2008

ANNUAL REPORT

SegurCaixa Holding
Insurance Group

Principal data for the SegurCaixa Holding Group in 2008

In EUR millions	2007	2008	Variation Absolute	%
Total assets	20,003.4	23,036.2	3,032.8	15%
Total managed funds IFRS	28,222.4	28,918.3	695.9	2%
Total managed funds (not including IFRS adjustment)	27,673.2	28,205.5	532.3	2%
Premiums and contributions	2,785.0	3,203.2	418.2	15%
Life and Pension schemes	2,529.5	2,899.4	369.9	15%
Non-life	255.5	303.8	48.3	19%
Net Consolidated Profit for the SegurCaixa Holding Group	160.4	191.9	31.5	20%
In percentages				
ROE (Net Profit / Average share capital)	38.3%	41.4%		8%
SOLVENCY RATIO	1.15	1.27		10%
EFFICIENCY RATIO (Operating costs / Technical – Financial margin)	21.6%	20.8%		-4%
In figures				
Individual customers	3,093,030	3,257,653	164,623	5%
Corporate customers	26,000	37,000	11,000	42%
Employees	742	888	146	20%
Headquarters	443	471	28	6%
Network of Sales Advisors	299	417	118	39%
Number of “la Caixa” branches	5,480	5,530	50	1%
Market share				
Life Insurance (Managed funds)	12.3%	12.1%		
Private pension schemes (Managed funds)	12.8%	14.7%		
Home Insurance (Premiums)	4.9%	4.7%		

The data presented corresponds to the data for the companies VidaCaixa and SegurCaixa on an individual basis or consolidated data for SegurCaixa Holding. In the latter case, data is prepared in line with International Finance Reporting Standards (IFRS).

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Insurance Group

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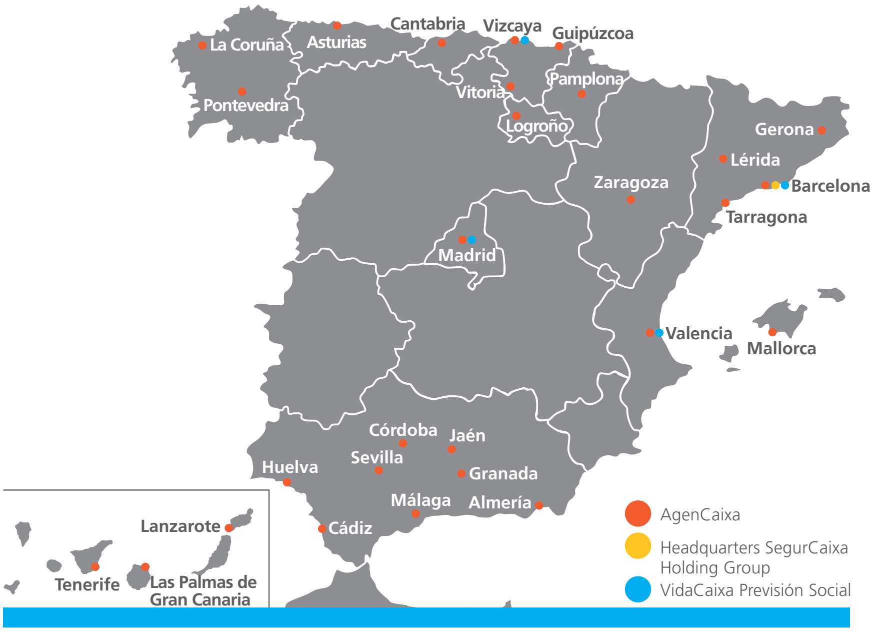
Introduction to the SegurCaixa Holding Group

Introduction to the SegurCaixa Holding Group

Organisations within the SegurCaixa Holding Group

Holding company	SegurCaixa Holding, S.A. NIF A 60196946 Juan Gris, 20-26 08014 Barcelona Tel. 93 227 87 00 Fax 93 298 90 05 www.segurcaixaholding.com
Insurance companies	VidaCaixa, S.A. de Seguros y Reaseguros NIF A 58333261 www.vidacaixa.com SegurCaixa, S.A. de Seguros y Reaseguros NIF A 28011864 www.segurcaixa.com
Insurance distribution and other	AgenCaixa, S.A., Agencia de Seguros Grupo SegurCaixa Holding NIF A 78662319 www.agencaixa.com SegurVida Consulting, S.A. NIF A 58482100 InverVida Consulting, S.L. NIF B 58482076
Shared services	Grupo Asegurador de "la Caixa" Agrupación de Interés Económico NIF V 58263831
Head Offices	Juan Gris, 20-26 08014 Barcelona Tel. 93 227 87 00 Fax 93 298 90 05
Call Centre and Online care	Customer Service Helpdesk: 902 10 15 15 "la Caixa" branch office helpdesk: 902 20 11 11 Corporate website:www.segurcaixaholding.com

Territorial organisation



AgenCaixa Business Offices

	Address	Post code	Telephone
Andalucía Occidental	Av. Reino Unido, s/n. Edificio Adytec, Euroficinas, plta. 1ª, puerta G	41012 Sevilla	95 429 81 95
Andalucía Oriental	Salitre, 1, 3º	29002 Málaga	95 236 11 29
Aragón - Navarra - La Rioja	Pº Independencia, 24-26, pta. 5ª, of. 1	50004 Zaragoza	976 22 59 91
Baleares	Av. Alexandre Roselló, 21, puertas A y B	07002 Palma	971 21 44 21
Barcelona Cinturón Norte	Av. President Companys, 6, 1º 1ª	08911 Badalona	93 464 10 48
Barcelona Cinturón Sur	Fructuós Gelabert, 2-4, 4º 7ª	08970 Sant Joan Despí	93 480 83 89
Barcelona Provincia	Av. Tarragona, 37-41, 4º A	08720 Vilafranca del Penedès	93 817 21 60
Barcelona Sur, Centro y Norte	Roger de Llúria, 5, 2º	08010 Barcelona	93 317 69 42 (Sur) 93 317 13 33 (Centro) 93 317 14 15 (Norte)
Galicia	Centro de Gestión y Negocios de La Coruña Benito Rajoy, 7, despacho 20	15006 La Coruña	981 13 41 44
Gerona	Pl. Josep Pla, 4, 1º 7ª	17001 Gerona	972 26 98 11
Lérida	Av. Blondel, 5, 4º B	25002 Lérida	973 26 98 11
Madrid Suroeste, Este y Noroeste	Pº de la Castellana, 51, 6º	28046 Madrid	91 432 62 09 (Suroeste) 91 432 62 11 (Este) 91 432 62 10 (Noroeste)
País Vasco	Autonomía, 26, 4º D	48010 Bilbao	94 444 11 49
Tarragona	Av. Marquès de Montoliu, 4, esc. B, 1º 5ª	43001 Tarragona	977 25 24 36
Valencia	Profesor Beltran Baguena, 4, desp. 412 D	46009 Valencia	96 340 29 00

VidaCaixa Previsión Social Offices - www.vidacaixaprevisionsocial.com

	Address	Post code	Telephone
Bilbao	Autonomía, 26, 4º D	48010 Bilbao	94 444 12 19
Madrid	Pº de la Castellana, 51, 6º	28046 Madrid	91 432 68 00
Valencia	Profesor Beltran Baguena, 4, desp. 412 D	46009 Valencia	96 317 39 82

Milestones in the history of the SegurCaixa Holding Group

1992	Signature of the Joint Venture agreement between "la Caixa" and Fortis. CaiFor's foundation and celebration of SegurCaixa's 50th anniversary.
1993	Setting up SegurCaixa Hogar, the multi-risk insurance that today provides insurance cover to more than 730,000 Spanish households. VidaCaixa tops the Spanish life-insurance ranking based on its mathematical provisions.
1994	AgenCaixa, the advisor network of the CaiFor Group, initiates its now widely developed activity.
1995	VidaCaixa launches Seviam Abierto, the life-risk insurance linked to loans that today has more than a million policy holders.
1996	CaiFor sets up its insurance Customer Helpdesk, a department that unified all the then existing telephone assistance platforms in VidaCaixa and SegurCaixa.
1998	SegurCaixa rolls outs its accident insurance that today has more than 150,000 policy holders with SegurCaixa Personal.
1999	CaiFor moves to its present ultra-modern Headquarters in Plaza Cerdà, Barcelona.
2000	The Balanced Scorecard, the management tool of the Group, gets under way.
2001	CaiFor goes into the health insurance business with VidaCaixa Salud. At present there are 120,000 policy holders.
2002	VidaCaixa is a major player in the externalisation of the Spanish enterprises' pension plan commitments.
2003	VidaCaixa acquires Swiss Life (España) and launches VidaCaixa Previsión Social, its division specialising in company employee benefit plans.
2004	VidaCaixa acquires SCH Previsión and integrates all the group and company business.
2006	CaiFor awarded the prestigious "Balanced Scorecard Hall of Fame" award for its excellent management model based on the Balanced Scorecard.
2007	In April, SegurCaixa launches the new SegurCaixa Auto, the Group's Automobile insurance product, that at present has more than 95,000 insured vehicles.

Note: In February 2009 CaiFor changed its company name to SegurCaixa Holding.

Shareholder structure of the SegurCaixa Holding Group and Governing bodies

Shareholder structure

The CaiFor Group (currently SegurCaixa Holding) was set up in December 1992, following the signature of a Joint-Venture agreement between "la Caixa", the savings bank Caja de Ahorros y Pensiones de Barcelona, and Fortis, the Belgian-Dutch bank assurance group.

On 11th July 2007, Criteria CaixaCorp, S.A., acquired the full stake that Fortis had in CaiFor, S.A. (currently SegurCaixa Holding). Once the pertinent authorizations were received from the DGSFP (the Directorate General of Insurance and Pension Plans) and the CNC (National Anti-Trust Commission), all the conditions of the acquisition were deemed to have been met, so the purchase was formalized of the shares Fortis held in SegurCaixa Holding, S.A. and thereby Criteria CaixaCorp, S.A. became the owner of 100% of the shares both directly and indirectly. In February 2009 and in response to the new shareholder structure, CaiFor changed its name to SegurCaixa Holding.

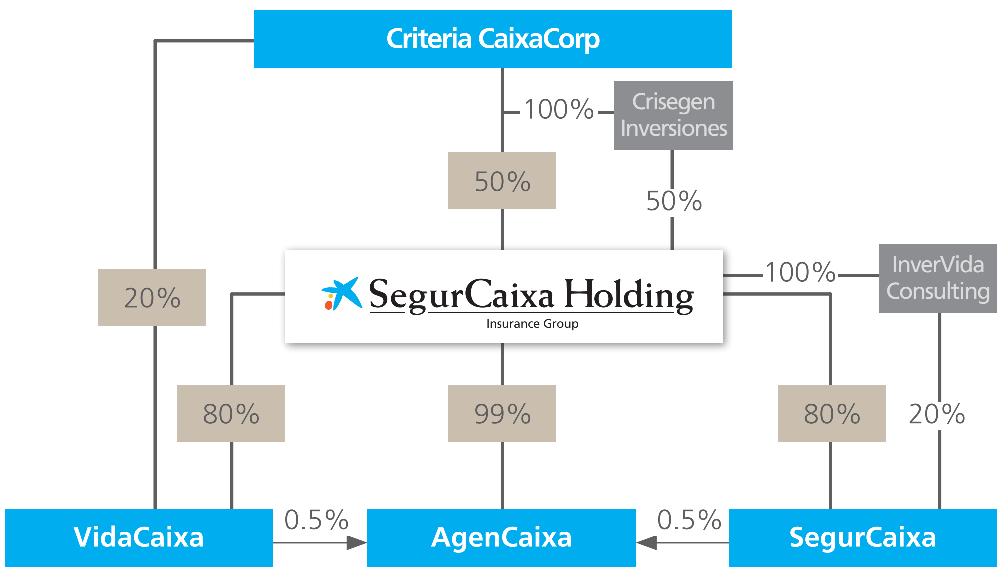
With a varying degree of participation, SegurCaixa Holding incorporates the Group's three operating companies: VidaCaixa, SegurCaixa and AgenCaixa. SegurCaixa Holding controls 80% of VidaCaixa with the remaining 20% belonging to Criteria CaixaCorp, which owns 100% of SegurCaixa.

SegurCaixa Holding owns 99% of shares in AgenCaixa, with VidaCaixa and SegurCaixa owning 0.5% each.

The company responsible for the design, marketing and management of life and health insurance and pension schemes is VidaCaixa. The company offers its range of products to private individual customers as well as corporate clients and currently manages more than 28,000 million Euros.

SegurCaixa is the company in the Group that deals with non-life insurance. This division takes on the design, marketing and management of this entire domain where its expertise in the area of home insurance is noteworthy, an area in which the company provides cover for more than 730,000 homes. After the success of SegurCaixa Auto, the Group's first automobile insurance product, currently with over 100,000 customers, the Group launched SegurCaixa Moto.

On 11th July 2007, Criteria CaixaCorp, S.A., acquired the full stake that Fortis had in CaiFor, S.A. (currently SegurCaixa Holding)



AgenCaixa is the company that has almost 400 sales advisors that collaborate with the branch offices of "la Caixa". They advise customers and sell all the products and services of the Group.

Governing Bodies

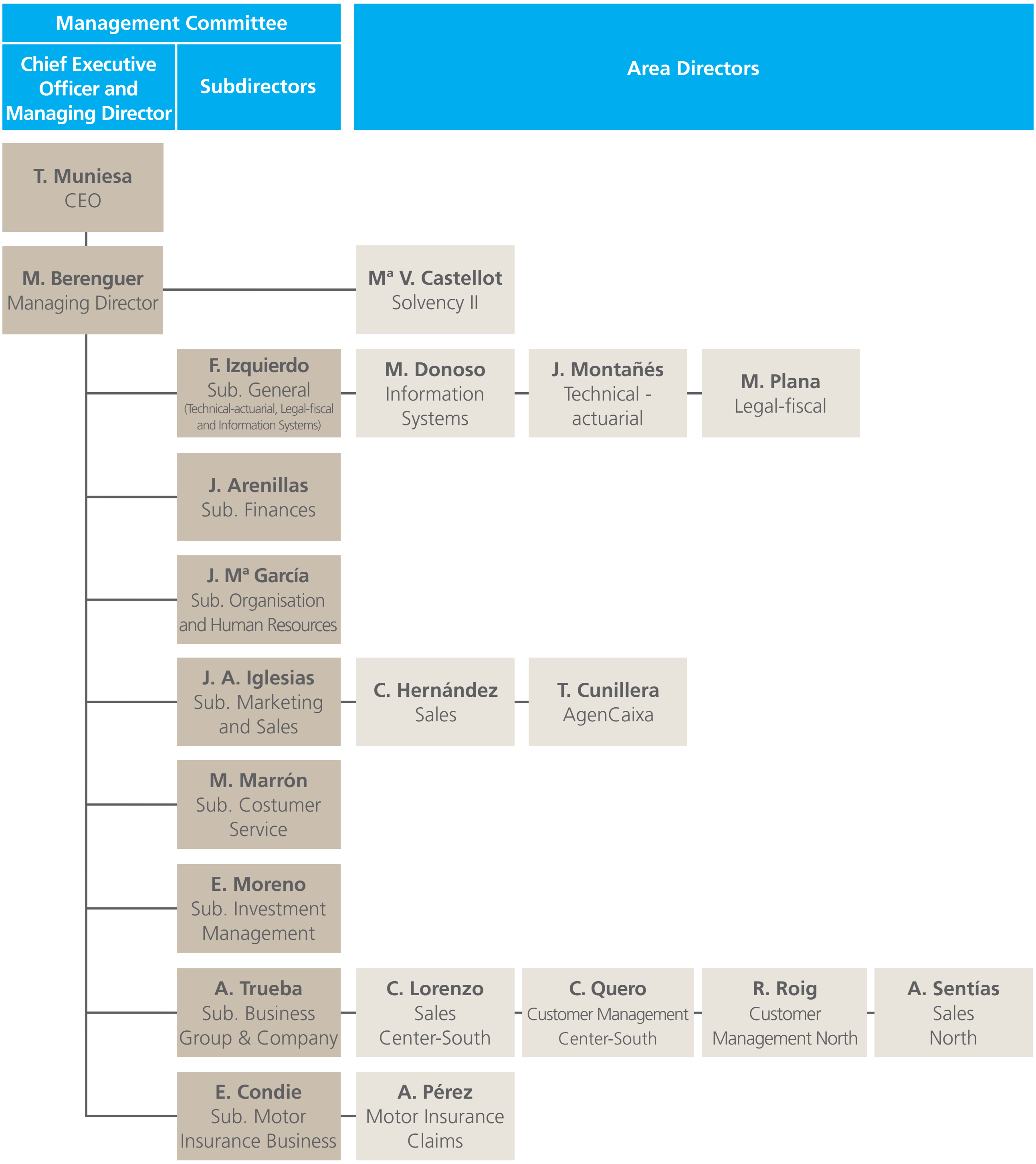
SegurCaixa Holding has a ten-member Board. At the same time the Group also has a four Board-member Commission delegated by the Board as well as an Audit Committee.

SegurCaixa Holding, S.A.

Board of Directors	
Chairman	Ricardo Fornesa Ribó (**)
Chief Executive Officer	Tomás Muniesa Arantegui (*)
Board Members	Juan Mª Nin Génova (*)
	Francisco Reynés Massanet (*) (••)
	Juan Antonio Samaranch Torelló
	José Vilarasau Salat
	Jordi Mercader Miró
	Manuel Raventós Negra (•)
	Javier Godó Muntañola
	Miquel Valls Masseda (•)
Secretary (***)	Adolfo Feijóo Rey (since 31-03-2008)
Vice-Secretary (***)	Raúl Ros Parellada (since 10-07-2008)
Management	Managing Director of SegurCaixa Holding, S.A. Mario Berenguer Albiac

(*) Members of the Executive Commission of the Board of Directors of SegurCaixa Holding.
(**) President of the Executive Commission of the Board of Directors of SegurCaixa Holding.
(***) Not a Member of the Board.
(•) Members of SegurCaixa Holding's Audit Committee.
(••) Chairman of SegurCaixa Holding's Audit Committee.

Management of SegurCaixa Holding Group



Ricardo Fornesa Ribó
Chairman of the Board of the SegurCaixa Holding ,S.A.

Letter from the Chairman: SegurCaixa Holding in 2008

In terms of the economy, 2008 was a challenging year and one that has also left its mark on the insurance sector. Nevertheless, SegurCaixa Holding conserved its leadership position in the Spanish pension funds market, increasing its activity and strengthening its results.

Developments in the financial sector, impacted mainly by the decrease in lending activity, have also taken their toll on the insurance sector. In response to this, accessibility to the more than 5,000 branches of "la Caixa", the efficiency of the AgenCaixa consultants and the mediators channel, together with the quality of SegurCaixa Holding's products and services, have enabled the Group to achieve a net consolidated profit of EUR 192 million, a 20% increase on the figure for 2007. Through the companies of VidaCaixa and SegurCaixa, the Group's client base has now reached almost 3.2 million customers, an increase of 5% on 2007, while the number of corporate customers grew by 42% and is now 37,000. In fact, this trend in corporate and large company clients has established VidaCaixa Prevision Social, the division responsible for SegurCaixa Holding's group and company business, as the market leader in Spain for complementary business pension funds and firmly places this business segment in a key position for the strategic development of the Group. The product lines specifically targeting SME's and self-employed workers have been the major contributing factor to the growth in this business segment and the range of products available were completed by the launch of a new health insurance product aimed at large corporations.

In this context, SegurCaixa Holding has been able to maintain steady growth in the volume of premiums sold, which have increased by 15%, as well as in the volume of funds managed, which have grown by 2% reaching an total volume of EUR 3,203 million and EUR 28,205 million respectively.

One of the most notable events of 2008 was the consolidation of SegurCaixa Auto, the Group's automobile insurance line launched in April 2007. A little over a year after its launch, the product has accumulated close to 100,000 policyholders, a growth of 158% compared to the previous year. Moreover, this year the range of products in this line saw the addition of the new SegurCaixa Moto product. Both insurance products offer wide and innovative cover, comfort and service quality that make the difference between our products and those of our competitors. These product launches consolidate SegurCaixa Holding's position as a comprehensive supplier and benchmark in protection and insurance for Spanish households as well as savings management.

After the "la Caixa" acquisition of the percentage stake held by the financial corporation Fortis, in an effort to bolster the new character of the company, the Group substituted the old name of CaiFor, for one that better reflects the global nature as a holding for the companies that embody the insurance and pension fund business nature of "la Caixa" integrated in Criteria CaixaCorp. By adopting the new name, SegurCaixa Holding, the Group wanted to reflect the shareholding structure change, fortify the new performance framework and the company's integration into Criteria's financial business.

Another highlight of 2008 was the successful migration and integration of the pension funds resulting from the "la Caixa" acquisition of the Private Banking portion of Morgan Stanley in Spain. At the same time, the influx of funds originating from other institutions as a result of the excellent reception of VidaCaixa products on the market has been another positive development. Consequently, this significant event has meant that income from this line of business has increased 13%, while market share in terms of volume managed grew by a significant 1.9% making it the fastest growing business among the leading management companies on the market.

SegurCaixa Holding's investment in quality and trust enabled the organisation to implement improvements in all its relationships established under the insurance business umbrella: employees, customers, society in general. A commitment to meet the customers' needs is the driving force responsible for generating organisation-wide proactiveness. Strengthening a spirit of teamwork, creating synergies and offering unique value in the service we provide, which far exceeds the market standards, has been and will continue to be a priority for the organisation. In order to achieve this goal, the Group focused a large part of its energy on corporate projects like the plan "Quality concerns us all", Innova+ Project or the Thalens 2010 Project, leading to a completely new dynamic in internal communication, training, advancement or innovation, aimed at improving the products we offer our customers, but also service excellence, which once again this year, received the acknowledgement as the leading company in the sector in home insurance care.

In closing, we must not forget SegurCaixa Holding's commitment to promote and spread responsible and sustainable management through fostering a wide range of initiatives focused on responsible consumption, environmental protection and social initiatives.

The effort, motivation and implication of every SegurCaixa Holding department and employee in general allows us to sustain this model for responsible management that defines the Group and which is founded on our three corporate values: Quality, Trust and Dynamism. Without their support, it would be impossible to attain the service excellence responsible for the company's current position as market leader.

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Developments in the environment and the sector

SegurCaixa Holding
Insurance Group

Developments in the environment and the sector

The symptoms of recession that began to appear in 2007 were confirmed and this made 2008 a complex year in business. The International panorama has been one of heavy strain on liquidity, diminished profits, solvency crisis, bankruptcy and the increase in risk premiums. The most important stock markets in developed countries lost an average of 40% and the Japanese and European Union economies are now officially in recession with negative GDP growth. The United States joined Japan and the EU in early 2009.

The macroeconomic outlook in Spain is not immune to the international environment, the main features of which are negative trends in economic indicators such as GDP and unemployment rates. Nevertheless, over the past year several financial initiatives has been introduced aimed at increasing liquidity and revitalizing GDP, like the asset acquisition funds, debt emission guarantees or the ICO credit lines, as well as tax initiatives such as the municipal investment fund, tax cuts and partial return of income tax.

Despite the economic setting, the Spanish insurance sector recorded positive results in the overall number of premiums subscribed to in 2008, reaching 59,036 million Euros with an overall growth of 8% compared to the previous year's total of 54,648 million Euros. Life insurance premiums grew by 15% compared to a more modest performance for the non-life segment with 2% growth. The volume of funds managed in life insurance amounted to 136,133 million Euros, which was a 2% increase on the figure for 2007. The data for the elevated volatility of savings is quite revealing, given that the significant growth in premiums is not mirrored by a proportional growth in the volume of funds managed.

The volume of non-life insurance was 32,429 million Euros, an increase of 2% on the previous year confirming the slowdown in the rate of growth that began in 2007 when growth rates were 5%. It is worth noting that the economic crisis has specifically taken its toll on the automobile insurance line with a 2% drop, well below the 5% and 7% growth registered in 2007 and 2006 respectively.

At the same time, the impact of financial instability together with a decrease in contributions was especially significant in the case of pension plans. Specifically, in 2008 the volume of savings within the sector fell by 9% compared with last year.

Legislative changes

Among the principal legislative changes introduced in 2008, the most noteworthy in terms of personal data protection was the Royal Decree 1720/2007, which came into force in general terms on April 19, 2008. The new regulation highlights all areas related to the security measures applied to non-automated information processing. Under the new law certain filing criteria have been established which guarantee adequate conservation of documents and the exercise of the right to object to data processing, modification or cancellation.

Furthermore, Ministerial Order EHA407/2008, of February 7 has enabled the provision for developing legislation governing pension plans and pension funds in financial-actuarial matters, investment schemes and recording procedures.

The volumen of savings deposited in life insurance grew by 2% over last year's figure, the same growth shown by all the non-life branches in premiums

Economic environment and household savings

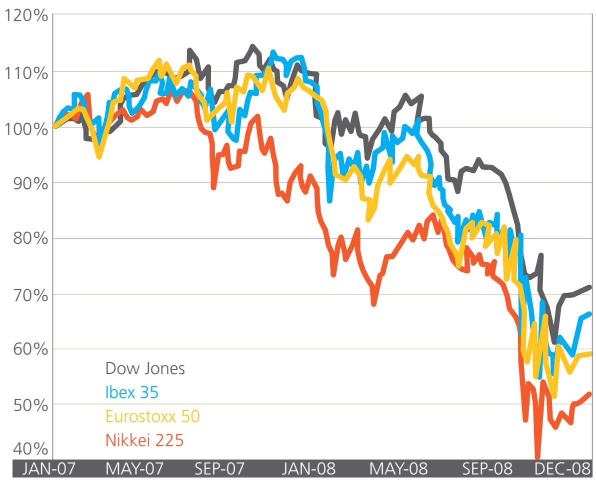
Stock Markets

Developments in capital markets completely put an end to the upward trend of international stock markets over the past years. After initial adjustments at the end of 2007, in 2008 stock markets in developed countries lost between 30% and 50%. Stock market indexes for developing countries were no exception and showed significant losses. Specific indexes for the financial and insurance sector in particular have also been impacted by the overall recession in stock markets with losses of over 50% in the case of the Ibex 35 Banks. In this setting, losses in the markets contributed to reducing the value of savings managed in life insurance and pension funds linked to variable yield securities.

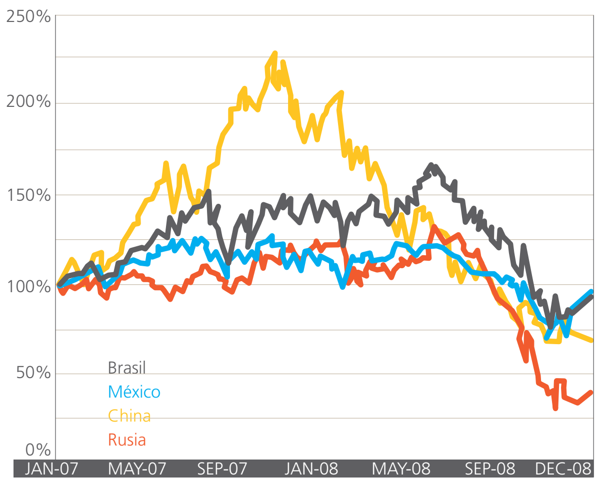
After initial adjustments at the end of 2007, in 2008 stock markets everywhere experienced significant losses, including markets in developing countries

International Stock Markets

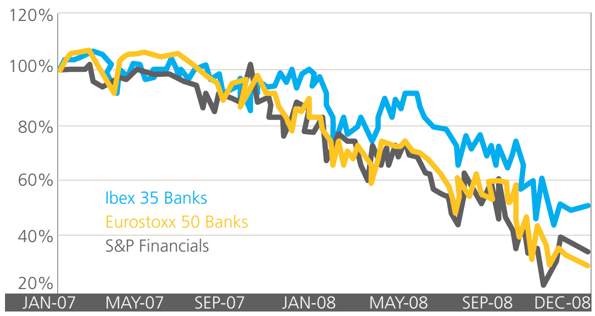
Developed countries



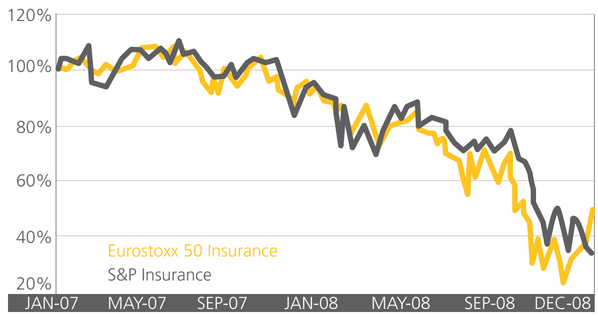
Developing countries



Banking sector



Insurance sector



Source: Studies service "la Caixa". 100% January 2007

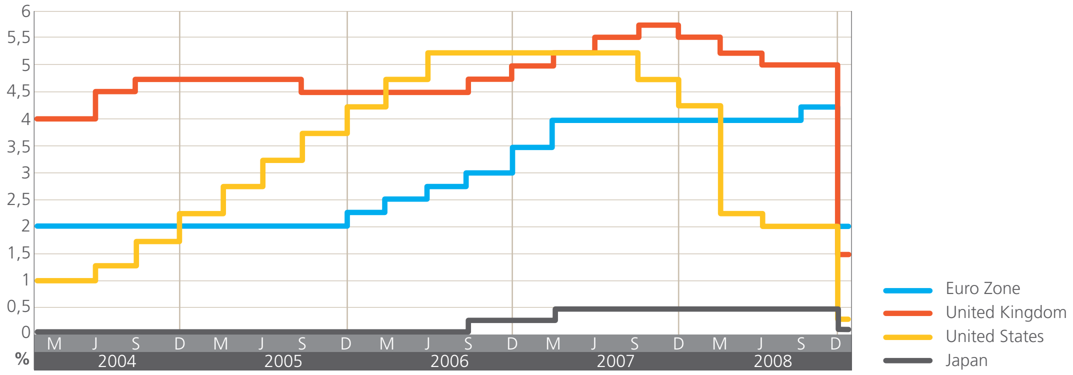
Interest rates

2008 was a year characterized by the general reduction in interest rates. In this respect, over the past year, the European Central Bank fixed the reference interest rate at 2% in December, down from 4% in January. Meanwhile, the United Kingdom also lowered its interest rate to 1.5% and the United States and Japan closed the year with interest rates close to 0%, specifically 0.25% and 0.10% respectively.

At the same time, the positive impact on long-term interest rates is noteworthy and represents increased profitability for customers with long-term savings-investment products, such as life annuity or temporary life annuity products.

2008 was a year characterized by a general lowering of interest rates by Central Banks

Central banks reference interest rates

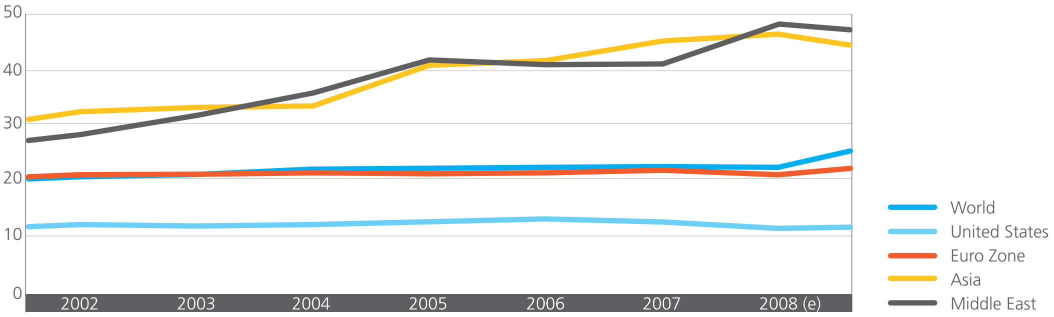


Source: "la Caixa" Research Department

Household financial savings in Spain

Household savings in Spain was estimated to be at 6.4% of Gross Domestic Product in 2008, which represented a drop from 8.7% in 2007 and 15% of available income registered in 1994. Several factors contributed to this situation, even though consumer spending rates rose since this date. In 2008, household financial savings amounted to 1.7 billion Euros, with an average inter-annual growth rate of 9% since 1990 but with a heavy drop of 10% compared to the previous financial year. This sum accounts for 167% of GDP placing Spain on a par with saving standards in developed countries. The Gross National Saving as a percentage of GDP in Spain is at 20%, slightly below the average for the Euro Zone, which was 21.8%.

Trend in savings ratio expressed as % of GDP



(e): estimate. Source: IMF

Household savings in Spain

	1990 EUR Milions	%	2008 (e) EUR Milions	%	Average Annual growth 08/90	Growth 08/07
Deposits	217,891	61%	789,000	46%	7%	8%
Variable Income	44,021	12%	337,000	20%	12%	-36%
Investment funds	7,941	2%	152,400	9%	18%	-26%
Life Insurance	7,095	2%	136,133	8%	18%	2%
Pension plans	3,215	1%	78,408	5%	19%	-9%
Fixed Income	25,523	7%	44,000	3%	3%	-8%
Others	50,062	15%	185,459	9%	8%	2%
TOTAL	**355,748**	**100%**	**1,722,400**	**100%**	**9%**	**-10%**

Source: Inverco

Life insurance and pension plans maintained inter-annual growth rates of 18% and 19% respectively since 1990 and both products accounted for 13% of the overall household savings, in line with figures for 2007. Nevertheless, during 2008 growth rates experienced a downturn and showed a slight increase of 2% in life insurance and a sharp drop in the volume of savings deposited in pension plans. This was principally due to two factors: a reduction in the volume of contributions and market losses.

The trend in deposits was especially noteworthy given that they accounted for almost 50% of the overall amount of household savings. Deposits increased by 8% compared to 2007 and are the products that registered the most significant growth during the year. In terms of overall importance, variable income is second to deposits and accounts for 20% of the total. These products decreased by 36% and investment funds, after a drop of 26% in the volume of assets, represented 9%, just above life insurance.

In the analysis of trends in household savings levels it is important to bear in mind that two factors have influenced the decrease more than any others. On the one hand, the devaluation of index linked instruments, mainly shares and investment funds, and on the other hand, increased flow of new savings from households.

Despite this fact, it can be concluded that overall, household savings at 2008 year end were approaching that of the most developed countries. Only the United States, Japan and several European countries registered a savings to Gross Domestic Product ratio above that of Spain.

In 2008, Spanish household savings experienced a reduction in the volume of financial savings as a consequence of the devaluation of index-linked instruments and a reduction in the flow of new savings deposited

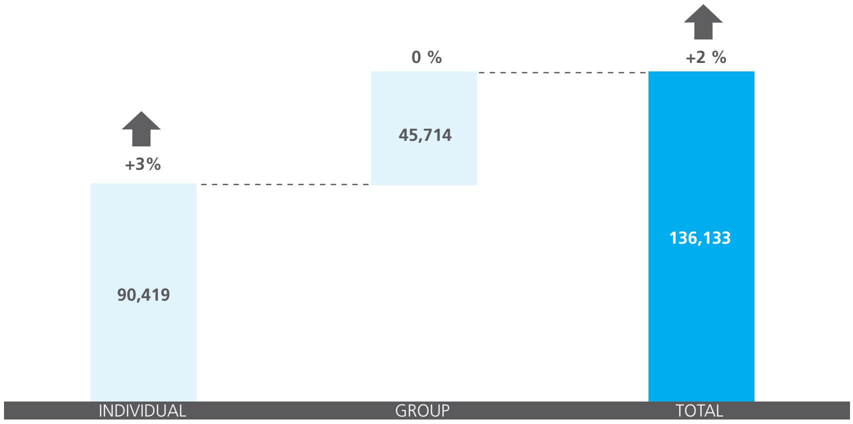
Developments in the insurance and pensions sector

Life Insurance

The total volume of savings deposited in life insurance by the end of 2008 was 136,133 million Euros which was a modest 2% increase on 2007. This discrete percentage coincides with that of 2007. The new fiscal regulation came into force this year, in which the long-term final savings has the same fiscal treatment as other instruments.

Once again this year, two thirds of the total managed funds deposited corresponded to individual insurance policies, while the remaining products were channelled through group insurance schemes. With regard to growth, individual life insurance grew by 3%, 1% less growth compared to 2007, while resources deposited in group insurance schemes remained unchanged as was the case in 2007.

Life Insurance 2008: managed funds



Source: ICEA (Association for Insurance and Assurance Companies in Spain). In millions of Euros.

The number of people in Spain insured under any kind of life insurance scheme collectively amounts to 32,910,916, after adding the 882,488 new insurance customers who subscribed to policies in 2008. 71% of policyholders were subscribed to life-risk insurance schemes (23.5 million) while 29% corresponded to life-savings insurance (9.5 million). The average resources managed per life-savings insurance policyholder is 13,890 Euros, which represents a drop of 563 Euros compared to 2007. Group insurance average resources managed are 27,397 Euros per policyholder, compared to 11,117 Euros in the case of individual insurance policies.

It should be pointed out here that activity in the life-savings insurance business showed a decrease in 2008 to the tune of 2,070 million Euros due to the fact that the volume of premiums deposited was lower than surrenders and benefits paid out. The modest growth of 1,895 Euros shown last year was thanks to the revaluation of mathematical reserves.

One of the highlights last year in terms of insurance products was the positive implementation of the new class of savings insurance, namely the PIAS (*Planes Individuales de Ahorrro Sistemático* or Individual Systematic Savings Plan) resulting from the latest tax reform introduced by the Government. After a market-life of two years, this new product accumulated a total volume of savings of 1,176 million Euros from 329,000 policyholders. Another important development in 2008 was the growth in PPA (*Planes de Previsión Asegurado* or Guaranteed Welfare Plans). The PPAs capitalized on the guarantee of profitability for any term chosen by the customer. This option was a very attractive offer especially in an environment of such great financial flux as was the case in 2008 and for customers approaching retirement age. By way of these plans, policyholders can enjoy the same tax benefits as those enjoyed by pension plan holders and the commission free transfer of funds between the two instruments. Confirmation of the excellent rate of activity for this product type is the volume of 3,355 million Euros with a growth rate of 295% compared to the volume of accumulated resources in 2007 and an overall number of policyholders of 353,000.

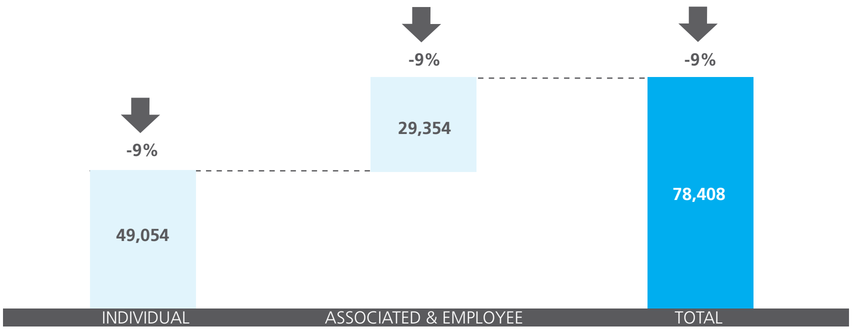
In Spain, almost 33 million people are subscribed to life insurance policies. 71% of policyholders are subscribed to life-risk insurance schemes while 29% correspond to life-savings insurance

Just two years after the launch of PIAS, (*Planes Individuales de Ahorrro Sistemático* or Individual Systematic Savings Plan), there were over 329,000 policyholders with a total of 1,176 million Euros invested

In contrast, the impact of a complex macroeconomic environment adversely affected the volume of life-risk insurance premiums issued falling by 3% thereby putting an end to the steady growth registered in previous financial years. The slowdown in the property market and its subsequent effect on mortgage linked insurance was without doubt one of the principal causes of the fall.

In closing however, it is worth pointing out that the amount of accident claims payments amounted to 1,272 million Euros in 2008 with a 32% increase on 2007. Of the total amount, 54% were individual policies, an area that has grown 11%, while those corresponding to group insurance policies increased by 69%.

Pension plans in 2008: volume managed



Source: INVERCO. In EUR millions

Pension Plans

The overall volume of resources managed in pension plans in 2008 was in the region of 78,408 million Euros, a decrease of 9% compared to 2007. This contrasts negatively with 7% growth in 2007. The negative trend of international Stock Markets dealt a blow to the Funds portfolios thereby contributing to a fall in global financial resources within the sector. In addition, the volume of contributions also decreased and, despite registering a net balance of almost 1,900 million Euros, it was still insufficient in preventing such a drain on financial resources.

In line with the distribution registered in 2007, 63% of resources were deposited in individual plans, with the remaining 37% in employment benefit schemes or associated plans. The two types of policy, individual and group, witnessed a fall in growth rates. Compared to a 9% rate of growth in 2007, individual plans decreased by 9% while group plans also fell 9% compared to a growth of 3% the previous year.

Gross contributions were down 14% on 2007, amounting to 6,006 million Euros. Nevertheless, a 7% increase in benefits paid to customers, totalling 4,140 million Euros, meant that net flow (contributions – benefits) was 40% less in 2008. Of course, it should be pointed out that in 2007, net flow had already decreased sharply, while in 2006 the results were similar to those obtained in 2003, 2004, and 2005. Apart from the general macroeconomic situation, this drop must be interpreted in the context of the second quarter after the tax reform came into force, even further, when we consider that the reform modified contribution limits and eliminated the 40% reduction in benefits obtained in capital, among other changes.

The structure of Pension Fund portfolios changed remarkably in 2008 increasing the percentage of fixed-income securities from 47% to 59% and witnessing a fall in variable income investment from 24% to 17%, in keeping with the aforementioned events concerning stock markets.

However, when taken in perspective it is clear that profound changes took place in the structure of Spanish pension plan portfolios, one of which was the increased importance of variable income, growing from 4% in 1995 to 17% in 2008, while the importance of fixed income diminished from 74% in 1995 to 59% in 2008. Another noteworthy change was the increase in assets in international investment which represented 26% of the entire portfolio in 2008, while in 1995 they did not even exist.

In the wake of several years of growth, 2008 broke with tradition and saw the volume of assets deposited in pension plans fall by 9%

In Spain there are more than 10 million pension plan accounts and approximately 40% of the working population are subscribed to a pension plan

In terms of the number of people with pension plans, in 2008 the figure increased by 240,000 and currently stands at more than 10 million. Eliminating the effect of customers who contribute to more than one plan, the overall number at year-end in 2008 was estimated at around 8 million. The average age of contributors was 45 and around 34% were between 41 and 51 years old, while 24% belonged to the 31 to 40 age group. In all, we can conclude that approximately 40% of the working population subscribed to some form of pension plan.

However, after 15 years of uninterrupted growth, the Spanish market is still far behind the levels in economically closer countries. There is still a long way to go before these instruments reach a similar level of development to those registered in neighbouring countries with a more comparable economic setting.

Non-Life Insurance

During 2008, non-life category products amounted to a premium volume of 32,429 million Euros, an increase of 2% on 2007. Development however was quite uneven. While auto insurance fell by 2%, health and multirisk products increased by 8%. The ever-growing importance of the automobile sector, now accounting for 38% of the total, had a significant impact on development in the sector, thereby contributing to the generalized sluggishness.

Health and multirisk insurance are the two fastest growing types of insurance with growth rates better to none, while automobile insurance fell by 2%

Non-life insurance in 2008: Premiums

Business	2008	2007	% gain
Automobile insurance	12,319	12,548	-2%
Multirisk insurance	5,884	5,465	8%
Health insurance	5,825	5,406	8%
Rest of Non-life products	8,401	8,361	0%
TOTAL	**32,429**	**31,780**	**2%**

Source: ICEA (association for Insurance and Assurance Companies in Spain).In EUR million.

Legislative changes in 2008

Throughout 2009, several legislative changes were introduced that had a direct impact on SegurCaixa Holding's activity. The most important of these were the Royal Decree 1720/2007 regarding personal data protection and Ministerial Order EHA407/2008, affecting regulation concerning pension plans and pension funds.

With regard to the former, the Royal Decree 1720/2007 came into force April 19, 2008 and is focused on the legislative domain concerning the necessity to establish criteria for application in database and non-automated personal data processing.

The new regulation clarifies what is understood by database and processing regarding personal or domestic use, while also establishing a series of definitions in order to better understand the regulation, particularly necessary in an area so closely connected to the technical domain as is the case of personal data protection. Moreover, the law establishes standard criteria for calculating terms, thereby preventing distinctions that could result in private and public databases being treated differently.

Another aspect of the regulation is that it addresses rights to access, modification, cancellation and opposition to processing. In addition, it clarifies important aspects concerning ordinary traffic, such as the application of specific criteria to certain privately controlled databases that is necessary given the significance of some of these, as is the case of those concerning financial solvency and credit and those used for advertising activities and market research.

The purpose of Ministerial Order EHA407/2008, of February 7 is the development of specific issues stipulated under Pension Plans and Funds Regulation.

This Order includes a development concerning the actuarial activity and actuarial standards governing pension plans that establish requirements to be included and annexed to the specifications of those pension plans that include clearly defined provisions for all or some of the contingencies or accrued provisions, as well as criteria regarding specific demographic, financial and economic hypotheses that must be applied when calculating mathematical provisions or whatsoever technical provisions.

In terms of demographic hypotheses and in an effort to avoid inconveniences arising from using outdated demographic tables, the order defines mandatory standards for mortality, survival and disability tables to be applied by pension plans.

In addition, the Order includes a development concerning certain aspects of the legal framework in matters regarding pension fund investment. Details are given for what is understood by the term 'financial agents' in terms of the regulatory standards, the system applicable to derivative instruments, the concept of structured financial asset and applicable credit rating criteria.

The two main legislative changes in 2008 were the Royal Decree 1720/2007 regarding protection of personal data and the Ministerial Order EHA407/2008, that affects regulation covering pension plans and pension funds

3

Evolution of Group companies

SegurCaixa Holding
Insurance Group

Evolution of the Group

Through its two companies, VidaCaixa and SegurCaixa, the SegurCaixa Holding Group obtained a consolidated net profit of 191.9 million Euros in 2008, 20% more than in 2007. The number of individual customers is now more than 3.2 million, meaning a 5% increase on the previous year, while the number of corporate customers currently stands at 37,000, which is 42% more than the previous year.

This excellent level of activity is further confirmed by overall growth of 15% in the volume of premiums and contributions for SegurCaixa Holding. By the end of the 2008 financial year the figure had exceeded the 3,200 million Euro mark, confirming the commercial dynamism of products in the individual business range as well as in that of groups and companies.

However, in the current climate of recession, the fact that VidaCaixa managed to increase its market share in pension plans by 1.9%, with a volume of contributions and opening transfers of more than 1,300 million Euros, is remarkable. The overall volume of resources managed exceeds 28,000 million Euros making the SegurCaixa Holding Group the top ranking company on the Spanish market for Supplementary Employee Pension Schemes in Spain.

VidaCaixa Previsión Social, the division of VidaCaixa operating in the group and company sector closed the year with a volume of premiums and contributions in the region of 900 million Euros, an increase of 19% on the figure for 2007. The company's corporate customer base increased by more than 11,000, and currently stands at 37,000, among which there are 20 Ibex 35 listed companies, 400 multinationals, 250 government bodies and 33,000 SMEs. This division has shown very positive development in risk business, with premiums growing at a rate of 14%, but also in savings and pension plans, which have increased by 21%.

In 2008, the number of individual customers was over 3.2 million, an increase of 5% on the previous financial year, while the number of corporate customers reached the 37,000 mark and represented a 42% increase

SegurCaixa Holding Group: Main Figures

In millions of Euros	2007	2008	Var. 08/07
Premiums and contributions			
Life and accident insurance	378.2	397.1	5%
Home	140.5	147.5	5%
Health	18.3	29.0	58%
Autos	18.8	48.3	158%
Risk subtotal (Individual & company)	555.8	621.9	12%
Life-savings insurance	1,057.6	1,263.4	20%
Pension plans	1,171.6	1,317.9	13%
Savings subtotal (Individual & company)	2,229.2	2,581.3	16%
Total risk and savings (Ind. & company)	**2,785.0**	**3,203.2**	**15%**
Resources managed			
Life insurance policies	16,204.6	16,156.6	-0.3%
Other insurance policies	161.4	188.4	17%
Pension plans and EPSV	11,307.2	11,860.5	5%
Total customer funds managed (Ind. & Comp.)	**27,673.2**	**28,205.5**	**2%**
Number of customers			
Individual customers	3,093,030	3,257,653	5%
Corporate customers	26,000	37,000	42%
Consolidated Net Profit SegurCaixa Holding	**160.4**	**191.9**	**20%**

In terms of analysis per business line, one of the highlights of the year was the positive development of the risk insurance segment. Overall, in 2008 SegurCaixa Holding marketed risk premiums for a total value of 622 million Euros, a 12% increase as a result of the strong growth in health insurance and automobile insurance products.

In line with positive developments registered in 2007, health insurance, which includes products for individual customers as well as for the self-employed and corporate customers, registered a total volume of premiums of 29 million Euros, in other words a 58% hike compared to 2007. Products designed for SMEs and the self-employed performed excellently, and given the strategic position of this segment, the company went to great lengths to provide premium cover offering health care insurance and temporary disability leave insurance. Last year, SegurCaixa Holding received more than 25,000 new insurance customers in this segment, surpassing the 80,000 mark with 22 million Euros in premiums, which is an increase of 76% on 2007. In addition, and in response to customers' needs, in 2008 the Organisation launched a new health care product also aimed at large companies and corporations. Individual health cover insurance continued its strong growth rate as was the case in previous years, with 7 million Euros in premiums, a 19% increase on the previous year.

In other areas, automobile insurance contributed 48 million Euros in premiums, representing a 158% growth, in line with the Group's forecast when the SegurCaixa Auto product was launched in April 2007, despite the complicated economic outlook that caused the Spanish automobile insurance sector to shrink 2%. Due to the launch of the new SegurCaixa Moto, our customer base grew by 50,000 reaching a total of 95,000 vehicles insured.

Life risk and accident insurance showed similarly positive development and was yet another of the success stories from last year. Globally, these accumulated a total premium volume of 397 million Euros, an increase of 5% on the previous year; 240 million Euros of this correspond to individual insurance and 157 million Euros in group insurance.

In terms of accident insurance, it is worth noting our insurance products designed for immigrant customers, a segment the Group continues to support and foster year after year. SegurIngreso, with 1.4 million Euros in premiums and SegurCaixa Repatriación, with 5 million Euros, both performed well and grew by 17% and 11% respectively. 9 million Euros in SegurCaixa Protección, the Group's traditional accident insurance product must be added to the preceding figures. By the end of 2008, individual accident insurance accounted for a volume of premiums of 16 million Euros, up 8% on the previous year.

Finally, home insurance made great progress and the volume of premiums stood at 148 million Euros, 5% more than in 2007, providing cover for over 730,000 homes in Spain.

Automobile insurance contributed 48 million Euros in premiums, representing a 158% growth, in line with the Group's forecast

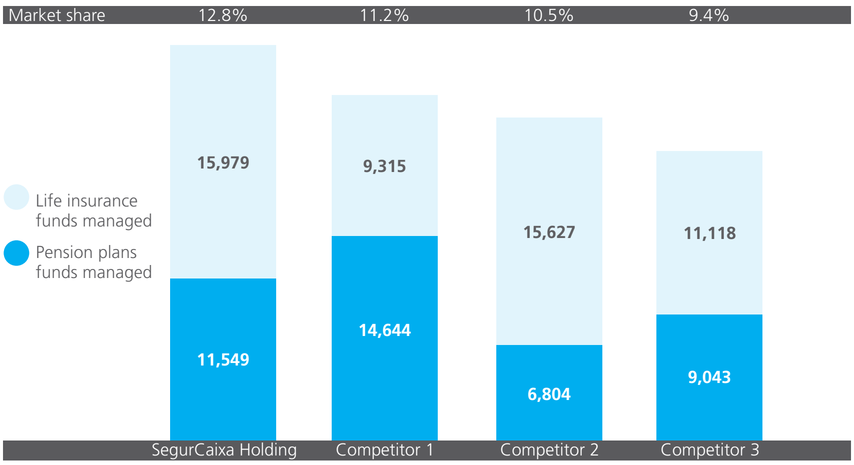
Our savings business grew in a positive sense along similar lines in 2008, with growth in premiums and contributions of 16% compared to the previous year, the volume of which surpassed the 2,580 million Euro mark. The most significant performance to report was in the area of pension plans, VidaCaixa being the only organisation from the top 5 on the market whose managed assets grew in 2008. Specifically, the volume of assets managed was above 11,540 million Euros increasing its market share across the board by 1.9%, to reach 14.7%.

Overall, the volume of assets managed between life insurance, pension plans and EPSV grew 2% last year to reach more than 28,000 million Euros.

In 2008, SegurCaixa Holding consolidated its position as a benchmark institution in employee pension schemes in Spain due to its complete range of products designed specifically to meet the insurance and pension plan needs of its more than 3 million customers.

Despite the recession in the sector, the company increased its market share by 2.7% in individual pension plans

SegurCaixa Holding: Market leader in Spain in Supplementary Employee Pension Schemes



Source: ICEA and INVERCO and prepared in-house. Not including EPSV, provisions from other insurance products nor provisions from contributions.

With 13% market share, VidaCaixa was consolidated as a benchmark institution in the Spanish Supplementary Employee Pension Schemes sector

VidaCaixa

VidaCaixa is the company of the SegurCaixa Group dedicated to the sale and management of life insurance, health insurance and pension plans for individual and group and company customers.
The company is currently the market leader in the life insurance sector in terms of savings managed with a market share of 11.7%, and second ranking in pension plans with a share of 14.7%. Consequently, VidaCaixa is a benchmark institution and market leader in Spain for Supplementary Employee Pension Schemes, with 27,528 million Euros managed and a market share of 13%.
In terms of life insurance, VidaCaixa manages an overall volume of more than 16,100 million Euros of which more than 7,500 million Euros stems from individual life insurance customers, while the remaining 8,600 million Euros corresponds to group life insurance policies. Moreover, the pension plan sector and EPSV witnessed spectacular development in 2008, generating a total volume of funds managed of 11,800 million Euros and a 5% increase on the previous year.

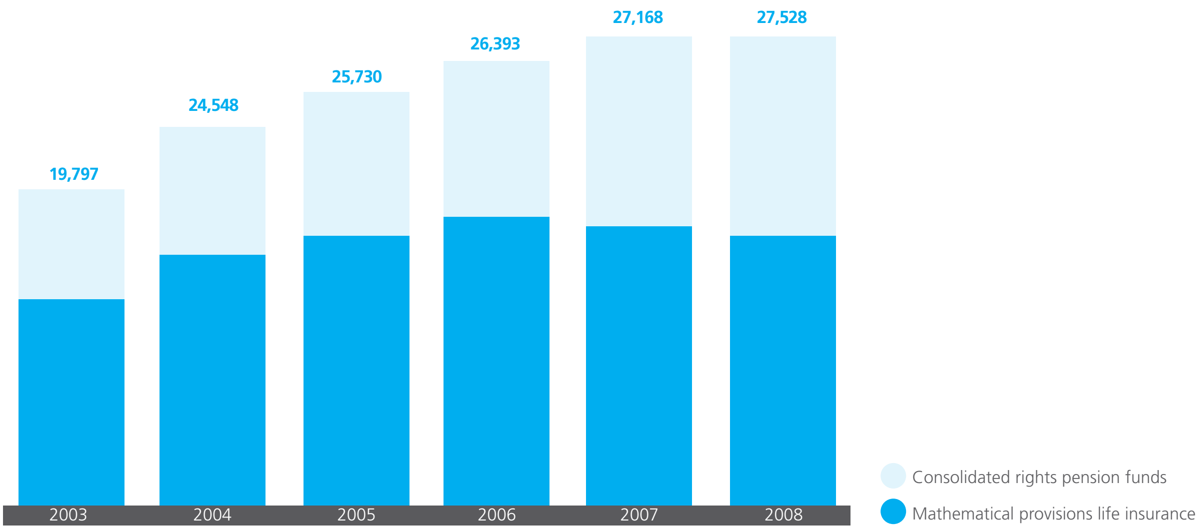
The company is ranked first in the life insurance sector, with an 11.7% market share, and second in the pension plan sector with a market share of 14.7%

VidaCaixa: evolution of the Profit and Loss acount

In millions of Euros	2007	2008
Net financial income	**830**	**781**
Technical – financial margin	**282**	**319**
Income from managed pension funds	89	101
Marketing expenses	-112	-127
Administration expenses	-48	-50
Extraordinary provision for mortality tables	-16	-18
Pre-tax profit	**195**	**225**
Net profit	**131**	**158**

Not including IFRS.

Evolution of the funds managed by VidaCaixa



Source: ICEA and INVERCO.
Note: Data do not include IFRS nor EPSV adjustments, provision for contributions or non-life insurance.

3. Evolution of Group companies

61% of the capital managed corresponded to individual pension plans, while the remaining 39% was channelled through employment and associated pension plans.

VidaCaixa also markets life risk insurance, accident insurance and health insurance for individual customers and groups. In 2008 the total amount marketed in these products was 409 million Euros, which was an increase of 8% on 2007. The health insurance line witnessed strong development in 2008 and grew by 58%, driven by the products designed specifically for SMEs and self-employed workers.

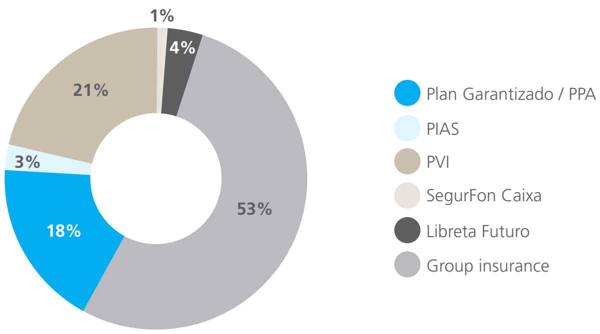
VidaCaixa also operates in the group insurance sector through its specialist division VidaCaixa Previsión Social. After integrating the business from the acquisition of Swiss Life (España) and SCH Previsión in 2003 and 2004, respectively, the company ranks number one in market share for Supplementary Employee Pension Schemes, with 19% of the market and a volume of over 13,000 million Euros in funds managed. There are currently 860,000 insured customers in our group business.

VidaCaixa obtained a net result of 158 million Euros, in other words an increase of 21% compared to the previous year, which was a good reflection of the company's excellent development in 2008.

VidaCaixa

Mathematical provisions

In thousand of millions of Euros

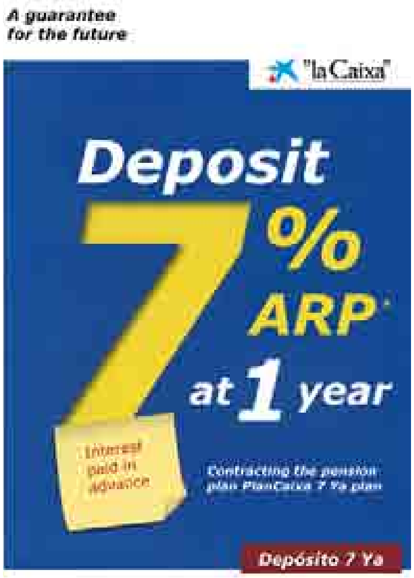


An excellent year for individual pension plans

One of the most notable developments in 2008 was the excellent performance of the individual pension plans and EPSV business with an overall volume of 7,252 million Euros in managed funds, a growth rate of 14% over the figure in 2007. The volume of contributions and transfers in this business line was more than 1,000 million Euros, which is an increase of 12% on last year and an especially relevant figure if we bear in mind the general context of recession in the Spanish pension plan sector that by year-end had fallen 18% in the volume of contributions.

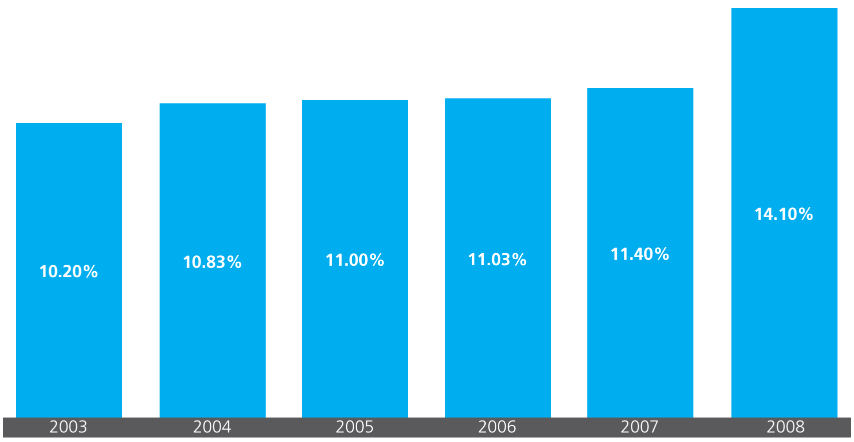
Consequently, VidaCaixa gained 2.7% market share and was the only company in the top five in the marketplace to have reported an increase in financial resources. This was made possible by the ample cover and excellent acceptance of the wide range of products on offer, not to mention excellent commercial capacity of the branch network of "la Caixa". Among the new plans launched in 2008, the *PlanCaixa 7 Ya* was the flagship product of the traditional year-end campaign. When customers subscribed to this product they could choose between a 7% APR interest rate on their contribution which went directly into their current account, or a fixed-term deposit for one year in the *Depósito 7 Ya* of "la Caixa", offering a 7% APR interest rate. The product was very well received and over 450 million Euros was sold.

Other events that boosted activity in this segment in 2008 were the campaigns designed to capture external transfers originating from other managing companies, where the organisation awarded customers who made external transfers to one of the plans, as part of the campaign's commercial incentive, - 2% or 3% absolute calculated on the amount transferred–, and which was lodged directly into the customer's current account.



By the end of 2008, almost 80% of total financial resources managed in individual pension plans of the Group were situated between the first and second profitability ranking quartile

Evolution of VidaCaixa's market share in Individual pension plans



Source: INVERCO

3. Evolution of Group companies

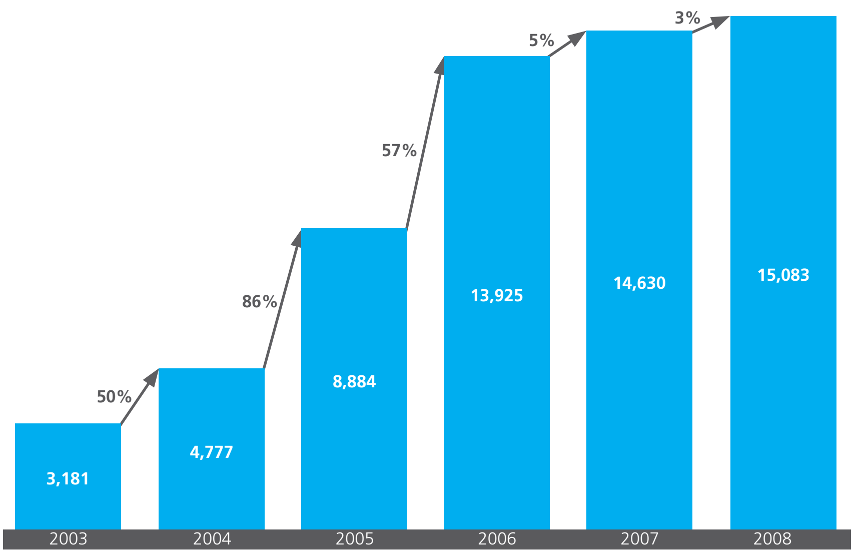
In 2008, the integration process was completed for the 68 pension plans incorporated after the acquisition of *Morgan Stanley Pensiones*. The experience gained over the years by the VidaCaixa management team in this type of operations, together with the willingness shown by the professionals at Morgan Stanley, made it possible to perform a successful integration process in a very short space of time.

It is similarly notable that excellent investment management strategy of the team of expert professionals at VidaCaixa meant that by the end of the year, almost 80% of the total financial assets managed in individual pension plans of the Group were situated between the first and second profitability ranking quartile, according to data from INVERCO.

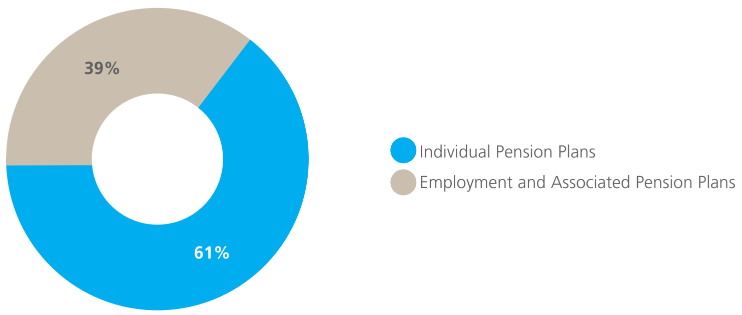
One final noteworthy development in 2008 was the volume of on-line contributions and transfers to pension plans, which accounted for a total of 23 million Euros. The final contribution was made on December 31 at 11:53 PM for an amount of 100 Euros.

In total, 889,470 persons were subscribed to one or another of the VidaCaixa individual pension plans or EPSV, and this is an increase of more than 49,000 persons.

Evolution of the number of individual pension plan operations carried out on the Internet



Managed Funds Pension Plans



Individual Life-savings Insurance

During 2008, VidaCaixa marketed a total volume of premiums in individual life-savings insurance of 798 million Euros, with a significant growth rate of 18% on 2007. The total volume of managed funds remained stable at 7,552 million Euros.

The new PIAS life-savings insurance products became one of the benchmark segments within the individual life-savings insurance product portfolio. A recent addition to the market, they came into force in 2007 with the latest tax reform. VidaCaixa became the first institution to market the product and it is currently available in two different varieties: The *Plan de Ahorro Asegurado* - PIAS, which invests in fixed income assets, and the *Plan de Ahorro Inversión* - PIAS, which includes variable income assets. Overall, the PIAS products account for a total volume of 462 million Euros with almost 80,000 customers.

However, the *Libreta Futuro* is the savings insurance product with the largest customer base, with 205,000 insured customers in 2008. As VidaCaixa's traditional insurance product, it allows for savings on behalf of a minor to cover future projects such as buying a car, paying university expenses, etc., and accounted for 640 million Euros in managed funds.

The *Pensión Vitalicia Inmediata (PVI)* was the product with the greatest volume of mathematical reserves with 76,500 customers and more than 3,260 million Euros. It is worthy of note that sales of this product were given a boost by the entry into force of the tax reform introduced in 2007 and which enhanced its already attractive financial and fiscal benefits, making the product a benchmark as the ideal complement to a state pension.

Finally, it should be mentioned here that VidaCaixa also marketed the PPA (*Plan de Ahorro Asegurado* or Guaranteed Savings Plans), a life insurance product that enjoys the same excellent tax conditions as a pension plan and with which the customer can obtain guaranteed profitability regardless of the investment term chosen (between 1 and 30 years). In 2008, this product showed excellent evolution and by year-end had accumulated almost 200 million Euros with 17,000 policyholders insured, 14,000 of whom were new customers that subscribed to the product in 2008.

The savings insurance with the largest customer base, with 205,000 persons insured, is the *Libreta Futuro*

Prepare them to achieve whatever they set out to do

The *Pensión Vitalicia Inmediata* (PVI), is the savings product with the greatest mathematical reserves having more than 3,260 million Euros

Individual Life-Risk and Health Insurance

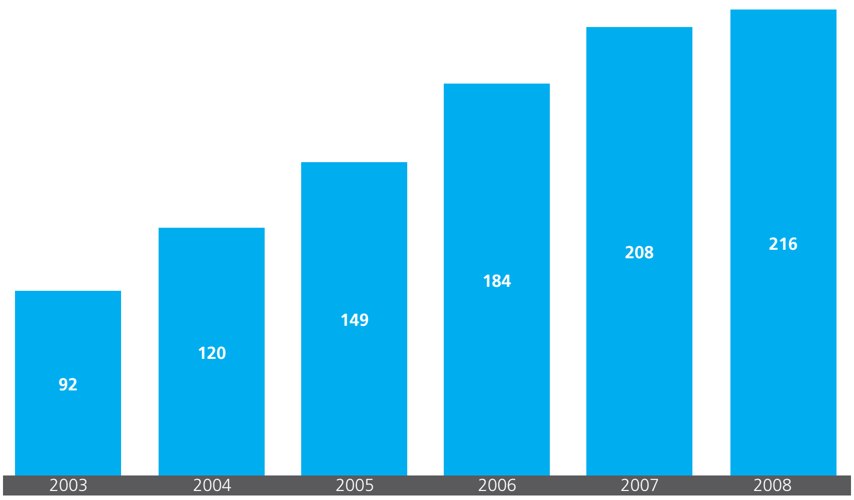
In life-risk insurance policies for individual customers, VidaCaixa offers life-risk insurance that may or may not be linked to loans, as well as health insurance.

The company's range of individual health insurance products is made up of *VidaCaixa Salud*, the healthcare insurance policy available in several different types of policy depending on the copayment system chosen. By year-end 2008 there were 23,000 policyholders insured under this product. The other product in this range is the VidaCaixa Salud Dental, which provides cover to 11,600 policyholders. Both products are marketed in a coinsurance system together with Adeslas.

The product that demonstrated most promise in 2008 was the recently launched *VidaCaixa Salud*, with refunded fees but not copayment and that combines access to all services within the extensive range of medical services on offer with the freedom to choose any clinic or medical professional in Spain or abroad. In the event that the policyholder chooses a service that is not listed among the medical insurance pool, the company refunds 80% of the costs to the insured party. If however the service is included in the insurance pool, then the policyholder will not incur any copayment expenses whatsoever. The total number of policyholders in the individual health insurance range of VidaCaixa increased by 7,000 in 2008, totalling 34,800.

VidaCaixa's individual life-risk product range of insurances is composed of *Seviam* and *Vida Familiar*. Together they registered excellent sales growth rates in 2008 with a total of 216 million Euros in marketed premiums. On the one hand, Seviam, is a life-risk insurance linked to either personal loans or mortgages. Coverage consists of assuming the cost of the loan in the event of the death of the policyholder. *Vida Familiar*, on the other hand is especially designed for those with family responsibilities specifically aimed at adults with children, who in the event of death want to ensure their beneficiaries are in a better financial position to face the future. All together, both products currently have almost 1.4 million customers.

VidaCaixa: premiums in individual life-risk insurance



In millions of Euros

VidaCaixa Previsión Social

VidaCaixa Previsión Social is the division of VidaCaixa in charge of the group and company insurance market. 2008 was an excellent year for this division. The volume of premiums sold increased by 19% and our customer base grew by 42%. Its already extensive customer portfolio, with more than 37,000 companies subscribed, is divided into two separate business lines; one line dealing with large companies and institutions and the other in charge of business for SMEs and self-employed workers.

VidaCaixa Previsión Social distributes its products through an extensive network of consultants and external mediators, which include the most prestigious companies in the Supplementary Employee Pension Schemes market, as well as through its ample internal team comprising 130 experts integrated in the company's workforce. In addition, the network of "la Caixa" branches also play an important role in marketing the *VidaCaixa Previsión Social* products and with a particular impact in the area of SMEs and self-employed workers. At an organizational level, *VidaCaixa Previsión Social* is divided into five business units whose main objectives are to meet the customers' requirements in terms of pension systems regardless of where they are located in the country.

The division offers excellent quality solutions tailored to each organisation that needs to provide cover for employee pension commitments or that simply wish to provide complementary retribution systems for its employees.

VidaCaixa Previsión Social continued to maintain excellent growth rates in 2008, conserving its position as market leader for another year on the Spanish corporate complementary pension systems market with a market share of 19% and a volume of pension savings managed of 13,212 million Euros between life insurance policies and pension plans. Its leadership position is further confirmed by the stability of its customer portfolio, which includes 400 multinational companies, 250 government bodies, 20 Ibex 35 listed companies and more than 33,000 small and medium-sized enterprises, a fact that makes the organisation a benchmark within the insurance sector.

In 2008, *VidaCaixa Previsión Social* increased its volume of premiums for group and company customers by 19% and its customer base by 42%

VidaCaixa Previsión Social: main figures of corporate pensions

In millions of Euros	2007	2008	Var. 08/07
Risk premiums	157	179	14%
Premiums and contributions to savings	596	720	21%
Total premiums and contributions	**753**	**899**	**19%**
Group life insurance	8,662	8,604	-1%
Employee and associated pension plans	4,892	4,608	-6%
Total funds managed	**13,554**	**13,212**	**-3%**

VidaCaixa Previsión Social marketed premiums for a value of almost 900 million Euros, with an excellent growth rate of 19% compared to the previous financial year. Life risk, accident and health insurance accounted for 179 million Euros, a growth of 14%, while life-savings insurance and contributions to group pension plans were 720 million Euros, with a growth rate of 21% compared to 2007. In terms of savings managed, life insurance accounted for a total of 8,604 million Euros in funds managed, while employee and associated pension plans managed a total of 4,608 million Euros.

Commitment to SMEs and the self-employed

An especially outstanding event last year was the commitment made in developing the line of activity for SMEs and self-employed workers. The trust placed in the Institution by more than 33,000 SMEs was due to developing such a comprehensive range of products, comprised of life and accident insurance, joint pension plans and health insurance products, for health care provision as well as for covering temporary inability to work. These products were extremely well received and immensely popular among SMEs and self-employed workers.

To be more exact, developments in 2008 confirmed that the introduction in 2007 of the *VidaCaixa Salud Pymes*, the healthcare insurance product designed especially for this sector, meant that significant progress was made in this area of the market. As a result of this new product, 57,000 insured individuals are currently able to access a medical insurance pool consisting of more than 33,000 medical professionals from more than 300 approved centres without any copayments involved and that provide dental care at very competitive rates.

Another class of insurance that registered excellent growth in 2008 was the *VidaCaixa Previsión Profesional*. With this insurance product, self-employed workers receive daily compensation payments agreed to at the moment the customer subscribes to the product, in the event of medical leave for illness or accidents. The tailored features of the product have made it a highly attractive choice among self-employed workers, and in 2008, was providing cover to 31,800 policyholders.

Also in the SME sector, just over two years after its launch, *VidaCaixa Convenios* showed itself as an innovative product with exponential growth expanding its customer base by 80% and boasting more than 8,000 policyholders. This insurance product enables enterprises and entrepreneurs with employees subject to obligations associated with collective bargaining agreements to meet these obligations in an efficient and simple manner. Finally, also within the SME and self-employed worker sector, one of the highlights during the year was the development in joint pension plans that already have 11,700 policyholders, not to mention life and accident insurance providing cover for more than 80,000 people.

SegurCaixa

SegurCaixa is the company specialising in the non-life insurance business of the SegurCaixa Holding Group and is responsible for marketing home, accident and, since 2007, automobile insurance.

After the successful launch of *SegurCaixa Auto* in April 2007, this new and significant line of activity defined its development consolidation in 2008 with help from the recent launch of the new *SegurCaixa Moto*. The new product is available in three separate models: third-party, third-party fire and theft and comprehensive with excess, of which the last two are exclusively available for new motorbikes.

The entire range of activities of SegurCaixa registered significant development in 2008, with an increase in total volume of premiums of 19% and 220 million Euros. On analysis of the different lines, what really stands apart is the progress made by automobile insurance. In its second year of business it grew 158%, in line with provisions made by the company at the time of its launch. Home insurance development was also excellent and accounted for 66% of the total premiums of SegurCaixa with a volume of 147 million Euros. In 2008, SegurCaixa obtained a net income of 28 million Euros or, in other words an 8% increase on 2007.

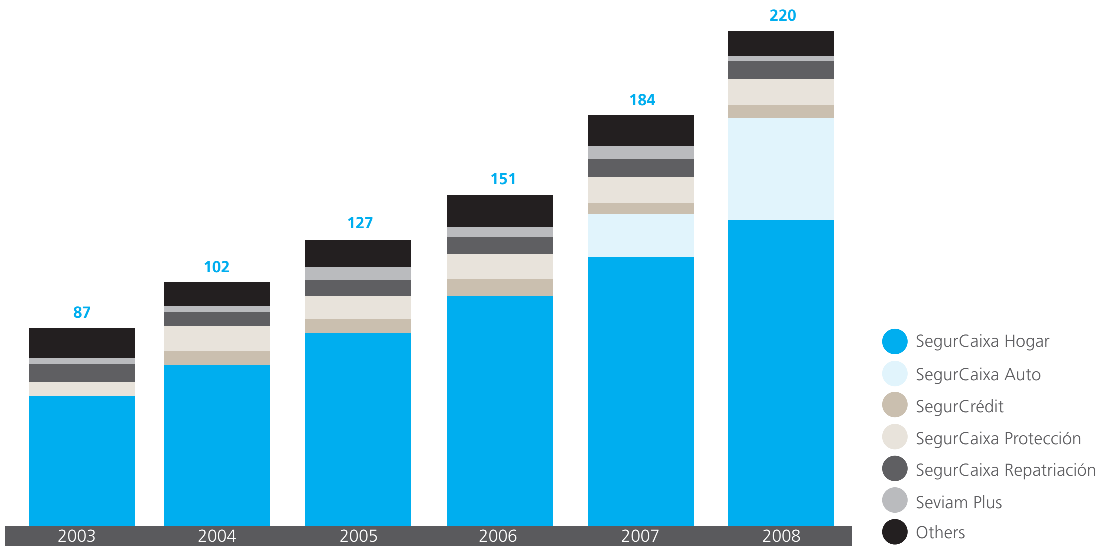
The entire range of activities of SegurCaixa registered significant development in 2008, with an increase in total volume of premiums of 19% and 220 million Euros

SegurCaixa: evolution of the Profit and Loss account

In thousands of Euros	2007	2008
Financial revenues for activity and equity	**6,598**	**8,175**
Technical-financial margin	81,523	91,125
Selling expenses	-25,447	-30,071
Administration expenses	-18,091	-21,303
Pre-tax earnings	**38,586**	**39,866**
Net income	**25,745**	**27,775**

Note: Data does not include IFRS adjustment.

SegurCaixa: premiums by product



In millions of Euros

SegurCaixa Auto

Since its launch in April 2007, the automobile insurance product of SegurCaixa has shown excellent acceptance. If the Group closed its first nine months of operation with more than 30,000 vehicles insured and a volume of business of 19 million Euros, 2008 closed with a growth rate of 158% and a business volume of 48 million Euros, while the customer base was over 95,000.

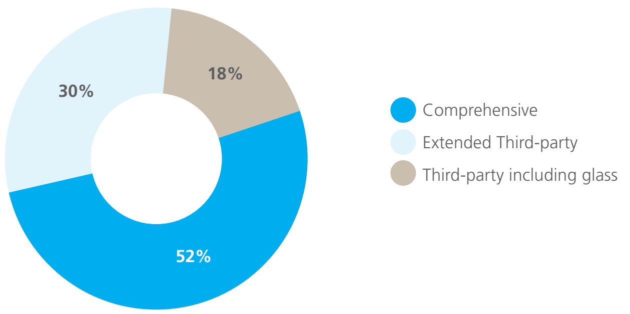
The key to the success of the product– wide ranging cover, outstanding comfort and service quality and competitive rates –enabled *SegurCaixa Auto* to increase its customer base by more than 60,000 new customers and provided more than 23,000 services required by customers for travel cover, sanction administration or mechanical, legal or medical assistance. The product is commercialized through the network of "la Caixa" branches, the *Línea Abierta* service and through our Call Centre and the effort and dedication on the part of the sales network was vital in gaining customer trust.

In fact, the defining cornerstone for every administrative procedure involved in this insurance product was the quality of service of the three different products available in this line: third-party including glass, extended third-party and comprehensive with or without excess. All three options provide policyholders with a choice of additional services to choose from, entitlement to a replacement vehicle in the event of accident or theft, as well as the option to increase accident sum insured for up to 60,000 Euros. SegurCaixa also provides an easy and comfortable premium payment option enabling customers to fraction the payment thereby making the cost easier to manage.

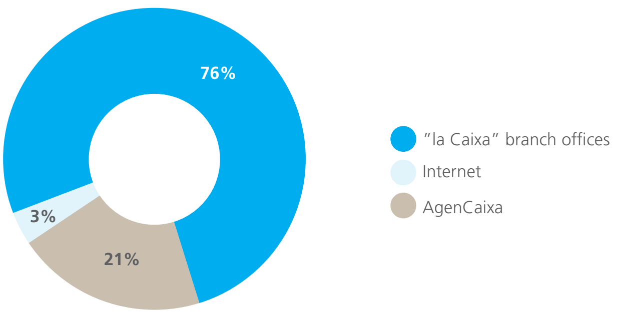
SegurCaixa Auto represents a significant strategic step when it comes to positioning the SegurCaixa Holding Group as a benchmark institution en comprehensive cover in every area of family insurance cover, which was even further strengthened last year by the introduction of *SegurCaixa Moto*.

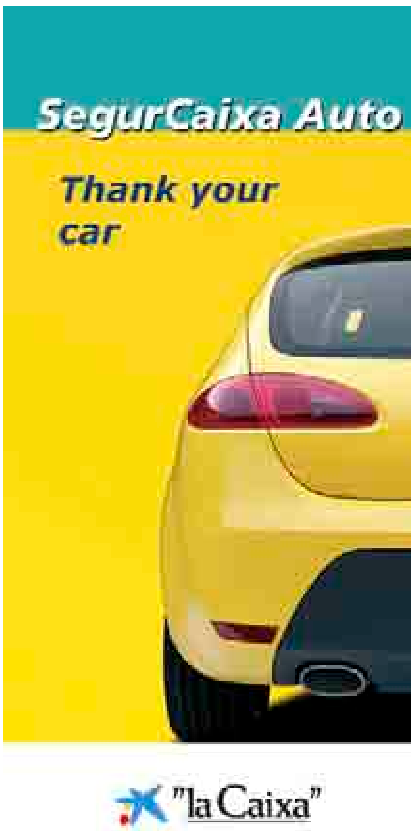
In 2008, SegurCaixa Auto provided more than 23,000 services to customers that needed travel assistance, help with traffic fines or mechanical, legal or medical advice

SegurCaixa Auto: Risks Insured



SegurCaixa Auto: Distribution channels





SegurCaixa Moto

One of the most significant product launches in 2008 was that of the SegurCaixa motorcycle insurance which completed the range of vehicle insurance products available to individual customers. With this event, SegurCaixa Holding became the leading bankassurance organisation on the Spanish market by marketing its own automobile and motorcycle insurance product.

SegurCaixa Moto is available in three different forms: third-party, third-party fire and theft and comprehensive insurance with excess (of which the last two are exclusively available for new motorbikes). Similar to conditions available with the rest of the SegurCaixa products, *SegurCaixa Moto* is characterized by the simplicity and efficiency of administrative procedures and by the prioritisation of service excellence.

"la Caixa"

With the launch of the new *SegurCaixa Moto*, SegurCaixa Holding became the leading bankassurance organisation on the Spanish market by marketing its own automobile and motorcycle insurance product

SegurCaixa Hogar

The multi-risk home insurance product available from SegurCaixa closed 2008 with more than 730,000 homes receiving coverage. Together with its flagship product, *SegurCaixa Hogar*, the range of home insurance products provided by SegurCaixa Holding also includes the *SegurCrèdit*, providing insurance coverage exclusively for the premises insured, as well as other property insurance products, construction insurance and ten-year insurance policies.

In terms of claims management, SegurCaixa increased activity in this field by 8% in 2008 processing a total of 151,000 claims.

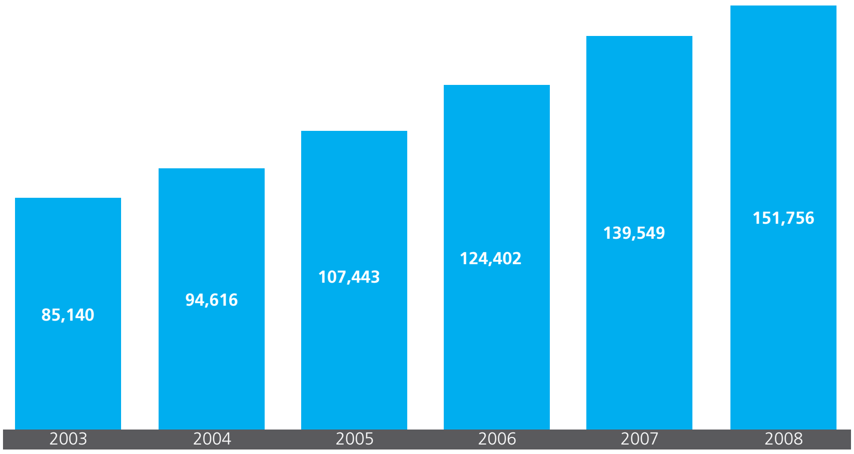
The quality and efficiency of the service, which is a requirement in every area of the Group's activity was demonstrated in the Comprehensive Claims Customers Report issued by ICEA (Spanish Association for Insurance and Assurance Companies) in 2008. The report shows that, with a 96% satisfaction level, *SegurCaixa Hogar* rates well above market standards of 87% and also above the overall figure for bankassurance institutions, which is 85%.

In order to carry out ongoing improvements for future customer provision and to identify changing needs of customers, SegurCaixa consistently analyses and studies data collected from service assistance provided

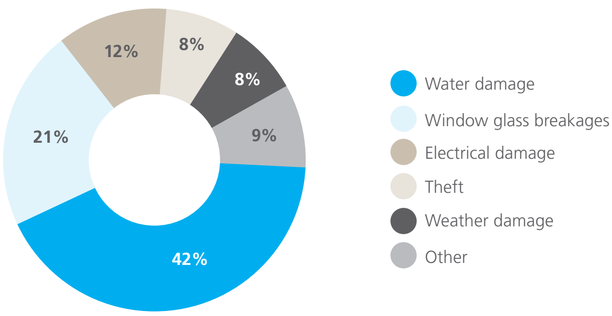
SegurCaixa Hogar SegurCaixa

The most common claims requiring assistance and repair work are as a result of water damage, window breakages and electrical damage. *SegurCaixa Hogar* also guarantees assistance within 24 hours for all claims even if these are at weekends and on holidays. In the case of an urgent claim this response time is reduced to three hours, as in the event of a power cut or if the property is at risk due to being left unprotected. All response actions are carried out in adherence to the most rigorous customer care parameters, in line with the excellence in quality standards the organisation requires of all its actions. In order to carry out ongoing improvements for future customer provision and to identify changing needs of customers, SegurCaixa consistently analyses and studies data collected from each service assistance incident.

SegurCaixa Hogar: claims managed



SegurCaixa Hogar: principal motives of claims



Accident Insurance

With a total volume of premiums of 16 million Euros in 2008, an increase of 8% on the previous year, SegurCaixa's range of accident insurance products is fast becoming one of the Group's most promising lines of business activity.

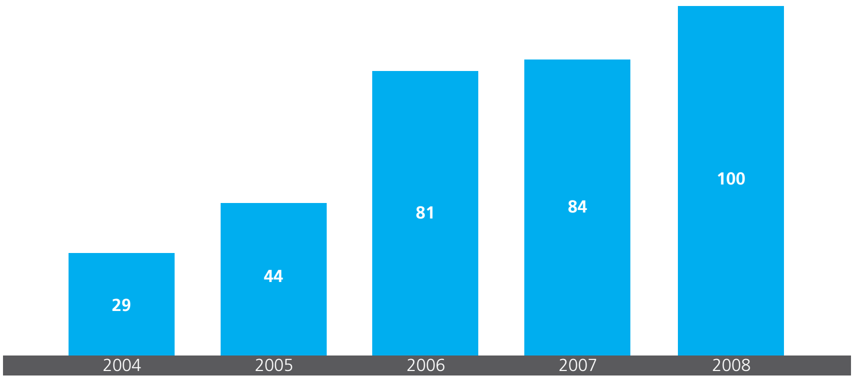
SegurCaixa Protección, previously known as *SegurCaixa Personal*, is the flagship insurance product in the accident insurance range. The attraction of this production is its flexibility and user friendliness given that, it is not necessary to undergo prior medical examination in order to subscribe to this product and it provides a principal in the event of the insured party's death or complete permanent disability resulting from an accident. Accessibility and the service features of the product have already earned the trust of 60,000 policyholders with 9 million Euros in premiums.

A large part of the Group's energies are focused on providing a service for new residents in order to design and streamline products to meet the needs of this particular sector of the population. Consequently, the Group provides the *SegurCaixa Repatriación* and *SegurIngreso* products that were tailored for this purpose. The former was specifically designed to provide cover for new residents in search of a guarantee of repatriation to their countries of origin in the event of their deaths in any member country of the European Union, with coverage for travel expenses for an accompanying family member or friend. In 2008, the number of individuals insured with this product reached 66,000, with 5 million Euros in premiums.

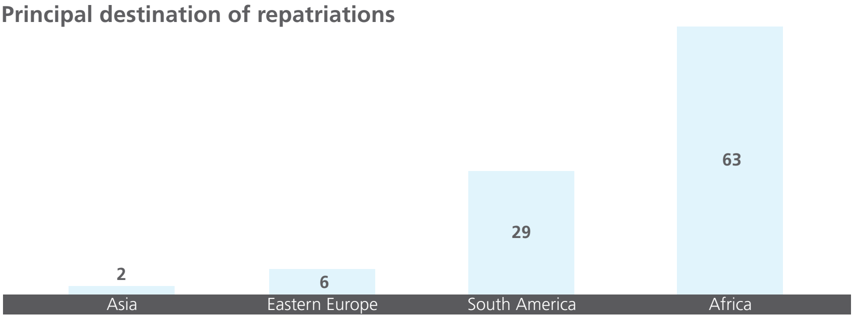
The range of accident insurance products available and designed for new residents is completed with *SegurIngreso*, launched in 2005 and by the end of the financial year provided cover for 14,000 customers. This insurance policy, which can be subscribed to from as little as 7 euros per month and does not require prior medical check-up of any kind, has shown consistent growth year-after-year since it was launched. Through *SegurIngreso*, in the event of death, beneficiaries of the policy receive a payment of 6,000 Euros and a regular monthly income for five years, the principal of which depends on the premium paid and can vary between 600, 1,000 or 2,000 Euros. In 2008, the volume of premiums sold amounted to 1 million Euros.

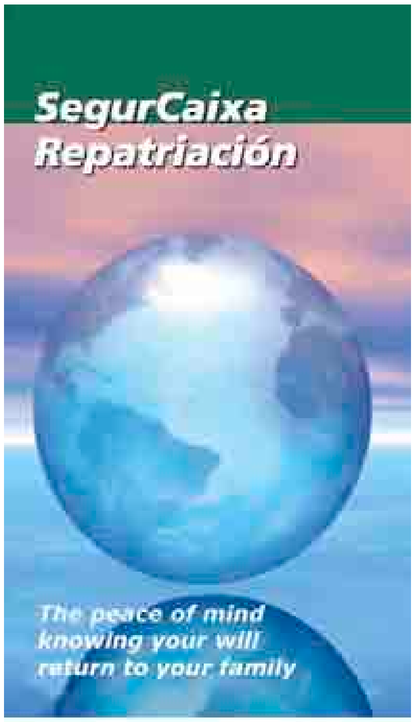
SegurCaixa Protección, previously know as SegurCaixa Personal, is the traditional insurance product in the accident line and is characterised by its flexibility and user-friendliness

SegurCaixa Repatriación: number of repatriations managed



Principal destination of repatriations





"la Caixa"

AgenCaixa

Customer care is a key feature in marketing the insurance products and pension plans offered by SegurCaixa Holding. In order to streamline insurance selling and to provide expertise in customer care, SegurCaixa Holding avails of AgenCaixa, the company that integrates the network of expert consultants. With the incorporation of a further 118 new professional staff members, the AgenCaixa workforce is currently made up of 396 consultants and 21 sales delegates distributed throughout Spain.

Pinpointing the specific needs of customers, the team of professionals bring technical know-how to the table to provide consultancy and manage the needs of customers in the branch network of "la Caixa". As a key element in the commercial strategy of the company, the AgenCaixa brokers also provide feedback and information regarding opinions and appraisal from company customers as well as from customers in the branch offices of "la Caixa" in relation to products and services available from the Group.

The information they handle is essential in developing new ways of improving products, detecting new requirements for coverage and adapting existing products and services to customer and branch expectations and preferences. Moreover, brokers also act as coordinators between branch offices of "la Caixa" and the Headquarters of SegurCaixa Holding, participating in specific required training as a result of changes in legislation, testing new products or developing new sales campaigns. In recognition of the training programmes attended by every AgenCaixa broker, the Training Plan launched in 2003, received the official diploma by the UOC (Open University of Catalonia) as a "Commercial Technical Insurance Training Plan", with the level of a postgraduate qualification.

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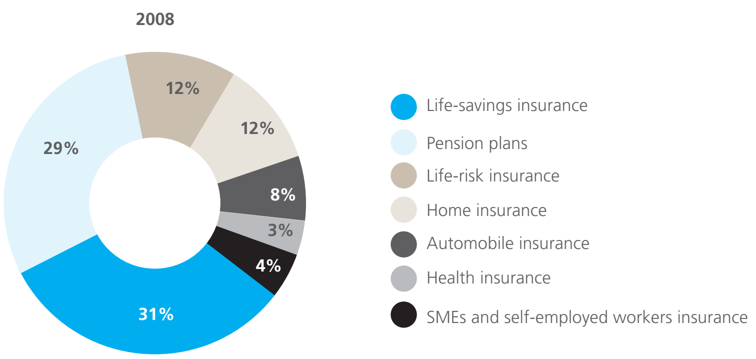
AgenCaixa: sales distribution by product type



4

Main facts and projects of the year

SegurCaixa Holding
Insurance Group

Main facts and projects of the year

The Values of SegurCaixa Holding

In 2007 SegurCaixa Holding undertook an action called "The values of SegurCaixa Holding", which was of great importance to the Group; a survey was given to 100 Headquarter and AgenCaixa staff in Barcelona and Madrid.

The aim of the survey was to identify what values stood out as fundamental principles of the company, that is, the parameters that determine the attitude of the organisation. What emerged from the study were two already known values that had previously been highlighted by the management of the Group, namely Trust and Quality and both were qualities shared by "la Caixa". However, from the interviews and subsequent workgroups another new value surfaced: Dynamism.

Therefore, SegurCaixa Holding has taken these three characteristics, Trust, Quality and Dynamism, as essential values of the company. Trust is not just for customers, but for the employees and society at large; Quality is embedded in our products and services to satisfy the needs of our customers, thanks to the common effort and very demanding nature of all the employees in the Group; Dynamism is being proactive, proposing new solutions for new problems and anticipating the new needs of the future through permanent innovation.

As a standard of the values that guide its activity, SegurCaixa Holding is committed to a complete adhesion of its employees to the principles that rule the company, in order to give a coherent and cohesive image before our customers, branch offices, mediators and society.

Thalens Project 2010: Management of Talent

SegurCaixa Holding is fully aware that the greatest asset of a company is its employees, who are indispensable if the enterprise is to be competitive in today's world. With the aim of boosting and creating strategies of talent management, the Thalens Project 2010 was set up. This initiative was developed based on the present social and economic environment and on SegurCaixa Holding's corporative values. This project takes into account the Balanced Scorecard (BS), which covers the strategy of the Group, as well as the last Work Climate Study carried out in 2007.

With the object of reaching excellence at work and strengthening the commitment of the Group with its employees and society, the Thalens Project 2010 is based on three points:

- **Commitment:** Social Responsibility forms part of the very core business of SegurCaixa Holding, as it is a company devoted to Complementary Social Welfare. Going into this in more depth, Thalens 2010 boosts the commitment to society, the environment, customers and employees. That is how the "Retorn" team, formerly called CaiFor Solidario, was formed. It is a completely autonomous group of employees whose goal is to promote different projects in defined areas of action: Employees (cultural acts, sports events, healthy habits, etc.), Society (participation in the NGO, Voluntariado Corporativo) and The Environment (collaboration with different public bodies).

Apart from these activities, the Thalens 2010 project envisages, in its area of Commitment, the Equality Plan, which promotes equality between men and women as well as the non discrimination of any group. Among the measures covered by this plan is the commitment to the conciliation of work and family life, which is put into practice through flexible work schedules and the reduction of the workday to face the problems of looking after children under 10.

- **Communication and participation:** SegurCaixa Holding encourages its employees to participate in the activities of the company, thus promoting a participative culture focused on innovation. Through the Innova+ project, the "Retorn" project or e-People, the communication tool, the employees can contribute opinions, suggestions and ideas related with whatever Project the company develops. As far as getting talent is concerned, the company goes to great lengths to promote itself as a first class organization that creates employment and quality. Working in SegurCaixa Holding means enjoying a series of advantages that spring from the leadership the company holds in the sector. For this reason they have set up links with universities, business-schools or consultancies in Spain. Moreover, frequent branding actions are undertaken:
  - Business Forums for universities and employment fairs.
  - Prominent offers of employment and questions to Human Resources in the Group's web page.
  - Synergy with universities to get university students a little nearer the labour world.
  - Creation of awards in recognition of research in the insurance environment
  - Practical programmes for university students.

- **Training and development:** One of the biggest reasons for satisfaction among the workers in the company is the constant training they receive. It is imperative for SegurCaixa Holding to be in a position to provide training for its employees and so the company opts for continuous training. In this sense, the Thalens Project 2010 envisages the creation of new and better training plans so that the workforce can develop a successful career. To do this, SegurCaixa Holding has a wide variety of courses, seminars and talks directed at the different professional profiles found in the enterprise. SegurCaixa Holding takes advantage of the talent of its employees to find out from the workgroups what happens in the day to day work so it can face the future with new experiences and work dynamics. In order for the work experience of the employees to be pleasant and highly professional, the Group has a welcoming programme through which any new worker who joins the company is attended to by a team of people who look after his/her training and development. Once these new employees form part of SegurCaixa Holding team, they are offered new stimuli, challenges and responsibilities, such as internal mobility and promotion.

In short, Thalens Project 2010 optimises and boosts the talent of the SegurCaixa Holding employees.

The "Quality concerns us all" plan

In 2007, SegurCaixa Holding launched its "Quality concerns us all" plan, which was set up to permanently increase the quality of the products and services it offers. With this end in mind, a lot of projects were created that also involved most of the staff in the Group. In this period the plan tackled the modernization of the operating model and the services assigned to the distribution channels and the end user, technology, the management of suppliers and innovation. Also in 2008, 100 specific actions were undertaken to improve the service in branch offices and to customers. Meetings to contrast opinions were held with almost 100 employees of the "la Caixa" branch office network throughout Spain. The data found meant the consolidation of the plan that was thought of to seek the excellence in service and in the products of the Group.

Plan de Calidad

In 2008, 100 actions were derived from the "Quality concerns us all" plan with the aim of improving the service in branch offices and to customers. Almost 100 meetings took place with "la Caixa" branch network staff to contrast opinions

Innova+ Project

This project was created in 2008 and arose as a result of the "Quality concerns us all" plan. Ideas are the raw material of the Innova+ project, an initiative that seeks to promote innovation and has as its main objective the injection of innovation into the day to day work of the staff by involving all of them in creating concerns and interest, searching for new ideas and, above all, transforming them into value. This aim requires teamwork, which must be tackled in detail, thoroughly and methodically.

For this, a 33-strong specifically-trained team of project promoters was created, which form 11 groups that correspond to the 11 lines of innovation that are strategic for the organization.

Throughout 2008 more than 800 ideas were received, about 50% from Group employees and the other 50% from "la Caixa" branch office network. All the proposals were analysed and studied to certify their feasibility and transform them into value and results. At the end of the year, 15 of all the ideas received were implemented or were about to be implemented.

Apart from getting ideas from the staff, Innova+ also carried out several promotional actions to create interest and appeal for the initiative. To this end, different posters related to the project were put up throughout the SegurCaixa Holding buildings, the information on the Internet portal was constantly updated and many meetings were held to present this project in all the delegations of AgenCaixa throughout the country and in every department at the Barcelona and Madrid headquarters. Without doubt, this project was thought of as long-term and will be around for some time.

Throughout 2008 more than 800 ideas were received from Group employees and from "la Caixa" branch office network, At the end of the year 15% of all the ideas received were implemented or were about to be implemented

The Balanced Scorecard (BSC)

The Balanced Scorecard is a tool that organises and helps the follow-up of the SegurCaixa Holding objectives from 4 main perspectives: customers, processes, financing and people. With more than 9 years' experience, the BSC has become an essential instrument for the company.

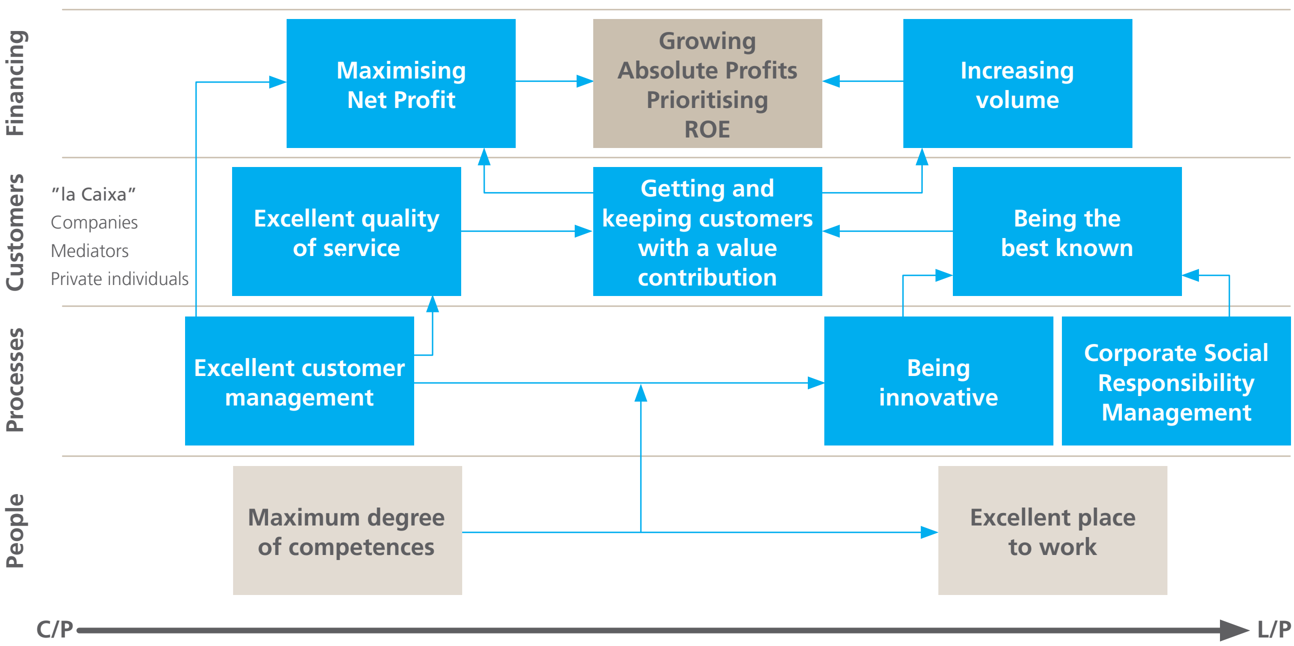
The BSC has more than 300 indicators that make it possible to monitor the general and specific objectives of each department or area every quarter. These results are analysed by the Management Committee, which, if it deems fit, may take decisions in accordance with the Strategic Roadmap of the Group as well as on the evolution of the company. Moreover, the BSC is an element of communication between the Management Committee and the employees as the results of the follow-up are communicated to the staff at the end of each quarter.

Pensions Caixa 30, Best Spanish Pension Fund

In 2008, the "la Caixa" employees' Pension Fund, managed by VidaCaixa, was awarded the best Spanish employment pension fund by the IPE magazine (Investment & Pensions Europe). In its eighth edition of its annual awards to European Industry Pension Funds, IPE acknowledged the quality of Pensions Caixa 30, the "la Caixa" employees' Pension Fund, which has 28,000 members, 4,000 beneficiaries and assets that touch on 3,700 million Euros.

The magazine pointed out the principles by which the Fund has been managed since its conception, valuing the spirit to achieve the maximum yield of contributions and therefore, of the pensions, all of which have an acceptable degree of risk. The investment policy of the Fund is based on geographic diversification and types of asset, the socially responsible investment, control of the relationship between risk and profitability and multi-management through prestigious international agents.

Strategic Roadmap of the SegurCaixa Holding Group



Call Center

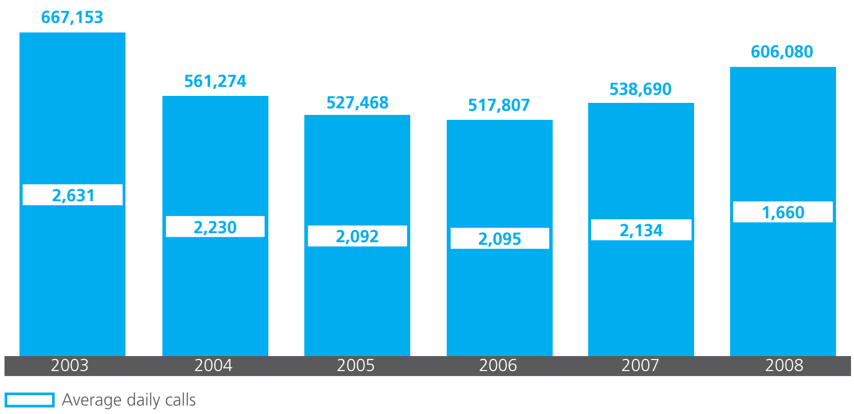
SegurCaixa Holding's Call Center provides all sorts of information to the branch office network of "la Caixa" and the customers of the Group. All the Call Center staff have extensive knowledge of all the products and services of the Group as well as of the latest information technology applications and specialized management tools that make their job easier and thereby strengthening the highly professional quality of the service they provide. In 2008, the service attended to a total of 606,080 calls, which is an average of 1,660 calls a day.

Updating of the Group's corporate web pages

In 2008, the SegurCaixa Holding Group underwent major reforms in its communications platform on the Internet. Specifically, the Group updated its corporative web page and set up an independent web page for *VidaCaixa Previsión Social*, with the aim of improving and strengthening the lines of communication with its customers and the professionals who work in the sector.

The new design of both pages adapts perfectly to the corporative image of the Group so that individual customers and groups have a more complete and coherent perception of all the webs.

Number of calls to the Call Center



Both web pages, www.segurcaixaholding.com and www.vidacaixaprevisionsocial.com, boast the certification of Double Accessibility, issued by the Web Accessibility Initiative, that guarantees easy access to people with a disability.

Some of the novelties of these pages are, in the case of SegurCaixa Holding, the incorporation of new content to improve the service and assessment to customers over the Internet, such as the section on Frequently Asked Questions, indications about how to communicate a claim or a Glossary of Terms. More and broader information about the company was also provided in order to increase transparency and there was a much clearer section on Working for the Group.

As far as the *VidaCaixa Previsión Social* webpage is concerned, our corporate customers can find, in a clearer, simpler and more detailed way, all the information relating to the range of products offered with added functionalities so as to be more user-friendly. For this the web page included a glossary of terms of products adapted to the needs of different customers and a *VidaCaixa Salud* list of doctors. The visitor can also access the quarterly bulletin of information that is sent in a digital format to customers and mediators thereby promoting the diffusion of social interest issues for companies. The web page also acts as an excellent support platform for the marketing campaign addressed to managers of large companies under the slogan: "The health of the enterprise is not visible at first glance".

Línea Abierta Web

The comfort the Internet provides when going through procedures and formalities turns it into an excellent channel to reinforce SegurCaixa Holding's social welfare offer. For this reason, in order to make access easier for a wider range of public, the Group's customers can buy and manage these services through the Línea Abierta Web, the online banking service of "la Caixa". In this model, customers may consult the updated

SegurCaixa Holding added new content to improve the service and assessment to customers over the Internet such as the section on Frequently Asked Questions

details of the composition of their portfolio or the evolution of their yield.

In 2008, this channel evolved towards an integrated vision of the customer in such a way that he/she is offered a global service that includes the option of buying a contract and consultation. This is the case, for instance, of SegurCaixa Moto, in the area for private individuals, or SegurCaixa Agreements, in the SME area. Moreover, certain guaranteed pensions could be bought and managed over the Internet: 'PlanCaixa 6 Plus', 'PlanCaixa Opción 7' and 'PlanCaixa 7 Ya'.

SegurCaixa Auto is one year old

16th April 2008 witnessed the first anniversary of SegurCaixa Holding's entrance into the car insurance market and SegurCaixa Auto celebrated its first anniversary full of life and vitality.

In 2008 several commercial campaigns were launched to energise the sale of SegurCaixa Auto and, looking at the results, they were successful because the year ended with more than 95,000 vehicles insured.

In addition to the promotions, 2008 saw the setting up of a network of collaborating workshops for bodywork and spraying. An agreement was reached with those centres whereby our customers would avail of preferential treatment in the repair to or improvement of their cars. Customer service at these centres is based on priority attention, a collection and delivery service of the vehicle within the same area, cleaning of the vehicle before handing it back, a 24-hour service, etc. This set of services guarantees the complete satisfaction of the customers who enjoy what SegurCaixa Auto has to offer.

Moreover, the front office of the Claims department improved their speed and diligence in assessing customers who report their claims by using the Google Maps tool. The computer programme maps enable us to easily pinpoint the customer's position and advise him about which repair garages are nearest his position.

The new SegurCaixa Moto is born

In September 2008, SegurCaixa Holding made its first foray into the motorcycle insurance business with its new SegurCaixa Moto insurance. This completes the vehicle insurance offer of the Group. SegurCaixa Moto guarantees the maximum quality at competitive prices. Motorbike insurance may be bought in three different models: third party, third party with theft and fire covers, and comprehensive insurance with excess. These last two are only available for new motorcycles. Among the services these insurances cover are the commitment to punctuality in travelling assistance with a maximum wait period of one hour, free choice of garage, including brand garages and the free service of telephone assistance for mechanical and medical consultation. Moreover, one of the differential points of the insurance is the compensation in the case of a write-off, which for motorcycles with less than one year is 100% of the value and 100% of the market value for motorcycles over one year.

This product may be bought through the branch offices of "la Caixa", through the online webpage *Línea Abierta* or by telephone.

Integration of the Funds acquired from Morgan Stanley

Fruit of the acquisition of the Morgan Stanley business, VidaCaixa worked hard to migrate and integrate their pension funds: 27 new entities, 68 pension plans and cash equivalent securities, 40 investment portfolios, 650 million Euros in assets and 84,858 participants.

The migration Project was a challenge for all concerned but it enriched all those who took part in it. It was once again successfully carried out and in a short period of time. This was the third time that SegurCaixa Holding undertook an integration process in the last few years and undoubtedly the success can be attributed to the accumulated learning of previous occasions.

5

The shareholders of the SegurCaixa Holding Group

SegurCaixa Holding
Insurance Group

The shareholders of the SegurCaixa Holding Group

For "la Caixa", 2008 was a year of growth in all its areas of activity: it's volume of business rose by 6.9%, customer resources increased by 5.4% and the number of credits given jumped by 9%. This was also an exercise of double consolidation. On the one hand, "la Caixa" continued working on its Strategic Plan 2007-2010, with which the Entity endeavours to reach a leading position in family, commercial and personal-private banking. On the other, "la Caixa" reinforced its commitment to society and its environment through its Obra Social with a budget of 500 million euros.

Criteria CaixaCorp, for its part, increased its individual recurring net profit by 30%, reaching 803 million euros, while the income from recurring dividends in companies where Criteria CaixaCorp has a stake amounted to 916 million euros or 53% more. Those results enabled the entity to reach the objective it had set in its first full year of trading on the stock market, which was to distribute a total dividend of 21 cents a share. The investments undertaken in 2008 came to 3,800 million euros, a 9% growth in the financial portfolio on the gross value of the assets.

Criteria CaixaCorp

Criteria CaixaCorp is an investment Group with financial stakes in entities and services and has a steady commitment to internationalisation. It provides long-term shareholder value through the active management of its portfolio.

The present investment portfolio is the largest in Spain in volume of assets, which as of December 2008 had a value of 18,196 million euros. This portfolio includes first class companies with a solid leading position in their respective lines of business in the countries they operate in and that have a tested track record of creating value and profitability.

Apart from Criteria's presence in the banking and financial sector, it is also present through its stakes in strategic sectors such as energy, telecommunication, infrastructures and services.

The advancement of active management in investments is reflected in its taking up influential positions at the heart of the companies where it has stakes, intervening in the Governing Body and actively getting involved in the definition of the business strategy and policies, therefore contributing to continuous development and the creation of value for the shareholder.

5. The shareholders of the SegurCaixa Holding Group

In this context, Criteria also performs control management with the aim of increasing the value of its investments in a risk-controlled environment, which results in carefully identifying and analyzing new investment and disinvestment opportunities on the market. For this, Criteria relies on its wide-ranging knowledge of and extensive experience in the sectors where it has a presence, which gives it its significant position as an investor.

Criteria CaixaCorp has been listed on the Spanish Stock Exchange since 19th October 2007 and has formed part of the Ibex 35 since 4th February 2008, standing among the top Spanish companies in market capitalisation. Criteria CaixaCorp's portfolio as of 31st December is broken down according to the following graph:

Criteria CaixaCorp's portfolio has become the most important one in Spain in volume of assets with a market value of 18,196 million euros at 31st December 2008

Vision

Criteria CaixaCorp, being the vehicle for the international expansion of "la Caixa", aspires to become a referenced financial and industrial Group, whose main aim is to create value and balance the satisfaction of both shareholders and employees as the company develops.

Corporate values

The values that identify Criteria CaixaCorp are the transparency with which it deals with all its stakeholders, the rigour in its investment management and the soundness and professionalism it employs in its day to day work to relentlessly identify, analyse and study new business and investment opportunities and contribute value to its shareholders.

Business lines

Criteria CaixaCorp has a multi-sectorial portfolio that combines investments in listed and non-listed companies that are leading or referenced companies in their respective environments and that make up a diversified and hard to replicate portfolio, which grants it a privileged position on the market. The company activity is split into two lines of business:

- **Financial Business:** On the one hand, there is the international banking activity through stakes held in banks outside Spain and on the other there are the non-listed filial companies that carry on the domestic business in insurance and specialised financial services, such as asset management, leasing and consumer credit, among others.

- **Services Business:** This includes the stakes in companies that are leaders in their markets and have a proven track record for capacity of growth and creation of value. Criteria CaixaCorp's investments are focussed on Spanish companies with an international presence in non-cyclical sectors such as infrastructures, energy and services to name a few. These portfolio stakes are capable of generating recurrent income and profits with a margin for more and can give an attractive dividend.

The management and strategic principles of the company

- **Greater exposition to financial businesses:** It is the wish of Criteria CaixaCorp to restore the balance of the portfolio, which at present is top-heavy with a predominance of investments in services companies, by acquiring stakes in financial entities. A major differential factor is that Criteria can count on the experience in retail banking of its controlling shareholder "la Caixa", as well as its capacity to generate value and synergies in the new acquisitions.

- **Active management of our investments:** Criteria has an active participation in the Governing Bodies of the companies it has stakes in. It gets involved in the definition of their future strategies in coordination with the management teams of those companies and contributes to the medium and long term development of their businesses.

- **Management by value of investments:** Criteria undertakes investments, disinvestments and corporative projects depending on the opportunity the market offers, prioritizing the creation of value and profitability for its shareholders. Criteria has more than enough flexibility and experience to identify opportunities and act at the best moment.

- **Focus on the medium and long term investment:** The management philosophy of the active management of Criteria CaixaCorp entails that its investment horizon is medium to long term, maximising the value by concentrating on corporative development and involvement in the strategies of the portfolio company while undertaking sales at the best possible moment.

Strategy per line of business

Each line of business has its own strategic approach to take better advantage of investment and growth opportunities in each sector and geographic market.

Financial businesses: Criteria CaixaCorp will gradually increase its investments in financial businesses in both retail banking and specialised financial businesses such as insurance, asset management, leasing and consumer finance. It is foreseen that the stakes in financial businesses will represent in the medium to long term between 40 and 60% of the total value of the assets.

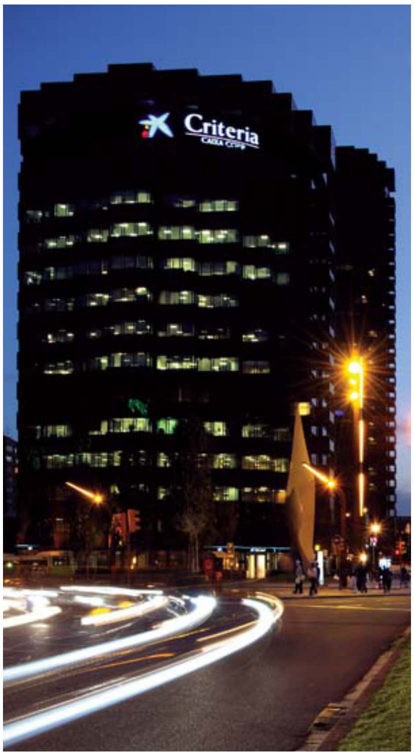
a) Financial Business / International Banking. Criteria CaixaCorp envisages continuing with its strategy of increasing its exposure in financial businesses, especially in the international arena, through the acquisition of stakes in retail banks. Following the objectives set when Criteria was floated on the stock market, the acquisitions were made and will continue to be made preferably in America, Asia, Central Europe and in countries with a strong growth potential as well as in other markets nearer home where Criteria can create value by being the vehicle for international expansion of "la Caixa".

The experience in retail banking of "la Caixa", Criteria's controlling shareholder, places it in a privileged position when it comes to acquiring stakes in financial entities

b) Financial Business / Insurance and specialised financial entities. The aim of these investments is to naturally complement the banking activity. The intention of the company is that these investments act as a support to the international expansion of "la Caixa" through Criteria. The investments in the insurance sector and in the financial sector of investment and specialised financing will seek to boost growth, extending and consolidating its position on the national market. These business sectors have levered themselves naturally into the growth of the distribution network of "la Caixa", as well as into their own capacity to cross-sell.

Services Business: Criteria CaixaCorp's intention is to continue making selective investments and disinvestments, identifying and taking advantage of market opportunities. Although the relative weight of the services portfolio will be reduced, the total amount of that portfolio will still be significant, and will fall somewhere between 60 to 40% in the medium to long term. Criteria's aim is to create a value differential in these companies that are present in strategic sectors of the economy and it will do so by taking a position of reference in the shareholding that will allow an active presence on its Governing Bodies, in the key decision taking and in the development of its business strategies. Criteria holds key positions in these companies and when necessary can exercise the corresponding control premiums.

The company's development strategy envisages a greater investment in financial business, especially in the international arena



At each new opportunity on the market, Criteria CaixaCorp makes selective investments and disinvestments in solid companies in strategic sectors of the economy

"la Caixa"

"la Caixa"

The 2008 financial year was marked by the development of the Strategic Plan 2007-2010 and the consolidation of the financial strengthening of "la Caixa". Apart from reinforcing its commitment to Corporative Responsibility, 2008 was a year of sound results, in which the company made a recurring profit of 2,052 million euros, 2% more than in 2007. In accordance with the Strategic Plan, "la Caixa" built up its private banking area by integrating Morgan Stanley's private banking division, strengthened its enterprise business with the opening of 68 centres and took a decisive step forward in its internationalisation through Criteria CaixaCorp by taking a 20% stake in GFInbursa, its most outstanding operation.

This stake, which took place in October, joins the others the Group already owned in Banco BPI (29.4%), The Bank of East Asia (9.9%) and Boursorama (20.9%). In all, the market value of the portfolio of listed stakes of "la Caixa" comes to 14,691 million Euros with 1,026 million Euros in latent capital gains.

At such a complex moment from a macroeconomic point of view as was the 2008 financial year, "la Caixa" established its solvency and responded to the credit needs of its customers. At the close of 2008, the liquidity of the Group stood at 22,262 million Euros, 8.5% of its assets, with 90% immediately available.

The quality of its credit portfolio and its demanding risk and provisions management held the delinquency ratio of "la Caixa" at 2.48%, below the average of the sector. The Entity also has an excellent Core Capital (top category own resources) of 8.8%, a Tier1 of 10.1% and a Solvency Ratio of 11%. Another indicator that takes on a special relevance is the reduced dependence on the wholesale markets. "la Caixa" therefore enjoys a solid financial stability influenced by the fact that the due date of institutional debt until the end of 2009 is just 3,170 million Euros.

In 2008, "la Caixa" developed its private banking area, reinforced its Enterprise business with the opening of 68 centres and gave a major step forward in its internationalization

At the end of the 2008 financial year, the liquidity of the "la Caixa" Group rose to 22,.262 million Euros, 8.5% of assets with an immediate availability of 90%

5. The shareholders of the SegurCaixa Holding Group

In spite of the economic slowdown and that of the banking sector competence, the volume of business of "la Caixa" rose by 6,9% thanks to the sustained growth in the customers' credit portfolio, which jumped 9% to 176,100 million Euros, with 1.3 million new operations and 83,460 million Euros granted in credits. Total customer resources increased by a solid 5.9% to 209,899 million Euros.

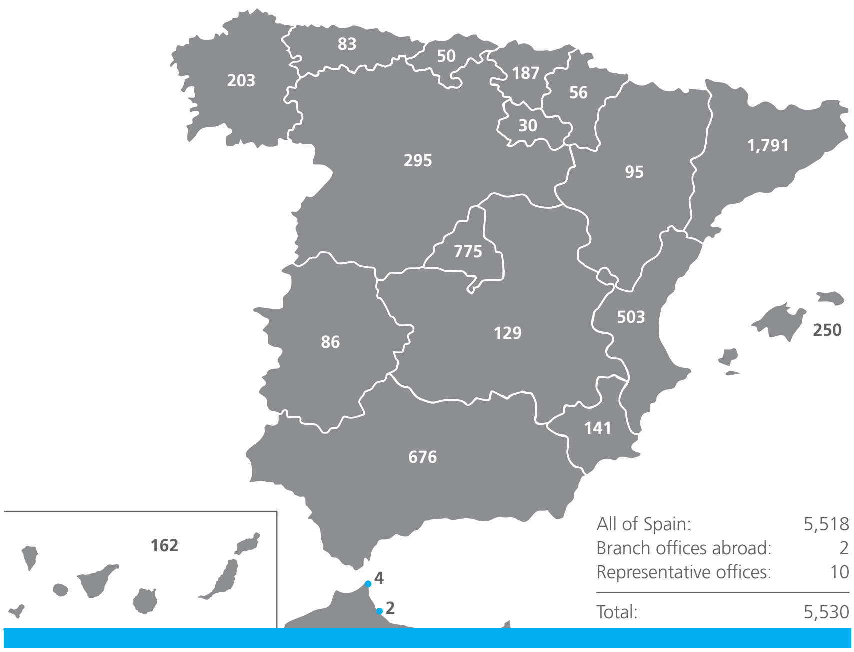
The volume of credits rose by 9% in response to the needs of economic development that arise in such a complex economic environment as the present one. The credits for enterprises, in fact, recorded an especially positive evolution with 24% more than in 2007 that were managed through the 66 new centres specialised in SMEs and the two corporative offices, one in Madrid and the other in Barcelona for large enterprises. Within the framework of its policy of support to enterprises, "la Caixa" signed a 6,000 million-euro line of credit with the CEOE and CEPYME to finance the working capital of enterprises and another 2,000 million euro line with the Chamber of Commerce and the CEIM.

The customer base of the Group reached 10.7 million people and the number of annual operations is now over 3,724 millions. The expansion of its network of branch offices and the quality of the commercial activity of its personnel have been key to attaining these new records. With a total of 5,530 branch offices, the network of "la Caixa" is the largest on the Spanish market. In order to meet the demands of its territorial expansion, "la Caixa" and its filial companies hired 1,919 new employees that now reach a total of 26,056 professionals.

The opening of a new operative office in Casablanca in 2009 will reinforce the business outside Spain. Together with its offices in Warsaw and Bucharest and its 10 representative offices, the Moroccan branch will be the first of a series of strategic territorial enlargements through which the Savings Bank wishes to boost its international business. Shanghai (China), Delhi (India), Algiers (Algeria), Istanbul (Turkey) and Dubai (Arab Emirates) will be the next in line to witness the presence of "la Caixa".

"la Caixa" signed a 6,000 million euro line of credit with the CEOE and CEPYME to finance the working capital of enterprises and another 2,000 million euro line with the Chamber of Commerce and the CEIM

Geographic distribution of the branch office network in Spain



All of Spain:	5,518
Branch offices abroad:	2
Representative offices:	10
Total:	5,530

The network of Automatic Teller Machines also increased its number in Spain and now has more than 8,113 units. At the same time, Línea Abierta continued as leader in on-line banking services. The multi-channel system that identifies the commercial activity of the Group was an instrument of growth in all the areas affecting customers. In 2008, the number of operations through the Internet and the self-service terminals rose by 19% and accounted for 54% of all operations. The branch office network accounted for 13% of the activity and the rest were automatic operations.

In addition to the intense commercial activity, "la Caixa" maintained and indeed reinforced its prudent model of capital, liquidity and risk management, which are essential factors to placing the Group in a leading position on the Spanish Banking market, with an overall increase in its market share: customer deposits (10.6%), credits (9.6%), mortgages (11.2%), savings insurance (12%), domiciling pensions (12.6%), domiciling payroll (13.9%), credit card turnover (17.6%) and POS (19.2%).

Lastly, the 2008 financial year consolidated the role of the Entity as a social player committed to the needs of the most underprivileged groups. With a budget of 500 million Euros assigned to hundreds of social, cultural, educational, environmental and scientific projects, the Obra Social or Social Work of "la Caixa" pays special attention to those activities whose aim is to cover the needs of those who are socially excluded.

For 2009, the Entity has foreseen maintaining the budget at 500 million Euros devoted to the projects of the Obra Social, of which 310 millions will be devoted to social programmes, 79 millions will go to cultural programmes, 81 millions to the environment and science and 30 millions to education and research.

The Obra Social of "la Caixa" pays special attention to those activities whose aim is to cover the needs of those who are socially excluded

6

Future projects

SegurCaixa Holding
Insurance Group

Future projects

In such a complex time as now, the values that drive the activity of SegurCaixa Holding take on an exceptional relevance. Trust, Quality and Dynamism are indispensable requirements to face the challenge of flourishing in a balanced, solvent and profitable way. These values are, in fact, the filter through which all the future projects of the company are defined.

Halfway through the implementation of our 2007-2010 Strategic Plan, SegurCaixa Holding is tackling 2009 with ambitious projects. Foremost among these is, without doubt, to reassert its leading position in the market of complementary social welfare for individuals as well as groups and companies.

In response to the new needs created by the macroeconomic environment in both the individual and group segments, the company has set out to enlarge its range of products through constant innovation and careful scrutiny of the needs of our customers to design products and services that best cover those needs at any given time. In this context, SegurCaixa Holding will actively commit itself to the development of the best possible insurance and welfare solutions upholding its support for customers in the face of complex macroeconomic conditions such as those being experienced at present.

- **Life-savings Insurance.** A new economic environment, characterised by a brand-new scenario in financial markets and the interest rate curve, provides new opportunities for those products that invest long-term, such as savings insurance.

- **Pension Plans.** After leading market growth in 2008, SegurCaixa Holding has set as its goal the maintenance of quality and the full range of products on offer in this sector with pension plans for all kinds of customers, however much they dislike risk.

- **Risk insurance.** The Group's aim is to boost the development of the risk insurance business, which enjoys huge potential in life insurance as well as in household, accident, health and car insurance. After entering the car insurance sector and the success achieved with the launching of *SegurCaixa Auto*, the Group will devote most of its efforts to consolidating this segment with a specific new insurance for motorcycles, *SegurCaixa Moto*. Once the suitability of its technical and marketing design is confirmed, the company hopes to exploit the huge growth potential of the three models throughout 2009. SegurCaixa Holding will carry out an intensive marketing campaign.

- **Large corporations and enterprises.** The goal of *VidaCaixa Previsión Social* is to carry on developing the best solutions for large corporations and enterprises, attending to their needs with the highest quality and services, which has pushed the company to its leading position with a market share of almost 19%. .

- **SMEs and the self-employed.** The success of the *VidaCaixa Previsión Social* product range among SMEs and the self-employed has led to an exceptional drive in this sector over the last few years. For 2009, SegurCaixa Holding wants to maintain and even strengthen the commitment to specialised services for the small and medium-sized enterprises.

To sum up, all the projects on a product level that will be implemented throughout 2009 will extend and strengthen SegurCaixa Holding's commitment to offering a high quality comprehensive service in insurance and social welfare to individual and group customers. Once again, all ages, preferences, needs and expectations of our customers will be taken into account in order to develop the very best solutions in each case.

In 2009 SegurCaixa Holding will commit itself to developing the best insurance and welfare solutions while maintaining a position of support for the customer in the face of complex macroeconomic conditions

6. Future projects

From a strategic point of view, the multi-channel feature of the group will act as another development lever to work on in the coming months. The aim is simply to continue developing the management and marketing of products through channels not requiring a physical presence: telephone and Internet. These new channels will act as support to the more than 5,000 branches of "la Caixa" –the main distribution channel of the Group–, as well as the network of specialist advisors of AgenCaixa, and the mediators and consultants, specialists in group business.

On the other hand, in the wake of the consolidation of the ambitious 2008 integral quality plan "Quality concerns us all", in 2009 the Innova+ project will continue to be the backbone of all the SegurCaixa Holding actions and projects to pursue the incorporation of innovation in the day to day work of the company. This plan is made up of several ambitious projects that have the peculiarity of involving all the staff, which means a major investment in economic and human resources.

Likewise, following the directives of the Strategic Plan 2007-2010, SegurCaixa Holding has the firm intention to continue studying and analysing the growing opportunities that come their way, whether they be organic or not, provided they are aligned with the priorities of said plan.

As one can expect, the Group will follow the same tradition instilled in it since its foundation, which is devoting all its efforts to maintaining the highest standards of quality embedded in all the products and services of SegurCaixa Holding.

To end, the Group's commitment to talent and the development of its team will be made possible through the programme Thalens 2010, whose aim is to promote SegurCaixa Holding as an excellent place to work and develop oneself professionally and personally.

The projects implemented in 2009 will extend and strengthen SegurCaixa Holding's commitment to offering a high quality comprehensive service in insurance and social welfare to individual and group customers

2009 will be devoted to maximising efforts to maintain the highest standards of quality that have always characterised all SegurCaixa Holding's products and services

7

Report on Corporate Governance and Internal Control

SegurCaixa Holding
Insurance Group

Report on Corporate Governance and Internal Control

Report on Corporate Governance

This report has been voluntarily drawn up by the company SegurCaixa Holding, S.A.

A. Structure of the property

A.1. Breakdown of the most important shareholders in the company at the close of the financial year:

Name or legal name of shareholder	% of equity
Criteria CaixaCorp, S.A.	50%
Crisegen Inversiones, S.L.	50%

A.2. Indicate, where necessary, the relationship between the shareholders or significant holdings whether it be through family, commercial, contractual or corporate ties, insofar as it is known to the company, unless it is of little relevance or it is derived from the ordinary commercial activity:

Name or related legal names	Type of relationship	Brief description
Criteria CaixaCorp, S.A.	Corporate	Criteria CaixaCorp, S.A. is a 50% shareholder of SegurCaixa Holding, S.A. on a direct basis, and is a 100% shareholder of Crisegen Inversiones, S.L.

A.3. Indicate, wherever applicable, the commercial, contractual or corporate relationship that exists between the shareholders or significant holdings and the company, unless it is of little relevance or it is derived from the ordinary commercial activity:

Name or related legal names	Type of relationship	Brief description
Criteria CaixaCorp, S.A.	Corporate	Criteria CaixaCorp, S.A. is a shareholder of VidaCaixa, S.A. de Seguros y Reaseguros. Mr. Ricardo Fornesa Ribó is Chairman of Criteria CaixaCorp, S.A., of SegurCaixa Holding S.A. and of VidaCaixa, S.A. de Seguros y Reaseguros. Mr. Francisco Reynés Massanet is Managing Director of Criteria CaixaCorp, S.A., a Member of the Board of VidaCaixa, S.A., de Seguros y Reaseguros, a Member of the Board of SegurCaixa, S.A. de Seguros y Reaseguros and a Member of the Board of SegurCaixa Holding, S.A.
Caja de Ahorros y Pensiones de Barcelona, "la Caixa"	Corporate	"la Caixa" has a 79.45% stake in Criteria CaixaCorp, S.A., which, in turn, is a shareholder of SegurCaixa Holding, S.A. and VidaCaixa, S.A. Mr. Juan María Nin Génova is Chief Executive Officer of "la Caixa" and Board Member of SegurCaixa Holding, S.A. Mr. Tomás Muniesa Arantegui is Executive Deputy Managing Director of "la Caixa", Chief Executive Officer of SegurCaixa Holding, S.A. and Chairman of the Board of Directors of SegurCaixa, S.A. de Seguros y Reaseguros. Mr. Jordi Mercader Miró and Mr. Manuel Raventós Negra are Vice-Chairmen of "la Caixa" and Board Members of SegurCaixa Holding, S.A. Mr. Javier Godó Muntañola is a Board Member of "la Caixa" and of SegurCaixa Holding, S.A.
VidaCaixa, S.A. de Seguros y Reaseguros	Corporate	SegurCaixa Holding, S.A. has an 80% holding in VidaCaixa, S.A.
SegurCaixa, S.A. de Seguros y Reaseguros	Corporate	SegurCaixa Holding, S.A. has a 100% share of SegurCaixa, S.A. directly and indirectly

On 2 February 2009, CaiFor S.A. changed its Company Name to SegurCaixa Holding, S.A.

Percentage of own shares

There are no own shares.

B. Structure of the Company's Board

B.1. Board or Administrative Body

B.1.1. List of the maximum and minimum number of Board Members or Members of the Administrative Body envisaged by the Bylaws:

Maximum number of Board Members / Members of the Administrative Body	12
Minimum number of Board Members / Members of the Administrative Body	4

B.1.2. Complete the following table on Members of the Board or Administrative body and their corresponding status:

Name or legal name of Member of Board or Administrative Body	Representative	Date of appointment	Status
Mr. Ricardo Fornesa Ribó		20.06.2008	Owner director
Mr. Juan Mª Nin Génova		12.11.2007	Owner director
Mr. Tomás Muniesa Arantegui		12.11.2007	Owner Director & Executive
Mr. Francisco Reynés Massanet		12.11.2007	Owner director
Mr. Juan Antonio Samaranch Torelló		21.12.2007	Owner director
Mr. José Vilarasau Salat		21.12.2007	Owner director
Mr. Jordi Mercader Miró		21.12.2007	Owner director
Mr. Manuel Raventós Negra		20.06.2008	Owner director
Mr. Javier Godó Muntañola		21.12.2007	Owner director
Mr. Miquel Valls Masseda		21.12.2007	Independent

B.1.3. Identify, wherever applicable, the Members of the Board or Administrative Body that hold posts of Administrator or Director in other companies that form part of the Group:

Name or legal name of Member of Board or Administrative Body	Legal Name of Group company	Position
Mr. Francisco Reynés Massanet	VidaCaixa, S.A. de Seguros y Reaseguros	Board Member
Mr. Francisco Reynés Massanet	SegurCaixa, S.A. de Seguros y Reaseguros	Board Member
Mr. Tomás Muniesa Arantegui	SegurCaixa, S.A. de Seguros y Reaseguros	Chairman
Mr. Ricardo Fornesa Ribó	VidaCaixa, S.A. de Seguros y Reaseguros	Chairman

B.1.4. Indicate the aggregate remuneration of the Board Members or Administrative Body earned during the financial year:

During the 2008 financial year, the Board of Directors of the Parent Company received a total fixed remuneration of 1,848 thousand euros.

B.1.5. Identify top management members who are not at the same time Board Members or Executive Members of the Administrative Body, and indicate their total earnings during the financial year:

During the 2008 financial year, the Top Management of the Parent Company received a total fixed remuneration of 3,804 thousand euros.

B.1.6. Indicate whether the Bylaws or the Rules of the Board set out a limited mandate for Board Members or Members of the Administrative Body:

YES X NO

Maximum years of mandate, with possibility of re-election	6

B.1.7. Indicate whether the individual and consolidated annual accounts presented for approval by the Board or Administrative Body are previously certified.

YES NO X

Indicate whether the individual and consolidated annual accounts presented for approval by the Board or Administrative Body are previously certified.

Name or Legal Name	Position
–	–

B.1.8. Explain the mechanisms, if any, established by the Board or Administrative Body to prevent the individual and consolidated annual accounts drawn up by it from being presented at the Annual Shareholders Meeting or equivalent body with notes in the auditor's report.

To avoid this situation there is an Audit Committee that supervises the drawing up process of the accounts so that there are no notes.

B.1.9. Does the Secretary of the Board or Administrative Body have the rank of Board Member?

YES NO X

B.1.10. Indicate, wherever applicable, the mechanisms established to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies.

1) Auditor: the rule of temporary rotation of the audit team is observed.

2) Financial analysts: we work with the most reputable companies in the world.
We usually work with several at the same time.

3) Investment banks: we work with the most reputable companies in the world.
We usually work with several at the same time.

B.2. Committees of the Board or Administrative Body

B.2.1. List the Committees of the Board or Administrative Body:

	No. of members
Executive Committee	4
Audit Committee	3

B.2.2. List the Committees of the Board or Administrative Body and their members:

EXECUTIVE COMMITTEE

Name or Legal Name	Position
Mr. Ricardo Fornesa Ribó	Chairman
Mr. Juan Mª Nin Génova	Member
Mr. Tomás Muniesa Arantegui	Member
Mr. Francisco Reynés Massanet	Member

AUDIT COMMITTEE

Name or Legal Name	Position
Mr. Francisco Reynés Massanet	Chairman
Mr. Manuel Raventós Negra	Member
Mr. Miquel Valls Masseda	Member

B.2.3. Write a description of the rules of organisation and how they operate, as well as the responsibilities attributed to each of the Committees of the Board or Administrative Body. Wherever applicable, describe the powers of the Chief Executive Officer.

B.2.3.1. Board of Directors

The powers of the Board are set out in article 19 of the Company Bylaws, namely:

a) To adopt all the agreements and functions required to carry out the company objective.

b) To carry out and formalise the agreements of the General Shareholders Meeting.

c) To draw up and put into practice all the Regulations deemed necessary to run the business, offices, buildings and administrations of the Company and reform them whenever deemed appropriate.

d) To accept or reject business and operations.

e) To hold, organise and authorise all types of acts, duties and contracts, including those related to the acquisition, disposal and encumbrance of fixed and intangible assets, and grant leases that can be registered.

f) To dispose of company funds in order to apply them to the running, administration and management of the business and operations of the Company.

g) To provide all classes of sureties and guarantees and pledge and mortgage its assets, in all cases as a guarantee for the obligations of the Company and third parties.

h) To authorize all types of activities in the Company, in particular the General Shareholders Meetings and Management Meetings.

i) To appoint and dismiss personnel, establishing their conditions and attributions, salaries, commissions, bonuses and extraordinary rewards, even appointing and revoking powers of attorney, correspondents, advisors, attorneys, agents and similar, agreeing their remuneration, obligations and powers.

j) To represent the Company before all types of authority, bodies and tribunals, undertaking whatever actions within its power or abandoning them at any time, as well as submitting the matters the Company is interested in to settlement, conciliation, and arbitrators.

k) To establish and withdraw deposits, compete, intervene and bid in all sorts of auctions and tenders, and to open and close accounts in any type of credit establishment, including Banco de España (Bank of Spain) and the Caja General de Depósitos (Spanish Government Depositary).

l) To sign, issue, endorse and accept, discount and guarantee letters of exchange or promissory notes, letters of payment and other commercial documents or trade bills.

m) To approve inventories, balance sheets and accounts that have to be submitted to the General Shareholders Meeting and annually present the Annual Report to the General Shareholders Meeting, proposing, wherever applicable, the distribution of profits, amortisations and the establishment of whatever reserve funds it deems appropriate.

n) To propose to the Annual Shareholders Meeting the payment of passive dividends, should they exist, on the shares in circulation, until they are fully paid out and the distribution of interim dividends against profits during the course of the financial year.

o) To delegate its powers to a person or persons it deems appropriate, through a power of attorney.

p) To propose to the Extraordinary General Shareholders Meeting the transformation, modification, merger or dissolution of the Company.

q) To propose to the General Shareholders Meeting any other powers not reserved by law or by the Bylaws.

B.2.3.2. Chief Executive Officer

There is a Chief Executive Officer, Mr. Tomás Muniesa Arantegui, who has been delegated all the powers of the Board of Directors, except for those which cannot be delegated by law.

B.2.3.3. Executive Committee

The Board of Directors appoints an Executive Committee made up of four members of the Board of Directors. The Committee appoints a Chairman among its members. The Committee has been delegated all the powers of the Board of Directors, except for those which cannot be delegated by law.

The Secretary of the Executive Committee is also the Secretary of the Board of Directors.

B.2.3.4. Audit Committee

The Board of Directors appoints an Audit Committee among its members.

The Audit Committee will be formed by a minimum of three and a maximum of five Board Members. The non-executive Members must always be the majority.

The Audit Committee will appoint its Chairman from among the non-executive Members. The Chairman must change every four years but can be re-elected Chairman after one year from the date of resignation. The Committee will also appoint the Secretary, who may not be a Member of the Committee, and in the absence of such an appointment or in the case of the appointed party being absent, the Secretary of the Board may act as such.

The Audit Committee meets as often as is necessary to perform its functions and it is summoned by order of its Chairman, on his own initiative or at the request of the Chairman of the Board, or by two Members of the Committee. The Audit Committee is validly constituted when those participating or their representatives form the majority of its Members.

The agreements are adopted by majority of the participating Members, either present or represented.

The Audit Committee has the following competencies:

1) To report to the General Shareholders Meeting on matters within its remit raised by shareholders.

2) To propose to the Board the appointment of external auditors for submission at the General Shareholders Meeting.

3) Supervision of internal auditing services.

4) Knowledge of the company's financial information process and internal compliance systems, whenever they are established.

5) Contact with the external auditors to receive information on matters that may put their independence at risk and any other matters related to the development process of the audit, as well as other communications foreseen in the legislation on account auditing and on the technical regulations of auditing.

B.2.4. Indicate the number of meetings held by the Audit Committee during the financial year.

Number of meetings	0

C. Associated transactions

C.1. List the significant transactions which have resulted in a transfer of resources or obligations between the group company or companies and the shareholdings or most significant holdings of the company:

Name or legal name of shareholder or most significant holding	Name or legal name of the group company or companies	Type of relationship	Type of transaction	Amount (thousands of euros)
"la Caixa"	VidaCaixa S.A.	Shareholder	Credited interests	11,301
"la Caixa"	VidaCaixa S.A.	Shareholder	Revenue from share sales	11,894
"la Caixa"	VidaCaixa S.A.	Shareholder	Insurance premiums	177,316
"la Caixa"	VidaCaixa S.A.	Shareholder	Sales commissions	–92,726
"la Caixa"	SegurCaixa S.A.	Shareholder	Sales commissions	–25,814

C.2. List the significant transactions which have resulted in a transfer of resources or obligations between the group company or companies and the administrators or members of the administrative body, or directors of the company.

Not applicable.

C.3. List the significant transactions with other companies belonging to the same group, wherever these have not been eliminated during the process of drawing up the consolidated financial statements and do not form part of the normal business activity of the company with regard to its object and conditions:

Not applicable.

C.4. Identify, wherever applicable, situations of conflict of interest incurred by the Board Members or Members of the Administrative Body of the company, according to article 127 of the Law on Joint Stock Companies (Ley de Sociedades Anónimas).

There are no situations of conflict of interest.

C.5. Explain the mechanisms established to detect, determine and solve any possible conflicts of interest between the company or its Group and its Board Members or Members of the Administrative Body or Directors.

The documents required by article 127 of the Law on Joint Stock Companies have been completed and this information is included in the Annual Report.

D. Systems of risk control

D.1. A general description of the risk control policy of the company and/or its group, listing and evaluating the risks covered by the system, together with an explanation of the suitability of such systems to the profile of each type of risk.

See section below, "Internal Control Systems of the SegurCaixa Holding Group", in the same chapter of the Annual Report of SegurCaixa Holding.

D.2. Indicate the control systems established to evaluate, mitigate or reduce the principal risks to the company and its group.

See D.1.

D.3. In cases where some of the risks that affect the company and/or group have taken place, indicate the circumstances that caused them and whether the established control systems were successful.

With regard to the risk control of investments and in accordance with the correct operation of the established control systems, following the financial crisis, at the close of the financial year, the Company performed a test on the deterioration in value of its financial assets. As a consequence of the deterioration analysis, during the financial year the Company made a provision, which was recorded in the caption "Tangible fixed asset and investment expenses – Allowances for tangible fixed assets and investments".

D.4. Indicate if there is a committee or other governing body instructed to establish and supervise such control systems and explain what their functions are.

An Audit Committee, appointed by the Board of Directors, supervises the internal control systems of the company.

E. General shareholders meeting or equivalent body

E.1. State the quorum to constitute the General Shareholders Meeting or equivalent body established in the Bylaws. Describe how it differs from the minimum rule envisaged in the Law on Joint Stock Companies, or in the regulation applied to it.

Article 13 of the Bylaws establishes a quorum to constitute the General Shareholders Meeting of 25% of the paid in capital with voting rights in the first notification, whereas in the second notification, it will be validly constituted irrespective of the concurrent capital.

For certain types of agreements (issue of debentures, reduction or increase in the company capital, transformation, merger or spin-off, or any modification to the company capital), 50% of the capital with voting rights will be required in the first notification, and 25% in the second.

E.2. Explain the rules to adopt company agreements. Describe how this differs from the rules envisaged in the Law on Joint Stock Companies, or in the regulation applied to it.

For agreements on the matters referred to in section E.1. above, a favourable majority vote of 2/3 of the present or represented capital will be required.

E.3. List the rights of the shareholders in relation to the Shareholders Meeting or equivalent body.

The rights of the shareholders in relation to the General Shareholders Meeting are those set out in Royal Decree 1564/1989, of 22 December, which approves the rewritten text on the Law on Joint Stock Companies.

In accordance with the Bylaws of SegurCaixa Holding, S.A. and the regulations contained in the Law on Joint Stock Companies, there is entitlement to the following rights:

– The right to decide by majority vote matters within their remit.

– Rights to separate and challenge in the terms set out in the Law.

– The right of the shareholder to obtain from the Company, immediately and at no cost, the documents that have to be submitted for their approval and, wherever applicable, the auditors report on the accounts.

– The shareholders, whose shares are registered in the Shares Register five days prior to the date the General Shareholders Meeting is to take place, have a right to attend.

– The shareholders with a right to attend have the right to be represented.

– Shareholders representing 5% of the company capital may request the administrative body to call a Shareholders Meeting, indicating the matters for discussion in said request.

– The right to one vote per share.

E.4. Indicate briefly the agreements adopted at the General Shareholders Meetings or equivalent bodies held in the financial year to which the present report refers and the percentage of votes with which the agreements were adopted.

Attendance statistics of General Shareholders Meetings during the financial year:

All the Shareholders Meetings were universal, with all the shareholders in attendance.

List of Ordinary and Extraordinary Shareholders Meetings of SegurCaixa Holding, S.A. in 2008:

20-06-2008	OSM	Approval of the individual accounts of the 2007 financial year and application of the result. Approval of the consolidated accounts of the 2007 financial year. Approval of the management of the Board of Directors. Re-election of Board Members. Re-election of 2008 auditors. Integration of company within the "la Caixa" tax group.

E.5. Indicate the address and way of accessing the content of corporate governance on your web page.

The company's Report on Corporate Governance can be accessed via the following URL address: http://www.segurcaixaholding.com/info_corporativa/gobierno_corporativo.html, or by accessing the SegurCaixa Holding, S.A. website. (www.segurcaixaholding.com), section "Corporate Information" and "Corporate Governance".

F. Degree of compliance with Corporate Governance recommendations

Indicate the degree of compliance of the company with the recommendations of the Unified Code on Good Governance.

In cases of non-compliance, explain the recommendations, rules, practices or criteria applied by the company.

1. The Bylaws of listed companies should not limit the maximum number of votes that can be issued by a single shareholder, nor contain other restrictions which prevent gaining control of the company through the acquisition of its shares in the market.

Compliance		Explanation	X

SegurCaixa Holding, S.A. is not a listed company.

2. When a parent company and a subsidiary company are listed, both should define in public and with precision:

a) The respective areas of activity and possible business relations between them, in addition to those of the listed subsidiary with other Group companies.

b) The mechanisms envisaged to resolve any possible conflicts of interest that may arise.

Compliance		Partial compliance		Explanation		Not applicable	X

3. While not expressly demanded by commercial laws, operations which involve a structural modification of the company, in particular the ones listed below, should be submitted to the General Shareholders Meeting for approval:

a) The transformation of listed companies into holding companies, through "subsidiarization" or the incorporation within subsidiary companies of essential activities carried out until now by the company itself, despite the latter having full control over them.

b) The acquisition or transfer of essential operational assets, where this involves an effective modification of the business object.

c) Operations whose effect is equivalent to the liquidation of the company.

Compliance	X	Partial compliance		Explanation	

4. The detailed proposals of agreements to be adopted at the General Shareholders Meeting, including the information referred to in recommendation 28, should be made public at the moment the Meeting is publicly announced.

Compliance		Explanation	X

Given that it is not a listed company, and only has two shareholders, the proposals of agreements to be adopted at the General Shareholders Meeting are not published.

5. At the General Shareholders Meeting, matters which are substantially independent should be voted on separately, so that shareholders can exercise their voting preferences separately. In particular, said rule should apply to:

a) The appointment or ratification of Board Members, which should be voted for individually.

b) In the case of Statute modifications, each article or group of articles that is substantially independent.

Compliance	X	Partial compliance		Explanation	

6. Companies should split the vote, so that financial intermediaries which appear legitimised as shareholders, but who act on behalf of various clients, can issue their votes according to the instructions of these clients.

Compliance		Explanation	X

Not applicable. The company only has two shareholders.

7. The Board of Directors should carry out its duties with diligence and impartiality, treat all shareholders in the same manner and act in the interest of the company, understood as maximising the financial worth of the company in a sustained manner.

The company should also ensure that in its relations with stakeholders it respects the laws and regulations, complies with its obligations and contracts in good faith, respects the uses and good practices of the sectors and regions in which it carries out its activities, and observes any additional principles of social responsibility it has voluntarily accepted.

Compliance	X	Partial compliance		Explanation	

8. As a core element of its mission, the Board of Directors should take responsibility for approving the company strategy and the detailed organisation for its implementation, in addition to supervising and monitoring that the Management fulfils the objectives established and respects the object and social interest of the company. To such end, the Board of Directors has sole authority to approve:

a) The general policies and strategies of the company, and in particular:
- i) The strategic business plan, as well as the annual management objectives and budget.
- ii) The investment and financing policy.
- iii) Defining the structure of the group of companies.
- iv) The policy of corporate governance.
- v) The policy of corporate social responsibility.
- vi) The remuneration policy and the performance evaluation of top management.
- vii) The risk control and management policy, in addition to the periodic monitoring of internal information and control systems.
- viii) The dividends and own portfolio policy, and in particular its limits.

b) The following decisions:
- i) On the proposal of the top executive of the company, the appointment and possible dismissal of top management, in addition to their compensation clauses.
- ii) The remuneration of directors, and, in the case of executives, the additional remuneration for their executive duties and other conditions, which must comply with their contracts.
- iii) Financial information which, given its listed status, the company must publish on a periodic basis.
- iv) Investments and operations of all types which, given the large sums involved or their special characteristics, are of a strategic nature, except for those whose approval corresponds to the General Shareholders Meeting.
- v) The creation or acquisition of holdings in special purpose companies or those domiciled in countries or regions with the status of tax havens, in addition to any other transactions or operations of a similar nature which, given their complexity, may compromise the transparency of the group.

c) The operations which the company carries out with directors, significant shareholders or shareholders represented on the Board, or with persons associated to the same ("associated transactions").

Said authorisation by the Board of Directors shall not, however, be required in associated transactions which simultaneously fulfil the three following conditions:

1) They are undertaken in compliance with contracts whose conditions are standardised and are generally applied to several clients.

2) They are undertaken at established prices or rates of a general nature by a party acting as a supplier of the goods or service in question.

3) Their amount does not exceed 1% of the annual turnover of the company.

It is recommended that the Board of Directors approves associated transactions subject to a favourable report by the Audit Committee or, wherever applicable, whatever party has been instructed to perform said function, and for the Directors affected by them, in addition to not exercising or delegating their vote, to remain outside the meeting room while the Board of Directors deliberates and votes on them.

Compliance	X	Partial compliance		Explanation	

9. The Board of Directors should have enough members to perform its function in an efficient and participative manner, and it is recommended that its size should be between five and fifteen members.

Compliance	X	Explanation	

10. Owner and independent directors should represent a broad majority in the Board of Directors and the number of executive directors should be the minimum necessary, bearing in mind the complexity of the company group and the shareholding percentages of the executive directors in the company capital.

Compliance	X	Partial compliance		Explanation	

11. In the case of external directors that cannot be considered either owner director or independent director, the company should explain this situation and his/her relationship, either with the company or its directors, or with its shareholders.

Compliance		Explanation	X	Not applicable	

All directors are owner or independent directors, except the Chief Executive Officer.

12. Among the external directors, the ratio between the number of owner directors and independent directors should reflect the proportion that exists between the company capital represented by owner directors and the remaining capital.

Said proportion criteria may be relaxed, so that the weighting of owner directors is greater than the one corresponding to the total percentage of capital they represent:

1) In companies with high capitalisation in which shareholdings with the legal status of significant are negligible or non-existent, although shareholders exist with blocks of shares with a high absolute value.

2) In the case of companies in which there is a plurality of shareholders represented in the Board of Directors, and there are no relationships between them.

Compliance	X	Explanation	

13. The number of independent directors should represent at least one third of the total.

Compliance		Explanation	X

There is only one independent director.

14. The character of each director should be explained by the Board of Directors to the General Shareholders Meeting, which should effect or ratify his/her appointment, and confirm or, wherever applicable, review it annually in the Annual Report on Corporate Governance, subject to verification by the Nominations Commission. This Report should also explain the reasons for appointing owner directors at the request of shareholders whose shareholding is less than 5% of the capital; and, wherever applicable, explain why formal requests for a presence on the Board of Directors have been denied to shareholders whose shareholding is equal to or greater than others who have been appointed owner directors.

Compliance		Partial compliance	X	Explanation	

The nature of each director is explained by the Board of Directors to the General Shareholders Meeting, although no Nominations Commission exists.

15. When the number of female directors is negligible or zero, the Board of Directors should explain the reason for this and the measures taken to remedy this situation, and, in particular, when new vacancies become available, the Nominations Commission must ensure:

a) The selection processes do not suffer from any implicit bias that prevents the selection of female directors.

b) The company will deliberately seek, and include among the potential candidates, women who fulfil the required professional profile.

Compliance		Partial compliance		Explanation	X	Not applicable	

There are no female directors on the company's Board of Directors, although the selection procedures for members of the Board of Directors do not suffer from any bias that prevents the selection of women for said posts within the company.

16. The Chairman, being responsible for the efficient operation of the Board of Directors, should make sure that directors receive sufficient information in advance and encourage debate and active participation among directors during Board Meetings, while safeguarding his/her freedom of posture and expression; and also organise and coordinate with the chairmen of the corresponding Committees the periodic evaluation of the Board of Directors and, wherever applicable, the Chief Executive Officer or top executive.

Compliance	X	Partial compliance		Explanation	

17. Whenever the Chairman of the Board of Directors is also the top executive of the Company, he/should authorise one of the independent directors to call meetings of the Board of Directors or include new points on the agenda, to coordinate or echo the concerns of external directors, and to channel through the Board of Directors the evaluation of its Chairman:

Compliance		Partial compliance		Explanation		Not applicable	X

18. The Secretary of the Board of Directors should ensure that the activities of the Board:

a) Comply with the content and spirit of the Law and its regulations, including those approved by the governing bodies.

b) Comply with the Company Bylaws, with Regulations of the General Shareholders Meeting, those of the Board of Directors and any other company regulations.

c) Take into consideration the recommendations on good governance contained in the present Unified Code, which the company has accepted.

And, to safeguard the independence, impartiality and professionalism of the Secretary, his/her appointment and dismissal should be notified by the Nominations Commission and approved by the full Board of Directors, said procedure and appointment being recorded in the Regulations of the Board of Directors.

Compliance		Partial compliance	X	Explanation	

The company complies with the above, except for the fact that there is no Nominations Commission or Regulations of the Board of Directors.

19. The Board of Directors should convene regularly in order to perform its duties efficiently, adopting the calendar of dates and subjects established at the beginning of the financial year, each Director being able to propose other points on the agenda not initially envisaged.

Compliance	X	Partial compliance		Explanation	

20. Non-attendance of directors should be restricted to unavoidable circumstances and quantified in the Annual Report on Corporate Governance. And if representation is impossible, instructions should be provided.

Compliance	X	Partial compliance		Explanation	

21. Whenever the directors or the Secretary express concerns regarding any proposal or, in the case of directors, regarding the progress of the company and such concerns are not resolved in the Board of Directors, they should be recorded in the minutes at the request of the party who expressed them.

Compliance	X	Partial compliance		Explanation		Not applicable	

22. Once a year, the full Board of Directors should evaluate:

a) The quality and efficiency of the operation of the Board of Directors.

b) Based on the report submitted by the Nominations Commission, the execution of the duties of the Chairman of the Board and the top executive of the company.

c) The operation of its Committees, based on the report which they submit.

Compliance		Partial compliance	X	Explanation	

The Board of Directors regularly evaluates the efficiency of its operation. No Nominations Commission exists.

23. All directors should exercise their right to gather any additional information they consider necessary on subjects within the remit of the Board of Directors. And, except where stated to the contrary in the Statutes or Regulations of the Board of Directors, address their request to the Chairman or Secretary of the Board of Directors.

Compliance	X	Explanation	

24. All directors should have the right to obtain from the company the required advice for the exercise of their functions. And the company should determine the appropriate channels for the exercise of said right, which in special circumstances may include external advice at the company's expense.

Compliance	X	Explanation	

25. Companies should establish a training course which provides new directors with quick and sufficient information on the company, in addition to its rules of corporate governance. And also offer directors skills update courses when circumstances so advise.

Compliance		Partial compliance	X	Explanation	

All new directors are verbally informed of the Company's operation in the Board of Directors meeting.

26. Companies should insist that directors dedicate the necessary time and effort to their role in order to perform it in an efficient manner and, consequently:

a) Directors should notify the Nominations Commission of their other professional obligations, in case these interfere with the dedication required.

b) Companies should establish rules on the number of committees their directors may form part of.

Compliance		Partial compliance	X	Explanation	

Since no Nominations Commission exists, directors cannot notify it of their other professional obligations. However, every year the Company receives from each director the mandatory information contained in article 127 of the Law on Joint Stock Companies.

27. The proposed appointment or re-election of directors submitted to the General Shareholders Meeting by the Board of Directors, in addition to their provisional appointment through co-optation, should be approved by the Board of Directors:

a) On the proposal of the Nominations Commission, in the case of independent directors.

b) Subject to a report of the Nominations Commission, in the case of other directors.

Compliance [ ] Provisional compliance [ ] Explanation [X]

Since no Nominations Commission exists, the proposed appointment or re-election of Board Directors to the General Shareholders Meeting is not channelled through said Committee.

28. Through their websites, companies should publish and maintain up to date the following information on their directors:

a) Professional profile and biographical information.

b) Other boards of directors they belong to, irrespective of whether these are listed companies.

c) An indication of the category of director they belong to, stating, in the case of owner directors, the shareholder they represent or are related to.

d) Date of initial appointment as company Board Director, and dates of subsequent appointments.

e) Company shares and share options owned.

Compliance [ ] Provisional compliance [X] Explanation [ ]

Compliance with the recommendation. However, the company website does not include information relative to section a).

29. Independent directors should not remain as such for a continued period in excess of 12 years.

Compliance [X] Explanation [ ]

30. Owner directors should resign when the shareholder they represent sells their entire shareholding. And should do likewise, by the corresponding number, when said shareholder reduces their shareholding to a level which demands a reduction in the number of its owner directors.

Compliance [X] Partial compliance [ ] Explanation [ ]

31. The Board of Directors should not propose the dismissal of any independent director before compliance of the statutory period for which he/she was appointed, except where there is just cause, in the view of the Board of Directors, subject to a report by the Nominations Commission. In particular, just cause will be deemed to exist whenever the director has breached the obligations inherent to the post or incurred in any of the circumstances described in caption 5 of section III of the definitions in this Code.

The dismissal of independent directors may also be proposed from the outcomes of Public Acquisition Offers, mergers or other similar company operations which require a change in the structure of the Board of Directors originating from the proportionality criteria indicated in Recommendation 12.

Compliance [X] Explanation [ ]

32. Companies should establish rules that oblige directors to report and, wherever applicable, resign in circumstances which may damage the credit and reputation of the company, and in particular inform the Board of Directors of any lawsuits in which they appear as defendants, in addition to the subsequent outcome of the same.

If a director is prosecuted or has been committed for trial for any of the offences indicated in article 124 of the law on Joint Stock Companies, the Board of Directors should examine the case as soon as possible and in view of the specific circumstances, decide whether it is appropriate or otherwise for the director to continue in the post. All of the above should be set out and justified in the Annual Report on Corporate Governance.

Compliance	X	Partial compliance		Explanation	

33. All directors should express their opposition in clear terms whenever they consider that a decision proposal submitted to the Board of Directors may be contrary to company interests. This also applies to independent and other directors not affected by the potential conflict of interest, in the case of decisions which may harm the shareholders not represented on the Board of Directors.

When the Board of Directors adopts significant or repeated decisions against which the director has expressed serious reservations, said director should reach the appropriate conclusions and, if they decide to resign, explain the reasons in the letter referred to in the following recommendation.

This Recommendation also applies to the Secretary of the Board of Directors, in spite of not having director status.

Compliance	X	Partial compliance		Explanation		Not applicable	

34. When a director does not complete their mandate, owing to resignation or another reason, they should explain the reasons in a letter to be sent to all members of the Board of Directors. Without prejudice to said resignation being reported as a relevant fact, the reason for the resignation should be stated in the Annual Report on Corporate Governance.

Compliance	X	Partial compliance		Explanation		Not applicable	

35. The remuneration policy approved by the Board of Directors must, at least, cover the following issues:

a) The fixed sum, with a breakdown, wherever applicable, of the expenses for participating in the Board and its Committees and an estimate of the fixed annual remuneration resulting from the same.

b) Variable sums, including, in particular:
   i) Types of directors to which they apply, in addition to an explanation of the relative import of variable remunerative concepts compared to fixed ones.
   ii) Results evaluation criteria on which any rights to remuneration in shares, share options or any other variable component are based.
   iii) Basic parameters and basis of any system of annual bonuses or other benefits not paid in cash.
   iv) An estimate of the total sum of variable remuneration resulting from the proposed remuneration plan, according to the degree of compliance of the hypothesis or targets which are taken as a reference.

c) Main characteristics of the benefits systems (for example, complementary pensions, life insurance and similar), with an estimate of their amount or equivalent annual cost.

d) Conditions which must respect the contracts of those exercising top management functions, such as executive directors, including the following:
   i) Duration.
   ii) Advance notice periods.
   iii) Any other clauses relating to recruitment bonuses, in addition to redundancy or protection clauses for early termination of the contractual relationship between the company and the executive director.

Compliance		Partial compliance	X	Explanation	

36. The remuneration of executive directors should be limited through the issue of company or group company shares, share options or instruments referenced to share values and variable remuneration linked to performance of the company or benefits systems.

This recommendation does not apply to the issue of shares on the condition that directors keep them until dismissal or resignation from the post of director.

Compliance		Explanation	X

The remuneration of executive directors does not include any of the above elements.

37. The remuneration of external directors should be what is necessary in order to reward the dedication, qualification and responsibility demanded by the post, but not so high that it compromises their independence.

Compliance	X	Explanation	

38. Remuneration based on company results should take into account any reservations stated in the auditor's report that reduce the same.

Compliance		Explanation		Not applicable	X

39. In the case of variable payments, the remuneration policy should incorporate the required technical precautions to guarantee that such payments are related to the professional effort of their beneficiaries and are not merely derived from the general evolution of the market or the sector of activity of the company, or from similar circumstances.

Compliance		Explanation		Not applicable	X

40. The Board of Directors should submit to the General Shareholders Meeting for voting, as a separate point on the agenda, and for information purposes, a report on the remuneration policy of directors. Said report should be made available to the shareholders, either separately or in any other manner deemed appropriate by the company.

Said report should focus on the remuneration policy approved by the Board of Directors for the current year, and, wherever applicable, the policy envisaged for future years. It should cover all issues referred to in Recommendation 35, except for those which may lead to the disclosure of commercially sensitive information. It should highlight the most significant changes to such policies in respect of the policies applied during the previous financial year with regard to the General Shareholders Meeting. It should also include an overall summary of how the remuneration policy of said past financial year was applied.

The Board of Directors should also report on the role played by the Remuneration Committee in the drafting of the remuneration policy and, where external consultants have been used, the identity of the same.

Compliance		Partial compliance		Explanation	X

No Remuneration Committee exists and the aforementioned report is not drafted.

41. The Report should list the individual remuneration of the directors during the financial year and include:

a) A breakdown of the remuneration of each director, including, wherever applicable:
   i) Expenses for attendance and other fixed payments as a director.
   ii) The additional remuneration as Chairman or member of a committee of the Board of Directors.
   iii) Any remuneration in the form of profit sharing or bonuses, and the reason they are being granted.
   iv) Contributions toward the fixed contribution pension plans of directors, or an increase in the consolidated rights of the director, in the case of fixed contribution benefit plans.
   v) Any redundancy payments agreed or paid in the case of resignation or dismissal.
   vi) Remunerations received as a director of other group companies.
   vii) Remuneration for the execution of top management duties of executive directors.
   viii) Any other payment concept different to the above, irrespective of its nature or which group company pays it, especially when it has the status of associated transaction, or where its omission would distort the true image of the total remuneration received by the director.

b) A breakdown of any share issues, share options or any other financial instrument referenced to share values to directors, listing:
   i) The number of shares or options granted during the year, and the conditions for exercising the same.
   ii) Number of options exercised during the year, indicating the number of shares affected and the exercise price.
   iii) The number of options pending exercise at the end of the year, indicating their price, date and other exercise requirements.
   iv) Any modification during the financial year to the conditions for exercising options already granted.

c) Information on the relationship, during the past financial year, between the remuneration received by the executive directors and the results or other performance measures of the company.

Compliance		Partial compliance		Explanation	X

However this is reported in overall it is not reported in individual terms.

42. Wherever a Delegate or Executive Committee exists (hereinafter, “Delegate Committee”), the holding structure of the different classes of directors should be similar to that of the Board itself and its secretary should be the Board secretary.

Compliance	X	Partial compliance		Explanation		Not applicable	

43. The Board of Directors should always be aware of the matters dealt with and the decisions adopted by the Delegate Committee, and all members of the Board of the Directors should receive a copy of the minutes of Delegate Committee meetings.

Compliance	X	Explanation		Not applicable	

44. The Board of Directors should establish, in addition to the Audit Committee required by the Law on the Stock Market, one or two separate Committees for Appointments and Remuneration.

The rules for the composition and operation of the Audit Committee and the Nominations Commission and/or Remuneration Committee should be set out in the Regulations of the Board of Directors, and should include the following:

a) The Board of Directors should appoint the members of said Committees, taking into consideration the skills, aptitudes and experience of the directors and the task of each Committee, and discuss its proposals and reports. The Committees should report on its activities and the work carried out to the Board of Directors at the first Board meeting after it has convened.

b) Said Committees should be made up exclusively of at least three external directors. The above is understood to be without prejudice to the attendance of executive directors or top managers, when expressly agreed by Committee members.

c) Its Chairmen should be independent directors.

d) It may request external consultancy, whenever it considers this necessary to carry out its duties.

e) Minutes should be drafted at its meetings, a copy of which should be sent to all members of the Board of Directors.

Compliance		Partial compliance		Explanation	X

No Nominations Commission or Remuneration Committee exists. The article of the Company Bylaws which regulate the Audit Committee establishes a majority of non-executive directors, rather than the exclusivity of external directors.

45. Supervision of the internal codes of conduct and the rules of corporate governance should be attributed to the Audit Committee, to the Nominations Commission or, if they exist separately, to those of Corporate Compliance or Governance.

Compliance		Explanation	X

Not applicable.

46. The members of the Audit Committee, and especially its Chairman, should be appointed based on their knowledge and experience in the accounting, auditing or risk management fields.

Compliance	X	Explanation	

47. Listed companies should dispose of an internal audit function which, under the supervision of the Audit Committee, oversees the correct operation of the information and internal control systems.

Compliance	X	Explanation	

48. The manager of the internal audit function should present his annual work plan to the Audit Committee, notify it directly of any incidents that occur in the course of his activities and issue it with a report on its activities at the end of each financial year.

Compliance	X	Partial compliance		Explanation	

49. The risk control and management policy should, at least, identify the following:

a) The different types of risk (operational, technological, financial, legal, reputation, etc.) facing the company, including among the financial and economic risks, contingent liabilities and other risks off the balance sheet.

b) The establishment of a level of risk considered acceptable by the company.

c) The measures envisaged to limit the impact of the risk identified, should they materialise.

d) The information and internal control systems to be used to control and manage the aforementioned risks, including contingent liabilities or risks off the balance sheet.

Compliance	X	Partial compliance		Explanation	

50. The Audit Committee shall be responsible for:

1. With regard to information and internal control systems:

a) Supervising the drafting process and the accuracy of financial information relating to the company and, wherever applicable, to the group, checking compliance with statutory regulations, the appropriate delimitation of the consolidation scope and the correct application of accounting criteria.

b) Periodically reviewing the internal control and risk management systems, in order to identify, manage and report the principal risks in an appropriate manner.

c) Ensuring the independence and efficiency of the internal audit function, proposing the selection, appointment, re-election and dismissal of the internal audit manager, proposing the budget of this service, receiving periodic information on its activities, and checking that the top management take the conclusions and recommendations of its reports into consideration.

d) Establishing and supervising a mechanism which allows employees to report, confidentially and, if considered appropriate, anonymously, on potentially relevant irregularities, in particular financial and accounting irregularities, they have observed in the company.

2. With regard to the external auditor:

a) Submitting to the Board of Directors its proposals for the selection, appointment, re-election and replacement of the external auditor, in addition to the recruitment conditions of the same.

b) Regularly receiving from the external auditor information on the audit plan and the results of its implementation, and checking that top management takes its recommendations into consideration.

c) Guaranteeing the independence of the external auditor, and to such effect:
- i) The company should report as a relevant fact to the National Securities and Exchange Commission (CNMV) any change of auditor, accompanied by a declaration on the existence of possible disagreements with the outgoing auditor and, wherever they exist, the content of the same.
- ii) Ensure that the company and the auditor comply with current regulations concerning the rendering of non-auditing services, the limits of concentration of the auditor's business and, in general, all other regulations established to guarantee the independence of the auditors.
- iii) In cases where the external auditor resigns, examine the circumstances that have given rise to this.

d) In the case of groups, encourage the auditor of the group to take responsibility for the audits of the companies that make up the group.

Compliance		Partial compliance	X	Explanation	

No mechanism for confidential and anonymous reporting of irregularities observed by employees has been established.

51. The Audit Committee may summon any employee or director of the company to appear before it, even in the absence of any other director.

Compliance	X	Explanation	

52. The Audit Committee should inform the Board of Directors prior to adopting the following decisions on the issues contained in Recommendation 8:

a) Financial information which, given its listed status, the company must publish on a periodic basis. The Committee should ensure that interim accounts are prepared adopting the same accounting criteria as for annual accounts, and to this end, consider the suitability of a limited review by the external auditor.

b) The creation or acquisition of holdings in special purpose companies or those domiciled in countries or regions with the status of tax havens, in addition to any other transactions or operations of a similar nature which, given their complexity, may compromise the transparency of the group.

c) Associated transactions, except where this function of prior notification has been attributed to a Committee other than those of supervision and control.

Compliance		Partial compliance	X	Explanation	

The Board of Directors has not officially delegated points b) and c) to the Audit Committee.

53. The Board of Directors should ensure that it submits the accounts to the General Shareholders Meeting without reservations and qualifications in the auditor's report, and that, in the exceptional circumstances in which they exist, both the Chairman of the Audit Committee and the auditors clearly explain to the shareholders the content and scope of such reservations and qualifications.

Compliance	X	Partial compliance		Explanation	

54. The majority of members of the Nominations Commission –or Appointments and Remuneration Committee, where they are combined– should be independent directors.

Compliance		Partial compliance		Explanation	X

This recommendation is not adopted, since there is no Nominations Commission or Remunerations Committee.

55. In addition to the functions indicated in the above Recommendations, the Nominations Commission shall be responsible for:

a) Evaluating the skills, knowledge and experience required in the Board of Directors, thus defining the required functions and skills in the candidates to cover each vacancy, and evaluating the time and dedication required for them to carry out their duties in an appropriate manner.

b) Examining and organising, in a manner deemed appropriate, the succession of the Chairman and the top executive and, wherever applicable, making proposals to the Board of Directors so that said succession takes place in an orderly and well-planned manner.

c) Reporting the appointments and dismissals of top management proposed by the top executive to the Board of Directors.

d) Reporting to the Board of Directors on the issues of a varied nature indicated in Recommendation 14 of this Code.

Compliance		Partial compliance		Explanation		Not applicable	X

56. The Nominations Commission should consult the Chairman and top executive of the company, in particular when this involves issues concerning executive directors.

Any director should also be able to ask the Nominations Commission to consider potential candidates to cover director posts, wherever they are considered suitable.

Compliance		Partial compliance		Explanation		Not applicable	X

57. In addition to the functions indicated in the above Recommendations, the Remuneration Committee shall be responsible for:

a) Proposing to the Board of Directors:
   i) The remuneration policy of directors and top management.
   ii) The individual remuneration of executive directors and all other conditions in their contracts.
   iii) The basic conditions in the contracts of top managers.

b) Ensuring compliance with the remuneration policy established by the company.

Compliance		Partial compliance		Explanation		Not applicable	X

58. The Remuneration Committee should consult the Chairman and top executive of the company, in particular when this involves issues concerning executive directors and top management.

Compliance		Explanation		Not applicable	X

G. Other information of interest

This Report on Corporate Governance was approved by the Board of Directors of the company on the 31 March 2009.

Internal control systems of the SegurCaixa Holding Group

Introduction

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 considerable growth of the SegurCaixa Holding Group, as well as the technical sophistication and extension of the managed products, a need is generated to operate using an integrated system of highly-mechanised processes and procedures which are constantly updated.

Taking these circumstances into consideration, and in order to guarantee fulfilment of all the objectives approved by the Board of Directors, and to inform the market on a periodic basis, the SegurCaixa Holding Group has defined and developed a thorough internal control system throughout its structure.

Covered risks

The first step on the way to developing an effective and suitable internal control system for the organisation is to identify, classify and evaluate the risks of the Group.

In this sense, SegurCaixa Holding considers the following risk categories:

Operational Risk: The Group works on the constant identification of direct and indirect risks of having losses due to mistakes in internal processes, systems, human resources, environmental changes or fraud.

Within this category of risk, special attention is given to the inherent risks in investments, given that it is the area that supports the business of the Group.

Credit Risk: Systematic control of the risk of incurring losses through a failure on the part of debtors to meet their payment obligations, and possible losses in value due to changes in their financial solvency.

Market Risk: Controlling the risk of suffering losses from variations in the interest rate, the exchange rate or the value of variable income.

Technical or Subscription Risk: Exhaustive control of the technical-actuarial risk, given that the technical reserves are the most significant item of the liabilities of the Group.

System of internal control

The Board of Administration, as the maximum decision-making and representative body of the SegurCaixa Holding Group, is responsible for defining the internal control policy of the Group, through the functions carried out by the different Delegate Committees into which it is organised. Management, which is responsible for implementing said policy, has all the necessary tools and qualified personnel to achieve this.

In general terms, the most significant mechanisms and internal control systems implemented by the SegurCaixa Holding Group to guarantee the proper control and management of the identified risks are as follows:

a. Operational Risk

The development and constant updating of an operational risk map enables the different identified risks to be listed, categorised and prioritised, as well as assigned to the key processes of the Group.

Preparation and continuous adaptation of the regulations and the internal procedures for the different companies in the Group, with the aim of homogenising and unifying policy, and guaranteeing a suitable degree of Internal Control in all the developed processes.

Implementation and follow-up of automated control systems, designed to control the risks of data registration.

Implementation and follow-up of management control systems, with the aim of maintaining a continuous supervision of the economic-financial highlights, as well as the evolution of the strategic objectives and approved budgets, which can detect and, wherever applicable, correct significant deviations that affect the fulfilment of the plan.

Analysis of the impact on the profits and the assets of the investments in new products or new lines of business.

Maintenance of a strict segregation of functions between the management of the investment portfolios or front office and the back office, whose main function is to confirm the operations.

Implementation and follow-up of control systems of investment risks and liquidity, which cover the process of the investment operation as a whole.

Development of control systems of asset and liability matching and fulfilment of the specific regulating rule.

b. Credit Risk

The definition and monitoring of a credit policy for investment portfolios, in other words, the credit rating of investments in the portfolio, considering the associated long-term and short-term risks, based on high quality rating scales.

c. Market Risk

The periodic calculation of market risk –"Value at Risk", VaR– for portfolios subject to the liquidation value of the holding, defined as the maximum expected loss over a time horizon of one day and with a 95% confidence limit, resulting from changes in the interest rate, the exchange rate or the value of fixed-income securities.

The analysis of the contribution to the VaR –marginal VaR– of certain assets that could contribute to controlling it or strengthening it.

d. Technical or Subscription Risk

The preparation and follow-up of a Technical Score Card, with the aim of keeping the synthetic vision of the technical evolution of the products of the Group up to date.

Definition and follow-up of the Subscription Policy.

Definition and follow-up of theTariff Policy.

Definition and follow-up of the Reinsurance Policy.

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Consolidated Annual Accounts and Management Report of the SegurCaixa Holding Group

SegurCaixa Holding
Insurance Group

AUDITOR'S REPORT

Deloitte.

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08034 Barcelona
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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
SegurCaixa Holding, S.A. (formerly Caifor, S.A.):

We have audited the consolidated financial statements of SegurCaixa Holding, S.A. (formerly Caifor, S.A.) and Subsidiaries (the Group) comprising the consolidated balance sheet at 31 December 2008 and the related consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent's directors. 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 generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made.

The accompanying consolidated financial statements for 2008 were prepared by the Group in accordance with International Financial Reporting Standards as adopted by the European Union, which require, in general, that consolidated financial statements present comparative information. In this regard, as required by Spanish corporate and commercial law, for comparison purposes the directors of SegurCaixa Holding, S.A. present, in addition to the figures for 2008 for each item in the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements, the figures for 2007. Our opinion refers only to the consolidated financial statements for 2008. On 4 April 2008, we issued our auditors' report on the 2007 consolidated financial statements, in which we expressed an unqualified opinion.

In our opinion, the accompanying consolidated financial statements for 2008 present fairly, in all material respects, the consolidated equity and consolidated financial position of SegurCaixa Holding, S.A. and Subsidiaries at 31 December 2008 and the consolidated results of their operations, the changes in the consolidated equity and their consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with International Financial Reporting Standards as adopted by the European Union applied on a basis consistent with that of the preceding year.

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

Member of
Deloitte Touche Tohmatsu

The accompanying consolidated directors' report for 2008 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2008. 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 SegurCaixa Holding, S.A. and Subsidiaries.

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

Miguel Antonio Pérez

2 April 2009

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SEGURCAIXA HOLDING, S.A. AND SUBSIDIARIES
(SegurCaixa Holding Group)

Consolidated balance sheets

ASSETS (Thousands of euros)	2008	2007 (*)
CASH AND OTHER EQUIVALENT LIQUID ASSETS	**5,039,026**	**2,490,203**
FINANCIAL ASSETS HELD FOR TRADING	**25,585**	
FINANCIAL ASSETS AT REASONABLE VALUE WITH CHANGES REGISTERED IN THE PROFIT AND LOSS ACCOUNT	**169,523**	**253,619**
Debt securities		
Investment on behalf of life insurance policyholders who assume the risk of the investment	169,523	253,619
Loans		
Deposits in credit entities		
FINANCIAL ASSETS AVAILABLE FOR SALE	**17,206,983**	**16,664,670**
Equity instruments	44,449	77,823
Debt securities	17,162,534	16,586,847
Loans		–
Deposits in credit entities		
Others		
LOANS AND PAYMENTS RECEIVABLE	**344,915**	**369,831**
Loans	142,405	187,105
Receivable items	202,510	182,726
HELD-TO-MATURITY INVESTMENTS		
HEDGING DERIVATIVES		
SHARE OR REINSURANCE IN TECHNICAL RESERVES	**34,372**	**48,588**
TANGIBLE ASSETS AND PROPERTY INVESTMENTS	**13,631**	**13,703**
Tangible assets	11,514	11,583
Property investments	2,117	2,120
INTANGIBLE ASSETS	**109,701**	**95,359**
Goodwill	47,700	44,293
Portfolio acquisition expenses		
Other intangible fixed assets	62,001	51,066
HOLDINGS IN COMPANIES VALUED BY THE EQUITY METHOD		
TAX ASSETS	**72,344**	**51,474**
Current tax assets	23,201	1,461
Deferred tax assets	49,143	50,013
OTHER ASSETS	**20,155**	**14,472**
HELD FOR SALE ASSETS		**1,545**
TOTAL ASSETS	**23,036,234**	**20,003,464**

(*) Presented solely and exclusively for purposes of comparison. See Note 2-d) of the Report.
Notes 1 to 22 in the accompanying Report and Annex I form an integral part of the consolidated balance sheet at 31 December, 2008.

EQUITY AND LIABILITIES (Thousands of euros)	2008	2007 (*)
TOTAL LIABILITIES	**22,528,445**	**19,539,144**
FINANCIAL LIABILITIES HELD FOR TRADING		
OTHER FINANCIAL LIABILITIES AT REASONABLE VALUE WITH CHANGES IN THE PROFIT AND LOSS ACCOUNT		
DEBTS AND PAYABLE ITEMS	**5,325,634**	**2,498,739**
Subordinated liabilities	290,613	289,204
Sundry debts	5,035,021	2,209,535
HEDGING DERIVATIVES		
TECHNICAL RESERVES	**17,079,160**	**16,915,221**
For unearned premiums	126,292	108,787
For unconsumed premiums		–
For life insurance	16,602,650	16,465,418
Reserve for unconsumed and unearned premiums		
Mathematical reserve	16,418,740	16,193,571
Reserve for life insurance when the policyholder assumes the investment risk	183,910	271,847
For claims	287,594	294,863
For share in profits and returns	62,623	46,153
Other technical reserves		
NON-TECHNICAL RESERVES	**1,648**	**639**
TAX LIABILITIES	**71,034**	**87,626**
Current tax liabilities	22,929	50,873
Deferred tax liabilities	48,105	36,753
OTHER LIABILITIES	**50,970**	**36,919**
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		
TOTAL EQUITY	**507,789**	**464,320**
CAPITAL AND RESERVES		
CAPITAL	**256,267**	**256,267**
Subscribed share capital	256,267	256,267
Less: Uncalled share capital		–
ISSUE PREMIUM		–
RESERVES	**136,305**	**119,561**
***LESS*: SHARES AND HOLDINGS IN OWN EQUITY**		
RESULTS OF PREVIOUS FINANCIAL YEARS		
OTHER SHAREHOLDER CONTRIBUTIONS		
FINANCIAL YEAR RESULT ATTRIBUTABLE TO THE PARENT COMPANY	**159,176**	**128,568**
Consolidated Losses and Profits	191,923	160,418
Losses and Profits attributable to minority interests	(32,747)	(31,850)
***LESS*: INTERIM DIVIDEND**	**(121,000)**	**(113,000)**
OTHER SHAREHOLDER'S EQUITY INSTRUMENTS		
ADJUSTMENTS THROUGH CHANGES IN VALUE	**4,583**	**7,065**
FINANCIAL ASSETS AVAILABLE FOR SALE	**4,583**	**7,065**
HEDGING OPERATIONS		
EXCHANGE RATE DIFFERENCES		
CORRECTIONS OF ACCOUNTING MISMATCHES		
COMPANIES VALUED BY THE EQUITY METHOD		
OTHER ADJUSTMENTS		
CAPITAL AND RESERVES ATTRIBUTABLE TO THE PARENT COMPANY	**435,331**	**398,461**
MINORITY INTERESTS	**72,458**	**65,859**
ADJUSTMENTS THROUGH CHANGES IN VALUE		
OTHER	**72,458**	**65,859**
TOTAL EQUITY AND LIABILITIES	**23,036,234**	**20,003,464**

(*) Presented solely and exclusively for purposes of comparison. See Note 2-d) of the Report.
Notes 1 to 22 in the accompanying Report and Annex I form an integral part of the consolidated balance sheet at 31 December, 2008.

SEGURCAIXA HOLDING, S.A. AND SUBSIDIARIES
(SegurCaixa Holding Group)

Consolidated profit and loss account

(Thousands of euros)	Financial year 2008	Financial year 2007 (*)
Premiums applied to the financial year, net of reinsurance	270,855	224,903
Tangible fixed asset and investment revenue	8,540	9,985
Other technical revenue	–	–
Losses incurred in the period, net of reinsurance	(158,143)	(125,199)
Change in other technical reserves, net of reinsurance	–	–
Profit-sharing and returns	(14,571)	(10,311)
Net operating expenses	(45,974)	(37,910)
Other technical expenses	(5,100)	(3,811)
Tangible fixed asset and investment expenses	(2,522)	(2,622)
NON-LIFE INSURANCE EARNINGS	**53,085**	**55,035**
Premiums applied to financial year, net of reinsurance	1,721,181	1,383,428
Tangible fixed asset and investment revenue	1,850,279	1,679,603
Income from investments subject to insurance in which the policyholder assumes the risk of the investment	110,549	2,653
Other technical revenue	–	–
Losses incurred in the period, net of reinsurance	(2,209,088)	(2,200,809)
Change in other technical reserves, net of reinsurance	24,145	267,326
Profit-sharing and returns	(41,575)	(28,505)
Net operating expenses	(100,443)	(83,217)
Other technical expenses	(4,665)	(4,426)
Tangible fixed asset and investment expenses	(1,041,118)	(868,483)
Expenses of investments subject to insurance in which the policyholder assumes the risk of the investment	(139,977)	(6,705)
LIFE INSURANCE EARNINGS	**169,290**	**140,865**
EARNINGS FROM OTHER ACTIVITIES	**50,017**	**44,725**
Tangible fixed asset and investment revenue	117,371	35,100
Negative consolidation difference		
Tangible fixed asset and investment expenses	(97,814)	(16,347)
Other revenues	88,372	88,831
Other expenses	(57,912)	(62,859)
EARNINGS BEFORE TAX	**272,391**	**240,625**
Tax on profit	(80,468)	(80,207)
FINANCIAL YEAR EARNINGS FROM CONTINUED OPERATIONS	**191,923**	**160,418**
Financial year earnings from uninterrupted operations net of tax		
FINANCIAL YEAR CONSOLIDATED EARNINGS	**191,923**	**160,418**
Earnings attributable to the parent company	159,176	128,568
Earnings attributable to minority interests	32,747	31,850

(Amount in euros)	Financial year 2008	Financial year 2007 (*)
PER SHARE PROFIT		
Basic and diluted per share profit	4.11	3.76

(*) Presented solely and exclusively for purposes of comparison. See Note 2-d) of selected explanatory notes.
Notes 1 to 22 described in the accompanying report form an integral part of the consolidated Profit and Loss Account corresponding to 2008.

8. Consolidated Annual Accounts and Management Report of the SegurCaixa Holding Group

SEGURCAIXA HOLDING, S.A. AND SUBSIDIARIES
(SegurCaixa Holding Group)

Consolidated balance sheets by segments at 31 december, 2008

ASSETS (Thousands of euros)	Non-life Segment	Life Segment	Others Segment	Total
CASH AND EQUIVALENT LIQUID ASSETS	**18,050**	**5,018,105**	**2,870**	**5,039,026**
FINANCIAL ASSETS MAINTAINED FOR NEGOTIATION	**2,077**	**23,508**	–	**25,585**
FINANCIAL ASSETS AT THE REASONABLE VALUE WITH CHANGES REGISTERED IN THE PROFIT AND LOSS ACCOUNT	–	**169,523**	–	**169,523**
FINANCIAL ASSETS AVAILABLE FOR SALE	**259,940**	**16,946,763**	**280**	**17,206,983**
LOANS AND PAYMENTS RECEIVABLE	**41,067**	**294,407**	**9,441**	**344,915**
Loans	178	141,853	374	142,405
Payments receivable	40,889	152,554	9,067	202,510
INVESTMENTS HELD TO MATURITY	–	–	–	–
HEDGING DERIVATIVES	–	–	–	–
REINSURANCE HOLDING IN THE TECHNICAL RESERVES	**26,466**	**7,906**	–	**34,372**
TANGIBLE FIXED ASSETS AND PROPERTY INVESTMENTS	**360**	**12,704**	**566**	**13,631**
Tangible fixed assets	360	10,588	566	11,514
Property investments		2,117	–	2,117
INTANGIBLE FIXED ASSETS	**734**	**108,746**	**221**	**109,701**
Goodwill		47,700	–	47,700
Portfolio acquisition expenses	–	–	–	–
Other intangible fixed assets	734	61,046	221	62,001
HOLDINGS IN COMPANIES VALUED BY THE EQUITY METHOD	–	–	–	–
TAX ASSETS	–	**72,344**	–	**72,344**
Current tax assets	–	23,201	–	23,201
Assets through deferred tax	–	49,143	–	49,143
OTHER ASSETS	**15,455**	**4,700**	–	**20,155**
ASSETS HELD FOR SALE	–		–	–
TOTAL ASSETS	**364,149**	**22,658,707**	**13,379**	**23,036,234**

(*) Presented solely and exclusively for purposes of comparison. See Note 2-d) of the Report.

EQUITY AND LIABILITIES (Thousands of euros)	Non-life Segment	Life Segment	Others Segment	Total
TOTAL LIABILITIES	**300,440**	**22,224,000**	**4,005**	**22,528,445**
FINANCIAL LIABILITIES HELD FOR TRADING	–	–	–	–
OTHER FINANCIAL LIABILITIES AT REASONABLE VALUE WITH CHANGES IN THE PROFIT AND LOSS ACCOUNT	–	–	–	–
DEBTS AND PAYABLE ITEMS	38,073	5,283,839	3,722	5,325,634
HEDGING DERIVATIVES	–	–	–	–
TECHNICAL RESERVES	253,497	16,825,663	–	17,079,160
NON-TECHNICAL RESERVES	1,648	–	–	1,648
TAX LIABILITIES	–	71,034	–	71,034
OTHER LIABILITIES	7,223	43,464	283	50,970
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	–	–	–	–
TOTAL EQUITY	**63,708**	**434,707**	**9,374**	**507,789**
CAPITAL AND RESERVES				
CAPITAL	18,100	237,506	661	256,267
Subscribed share capital	18,100	237,506	661	256,267
Less: Uncalled share capital	–	–	–	–
ISSUE PREMIUM	–	–	–	–
RESERVES	31,610	99,374	5,321	136,305
LESS: SHARES AND HOLDINGS IN OWN EQUITY	–	–	–	–
EARNINGS IN PREVIOUS FINANCIAL YEARS	–	–	–	–
OTHER SHAREHOLDER CONTRIBUTIONS	–	–	–	–
FINANCIAL YEAR EARNINGS ATTRIBUTABLE TO THE PARENT COMPANY	37,159	87,005	35,012	159,176
Consolidated Losses and Profits	37,159	119,752	35,012	191,923
Losses and Profits attributable to minority interests	–	(32,747)	–	(32,747)
LESS: INTERIM DIVIDEND	(25,400)	(63,980)	(31,620)	(121,000)
OTHER EQUITY INSTRUMENTS	–	–		–
ADJUSTMENTS THROUGH CHANGES IN VALUE				
FINANCIAL ASSETS AVAILABLE FOR SALE	2,239	2,344	–	4,583
HEDGING OPERATIONS	–	–	–	–
EXCHANGE RATE DIFFERENCES	–	–	–	–
CORRECTIONS OF ACCOUNTING MISMATCHES	–	–	–	–
COMPANIES VALUED BY THE EQUITY METHOD	–	–	–	–
OTHER ADJUSTMENTS	–	–	–	–
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	63,708	362,249	9,374	435,331
MINORITY INTERESTS		72,458	–	72,458
TOTAL EQUITY AND LIABILITIES	**364,149**	**22,658,706**	**13,379**	**23,036,234**

(*) Presented solely and exclusively for purposes of comparison. See Note 2-d) of the Report.

SEGURCAIXA HOLDING, S.A. AND SUBSIDIARIES
(SegurCaixa Holding Group)

Consolidated balance sheets by segments at 31 December, 2007

ASSETS (Thousands of euros)	Non-life Segment	Life Segment	Others Segment	Total
CASH AND EQUIVALENT LIQUID ASSETS	**16,947**	**2,469,384**	**3,872**	**2,490,203**
FINANCIAL ASSETS HELD FOR TRADING	–	–	–	–
FINANCIAL ASSETS AT THE REASONABLE VALUE WITH CHANGES REGISTERED IN THE PROFIT AND LOSS ACCOUNT	–	**253,619**	–	**253,619**
FINANCIAL ASSETS AVAILABLE FOR SALE	**225,122**	**16,436,183**	**3,365**	**16,664,670**
LOANS AND PAYMENTS RECEIVABLE	**34,699**	**330,206**	**6,387**	**371,292**
Loans	197	186,450	458	187,105
Payments receivable	34,502	143,756	5,929	184,187
INVESTMENTS HELD TO MATURITY	–	–	–	–
HEDGING DERIVATIVES	–	–	–	–
REINSURANCE HOLDING IN THE TECHNICAL RESERVES	**26,105**	**22,483**	–	**48,588**
TANGIBLE FIXED ASSETS AND PROPERTY INVESTMENTS	**2,016**	**11,148**	**539**	**13,703**
Tangible fixed assets	343	3,212	504	4,059
Property investments	1,673	7,936	35	9,644
INTANGIBLE FIXED ASSETS	**853**	**94,271**	**235**	**95,359**
Goodwill	–	63,052	–	63,052
Portfolio acquisition expenses	–	–	–	–
Other intangible fixed assets	853	31,219	235	32,307
HOLDINGS IN COMPANIES VALUED BY THE EQUITY METHOD	–	–	–	–
TAX ASSETS	–	**50,013**	–	**50,013**
Current tax assets	–	–	–	–
Deferred tax assets	–	50,013	–	50,013
OTHER ASSETS	**10,232**	**4,240**	–	**14,472**
ASSETS HELD FOR SALE	–	**1,545**	–	**1,545**
TOTAL ASSETS	**315,974**	**19,673,092**	**14,398**	**20,003,464**

(*) Presented solely and exclusively for purposes of comparison. See Note 2-d) of the Report.

EQUITY AND LIABILITIES (Thousands of euros)	Non-life Segment	Life Segment	Others Segment	Total
TOTAL LIABILITIES	**263,330**	**19,268,484**	**7,330**	**19,539,144**
FINANCIAL LIABILITIES HELD FOR NEGOTIATION	–	–	–	–
OTHER FINANCIAL LIABILITIES AT REASONABLE VALUE WITH CHANGES IN THE PROFIT AND LOSS ACCOUNT	–	–	–	–
DEBTS AND PAYABLE ITEMS	34,789	2,507,911	6,912	2,549,612
HEDGING DERIVATIVES	–	–	–	–
TECHNICAL RESERVES	222,308	16,692,913	–	16,915,221
NON-TECHNICAL RESERVES	624	15	–	639
TAX LIABILITIES	–	36,753	–	36,753
OTHER LIABILITIES	5,609	30,892	418	36,919
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	–	–	–	–
TOTAL EQUITY	**52,644**	**404,608**	**7,068**	**464,320**
CAPITAL AND RESERVES				
CAPITAL	18,100	237,506	661	256,267
Subscribed share capital	18,100	237,506	661	256,267
Less: Uncalled share capital	–	–	–	–
ISSUE PREMIUM	–	–	–	–
RESERVES	29,885	86,162	3,514	119,561
LESS: SHARES AND HOLDINGS IN OWN EQUITY	–	–	–	–
EARNINGS IN PREVIOUS FINANCIAL YEARS	–	–	–	–
OTHER SHAREHOLDER CONTRIBUTIONS	–	–	–	–
FINANCIAL YEAR EARNINGS ATTRIBUTABLE TO THE PARENT COMPANY	29,405	75,267	23,896	128,568
Consolidated Losses and Profits	36,690	93,912	29,816	160,418
Losses and Profits attributable to minority interests	(7,285)	(18,645)	(5,920)	(31,850)
LESS: INTERIM DIVIDEND	(25,845)	(66,152)	(21,003)	(113,000)
OTHER EQUITY INSTRUMENTS	–	–	–	–
ADJUSTMENTS THROUGH CHANGES IN VALUE				
FINANCIAL ASSETS AVAILABLE FOR SALE	1,099	5,966	–	7,065
HEDGING OPERATIONS	–	–	–	–
EXCHANGE RATE DIFFERENCES	–	–	–	–
CORRECTIONS OF ACCOUNTING MISMATCHES	–	–	–	–
COMPANIES VALUED BY THE EQUITY METHOD	–	–	–	–
OTHER ADJUSTMENTS	–	–		
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	52,644	338,749	7,068	398,461
MINORITY INTERESTS	–	65,859	–	65,859
TOTAL EQUITY AND LIABILITIES	315,974	19,673,092	14,398	20,003,464

(*) Presented solely and exclusively for purposes of comparison. See Note 2-d) of the Report.

SEGURCAIXAHOLDING, S.A. AND SUBSIDIARIES
(SegurCaixa Holding Group)

Statement of changes in consolidated equity

(Thousands of euros)	Equity attributable to the controlling company		
	Capital and reserves		
	Capital or mutual fund	Issue premium and Reserves	Shares and holdings in own assets
Initial Balance at 1 January, 2007	**188,767**	**106,423**	
Adjustments for changes in accounting principles	–	–	–
Adjustments for errors	–	–	–
Adjusted Initial Balance	**188,767**	**106,423**	–
I. Total Income/(Expenses) recognised in financial year 2007	–	–	–
II. Operations with shareholders or owners	**67,500**	–	–
Capital Increases/(Reductions)	–	–	–
Conversion of financial liabilities into equity	–	–	–
Distribution of dividends	–	–	–
Operations with shares or holdings in own equity (net)	–	–	–
Increases/(Reductions) through business combinations	–	–	–
Other operations with shareholders or owners	67,500	–	–
III. Other equity variations	–	**13,138**	–
Payments based on equity instruments	–	–	–
Transfers between equity items	–	15,093	–
Other variations	–	(1,955)	–
Balance at 31 December 2007	**256,267**	**119,561**	–
Adjustments for changes in accounting principles	–	–	–
Adjustments for errors	–	–	–
Adjusted Initial Balance	–	–	–
I. Total Revenue/(Expenses) recognised in financial year 2008	–	–	–
II. Operations with shareholders or owners	–	–	–
Capital Increases/(Reductions)	–	–	–
Conversion of financial liabilities into equity	–	–	–
Distribution of dividends	–	–	–
Operations with shares or holdings in own equity (net)	–	–	–
Increases/(Reductions) through business combinations	–	–	–
Other operations with shareholders or owners	–	–	–
III. Other equity variations	–	**16,744**	–
Payments based on equity instruments	–	–	–
Transfers between equity items	–	13,600	–
Other variations	–	3,144	–
Balance at 31 December 2008	**256,267**	**136,305**	–

Notes 1 to 21 in the attached report and in Annexes I and II form an integral part of the Statement of Changes in the Net Assets at 31 December, 2008.

Equity attributable to the controlling company				Minority interests	Total Equity
Capital and reserves			Adjustments for changes in value		
Financial earnings attributed to the controlling company	(Interim dividends)	Other net asset instruments			
102,831	**(87,000)**		**10,323**	**71,902**	**393,246INI**
–	–	–	–	–	–
–	–	–	–	–	–
102,831	**(87,000)**	–	**10,323**	**71,902**	**393,246**
128,568	**–**	–	**(3,258)**	**30,880**	**156,190**
–	**(113,000)**	**–**	**–**	**(8,135)**	**(53,635)**
–	–	–	–	–	–
–	–	–	–	–	–
–	(113,000)	–	–	–	(113,000)
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	(8,135)	59,365
(102,831)	**87,000**	–	**–**	**(28,788)**	**(31,481)**
–	–	–	–	–	–
(102,831)	87,000	–	–	(28,733)	(29,471)
–	–	–	–	(55)	(2,010)
128,568	**(113,000)**	–	**7,065**	**65,859**	**464,320**
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
159,176	–	–	**(2,482)**	**31,722**	**188,416**
–	**(121,000)**	**–**	**–**	–	**(121,000)**
–	–	–	–	–	–
–	–	–	–	–	–
–	(121,000)	–	–	–	(121,000)
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
(128,568)	**113,000**	–	**–**	**(25,123)**	**(23,947)**
	–	–	–	–	–
(128,568)	113,000	–	–	(25,400)	(27,368)
	–	–	–	277	3,421
159,176	**(121,000)**	–	**4,583**	**72,458**	**507,789**

SEGURCAIXA HOLDING, S.A. AND SUBSIDIARIES
(SegurCaixa Holding Group)

Statement of recognised income and expenses

(Thousands of euros)	2008	2007 (*)
A) CONSOLIDATED RESULT OF THE FINANCIAL YEAR	**191,923**	**160,418**
B) OTHER RECOGNISED INCOME/(EXPENSES)	**(3,506)**	**(4,228)**
Financial assets available for sale:	**108,258**	**(757,624)**
Profit/(Loss) through valuation	108,258	(757,624)
Sums transferred to the profit and loss account	–	–
Other reclassifications	–	–
Cash-flow hedges:	–	–
Profit/(Loss) through valuation	–	–
Sums transferred to the profit and loss account	–	–
Sums transferred to initial value of items covered	–	–
Other reclassifications	–	–
Coverage of net investments in businesses overseas:	–	–
Profit/(Loss) through valuation	–	–
Sums transferred to the profit and loss account	–	–
Other reclassifications	–	–
Exchange rate differences:	–	–
Profit/(Loss) through valuation	–	–
Sums transferred to the profit and loss account	–	–
Other reclassifications	–	–
Corrections of accounting mismatches:	**(111,764)**	**753,396**
Profit/(Loss) through valuation	(111,764)	753,396
Sums transferred to the profit and loss account	–	–
Other reclassifications	–	–
Assets held for sale:	–	–
Profit/(Loss) through valuation	–	–
Sums transferred to the profit and loss account	–	–
Other reclassifications	–	–
Actuarial Profit/(Loss) through long-term remuneration to personnel	–	–
Companies valued by the equity method:	–	–
Profit/(Loss) through valuation	–	–
Sums transferred to the profit and loss account	–	–
Other reclassifications	–	–
Other recognised income and expenses	–	–
Profits tax	–	–
TOTAL RECOGNISED INCOME/(EXPENSES) (A+B)	**188,417**	**156,190**
a) Attributable to parent company	156,695	125,310
b) Attributable to minority interests	31,722	30,880

Notes 1 to 21 in the accompanying report and Annexes I and II form an integral part of the Statement of Recognised Income and Expenses for the 2008 financial year.

SEGURCAIXA HOLDING, S.A. AND SUBSIDIARIES
(SegurCaixa Holding Group)

Statement of consolidated cash flows (direct method)

(Thousands of euros)	Financial year 2008	Financial year 2007 (*)
A) CASH FLOWS OF OPERATING ACTIVITIES (1+2+3)	**(654,227)**	**(1,711,158)**
1. Insurance activity	(622,135)	(618,933)
(+) Cash collections from insurance activity	2,076,995	1,946,862
(–) Cash payments from insurance activity	(2,699,130)	(2,565,795)
2. Other operating activities:	48,376	(1,012,018)
(+) Cash collections from other operating activities	104,054	412,935
(–) Cash payments from other operating activities	(55,678)	(1,424,953)
3. Collections/(payments) for profits tax	(80,468)	(80,207)
B) CASH FLOWS FROM INVESTMENT ACTIVITIES (1+2)	**3,350,219**	**2,441,422**
1. Collections from investment activities:	14,436,556	3,335,078
(+) Tangible fixed assets	–	–
(+) Property investments	–	1,761
(+) Intangible fixed assets	–	–
(+) Financial instruments	14,434,637	3,331,506
(+) Holdings	–	–
(+) Subsidiary companies and other business units	–	–
(+) Interest collected	–	–
(+) Dividends collected	1,919	1,811
(+) Other collections related to investment activities	–	–
2. Payments from investment activities:	(11,086,337)	(893,656)
(–) Tangible fixed assets	–	–
(–) Property investments	–	–
(–) Intangible fixed assets	–	–
(–) Financial instruments	–	–
(–) Holdings	–	–
(–) Subsidiary companies and other business units	–	–
(–) Other payments related to investment activities	(11,086,337)	(893,656)
C) CASH FLOWS FROM FINANCING ACTIVITIES (1+2)	**(147,169)**	**(200,738)**
1. Collections from financing activities:	16,435	–
(+) Subordinated liabilities	16,435	–
(+) Collections through issues of equity instruments and capital increases	–	–
(+) Active assessments and contributions of shareholders or policyholders	–	–
(+) Transfer of own securities	–	–
(+) Other collections related to financing activities	–	–
2. Payments from financing activities:	(163,604)	(200,738)
(–) Dividends paid to the shareholders	(146,400)	(200,738)
(–) Interest paid	–	–
(–) Subordinated liabilities	(17,204)	–
(–) Payments through repayment of contributions to shareholders	–	–
(–) Active assessments and repayment of contributions to shareholders or policyholders	–	–
(–) Acquisition of own securities	–	–
(–) Other payments related to financing activities	–	–
D) EFFECT OF VARIATIONS IN THE EXCHANGE RATE	–	–
E) NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS (A+B+C+D)	**2,548,823**	**529,526**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**2,490,203**	**1,960,677**
G) CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (E+F)	**5,039,026**	**2,490,203**

(*) Presented solely and exclusively for purposes of comparison in all applicable captions.
Notes 1 to 21 described in the accompanying report and Annex I form an integral part of the Statement of Consolidated Cash Flows of the financial year 2008.

SEGURCAIXA HOLDING, S.A. AND SUBSIDIARIES
(SegurCaixa Holding Group)

Statement of consolidated cash flows (direct method)

ELEMENTS OF CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	Financial year 2008	Financial year 2007(*)
(+) Cash and bank	746,504	443,349
(+) Other financial assets	4,292,522	2,046,854
(–) *Less: Bank overdrafts repayable on demand*		
TOTAL CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**5,039,026**	**2,490,203**

(*) Presented solely and exclusively for purposes of comparison in all applicable captions.
Notes 1 to 21 described in the accompanying report and Annex I form an integral part of the Statement of Consolidated Cash Flows of the financial year 2008.

SegurCaixa Holding, S.A. AND SUBSIDIARIES (SegurCaixa Holding Group)

ANNUAL CONSOLIDATED ACCOUNTS REPORT CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2008

In accordance with the current standards on the content of annual consolidated accounts, this Report completes, extends and discusses the balance, the account of profits and losses, the statement of changes in equity and the statement of consolidated cash flows (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 SegurCaixa Holding S.A. (previously known as "CaiFor", S.A.) at 31 December 2008, in addition to the results of its operations, changes to equity and cash flows occurring in this financial year.

1. General information on the parent company and its activities

a)) Incorporation, duration and registered offices

SegurCaixa Holding S.A. 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, amending the Company Statutes as a consequence.

The shareholders of SegurCaixa Holding were the "la Caixa" Group and the Fortis Group, by means of the shares owned by Caixa Holding, S.A. and Fortis AG España Invest, S.L. respectively. On 11 July 2007, Criteria CaixaCorp (previously known as Caixa Holding, S.A.) and the Fortis Group signed a contract of sale for the company shares of Crisegen Inversiones, S.L. (previously known as Fortis AG España Invest, S.L.).

On 12 November 2007, the above sale was formalised by public deed, the various agreed conditions and obligations having been considered to be fulfilled. Since the main asset of Crisegen Inversiones, S.L. is its 50% share in SegurCaixa Holding, S.A., Criteria CaixaCorp became the sole shareholder of the Parent Company on 31 December 2007, terminating the framework shareholders' contract signed on 25 September 1992.

The shares of Criteria Caixa Corp, S.A. have been listed on the stock market since October 2007. The shareholding of "la Caixa" in Criteria Caixa Corp, S.A. was 79.45% at 31 December 2008.

b) Business object, 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"), develops 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 company capital of other companies by means of the corresponding organisation of personal and material means. When the holding in the capital of these companies allows, the Parent Company directs and controls them, by means of the ownership of its company management bodies or through providing management and administration services to these companies.

The Group, through the insurance companies it is comprised of (see Note 2.e), operates in the following branches: Accidents, Illness, Life, Medical Care, 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.

On 28 April 2006, the SegurCaixa, S.A. Board of Directors of Insurance and Reinsurance agreed to extend its activities to all the branches grouped under the denomination "Automobile Insurance", included in Article 6.1.b) of RD 6-2004, as well as its associated risks indicated in Article 6.1.c) of the same legal text. The Group began marketing this new product in April 2007.

On 31 March 2008, Caja de Ahorros y Pensiones de Barcelona, as vendor, signed a share sale and purchase agreement with VidaCaixa, as purchaser, for the shares of "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), the efficiency of the transaction being subject to the compliance of a prior obligation and condition precedent. Once these had been complied with, on 25 June 2008, the parties converted the share sale and purchase agreement for the shares of "la Caixa" Gestión de Pensiones, E.G.F.P., S.A.U." into a public document.

On 25 June, the Boards of Directors of both companies signed a merger project, which resulted in "la Caixa" Gestión de Pensiones" being absorbed by VidaCaixa, with the consequent dissolution and termination without liquidation of the former and the transfer of all the assets of the absorbed company to VidaCaixa, by means of universal transfer. Said merger was approved by the General Shareholder Meetings of both companies on 30 June 2008.

In addition, the Group manages 130 pension funds with a volume of consolidated rights of 11,842,131 thousand euros at 31 December 2008 (11,307,165 thousand euros at 31 December 2007). The gross income accrued by management committees of the various funds totalled 101,206 thousand euros in the 2008 financial year (95,024 thousand euros in the 2007 financial year) and are recorded through the sum of net expenses in the profit and loss account, under the heading "Other activities – Other income".

On 10 October 2007, the Internal Protocol of the relationship signed between "la Caixa" and Criteria Caixa Corp, S.A. came into force. The Board of Directors of the Parent Company, at its meeting of 17 January 2008, 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 Criteria CaixaCorp, S.A. and its group has with "la Caixa" and the other companies of the "la Caixa" Group.

Given the activities of the Companies of the Group, the Group 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 questions.

In virtue of article 43.2 of the Spanish Commercial Code, SegurCaixa Holding is under no obligation to prepare separate consolidated accounts, since it is consolidated within Grupo Criteria CaixaCorp, S.A. and since it has control over the Company. Criteria CaixaCorp, S.A. is subject to European Legislation and its activity is based on managing the portfolio of subsidiary companies of the "la Caixa" Group. Its registered offices are in Barcelona, at Avda. Diagonal, 621. Notwithstanding the above, the Company has voluntarily drafted the consolidated annual accounts for the 2008 financial year, prepared by the Administrators at the meeting of its Board of Directors on 31 March 2009. The consolidated annual accounts for the 2007 financial year were approved by the General Shareholders Meeting of CaiFor S.A. (now SegurCaixa Holding, S.A.), held on 20 June 2008 and deposited at the Companies Registry of Barcelona.

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 Caja de Ahorros y Pensiones de Barcelona (hereinafter, "la Caixa"), which it has established as an exclusive banking-insurance operator of the subsidiary VidaCaixa, S.A. de Seguros y Reaseguros ("VidaCaixa"), authorised to market the insurance policies of SegurCaixa, S.A. de Seguros y Reaseguros ("SegurCaixa"). VidaCaixa also maintains exclusive agency contracts with BMW Financial Services Ibérica, EFC, S.A, AgenCaixa, S.A. Insurance Agency of Grupo CaiFor, S.A. and Crosselling, S.A., whose contract was terminated during the 2008 financial year. All these agents are also authorised to market the insurance products of SegurCaixa.

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 mediators.

d) Clients' Ombudsman

The most relevant points for the Annual Report presented by the head of the Service of the Board of Directors Meeting held on 31 March, 2009 are detailed below. The data has been obtained by aggregating the annual reports of VidaCaixa and SegurCaixa.

During 2008, 121 claims were made to the Customer Attention Service (101 in 2007), representing a 20% increase over 2007), and 119 were processed without prejudice to the grounds of inadmissibility in the Service Regulation (96 in 2007).

The type of claims submitted was as follows:

Type of Claim	Number
Passive operations	1
Collection and Payment Services	1
Investment Services	1
Insurance policies and Pension funds	116
Total admitted	**119**
Non-admission	2
TOTAL 2008	**121**

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

Type of resolution	Number
Upheld	29
Rejected	48
Not applicable	22
Client waivers	4
Pending resolution	18
TOTAL 2008	**121**

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 Group "la Caixa" depending on the specific circumstances of the claim.

2. Presentation rules and consolidation principles

a) Accounting standards: International Financial Reporting Standards (IFRS)

The Group's annual consolidated accounts corresponding to the financial year ended on 31 December 2008, have been prepared and presented in accordance with in the provisions of the International Financial Reporting Standards adopted by the European Union through Community Directives, and offer a true and fair view of the consolidated assets and the financial situation of the Group at 31 December 2008, of the results of its operations and the changes to consolidated equity and cash flows occurring in the Group in this financial year.

The Group's consolidated annual accounts corresponding to the 2007 financial year were prepared by the Board of Directors on 6 March, 2008 and approved by the Ordinary General Shareholders Meeting of the Parent Company on 20 June 2008. The consolidated annual accounts of the Group and the annual accounts of the subsidiaries of the Group for the 2008 financial year are pending approval by the respective General Shareholders Meetings, and are expected to be approved without significant modifications.

The Group's consolidated financial statements were prepared from the registers of accounts maintained by the parent company and by the other subsidiaries of the Group and include certain adjustments and reclassifications in order to standardise the principles and criteria adopted by the subsidiaries with those of the SegurCaixa Holding, S.A.

At 31 December 2008, 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 2008 financial year.

As recommended by IAS 1, the assets and liabilities are generally classified in the balance sheet according to their liquidity. Similarly to the other insurance company groups, certain expenses are classified in the losses account and are presented according to their application.

b) Responsibility for the information

The information contained in these annual consolidated accounts is the responsibility of the Administrators of the Group, who verified, with the due diligence, that the different controls established to ensure the quality of the financial-accounts information, by both the parent company and the subsidiaries, operated efficiently.

In the preparation of the financial statements, on certain occasions judgements and estimations have been made by the Directors of the parent company and of the subsidiaries, and subsequently ratified by the Administrators, which refer, among others, to the reasonable value of certain assets and liabilities, losses through deterioration, the useful life of the tangible and intangible assets, the valuation of the consolidated goodwill, 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 “reasonable value with changes in profits and losses” as the greater amount of the life insurance reserves, and the assets and results of the subsidiary companies through the participation method.

The estimations affect the amounts registered in the balance and the profits and losses account for the financial year, as well as the statement of recognised income and expenses. Despite the fact that these estimations were made based on the best available information, it is possible that future events force them to be modified (upwards or downwards) in the coming financial years. This would be done prospectively, recognising the effects of the estimation change in the consolidated financial statements.

c) New regulations, revised regulations and amendments adopted during the 2008 financial year

During the 2008 financial year, the IFRSIC 11 “Transactions with company and group shares” and the modification of IAC 39 and IFRS 7 “Reclassification of financial assets” came into effect. The adoption of these new interpretations and modifications has had no impact on the consolidated annual accounts of the Group.

The Group did not adopt in advance the rest of the regulations approved by the European Union, which permit an application in advance of 1 January 2008, among these standards IFRS 8 – Segments of operation. This standard was published on 22 November 2007 in the Official European Bulletin and replaced IAS 14 – Financial information by segments. IFRS 8 must be applied in the annual financial statements corresponding to financial years commencing from 1 January 2009.

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

– IAS 23 Revision – Borrowing costs.

– IAS 1 Revision – Presentation of financial statements.

– IAS 27 Modification – Consolidated and Separate financial statements.

– IAS 32 and IAS 1 Modification – Financial instruments with option to sell at a reasonable value and settlement obligations.

– IAS 39 Modification – Designation of covered items.

– IFRS 1 and IAS 27 Modifications – Cost of an investment in separate financial statements of an organisation.

– IFRS 2 Modifications – Conclusions of accruals and cancellations (applicable for financial years starting 1 January 2009).

– IFRSIC 12 – Service concession agreements.

– IFRSIC 13 Modifications – Customer loyalty schemes (applicable for financial years starting 1 January 2009).

– IFRSIC 14 and IAS 19 – Limits to defined benefit assets, minimum contribution requirements and interaction.

The Administrators have evaluated the potential impact of the future application of these standards and consider that their entry into force will not have a significant effect on the consolidated annual accounts.

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

d) Comparison of information

The 2008 consolidated financial statements are presented against those of the previous financial year, in accordance with the requirements established by IAS 1 – Presentation of Financial Statements.

Furthermore, the financial statements in this annual report have been adapted to the insurance company guidelines of the National Securities and Exchange Commission. Annexe I contains the balance and income statements for the 2007 financial year, in accordance with the presentation models used in the previous financial year.

For the purposes of comparison with the consolidated balance sheet at 31 December 2008, we have classified under the heading of financial assets available for sale, together with the sub-heading "Debt Securities", financial instruments which are of a similar nature: at 31 December 2007, these were classified under the same heading, under the sub-heading "Others" in the attached consolidated balance sheet. (See Note 6).

It is a requirement of the International Financial Reporting Standards that information presented in the consolidated annual accounts is homogenous. During the 2008 financial year, there were no significant modifications to the accounting standards which affect the comparability of the figures.

As indicated in the note Business Combinations and other acquisitions, and with regard to the acquisition of SegurCaixa S.A. de Seguros y Reaseguros, at the end of the 2008 financial year, the definitive allocation of the assets, liabilities and identifiable contingent liabilities at the date of said merger was completed and registered.

As a consequence of the definitive allocation, the provisional values presented in the annual accounts for 2007 have been modified in the 2008 annual accounts solely for comparative purposes, in the following manner:

Goodwill and other intangible fixed assets	**Provisional**	**Definitive**
Goodwill	44,293	44,293
Intangible assets	18,759	26,799
Deferred tax liabilities		(8,040)
	63,052	**63,052**

Given that the acquisition came into effect at the end of the 2007 financial year, the definitive allocation did not have a significant impact on the Consolidated Profit and Loss Account of the 2007 financial year.

e) Consolidation principles

The Group's consolidation scope was defined according to that established in Standards IAS 27 – Consolidated and separate financial statements and IAS 28 – Investments in associated companies (See Note 3. e-2).

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.

The Parent company considers as subsidiaries the investments with holding percentages greater than 20% and lower than 50%. At 31 December 2008, there is no associated company which forms part of the consolidation scope.

In section e.2 of Note 2 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 2008 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 Group by applying the global integration method, which consists of adding the assets, liabilities and equity, revenue and expenditure, of a similar nature, that appears in their individual annual accounts, duly standardised in order to comply with the IFRS. The book value of shareholdings, direct and indirect, in the capital of subsidiary companies is eliminated applying the fraction of the equity of the subsidiary companies they represent. The remaining balances and significant transactions between the consolidated companies are eliminated in the consolidation process. Furthermore, the shareholdings of third parties in the assets of the Group and in the financial results is 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. If it is positive, this difference appears as a greater amount in the goodwill.

Subsidiaries

The necessary information concerning the companies in Group which form part of the consolidation scope, as at 31 December 2008 (in thousands of euros), is detailed below:

Company		%Voting rights			Abridged financial information (*)							
Name	Address	Direct	Indirect	Total	Total asset IFRS	Company capital paid	Asset Reserves	Other reserves IFRS	Result or fin. year IFRS net of dividend or Reins.	Equity	Applied Premiums, net of Reinsurance	Other Revenues (**)
VidaCaixa, S.A. de Seguros y Reaseguros	Juan Gris, 20-26, Barcelona	80%	–	80%	22,652,225	252,971	104,583	153,383	31,478	542,415	1,803,303	–
SegurCaixa, S.A. de Seguros y Reaseguros	Juan Gris, 20-26, Barcelona	79.99%	20%	99.99%	317,543	9,100	31,839	3,541	6,275	50,755	188,732	–
AgenCaixa, S.A. de Seguros y Reaseguros	Juan Gris, 20-26, Barcelona	99%	0.80%	99.80%	12,534	601	4,629	–	3,329	8,559	–	22,921
SegurVida Consulting, S.A.	Juan Gris, 20-26, Barcelona	80%	–	80%	6,708	60	691	–	67	818	–	109
Grupo Asegurador de "la Caixa", A.I.E.	Juan Gris, 20-26, Barcelona	–	98.61%	98.61%	14,123	9,766	–	–	–	9,766	–	19,537
Invervida Consulting, S.L.	Juan Gris, 20-26, Barcelona	100%	–	100%	1,105	2,905	3,785	–	58	6,748	–	4,385

(*) The financial information of the above companies included in the consolidation scope (total IFRS assets, company capital spent, asset reserves, other IFRS reserves, IFRS financial year result net of dividend, net accrued premiums of reinsurance and other revenues) has been obtained from their corresponding individual audited annual accounts for the 2008 financial year, closed on 31 December of that year, and has been duly adapted by each company to the IFRS-EU regulations adopted by the Group.
(**) Informs on the "Other revenues" concept in the case of non-insurance companies.

– The business purpose of VidaCaixa, S.A. de Seguros y Reaseguros (VidaCaixa) is underwriting different forms of life insurance and reinsurance, including capitalization insurance, and all associated preparatory activities, and acting as a manager and/or promoter of individual or group funds when they are intended to grant their participants services related to human life, and particularly the pension funds regulated by Legislative Royal Decree 1-2002 of 29 November, which approves the revised text of the law regulating Pension Plans and Funds and the complementary provisions that implement or modify it.

– SegurCaixa S.A. de Seguros y Reaseguros (SegurCaixa) is authorised by the Directorate-General of Insurance and Pension Funds (hereafter DGIPF) to operate in non-life lines, focusing its business activity on insurance cover for the risks of accidents, theft, fire and multi-risk. On 28 April 2006, the Board of Directors of SegurCaixa agreed to extend their activity to all the group's sectors under the name of "Seguro de Automóvil", requesting authorisation from the Treasury to act in the sectors understood by said activity, which was granted on 31 October 2006. Insurance activity in this new sector commenced in 2007.

– AgenCaixa, S.A., Agencia de Seguros del Grupo CaiFor, S.A. (AgenCaixa) distributes private insurance, which involves presenting, proposing, preparing and arranging insurance policies, in the name of and on behalf of or solely on behalf of one or more insurance companies authorized to engage in the insurance business.

– SegurVida Consulting S.A. offers economic, tax, technical, stock exchange or any other type of advice. It also carries out advisory and promotion services concerning industrial, commercial, urban, agricultural initiatives and initiatives of any other type.

– Grupo Asegurador de "la Caixa", Agrupación de Interés Económico (hereinafter Agrupación) facilitates the activities of the member companies by providing auxiliary services, such as IT support, courier services, billing, building repairs, supplies and general management services, as well as holding real estate assets for the provision of these services to member companies.

At 31 December 2008, the Subsidiaries of the SegurCaixa Holding maintain the following holdings in the operating fund of Agrupación with the following percentages:

	% Holding
VidaCaixa	75.92%
SegurCaixa	22.23%
AgenCaixa	0.46%

– The purpose of InverVida Consulting, S.L. is to purchase, underwrite, own, administer, adapt and sell all types of fixed assets and holdings, national and foreign, on its own behalf and with no intermediary activity, with the purpose of directing, administering and managing these assets and holdings. At 31 December 2008, this company has a holding of 20% in the company capital of SegurCaixa.

None of the above companies 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 annual consolidated accounts and have been classified in the "Financial investments available for sale – Variable income" portfolio:

Name	% Voting rights	Year of constitution	Thousands of euros			
			Balances at 31 December 2008			
			Consolidated balance of the Group			
			Cost of acquisition	Reasonable value	Subscribed capital	Dividends paid fin. year 2008
GeroCaixa Previsión Empresarial	100%	2000	66	66	30	–
Naviera Itaca I (*)	50%	2005	384	384	3	–
Naviera Itaca II (*)	50%	2005	387	387	3	–
Naviera Itaca III (*)	50%	2005	384	384	3	–
Naviera Itaca IV (*)	50%	2005	387	387	3	–
Naviera Ulises I (*)	50%	2006	1	1	3	–
Naviera Ulises II (*)	50%	2006	2	2	3	–

(*) The holdings the Group owns in these Agrupaciones de Interés Económico, structures for financing shipping, are realised with the guarantee of a certain, known and predetermined profitability, which originates from the tax savings which are attributable to them. In view of this purpose, the Group presents the initial contributions made to these Agrupaciones as the accrual of the certain profitability obtained under the sub-heading the "Available for sale portfolio".

– 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.

– Naviera Itaca I, II, III and IV, A.I.E. (Agrupación de Interés Económico), whose activity is the operation of merchant ships. All of these have their registered offices at Luis Morote, 6, Las Palmas de Gran Canaria. Non-listed companies.

– Naviera Ulises I and II, A.I.E. (Agrupación de Interés Económico), whose activity is the operation of tug boats. All of these have their registered offices at Luis Morote, 6, Las Palmas de Gran Canaria. Non-listed companies.

Notes 5 and 7 of the Report provide information on the most significant acquisitions during the 2008 financial year, in addition to the period between 31 December 2008 and the date on which the present annual accounts were prepared.

The Parent company and its subsidiaries have carried out the notifications referred to in Article 86 of the Rewritten Text of the Law on Joint Stock Companies relating to its subsidiaries, directly or indirectly, in over 10%, in addition to those referred to in article 53 of Law 24-1998 on the Stock Market.

f) 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.

g) Financial information by segments

IAS 14 – Financial information by 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 areas and sub-areas 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.

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 describes the different specific sectors which the Group has administrative authorisation to operate in.

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 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 percentage of the insurance and non-insurance companies of the Group.

Allocation of Revenues and Expenses to the main segments and sub-segments

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

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

h) Statement of cash flows

The following expressions are used in the cash flows 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

When preparing the consolidated financial statements, the following principles, accounting policies and valuation criteria relevant for the Group have been applied:

a) Cash and equivalent liquid assets

This heading 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 assets

Recognition

Financial assets are generally recognised on their liquidation date.

In accordance with IAS 39 – Financial instruments: recognition and valuation, the Group designates the financial instruments at the time of their acquisition or generation as financial assets at the reasonable value with changes in results, as available for sale or as loans and accounts to be received.

Classification of financial assets

Note 6) of the Report shows the balances of the financial assets in force at 31 December 2008 and 2007, together with their specific nature, classified according to the following criteria:

– Financial assets at the reasonable value with changes registered in the profits and losses account (CRVP&L)

These are financial assets which are classified in this portfolio because inconsistencies in the recognition or valuation, also known as accounting imbalances, have been eliminated or reduced to a significant degree, which otherwise would have arisen in the valuation of assets and liabilities or through recognition of the profits or losses of the same with different criteria:

– They are classified as maintained for negotiation, since their aim is short-term sale;

– They are linked to certain insurance liabilities whose valuation base is the market value of these assets.

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.

– Financial assets maintained for negotiation (MFN)

These are acquired for short-term disposal or form part of a portfolio of identified and jointly managed financial instruments of which there is evidence of recent activities in order to obtain short-term profit. This category also includes financial derivatives which are not financial guarantee contracts (for example bank guarantees) and have not been designated as hedge instruments either. This caption also includes implied derivatives which have been recognised and valued separately from their initial contract.

– Loans and payments receivable ("L&PR" portfolio)

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

In this category, 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 coinsurance 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 ("AFS" portfolio):

All financial assets not included in the other portfolios are included in this category.

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 these last instruments, the Group has closed various interest rate financial swap contracts, and has generally received fixed and/or determinable amounts from the different counterparts. The principle aim of these operations is to cover the cash flows necessary to meet the payment of loans 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. Separately valuing the fixed-income securities and these of interest rate swaps would have no significant effect on the Group's own funds.

During the 2008 financial year, and the one immediately before it, no financial instrument was allocated to the portfolio "Held-to-maturity investments".

Valuation of financial assets

On initially recognising a financial asset, the Group values it by its reasonable value, adjusted (in the case of a financial asset which does not enter in the accounts the reasonable value with changes in results) by the transaction costs that are directly attributable to the sale or its issue.

After the initial recognition, the Group values the financial assets, including those derivatives which are assets, by their reasonable values, without deducting the transition costs which may be incurred in the sale, with the exception of certain loans and items receivable which are valued at the amortised cost, using the effective interest rate method.

The reasonable value of a financial instrument on a given date is understood to be the amount for which it can be bought or sold between an interested and duly-informed buyer and a seller, in conditions of mutual independence. The most objective and common reference for the reasonable value of a financial instrument is the price obtained from the public listings in the active market. Wherever this reference exists, it is used to value the financial asset. Nonetheless, in certain cases the prices provided by the different counterparts who are prepared to exchange a certain financial asset are used.

If the market for a financial instrument is not active, the Group establishes the reasonable price using generally-accepted valuation techniques. In this case, valuation models are used which are sufficiently verified by the international financial community, taking into consideration the specific characteristics of the instrument to be valued and the different types of risk associated to it. These valuation models may be used by the Group or by the counterpart who acted as the selling party.

In the case of instruments valued at amortised cost, these are determined taking into consideration the effective interest rate method. Amortised cost is understood to be the amount to which the financial instrument was initially valued, less refunds of the capital, plus or minus, depending on the case, the accrual or gradual, accumulated depreciation, using the real interest rate method, of any difference existing between the initial amount and the repayment value on expiry, less any decrease due to deterioration of the value or being irrecoverable.

All financial assets, except those entered in the accounts at the reasonable value, are subject to review through deterioration of the value.

Deterioration of the value of financial assets

On each date of the balance, the Group evaluates whether there is objective evidence that a financial asset or a group of financial assets has deteriorated, considering those situations which individually or together with others manifest this evidence.

In general terms, the Group considers as evidence of a possible deterioration in the value to be the prolonged fall in the market value of the variable-income securities, individually considered, below 40% of their cost or amortised cost during a period of over 18 months. Evidence of deterioration is also considered to be cases where the latent losses relating to a certain security are irreversible.

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.

In cases where, following the above criteria, deterioration of value may exist, the Group analyses the situation in order to quantify in turn the loss to be entered, if such loss exists. To this effect, the Group applies the following criteria to determine the amount of any loss through deterioration of value:

– Financial assets recorded at amortised cost

  The amount of the loss is valued as the difference between the book amount of the asset and the current value of the estimated future cash flows, discounting the original effective interest rate of the financial asset. The book amount of the asset is reduced using a value correcting account, recognising the amount of the loss in the profit and loss account.

  If, in subsequent periods, the amount of the loss through deterioration of value is reduced, the previously-recognised loss through deterioration 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.

– Financial assets available for sale:

  When a significant fall is produced in the value of a financial asset available for sale, the accumulated loss which has been previously recognised in the equity is removed from it and this is recognised in the profit and loss account for the financial year, even if the financial asset has not been cancelled in accounts.

  Losses through deterioration of the value that are recognised in the financial year result, which correspond to the investment in an asset instrument classified as available for sale (variable income), are not reversed by means of the financial year result. However, the reversals associated with the instruments of debt are recognised in the profit and loss account. As a consequence of the analysis of the deterioration in the present financial year, the company has provided 61,662 thousand euros, which have been registered within "Tangible fixed asset and investment expenses" in the Life sub-account of the attached Consolidated Profit and Loss Account.

Register of the variations arising in the valuations of financial assets and liabilities

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

– The loss or gain in a financial asset at reasonable value with changes in results is recognised in the profit and loss account of the financial year under the caption "Unrealised gains and losses from the investments" or "Profits from investments" from the Life section.

– 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 deterioration 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, the interest rates calculated according to the effective interest rate method are recognised in the financial year result (see Section 1 of this Note). 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.

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 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 reasonable value with re-expression in results".

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".

c) Tangible fixed assets

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

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

These assets are recognised at their cost of acquisition or construction, less the accumulated depreciation and, where appropriate, the accumulated amount of the losses through deterioration 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	Estimated useful life
Property (excluding land)	Between 25 and 50 years
Furniture and Fittings	Between 5 and 13 years
Vehicles	Between 3 and 6 years
Data-processing equipment	Between 3 and 5 years
Other tangible fixed assets	5 years

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

The reasonable values of both the property investments and own-use buildings indicated in Note 6.b.1) of the Report have been obtained from the rating reports prepared by independent experts, which have a maximum life of 3 years and were updated on 31 December 2008, in accordance with the forecast evolution of the real estate market. 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 amortisation and subsequent accumulated losses through deterioration, 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).

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

The reasonable values of both the property investments and own-use buildings indicated in Note 6.b.2) of the Report have been obtained in accordance with the regulation described in the previous section in relation to own-use property.

e) Intangible 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 depreciation, if one exists, and the accumulated amount of the losses through deterioration of value, where appropriate. To determine whether the value of the intangible assets has deteriorated, the Group applies IAS 36 – Deterioration of the value of assets – and subsequent interpretation of this, such as IFRS 4 – Insurance contracts – in cases where this is applicable.

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

Consolidated 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 reasonable 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.

The caption "Consolidated Goodwill" includes at 31 December 2008 the positive difference of consolidation deriving from the extension of the capital holding in the SegurCaixa subsidiary, which the Group already controlled, through the difference between the cost of the new holding and the percentage of the net additional assets acquired according to the value for which they appeared in the Group's consolidated accounting statements.

Said goodwill includes the valuation of certain intangible assets, such as the current value of the future cash flows related to certain insurance contracts, as a consequence of the fact that the Group does not revalue the assets and liabilities of these subsidiaries in which the control percentage has increased. The part of the goodwill attributable to these intangible assets is paid according to the time horizon considered in the estimations which support it, with a maximum of 15 years. Said intangible assets, once identified within the established period of one year, are reclassified and presented within the section Other Intangible Assets of the Intangible Fixed Assets caption in the assets of the balance sheet.

The surplus goodwill is not paid, but the potential deterioration in the value is analysed annually, or more often, if the events or changes in circumstances make this advisable, according to the requirements established in IAS 36 – Deterioration of the value of assets. In cases where a loss occurs owing to deterioration of the value of goodwill, this will be recorded in the profit and loss account of the financial year in which it is declared, and cannot be reverted either to the end of said financial year or to subsequent financial years. (See Note 9.a).

Merger Goodwill

The consolidated balance sheet at 31 December 2008 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, and is depreciated according to its estimated useful life of 12 years. Similarly, the resulting Goodwill is classified under Goodwill in the Intangible Fixed Assets caption. In accordance with applicable accounting regulations, the Group will evaluate the existence of possible deteriorations in the goodwill on an annual basis. (See Note 8).

No deferred taxes were generated from registering this operation.

Other Intangible assets

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

Intangible Assets identified

As described in the Consolidated Goodwill and Merger Goodwill section, the intangible assets identified during the processes of acquisition and merger, respectively, have been classified under this caption.

Computer applications

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

The licences of the computer programs are valued by the amount paid for their ownership or right of use, together with the costs incurred in putting the specific program to use, provided that its use is foreseen for several years, and they are recorded as computer application acquired entirely from third parties. Under this same concept, 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 depreciated 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. concerning pension plan operations that the Group decided to activate in 2002, according to a criterion of greater correlation of income and expenses. These expenses will be depreciated over a maximum period of three years, also taking into account any falls in the portfolio.

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, characteried 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 financial year 2004, the Group has marketed some new types of pension plans that have a cash premium associated to 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 depreciates 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 9.a).

f) Transactions in foreign currencies

Operating 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".

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.

Conversion criteria of balances in foreign currencies

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 reasonable cost are converted into the operating currency by applying the exchange rate at the date on which said reasonable cost 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.

Recording of exchange rates

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 reasonable value is adjusted with counterpart in equity are recorded in equity under the concept "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 reasonable value.

g) Company tax

The Corporation Tax expense for each financial year is calculated according to the reported result before taxes, determined according to the local Spanish accounting principles, increased or reduced accordingly by the permanent differences. These are understood to be those produced between the taxable income and the reported result before taxes, which are not going to be reversed in following periods, as well as those derived from the application of the IFRS and for which a reversal will neither be produced. When the value differences are registered in equity, the corresponding corporate income tax is also registered against equity.

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

On 29 November 2006, the Law 35-2006 concerning Income Tax for Physical Persons and the partial modification to the laws concerning taxes on Companies, Non-Residents and Equity was published. This law, which came in to force on 1 January 2007, has modified, amongst other issues, the Corporate Tax rate, being 32.5% for tax periods starting from that date and 30% for those starting 1 January 2008.

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.

The assets and liabilities through deferred taxes which are presented in the consolidated balance of the Group at 31 December 2008 have been estimated according to the new rates envisaged.

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 ordinary 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 Company Tax at 31 December 2008 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 has been in the fiscal consolidation regime within the "la Caixa" Group since the 2008 financial year, therefore the balances payable for said concepts are recorded under Debts with Group Companies in the caption "Debts and payable items" 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.

The main financial liabilities the Group maintains refer to issues of subordinated debt. These issues are presented net of the expenses associated to them, which are imputed to the profit and loss account as greater financial expenses, a time period of 10 years from each issue being considered.

Following the initial recognition, the Group generally values all its financial liabilities at the amortised cost, using the effective interest rate method.

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

At 31 December 2008, 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.

Classification of the contracts portfolio

The Group evaluated and classified 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 were classified as "insurance contracts".

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

Valuation of assets and liabilities derived from insurance and reinsurance contracts

IFRS 4 restricts the changes in accounting policies followed in insurance contracts. In line with this regulation, the Group maintains the valuation regulations established for assets and liabilities derived from insurance contracts under the accounting principles and valuation regulations established in Spain for such contracts, except for carrying out the following adjustments, which are obligatory for all insurance companies:

– It carries out the liabilities suitability test set out in IFRS 4, in order to guarantee the sufficiency of the 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. The valuations of the insurance contracts also include the related cash flows, such as those coming from the implicit options and guarantees.

In order to avoid some of the imbalances produced by using different valuation criteria for financial investments, mainly classified in the "available for sale" portfolio, and the liabilities derived from insurance contracts, the Group reassigns, by reducing the adjustments owing to changes in the value of equity through the "Mathematical provision" caption, that part of the non-realised 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 rate authorised by the DGIPF. Furthermore, the remaining gains are maintained within Equity.

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

For unconsumed and unearned premiums

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 unearned premium reserve is aimed at complementing the unconsumed 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 unconsumed premiums of insurance contracts with a period of coverage equal to or lower than the year and principally, for the other insurance contracts, the mathematical reserve. The mathematical 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 policyholder

For presentation purposes, the caption in the liabilities "Technical provisions – 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 13 of the Report).

Claims

This account represents the total amount of pending liabilities arising from claims that occurred before the 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 and claims pending declaration

This account represents the total amount of pending liabilities arising from claims that occurred before the 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.

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 provision of claims 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 ROSSP. 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 that established in Article 42 of Royal Decree 239-2007, of 16 February, which modifies the ROSSP, irrespective of the calculation method used and in compliance with the current regulation.

Reserves for share in profits and returns

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

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 "Other 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 "Items receivable – Other credits" of the consolidated balance sheet.

Agreements between insurance companies

The subsidiary SegurCaixa participates in the CICOS system for settling certain claims in the automobile area (application of the CIDE-ASCIDE agreements). The credits against insurance companies originating by virtue of the claims settlement agreements are recorded in the active balance of the Group under the concept "Debtors through agreements between insurance companies", along with the other balances in the caption "Other credits" in the "Loans and payments receivable"portfolio.

In addition, the quantities pending payment to insurance policyholders, to effect the claims settlement agreements are included under the concept "Debts through agreements with insurance companies", which is shown alongside the other reserves in the caption "Non-technical reserves" of the attached consolidated balance sheet. In all cases, the aforementioned reserve for claims includes the amounts pending payment to other insurance companies to effect these agreements, when the insurance companies have the person responsible for the damage insured.

Reinsurance

The reinsurance contracts signed between subsidiary insurance companies of the Group and other insurance companies transmit, in all cases, a significant 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.

Reserves for pensions and similar risks

The principal companies of the Group 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.

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 2008 financial year, the subsidiary companies contributed 337 thousand euros to this Fund (326 thousand euros in 2007).

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

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) 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:

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 unconsumed 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.

Income and expenses through interest and similar concepts

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.

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.

Commissions

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

The solvency margin is calculated in accordance with the corresponding articles established in the ROSSP, modified by RD 297-2004, of 20 February, RD 239-2007, of 16 February, RD 1318-2008, of 24 July. These assets will basically consist of the company capital paid, the reserves, the undistributed profit, the subordinate financing, the capital gains of the investments linked to reserves and the expenses to be distributed will be deducted.

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.

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

– Credit Risk

In general SegurCaixa Holding 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 Company 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 SegurCaixa Holding is determined by internal compliance with the actions defined by the Managment 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, SegurCaixa Holding 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, SegurCaixa Holding 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 Scoreboard, aimed at keeping the synthetic vision of the products' technical evolution up-to-date. This Balanced Scoreboard 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 the insurance risk (IFRS 4):

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

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

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

5. Acquisitions and disposals of holdings in the capital of subsidiary and associate companies

On 31 March 2008, Caja de Ahorros y Pensiones de Barcelona, as vendor, signed a share sale and purchase agreement with VidaCaixa, as purchaser, for the shares of "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.), the efficiency of the transaction being subject to the compliance of a prior obligation and condition precedent. Once these had been complied with, on 25 June 2008, the parties converted the share sale and purchase agreement for the shares of "la Caixa Gestión de Pensiones, E.G.F.P., S.A.U." into a public document.

On 25 June, the Boards of Directors of both companies signed a merger project, which resulted in "la Caixa" Gestión de Pensiones" being absorbed by VidaCaixa, with the consequent dissolution and termination without liquidation of the former and the transfer of all the assets of the absorbed company to VidaCaixa, by means of universal transfer. Said merger was approved by the General Shareholder Meetings of the two companies on 30 June 2008 and approved by the DGIPF on 30 November 2008, with retroactive effect from 30 June 2008.

In accordance with the audited annual accounts of VidaCaixa for the 2008 financial year and the adjustments to be made in order to comply with standard IFRS 3 – Business Combinations –, the reasonable value of the identifiable assets and liabilities at 31 December 2008, together with the calculation of goodwill, are as follows (in Thousands of euros):

Concept	Balance at 30-06-2008	Purchase adjustments at opening balance	Balance at 30-06-2008
Assets			
Intangible assets	30	6,954	6,984
Credits, tax and other assets	707	–	707
Cash and cash equivalents	12,039	–	12,039
Other assets	6	–	6
Total assets	**12,782**	–	**19,736**
Liabilities		–	
Other reserves	–	–	
Debts, tax debts and other liabilities	1,624	–	1,624
Total liabilities	**1,624**	–	**1,624**
Reasonable value of equity	11,156	6,954	18,110
Goodwill	–	–	3,407
TOTAL COST			**21,517**

In this operation there is an intangible asset valued at 6,954 thousand euros and a goodwill which the Company has valued at 3,407 thousand euros. These amounts are recorded in the "Intangible Fixed Assets" caption of the attached balance sheet. The aforementioned identified intangible asset is depreciated in accordance with its estimated useful life, which, at the time of the balance sheet, is established at 12 years (see Note 3-e.2).

6. Financial assets

The detail of the financial assets at 31 December 2008, without considering the holdings in other companies valued by the participation method (equity method), is as follows (in thousands of euros):

Investments classified by category of financial assets and type	Financial assets held for trading (MFN)	Other financial assets at the reasonable value with changes registered in the profits and losses account (CRVP&L)	Financial assets available for sale (AFS)	Loans and payments receivable ('L&PR')	Total at 31-12-2008
Financial investments					
Asset instruments					
Financial investments in capital	–	–	44,449	–	44,449
Holdings in investment funds	–	–	–	–	–
Debt securities	–	–	17,224,196	–	17,224,196
Investments on behalf policyholders who assume the risk of the investment	–	169,523	–	–	169,523
Loans	–	–	–	142,405	142,405
Other financial assets	25,585	–	–	–	25,585
Deposits in credit entities	–	–	–	–	–
Deposits constituted for accepted reinsurance	–	–	–	–	–
Credits					
Credits through direct insurance and coinsurance operations	–	–	–	110,222	110,222
Credits through reinsurance operations	–	–	–	4,598	4,598
Other credits	–	–	–	87,690	87,690
Deterioration in value	–	–	(61,662)	–	(61,662)
TOTAL	**25,585**	**169,523**	**17,206,983**	**344,915**	**17,747,005**

The same information at 31 December 2007 is as follows (in thousands of euros):

Investments classified by category of financial assets and type	Other financial assets at reasonable value with changes in the profits and losses account (CRVP&L)	Financial assets available for sale (AFS)	Loans and payments receivable ('L&PR')	Total at 31-12-2007
Financial investments				
Asset instruments				
Financial investments in capital	–	77,823	–	77,823
Holdings in investment funds	–	30,134	–	30,134
Debt securities	–	16,556,713	–	16,556,713
Investments on behalf policyholders who assume the risk of the investment	253,619	–	–	253,619
Loans	–	–	187,105	187,105
Other financial assets	–	–	–	–
Deposits in credit entities	–	–	–	–
Deposits constituted for accepted reinsurance	–	–	–	–
Credits				
Credits through direct insurance and coinsurance operations	–	–	107,023	107,023
Credits through reinsurance operations	–	–	937	937
Other credits	–	–	74,766	74,766
Deterioration in value	–	–	–	–
TOTAL	**253,619**	**16,664,670**	**369,831**	**17,288,120**

a) Financial Investments

Financial assets maintained for negotiation

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

	MFN
	Derivatives
Net Book Value at 1 January 2007	**–**
Purchases	–
Sales and amortisations	–
Reclassifications and transfers	–
Net Book Value at 1 December 2007	**–**
Purchases	–
Sales and amortisations	–
Reclassifications and transfers	25,585
Revaluations against reserves	–
Revaluations against results	–
Changes in the losses through deterioration of value	–
Net Book Value at 31 December 2008	**25,585**

The investments held in derivatives at 31 December 2008 correspond to implied derivatives which the Group has valued and recorded separately and which, in their entirety, correspond to options on stock indices and weighted baskets of shares. The accrual dates of such derivatives is between 2019 and 2021. The reasonable value of such investments has been calculated from the final listing, in the case of securities listed in organised markets, and in the case of non-listed securities or securities without a representative listing, the market value has been calculated by applying general accepted valuation methods.

Financial assets at the reasonable value with changes registered in the profits and losses account

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

Investment on behalf of policyholders who assume the risk of the investment	
Net Book Value at 1 January 2007	**330,504**
Purchases and accruals	113,081
Sales, accruals and depreciations	(185,914)
Revaluations against results	(4,052)
Changes in the losses through deterioration of value	–
Net Book Value at 31 December 2007	**253,619**
Purchases and accruals	108,798
Sales, accruals and depreciations	(85,822)
Revaluations against results	(107,072)
Changes in the losses through deterioration of value	
Net Book Value at 31 December 2008	**169,523**

At 31 December 2008, the income from investments on behalf of policyholders who assume the risk of the investment totalled 110,549 thousand euros, while the expenses of the same totalled 139,977 thousand euros. 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.

Financial assets available for sale

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

	AFS		
	Financial investments in capital	**Debt securities**	**Total**
Net Book Value at 1 January 2007	**83,766**	**17,484,891**	**17,568,657**
Purchases	–	3,120,435	3,120,435
Sales and amortisations	(21,661)	(3,244,002)	(3,265,663)
Reclassifications and transfers	–	–	–
Revaluations against reserves	15,718	(774,477)	(758,759)
Changes in the losses through deterioration of value	–	–	–
Net Book Value at 31 December 2007	**77,823**	**16,586,847**	**16,664,670**
Purchases	36	4,029,041	4,029,077
Sales and amortisations	(5,028)	(3,574,553)	(3,579,581)
Reclassifications and transfers	2,778	(25,585)	(22,807)
Revaluations against reserves	(31,160)	208,446	177,286
Changes in the losses through deterioration of value	–	(61,662)	(61,662)
Net Book Value at 31 December 2008	**44,449**	**17,162,534**	**17,206,983**

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

The unrealised capital gains of the financial instruments associated to the portfolio which remunerates the Group's own funds is 4,583 thousand euros (7,065 thousand euros in the 2007 financial year), registered as a credit and/or debit in the reserves owing to net valuation adjustments of the corresponding tax effect and the imputation to external partners.

During the course of the 2008 financial year, 57,841 thousand euros were written off corresponding to unrealised gains net of losses in the "Available for sale" portfolio, these amounts being recognised in the consolidated profit and loss account for the period after they were transferred. In the 2007 financial year, net gains of 5,659 thousand euros were recognised respectively for said concept in the profit and loss account.

Loans and payments receivable

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

	L&PR				
	Non-mortgage loans and advance payments on policies	**Mortgage loans**	**Other financial assets without published prices**	**Deposits constituted for accepted reinsurance**	**Total**
Net Book Value at 1 January 2007	**229,260**	**1,377**	**8,643**	**1**	**239,281**
Purchases	56,201	–	1,230	–	57,431
Sales and amortisations	(109,436)	(170)	–	–	(109,606)
Reclassifications and transfers	–	–	–	–	–
Revaluations against reserves	–	–	–	–	–
Changes in the losses through deterioration of value	–	–	–	–	–
Net Book Value at 31 December 2007	**176,025**	**1,207**	**9,873**	**1**	**187,106**
Purchases	64,119	–	–	–	64,119
Sales and amortisations	(108,603)	(136)	(81)	–	(108,820)
Reclassifications and transfers	–	–	–	–	–
Revaluations against reserves	–	–	–	–	–
Changes in the losses through deterioration of value	–	–	–	–	–
Net Book Value at 31 December 2008	**131,541**	**1,071**	**9,792**	**1**	**142,405**

a.1) Financial investments in capital

The following is the breakdown of the balances in this sub-caption at 31 December 2008 and 2007:

	Thousands of euros	
	AFS Portfolio	
	31-12-2008	**31-12-2007**
Shares in Spanish listed companies	42,603	70,974
Shares in unlisted Spanish companies	1,846	57
Shares in listed foreign companies	–	6,792
TOTAL	**44,449**	**77,823**

At 31 December 2008, the Group owns 0.5044% of the company capital of Abertis Infraestructuras, S.A. (ABERTIS). The business purpose of the company is the construction, maintenance and operation of motorways in Spain and abroad; the construction of road infrastructures; activities complementary to the construction, maintenance and operation of motorways, such as service stations, integrated logistics and/or transport centres and/or car parks, as well as any activity related to transport and communication and/or telecommunication infrastructures in the service of the movement and transport of people, goods and information, with authorisation, where necessary. It has its registered office in Barcelona at Avenida del Parc Logístic, 12-20, and at 31 December 2008 had a total share capital of 2,010,987 thousand euros, reserve assets of 889,932 thousand euros and a net income in the current period of 518,065 thousand euros, before deducting a dividend amounting to 201,099 thousand euros, according to public data according to IFRS-EU. In 2008, the Group received 1,916 thousand euros in dividends on these shares. The market value of these shares at December 31, 2008, taking into consideration their valuation at 30 December 2008, 12.60 euros a share, was higher than the book value by 27,320 thousand euros.

The Group also has a stake in the company "Tecnologías de la información y redes para las entidades aseguradoras, S.A.", valued at 90 thousand euros.

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

a.2) Fixed-income securities

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

	Thousands of euros	
	AFS Portfolio	
	31-12-2008	31-12-2007
Public Debt and Government obligations and bonds	2,055,296	2,588,768
Other Public Administration	714,171	254,370
Issued by financial companies	1,514,461	842,816
Foreign Public Debt	2,579,779	2,727,368
Issued by foreign financial companies	1,316,275	1,117,826
Other fixed income values	8,982,552	9,055,699
TOTAL	**17,162,534**	**16,586,847**

The average internal rate of return of the portfolio at 31 December 2008 is 4.89% (4.70% at 31 December 2007), with an estimated average duration of approximately 11 years.

The returns accrued by these fixed income securities, different to the variation in their reasonable value, due basically to interest rates and net accrual of the positive and negative premiums, are recorded in the caption "Net income from investments" of the profit and loss account, being a total of 809,161 thousand euros in the 2008 financial year (813,870 thousand euros in 2007).

The maturity dates of the securities included in this sub-caption, according to their allocation portfolio at 31 December 2008 and 2007, and taking into consideration their reasonable value, are as follows:

Maturity	Thousands of euros	
	AFS Portfolio	
	31-12-2008	31-12-2007
Less than 1 year	1,657,049	1,185,319
1 to 3 years	2,037,018	2,558,632
3 to 5 years	1,239,702	1,182,900
5 to 10 years	2,063,578	2,111,438
10 to 15 years	1,617,138	782,904
15 to 20 years	862,309	849,541
20 to 25 years	1,950,223	2,239,444
More than 25 years	5,735,517	5,676,669
TOTAL	**17,162,534**	**16,586,847**

a.3) Investments of insurance policyholders who assume the investment risk

The following is the breakdown of the balances in this sub-caption at 31 December 2008 and 2007:

Investment on behalf of life insurance policy holders who assume the risk of the investment	Other financial assets at the reasonable value with changes registered in the profits and losses account (CRVP&L)	
	31-12-2008	**31-12-2007**
Variable Income	13,659	35,087
Holdings in investment funds	67,011	135,831
Fixed income and other investments	88,853	82,701
TOTAL	**169,523**	**253,619**

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

Maturity	Thousands of euros	
	CRVP&L	
	31-12-2008	**31-12-2007**
Less than 1 year	34,539	25,125
1 to 3 years	6,175	33,670
3 to 5 years	6,057	3,700
5 to 10 years	27,311	18,951
More than 10 years	14,771	1,255
TOTAL	**88,853**	**82,701**

The variation during the financial year 2008 of the gains net of losses of these assets totalled (107,072) thousand euros (4,055) thousand euros respectively in 2007). They are recorded in the caption "Unrealised gains and losses from investments" in the profit and loss account of the Life segment.

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 2008 and 2007:

	Thousands of euros	
	L&PR	
	31-12-2008	**31-12-2007**
Non-mortgage loans and advance payments on policies:		
Loans to policyholders – financed premiums	131,542	177,030
Advance payments on policies	9,792	8,868
Mortgage loans	1,071	1,207
TOTAL	**142,405**	**187,105**

The maturity dates of the non-mortgage loans the Group maintains at their amortised cost are between 2008 and 2012 and refer to loans the company VidaCaixa conceded to various companies in the framework of the process of outsourcing commitments for pensions.

The interest rate for the remaining mortgage loans is fixed during the first year and variable after the second year. The reference index applied is the one year inter-bank rate (EURIBOR) or the average mortgage rate for more than three years.

Short-term deposits and investments in treasury bills and repo debt is recorded in the consolidated balance sheet under the caption "Cash and equivalent liquid assets".

a.5) Losses through deterioration of value

During the 2008 financial year, losses through deterioration of value were recognised for fixed-income securities contained in the available for sale portfolio to the value of 61,662 thousand euros.

During the 2007 financial year, no losses through deterioration of value were recognised for any type of financial assets.

b) Credits

The following is the detail of the credits derived from insurance, reinsurance and coinsurance contracts at 31 December 2008 and 2007:

	Thousands of euros	
	L&PR	
	31-12-2008	31-12-2007
Credits through direct insurance and co-insurance operations		
Insurance policyholders – receipts pending		
Direct and reinsurance business	33,042	18,993
Premiums accrued and not issued	34,521	28,704
(Reserve for premiums pending payment)	(8,009)	(5,141)
Mediators		
Pending balances with mediators	32,254	46,150
(Reserve for deterioration of balance with mediators)	(243)	(375)
Accounts receivable for coinsurance operations	18,658	18,692
Credits through reinsurance operations		
Pending balance with reinsurance companies	4,598	937
Other credits		
Other credits	87,689	74,765
TOTAL	**202,510**	**182,725**

The movement and detail of the losses of value recorded during the financial years 2008 and 2007 are set out in the following table, the different variations having been recorded in the captions “Net reinsurance premiums imputed” and “Net operating expenses” in the profit and loss account applicable to each segment.

	Reserve for pending premiums	Reserve for deterioration of balance with mediators
Balance at 1 January 2007	**(6,507)**	**(558)**
Endowments charged to results		
Applications with payment to results	1,366	183
Balances at 31 December 2007	**(5,141)**	**(375)**
Endowments charged to results	(2,868)	–
Applications with payment to results	–	132
Balances at 31 December 2008	**(8,009)**	**(243)**

The breakdown of other credits in the consolidated balance sheet at 31 December 2008 and 2007 are detailed below:

Other Credits	Thousands of euros	
	31-12-2008	**31-12-2007**
Administration commissions and other commissions to be received	68,927	66,349
Other debtors	13,393	8,301
Creditors for securities	5,369	115
TOTAL	**87,689**	**74,765**

7. Tangible fixed assets and property investments

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 2008 (in thousands of euros):

	Buildings for own use	Furniture and Fittings	Vehicles	Data processing equipment	Total
Cost at 1 January 2008	**8,472**	**7,563**	**30**	**6,116**	**22,181**
Accumulated Amortisation at 1 January 2008	**(948)**	**(4,738)**	**(27)**	**(4,885)**	**(10,598)**
Losses through deterioration	–	–	–	–	–
Net Book Value at 1 January 2008	**7,524**	**2,825**	**3**	**1,231**	**11,583**
Investments or Additions	–	129	–	943	1,072
Advance payments in progress	–	–	–	–	–
Reclassifications and transfers	–	–	–	–	–
Sales and Disposals	–	–	(30)	(2)	(32)
Amortisation of financial year	(108)	(573)	(3)	(455)	(1,151)
Reclassifications and transfers of the amortisation	–	–	–	–	–
Disposals of the amortisation	–	–	30	–	30
Losses through deterioration	–	–	–	–	–
Net Book Value at 31 December 2008	**7,416**	**2,381**	**0**	**1,717**	**11,514**

Detail of Net Book Value at 31 December 2008

	Buildings for own use	Furniture and Fittings	Vehicles	Data processing equipment	Total
Cost at 31 December 2008	**8,472**	**7,692**	–	**7,057**	**23,221**
Accumulated Amortisation at 31 December 2008	**(1,056)**	**(5,323)**	–	**(5,340)**	**(11,719)**
Losses through deterioration	–	–	–	–	–

The following is the movement and breakdown corresponding to the 2007 financial year (in thousands of euros):

	Buildings for own use	Furniture and Fittings	Vehicles	Data processing equipment	Total
Cost at 1 January 2007	**8,472**	**7,051**	**30**	**5,147**	**20,700**
Accumulated Amortisation at 1 January 2007	**(840)**	**(4,177)**	**(22)**	**(4,592)**	**(9,631)**
Losses through deterioration	–	–	–	–	–
Net Book Value at 1 January 2007	**7,632**	**2,874**	**8**	**555**	**11,069**
Investments or Additions	–	512	–	969	1,481
Advance payments in progress	–	–	–	–	–
Reclassifications and transfers	–	–	–	–	–
Sales and Disposals	–	–	–	–	–
Amortisation of financial year	(108)	(561)	(5)	(293)	(967)
Reclassifications and transfers of the amortisation	–	–	–	–	–
Disposals of the amortisation	–	–	–	–	–
Losses through deterioration	–	–	–	–	–
Net Book Value at 31 December 2007	**7,524**	**2,825**	**3**	**1,231**	**11,583**

At 31 December 2008 and 2007, the Group has full rights of ownership over these properties, none of them being liable as any type of guarantee. Further, the Group has no commitment to acquire new properties. At the 2008 financial year close, all tangible assets of the Group are used directly for operational purposes.

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

The market value at 31 December 2008 of the properties used by the Group and of the investments is summarised below (in thousands of euros):

	Market value at 31 December 2008			
	Non-life Segment	Life Segment	Other activities Segment	Total
Buildings for own use	**5,038**	**17,519**	**104**	**22,661**

At the close of the previous financial year, the market value of the investments allocated to the Non-life, Life and Other activities segments was 4,206, 14,626 and 87 thousand euros, respectively.

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 2008 (in thousands of euros):

	Property investments third-party use
Cost at 1 January 2008	**2,271**
Accumulated Amortisation at 1 January 2008	**(152)**
Losses through deterioration	**–**
Net Book Value at 1 January 2008	**2,120**
Investments or Additions	–
Reclassifications and transfers	–
Sales and Disposals	–
Amortisation of financial year	(3)
Reclassifications and transfers of the amortisation	–
Disposals of the amortisation	–
Losses through deterioration	–
Net Book Value at 31 December 2008	**2,117**

Detail of Net Book Value at 31 December 2008	Property investments third-party use
Cost at 31 December 2008	**2,272**
Accumulated Amortisation at 31 December 2008	**(155)**
Net Book Value at 31 December 2008	**2,117**

The following is the movement and breakdown corresponding to the 2007 financial year (in thousands of euros):

	Property investments third-party use
Cost at 1 January 2007	**2,389**
Accumulated Amortisation at 1 January 2007	**(204)**
Losses through deterioration	**–**
Net Book Value at 1st January 2007	**2,185**
Investments or Additions	–
Reclassifications and transfers	–
Sales and Disposals	(117)
Amortisation of financial year	(14)
Disposals of the amortisation	66
Reclassifications and transfers of the amortisation	–
Losses through deterioration	–
Net Book Value at 31 December 2007	**2,120**

During the course of the 2008 financial year, the Group recorded no losses of value chargeable to the profit and loss account and has full rights of ownership over them. The group in turn has no additional commitments for the acquisition of new tangible assets.

At the close of the 2008 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 2008 of the Group's property investments is summarised below (in thousands of euros):

	Market value at 31 December 2008			
	Non-life Segment	Life Segment	Other activities Segment	Total
Property investments third-party use	–	7,949	–	7,949

At the close of the previous financial year, the market value was 7,671 thousand euros, being fully allocated to the life segment.

8. Intangible assets

The movements produced in this caption during the financial years 2008 and 2007 are as follows:

	Thousands of euros								
						Other Intangible assets			
	Consolidated Goodwill	Consolidated Intangible assets	Merger Goodwill	Merger Intangible assets	Computer applications	Pension fund expenses	Marketing expenses of other Non-life insurance policies	Other expenses of acquisition of pension plans and life insurance contracts	Total Intangible assets
Cost at 1 January 2007	**–**	**–**	**–**	**–**	**18,789**	**6,372**	**1,195**	**19,018**	**45,374**
Accumulated Amortisation at 1 January 2007	**–**	**–**	**–**	**–**	**(17,676)**	**(2,717)**	**(297)**	**(3,588)**	**(24,278)**
Net Book Value at 1 January 2007	**–**	**–**	**–**	**–**	**1,113**	**3,655**	**898**	**15,430**	**21,096**
Additions	44,293	26,799	–	–	657	2,043	149	9,814	83,755
Disposals	–	–	–	–	–	–	–	–	–
Reclassifications and transfers	–	–	–	–	–	–	–	–	–
Amortisation of financial year	–	–	–	–	(502)	(2,598)	(279)	(6,113)	(9,492)
Disposals in the amortisation	–	–	–	–	–	–	–	–	–
Losses through deterioration	–	–	–	–	–	–	–	–	–
Cost at 31 December 2007	**44,293**	**26,799**	**–**	**–**	**19,446**	**8,415**	**1,344**	**28,832**	**129,129**
Accumulated Amortisation at 31 December 2007	**–**	**–**	**–**	**–**	**(18,178)**	**(5,315)**	**(576)**	**(9,701)**	**(33,770)**
Net Book Value at 31 December 2007	**44,293**	**26,799**	**–**	**–**	**1,268**	**3,100**	**768**	**19,131**	**95,359**
Additions	–	–	3,407	6,953	690	964	80	18,022	30,116
Disposals	–	–	–	–	–	–	–	–	–
Reclassifications and transfers	–	–	–	–	–	–	–	–	–
Amortisation of financial year	–	(1,787)		(290)	(495)	(2,737)	(243)	(10,222)	(15,774)
Disposals in the amortisation	–	–	–	–	–	–	–	–	–
Losses through deterioration	–	–	–	–	–	–	–	–	–
Cost at 31 December 2008	**44,293**	**26,799**	**3,407**	**6,953**	**1,958**	**4,064**	**848**	**37,153**	**125,475**
Accumulated Amortisation at 31 December 2008	–	**(1,787)**	–	**(290)**	**(495)**	**(2,737)**	**(243)**	**(10,222)**	**(15,774)**
Net Book Value at 31 December 2008	**44,293**	**25,012**	**3,407**	**6,663**	**1,463**	**1,327**	**605**	**26,931**	**109,701**

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

a) Consolidated Goodwill and Consolidated Intangible Assets

On 11 July 2007, the Parent company reached an agreement for the acquisition, for the sum of 74,398 thousand euros, of the shares which the Fortis Group indirectly owned in SegurCaixa (20%). The Group thus obtained a 100% holding in SegurCaixa.

The SegurCaixa intangible assets includes the current value of the future cash flows relating to insurance contracts of the Household Multirisk area, which were already in force on the date of increasing the holding percentage, for the total initial sum of 26,799 thousand euros. In order to determine this current value, a discount rate of 9.5% has been used and a time horizon of 15 years, the period in which the Group will amortise it.

During the 2008 financial year, for the surplus goodwill associated with the SegurCaixa subsidiary, an analysis has been made of the eventual loss of value. This current value has been discounted by applying a discount rate which includes a risk premium according to the opportunity cost established by the principal shareholder of the SegurCaixa Holding.

As a result of this analysis, it was determined that there is no need to register losses through deterioration of value which affect the consolidated goodwill. According to the estimations and projections of the Administrators and Managers of the Parent company, the forecast income and cash flow attributable to the Group of these companies support the net value of the goodwill recorded.

b) Merger Goodwill and Intangible Assets

This caption includes the Merger Goodwill and Intangible Assets from the acquisition of "la Caixa" Gestión de Pensiones, E.G.F.P., S.A.U." described in Note 5 *Acquisitions and disposals of holdings in the capital of subsidiary and associate companies*.

c) Computer applications and other intangible assets not generated internally

These intangible assets have a defined useful life, according to their nature, and their amortisation criteria is described in the valuation rules. See Note 3.a.2) of the Report.

In the last two financial years, the Group has not recorded any loss through deterioration 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 2008 financial year close, all tangible assets of the Group are used directly for operational purposes.

9. Fiscal 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) Fiscal consolidation regime

Since 1 January 2008, with the prior authorisation of the Tax Administration, all the consolidated companies pay Company Tax under the Fiscal Consolidation Regime jointly with the Caja de Ahorros y Pensiones 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 fiscal 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 2008 financial year. See Note 2.h) of the Report.

b) Assets and liabilities through ordinary tax

These assets and liabilities sub-captions include the following concepts at 31 December 2008 and 2007.

	Thousands of euros	
	31-12-2008	31-12-2007
Assets through ordinary tax		
Income Tax receivable for		
Other debtor balances of other fiscal groups or individual companies	23,201	1,461
Total assets through ordinary tax	**23,201**	**1,461**
Liabilities through ordinary tax		
Income Tax payable for		
Parent company consolidated Group tax liquidation amount owing	–	27,410
Other debtor balances of other fiscal groups or individual companies	22,929	23,463
Total liabilities through ordinary tax	**22,929**	**50,873**

The assets and liabilities through ordinary tax consist of fiscal credits and debts which are expected to be offset at the moment of settlement of company tax with the Tax Administration.

c) Assets and liabilities through deferred tax

At 31 December 2008, the Group additionally has anticipated and deferred taxes for the amount of 49,143 and 48,105 thousand euros respectively, recorded under the captions "Assets through deferred taxes" and "Liabilities through deferred taxes".

At 31 December 2007 said prepaid and deferred taxes totalled 50,013 and 36,753 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 and exchange rate differences) have been recorded through said account without having any effect on the consolidated profit and loss account for the 2008 financial year.

d) Taxes charged on equity and deferred taxes

Independently of the taxes on profits charged to the consolidated profit and loss accounts, the Group charged 2,215 thousand euros to its consolidated equity in the 2008 financial year. This sum has increased the liabilities through deferred taxes which the Group presented at 31 December 2008 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 2008 and 2007 are the following:

	Thousands of euros	
Deferred Debtor Taxes with Origin in:	**31-12-2008**	**31-12-2007**
Anticipated taxes recorded under local regulations	–	12,068
Adaptation of the life insurance provision tables	22,712	21,677
Sales of fixed income securities	26,351	16,216
Others	80	52
TOTAL	**49,143**	**50,013**

Deferred Creditor Taxes with Origin in:	Thousands of euros 31-12-2008	31-12-2007
Adjustments through valuations of financial investments	1,990	3,452
Stabilisation reserve	–	159
Sales of fixed income securities	38,611	25,102
Adjustment of consolidated intangible assets	7,504	8,040
TOTAL	**48,105**	**36,753**

e) Conciliation of the book and tax results

The following is the detail of the Tax expense of companies reflected in the attached consolidated profit and loss account for the financial years 2008 and 2007:

	Thousands of euros 2008	2007
Locally based taxable income before taxes	**450,768**	**360,599**
Elimination intra-group dividends	(183,748)	(114,914)
Adjustment recovery intra-group commissions	1,523	836
Taxable income of Group	**268,543**	**246,521**
Payable value (30%)	**80,563**	**80,119**
Deductions	**(1,785)**	**(598)**
Liquid value of Group	**78,778**	**79,521**

	Thousands of euros 2008	2007
Tax of SegurCaixa Holding, S.A. and Subsidiaries	**78,778**	**79,521**
Corporation Tax of other companies not belonging to the consolidated tax group	–	12
Consolidation and application of IFRS adjustments	1,690	674
Tax of SegurCaixa Holding, S.A. and Subsidiaries	**80,468**	**80,207**

f) Financial years subject to tax inspection

According to the current legal dispositions, tax liquidations may not be considered final until they have been inspected by the tax authorities and the prescribed legal periods have passed.

The Parent company has made available for inspection the 2004 financial year for Company Tax and the financial years 2005 to 2008 for all other applicable taxes. The remaining consolidated companies are generally available for inspection by the tax authorities for the financial years determined in the tax regulations which apply to the main taxes they are liable for.

10. Financial liabilities

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 2008 (in thousands of euros):

Portfolio of debts and payable items		
	Thousands of euros	
Financial liabilities	**31-12-2008**	**31-12-2007**
Subordinated liabilities	**290,613**	**289,204**
Deposits received for ceded reinsurance	3,312	4,066
Debts through insurance and co-insurance operations	72,529	60,054
Debts through reinsurance operations	3,965	9,014
Other debts	120,471	71,959
Debts through temporary assignment of assets	4,834,744	2,064,442
TOTAL	**5,325,634**	**2,498,739**

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 "Subordinated Liabilities" of the consolidated balance sheet. The issue comprises one hundred and fifty thousand (150,000) Subordinated Perpetual Obligations with a par value of 1,000 euros each.

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 vary through the life of the issue, although from 29 December 2000 until 30 December 2010, the minimum rate of the coupon to which the Subordinated Perpetual Obligations give entitlement will be at least 4.43% (4.50% APR), with a maximum 6.82% (7% APR) on the nominal.

On 1 December 2004, VidaCaixa proceeded to issue Subordinated Debt for an amount of 146,000 thousand euros, which is recorded in the caption "Subordinated Liabilities" 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 referred to the Euribor index. The Nominal Interest Rate will vary throughout the life of the issue, although from 1 December 2004 until 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 time period. However, according to the provisions of articles 58 and 59 of the Regulations on the Administration and Supervision of Private Insurance, they may be totally or partially amortised at the will of the issuer with the previous authorisation of the Directorate-General for Insurance and Pension Funds. If applicable, the obligations will be amortised to 100% of their par value.

At 31 December 2008, the amount pending amortisation of the expenses associated to the issues was 5,387 thousand euros (6,796 thousand euros at the close of the previous financial year) and are subtracted from value of the subordinate liabilities. The value of the subordinate liabilities was also corrected by the amount pending amortisation corresponding to the net premium charged through the "collar" which insures the minimum and maximum interest rates during the first 10 years of the issues, which was 155 thousand euros at the close of the 2008 financial year.

In the 2008 financial year, 14,498 thousand euros were recorded as a financial expense derived from such issues (12,837 in 2007), having settled the quarterly coupons applying an interest rate of 4.90% for the first issue (4.52% in 2007) and 4.90% for the second issue (4.15%). This is recorded in the caption "Tangible assets and investment expenses" of the other activities segment profit and loss account.

b) Debts

The following is the detail of the debts derived from insurance, reinsurance and coinsurance contracts, together with other debts, at 31 December 2008 and 2007:

	Thousands of euros	
	31-12-2008	**31-12-2007**
Debts through direct insurance and co-insurance operations		
With policyholders	8,233	3,686
With co-insurers	8,158	4,255
With mediators	45,901	42,308
Preparatory debts of insurance contracts	6,053	4,483
Conditioned debts	4,184	5,322
Total	**72,529**	**60,054**
Debts through reinsurance operations	**3,965**	**9,014**
Other debts	**120,471**	**71,959**

The “Other Debts” sub-caption includes the following concepts at 31 December 2008 and 2007:

	Thousands of euros	
Other debts	**31-12-2008**	**31-12-2007**
Group and associated companies		
For commissions pending liquidation	5,347	6,979
With ”la Caixa” through IS	109,363	–
Creditors for securities	–	49,153
Other pending commissions	42	5,427
Accrued wages and salaries	2,110	3,620
Suppliers	58	1,616
Corporate Tax ITACA and ULISES (*)	–	730
Diverse creditors	3,551	4,434
TOTAL	**120,471**	**71,959**

(*) See Note 2. e).

c) Debts with credit institutions: Debts through temporary assignment of assets

Within the framework of treasury management, throughout the 2008 financial year the Group has carried out operations involving the acquisition and assignment of financial assets with a repurchase agreement. At 31 December 2008 the Group had assigned financial assets (debt representative securities classified in the available for sale portfolio, in addition to deposits contained in cash and cash equivalents) with a book value of 4,834,744 thousand euros. It also has debts through operations involving the temporary assignment of assets for the same amount, which are valued at the nominal value of the agreed debt, since the maturity of the same is short-term.

The repurchase agreement stipulated by the Group in all its transactions is non-optional in nature, calculating the sale of the rights associated with the assigned securities until the amortisation date at a price which is established at the moment of contracting. The Company 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 2008 financial year, the short-term deposits which have offset the assignments made have generated an income of 119,857 thousand euros. The expenses associated with such assignments totalled 97,110 thousand euros. The deposits through assignments still in effect at 31 December 2008 totalled 3,827,380 thousand euros and are recorded in the caption “Cash” and equivalent liquid assets.

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

11. 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 2008 is detailed below:

	Equivalent value in thousands of euros			
Assets at 31 December 2008	**Pounds sterling**	**US dollars**	**Japanese yen**	**Total**
Financial instruments (*)	49,180	259,079	4,904	313,163
Cash and cash equivalents	2	1,540	8	1,550
TOTAL	**49,182**	**260,619**	**4,912**	**314,713**

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

The average cash exchange rates most frequently used to convert these balances into euros at the financial year close coincided with the ones published by the European Central Bank.

12. Technical reserves

The detail of the reserves established at 31 December 2008 and their movement with regard to the financial year ended 31 December 2007 is set out below, together with the reinsurance participation in the same:

2008	Thousands of euros			
Reserves	**Balance at 1 January 2008**	**Endowments charged to results**	**Applications with payment to results**	**Balances at 31 December 2008**
Technical reserves				
Unconsumed and unearned premiums	108,787	126,292	(108,787)	126,292
Life insurance				
Related to life insurance (*)	16,193,571	16,418,740	(16,193,571)	16,418,740
Related to life insurance when the risk is assumed by the policyholder	271,847	183,910	(271,847)	183,910
Claims	294,863	287,594	(294,863)	287,594
Profit-sharing and returns	46,153	62,623	(46,153)	62,623
TOTAL	**16,915,221**	**17,079,160**	**(16,915,221)**	**17,069,160**
Share of reinsurance in technical reserves (ceded)				
Unconsumed premium reserves	(7,060)	(5,610)	7,060	(5,610)
Life insurance reserve	(449)	(994)	449	(994)
Claim reserves	(40,758)	(27,768)	40,758	(27,768)
Others	(321)	–	321	–
TOTAL	**(48,588)**	**(34,372)**	**48,588**	**(34,372)**

(*) At 31 December 2008 this includes 37,532 thousand euros corresponding to unconsumed premium reserves for the products with coverages shorter than the year.

The movement of these reserves during the financial year 2007 was as follows:

2007	Thousands of euros			
Reserves	**Balance at 1 January 2007**	**Endowments charged to results**	**Applications with payment to results**	**Balances at 31 December 2007**
Technical reserves				
Unconsumed and unearned premiums	91,063	108,787	(91,063)	108,787
Life insurance				
Related to life insurance	17,177,451	16,193,571	(17,177,451)	16,193,571
Related to life insurance when the risk is assumed by the policyholder	343,739	271,847	(343,739)	271,847
Claims	230,444	294,863	(230,444)	294,863
Profit-sharing and returns	41,597	46,153	(41,597)	46,153
TOTAL	**17,884,294**	**16,915,221**	**(17,884,294)**	**16,915,221**
Share of reinsurance in technical reserves (ceded)				
Unconsumed premium reserves	(6,730)	(7,060)	6,730	(7,060)
Life insurance reserve	(2,112)	(449)	2,112	(449)
Claim reserves	(27,679)	(40,758)	27,679	(40,758)
Others	(384)	(321)	384	(321)
TOTAL	**(36,905)**	**(48,588)**	**36,905**	**(48,588)**

In relation to the mathematical reserve for the commitments assumed previous to the Regulation of Ordinance and Supervision of Private Insurance, it was not necessary to create a supplementary reserve for insufficiency since the return on investments in 2008 was above the insured return. At 31 December 2008, the Group had a complementary reserve of 20,000 thousand euros, after charging 33,584 thousand euros to the results account of the life segment during the 2008 financial year. Said reserve basically covers the effect of calculating certain mathematical provisions at the maximum rate established by the DGIPF (the criteria established in article 33.1 of the Regulation of Ordinance and Supervision of Private Insurance, hereinafter ROSSP, which for the 2008 financial year was 2.60%).

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 to be effected from the coming into force of the Resolution (15 October 2000). In accordance with the provisions of said resolution, the Company has 14 years from the effective date to adjust said table deficit. At 31 December 2008, the Company had 125,970 thousand euros registered for this concept.

Below is the detail of the technical reserves of the direct business at 31 December 2008 according to the different businesses included in the Life and Non-life segments:

Reserve at 31 December 2008	Thousands of euros						
	Non-life					Life	Total
	Multi-risk	Automobiles	Accidents and illness	Others	Various		
Technical reserves							
Unconsumed and unearned premiums	87,109	29,635	4,663	1,864	3,022	37,532	163,825
Mathematical reserves	–	–	–	–	–	16,381,208	16,381,208
Reserves for life insurance when the policyholder assumes the investment risk	–	–	–	–	–	183,910	183,910
Claims	47,840	13,220	22,429	2,136	2,327	199,642	287,594
Profit-sharing and returns	–	368	13,967	35	105	48,148	62,623
TOTAL	**134,949**	**43,223**	**41,059**	**4,035**	**5,454**	**16,850,440**	**17,079,160**

The breakdown of the technical reserves of the direct business for the 2007 financial year is as follows:

Reserve at 31 December 2007	Thousands of euros						
	Non-life					Life	Total
	Multi-risk	Automobiles	Accidents and illness	Others	Various		
Technical reserves							
Unconsumed and unearned premiums	83,835	12,004	3,820	8,394	734	36,361	145,148
Mathematical reserves	–	–	–	–	–	16,157,210	16,157,210
Reserves for life insurance when the policyholder assumes the investment risk	–	–	–	–	–	271,847	271,847
Claims	64,375	3,879	30,213	2,025	1,303	193,068	294,863
Profit-sharing and returns			11,620		106	34,427	46,153
TOTAL	**148,210**	**15,883**	**45,653**	**10,419**	**2,143**	**16,692,913**	**16,915,221**

The sum corresponding to unearned gains derived from financial assets classified in the available for sale portfolio which are imputable to policyholders at the close of the financial year are totalled in the caption "Mathematical Reserves". These deferred capital gains are 535,860 thousand euros at 31 December 2008 (376,197 thousand euros at 31 December 2007), the movement during the 2008 financial year being as follows:

	Thousands of euros
Balance at 1 January 2008	**376,197**
Net movement through de-allocation of net unearned capital gains charged to equity	159,662
Balance at 31 December 2008	**535,860**

The movement experienced in the previous 2007 financial year is as follows:

	Thousands of euros
Balance at 1 January 2007	**1,129,593**
Net movement through de-allocation of net unearned capital gains charged to equity	(753,396)
Balance at 31 December 2007	**376,197**

The effect of the reinsurance on the profit and loss account for the financial years 2007 and 2008 was the following:

	Thousands of euros	
	2008 financial year	2007 financial year
Premiums imputed to the ceded reinsurance		
Ceded premiums	(20,990)	(22,419)
Change in unconsumed premium reserves	(1,450)	330
Commissions (*)	2,946	1,595
Cost of the cession	**(22,486)**	**(23,684)**
Reinsurance loss (*)	25,800	27,136
Total cost of reinsurance	**3,314**	**3,452**

(*) 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.

13. Non-technical reserves

The balance at 31 December 2008 basically corresponds to quantities pending payment to the policyholders on implementing the accident liquidation agreements, which total 1,648 thousand euros (639 thousand euros in 2007).

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 of the same.

14. Assets attributed to shareholders of the Parent company

As part of the consolidated financial statements, the Group presents a statement of changes in the consolidated 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 net asset 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 2008 financial year, the Parent company of the Group 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 2008, at 256,267 thousand euros, fully subscribed and paid-in, divided into 42,640,122 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, 2008, the shareholders of the Group with a holding equal to or greater than 10% of the subscribed capital were as follows:

	Percentage Holding
Criteria CaixaCorp, S.A. (direct holding)	50.00%
Criteria CaixaCorp, S.A. (indirect holding) through Crisegen Inversiones	50.00%

The holding percentage of the above shareholders has not changed with regard to that of 31 December 2007.

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 2008 financial year, as well as the movements produced during the financial year.

The breakdown of each type of reserve at 31 December 2008 and 2007 is detailed below:

	Thousands of euros	
	Balances at 31-12-2008	Balances at 31-12-2007
Legal reserve	51,253	50,508
Voluntary reserves of the Parent company	1,496	861
Reserves in fully integrated companies	108,107	95,356
Stabilisation reserve	–	–
Other reserves through changes in accounting principles	(24,551)	(27,164)
Restricted reserve		
Total Reserves	**136,305**	**119,561**
Adjustments to assets through valuation and exchange differences	**4,583**	**7,065**

b.1) Legal reserve

According to the rewritten text of the Law on Joint Stock Companies, a figure must be passed over to the legal reserve equivalent to 10% of profits 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 2008 and 2007 is as follows (in thousands of euros):

	31-12-2008	31-12-2007
Voluntary reserves	1,496	861
Merger reserve	–	–
Other reserves	–	–
TOTAL	**1,496**	**861**

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 2008 and 2007, having considered the effect of the consolidation adjustments, is shown below:

	Thousands of euros	
	31-12-2008	**31-12-2007**
Consolidated through global integration		
VidaCaixa	77,679	69,309
SegurCaixa	25,292	22,690
AgenCaixa	4,584	2,849
SegurVida Consulting	552	508
TOTAL	**108,107**	**95,356**

The following are the movements experienced in the 2008 financial year:

Reserves of fully consolidated companies	VidaCaixa	SegurCaixa	AgenCaixa	SegurVida Consulting	InverVida Consulting	Total
Balances at 31-12-2007	**69,309**	**22,690**	**2,849**	**508**	**–**	**95,356**
Distribution of 2007 financial year result	104,922	20,596	1,735	44	–	127,303
Supplementary dividends of the result of the 2006 financial year (paid in 2007)	(12,922)	(1,200)	–	–	–	(14,122)
Dividends and account of 2008 financial year result	(84,000)	(16,800)	–	–	–	(100,800)
Consolidation and other adjustments	370	6	–	–	–	376
TOTALS	**77,679**	**25,292**	**4,584**	**552**	–	**108,107**

c) Distribution of results

The following is the proposal for distributing the net profit of the 2008 financial year of the SegurCaixa Holding, Sociedad Anónima, which its Board of Directors will submit to the Shareholders' General Assembly for approval:

	Thousands of euros
Distribution	**2008 financial year**
To voluntary reserves	661
To dividends	121,000
Net profit of financial year	**121,661**

The distribution of the net profit of the 2007 financial year approved by the Shareholders' General Assembly of the Parent company held on 20 June 2008, consisted of assigning 113,000 thousand euros of the result of 114,380 thousand euros to dividends, 745 thousand euros to increasing the legal reserves and 635 thousand euros to increasing the voluntary reserves.

Previously, the Board of Directors of the Parent company, in its meetings of 28 August 2007 and 12 December 2007, agreed to distribute, on account of the year result, the previous quantity of 58,000 thousand euros, effected through various payments in August and December 2007.

The distribution of the consolidated net profit for the 2007 financial year is set out in the statement of changes.

d) Interim dividends

The different amounts paid to the shareholders during the 2008 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	20-11-2008	Interim dividend 2008 result	2.8377095	121,000

The following is the balance sheet of the Parent company at 19 November 2008, which presented the following statements of liquidity (in thousands of euros):

NON-CURRENT ASSETS	19 November 2008 (Thousands of euros)
Intangible assets	**1**
Financial investments in associate companies	**285,541**
Long-term holdings in associate companies	357,541
Long-term holdings in Group companies	357,541
Disbursements pending on long-term holdings in associate companies	(72,000)
Disbursements pending on long-term holdings in Group companies	(72,000)
Long-term deposits and bonds	**12**
Long-term bonds	12
Assets through deferred tax	**98**
CURRENT ASSETS	
Loans and accounts to be received	**48**
Short-term financial investments	**2**
Debt securities	2
Cash and equivalent liquid assets	**144,484**
Cash	123,433
Cash and equivalent liquid assets	21,051
TOTAL ASSETS	**430,186**

EQUITY	19 November 2008 (Thousands of euros)
COMPANY CAPITAL	
Capital	**256,267**
Registered capital	256,267
Reserves	52,519
Legal	51,253
Other reserves	1,266
Profit	121,183
CURRENT LIABILITIES	
Loans and accounts to be received	217
TOTAL LIABILITIES	**430,186**

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 imbalances generated through the allocation to policyholders of unearned net gains from investments.

Reserves through adjustments of valuation (Assets available for sale)

This concept principally includes the net amount of those variations in the reasonable value of the financial assets as available for sale which according to Note 3.c.2 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 535,860 thousand euros, the Company considers that they should be allocated to policyholders, and for this reason they were allocated on 31 December 2008, increasing the amount of mathematical provisions.

Corrections of accounting mismatches

This concept includes the variations of unearned gains derived from financial assets classified in the available for sale and at reasonable value with changes in profits and losses portfolios which are imputable to life insurance policyholders.

15. 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 2008 and 2007 is as follows:

	Thousands of euros	
Company	**31-12-2008**	**31-12-2007**
VidaCaixa	71,931	65,522
SegurCaixa	–	–
AgenCaixa	81	52
Agrupación AIE	211	135
SegurVida Consulting	235	150
TOTAL	**72,458**	**65,859**

The movement which occurred in the caption "Minority interests" during the 2008 and 2007 financial years is included in the statement of changes in the consolidated equity.

16. Information on insurance contracts according to segments

The total volume of the premiums accrued for direct and accepted reinsurance during the 2008 and 2007 financial years totalled 2,036,021 thousand euros and 1,613,388 thousand euros respectively.

The breakdown of the imputed premiums of the 2008 financial year and the remaining income and expense concepts in accordance with the main segments and sub-segments defined is as follows:

2008	Thousands of euros						
	Non-life Segment					Life Segment	Total
	Home multi-risk	Automobiles	Accidents and illness	Others	Various		
Premiums imputed to direct reinsurance business Accepted (I)	**145,355**	**30,644**	**81,174**	**5,174**	**23,517**	**1,728,694**	**2,014,558**
Accrued direct insurance premiums	147,184	48,392	81,792	3,133	23,332	1,732,267	2,036,100
Variation in reserve for premiums pending payment	(311)	(117)	(10)		(26)	(2,403)	(2,867)
Change in the reserve for unconsumed and unearned direct insurance premiums	(1,518)	(17,631)	(608)	2,041	211	(1,170)	(18,675)
Premiums imputed to reinsurance (II)	**(2,784)**	**(3,155)**	**(2,566)**	**(3,039)**	**(3,466)**	**(7,513)**	**(22,523)**
Total premiums imputed net of reinsurance (I-II)	**142,571**	**27,489**	**78,608**	**2,135**	**20,051**	**1,721,181**	**1,992,035**
Other technical income net of expenses (III)	**(1,139)**	**(2,871)**	**(651)**	**(39)**	**(402)**	**(34,092)**	**(39,194)**
Other technical revenue	–	–	–	–	–	110,549	110,549
Other technical expenses	(1,139)	(2,871)	(651)	(39)	(402)	(144,641)	(149,743)
Losses incurred in the period, net of reinsurance (IV)	**(78,606)**	**(29,009)**	**(34,914)**	**(1,447)**	**(14,203)**	**(2,209,068)**	**(2,367,247)**
Direct and accepted insurance claims paid	(77,552)	(17,699)	(36,568)	(2,122)	(11,885)	(2,235,238)	(2,381,064)
Ceded reinsurance claims paid	3	–	806	828	1,103	23,058	25,798
Change in the direct insurance claims reserve	576	(9,341)	556	(110)	(2,459)	18,047	7,269
Change in the ceded reinsurance claims reserve	–	–	594	8	(836)	(12,756)	(12,990)
Expenses imputed to claims	(1,633)	(1,969)	(302)	(51)	(126)	(2,179)	(6,260)
Variation of other technical reserves (V)	**–**	**(35)**	**(14,494)**	**(43)**	**1**	**(10,183)**	**(24,754)**
Change in reserve for share in profits and returns	–	(35)	(14,494)	–	1	(41,575)	(56,103)
Variation of other technical reserves (reserves for deaths, mathematical provisions)	–	–	–	(43)	–	31,392	31,349
Net operating expenses (VI)	**(27,421)**	**(11,271)**	**(7,903)**	**1,035**	**(3,661)**	**(104,467)**	**(153,688)**
Acquisition expenses (commissions and other expenses)	(26,470)	(9,900)	(7,467)	(628)	(4,282)	(84,039)	(132,786)
Administration expenses	(1,187)	(1,430)	(490)	(37)	(264)	(19,694)	(23,102)
Commissions and holdings in ceded reinsurance	236	59	54	1,700	885	(734)	2,200
Net investment income (VII)	**3,742**	**1,269**	**3,102**	**268**	**923**	**805,919**	**815,223**
Income from financial investments	5,358	1,711	3,723	362	1,163	1,925,741	1,938,058
Management expenses of financial investments and assets	(1,616)	(442)	(621)	(94)	(240)	(1,119,822)	(1,122,835)
Unrealised gains and losses (VIII)	–	–	–	–	–	–	–
TECHNICAL-FINANCIAL RESULT	**39,147**	**(14,428)**	**23,748**	**1,909**	**2,709**	**169,290**	**222,375**

The breakdown of the imputed premiums of the 2007 financial year and the remaining income and expense concepts in accordance with the main segments and sub-segments defined is as follows:

2007	Thousands of euros						
	Non-life Segment					Life Segment	Total
	Home multi-risk	Automobiles	Accidents and illness	Others	Various		
Premiums imputed to direct reinsurance business Accepted (I)	**135,582**	**6,301**	**86,477**	**5,302**	**3,718**	**1,393,041**	**1,630,421**
Accrued direct insurance premiums	140,222	18,756	86,860	5,435	4,215	1,357,900	1,613,389
Variation in reserve for premiums pending payment	86	(450)	(17)	(1)	(2)	1,752	1,367
Change in the reserve for unconsumed and unearned direct insurance premiums	(4,726)	(12,005)	(366)	(132)	(495)	33,389	15,665
Premiums imputed to reinsurance (II)	**(3,464)**	**(763)**	**(2,486)**	**(2,867)**	**(2,896)**	**(9,613)**	**(22,089)**
Total premiums imputed net of reinsurance (I-II)	**132,118**	**5,538**	**83,991**	**2,435**	**1,822**	**1,383,428**	**1,608,332**
Other technical income net of expenses (III)	**(1,029)**	**(1,749)**	**(896)**	**(27)**	**(110)**	**(4,426)**	**(8,237)**
Other technical revenue	–	–	–	–	–	–	–
Other technical expenses	(1,029)	(1,749)	(896)	(27)	(110)	(4,426)	(8,237)
Losses incurred in the period, net of reinsurance (IV)	**(71,209)**	**(7,742)**	**(47,313)**	**(1,335)**	**(1,038)**	**(2,231,569)**	**(2,360,206)**
Direct and accepted insurance claims paid	(69,686)	(2,477)	(46,023)	(1,664)	(1,260)	(2,192,495)	(2,313,605)
Ceded reinsurance claims paid	10	–	946	717	1,035	7,279	9,986
Change in the direct insurance claims reserve	(280)	(3,879)	(2,202)	(164)	(545)	(57,349)	(64,419)
Change in the ceded reinsurance claims reserve	32	–	284	(183)	(149)	13,095	13,079
Expenses imputed to claims	(1,285)	(1,386)	(318)	(41)	(119)	(2,099)	(5,247)
Variation of other technical reserves (V)	**–**	**–**	**(7,700)**	**–**	**826**	**269,581**	**262,707**
Change in reserve for share in profits and returns	–	–	(7,700)	–	826	2,255	(4,619)
Variation of other technical reserves (reserves for deaths, mathematical provisions)	–	–	–	–	–	267,326	267,326
Net operating expenses (VI)	**(24,690)**	**(5,667)**	**(6,637)**	**108**	**(1,024)**	**(83,217)**	**(121,128)**
Acquisition expenses (commissions and other expenses)	(23,959)	(4,663)	(6,706)	(759)	(1,661)	(64,635)	(102,353)
Administration expenses	(959)	(1,034)	(495)	(31)	(86)	(20,177)	(22,782)
Commissions and holdings in ceded reinsurance	228	–	564	898	723	1,595	4,008
Net investment income (VII)	**3,228**	**418**	**3,328**	**328**	**61**	**807,068**	**814,431**
Income from financial investments	4,946	593	3,853	465	99	1,679,603	1,689,559
Management expenses of financial investments and assets	(1,718)	(175)	(525)	(137)	(38)	(868,483)	(871,076)
Unrealised gains and losses from the investments (VIII)	–	–	–	–	–	(4,052)	(4,052)
TECHNICAL-FINANCIAL RESULT	**38,418**	**(9,202)**	**24,773**	**1,509**	**(463)**	**140,865**	**195,900**

The profit and loss account of the sub-segment "Other activities" corresponding to the 2008 financial year, under the concept "Operating income", includes the following concepts:

Operating income – 2008 financial year	Thousands of euros
	Other activities Segment
Pension fund administration income	101,206
Amortisation of pension-fund marketing expenses	(12,834)
TOTAL	**88,372**

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

Operating income – 2007 financial year	Thousands of euros
	Other activities Segment
Pension fund administration income	95,024
Amortisation of pension-fund marketing expenses	(4,785)
Other, non-general expenses	(1,408)
TOTAL	**88,831**

a) Composition of life business by volume of premiums

The composition of the life business (direct insurance), by volume of premiums for the 2008 and 2007 financial years, is as follows:

Life (Direct) Insurance Premiums	Thousands of euros	
	2008 financial year	2007 financial year
Premiums on individual policies	1,159,854	899,396
Premiums on group policies	572,413	458,504
TOTAL	**1,732,267**	**1,357,900**
Regular premiums	652,572	793,930
Single premiums	1,079,695	563,970
TOTAL	**1,732,267**	**1,357,900**
Premiums on policies without profit sharing	1,069,224	830,011
Premiums on policies with profit sharing	644,364	510,070
Premiums on policies where risk is assumed by policyholder	18,679	17,819
TOTAL	**1,732,267**	**1,357,900**

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:

Format and type of coverage	Technical interest	Biometric table	Profit sharing		Thousands of euros		
			Applies? Yes/No	Form of distribution	Premiums	Mathematical reserve (*)	Amount distributed in profit sharing
PVI	3.95%	(2)	No	–	259,318	3,261,659	–
Savings Plan insured	2.96%	(3)	No	–	277,471	461,553	–
Group Insurance	4.30%	(1)	Yes	To reserve	633,485	8,323,376	602,229
Contingency Plan insured	3.56%	(4)	No	–	192,309	193,443	–

(*) The specified biometric tables indicated in the Technical Notes are indicated, along with the mathematical reserve derived from applying these tables.
(1) According to different types, GR-80, GR-80 less two years, GR-70, GR-95 and PER2000P mortality tables are used.
(2) According on different types, GR-80, GR-80 less two years and GR-95 mortality tables are used. For new production, GR-95 or GK-95 tables are used, according to type.
(3) According on different types, GR-80 less two years and GR-95 are used. For new production, GK-95 tables are used.
(4) GK-80 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 provision, 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".

In accordance with the Regulations on Administration and Supervision of Private Insurance, the technical interest rate applied to calculating the life insurance reserve was as follows:

a) For commitments assumed since 1 January 1999, the subsidiary companies have used, in the types which have allocated investments (matchings), the technical note interest rate (derived from the internal rate of return of said investments). For non-matchings, the interest rate used was the one established by the DGIPF for the financial years 2008 and 2007 (2.60% and 2.42% respectively), or, wherever applicable, the interest rate established by said governing body referred to the financial year of the effective date of the policy, provided that the financial duration estimated at the market interest rate of the payments specifically assigned to the contracts is equal to or greater than the financial duration of the payments derived from the same, paying attention to their probable flows and is estimated at the market interest rate.

b) For commitments assumed prior to 1 January 1999, for the calculation of the mathematical provisions, the same technical interest rate has been used as for the calculation of the premium, with the limit of the actual obtained or anticipated profitability of the investments affecting the coverage of said provisions. Given that the profitability of the aforementioned affected investments in the financial years 2008 and 2007 was greater than the established technical interest rate, no complementary provision for insufficient profitability was necessary.

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:

	Home multi-risk			Automobiles	Accidents and illness		
	Claims during the 2005 financial year	Claims during the 2006 financial year	Claims during the 2007 financial year	Claims during the 2007 financial year	Claims during the 2005 financial year	Claims during the 2006 financial year	Claims during the 2007 financial year
Reserve for claims originally estimated (*)	38,372	48,139	48,417	3,878	7,931	7,026	7,594
Estimated value of the claims							
One year later	22,606	27,615	28,686	1,085	4,069	4,563	2,323
Two years later	–	–	–	–	–	–	–
Three years later	–	–	–	–	–	–	–
Four years later	–	–	–	–	–	–	–
Five years later	–	–	–	–	–	–	–
Accumulated sums paid	10,072	9,794	12,534	2,851	2,581	1,178	3,254
Accumulated (Deficit)-Gain	5,694	10,730	7,197	(58)	1,281	1,285	2,017
In percentage terms	14.84%	22.29%	14.86%	(1.50)%	16.15%	18.29%	26.56%

(*) Does not include the technical reserve for claims settlement expenses.

	Others			Various		
	Claims during the 2005 financial year	Claims during the 2006 financial year	Claims during the 2007 financial year	Claims during the 2005 financial year	Claims during the 2006 financial year	Claims during the 2007 financial year
Reserve for claims originally estimated (*)	1,166	1,941	2,026	1,440	1,746	1,452
Estimated value of the claims						
One year later	628	817	922	1,099	905	1,357
Two years later	–	–	–	–	–	–
Three years later	–	–	–	–	–	–
Four years later	–	–	–	–	–	–
Five years later	–	–	–	–	–	–
Accumulated sums paid	449	424	720	637	783	1,252
Accumulated (Deficit)-Gain	89	700	384	(296)	58	(1,157)
In percentage terms	7.63%	36.06%	18.95%	(20.56)%	3.32%	(79.68)%

(*) Does not include the technical reserve for claims settlement expenses.

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

The composition of the personnel expenses of the financial years 2008 and 2007, and their allocation in the profit and loss account by segments and sub-segments, is as follows:

	Thousands of euros	
	2008 financial year	**2007 financial year**
Wages and Salaries	30,864	30,808
Social Security	6,544	6,246
Contributions to external pension funds and life insurance premiums	338	326
Compensations and awards	414	451
Other personnel expenses	3,582	3,956
TOTAL	**41,742**	**41,787**

Allocation of personnel expenses – 2008 financial year	Non-life Segment	Life Segment	Others segment	Total
Losses incurred in the period, net of reinsurance	1,138	565	–	1,703
Tangible fixed asset and investment expenses	665	789	–	1,454
Other technical expenses	3,760	3,401	–	7,161
Net operating expenses	861	1,234	29,329	31,424
NET TOTAL	**6,424**	**5,989**	**29,329**	**41,742**

18. Breakdown of associate company transactions

Operations in consolidated Group companies

The details of the main transactions carried out in the financial year 2008 are as follows:

	Thousands of euros	
Concept	**Income**	**Expenses**
Interests credited	12,409	–
Commissions for marketing of premiums	–	118,540
Insurance operations	177,316	–
Other Revenues	11,894	–

The same information for the 2007 financial year is as follows:

	Thousands of euros	
Concept	**Income**	**Expenses**
Services received and provided	–	–
Commissions	–	105,632
Insurance operations	132,090	–
Other Revenues	1,138	–

19. Other information (including remuneration and other benefits to the Board of Directors and Top Management, and remuneration of the Auditors)

a) Employees

In accordance with the provisions established in article 200 Rewritten Text of the Law on Joint Stock Companies, amended by additional provision twenty-six of Organic Law 3-2007, of 22 March, the average number of employees of the Parent company and of the subsidiary companies during the financial years 2008 and 2007, distributed according to professional category and gender, is as follows:

Professional Category	Number of employees			
	2007 financial year	2008 financial year		
		Men	Women	Total
Directors	20	15	5	20
Departmental Managers	23	16	9	25
Graduates and technical staff	163	85	113	198
Administrative employees	265	64	164	228
Sales Network	299	129	288	417
	770	**319**	**579**	**888**

The Board of Directors of the Company is made up of ten physical persons, all male.

b) Remuneration and other benefits to the Board of Directors and Top Management

During the financial years 2008 and 2007, the members of the Board of Directors have received from the subsidiary companies the following sums for the concepts specified below:

Remuneration to Members of the Board of Directors

During the 2008 financial year, the Board of the Directors of the Parent company as remuneration a total sum of 1,848 thousand euros, recorded under the concept of "Personnel Expenses", the breakdown for which is shown above (1,000 thousand euros in 2007).

Other benefits to Members of the Board of Directors

At 31 December 2008 and 2007, there were no advance payments nor had any loans been issued by the Parent company to members of the Board of Directors, nor had any guaranteed obligations been assumed on their behalf.

In compliance with article 127 of the Law on Joint Stock Companies, introduced by Law 26-2003, of 17 July, which modifies Law 24-1988, of 28 July, on the Stock Market and the Rewritten Text of the Law of Joint Stock Companies, there follows a list of the significant shareholdings (greater than 0.25% of the company capital) held directly or indirectly and/or posts and functions held by the Company administrators in companies with the same, similar or complementary forms of activity to that which is the company object of SegurCaixa Holding, S.A.:

Administrator	Company where they participate and/or develop a function	Post or function	No. shares	% Holding
Ricardo Fornesa Ribó	Sociedad General de Aguas de Barcelona, S.A. (engaged indirectly in the insurance business through its subsidiary Adeslas, S.A.)	Honorary Chairman	144,773 (until 18-01-2008)	–
	Hisusa, Holding de Infraestructuras y Servicios Urbanos, S.A.	Chairman (since 16-12-08). Vice-Chairman (Physical representative of CaixaCorp, S.A. (until 30-05-08)	–	–
	Criteria CaixaCorp, S.A.	Executive Chairman	633,095	0.024%
	VidaCaixa, S.A. de Seguros y Reaseguros	Board Member and Chairman	–	–
Manuel Raventós Negra	Criteria CaixaCorp, S.A.	Board member	17,330	0.001%
	Sociedad General de Aguas de Barcelona, S.A. (engaged indirectly in the insurance business through its subsidiary Adeslas, S.A.)	2nd Vice-Chairman	–	–
Juan Antonio Samaranch	Sociedad General de Aguas de Barcelona, S.A. (engaged indirectly in the insurance business through its subsidiary Adeslas, S.A.)	Board member (until 15-02-08)	–	–
Tomás Muniesa Arantegui	RentCaixa, S.A. de Seguros y Reaseguros	Board Member and Chairman	–	–
	SegurCaixa, S.A. de Seguros y Reaseguros	Chairman (since 22-05-08). Chairman (Physical representative of Criteria CaixaCorp, S.A. until 22-05-08)	–	–
	Adeslas, S.A.	Physical representative of CaixaCorp, S.A. (from 02-01-08)	–	–
	Consorcio de Compensación de Seguros	Board member	–	–
	VidaCaixa, S.A. de Seguros y Reaseguros	Board member and Chairman (until 26-11-08)	–	–
José Vilarasau Salat	–	–	–	–
Isidro Fainé Casas (until 22-05-2008)	Criteria CaixaCorp, S.A.	Vice-Chairman	270,005	0.008%
Jorge Mercader Miró	Sociedad General de Aguas de Barcelona, S.A. (engaged indirectly in the insurance business through its subsidiary Adeslas, S.A.)	Managing Director and Chairman	–	–
	Criteria CaixaCorp, S.A.	Board member	1,496	–
Miquel Valls Maseda	–	–	–	–
Javier Godó Muntañola	Grupo Catalana Occidente, S.A.	–	31,460	–
	Criteria CaixaCorp, S.A.	Board member	1,230,000 (indirect holding through Privat Media S.L.)	0.037% (indirect holding)
	INOC, S.A.	–	4,087	–
Joan Maria Nin Génova	Criteria CaixaCorp, S.A.	Board member	234,491	0.07%
Francisco Reynés Massanet	VidaCaixa, S.A. de Seguros y Reaseguros	Board member	–	–
	SegurCaixa, S.A. de Seguros y Reaseguros	Board member	–	–
	Sociedad General de Aguas de Barcelona, S.A. (engaged indirectly in the insurance business through its subsidiary Adeslas, S.A.)	Board member (since 15-02-08)	–	–
	Adeslas, S.A.	Physical representative of Criteria CaixaCorp, S.A.	–	–

Remuneration to Top Management, excluding members of the Board of Directors

During the 2008 financial year, Top Management of the Group received as remuneration a total sum of 3,804 thousand euros, recorded under the concept of "Personnel Expenses", the breakdown for which is shown above.

At 31 December 2008 and 2007, there were no advance payments nor had any loans been issued by the Parent company to members of the Top Management, nor had any guaranteed obligations been assumed on their behalf.

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 administrators or directors, 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 2008 financial year, the fees corresponding to the auditing of the accounts and other services rendered to the various companies that make up the SegurCaixa Holding Group by the Company auditors Deloitte, S.L., were as follows:

	Thousands of euros			
Categories	**Auditing of Accounts**	**Other Verification Services**	**Tax Consultancy**	**Other Services**
Deloitte, S.L.	318	99	–	–
TOTAL	**318**	**99**	**–**	**–**

During the 2008 financial year, neither the main auditors or 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 repesent a percentage below 1% of its turnover.

21. Subsequent events

Subsequent to the financial year close and until the date on which the present annual accounts were prepared, there were no events with a significant impact on the Parent company and its consolidated companies.

22. Explanation added for traslation to English

These annual accounts are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Group that conform with generally accepted accounting principles in Spain may not conform with generally accounting principles in other countries. In the event of a discrepancy, the Spanish-language version prevails.

SegurCaixa Holding, S.A. AND SUBSIDIARIES

MANAGEMENT REPORT FOR THE 2008 FINANCIAL YEAR

In the 2008 financial year, SegurCaixa Holding, the "la Caixa" Insurance Group, previously known as CaiFor, and part of the Criteria CaixaCorp holding, made a net consolidated profit of 191.92 million euros, 19.64% more than in the previous year. The number of individual customers exceeded 3.2 million, 5% more than in 2007, while the number of client companies rose to 37,000, an increase of 42%. The solvency ratio was 1.3 and the efficiency ratio was 20.8%.

SegurCaixa Holding (In thousands of euros)	2008	2007	% var.
Savings Premiums	1,263,385	1,057,643	19.45%
Life risk Premiums	318,112	300,257	5.95%
Non-life premiums	303,753	255,488	18.89%
Total Premiums	1,885,250	1,613,388	16.85%
Total Contributions to pension plans	1,317,874	1,171,566	12.49%
Total Premiums and Contributions	3,203,124	2,784,954	15.02%
Total Life and Non-life insurance reserves	17,076,160	16,915,220	0.95%
Total Consolidated pension plan rights	11,842,131	11,307,165	4.73%
Total Managed resources	28,918,291	28,222,385	2.47%
Net result	191,923	160,418	19.64%
Number of clients	3,257,653	3,093,030	5.32%
Efficiency ratio	20.8%	21.6%	–3.53%
Solvency ratio	1.3	1.2	10.43%
Number of employees	888	742	19.68%

The total volume of premiums and contributions of SegurCaixa Holding at the close of the financial year was 3,200 million euros, which represents a 15% increase on the previous year and demonstrates the healthy state of the Group's commercial activity, in terms of both individual business and group and company business, channelled through VidaCaixa Previsión Social.

The risk business, made up of non-life and life-risk insurance, which contributed 622 million euros, grew by 12%, driven by strong growth in health insurance and vehicle insurance. The growth in automobile insurance places this branch of the business in line with the evolution forecast when SegurCaixa launched the new SegurCaixa Auto in April 2007. Specifically, at the close of the 2008 financial year, SegurCaixa had a portfolio of registered vehicles, including automobiles and motorcycles, which exceeded 95,000.

With regard to the savings business, the accumulated volume of premiums and contributions at the close of the financial year exceeded 2,580 million euros, representing an increase of 16%. The good performance of savings is evidenced both in life-savings insurance and in pension plans, areas in which the product range and the effectiveness of the sales network have helped continue to increase turnover. Specifically, with regard to pension plans, of the top 5 fund managers in the market, VidaCaixa was the only one to experience growth during 2008, a major development which has resulted in it exceeding 11,800 million euros in managed resources and increasing its market share in total individual, employment and associated systems by 1.95%.

The total volume of managed savings reached 28,900 million euros, representing an increase of 2.47% compared to 2007. Specifically, insurance fell slightly by 0.95%, while pension plans grew by 4.73%.

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

Furthermore, the economic slowdown is one of the uncertainties facing SegurCaixa Holding in 2009, since a major reduction in the consumption of Spanish society may have a negative impact on the contracting of insurance, principally automobile, health, life-risk or household insurance. On the other hand, it is possible that family savings will increase in the coming year, which will have a positive effect on pension plans and life-savings insurance.

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

- Market Risk: Understood as the risk of losses being incurred through holding positions on markets as a result of adverse movements in financial variables such as interest rates, exchange rates, share prices, commodities, etc.
- Credit Risk: This is the risk of incurring losses through a failure on the part of debtors to meet their contractual obligations, or the expansion of the risk premium tied to their financial solvency.
- Liquidity Risk: Assumed on the positioning of the various assets, this being the possibility of selling or mobilising the asset positions at any time.

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

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

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.

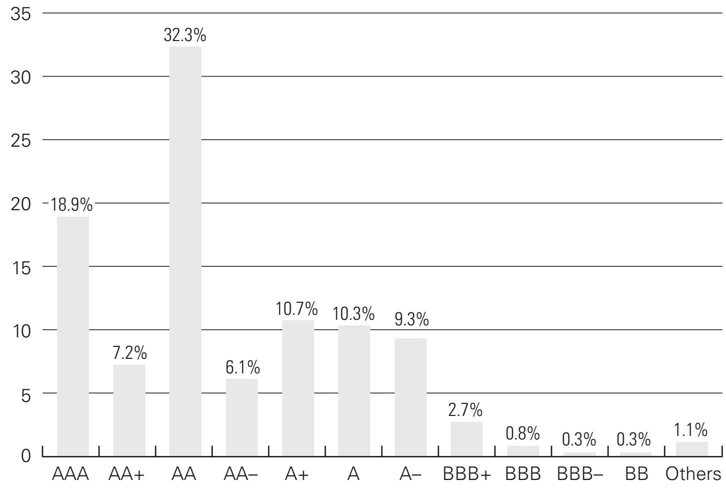
The Group's financial derivatives management policy also covers the use of counterparts which, as financial institutions subject to the supervision of the governing authorities of the member states of the European Union, have sufficient solvency. Contractually, these positions have an explicit guarantee 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 2008 is as follows:

Portfolio composition by issuer rating



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

In the future, the Group plans to maintain its current strategy of providing cover for the security and savings needs of Spanish families and companies, using life-risk, endowment, health, accident, household and car insurance products, along with pension plans. SegurCaixa Holding will also maintain its spirit of continuous improvement in the level of quality of service provided which has typified it since it was founded. At the same time, it expects to maintain the current business activity levels in the sphere of products for companies and groups, especially in the SME and freelance professional sector, as well as in that of new residents.

Subsequent to the close of the 2008 financial year, no significant effects having an impact on the annual accounts for the year occurred, although on 2 February 2009 CaiFor changed its Company Name to SegurCaixa Holding. Also the Group has not maintained own shares during the year. With regard to Research and Development, due to the Group's characteristics, no projects have been carried out, although it is true that it is developing an Innovation Plan which involves all the departments.

SegurCaixa Holding
Insurance Group