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Consolidated Annual Accounts and Management Report of VidaCaixa Grupo, S.A.U.

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

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholder of
VidaCaixa Grupo, S.A.U.
(formerly SegurCaixa Holding, S.A.U.):

We have audited the consolidated financial statements of VidaCaixa Grupo, S.A.U. ("the Company") and companies composing the VidaCaixa Grupo Group (see Note 1 to the accompanying consolidated financial statements), which comprise the consolidated balance sheet at 31 December 2010 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2-a to the accompanying consolidated financial statements, the Company's directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for 2010 present fairly, in all material respects, the consolidated equity and consolidated financial position of VidaCaixa Grupo, S.A.U. and Subsidiaries at 31 December 2010, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

The accompanying consolidated directors' report for 2010 contains the explanations which the directors of VidaCaixa Grupo, S.A.U. consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2010. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of VidaCaixa Grupo, S.A.U. and Subsidiaries.

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



Fernando Foncea

4 April 2011

COL·LEGI
DE CENSORS JURATS
DE COMPTES
DE CATALUNYA

Membre exercent:
DELOITTE, S.L.

Any 2011 Núm. 2011/06742
CÒPIA GRATUÏTA

Aquest informe està subjecte a
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VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES

(previously known as SegurCaixa Holding, S.A.U. and Subsidiaries)

CONSOLIDATED BALANCE SHEETS

ASSETS (Thousands of euros)	Note in the Annual Report	31/12/2010	31/12/2009 (*)
CASH AND OTHER EQUIVALENT LIQUID ASSETS		1,903,428	1,866,113
FINANCIAL ASSETS HELD FOR TRADING	Note 6	11,519	23,987
OTHER FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES REGISTERED IN THE PROFIT AND LOSS ACCOUNT	Note 6	207,500	184,312
Equity instruments		14	–
Debt securities		–	–
Hybrid instruments		6,013	–
Investment on behalf of life insurance policyholders who assume the risk of the investment		201,473	184,312
Other		–	–
FINANCIAL ASSETS AVAILABLE FOR SALE	Note 6	19,099,323	17,992,224
Equity instruments		75,325	57,274
Debt securities		19,023,998	17,934,950
Loans		–	–
Deposits in credit entities		–	–
Other		–	–
LOANS AND PAYMENTS RECEIVABLE	Note 6	5,515,133	4,664,634
Loans and deposits		5,032,703	4,431,543
Payments receivable		482,430	233,091
INVESTMENTS HELD TO MATURITY		–	–
HEDGING DERIVATIVES		–	–
SHARE OF REINSURANCE IN TECHNICAL PROVISIONS	Note 15	23,607	37,446
TANGIBLE FIXED ASSETS AND PROPERTY INVESTMENTS	Note 9	352,177	14,313
Tangible fixed assets		328,382	12,206
Property investments		23,795	2,107
INTANGIBLE FIXED ASSETS	Note 10	968,825	130,052
Goodwill		304,614	47,700
Portfolio acquisition expenses		2,578	–
Other intangible assets		661,633	82,352
SHAREHOLDINGS IN COMPANIES VALUED BY THE EQUITY METHOD	Note 8	80,552	–
TAX ASSETS	Note 12	204,516	67,516
Assets through ordinary tax		9,169	20,910
Deferred tax assets		195,347	46,606
OTHER ASSETS		440,853	438,822
ASSETS HELD FOR SALE		–	–
TOTAL ASSETS		28,807,433	25,419,419

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

Notes 1 to 23 in the accompanying Report and in Annexes I, II and III form an integral part of the Consolidated Balance Sheet at 31 December 2010.

NET ASSETS AND LIABILITIES (Thousands of euros)	Note in the Annual Report	31/12/2010	31/12/2009 (*)
TOTAL LIABILITIES		26,843,509	24,638,143
FINANCIAL LIABILITIES HELD FOR TRADING		–	–
OTHER FINANCIAL LIABILITIES AT FAIR VALUE WITH CHANGES REGISTERED IN THE PROFIT AND LOSS ACCOUNT		–	–
DEBTS AND PAYABLE ITEMS	Note 13	7,259,132	6,327,528
Subordinated liabilities		293,422	292,017
Other debts		6,965,710	6,035,511
HEDGING DERIVATIVES		–	–
TECHNICAL PROVISIONS	Note 15	19,351,980	18,212,652
For unearned premiums		197,003	158,049
For unexpired risks		7,215	4,393
For life insurance		18,406,237	17,663,921
– Reserve for unearned premiums and unexpired risks		37,933	38,044
– Mathematical reserves		18,152,407	17,428,776
– Provisions for life insurance when the policyholder assumes the investment risk		215,897	197,101
Claims provision		681,782	325,141
Share in profits and returns		59,743	61,148
Other technical provisions		–	–
NON-TECHNICAL PROVISIONS	Note 16	14,432	1,621
TAX LIABILITIES	Note 12	166,650	49,475
Liabilities through ordinary tax		1,588	686
Deferred tax liabilities		165,062	48,789
OTHER LIABILITIES		51,315	46,867
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		–	–
TOTAL NET ASSETS		1,963,924	781,276
EQUITY		1,963,645	770,295
CAPITAL	Note 17	776,723	394,187
Authorised capital		776,723	394,187
Less: Uncalled capital		–	–
ISSUE PREMIUM		747,499	–
RESERVES	Note 17	254,016	248,883
LESS: SHARES AND HOLDINGS IN OWN ASSETS		–	–
EARNINGS OF PREVIOUS FINANCIAL YEARS		–	–
OTHER SHAREHOLDER CONTRIBUTIONS		–	–
FINANCIAL YEAR RESULT ATTRIBUTED TO THE PARENT COMPANY		248,907	177,225
Consolidated Losses and Profits		249,222	208,514
Losses and Profits attributable to external partners		(315)	(31,289)
LESS: INTERIM DIVIDEND	Note 17	(63,500)	(50,000)
OTHER EQUITY INSTRUMENTS		–	–
ADJUSTMENTS THROUGH CHANGES IN VALUE	Note 6	(17,109)	10,700
FINANCIAL ASSETS AVAILABLE FOR SALE		(17,109)	10,700
HEDGING OPERATIONS		–	–
EXCHANGE RATE DIFFERENCES		–	–
CORRECTIONS OF ACCOUNTING MISMATCHES		–	–
COMPANIES VALUED BY THE EQUITY METHOD		–	–
OTHER ADJUSTMENTS		–	–
SUBSIDIES, DONATIONS AND LEGACIES RECEIVED		31	–
NET ASSETS ATTRIBUTABLE TO THE PARENT COMPANY		1,946,567	780,995
MINORITY INTERESTS	Note 18	17,357	281
ADJUSTMENTS THROUGH CHANGES IN VALUE		–	–
OTHER		17,357	281
TOTAL NET ASSETS AND LIABILITIES		28,807,433	25,419,419

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

Notes 1 to 23 in the accompanying Report and in Annexes I, II and III form an integral part of the Consolidated Balance Sheet at 31 December 2010.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES (previously known as SegurCaixa Holding, S.A.U. and Subsidiaries)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Thousands of euros)	Note in the Annual Report	2010 Financial Year	Financial Year 2009 (*)
Premiums applied to period, net of reinsurance		1,212,291	278,987
Tangible fixed asset and investment revenue		23,842	8,368
Other technical revenue		9,003	–
Losses incurred in the period, net of reinsurance		(965,683)	(178,218)
Change in other technical provisions, net of reinsurance		–	–
Profit-sharing and returns		(1,220)	14,367
Net operating expenses		(135,680)	(62,939)
Other technical expenses		(40,081)	(2,698)
Tangible fixed asset and investment expenses		(5,766)	(2,110)
RESULT NON-LIFE INSURANCE	Note 19	96,706	55,757
Premiums applied to period, net of reinsurance		3,693,233	2,931,599
Tangible fixed asset and investment revenue		1,085,519	2,109,696
Revenue for investments subject to insurance in which the policyholder assumes the investment risk		18,621	35,509
Other technical revenue		–	–
Losses incurred in the period, net of reinsurance		(2,365,645)	(2,294,493)
Change in other technical provisions, net of reinsurance		(1,837,189)	(1,037,503)
Profit-sharing and returns		(43,707)	(69,425)
Net operating expenses		(104,579)	(106,329)
Other technical expenses		(3,683)	(3,335)
Tangible fixed asset and investment expenses		(208,193)	(1,360,760)
Expenses of investments subject to insurance in which the policyholder assumes the investment risk		(11,011)	(17,811)
RESULT LIFE INSURANCE	Note 19	223,366	187,148
Tangible fixed asset and investment revenue		105,387	105,495
Negative consolidation difference		–	–
Tangible fixed asset and investment expenses		(88,287)	(86,580)
Other income		229,044	101,758
Other expenses		(212,540)	(68,927)
RESULT FROM OTHER ACTIVITIES		33,604	51,746
PROFIT/LOSS BEFORE TAX		353,676	294,651
Corporate income tax	Note 12	(104,454)	(86,137)
RESULT OF FINANCIAL YEAR FROM CONTINUED OPERATIONS		249,222	208,514
Result of financial year from uninterrupted operations net of tax		–	–
CONSOLIDATED PROFIT/LOSS FOR THE YEAR		249,222	208,514
Profit attributed to the parent company		248,907	177,225
Profit attributed to minority interests	Note 18	315	31,289

(Euros)	Note in the Annual Report	2010 Financial Year	Financial Year 2009 (*)
PER SHARE PROFIT			
Basic and diluted per share profit		1.93	3.18

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

Notes 1 to 23 and Annexes I, II and III form an integral part of the Consolidated Profit and Loss Account corresponding to the 2010 financial year.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES (previously known as SegurCaixa Holding, S.A.U. and Subsidiaries)

CONSOLIDATED BALANCE SHEET BY SEGMENTS AT 31 DECEMBER 2010

ASSETS (Thousands of euros)	Non-life Segment		Life Segment		Others Segment		Total	
CASH AND OTHER EQUIVALENT LIQUID ASSETS		80,339		1,713,930		109,159		1,903,428
FINANCIAL ASSETS HELD FOR TRADING		980		10,539				11,519
OTHER FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES REGISTERED IN THE PROFIT AND LOSS ACCOUNT		6,027		201,473				207,500
FINANCIAL ASSETS AVAILABLE FOR SALE		446,612		18,652,711				19,099,323
LOANS AND PAYMENTS RECEIVABLE		460,823		5,044,638		9,672		5,515,133
Loans and deposits	208,817		4,823,886		–		5,032,703	
Payments receivable	252,006		220,752		9,672		482,430	
INVESTMENTS HELD TO MATURITY		–		–		–		–
HEDGING DERIVATIVES		–		–		–		–
SHARE OF REINSURANCE IN TECHNICAL PROVISIONS		16,919		6,688		–		23,607
TANGIBLE FIXED ASSETS AND PROPERTY INVESTMENTS		320,035		20,828		11,314		352,177
Tangible fixed assets	316,030		1,038		11,314		328,382	
Property investments	4,005		19,790		–		23,795	
INTANGIBLE FIXED ASSETS		815,000		85,383		68,442		968,825
Goodwill	256,914		3,407		44,293		304,614	
Portfolio acquisition expenses	284		–		2,294		2,578	
Other intangible assets	557,802		81,976		21,855		661,633	
SHAREHOLDINGS IN COMPANIES VALUED BY THE EQUITY METHOD		80,552		–		–		80,552
TAX ASSETS		31,831		165,185		7,500		204,516
Assets through ordinary tax	8,399		–		770		9,169	
Deferred tax assets	23,432		165,185		6,730		195,347	
OTHER ASSETS		47,889		392,961		3		440,853
ASSETS HELD FOR SALE		–		–		–		–
TOTAL ASSETS		2,307,007		26,294,336		206,090		28,807,433

NET ASSETS AND LIABILITIES (Thousands of euros)	Non-life Segment		Life Segment		Others Segment		Total	
TOTAL LIABILITIES		1,086,651		25,734,750		22,108		26,843,509
FINANCIAL LIABILITIES HELD FOR TRADING		-		-		-		-
OTHER FINANCIAL LIABILITIES AT FAIR VALUE WITH CHANGES REGISTERED IN THE PROFIT AND LOSS ACCOUNT		-		-		-		-
DEBTS AND PAYABLE ITEMS		420,756		6,832,123		6,253		7,259,132
HEDGING DERIVATIVES		-		-		-		-
TECHNICAL PROVISIONS		624,848		18,727,132		-		19,351,980
NON-TECHNICAL PROVISIONS		14,432		-		-		14,432
TAX LIABILITIES		17,130		135,455		14,065		166,650
OTHER LIABILITIES		9,485		40,040		1,790		51,315
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		-		-		-		-
TOTAL NET ASSETS		76,323		(82,004)		1,969,605		1,963,924
EQUITY		68,431		(74,294)		1,969,508		1,963,645
CAPITAL		-		-		776,723		776,723
Authorised capital	-		-		776,723		776,723	
Less: Uncalled capital	-		-		-		-	
ISSUE PREMIUM		-		-		747,499		747,499
RESERVES		14,131		(283,153)		523,038		254,016
LESS: SHARES AND HOLDINGS IN OWN ASSETS		-		-		-		-
EARNINGS OF PREVIOUS FINANCIAL YEARS		-		-		-		-
OTHER SHAREHOLDER CONTRIBUTIONS		-		-		-		-
FINANCIAL YEAR RESULT ATTRIBUTED TO THE PARENT COMPANY		54,300		208,859		(14,252)		248,907
Consolidated Losses and Profits	54,615		208,859		(14,252)		249,222	
Losses and Profits attributable to external partners	(315)		-		-		(315)	
LESS: INTERIM DIVIDEND		-		-		(63,500)		(63,500)
OTHER EQUITY INSTRUMENTS		-		-		-		-
ADJUSTMENTS THROUGH CHANGES IN VALUE		(9,399)		(7,710)		-		(17,109)
FINANCIAL ASSETS AVAILABLE FOR SALE		(9,399)		(7,710)		-		(17,109)
HEDGING OPERATIONS		-		-		-		-
EXCHANGE RATE DIFFERENCES		-		-		-		-
CORRECTIONS OF ACCOUNTING MISMATCHES		-		-		-		-
COMPANIES VALUED BY THE EQUITY METHOD		-		-		-		-
OTHER ADJUSTMENTS		-		-		-		-
SUBSIDIES, DONATIONS AND LEGACIES RECEIVED		31		-		-		31
NET ASSETS ATTRIBUTABLE TO THE PARENT COMPANY		59,063		(82,004)		1,969,508		1,946,567
MINORITY INTERESTS		17,260		-		97		17,357
TOTAL NET ASSETS AND LIABILITIES		1,162,974		25,652,746		1,991,713		28,807,433

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES (previously known as SegurCaixa Holding, S.A.U. and Subsidiaries)

CONSOLIDATED BALANCE SHEET BY SEGMENTS AT 31 DECEMBER 2009

ASSETS (Thousands of euros)	Non-life Segment		Life Segment		Others Segment		Total
CASH AND OTHER EQUIVALENT LIQUID ASSETS		13,005		1,841,229		11,879	1,866,113
FINANCIAL ASSETS HELD FOR TRADING		1,967		22,020		–	23,987
OTHER FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES REGISTERED IN THE PROFIT AND LOSS ACCOUNT		–		184,312		–	184,312
FINANCIAL ASSETS AVAILABLE FOR SALE		259,039		17,731,782		1,403	17,992,224
LOANS AND PAYMENTS RECEIVABLE		81,280		4,468,865		114,489	4,664,634
Loans	–		4,317,054		114,489		4,431,543
Payments receivable	81,280		151,810		–		233,091
INVESTMENTS HELD TO MATURITY		–		–		–	–
HEDGING DERIVATIVES		–		–		–	–
SHARE OF REINSURANCE IN TECHNICAL PROVISIONS		29,873		7,573		–	37,446
TANGIBLE FIXED ASSETS AND PROPERTY INVESTMENTS		654		3,477		10,182	14,313
Tangible fixed assets	654		1,370		10,182		12,206
Property investments			2,107		–		2,107
INTANGIBLE FIXED ASSETS		154		129,523		375	130,052
Goodwill			47,700				47,700
Portfolio acquisition expenses			–				–
Other intangible assets	154		81,823		375		82,352
SHAREHOLDINGS IN COMPANIES VALUED BY THE EQUITY METHOD		–		–		–	–
TAX ASSETS		4,853		62,663		–	67,516
Assets through ordinary tax	3,948		16,962		–		20,910
Deferred tax assets	905		45,701		–		46,606
OTHER ASSETS		25,560		413,258		3	438,822
ASSETS HELD FOR SALE		–		–		–	–
TOTAL ASSETS		416,385		24,864,702		138,331	25,419,419

NET ASSETS AND LIABILITIES (Thousands of euros)	Non-life Segment		Life Segment		Others Segment		Total	
TOTAL LIABILITIES		334,866		24,269,472		33,804		24,638,143
FINANCIAL LIABILITIES HELD FOR TRADING		-		-		-		-
OTHER FINANCIAL LIABILITIES AT FAIR VALUE WITH CHANGES REGISTERED IN THE PROFIT AND LOSS ACCOUNT		-		-		-		-
DEBTS AND PAYABLE ITEMS		59,251		6,240,273		28,004		6,327,528
HEDGING DERIVATIVES		-		-		-		-
TECHNICAL PROVISIONS		265,500		17,947,152		-		18,212,652
NON-TECHNICAL PROVISIONS		1,621		-		-		1,621
TAX LIABILITIES		3,576		45,232		667		49,475
OTHER LIABILITIES		4,918		36,815		5,133		46,867
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		-		-		-		-
TOTAL NET ASSETS		81,519		595,230		104,527		781,276
EQUITY								
CAPITAL		9,100		380,472		4,615		394,187
Authorised capital	9,100		380,472		4,615		394,187	
Less: Uncalled capital	-		-		-		-	
ISSUE PREMIUM		-		-		-		-
RESERVES		38,060		134,337		76,486		248,883
LESS: SHARES AND HOLDINGS IN OWN ASSETS		-		-		-		-
EARNINGS OF PREVIOUS FINANCIAL YEARS		-		-		-		-
OTHER SHAREHOLDER CONTRIBUTIONS		-		-		-		-
FINANCIAL YEAR RESULT ATTRIBUTED TO THE PARENT COMPANY		39,030		101,973		36,222		177,225
Consolidated Losses and Profits	39,030		133,262		36,222		208,514	
Losses and Profits attributable to external partners	-		(31,289)		-		(31,289)	
LESS: INTERIM DIVIDEND		(10,496)		(26,438)		(13,066)		(50,000)
OTHER EQUITY INSTRUMENTS		-		-		-		-
ADJUSTMENTS THROUGH CHANGES IN VALUE								
FINANCIAL ASSETS AVAILABLE FOR SALE		5,814		4,886		-		10,700
HEDGING OPERATIONS		-		-		-		-
EXCHANGE RATE DIFFERENCES		-		-		-		-
CORRECTIONS OF ACCOUNTING MISMATCHES		-		-		-		-
COMPANIES VALUED BY THE EQUITY METHOD		-		-		-		-
OTHER ADJUSTMENTS		-		-		-		-
NET ASSETS ATTRIBUTABLE TO THE PARENT COMPANY		81,508		595,230		104,257		780,995
MINORITY INTERESTS		11		-		270		281
TOTAL NET ASSETS AND LIABILITIES		416,385		24,864,702		138,331		25,419,419

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES (previously known as SegurCaixa Holding, S.A.U. and Subsidiaries)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of euros)	Equity attributable to the Parent Company		
	Equity		
	Capital or mutual fund	Issue premium and reserves	Shares and holdings in own assets
Final balance at 31 December 2008 (*)	256,267	136,305	–
Adjustments through change of accounting principle	–	–	–
Adjustments for errors	–	–	–
Adjusted balance at 1 January 2009	256,267	136,305	–
I. Total Recognised Income/(Expenses) for 2009 financial year	–	–	–
II. Transactions with shareholders or owners	137,920	–	–
Capital increases/(reductions)	137,920	–	–
Conversion of financial liabilities into shareholders' equity	–	–	–
Payment of dividends	–	–	–
Operations with shares or holdings in own assets (net)	–	–	–
Increases/(Reductions) through business combinations	–	–	–
Other transactions with shareholders or owners	–	–	–
III. Other changes in net equity	–	112,578	–
Payments based on equity instruments	–	–	–
Transfers between net asset items	–	112,578	–
Other variations	–	–	–
Final balance at 31 December 2009 (*)	394,187	248,883	–
Adjustments through change of accounting principle	–	–	–
Adjustments for errors	–	–	–
Adjusted balance at 1 January 2010	394,187	248,883	–
I. Total Recognised Income/(Expenses) for 2010 financial year	–	–	–
II. Transactions with shareholders or owners	382,536	747,499	–
Capital increases/(reductions)	382,536	747,499	–
Conversion of financial liabilities into shareholders' equity	–	–	–
Payment of dividends	–	–	–
Operations with shares or holdings in own assets (net)	–	–	–
Increases/(Reductions) through business combinations	–	–	–
Other transactions with shareholders or owners	–	–	–
III. Other changes in net equity	–	5,133	–
Payments based on equity instruments	–	–	–
Transfers between net asset items	–	5,133	–
Other variations	–	–	–
Final balance at 31 December 2010	776,723	1,001,515	–

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

Notes 1 to 23 in the accompanying Report and in Annexes I, II and III form an integral part of the Consolidated Statement of Changes in Equity at 31 December 2010.

Equity attributable to the Parent Company					Minority interests	Total net equity
Equity			Adjustments through changes in value	Subsidies, donations and legacies received		
Financial year result attributed to the Parent Company	(Interim dividends)	Other equity instruments				
159,176	(121,000)	–	4,583	–	72,458	507,789
–	–	–	–	–	–	–
–	–	–	–	–	–	–
159,176	(121,000)	–	4,583	–	72,458	507,789
177,225	–	–	6,117	–	281	183,623
–	(50,000)	–	–	–	–	87,920
–	–	–	–	–	–	137,920
–	–	–	–	–	–	–
–	(50,000)	–	–	–	–	(50,000)
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
(159,176)	121,000	–	–	–	(72,458)	1,944
–	–	–	–	–	–	–
(159,176)	121,000	–	–	–	(72,458)	1,944
–	–	–	–	–	–	–
177,225	(50,000)	–	10,700	–	281	781,276
–	–	–	–	–	–	–
–	–	–	–	–	–	–
177,225	(50,000)	–	10,700	–	281	781,276
248,907	–	–	(27,307)	–	315	221,915
–	(63,500)	–	(502)	31	16,761	1,082,825
–	–	–	–	–	–	1,130,035
–	–	–	–	–	–	–
–	(63,500)	–	–	–	–	(63,500)
–	–	–	–	–	–	–
–	–	–	(502)	31	16,761	16,290
–	–	–	–	–	–	–
(177,225)	50,000	–	–	–	–	(122,092)
–	–	–	–	–	–	–
(177,225)	50,000	–	–	–	–	(122,092)
–	–	–	–	–	–	–
248,907	(63,500)	–	(17,109)	31	17,357	1,963,924

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES (previously known as SegurCaixa Holding, S.A.U. and Subsidiaries)

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

(Thousands of euros)	2010 Financial Year	Financial Year 2009 (*)
A) CONSOLIDATED PROFIT/LOSS FOR THE YEAR	249,222	208,514
B) OTHER RECOGNISED INCOME (EXPENSES)	(27,809)	5,533
Financial assets available for sale:	(39,727)	21,834
Profit/(Loss) through valuation	(39,727)	21,834
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 the initial value of hedged items	–	–
Other reclassifications	–	–
Hedge of a net investment in foreign operations:	–	–
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:	–	(16,301)
Profit/(Loss) through valuation	–	(16,301)
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	–	–
Corporate income tax	11,918	–
TOTAL RECOGNISED INCOME/(EXPENSES) (A+B)	221,413	214,047
Attributed to the Parent Company	221,133	181,928
Attributed to minority interests	280	32,119

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

Notes 1 to 23 of the attached Report and Annexes I, II and III form an integral part of the Consolidated Statement of Recognised Income and Expenses corresponding to the 2010 financial year.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES (previously known as SegurCaixa Holding, S.A.U. and Subsidiaries)

CONSOLIDATED CASH FLOW STATEMENT (DIRECT METHOD)

(Thousands of euros)	2010 Financial Year	2009 Financial Year (*)
A) CASH FLOW OF OPERATING ACTIVITIES (1+2+3)	1,105,521	508,350
1. Insurance activity:	1,421,736	737,875
(+) Cash collections from insurance activity	6,967,708	3,210,586
(-) Cash payments from insurance activity	(5,545,972)	(2,472,711)
2. Other operating activities:	(195,167)	(142,470)
(+) Cash collections from other operating activities	132,252	101,758
(-) Cash payments from other operating activities	(327,419)	(244,228)
3. Receipts/(Payments) through corporate income tax	(121,048)	(87,055)
B) CASH FLOW OF INVESTMENT ACTIVITIES (1+2)	(1,618,694)	(5,677,708)
1. Collections from investment activities:	9,831,274	25,939,890
(+) Tangible fixed assets	694	-
(+) Property investments	64	-
(+) Intangible fixed assets	55	-
(+) Financial instruments	7,947,967	22,973,283
(+) Holdings	122,913	-
(+) Subsidiaries and other business units	-	-
(+) Interest received	5,892	1,514,546
(+) Dividends received	-	3,048
(+) Other payments related to investment activities	1,753,689	1,449,013
2. Payments from investment activities:	(11,449,968)	(31,617,598)
(-) Tangible fixed assets	(11,887)	(1,870)
(-) Property investments	(17,839)	-
(-) Intangible fixed assets	(9,650)	(203)
(-) Financial instruments	(311,775)	(31,581,380)
(-) Holdings	(1,245,549)	-
(-) Subsidiaries and other business units	-	-
(-) Other payments related to investment activities	(9,853,268)	(34,145)
C) CASH FLOWS OF FINANCING ACTIVITIES (1+2)	550,488	1,996,445
1. Collections from financing activities:	1,236,668	13,337,700
(+) Subordinated liabilities	1,405	7,047
(+) Collections through issue of asset and capital enlargement instruments	532,514	127,500
(+) Asset apportionment and contributions of shareholders or policyholders	-	-
(+) Transfer of own securities	1,304	-
(+) Other collections related to financing activities	701,445	13,203,153
2. Payments from financing activities:	(686,180)	(11,341,255)
(-) Dividends paid to the shareholders	(131,569)	(50,000)
(-) Interest paid	(1,867)	-
(-) Subordinated liabilities	-	(14,386)
(-) Payments through repayment of contributions to shareholders	-	-
(-) Liability assessments and repayment of contributions to shareholders or policyholders	-	-
(-) Acquisition of own securities	(2,552)	-
(-) Other payments related to financing activities	(550,192)	(11,276,869)
D) EFFECT OF CHANGES IN EXCHANGE RATES	-	-
E) NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS (A+B+C+D)	37,315	(3,172,913)
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	1,866,113	5,039,026
G) CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (E+F)	1,903,428	1,866,113

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

Notes 1 to 23 of the attached Report and Annexes I, II and III form an integral part of the Consolidated Cash Flow Statement corresponding to the 2010 financial year.

VIDACAIXA GRUPO, S.A.U. AND SUBSIDIARIES (previously known as SegurCaixa Holding, S.A.U. and Subsidiaries)

CONSOLIDATED CASH FLOW STATEMENT (DIRECT METHOD)

ELEMENTS OF CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	2010 Financial Year	2009 Financial Year (*)
(+) Cash and bank	213,367	(3,320,053)
(+) Other financial assets	1,690,061	5,186,166
(-) Less: <i>Bank overdrafts payable on demand</i>	–	–
TOTAL CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	1,903,428	1,866,113

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

Notes 1 to 23 of the attached Report and Annexes I, II and III form an integral part of the Consolidated Cash Flow Statement corresponding to the 2010 financial year.

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

Annual Consolidated Accounts Report Corresponding to the Financial Year Ending 31 December 2010

In accordance with the current standards on the content of annual consolidated accounts, this Report completes, extends and discusses the balance sheet, the profit and loss account, the statement of changes in equity and the consolidated cash flow statement (hereinafter, "the consolidated financial statements"), and with them forms a unit, with the aim of showing the true image of the consolidated assets and of the consolidated financial situation of VidaCaixa Grupo S.A.U. (previously known as SegurCaixa Holding, S.A.U.) at 31 December 2010, as well as the results of its operations, of the changes in equity and cash flows, which were produced in the financial year ended on that date.

1. General information on the Parent Company and its activities

a) Incorporation, duration and registered offices

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

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

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 Crisegen's main asset was its 50% share in VidaCaixa Group, Criteria became the sole shareholder of the Parent Company on 31 December 2007, terminating the framework shareholders' contract signed on 25 September 1992.

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

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

On 7 May 2009, the General Shareholders' Meeting of Criteria CaixaCorp approved the merger by absorption of Crisegen and the transfer of all the assets and liabilities, in addition to all its obligations and legal and contractual rights, with effect, for accounting purposes, from 1 April 2009. Following the merger, Criteria CaixaCorp had direct control of 100% of the shares in VidaCaixa Group.

On 31 August 2010, Criteria CaixaCorp contributed its direct shareholding of 97.76% in VidaCaixa Adeslas, S.A. de Seguros Generales y Reaseguros (previously known as SegurCaixa, S.A. de Seguros y Reaseguros) as a non-monetary subscription of the capital increase of VidaCaixa Grupo, S.A.U. Following this operation, VidaCaixa Group had direct control of 99.91% of the shares of VidaCaixa Adeslas, S.A. de Seguros Generales y Reaseguros and entire control over the Group's insurance business.

The shares of Criteria CaixaCorp have been listed on the stock market since October 2007. The shareholding of "la Caixa" in Criteria CaixaCorp was 79.45% at 31 December 2010.

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), carries out the functions which current provisions attribute to the Treasury Department with regard to private insurance and reinsurance, insurance mediation, capitalisation and pension funds.

The Parent Company directs and manages its share in the 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.

On 10 October 2007, the Internal Protocol of the relationship signed between "la Caixa" and Criteria CaixaCorp, 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 have with "la Caixa" and the other companies of the "la Caixa" Group.

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

By virtue of article 43.2 of the Spanish Commercial Code, VidaCaixa Group is not obliged to prepare separate consolidated accounts, since it is consolidated within Grupo Criteria CaixaCorp, S.A., which controls 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 2010 financial year, prepared by the Directors at the meeting of its Board of Directors on 31 March 2011.

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

On 31 March 2008, Caixa d'Estalvis i Pensions 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 2008, 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 Shareholders' Meetings of both companies on 30 June 2008.

At 31 December 2010, the Group managed 155 pension funds with a volume of consolidated rights of 14,338,173 thousand euros (13,705,622 thousand euros at 31 December 2009). The net income accrued by the management committees of the various funds totalled 125,502 thousand euros in the 2010 financial year (94,643 thousand euros in the 2009 financial year) and are recorded through the sum of net expenses in the profit and loss account, under the heading "Other activities – Other income". (See Note 19)

During the 2010 financial year, there were various company transactions, in particular the acquisition of Seguros Adeslas S.A. and Subsidiaries (hereinafter Adeslas) and Caixa Girona Mediació. (See Note 5)

On 13 January 2011, Criteria CaixaCorp and Mutua Madrileña Automovilística, Sociedad de Seguros a prima fija (hereinafter, "Mutua Madrileña") signed a strategic alliance for the development, marketing and distribution of the general non-life insurance of VidaCaixa Adeslas. (See Note 22)

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 mainly markets its products through the distribution network of the credit entity Caixa d'Estalvis i Pensions de Barcelona (hereinafter, "la Caixa"), which has been established as an exclusive banking-insurance operator of the subsidiary VidaCaixa, S.A. de Seguros y Reaseguros, authorised to market the insurance policies of VidaCaixa Adeslas. VidaCaixa also maintains exclusive agency contracts with BMW Financial Services Ibérica, EFC, S.A., AgenCaixa, S.A. Agencia de Seguros of the VidaCaixa Group. All these agents are also authorised to market the insurance products of the VidaCaixa Group.

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

d) Clients' Ombudsman

The most relevant points of the 2010 Annual Report presented by the head of the Service of the Board of Directors are detailed below. The information supplied has been obtained by bringing together the annual reports of VidaCaixa and VidaCaixa Adeslas.

During 2010, 4,372 claims were made to the Customer Service Department (172 in 2009), 4,291 of which were processed without prejudice to the grounds of inadmissibility in the Service Regulation (169 in 2009). The increases compared to the 2009 financial year are explained by the incorporation of Adeslas to the Group.

The type of claims submitted was as follows:

Subjects of claims	2010	2009
Active operations	–	2
Passive operations	–	1
Collection and payment services	1,338	1
Investment services	–	–
Insurance policies and pension funds	2,953	165
Total admitted	4,291	169
Non-admitted	81	3
Total	4,372	172

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

Type of resolution	2010	2009
Upheld	3,143	40
Rejected	1,032	65
Not applicable	159	38
Customer waivers	4	–
Pending resolution	21	27
Customer service	13	2
Total	4,372	172

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

2. Basis of presentation and consolidation principles

a) Financial reporting standards applicable to the Group

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

- a) The Commercial Code and all other commercial legislation.
- b) The International Financial Reporting Standards (hereinafter, IFRS) adopted by the European Union through Regulation 1606/2002 of the European Parliament and the Council, of 19 July 2002, in addition to subsequent amendments.
- c) The technical provisions were valued in accordance with the Regulations on Administration of Private Insurance approved by Royal Decree 2486/1998 and statutory provisions established by the Directorate General of Insurance and Pension Funds (DGIPF), in addition to the policies and regulations established by local regulatory bodies of the countries in which the Group has foreign subsidiaries.

b) True and fair view

The Group's consolidated annual accounts were obtained from accounting statements of the Company and its subsidiaries and are presented in accordance with the applicable financial reporting standards and, in particular, the accounting principles and policies contained therein, and offer a true and fair view of the assets, financial position, results and cash flows of the Group in said financial year. The present consolidated annual accounts, which were prepared by the Board of Directors of the VidaCaixa Group on 31 March 2011, as well as those of its subsidiaries, are pending approval by the respective General Shareholders' Meetings, and are expected to be approved without significant modifications. The consolidated annual accounts for the 2009 financial year were approved by the General Shareholders' Meeting of VidaCaixa Grupo, S.A.U. of 26 March 2010.

The annual accounts for the 2010 financial year were prepared from the accounting statements maintained by VidaCaixa Group and by the other subsidiaries of the Group. However, given that, in certain cases, the valuation principles and criteria applied in the preparation of these Consolidated Annual Accounts (IFRS) differ from those used by organisations within the Group, the necessary adjustments and reclassifications have been introduced to standardise said principles and criteria and adapt them to the International Financial Reporting Standards adopted by the European Union.

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

At 31 December 2010, 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 2010 financial year.

c) Responsibility for the information

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

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

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

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

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

New standards, revised standards and amendments adopted during the 2010 financial year

Standards and interpretations effective during the present period

During the 2010 financial year, various new accounting standards came into force and were therefore applied in the preparation of the attached consolidated annual accounts.

New standards and modifications		Mandatory Application for Financial Years initiated from:
IFRS 3 Revision – Business Combinations (Revised)	Substantially modifies the recognition of business combinations, changes the scope, the calculation of goodwill and the treatment of contingent considerations and introduces the option of valuing external partners at fair value.	Annual periods initiated from 1 July 2009
Modification of IAS 27 – Consolidated and Separate Financial Statements	Substantially modifies the recognition of changes in shareholdings in Group companies and that of external partners with debtor balances.	Annual periods initiated from 1 July 2009
Modification of IAS 39 – Financial Instruments: recognition and measurement – Designation of hedging instruments	Guidance on entries that may be designated as hedging instruments according to IAS 39 (in relation to inflation and options).	Annual periods initiated from 1 July 2009
Modification of IFRS 2 – Share-based Payments of the Group	Clarifies the treatment of share-based payments settled in cash between Group companies.	Annual periods initiated from 1 January 2010
Improvements to IFRS (published in May 2008)	Modifications to a series of standards.	The modification to IFRS 5 (clarifies the application of IFRS 5 when control of a subsidiary company is lost) is applicable to all annual periods initiated from 1 July 2009
Improvements to IFRS (published in April 2009)	Modifications to a series of standards.	All changes are mandatory in periods initiated from 1 January 2010 in the EU (original IASB date: most mandatory for periods initiated from 1 January 2010; some mandatory for periods initiated from 1 July 2009)

Interpretations		Mandatory Application for Financial Years initiated from:
IFRIC 12	Service Concession Arrangements.	From 1 April 2009 for EU countries (original IASB date: annual periods initiated from 1 January 2008)
IFRIC 15	Agreements for the Construction for the Real Estate.	From 1 January 2010 in the EU (original IASB date: annual periods initiated from 1 January 2009)
IFRIC 16	Hedges of a Net Investment in a Foreign Operation.	From 1 July 2009 in the EU (original IASB date: annual periods initiated from 1 October 2008)
IFRIC 17	Distribution of Non-Cash Assets to Owners.	From 1 November 2009 in the EU (original IASB date: annual periods initiated from 1 July 2009)
IFRIC 18	Transfers of Assets from Customers.	From 1 November 2009 in the EU (original IASB date: transfers of assets from 1 July 2009)

Standards and interpretations which have been issued but are not in force

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

New standards, modifications and interpretations approved for use in the European Union		Mandatory Application for Financial Years initiated from:
Modification of IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues	Modifies the accounting treatment of rights, options and warrants in a currency other than the operating currency.	Annual periods initiated from 1 February 2010
Revision of IAS 24 – Related Party Disclosures	Modifies the definition of “related party” and reduces the disclosure requirements for companies related merely by being under the control, joint control or significant influence of the State.	Annual periods initiated from 1 January 2011
Modification of IFRIC 14 – Minimum Funding Requirements	Prepaid contributions by virtue of a minimum funding requirement may give rise to an asset.	Annual periods initiated from 1 January 2011
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	Treatment of the cancellation of financial liabilities through share issues.	Annual periods initiated from 1 July 2010
IFRS 9 – Financial Instruments: Classification and Measurement (published in November 2009 and October 2010)	Replaces the classification and measurement requirements of financial assets and liabilities of IAS 39.	Annual periods initiated from 1 January 2013
Improvements to IFRS (published in May 2010)	Modifications to a series of standards.	Most mandatory for periods initiated from 1 January 2011; some mandatory for periods initiated from 1 July 2010
Modification to IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets (published in October 2010)	Extends and increases the disclosures on the transfers of financial assets.	Annual periods initiated from 1 July 2011
Modification to IAS 12 – Income Taxes – Deferred Taxes relating to Real Estate (published in December 2010)	On the calculation of deferred taxes related to real estate, according to the fair value method of IAS 40.	Annual periods initiated from 1 January 2012

IFRS 9 – Financial Instruments: Classification and measurement

IFRS 9 will in the future replace the current classification and measurement part of IAS 39. Significant differences to the current standard exist in relation to financial assets, including the approval of a new classification model based on two unique categories of amortised cost and fair value, the disappearance of the current classifications of “Held to maturity investments” and “Financial assets available for sale”, impairment analysis of assets measured at amortised cost and the non-bifurcation of derivatives embedded in financial asset contracts.

With regard to financial liabilities, the classification categories proposed by IFRS 9 are similar to the ones that already exist in IAS 39.

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

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

e) Comparison of information and correction of errors

Until 31 December 2009, the Group classified debts, deposits and mediation positions in insurance contracts with "la Caixa" as debts and deposits in Credit Entities, and other debts, respectively. With effect from 2010, the Group, in accordance with the provisions established in applicable accounting standards, has classified said entries under the headings "Other debts and loans with group and associated companies" and "Debts with brokers".

Furthermore, at 31 December 2009, the Group classified within "Cash and equivalent liquid assets" positions with a maturity of between 3 and 12 months at the time of contracting, and under the "Policy advance payments" heading, the financing of policies on insurance policies marketed by the Company. At 31 December 2010, the Group, in accordance with the applicable accounting standards, classified investments with a maturity greater than 3 months at the time of contracting under the heading "Loans to group and associated companies", and the financing of marketed policies under the heading "Other loans".

As a consequence of the above, the errors and policy changes have been applied retroactively as established in the accounting standards, and for this reason the figures presented at 31 December 2009 with regard to the above differ from those formulated at said date. There has been no impact on the Group equity from the retroactive application of the same.

The total amounts in this report for the 2010 financial year are presented with those of the previous financial year for the purposes of comparison, in accordance with the requirements established by IAS 1 – Presentation of Financial Statements.

f) Consolidation principles

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

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

Subsidiaries

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

In Annex I of the present Report, relevant information is provided on such companies and in Note 5 of the Report, information is provided on the most significant variations that occurred during the 2010 financial year and during the period between the financial year end and the date on which the accounts were prepared.

The annual accounts of subsidiary companies are consolidated with those of the VidaCaixa Group by applying the 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.

None of the Companies indicated in Annex I is listed.

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

Name	%Voting rights	Year of incorporation	Thousands of euros			
			Balances at 31 December 2010			
			Consolidated balance of the Group			
			Acquisition cost	Fair value	Subscribed capital	Dividends paid fin. year 2010
GeroCaixa Previsión Empresarial	100%	2000	102	102	30	–
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. The Group presents the initial contributions made to these Agrupaciones as the accrual of the certain profitability obtained under the sub-heading "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 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 y 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.

Associated companies

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

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

Annex I provides significant information on such companies.

In the consolidated annual accounts, associated companies are valued by the equity method, according to which the investment is initially recorded at cost, and subsequently adjusted according to the changes in the portion of net assets of the company that corresponds to the Group. The Group's year result includes the portion which corresponds to it in the results of the

associated companies, less any possible own shares maintained in the treasury stock of each associated company, once the dividends and other equity eliminations have been considered.

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

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

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

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

Note 5 of the Report provides information on the most significant acquisitions during the 2010 financial year, in addition to the period between 31 December 2010 and the date on which the present annual accounts were prepared, in associated companies, increases in the share capital of companies with associated company status at the beginning of the financial year, and information on the sale of shareholdings.

g) Compensation of balances

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

h) Financial information by segments

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

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

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

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

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

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

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

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

Allocation of Assets and Liabilities to the main segments

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

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

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

The assets and liabilities of each segment include the part of the assets and liabilities of the Agrupación de Interés Económico which must be respectively accrued according to the percentages held by the insurance and non-insurance companies of the Group.

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

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

The financial revenues and expenses are allocated to the Life and Non-life segments according to the allocation previously carried out for the assets generating these, which is shown in the "Investments Book" of each insurance company. A single financial instrument may be allocated to the different segments. In cases where the portfolios allocated to Life, Non-life or Other Activities include a holding in another subsidiary which is not an insurance company, its individual financial statements have consolidated line by line, respecting the allocation made in the "Investments Book". The Group holding in the profit/loss of the 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 provisions 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 headings "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 heading "Net operating expenses".

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

i) Cash flow statement

The following expressions are used in the cash flow statement:

- Cash flows: additions and disposals of cash and cash equivalents. Cash equivalents correspond to those high-liquidity, short-term investments which are easily convertible to determined cash amounts and are liable to insignificant risk of changes in their value and expire within three months.
- Operating activities: activities typical of insurance groups, as well as other activities which cannot be classified as investment or financing.
- Investment activities: those of acquisition, sale or disposal by other means of long-term assets and other investments not included in the cash and cash equivalents.
- Financing activities: activities that produce changes to the scale and composition of the equity and of the liabilities which do not form part of the operating activities. Operations with own shares, whenever they occur, are considered as financing activities. The payments of dividends made by the Parent Company to its shareholders are also considered under this category.

3. Significant accounting principles and policies and valuation criteria applied

The main valuation standards used in the preparation of the Group's Consolidated Annual Accounts for the 2010 financial year, in accordance with the International Financial Reporting Standards adopted by the European Union, were as follows:

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 instruments

b.1) Recognition

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

b.2) Classification of financial instruments

Note 6) of the Report shows the balances of the financial assets in force at 31 December 2010 and 2009, together with their specific nature, classified according to the following criteria:

- Financial assets at Fair Value with changes in the profit and loss account:

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

- Financial assets held for trading:

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

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

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

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

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

- Loans and payments receivable:

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

In this heading, 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 sheet according to their different nature, as is the case with the credits for direct insurance, reinsurance and co-insurance operations and the tax, social security and other credits. Some of these items are excluded from the scope of IAS 39 and are specifically dealt with by other international regulations.

- Financial assets available for sale:

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

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

On the latter instruments, the Group has signed various interest rate financial swap contracts, and has generally received fixed and/or determinable amounts from the different counterparties. 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.

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

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

During the 2010 financial year, and the one immediately before it, no financial instrument was allocated to the portfolio "Held-to-maturity investments".

b.3) Recognition and valuation of financial instruments

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

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

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

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

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

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

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

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

The majority of financial instruments use the listed prices of active markets (Level 1) as an objective reference for determining their fair value and consequently use to determine their fair value the price that would be paid for them in an organised, transparent and strong market (the listed price or market price). In general terms, listed debt securities and listed equity instruments are included in this level.

In order to estimate the fair value of the instruments classified in Level 2, for which no market price exists, the established price of recent transactions of similar instruments shall be taken as a reference; if such information is not available, valuation models sufficiently recognised by the international financial community will be used, taking into consideration the specific characteristics of the instrument being valued and, in particular, the different types of risk associated with the instrument. Consequently, the fair value of OTC derivatives and of financial instruments traded on organised markets that are not very strong or transparent will be calculated using methods recognised by the financial markets, for example the "net present value" (NPV) or the models used to calculate the prices of options, based on parameters observable in the market. Fundamentally, this level includes unlisted debt securities.

To obtain the fair value classified in Level 3, for the valuation of which no directly observable data exist in the market, alternative techniques are used, including requesting the price from the vendor entity or the use of market parameters with a risk profile that can be easily applied to the instrument being valued. At 31 December 2010, no financial instruments were included in this level.

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

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

b.4) Impairment of the value of financial instruments

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

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

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

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

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

– Financial assets recorded at amortised cost:

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

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

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

– Debt securities classified as available for sale:

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

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

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

– Equity instruments classified as available for sale.

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

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

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

b.5) Register of the variations arising in the valuations of financial assets and liabilities

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

- The loss or gain in a financial asset at fair value with changes in results is recognised in the profit and loss account of the financial year under the sub-caption “Unrealised gains and losses from investments” or “Profits from investments” from the Life and Non-life segment.
- The loss or gain in an asset available for sale is directly recognised in equity in the line “Adjustments through valuation” until the financial asset is cancelled in the accounts registers, with exception of the losses through impairment of the value of the losses or gains due to the exchange rate. At the time of cancellation, the loss or gain which has been previously recognised in equity is registered in the profit and loss account of the financial year.

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

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

b.6) Investment on behalf of life insurance policyholders who assume the risk of the investment

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

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

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

c) Tangible fixed assets

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

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

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

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

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

Tangible fixed asset	2010	2009
	Estimated useful life	Estimated useful life
Property (excluding land)	Between 25 and 50 years	Between 25 and 50 years
Furniture and fittings	Between 5 and 20 years	Between 5 and 13 years
Vehicles	5 years	Between 3 and 6 years
Data-processing equipment	Between 3 and 10 years	Between 3 and 5 years
Other tangible fixed assets	Between 5 and 10 years	5 years

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

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

The market value of own-use buildings, indicated in Note 9.a.) of the Report, has been obtained from valuation reports produced by independent experts, with a maximum life of 3 years, with the exception of the properties Ribera Salud II UTE Ley 18/82. The Group has updated all the valuations during the present financial year. For property located in Spain, the aforementioned market value has been calculated in accordance with the provisions established in Order ECO-805-2003, of 27 March, partially amended by Order EHA 3011-2007, of 4 October, on the valuation rules for property and certain rights for certain financial aims.

d) Property investments

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

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

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

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

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

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

e) Intangible fixed assets

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

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

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

e.1) 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 fair net value of the assets, liabilities and identifiable contingent liabilities which are not allocated to assets or specific intangible assets.

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

At 31 December 2010, the caption “Consolidated goodwill” included the following:

- Increase in the capital holding of VidaCaixa Adeslas:

The positive difference of consolidation deriving from the extension of the capital holding in the VidaCaixa Adeslas 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. In accordance with the applicable accounting regulations, the Company had 1 year to make the definitive identification of said intangible asset which, once identified was reclassified and presented under “Other intangible fixed assets” in the “Intangible fixed assets” caption in the balance sheet assets, which is depreciated according to its estimated useful life of 15 years (See Note 10).

- Merger by absorption of Adeslas:

On 2 September 2010, the Extraordinary General Shareholders’ Meeting of VidaCaixa Adeslas (previously known as SegurCaixa, S.A., de Seguros y Reaseguros), approved the agreement for the merger by absorption of Compañía de Seguros Adeslas, S.A. Said project was previously formalised by the Board of Directors on 28 June 2010 and recorded at the Mercantile Register on 1 July 2010. This arose from the intention to strategically realign the business presented by the Company, through the incorporation of the Health business.

As a consequence of recognising the assets and liabilities for their aforementioned fair value, goodwill of 256,914 thousand euros was declared, as described in Note 10 on “Intangible fixed assets”.

The surplus goodwill is not paid, but the potential impairment 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 – Impairment of assets. In cases where a loss occurs owing to impairment 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 10.a.).

As a consequence of the impairment analysis carried out during the 2010 financial year, no evidence of impairment to said goodwill was declared.

e.2) Merger goodwill

At 31 December 2010, the consolidated balance sheet includes:

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

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

No deferred taxes were generated from registering this operation.

- The intangible assets identified in the process of purchasing Caixa Girona Pensions’s pension fund management business.

By virtue of the merger by absorption of Caixa d’Estalvis de Girona by “la Caixa”, the Caixa Girona Pensions business was transferred to VidaCaixa. As a consequence of recording the assets and liabilities at fair value from said operation, an intangible asset valued at 2,696 thousand euros was identified at 31 December 2010, corresponding to the current value of the commercial management rights of the Pension Funds.

e.3) Financial rights derived from the policy portfolio acquired from brokers

This account records the amount paid in the acquisition of certain portfolios from brokers, which have been amortised systematically, in accordance with the maintenance of the policies of said portfolios and the expected consumption pattern of the financial profits derived from the acquired policy portfolios.

At each financial year close, the sums pending amortisation maintained by the Group shall be subject to an impairment test according to the methodology described below, recording the corresponding allowances, wherever applicable.

The impairment allowances in these financial rights shall not be subject to reversion in financial years subsequent to the date of the transaction.

e.4) Other intangible fixed assets

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

Intangible Assets identified

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

Administrative concession

The sum of an administrative concession has been included, corresponding to Ribera Salud II UTE Ley 18/82 (see Note 10), net of its corresponding accumulated depreciation. It will be depreciated on a straight-line basis throughout the life of the concession.

Trademark

The company has included the value of the "Adeslas" trademark in the balance sheet, arising from the merger by absorption of Adeslas (see Note 10), at fair value. Said fair value has been calculated using the "royalties" method, employing the internal rate of return of a hypothetical licensee. An indefinite useful life for the Adeslas trademark was established in the valuation process.

Insured Client Portfolio

The Group has included the fair value of the portfolio of insured clients of Adeslas, arising from the merger by absorption of Adeslas (see Note 10). Said fair value was calculated using the "income approach", based on the multi-period excess earnings method.

The useful life of the insured clients portfolio was calculated on the basis of the average withdrawal rate for each type of portfolio valued. The useful life for these products ranges from 4.4 to 9.7 years. Furthermore, in future financial years this asset will be depreciated on a straight-line basis over an estimated useful life of 6 years.

IT applications

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

The licences of the computer programs are valued by the amount paid for their ownership or right of use, together with the costs incurred in putting the specific program to use, provided that its use is foreseen for several years, and they are recorded as computer 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 Crossselling, S.A. on pension plan operations which the Group decided to activate from the 2002 financial year until the 2008 financial year inclusive, when the contract with Crossselling, S.A. was terminated. In accordance with a criterion of greater correlation of income and expenses, these expenses are 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, characterized by a single payment and being linked to mortgage loans covering the duration for a maximum of ten years renewable.

Other expenses of acquisition of pension plans and life insurance contracts

Since the 2004 financial year, the Group has marketed some new types of pension plans that have a cash premium associated with their sale. In the 2006 financial year, marketing of insurance products which also have the same type of premium associated to them commenced. The Group activates the cost of said rewards and 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 10.a.

f) Transactions in foreign currencies

f.1) Functional currency

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

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

f.2) Conversion criteria of balances in foreign currencies

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

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

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

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

- Revenue and expenses are converted by applying the average exchange rates of the period for all operations that belong to the same.
- Futures trading operations of currencies against currencies and currencies against euros not aimed at covering asset positions are converted at the exchange rates established on the date of the financial year close by the currency futures market for the corresponding accrual date.

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

f.3) Recording of exchange rate differences

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

- The exchange rate differences arising in the non-monetary items whose fair value is adjusted with counterpart in equity are recorded in equity under the 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 fair value.

g) Corporation tax

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

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

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

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

The assets and liabilities through 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 Corporation Tax at 31 December 2010 by applying the current tax regulations and Royal Decree Law 2-2008, of 21 April, on measures to promote economic activity in all companies domiciled for tax purposes in Spain.

The Group Companies, with the exception of the absorbed company, Adeslas and its subsidiaries, have been in the tax consolidation regime within the "la Caixa" Group since the 2008 financial year; therefore the balances payable for said concepts are recorded under Debts with Group Companies in the caption "Debts and payable items" of the attached balance sheet.

The absorbed company Adeslas was the head of a tax consolidation group made up of the subsidiary companies in which it had a direct or indirect capital holding equal to or greater than 75%. Said tax consolidation group remained in force during the 2010 financial year. The balance of this Group with the Public Tax Administration is recorded under the "Current Tax Assets" caption of the balance sheet.

h) Financial liabilities

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

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

At 31 December 2010, neither the Parent Company nor any other Group company had guaranteed other debt securities issued by associate companies or by third parties outside the Group.

i) Assets and liabilities derived from insurance and reinsurance contracts

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

i.1) Classification of the contracts portfolio

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

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

i.2) Valuation of assets and liabilities derived from insurance and reinsurance contracts

IFRS 4 restricts the changes in accounting policies followed in insurance contracts. Adopting this standard, for the assets and liabilities derived from insurance contracts, the Group generally employs the accounting principles and valuation rules established in Spain for such contracts, except:

- The stabilisation reserves which insurance companies have to constitute under Spanish accounting principles, in accordance with the provisions set out in the RASPIs (Regulations on Administration and Supervision of Private Insurance).
- The liability adequacy test, 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 provisions, net of any deferred acquisition cost or any intangible asset related to the insurance contracts subject to evaluation, with the amount resulting from considering the current estimations, applying market interest rates, of all the cash flows derived from the insurance contracts, with the difference that derives between the market value of the financial instruments affecting the previous contracts and their acquisition cost. In order to determine the market value of these liabilities, the same interest rate as the one employed in the financial instruments is used. The valuations of the insurance contracts also include the related cash flows, such as those coming from the implicit options and guarantees.

As a consequence of the test performed on 31 December 2010, there was no evidence of any requirement to increase the liabilities derived from insurance contracts.

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

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

For unearned premiums and unexpired risks

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

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

Life insurance

This reserve includes the reserve for unearned premiums of insurance contracts with a period of coverage equal to or lower than the year and principally, for the other insurance contracts, the 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.

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

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

Claims

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

Claims pending settlement or payment

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

claims pending settlement or payment and includes external and internal management expenses and processing of claims, whatever their origin, produced or to be produced, until the final settlement and payment of the claim.

Claims pending declaration

For products belonging to the health segment, the Group calculates the reserve for claims pending declaration based on historic experience.

Furthermore, for products not belonging to the health segment, the Group's insurance companies are authorised by the DGIPF to use global statistical methods to calculate the reserve for claims pending declaration in the Individual Life, Group Life and Group Accident and Non-life forms, with effect from 31 December 2006. Since then, said reserve has been calculated in accordance with generally accepted statistical methods of groups of different methods, establishing as the reserve amount the greater of the results obtained.

For the above cases, the reserve has been calculated according to the best estimate provided by the internal actuarial calculations based on generally accepted calculation methods. The methodology and main hypotheses used in the calculation of said reserves at 31 December 2010 is described below:

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

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

For the purposes of the tax deductibility of the 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 RASPI. The differences between the provisions made and those considered as a tax deductible expense during the financial year have taken time differences into account.

Internal expenses of claims settlements

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

Reserves for share in profits and returns

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

Commissions and accrued acquisition expenses

The caption of the balance sheet "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 "Loans and payments receivable – Other credits" of the consolidated balance sheet.

Agreements between insurance companies

The subsidiary VidaCaixa Adeslas participates in the CICOS system for settling certain claims in the automobile segment (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 provisions" 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 aim, in all cases, to transfer part of the insurance risk to the reinsurance companies with whom they have signed the contract.

j) Non-technical provisions

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

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

j.1) Reserves for pensions and similar risks

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

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

For the employees of the absorbed company Adeslas, if retirement is applied for in the month in which the employee reaches 65, the Company will pay compensation of one month's salary for every 5 years of service, up to a maximum of 10 monthly payments. Said pension commitments were outsourced to VidaCaixa.

On the other hand, upkeep and maintenance costs are expensed during the period in which they occur in each Group company. In the 2010 financial year, the subsidiary companies contributed 578 thousand euros to this Fund (359 thousand euros in 2009).

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

j.2) Other non-technical provisions

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

k) Leases

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

Financial leases

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

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

Operating leases

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

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

l) Joint ventures

The Company records its investments in the temporary joint venture "Ribera Salud II UTE Ley 18/82" (see Note 7), recording in its balance sheet its corresponding proportion according to its holding percentage of the jointly-controlled assets and jointly-incurred expenses. Furthermore, the corresponding proportion of the revenue generated and expenses incurred through the joint venture are recognised in the profit and loss account. Similarly, the Statement of Changes in Equity and the Cash Flow Statement include the corresponding proportion of the entries relating to the joint venture.

m) Subsidies, donations and legacies

The Group adopts the following criteria to record the subsidies, donations and legacies received:

- Non-refundable capital subsidies, donations and legacies: These are valued at the fair value of the amount or asset donated, depending on whether or not they are of a monetary nature, and are recorded in the results in proportion

to the provision for depreciation effected during the period for subsidised items or, wherever applicable, when their disposal or allowance for impairment occurs.

- Refundable subsidies: While they maintain their refundable status, they are recorded as liabilities.
- Operating subsidies: They are posted to the results at the time they are granted, except if they are used to finance the operating losses of future financial years, in which case they are recorded in said financial years. If they are granted to finance specific expenses, they are recorded as the financial expenses are accrued.

n) Related party transactions

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

o) Environmental equity items

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

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

p) Severance pay

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

q) 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:

q.1) Income through issued premiums

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

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

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

q.2) 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.

q.3) Claims paid and variation in reserves

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

q.4) 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 Parent Company and the subsidiaries VidaCaixa, VidaCaixa Adeslas, Agencaixa and Caixa Girona Mediació are under the supervision of the DGIPF and are regulated by the legislation applicable to insurance companies. Said legislation establishes that insurance companies must at all times have, as a solvency margin, their own uncommitted assets, sufficient for their combined activities.

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

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

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

At 31 December 2010, the breakdown of the solvency margin and the minimum quantity of the subsidiaries VidaCaixa and VidaCaixa Adeslas is as follows (in thousands of euros):

2010 Financial Year

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

2009 Financial Year

Solvency margin	VidaCaixa	VidaCaixa Adeslas
Own uncommitted assets	1,096	56
Solvency margin minimum quantity	785	44
Solvency margin surplus	311	12
Percentage (%) of the required minimum that the assets represent	140%	127%

Management of risks

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

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

– Credit Risk

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

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

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

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

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

– Liquidity risk

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

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

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

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

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

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

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

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

– Technical or underwriting risk

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

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

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

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

– Sensitivity to insurance risk (IFRS 4):

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

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

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

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

Breakdown of credit rating at 31 December 2010 and 2009:

Rating	Thousands of euros			
	Nominal Value		Weighting	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Between AA- and AAA	15,610,088	10,018,535	68%	50%
Between A- and A+	5,831,416	8,615,253	26%	43%
Between BBB- and BBB+	1,121,407	1,340,092	5%	7%
Between BB- and BB +	272,166	216,408	1%	1%
Below BB-	1,973	1,882	–	–
Total	22,837,050	20,192,170	100%	100%

As investment criteria, the different measures of diversification of the risks, by country or by sector, are also taken into account. The data at 31 December 2010 and 2009 are as follows:

Geographical diversification

2010 Financial Year

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

2009 Financial Year

Thousands of euros							
Country	Fixed income	Equity instruments	Derivatives	Hybrids	Deposits in credit entities	Loans granted	Investment funds
Germany	1,570,411	-	99	-	-	-	-
Netherlands Antilles	83,800	-	-	-	-	-	-
Australia	2,168	-	-	-	-	-	-
Austria	334,598	-	-	-	-	-	-
Belgium	795,431	-	-	-	-	-	-
Canada	24,514	-	-	-	-	-	-
Spain	6,048,145	57,274	5,897	-	114,489	4,314,125	-
United States	969,307	-	-	-	2,929	-	-
Finland	79,976	-	-	-	-	-	-
France	2,178,111	-	15,914	-	-	-	-
Greece	110,977	-	-	-	-	-	-
Netherlands	1,722,846	-	2,077	-	-	-	-
Hungary	131,118	-	-	-	-	-	-
Ireland	49,761	-	-	-	-	-	-
Cayman Islands	34,119	-	-	-	-	-	-
Italy	2,367,124	-	-	-	-	-	-
Luxembourg	304,298	-	-	-	-	-	-
Norway	45,178	-	-	-	-	-	-
Portugal	153,728	-	-	-	-	-	-
United Kingdom	765,547	-	-	-	-	-	-
Sweden	59,555	-	-	-	-	-	-
Switzerland	104,238	-	-	-	-	-	-
Total	17,934,950	57,274	23,987	-	117,418	4,314,125	-

Diversification by sector

2010 Financial Year

Thousands of euros							
	Fixed income	Equity instruments	Funds	Derivatives	Loans	Hybrids	Deposits in credit entities
Communications	744,692	-	-	-	-	-	-
Consumer goods	403,073	-	-	-	-	-	-
Energy	162,277	-	-	-	-	-	-
Financial	6,897,278	61	23,092	11,519	4,858,341	6,013	174,361
Funds	-	-	762	-	-	-	-
Government	8,654,267	-	-	-	-	-	-
Industrial	618,924	-	-	-	-	-	-
Infrastructure	0	50,790	-	-	-	-	-
Raw materials	142,956	-	-	-	-	-	-
Maritime	154	-	-	-	-	-	-
Utilities	1,400,377	-	-	-	-	-	-
Health	-	528	-	-	-	-	-
Real estate	-	-	-	-	-	-	-
Insurance	-	106	-	-	-	-	-
Total	19,023,998	51,485	23,854	11,519	4,858,341	6,013	174,361

2009 Financial Year

Thousands of euros					
Sector	Fixed income	Equity instruments	Derivatives	Deposits in credit entities	Loans
Communications	969,412	-	-	-	-
Consumer goods	447,216	57,213	-	-	-
Energy	172,976	-	-	-	-
Financial	7,480,690	61	23,987	117,418	4,314,125
Government	6,593,734	-	-	-	-
Industrial	657,364	-	-	-	-
Raw materials	150,156	-	-	-	-
Utilities	1,463,402	-	-	-	-
Total	17,934,950	57,274	23,987	117,418	4,314,125

5. Variations in associated, group and multi-group companies

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

By virtue of the agreement signed between Criteria CaixaCorp, S.A. and Suez Environment and Malakoff Médéric, the Group has acquired 99.77% of Adeslas.

On 7 June 2010, 3,039,997 Adeslas shares were acquired from Sociedad General de Aguas de Barcelona, 2,495,597 of which were 75% paid-in and the remainder fully paid-in. Said shares have a par value of 12.02 euros per share and represent 54.78% of the share capital of Adeslas. The approximate acquisition price of the shares was 225.4818 euros for the partially paid-in shares and 228.4868 euros for the fully paid-in shares, resulting in an effective purchase price of 687,100 thousand euros.

In addition, on the same date, 2,496,928 Adeslas shares were acquired from Malakoff Médéric, 2,041,966 of which were 75% paid-in and the remainder fully paid-in. Said shares have a par value of 12.02 euros per share and represent 44.99% of the share capital of Adeslas. The approximate acquisition price of the shares was 202.1961 euros for the partially paid-in shares and 205.2011 euros for the fully paid-in shares, resulting in an effective purchase price of 506,236 thousand euros.

Consequently, since the acquisition date of the shares in the absorbed company was 7 June 2010, this was the date on which the profit and loss account of Adeslas and its subsidiaries was included in the consolidation scope.

Subsequently, between 25 June and 19 August 2010, the Group acquired 6,354 shares which were owned by minority interests, 138 of which were 75% paid-in and the remainder fully paid-in. Said shares have a par value of 12.02 euros per share and represent 0.11% of the share capital of Adeslas. The approximate acquisition price of the shares was 225.48 euros for the partially paid-in shares and 228.49 euros for the fully paid-in shares, resulting in an effective purchase price of 1,451 thousand euros.

On 2 September 2010, the Extraordinary General Shareholders' Meeting of VidaCaixa Adeslas (previously known as SegurCaixa, S.A., de Seguros y Reaseguros), approved the agreement for the merger by absorption of Compañía de Seguros Adeslas, S.A. Said project was previously formalised by the Board of Directors on 28 June 2010 and recorded at the Mercantile Register on 1 July 2010. This arose from the intention to strategically realign the business presented by the Company, through the incorporation of the Health business.

The most significant aspects of the merger are as follows:

- The acquisition date of the absorbed company shares was 7 June 2010 and the date of registration of the merger project in the Mercantile Register, on which the assets and liabilities of the absorbed company were integrated, was 1 July 2010.
- The operation was classified under the Special Regime contained in Chapter VIII of Title VII of Royal Decree 4/2004, of 5 March, which approves the Revised Text of the Corporation Tax Law (TRLIS).
- The price of the business combination was 1,128,335 thousand euros, of which 1,127,087 thousand euros were paid in cash and 1,248 thousand euros were paid by company share swaps.
- As a consequence of recognising the assets and liabilities for their aforementioned fair value, goodwill of 256,914 thousand euros was declared, as described in Note 10 on "Intangible fixed assets". The calculation base for the aforementioned goodwill is as follows:

	Thousands of euros
Net acquisition cost	1,127,068
Theoretical book value	291,772
Difference	835,296
<i>Allocation of acquisition cost</i>	
Capital gains from real estate	111,785
Trademark	310,883
Insured client portfolio	241,796
Elimination of previous Adeslas goodwill	(76,972)
Provisions for risks and expenses	(1,092)
Others	(163)
Minority interests	(7,855)
Total allocation of price premium	578,382
Consolidated goodwill	256,914

- The revenue and result attributable to the combination from the acquisition date to the close of the 2010 financial year is as follows:

	Thousands of euros
Premiums applied to period, net of reinsurance	837,804
Result for the period	32,970

As a result of the aforementioned mergers, by the end of 2010, VidaCaixa Adeslas had acquired a 99.88% share in Adeslas, represented by 5,543,279 shares, at an acquisition cost of 1.208424 billion euros. However, said acquisition cost included the rights to receive dividends distributed by Adeslas during the first half of 2010, which totalled 67,720 thousand euros and were paid at the end of the financial year, as well as the pending payment of shares worth 13,636 thousand euros. As a result, the net book value of the VidaCaixa Adeslas holding in Adeslas totalled 1.127068 billion euros.

On 22 December 2010, the deed for the merger by absorption with Adeslas was executed and was recorded in the Mercantile Register on 31 December 2010. In the merger accounting procedure, the net book value of the holding in Adeslas was eliminated and all of the assets and liabilities of the absorbed company were incorporated, including the subsidiaries.

As a result of the merger by absorption of Adeslas, the Group has incorporated the holdings in group and associated companies which the former held in its portfolio at the date of the operation. Specifically, this involves 8 group companies and 1 associated company incorporated within the Group, with a direct holding. Furthermore, the consolidation scope of the Parent Company incorporated an additional 17 group companies and 13 associated companies, in which VidaCaixa Adeslas has an indirect holding.

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

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

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

5.c) Dissolution and liquidation of SegurVida Consulting S.A.

On 5 July 2010, the General Shareholders' Meeting of SegurVida Consulting, S.A. (owned 80% by VidaCaixa Grupo, S.A.U. and 20% by Criteria CaixaCorp, S.A.) approved its dissolution and liquidation in accordance with the provisions of article 260.1.2 of the Revised Text of the Law on Joint Stock Companies.

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

6. Financial assets

The breakdown of the financial assets at 31 December 2010 is as follows (in thousands of euros):

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

The same information at 31 December 2009 is as follows (in thousands of euros):

Investments classified by category of financial assets and type	Financial assets held for trading (HFT)	Other financial assets at fair value with changes in the profit and loss account (CFVP&L)	Financial assets available for sale (AFS)	Loans and payments receivable (L&PR)	Total at 31/12/2009
FINANCIAL INVESTMENTS:					
Equity instruments					
Financial investments in capital	–	–	57,274	–	57,274
Holdings in investment funds	–	–	–	–	–
Debt securities					
Investment on behalf of life insurance policyholders who assume the risk of the investment	–	184,312	–	–	184,312
Loans	–	–	–	4,314,125	4,314,125
Other financial assets	23,987	–	–	–	23,987
Deposits in credit entities	–	–	–	117,418	117,418
Deposits constituted for accepted reinsurance	–	–	–	–	–
CREDITS:					
Credits through direct insurance and co-insurance operations	–	–	–	100,909	100,909
Credits through reinsurance operations	–	–	–	1,734	1,734
Other credits	–	–	–	130,448	130,448
Impairment	–	–	–	–	–
Total	23,987	184,312	17,992,224	4,664,634	22,865,157

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

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

The same information at 31 December 2009 is as follows (in thousands of euros):

	Level 1	Level 2	Level 3	Total at 31/12/2009
Financial assets held for trading				
Debt securities	-	-	-	-
Derivatives	-	23,987	-	23,987
Other financial assets at fair value with changes registered in the profit and loss account				
Debt securities	-	-	-	-
Investment on behalf of life insurance policyholders who assume the risk of the investment	178,729	5,583	-	184,312
Loans	-	-	-	-
Deposits in credit entities	-	-	-	-
Financial assets available for sale				
Financial investments in capital	55,811	1,463	-	57,274
Holdings in investment funds	-	-	-	-
Debt securities	11,183,322	6,751,627	-	17,934,950
Loans	-	-	-	-
Other financial assets without published prices	-	-	-	-
Deposits in credit entities	-	-	-	-
Total at 31 December 2009	11,417,863	6,782,660	-	18,200,523

6.a) Financial Investments

Financial assets held for trading

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

	HFT
	Derivatives
Net book value at 1 January 2009	25,585
Purchases	142
Sales and amortisations	(43)
Reclassifications and transfers	-
Revaluations against reserves	-
Revaluations against results	(1,697)
Changes in the losses through impairment of value	-
Net book value at 31 December 2009	23,987
Purchases	-
Sales and amortisations	(11,481)
Reclassifications and transfers	(987)
Revaluations against reserves	-
Revaluations against results	-
Changes in the losses through impairment of value	-
Net book value at 31 December 2010	11,519

The investments held in derivatives at 31 December 2010 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 maturity dates of such derivatives are between 2019 and 2021. The fair value of such investments has been calculated from the final listing, in the case of securities listed in organised markets, and in the case of non-listed securities or securities without a representative listing, the market value has been calculated by applying valuation methods that are generally accepted in the financial sector.

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

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

	Investment on behalf of life insurance policyholders who assume the risk of the investment	Equity instruments	Hybrid instruments	Total
Net book value at 1 January 2009	169,523	–	–	169,523
Purchases and accruals	237,976	–	–	237,976
Sales, accruals and depreciations	(243,328)	–	–	(243,328)
Revaluations against results	20,141	–	–	20,141
Changes in the losses through impairment of value	–	–	–	–
Net book value at 31 December 2009	184,312	–	–	184,312
Purchases and accruals	177,329	–	–	177,329
Additions to the consolidation scope	–	14	7,855	7,869
Sales, accruals and depreciations	(164,274)	–	(2,201)	(166,475)
Revaluations against results	4,106	–	359	4,465
Changes in the losses through impairment of value	–	–	–	–
Net book value at 31 December 2010	201,473	14	6,013	207,500

During the 2010 financial year, the income from investments on behalf of policyholders who assume the risk of the investment totalled 18,621 thousand euros (35,509 thousand euros in 2009), while the expenses of the same totalled 11,011 thousand euros (17,811 thousand euros in 2009). 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.

In addition, the Group incorporated an additional 7,855 thousand euros in hybrid instruments through the merger with Adeslas. These instruments correspond to three fixed-income bonds, two issues which present a coupon linked to the evolution of a basket of shares with maturity in April 2011 and June 2012, and an issue which presents a fixed coupon plus a Eurostoxx option with maturity in June 2011.

Financial assets available for sale

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

	AFS		Total
	Financial investments in capital	Debt securities	
Net book value at 1 January 2009	44,449	17,162,534	17,206,983
Purchases	36	8,405,647	8,405,683
Sales and amortisations	(384)	(7,640,700)	(7,702,746)
Reclassifications and transfers	–	–	–
Revaluations against reserves	13,173	7,469	20,642
Changes in the losses through impairment of value	–	–	61,662
Net book value at 31 December 2009	57,274	17,934,950	17,992,224
Non-cash contributions	666,486	–	666,486
Purchases	48,962	11,444,716	11,493,678
Additions to the consolidation scope	1,320	63,480	64,800
Implicit interest accrued	–	367,816	367,816
Sales and amortisations	(691,082)	(9,708,433)	(10,399,515)
Reclassifications and transfers	–	–	–
Revaluations against reserves	(7,485)	(1,126,127)	(1,133,612)
Changes in the losses through impairment of value	–	–	–
Registered profit/loss	(150)	47,596	47,446
Net book value at 31 December 2010	75,325	19,023,998	19,099,323

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

On 31 May 2010 Criteria CaixaCorp, S.A., in the Adeslas acquisition and subsequent merger process, increased its capital in VidaCaixa Adeslas through a non-monetary contribution in equity instruments.

Specifically, it contributed 17,525,400 shares in Sociedad General de Aguas de Barcelona at a fair value of 20 euros per share, which represented 11.544% of the share capital of said Company. It also contributed 12,279,196 shares in Hisusa at a fair value of 26.14 euros per share, which represent 16.13% of its share capital. (See Note 5). The activated value totals 666,486 thousand euros.

Subsequently, on 9 June 2010 these shares were transferred to Suez Environment España, S.L., in order to obtain liquidity for the purchase of shares in Adeslas, generating a result of 2 thousand euros.

With regard to the shares incorporated through the Adeslas merger, the majority are fixed-income shares issued by group companies. The shares that were not issued by the Group are made up of shares issued 52% by the State and autonomous communities, 35% by the financial sector and 19% by the industrial, energy, communications, raw materials and utilities sector.

The unrealised capital losses of the financial instruments associated with the portfolio which remunerates the Group's own funds total 17,109 thousand euros (10,700 thousand euros in the 2009 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 2010 financial year, the Company disposed of public debt securities, basically German, Belgian and French and, to a lesser degree, those of private corporations, with a maturity between 2011 and 2045, and reinvested in securities issued mainly by the Spanish and Italian Governments of the same duration, in order to adapt the durations of the financial investments to the durations of the commitments with insurance policy holders.

As a consequence of the above, 47,446 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 2009 financial year, net gains of 4,193 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):

	Non-mortgage loans and advance payments on policies	Mortgage loans	Other financial assets without published prices	Deposits in credit entities	Deposits constituted for accepted reinsurance	Total
Net book value at 1 January 2009	131,541	1,071	9,792	–	1	142,405
Purchases	33,695	–	–	942,378	–	976,073
Implicit interest accrued						
Sales and amortisations	(83,953)	(207)	(7,160)	–	(1)	(91,321)
Reclassifications and transfers	4,231,978	–	(2,632)	(824,960)	–	3,404,386
Revaluations against reserves	–	–	–	–	–	–
Changes in the losses through impairment of value	–	–	–	–	–	–
Net book value at 31 December 2009	4,313,261	864	–	117,418	–	4,431,543
Purchases	10,219,059	–	–	12,020	1	10,231,080
Implicit interest accrued	(19,935)	–	–	1,341	–	(18,594)
Additions to the consolidation scope	30,765	–	–	216,200	–	246,965
Sales and amortisations	(9,685,536)	(137)	–	(172,618)	–	(9,858,291)
Reclassifications and transfers	–	–	–	–	–	–
Revaluations against reserves	–	–	–	–	–	–
Changes in the losses through impairment of value	–	–	–	–	–	–
Net book value at 31 December 2010	4,857,614	727	–	174,361	1	5,032,703

6.a.1) Financial investments in capital and holdings in investment funds

The following is the breakdown of the balances in this sub-caption at 31 December 2010 and 2009:

	Thousands of euros	
	AFS Portfolio	
	31/12/2010	31/12/2009
Shares in Spanish listed companies	50,158	55,810
Shares in Spanish unlisted companies	1,312	1,464
Spanish investment funds	763	–
Foreign investment funds	23,092	–
Total	75,325	57,274

At 31 December 2010, the Group owns 0.5044% of the share capital of Abertis Infraestructuras, S.A. (0.5044% at 31 December 2009). The Group has received 2,183 thousand euros as dividends through these shares during the 2010 financial year. The fair value of these shares at 31 December 2010 was obtained from the market listing on said date. The unrealised gains at this date totalled 34,874 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 57 thousand euros and a holding in an investment fund valued at 23,092 thousand euros.

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

6.a.2) Fixed income values

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

	Thousands of euros	
	31/12/2010	31/12/2009
	AFS Portfolio	AFS Portfolio
Public debt and Government obligations and bonds	6,586,551	2,441,424
Other Public Administration	297,104	224,286
Issued by financial companies	2,842,411	1,928,531
Foreign public debt	1,770,612	2,642,509
Issued by foreign financial companies	4,045,957	2,339,130
Other fixed income values	3,481,363	8,359,070
Total	19,023,998	17,934,950

The unpaid explicit interest in favour of the Group at 31 December 2010 totals 399,511 thousand euros (415,576 thousand euros at the close of 2009) and are recorded in the sub-caption “Other assets – Accruals” of the accompanying balance sheet. The remaining balance of said caption corresponds to the unpaid interests accrued through the current accounts which the Group maintains with “la Caixa” and other entities.

As a consequence of the above, 122,125 thousand euros of net gains and 84,212 thousand euros of net losses materialised, respectively.

Furthermore, the Group formalised sale and purchase agreements for fixed-income securities within its own ordinary portfolio, generating a net income of 2,195 thousand euros, which are recorded in the corresponding headings of the accompanying profit and loss account.

The maturity dates of the securities included in this sub-caption, according to their allocation portfolio at 31 December 2010 and 2009, and taking into consideration their fair value, are as follows:

Maturity	Thousands of euros	
	31/12/2010	31/12/2009
	AFS Portfolio	AFS Portfolio
Less than 1 year	1,265,260	1,564,839
1 to 3 years	3,074,413	2,742,431
3 to 5 years	2,382,371	2,052,427
5 to 10 years	3,781,921	3,571,946
10 to 15 years	2,842,189	2,337,329
15 to 20 years	1,184,275	1,165,684
20 to 25 years	1,465,433	1,988,836
More than 25 years	3,028,135	2,511,458
Total	19,023,998	17,934,950

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

The following is the breakdown by investment type at 31 December 2010 and 2009:

Investment on behalf of life insurance policyholders who assume the risk of the investment	Thousands of euros			
	31/12/2010		31/12/2009	
	CFVP&L	Other assets	CFVP&L	Other assets
Variable income	30,056	–	27,754	–
Holdings in investment funds	96,729	–	79,132	–
Fixed income and other investments	74,688	–	77,426	–
Cash and other equivalent assets	–	13,382	–	16,120
Accruals	–	1,042	–	2,485
Total	201,473	14,424	184,312	18,605

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

Maturity	Thousands of euros	
	31/12/2010	31/12/2009
	CFVP&L	CFVP&L
Less than 1 year	23,815	21,265
1 to 3 years	23,359	31,105
3 to 5 years	18,854	17,899
5 to 10 years	7,817	7,090
More than 10 years	842	67
Total	74,688	77,426

The variation during the 2010 financial year of the gains net of losses of these assets totalled 826 thousand euros (losses valued at 662 thousand euros in 2009). They are recorded in the caption "Unrealised gains and losses from investments" in the profit and loss account of the Life segment.

6.a.4) Loans and other financial assets without published prices

The following is the detail of the balances that make up this sub-caption at 31 December 2010 and 2009:

	Thousands of euros	
	31/12/2010	31/12/2009
	L&PR	L&PR
Non-mortgage loans and advance payments on policies		
Unlisted loans	4,857,614	4,313,261
Mortgage loans	727	864
Deposits in credit entities	174,361	117,418
Deposits constituted for accepted reinsurance	1	-
Total	5,032,703	4,431,543

The balance of the deposits in credit entities includes deposits with a duration of more than 3 months from the acquisition date. At 31 December 2010, the Group maintained 50 deposits contracted by "la Caixa" with a maturity in 2011 with a weighted IRR of 1.09%.

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.

All the deposits in credit entities with a maturity of more than 3 months from the acquisition date will be amortised during 2011.

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".

6.a.5) Losses through impairment of value

During the 2010 and 2009 financial years, no losses through impairment of value were recognised for any type of financial assets.

b) Credits

The following is the breakdown of the credits derived from insurance, reinsurance and co-insurance contracts at 31 December 2010 and 2009:

	Thousands of euros	
	L&PR	
	31/12/2010	31/12/2009
Credits through direct insurance and co-insurance operations		
Insurance policyholders – receipts pending:		
Direct and reinsurance business	114,780	37,573
Loan to the Community of Valencia (Ribera Salud II UTE)	50,334	–
Premiums accrued and not issued	66,164	49,149
(Reserve for premiums pending payment)	(32,122)	(12,064)
Brokers:		
Pending balances with brokers	5,522	6,040
(Reserve for impairment of balance with brokers)	(10)	(10)
Accounts receivable for co-insurance operations		
Pending balances with co-insurers	14,884	20,223
(Reserve for impairment of balance with co-insurers)	(398)	(2)
Credits through reinsurance operations		
Pending balance with reinsurance companies	6,713	2,080
(Reserve for impairment of balance with reinsurance)	(397)	(346)
Other credits		
Other credits	257,950	130,722
(Reserve for impairment of other credits)	(990)	(274)
Total	482,430	233,091

The movement and detail of the losses of value recorded during the 2010 and 2009 financial years 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 impairment of balance with brokers	Reserve for impairment of balance with reinsurance	Reserve for impairment of balance with co-insurers	Reserve for impairment of other credits
Balances at 1 January 2009	(8,009)	(243)	(345)	(2)	–
Endowments charged to results	(4,055)	–	(1)	–	–
Applications with payment to results	–	233	–	–	–
Balances at 31 December 2009	(12,064)	(10)	(346)	(2)	(274)
Merger incorporations	(19,663)	–	–	(395)	(646)
Endowments charged to results	(22,475)	–	(51)	(1)	(85)
Applications with payment to results	22,080	–	–	–	15
Balances at 31 December 2010	(32,122)	(10)	(397)	(398)	(990)

The breakdown of other credits in the consolidated balance sheet at 31 December 2010 and 2009 is detailed below:

Other Credits:	Thousands of euros	
	31/12/2010	31/12/2009
Administration commissions and other commissions to be received	23,491	29,307
Other debtors	153,735	96,202
Reserve for impairment of debtor balance	(990)	(274)
Healthcare clients	56,732	–
Ribera Salud II UTE credits	3,136	–
Creditors for securities	20,856	5,213
Total	256,960	130,448

7. Joint ventures

Ribera Salud II UTE Ley 18/82

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

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

The main conditions of the tender were as follows:

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

For the 2010 financial year, the established capital is 607 euros per annum (598 euros per annum for 2009). For subsequent financial years, the increase in capital will match the growth of the healthcare budget of the Regional Government of Valencia in the areas that correspond to the object of the contract.

The proportion (51%) of the balances relating to Ribera Salud II UTE Ley 18/82 in the Balance Sheet at 31 December 2010, the Profit and Loss Account for 2010, the Statement of Changes in Equity and the Cash Flow Statement corresponding to these periods have been included in the Group’s consolidated financial statements (prior to the processes of elimination and adjustments).

8. Holdings in companies valued by the equity method

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

The movement of these shareholdings in the capital of companies in which the Group exercises a significant influence during 2010 is as follows:

Thousands of euros					
Company	Balances at 31/12/2009	Consolidation scope additions and withdrawals	Increases through year result	Other variations through valuation	Balances at 31/12/2010
Igualatorio Médico Quirúrgico, S.A. de Seguros y Reaseguros	–	70,521	4,657	(5,400)	69,778
Sanatorio Médico Quirúrgico Cristo Rey, S.A.	–	1,530	(41)	–	1,489
Sociedad Inmobiliaria del Igualatorio Médico Quirúrgico, S.A.	–	4,021	(8)	–	4,013
Igualatorio Médico Quirúrgico Dental, S.A.	–	77	1	–	78
Igurco Gestión, S.L.	–	5,055	139	–	5,194
Gross total	–	81,204	4,748	(5,400)	80,552
Losses through impairment	–	–	–	–	–
Net total	–	81,204	4,748	(5,400)	80,552

9. Tangible fixed assets and property investments

9.a) Tangible fixed assets

According to their nature, the following is the breakdown of the items making up the balance of this caption and sub-caption of the consolidated balance sheet at 31 December 2010 (in thousands of euros):

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

Breakdown of Net Book Value at 31 December 2010

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

The following is the movement and breakdown corresponding to the 2009 financial year (in thousands of euros):

	Buildings for own use	Furniture and fittings	Data processing equipment	Total
Cost at 1 January 2009	8,472	7,692	7,057	23,221
Accumulated amortisation at 1 January 2009	(1,056)	(5,311)	(5,340)	(11,707)
Losses through impairment	–	–	–	–
Net book value at 1 January 2009	7,416	2,381	1,717	11,514
Investments or additions	–	529	1,329	1,870
Advance payments in progress	–	–	–	–
Reclassifications and transfers	–	–	–	–
Sales and disposals	–	–	–	–
Amortisation of financial year	(108)	(482)	(576)	(1,166)
Reclassifications and transfers of the amortisation	–	–	–	–
Disposals of the amortisation	–	–	–	–
Losses through impairment	–	–	–	–
Net book value at 31 December 2009	7,308	2,428	2,470	12,206

Breakdown of Net Book Value at 31 December 2009

	Buildings for own use	Furniture and fittings	Vehicles	Data processing equipment	Total
Cost at 31 December 2009	8,472	8,221	–	8,386	25,079
Accumulated amortisation at 31 December 2009	(1,164)	(5,793)	–	(5,916)	(12,873)
Losses through impairment	–	–	–	–	–

At 31 December 2010 and 2009, the Group has full rights of ownership over these properties, none of them being liable as any type of guarantee. Furthermore, the Group has no commitment to acquire new properties. At the close of the 2010 and 2009 financial years, all tangible assets of the Group are used directly for operational purposes.

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

The market value at 31 December 2010 of the properties used by the Group and of the investments is summarised below (in thousands of euros):

	Market value at 31/12/2010			
	Non-life Segment	Life Segment	Other Activities Segment	Total
Buildings for own use	236,214	2,054	17,600	255,868

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 4,660, 16,205 and 97 thousand euros, respectively.

9.b) Property investments

According to their nature, the following is the breakdown of the items making up the balance of this caption and sub-caption of the consolidated balance sheet at 31 December 2010 (in thousands of euros):

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

Breakdown of Net Book Value at 31 December 2010

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

The following is the movement and breakdown corresponding to the 2009 financial year (in thousands of euros):

	Property investments third-party use
Cost at 1 January 2009	2,272
Accumulated amortisation at 1 December 2009	(155)
Losses through impairment	-
Net book value at 1 January 2009	2,117
Investments or additions	-
Reclassifications and transfers	-
Sales and disposals	-
Amortisation of financial year	(10)
Reclassifications and transfers of the amortisation	-
Disposals of the amortisation	-
Losses through impairment	-
Net book value at 31 December 2009	2,107

Breakdown of Net Book Value at 31 December 2009

	Property investments third-party use
Cost at 31 December 2009	2,272
Accumulated amortisation at 31 December 2009	(165)
Net book value at 31 December 2009	2,107

During the course of the 2010 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 2010 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 2010 of the Group's property investments is summarised below (in thousands of euros):

	Market value at 31/12/2010			Total
	Non-life Segment	Life Segment	Other Activities Segment	
Property investments third-party use	4,087	29,412	-	33,499

At the close of the previous financial year, the market value was 7,857 thousand euros, being fully allocated to the life segment.

10. Intangible fixed assets

The movements produced in this caption during the 2010 and 2009 financial years are set out in the accompanying Annexes II and III, respectively.

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

a) Consolidated goodwill and Consolidated intangible assets

At 31 December 2010, the caption "Consolidated goodwill" included the following:

- Increase in the capital holding of VidaCaixa Adeslas:

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%) through the current Invervida Consulting, S.L. The Group thus obtained a 100% holding in SegurCaixa.

The intangible assets of VidaCaixa Adeslas includes the current value of the future cash flows relating to insurance contracts of the Household Multi-risk business, 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 2010 financial year, for the surplus goodwill associated with the VidaCaixa Adeslas subsidiary, an analysis has been made of the possible loss of value. This current value has been discounted by applying a discount rate which includes a risk premium in accordance with the nature of the business.

As a result of this analysis, it was determined that there is no need to register losses through impairment of value which affect the consolidated goodwill. According to the estimations and projections of the Directors 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. (See Note 3.e.)

- Merger by absorption of Adeslas:

On 2 September 2010, the Extraordinary General Shareholders' Meeting of VidaCaixa Adeslas (previously known as SegurCaixa, S.A., de Seguros y Reaseguros), approved the agreement for the merger by absorption of Compañía de Seguros Adeslas, S.A. Said project was previously formalised by the Board of Directors on 28 June 2010 and recorded at the Mercantile Register on 1 July 2010. This arose from the intention to strategically realign the business presented by the Company, through the incorporation of the Health business.

As a consequence of recognising the assets and liabilities for their aforementioned fair value, goodwill of 256,914 thousand euros was declared (see Note 5.a).

b) Merger goodwill and intangible assets

This heading includes the Merger goodwill fund and intangible assets resulting from the acquisition of "la Caixa Gestión de Pensiones, E.G.F.P., S.A.U.". and the intangible assets identified in the process of purchasing Caixa Girona Pensions's pension fund management business. (See Note 3.e.)

c) Financial rights derived from the policy portfolio acquired from brokers

This account records the amount paid in the acquisition of certain portfolios from brokers, which have been amortised systematically, in accordance with the maintenance of the policies of said portfolios and the expected consumption pattern of the financial profits derived from the acquired policy portfolios. (See Note 3.e).

d) Other intangible fixed assets

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

In the last two financial years, the Group has not recorded any loss through impairment for this type of intangible asset, and has full rights of ownership over them. The Group has no additional commitments to those recorded in its consolidated financial statements for the acquisition of intangible assets. At the 2010 and 2009 financial year close, all tangible assets of the Group are used directly for operational purposes.

11. Leases

11.a) The Group acting as a lessor

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

Operating leases	(Thousands of euros)	
	2010	2009
Minimum rents		
Less than 1 year	1,480	-
Between 1 and 5 years	882	-
More than 5 years	1,465	-
Total	3,827	-

The amount of the contingent rents recognised as income in the 2010 financial year totalled 181 thousand euros (nil during 2009). Specifically, this income corresponds to 7 months of the financial year, given that the leased assets were incorporated in the Group as a result of the inclusion of Adeslas in the consolidation scope (See Note 5).

11.b) The Group acting as a lessee

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

Operating leases	(Thousands of euros)	
	2010	2009
Minimum rents		
Less than 1 year	9,054	-
Between 1 and 5 years	25,499	-
More than 5 years	10,700	-
Total	45,253	-

The amount of the operating lease and sub-lease rents recognised respectively as expenditure and income during the 2010 and 2009 financial years is as follows:

	(Thousands of euros)	
	2010	2009
Lease payments	14,412	–
(Subletting rents)		
Total	14,412	–

As lessee, the most significant operating leases held by the Group at 31 December 2010 are as follows:

- Lease for an office premises of 7,033 square metres, located at Príncipe de Vergara, 110 in Madrid. This lease commenced on 6 August 2004 with the absorbed company Adeslas and the initial term was for 5 years, with the possibility of extending the lease for additional periods of 5 years, at the lessee's discretion. The rents paid for this concept are updated annually in accordance with the CPI and the sum recorded as an expense in VidaCaixa Adeslas during the 2010 financial year totals 931 thousand euros (nil in 2009, given that the lease originates from the inclusion of Adeslas in the consolidation scope).

12. 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) Tax consolidation regime

The Group Companies, with the exception of the absorbed company, Adeslas and its subsidiaries, have been in the tax consolidation regime within the "la Caixa" Group since the 2008 financial year; therefore the balances payable for said concepts are recorded under Debts with Group Companies in the caption "Debts and payable items" of the attached balance sheet.

The absorbed company Adeslas was the head of a tax consolidation group made up of the subsidiary companies in which it had a direct or indirect capital holding equal to or greater than 75%. Said tax consolidation group remained in force during the 2010 financial year. The balance of this Group with the Public Tax Administration is recorded under the "Current Tax Assets" caption of the balance sheet.

Since 1 January 2008, with the prior authorisation of the Tax Administration, all the consolidated companies, except for the absorbed company Adeslas and its subsidiaries, pay Corporation Tax under the Tax Consolidation Regime jointly with the Caixa d'Estalvis i Pensions de Barcelona (hereinafter "la Caixa") and with the remainder of the companies which, in accordance with the applicable regulations of each financial year, make up the tax consolidation group. The profits determined according to tax legislation for this consolidated Group are liable to a tax obligation of 30% on the tax base in the 2010 financial year. See Note 3.g) of the Report.

b) Assets and liabilities through ordinary tax

These assets and liabilities sub-captions include the following concepts at 31 December 2010 and 2009:

	Thousands of euros	
	31/12/2010	31/12/2009
Assets through ordinary tax:		
Income Tax receivable for:		
Parent Company tax consolidation group amount owing (*)	8,346	–
Other debtor balances of other tax groups or individual companies	823	20,910
Total assets through ordinary tax	9,169	20,910
Liabilities through ordinary tax:		
Income Tax payable for:		
Parent Company tax consolidation group amount owing	–	–
Other debtor balances of other tax groups or individual companies	1,588	686
Total liabilities through ordinary tax	1,588	686

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

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 corporation tax with the Tax Administration.

c) Assets and liabilities through deferred tax

At 31 December 2010, the Group additionally has anticipated and deferred taxes for the amount of 195,347 and 165,062 thousand euros respectively, recorded under the captions "Assets through deferred taxes" and "Liabilities through deferred taxes".

At 31 December 2009 said prepaid and deferred taxes totalled 46,606 and 48,789 thousand euros respectively.

The prepaid and deferred taxes which are credited or charged under IFRS directly to recognised revenue and expenses accounts (basically, the valuation adjustments derived from the classified financial instruments in the "available for sale" portfolio) have been recorded through said account with having any effect on the consolidated profit and loss account for the 2010 financial year.

d) Taxes charged on equity and deferred taxes

Independently of the corporate income tax charged to the consolidated profit and loss accounts, the Group charged 130,977 thousand euros to its consolidated net equity in the 2010 financial year. This sum has increased the liabilities through deferred taxes which the Group presented at 31 December 2010 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 2010 and 2009 are the following:

Deferred Debtor Taxes with Origin in:	Thousands of euros	
	31/12/2010	31/12/2009
Anticipated taxes recorded under local regulations	–	–
Adaptation of the life insurance provision tables	57,779	19,696
Sales of fixed income securities	–	23,989
Adjustments through valuations of financial investments	114,081	2,921
Others	23,487	–
Total	195,347	46,606

Deferred Creditor Taxes with Origin in:	Thousands of euros	
	31/12/2010	31/12/2009
Adjustments through valuations of financial investments	74,855	7,618
Stabilisation reserve	–	–
Sales of fixed income securities	31,354	34,164
Adjustment of consolidated intangible assets	11,012	7,007
Others	47,841	–
Total	165,062	48,789

e) Conciliation of the book and tax results

The following is the breakdown of the corporation tax expense of companies reflected in the attached consolidated profit and loss account for the financial years 2010 and 2009:

	Thousands of euros					2009 Total
	2010				Total	
	"la Caixa" Tax Group	Adeslas Tax Group	Iquimesa (Vitoria) Tax Group	Other individual companies	Total	Total
Locally based taxable income before taxes	518,712	14,595	5,461	1,119	539,887	457,050
Elimination intra-group dividends	(159,798)	(9,196)	(5,400)	–	(174,394)	(168,200)
Adjustment recovery intra-group commissions	(20,400)	–	–	–	(20,400)	1,331
Goodwill adjustments	(5,279)	–	–	–	(5,279)	(1,787)
VidaCaixa capital increase expenses	–	–	–	–	0	(1,505)
Taxable income of Group	333,235	5,399	61	1,119	339,814	286,889
Payable value (30%)	99,971	1,620	18	336	101,944	86,067
Deductions	(846)	(153)	–	–	(999)	(864)
Adjustments of previous years	8	(980)	1	–	(971)	(1,071)
Liquid value of Group	99,133	487	19	336	99,974	84,132

	Thousands of euros					2009 Total
	2010				Total	
	"la Caixa" Tax Group	Adeslas Tax Group	Iquimesa (Vitoria) Tax Group	Other individual companies	Total	Total
Corporation Tax of VidaCaixa Group and Subsidiaries	99,133	–	–	–	99,133	84,132
Corporation Tax of other companies not belonging to the tax consolidation group	–	487	19	336	842	–
Consolidation and application of IFRS adjustments	4,479	–	–	–	4,479	2,005
Corporation Tax of VidaCaixa Group and Subsidiaries	103,612	487	19	336	104,454	86,137

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 2006 financial year for Corporation Tax and the financial years 2007 to 2010 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.

13. Financial liabilities

According to their nature, the following is the breakdown of the items that make up the financial liabilities of the consolidated balance sheet at 31 December 2010 and 2009 (in thousands of euros):

Financial liabilities	Portfolio of Debts and payable items	
	Thousands of euros	
	31/12/2010	31/12/2009
Subordinated liabilities	293,422	292,017
Deposits received for ceded reinsurance	2,784	2,725
Debts through insurance and co-insurance operations	81,523	104,209
Debts through reinsurance operations	7,729	2,742
Debts with credit institutions	144,824	–
Debts through temporary assignment of assets	6,390,785	5,736,402
Other debts	338,065	189,433
Total	7,259,132	6,327,528

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 “Debts and Payable Items - Subordinated Liabilities” of the consolidated balance sheet. The issue comprises one hundred and fifty thousand Subordinated Perpetual Obligations with a par value of 1,000 euros each. The Company records and values the issue at amortised cost.

The issue 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 linked to the Euribor index. The Nominal Interest Rate will be variable throughout the life of the Issue.

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

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

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

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

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

At 31 December 2010, the amount pending amortisation of the expenses associated with the issues was 2,578 thousand euros and they are recorded deducting the value of the subordinate liabilities.

In the 2010 financial year, 11,688 thousand euros were recorded as a financial expense derived from such issues (11,686 in 2009), having settled the quarterly coupons applying an average interest rate of 4.43% for the first issue and 3.45% for the second issue. This is recorded in the sub-caption "Tangible assets and investment expenses".

b) Debts

The following is the breakdown of the debts derived from insurance, reinsurance and co-insurance contracts, together with other debts, at 31 December 2010 and 2009:

	Thousands of euros	
	31/12/2010	31/12/2009
Debts through direct insurance and co-insurance operations:		
With policyholders	19,534	38,779
With co-insurers	3,815	10,411
With brokers	42,086	42,672
Preparatory debts of insurance contracts	2,470	3,284
Conditioned debts	13,618	9,063
TOTAL	81,523	104,209
Debts through reinsurance operations	7,729	2,742
Other debts	338,065	189,433

The "Other Debts" sub-caption includes the following concepts at 31 December 2010 and 2009.

Other debts:	Thousands of euros	
	31/12/2010	31/12/2009
Group and associated companies		
For commissions pending liquidation	–	8,114
With "la Caixa" through IS	118,875	153,686
Group company loans	35,240	–
Other pending commissions	–	2,311
Accrued wages and salaries	9,375	3,236
Suppliers	15,980	1,205
Diverse creditors	158,595	20,881
Total	338,065	189,433

The entry into force of Law 15/2010, of 5 July (amending Law 3/2004, of 29 December), which establishes the measures to deal with bad debts in commercial operations, establishes the obligation on companies to publish express information on the payment deadlines to its suppliers in the Report of its annual accounts. With regard to this obligation to disclose information, on 31 December 2010 the Official State Bulletin (BOE) published the corresponding ruling issued by the Institute of Accounting and Accounts Auditing (ICAC).

In accordance with the provisions established in transitional provision two of the aforementioned ruling, of the total balance pending payment to commercial creditors recorded in the caption "Creditors" at 31 December 2010, the sum of 8,805 thousand euros corresponding to invoices pending payment with a delay in excess of the maximum payment period established by Law 15/2010 (85 days). Furthermore, said pending invoices with a payment delay in excess of the 85 day period correspond in their entirety to the holding in Sociedad en Ribera Salud II UTE and the Adeslas subsidiaries incorporated in the consolidation scope during this financial year.

c) Debts with credit institutions: Debts through temporary assignment of assets

Within the framework of treasury management, throughout the 2010 financial year the Group has carried out operations involving the acquisition and assignment of financial assets with a repurchase agreement. At 31 December 2010, 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 6,390,758 thousand euros (5,736,402 thousand euros in 2009). It also has debts through operations involving the temporary assignment of assets for the same amount, which are valued at the nominal value of the agreed debt, since the maturity of the same is short-term.

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

During the 2010 financial year, the short-term deposits which have offset the assignments made have generated an income of 61,959 thousand euros. The expenses associated with such assignments totalled 48,218 thousand euros. The deposits through assignments still in effect at 31 December 2010 totalled 6,288,180 thousand euros and are recorded in the caption "Cash and equivalent liquid assets" and "Loans and payments receivable".

The deposits through assignments still in effect at 31 December 2010 totalled 6,288,180 thousand euros and are recorded in the caption "Cash and equivalent liquid assets" for the sum of 1,509,977 thousand euros and in "Loans and payments receivable" for the sum of 4,778,203 thousand euros in the accompanying balance sheet.

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

14. Balances in foreign currencies

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

The equivalent value in euros of the main balances held by the Group in foreign currencies at 31 December 2010 and 2009 is detailed below:

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

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

Assets at 31 December 2009	Equivalent value in thousands of euros			
	Pounds sterling	US dollars	Japanese yen	Total
Financial instruments (*)	37,173	204,243	4,681	246,097
Cash and cash equivalents	675	225	87	987
Total	37,848	204,468	4,768	247,084

(*) 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.

15. Technical provisions

The detail of the reserves established at 31 December 2010 and their movement with regard to the financial year ended 31 December 2009 is set out below, together with the reinsurance participation in the same:

2010					
Thousands of euros					
Provision	Balance at 1 January 2010	Merger incorporations	Endowments charged to results	Applications with payment to results	Balances at 31 December 2010
Technical provisions:					
Unearned premiums and unexpired risks	162,442	25,870	204,218	(188,312)	204,218
Life insurance:					
Related to life insurance (*)	17,466,820	–	18,190,340	(17,466,820)	18,190,340
Related to life insurance when the risk is assumed by the policyholder	197,101	–	215,897	(197,101)	215,897
Claims	325,141	283,601	681,782	(608,742)	681,782
Profit-sharing and returns	61,148	–	59,743	(61,148)	59,743
TOTAL	18,212,652	309,471	19,351,980	(18,522,123)	19,351,980
Share of reinsurance in technical provisions (ceded):					
Unearned premium reserves	(6,740)	–	(6,012)	6,740	(6,012)
Life insurance reserve	(961)	–	(813)	961	(813)
Claim reserves	(29,745)	(550)	(16,232)	29,745	(16,782)
Other technical provisions	–	–	–	–	–
Total	(37,446)	(550)	(23,057)	37,446	(23,607)

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

The movement of these reserves during the financial year 2009 was as follows:

2009	Thousands of euros			
	Balance at 1 January 2009	Endowments charged to results	Applications with payment to results	Balances at 31 December 2009
Technical provisions:				
Unearned premiums and unexpired risks	126,292	162,442	(126,292)	162,442
Life insurance:				
Related to life insurance (*)	16,418,740	17,466,820	(16,418,740)	17,466,820
Related to life insurance when the risk is assumed by the policyholder	183,910	197,101	(183,910)	197,101
Claims	287,594	325,141	(287,594)	325,141
Profit-sharing and returns	62,623	61,148	(62,623)	61,148
TOTAL	17,079,160	18,212,652	(17,079,160)	18,212,652
Share of reinsurance in technical provisions (ceded):				
Unearned premium reserves	(5,610)	(6,740)	5,610	(6,740)
Life insurance reserve	(994)	(961)	994	(961)
Claim reserves	(27,768)	(29,745)	27,768	(29,745)
Other technical provisions	–	–	–	–
Total	(34,372)	(37,446)	34,372	(37,446)

(*) At 31 December 2009 it includes 38,044 thousand euros corresponding to unearned premium reserves for the products with coverages shorter than the year.

In relation to the mathematical reserve for the commitments assumed previous to the Regulations on Administration and Supervision of Private Insurance, it was not necessary to create a supplementary reserve for insufficiency since the return on investments in 2010 was above the insured return. At 31 December 2010, the Group maintained an additional reserve of 20,000 thousand euros. Said reserve basically covers the effect of calculating certain mathematical reserves at the maximum rate established by the DGIPF (the criteria established in article 33.1 of the RASPI, which for the 2010 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 Group has 14 years from the effective date to adjust said table deficit. At 31 December 2009, the Company had 163,077 thousand euros registered for this concept.

Below is the breakdown of the technical provisions of the direct business at 31 December 2010 according to the different businesses included in the Life and Non-life segments:

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

The breakdown of the technical provisions of the direct business for the 2009 financial year is as follows:

Reserve at 31 December 2009	Thousands of euros						Total
	Non-life					Life	
	Multi-risk	Auto	Accidents and Illness	Others	Various		
Technical provisions:							
Unearned premiums and unexpired risks	97,062	54,357	2,402	4,300	1,924	2,397	162,442
Mathematical reserves	–	–	–	–	–	17,466,820	17,466,820
Reserve for life insurance when the policyholder assumes the investment risk	–	–	–	–	–	197,101	197,101
Claims	48,644	27,792	4,938	2,229	4,972	236,566	325,141
Profit-sharing and returns	–	–	–	–	–	61,148	61,148
Total	145,706	82,149	7,340	6,529	6,896	17,964,032	18,212,652

The sum corresponding to capital losses derived from financial assets classified in the available for sale portfolio which are imputable to policyholders at the close of the financial year are subtracted in the caption "Mathematical Reserves". These deferred capital losses are 535,464 thousand euros at 31 December 2010 (574,649 thousand euros of capital gains at 31 December 2009), the movement during the 2010 financial year being as follows:

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

The movement experienced in the previous 2009 financial year is as follows:

	Thousands of euros
Balance at 1 January 2009	535,860
Net movement through allocation of net unearned capital gains charged to equity	38,789
Balance at 31 December 2009	574,649

The effect of the reinsurance on the profit and loss account for the financial years 2009 and 2010 was the following:

	Thousands of euros	
	2010 Financial Year	2009 Financial Year
Premiums imputed to the ceded reinsurance		
Ceded premiums	(65,114)	(27,568)
Change in unearned premium reserves	(728)	(1,130)
Commissions (*)	3,204	2,696
Cost of the cession	(62,638)	(26,002)
Reinsurance loss (*)	11,200	18,002
Total cost of reinsurance	(51,438)	(8,000)

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

16. Non-technical provisions

The breakdown of the non-technical provisions for the 2010 and 2009 financial years is as follows:

	Thousands of euros	
	31/12/2010	31/12/2009
Provisions for pensions and similar commitments	53	-
Debts through claim settlement agreements	3,764	1,621
Other provisions	10,615	-
Total	14,432	1,621

Part of the balance at 31 December 2010 basically corresponds to quantities pending payment to the policyholders on implementing the claim settlement agreements.

The other non-technical provisions mainly refer to ongoing litigation maintained by the Group. Said litigation originates from the absorbed company Adeslas, and basically consists of cases of alleged medical malpractice related to the illness and healthcare branches. It also includes a reversion fund of the administrative concession recorded in Intangible Assets (See Note 10).

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

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

17. Assets attributed to shareholders of the Parent Company

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

- The financial year result derived from the profit and loss account;
- Each of the income and expense items of the financial year which, according to the IFRS, have been directly recognised in equity;
- The total of revenues and expenses for the financial year (sum of the two above sections), separately showing the total amount attributed to the shareholders of the Parent Company and to minority interests;
- The effects of the changes in the accounting policies and of the correction of errors in each of the components of equity, where these have occurred;
- The amounts of the transactions that the holders of 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 2010 financial year, the Group’s Parent Company made no significant change in its accounting policies, and it was not necessary to correct errors from previous financial years either.

a) Share capital

The share capital of the Parent Company at 31 December 2010, at 776,723 thousand euros, fully subscribed and paid-in, divided into 129,238,509 shares, fully subscribed and paid-in, each with a par value of 6.01 euros. All shares confer equal rights and the Parent Company can issue shares without voting rights.

At December 31, 2010, the shareholders of the Parent Company with a holding equal to or greater than 10% of the subscribed capital were as follows:

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

On 31 August 2010, Criteria CaixaCorp, as Sole Shareholder of VidaCaixa Grupo, S.A.U., agreed to increase its share capital by 382,536 thousand euros to 776,723 thousand euros, through the issue of 63,650,000 shares numbered correlatively from

65,588,510 to 129,238,509, both inclusive, each with a par value of 6.01 euros and an issue premium arising from the fair value of said capital increase and holding in VidaCaixa Adeslas received for the sum of 747,499 thousand euros.

All of the new shares issued are subscribed by the Sole Shareholder Criteria CaixaCorp, S.A., its par value and issue premium paid-in through a non-monetary contribution of 471,633,410 shares, numbered correlatively from 10,000,001 to 481,633,410, both inclusive, with a par value of 0.91 euros, fully subscribed and paid-in, representing approximately 97.76% of the share capital of VidaCaixa Adeslas.

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 2009 financial year and at 31 December 2010, as well as the movements produced during the financial year.

The breakdown of each type of reserve at 31 December 2010 and 2009 is detailed below:

	Thousands of euros	
	Balances at 31/12/2010	Balances at 31/12/2009
Legal reserve	79,021	79,021
Voluntary reserves of the Parent Company	1,968	2,382
Reserves in fully integrated companies	173,027	194,670
Stabilisation reserve	–	–
Other reserves through changes in accounting principles	–	(27,190)
Restricted reserve	–	–
Total reserves	254,016	248,883

b.1) Legal reserve

According to the Revised 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 2010 and 2009 is as follows (in thousands of euros):

	31/12/2010	31/12/2009
Voluntary reserves	2,813	2,382
Merger reserve	–	–
Other reserves	(845)	–
Total	1,968	2,382

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 2010 and 2009, having considered the effect of the consolidation adjustments, is shown below:

	Thousands of euros	
	31/12/2010	31/12/2009
Consolidated through global integration:		
VidaCaixa, S.A. de Seguros y Reaseguros	144,253	155,837
Grupo VidaCaixa Adeslas, S.A. de Seguros y Reaseguros	14,239	30,315
AgenCaixa, S.A. Agencia de Seguros	20,975	7,912
SegurVida Consulting	622	606
Invervida Consulting, S.L	(7,062)	-
Total global integration	173,027	194,670

c) Distribution of results

The following is the proposal for distributing the net profit of the 2010 financial year of VidaCaixa Grupo, S.A.U., which its Board of Directors will submit to the General Shareholders' Meeting for approval:

Distribution	2010 Financial Year
	Thousands of euros
To voluntary reserves	200
To dividends	157,000
Net profit of financial year	157,200

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

The distribution of the net profit of the 2009 financial year, approved by the General Shareholders' Meeting of the Parent Company held on 19 June 2009, consisted of allocating 162,000 thousand euros of the result of 162,657 thousand euros to dividends and 657 thousand euros to increasing the legal reserves.

Previously, the Board of Directors of the Parent Company, in its meetings of 24 November 2009, agreed to distribute, on account of the year result, the previous quantity of 50,000 thousand euros, effected through a payment in December 2008.

The distribution of the consolidated net profit for the 2009 financial year is set out in the statement of changes in equity.

d) Interim dividends

The different amounts paid to the shareholders during the 2010 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	30/06/2010	Interim dividend 2010 result	0.16109	63,500

The following is the balance sheet of the Parent Company at 15 June 2010, which presented the following statements of liquidity (in thousands of euros):

	(Thousands of euros)
	15 June 2010
NON-CURRENT ASSETS:	
Intangible fixed assets	–
Tangible fixed assets	–
Long-term investments in group and affiliated companies	737,592
Long-term holdings in Group companies	850,092
Disbursements pending on long-term holdings in Group companies	(112,500)
Long-term financial investments	12
Other financial assets	12
Deferred tax assets	–
CURRENT ASSETS:	
Loans and accounts to be received	65,108
Group company debtors (*)	65,108
Short-term financial investments	1,610
Debt securities	1,610
Cash and other equivalent liquid assets	3,237
Cash	3,237
Total Assets	807,559

(*) It should be noted that the existence of sufficient liquidity depends on the payment of dividends recorded in the "Group Company Debtors" caption.

	(Thousands of euros)
	15 June 2010
EQUITY:	
COMPANY CAPITAL	807,406
Capital	394,187
Authorised capital	394,187
Issue premium	268,406
Reserves	81,007
Financial year's earnings	63,806
CURRENT LIABILITIES:	
Loans and accounts to be received	153
Other creditors	153
Total Liabilities	807,559

f) Recognised Income and Expenses

The main item registered in the recognised income and expenses outside the profit and loss account refers to adjustments through changes in value of the reserves for valuation adjustments to assets classified in the "available for sale" portfolio, including corrections of accounting mismatches generated through the allocation to policyholders of unearned net gains from investments.

Reserves through adjustments of valuation (Assets available for sale)

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

With regard to the remainder of these changes in value, which total 535,464 thousand euros, the Group considers that they should be allocated to policyholders, and for this reason they were allocated on 31 December 2010, decreasing the amount of mathematical reserves.

Corrections of accounting mismatches

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

18. Minority interests

The breakdown, by consolidated companies, of the balance of the caption "Minority interests" and the sub-caption "Losses and Profits attributable to external partners" at 31 December 2010 and 2009 is as follows:

	Thousands of euros			
	31/12/2010		31/12/2009	
	Minority interests	Losses and Profits attributable to External Partners	Minority interests	Losses and Profits attributable to External Partners
Sanatorio Virgen del Mar – Cristóbal Castillo, S.A.	287	29	–	–
Clínica Parque San Antonio, S.A.	415	7	–	–
Urca, S.A.	1,425	154	–	–
Clinsa, S.A.	477	26	–	–
Casa de Reposo Sanatorio Perpetuo Socorro, S.A.	6,005	25	–	–
Tomografía Axial Computerizada, S.A.	249	(13)	–	–
Hemodinámica Intervencionista de Alicante, S.A.	240	28	–	–
Alianza Médica Leridana, S.A.	857	(6)	–	–
Infraestructuras y Servicios de Alzira, S.A.	3,262	69	–	–
Plaza salud 24	457	147	–	–
Adeslas Dental Andaluza, S.L.	366	(200)	–	–
VidaCaixa, S.A. de Seguros y Reaseguros	–	–	–	31,289
VidaCaixa Adeslas, S.A. de Seguros y Reaseguros	3,220	49	11	–
Grupo Asegurador de la Caixa, A.I.E.	97	–	98	–
SegurVida Consulting, S.A.	–	–	172	–
Total	17,357	315	281	31,289

The movement which occurred in the caption "Minority interests" during the 2010 and 2009 financial years is included in the consolidated statement of changes in equity.

19. Information on insurance contracts according to segments

The total volume of the premiums accrued for direct and accepted reinsurance during the 2010 and 2009 financial years totalled 4,987,974 thousand euros and 3,277,836 thousand euros, respectively.

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

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

(Cont.)

2010	Thousands of euros						
	Non-life Segment					Life Segment	Total
	Household Multi-risk	Automobiles	Accidents and Illness	Others	Various		
Net investment income (VII)	2,927	3,098	10,286	149	1,616	884,936	903,012
Income from financial investments	4,359	4,293	13,084	205	1,901	1,085,519	1,109,361
Management expenses of financial investments and assets	(1,432)	(1,195)	(2,798)	(56)	(285)	(208,193)	(213,959)
Unrealised gains and losses (VIII)	–	–	–	–	–	7,610	7,610
TECHNICAL-FINANCIAL RESULT	22,040	(4,945)	61,217	879	17,515	223,366	320,072

The breakdown of the imputed premiums of the 2009 financial year and the remaining income and expense concepts in accordance with the main segments and sub-segments defined is as follows:

2009	Thousands of euros						
	Non-life Segment					Life Segment	Total
	Household Multi-risk	Automobiles	Accidents and Illness	Others	Various		
Premiums imputed to direct reinsurance business Accepted (I)	153,235	63,141	68,553	3,941	7,064	2,941,113	3,237,048
Accrued direct insurance premiums	162,703	88,076	69,101	1,888	10,882	2,945,186	3,277,836
Variation in reserve for premiums pending payment	(338)	(213)	(37)	–	(1)	(3,559)	(4,148)
Change in the reserve for direct insurance unearned premiums and unexpired risks	(9,130)	(24,721)	(511)	2,053	(3,817)	(514)	(36,640)
Premiums imputed to reinsurance (II)	(3,149)	(5,848)	(2,544)	(1,902)	(3,504)	(9,514)	(26,461)
Total premiums imputed net of reinsurance (I-II)	150,086	57,293	66,010	2,039	3,560	2,931,599	3,210,587
Other technical income net of expenses (III)	(789)	(1,087)	(742)	(12)	(68)	(3,335)	(6,033)
Other technical revenue	–	322	–	–	–	–	322
Other technical expenses	(789)	(1,409)	(742)	(12)	(68)	(3,335)	(6,355)
Losses incurred in the period, net of reinsurance (IV)	(88,327)	(55,650)	(30,969)	(1,053)	(2,221)	(2,294,493)	(2,472,713)
Direct and accepted insurance claims paid	(91,718)	(38,612)	(26,171)	(1,933)	(2,212)	(2,282,870)	(2,443,516)
Ceded reinsurance claims paid	5,923	–	1,380	892	1,660	6,171	16,026
Change in the direct insurance claims reserve	(448)	(14,572)	(4,554)	(94)	(3,124)	(14,755)	(37,547)
Change in the ceded reinsurance claims reserve	56	199	(781)	116	1,639	747	1,976
Expenses imputed to claims	(2,140)	(2,665)	(843)	(34)	(184)	(3,786)	(9,652)

(Cont.)

2009	Thousands of euros						
	Non-life Segment					Life Segment	Total
	Household Multi-risk	Automobiles	Accidents and Illness	Others	Various		
Variation of other technical provisions (V)	–	35	14,227	–	105	(1,106,928)	(1,092,561)
Change in reserve for share in profits and returns	–	35	14,227	–	105	(69,425)	(55,058)
Variation of other technical provisions (reserves for deaths, mathematical reserves)	–	–	–	–	–	(1,037,503)	(1,037,503)
Net operating expenses (VI)	(34,361)	(12,809)	(14,749)	7	(1,026)	(106,329)	(169,267)
Acquisition expenses (commissions and other expenses)	(33,470)	(11,571)	(13,990)	(743)	(1,866)	(85,823)	(147,463)
Administration expenses	(1,083)	(1,349)	(832)	(17)	(93)	(21,126)	(24,500)
Commissions and holdings in ceded reinsurance	192	111	73	767	933	620	2,696
Net investment income (VII)	3,322	1,913	643	152	228	766,634	772,892
Income from financial investments	4,345	2,502	1,023	199	298	2,145,205	2,153,572
Management expenses of financial investments and assets	(1,023)	(589)	(380)	(47)	(70)	(1,378,571)	(1,380,680)
Unrealised gains and losses (VIII)	–	–	–	–	–	–	–
TECHNICAL-FINANCIAL RESULT	29,930	(10,304)	34,420	1,133	578	187,148	242,905

In the profit and loss account, the caption “Results from other activities” corresponding to the 2010 financial year, under the concept “Other income”, includes the following concepts:

Operating income – 2010 financial year	Thousands of euros
	Other Activities Segment
Pension fund administration income	125,502
Income from healthcare activity	96,587
Amortisation of pension-fund marketing expenses	(22,505)
Other income	29,460
Total	229,044

The breakdown of the operating income in the segment “Other income” for the previous financial year is as follows:

Operating income – 2009 financial year	Thousands of euros
	Other Activities Segment
Pension fund administration income	111,057
Amortisation of pension-fund marketing expenses	(16,414)
Other income	7,115
Total	101,758

a) Composition of life business by volume of premiums

The composition of the life business (direct insurance), by volume of premiums for the 2010 and 2009 financial years, is as follows:

Life insurance (direct)	2010 Thousands of euros	2009 Thousands of euros
Premiums on individual policies	2,978,751	2,183,777
Premiums on group policies	716,595	761,409
	3,695,346	2,945,186
Regular premiums	873,899	850,119
Single premiums	2,821,447	2,095,067
	3,695,346	2,945,186
Premiums on policies without profit sharing	3,487,210	2,701,967
Premiums on policies with profit sharing	169,845	220,974
Premiums in which the investment risk is attributed to the policyholder	38,291	22,245
	3,695,346	2,945,186

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:

2010 Financial Year

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

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

(1) According to the different formats, GR-80, GR-80 less two years and GR-95 tables are used. For new production, GR-95 or GK-95 tables are used.

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

(3) According to the different formats, GR-80, GR-80 less two years and GR-95 tables are used. For new production, GK-95 tables are used.

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

(5) In accordance with format 391: Policies contracted before 01/01/2009 use GKM-80/GKF-80 tables. Policies contracted after 01/01/2009 use INE 2004-2005 tables. For the remaining formats, INE 2004-2005 tables are used.

2009 Financial Year

Format and type of coverage	Technical interest	Biometric table	Profit sharing		Thousands of euros		
			Applies?	Form of distribution	Premiums	Mathematical reserves (*)	Amount distributed in profit sharing
			Yes/No				
PVI	3.77%	(1)	No	–	1,414,045	4,341,084	–
Pension 2000	5.48%	(2)	Yes	Mathem. Reserve	77,242	2,379,693	1,998
Savings Plan insured	0.84%	(3)	No	–	292,080	720,026	–
Group Insurance	Variable	(4)	Yes	Claims	753,688	8,259,660	43,321

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

(1) According to the different formats, GR-80, GR-80 less two years and GR-95 tables are used. For new production, GR-95 or GK-95 tables are used.

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

(3) According to the different formats, GR-80, GR-80 less two years and GR-95 tables are used. For new production, GK-95 tables are used.

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

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 provisions – Provisions 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 2010 and 2009 financial years (2.60%), 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 reserves, 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 reserves. Given that the profitability of the aforementioned affected investments in the financial years 2010 and 2009 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 provision 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:

	HOUSEHOLD MULTI-RISK			AUTOMOBILES			ACCIDENTS AND ILLNESS		
	Claims during the 2007 financial year	Claims during the 2008 financial year	Claims during the 2009 financial year	Claims during the 2007 financial year	Claims during the 2008 financial year	Claims during the 2009 financial year	Claims during the 2007 financial year	Claims during the 2008 financial year	Claims during the 2009 financial year
Reserve for claims originally estimated (*)	48,417	47,840	45,022	3,878	13,221	26,177	7,594	6,292	2,947
Estimated value of the claims:									
One year later	28,686	26,916	25,901	1,085	3,268	9,423	2,323	2,380	1,218
Two years later	-	-	-	-	-	-	-	-	-
Three years later	-	-	-	-	-	-	-	-	-
Four years later	-	-	-	-	-	-	-	-	-
Five years later	-	-	-	-	-	-	-	-	-
Accumulated sums paid:	12,534	14,756	12,945	2,851	8,764	17,090	3,254	3,671	1,040
Accumulated (Deficit)-Gain	7,197	6,168	6,176	(58)	1,189	(336)	2,017	241	689
In percentage terms	14.86%	12.89%	13.72%	(1.50)%	8.99%	(0.1)%	26.56%	3.83%	23.38%

	OTHERS			VARIOUS		
	Claims during the 2007 financial year	Claims during the 2008 financial year	Claims during the 2009 financial year	Claims during the 2007 financial year	Claims during the 2008 financial year	Claims during the 2009 financial year
Reserve for claims originally estimated (*)	2,026	2,136	1,927	1,452	2,327	4,645
Estimated value of the claims:						
One year later	922	1,155	1,385	1,357	1,928	1,571
Two years later	-	-	-	-	-	-
Three years later	-	-	-	-	-	-
Four years later	-	-	-	-	-	-
Five years later	-	-	-	-	-	-
Accumulated sums paid:	720	652	341	1,252	2,458	2,962
Accumulated (Deficit)-Gain	384	329	201	(1,157)	(2,059)	112
In percentage terms	18.95%	15.40%	10.43%	(79.68)%	(88.48)%	2.41%

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.c), 3.b) and 3.e) of the Report.

The composition of the personnel expenses of the financial years 2010 and 2009, and their allocation in the profit and loss account by segments and sub-segments, is as follows:

	Thousands of euros	
	2010 Financial Year	2009 Financial Year
Wages and salaries	62,518	34,015
Social Security	19,681	7,740
Contributions to external pension funds and life insurance premiums	554	359
Compensations and awards	285	364
Other personnel expenses	2,289	3,762
Total	85,327	46,240

Allocation of personnel expenses – 2010 financial year	Non-life Segment	Life Segment	Others segment	Total
Losses incurred in the period, net of reinsurance	3,070	–	–	3,070
Tangible fixed asset and investment expenses	1,177	987	–	2,164
Other technical expenses	4,524	1,619	–	6,143
Net operating expenses	8,892	4,564	60,494	73,950
Net total	17,663	7,170	60,494	85,327

20. Breakdown of associate company transactions

Operations in consolidated Group companies

The details of the main transactions carried out in the financial year 2010 are as follows:

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

The same information for the 2009 financial year is as follows:

Concept	Thousands of euros	
	Income	Expenses
Credited interests	1,805	–
Commissions for marketing of premiums	–	138,346
Insurance operations	193,488	–
Other income	92	–

21. Other information (including remuneration and other benefits to the Board of Directors and the Top Management, and remuneration of the Auditors)

a) Employees

In accordance with the provisions established in article 200 of the Revised 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 2010 and 2009 financial years, distributed according to professional category and gender, is as follows:

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

Professional Category	Number of employees		
	2009 Financial Year		
	Men	Women	Total
Directors	15	5	20
Departmental Managers	18	9	27
Graduates and technical staff	87	114	201
Administrative employees	47	161	208
Sales Network	145	300	445
Total	312	589	901

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

b) Remuneration and other benefits to the Board of Directors and the Top Management

During the financial years 2010 and 2009, 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 2010 financial year, the Board of the Directors of the Parent Company received as remuneration the total sum of 1,810 thousand euros, recorded under the concept of "Personnel Expenses", the breakdown for which is shown above.

Other benefits to Members of the Board of Directors

At 31 December 2010 and 2009, 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 accordance with the provisions established in article 229 of the Capital Companies Act, the shareholdings and/or posts and functions of the Company Directors and persons related thereto in companies with the same, similar or complementary activity to that which is the business object of VidaCaixa Grupo, S.A.U. is set out below:

Director	Company in which they hold a stake and/or carry out a role	Post or function	No. of shares	% Holding
Ricardo Fornesa Ribó	Hisusa, Holding de Infraestructuras y Servicios Urbanos, S.A.	Board Member (until June 2011)	–	–
	Criteria CaixaCorp, S.A.	Honorary Chairman	633,095	0.001%
	VidaCaixa, S.A. de Seguros y Reaseguros	Chairman	–	–
Manuel Raventós Negra	Criteria CaixaCorp, S.A.	Board Member (until 30/07/09)	17,330	0.001%
	Sociedad General de Aguas de Barcelona, S.A. (through the indirect exercise of the insurance activity through the subsidiary Adeslas, S.A.)	Board Member	–	–
Inmaculada Juan Franch	Compañía de Seguros Adeslas, S.A.	Board Member	–	–
	Criteria CaixaCorp, S.A.	Board Member	–	–
	Sociedad General de Aguas de Barcelona, S.A.	Board Member (until 07/06/2010)	–	–
Tomás Muniesa Arantegui	SegurCaixa, S.A. de Seguros y Reaseguros	Chairman	–	–
	Adeslas, S.A.	Physical representative of CaixaCorp, S.A. and Negocio de Finanzas e Inversiones II, S.L.	–	–
	Consortio de Compensación Seguros	Board Member	–	–
	Criteria CaixaCorp, S.A.	–	33,721	0.001%
José Vilarasau Salat	–	–	–	–
Jordi Mercader Miró	Sociedad General de Aguas de Barcelona, S.A. (through the indirect exercise of the insurance activity through the subsidiary Adeslas, S.A.)	Managing Director and Chairman	–	–
	Criteria CaixaCorp, S.A.	Board Member	1,496	0.001%
Miguel Valls Maseda	–	–	–	–

(Cont.)

Director	Company in which they hold a stake and/or carry out a role	Post or function	No. of shares	% Holding
Javier Godó Muntañola	Grupo Catalana Occidente, S.A.	–	31,460	0.001%
	Criteria CaixaCorp, S.A.	Board Member	1,230,000 (indirect holding through Privat Media S.L.)	0.001% (indirect holding)
	INOCSA, S.A.	–	4,087	0.001%
	Caixa d'Estalvis i Pensions de Barcelona	3rd Vice-Chairman	–	–
Juan María Nin Génova	Criteria CaixaCorp, S.A.	Vice-Chairman	234,491	0.001%
Guillaume Sarkozy de Nagy-Bocsa	Malakov Mederic Assurances, S.A.	Chairman	1	–
	Auxia, S.A.	Board Member	–	–
	MMA Iard Assurances Mutuelles, S.A.M.	Physical representative of Malakov Mederic Assurances, S.A.	–	–
	MMA Iard, S.A.	Physical representative of Malakov Mederic Assurances, S.A.	–	–
	MMA Vie Assurances Mutuelles, S.A.M.	Physical representative of Malakov Mederic Assurances, S.A.	–	–
	MMA Vie, S.A.	Physical representative of Malakov Mederic Assurances, S.A.	–	–
	MMA Coopérations, S.A.	Physical representative of Malakov Mederic Assurances, S.A.	–	–
	Quatrem, S.A.	Auditor	–	–
Miquel Noguer Planas	Compañía de Seguros Adeslas, S.A.	Board Member	–	–
	Criteria CaixaCorp, S.A.	Board Member	3,561	0.001%
	Sociedad General de Aguas de Barcelona, S.A.	Board Member	–	–

Remuneration to the Top Management, excluding members of the Board of Directors

During the 2010 financial year, the Top Management of the Group received as remuneration a total sum of 3,829 thousand euros, recorded under the concept of "Personnel Expenses", the breakdown for which is shown above.

At 31 December 2010 and 2009, 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 directors or

managers, or similar operations to such effect, except for those which correspond to the ordinary business activity of the company, under normal market conditions and of little significance.

d) Remuneration to auditors

During the 2010 financial year, the fees corresponding to the auditing of the accounts and other services rendered to the various companies that make up the Group by the Company auditors Deloitte, S.L., were as follows:

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

During the 2010 financial year, neither the main auditors nor any associated companies of the same have invoiced other services to the companies that make up the Group. The total fees paid to the main auditors represent a percentage below 1% of its turnover.

22. Subsequent events

On 13 January 2011, Criteria CaixaCorp and Mutua Madrileña Automovilística, Sociedad de Seguros a prima fija (hereinafter, "Mutua Madrileña") signed a strategic alliance for the development, marketing and distribution of the general non-life insurance of VidaCaixa Adeslas.

Specifically, the aforementioned alliance will materialise once all the pertinent authorisations have been obtained, through the contribution on the part of Mutua Madrileña of 99.99% of its holding in Aresa Seguros Generales, S.A. in a capital increase of VidaCaixa Adeslas for the value of 150,000 thousand euros and a share sale and purchase agreement through which VidaCaixa Grupo S.A.U. will sell to Mutua Madrileña a holding in VidaCaixa Adeslas sufficient to reach 50% of the share capital of said company, taking into account the shares which Mutua Madrileña will subscribe in said capital increase in VidaCaixa Adeslas for the initial price of 1,000,000 thousand euros and a variable price to be established based on the results of VidaCaixa Adeslas over the next 10 years. Furthermore, other contracts and agreements derived from the present operation have been formalised.

On 27 January 2011, the Boards of Directors of "la Caixa", Criteria CaixaCorp, S.A. and Microbank de "la Caixa", S.A. ("Microbank"), a wholly-owned subsidiary of "la Caixa", agreed to sign a framework agreement (the "Framework Agreement") whose main purpose is the reorganisation of "la Caixa", in order to design a structure which, while continuing to comply with the business object of "la Caixa", will allow it to adapt to the new national and international regulatory requirements, in particular, the new requirements of the Basel Committee on Banking Supervision ("Basel III").

On 24 February 2011, "la Caixa", Criteria and Microbank modified some of the terms and conditions of the Framework Agreement, established its definitive economic terms and confirmed the remaining aspects of the Framework Agreement. The modification and subsequent ratification of the Framework Agreement and the establishment of its definitive economic terms were also the object of the notification to the Spanish National Securities and Exchange Commission (CNMV) as a significant event.

By virtue of this agreement, "la Caixa" will assign to Microbank (a wholly-owned subsidiary of "la Caixa"), through a segregation, the assets and liabilities that make up its financial activity, including the holding in CaixaVida, receiving in return shares in Microbank, subject to the corresponding increase in its share capital. Once the segregation is complete,

"la Caixa" will carry out a swap operation with Criteria, through which it will hand over its holding in MicroBank, and therefore its indirect holding in CaixaVida, in exchange for certain industrial shareholdings.

On 25 February 2011, the Group sold 3,727,803 shares in Abertis Infraestructuras, S.A. (0.50% of the Company's share capital) to Criteria CaixaCorp, S.A. for the total sum of 52,338 thousand euros. Said sale generated a gross profit of 37,054 thousand euros.

In the period from 31 December 2010 until the preparation of the present annual accounts, there were no events with a significant impact on the Company that require specific mention in the annual accounts, except for those commented on above.

23. Explanation added for translation 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 accepted accounting principles in other countries. In the event of a discrepancy, the Spanish-language version prevails.

MANAGEMENT REPORT FOR THE 2010 FINANCIAL YEAR

In the 2010 financial year, the VidaCaixa Group, the "la Caixa" Insurance Group and part of the Criteria CaixaCorp holding, made a net consolidated profit of 249.2 million euros, 19.5% more than in the previous year. The number of individual clients exceeded 5.9 million, 72% more than in 2009, in good measure due to the incorporation of individual clients of Adeslas, following its integration in June 2010. The solvency ratio was 2.1 and the efficiency ratio was 24.1%.

VIDACAIXA GROUP	2010	2009	% Var.
Savings Premiums	3,014,488	2,541,398	18.62%
Life-Risk Premiums	388,819	375,628	3.51%
Non-life Premiums	1,213,279	332,649	264.73%
Total Premiums	4,616,586	3,249,675	42.06%
Total Contributions to Pension Plans	1,521,148	1,702,082	(10.63%)
Total Premiums and Contributions	6,137,734	4,951,757	23.95%
Total Life and Non-life Insurance Reserves	19,351,980	18,212,652	6.26%
Total Consolidated Pension Plan Rights	14,163,246	13,669,099	3.62%
Total Managed Resources	33,515,226	31,881,751	5.12%
Net Result	249,222	208,514	19.52%
Number of Clients	5,857,125	3,407,035	71.91%
Efficiency Ratio	24.1%	19.8%	21.33%
Solvency Ratio	2.1	1.4	47.48%
Number of Employees	1,717	911	88.47%

The total volume of premiums and contributions of the VidaCaixa Group at the close of the financial year was 6,138 million euros, which represents a 24% 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. This figure also includes the business of the former company Adeslas from June 2010, the date on which the healthcare insurance company was acquired and incorporated into the Group.

If we break down the results by segment, the risk business – made up of the Healthcare, Life-risk, Household and Accident segments – contributed a premium volume valued at 1,602 million euros, which is more than double the volume sold in 2009.

As a result of the integration of the former company Adeslas within the risk business, Healthcare is the segment with the highest growth, totalling 839 million euros compared to 37 million euros the previous year.

Multi-risk insurance also performed well with a total premium volume of 203 million euros, 22% more than in 2009. In addition, at the close of the 2010 financial year, the Automobile insurance segment had an insured vehicle portfolio including cars, commercial vehicles and motorcycles in excess of 258,000 units with a premium value of 130 million euros, 47% more than in 2009.

With regard to the savings business, the accumulated volume of premiums and contributions at the close of the financial year exceeded 4,536 million euros, representing an increase of 7%. The good performance of savings is evidenced in life-savings insurance, in which the attractive product range and the effectiveness of the sales network have helped continue to increase turnover. In this regard, a key aspect of 2010 has been the evolution of life annuities, a product which has experienced major growth owing to the interesting situation with regard to long-term interest rates and the excellent financial-fiscal characteristics of the product. It is also worth noting the evolution of Insured Benefit Plans (PPAs), whose premiums totalled 478 million euros.

The total volume of managed savings totalled 34,051 million euros, an increase of 7% compared to 2009.

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

The evolution of the economic environment is one of the uncertainties facing the VidaCaixa Group during 2011. The progress of consumption will depend in good measure on the contracting of risk insurance, while the evolution of the level of family savings and the situation with regard to interest rate curves, among other factors, will influence the contracting of pension plans and life-savings insurance.

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

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

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

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

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

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

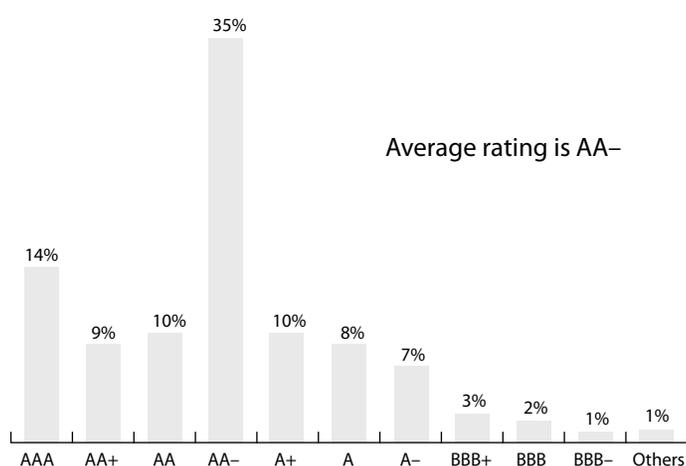
Financial derivatives are mainly used in financial swaps in order to adapt the flows of the investment portfolio to the needs derived from agreements with policyholders contained in the insurance contracts.

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 2010 is as follows:

Portfolio by rating



Ratings according to Standard & Poor's

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

In the future, the VidaCaixa Group plans to maintain its current strategy of covering the insurance and benefits needs of Spanish families through its comprehensive range of insurance policies and pension plans. Furthermore, the Company will continue its policy of continually improving the quality of the service it has provided since it was founded and hopes to increase its level of commercial activity by entering new client segments through the different distribution channels of the VidaCaixa Group.

Following the close of the 2010 financial year, on 13 January 2011, an agreement was signed between Mutua Madrileña and Criteria CaixaCorp through which the Madrid-based company will purchase 50% of VidaCaixa Adeslas Seguros Generales. The operation includes a commercial agreement for the exclusive and indefinite distribution of the Healthcare, Household, Automobile and other Non-life segments of VidaCaixa Adeslas, through the network of "la Caixa" branches and other channels of the company.

In addition, 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.

Annex I: List of subsidiary and associated companies at 31/12/2010

Name of the Company	Registered address	Activity	%Voting rights	
			Direct	Indirect
GROUP COMPANIES:				
VidaCaixa, S.A. de Seguros y Reaseguros	Barcelona	Insurance and Reinsurance	99.99%	0.01%
VidaCaixa Adeslas, S.A. de Seguros y Reaseguros	Barcelona	Insurance and Reinsurance	99.50%	0.41%
AgenCaixa, S.A. Agencia de Seguros	Barcelona	Distribution of insurance and other	99.00%	1.00%
Grupo Asegurador de la Caixa, A.I.E.	Barcelona	Economic Interest Group	–	98.99%
Invervida Consulting, S.L	Barcelona	Management of Portfolio Holdings	99.99%	–
Caixa Girona Mediació, Sociedad de Agencia de Seguros Vinculada, S.A.	Barcelona	Distribution of insurance and other	100.00%	–
Adeslas Salud, S.A.	Madrid	Consultancy	99.48%	0.41%
Céntrro Médico de Zamora, S.A.	Zamora	Clinic	–	99.91%
Iquimesa Servicios Sanitarios, S.L.	Vitoria	Clinic	–	99.91%
General de Inversiones Tomes, S.A.	Salamanca	Property Agency	99.14%	0.77%
Adeslas Dental, S.A.	Madrid	Dental	99.50%	0.41%
Adeslas Dental Andaluza, S.L.	Madrid	Dental	–	84.62%
Clínica Parque San Antonio, S.A.	Malaga	Clinic	–	98.23%
Urca, S.A.	Malaga	Diagnosis	–	51.24%
Sanatorio Nuestra Señora de la Salud, S.A.	Granada	Clinic	–	99.90%
Clinsa, S.A.	Madrid	Clinic	–	97.46%
Casa de Reposo Sanatorio Perpetuo Socorro, S.A.	Alicante	Clinic	–	76.06%
Tomografía Axial Computerizada, S.A.	Alicante	Diagnosis	–	60.02%
Hemodinámica Intervencionista de Alicante, S.A.	Alicante	Diagnosis	–	49.02%
Sanatorio Virgen del Mar – Cristóbal Castillo, S.A.	Almeria	Clinic	–	97.72%
UMR, S.L.	Madrid	Administrator	99.49%	0.42%
Alianza Médica Leridana, S.A.	Lleida	Clinic	–	85.31%
Infraestructuras y Servicios de Alzira, S.A.	Alzira	Car Park	50.75%	0.21%
Plaza salud 24	Madrid	IT Portal	–	49.96%
Gestión Sanitaria Gallega, S.L.	Vigo	Clinic	–	99.91%
Grupo Iquimesa, S.L.	Madrid	Administrator	99.50%	0.41%
General de Inversiones Alavesas, S.L.	Vitoria	Property Agency	99.50%	0.41%
UMR Canarias, S.L.	Las Palmas de Gran Canaria	Administrator	–	99.91%
Clínica Santa Catalina, S.A.	Las Palmas de Gran Canaria	Clinic	–	99.91%
Limpieza y Mantenimiento Hospitalarios, S.L.	Las Palmas de Gran Canaria	Cleaning	–	99.91%
Lince Servicios Sanitarios, S.A.	Madrid	Administrator	99.50%	0.41%
ASSOCIATED COMPANIES:				
Iquimesa Seguros de Salud, S.A.	Vitoria	Insurance Company	–	44.96%
Igualatorio Médico Quirúrgico, S.A. de Seguros y Reaseguros	Bilbao	Insurance Company	–	44.96%
Sanatorio Médico-Quirúrgico Cristo Rey, S.A.	Jaen	Clinic	37.47%	0.15%
Sociedad Inmobiliaria del Igualatorio Médico Quirúrgico, S.A.	Bilbao	Property Agency	–	19.96%
Igualatorio Médico Quirúrgico Dental, S.A.	Bilbao	Dental	–	44.71%
Igurco Gestión, S.L.	Bilbao	Geriatric Services	–	31.61%
Igurco Centros Gerontológicos, S.A.	Bilbao	Geriatric Services	–	31.61%
Orue XXI, S.L.	Amorebieta	Geriatric Services	–	21.69%
Residencia Orue, S.L.	Amorebieta	Geriatric Services	–	21.69%
Orue 2003, S.L.	Amorebieta	Geriatric Services	–	21.68%
Igurco Residencias Sociosanitarias	Bilbao	Geriatric Services	–	31.61%
Igualatorio de Bilbao Agencia de Seguros, S.A.	Bilbao	Insurance agency	–	44.96%
Sociedad de Promoción del Igualatorio Médico Quirúrgico, S.A.	Bilbao	Business Development	–	44.96%
Centro de Rehabilitación y Medicina Deportiva Bilbao, S.L.	Bilbao	Rehabilitation	–	42.41%

(*) The financial information of the above companies included in the consolidation scope (total IFRS assets, share 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 preliminary closes for the 2010 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.

	Abridged Financial Information (*)					
	Total assets	Share capital paid	Asset reserves	Financial year result net of dividend	Applied premiums, net of reinsurance	Other revenues (**)
	26,286,088	380,472	17,238	201,495	66,107	
	778,426	53,071	166,575	67,276	1,421,548	
	16,870	601	5,001	697	0	25,376
	14,138	9,729	0	0	0	
	6,791	2,905	3,853	30	0	33
	7,014	60	8,421	(1,797,930)	0	537
	15,688	313	112	(130)	0	10,749
	2,141	324	131	(35)	0	263
	24,039	1,276	6,895	382	0	13,239
	9,704	5,000	(925)	(123)	0	0
	22,636	610	3,425	1,261	0	38,335
	7,084	1,307	2,696	(1,612)	0	4,712
	15,987	3,104	1,744	577	0	17,777
	3,565	138	2,209	631	0	2,469
	16,185	2,848	(771)	1,582	0	16,939
	29,930	7,020	1,815	1,911	0	26,251
	27,653	3,065	4,610	700	0	25,725
	1,332	467	826	(114)	0	1,028
	908	270	248	157	0	864
	14,003	213	4,925	2,469	0	17,244
	80,437	8,889	43,388	7,745	0	9,077,749
	6,610	1,418	1,042	31	0	8,921
	3,261	1,250	1,400	258	0	698
	1,129	225	222	466	0	1,001
	22,707	1,522	4,950	1,299	0	25,728
	87,965	7,552	45,187	5,107	0	5,572
	1,273	1,200	57	9	0	26
	27,637	3,375	8,692	462	0	683
	32,679	1,679	12,098	1,585	0	33,118
	53	3	55	(40)	0	550
	4,406	660	(6,375)	868	0	96
	7,448	1,055	4,498	1,895	24,115	
	81,384	16,175	52,538	12,671	170,063	
	3,642	103	3,134	(76)	0	5,001
	19,991	20,000	33	(42)	0	0
	185	200	(18)	3	0	520
	18,727	8,679	2,864	313	0	5,199
	16,663	1,703	(25)	1,859	0	0
	11,077	3,265	1,653	181	0	1,048
	1,288	201	152	(11)	0	343
	3	3	(34)	-	0	0
	2,220	61	(197)	679	0	4,458
	235	150	83	2	0	1,280
	15,320	10,005	102	165	0	0
	801	106	(42)	(30)	0	639

Annex II. Movement of intangible fixed assets during the 2009 financial year

	Thousands of euros						
	Goodwill		Financial rights derived from the policy portfolio acquired from brokers				
	Consolidated goodwill	Merger goodwill		Consolidated intangible assets	Merger intangible assets	Trademark	
Cost at 1 January 2009	44,293	3,407	–	26,799	6,953	–	
Accumulated amortisation at 1 December 2009	–	–	–	(1,787)	(290)	–	
Net book value at 1 January 2009	44,293	3,407	–	25,012	6,663	–	
Additions	–	–	–	–	–	–	
Disposals	–	–	–	–	–	–	
Reclassifications and transfers	–	–	–	–	–	–	
Amortisation of financial year	–	–	–	(1,787)	(622)	–	
Disposals in the amortisation	–	–	–	–	–	–	
Losses through impairment	–	–	–	–	–	–	
Cost at 31 December 2009	44,293	3,407	–	26,799	6,953	–	
Accumulated amortisation at 31 December 2009	0	0	–	(3,574)	(912)	–	
Net book value at 31 December 2009	44,293	3,407	–	23,225	6,041	–	

Thousands of euros							Total intangible assets
Other intangible assets							
	Client portfolio	Concessions	Computer applications	Pension fund expenses	Marketing expenses of other Non-life insurance policies	Other expenses of acquisition of pension plans and life insurance contracts	
	–	–	20,136	9,379	1,424	46,854	159,245
	–	–	(18,673)	(8,052)	(819)	(19,923)	(49,544)
	–	–	1,463	1,327	605	26,931	109,701
	–	–	203	–	2,972	20,203	23,378
	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	–	(576)	(42)	–	–	(3,027)
	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	–	20,339	9,379	4,396	67,057	182,623
	–	–	(19,249)	(8,094)	(819)	(19,923)	(52,571)
	–	–	1,090	1,285	3,577	47,134	130,052

Annex III. Movement of intangible fixed assets during the 2010 financial year

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

Thousands of euros

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

