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

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

The following is the movement and breakdown corresponding to the 2010 financial year (in thousands of euros):

	Property investments third-party use
Cost at 1 January 2010	2,272
Accumulated amortisation at 1 January 2010	(165)
Losses through impairment	–
Net book value at 1 January 2010	2,107
Investments or additions	17,839
Additions to the consolidation scope	4,738
Reclassifications and transfers	–
Sales and disposals	–
Amortisation of financial year	(238)
Additions to the consolidation scope	(651)
Reclassifications and transfers of the amortisation	–
Disposals of the amortisation	–
Losses through impairment	–
Net book value at 31 December 2010	23,795

Breakdown of Net Book Value at 31 December 2010	
	Property investments third-party use
Cost at 31 December 2010	24,849
Accumulated amortisation at 31 December 2010	(1,054)
Net book value at 31 December 2010	23,795

During the course of the 2011 financial year, the Group recorded an impairment of 61 thousand euros to be charged to the profit and loss account. In turn, 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 2011 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 2011 of the Group's property investments is summarised below (in thousands of euros):

	Market value at 31/12/2011			
	Non-life Segment	Life Segment	Other Activities Segment	Total
Property investments third-party use	–	28,005	–	28,005

At the closure of the previous financial year, the market value of the property investments allocated to the Non-life and Life segments was 4,087 and 29,412 thousand euros, respectively.

10. Intangible Fixed Assets

The movements that occurred in this caption during the 2011 and 2010 financial years are set out in the accompanying Annexes II and III, respectively.

The derecognitions owing to changes in the equity method correspond to the change of the Company SegurCaixa Adeslas's consolidation method following the sale of 50% to Mutua Madrileña (See Note 3.e.1).

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

a) Merger Goodwill and Intangible Assets

This caption includes the goodwill and intangible assets of the merger through the acquisition of "la Caixa Gestión de Pensiones, E.G.F.P., S.A.U." and the intangible assets identified in the purchase of the pension fund management business of Caixa Girona Pensions and the "Plan de Pensiones Multindividual" pension fund originating from Agrupació Bankpime Pensiones in addition to the management of the assigned portfolio as broker originating from Agrupació Mútua. (See Note 3.e.).

b) Other Intangible Fixed Assets

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

In the last two financial years, the Group has not recorded any loss through impairment for this type of intangible asset, and has full rights of ownership over them. The Group has no additional commitments to those recorded in its consolidated financial statements for the acquisition of intangible assets. At the 2011 and 2010 financial year close, all tangible assets of the Group are used directly for operational purposes.

11. Leases

11.a) The Group Acting as a Lessor

At 31 December 2011 and 2010, the Group has contracted with lessees the following minimal rents, in accordance with the leases currently in force:

Operating leases Minimum rents	Thousands of euros	
	2011	2010
Less than 1 year	–	1,480
Between 1 and 5 years	–	882
More than 5 years	–	1,465
TOTAL	–	3,827

At 31 December 2011, the Group was not acting as a lessor.

11.2 The Group Acting as a Lessee

At 31 December 2011, the Group has contracted with lessors the following minimal rents, in accordance with the leases currently in force:

Operating leases Minimum rents	Thousands of euros	
	2011	2010
Less than 1 year	184	9,054
Between 1 and 5 years	300	25,499
More than 5 years	–	10,700
TOTAL	484	45,253

The amount of the operating lease and sub-lease rents recognised, respectively, as expenditure and income during the 2011 and 2010 financial years is as follows:

Thousands of euros	2011	2010
Lease payments	1,483	14,412
(Subletting rents)	–	–
TOTAL	1,483	14,412

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

Since 1 January 2008, with the prior authorisation of the Tax Administration, the consolidated companies pay Corporation Tax under the Fiscal Consolidation Regime jointly with Caixa d'Estalvis i Pensions de Barcelona (hereinafter "la Caixa") and with the remainder of the companies which, in accordance with the applicable regulations of each financial year, make up the tax consolidation group. The profits determined according to tax legislation for this consolidated Group are liable to a tax obligation of 30% on the tax base in the 2011 financial year. See Note 3.g) of the Report.

b) Assets and Liabilities through Current Tax

These assets and liabilities sub-captions include the following items at 31 December 2011 and 2010:

Thousands of euros	31/12/2011	31/12/2010
Assets through current tax:		
Income Tax receivable for:		
Parent Company tax consolidation group amount owing (*)	–	8,346
Other debtor balances of other tax groups or individual companies	–	823
TOTAL ASSETS THROUGH CURRENT TAX	–	9,169
Liabilities through current tax:		
Income Tax payable for:		
Parent Company tax consolidation group amount owing	–	–
Other creditor balances of other tax groups or individual companies	–	1,588
TOTAL LIABILITIES THROUGH CURRENT TAX	–	1,588

(*) Balance of tax consolidation group headed by the absorbed company Adeslas.

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.

c) Assets and Liabilities through Deferred Tax

At 31 December 2011, the Group additionally has anticipated and deferred taxes for the amount of 296,240 and 1,036,454 thousand euros, respectively, recorded under the "Assets through deferred taxes" and "Liabilities through deferred taxes" captions.

At 31 December 2010 said prepaid and deferred taxes totalled 195,347 and 165,062 thousand euros, respectively.

The prepaid and deferred taxes which are credited or charged under IFRS directly to recognised revenue and expenses accounts (basically, the valuation adjustments derived from the classified financial instruments in the "available for sale" portfolio) have been recorded through said account without having any effect on the consolidated profit and loss account for the 2011 financial year.

d) Taxes Charged on Equity and Deferred Taxes

Independently of the corporate income tax charged to the consolidated profit and loss accounts, the Group charged 644,383 thousand euros to its consolidated equity in the 2011 financial year. This sum has increased the liabilities through deferred taxes which the Group presented at 31 December 2011 and is principally due to the evolution of the valuation adjustments associated with the investments maintained in the available for sale portfolio.

The origins of the deferred debtor and creditor taxes owned by the Group at 31 December 2011 and 2010 are the following:

Deferred Debtor Taxes with Origin in:	Thousands of euros	
	31/12/2011	31/12/2010
Adaptation of the life insurance reserves tables	27,120	57,779
Sales of fixed income securities	–	–
Adjustment through valuations of financial investments	239,296	114,081
Others	29,824	23,487
TOTAL	296,240	195,347

Deferred Creditor Taxes with Origin in:	Thousands of euros	
	31/12/2011	31/12/2010
Adjustments through valuations of financial investments	45,981	74,855
Sales of fixed income securities	–	31,354
Adjustment of consolidated intangible assets	498,189	11,012
Sales of variable income securities	490,484	–
Others	1,800	47,841
TOTAL	1,036,454	165,062

e) Conciliation of the Book and Tax Results

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 2011 and 2010:

Thousands of euros	2011	2010				
	"la Caixa" Tax Group	"la Caixa" Tax Group	Adeslas Tax Group	Iquimesa (Vitoria) Tax Group	Other individual companies	TOTAL
Locally based taxable income before taxes	**1,280,457**	**518,712**	**14,595**	**5,461**	**1,119**	**539,887**
Elimination intra-group dividends	(183,934)	(159,798)	(9,196)	(5,400)	–	(174,394)
Adjustment recovery intra-group commissions	(9,773)	(20,400)	–	–	–	(20,400)
Goodwill adjustments	–	(5,279)	–	–	–	(5,279)
Taxable income of Group	**1,086,750**	**333,235**	**5,399**	**61**	**1,119**	**339,814**
Payable value (30%)	**325,025**	**99,971**	**1,620**	**18**	**336**	**101,944**
Deductions	(57,588)	(846)	(153)	–	–	(999)
Adjustments of previous years	–	8	(980)	1	–	(971)
LIQUID VALUE OF GROUP	268,437	99,133	487	19	336	99,974

Thousands of euros	2011	2010				
	"la Caixa" Tax Group	"la Caixa" Tax Group	Adeslas Tax Group	Iquimesa (Vitoria) Tax Group	Other individual companies	TOTAL
Corporation Tax of VidaCaixa Group and Subsidiaries	**268,437**	**99,133**	**–**	**–**	**–**	**99,133**
Corporation Tax of other companies not belonging to the tax consolidation group	–	–	487	19	336	842
Consolidation and application of IFRS adjustments	40,218	4,479	–	–	–	4,479
CORPORATION TAX OF VIDACAIXA GROUP AND SUBSIDIARIES	308,655	103,612	487	19	336	104,454

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.

On 16 May 2011, given that the Group is part of the tax consolidation group for Corporation Tax, whose Parent Company is Caixa d'Estalvis i Pensions de Barcelona, "la Caixa", a verification was initiated as part of the activities carried out by the Tax Administration in relation to the "la Caixa" tax group, in order to verify compliance with the tax obligations during the tax years 2007 to 2009. The Corporation Tax settlements were checked, and the actions will be finalised with a report, which will be incorporated in the company documents once it has checked employee remuneration, VAT and the tax on insurance premiums. On 14 February 2012, the consent orders in relation to these items were collected.

For the remaining financial years open to Inspection, the Company Directors consider that the settlements of the corresponding taxes have been performed correctly; therefore, even in the event of a discrepancy in the interpretation of the current legislation regarding the tax treatment of transactions, any potential resulting liabilities, should they arise, would not significantly affect the attached annual accounts.

13. Financial Liabilities

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 2011 and 2010 (in thousands of euros):

Financial liabilities	Portfolio of debits and payable items	
	Thousands of euros	
	31/12/2011	31/12/2010
Subordinated liabilities	294,064	293,422
Deposits received for ceded reinsurance	1,059	2,784
Debts through insurance and co-insurance operations	102,735	81,523
Debts through reinsurance operations	1,103	7,729
Debts with credit institutions	3,949	144,824
Debts through temporary assignment of assets	10,356,297	6,390,785
Other debts	179,226	338,065
TOTAL	10,938,433	7,259,132

a) Subordinated Liabilities

On 29 December 2000, VidaCaixa proceeded to issue Subordinated Debt for an amount of 150,000 thousand euros, which is recorded in the caption "Debits and payable items – Subordinated liabilities" of the consolidated balance sheet. The issue comprises one hundred and fifty thousand Subordinated Perpetual Obligations with a par value of 1,000 euros each. The Company records and values the issue at amortised cost.

The issued was called "1st Issue of Subordinated Perpetual Obligations of VidaCaixa, S.A. de Seguros y Reaseguros (December 2000)". The nature of the securities is that of simple obligations representative of a subordinated, perpetual loan with a quarterly interest accrual at a rate referred to the Euribor index. The Nominal Interest Rate will be variable throughout the life of the Issue.

From 29 December 2000 until 30 December 2010, the minimum rate of the coupon to which the Subordinated Perpetual Obligations give entitlement was at least 4.43% (4.50% APR), with a maximum of 6.82% (7% APR) on the nominal amount of the same.

From 31 December 2010, VidaCaixa is applying new financial conditions on the interest rate payable to holders of the 1st Issue of Subordinated Perpetual Obligations of VidaCaixa, S.A. de Seguros y Reaseguros. Each Subordinated Perpetual Obligation will give entitlement to an amount equal to the 3 month Euribor index on the nominal amount of the same, with a minimum and maximum annual APR of 3% and 8%, until 30 December 2015.

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

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

The obligations are perpetual and are therefore issued for an indefinite period. However, according to the provisions of articles 58 and 59 of the Regulations on Administration and Supervision of Private Insurance, they may be totally or partially amortised at the will of the issuer with the previous 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 2011, the amount pending amortisation of the expenses associated with the issues was 1,936 thousand euros and they are recorded deducting the value of the subordinate liabilities.

In the 2011 financial year, 9,498 thousand euros were recorded as a financial expense derived from such issues (11,688 in 2010), having settled the quarterly coupons applying an average interest rate of 3% for the first issue and 3.45% for the second issue.

This is recorded in the sub-caption "Tangible assets and investment expenses".

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 2011 and 2010:

Thousands of euros	31/12/2011	31/12/2010
Debts through direct insurance and co-insurance operations:		
With policyholders	77,908	19,534
With co-insurers	5,370	3,815
With brokers	16,735	42,086
Preparatory debts of insurance contracts	1,366	2,470
Conditioned debts	1,356	13,618
TOTAL	102,735	81,523
Debts through reinsurance operations	**1,103**	**7,729**
Other debts	**179,226**	**338,065**

The "Other debts" sub-caption includes the following items at 31 December 2011 and 2010.

Other debts:	Thousands of euros	
	31/12/2011	31/12/2010
Group and associated companies		
For commissions pending liquidation	–	–
With "la Caixa" through IS	61,701	118,875
Group company loans	–	35,240
Other pending commissions	–	–
Accrued wages and salaries		9,375
Suppliers	15,134	15,980
Sundry creditors	102,391	158,595
TOTAL	179,226	338,065

Information on Payment Deferrals made to Suppliers

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

	Payments made and pending payment at the close of the financial year			
	2011		2010	
	Amount	%	Amount	%
Made within the legal deadline	229,797	100%	211,511	100%
Rest	–	–	–	–
TOTAL PAYMENTS DURING THE FINANCIAL YEAR	229,797	100%	211,511	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 "Other debts" caption of the liabilities section of the balance sheet.

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

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

Within the framework of treasury management, throughout the 2011 financial year the Group has carried out operations involving the acquisition and assignment of financial assets with a repurchase agreement. At 31 December 2011, the Group had assigned financial assets (debt securities classified in the available for sale portfolio, in addition to deposits contained in Cash and cash equivalents) with a book value of 10,356,297 thousand euros (6,390,785 thousand euros in 2010). 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, given that 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 2011 financial year, the short-term deposits which have offset the assignments made have generated an income of 146,168 thousand euros. The expenses associated with such assignments totalled 140,347 thousand euros.

The deposits through assignments still in effect at 31 December 2011 totalled 8,972,109 thousand euros and are recorded in the "Cash and other equivalent liquid assets" caption for the sum of 660,295 thousand euros and in "Loans and payments receivable" for the sum of 8,311,814 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 2011 and 2010 is detailed below:

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

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

Assets at 31 December 2010	Equivalent value in thousands of euros			
	Pounds sterling	US dollars	Japanese yen	Total
Financial instruments (*)	38,983	196,843	6,449	242,275
Cash and cash equivalents	670	355	2	1,027
TOTAL	39,653	197,198	6,451	243,302

(*) 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 2011 and their movement with regard to the financial year ended 31 December 2010 is set out below, together with the reinsurance participation in the same:

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

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

The movement of these reserves during the financial year 2010 was as follows:

Reserve	2010 (thousands of euros)				
	Balance at 31 December 2010	Additions to the consolidation scope	Endowments charged to results	Applications with payment to results	Balances at 31 December 2010
Technical reserves:					
Unearned premiums and unexpired risks	162,442	25,870	204,218	(188,312)	204,218
Life insurance:					
Related to life insurance (**)	17,466,820	–	18,190,340	(17,466,820)	18,190,340
Related to life insurance when the risk is assumed by the policyholder	197,101	–	215,897	(197,101)	215,897
Claims	325,141	283,601	681,782	(608,742)	681,782
Profit-sharing and returns	61,148	–	59,743	(61,148)	59,743
TOTAL	18,212,652	309,471	19,351,980	(18,522,123)	19,351,980
Share of reinsurance in technical reserves (ceded):					
Unearned premium reserves	(6,740)	–	(6,012)	6,740	(6,012)
Life insurance reserve	(961)	–	(813)	961	(813)
Claim reserves	(29,745)	(550)	(16,232)	29,745	(16,782)
Other technical reserves	–	–	–	–	–
TOTAL	(37,446)	(550)	(23,057)	37,446	(23,607)

(*) At 31 December 2010 it includes 37,933 thousand euros corresponding to unearned premium reserves for the products with coverages shorter than the year.

At 31 December 2011, the group maintained a policy reserve by interest rate of 972,274 thousand euros. Of said reserve and owing to the commitments assumed prior to the Regulations on Administration and Supervision of Private Insurance, the Company maintains a supplementary reserve to adjust the real return valued at 967,274 thousand euros, most of which has originated from the merged CaixaVida portfolio.

For the remainder of said reserve, the Group calculates certain policy reserves at the maximum rate established by the DGIPF (the criteria established in article 33.1 of the Regulations on Administration and Supervision of Private Insurance, hereinafter RASPI, which for the 2011 financial year was 2.89%; see ruling of 11 January 2011). At 31 December 2011, the Company had a supplementary reserve by interest rate of 5,000 thousand euros through the effect of said calculation.

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 PERM/F-2000P tables were published, which went on to be applied for the new production. For the portfolio of policies in force, use of the PERM/F-2000C tables was enabled. Since the entry into force of these tables, a period of 14 years is allowed to adapt the table deficit.

The Group has assessed the impact of adapting the calculation of the life insurance reserves of its products to the PERM/F-2000C tables. At 31 December 2011, the result of said evaluation totalled 385,309 thousand euros. During the present financial year, the Group has increased its policy reserves by 23,453 thousand euros. This increment brings the amount reserved for this item at 31 December 2011 to 365,474 thousand euros.

Below is the breakdown of the technical reserves of the direct business at 31 December 2011 according to the different businesses included in the Life and Non-life segments:

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

The breakdown of the technical reserves of the direct business for the 2010 financial year is as follows:

Reserve at 31 December 2010	Thousands of euros						
	Non-Life					Life	Total
	Multi-risk	Auto	Accidents and illness	Others	Various		
Technical reserves:							
Unearned premiums and unexpired risks	116,390	77,121	6,340	2,492	1,875	–	204,218
Policy reserves	–	–	–	–	–	18,190,340	18,190,340
Reserve for life insurance when the policyholder assumes the investment risk	–	–	–	–	–	215,897	215,897
Claims	64,689	50,396	325,787	1,090	4,853	234,967	681,782
Profit-sharing and returns	–	–	555	–	–	59,188	59,743
TOTAL	181,079	127,517	332,682	3,582	6,728	18,700,392	19,351,980

The sum corresponding to capital losses derived from financial assets classified in the available for sale portfolio which are imputable to policyholders at the close of the financial year are subtracted in the caption "Policy reserves". These deferred capital losses total 1,289,422 thousand euros at 31 December 2011 (535,464 thousand euros of capital losses at 31 December 2010), the movement experienced during the 2011 financial year being as follows:

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

The movement experienced in the previous 2010 financial year is as follows:

Thousands of euros	
Balance at 1 January 2010	**574,649**
Net movement through allocation of net unearned capital gains charged to equity	(1,110,113)
Balance at 31 December 2010	**(535,464)**

The effect of the reinsurance on the profit and loss account for the financial years 2010 and 2011 was the following:

Thousands of euros	2011 Financial Year	2010 Financial Year
Premiums imputed to the ceded reinsurance		
Ceded premiums	(56,310)	(65,114)
Change in unearned premium reserves	(3,293)	(728)
Commissions (*)	4,435	3,204
Cost of the cession	**(55,168)**	**(62,638)**
Reinsurance loss (*)	4,446	11,200
Total cost of reinsurance	**(50,722)**	**(51,438)**

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

16. Non-Technical Reserves

The breakdown of the non-technical reserves for the 2011 and 2010 financial years is as follows:

Thousands of euros	31/12/2011	31/12/2010
Reserves for pensions and similar commitments	–	53
Debts through claim settlement agreements	–	3,764
Other reserves	–	10,615
TOTAL	–	14,432

The balance at 31 December 2010 basically corresponds to amounts pending payment to the policyholders on implementing the claim settlement agreements and to litigation originating from the Company SegurCaixa Adeslas, and basically consists of cases of alleged medical malpractice related to the illness and healthcare businesses.

The quantification of the reserves is made taking into account the best available information on the event and its consequences and is revalued at the close of each financial year. The reserves established are used to deal with the specific risks for which they were originally recognised, prior to their partial or total reversion, when such risks disappear or are reduced.

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 of the income and expense items of the financial year which, according to the IFRS, have been directly recognised 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 2011 financial year, the Group's Parent Company made no significant change in its accounting policies, and it was not necessary to correct errors from previous financial years either.

a) Share Capital

The share capital of the Parent Company at 31 December 2011 was 776,723 thousand euros, fully subscribed and paid-in, divided into 129,238,509 shares, fully subscribed and paid-in, each with a par value of 6.01 euros. All shares confer equal rights and the Parent Company can issue shares without voting rights.

At December 31 2011, the shareholders of the Parent Company with a holding equal to or greater than 10% of the subscribed capital were as follows:

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

b) Reserves

The statement of changes in equity attached to these annual accounts details the balances of the reserves through accumulated profits at the beginning and end of the 2010 financial year and at 31 December 2011, as well as the movements produced during the financial year.

The breakdown of each type of reserve at 31 December 2011 and 2010 is detailed below:

	Thousands of euros	
	Balances at 31/12/2011	Balances at 31/12/2010
Legal reserve	155,345	79,021
Voluntary reserves of the Parent Company	2,152	1,968
Reserves in fully consolidated companies	992,567	173,027
Reserves in companies consolidated by the equity method	–	–
TOTAL RESERVES	1,150,064	254,016

At the General Shareholders' Meeting on 8 February 2011, the Sole Shareholder of VidaCaixa Grupo, S.A.U. adopted the decision to reclassify the sum of 76,324 thousand euros, corresponding to the issue premium, to the legal reserve.

b.1) Legal Reserve

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

b.2) Voluntary Reserves of the Parent Company

The same information at 31 December 2011 and 2010 is as follows (in thousands of euros):

	31/12/2011	31/12/2010
Voluntary reserves	3,015	2,813
Merger reserve	–	–
Other reserves	(863)	(845)
TOTAL	2,152	1,968

The balances of these reserves are freely available.

b.3) Reserves in Consolidated Companies

The breakdown of balances by companies in the attached consolidated balance sheet at 31 December 2011 and 2010, having considered the effect of the consolidation adjustments, is shown below:

	Thousands of euros	
	31/12/2011	**31/12/2010**
Consolidated through full consolidation:		
VidaCaixa, S.A. de Seguros y Reaseguros	978,689	144,253
Grupo SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	–	14,239
AgenCaixa, S.A. Agencia de Seguros	14,816	20,975
SegurVida Consulting	–	622
Invervida Consulting, S.L	31	(7,062)
Grupo Asegurador de "la Caixa", A.I.E.	625	–
VidaCaixa Mediación, Sociedad de Agencia de Seguros, S.A.U.	(1,594)	–
Consolidated by the equity method:		
Grupo SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	–	–
TOTAL CONSOLIDATED RESERVES	992,567	173,027

c) Distribution of Results

The following is the proposal for distributing the net profit of the 2011 financial year of VidaCaixa Grupo, S.A.U., which its Board of Directors will submit to the General Shareholders' Meeting for approval:

Distribution	**2011 Financial Year**
	Thousands of euros
To voluntary reserves	385
To dividends	540,000
NET PROFIT OF FINANCIAL YEAR	540,385

The distribution of the net profit of the 2010 financial year, approved by the General Shareholders' Meeting of the Parent Company held on 9 May 2011, consisted of allocating 157,000 thousand euros of the result of 157,200 thousand euros to dividends and 200 thousand euros to increasing the voluntary reserves.

Previously, the Board of Directors of the Parent Company, in its meetings of 30 June 2010, agreed to distribute, on account of the financial year result, the previous sum of 63,500 thousand euros, effected through a payment in July 2010.

The distribution of the consolidated net profit for the 2010 financial year is set out in the statement of changes in equity.

d) Interim Dividends

The different amounts paid to the shareholders during the 2011 financial year for interim dividends of the financial year result are detailed below:

Governing Body:	Date of agreement:	Dividend type:	Per share in euros	Total in thousands of euros
Board of Directors	28/07/2011	Interim dividend 2011 result	3.8688	500,000

The following is the balance sheet of the Parent Company at 30 June 2011, which presented the following statements of liquidity (in thousands of euros):

	Thousands of euros 30 June 2011
NON-CURRENT ASSETS:	
Tangible fixed assets	16
Long-term investments in group and affiliated companies	**1,797,715**
Long-term holdings in Group companies	1,797,715
Long-term financial investments	**25**
Other financial assets	25
Deferred tax assets	**7**
CURRENT ASSETS:	
Trade debtors and other accounts receivable	**1,210,973**
Group company debtors (*)	209,796
Rest (**)	1,001,177
Cash and other equivalent liquid assets	**93,292**
Cash	93,292
TOTAL ASSETS	3,102,028

	Thousands of euros 30 June 2011
EQUITY:	
CAPITAL AND RESERVES	
Capital	**776,723**
Authorised capital	776,723
Issue premium	**939,581**
Reserves	**157,496**
Financial year earnings	**540,643**
CURRENT LIABILITIES:	
Trade creditors and other accounts payable	**687,585**
Debts with group companies (***)	682,805
Debts with public administrations	163
Other creditors	4,617
TOTAL LIABILITIES	3,102,028

(*) The SegurCaixa Adeslas dividends were received on 14/07/2011.
(**) The debit accredited by Mutua Madrileña was cancelled on 14/07/2011.
(***) Dividend of 93,500 thousand euros paid on 8/7/2011. Caixa Vida 504,905 thousand euros paid on 14/7/11.

Governing Body:	Date of agreement:	Dividend type:	Per share in euros	Total in thousands of euros
Board of Directors	22/12/2011	Interim dividend 2011 result	0.3095	40,000

The following is the balance sheet of the Parent Company at 30 November 2011, which presented the following statements of liquidity (in thousands of euros):

	Thousands of euros 30 November 2011
NON-CURRENT ASSETS:	
Intangible fixed assets	**–**
Tangible fixed assets	**7**
Long-term investments in group and affiliated companies	**1,793,964**
Long-term holdings in Group companies	1,793,964
Disbursements pending on long-term holdings in Group companies	–
Long-term financial investments	**1**
Other financial assets	1
Deferred tax assets	**7**
CURRENT ASSETS:	
Trade debtors and other accounts receivable	**19,942**
Group company debtors	–
Credits with public administrations	19,879
Rest	63
Cash and other equivalent liquid assets	**187,502**
Cash	187,502
TOTAL ASSETS	2,001,423

	Thousands of euros 30 November 2011
EQUITY	
CAPITAL AND RESERVES	
Capital	**776,723**
Authorised capital	776,723
Issue premium	**939,581**
Reserves	**157,496**
Financial year earnings	**540,336**
Interim dividend	**(500,000)**
CURRENT LIABILITIES:	
Trade creditors and other accounts payable	**86,643**
Debts with group companies	86,530
Debts with public administrations	109
Other creditors	4
Deferred tax liabilities	**644**
TOTAL LIABILITIES	2,001,423

f) 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 corrections of accounting mismatches generated through the allocation to policyholders of unearned net gains from investments.

Reserves through adjustments of valuation (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 1,289,422 thousand euros, the Group considers that they should be allocated to policyholders, and for this reason they were allocated on 31 December 2011, decreasing the amount of policy reserves.

Corrections of accounting mismatches

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

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 2011 and 2010 is as follows:

Thousands of euros	31/12/2011		31/12/2010	
	Minority interests	Losses and gains attributable to external partners	Minority interests	Losses and gains attributable to external partners
Sanatorio Virgen del Mar – Cristóbal Castillo, S.A.	–	–	287	29
Clínica Parque San Antonio, S.A.	–	–	415	7
Urca, S.A.	–	–	1,425	154
Clinsa, S.A.	–	–	477	26
Casa de Reposo Sanatorio Perpetuo Socorro, S.A.	–	–	6,005	25
Tomografía Axial Computerizada, S.A.	–	–	249	(13)
Hemodinámica Intervencionista de Alicante, S.A.	–	–	240	28
Alianza Médica Leridana, S.A.	–	–	857	–6
Infraestructuras y Servicios de Alzira, S.A.	–	–	3,262	69
Plaza salud 24	–	–	457	147
Adeslas Dental Andaluza, S.L.	–	–	366	(200)
VidaCaixa Adeslas, S.A. de Seguros y Reaseguros	–	–	3,220	49
Grupo Asegurador de la Caixa, A.I.E.	1,090	–	97	–
TOTAL	1,090	–	17,357	315

The movement which occurred in the caption "Minority interests" during the 2011 and 2010 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 2011 and 2010 financial years totalled 6,149,899 thousand euros and 4,987,974 thousand euros, respectively.

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

2011	Thousands of euros						
	Non-life Segment (*)					Life Segment	Total
	Household multi-risk	Automobiles	Accidents and illness	Others	Various		
Premiums imputed to direct reinsurance business Accepted (I)	**99,622**	**69,735**	**832,007**	**19,924**	**8,135**	**5,033,026**	**6,062,449**
Accrued direct insurance premiums	108,305	75,814	901,474	21,661	9,101	5,033,544	6,149,899
Variation in reserve for premiums pending payment	546	382	4,368	109	48	1,036	6,489
Change in the reserve for direct insurance unearned premiums and unexpired risks	(9,229)	(6,461)	(73,835)	(1,846)	(1,014)	(1,554)	(93,939)
Premiums imputed to reinsurance (II)	**4,407**	**3,085**	**38,294**	**881**	**335**	**6,014**	**53,016**
Total premiums imputed net of reinsurance (I-II)	**95,215**	**66,650**	**793,713**	**19,043**	**7,800**	**5,027,012**	**6,009,433**
Other technical income net of expenses (III)	**(2,035)**	**(1,425)**	**(16,668)**	**(407)**	**(204)**	**(5,830)**	**(26,569)**
Other technical revenue	1,440	1,008	11,519	288	144	–	14,399
Other technical expenses	(3,475)	(2,433)	(28,187)	(695)	(348)	(5,830)	(40,968)
Losses incurred in the period, net of reinsurance (IV)	**73,567**	**51,498**	**592,611**	**14,714**	**7,357**	**2,515,581**	**3,255,328**
Direct and accepted insurance claims paid	67,900	47,530	553,598	13,580	6,577	2,466,478	3,155,663
Ceded reinsurance claims paid	(311)	(217)	(2,484)	(62)	(31)	(2,275)	(5,380)
Change in the direct insurance claims reserve	(2,305)	(1,614)	(24,770)	(461)	(231)	45,831	16,450
Change in the ceded reinsurance claims reserve	78	55	624	16	6	155	934
Expenses imputed to claims	8,205	5,744	65,643	1,641	1,036	5,392	87,661
Variation of other technical reserves (V)	**–**	**–**	**(637)**	**–**	**–**	**(3,306,818)**	**(3,307,455)**
Change in reserve for share in profits and returns	–	–	(637)	–	–	(39,024)	(39,661)
Variation of other technical reserves (policy reserves)	–	–	–	–	–	(3,267,794)	(3,267,794)
Net operating expenses (VI)	**10,283**	**7,197**	**87,724**	**2,057**	**1,028**	**109,234**	**217,523**
Acquisition expenses (commissions and other expenses)	8,772	6,140	75,270	1,754	877	81,842	174,655
Administration expenses	1,723	1,206	14,165	345	172	29,691	47,302
Commissions and holdings in ceded reinsurance	(212)	(149)	(1,711)	(42)	(21)	(2,299)	(4,434)
Net investment income (VII)	**1,360**	**952**	**13,136**	**272**	**136**	**1,093,682**	**1,107,029**
Income from financial investments	1,674	1,172	13,471	335	167	1,692,644	1,709,463
Management expenses of financial investments and assets	(314)	(220)	(335)	(63)	(31)	(595,329)	(598,801)
Unrealised gains and losses (VIII)	–	–	–	–	–	(3,633)	(3,633)
TECHNICAL-FINANCIAL RESULT (I-II+III-IV+V-VI+VII+VIII)	10,690	7,482	107,487	2,137	1,069	183,231	309,587

(*) The 2011 data basically correspond to the six-month period between 1 January and 30 June 2011 in which SegurCaixa Adeslas was integrated in the Group by the full consolidation method.

The breakdown of the imputed premiums of the 2010 financial year and the remaining income and expense items in accordance with the main segments and sub-segments defined is as follows:

2010	Thousands of euros						
	Non-life Segment					Life Segment	Total
	Household multi-risk	Automobiles	Accidents and illness	Others	Various		
Premiums imputed to direct reinsurance business Accepted (I)	**174,760**	**107,051**	**949,276**	**3,427**	**35,569**	**3,701,283**	**4,971,366**
Accrued direct insurance premiums	187,586	129,546	944,308	2,335	28,853	3,695,346	4,987,974
Variation in reserve for premiums pending payment	(536)	391	(7,113)	1	2	5,825	(1,430)
Change in the reserve for direct insurance unearned premiums and unexpired risks	(12,290)	(22,886)	12,081	1,091	6,714	112	(15,178)
Premiums imputed to reinsurance (II)	**3,132**	**9,412**	**34,800**	**1,319**	**9,129**	**8,050**	**65,842**
Total premiums imputed net of reinsurance (I-II)	**171,628**	**97,639**	**914,476**	**2,108**	**26,440**	**3,693,233**	**4,905,524**
Other technical income net of expenses (III)	**833**	**3,051**	**(35,229)**	**38**	**229**	**(3,683)**	**(34,761)**
Other technical revenue	–	–	9,003	–	–	–	9,003
Other technical expenses	833	3,051	(44,232)	38	229	(3,683)	(43,764)
Losses incurred in the period, net of reinsurance (IV)	**112,853**	**91,467**	**752,933**	**903**	**7,527**	**2,365,645**	**3,331,328**
Direct and accepted insurance claims paid	104,914	73,862	616,860	1,276	11,031	2,338,562	3,146,505
Ceded reinsurance claims paid	(759)	–	(420)	(519)	(3,893)	(7,720)	(13,311)
Change in the direct insurance claims reserve	12,271	22,636	35,609	641	2,006	13,473	86,636
Change in the ceded reinsurance claims reserve	(1,677)	(1,033)	512	(470)	(1,201)	17,380	13,511
Expenses imputed to claims	(1,896)	(3,998)	100,372	(25)	(416)	3,950	97,987
Variation of other technical reserves (V)	**–**	**–**	**(1,220)**	**–**	**–**	**(1,880,896)**	**(1,882,116)**
Change in reserve for share in profits and returns	–	–	(1,220)	–	–	(43,707)	(44,927)
Variation of other technical reserves (reserves for deaths, policy reserves)	–	–	–	–	–	(1,837,189)	(1,837,189)
Net operating expenses (VI)	40,495	17,266	74,163	513	3,243	104,579	240,259
Acquisition expenses (commissions and other expenses)	38,802	16,892	56,833	864	4,636	82,953	200,980
Administration expenses	1,884	551	17,369	33	290	22,332	42,459
Commissions and holdings in ceded reinsurance	(191)	(177)	(39)	(384)	(1,683)	(706)	(3,180)
Net investment income (VII)	2,927	3,098	10,286	149	1,616	884,936	903,012
Income from financial investments	4,359	4,293	13,084	205	1,901	1,085,519	1,109,361
Management expenses of financial investments and assets	(1,432)	(1,195)	(2,798)	(56)	(285)	(208,193)	(213,959)
Unrealised gains and losses (VIII)	–	–	–	–	–	7,610	7,610
TECHNICAL-FINANCIAL RESULT	22,040	(4,945)	61,217	879	17,515	223,366	320,072

In the profit and loss account, the caption "Results from other activities" corresponding to the 2011 financial year, under "Other income" and "Other expenses", includes the following items:

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

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

Operating income – 2010 financial year	Thousands of euros
	Other Activities Segment
Pension fund administration income	125,502
Income from healthcare activity	96,587
Other income	6,955
Rest of other income	**229,044**
Amortisation of pension-fund marketing expenses	22,505
Other expenses	190,035
Rest of other expenses	**212,540**
TOTAL	16,504

a) Composition of Life Business by Volume of Premiums

The composition of the life business (direct insurance), by volume of premiums for the 2011 and 2010 financial years, is as follows:

Life insurance (direct)	Thousands of euros	
	2011	2010
Premiums on individual policies	4,320,871	2,978,751
Premiums on group policies	712,673	716,595
	5,033,544	3,695,346
Regular premiums	620,493	873,899
Single premiums	4,413,051	2,821,447
	5,033,544	3,695,346
Premiums on policies without profit sharing	4,769,585	3,487,210
Premiums on policies with profit sharing	229,830	169,845
Premiums in which the investment risk is attributed to the policyholder	34,129	38,291
	5,033,544	3,695,346

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:

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

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

2010 FINANCIAL YEAR

Format and type of coverage	Technical interest	Biometric table	Profit sharing		Thousands of euros		
			Applies? Yes/No	Form of distribution	Premiums	Policy reserves (*)	Amount distributed in profit sharing
PVI	3.89%	(1)	No	–	1,889,992	5,761,451	–
Pensión 2000	5.51%	(2)	Yes	Reserve	79,517	2,631,254	2
Savings Plan insured	0.72%	(3)	No	–	221,540	440,347	–
Group Insurance	Variable	(4)	Yes	Claims	679,379	8,280,655	45,664
PPA	4.16%	(5)	No	–	477,945	572,520	–

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

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

c) Change in the Claims Reserve

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

Thousands of euros	Pending settlement and payment and pending declaration at 31/12/2010		
	Reserve at 31/12/2010	Payments during 2011	Reserve at 31/12/2011
Accidents	2,393	6,959	8,267
Illness	3,546	3,081	2,537
Healthcare (*)	3,965	–	–

(*) Assigned portfolio.

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

The composition of the personnel expenses of the financial years 2011 and 2010, and their allocation in the profit and loss account by segments and sub-segments, is as follows:

Thousands of euros	2011 Financial Year	2010 Financial Year
Wages and Salaries	22,751	62,518
Social Security	8,346	19,681
Contributions to external pension funds and life insurance premiums	7,746	554
Compensations and awards	300	285
Other personnel expenses	12,346	2,289
TOTAL	51,489	85,327

Allocation of personnel expenses – 2011 financial year	Non-life Segment	Life Segment	Others segment	Total
Losses incurred in the period, net of reinsurance	10,086	1,885	–	11,971
Tangible fixed asset and investment expenses	495	1,558	–	2,053
Other technical expenses	7,039	2,549	–	9,588
Net operating expenses	5,995	5,209	16,673	27,877
NET TOTAL	23,615	11,201	16,673	51,489

20. Breakdown of Associate Company Transactions

Operations in consolidated Group companies

The details of the main transactions carried out in the financial year 2011 are as follows:

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

The same information for the 2010 financial year is as follows:

Item	Thousands of euros	
	Income	Expenses
Credited interests	167,418	3,385
Commissions for marketing of premiums	–	156,503
Insurance operations	131,764	–
Other income	1,417	10,340

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

a) Employees

In accordance with the provisions established in the Law on Capital Companies, the average number of employees of the Parent Company and the subsidiary companies during the 2011 and 2010 financial years, distributed according to professional category and gender, is as follows:

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

Professional Category	Number of employees		
	2010 Financial Year		
	Men	Women	Total
Directors	54	32	86
Departmental Managers	186	95	281
Graduates and technical staff	1,203	791	1,994
Administrative employees	1,648	1,066	2,714
Sales Network	201	366	567
TOTAL	3,292	2,350	5,642

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

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

The remuneration received during the 2011 and 2010 financial years by the members of the Board of Directors and the Top Management of VidaCaixa Grupo S.A.U., classified by items, was as follows (in thousand euros):

2011 FINANCIAL YEAR

	Salaries	Allowances	Other items	Pension Plans	Insurance premiums	Severance arrangements	Payments based on equity instruments
Board of Directors	–	2,258	–	–	–	–	–
Top Management	5,619	–	–	–	44	–	–

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	Salaries	Allowances	Other items	Pension Plans	Insurance premiums	Severance arrangements	Payments based on equity instruments
Board of Directors	–	2,296	–	–	–	–	–
Top Management	3,311	–	–	–	150	–	–

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

Director	Company in which they hold a stake and/or carry out a role	Post or function	No. of shares	% Holding
Ricardo Fornesa Ribó	CaixaBank, S.A.	Honorary Chairman	633,095 shares and 458 convertible bonds	0.024%
	VidaCaixa, S.A. de Seguros y Reaseguros	Chairman	–	–
Manuel Raventós Negra	CaixaBank, S.A.	Board Member (until 30/07/09)	17,330	0.001%
Inmaculada Juan Franch	Caja de Ahorros y Pensiones, "la Caixa"	Board Member	–	–
	CaixaBank, S.A.	Board Member	–	–
Tomás Muniesa Arantegui	SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	Vice-Chairman	–	–
	Consorcio de Compensación de Seguros	Board Member	–	–
	CaixaBank, S.A.	–	35,223	–
José Vilarasau Salat	–	–	–	–
Jordi Mercader Miró	CaixaBank, S.A.	Board Member	3,089	–
Miguel Valls Maseda	–	–	–	–
Javier Godó Muntañola	Grupo Catalana Occidente, S.A.	–	31,460	–
	CaixaBank, S.A.	Board Member	1,230,000 (indirect holding through Privat Media S.L.)	0.037% (indirect holding)
	INOC, S.A.	–	4,087	0.037%
	Caixa d'Estalvis i Pensions de Barcelona	3rd Vice-Chairman	–	–

(Cont.)

Director	Company in which they hold a stake and/or carry out a role	Post or function	No. of shares	% Holding
Juan María Nin Génova	CaixaBank, S.A.	Vice-Chairman and Chief Executive Officer	241,910	0.01%
Guillaume Sarkozy de Nagy-Bocsa	Malakov Mederic Assurances, S.A.	Chairman	1	
	Quatrem, S.A.	Board Member	–	–
Miquel Noguer Planas	CaixaBank, S.A.	Board Member	3,665	–

c) Associated Operations

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

d) Remuneration to Auditors

During the 2011 and 2010 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:

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Categories	Thousands of euros			
	Auditing of Accounts	Verification Services	Tax Consultancy	Others Services
Deloitte, S.L.	384	48	–	–
TOTAL	384	48	–	–

2010 FINANCIAL YEAR

Categories	Thousands of euros			
	Auditing of Accounts	Verification Services	Tax Consultancy	Others Services
Deloitte, S.L.	837	114	–	237
TOTAL	837	114	–	237

During the 2011 financial year, neither the main auditors nor any associated companies of the same have invoiced other services to the companies that make up the Group. The total fees paid to the main auditors represent a percentage below 1% of its turnover.

22. Subsequent Events

Other than the events indicated in Note 6.a, in the period subsequent to the financial year close there were no events with a significant impact on the Company that could modify the information contained in the report.

MANAGEMENT REPORT FOR THE 2011 FINANCIAL YEAR

In the 2011 financial year, VidaCaixa Grupo – the Insurance Group of "la Caixa" – made a recurring net profit of 280 million euros, 12.1% more than in the previous year. Added to this growth is the extraordinary income from the sale of 50% of SegurCaixa Adeslas to Mutua Madrileña and from the hospital group, which increases the total net consolidated profit to 912 million euros.

The number of individual clients was 2.9 million, the solvency ratio was 1.9 and the efficiency ratio was 14.4%.

VIDACAIXA GROUP	2011	2010	% Var.
Savings Premiums	4,643,261	3,323,444	39.7%
Life-Risk Accidents Premiums	422,858	401,071	5.4%
Total Premiums	5,066,119	3,724,514	36.0%
Total Contributions to pension plans	1,433,345	1,521,148	–5.8%
Total Premiums and Contributions	6,499,464	5,245,662	23.9%
Total Life Insurance Reserves	23,791,120	19,134,148	24.3%
Total Consolidated rights of pension plans	14,213,256	14,163,246	0.4%
Total Resources managed	38,004,376	33,297,394	14.1%
Net profit	912,029	249,222	266.0%
Recurring Net Profit	279,489	249,222	12.1%
Number of Clients	2,943,572	2,901,633	1.4%
Efficiency ratio	14.4%	14.6%	–1.2%
Solvency ratio	1.9	1.8	4.4%

Note: neither the premiums nor the clients of SegurCaixa Adeslas for 2010 or 2011 are indicated, in order to allow the comparison of growth.

The total volume of premiums and contributions of the VidaCaixa Group at the close of the financial year was 6,499 million euros, which represents a 24% increase on the previous year in homogeneous terms of comparison, and demonstrates the healthy state of the Group's commercial activity, in terms of both individual business and group and company business.

If we break down the results by segment, the savings business performed particularly well, with 4,643.3 million euros in premiums in 2011, whereas pension plan contributions totalled 1,433.3 million euros in 2011. For both individual and group clients, the accumulated volume of managed savings at the financial year close totalled approximately 38,000 million euros, positioning the company, once again this year, as the leader in supplementary social security in Spain. The good performance recorded in savings insurance demonstrates the confidence placed in the products and services marketed by the Group. A key aspect of 2011 has been the evolution of life annuities, a product which has experienced major growth once again owing to the interesting situation with regard to long-term interest rates and the excellent financial-fiscal characteristics of the product. It is also worth noting the evolution of Insured Benefit Plans (PPAs), which once again were one of the most in-demand products, with premiums exceeding 1,400 million euros.

As for risk insurance, the premiums totalled 422 million euros, 5% more than in 2010.

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

In addition, the evolution of the economic environment is one of the uncertainties facing the VidaCaixa Group during 2012. The evolution of the property market and consumption will depend in good measure on the contracting of risk insurance, while the evolution of the level of family savings and the situation with regard to interest rate curves, as well as the contraction of the economy among other factors, will influence the contracting of pension plans and life-savings insurance.

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

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

Credit Risk: This is the risk of incurring losses through a failure on the part of debtors to meet their contractual obligations, or the expansion of the risk premium tied to their financial solvency. As indicated in Note 6a) in the annual accounts of the 2011 financial year, the Group has contained the impact derived from the uncertainty existing in Greece's economic situation.

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

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

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

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

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

As an investment in order to manage the portfolio appropriately.

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

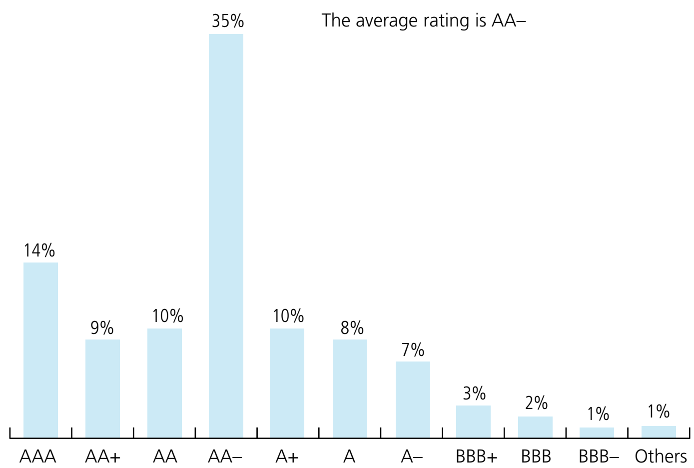
The Group's financial derivatives management policy also covers the use of counterparts which, as financial institutions subject to the supervision of the governing authorities of the member states of the European Union, have sufficient solvency. Contractually, these positions have an explicit guarantee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

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

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

The summary of the Group's financial investment portfolio by issuer rating at 31 December 2011 is as follows:

PORTFOLIO BY RATING



Ratings according to Standard & Poor's.

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

In the future, the VidaCaixa Group plans to maintain its current strategy of covering the insurance and benefits needs of Spanish families through its comprehensive range of insurance policies and pension plans. The Company will also maintain its spirit of continuous improvement in the level of quality of service provided which has typified it since it was founded.

In addition, the Group has not maintained own shares during the year. With regard to Research and Development, given the Group's nature, no such projects have been carried out.

ANNEX I: List of Subsidiary and Associated Companies at 31/12/2011

Name of the Company	Address	Activity
Group Companies:		
VidaCaixa, S.A. de Seguros y Reaseguros	Barcelona	Insurance and Reinsurance
AgenCaixa, S.A. Agencia de Seguros	Barcelona	Distribution of insurance and other
Grupo Asegurador de la Caixa, A.I.E.	Barcelona	Economic Interest Group
VidaCaixa Mediació, Sociedad de Agencia de Seguros Vinculada, S.A.U.	Barcelona	Distribution of insurance and other
Associated Companies:		
SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	Barcelona	Insurance and Reinsurance
Aresa Seguros Generales, S.A.	Barcelona	Insurance and Reinsurance
Adeslas Salud, S.A.	Madrid	Consultancy
Adeslas Dental, S.A.	Madrid	Dental
Adeslas Dental Andaluza, S.L.	Madrid	Dental
Infraestructuras y Servicios de Alzira, S.A.	Alzira	Car Park
Grupo Iquimesa, S.L.	Madrid	Administrator
General de Inversiones Alavesas, S.L.	Vitoria	Property Agency
Iquimesa Seguros de Salud, S.A.	Vitoria	Insurance Company
Igualatorio Médico Quirúrgico, S.A. de Seguros y Reaseguros	Bilbao	Insurance Company
Igualatorio Médico Quirúrgico Dental, S.A.	Bilbao	Dental
Igualatorio de Bilbao Agencia de Seguros, S.A.	Bilbao	Insurance agency
Sociedad de Promoción del Igualatorio Médico Quirúrgico, S.A.	Bilbao	Business Development
Centro de Rehabilitación y Medicina Deportiva Bilbao, S.L.	Bilbao	Rehabilitation

% Voting rights		Abridged financial information (*)			
Direct	Indirect	Share capital paid	Asset reserves	Financial year result net of dividend	Applied premiums, net of reinsurance
99.99%	0.01%	520,472	841,131	19,630	5,057,285
99.00%	1.00%	601	5,697	20	–
–	88.79%	9,729	–	–	–
100.00%	–	60	1,623	143	–
49.92%	–	469,666	329,708	58,622	1,421,548
–	49.92%	11,176	15,958	4,697	214,104
–	49.92%	313	(17)	158	–
–	49.92%	610	4,685	1,256	–
–	42.28%	1,307	1,084	(809)	–
–	25.46%	1,250	1,658	251	–
–	49.92%	7,552	50,295	4,000	–
–	49.92%	1,200	67	10	–
–	22.46%	1,055	6,393	288	–
–	22.46%	16,175	54,097	1,252	–
–	22.46%	200	(21)	(29)	–
–	22.46%	150	98	6	–
–	22.46%	22,005	273	284	–
–	21.19%	106	(69)	(53)	–

Annex II. Movement of Intangible Fixed Assets during the 2011 Financial Year

	Thousands of euros					
	Goodwill		Financial rights derived from the policy portfolio acquired from brokers			
	Consolidated goodwill	Merger goodwill		Consolidated intangible assets	Merger intangible assets	Trademark
Cost at 31 December 2010	**301,207**	**3,407**	**2,647**	**26,799**	**9,649**	**310,883**
Accumulated amortisation at 31 December 2010	**–**	**–**	**(69)**	**(5,361)**	**(1,571)**	**–**
Net book value at 31 December 2010	**301,207**	**3,407**	**2,578**	**21,438**	**8,078**	**310,883**
Additions	–	–	–	–	380	–
Changes to consolidation method (cost)	(301,207)	–	(2,647)	(26,799)	–	(310,883)
Disposals	–	–	–	–	–	–
Reclassifications and transfers	–	–	–	–	–	–
Amortisation of financial year	–	–	–	–	(1,253)	–
Changes to consolidation method (amortisation)	–	–	69	5,361	–	–
Disposals in the amortisation	–	–	–	–	–	–
Losses through impairment	–	–	–	–	–	–
Cost at 31 December 2011	**–**	**3,407**	**–**	**–**	**10,029**	**–**
Accumulated amortisation at 31 December 2011	**–**	**–**	**–**	**–**	**(2,824)**	**–**
Net book value at 31 December 2011	**–**	**3,407**	**–**	**–**	**7,205**	**–**

Thousands of euros						
Other intangible assets						Total intangible assets
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	
241,796	**39,910**	**59,466**	**9,379**	**4,396**	**109,990**	**1,119,529**
(23,508)	**(18,213)**	**(50,155)**	**(8,118)**	**(838)**	**(42,871)**	**(150,704)**
218,288	**21,697**	**9,311**	**1,261**	**3,558**	**67,119**	**968,825**
–	–	4,207	–	1,643	23,011	29,241
(241,796)	(38,449)	(42,444)	–	–	–	(964,225)
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	(24)	(1,020)	(1,261)	(441)	(21,998)	(25,997)
23,508	18,132	34,124	–	–	–	81,194
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	**1,461**	**21,229**	**–**	**6,039**	**133,001**	**175,166**
–	**(105)**	**(17,051)**	**–**	**(1,279)**	**(64,869)**	**(86,128)**
–	**1,356**	**4,178**	**–**	**4,760**	**68,132**	**89,038**

Annex III. Movement of Intangible Fixed Assets during the 2010 Financial Year

	Thousands of euros					
	Goodwill		Financial rights derived from the policy portfolio acquired from brokers			
	Consolidated goodwill	Merger goodwill		Consolidated intangible assets	Merger intangible assets	Trademark
Cost at 31 December 2009	**44,293**	**3,407**	**–**	**26,799**	**6,953**	**–**
Accumulated amortisation at 31 December 2009	**–**	**–**	**–**	**(3,574)**	**(912)**	**–**
Net book value at 31 December 2009	**44,293**	**3,407**	**–**	**23,225**	**6,041**	**–**
Additions	256,914	–	–	–	2,696	–
Incorporation within consolidation scope (cost)	–	–	2,647	–	–	310,883
Disposals	–	–	–	–	–	–
Reclassifications and transfers	–	–	–	–	–	–
Amortisation of financial year	–	–	(69)	(1,787)	(659)	–
Incorporation within consolidation scope (amortisation)	–	–	–	–	–	–
Disposals in the amortisation	–	–	–	–	–	–
Losses through impairment	–	–	–	–	–	–
Cost at 31 December 2010	**301,207**	**3,407**	**2,647**	**26,799**	**9,649**	**310,883**
Accumulated amortisation at 31 December 2010	**–**	**–**	**(69)**	**(5,361)**	**(1,571)**	**–**
Net book value at 31 December 2010	**301,207**	**3,407**	**2,578**	**21,438**	**8,078**	**310,883**

Thousands of euros						
Other intangible assets						Total intangible assets
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	
–	**–**	**20,339**	**9,379**	**4,396**	**67,057**	**182,623**
–	**–**	**(19,249)**	**(8,094)**	**(819)**	**(19,923)**	**(52,571)**
–	**–**	**1,090**	**1,285**	**3,577**	**47,134**	**130,052**
–	1,221	4,540	–	–	42,933	308,304
241,796	38,507	34,644	–	–	–	628,477
–		(64)	–	–	–	(64)
–	182	7	–	–	–	189
(23,508)	(1,084)	(2,821)	(24)	(19)	(22,948)	(52,919)
–	(17,129)	(28,145)	–	–	–	(45,274)
–	–	60	–	–	–	60
–	–	–	–	–	–	–
241,796	**39,910**	**59,466**	**9,379**	**4,396**	**109,990**	**1,119,529**
(23,508)	**(18,213)**	**(50,155)**	**(8,118)**	**(838)**	**(42,871)**	**(150,704)**
218,288	**21,697**	**9,311**	**1,261**	**3,558**	**67,119**	**968,825**