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Unnim Banc S.A.U.

Annual Accounts and Directors' Report for the year ended 31 December 2012

Translation of financial statements originally issued in Spanish. This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

Unnim Banc S.A.U.
Balance sheets at 31 December 2012 and 2011

(Thousand euro)	2012	2011 (*)
Cash and deposits at central banks (note 5)	**157,006**	**241,771**
Trading portfolio (Note 6)	**4,330**	**5,181**
Derivatives held for trading	4,330	5,181
Other financial assets at fair value with changes in profit or loss (Note 7)	**-**	**322**
Debt securities	-	322
Available- for- sale financial assets (Note 8)	**1,785,700**	**3,610,672**
Debt securities	1,714,209	3,265,470
Equity instruments	71,491	345,202
Memorandum account: By way of loan or guarantee	*1,598,531*	*1,925,634*
Loans (Note 9)	**23,019,453**	**19,596,777**
Bank deposits	4,470,765	152,364
Customer loans	17,664,379	18,361,485
Debt securities	884,309	1,082,928
Memorandum accounts: By way of loan or guarantee	*790,388*	*2,431,529*
Held-to-maturity investment portfolio (Note 10)	**-**	**2,033,776**
Memorandum accounts: By way of loan or guarantee	*-*	*934,188*
Adjustments to financial assets due to macro-hedging	**-**	**-**
Hedging derivatives (Note 11)	**676,039**	**516,419**
Non-current assets for sale (Note 12)	**339,067**	**545,082**
Shareholdings (Note 13)	**198,134**	**911,999**
Associated companies	8,987	18,083
Jointly-controlled companies	88,183	144,829
Group companies	100,964	749,087
Insurance contracts linked to pensions (Note 18)	**14,111**	**13,636**
Property, plant and equipment (Note 14)	**464,607**	**810,712**
Property, plant and equipment	412,956	493,171
For own use	412,956	493,171
Assigned under operating lease	-	-
Investment properties	51,651	317,541
Memorandum accounts: Acquired under finance lease	*8,249*	*-*
Intangible assets (Note 15)	**-**	**6,860**
Other intangible assets	-	6,860
Tax assets (Note 22)	**1,420,939**	**977,296**
Current	17,191	9,935
Deferred	1,403,748	967,361
Other assets (Note 16)	**742,392**	**242,897**
Total assets	**28,821,778**	**29,513,400**

Notes 1 to 49 and the appendices described in the accompanying annual accounts form an integral part of the balance sheet at 31 December 2012.

(*) This is presented only for purposes of comparison (Note 1.13).

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Unnim Banc S.A.U.
Balance sheets at 31 December 2012 and 2011

(Thousand euro)	2012	2011 (*)
Trading portfolio (Note 6)	**5,064**	**3,704**
Derivatives held for trading	5,064	3,704
Other financial liabilities at fair value through changes in profit or loss (Note 7)	-	-
Financial liabilities at amortized cost (Note 17)	**27,132,109**	**27,801,145**
Central bank deposits	5,533,302	1,991,113
Bank deposits	1,447,529	1,074,258
Customer deposits:	18,516,131	21,952,466
Marketable debt securities	831,790	1,632,338
Subordinated liabilities	476,599	923,893
Other financial liabilities	326,758	227,077
Adjustments to financial liabilities due to macro-hedging	-	-
Hedging derivatives (Note 11)	**53,669**	**56,000**
Liabilities associated with non-current assets for sale	-	-
Provisions (Note 18)	**576,869**	**48,074**
Provisions for pensions and similar liabilities	65,726	23,383
Provisions for taxes and other legal contingencies	6,294	4,586
Provisions for contingent risks and commitments	9,968	2,233
Other provisions	494,881	17,872
Tax liabilities (Note 22)	**380,050**	**318,011**
Current	44,921	7,543
Deferred	335,129	310,468
Other liabilities (Note 19)	**367,010**	**37,076**
Total liabilities	**28,514,771**	**28,264,010**
Capital (Note 20)	**366,235**	**1,256,136**
Capital/Endowment fund	971,314	971,314
Share premium	720,195	720,195
Reserves	(435,374)	-
Profit for the year	(889,900)	(435,373)
Measurement adjustments (Note 21)	**(59,228)**	**(6,746)**
Available-for-sale financial assets	(59,154)	(6,683)
Cash flow hedging	(74)	(63)
Total equity	**307,007**	**1,249,390**
Total equity and liabilities	**28,821,778**	**29,513,400**
Memorandum accounts		
Contingent risks (Note 29.1)	*670,075*	*832,323*
Contingent commitments (Note 29.2)	*1,862,890*	*2,812,688*

Notes 1 to 49 and the appendices described in the accompanying annual accounts form an integral part of the balance sheet at 31 December 2012.

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Unnim Banc S.A.U.
Income statement for 2012 and 2011

(Thousand euro)	2012	2011 (*)
Interest and similar income (Note 30)	**832,500**	**848,058**
Interest and similar charges (Note 31)	**563,241**	**638,137**
INTEREST MARGIN	269,259	209,921
Return on equity instruments (Note 32)	**11,581**	**25,117**
Commissions received (Note 33)	**84,728**	**101,278**
Commissions paid (note 34)	**9,116**	**9,878**
Gains or losses on financial transactions (net) (Note 35)	**8,965**	**56,636**
Trading portfolio	(1,787)	3,582
Other financial instruments at fair value through changes in profit and loss.	(142)	(438)
Financial instruments not measured at fair value through changes in profit and loss.	16,759	48,558
Other	(5,865)	4,934
Exchange differences (net) (Note 36)	**603**	**715**
Other operating results (Note 37)	**11,888**	**12,702**
Other operating charges (Note 38)	**54,720**	**27,067**
GROSS MARGIN	323,188	369,424
Administration expenses	**230,454**	**255,390**
Personnel costs (Note 39)	177,096	191,674
Other general administrative expenses (Note 40)	53,358	63,716
Amortisation and depreciation (Notes 14, 15 and 41)	**21,653**	**27,006**
Allocations to provisions (net) (Note 18)	**473,654**	**93,290**
Financial asset impairment losses (net)	**452,854**	**284,432**
Loans (Note 9)	410,954	286,216
Financial instruments not measured at fair value through changes in profit and loss (Note 8)	41,900	(1,784)
RESULTS FROM OPERATING ACTIVITIES	(855,426)	(290,694)
Asset impairment losses (net)	**144,904**	**320,639**
Goodwill and other intangible assets	6,831	-
Other assets (Notes 13, 14 and 16)	138,073	320,639
Gain/(loss) on the disposal of assets not classified as non-current available-for-sale (Note 45)	**(25,603)**	**32,509**
Losses on business combinations	**-**	**-**
Gain/(loss) on non-current available-for-sale assets not classified as discontinued operations (Notes 12 and 46)	**(112,989)**	**(19,238)**
PROFIT/(LOSS) BEFORE INCOME TAX	(1,138,922)	(598,062)
Corporate income tax (Note 22)	**(249,022)**	**(162,689)**
RESULTS FROM CONTINUED OPERATIONS	(889,900)	(435,373)
Results from discontinued activities	**-**	**-**
PROFIT/(LOSS) FOR YEAR	(889,900)	(435,373)

Notes 1 to 49 and the appendices described in the accompanying annual accounts form an integral part of the income statement for 2012.

(*) This is presented only for purposes of comparison (Note 1.13).

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Unnim Banc S.A.U.
Statements of recognized income and expenses for 2012 and 2011

(Thousand euro)	2012	2011 (*)
PROFIT/(LOSS) FOR YEAR	**(889,900)**	**(435,373)**
OTHER RECOGNISED INCOME AND EXPENSE	(52,482)	(4,881)
Available-for-sale financial assets	**(74,959)**	**(6,413)**
Measurement gains / losses	(94,422)	12,956
Amounts transferred to the income statement	19,463	(19,369)
Other reclassifications	-	-
Cash flow hedges	**(20)**	**(560)**
Measurement gains / losses	(20)	(560)
Amounts transferred to the income statement	-	-
Amounts transferred to initial value of hedged items	-	-
Other reclassifications	-	-
Net investment hedging on foreign operations	-	-
Measurement gains / losses	-	-
Amounts transferred to the income statement	-	-
Other reclassifications	-	-
Differences on exchange	-	-
Measurement gains / losses	-	-
Amounts transferred to the income statement	-	-
Other reclassifications	-	-
Non-current assets for sale	-	-
Measurement gains / losses	-	-
Amounts transferred to the income statement	-	-
Other reclassifications	-	-
Actuarial gains/(losses) on pension plans	-	-
Other recognized income and expenses	-	-
Corporate income tax	**22,488**	**2,092**
TOTAL RECOGNISED INCOME AND EXPENSE	**(942,382)**	**(440,254)**

Notes 1 to 49 and the appendices described in the accompanying annual accounts form an integral part of statement of recognised income and expense for 2012.

(*) This is presented only for purposes of comparison (Note 1.13).

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Unnim Banc S.A.U.
Statement of changes in equity for 2012 and 2011

(Thousand euro)	Capital (Note 20)						
	Share capital	Share premium	Reserves	Profit for the year	Total equity	Measurement adjustments (Note 21)	Total equity
Beginning balance at 1 January 2011 (*)	18,050	720,195	-	-	738,245	(1,865)	736,380
Adjusted beginning balance	18,050	720,195	-	-	738,245	(1,865)	736,380
Total recognised income and expense	-	-	-	(435,373)	(435,373)	(4,881)	(440,254)
Other changes in equity	953,264	-	-	-	953,264	-	953,264
Share capital increases (*)	953,264	-	-	-	953,264	-	953,264
Ending balance at 31 December 2011 (**)	971,314	720,195	-	(435,373)	1,256,136	(6,746)	1,249,390
Beginning balance at 1 January 2012	971,314	720,195	-	(435,373)	1,256,136	(6,746)	1,249,390
Adjusted opening balance	971,314	720,195	-	(435,373)	1,256,136	(6,746)	1,249,390
Total recognised income and expense	-	-	-	(889,900)	(889,900)	(52,482)	(942,382)
Other changes in equity	-	-	(435,374)	435,373	(1)	-	(1)
Transfers among equity items	-	-	(435,374)	435,373	(1)	-	(1)
Ending balance at 31 December 2012	971,314	720,195	(435,374)	(889,900)	366,235	(59,228)	307,007

(*) See Note 1.2 “Bank incorporation and restructuring” which analyses the Segregation of the Financial Business and the Bank's capitalisation.
(**) This is presented only for purposes of comparison (Note 1.13).
Notes 1 to 49 and the appendices described in the accompanying annual accounts form an integral part of the statement of total changes in equity for 2012.

Unnim Banc S.A.U.
Cash flow statement for 2012 and 2011

(Thousand euro)	2012	2011 (*)
CASH FLOWS FROM OPERATING ACTIVITIES	**(3,400,533)**	**(400,954)**
Profit for the year	**(889,900)**	**(435,373)**
Adjustments made to obtain cash flows from operating activities	**939,743**	**348,092**
Amortisation	21,653	27,006
Other adjustments	918,090	321,086
Net increase/(decrease) in operating assets	**1,890,011**	**871,397**
Trading portfolio	(851)	(15,793)
Other financial assets at fair value with through changes in profit and loss	(322)	(475)
Available-for-sale financial assets	(1,824,972)	2,300,480
Loans	2,137,369	(1,729,105)
Other operating assets	1,578,787	316,290
Net increase / (decrease) in operating liabilities	**(1,311,343)**	**720,413**
Trading portfolio	1,360	(13,782)
Other financial liabilities at fair value with changes in the income statement	-	-
Financial liabilities at amortized cost:	(2,963,383)	606,840
Other operating liabilities	1,650,680	127,355
Corporate income tax income/(expense)	**(249,022)**	**(162,689)**
CASH FLOWS FROM INVESTING ACTIVITIES	**3,100,606**	**64,291**
Payments made	**-**	**200,667**
Property, plant and equipment	-	-
Intangible assets	-	2,973
Shareholdings	-	197,694
Other business units	-	-
Non-current assets and associated liabilities available-for-sale	-	-
Held-to-maturity investments	-	-
Other payments related to investment activities	-	-
Payments received	**3,100,606**	**264,958**
Property, plant and equipment	346,105	177,356
Intangible assets	6,860	-
Shareholdings	713,865	-
Other business units	-	-
Non-current assets and associated liabilities available-for-sale	-	-
Held-to-maturity investments	2,033,776	87,602
Other collections related to investment activities	-	-

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(Thousand euro)	2012	2011 (*)
CASH FLOWS FROM FINANCING ACTIVITIES	**287,674**	**274,273**
Payments made	**159,620**	**190,283**
Dividends	-	-
Subordinated liabilities	-	-
Amortisation of treasury shares	-	-
Purchase of treasury shares	-	-
Other payments related to financing activities	159,620	190,283
Payments received	**447,294**	**464,556**
Subordinated liabilities	447,294	464,556
Issue of treasury shares	-	-
Disposal of treasury shares	-	-
Other collections related to financing activities	-	-
EFFECT OF EXCHANGE RATE FLUCTUATIONS	**603**	**715**
NET INCREASE/9DECREASE) IN CASH AND CASH EQUIVALENTS	**(11,650)**	**(61,675)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**253,548**	**315,223**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**241,898**	**253,548**
Memorandum accounts		
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Cash	*87,181*	*92,400*
Cash equivalent balances at central banks	*69,825*	*149,371*
Other financial assets	*84,892*	*11,777*
Less: Bank overdrafts repayable on demand	-	-

Notes 1 to 49 and the appendices described in the accompanying annual accounts form an integral part of the cash flow statement for 2012.

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Unnim Banc S.A.U.

Notes to the annual accounts for the year ended
31 December 2012

In compliance with current regulations on financial statements, these notes complete, expand and discuss the balance sheet, income statement, recognized income and expenses statement, statement of changes in total equity and cash flow statement. Together they provide a true and fair view of the equity and financial position of Unnim Banc, S.A.U. at 31 December 2012, income from its operations, changes in its equity and the cash flows that have taken place in the period between 1 January and 31 December 2012.

1. Introduction, basis of presentation of the financial statements and other information

1.1. Introduction

Unnim Banc, S.A.U., using the commercial name of "Unnim" (hereinafter the Entity, the Company or the Bank), is a private law entity with the following corporate purpose:

(1) The performance of all types of general banking activities, operations and services as authorised by law, including the rendering of investment and ancillary services and insurance agency services, either on an exclusive or associated basis, but not both.

(2) The acquisition, holding, enjoyment and disposal of all types of securities, including, without limitation, public offerings and the sale of equities in other companies, credit institutions, investment service companies and insurance companies or brokers, to the extent permitted by law.

The activities making up its corporate purpose may be fully or partially carried out indirectly in any manner allowed by law and, in particular, through the ownership of shares in companies or other entities that have the same, similar or supplementary corporate purpose.

All matters not covered by its bylaws will be governed by (i) Law 26/1998 (29 July), on credit institution discipline and intervention (ii) Legislative Royal Decree 1298/1986 (28 June) on the adaptation of current law regarding credit institutions in the European Union (iii) Royal Decree 1245/1995 (14 July) on the creation of banks, trans-frontier activity and other matters relating to the legal system covering credit institutions (iv) Law 24/1988 (28 July) on the stock market (v) the Spanish Companies Act 2010 and (vi) all other current legislation or replacements.

The Bank's domicile is located in Barcelona at Plaza Catalunya, 9, 6th and 7th floors.

In addition to the operations carried on directly the Bank is the head of a group of subsidiaries that engage in various business activities and which make up Unnim Bank ("the Bank"). Consequently, in addition to its individual statement the Bank is also obliged to prepare the consolidated financial statements of the Bank, which also include its interests in joint ventures and investments in associates.

The Bank has submitted its financial statements to external audit in accordance with the provisions of Decree 560/1983 of the Government of Catalonia and the Law 19/1988 of 12 July, amended by Law 12/2010 (30 June) on Audits.

1.2. Incorporation and restructuring of the Bank

On 28 January 2011, the Board of Directors of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa (hereinafter Unnim) adopted a resolution to initiate a reorganisation process to reinforce its capital by creating a Bank through which it could indirectly carry out its financial activity, maintaining its Community Projects Fund in any event, characterised by its regional and social commitment in accordance with the new international regulatory environment as transposed by the Spanish Regulator –Basel III for 2013– and national legislation –Royal Decree-Law 2/2011(18 February), to reinforce the financial system (RDL 2/2011).

On 21 March 2011 the Board of Directors of Unnim created a Compliance Plan that describes the strategy and compliance schedule for the new capitalisation requirements for the Entity. This Compliance Plan was reported to and approved by the Bank of Spain on 28 March 2011 and 14 April 2011, respectively.

On 28 April 2011, the Board of Directors of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa adopted the following resolutions, among others:

- The creation of "Unnim Banc, S.A.", to which the Entity's financial activity would be transferred.

- Prepare and approve a Recapitalisation Plan detailing the alternatives analysed by the Entity to strengthen its solvency, as well as the outline of the request for financial support from the FROB. This Recapitalisation Plan was sent to the Bank of Spain on 28 April 2011.

On 20 June 2011, the Board of Directors of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa adopted a resolution to prepare and approve the Segregation Project for transferring its financial business to the Bank and it was filed with the Barcelona Mercantile Registry on 21 June 2011.

On 13 July 2011 the Directorate General for the Treasury and Financial Policy at the Ministry of Finance authorised the project to create a new bank.

On 14 July 2011, Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa, founded and incorporated Unnim Banc, S.A.

On 20 June 2011 and 14 July 2011, The Boards of Directors of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa and Unnim Banc, respectively, adopted the following resolutions for the purposes of continuing with the segregation of the business:

On 28 July 2011 the General Assembly of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa adopted a resolution to ratify the action taken by the Savings Bank's Board of Directors with respect to the creation of the Bank. In addition, the General Assembly adopted the appropriate resolutions, among others, to approve the indirect exercising of its credit institution activity through the Bank, with the consequent amendments to the bylaws and the regulations.

During the month of September 2011 the relevant authorisations were received from the Government of Catalonia, the Economic and Knowledge Office at the Government of Catalonia, the Ministry of Finance, the National Stock Market Commission, the Bank of Spain and the Directorate General for Insurance and Pension Funds for the segregation and the indirect fulfilment of the Savings Bank's credit institution activity through the Bank.

On 26 September 2011 a public document was executed (filed with the Mercantile Registry on 30 September 2011) for the Segregation of the financial business.

On 27 September 2011, the Ordered Bank Restructuring Fund (FROB), based on the negative evaluation that the independent experts provided the FROB with respect to the entity, it was reported that 100% of the capital of Unnim Banc, S.A pertained to the FROB, and therefore that Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa would have to transfer the shares it held in Unnim Banc, S.A.U. to the FROB.

As a result, on 28 September 2011 a public document formalizing the sale of the 18,050,000 shares in the Bank by Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa to the FROB for a total price of one euro.

On 29 September 2011the Executive Committee at the Bank of Spain approved the restructuring of Unnim Banc, S.A.U., with the intervention of the FROB as the Sole Administrator.

The following resolutions were formally executed in public documents on 30 September 2011:

- A resolution was adopted whereby the FROB became a shareholder and the Bank's Sole Administrator.

- The decision was taken to convert the preferred shares that had been issued into capital with an effective value of €385,263,780, therefore issuing 385,263,780 shares with a par value of one euro each. These new shares were fully subscribed by the FROB.

- A resolution was adopted to increase the Bank's share capital by 568,000,000 shares with a par value of one euro each, thereby bring its new share capital up to €971,313,780. These new shares were fully subscribed by the FROB.

- Finally, a resolution was adopted to modify the Bank's bylaws based on the preceding decisions.

At a meeting held on 7 March 2012, and within the scope of the ordered restructuring process for Unnim Banc, the Governing Board of The Ordered Bank Restructuring Fund (FROB) prepared the Bank's restructuring plan which calls for its acquisition by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter BBVA).

On 7 March 2012 the Governing Board of the Credit Institution Deposit Guarantee Fund (DGF) committed to the financial support that is necessary for the ordered restructuring of the Bank, in accordance with the provisions of Articles 12 and 13 of Royal Decree-Law 16/2011.

At a meeting held on the same day, the Executive Committee of the Bank of Spain approved the restructuring plan for the Bank as prepared by the FROB.

As a result, and in accordance with the approved restructuring plan:

- The DGF will provide financial support for the sale by the FROB to BBVA of 100% of the Bank for the price of one euro, and the DGF will assume the losses deriving on the transaction totalling €953,000,000.

- In addition, on 3 July 2012 the DGF provided the Bank with an Asset Protection Scheme (APS) under which, for an asset totalling €7,359 million portfolio, the DGF will assume 80% of the losses deriving from that portfolio over 10 years, once the provisions that have been recorded for these assets have been used (see Note 1.10).

As part of the execution of the restructuring plan prepared and approved on 7 March 2011, and after having obtained all approvals from the competent authorities, on 27 July 2012 BBVA completed the acquisition of 100% of the share capital of Unnim Banc, S.A.U.

1.3. Basis of presentation of the annual accounts

The Bank's annual accounts for the year ended 31 December 2012 are presented in accordance with the established models and applying the Periodic Public Information Reporting rules established by Bank of Spain Circular 4/2004 (22 December) and all subsequent amendments. This circular constitutes the industry adaptation of the International Financial Reporting Standards (IFRS or IAS) adopted by the European Union.

Specifically, in 2012 Circular 2/2012 (29 February) entered into force and amended the aforementioned Circular 4/2004, through which new requirements were established for provisions and capital in addition to those required until now by the legislation applicable to credit institutions with respect to the assets associated with the real estate activity. Furthermore, Circular 6/2012 (28 September) entered into force and amended Circular 4/2004 and formally included legislation requiring the annual accounts to include information relating to refinancing and restructuring transactions, risk concentration affecting both industry and sector classifications and foreclosed assets or those received as payment for debt that are transferred to companies to manage those assets (Notes 12, 24 and 49.1). Finally, Circular 7/2012 (30 November) entered into force and is applicable to credit institutions with respect to minimum principal capital requirements.

These annual accounts have been prepared on the basis of the Entity's accounting records.

The Bank's accompanying financial statements do not reflect the changes in equity that would result from applying full, proportional or equity method consolidation, as appropriate, to the shareholdings in subsidiaries, jointly-controlled and associated companies in accordance with current legislation governing the consolidation of credit institutions. The consolidated annual accounts for Unnim Bank and BBVA Bank have also been prepared and they include those changes, in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union at 31 December 2012.

The consolidated equity of Unnim Group and total consolidated assets at 31 December 2012 and 2011, together with the results obtained in 2012 and 2011 are set out below:

(Thousand euro)	2012	2011
Equity	270,768	1,179,502
Results for the year attributable to the parent entity	(863,953)	(469,074)
Total assets	28,958,820	29,288,005

Note 2 sets out the main accounting principles and policies and the main valuation criteria applied in preparing the Bank's 2012 annual accounts.

No mandatory accounting principle or valuation policy that has a significant effect on these annual accounts has been omitted.

1.4. Responsibility for the information and estimates made

The Bank's annual accounts for 2012 have been prepared by the Board of Directors at the meeting held on 31 January 2013. These accounts are pending approval by the Single Shareholder. The Bank's Board of Directors expects that they will be approved without any modifications.

When preparing the financial statements estimates have been used to quantify, among other things, the fair value of certain assets and liabilities, impairment losses, the useful life of tangible and intangible assets and actuarial assumptions for the calculation of post-employment remuneration commitments. The estimates affect the amounts recorded in the balance sheet and the income statement. Despite the fact that these estimates were made based on the best information available, it is possible that future events may require them to be changed in the future, which would be done on a prospective basis, recognising the effects of the change in the estimate in the income statements for the years concerned, in accordance with the rule nineteen of Bank of Spain Circular 4/2004.

1.5. Investments in the share capital of credit institutions

In compliance with the provisions of Article 20 of Royal Decree 1245/1995 of 14 July, investments in the share capital of credit institutions held by the Entity on 31 December 2012 and 2011 that exceed 5% of share capital or voting rights are shown below:

	% interest	
	2012	2011
Celeris Servicios Financieros, SA EFC	15.75%	15.75%

1.6. Environmental impact

Due to the activity carried out by the Entity, it has had no significant impact on the environment. Consequently no specific disclosures about environmental issues are included in these notes to the financial statements.

1.7. Capital management objectives, policies and processes

1.7.1 Nature of the Group's obligations in terms of regulatory capital

Unnim Banc Group's Regulatory capital requirements originate from the application to credit institutions of the Bank of Spain Circular 3/2008 (22 May) on the calculation and control of minimum equity (hereinafter "Circular 3/2008"), and all subsequent amendments (Bank of Spain Circulars 9/2010 and 4/2011).

Circular 3/2008 is the final implementation for credit institutions of legislation concerning capital and consolidated supervision of financial institutions as stated in Act 36/2007 of 16 November, which amends Act 13/1985 of 25 May on investment ratios, capital and disclosure obligations of financial intermediaries and other financial system rules, and which also includes Royal Decree 216/2008 of 15 February on the capital of financial institutions. This also finalizes the process of adapting Spanish legislation governing credit institutions to EU Directives 2006/48/CE, issued by the European Parliament and Council (14 June 2006) relating to accessing and carrying out credit institution activities and 2006/49/CE issued by the European Parliament and Council (14 June 2000) on the adequacy of investment service company and credit institution capital.

In compliance with the equivalent agreement adopted by the Basel Committee on Banking Supervision (known as Basel II), the two aforementioned Directives have thoroughly revised the minimum capital requirements for credit institutions and their consolidable groups.

This regulatory framework is based on three "pillars":

- Pillar I - calculation of minimum capital requirements: this forms the core of the Basel II accord. Minimum regulatory capital requirements of financial groups are established in accordance with their exposure to some of the main risks associated with the finance business: credit risk, trading portfolio market risk and operating risk. Legislation allows several methods of calculating exposure to each type of risk and different degrees of complexity such that each entity may use the method that is most appropriate for its volume, resources and extent of exposure. This detailed information, along with additional information about concentration and interest rate risk, is regularly reported to the regulator through confidential statements.

- Pillar II - Supervisory review process: establishes the obligation to carry out a capital self-assessment process, including a set of robust and comprehensive strategies and procedures that will maintain the level of capital considered adequate to cover, by type and level, all risks to which the Group is or may be exposed. This process concludes with the setting of a capital goal and strategy appropriate to the risks and hence institutions are required to carry out stress scenarios to identify events or changes in conditions in the markets in which they operate that could adversely affect their future solvency.

  The above strategies and procedures as well as detailed disclosures regarding internal organization, risk management and internal control, are included in an annual report approved by the Board of Directors and which is sent to the Bank of Spain.

- **Pillar III - Market discipline**: this requires institutions which are subject to the regulations to issue each year a report entitled "Information of Prudential Relevance" (IPR), whose production and distribution are subject to formal policy adopted by the Board of Directors and which must contain minimal disclosures about capital and its requirements, levels of risk assumed and risk management strategies, organization, systems and policies.

Bank of Spain Circular 3/2008 further establishes which elements should be classified as capital for the purposes of compliance with the minimum requirements set out in this regulation. These differ from those admitted by the IFRS-EU and those used in the preparation of these financial statements and are divided into two main groups: Tier 1 and Tier 2 capital:

- **Tier 1 capital**: In the case of the Group, it mainly consists of capital paid in, the share premium, reserves and preferred shares.

- **Tier 2 capital:** In the case of the Group, it mainly consists of subordinated financing.

This capital is reduced by the deductions set out in Rule Nine of Circular 3/2008.

In addition to the above, it should be noted that at its meeting on 12 September 2010, the Bank of Governors and Heads of Supervision – the oversight body of the Basel Committee on Banking Supervision – announced a substantial strengthening of the existing capital requirements and strongly endorsed the agreements reached on 26 June 2010 (Basel III). The Basel III Agreement will start to be applied on 1 January 2013. Before that date countries must have transposed the content of the agreement to their respective regulations and legislation. Bank management has analysed the main amendments that would be introduced by this agreement and it has started to plan and manage the consequences that will derive from the novelties included by the agreement with respect to capital requirements.

On 18 February 2011 Royal Decree 2/2011 on the reinforcement of the financial system was published. The publication of the aforementioned Royal Decree introduced the concept of "Principal Capital", which is defined as the result of adding together, among other things, the following capital items: the share capital of public limited liability companies, share premiums paid in, effective and express reserves and the profits earned in computable years, positive adjustments net of tax effects, based on the measurement of available-for-sale financial assets that form part of equity, shares representing minority interests consisting of ordinary shares in consolidated group companies and computable instruments subscribed by the FROB. The amount of prior-year and current year losses must be deducted from this figure, together with any impairment affecting available-for-sale financial assets net of tax effects, in accordance with legislation regarding capital requirements for credit institutions, and intangible assets, including goodwill originating from business combinations, consolidation or the application of the equity method.

With respect to the aforementioned principal capital requirements, the Royal Decree stipulates that consolidated credit institutions must have a principal capital ratio of 8% throughout 2011 for weighted risk exposure, unless the wholesale financing coefficient exceeds 20% and at least 20% of its capital or voting rights has not been placed, in which case the above requirements is 10% of weighted risk exposure.

On 31 August Royal Decree 24/2012 on the restructuring and refinancing of credit institutions was published and amends the principal capital requirements that had been established by Royal-Decree-Law 2/2011 (18 February), on the reinforcement of the financial system. Royal Decree-Law 24/2012 has been repealed by Law 9/2012 (14 November), on the restructuring and refinancing or credit institutions, of identical content for these purposes, which has changed the 8% general requirement for principal capital and the 10% established for entities with difficult access to capital markets and for which wholesale financing predominates, into a single 9% requirement to be met starting on 1 January 2013.

1.7.2 Capital management objectives, policies and processes

In the capital management process the Entity seeks to comply at all times with the current regulations on capital requirements described above at both the individual and consolidated level.

The Entity also seeks maximum efficiency in managing its capital so that the use of capital is seen, together with other return and risk variables, as a fundamental element of analysis when making its investment decisions.

To that end, and based on its capital position and regulatory capital requirements, the Entity regularly monitors its performance and draws up short, medium and long-term forecasts and projections which are included in its strategic planning.

Additionally, it also carries out simulations of different stress scenarios to assess the adequacy of capital to cope with unanticipated changes in key business figures and/or economic variables and decides on and takes any necessary and appropriate actions.

It should also be noted that in order to strengthen the Bank's capital structure and to comply with the requirements of Royal Decree 2/2011, in 2011 the Entity received an injection of capital from the FROM and subsequently it was converted to part of its computable capital (Note 1.2).

1.7.3 Quantitative disclosures

Below is the breakdown of the Unnim Banc Bank capital at 31 December 2012 and 2011, divided into tier 1 capital and tier 2 capital as well as capital requirements by risk type:

	2012		2011	
(Thousand euro)	Amount	%	Amount	%
Basic equity	615,239	6.35%	1,548,265	8.64%
Second tier equity	318,364	3.29%	477,007	2.66%
Total computable equity	**933,603**	**9.64%**	**2,025,272**	**11.30%**
Capital requirements:				
Due to credit risk	689,353	88.92%	1,378,369	96.16%
Due to equities (advanced methods)	39,571	5.10%	-	0.00%
Due to market risk	16	0.00%	658	0.05%
Due to operating risk	46,292	5.97%	54,419	3.80%
Total equity requirements	**775,231**	**100.00%**	**1,433,446**	**100.00%**
Surplus equity	**158,372**	**1.64%**	**591,829**	**3.30%**

Information calculated using advanced methods not comparable with the 2011 annual accounts.

At 31 December 2012 and 2011, Unnim's capital exceeded that required by Circular 3/2008 and subsequent amendments.

At the date these annual accounts were prepared, the parent company meets the total solvency requirement of 8% as stipulated by Circular 3/2008.

1.8. Suspension of the payment of the coupon for subordinated debt and preferred shares

- Deferral/Suspension of the payment of subordinated debt coupons and preferred shares (relevant events on 28 February, 29 March, 13 April and 31 May 2012): They reported that in accordance with the provisions of their respective issue prospectus, certain issues of preferred shares and subordinated bonds will not receive the payment of interest after that time but the accrued amounts will accumulate with respect to the issues of subordinated bonds.

  The list of issues with suspended coupons is as follows:

  - Preferred Shares Series A Caixa Terrassa, ISIN Code KYG175491094: quarterly coupon payable on the 30th day of the final month of each calendar quarter.
  - Preferred Shares Series A Caixa Sabadell, ISIN Code ES0101339002: quarterly coupon payable on the 1st day of the month following the end of each calendar quarter.
  - Preferred Shares Series A Caixa Manlleu, ISIN Code ES0115328009: monthly coupon payable on the final day of each month.
  - Preferred Shares Series B Caixa Terrassa, ISIN Code XS0225115566: annual coupon payable on the 10th of August each year.
  - Preferred Shares Series B Caixa Sabadell, ISIN Code ES0101339028: quarterly coupon payable on 14 January, 14 April, 14 July and 14 October in each year.
  - 1st issue of Preferred Shares Caixa Manlleu, ISIN Code ES0114841002: quarterly coupon payable on the final day of the last month in each natural quarter.
  - Subordinated Bonds Caixa Manlleu, issue 5/89, ISIN Code ES0214841019: monthly coupon maturing on the last day of each month.
  - 1st issue of Subordinated Bonds Caixa Sabadell, ISIN Code ES0214973010: monthly coupon payable on the 1st day of the month following the end of each monthly period.
  - 2nd issue of Subordinated Bonds Caixa Sabadell, ISIN Code ES0214973028: monthly coupon payable on the 1st day of the month following the end of each monthly period.
  - 2nd issue of Subordinated Bonds Caixa Terrassa, ISIN Code ES0214974026: quarterly coupon payable on the 30th day of the final month of each calendar quarter.
  - 1st Issue of Subordinated Bonds Caixa Terrassa, ISIN Code ES0214974018: quarterly coupon payable on 16 January, 16 April, 16 July and 16 October in each year.

- 1st Issue of Special Subordinated Bonds Caixa Terrassa, ISIN Code ES0214974075: coupon payable on 1 March, 1 June, 1 September and 1 December each year.

On 28 September 2012 BBVA reported the purchase offer to the owners of the preferred shares and subordinated debt securities mentioned above (see Note 17.5).

1.9. Credit rating

On 14 September 2012, the Fitch credit rating agency confirmed that Unnim Banc, S.A.U. had a long-term rating of BBB+ with a negative outlook.

1.10. Deposit Guarantee Fund

In 2011 the Bank made the annual contribution to the Savings Bank Deposit Guarantee Fund. This contribution was set at .01% of the calculation base.

On 3 June 2011, Final Provision One of Royal Decree 771/2011 introduced two new sections to Royal Decree 2606/1996 (20 December) on the deposit guarantee fund, which requires additional quarterly contributions for term deposits contracted or on-demand accounts that bear interest in excess of certain interest rates. This additional contribution means that the ordinary annual contribution increases up to 500%. The Bank of Spain has incorporated these modifications in Circular 3/2011 (30 June).

Due to the reforms of the Spanish financial system over the past few years, on 14 October 2011 Royal Decree-Law 16/2011 (14 October) was published and it unifies the three pre-existing deposit guarantee funds (Savings Banks, Banking Establishments and Credit Cooperatives) into a single fund, the Credit Institution Deposit Guarantee Fund. The purposes of this new fund are to provide guarantees for deposits at credit institutions up to the established limits (€100,000), to take action to reinforce the solvency and operation of entities in difficulty, defend the interests of depositors, the Fund itself and the entire system made up by the member credit institutions.

Furthermore, on 2 December 2011 Royal Decree-Law 19/2011 was published, and it amends Royal Decree-Law 16/2011 (14 October), establishing a maximum annual contribution to the Credit Institution Deposit Guarantee Fund of .03% and an actual contribution of .02% of the calculation base (guarantee deposits plus 5% of the market value of deposits of guaranteed securities). This new percentage was applied after the first settlement in 2012.

These ordinary annual contributions, as well as the quarterly contributions, are recognized under the heading "Other operating expenses" in the income statement (see Note 38).

Bank of Spain Circular 3/2011 established additional contributions to the Deposit Guarantee Fund for interest bearing term or on demand deposits when certain reference interest rates published quarterly by the Bank of Spain are exceeded. In 2012 Unnim Banc, S.A. made settlements in this respect totalling €19,174,000. The amounts accrued on contributions to the Deposit Guarantee Fund have been recognised under the heading "Other operating charges" in the accompanying summarised income statement.

In addition, at a meeting held on 30 July 2012 the Deposit Guarantee Fund Management Committee adopted a resolution to apply a surcharge to member entities, estimated based on the contributions made as of 31 December 2011 and payable in equal annual payments over the next ten years. Unnim Banc, S.A.U. has recorded a financial liability for an amount equal to the present value of each of the payment commitments assumed and payable over the next few years, for a total of €23,502,000 and, simultaneously, an asset account for the same amount to recognise its accrual in the income statement over the settlement period (see Note 38).

On 3 July 2012, the Governing Board of the Credit Institution Deposit Guarantee Fund granted the an Asset Protection Plan (APP) under which the Credit Institution Deposit Guarantee Fund will absorb, under certain conditions, 80% of the losses relating to an asset portfolio totalling €7,359 million (see Note 1.2).

1.11. Minimum reserve ratio

Monetary Circular 1/1998 (29 September), which came into effect on 1 January 1999, repealed the ten-year cash ratio and replaced it with the minimum reserve ratio.

In January 2012 the amendment of the legislation applicable to minimum reserves entered into force such that the reserve coefficient fell from 2% to 1%.

On 31 December 2012, as throughout 2011, the Bank met the minimum ratio required by Spanish law.

1.12. Agency agreements

Neither on 31 December 2012 nor at any other time during the period from 1 January to 31 December 2012 or 2011 has the Bank had any "agency contracts" in force as referred to in Article 22 of Royal Decree 1245/1995 (14 July).

1.13. Information regarding 2011

In accordance with Bank of Spain Circular 4/2004 (22 December) and subsequent amendments, the information contained in these notes for 2011 is presented purely for the purpose of comparison with 2012 and does not constitute the Bank's 2011 annual accounts.

1.14. Changes in criteria and accounting estimates

There have been no material changes in the accounting policies and estimated applied during 2012.

1.15. Subsequent events

On 31 January 2013 the merger project involving the absorption of Unnim by BBVA and the consequent transfer of all of Unnim's assets and liabilities to BBVA by universal succession to all of the merged company's rights and obligations was expected to be presented for the approval of the Boards of Directors of the Unnim Banc, S.A. (Single Shareholder Company) (hereinafter Unnim) and Banco Bilbao Vizcaya Argentaria, S.A.

If the merger project is approved by the respective Boards of Directors, the merger decision will be submitted for the approval of Shareholders at a general meeting to be held during the first quarter of 2013.

2. Accounting principles and policies and measurement bases

In drawing up the annual financial statements for 2012 the Bank applied the following accounting principles and policies and measurement bases:

2.1. Going-concern

In preparing the financial statements it has been assumed that the Bank will remain in business for the foreseeable future. Consequently the application of accounting standards is not intended to determine the value of equity for the purpose of its total or partial transfer or the amount resulting from its liquidation.

2.2. Accruals principle

These financial statements, with the exception of cash flow statement, have been prepared in accordance with the actual flow of goods and services, regardless of their date of payment or collection.

2.3. Financial instruments

2.3.1 Initial recognition of financial instruments

Financial instruments are initially recognized in the balance sheet when the Bank becomes party to the agreement which gives rise to them consistent with the terms of this contract. Loans and deposits, the most common financial assets and liabilities, are recognized from the date on which the legal right to receive or a legal obligation to pay takes effect respectively. Financial derivatives, in general, are recorded on their trade date.

Regular way purchase or sale of financial assets, defined as those agreements where the reciprocal obligations of the parties must be discharged within a time frame established by regulation or market conventions and cannot be settled net, such as securities agreements or forward foreign exchange transactions, are recognized from the date on which the rewards, risks, rights and duties of the property owner are held by the purchaser. Depending on the type of financial asset purchased or sold, this date may be the trade or the settlement or delivery date. In particular, transactions in the spot currency market are recorded on the settlement date, transactions with equity instruments traded in Spanish secondary securities markets are recorded on the trade date, and transactions with debt instruments traded in these markets are recorded on the settlement date.

2.3.2 Disposal of financial instruments

A financial asset is derecognized in the balance sheet when the contractual rights to the cash flows it generates expire or when it is transferred. The transfer of the asset must entail the substantial transfer of risks and rewards or the transfer of its control (see note 2.8).

A financial liability is derecognized in the balance sheet when the obligations it generates have been terminated or when it is repurchased by the Bank, either to place it again or to cancel it.

2.3.3 Fair value and amortised cost of financial instruments

In the initial recording in the balance sheet, all financial instruments are recorded at fair value which, save in the case of evidence to the contrary, is the price of the transaction. Later on a specific date the fair value of a financial instrument is the price at which it could be bought or sold by two knowledgeable parties in an arm's length transaction. The most objective and common reference value for a financial instrument's fair value is the price that would be paid in an organised, transparent and deep market ("quoted price" or "market price").

When there is no market price for a financial instrument that makes it possible to estimate its fair value, recent transactions involving similar instruments or, failing that, measurement models that have been verified by the international financial community are used. The specific features of the instrument to be measured, and in particular the various types of risks associated with it, are taken into account.

Measurement techniques used to estimate the fair value of financial instruments meet the following requirements:

- Consistent and appropriate financial and economic methods, which have been shown to provide the most realistic estimate of the price of the financial instrument, are used.

- They are the ones routinely used by market participants to measure this type of financial instrument, including recent transactions involving other instruments that are substantially the same, discounted cash flows and market models for pricing options.

- They make maximum use of available information in terms of observable data and similar recent transactions and as far as possible restrict the use of unobservable data and estimates.

- They are widely and adequately documented, including the reasons why they were chosen in preference to other alternatives.

- The measurement methods are applied consistently over time so long as the reasons for choosing them do not change.

- The validity of the measurement models is regularly assessed using recent transactions and current market data.

- The following factors are taken into account: the temporary value of money, credit risk, exchange rate risk, the price of commodities, the price of capital instruments, volatility, market liquidity, early cancellation risk and administration costs.

The fair value of derivatives is determined as follows:

- **Derivatives traded on organized markets:** All derivative instruments traded on organized markets are measured daily at their market price and there measurement is the result of multiplying the number of open contracts, the price and the multiplier.

- **OTC Derivatives (not traded on organized markets):** these derivatives are measured using calculation methods that are generally accepted such as, for example, the updating of future cash flows, the Black & Scholes model, the Fischer Black model and the Montecarlo simulation process.

Financial instruments are classified into three levels, depending on how their fair value is determined:

- **Tier 1:** Prices listed on active markets for the same instrument.

- **Tier 2:** prices quoted in active markets for similar instruments or other measurement techniques in which all significant inputs are based on directly or indirectly observable market data.

- **Tier 3:** measurement techniques for which a significant input is not based on observable market data.

However, for certain financial assets and liabilities, the recognition criteria in the balance sheet is amortised cost. This criterion applies to financial assets included under "Loans and receivables" and "Held-to-maturity investments" and to financial liabilities recorded as "Financial liabilities at amortized cost". However, this criterion also applies to equity instruments whose fair value cannot be determined in a sufficiently objective way and to financial derivatives whose underlying asset is these equity instruments and are physically settled.

Amortized cost means the acquisition cost of a financial asset or liability plus or minus any principal and interest repayments and cumulative amortisation taken to the income statement, calculated using the effective interest rate method, of the difference between the initial cost and the redemption value of these financial instruments. In the case of financial assets, amortized cost also includes value corrections resulting from impairment.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument. In the case of fixed interest rate financial instruments, the effective interest rate is the same as the contractual interest rate agreed at the time of acquisition, adjusted where necessary by transaction fees and costs which, in accordance with the provisions of Bank of Spain Circular 4/2004, must be included in the calculation of the effective interest rate. In the case of floating rate financial instruments, the effective interest rate is determined in a similar way to that used for fixed interest rate transactions and is recalculated on each contractual interest rate reset date for the transaction, taking into account the changes that have taken place in the transaction's future cash flows.

As noted above, some assets and liabilities are recorded in the accompanying balance sheet by their fair value, for instance those included in trading books or available for sale. Others, such as those in "Loans and receivables" and "Financial liabilities at amortized cost", are recorded at their amortized cost as defined in this note. A portion of the assets and liabilities in these items are included in one of the fair value micro-hedges managed by the Bank and therefore are in fact in the balance sheet at their fair value for the risk hedged.

The bulk of other assets and some liabilities are floating rate with an annual reset of the applicable rate. Hence the fair value of these assets resulting only from changes in the market interest rate is not significantly different from that recorded in the balance sheet.

The amounts of assets and liabilities not included in any of the above paragraphs, i.e. those registered at amortized cost which have a fixed rate and residual maturity greater than one year and are not hedged, are not significant in terms of the total for each item. The Bank believes that their fair value, resulting solely from changes in the market interest rate, will not be significantly different from that recorded in the balance sheet.

As for the fair value of assets classified under "Property, plant and equipment" in the balance sheet, note 23.2 provides information about their fair value and the method used to calculate it.

2.3.4 Classification and measurement of financial assets and liabilities

Financial instruments other than those included in the categories of "Cash and deposits in central banks", "Hedging derivatives" and "Investments" are classified in the Bank's balance sheet in accordance with the following categories:

- **Financial assets and liabilities at fair value through changes in profit or loss:** this category is made up of financial instruments classified in the trading portfolio, in addition to other assets and liabilities classified at fair value through changes in profit or loss:

    - **Financial assets held for trading** means those acquired with the intention of selling them in the short-term or which are part of a portfolio of financial instruments identified and managed together and for which there is evidence of recent short-term profit-taking, and derivative instruments that do not meet the definition of financial collateral and have not been designated as hedging instruments.

    - **Financial liabilities held for trading** means those issued with the intention to repurchase them in the near future or which form part of a portfolio of financial instruments identified and managed together and for which there is evidence of recent short-term profit-taking; the short positions resulting from sales of assets acquired under non-optional resale agreements or borrowed securities, and derivative instruments that do not meet the definition of financial collateral and have not been designated as hedging instruments.

    - **Other financial assets or liabilities at fair value through profit or loss means** financial instruments designated by the Bank in their initial recognition such as hybrid financial assets and liabilities measured entirely at their fair value or instruments managed together or those whose classification as such eliminates or significantly reduces inconsistencies in their recognition or measurement (accounting mismatches).

Financial instruments classified at fair value through profit or loss are initially measured at their fair value. Any subsequent changes in this fair value are recognized under "Gains/losses on financial assets and liabilities" in the income statement, except for changes in this fair value due to income earned on financial instruments other than derivatives held for trading, which are recorded under "Interest and similar income", "Interest expense and similar charges" or "Return on equity instruments – Other equity instruments" in the income statement, depending on their type.

- **Investment portfolio held to maturity:** this category includes debt securities with a set maturity date and cash flows of a certain amount or an amount that may be calculated that the Bank maintains, from the start and at any subsequent date, with the intention and the financial capacity to hold them until maturity.

  The debt securities in this category are initially measured at fair value, adjusted by the amount of transaction costs that are directly attributable to the acquisition of the financial asset, which are recognized in the income statement using the effective interest rate method in accordance with that set out above in this note. Subsequently they are measured at amortized cost.

  The interest accrued on these securities, calculated using the effective interest rate method, is recognized under "Interest and similar income" in the income statement. Exchange differences on securities denominated in currencies other than the euro are recorded in accordance with that set out in note 2.5. Any impairment losses on these securities are recognized in accordance with the items set out in note 2.11.

- **Loans and receivables**: this category includes financing given to third parties as part of the Bank's ordinary lending activities, receivables from purchasers of goods and users of services, and unlisted debt securities. It also includes amounts receivable for finance lease transactions in which the Bank is the lessor.

  The financial assets included in this category are initially measured at fair value, adjusted by the transaction fees and costs that are directly attributable to the acquisition of the financial asset and which, in accordance with the provisions of Bank of Spain Circular 4/2004, must be allocated to the income statement using the effective interest rate method to their maturity. Following acquisition, the assets in this category are measured at amortized cost.

Assets acquired at a discount are measured by the cash amount paid. The difference between their repayment value and the amount paid is recognized as financial income using the effective interest rate method for the period remaining to maturity.

The interest accrued on these securities, calculated using the effective interest rate method, is recognized under "Interest and similar income" in the income statement. Exchange differences on securities denominated in currencies other than the euro are recorded in accordance with that set out in note 2.5. Any impairment losses on these securities are recognized in accordance with the items set out in note 2.11. Debt instruments included in fair value hedges are recorded in accordance with that set out in Note 2.4.

- **Available for sale financial assets:** this category includes debt securities and equity instruments that are not classified under other categories.

  The instruments included in this category are initially measured at fair value, adjusted by the transaction costs that are directly attributable to the acquisition of the financial asset, which are recognized in the income statement using the effective interest rate method to their maturity, unless the financial assets have no fixed maturity, in which case they are recognized in the income statement when they become impaired or are derecognized. Following acquisition, the financial assets in this category are measured at fair value.

  Nonetheless, equity instruments whose fair value cannot be determined in a sufficiently objective way are valued at cost, net of any impairment loss, calculated according to the criteria explained in note 2.11.

  Changes in the fair value of available-for-sale financial assets from the time of purchase are recorded, net of their tax effect, in the Bank's equity under "Equity – Valuation adjustments – Available-for-sale financial assets" up to when the financial asset is derecognized, at which point the balance recorded in this item is recorded in the income statement under "Gains/losses on financial assets and liabilities (net)".

The return on assets classified as available for sale in the shape of interest or dividends is recognized under "Interest and similar income", calculated using the effective interest rate method, and under "Return on equity instruments – Other equity instruments" in the income statement, respectively. Any impairment losses on these instruments are recorded in accordance with that set out in note 2.11. Exchange differences on financial assets denominated in currencies other than the euro are recorded in accordance with that set out in note 2.5. Changes in the fair value of financial assets in this category hedged in fair value hedges are measured in accordance with that set out in note 2.4.

- **Financial liabilities at amortized cost:** in this category financial instruments include those financial liabilities that have not been included in any of the preceding categories.

  The financial liabilities included in this category are initially measured at fair value, adjusted by the amount of transaction costs that are directly attributable to the issue of the financial liability, which are recognized in the income statement using the effective interest rate method to their maturity. Subsequently they are measured at amortized cost.

  The interest accrued on these securities, calculated using the effective interest rate method, is recorded under "Interest expense and similar charges" in the income statement. Exchange differences on securities denominated in currencies other than the euro are recorded in accordance with that set out in note 2.5. Financial liabilities in this category hedged in fair value hedges are recorded in accordance with that set out in note 2.4.

2.3.5 Reclassification between portfolios of financial instruments

Reclassifications between portfolios of financial instruments are made exclusively in accordance with the following assumptions:

a) Unless the exceptional circumstances described in paragraph d) below obtain, financial instruments classified as "at fair value through profit or loss" are not reclassified either in or outside this category of financial instruments once acquired, issued or assumed.

b) If as a result of a change in intention or financial capacity a financial asset is no longer classified under held-to-maturity investments, it is reclassified under "available-for-sale financial assets". In this case, all financial instruments classified under held-to-maturity investments are treated in the same way, unless such reclassification is in one of the situations allowed by applicable legislation (sales very close to maturity or when almost all the principal of the financial asset has been collected, etc.).

In 2012 the financial assets classified into the held-to-maturity portfolio have been reclassified to the heading "Available-for-sale financial assets"

c) As the result of a change in intention or financial capacity, or at the end of the two-year penalization period established in applicable legislation in the event of the sale of financial assets classified as held-to-maturity investments, financial assets (debt instruments) included under "available-for-sale financial assets" may be reclassified as "held-to-maturity investments". In this case, the fair value of these financial instruments at the date of transfer becomes a new amortized cost, and the difference between this amount and the redemption value is recognized in the income statement using the effective interest rate method for the residual life of the instrument.

   During 2012 and 2011 no reclassification defined in the preceding paragraph took place.

d) A financial asset other than a derivative financial instrument may be classified outside the trading book if it ceases to be maintained for the purpose of selling or repurchasing it in the short term, provided that either of the following circumstances obtains:

   - In rare and exceptional circumstances, except in the case of assets that could have been included under loans and receivables. 'Rare and exceptional circumstances' means those arising from a particular event which is unusual and highly unlikely to recur in the foreseeable future.

   - When the Bank has the intention and financial capacity to maintain the financial asset for the foreseeable future or until maturity, provided that its initial recognition has met the loans and receivables definition. In these situations, the reclassification of the asset is made at its fair value on the reclassification date, without reversing the results and taking this value as its amortized cost. Under no circumstances are assets thus reclassified then reclassified once more under "Held for trading".

   In 2012 and 2011 no financial assets included under the Trading portfolio were reclassified.

2.4. Hedge accounting and risk mitigation

The Bank uses financial derivatives as part of its strategy to reduce its exposure to interest rate, market price and other risks. When these transactions meet the requirements of Bank of Spain Circular 4/2004, they are regarded as hedges.

When the Bank designates a transaction as a hedge, it does so from the beginning of the transactions or the instruments included in the hedge and it documents the hedge appropriately in accordance with current legislation. The documentation for these hedging transactions properly identifies the hedged item or items and the hedging instrument or instruments, as well as the nature of the risk being hedged. It also identifies the criteria or methods used by the Bank to assess the effectiveness of the hedge over its entire life, taking into account the risk being hedged.

The Bank only uses hedge accounting for hedges that are considered highly effective over their entire lives. A hedge is considered to be highly effective if during its expected lifetime the changes in fair value or cash flows attributable to the hedged risk in the hedging transaction for the hedged financial instrument or instruments are offset almost entirely by changes in fair value or cash flows, as appropriate, of the hedging instrument or instruments.

To measure the effectiveness of hedges, the Bank examines whether from their inception and up to the end of the term defined for the hedge, it can prospectively be expected that the changes in fair value or the cash flows of the hedged item attributable to the hedged risk are almost entirely offset by changes in the fair value or cash flows, as appropriate, of the hedging instrument or instruments, and that retrospectively the results of the hedge are within a range of 80% to 125% of the hedged item's results.

Hedging transactions undertaken by the Bank are classified as follows:

- Fair value hedges: these transactions hedge against exposure to changes in the fair value of financial assets and liabilities or firm commitments not yet recognized, or a portion of such assets, liabilities or firm commitments attributable to a particular risk, provided that they affect the income statement.

- Cash flow hedges: these transactions hedge against changes in cash flows attributed to a specific risk associated with recognised assets and liabilities or a planned transaction that is highly probable, provided that it could affect the income statement.

As for financial instruments designated as hedged items and hedge accounting, gains and losses are recognized as follows:

- In fair value hedges, gains or losses on both hedging instruments and hedged items are recognized directly in the income statement.

- In cash flow hedges, gains or losses on effective hedges of hedging instruments are temporarily recognized in equity under "Valuation adjustments – Cash flow hedges".

In general in cash flow hedges, gains or losses on hedging instruments, in the effective part of the hedges, are not recognized as income in the income statement until the losses/gains on the hedged item are recorded in income.

Any differences in the gains or losses on the hedging instrument in the ineffective portion are recognized directly under "Gains/losses on financial assets and liabilities" in the income statement.

The Bank discontinues hedge accounting when the hedging instrument expires or is sold, when the hedge no longer meets the requirements to be considered as such or when the transaction is no longer deemed to be a hedge.

When a fair value hedging transaction is discontinued, in the case of hedged items carried at their amortized cost, value adjustments resulting from the use of the hedge accounting described above are recognized in the income statement up to the maturity of the hedged items using the effective interest rate recalculated on the date of discontinuation of hedge accounting.

However, in the event of the discontinuing of a cash flow hedge, the cumulative gain or loss on the hedging instrument recognized in equity in the balance sheet will remain recognized under this item until the planned hedging transaction takes place, at which time it will be recognized in the income statement.

2.5. Foreign currency transactions

The Bank's functional currency is the euro. As a result, all balances and transactions denominated in currencies other than the euro are considered to be denominated in foreign currency.

At 31 December 2012 and 2011 the breakdown of the equivalent value in thousands of euros of the main assets and liabilities balances in the balance sheet held in foreign currencies, based on the nature of the items that comprise them and the most significant currencies in which they are denominated, was as follows:

(Thousand euro)	2012		2011	
Nature of the balances in foreign currency	Assets	Liability	Assets	Liability
Balances in US dollars				
Cash and deposits at central banks	358	-	245	-
Loans	7,764	-	8,514	-
Other assets	33	-	10	-
Financial liabilities at amortized cost	-	7,400	-	8,327
Other liabilities	-	243	-	25
	8,156	7,643	8,769	8,352
Balances in Japanese yen				
Cash and deposits at central banks	18	-	50	-
Loans	45,779	-	56,697	-
Financial liabilities at amortized cost	-	45,727	-	56,637
	45,797	45,727	56,747	56,637
Balances in Swiss francs				
Cash and deposits at central banks	48	-	103	-
Loans	44,695	-	48,376	-
Financial liabilities at amortized cost	-	44,561	-	48,243
Other liabilities	-	-	-	2
	44,743	44,561	48,479	48,245
Balances in other currencies				
Cash and deposits at central banks	257	-	529	-
Loans	951	-	982	-
Other assets	7	-	7	-
Financial liabilities at amortized cost	-	948	-	965
Other liabilities	-	-	-	9
	1,215	948	1,518	974
Total balances denominated in foreign currency	99,911	98,878	115,513	114,208

Transactions in foreign currencies by the Bank are initially recognized in financial statements by the equivalent value in euros using the rates of exchange on the dates on which the transactions are performed. Subsequently, the Bank translates money balances in foreign currencies into its functional currency using the exchange rate at the end of the accounting period.

Revenues and expenses are translated at the exchange rate on the date of the transaction. However, an average exchange rate for the period is used for all transactions during that period, unless they have undergone significant changes.

In addition:

- Non-monetary items measured at historical cost are translated into the functional currency at the exchange rate on the date of acquisition.

- Non-monetary items measured at fair value are translated into the functional currency at the exchange rate on the date on which this fair value is determined.

The exchange rates used by the Bank to translate balances denominated in foreign currencies into euros in order to draw up its financial statements have been those published by the European Central Bank.

Exchange differences that occur when translating foreign currency balances into the Bank's functional currency are recorded, in general, by their net amount under "Exchange differences (net)" in the income statement, except for exchange differences arising in financial instruments measured at fair value through profit or loss, which are recorded in the income statement without distinguishing them from other changes in their fair value.

Notwithstanding the foregoing, exchange differences arising in non-monetary items whose fair value is adjusted with a balancing entry in equity are recognized under "Valuation adjustments – Exchange differences" in the balance sheet until they are carried out.

2.6. Recognition of income and expenses

2.6.1 Interest income and expense, dividends and similar items

In general, interest revenue and expense and similar items are recognized for accounting purposes based on their accrual period, through the application of the effective interest rate method defined by Bank of Spain Circular 4/2004. Dividends received from other companies are recognized as revenues at the time the right to receive them arises for the Bank, which is the time the payment of the dividend is officially announced.

2.6.2 Commissions

Income and expenses for commissions are recorded in the income statement using different criteria depending on their type.

Financial commissions, such as opening fees for loans, are part of the actual return or cost of a financial transaction and are recognized in the same item as financial products and costs, i.e., in "Interest and similar income" and "Interest expense and similar charges". These commissions, which are billed in advance, are recognized in the income statement over the life of the transaction, except when they offset direct costs incurred.

Commissions that offset direct costs incurred, defined as those that would not have occurred if the transaction had not been arranged, are recorded under "Other operating income" at the time of the asset transaction. Individually, these commissions do not exceed 0.4% of the principal of the financial instrument, up to a maximum limit of €400. Any excess over the aforementioned limits is attributed to the income statement over the life of the transaction. When the amount is not greater than €90, they are recognized immediately in the income statement (see notes 30 and 37).

Non-financial commissions arising from the provision of services are recognized under "Commission income" and "Commission expense" over the service period, except for those that are for a single action in which case they accrue at the moment when it is carried out.

2.6.3 Non-financial income and expense

They are recognized for accounting purposes on an accrual basis.

2.6.4 Deferred collections and payments

They are recognized for accounting purposes at the amount resulting from discounting expected cash flows at market rates.

2.7. Offset of balances

Asset and liability balances are offset, in other words recorded in the balance sheet at their net amount, when they arise from transactions which, contractually or by law, provide for offsetting and it is intended to settle them for their net amount or sell the asset and settle the liability simultaneously.

In 2012 and 2011 there were no balances were offset.

2.8. Transfers of financial assets

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are transferred to third parties:

- If all the risks and rewards of the transferred assets are substantially transferred to third parties – unconditional sale of financial assets, sale of financial assets under an agreement to repurchase them at their fair value at the date of repurchase, sale of financial assets with a purchased call option or written put option that is deeply out of the money, securitization of assets in which the transferor does not retain a subordinated debt or grant any credit enhancement to the new holders, and other similar cases – the transferred financial asset is derecognized and any rights or obligations retained or created in the transfer are recognized simultaneously.

- If all the risks and rewards associated with the transferred financial asset are substantially retained – sale of financial assets under an agreement to repurchase them at a fixed price or at the sale price plus interest, securities lending agreements in which the borrower undertakes to return the same or similar assets, securitization of financial assets in which a subordinated debt or another type of credit enhancement is retained that absorbs substantially all the expected credit losses on the securitized assets, and other similar cases – the transferred financial asset is not derecognized and continues to be measured by the same criteria as those used before the transfer. However, the following items are recognized without offsetting:

    - An associated financial liability in an amount equal to the price received, which is subsequently measured at amortised cost.

    - Any income from the financial asset that is transferred but not derecognized and any expense incurred on the new financial liability.

- If all the risks and rewards associated with the transferred financial asset are neither substantially transferred nor retained – sale of financial assets with a purchased call option or written put option that is not deeply in or out of the money, securitization of financial assets in which the transferor retains a subordinated debt or other types of credit enhancement for a portion of the transferred asset, and other similar cases – a distinction is made between the following cases:

    - If the transferring institution does not retain control of the transferred financial asset, when the transferred asset is derecognized in the balance sheet and any rights or obligations retained or created as a result of the transfer are recognized.

  - If the transferring institution retains control of the transferred financial asset, it continues to recognize it in the balance sheet for an amount equal to its exposure to changes in its value and it recognizes a financial liability associated with the transferred financial asset. The net amount of the transferred asset and the associated liability is the amortized cost of the retained rights and obligations, if the transferred asset is measured at its amortized cost, or the fair value of the retained rights and obligations if the transferred asset is measured at its fair value.

In keeping with that set out above, financial assets are only derecognized in the balance sheet when the cash flows they generate have been extinguished or when all their inherent risks and rewards have been substantially transferred to third parties.

Note 29.4 summarizes the most significant circumstances of the major outstanding asset transfers on 31 December 2012.

2.9. Asset swaps

Tangible and intangible asset swaps are acquisitions of this type of assets in exchange for the provision of other non-monetary assets or a combination of monetary and non-monetary assets. For the purposes of these financial statements foreclosed assets are not considered to be asset swaps.

The asset received in an asset swap is recognized at the fair value of the asset provided plus any monetary compensation given in return, unless there is clearer evidence of the fair value of the asset received.

2.10. Securities loans

Securities loans are transactions in which the borrower receives full ownership of securities without any outlay other than paying commissions, with a commitment to return to the lender securities in the same class as those received.

Securities loan agreements in which the borrower is required to return the same assets, other assets substantially the same or similar ones with an identical fair value are considered to be transactions in which the lender substantially retains the risks and rewards associated with ownership of the asset.

2.11. Impairment of financial assets

A financial asset is considered to be impaired – and therefore its carrying value is adjusted to reflect the impairment effect – when there is objective evidence that events have occurred which mean:

- In the case of debt instruments (loans and debt securities) an adverse impact on the future cash flows that were estimated on the transaction date.

- In the case of equity instruments, that their carrying value may not be recovered in full.

It is held that a debt is doubtful because of customer arrears when the latter has any amount due for principal, interest or contractually agreed costs which is more than three months old, unless it should be classified as default. Likewise, it is considered that a contingent liability is doubtful because of its arrears when the secured party is in default. The amount of all transactions, excluding non-financial collateral, is also considered doubtful on the grounds of customer default when balances classified as doubtful due to default account for more than 25% of outstanding amounts.

Debt instruments and contingent liabilities and commitments are considered doubtful for reasons other than customer arrears when, without being considered to be in default or doubtful due to delinquency, there are reasonable doubts about their full repayment in the agreed terms, as are those contingent liabilities and commitments whose payment by the Bank is likely and their recovery is doubtful. This category includes:

- Transactions of customers in situations involving a deterioration of their creditworthiness, such as negative equity, continued losses, general delays in payments, an inadequate economic or financial structure, an inability to obtain additional financing or cash flows that are insufficient to meet their payment obligations.

- Reclaimed balances and those where it has been decided to make a legal claim for reimbursement by the Bank, even though they are guaranteed.

- Transactions where the debtor has initiated litigation and collection depends on its outcome.

- Lease transactions where the Bank has decided to cancel the contract to recover possession of the property.

- Transactions of customers declared, or expected to be declared, insolvent without filing for liquidation.

- All transactions of customers with balances classified as doubtful by reason of their default which have not yet reached the figure of 25% indicated above, if after an individualized study it is concluded that there is reasonable doubt about their total repayment.

- The contingent liabilities of secured parties declared insolvent for which liquidation has been, or is to be, declared or which are experiencing a manifest and irrecoverable decline in their creditworthiness, even though the beneficiary of the guarantee has not claimed its payment.

Additionally the Bank considers as "substandard risk" those debt instruments and contingent liabilities that, without meeting the requirements to be considered as doubtful as outlined in the foregoing paragraphs, as a whole have weaknesses that might mean the Bank taking losses greater than the hedges for the impairment of risks in normal conditions. Included in this category are transactions by customers in groups that are experiencing difficulties, such as those from the same small geographic area in the country or in the same economic sector and which due to their characteristics may be experiencing difficulties.

In the case of listed equity instruments, the criteria used by the Bank to determine impairment indicators are based firstly on determining time or percentage ranges for comparing the average cost with the market price of the instrument. In particular, the Bank considers that there is objective evidence of the impairment of equity instruments classified as available-for-sale when there have been significant latent capital losses on a sustained basis due to a decline in the listed price of at least 40% or a decline that has been taking place for more than 18 months. The Bank considers situations in which the issuer is declared, or is likely to be declared, insolvent or has significant financial difficulties to be evidence of impairment. Once the existence of evidence of impairment has been established under the above parameters, specific analysis is made of the fundamental figures of the instrument to confirm or rule out the need for allocations.

In the case of unlisted equity instruments, the criteria followed by the Bank to determine indications of impairment are based on the use of comparable information and industry multipliers for similar issues in the market and comparing the recoverable amount against the carrying amount.

As a general rule, the carrying value of impaired financial instruments is adjusted with a charge to the income statement for the period in which the impairment becomes evident, and any reversals of previously recorded impairment losses are recognized in the income statement for the period in which the impairment is reversed or reduced.

When the recovery of any recognized amount is considered unlikely, it is derecognized from the balance sheet without prejudice to any actions the Bank may take to seek collection until its rights are finally extinguished by becoming statute-barred, forgiveness or any other cause.

Below are the criteria used by the Bank to determine possible impairment losses in each of the various categories of financial instruments and the method used to calculate the hedges for this impairment:

2.11.1 Debt instruments measured at amortised cost:

The amount of the impairment losses incurred by these instruments is equal to the positive difference between their carrying values and the present value of estimated future cash flows. The market value of quoted debt instruments is considered to be a reasonable estimate of the present value of their future cash flows. A decline in fair value below acquisition cost is not in itself evidence of impairment.

When estimating the future cash flows of debt instruments the following factors are taken into consideration:

- All the amounts that are expected to be obtained over the remaining life of the instrument, any resulting from the collateral provided for the instrument (minus costs for obtaining and subsequently selling it). Impairment loss takes into account the likelihood of collecting accrued past-due and uncollected interest.

- The various types of risk to which each instrument is subject.

- The circumstances in which collections are likely to be made.

Subsequently these cash flows are discounted using the instrument's effective interest rate (if its contractual rate is fixed) or the effective contractual rate on the discount date (if it is floating).

Specifically with respect to impairment losses arising from the occurrence of the insolvency risk of the obligors (credit risk), a debt instrument is impaired due to insolvency:

- When there is evidence of a reduction in the obligor's ability to pay, either because it is in arrears or for other reasons, and/or

- When "country risk" occurs, where this means the risk associated with debtors resident in a country owing to circumstances other than normal commercial risk.

Impairment losses on these assets are assessed as follows:

- Individually, for all significant debt instruments and for those which, although not significant, cannot be classified in uniform groups of instruments with similar characteristics based on instrument type, debtor's business sector and geographical location, type of collateral, age of past-due amounts, etc.

- Collectively, the Bank classifies transactions on the basis of the nature of the obligors and the conditions of the countries in which they reside, the status of the transaction or its type of collateral, the age of the arrears, etc., and then for each risk group it sets the impairment losses ("identified losses") that are recognized in the financial statements.

In addition to the identified losses, the Bank recognizes a global loss for impairment of risks classified as being "normal" and which have thus not been specifically identified. This loss is quantified using the parameters set by the Bank of Spain based on its experience and the information it has about the Spanish banking industry; these parameters are changed when circumstances so warrant.

2.11.2 Available-for-sale debt instruments

The impairment loss on debt securities included in the available-for-sale financial asset portfolio is equivalent to the positive difference, if any, between their acquisition cost (net of any principal repayment) and their fair value, less any impairment loss previously recognized in the income statement. A decline in fair value below acquisition cost is not in itself evidence of impairment.

In the case of impairment losses arising due to the insolvency of the issuer of debt instruments classified as available for sale, the procedure followed by the Bank for calculating such losses is the same as the method set out in the preceding section used for debt securities carried at their amortized cost.

When there is objective evidence that losses in the measurement of these assets arise from their impairment, they are removed from the "Valuation adjustments – Available–for–sale financial assets" equity item and are recognized, at their cumulative impairment amount, in the income statement. In the event that all or part of the impairment losses are subsequently reversed, the reversed amount is recognized in the income statement for the period in which the reversal takes place.

Likewise, any losses arising in the measurement of debt instruments classified as "Non-current assets held for sale" which are recorded in equity are considered to be realized and are consequently recognized in the income statement when the assets are classified as "Non-current assets held for sale".

2.11.3 Available-for-sale equity instruments

The impairment loss on equity instruments included in the available-for-sale financial asset portfolio is equivalent to the positive difference, if any, between their acquisition cost and their fair value, minus any impairment loss previously recognized in the income statement. A decline in fair value below acquisition cost is not in itself evidence of impairment.

The criteria for recognizing impairment losses on equity instruments classified as available for sale are similar to those used for "Debt instruments" (as explained in the preceding note), with the exception that any reversal of these losses is recognized in equity under "Valuation adjustments – Available-for-sale financial assets".

Impairment arising in 2012 has been recorded in the available-for-sale financial asset portfolio (see Note 8).

2.11.4 Equity instruments measured at acquisition cost

The impairment loss on equity instruments measured at acquisition cost is the difference between their carrying value and the present value of the expected future cash flows discounted at the market rate of return for similar securities.

Impairment losses are recognized in the income statement for the period in which they occur as a direct reduction in the cost of the instrument. These losses can subsequently only be reversed if the assets are sold.

2.12. Financial guarantees and related provisions

Financial collaterals are defined as agreements whereby an institution undertakes to make specific payments on behalf of a third party if the latter fails to do so and irrespective of the various legal forms they may have, including sureties, financial or technical guarantees and irrevocable documentary credits issued or confirmed by the Bank. These transactions are recorded in the memorandum items of the balance sheet under "Contingent liabilities".

When formalized the agreements are recognized at fair value, meaning the present value of future cash flows, under the assets item "Loans and receivables", with a balancing entry in the liabilities item "Financial liabilities at amortized cost – Other financial liabilities". Changes in the value of the agreements are recorded as income in "Interest and similar income" in the income statement.

Financial collaterals, regardless of their guarantor, instrumentation or other circumstances, are regularly reviewed to determine the credit risk to which they are exposed and, if necessary, to consider whether a provision is required for them. The provision is decided using criteria similar to those established for quantifying impairment losses on debt instruments measured at amortized cost as described in note 2.11.1.

The provisions constituted for these transactions are recognized under "Provisions – Provisions for contingent liabilities and commitments" on the liability side of the balance sheet. These provisions are allocated and reversed with a balancing entry in "Allocation to provisions (net)" in the income statement.

Note 29.1 shows the composition of the risk borne by these transactions based on their legal form.

2.13. Accounting for lease transactions

2.13.1 Finance leases

Finance leases are leases that substantially transfer all the risks and rewards associated with ownership of the leased asset to the lessee.

When the Bank acts as the lessor of an asset in a finance lease transaction, the sum of the present value of the amounts to be received from the lessee plus the guaranteed residual value (usually the exercise price of the lessee's purchase option at the end of the agreement) is recognized as lending to third parties and hence is included under "Loans and receivables" in the balance sheet based on the type of lessee.

When the Bank acts as the lessee in finance lease transactions, the cost of the leased assets is recorded in the balance sheet on the basis of the type of the leased asset, and at the same time a liability is recognized for the same amount (which is the lower of the fair value of the leased asset and the sum of the present value of the amounts payable to the lessor plus, where applicable, the exercise price of the purchase option). These assets are amortized using rates similar to those used for the Bank's property, plant and equipment for own use as a whole (see note 2.18.1).

In both cases financial income and expenses arising on these contracts are credited or charged respectively to the income statement under "Interest and similar income" and "Interest expense and similar charges" respectively, using the transaction's effective interest rate method to estimate their accrual.

2.13.2 Operating leases

In operating leases, the ownership of the leased asset and substantially all the risks and rewards associated with it are retained by the lessor.

When the Bank acts as the lessor of an asset in an operating lease transaction, the acquisition cost of the leased assets is recorded under "Property, plant and equipment" as "Investment property" or as "Other assets transferred by operating lease", depending on the type of the leased assets. These assets are amortized in keeping with the policies adopted for similar property, plant and equipment for own use and the income from lease agreements is recognized in the income statement on a straight-line basis under "Other operating income".

When the Bank acts as the lessee in operating lease transactions, lease expenses, including any incentives granted by the lessor, are recorded on a straight-line basis in the income statement under "Other general administration expenses".

2.14. Assets under management

Assets managed by the Bank owned by third parties are not included in the balance sheet. Any commissions generated by this activity are included under "Commission income" in the income statement. Note 29.3 provides information regarding third-party equity marketed by the Bank at 31 December 2012 and 2011.

2.15. Personnel expenses

2.15.1 Post-employment remuneration

Post-employment remuneration is compensation paid to employees once their employment has ended. Post-employment remuneration covered through internal or external pension funds is classified as defined contribution plans or defined benefit plans on the basis of the conditions attached to these obligations, taking into account all commitments accepted whether or not they are part of the terms formally agreed with employees.

In 2011 the Bank subrogated to all of the rights and obligations relating to the retirement systems existing at Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa.

As a result, in accordance with the agreement and current labour agreements, the Bank has assumed the commitment to supplement public Social Security benefits for employees in the case of retirement, widowhood, orphanhood and disability or severe disability.

Defined contribution plans

In May 2011 all of the consolidated rights pertaining to the 3 savings banks were moved into a single plan (Pla de Pensions dels Empleats d'Unnim) and, as a result, on 31 December 2012 and 2011 the Bank is the promoter of a pension plan to cover pension commitments to active employees.

The contributions accrued during the year for this item are recorded under "Personnel expenses" in the income statement.

In the event that on 31 December there is any amount pending contribution to the external plan into which the commitments have been transferred, it is recorded at its present value under "Provisions – Provisions for pensions and similar liabilities" in the balance sheet. At 31 December 2012 and 2011 no amount was pending payment to external defined contribution plans.

Defined benefit plans

The Bank records the present value of defined benefit pension commitments under "Provisions – Provisions for pensions and similar liabilities" on the liabilities side of the balance sheet, net of the fair value of the assets that are considered to be assets allocated to the plan and of the "costs of past services", whose recording has been deferred as explained below.

"Assets dedicated to the plan" are considered to be those that are associated with a specific defined benefit commitment through which these obligations will be directly settled and which meet the following conditions: owned by an unassociated legally separate third party and not by the consolidated companies, only available to pay or finance employee post-employment compensation and cannot revert to the entities unless the assets that remain in the plan are sufficient to comply with all of the plan's or the entity's obligations relating to the benefits for current and past employees, or to make repayment for the employee benefits already paid by the Bank.

If the Bank can demand full or partial payment from an insurer of the disbursement required in order to cancel a defined benefit obligation and it is practically certain that this insurer will reimburse some or all of the disbursements required in order to cancel this obligation, but the insurance policy does not meet the conditions to be an asset allocated to the plan, the Bank records its rights to the reimbursement on the asset side of the balance sheet under "Pension insurance policies", which in all other aspects is treated as an asset of the plan.

"Actuarial gains and losses" originate from the differences between prior actuarial assumptions and reality and from changes in the actuarial assumptions used.

The Bank records the actuarial gains or losses that may arise from its post-employment commitments to staff in the year in which they occur by either charging or crediting the income statement.

"Past service costs" resulting from changes in post-employment remuneration that already exist or when new benefits are introduced, are recognized in the income statement on a straight-line basis over the period between when the new commitments arise and the date the employee becomes irrevocably entitled to receive the new benefits.

Post-employment remuneration is recorded in the income statement as follows:

- The cost of the services in the current period, meaning the increase in the present value of the obligations arising as a result of the services rendered by employees in the year, is recorded under "Staff costs".

- The interest cost, meaning the increase in the year in the present value of the obligations as a result of the time elapsed, is recorded under "Interest expense and similar charges". When obligations are recorded under liabilities net of the assets allocated to the plan, the cost of the liabilities recognized in the income statement will be entirely for the obligations recorded under liabilities.

- The expected return on the assets recorded on the asset side of the balance sheet assigned to cover the commitments, and the losses and increases in their value, less any cost originated by their administration and the taxes levied on them, is recorded under "Interest and similar income".

- The amortisation of actuarial gains and losses is recorded, using the fluctuation margin and unrecognized past service costs, under "Allocations to provisions (net)" in the income statement.

Below are the Bank's various defined benefit post-employment commitments:

- Defined benefit commitments with employees originating from Caixa Sabadell, Caixa Terrassa i Caixa Manlleu the insured under the policy is obtained from the companies Caser Grupo Asegurador, Caixa Sabadell Vida, S.A. and Unnim Vida, S.A

- Internal provision to fund retirement, widows, orphans and total or absolute disability, or great disability, pension supplements, based on the same salary increase percentage applied on an annual basis to active employees, up to a maximum of the Consumer Price Index percentage.

At 31 December 2012 and 2011 actuarial studies were performed relating to the coverage of pension commitments. Specifically, the method used was the projected credit unit which determines the present value of benefit obligations for the year, considering each year of service as giving rise to an additional unit of entitlement to benefits and assessing each unit separately. For retirement benefits, the benefit to be received by the employee from the date of retirement has been projected depending on the evolution of the variables that determine it and the calculation of benefits accrued on the measurement date.

The most significant actuarial assumptions used in the studies are as follows:

Rise in the General Consumer Price Index 2.00%
Technical interest of the accounting provision....................................3.50%
Survival tables used PERMF2000P

2.15.2 Other long-term remuneration

2.15.2.1. Restructuring plans

After this agreement between the former Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa was concluded (to which the Bank subrogated in 2011), which was in force until 31 December 2011, a lay-off plan was carried out and employees were offered the opportunity to voluntarily join an early-retirement plan if certain requirements were met. being aged 55 or over in 2010 and in that year having or reaching recognized length of service in Unnim accrued in their savings bank of origin equal to or greater than 15 years at the time of taking early retirement.

During the second half of 2012 Unnim Banc S.A.U. commenced a negotiation process involving Company and Employee representatives which ended on 24 October with the signing of a Collective Agreement regarding the Reorganization of Employment Conditions and Employee Restructuring, under which the basis of complying with the guidelines established by the European Commission on 25 July 2012 was set.

This Collective Agreement establishes the employment conditions that will be applicable at Unnim Banc S.A.U. starting on 1 January 2013. Of particular relevance is the application of the Collective Wage Agreement for Banking which replaces any collective wage agreement that the Company had previously followed.

In addition, the Agreement covers the restructuring of the employees of Unnim Banc S.A.U., and covers job reductions totalling 1218 employees, although this figure will be reduced by the number of employees leaving as from the time Unnim Banc was acquired by BBVA up until the presentation of the employment procedures documentation (a total of 143 employees).

In order to minimize the social impact that this layoff involves as much as possible, it was agreed to carry it out in two phases:

- The first stage involves voluntary measures (early retirement, leaves of absence, incentives and dismissals with indemnities) for which the period to apply and structure the process will run between October 2012 and June 2013 (619 employees in the process).

- A second phase that involves job offers within BBVA Bank as a whole, which will be executed between January 2013 and June 2014 (a total of 456 employees involved).

Compensation for each redundancy is recognized in the income statement under "Allocations to provisions (net) – Other provisions", where all Bank restructuring costs are recorded. In addition, the amount to be contributed to the employee pension plan until retirement age is recorded in a fund under "Provisions – Other provisions" in the balance sheet, with a balancing entry in the abovementioned income statement item.

2.15.2.2. Early retirement

Prior to the merger of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa, each of the three merged savings banks had concluded partial retirement plans involving relief contracts for permanent employees that met the requirements established by Royal Decree 1131/2002. These agreements were not renewed by the entity of subsequently by the Bank.

2.15.2.3. Death or disability

The commitments made by the Bank to cover employee death or disability contingencies during the employment period and which are covered by insurance policies are recorded in the income statement under "Staff costs" for an amount equal to the amount of the premiums for these insurance policies due each year.

2.15.2.4. Severance payments

Pursuant to current legislation, the Bank is required to pay severance to employees who are dismissed without cause.

2.15.2.5. Credit facilities

In accordance with the Bank of Spain Circular 4/2004, the granting of credit facilities to employees at below market conditions is considered to be a non-monetary benefit and is estimated by the difference between the market and the agreed conditions. They are recorded under "Personnel expenses", with a balancing entry in "Interest and similar income" in the income statement.

2.16. Corporate income tax

Corporate income tax expense is recognized in the income statement, except when it results from a transaction whose results are recognized directly in consolidated equity, in which case it is also recognized as a balancing entry in Bank equity.

Current corporate income tax expense is calculated as the tax payable on taxable profit for the accounting period, adjusted by the amount of the changes in the year in the assets and liabilities recognized as a result of temporary differences and tax credit and tax loss carryforwards (see note 22).

The Bank considers that there is a temporary difference when there is a difference between the carrying value of an asset or liability and its tax base. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. A taxable temporary difference is one that will generate a future obligation for the Bank to make a payment to the tax authorities. A deductible temporary difference is one that will generate a right for the Bank to a refund or a reduction in its tax charge in the future.

Tax credit and tax loss carryforwards are amounts that, after the performance of the activity or obtaining of the profit or loss giving entitlement to them, are not used for tax purposes in the tax return until the conditions established in tax regulations are met and the Bank believes it to be probable that they will be used in future years.

Current tax assets and liabilities are the taxes that are expected to be respectively recoverable from or payable to the tax authorities within at most twelve months from the date on which they are recognized. Deferred tax assets and liabilities are the taxes that are expected to be respectively recoverable from or payable to the tax authorities in future years.

Deferred tax liabilities are recognized for all taxable temporary differences.

The Bank only records deferred tax assets originating from deductible temporary differences, tax credits and tax loss carryforwards if they meet the following requirements:

- Deferred tax assets are only recognized if it is considered probable that the Bank will have sufficient future tax benefits against which they can be used.

- In the case of deferred tax assets arising from tax loss carryforwards, if these have taken place due to identified causes that are unlikely to recur.

Deferred tax assets and liabilities are not recognized when an asset or liability is initially recorded that does not arise from a business combination and which at the time of recognition has not affected the accounting or tax profit or loss.

At each accounting close deferred tax assets and liabilities are reviewed in order to check that they are still valid and make any relevant adjustments.

2.17. Shareholdings

Those investee companies that constitute a decision-making unit with the Bank, which are those over which the Bank has, directly or indirectly, through another or other investee companies, capacity to exercise control, are subsidiaries. This capacity to exercise control generally, although not exclusively, takes the form of a shareholding, held directly or indirectly through another or other Investees, of 50% or more of the investee's voting rights. Control is understood as power to direct an investee's financial and operations policies in order to obtain gains from its operations. Control may be exercised although the aforementioned shareholding percentage is not held.

Significant information concerning the shareholdings in subsidiaries at 31 December 2012 and 2011 is set out in Appendix I.

Jointly-controlled companies are investees which are not Subsidiaries but are controlled jointly by the Bank and another or other entities not related to the Bank and joint ventures. Joint ventures are contractual agreements under which two or more entities or members carry out transactions or hold assets such that any strategic, financial or operational decision that affects them requires the unanimous consent of all members. Such transactions or assets are not included in different financial structures from those of the members.

Significant information concerning the shareholdings in jointly-controlled companies at 31 December 2012 and 2011 is set out in Appendix II.

Investees in which the Bank has a significant influence are Associates. This significant influence generally, although not exclusively, takes the form of a shareholding, held directly or indirectly through another or other Investees, of 20% or more of the investee's voting rights.

Significant information concerning the shareholdings in Associates at 31 December 2012 and 2011 is set out in Appendix III.

The Bank estimates the amount of impairment losses on shareholdings in subsidiaries, jointly-controlled companies and associates by comparing the recoverable value against their carrying amount. Such impairment losses are recorded in the income statement for the period in which they arise while subsequent recoveries are recorded in the income statement for the recovery period.

2.18. Property, plant and equipment

Property, plant and equipment were classified, for accounting purposes under: property, plant and equipment for own use and investment properties.

2.18.1 Property, plant and equipment for own use

Property, plant and equipment for own use includes those assets that are owned or acquired under finance leases that the Bank holds for its own current or future use for administrative purposes or for the production or supply of assets and when they are expected to be used for more than one financial year. This category includes property, plant and equipment received by the Bank in full or partial settlement of financial assets representing receivables from third parties which are intended to be held for on-going and own use.

As a general rule, property, plant and equipment for own use are measured at acquisition cost less cumulative depreciation and any impairment loss resulting from the carrying value of an asset being greater than its recoverable amount.

Depreciation is calculated on a straight-line basis in accordance with the years of estimated useful life of property, plant and equipment, except for computer equipment where the declining balance by sum of the year's digits method is used.

The annual allocations for depreciation of property, plant and equipment are made with a balancing entry in "Depreciation - Property, plant and equipment" in the income statement.

Below are the estimated useful lives of the property, plant and equipment included in this item:

	Estimated useful life
Buildings for own use	Between 25 and 90 years
Furniture and installations	Between 3 and 10 years
Computer equipment and installations	Between 1 and 4 years

At each accounting close, the Bank analyses whether there are any internal or external indications that the carrying value of its property, plant and equipment is greater than their recoverable amount. If this is case, the Bank reduces the carrying value of the asset to its recoverable amount and adjusts future depreciation charges in proportion to its carrying value adjusted to its new remaining useful life if this has been re-estimated. The carrying value of property, plant and equipment for own use is reduced where necessary with a charge to "Impairment losses on assets (net) – Property, plant and equipment" in the income statement.

Similarly, if there is an indication of a recovery in the value of an impaired tangible asset, the Bank recognizes the reversal of the impairment loss recognized in prior periods with a credit to "Impairment losses on assets (net) – Property, plant and equipment" in the income statement and adjusts future depreciation charges accordingly. Under no circumstances may the reversal of the impairment loss of an asset entail an increase in its carrying value in excess of that which it would have had had impairment losses not been recognized in previous years.

At least once a year, or when there are signs that make it advisable, the estimated useful lives of property, plant and equipment for own use are reviewed in order to detect any significant changes. If there are any, they are adjusted by correcting the depreciation charge to be recognized in the income statement in future years in accordance with the new useful lives.

Upkeep and maintenance expenses of property, plant and equipment for own use are charged to the income statement in the year in which they are incurred under "Other general administration expenses". Borrowing costs incurred in the financing of items of property, plant and equipment for own use are charged to the income statement on an accrual basis and are not included in the acquisition cost of these items.

2.18.2 Investment properties

"Property, plant and equipment – Investment property" in the balance sheet reflects the net values of the land, buildings and other structures irrespective of how they are incorporated into the balance sheet that are held to let out or to earn a capital gain on their sale as a result of future increases in their respective market prices.

The criteria used to recognize the acquisition cost of investment property for its depreciation, to estimate its useful life and to recognize any impairment losses are the same as those described in relation to property, plant and equipment for own use.

Foreclosed assets which, depending on their type and intended purpose, are classified by the Bank as investment property are recognized using the criteria outlined in note 2.20.

2.19. Intangible assets

Intangible assets are identifiable non-monetary assets with no physical appearance which occur as a result of a legal transaction or have been developed internally by the Bank. Only intangible assets whose cost can be estimated reasonably objectively and which the Bank believes are likely to generate future economic benefits are recognized.

Intangible assets are measured initially at their acquisition or production cost and are subsequently measured at cost less any cumulative amortisation and impairment losses.

The annual amortisation of intangible assets is recorded under "Amortisation – Intangible assets" in the income statement.

The criteria for the recognition of impairment losses on these assets and any reversals of impairment losses recorded in previous years are similar to those used for property, plant and equipment for own use (see note 2.18.1).

In 2012 all intangible assets have been derecognised in the balance sheet (see Note 15).

2.20. Non-current assets for sale

"Non-current assets held for sale" in the balance sheet includes the carrying value of items whose sale in their present condition is highly likely to be completed within one year of the reporting date of the financial statements.

Hence the carrying value of these items, which may be financial or otherwise, will foreseeably be recovered through the price obtained on their disposal rather than through their on-going use.

Specifically, property or other non-current assets received by the Bank as total or partial settlement of its debtors' payment obligations are deemed to be non-current assets held for sale, unless the Bank has decided, based on the type and intended use of the assets, to classify them as property, plant and equipment for own use, as investment property or as inventory.

In general, assets classified as non-current assets held for sale are measured at the lower of their carrying value calculated when they are classified and their fair value less estimated sale costs. While they are classed as non-current assets held for sale, tangible and intangible assets which are depreciable/amortizable by nature are not depreciated/amortized.

Foreclosed assets classified as non-current assets held for sale are initially recognized by the lower of the carrying value of the financial assets applied (amortized cost less impairment losses, with a minimum of 25%) and the valuation of the asset received less sales costs which will not be less than 10% of the valuation.

The length of time that foreclosed assets have been on the balance sheet is considered by the Bank as an unequivocal indication of impairment. As a result the Bank raises the impairment percentage from the 10% indicated above to 20% if the asset's acquisition date is more than 12 months previously, to 30% if it is more than 24 months and 40% of more than 36 months, unless in the latter case a valuation shows a higher fair value while observing the minimum of 20%. Furthermore, these percentages rise if the net carrying value of these impairments and sale costs is higher than the valuation.

Royal Decree-Law 2/2012 (3 February) and 18/2012 (11 May), establish new measures relating to the restructuring of the financial sector, giving the Bank until 31 December 2012 to recognise them in full.

These impairments are presented under "Impairment losses on assets (net) – Non-current assets held for sale" in the income statement.

Gains/losses on the sale of non-current assets held for sale are presented under "Gains (losses) on non-current assets held for sale not classified as discontinued operations" in the income statement.

2.21. Inventories

This item in the balance sheet includes the Bank's non-financial assets:

- holds for sale in the ordinary course of its business;
- in the process of production, construction or development for such sale
- to be consumed in the production process or in the rendering of services

Consequently inventory is considered to be land and other properties other than real estate held for sale or to be used in a property development.

Inventories are measured at the lower of their cost (which includes all costs of purchase and processing and direct and indirect costs incurred in bringing the inventories to their current condition and location) and their "net realizable value". Net realisable value is defined as the estimated selling price of inventories less the estimated production costs and costs to sell.

The costs of inventories not ordinarily interchangeable and of goods and services produced and segregated for specific projects are determined on an individual basis.

Any write-downs and any subsequent reversals of the net realizable value of inventories to less than their net value are recognized in the income statement for the year in which they occur under "Impairment losses on other assets – Other assets".

Assets foreclosed by the Bank which are classified as inventory based on their type and intended purpose are recognized under the criteria set by the initial recording and any impairment of these assets in note 2.20, applying in addition the criteria referred to above in this note to determine the value of inventory.

2.22. Provisions and contingent liabilities

Provisions are credit balances covering present obligations at the balance sheet date arising from past events which might give rise to a loss for the consolidated institutions, which are considered to be probable with respect to their occurrence and certain in terms of their nature but uncertain in terms of their amount and/or timing.

Contingent liabilities are possible obligations that arise from past events and whose materialization is subject to the occurrence or non-occurrence of one or more future events not within the Bank's control.

The Bank's financial statements include all significant provisions concerning which it is considered that it is more probable than not that the obligation will have to be settled. Contingent liabilities are not recorded in the Bank's annual accounts but are reported in accordance with the provisions of Bank of Spain Circular 4/2004 (see Note 29.1).

Provisions, which are quantified using the best information available about the consequences of the event giving rise to them and are re-estimated at the end of each year, are used to meet the specific obligations for which they were originally recognized. They are fully or partially reversed when these obligations no longer exist or are reduced.

The provisions believed to be necessary consistent with the foregoing criteria are recognized with a charge or credit to "Allocations to provisions (net)" in the income statement.

2.23. Own equity instruments

Own equity instruments are considered to be those that meet the following conditions:

- They do not include any type of contractual obligation for the issuer that involves the delivery of cash or other financial assets to a third party or the exchange of financial assets or liabilities with third parties under conditions that are potentially unfavourable for the entity.

- They may, or will be, settled using the equity instruments of the issuing entity: when a non-derivative financial instrument there will not be any obligation to deliver a variable number of its own equity instruments, or when a derivative, provided settled for a fixed amount of cash or other financial asset, in exchange for a fixed number of own equity instruments.

The transactions involving own equity instruments, including their issue and redemption, are recognised directly under equity.

Changes in the value of the instruments classified as equity are not recorded in the financial statements. Consideration received or paid for these instruments is added or deducted directly under equity and the costs associated with the transaction reduce equity.

During 2012, the Bank had not issued any treasury equity instruments.

2.24. Payments based on equity instruments

The delivery of company equity instruments to employees as compensation for their services, when these instruments are provided without any determined vesting period to obtain full ownership, are recognised as an expense under "Personnel expenses" in the income statement, and the balancing entry is recorded under Bank equity.

In addition, when an employee is entitled to the equity instruments once a specific period of service has been completed, the expense is also recorded under "Personnel expenses" in the income statement, and the balancing entry under Bank equity, if the employee renders services over the entire aforementioned period.

In 2012 and 2011 the Bank did not make any significant payments based on equity instruments.

2.25. Statements of changes in equity

Bank of Spain Circular 4/2004 requires certain assets and liabilities to be recognized with a balancing entry in equity. These balancing entries, called "Valuation adjustments", are included in the Institution's equity net of the tax effect. This information is broken down, in turn, into two statements: the statement of recognised income and expenses and the statement of total changes in equity. These statements reflect the changes in the year together with the gains/losses generated during the year and adjustments made for changes in accounting principles or errors in prior periods.

- **Statement of recognized revenue and expense**

  This statement presents the income and expenses generated by the Bank as a result of its activity during the year and a distinction is made between those recorded as results in the income statement for the year and other income and expenses recognised in accordance with current legislation, directly under equity.

  Therefore this statement presents:

  - Profit or loss for the year

  - Net amount of income and expenses temporarily recognized as valuation adjustments in equity.

- Net amount of income and expenses definitively recognized in equity.
- Corporate income tax for the items listed above.
- Total recognized income and expenses.

Changes in income and expenses recognized in equity as valuation adjustments are broken down into:

- Measurement gains/(losses): represents the total income, net of expenses for the year, directly recognised in equity. The amounts recognized in the period under this item are maintained in it, even if in the same period they are transferred to the income statement, at the initial value of other assets or liabilities, or are reclassified in another place.
- Amounts transferred to the income statement: represents the balance of valuation gains or losses previously recognised in equity, albeit for the same year, that are recognised in the income statement.
- Amount transferred to the opening value of hedged items: represents the balance of valuation gains and losses previously recognised in equity, albeit for the same year, recognised in the initial carrying amount of assets and liabilities resulting from cash flow hedges.
- Other reclassifications: includes the amount of the transfers made in the accounting period between valuation adjustment items based on current regulations.

The amounts of these items are presented gross and the related tax effect is shown under "Corporate income tax" in the statement.

- **Statement of total changes in equity**

All changes in total equity, including those arising from changes in accounting policies and the correction of mistakes, are presented in this statement. This statement therefore shows a reconciliation of the carrying amount at the start and end of the year of all the items forming part of equity, grouping movements by nature into the following items:

- Adjustments due to changes in accounting policies and the correction of errors: including any changes in equity as a result of the retroactive restatement of financial statement balances due to changes in accounting policies or the correction of errors.
- Income and expense recognised during the year: represents the aggregate of all items of recognised income and expense, as outlined above.

- Other changes in equity: represents all other items recognised under equity, such as increases and decreases of the endowment fund, distribution of profit, operations with own equity instruments, payments with equity instruments, transfers between equity headings and any other increase or decrease in equity.

2.26. Cash flow statements

The terms below are used in the presentation of cash flow statements:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to a low risk of changes in value.

- Operating activities: principal banking activities and other activities that are not investing or financing activities.

- *Investment activities:* the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.

- *Financing activities:* activities that alter the amount and structure of equity and liabilities that are not operating activities.

For the purposes of drawing up the cash flow statement, "cash and cash equivalents" means short-term, highly liquid investments with an insignificant risk of changes in their value. Thus the Group considers the following financial assets and liabilities to be cash or cash equivalents:

- Cash owned by the Institution which is recorded under "Cash and deposits in central banks" in the balance sheet (note 5).

- Net balances held at central banks, which are recorded under "Cash and deposits in central banks" (the debit balances held with central banks) and "Financial liabilities at amortized cost – Deposits from central banks" (credit balances) in assets and liabilities, respectively, in the balance sheet (notes 5 and 17.1).

Demand debit balances held at credit institutions other than central banks, which are recorded under "Loans and receivables – Deposits in credit institutions" in the balance sheet (note 9.1). Credit balances are recorded, among other items, under "Financial liabilities at amortized cost – Deposits from credit institutions" in liabilities in the balance sheet (note 17.2).

3. Proposal for distributing results and earnings per share

3.1. Distribution of the Bank's results

The proposal for distributing 2012 results that will be presented to Shareholders (FROB) at a General Meeting by the Board of Directors:

(Thousand euro)	2012
To Reserves (accumulated losses)	(889,900)
To legal reserve	-
to dividends	-
Profit for the year	**(889,900)**

3.2. Earnings per share

The basic earnings per share is calculated by dividing the net results attributed to the Bank by the average weighted number of outstanding ordinary shares during the year, excluding any treasury shares held by the Bank. The diluted earnings per share is calculated by adjusting the net results attributed to the Bank and the average weighted number of outstanding ordinary shares by the effects of the estimated conversion of all potential ordinary shares.

As a result, the calculation of the Bank's earnings per share is as follows:

(Thousand euro)	2012	2011
Surplus/(loss) attributable to the Bank	(889,900)	(435,373)
Results from discontinued activities	-	-
Results from continued activities	(889,900)	(435,373)
Weighted average number of outstanding shares	971,313,780	971,313,780
Assumed conversion of convertible debt	-	-
Dilution effect of options/share rights	-	-
Weighted average number of outstanding shares (adjusted)	971,313,780	971,313,780
Basic earnings per share (euro)	**(0.916)**	**(0.448)**
Basic earnings per share from discontinued operations (euro)	**-**	**-**
Basic earnings per share from continued operations (euro)	**(0.916)**	**(0.448)**
Diluted earnings per share (euros)	**(0.916)**	**(0.448)**
Diluted earnings per share from discontinued operations (euro)	**-**	**-**
Diluted earnings per share from continued operations (euro)	**(0.916)**	**(0.448)**

4. Business segment reporting

4.1. Breakdown of the balance

The Bank's core business is retail banking and it has no other significant lines of business such that regulations would require the Bank to segment and manage its operations based on them.

4.2. Segmenting by geographical area:

The Bank operates in Spain and its type of clientele is similar across the country. Therefore the Bank considers there is a single geographical segment for all its operations.

5. Cash and deposits at central banks

The breakdown of this item in the balance sheet is as follows:

(Thousand euro)	2012	2011
Cash	87,181	92,400
Deposits at the Bank of Spain	69,786	149,246
Measurement adjustments	39	125
Cash and deposits at central banks	**157,006**	**241,771**

The average effective interest rate for deposits at central banks in 2012 is approximately 0.93% (1.46% in 2011).

6. Financial assets and liabilities held for trading

6.1. Breakdown of the balance

The breakdown of the financial assets included in this category on 31 December 2012 and 2011, classified by the geographical area where the risk is located, by type of counterparty and by type of instrument, is as follows:

(Thousand euro)	2012		2011	
	Receivable	Payable	Receivable	Payable
By geographic area				
Spain	3,339	4,831	3,769	3,091
Other European Union countries	991	233	1,283	613
Other countries	-	-	129	-
Total	**4,330**	**5,064**	**5,181**	**3,704**
By counterparty categories:				
Credit institutions	3,672	708	3,826	2,014
Other resident sectors	527	4,357	1,355	1,690
Other non-resident sectors	131	-	-	-
Total	**4,330**	**5,064**	**5,181**	**3,704**
By type of instrument				
Derivatives not traded on organised markets	4,330	5,064	5,181	3,704
Derivatives traded on organised markets	-	-	-	-
Total	**4,330**	**5,064**	**5,181**	**3,704**

The carrying value in the above table is the Bank's maximum exposure to credit risk in terms of the financial instruments it includes.

6.2. Financial derivatives held for trading

The breakdown by type of product of the fair value of the Bank's derivatives held for trading together with their notional value (the amount used to calculate the future collections and payments of these derivatives) at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012		
	Notional value	Fair value (+)	Fair value (-)
Unmatured foreign currency purchase and sale transactions	**1,469**	**10**	**7**
Stock options	**-**	**-**	**-**
Purchased	-	-	-
Sold	-	-	-
Interest-rate options	**1,292,901**	**4,189**	**708**
Purchased	4,209	-	-
Sold	-	-	-
Swaps	1,288,692	4,189	708
Currency options	**-**	**-**	**-**
Other options	**10,000**	**131**	**4,349**
Purchased	10,000	131	4,349
Sold	-	-	-
Total	**1,304,370**	**4,330**	**5,064**

(Thousand euro)	2011		
	Notional value	Fair value (+)	Fair value (-)
Unmatured foreign currency purchase and sale transactions	**6,742**	**219**	**208**
Stock options	**6,000**	**68**	**-**
Purchased	6,000	68	-
Sold			
Interest-rate options	**1,734,026**	**3,768**	**1,949**
Purchased	9,069	1	-
Swaps	1,724,957	3,767	1,949
Currency options	**10,000**	**607**	
Other options	**11,000**	**519**	**1,547**
Purchased	11,000	519	1,547
Sold			
Total	**1,767,768**	**5,181**	**3,704**

The notional and/or contractual amount of the agreements does not reflect the actual risk assumed by the Bank as the net position in these financial instruments is their netting and/or combination.

The Bank has not contracted hedge derivatives or other financial instruments in high risk countries (see Note 49.3).

7. Other financial assets and liabilities at fair value through profit or loss

The breakdown of the financial assets included in this category on 31 December 2012 and 2011, classified by the geographical area where the risk is located, by type of counterparty and by type of instrument, is as follows:

(Thousand euro)	2012		2011	
	Receivable	Payable	Receivable	Payable
By geographic area				
Spain	-	-	-	-
Other European Union countries	-	-	322	-
Total	**-**	**-**	**322**	**-**
By counterparty categories:				
Other resident sectors	-	-	-	-
Other non-resident sectors	-	-	322	-
Total	**-**	**-**	**322**	**-**
By type of instrument				
Debt securities	-	-	322	-
Other fixed-income securities	-	-	322	-
Total	**-**	**-**	**322**	**-**

The carrying amount in the above table is the Bank's maximum exposure to credit risk in terms of the financial instruments it includes.

At the end of 2012 there are no investments classified in this portfolio. The investments sold during 2012 provided an internal yield rate of 9.20%.

8. Available-for-sale financial assets

Below is the breakdown of the financial assets included in this category at 31 December 2012 and 2011:

(Thousand euro)	2012	2011
Debt securities	1,714,209	3,265,471
Impairment losses	-	(1)
Subtotal	**1,714,209**	**3,265,470**
Equity instruments	114,781	346,582
Impairment losses	(43.290)	(1,380)
Subtotal	**71,491**	**345,202**
Total	**1,785,700**	**3,610,672**

The carrying amount in the above table is the Bank's exposure to credit risk in terms of the financial instruments it includes.

The breakdown of the balance of the heading "Debt securities" by geographic area where the risks are located, by type of counterparty and by type of instrument is as follows at 31 December 2012 and 2011.

(Thousand euro)	2012	2011
By geographic area		
Spain	1,752,465	3,553,735
Other European Union countries	62,318	57,981
Other non-European Union countries	14,207	337
Gross total	**1,828,990**	**3,612,053**
Impairment losses	(43,290)	(1,381)
Net total	**1,785,700**	**3,610,672**
By counterparty categories:		
Credit institutions	110,081	143,954
Resident Public Administrations	1,420,180	3,143,841
Other resident sectors	222,401	271,139
Other non-resident sectors	76,328	53,119
Gross total	**1,828,990**	**3,612,053**
Impairment losses	(43,290)	(1,381)
Net total	**1,785,700**	**3,610,672**
By instrument types:		
Debt securities	1,714,209	3,265,471
Spanish government debt	1,420,181	3,143,841
Treasury Bills	104,341	1,019,353
Government bonds and debentures	1,223,093	2,098,844
Regional government debt	92,747	25,644
Other fixed-income securities	294,028	121,630
Other equity instruments	114,781	346,582
Shares in listed Spanish companies	2,644	173,074
Shares in unlisted Spanish companies	83,266	90,763
Shares in listed foreign companies	-	46,330
Investments in the share capital of investment funds	28,871	36,415
Gross total	**1,828,990**	**3,612,053**
Impairment losses	(43,290)	(1,381)
Net total	**1,785,700**	**3,610,672**

The average effective interest rate for debts securities classified into this portfolio in 2012 is approximately 3.55% (4.12% in 2011).

Below are the movements in 2012 and 2011 in the impairment losses recorded in this heading:

(Thousand euro)	Losses estimated on an individual basis	Losses estimated on a collective basis	Total
Balance at 1 January 2011	1,380	1,776	3,156
Charge for the Year	1	-	1
Recoveries	(9)	(1,776)	(1,785)
Other movements	9	-	9
Balance at 31 December 2011	**1,381**	**-**	**1,381**
Balance at 1 January 2012	**1,381**	**-**	**1,381**
Charge for the Year	41,965	-	41,965
Recoveries	(66)	-	(66)
Other movements	10	-	10
Balance at 31 December 2012	**43,290**	**-**	**43,290**

In 2012 the Bank has reclassified to this heading the financial assets included in 2011 in the held-to-maturity portfolio.

9. Loans

An analysis of the balances of this caption on the asset side of the balance sheet, based on the nature of the financial instrument, is as follows:

(Thousand euro)	2012	2011
By class of instrument		
Bank deposits	4,469,891	151,982
Customer loans	19,159,834	19,022,752
Debt securities	889,695	1,085,783
Measurement adjustments		
Impairment losses	(1,486,839)	(653,207)
Other measurement adjustments	(13,128)	(10,533)
Total	**23,019,453**	**19,596,777**

9.1. Bank deposits

The breakdown of the financial assets included in this category at 31 December 2012 and 2011, classified by type of counterparty and by type of instrument, is as follows:

(Thousand euro)	2012	2011
By counterparty categories:		
Credit institutions	4,469,891	151,982
Measurement adjustments	874	382
Accrued interest	*876*	*388*
Commissions	*(2)*	*(6)*
Total	**4,470,765**	**152,364**
By type of instrument		
Bank deposits at credit institutions	3,110,191	119,152
On demand deposits at credit institutions	1,194,441	11,777
of which: assets acquired under repo agreements	*1,109,550*	-
Other financial assets	165,259	21,053
Measurement adjustments	874	382
Accrued interest	*876*	*388*
Commissions	*(2)*	*(6)*
Total	**4,470,765**	**152,364**

The carrying amount in the above table is the Bank's maximum exposure to credit risk in terms of the financial instruments it includes.

At 31 December 2012 Unnim Banc S.A.U. maintains positions in this portfolio with the Sole Administrator totalling €4,118,389,000.

The average effective interest rate for financial instruments classified into this portfolio in 2012 is approximately 0.89% (1.51% in 2011).

9.2. Customer loans

The breakdown of the financial assets included in this category at 31 December 2012 and 2011, classified by type of counterparty and by type of instrument and sector, is as follows:

(Thousand euro)	2012	2011
By counterparty categories:		
Resident Public Administrations	48,639	51,668
Other resident sectors (*)	19,072,811	18,932,869
Other non-resident sectors	38,384	38,215
Impairment losses	(1,481,453)	(650,352)
Other measurement adjustments	(14,002)	(10,915)
Accrued interest	*19,500*	*29,433*
Commissions	*(55,709)*	*(60,739)*
Other measurement adjustments	*22,207*	*20,391*
Total	**17,664,379**	**18,361,485**
By type of instrument		
Loans secured by mortgages	15,505,000	16,071,251
Loans secured by other real guarantees	185,368	235,260
Loans secured by other guarantees	1,842,132	2,314,575
Finance leases	129,959	138,248
Commercial loans	82,047	112,382
Securities acquired under repurchase agreements	10,388	9,714
Other financial assets (*)	1,404,940	141,322
Impairment losses	(1,481,453)	(650,352)
Other measurement adjustments	(14,002)	(10,915)
Accrued interest	*19,500*	*29,433*
Commissions	*(55,709)*	*(60,739)*
Other measurement adjustments	*22,207*	*20,391*
Total	**17,664,379**	**18,361,485**
By sector		
Public Sector	48,639	51,668
Agriculture and fishing	29,032	53,335
Industry	366,003	529,458
Real Estate	4,074,179	4,533,123
Construction	965,436	1,260,188
Commercial	516,301	1,067,498
Financial (insurance companies or other financial intermediaries)	188,660	501,593
Loans to individuals not engaged in business activities.	10,556,681	10,092,571
Other	2,414,903	933,318
Impairment losses	(1,481,453)	(650,352)
Other measurement adjustments	(14,002)	(10,915)
Accrued interest	*19,500*	*29,433*
Commissions	*(55,709)*	*(60,739)*
Other measurement adjustments	*22,207*	*20,391*
Total	**17,664,379**	**18,361,485**

(*) Includes the estimated balances totalling €1,285,307,000 due from the DGF as a result of the Asset Protection System indicated in Notes 1.2 and 1.10.

The heading "loans - Customer loans" includes €1,794,662,000 and €3,120,890,000 at 31 December 2012 and 2011, respectively, relating to the amounts pending repayment on loans securitised after 1 January 2004, which have not been derecognised due to the fact that substantially all of the benefits and risks associated with these assets have not been transferred. A breakdown of these securitised loans at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Securitised mortgage assets	1,027,599	2,201,126
Other securitised assets	767,063	919,764
Loans to companies	707,563	851,181
Finance leases	52,788	57,326
Consumer loans	6,712	11,256
Total	**1,794,662**	**3,120,890**

Securitisations from before 1 January 2004, in the amount pending repayment totalling €75,941,000 and €85,430,000 at 31 December 2012 and 2011, respectively, were derecognised from assets, in accordance with the provisions of additional transitional provision one of Circular 4/2004 (see Note 29.4). A breakdown of these derecognised assets at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Securitised mortgage assets	75,941	42,264
Other securitised assets	-	43,166
Total	**75,941**	**85,430**

The carrying amount in the above table is the Bank's maximum exposure to credit risk in terms of the financial instruments it includes.

The average effective interest rate for financial instruments classified into this portfolio in 2012 is approximately 3.42% (3.43% in 2011).

A breakdown of customer loans by activity at 31 December 2012 and 2011 is as follows:

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(Thousand euro)	2012							
	Total	Of which: Real estate guarantee	Of which: Other real guarantees	Less than or equal to 40%	Exceeding 40% and less than or equal to 60%	Exceeding 60% and less than or equal to 80%	Exceeding 80% and less than or equal to 100%	Exceeding 100%
Public institutions	48,577	5,286	1,893	75	155	-	-	6,948
Other financial institutions	1,432,662	1,597	3,531	397	599	592	-	3,540
Non-financial companies and individual businesses	7,070,729	5,354,695	112,285	994,644	1,193,381	1,614,570	600,235	1,064,151
Real estate development and construction	4,673,851	3,721,406	72,188	557,410	794,708	1,114,224	471,324	855,929
Other purposes	2,396,878	1,633,289	40,097	437,234	398,673	500,346	128,911	208,222
SME's and self-employed	2,396,878	1,633,289	40,097	437,234	398,673	500,346	128,911	208,222
Other households ISFLSH	9,409,736	8,744,587	97,625	2,424,208	1,811,764	2,632,728	1,258,936	714,575
Homes	6,997,499	6,933,831	8,668	1,558,230	1,403,106	2,296,375	1,159,172	525,615
Consumer	470,309	233,727	42,847	106,555	54,988	53,834	11,723	49,474
Other purposes	1,941,928	1,577,029	46,110	759,423	353,670	282,519	88,041	139,486
Adjustment in value due to impairment not attributable to specific transactions.	(297,325)							
Total	**17,664,379**	**14,106,165**	**215,334**	**3,419,324**	**3,005,899**	**4,247,890**	**1,859,171**	**1,789,214**
Memorandum accounts: Refinancing, refinanced and restructured transactions	3,466,106							

At 31 December 2012 the amount of the assets for which the Entity had renegotiated conditions and have a doubtful status totals €1,524,342,000, those classified as sub-prime total €470,744,000 and those in a normal situation total €1,471,022,000.

The Bank has express policies and procedures relating to its activity in the area of refinancing and restructuring of loans and customer credit. These policies are described in Note 49.4.1.

Set out below is a breakdown of the risks by activity and geographic area at 31 December 2012 and 2011:

(Thousand euro)	2012					
	Total	Catalonia	Rest of Spain	Rest of European Union	America	Rest of the world
Credit institutions	4,214,271	-	4,185,660	28,611	-	-
Public institutions	48,577	48,258	319	-	-	-
State Administration	319	-	319	-	-	-
Other	48,258	48,258	-	-	-	-
Other financial institutions	1,597,966	312,659	1,285,307	-	-	-
Non-financial companies and individual businesses	9,330,811	9,241,552	83,248	4,687	-	1,324
Real estate development and construction	6,709,993	6,700,945	8,745	-	-	303
Other purposes	2,620,818	2,540,607	74,503	4,687	-	1,021
SME's and self-employed	2,620,818	2,540,607	74,503	4,687	-	1,021
Other households ISFLSH	11,459,431	10,116,967	1,309,494	14,474	5,080	13,416
Homes	9,044,813	8,104,560	910,681	12,819	4,597	12,156
Consumer	470,310	400,572	69,262	334	92	50
Other purposes	1,944,308	1,611,835	329,551	1,321	391	1,210
Adjustment in value due to impairment not attributable to specific transactions.	(297,325)					
Total	**26,353,731**	**19,719,436**	**6,864,028**	**47,772**	**5,080**	**14,740**

The definition of risk for the purposes of this breakdown includes the following headings of the public balance sheet: Deposits at credit institutions, Customer loans, Debt securities, Capital instruments, Traded derivatives Hedge derivatives, Shares and Contingent risks.

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(Thousand euro)	2011					
	Total	Catalonia	Rest of Spain	Rest of European Union	America	Rest of the world
Credit institutions	4,282,347	-	4,253,274	29,073	-	-
Public institutions	49,362	49,038	324	-	-	-
State Administration	324	-	324	-	-	-
Other	49,038	49,038	-	-	-	-
Other financial institutions	317,710	317,710	-	-	-	-
Non-financial companies and individual businesses	9,481,538	9,390,837	84,593	4,763	-	1,345
Real estate development and construction	6,818,384	6,809,190	8,886	-	-	308
Other purposes	2,663,154	2,581,647	75,706	4,763	-	1,037
SME's and self-employed	2,663,154	2,581,647	75,706	4,763	-	1,037
Other households ISFLSH	11,644,543	10,280,393	1,330,647	14,708	5,162	13,633
Homes	9,118,181	8,162,915	925,392	13,026	4,495	12,352
Consumer	477,907	407,043	70,381	339	93	51
Other purposes	2,048,455	1,710,436	334,874	1,342	573	1,230
Adjustment in value due to impairment not attributable to specific transactions.	(302,128)					
Total	25,473,371	20,037,977	5,668,838	48,544	5,162	14,978

9.3. Debt securities

The breakdown of the financial assets included in this category at 31 December 2012 and 2011, classified by geographic area, type of counterparty and by type of instrument, is as follows:

(Thousand euro)	2012	2011
By geographic area		
Spain	889,695	1,085,783
Gross total	**889,695**	**1,085,783**
Impairment losses	(5,386)	(2,855)
Net total	**884,309**	**1,082,928**
By counterparty categories:		
Other resident sectors	889,695	1,085,783
Gross total	**889,695**	**1,085,783**
Impairment losses	(5,386)	(2,855)
Net total	**884,309**	**1,082,928**
By type of instrument		
Other fixed-income securities	889,695	1,085,783
Gross total	**889,695**	**1,085,783**
Impairment losses	(5,386)	(2,855)
Net total	**884,309**	**1,082,928**

The carrying amount in the above table is the Bank's maximum exposure to credit risk in terms of the financial instruments it includes.

The average effective interest rate for financial instruments classified into this portfolio in 2012 is approximately 3.74% (2.90% in 2011).

9.4. Assets past due and/or impaired

A breakdown of those financial assets classified as loans and considered to be impaired as a result of the credit risk at 31 December 2012 and 2011, and those that, while not considered to be impaired, reflect an outstanding balance at those dates, are classified by counterparty and type of instrument, and based on the period of time elapsed between the due date of the unpaid amount and the oldest date of each transaction.

(Thousand euro)	2012					
	Not Impaired	Impaired				
	To 3 months	Up to 6 months	Between 6 and 9 months	Between 9 and 12 months	Over 12 months	Total
By counterparty categories						
Other resident sectors	158,579	1,071,176	272,850	272,026	1,537,877	3,153,929
Other non-resident sectors	72	734	187	186	1,053	2,160
Total	**158,651**	**1,071,910**	**273,037**	**272,212**	**1,538,930**	**3,156,089**
By type of instrument						
Operations not secured by real property guarantee	134,855	52,491	16,074	20,082	143,290	231,937
With a mortgage guarantee	23,150	1,019,419	256,963	252,130	1,385,002	2,913,514
Finished home, habitual residence	7,362	211,591	121,703	117,795	475,474	926,563
Rural land in use, offices, commercial and industrial premises	2,644	75,382	47,136	28,079	182,164	332,761
Other finished homes	3,646	102,623	33,429	38,944	283,854	458,850
Land and other real estate assets	9,498	629,823	54,695	67,312	443,510	1,195,340
Other	646	-	-	-	10,638	10,638
Total	**158,651**	**1,071,910**	**273,037**	**272,212**	**1,538,930**	**3,156,089**

(Thousand euro)	2011					
	Not Impaired	Impaired				
	To 3 months	Up to 6 months	Between 6 and 9 months	Between 9 and 12 months	Over 12 months	Total
By counterparty categories						
Other resident sectors	52,589	996,549	305,363	259,302	879,616	2,493,419
Other non-resident sectors	68	323	729	276	-	1,396
Total	**52,657**	**996,872**	**306,092**	**259,578**	**879,616**	**2,494,815**
By type of instrument						
Operations not secured by real property guarantee	26,459	140,416	18,621	16,100	119,941	321,537
With a mortgage guarantee	25,977	856,456	287,471	243,478	753,172	2,166,554
Finished home, habitual residence	8,100	233,034	89,554	77,764	281,256	689,708
Rural properties in operation, offices, commercial premises and industrial properties	3,203	89,908	33,976	18,101	82,152	227,340
Other finished homes	6,450	234,300	83,635	68,481	156,368	549,234
Land and other real estate assets	8,224	299,214	80,306	79,132	233,396	700,272
Other	221	-	-	-	6,503	6,724
Total	**52,657**	**996,872**	**306,092**	**259,578**	**879,616**	**2,494,815**

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The breakdown of doubtful assets by sector of activity and residence of the borrower, together with value adjustments due to impairment at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012		
	Impaired credit investment (doubtful)	Specific Provision (No Sub-prime)	Specific Provision (Sub-prime)
Doubtful items resident in Spain			
Public Sector	191	55	-
Credit institutions	-	-	-
Other resident sectors	3,153,738	1,419,070	67,556
Agriculture and fishing	*2,458*	*753*	-
Industry	*89,128*	*24,766*	-
Real Estate	*1,249,593*	*813,831*	-
Construction	*516,640*	*144,163*	-
Commercial	*60,669*	*13,966*	-
Financial (insurance companies of other financial intermediaries)	*7,180*	*5,636*	-
Loans to individuals not engaged in business activities.	*866,315*	*348,143*	-
Other	*361,755*	*67,812*	-
Total residents of Spain	**3,153,929**	**1,419,125**	**67,556**
Residents in the rest of the world			
Other non-resident sectors	2,160	158	-
Total residents in the rest of the world	**2,160**	**158**	**-**
TOTAL	**3,156,089**	**1,419,283**	**67,556**

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(Thousand euro)	2011		
	Impaired credit investment (doubtful)	Specific Provision (No Sub-prime)	Specific Provision (Sub-prime)
Doubtful items resident in Spain			
Public Sector	-	-	-
Credit institutions	-	-	-
Other resident sectors	2,441,856	609,473	44,659
Agriculture and fishing	2,565	526	-
Industry	71,659	19,137	-
Real Estate	1,136,112	336,692	-
Construction	411,338	97,135	-
Commercial	52,371	10,705	-
Financial (insurance companies of other financial intermediaries)	7,971	4,769	-
Loans to individuals not engaged in business activities.	485,351	69,110	-
Other	274,489	75,342	-
Total residents of Spain	**2,441,856**	**609,473**	**44,659**
Residents in the rest of the world			
Other non-resident sectors	1,328	127	-
Total residents in the rest of the world	**1,328**	**127**	**-**
TOTAL	**2,443,184**	**609,600**	**44,659**

The financial returns accrued at 31 December 2012 and 2011 originating from impaired assets that are not recognized in the accompanying income statement due to doubts regarding collection are as follows:

(Thousand euro)	2012	2011
Financial returns from impaired assets	132,858	85,511
Net total	**132,858**	**85,511**

9.5. Credit risk hedges

Below are changes during 2012 and 2011 in impairment losses recorded for credit risk hedges in loans and receivables:

(Thousand euro)	Losses estimated on an individual basis	Losses estimated on a collective basis	Fair value adjustment (*)	Total
Balance at 1 January 2011	458,583	103,324	201,247	763,154
Charge for the Year	882,776	-	-	882,776
Drawn down	(337,885)	-	-	(337,885)
Recoveries	(189,278)	(103,324)	-	(292,602)
Applications (Note 29.5)	(228,343)	-	-	(228,343)
Other movements	67,354	-	(201,247)	(133,893)
Balance at 31 December 2011	**653,207**	**-**	**-**	**653,207**
Balance at 1 January 2012	**653,207**	**-**	**-**	**653,207**
Charge for the Year	1,397,184	-	-	1,397,184
Drawn down	(144,937)	-	-	(144,937)
Recoveries	(344,001)	-	-	(344,001)
Applications (Note 29.5)	(74,614)	-	-	(74,614)
Balance at 31 December 2012	**1,486,839**	**-**	**-**	**1,486,839**

(*) In 2011 this relates to the remainder of the fair value estimate of the loan portfolio at 1 July 2010 (date of the merger of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa).

In 2011, the balance in "Other movements" in the specific hedge basically related to the assignment of the fair value hedge totalling €60,558,000 and the rest to the reassignment of hedges from the heading "Other provisions" in the balance sheet.

In 2011 the balance in "Other movements" in fair value adjustments related to the assignment of that hedge as a specific hedge, as mentioned above, and the rest to the transfer to the headings "Shareholdings" in the amount of €118,545,000, "Available-for-sale non-current assets" in the amount of €5,507,000 and "Property, plant and equipment - investment properties" in the amount of €16,637,000.

The breakdown of impairment losses by the counterparties of the hedged instrument and the type of hedged instrument is as follows:

(Thousand euro)	2012	2011
By counterparty categories:		
Other resident sectors	1,486,681	653,080
Other non-resident sectors	158	127
Total	**1,486,839**	**653,207**
By type of instrument		
Transactions secured by mortgages	1,253,498	495,477
Loans secured by other real property guarantees	22,099	3,170
Transactions secured by other guarantees	211,242	154,560
Total	**1,486,839**	**653,207**

Following the prudence principle, the Bank classified assets in the "Loan" portfolio as sub-prime risk in the amount of €722,829,000 (€460,147,000 at 31 December 2011), and the associated provision totalled €67,556,000 (€43,369,000 at 31 December 2011).

The breakdown of "Financial asset impairment losses (net) – Loans and receivables" in the income statement is as follows:

(Thousand euro)	2012	2011
Allocations of loans	1,397,184	882,776
Availability of loans	(144,937)	(337,885)
Recovery of loans	(344,001)	(292,602)
Plus:		
Unserviced loans transferred to defaults (Note 29.5)	103,549	57,418
Less:		
Recovery of defaults (Note 29.5)	(9,379)	(23,491)
Other movements	(591,462)	-
Total	**410,954**	**286,216**

In 2012 the heading "Other movements" mainly relate to the losses assumed by the DGF deriving from the appropriations made during the year that are included in the Asset Protection Plan (see notes 1.2 and 1.10).

9.6. Finance leases

The breakdown of financial lease debt included under the heading "Loans" in the balance sheet at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012		2011	
	Finance lease amount granted at a fixed rate	Finance lease amount granted at a variable rate	Finance lease amount granted at a fixed rate	Finance lease amount granted at a variable rate
Real Estate	-	-	-	-
Real property	587	93,646	670	120,497
Total leases granted to customers	**587**	**93,646**	**670**	**120,497**

(Thousand euro)	2012	2011
	Total amount at the end of the period in progress	Total amount at the end of the period in progress
Real Estate	-	-
Real property	94,233	121,167
Total leases granted to customers	**94,233**	**121,167**
Unaccrued financial income	108	151
Unsecured residual value	3,901	2,950
Value adjustments	(8,485)	(2,662)

10. Held-to-maturity investments

The breakdown of the financial assets included in this category at 31 December 2012 and 2011, classified by geographic area, type of counterparty and by type of instrument, is as follows:

(Thousand euro)	2012	2011
By geographic area		
Spain	-	1,881,871
European Union countries	-	137,160
Other countries	-	14,745
Gross total	**-**	**2,033,776**
Impairment losses	-	-
Net total	-	2,033,776
By counterparty categories		
Credit institutions	-	228,361
Resident Public Administrations	-	1,505,752
Non-resident public institutions	-	23,223
Other resident sectors	-	163,305
Other non-resident sectors	-	113,135
Gross total	**-**	**2,033,776**
Impairment losses	-	-
Net total	-	2,033,776
By type of instrument		
Spanish government debt	-	1,418,088
Treasury Bills	*-*	*0*
Government bonds and debentures	*-*	*1,418,088*
Debt with other Spanish public institutions	-	87,665
Other fixed-income securities	-	528,023
Gross total	**-**	**2,033,776**
Impairment losses	-	-
Net total	-	2,033,776

The average effective interest rate for debts securities classified into this portfolio in 2012 is approximately 4.05% (2.66% in 2011).

A summary of the movements taking place in this heading of the accompanying balance sheets for 2012 and 2011 is set out below:

(Thousand euro)	2012	2011
Beginning balance	**2,033,776**	**2,121,378**
Acquisitions	-	-
Reclassifications	(1,922,605)	(29,627)
Depreciation/amortisation and other	(111,171)	(57,975)
Ending balance	**-**	**2,033,776**
Accumulated impairment losses	-	-
Total	**-**	**2,033,776**

In 2012 Unnim Banc S.A.U. reclassified the financial assets included under this category to the available-for-sale financial asset portfolio.

11. Hedging derivatives (receivable and payable)

11.1. Fair value hedges

Below is the breakdown by acquisition market, type of product, counterparties and remaining term of the notional value of the hedging derivatives at fair value held by the Bank at 31 December 2012 and 2011:

(Thousand euro)	2012			
Notional value	Interest rate risk	Shareholding risk	Goods risk	Total
Classification by contracting market				
Organised markets	-	-	-	-
Unorganised markets	3,811,192	311,608	1,271	4,124,071
Total	**3,811,192**	**311,608**	**1,271**	**4,124,071**
Classification by type of product				
Swaps	3,811,192	242,028	-	4,053,220
Options	-	69,580	1,271	70,851
Purchased	-	69,580	1,271	70,851
Sold	-	-	-	-
Total	**3,811,192**	**311,608**	**1,271**	**4,124,071**
Classification by counterparty				
Credit institutions Residents	1,688,484	134,416	1,271	1,824,171
Credit institutions Non-residents	1,609,616	121,736	-	1,731,352
Other resident sectors	260,000	-	-	260,000
Other non-resident sectors	253,092	55,456	-	308,548
Total	**3,811,192**	**311,608**	**1,271**	**4,124,071**

(Thousand euro)	2011			
Notional value	Interest rate risk	Shareholding risk	Goods risk	Total
Classification by contracting market				
Organised markets	-	-	-	-
Unorganised markets	3,990,291	564,516	1,271	4,556,078
Total	**3,990,291**	**564,516**	**1,271**	**4,556,078**
Classification by type of product				
Swaps	3,990,291	378,436	-	4,368,727
Options				
Purchased	-	186,080	1,271	187,351
Sold	-	-	-	-
Total	**3,990,291**	**564,516**	**1,271**	**4,556,078**
Classification by counterparty				
Credit institutions Residents	1,688,706	255,780	1,271	1,945,757
Credit institutions Non-residents	1,799,615	237,736	-	2,037,351
Other resident sectors	260,000	-	-	260,000
Other non-resident sectors	241,970	71,000	-	312,970
Total	**3,990,291**	**564,516**	**1,271**	**4,556,078**

The notional and/or contractual amount of the agreements does not reflect the actual risk assumed by the Bank as the net position in these financial instruments is their netting and/or combination.

Below is the breakdown by acquisition market and type of product of the fair value of hedging derivatives at fair value held by the Bank at 31 December 2012 and 2011:

(Thousand euro)	2012			
Fair value	Interest rate risk	Shareholding risk	Goods risk	Total
Positive values (receivables)				
Organised markets	-	-	-	-
Unorganised markets	672,931	2,858	72	675,861
Total	**672,931**	**2,858**	**72**	**675,861**
Negative values (payables)				
Organised markets	-	-	-	-
Unorganised markets	50,512	2,938	-	53,450
Total	**50,512**	**2,938**	**-**	**53,450**

(Thousand euro)	2011			
Fair value	Interest rate risk	Shareholding risk	Goods risk	Total
Positive values (receivables)				
Organised markets	-	-	-	-
Unorganised markets	509,464	6,442	76	515,982
Total	**509,464**	**6,442**	**76**	**515,982**
Negative values (payables)				
Organised markets	-	-	-	-
Unorganised markets	50,149	5,418	-	55,567
Total	**50,149**	**5,418**	**-**	**55,567**

11.2. Cash flow hedges

Below is the breakdown by acquisition market, type of product, counterparties and remaining term of the notional value of the cash flow hedging financial derivatives held by the Bank on 31 December 2012:

(Thousand euro)	2012	
Notional value	Exchange risk	Total
Classification by contracting market		
Unorganised markets	7,444	7,444
Total	**7,444**	**7,444**
Classification by type of product		
Options	7,444	7,444
Purchased	3,722	3,722
Sold	3,722	3,722
Term operations	-	-
Acquisitions	-	-
Sales	-	-
Total	**7,444**	**7,444**
Classification by counterparty		
Credit institutions Residents	7,444	7,444
Total	**7,444**	**7,444**

(Thousand euro) Notional value	2011	
	Exchange risk	Total
Classification by contracting market		
Unorganised markets	11,168	11,168
Total	**11,168**	**11,168**
Classification by type of product		
Options		
Purchased	5,584	5,584
Sold	5,584	5,584
Term operations	-	-
Acquisitions	-	-
Sales	-	-
Total	**11,168**	**11,168**
Classification by counterparty		
Credit institutions Residents	11,168	11,168
Total	**11,168**	**11,168**

The notional and/or contractual amount of the agreements does not reflect the actual risk assumed by the Bank as the net position in these financial instruments is their netting and/or combination.

Below is the breakdown by acquisition market and type of product of the fair value of the cash flow hedging financial derivatives held by the Bank at 31 December 2012 and 2011:

(Thousand euro) Fair value	2012		2011	
	Exchange risk	Total	Exchange risk	Total
Positive values (receivables)				
Unorganised markets	178	178	437	437
Negative values (payables)				
Unorganised markets	219	219	433	433

The cash flows that are expected over the next few years from the cash flow hedges recorded in the accompanying balance sheet at 31 December 2012 and 2011 are as follows:

(Thousand euro)	2012				
	3 months or less	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
Cash flows receivable	-	29	29	-	58
Cash flows payable	-	(29)	(29)	-	(58)

(Thousand euro)	2011				
	3 months or less	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
Cash flows receivable	-	33	65	-	98
Cash flows payable	-	(33)	(65)	-	(98)

12. Non-current assets for sale

This item in the balance sheets lists foreclosed assets and debt payment in kind for loans which are not included in property, plant and equipment for own use, investment property or inventory. It also includes the value of the offices of Unnim Banc S.A.U. that have been closed and those assets classified as "Investment properties", that are no longer leased and which have been classified to "Non-current assets available-for-sale".

At 31 December 2012 and 2011 the balances under this heading in the balance sheet and movements during the year are as follows:

(Thousand euro)	Foreclosed	Assets recovered from finance leases	Total
Cost			
Balances at 1 January 2011	**452,493**	**24,507**	**477,000**
Additions (Purchases)	241,069	9,927	250,996
Disposals (Sales)	(35,818)	-	(35,818)
Transfers	(43,345)	(3,825)	(47,170)
Other movements	(24,963)	(886)	(25,849)
Balances at 31 December 2011	**589,437**	**29,724**	**619,160**
Impairment			
Balances at 1 January 2011	**(64,284)**	-	**(64,284)**
Additions (Purchases)	(44,825)	-	(44,825)
Disposals (Sales)	8,907	-	8,907
Transfers	275	-	275
Other movements	25,849	-	25,849
Balances at 31 December 2011	**(74,078)**	-	**(74,078)**
Equity			
Balances at 31 December 2011	**515,359**	**29,724**	**545,082**
Cost			
Balances at 1 January 2012	**589,437**	**29,724**	**619,160**
Additions (Purchases)	154,086	-	154,086
Disposals (Sales)	(457,949)	(27,871)	(485,820)
Transfers	26,321	588	26,909
Other movements	164,656	-	164,656
Balances at 31 December 2012	**476,551**	**2,440**	**478,992**
Impairment			
Balances at 1 January 2012	**(74,078)**	-	**(74,078)**
Additions (Purchases)	(167,109)	-	(167,109)
Disposals (Sales)	159,631	-	159,631
Transfers	(58,370)	-	(58,370)
Other movements	-	-	0
Balances at 31 December 2012	**(139,925)**	-	**(139,925)**
Equity			
Balances at 31 December 2012	**336,626**	**2,440**	**339,067**

In 2012, the item "Disposals (Sales)" includes the transfer of non-current assets available-for-sale totalling €297,676,000 to the new company Unnim SGAI on 28 December 2012 (see Note 13).

In 2012 the heading "Transfers" relates to assets lo longer leased that have been reclassified to "Investment properties" as well as the transfer of the UNNIM offices that have closed during the year.

Finally, in 2012 the heading "Other movements" relates to the reclassification of those assets that have ceased to be leased, and for which the relevant accumulated depreciation has been recognized as a reduction of the gross cost.

In 2011 the transfers from this heading basically relate to leased properties that are transferred to the heading "Investment properties" (Note 14.1).

In addition, in 2011 the item "Other movements" related to the reclassification as a cost reduction of an initial 10% of the impairment of old foreclosed assets that were recognised as impairment funds.

Movements in the impairment fund for foreclosed assets in 2012 and 2011 were as follows:

(Thousand euro)	Impairment losses	Fair value adjustment	Total
Balance at 1 January 2011	64,284	35,483	99,767
Charge for the Year	1,364	-	1,364
Recoveries	(6,436)	-	(6,436)
Other movements	14,866	(35,483)	(20,617)
Balance at 31 December 2011	**74,078**	**-**	**74,078**
Balance at 1 January 2012	**74,078**	**-**	**74,078**
Allocations (Note 46)	139,477	-	139,477
Recoveries (Note 46)	(53,040)	-	(53,040)
Other movements	(20,590)	-	(20,590)
Balance at 31 December 2012	**139,925**	**-**	**139,925**

(*) In 2011 this relates to the remainder of the fair value estimate of foreclosed assets at 1 July 2010 (date of the merger of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa).

In 2012 the heading "Other movements" mainly relate to the losses assumed by the DGF deriving from the appropriations made during the year that are included in the Asset Protection Plan (see notes 1.2 and 1.10). The heading "Recoveries" records the transfer of property to SGAI on 28 December 2012 (see Note 13).

In 2011, the item "Other movements" in impairment losses included, the assignment of the fair value hedge in this heading totalling €35,483,000, the assignment of the fair value hedge transferred from the heading loans in the amount of €5,507,000, the reclassification as a cost reduction of the initial impairment of old foreclosed assets explained above totalling € -25,849,000.

Details of the foreclosed assets at 31 December 2012 and 2011 are as follows, classified by age:

(Thousand euro)	2012		2011	
	Net carrying value	% of total	Net carrying value	% of total
Less than 1 year	66,815	19.7%	219,163	40.21%
Between 1 and 2 years	103,571	30.5%	36,875	6.77%
Between 2 and 3 years	59,141	17.4%	150,880	27.68%
More than 3 years	109,540	32.3%	138,164	25.35%
Total Foreclosed + Recovered Assets	**339,067**	**100.0%**	**545,082**	**100.0%**

The comparison of the net carrying amount and fair value at 31 December 2012 and 2011 is as follows, by foreclosed asset sector:

(Thousand euro)	2012		2011	
	Carrying amount (net)	Fair value	Carrying amount (net)	Fair value
Residential	314,168	448,258	347,729	473,809
Tertiary	24,899	30,733	197,353	282,266
Total	**339,067**	478,991	**545,082**	**756,075**

In 2012 the carrying value of the non-current available-for-sale assets for "Residential" use refers to homes, garages, storage areas and urban land. The term "Tertiary" basically relates to offices, premises and rural land for other uses (hotels, etc.).

The fair value of non-current assets held for sale has been determined using the criteria set out in note 23.2.

Details of the assets foreclosed by the Bank at 31 December 2012 and 2011, based on their nature (a), as required by the Bank of Spain in Circular 5/2011 (30 November) are as follows (Note 1.3):

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(Thousand euro)	2012	
	Carrying amount (d)	Of which: Measurement adjustments for asset impairment
Real estate assets from financing provided to construction and real estate development companies	**40,984**	**(13,335)**
Finished buildings	34,223	(9,581)
Housing	*608*	*(206)*
Other	*33,615*	*(9,375)*
Buildings under construction	2,077	(482)
Housing	*2,077*	*(482)*
Other	-	-
Land	4,684	(3,272)
Developed land	*4,585*	*(3,256)*
Other land	*99*	*(16)*
Real estate assets from mortgage financing to acquire homes	**243,663**	**(66,493)**
Other real estate assets received as payment of debts (b)	**6**	**(3)**
Capital instruments, shareholdings and financing for the companies that hold those assets (c)	**-**	**-**
Total	**284,653**	**(79,831)**

(Thousand euro)	2011	
	Carrying amount (d)	Of which: Measurement adjustments for asset impairment
Real estate assets from financing provided to construction and real estate development companies	**523,647**	**(127,301)**
Finished buildings	189,687	(41,802)
Housing	*126,865*	*(33,275)*
Other	*62,822*	*(8,527)*
Buildings under construction	21,515	(3,086)
Housing	*21,515*	*(3,086)*
Other	-	-
Land	312,444	(82,413)
Developed land	*277,827*	*(81,240)*
Other land	*34,617*	*(1,173)*
Real estate assets from mortgage financing to acquire homes	**254,474**	**(28,837)**
Other real estate assets received as payment of debts (b)	**67,852**	**(8,317)**
Capital instruments, shareholdings and financing for the companies that hold those assets (c)	**-**	**-**
Total	**845,972**	**(164,455)**

(a) This includes assets that were foreclosed, acquired or exchanged for debt payments deriving from financing granted by the Bank for its businesses in Spain, as well as shareholdings and financing of the companies holding those assets.
(b) This includes the real estate assets that do not originate from the financing of construction and real estate developments, regardless of the financial sector to which the company or business pertains, or household mortgage financing to acquire homes.
(c) All assets of this nature are recorded, including equity instruments, shares and the financing of entities holding the real estate assets mentioned above, as well as the equity instruments and shares in construction or real estate companies received as payment of debt.
(d) Amount for which the assets are recognised in the balance sheet after deducting any amounts recorded as a hedge.

13. Shareholdings

13.1. Shareholdings - Group companies

The breakdown of the shareholdings held by the Bank in Group companies at 31 December 2012 and 2011 is set out below:

(Thousand euro)	2012	2011
Unnim Gesfons, SGIIC, SA	7,642	7,642
Caixa Terrassa RF Mixta SICAV	-	235,852
Caixa Terrassa Vida 1, SICAV	-	77,090
Arrels ct Finsol, SA	-	216,766
Arrels ct Patrimoni i Projectes, SA	-	109,000
Catalònia Promodis 4, SA	-	21,769
Arrels ct Promou, S.A	-	82,000
Unim Serveis de dependència, S.A	600	600
Caixa Terrassa Societat de Participacions Preferents, SAU	1,261	1,261
Caixa Terrassa Borsa SICAV	-	87,487
Caixa Terrassa Renda Fixa, SICAV	-	154,644
Arrels ct lloguer, S.A	-	12,000
Inverpro desenvolupament, S.L	-	33,029
Itinerari 2002, S.L	128	128
Caixa de Manlleu Preferents, S.A	61	61
CaixaSabadell Tinelia, S.L.	42,192	42,192
Promotora del Valles, S.L.	-	105,459
CaixaSabadell Preferents S.A.	419	419
Arrahona Ambit S.L	-	53,779
Arrahona Nexus, S.L.	-	158,751
Arrahona Immo, S.L.	-	245,003
Arrahona Rent, S.L.	-	15,000
Servicios y soluciones de gestión para corporaciones, empresas y particulares, S.L	153	153
Unnim Protecció, SA de Seguros y Reaseguros	10,085	-
UnnimCaixa Operador de Banca d'Assegurances Vinculat, S.L	70	70
Unnim Sociedad de Gestión Activos Inmobiliarios	141,754	-
Total shareholdings in group companies	**204,365**	**1,660,155**
Impairment losses	(103,401)	(911,068)
Total	**100,964**	**749,087**

The gross changes in 2012 and 2010 in this heading in the accompanying balance sheets were as follows:

(Thousand euro)	2012	2011
Beginning balance	1,660,155	1,045,159
Share capital increases and purchases	141,754	624,018
Transfers	10,085	-
Sales and merger transactions	(1,607,629)	(9,022)
Exchange differences and other	-	-
Ending balance	**204,365**	**1,660,155**

The main changes that took place in 2012 with respect to shareholdings in Group companies were as follows:

- On 30 November 2012, the shareholdings in the four equity investment companies were sold (Caixa Terrassa RF Mixta, SICAV, Caixa Terrassa Vida I, SICAV, Caixa Terrassa Borsa, SICAV and Caixa Terrassa Renda Fixa, SICAV).

- On 21 December 2012, in compliance with the provisions of Circular 6/2012, the company Unnim Sociedad de Gestión de Activos Inmobiliarios was created (see Note 12).

- On 28 December 2012 all of the shares indicated below held by Unnim Banc were transferred to the new company Unnim Sociedad Gestión de Activos Inmobiliarios (hereinafter SGAI): Arrels CT Finsol SA, Arrels ct Patrimoni i Projectes SA, Catalònia Promodis 4 SA, Arrels ct Promou SA, Arrels ct Lloguer SA, Inverpro Desenvolupament SL, Promotora del Vallés SL, Arrahona Ambit SL, Arrahona Nexus SL, Arrahona Immo SL and Arrahona Rent SL)

- On 28 December 2012, Unnim Banc S.A.U. transferred real estate assets to the new company Unnim SGAI with a total value of €459,439,000.

- On 29 November 2012 a share purchase agreement was concluded with Reale Seguros Generales, S.A. covering 50% of the share capital in Unnim Protecció, S.A. de Seguros y Reaseguros, for a price of €67,887,240. This acquisition is subject to the condition that it is not opposed by the Director General for Insurance and Pension Funds. Once this condition has been met, Unnim Banc, S.A.U. will acquire the aforementioned shareholding, and thereby wholly own the share capital of Unnim Protecció, S.A. de Seguros y Reaseguros. In addition, there have been changes in the Company's Board of Directors and at 31 December 2012 the Bank took over control and, therefore, is considered to be a Subsidiary instead of an Associate.

Appendix I to these Notes contains significant information on these companies.

13.2. Shareholdings - Jointly controlled companies

The breakdown of the shareholdings held by the Bank in jointly-controlled companies at 31 December 2012 and 2011 is set out below:

(Thousand euro)	2012	2011
Unnim Vida, SAU de Seguros y Reaseguros	142,203	80,127

CaixaSabadell Vida, Societat Anónima d'Assegurances i Reassegurances	-	62,076
Activa ct badebaño, SL	1,300	1,300
Asociación Técnica de Cajas de Ahorro, A.I.E.	2,146	2,146
Total shareholdings in jointly-controlled companies	**145,649**	**145,649**
Impairment losses	(57,466)	(820)
Total	**88,183**	**144,829**

The gross changes in 2012 and 2010 in this heading in the accompanying balance sheets were as follows:

(Thousand euro)	2012	2011
Beginning balance	145,649	91,500
Acquisitions	-	-
Transfers	-	62,076
Sales and merger transactions	-	(7,927)
Exchange differences and other	-	-
Ending balance	**145,649**	**145,649**

The main changes that took place in 2012 with respect to shareholdings in jointly-controlled companies were as follows:

On 20 September 2012 the public document was executed formalizing the merger of CaixaSabadell Vida, S.A. Companyia d'Assegurances i Reassegurances, as the target company, and Unnim Vida, S.A. de Seguros y Reaseguros ("Unnim Vida"), as the acquiring company, and filed with the Barcelona Mercantile Registry on 1 October 2012. This extinguished the legal existence of CaixaSabadell Vida, and its assets and liabilities were transferred to Unnim Vida, which required, by universal succession, all of its rights and obligations.

Appendix II to these Notes contains significant information on these companies.

13.3. Shareholdings - Associates

The breakdown of the shareholdings held by the Bank in associates at 31 December 2012 and 2011 is set out below:

(Thousand euro)	2012	2011
ACA, S.A	8,236	8,236
Unnim Protecció, SA de Seguros y Reaseguros	-	10,085
Redsys Servicios de Procesamiento, S.L.	3,172	-
Servired Sociedad Española de Medios de Pago, S.A.	2,410	-
Selectiva Capital, SICAV, S.A.	-	3,069
Total shareholdings in associates	**13,818**	**21,390**
Impairment losses	(4,831)	(3,307)
Total	**8,987**	**18,083**

The gross changes in 2012 and 2010 in this heading in the accompanying balance sheets were as follows:

(Thousand euro)	2012	2011
Beginning balance	**21,390**	**83,466**
Acquisitions and capital increases	-	-
Sales and share capital reductions	(3,069)	-
Transfers	(10,085)	(62,076)
Exchange differences and other	5,582	-
Ending balance	**13,818**	**21,390**

The main changes that took place in 2012 with respect to shareholdings in associates were as follows:

- On 15 October 2012 the Company Selectiva Capital SICAV, S.A. was converted into an investment fund. On the same date, AC Inversión Selectiva, F.I. as the acquiring fund, merged with Selectiva Capital, F.I., the target funds.

- On 29 October 2012 the following became associated companies, the shares that were already in the possession of Banco de Redsys Servicios de Procesamiento, S.L. and Servired Sociedad Española de Medios de Pago, S.A.

Appendix III to these notes contains significant disclosures about associates.

13.4. Impairment losses

Below is a summary of the changes that have affected impairment losses of these items during 2012 and 2011:

(Thousand euro)	Group companies	Jointly-controlled companies	Associated companies	Fair value adjustment (*)
Balance at 1 January 2011	459,971	1,977	1,327	42,545
Charge for the Year	313,588	201	2,359	-
Recoveries	(15,123)	(1,358)	(379)	-
Use	(45,980)			
Other movements	198,612	-	-	(42,545)
Balance at the end of the year	**911,068**	**820**	**3,307**	**-**
Balance at 1 January 2012	**911,068**	**820**	**3,307**	**-**
Charge for the Year	(227,159)	56,646	4,831	-
Recoveries	(13,958)	-	(72)	-
Use	(1,176,474)	-	(1,542)	-
Other movements	609,925	-	(1,693)	-
Balance at the end of the year	**103,401**	**57,466**	**4,831**	**-**

(*) This relates to the remainder of the fair value estimate of the Group subsidiaries' foreclosed assets at 1 July 2010 (date of the merger of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa).

The impairment of the Group companies includes an impairment totalling €563,082,000 at 31 December 2011, relating to the allocations that are necessary in accordance with Bank of Spain Circular 3/2010 on foreclosed assets or property received as payment by Unnim Group's subsidiaries.

In 2012, the item "Other movements" mainly relates to the losses assumed by the DGF deriving from the allocations made during the year to the Asset protection System (see Notes 1.2 and 1.10); a negative balance of €193,827,000 that relates to a reclassification of an overprovision to the heading Customer loans and, finally, a negative balance totalling €59,834,000 that relates to another reclassification to the heading provisions under liabilities to regularise the provision for the sale of the insurance business.

In 2011, the balance "Other movements" in Group companies related to the assignment of fair value hedges totalling €42,545,000, the transfer of the fair value hedge from the heading "Loans" totalling €118,545,000 and the transfer of hedges for properties foreclosed by Group companies totalling €37,522,000 from the heading "Other provisions" to the heading "Group shareholdings"
The balance under "Write-offs" related to the definitive impairment of part of the value of Group real estate companies totalling €45,980,000 and it has been eliminated from the balance sheet.

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14. Property, plant and equipment

Movements in this heading of the balance sheet in 2012 and 2011 were as follows:

(Thousand euro)	For own use				Other property, plant and equipment		
	Land and buildings	Construction in progress	Furniture, fittings and vehicles	Total assets for own use	Investment properties	Assigned under operating lease	Total
Cost							
Balances at 1 January 2011	**545,272**	**585**	**273,669**	**819,525**	**385,403**	**-**	**1,204,928**
Additions (Purchases)	240	-	4,517	4,756	5,333	-	10,085
Disposals (Sales)	(1,767)	-	(7,120)	(8,887)	(37,517)	-	(46,404)
Transfers	(57,857)	-	(9,527)	(67,384)	135,462	-	68,079
Other	-	-	-	-	(27,229)	-	(27,229)
Balances at 31 December 2011	**485,889**	**585**	**261,536**	**748,010**	**461,452**	**-**	**1,209,462**
Accumulated depreciation							
Balances at 1 January 2011	**(34,519)**	**-**	**(202,076)**	**(236,594)**	**(11,821)**	**-**	**(248,415)**
Additions	(4,637)	-	(17,312)	(21,947)	(3,963)	-	(25,910)
Disposals (Sales)	94	-	5,689	5,780	3,270	-	9,050
Transfers	4,197	-	6,999	11,196	(11,196)	-	-
Other	-	-	-	-	-	-	-
Balances at 31 December 2011	**(34,864)**	**-**	**(206,700)**	**(241,565)**	**(23,710)**	**-**	**(265,275)**
Impairment							
Balances at 1 January 2011	**(4,306)**	**-**	**-**	**(4,306)**	**(47,502)**	**-**	**(51,808)**
Additions	(8,977)	-	-	(8,977)	(113,489)	-	(122,466)
Disposals (Sales)	10	-	-	10	13,562	-	13,571
Transfers	-	-	-	-	(422)	-	(422)
Other	-	-	-	-	27,650	-	27,650
Balances at 31 December 2011	**(13,274)**	**-**	**-**	**(13,274)**	**(120,201)**	**-**	**(133,475)**
Property, plant and equipment net							
Balances at 1 January 2011	**506,447**	**585**	**71,593**	**578,625**	**311,075**	**-**	**889,700**
Balances at 31 December 2011	**437,750**	**585**	**54,836**	**493,171**	**317,540**	**-**	**810,712**
Cost							
Balances at 1 January 2012	**485,889**	**585**	**261,536**	**748,010**	**461,452**	**-**	**1,209,462**
Additions (Purchases)	(8)	-	1,159	1,151	2,258	-	3,407
Disposals (Sales)	(1,901)	(9)	(27,321)	(29,230)	(243,245)	-	(272,475)
Transfers	(68,837)	(576)	(4,529)	(73,942)	48,272	-	(25,670)
Other	(1,767)	-	-	(1,767)	(185,127)	-	(186,894)
Balances at 31 December 2012	**413,376**	**-**	**230,845**	**644,221**	**83,609**	**-**	**727,832**
Accumulated Depreciation							
Balances at 1 January 2012	**(34,864)**	**-**	**(206,700)**	**(241,564)**	**(23,711)**	**-**	**(265,275)**
Additions	(4,405)	-	(13,745)	(18,149)	(3,503)	-	(21,652)
Disposals (Sales)	112	-	27,052	27,163	3,242	-	30,405
Transfers	(708)	-	3,548	2,839	(2,839)	-	-
Other	3,095	-	-	3,095	19,144	-	22,238
Balances at 31 December 2012	**(36,771)**	**-**	**(189,845)**	**(226,617)**	**(7,667)**	**-**	**(234,284)**
Impairment							
Balances at 1 January 2012	**(13,274)**	**-**	**-**	**(13,274)**	**(120,201)**	**-**	**(133,475)**
Additions	(227)	-	-	(227)	(63,622)	-	(63,849)
Disposals (Sales)	277	-	-	277	110,041	-	110,318
Transfers	8,574	-	-	8,574	49,491	-	58,065
Other	-	-	-	-	-	-	-
Balances at 31 December 2012	(4,649)	**-**	**-**	**(4,649)**	(24,291)	**-**	**(28,940)**
Property, plant and							

(Thousand euro)	For own use				Other property, plant and equipment		
equipment net							
Balances at 1 January 2012	437,750	585	54,836	493,171	317,540	-	810,711
Balances at 31 December 2012	371,956	-	41,000	412,956	51,651	-	464,607

In 2012, the item "Disposals (Sales)" includes the transfer of investment properties totalling €121,670,000 to the new company Unnim SGAI on 28 December 2012 (see Note 13).

In 2012 the heading "Transfers" relates to rented assets that have been reclassified to "Investment properties" as well as the transfer of the UNNIM offices that have closed during the year.

Finally, in 2012 the heading "Other movements" relates to the reclassification of those assets that have ceased to be rented, but which reflects accumulated depreciation, which has been recognized as a reduction of the gross cost.

In 2011 the item "Other movements" related to the reclassification as a cost reduction of an initial 10% of the impairment of old foreclosed assets that were recognised as impairment funds.

The heading "Transfers" related to transfers to the heading "Investment properties" and basically consisted of the offices that the Bank closed in 2011. Furthermore, the rest of the transfers of investment properties relate to the transfer of assets being rented from the heading "Non-current assets available-for-sale" and "Inventories".

Fully depreciated property, plant and equipment at 31 December 2012 and 2011 are as follows:

(Thousand euro)	2012		2011	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Fully depreciated property, plant and equipment	110,447	110,447	124,467	124,467
Of which:				
In use	110,447	110,447	124,467	124,467

14.1. Property, plant and equipment for own use

The breakdown by type of the property, plant and equipment for own use in this item in the balance sheet at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012			
	Cost	Accumulated depreciation	Impairment losses	Total
Computer equipment and installations	53,030	(48,430)	-	4,600
Furniture, vehicles and other installations	177,815	(141,415)	-	36,400
Buildings	413,376	(36,771)	(4,649)	371,956
Balance at the end of the year	**644,221**	**(226,617)**	**(4,649)**	**412,956**

As part of the net balance on 31 December 2010 shown in the above table, €4,700,000 are property, plant and equipment held by the Bank under finance leases.

(Thousand euro)	2011			
	Cost	Accumulated depreciation	Impairment losses	Total
Computer equipment and installations	74,870	(67,134)	-	7,736
Furniture, vehicles and other installations	186,666	(139,566)	-	47,100
Buildings	485,889	(34,864)	(13,274)	437,750
Construction in progress	585	-	-	585
Balance at the end of the year	**748,010**	**(241,565)**	**(13,274)**	**493,171**

As part of the net balance on 31 December 2011 shown in the above table, €36,134,000 are property, plant and equipment held by the Bank under finance leases.

The fair value of the property, plant and equipment for own use has been calculated in accordance with the criteria set out in Note 23.2.

14.2. Investment properties

In 2012, the revenues deriving from investment properties owned by the Bank totalled €2,740,000 (€2,248,000 at 31 December 2011) (Note 37), respectively and the operating expenses for all of the items relating to these investments totalled €0 (€139,000 at 31 December 2011) (Note 38).

The additions during 2012 and 2011 mainly relate to housing and parking space foreclosures that the Bank has rented.

The fair value of the investment properties has been calculated in accordance with the criteria set out in Note 23.2.

14.3. Impairment losses

Below is a summary of the changes that have affected impairment losses of these items during 2012 and 2011:

(Thousand euro)	For own use	Investment properties	Fair value adjustmen ts (*)	Total
Balance at 1 January 2011	4,306	47,502	15,005	66,813
Charge for the Year	8,977	35,407	-	44,384
Recoveries	(9)	(13,561)	-	(13,570)
Other movements	-	50,853	(15,005)	35,848
Balance at year-end	**13,274**	**120,201**	**-**	**133,475**
Balance at 1 January 2012	**13,274**	**120,201**	**-**	**133,475**
Charge for the Year	227	63,622	-	63,849
Recoveries	(277)	(110,041)	-	(110,318)
Other movements	(8,575)	(49,491)	-	(58,066)
Balance at the end of the year	**4,649**	**24,291**		**28,940**

(*) In 2011 this relates to the remainder of the fair value estimate of the foreclosed asset portfolio classified as investment properties at 1 July 2010 (date of the merger of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa).

In 2012 the heading "Other movements" mainly relate to the losses assumed by the DGF deriving from the appropriations made during the year that are included in the Asset Protection Plan (see notes 1.2 and 1.10).

In 2012 the heading "Recoveries" relates to the closing of offices by Unnim Banc, S.A.U, which were transferred to "Available-for-sale non-current assets" and the sale of land to the new company Unnim SGAI on 28 December.

The heading "Other movements" in 2012 basically relates to the transfer of assets to "Available-for-sale non-current assets" (closing of offices and termination of lease agreements).

In 2011, the balance "Other movements" in investment properties includes the assignment of fair value hedges totalling €15,005,000, the transfer of the fair value hedge from the heading "Loans" totalling €16,637,000 and the transfer of fair value hedges from the heading "Inventories in the amount of €46,440,000. The rest of the item "Other movements" related to the reclassification as a cost reduction of an initial 10% of the impairment of old foreclosed assets that were recognised as impairment funds.

15. Intangible assets

The breakdown of this heading of the balance sheet at 31 December 2012 and 2011 was as follows:

(Thousand euro)	2012	2011
Internally developed	-	6,860
Other	-	121
Gross total	-	6,981
Accumulated amortisation	-	(121)
Net total	**-**	**6,860**

The changes (gross) in this heading in the balance sheet in 2012 and 2011 were as follows:

(Thousand euro)	2012	2011
Balances at the beginning of the year	6,981	47,021
Additions	1,192	4,069
Derecognition due to sales or other means	(8,173)	(44,109)
Gross total	**-**	**6,981**

In 2012 all computer programs were written off.

In 2011 all of the computer programs for the external platforms were that were fully amortized were derecognised, in the amount of €43,645,000.

At 31 December 2011 fully amortised intangible assets totalled €121,000.

During 2011 €1,096,000 in intangible asset amortisation has been recognized.

16. Other assets

An analysis of the balance of this caption in the balance sheet at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Prepayments and accrued income	**9,870**	**7,331**
Deferred interest expense and interest on debt securities issued	(6)	154
Unaccrued expenses paid	3,635	1,088
Accrued interest not yet due	6,241	6,089
Transactions in progress (*)	**731,332**	**161,018**
Inventories	**1,190**	**74,548**
Amortized cost	3,866	89,885
Impairment losses	(2,676)	(15,337)
Total	**742,392**	**242,897**

(*) Basically items in transit yet to be offset.

The balance under inventories relates to two residential plots of land under development that the Bank received as payment of loan debt, a plot of land that was acquired and the purchase of the Fupar Fira land located in Terrassa.

The fair value of inventory has been calculated using the criteria set out in note 23.2.

At 31 December 2012 and 2011 the balances under inventories and movements during the year are as follows:

(Thousand euro)	2012	2011
Cost		
Balance at 1 January	89,885	122,287
Additions	522	2,396
Disposals	(85,302)	(5,905)
Transfers	(1,239)	(20,908)
Other movements	-	(7,985)
Balance at the end of the year	**3,866**	**89,885**
Impairment funds	**(2,676)**	**(15,337)**
Net balance at year end	**1,190**	**74,548**

In 2012, the item "Disposals (Sales)" includes the transfer of investment properties totalling €40,093,000 to the new company Unnim SGAI on 28 December 2012 (see Note 13).

In 2012 the item "Transfers" relates basically to the transfers to the heading "Investment properties (lease of land) and to the reclassification to "Non-current assets" and Investment properties".

In 2011 the item "Other movements" related to the reclassification as a cost reduction of an initial 10% of the impairment of old foreclosed assets that were recognised as impairment funds.

In 2011 the item "Transfers" relates basically to the transfers to the heading "Investment properties".

Movements that have affected impairment losses on inventories in 2012 and 2011 are as follows

(Thousand euro)	Impairment losses	Fair value adjustment (*)	Total
Balance at 1 January 2011	26,240	53,133	79,373
Charge for the Year	7,130	-	7,130
Recoveries	(16,593)	-	(16,593)
Other movements	(1,440)	(53,133)	(54,573)
	-	-	-
Balance at 31 December 2011	**15,337**	**-**	**15,337**
Balance at 1 January 2012	15,337	-	15,337
Charge for the Year	42,271	-	42,271
Recoveries	-	-	-
Other movements	(54,932)	-	(54,932)
Balance at 31 December 2012	**2,676**	**-**	**2,676**

(*) In 2011 this relates to the remainder of the fair value estimate of the foreclosed asset portfolio classified as inventories at 1 July 2010 (date of the merger of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa).

In 2012 the heading "Other movements" mainly relate to the losses assumed by the DGF deriving from the appropriations made during the year that are included in the Asset Protection Plan (see notes 1.2 and 1.10).

n 2011 the heading "Other movements" in Inventories included, among other things, the assignment of the fair value hedge totalling €6,693,000 and the reclassification of the initial 10% of the impairment of old foreclosed assets as a reduction in cost, which had been recorded as impairment funds totalling € -7,985,000. The balance under "Other movements" in fair value adjustments relates to the aforementioned assignment of €46,440,000 to the heading "Property, plant and equipment - Investment properties".

17. Financial liabilities at amortized cost

An analysis of the balances of this caption in the balance sheet, based on the nature of the financial instrument, is as follows:

(Thousand euro)	2012	2011
By class of instrument		
Central bank deposits	5,490,000	1,990,000
Bank deposits	1,446,453	1,072,344
Customer deposits:	17,736,392	21,296,552
Marketable debt securities	878,763	1,644,480
Subordinated liabilities	551,115	1,000,135
Other financial liabilities	326,758	227,077
Measurement adjustments	*702,628*	*570,557*
Total	**27,132,109**	**27,801,145**

17.1. Central bank deposits

An analysis of the balance of this caption in the balance sheet at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Balances with the Bank of Spain (*)	5,490,000	1,990,000
Measurement adjustments	*43,302*	*1,113*
Total	**5,533,302**	**1,991,113**

(*) Balances due in more than one year, although they may be paid early.

The amount in this item corresponds to deposits from the Bank of Spain secured by pledging of financial instruments.

The average effective interest rate for financial instruments classified under this heading in 2012 is approximately 0.84% (1.19% in 2011).

17.2. Bank deposits

The breakdown by type of transaction of this item in the balance sheet is as follows:

(Thousand euro)	2012	2011
Current accounts	614	-
On demand		
Other accounts	432,795	111,006
Term deposits subject to prior notice		
Term deposits	1,013,044	827,958
Temporary assignment of assets	-	133,380
Measurement adjustments	*1,076*	*1,914*
Total	**1,447,529**	**1,074,258**

The average effective interest rate for financial instruments classified under this heading in 2012 is approximately 1.09% (1.51% in 2011).

17.3. Customer deposits

The breakdown by type of financial liability and transaction counterparties of this item in the balance sheets at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
By nature		
Current accounts	1,294,904	1,495,127
Savings deposits	1,752,722	1,657,745
Fixed- term deposits	14,498,068	15,704,817
Temporary assignment of assets	171,375	2,424,789
Other	19,323	14,074
Total	**17,736,392**	**21,296,552**
Measurement adjustments	779,739	655,914
Total customer deposits	**18,516,131**	**21,952,466**
By counterparty		
Resident Public Administrations	115,772	204,936
Other resident sectors	17,562,783	21,025,188
Other non-resident sectors	57,837	66,428
Total	**17,736,392**	**21,296,552**
Measurement adjustments	779,739	655,914
Total customer deposits	**18,516,131**	**21,952,466**

There is no breakdown by geographical area as virtually all the balances are in the geographical area of Spain and it would not provide meaningful information for the understanding of these financial statements.

The valuation adjustments basically include unmatured accrued interest and fair value corrections for micro-hedging transactions.

The average effective interest rate for financial instruments classified under this heading in 2012 is approximately 2.79% (2.72% in 2011).

On 31 December 2012, "Customer deposits – Term deposits" included €631,421,000 (€776,286,000 in 2011) that is basically the balancing entry for the securitizations subsequent to 1 January 2004 which have not been derecognized in the balance sheet as the risk has not been substantially transferred. It includes €1,163,781,000 in securitisation bonds (€2,000,347,470 in 2011) which the Institution has in the portfolio for these issues and which are recognized as a reduction in "Customer deposits – Term deposits".

This item includes issues of mortgage backed bonds and treasury bonds which had the following characteristics at 31 December 2012 and 2011:

(Thousand euro)	2012				
	Issue year	Amount	Maturity date	Term	Exchange interest
AyT 10 Financiación Inversiones, F.T.A.	2002	10,000	9/9/2014	12 years	Eur 12m+0,12%
AyT Cédulas Cajas IV	2003	90,000	11/03/2013	10 years	4.01%
Cédulas Cajas TDA2	2003	230,000	22/11/2013	10 years	4.51%
Cédulas Cajas V Tramo A	2003	72,581	02/12/2013	10 years	4.51%
Cédulas Cajas V Tramo B	2003	152,419	02/12/2018	15 years	4.76%
AyT Cèdul·les Caixes IV, F.T.A.	2003	125,000	11/03/2013	10 years	4.01%
AyT Cèdul·les Caixes V, F.T.A. Tranche A	2003	48,390	04/12/2013	10 years	4.51%
AyT Cèdul·les Caixes V, F.T.A. (tranche B)	2003	101,610	01/12/2018	15 years	4.76%
AYT CEDULAS CAJAS IV	2003	50,000	11/03/2013	10 years	4.01%
Cédulas Cajas TDA3	2004	125,000	01/03/2016	12 years	4.39%
AyT Cèdul·les Caixes VI, F.T.A.	2004	150,000	05/04/2014	10 years	4.01%
AyT Cèdul·les Caixes VIII, F.T.A. Tranche A	2004	73,170	16/11/2014	10 years	4.01%
AyT Cèdul·les Caixes VIII, F.T.A. (tranche B)	2004	26,829	16/11/2019	15 years	4.26%
AYT CEDULAS CAJAS VI	2004	60,000	05/04/2014	10 years	4.01%
AYT CEDULAS CAJAS VIII TRAM A	2004	36,585	18/11/2014	10 years	4.01%
AYT CEDULAS CAJAS VIII TRAM B	2004	13,415	18/11/2019	15 years	4.26%
Cédulas IM Caixa Terrassa 4	2005	150,000	09/03/2015	10 years	3.76%
AyT Cédulas Cajas IX Tramo A	2005	106,250	31/03/2015	10 years	Eur 3m+0,07902 %
AyT Cédulas Cajas IX Tramo B	2005	43,750	31/03/2020	15 years	4.00%
Cédulas Cajas TDA6	2005	200,000	21/05/2025	20 years	3.88%
Cédulas IM Caixa Terrassa 5	2005	100,000	13/06/2020	15 years	3.51%
Cédulas Cajas TDA7	2005	100,000	16/06/2017	12 years	3.50%
AyT Cédulas Cajas X Tramo A	2005	48,718	28/06/2015	10 years	0.79%
AyT Cédulas Cajas X Tramo B	2005	51,282	28/06/2025	20 years	3.75%
AyT Cèdul·les Caixes IX, F.T.A. Tranche A	2005	177,080	29/03/2015	10 years	3.75%
AyT Cèdul·les Caixes IX, F.T.A. (tranche B)	2005	72,920	29/03/2020	15 years	4.00%
AyT Cèdul·les Caixes XI, F.T.A. Series II	2005	66,667	12/03/2016	11 years	3.50%
AyT Cèdul·les Caixes XI, F.T.A. Series III	2005	46,667	12/12/2022	17 years	3.75%
AYT CEDULAS CAJAS IX TRAM A	2005	70,833	31/03/2015	10 years	3.75%
AYT CEDULAS CAJAS IX TRAM B	2005	29,167	31/03/2020	15 years	4.00%
AYT CEDULAS CAJAS GLOBAL SERIE IX.SERIE 2	2005	37,037	12/03/2016	10 years	3.50%
AYT CEDULAS CAJAS GLOBAL SERIE IX.SERIE 3	2005	25,926	12/12/2022	17 years	3.75%
Cédulas IM Caixa Terrassa 7	2006	100,000	29/03/2021	15 years	4.01%
CDA Bond programme	2006	250,000	08/04/2031	25 years	4.25%
CDA Bond programme	2006	200,000	08/04/2021	15 years	4.13%
AyT Financiación Inversiones III , BEI	2006	20,000	20/02/2015	9 years	3.68%
AyT Cèdul·les Caixes Global Serie IV	2006	100,000	20/02/2018	12 years	Eur 3m+0,12%
AyT Cèdul·les Caixes Global FTA-ampliació serie II	2006	225,000	12/03/2016	10 years	3.50%
Cèdul·les TDA A4, F.T.A	2006	100,000	10/04/2021	15 years	4.13%
Cèdul·les TDA A1, F.T.A	2006	100,000	08/04/2016	10 years	Eur 3m+0,06%

Translation of financial statements originally issued in Spanish. This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

(Thousand euro)	2012				
	Issue year	Amount	Maturity date	Term	Exchange interest
AyT Cèdul·les Caixes Global Serie VII	2006	100,000	24/05/2017	11 years	Eur 3m+0,09%
AyT Cèdul·les Caixes Global Serie VIII	2006	125,000	14/06/2018	12 years	4.25%
Cèdul·les TDA A3, F.T.A	2006	150,000	23/10/2018	12 years	4.00%
AyT Cèdul·les Caixes Global Serie X	2006	100,000	23/10/2023	17 years	4.25%
AyT Cèdul·les Caixes Global Serie IX	2006	75,000	23/10/2013	7 years	3.75%
AYT CEDULAS CAJAS GLOBAL SERIE XI.	2006	50,000	18/12/2016	10 years	4.01%
CDA Bond programme	2007	150,000	08/04/2031	24 years	4.25%
Cèdul·les TDA A6, F.T.A	2007	100,000	10/04/2031	24 years	4.25%
AyT Cèdul·les Caixes Global Serie XIII	2007	100,000	23/05/2027	20 years	4.76%
AyT Cèdul·les Caixes Global Serie XIV	2007	100,000	22/05/2019	12 years	Eur 3m+0,09%
CEDULAS CAJAS GLOBAL SERIE 12	2007	50,000	19/03/2017	10 years	4.00%
CEDULAS TDA SERIE A1	2007	60,000	08/04/2016	9 years	Eur 3m+0,06%
AyT Cédulas Cajas XX	2008	120,000	24/11/2015	7 years	1.93%
AyT Cèdul·les Caixes Global Serie XX	2008	100,000	24/11/2015	7 years	Eur 3m+1,20%
Cédulas Cajas TDA15*	2009	40,000	01/06/2013	4 years	3.25%
AyT Cèdul·les Caixes Global Serie XXIII	2009	200,000	15/06/2016	7 years	4.76%
1ª Emissió cèdules	2011	500,000	21/07/2014	3 years	4.69%
Total mortgage bonds		**5,906,296**			

* In 2012 €160,000,000 has been amortized.

(Thousand euro)	2011				
	Issue year	Amount	Maturity date	Term	Exchange interest
AyT Cédulas Cajas III	2002	300,000	26/06/2012	10 years	5.26%
AyT Cédulas Caixes III, F.T.A.	2002	150,000	26/06/2012	10 years	5.26%
AyT 10 Financiación Inver., F.T.A.	2002	10,000	9/9/2014	12 years	Eur 12m+0,12%
AYT Cédulas Cajas III	2002	40,000	26/06/2012	10 years	5.26%
AyT Cédulas Cajas IV	2003	90,000	11/03/2013	10 years	4.01%
Cédulas Cajas TDA2	2003	230,000	22/11/2013	10 years	4.51%
Cédulas Cajas V Tramo A	2003	72,581	02/12/2013	10 years	4.51%
Cédulas Cajas V Tramo B	2003	152,419	02/12/2018	15 years	4.76%
AyT Cédulas Cajas IV, F.T.A.	2003	125,000	11/03/2013	10 years	4.01%
AyT Cédulas Cajas V, F.T.A Tramo A	2003	48,390	04/12/2013	10 years	4.51%
AyT Cédulas Cajas V, F.T.A Tramo B	2003	101,610	01/12/2018	15 years	4.76%
AyT Cédulas Cajas IV	2003	50,000	11/03/2013	10 years	4.01%
Cédulas Cajas TDA3	2004	125,000	01/03/2016	12 years	4.39%
AyT Cédulas Cajas VI, F.T.A.	2004	150,000	05/04/2014	10 years	4.01%
AyT Cédulas Cajas VIII, F.T.A Tramo A	2004	73,170	16/11/2014	10 years	4.01%
AyT Cédulas Cajas VIII, F.T.A. Tranche B	2004	26,830	16/11/2019	15 years	4.26%
AyT Cédulas Cajas VI	2004	60,000	05/04/2014	10 years	4.01%
AyT Cédulas Cajas VIII Tramo A	2004	36,585	18/11/2014	10 years	4.01%
AyT Cédulas Cajas VIII Tranche B	2004	13,415	18/11/2019	15 years	4.26%
Cédulas IM Caixa Terrassa 4	2005	150,000	09/03/2015	10 years	3.76%
AyT Cédulas Cajas IX Tramo A	2005	106,250	31/03/2015	10 years	Eur 3m+ 0.07902%
AyT Cédulas Cajas IX Tramo B	2005	43,750	31/03/2020	15 years	4.00%
Cédulas Cajas TDA6	2005	200,000	21/05/2025	20 years	3.88%
Cédulas IM Caixa Terrassa 5	2005	100,000	13/06/2020	15 years	3.51%
Cédulas Cajas TDA7	2005	100,000	16/06/2017	12 years	3.50%
AyT Cédulas Cajas X Tramo A	2005	48,718	28/06/2015	10 years	0.79%
AyT Cédulas Cajas X Tramo B	2005	51,282	28/06/2025	20 years	3.75%
AyT Cédulas Cajas IX, F.T.A Tramo A	2005	177,080	29/03/2015	10 years	3.75%
AyT Cédulas Cajas IX, F.T.A TramoB	2005	72,920	29/03/2020	15 years	4.00%
AyT Cédulas Cajas XI, F.T.A. Series I	2005	66,670	12/12/2012	7 years	Eur 3m+0,06%
AyT Cédulas Cajas XI, F.T.A. Series II	2005	66,670	12/03/2016	11 years	3.50%
AyT Cédulas Cajas XI, F.T.A. Series III	2005	46,670	12/12/2022	17 years	3.75%

(Thousand euro)	2011				
	Issue year	Amount	Maturity date	Term	Exchange interest
AyT Cédulas Cajas IX Tramo A	2005	70,833	31/03/2015	10 years	3.75%
AyT Cédulas Cajas IX Tramo B	2005	29,167	31/03/2020	15 years	4.00%
AyT Cédulas Cajas Global IX.S1	2005	37,037	12/12/2012	7 years	1.09%
AyT Cédulas Cajas Global IX.S2	2005	37,037	12/03/2016	10 years	3.50%
AyT Cédulas Cajas Global IX.S3	2005	25,926	12/12/2022	17 years	3.75%
Cédulas IM Caixa Terrassa 7	2006	100,000	29/03/2021	15 years	4.01%
CDA Bond programme	2006	250,000	08/04/2031	25 years	4.25%
CDA Bond programme	2006	200,000	08/04/2021	15 years	4.13%
AyT Financiación Inversiones III, BEI	2006	20,000	20/02/2015	9 years	3.68%
AyT Cédulas Cajas Global Serie IV	2006	100,000	20/02/2018	12 years	Eur 3m+0,12%
AyT Cédulas Cajas Global FTA-expansion of series II	2006	225,000	12/03/2016	10 years	3.50%
Cédulas TDA A4, F.T.A	2006	100,000	10/04/2021	15 years	4.13%
Cédulas TDA A1, F.T.A	2006	100,000	08/04/2016	10 years	Eur 3m+0,06%
AyT Cédulas Cajas Global Serie VII	2006	100,000	24/05/2017	11 years	Eur 3m+0,09%
AyT Cédulas Cajas Global Serie VIII	2006	125,000	14/06/2018	12 years	4.25%
AyT Cédulas Cajas Global FTA-expansion of series I	2006	125,000	12/12/2012	6 years	Eur 3m+0,06%
Cédulas TDA A3, F.T.A	2006	150,000	23/10/2018	12 years	4.00%
AyT Cédulas Cajas Global Serie X	2006	100,000	23/10/2023	17 years	4.25%
AyT Cédulas Cajas Global Serie IX	2006	75,000	23/10/2013	7 years	3.75%
AyT Cédulas Cajas Global Serie XI.	2006	50,000	18/12/2016	10 years	4.01%
CDA Bond programme	2007	150,000	08/04/2031	24 years	4.25%
Cédulas TDA A6, F.T.A	2007	100,000	10/04/2031	24 years	4.25%
AyT Cédulas Cajas Global Serie XIII	2007	100,000	23/05/2027	20 years	4.76%
AyT Cédulas Cajas Global Serie XIV	2007	100,000	22/05/2019	12 years	Eur 3m+0,09%
Cédulas Cajas Global serie 12	2007	50,000	19/03/2017	10 years	4.00%
Cédulas TDA Serie A1	2007	60,000	08/04/2016	9 years	Eur 3m+0,06%
AyT Cédulas Cajas XX	2008	120,000	24/11/2015	7 years	1.93%
AyT Cédulas Cajas Global Serie XX	2008	100,000	24/11/2015	7 years	Eur 3m+1,20%
Cédulas Cajas TDA15	2009	200,000	01/06/2013	4 years	3.25%
AyT Cédulas Cajas Global Serie XXII	2009	50,000	15/02/2012	3 years	3.50%
AyT Cédulas Cajas Global Serie XXIII	2009	200,000	15/06/2016	7 years	4.76%
1st issue of Unnim bonds	2011	500,000	21/07/2014	3 years	4.69%
Total mortgage bonds		**6,835,010**			

On 21 July 2011 mortgage certificate was issued in the amount of €500,000,000 (1st issue of Unnim Mortgage certificates) which at 31 December 2011 had been wholly acquired by Unnim.

In 2012 and 2011 the following bond certificate issues matured:

(Thousand euro)	2012		
	Issue year	Amount	Maturity date
AyT Cédulas Cajas Global Serie IX. Series 1	2005	37,037	12/12/2012
AyT Cajas Global S.XXII	2009	50,000	15/02/2012
AyT Cédulas Cajas III	2002	490,000	26/06/2012
AyT Cajas Global Ampliación S.I	2006	125,000	12/12/2012
AyT Cajas Global S.I	2006	66,670	12/12/2012
Total mortgage bonds matured		**768,707**	

(Thousand euro)	2011		
	Issue year	Amount	Maturity date
AyT Cédulas Cajas, F.T.A. (CH Única)	2001	150,230	18/04/2011
AyT Cédulas Cajas Global FTA-ampliación S.V	2006	150,000	12/03/2011
AyT Cédulas Cajas Global Serie XI.	2006	50,000	12/03/2011
AyT Cédulas Cajas Global Serie XXI	2008	220,000	29/12/2011
Total mortgage bonds matured		**570,230**	

Movements in cancellations or redemptions in 2012 and 2011 were as follows:

(Thousand euro)	2012				
	Active balance at beginning of period	Issues	Repurchases or redemptions	Adjustments for exchange rate and other	Active balance at end of period
Debt securities issued by a Member State of the European Union	**6,835,000**	**-**	**(928,707)**	**-**	**5,906,296**
With a prospectus	6,835,000	-	(928,707)	-	5,906,296
Without a prospectus	-	-	-	-	-
Other securities representing debt issued outside of the European Union	-	-	-	-	-
Total	**6,835,000**	**-**	**(928,707)**	**.**	**5,906,296**

(Thousand euro)	2011				
	Active balance at beginning of period	Issues	Repurchases or redemptions	Adjustments for exchange rate and other	Active balance at end of period
Debt securities issued by a Member State of the European Union	**6,905,240**	**500,000**	**(570,234)**	**-**	**6,835,000**
With a prospectus	6,905,240	500,000	(570,234)	-	6,835,000
Without a prospectus	-	-	-	-	-
Other securities representing debt issued outside of the European Union	-	-	-	-	-
Total	**6,905,240**	**500,000**	**(570,234)**	**-**	**6,835,000**

17.4. Marketable debt securities

The breakdown of this heading of the balance sheet at 31 December 2012 and 2011 was as follows:

(Thousand euro)	2012	
	Balance	Average weighted interest rate
3ª Emissió Bons Simples Avalats C.Terrassa	150,000	3.25%
4ª Emissió Bons Simples Avalats C.Terrassa	150,000	3.10%
Bons Simples Avalats C.Sabadell Novembre 2009	120,000	3.24%
2ª Emisió Bons Simples Avalats C.Sabadell Nov'2009	60,000	3.11%
Bons Simples Avalats Caixa Sabadell Dic'2009	125,000	3.19%
1ª emisión de bonos simples avalados Unnim Banc	180,000	4.00%
2nd issue of ordinary bonds backed by Unnim Banc	720,000	5.50%
Total backed bonds	**1,505,000**	
1ª emissió obligacions simples Caixa Terrassa	30,000	1.5% per year + coupon referenced to the CPI at maturity
2ª emissió obligacions simples Caixa Terrassa	150,000	Eur 3 m + 0.31%
BBVA Bond May 2021	100,000	Eur 3m-0.50%
Total ordinary bonds	**280,000**	
Programa de pagarés 2012 Unnim Banc, SAU	23,959	-
Total promissory notes	**23,959**	
1st issue of Unnim bonds	500,000	4.69%
1ª Emisión Cédulas Unnim Banc	400,000	Eur 3 m + 4%
2ª Emisión Cédulas Unnim Banc	300,000	Eur 12M + 4.5%
3ª Emisión Cédulas Unnim Banc	700,000	Eur 3 m + 4.5%
Total marketable certificates	**1,900,000**	
TOTAL	**3,708,959**	

On 6 July 2012 mortgage certificate was issued in the amount of €400,000,000 (1st issue of Unnim Banc Mortgage certificates) which at 31 December 2012 had been wholly acquired by Unnim Banc, S.A.U.

On 9 November 2012 a mortgage certificate was issued in the amount of €300,000,000 (2nd issue of Unnim Banc Mortgage certificates) which at 31 December 2012 had been wholly acquired by Unnim Banc, S.A.U.

On 5 December 2012 a mortgage certificate was issued in the amount of €700,000,000 (3rd issue of Unnim Banc Mortgage certificates) which at 31 December 2012 had been wholly acquired by Unnim Banc, S.A.U.

(Thousand euro)	2011	
	Balance	Average weighted interest rate
1st Issue of Ordinary Bonds Backed by C.Terrassa	150,000	1.77%
2nd Issue of Ordinary Bonds Backed by C.Terrassa	150,000	3.01%
3rd Issue of Ordinary Bonds Backed by C.Terrassa	150,000	3.25%
4th Issue of Ordinary Bonds Backed by C.Terrassa	150,000	3.10%
Ordinary Bonds Backed by C. Sabadell June 2009	100,000	3.00%
4th Issue of Ordinary Bonds Backed by Caixa Sabadell	100,000	3.13%
Ordinary Bonds Backed by C. Sabadell November 2009	120,000	3.24%
2nd Issue of Ordinary Bonds Backed by C.Sabadell Nov 2009	60,000	3.11%
Ordinary Bonds Backed by Caixa Sabadell Dec 2009	125,000	3.19%
Ordinary Bonds Backed by Caixa Sabadell July 2009	120,000	Eur 6m + 0.68%
Total backed bonds (*)	**1,225,000**	
1st Issue of Ordinary Bonds CaixaTerrassa	30,000	1.5% per year + coupon referenced to CPI to maturity
2nd Issue of Ordinary Bonds CaixaTerrassa	150,000	Eur 3 m + 0.31%
1st Issue of Ordinary Bonds CaixaTerrassa	150,000	Eur 3 m + 0.20%
BBVA Bond May 2021	100,000	Eur 3m-0.50%
Total ordinary bonds	**430,000**	
TOTAL	1,655,000	

(*) These issues were made under Royal Decree-Law 7/2008 of 13 October and are therefore backed by the Spanish government.

The average effective interest rate for these instruments during 2012 is approximately 4.12% (3.34% in 2011).

Measurement adjustments and the securities in these issues at 31 December 2012 and 2011 are:

(Thousand euro)	2012	2011
Measurement adjustments	(46,973)	(12,142)
Treasury shares	(2,830,196)	(10,520)
	(2,877,169)	**(22,662)**

In 2012 the following bond issues matured:

(Thousand euro)	2012		
	Issue year	Amount	Maturity date
Bons Simples Avalats C.Sabadell Juny 2009	2009	100,000	04/06/2012
1ª Emissió Bons Simples Avalats C.Terrassa	2009	150,000	05/06/2012
2ª Emissió Bons Simples Avalats C. Terrassa	2009	150,000	08/06/2012
4ª Emissió Bons Simples Avalats Caixa Sabadell	2009	100,000	23/06/2012
Bons Simples Avalats C.Sabadell Juliol 2009	2009	120,000	03/07/2012
1ª emissió de bons simples Caixa Terrassa	2007	150,000	25/07/2012
Total matured bonds		**770,000**	

Translation of financial statements originally issued in Spanish. This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

Movements in cancellations or redemptions in 2012 and 2011 were as follows:

(Thousand euro)	2012				
	Active balance at beginning of period	Issues	Repurchases or redemptions	Adjustments for exchange rate and other	Active balance at end of period
Debt securities issued by a Member State of the European Union	**1,632,338**	**2,823,959**	**(3,589,676)**	**(34,831)**	**831,790**
With a prospectus	1,632,338	2,823,959	(3,589,676)	(34,831)	831,790
Without a prospectus	-	-	-	-	-
Other securities representing debt issued outside of the European Union	-	-	-	-	-
Total	**1,632,338**	**2,823,959**	**(3,589,676)**	**(34,831)**	**831,790**

(Thousand euro)	2011				
	Active balance at beginning of period	Issues	Repurchases or redemptions	Adjustments for exchange rate and other	Active balance at end of period
Debt securities issued by a Member State of the European Union	**1,785,597**	**-**	**(155,520)**	**2,261**	**1,632,338**
With a prospectus	1,785,597	-	(155,520)	2,261	1,632,338
Without a prospectus	-	-	-	-	-
Other securities representing debt issued outside of the European Union	-	-	-	-	-
Total	**1,785,597**	**-**	**(155,520)**	**2,261**	**1,632,338**

Translation of financial statements originally issued in Spanish. This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

17.5. Subordinated liabilities

The breakdown of this heading of the balance sheet at 31 December 2012and 2011 was as follows:

(Thousand euro)	2012							
	Issue date	Maturity date	Possible date of repurchase or redemption	Listed	Capital markets	Balance	Interest rate: Fixed/ Variable	At year-end
Subordinated Debt 1st Issue Caixa Terrassa	16/01/1989	Perpetual	16/01/2009	YES	Borsa BCN	15,025	Variable interest	D.Estat 3-6 anys semestre ant.
Subordinated Debt 2nd Issue Caixa Terrassa	30/06/1990	Perpetual	30/06/2010	NO	-	6,010	Variable interest	TPR April + 1 b.p
Subordinated Debt 3rd Issue Caixa Terrassa	30/12/2003	12/29/2013	12/30/2008	YES	AIAF	60,000	Variable interest	EUR3M+0.25%
Subordinated Debt 4th Issue Caixa Terrassa	30/07/2004	7/29/2020	7/30/2009	YES	AIAF	70,000	Variable interest	EUR3M+0.25%
Subordinated Debt 5th Issue - tranche A Caixa Terrassa	09/08/2006	8/9/2021	8/9/2016	YES	AIAF	50,000	Fixed interest	4.70%
Subordinated Debt 5th Issue - tranche B Caixa Terrassa	09/08/2006	8/9/2021	8/9/2016	YES	AIAF	75,000	Variable interest	EUR3M+0.58%
Special Subordinated Debt Caixa Terrassa	01/03/2007	Perpetual	01/03/2027	YES	AIAF	75,000	Variable interest	EUR3M+1.30%
Subordinated Debt 6th Issue Caixa Terrassa	29/09/2009	9/29/2019	9/29/2014	YES	AIAF	35,000	Variable interest	(a)
Subordinated Debt Caixa Manlleu	30/06/1989	Perpetual	30/06/2009	NO	-	7,212	Variable interest	TPR*1.50%
Subordinated Debt 1st Issue Caixa Manlleu	30/06/1989	6/1/2013	6/30/2009	NO	-	10,000	Variable interest	TPR*0.75%
Subordinated Debt 2nd Issue Caixa Manlleu	28/11/2003	12/1/2015	11/28/2008	YES	AIAF	15,000	Variable interest	EUR3M+0.30%
Perpètua17.426 Deuda Subordinada 1ª Emisión Caixa Sabadell	14/07/1988	Perpetual	14/07/2008	NO	-	17,426	Variable interest	TPR*1.25%
Subordinated Debt 2nd Issue Caixa Sabadell	17/11/1992	Perpetual	31/01/2013	YES	AIAF	6,012	Variable interest	TPR*1.25%
Subordinated Debt 3rd Issue Caixa Sabadell	26/06/2000	Perpetual	10/02/2010	YES	AIAF	30,001	Variable interest	TPR*1.25%
Subordinated Debt 5th Issue Caixa Sabadell	28/10/2003	10/1/2013	-	YES	AIAF	50,000	Variable interest	EUR3M+0.10%
Subordinated Debt 6th Issue Caixa Sabadell	28/01/2005	1/28/2020	1/28/2010	YES	AIAF	50,000	Variable interest	EUR3M+0.52%
Subordinated Debt 7th Issue Caixa Sabadell	15/02/2007	2/15/2017	2/15/2017	YES	AIAF	100,000	Variable interest	EUR3M+0.44%
Subordinated Debt 8th Issue Caixa Sabadell	10/06/2009	2/10/2024	6/10/2019	YES	AIAF	35,000	Variable interest	Eur 3m + 5.25%
Subordinated Bond Caixa Manlleu	17/11/2006	11/8/2016	11/17/2011	YES	AIAF	15,000	Variable interest	EUR3M+0.36%
Total subordinated						721,686		
Diposit subordinat Participacions preferents serie A Caixa Terrassa	30/06/2001	Perpetual	29/06/2006	YES	AIAF	50,000	Variable interest	EUR3M+0.25%
Dipòsit subordinat Participacions preferents serie B Caixa Terrassa	10/08/2005	Perpetual	10/08/2010	YES	Euronext	75,000	Variable interest	CMS 10 years + 0.10%
Dipòsit subordinat Participacions preferents Caixa Manlleu	29/12/2004	Perpetual	29/12/2009	YES	AIAF	18,000	Variable interest	EUR3M+0.20%
Dipòsit subordinat Participacions preferents 1ª emissió Caixa Sabadell	01/12/2004	Perpetual	01/12/2009	YES	AIAF	75,000	Variable interest	EUR3M+0.25%
Dipòsit subordinat Participacions preferents 2ª emissió Caixa Sabadell	14/07/2006	Perpetual	14/07/2016	YES	AIAF	90,000	Variable interest	EUR3M+1.95%
1ª Emisión P.Preferentes Caixa Manlleu	17/12/2007	Perpetual	17/12/2017	YES	AIAF	14,000	Variable interest	EUR3M+2.25%
Total Preferred						322,000		
Balance at the end of the year						1,043,686		

(a) Between 29/09/2009 and 29/09/2011: 7.25%
Between 30/09/2011 and 29/09/2014: Euribor 3M + 4.75%, with a minimum of 6% per year
Between 30/09/2014 and 29/09/2019: Euribor 3M + 5%, with a minimum of 6% per year

(Thousand euro)	2011							
	Issue date	Maturity date	Possible date of repurchase or redemption	Listed	Capital markets	Balance	Interest rate: Fixed/ Variable	Interest rate: At year-end
Subordinated Debt 1st Issue Caixa Terrassa	16/01/1989	Perpetual	16/01/2009	YES	Borsa BCN	15,025	Gov. Debt 3-6 years preceding half-year.	4.50%
Subordinated Debt 2nd Issue Caixa Terrassa	30/06/1990	Perpetual	30/06/2010	NO	-	6,010	TPR April + 1 b.p	3.75%
Subordinated Debt 3rd Issue Caixa Terrassa	30/12/2003	12/29/2013	12/30/2008	YES	AIAF	60,000	EUR3M+0.25%	1.64%
Subordinated Debt 4th Issue Caixa Terrassa	30/07/2004	7/29/2020	7/30/2009	YES	AIAF	70,000	EUR3M+0.25%	1.84%
Subordinated Debt 5th Issue - tranche A Caixa Terrassa	09/08/2006	8/9/2021	8/9/2016	YES	AIAF	50,000	4.70%	4.70%
Subordinated Debt 5th Issue - tranche B Caixa Terrassa	09/08/2006	8/9/2021	8/9/2016	YES	AIAF	75,000	EUR3M+0.58%	2.06%
Special Subordinated Debt Caixa Terrassa	01/03/2007	Perpetual	01/03/2027	YES	AIAF	75,000	EUR3M+1.30%	2.78%
Subordinated Debt 6th Issue Caixa Terrassa	29/09/2009	9/29/2019	9/29/2014	YES	AIAF	35,000	(a)	
Subordinated Debt 1st Issue Caixa Manlleu	30/06/1989	Perpetual	30/06/2009	NO	-	7,212	TPR*1.50%	4.00%
Subordinated Debt 2nd Issue Caixa Manlleu	28/11/2003	6/1/2013	11/28/2008	YES	AIAF	10,000	TPR*0.75%	3.13%
Subordinated Debt 3rd Issue Caixa Manlleu	01/12/2005	12/1/2015	12/1/2010	NO	-	15,000	EUR3M+0.30%	2.37%
Subordinated Debt 1st Issue Caixa Sabadell	14/07/1988	Perpetual	14/07/2008	NO	-	17,426	TPR*1.25%	3.00%
Subordinated Debt 2nd Issue Caixa Sabadell	17/11/1992	Perpetual	31/01/2013	YES	AIAF	6,012	TPR*1.25%	3.00%
Subordinated Debt 3rd Issue Caixa Sabadell	26/06/2000	Perpetual	10/02/2010	YES	AIAF	30,001	TPR*1.25%	3.00%
Subordinated Debt 4th Issue Caixa Sabadell	25/10/2002	10/1/2012	-	YES	AIAF	30,000	EUR3M+0.10%	3.00%
Subordinated Debt 5th Issue Caixa Sabadell	28/10/2003	10/1/2013	-	YES	AIAF	50,000	EUR3M+0.10%	3.00%
Subordinated Debt 6th Issue Caixa Sabadell	28/01/2005	1/28/2020	1/28/2010	YES	AIAF	50,000	EUR3M+0.52%	2.11%
Subordinated Debt 7th Issue Caixa Sabadell	15/02/2007	2/15/2017	2/15/2017	YES	AIAF	100,000	EUR3M+0.44%	1.90%
Subordinated Debt 8th Issue Caixa Sabadell	10/06/2009	2/10/2024	6/10/2019	YES	AIAF	35,000	Eur 3m + 5.25%	6.72%
Subordinated Bond Caixa Manlleu	17/11/2006	11/8/2016	11/17/2011	YES	AIAF	15,000	EUR3M+0.36%	2.33%
Total subordinated						**751,686**		
Diposit subordinat Participacions preferents serie A Caixa Terrassa	30/06/2001	Perpetual	29/06/2006	NO	AIAF	50,000	EUR3M+0.25%	1.89%
Diposit subordinat Participacions preferents serie B Caixa Terrassa	10/08/2005	Perpetual	10/08/2010	NO	Euronext	75,000	CMS 10 years + 0.10%	0.20%
Subordinated deposit of Preferred Shares Caixa Manlleu	29/12/2004	Perpetual	29/12/2009	NO	AIAF	18,000	EUR3M+0.20%	3.10%
Subordinated deposit Preferred Shares 1st Issue Caixa Sabadell	01/12/2004	Perpetual	01/12/2009	NO	AIAF	75,000	EUR3M+0.25%	3.00%
Subordinated deposit Preferred Shares 2nd Issue Caixa Sabadell	14/07/2006	Perpetual	14/07/2016	NO	AIAF	90,000	EUR3M+1.95%	3.50%
1ª Emisión P.Preferentes Caixa Manlleu	17/12/2007	Perpetual	17/12/2017	YES	AIAF	14,000	EUR3M+2.25%	3.80%
Total Preferred						**322,000**		
Balance at the end of the year						**1,073,686**		

(a) Between 29/09/2009 and 29/09/2011: 7.25%
Between 30/09/2011 and 29/09/2014: Euribor 3M + 4.75%, with a minimum of 6% per year
Between 30/09/2014 and 29/09/2019: Euribor 3M + 5%, with a minimum of 6% per year

All these issues have been made in euros.

All subordinated debt issues have received the Bank of Spain rating required for their computation as tier 2 capital with the limitations provided for in Bank of Spain Circular 3/2008.

In 2012 the following issues were cancelled:

(Thousand euro)	2012		
	Cancellation date	Amount	Interest rate:
Subordinated Debt 4th Issue Caixa Sabadell	01/10/2012	30,000	EUR3M+0.10%
Total matured bonds		**30,000**	

Movements in cancellations or redemptions in 2012 and 2011 were as follows:

(Thousand euro)	2012				
	Active balance at beginning of period	Issues	Repurchases or redemptions	Adjustments for exchange rate and other	Active balance at end of period
Debt securities issued by a Member State of the European Union	**923,893**	**-**	**(374,786)**	**(72,508)**	**476,599**
With a prospectus	923,893	-	(374,786)	(72,508)	476,599
Without a prospectus	-	-	-	-	-
Other securities representing debt issued outside of the European Union	-	-	-	-	-
Total	923,893	-	(374,786)	(72,508)	476,599

(Thousand euro)	2011				
	Active balance at beginning of period	Issues	Repurchases or redemptions	Adjustments for exchange rate and other	Active balance at end of period
Debt securities issued by a Member State of the European Union	**1,388,449**	**(380,000)**	**(64,022)**	**(20,534)**	**923,893**
With a prospectus	1,388,449	(380,000)	(64,022)	(20,534)	923,893
Without a prospectus	-	-	-	-	-
Other securities representing debt issued outside of the European Union	-	-	-	-	-
Total	**1,388,449**	**(380,000)**	**(64,022)**	**(20,534)**	**923,893**

Measurement adjustments and the securities in these subordinated liabilities at 31 December 2012 and 2011 are as follows:

(Thousand euro)	2012	2011
Measurement adjustments	(74,516)	(76,242)
Liabilities at fair value	(56,804)	(59,547)
Other adjustments	(17,712)	(16,695)
Treasury shares	(492,572)	(73,551)
	(567,088)	**(149,793)**

The items "Subordinated deposit Preferred shares" relate to the subordinated deposits taken by the Bank from its subsidiaries: Caixa Terrassa Societat de Participacions Preferents, S.A., Caixa Manlleu Preferents, S.A. and CaixaSabadell Preferents, S.A., with respect to the issues carried out by these companies. In addition, the "1st issue of preferred shares Caixa Manlleu" was carried out directly by the parent.

The dividend distribution of these issues is subject to the Bank's distributable profits and computable equity requirements being sufficient.

Caixa Terrassa Societat de Participacions Preferentes S.A., Caixa Manlleu Preferents, S.A. and CaixaSabadell Preferentes, S.A. are entirely subsidiaries of Unnim and the issues have its joint and irrevocable guarantee.

These preference share issues are computed as Grup Unnim Tier 1 capital.

At 1 January 2011, this balance sheet heading included the convertible preferred shares subscribed by the FROB in accordance with the provisions of Royal Decree Law 9/2009, totalling €380,000,000, which were converted into shares during the restructuring of the Bank on 30 September.

The average effective interest rate for these instruments during this period is approximately 2.14% (4.53% in 2011).

On 28 September 2012, BBVA reported the purchase offer to the owners of certain issues of preferred shares and subordinated debt securities with a maturity date and to perpetuity originally issued by entities that have been succeeded by Unnim at a purchase price of 95% of their nominal value, with the commitment of the accepting parties to irrevocably, unconditionally and simultaneously reinvest the total amount received in shares in BBVA in a simultaneous public offer of treasury shares by BBVA. The securities covered by this offer are indicated below:

Issuer	Issue	ISIN Code	Unitary nominal value (euro)	Total nominal value (euro)
Unnim	Subordinated bonds Caixa d'estalvis Comarcal de Manlleu, issue 5/89	ES0214841019	601.01	7,212,145
Unnim	1st issue of subordinated bonds Caixa Sabadell	ES0214973010	601.01	17,429,290
Unnim	2nd issue of subordinated bonds Caixa Sabadell	ES0214973028	601.01	6,010,121
Unnim	3rd issue of subordinated bonds Caixa Sabadell	ES0314973027	600.00	30,000,000
Unnim	1st issue of subordinated bonds Caixa Terrassa	ES0214974018	601.01	15,025,250
Unnim	2nd issue of subordinated bonds Caixa Terrassa	ES0214974026	601.01	6,010,121
Unnim	Subordinated bonds Caixa Sabadell 5th issue	ES0214973044	600.00	50,000,400
Unnim	3rd issue of subordinated bonds Caixa Terrassa	ES0214974034	1,000.00	60,000,000
Unnim	3rd issue of subordinated bonds Caixa Manlleu	ES0214841035	500.00	15,000,000
Unnim	4th issue of subordinated bonds Caixa Terrassa	ES0214974042	1,000.00	70,000,000
Unnim	6th issue of subordinated bonds Caixa Terrassa	ES0214974117	1,000.00	35,000,000
Unnim	Issue of subordinated bonds Caixa Sabadell June 2009	ES0214973077	1,000.00	35,000,000
Caixa de Terrassa Societat de Participacions Preferents S.A.U.	Series A Preferred Shares	KY G175491094	1,000.00	50,000,000
CaixaSabadell Preferents S.A.U.	Series A Preferred Shares	ES0101339002	1,000.00	75,000,000
Caixa de Manlleu Preferents S.A.U.	Series A Preferred Shares	ES0115328009	500.00	18,000,000

The schedule of this offer was as follows:

- Start of the offer acceptance period on 28 September 2012.
- End of the acceptance period on 18 October 2012.
- Period for determining the sale price of BBVA shares as 12, 15, 16, 17 and 18 October 2012:
- 22 October 2012 Sale of the Unnim shares and purchase of the BBVA shares.
- 25 October 2012 Settlement of the purchase of the BBVA shares.

The sale orders received from the aforementioned securities, after the end of the acceptance period and the revocation of the purchase offer:

Issuer	Name of the issue	ISIN Code	Unitary nominal value of each security	Unitary purchase amount of each security by BBVA	Total number of securities acquired per issue	Aggregate acquisition amount per issue	% Acquired	Number of outstanding securities	Nominal amount of each issue outstanding
Unnim	Subordinated bonds Caixa Sabadell 5th issue	ES0214973044	600.00	570.00	44,375	25,293,750.00	53.2%	38,959	23,375,400
Unnim	3rd issue of subordinated bonds Caixa Terrassa	ES0214974034	1,000.00	950.00	41,845	39,752,750.00	69.7%	18,155	18,155,000
Unnim	3rd issue of subordinated bonds Caixa Manlleu	ES0214841035	500.00	475.00	23,814	11,311,650.00	79.4%	6,186	3,093,000
Unnim	4th issue of subordinated bonds Caixa Terrassa	ES0214974042	1,000.00	950.00	67,396	64,026,200.00	96.3%	2,604	2,604,000
Unnim	6th issue of subordinated bonds Caixa Terrassa	ES0214974117	1,000.00	950.00	25,285	24,020,750.00	72.2%	9,715	9,715,000
Unnim	Issue of subordinated bonds Caixa Sabadell June 2009	ES0214973077	1,000.00	950.00	30,122	28,615,900.00	86.1%	4,878	4,878,000
Unnim	Subordinated bonds Caixa d'estalvis Comarcal de Manlleu, issue 5/89	ES0214841019	601.01	570.96	11,931	6,812,117.79	99.4%	69	41,470
Unnim	1st issue of subordinated bonds Caixa Sabadell	ES0214973010	601.01	570.96	28,715	16,395,102.04	99.0%	285	171,288
Unnim	2nd issue of subordinated bonds Caixa Sabadell	ES0214973028	601.01	570.96	9,880	5,641,079.86	98.8%	120	71,142
Unnim	3rd issue of subordinated bonds Caixa Sabadell	ES0314973027	600.00	570.00	49,633	28,290,810.00	99.3%	367	220,200
Unnim	1st issue of subordinated bonds Caixa Terrassa	ES0214974018	601.01	570.96	24,837	14,180,921.10	99.3%	163	97,965
Unnim	2nd issue of subordinated bonds Caixa Terrassa	ES0214974026	601.01	570.96	9,914	5,660,492.48	99.1%	86	51,708
Caixa de Terrassa Societat de Participacions Preferents S.A.U.	Series A Preferred Shares	KYG175491094	1,000.00	950.00	49,715	47,229,250.00	99.4%	285	285,000
CaixaSabadell Preferents S.A.U.	Series A Preferred Shares	ES0101339002	1,000.00	950.00	74,324	70,607,800.00	99.1%	676	676,000
Caixa de Manlleu Preferents S.A.U.	Series A Preferred Shares	ES0115328009	500.00	475.00	35,919	17,061,525.00	99.8%	81	40,500

17.6. Other financial liabilities

The breakdown of this item in the balance sheet on 31 December 2012 is as follows:

(Thousand euro)	2012	2011
Current liabilities	242,540	143,239
Guarantees received	1,030	1,149
Tax collection accounts	12,827	20,826
Special accounts	852	44,167
Financial guarantees	6,361	7,095
Other items	63,148	10,601
Total	**326,758**	**227,077**

18. Provisions for contingent liabilities and commitments and other provisions

18.1. Pension funds and similar obligations

The present value of the Bank's post-employment remuneration commitments by the way in which these commitments were covered at 31 December 2012 and 2011 is as shown below:

(Thousand euro)	2012	2011
Fund for retired personnel commitments covered covered by insurance policies	14,112	13,636
Fund for retired personnel commitments covered by an internal fund	3,980	4,164
Fund for partial retirement commitments	4,077	5,583
Actuarial restructuring fund (see Note 2.1.5.2)	43,557	-
Total commitments	**65,726**	**23,383**

Movements in the pension fund for 2012 and 2011 are set out below:

(Thousand euro)	2012	2011
Balance at 1 January	23,383	21,708
Appropriation against income:		
Pension funds interest expense (Note 31)	222	198
Reversal of provisions taken to income	-	(26)
Provisions used	(1,911)	(3,111)
Other movements	44,032	4,614
Balances at 31 December	**65,726**	**23,383**

In 2012 the heading "Other movements" relates mainly to the following balances:

- Reclassification of €40,234,000 from the early retirement and leave of absence funds recorded during 2012 under the heading "Provisions - other provisions" in the balance sheet.

- A provision totalling €3,323,000, recorded directly under the heading "Personnel expenses" in the income statement for social benefits for employees.

In 2011, the heading "Other movements" relates to the reclassification of the partial retirement fund recognised on 31 January 2011 under the caption "Provisions – other provisions" of the balance sheet.

The heading "Utilised provisions" includes €1,505,000 (€1,938,000 in 2011) for early retirement payments (Note 2.15.2.2) as well as €406,000 (€419,000 in 2011) for benefits to retired employees originating from the internal pension funds.

18.2. Other provisions

Below is the breakdown of movements in 2012 and 2011 and the purpose of provisions recorded in these headings in the balance sheet at 31 December 2012 and 2011:

(Thousand euro)	Tax contingencies	Other contingencies	Other commitments with employees	Other provisions	Provisions for taxes and other legal contingencies	TOTAL
Balance at 1 January 2011	**-**	**232,043**	**-**	**-**	**-**	**232,043**
+ Appropriations charged to income statement	-	115,314	-	-	4,586	119,900
+ Entry of companies into consolidation	-	-	-	-	-	-
- Recoveries credited to income statement	-	(26,584)	-	-	-	(26,584)
- Use of the fund	-	(261,443)	-	-	-	(261,443)
+/- Exchange differences	-	-	-	-	-	
+/- Other movements	-	(39,225)	-	-		(39,225)
Balance at 31 December 2011	**-**	**20,105**	**-**	**-**	**4,586**	**24,691**
Balance at 1 January 2012	**-**	**20,105**	**-**	**-**	**4,586**	**24,691**
+ Appropriations charged to income statement	-	471,957	-	-	2,275	474,232
+ Entry of companies into consolidation	-	-	-	-	-	-
- Recoveries credited to income statement	-	(46)	-	-	(576)	(622)
- Use of the fund	-	(6,333)	-	-	(20)	(6,353)
+/- Exchange differences	-	-	-	-	-	-
+/- Other movements	-	19,166	-	-	29	19,195
Balance at 31 December 2012	**-**	**504,849**	**-**	**-**	**6,294**	**511,143**

During 2012 the balance under "Provisions - Other contingencies included all the restructuring costs originating from the acquisition of Unnim Banc S.A.U. by BBVA (offices, employees, etc.) In addition, it also includes the provision for the penalty that Unnim Banc, S.A.U estimates that it will have to pay to repurchase the 50% stake in Unnim Vida, S.A. held by Aegon.

During 2011, the balance of "Provisions - Other provisions" has been funded for the restructuring costs deriving from the merger of the savings banks Manlleu, Sabadell and Terrassa at 1 July 2010 (personnel restructuring, closing of offices, etc.). Specifically, in 2011 all of the costs for dismissed employees that took the lay-off offer during the period between 1 January and 31 December 2011, totalling €86,353,000. During 2011, the entire fund for dismissals has been used except for €12,059,000 which represents the outstanding contributions by these employees to the pension plan up to retirement age and the amount pending payment to the Social Security under the special agreement.

At the end of 2012, there were several on-going legal proceedings and claims against the Bank arising from the ordinary course of its activities. The Group's legal counsel and its directors believe that the resolution of these proceedings and claims will not have a significant effect on the annual accounts for the years in which they are resolved.

Due to the different interpretations that may arise, there may be certain contingent liabilities which cannot be quantified objectively. In the opinion of the Directors, the contingencies that could derive from this would not significantly affect the annual accounts for 2012.

The breakdown of "Other provisions" at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Provisions for the sale of the insurance business	384,333	1,256
Provision for employee restructuring	106,253	12,059
Provision for the cancellation of IT contracts	4,206	4,206
Other provisions	10,057	2,584
Total commitments	**504,849**	**20,105**

19. Other liabilities

The composition of the balances under this balance sheet at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Transactions in progress (*)	345,052	8,904
Prepayments and accrued income	14	-
Accrued unmatured expenses	21,189	26,532
Prepaid income on active transactions	755	1,245
Other items	-	395
Total	**367,010**	**37,076**

(*) Basically items in transit yet to be offset.

20. Equity

The statement of total changes in equity, which forms an integral part of the statement of changes in equity for 2012 and 2011, contains the breakdown of the changes in this heading during the period from 1 January to 31 December 2012 and 2011. In addition, the following sections provide information relevant to certain equity items and movements during 2012.

20.1. Share capital

At 31 December 2012 and 2011 the Bank's capital totalled €971,313,780, represented by 971,313,780 fully subscribed and paid registered shares with a par value of one euro each, numbered sequentially from 1 to 971,313,780 (see Note 1.2).

As is indicated in Note 1.2.2, the single shareholder of Unnim Banc, S.A.U. is BBVA.

20.2. Share premium

At 31 December 2012 and 2011 the Bank's share premium totals €720,195,000. The balance of that share premium relates to the difference in the segregated assets and liabilities (see Note 1.2).

20.3. Reserves

An analysis of the balances of this caption in the accompanying balance sheets is as follows:

(Thousand euro)	2012
Restricted reserves:	-
Legal reserve	-
Unavailable reserves	-
Reserves (accumulated losses):	**(435,374)**
Voluntary and other reserves	(435,374)
Total	**(435,374)**

20.4. Treasury shares

There were no treasury shares in Unnim Banc, S.A.U. in 2012 or 2011.

21. Measurement adjustments

21.1. Available-for-sale financial assets

This item in the balance sheet includes the amount of the differences between the fair value of available-for-sale financial assets and their acquisition cost which, as stated in note 2.3.4, should be recognized in equity. These differences are recognized in the income statement when the assets which gave rise to them are sold or become impaired.

Movements in capital gains/capital losses (net of taxes) recorded under the heading "measurement adjustments - Available-for-sale financial adjustments" in the accompanying balance sheets at 31 December 2012 and 2011, is as follows:

(Thousand euro)	2012	2011
Beginning balance	(6,683)	(2,194)
Measurement gains / losses	(94,422)	(12,956)
Corporate income tax	22,488	(1,924)
Amounts released to income	19,463	(19,369)
Ending balance	**(59,154)**	**(6,683)**
Of which:		
Debt securities	(57,357)	7,600
Equity instruments	(1,797)	(14,283)

21.2. Cash flow hedges

This item in the balance sheet includes the net amount of any changes in value of financial derivatives designated as hedging instruments in cash flow hedges, in the portion of these changes considered to be “effective hedges” (see note 11.2).

The recognized income and expenses statement for 2012 and 2011, which is part of the statement of changes in equity, presents the changes in this item in the balance sheet during this period.

22. Tax matters

22.1. Consolidated tax group

In accordance with current legislation, the consolidated tax group is formed by the Bank as the parent company and those Spanish subsidiaries that meet the requirements established by tax legislation regarding the consolidated profit obtained by groups of companies.

Thus, in 2012 the consolidated Group is made up of the Bank and the following subsidiaries:

Tax ID No.	Companies pertaining to the tax group
B08938508	CAIXASABADELL TINELIA, S.L.
B08253197	PROMOTORA DEL VALLES, S.L
A63524045	CAIXASABADELL PREFERENTS, S.A.
B63547319	ARRAHONA AMBIT, S.L.
B63933758	ARRAHONA NEXUS, S.L.
B63651145	PROV-INF ARRAHONA, S.L.
B63268601	PARC SUD PLANNER, S.L.
B65078800	ARRAHONA RENT SL
B65043440	SERVICIOS Y SOLUCIONES DE GESTION PARA CORPORACIONES, EMPREAS Y PARTICULARES, S.L.
B64986938	ARRAHONA IMMO, S.L.
B25531617	AUMERAVILLA, S.L.U,
B61905659	L'EIX IMMOBLES, S.L.
A62506001	UNNIM GESFONS,SGIIC SA
A64741358	UNNIM SERVEIS DE DEPENDENCIA, S.A.
A63703102	CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, SA
A62812953	CATALONIA PROMODIS 4, S.A.
A61650867	ARRELS CT FINSOL, S.A
A63128284	ARRELS CT PATRIMONI I PROJECTES, S.A.
B63597454	CATALONIA GEBIRA, S.L.
A64751241	ARRELS CT LLOGUER S.A.
A63361802	ARRELS CT PROMOU, SA
B63625107	PROMOU GLOBAL, S.L.
B63248579	INVERPRO DESENVOLUPAMENT, S.L.
B63663322	HABITATGES INVERCAP, SL
A63491211	CAIXA MANLLEU PREFERENTS, S.A.
B65283426	UNNIMCAIXA OPERADOR ASSEG. VINCULAT
B64020639	PROMOU CT EIX MACIA
B63377212	PROMOU CT GEBIRA
B64169686	PROMOU CT 3 AG DELTA, S.L.
A61922779	ESPAIS SABADELL PROMOCIONS IMMOBILIÀRIES, S.A.
A65934101	UNNIM SOCIEDAD PARA LA GESTIÓN DE ACTIVOS INMOBILIARIOS S.A.

The amount of accredited tax loss carryforwards for the period prior to the incorporation of the Unnim Banc tax group and pending offset in future years is as follows:

(Thousand euro) Entity	Tax loss carryforwards yet to be offset	Available until
UNNIM BANC, S.A.	433,299	2027
CAIXASABADELL TINELIA, S.L.	875	2027
PROMOTORA DEL VALLES, S.L	61,086	2027
CAIXASABADELL PREFERENTS, S.A.	152	2028
ARRAHONA AMBIT, S.L.	28,999	2022
ARRAHONA NEXUS, S.L.	68,723	2026
PROV-INF ARRAHONA, S.L.	9,920	2023
PARC SUD PLANNER, S.L.	1,662	2025
ARRAHONA RENT SL	619	2027
ARRAHONA IMMO, S.L.	41,724	2027
AUMERAVILLA, S.L.U,	5,716	2021
L'EIX IMMOBLES, S.L.	4,291	2023
UNNIM SERVEIS DE DEPENDENCIA, S.A.	253	2026
CATALONIA PROMODIS 4, S.A.	8,673	2027
ARRELS CT FINSOL, S.A	49,329	2027
ARRELS CT PATRIMONI I PROJECTES, S.A.	50,193	2027
CATALONIA GEBIRA, S.L.	7,768	2021
ARRELS CT LLOGUER S.A.	7,180	2027
ARRELS CT PROMOU, SA	16,653	2027
PROMOU GLOBAL, S.L.	42,677	2021
INVERPRO DESENVOLUPAMENT, S.L.	12,228	2028
HABITATGES INVERCAP S.L.	765	2028
CAIXA MANLLEU PREFERENTS, S.A.	5	2028
PROMOU CT GEBIRA, S.L.	1,270	2026
PROMOU CT EIX MACIÀ, S.L.	11,342	2023
UNNIM CAIXA OPERADOR DE BANCA ASSEGURANCES	3	2028
PROMOU CT AG DELTA, S.L.	6,032	2024
ESPAIS SABADELL PROMOCIONS IMMOBILIÀRIES, S.A	20,569	2027
	867,675	

The accredited negative tax base in 2011 for the consolidated tax group led by UNNIM BANC, S.A. totalled €1,137,214,000, of which €77,208,000 was offset in 2012.

22.2. Years subject to review by the tax authorities

On 31 December 2012, as a result of the subrogation to the rights and obligations of the former savings banks the Entity is subject to inspection by the tax authorities for the following taxes:

- Caixa d'Estalvis de Terrassa and Caixa d'Estalvis de Sabadell are open to the inspection of Corporate Income Tax, Value Added Tax, Capital Gains withholdings and Withholdings ion Earned Income and Professional Services, for all years after 2009.

- Caixa d'Estalvis de Manlleu is open to the inspection of all years that have not become statute barred for all taxes to which it is liable.

As a result of the different interpretations that may be made of the tax regulations applicable to the transactions carried out by the financial institutions, there may be contingent tax liabilities that cannot be objectively quantified. Nonetheless, the Board of Directors and its tax advisers believe that any tax debt that might arise would not significantly affect the annual accounts for 2011 and 2012.

22.3. Reconciliation of accounting profit and taxable profit

Below is the breakdown of "Corporate income tax" in the income statement for 2012 and 2011:

(Thousand euro)	2012	2011
Corporate income tax expense	(249,911)	(162,325)
Adjustments to prior year corporate income tax expense.	889	(364)
Total	**(249,022)**	**(162,689)**

Below is the reconciliation of the corporate income tax expense for 2012 and 2011 recognized in the income statement for the same period and the profit or loss before tax multiplied by the prevailing tax rate:

(Thousand euro)	2012	2011
Book profit before taxes	(1,138,922)	(598,062)
Effect of permanent differences	311,249	47,060
Increases	311,249	47,513
Decreases	-	(453)
Corporate income tax and the 30% tax rate	(248,302)	(165,301)
Deductions and credits originating from:	(1,609)	2,976
Double taxation of dividends	(1,609)	-
Contributions to pension plans		-
Reinvestment deduction		-
Corporate income tax expense recognised in the income statement	**(249,911)**	**(162,325)**
Change in deferred taxes	460,199	(89,079)
Deferred tax assets	492,359	(91,427)
Deferred tax liability	(32,160)	2,348
Current income tax	**210,299**	**(251,404)**

(*) Relates to the allocation of the securities fluctuation fund and the difference in the capital gain on the liquidation of the SICAVs.

22.4. Tax recognized in equity

Independent of the corporate income tax charged to the income statement, in 2012 and 2011 the Bank charged the following amounts against equity for the indicated reasons:

(Thousand euro)	2012	2011
Charged against equity		
Debt securities	-	3,256
Equity instruments	-	-
Other	-	-
Subtotal	-	3,256
Credited to equity		
Debt securities	24,581	-
Equity instruments	933	6,284
Other	32	27
Subtotal	25,546	6,311
Total	**25,546**	**6,311**

22.5. Deferred taxes

Pursuant to current tax legislation, in 2012 and 2011 there have been temporary differences to be taken into account when quantifying the corresponding corporate income tax expense. The sources of the deferred taxes recorded in the balance sheet at 31 December 2012 and 2011 are as follows:

(Thousand euro)	2012	2011
Asset temporary differences	943,134	458,212
Appropriations to pension funds	5,023	4,824
Loan impairment losses	193,489	32,272
Allocation to the portfolio of group companies	36,396	63,858
Assignment of tax consolidation eliminations	134,673	91,652
Tax impact of merger reserves (*)	77,029	91,015
Allocation for properties	254,208	131,943
Other deferred taxes	242,316	42,648
Tax-loss carryforwards yet to be offset	447,990	468,867
Deductions yet to be applied	12,460	40,282
Deferred tax assets	**1,403,584**	**967,361**

(*) Relates to the deferred taxes deriving from the restatement of the assets and liabilities on the merger of Caixa Manlleu, Caixa Sabadell and Caixa Terrassa on 1 July 2010.

(Thousand euro)	2012	2011
Restatement of properties	39,665	40,008
Tax impact of merger reserves (*)	88,509	110,671
Other	206,955	159,789
Deferred tax liabilities:	**335,129**	**310,468**

(*) Relates to the deferred taxes deriving from the restatement of the assets and liabilities on the merger of Caixa Manlleu, Caixa Sabadell and Caixa Terrassa on 1 July 2010.

Deferred tax liabilities includes deferral for the reinvestment of extraordinary income (Article 21 of Act 43/1995).

This amount will be included in the consolidated tax base in accordance with Articles 34 and 38 of the regulations for the tax. The investment has been made in the following items:

(Thousand euro)	2012	2011
Land	972	972
Buildings	2,571	2,571
Total	3,543	3,543

The breakdown of income included in the tax base in the years 1997 to 2012 is shown below:

(Thousand euro)	2012
1997	4.93
1998	9.72
1999	12.71
2000	47.19
2001	46.21
2002	63.06
2003	76.35
2004	76.41
2005	58.75
2006	67.15
2007	39.6
2008	40.6
2009	26.43
2010	74.6
2011	9.07
2012	9.31
Total	664.38

At 31 December 2012, €756,000 is pending inclusion in the tax base and will be included during the period between 2010 and 2097.

The heading deferred tax liabilities includes a deferred tax deriving from the restatement of property, plant and equipment for own use and the restatement of the buildings stated as investment properties in property, plant and equipment, in accordance with the regulations established by Circular 4/2004. At 31 December 2012, the unamortised restatement in this respect totals €132,219,000 (€133,360,000 at 31 December 2011).

In compliance with the obligation established in Article 12.3 of the Corporate Income Tax Act, accumulated movements in the amounts deductible due to the temporary differences originating from impairment losses on equity instruments relating to group, jointly-controlled and associated companies.

(Thousand euro)	2012			
Company	Total amounts deducted at 31/12/2011	Differences in adjusted equity	Amounts included in the tax base for 2012	Amounts yet to be included
VIATGES ITINERARIS, S.L.	(26)	-	-	(26)
SELECTIVA CAPITAL	(1,379)	-	-	(1,379)
ACTIVA CT BADEBAÑO	(113)	-	-	(113)
SOCIEDAD PARA LA GESTIONS DE ACTIVOS		(154,380)	(154,380)	(154,380)
UNNIM PROTECCIO		(3,633)	(3,633)	(3,633)
	(1,518)	(158,013)	(158,013)	(159,531)

In this respect, we note that in 2012, as a result of the provisions of Law 8/2012 (30 October), on the rebalancing and sale of real estate assets by the financial sector, Unnim Banc created a public limited liability company called "“Unnim Sociedad para la Gestión de Activos Inmobiliarios, S.A. Unipersonal”, to which it contributed the shareholding in all the real estate subsidiaries in which Unnim Banc participated, in addition to foreclosed assets or those received as payment for debts relating to land, construction and real estate development. The non-monetary contribution carried out by Unnim Banc to the SGA applied the tax neutrality system that was established by Law 8/2012.

Up until the moment of the contribution, the accumulated movements in the deductible amounts for temporary differences relating to the impairment losses on group company equity instruments were as follows:

(Thousand euro)	2011			
Company	Total amounts deducted at 31/12/2010	Differences in adjusted equity	Amounts included in the tax base for 2011	Amounts yet to be included
PROMOTORA DEL VALLES, S.L	(63,239)	(14,724)	(14,724)	(77,963)
INVERPRO DESENVOLUPAMENT, S.L.	(7,686)	(7,953)	(7,953)	(15,639)
ARRELS CT PROMOU, SA	(22,039)	(21,774)	(21,774)	(43,813)
ARRELS CT FINSOL, S.A	(25,174)	(57,044)	(57,044)	(82,218)
ARRELS CT PATRIMONI I PROJECTES, S.A.	(34,000)	(51,428)	(51,428)	(85,428)
CATALONIA PROMODIS 4, S.A.	(5,755)	(4,028)	(4,028)	(9,783)
ARRELS CT LLOGUER S.A.	(4,000)	(3,548)	(3,548)	(7,548)
ARRAHONA RENT SL	(616)	(496)	(496)	(1,112)
ARRAHONA AMBIT, S.L.	(23,779)	(17,444)	(17,444)	(41,223)
ARRAHONA IMMO, S.L.	(15,003)	(76,654)	(76,654)	(91,657)
ARRAHONA NEXUS, S.L.	(24,751)	(51,058)	(51,058)	(75,809)
VIATGES ITINERARI, S.L.	(95)	-	-	(95)
ALMENARA	(488)	-	488	-
SELECTIVA CAPITAL	(1,097)	-	-	(1,097)
ATCANET, S.L.	(124)	-	124	-
	(227,846)	(306,151)	(305,539)	(533,385)

In compliance with the obligations of Article 93 of the Corporate Income Tax Act and with respect to the contribution made by Unnim Banc, S.A. to "Unnim Sociedad para la Gestión de Activos Inmobiliarios, S.A. Unipersonal" of the shareholdings in the real estate subsidiaries mentioned above, the carrying amounts transferred and the values at which the securities received have been recognised are as follows:

(Thousand euro)	2012
Carrying amount of the transferred shares	(317,745.54)
Carrying amount of the transferred properties	459,439.41
Value of the shareholdings received	141,693.87

In compliance with the provisions of Article 42.10 of the amended Corporation Tax Act, below is the year of reinvestment and the amount eligible for tax credit with respect to reinvestment which at 31 December 2012 had not completed the maintenance period required by the tax's regulations:

(Thousand euro)	Reinvested income
2008	61,462
2009	58,964
2010 first half	4,554
2010 second half	197,518
Total	322,498

Other restructuring transactions

In compliance with the obligations of Article 93 of the Corporate Income Tax Act, the following is hereby stated:

Notes 1.2 and 22 of the notes to the 2010 annual accounts for Caixa d´Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa, include the information referred to by this legislation with respect to the merger of Caixa d´Estalvis de Manlleu, Caixa d´Estalvis de Sabadell y Caixa d´Estalvis de Terrassa, which applied the special tax system for mergers, spin-offs, asset contributions and share swaps established by Title VII, Chapter VIII of Legislative Royal Decree 4/2004 (5 March), which approved the Corporate Income Tax Act.

Notes 1.2 and 22 of the notes to the 2011 annual accounts for Unnim Banc, S.A.U, include the information referred to by this legislation with respect to the segregation and contribution of the financial business carried on by Caixa d´Estalvis de Manlleu, Caixa d´Estalvis de Sabadell and Caixa d´Estalvis de Terrassa to Unnim Banc, S.A., which applied the special tax system for mergers, spin-offs, asset contributions and share swaps established by Title VII, Chapter VIII of Legislative Royal Decree 4/2004 (5 March), which approved the Corporate Income Tax Act.

Notwithstanding the above, the individual information for each item is available to the tax authorities at the Bank's headquarters.

22.6. Provisions for taxes

The composition of the heading "Provisions - Provisions for taxes" in the balance sheet at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Corporate Income tax assessments 2005-2008	-	549
VAT assessments 2006-2008	-	23
Total	**-**	**572**

Movements in the preceding provision are detailed in Note 18.2

23. Fair value

23.1. Fair value of financial assets and liabilities

The following table presents the fair value of financial instruments at 31 December 2012 and 2011 broken down by type of financial assets and liabilities and measurement levels (note 2.3.3):

(Thousand euro)	2012			
	Carrying	Fair value		
Assets:	Amount	Tier I	Tier II	Tier III
Cash and deposits at central banks	**157,006**	**-**	**-**	**157,006**
Trading portfolio	**4,330**	**-**	**2,913**	**1,417**
Derivatives held for trading	4,330	-	2,913	1,417
Other financial assets at fair value with through changes in profit and loss	**-**	**-**	**-**	**-**
Debt securities	-	-	-	-
Available-for-sale financial assets	**1,785,700**	**1,659,281**	**17,079**	**109,340**
Debt securities	1,714,209	1,630,411	17,079	66,719
Other equity instruments	71,491	28,870	-	42,621
Loans	**23,019,453**	**-**	**868,130**	**22,151,323**
Bank deposits	4,470,765	-	-	4,470,765
Customer loans	17,664,379	-	-	17,664,379
Debt securities	884,309	-	868,130	16,179
Held-to-maturity investments	**-**	**-**	**-**	**-**
Hedging derivatives	**676,039**	**-**	**669,171**	**6,868**

(Thousand euro)	2012			
	Carrying	Fair value		
Liabilities:	Amount	Tier I	Tier II	Tier III
Trading portfolio	**5,064**	**-**	**4,155**	**909**
Derivatives held for trading	5,064	-	4,155	909
Financial liabilities at amortized cost	**27,132,111**	**-**	**-**	**27,132,111**
Central bank deposits	5,533,302	-	-	5,533,302
Bank deposits	1,447,529	-	-	1,447,529
Customer deposits	18,516,131	-	-	18,516,131
Marketable debt securities	831,790	-	-	831,790
Subordinated liabilities	476,599	-	-	476,599
Other financial liabilities	326,758	-	-	326,758
Hedging derivatives	**53,669**	**-**	**50,284**	**3,385**

(Thousand euro)	2011			
	Carrying	Fair value		
Assets:	Amount	Tier I	Tier II	Tier III
Cash and deposits at central banks	**241,771**	**-**	**-**	**241,771**
Trading portfolio	**5,181**	**-**	**5,181**	**-**
Derivatives held for trading	5,181	-	5,181	-

Other financial assets at fair value with through changes in profit and loss	**322**	**-**	**-**	**322**
Debt securities	322	-	-	322
Available-for-sale financial assets	**3,610,672**	**3,425,435**	**34,563**	**150,674**
Debt securities	3,265,470	3,172,610	34,563	58,297
Other equity instruments	345,202	252,825	-	92,377
Loans	**19,596,777**	**308,257**	**711,233**	**18,532,849**
Bank deposits	152,364	-	-	152,364
Customer loans	18,361,485	-		18,361,485
Debt securities	1,082,928	308,257	711,233	19,000
Held-to-maturity investments	**2,033,776**	**1,819,342**	**169,555**	**-**
Hedging derivatives	**516,419**	**1**	**516,418**	**-**

(Thousand euro)	2011			
	Carrying	Fair value		
Liabilities:	Amount	Tier I	Tier II	Tier III
Trading portfolio	**3,704**	**-**	**3,704**	**-**
Derivatives held for trading	3,704	-	3,704	-
Financial liabilities at amortized cost:	**27,801,145**	**-**	**-**	**27,801,145**
Central bank deposits	1,991,113	-	-	1,991,113
Bank deposits	1,074,258	-	-	1,074,258
Customer deposits	21,952,466	-	-	21,952,466
Marketable debt securities	1,632,338	-	-	1,632,338
Subordinated liabilities	923,893	-	-	923,893
Other financial liabilities	227,077	-	-	227,077
Hedging derivatives	**56,000**	**-**	**56,000**	**-**

23.2. Fair value of property, plant and equipment

Details of the fair value of certain components of the Bank's property, plant and equipment at 31 December 2012 and 2011, in accordance with the categories into which they were classified, together with their carrying amounts at that date, are set out below:

(Thousand euro)	2012	
	Carrying amount	Fair value
Property, plant and equipment for own use	412,956	412,956
Investment properties	51,651	57,618
Non-current assets for sale - foreclosed assets	339,066	413,634
Inventories	1,190	2,188
Total	**804,864**	**886,396**

(Thousand euro)	2011	
	Carrying amount	Fair value
Property, plant and equipment for own use	493,171	493,171
Investment properties	317,541	340,457
Non-current assets for sale - foreclosed assets	545,082	756,074
Inventories	74,548	78,052
Total	**1,430,342**	**1,667,754**

The Bank calculates the fair value of its properties as follows:

- For assets for which an updated appraisal is available (maximum validity of 12 months) from an appraiser authorised by the Bank of Spain, the fair value is the value obtained from that appraisal in accordance with the provisions of OM/805/2003. In addition, in the event that a selling price has been set that is below the appraised price, the fair value is the selling price less any estimated marketing expenses.

- As a general rule, the Bank has ECO appraisals less than 12 months old for properties that have a value exceeding €500,000 and ECO appraisals less than 36 months old for the rest of the properties.

- For all the assets whose ECO appraisal is older than 12 months, estimated value discounts are applied to the appraisal based on statistical methods taking into account geography and type of assets.

- These assets have been appraised by independent experts that have been registered in the Special Registry of Appraisal Companies at the Bank of Spain. Appraisal companies and agencies used to obtain the appraised value of these assets mainly consisted of Tinsa, Sociedad de Tasación and Valtecnic.

24. Exposure to credit risk

Credit risk is defined as the potential financial loss arising from the total or partial failure of borrowers or counterparties of payment obligations to meet their obligations to the Bank in the time and form agreed and covers the loan stages of acceptance, monitoring and recovery. Furthermore, it also includes the identification, measurement, valuation and control of credit exposures and risk-adjusted return.

The following types can be distinguished:

- **Direct credit risk:** this means the probability of default in repayment of principal or interest on a debt created by providing funds to a counterparty.

- **Contingent credit risk:** this is the possibility of having to meet obligations on behalf of a customer without being reimbursed.

- **Country risk:** in keeping with Bank of Spain regulations, country risk means the possibility that the Bank will incur losses due to the debt of a country taken as a whole for reasons other than normal commercial risk. Country risk affects all the Bank's credit risk transactions and contingent liabilities in a country, irrespective of the nature of the loan holder and the instrumentation of the financing. It therefore includes sovereign risk, transfer risk and other risks arising from international financial activity.

In addition there are other risks associated with treasury operations, such as issuer risk, counterparty risk and settlement risk.

The Bank's general credit risk policy seeks to manage its loans and receivables to obtain maximum quality assets, using the most appropriate strategy for internal and market conditions and following maximum risk prudence and precision criteria.

24.1. Credit risk management

Credit risk policies, methods and procedures form one of the basic pillars of the Bank's risk management, which has three aspects:

- **Regulatory:** the regulatory aspect is twofold:

    - Firstly, compliance with current regulations, specifically the provisions of Appendix IX of Bank of Spain Circular 4/2004, as partially amended by Bank of Spain Circular 3/2010, on the establishment of policies, methods and procedures for granting, studying and documenting transactions, estimating impairment and calculating provisions.

      The Internal Audit Department ensures that policies, methods and procedures are appropriate, implemented effectively and reviewed regularly.

    - Secondly, compliance with internal regulations, as these provide the principles and basis for coordinated operations in the field of risk across the organization and are subsequently developed through the risk department's regulations and operating procedures.

- **Executives:** senior management seeks to take a forward-looking approach to risk management in order to evaluate and measure the impact that it should have in the medium and long term, taking into consideration the different factors that influence the definition, management and development of credit risk policies, methods and procedures.

- **Management:** the Bank is mindful that mapping out the strategy and tactics involved in establishing credit risk policies, methods and procedures is a necessary but not a sufficient condition for the Bank's credit operations. As a result it:

    - Has in place a systematic implementation process to ensure that policies are known and understood by each and every one of the participants in the Bank's risk process.

    - Develops appropriate control mechanisms to ensure their fulfilment and, if necessary, warn about possible deviations that may be taking place.

The following general criteria are used to achieve effective credit risk management:

- **Solvency and growth:** the role of credit risk should help to increase risk-adjusted return, thus enabling reasonable growth and the allocation of adequate capital with the security that it will generate sustainable value over time. Hence management seeks to achieve maximum quality in credit assets in a context in which risk policies should have the flexibility required to anticipate changes in the market and economic conditions.

- **Risk culture:** a credit risk culture is fostered that is fully aligned with the Bank's strategic objectives and based on prudence, rigour, professionalism and the accountability of all those involved in credit risk and a shared vision of objectives. It is one of the Group's main existing assets to be translated into a competitive and differential advantage through continuous analysis of the structure of loans and receivables and continuous improvement of credit risk processes and procedures in order to achieve maximum service quality.

- **Objectivity in decision-making:** the utmost care and diligence are used in the rigorous and individualized study of each credit transaction in accordance with established principles on the basis of knowledge of and experience with the customer and the documentation provided. The granting of transaction credit risk is always made under conditions of freedom using objective criteria and without any external influence or pressure. Decisions regarding credit transactions that exceed the authority of the network will be based on a technical report from the Investment Office.

- **Independence of the business and credit risk units:** the principle of independence of decision-making between the different business units and investment management. Credit financing of investees is carried out at market conditions and implemented on the basis of a principle of separation of powers and responsibilities, with standard financing arrangements for each type of operation and the usual credit admission and monitoring processes. This independence is ensured in two ways:

  a) By establishing a system of authority for granting credit transactions in which the majority are decided by the committees and where higher volumes are decided with the participation of staff who work solely in credit risk.

  b) By tasking specialized management area personnel, such as those relating to investments and control, with monitoring the management of executive bodies along with direct management of the lending process at certain stages.

- **Uniformity:** this principle requires that credit risk management criteria (policies, structures, tools, circuits and processes) are common across the Bank, regardless of the geographical area in which the activity takes place.

By way of implementation of this principle, the Risk Committee defines the area of competency by applying the regulations set out in this Note, tasking General Management or a delegated committee with establishing management criteria, methods and policies and designing the organizational and functional structure, and Credit Risk Management with mapping out the tools and procedures for managing and monitoring.

- **Comprehensiveness:** total credit risk is not the arithmetic sum of the risk inherent in each of its transactions, as there are diversification or concentration factors that tend to mitigate or increase it. Therefore credit risk management does not focus on individual transactions and customers but instead works on the loan portfolio in the aggregate, taking into account the correlation of operations in the event of joint default and the evolution of their credit rating over time.

- **Diversification:** the loan portfolio should present the lowest possible degree of correlation with joint default, so credit operations are diversified as much as possible across the sphere of activity. The following are used to achieve this goal:

  - Segmentation of the loan portfolio that, based on the criteria in the Basel Capital Accord, identifies uniform and relevant bodies of transactions or customers for which common management policies can be used.

  - Representativeness limits for each segment, portfolio or sub-portfolio.

  - Concentration limits in risk groups.

  - Limits to the powers of all bodies in the Bank to agree to credit transactions.

- **Credit quality:** credit transactions are guided by the quality principle, i.e. they are only granted to customers with the ability to repay in due time and form, and risk output is covered through the enforcement of collaterals when initial expectations are thwarted. The following are used to achieve this goal:

  - Admission policy that restricts access to credit by applicants with the highest probability of default.

  - A collateral policy to ensure collection by way of their enforcement.

- **Operational security:** credit transaction agreements must have full legal force and accurately state the terms and conditions under which transactions are granted. The following are used to achieve this goal:

  - Powers for the review and updated maintenance of credit transaction agreements and for entering into agreements.

  - Criteria by which an agreement can be exempt from the intervention of a public certifying authority.

  - Levels of proxy powers for signing credit transaction agreements.

- **Return:** credit transactions must provide a return that is commensurate with the risk they entail. The following are used to achieve this goal:
    - Powers for the pricing of credit transactions.
    - The risk premium required for credit transactions.

- **Materiality:** actions geared towards preventing the delinquency of credit transactions must conform to the basis of the negative impact that default may have on income, seeking a reasonable balance between the cost of control and its benefits. To achieve this objective, criteria are established to define the set of borrowers with significant exposure for whom monitoring measures should be stepped up.

- **Anticipation:** actions geared towards preventing delinquency are begun early enough so that it is possible to assess the different options for credit recovery and manage the best of them. To achieve this objective, a monitoring policy and a borrower rating system have been defined which, if certain warning signs arise, establishes the risk policy to be followed and allows for the anticipation of the possible impairment of the risk assumed.

- **Fast claims:** once efforts to secure the adjustment of an incomplete transaction have been exhausted, a legal claim for the debt must be filed as quickly as possible. In order to achieve this goal deadlines are set for branches to send records for incomplete transactions to begin a legal claim.

- **Operating and management efficiency:** credit risk management models that minimize operating costs, reduce response time and standardize and systematize risk transaction analysis, including the probability of default and the risk premium as basic decision criteria, are studied, analysed and implemented.

To ensure adequate diversification of risk and avoid a concentration of sectors which due to their amount could have a negative impact on the Bank's solvency and the use of equity, credit risk limits are set depending on the purpose and characteristics of borrowers which are approved by the Credit Risk Committee on the recommendation of the Investment Committee. The Control Area provides the information and controls compliance. The types of limits set by the Bank are as follows:

- **Limits on loan portfolios:** limits based on borrowers and collateral provided are established to ensure the proper structure and diversification of loans and receivables.

- **Country risk limits:** country risk is understood as the risk attaching to customers resident in a specific country due to circumstances other than the habitual business risk. Country risk covers sovereign risk, transfer risk and other risks deriving from international financial activities.

- **Sector risk limits:** on some occasions, due to the specific position in terms of both importance in loans and receivables and also the economic outlook for various economic sectors or geographic areas, General Management on the recommendation of Investment Management may decide to adopt temporary policies which are communicated to the branches or areas concerned, indicating the specific measures to be taken and the term of these policies.

- **Geographical limits:** on some occasions and due to a specific situation, General Management on the recommendation of Investment Management may decide to adopt temporary policies which are communicated to the branches or areas concerned, indicating the specific measures to be taken and the term of these policies.

- **Borrower and groups of risk limits:** limits are established for large risks, concentration and authority for the granting of credit transactions.

Problematic asset management policies:

Among its general risk management policies, the Bank has established certain specific policies relating to real estate assets that have been particularly affected by the economic crisis.

These policies are intended to encourage compliance by borrowers in order to mitigate the risks to which the Bank is exposed. Alternatives are sought that allow the completion and sale of projects, such as the support of incentives to sell real estate properties owned by the promoter and mortgaged by the Bank, providing sales channels in its branch network or creating specific financing products.

In the event that these measures are not sufficient, a policy of selective asset purchases are carried out to offset promoter loans in order to accelerate the possession of properties and to be able to materialise the divestment through direct sales of the Bank's real estate portfolio.

Finally, in situations in which the friendly repayment or divestment agreement is not possible, court action is taken to execute the collateral.

24.2. Credit Risk Control:

In addition to fostering an environment of control across the organization through the Credit Risk Control Unit, the Bank also has in place controls that reinforce and help to anticipate potential problems that could affect the loan portfolio. These controls are designed to anticipate events and warn credit risk managers. There are two main types of controls:

- **Credit portfolio controls:** portfolio risk control is designed to warn of future irregular behaviour by the various credit risk segments and covers the assessment of non-performing loans and their recovery and of all aspects that might have an impact on the expected loss; asset quality, its exposure and composition and its recovery/severity.

- **Risk management controls:** risk management controls are based on the "Credit Risk Policies, Methods and Procedures" approved by the Bank's Governing Bodies. They lay down the Bank's risk profile target and include management principles, areas of action, risk and concentration limits as well as other aspects of risk management. Checks are also carried out on risk circuits and rating tools.

24.3. Information regarding the financing of construction, real estate promotions and the acquisition of housing.

The information required by the Bank of Spain regarding the financing of construction, real estate promotions and the acquisition of housing is presented in accordance with Circular 5/2011 (30 November) (Note 1.3).

Disclosures about exposure to the property development and construction sectors

The table below shows the cumulative figures for financing granted at 31 December 2012 and 2011 by the Bank for financing construction and property development activities together with their corresponding credit risk hedges (a):

(Thousand euro)	2012		
	Gross amount (f)	Excess over the value of the collateral (g)	Specific hedges
Financing for real estate development and construction and coverage (business in Spain) (b)	**2,611,867**	**935,042**	**1,098,024**
- Of which: Doubtful	1,692,034	733,335	1,068,738
- Of which: Sub-prime	172,830	50,558	29,286
Memorandum item:			
- Assets in default (c)	Not Available		
Memorandum item:			Carrying value
- Total customer loans, excluding public administrations (businesses in Spain) (d)			**16,210,863**
- Total assets (total businesses)			28,896,079
- Value adjustments and provisions for credit risk - Total general coverage (total businesses) (e)			-

(Thousand euro)	2011		
	Gross amount (f)	Excess over the value of the collateral (g)	Specific hedges
Financing for real estate development and construction and coverage (business in Spain) (b)	**4,639,425**	**1,072,323**	**479,348**
- Of which: Doubtful	1,558,394	360,137	451,225
- Of which: Sub-prime	275,985	63,567	28,123
Memorandum item:			
- Assets in default (c)	Not Available		
Memorandum item:			**Carrying value**
- Total customer loans, excluding public administrations (businesses in Spain) (d)			18,168,330
- Total assets (total businesses)			29,513,400
- Value adjustments and provisions for credit risk - Total general coverage (total businesses) (e)			-

(a) The classification of the financing in the preceding table is carried out in accordance with its purpose and not based on the borrowers activity code (CNAE).
(b) Includes all financing taking the form of loans and credit facilities, with or without a mortgage guarantee, and debt securities, intended for the construction and property development transactions relating to the activity in Spain (businesses in Spain).
(c) Gross amount of the loans for financing construction and property development (businesses in Spain) given the derecognition of the assets due to being classified as "assets in default".
(d) Amount for which the assets are recognised in the balance sheet after deducting any amounts recorded as a hedge.
(e) Total amount of value adjustments for impairment of assets and provisions that provide generic coverage for credit risk in accordance with the provisions of Appendix IX of Circular 4/2004, relating to the Bank's total activity (total business).
(f) Carrying amount before deducting value adjustments for asset impairment.
(g) This is the excess of the gross amount of each loan over the value of any property rights which were received as collateral, calculated in accordance with Appendix IX of Circular 4/2004. Therefore, the value of the real rights is the result of weighting the lower of the cost of the assets and their appraisal in their current state, weighted by the appropriate percentages based on the nature of the mortgaged assets.

The following table shows the breakdown of financing for construction, property development transactions and the acquisition of housing at 31 December 2012 and 2011:

(Thousand euro)	Gross amount 2012	Gross amount 2011
With no mortgage guarantee	**181,552**	**524,459**
Secured by a mortgage	**2,430,315**	**4,114,966**
Finished buildings (b)	1,674,774	2,550,703
Housing	*1,349,838*	*1,984,514*
Other	*324,936*	*566,189*
Buildings under construction (b)	188,357	396,003
Housing	*185,680*	*380,998*
Other	*2,677*	*15,005*
Land	567,184	1,168,260
Developed land	*559,936*	*1,149,559*
Other land	*7,248*	*18,701*
Total	**2,611,867**	**4,639,425**

(a) Includes all mortgage-backed transactions, regardless of what percentage the prevailing risk is of the last available valuation (loan to value).
(b) If a building includes both residential (housing) and commercial (offices and/or business premises) uses, financing is included in the category of the predominant purpose.

Credit to households for house purchases.

The breakdown of the amount at 31 December 2012 and 2011 of household loans for the acquisition of housing is set out below:

(Thousand euro)	2012 Gross amount	2012 Of which: doubtful	2011 Gross amount	2011 Of which: doubtful
Home acquisition loans	10,205,475	846,679	9,053,222	408,321
- With no mortgage guarantee	17,290	452	54,709	1,443
- Secured by a mortgage (a)	10,188,185	846,227	8,998,513	406,878
Total	**10,205,475**	**846,679**	**9,053,222**	**408,321**

(a) Includes all mortgage-backed transactions, regardless of what percentage the prevailing risk is of the last available valuation.

The table below shows the breakdown of mortgage-backed loans to households for house purchases at 31 December 2012 and 2011 according to what percentage the total risk is of the most recent available valuation (loan to value) for those transactions recorded by Group credit institutions:

(Thousand euro)	2012					
	Risk compared with the latest appraisal available (loan to value)					
	<40%	>40% <60%	>60% <80%	>80% <100%	>100%	Total
Gross amount	2,185,090	2,813,939	3,922,500	1,103,038	163,618	10,188,185
Of which: doubtful	82,992	115,519	343,858	239,791	64,067	846,227

(Thousand euro)	2011					
	Risk compared with the latest appraisal available (loan to value)					
	<40%	>40% <60%	>60% <80%	>80% <100%	>100%	Total
Gross amount	1,667,424	2,433,198	3,701,089	1,088,820	107,982	8,998,513
Of which: doubtful	75,394	110,020	167,349	49,232	4,883	406,878

24.4. Impaired financial assets and movements in provisions

The breakdown during 2012 and 2011 of impaired financial assets (classified as doubtful), is summarised below:

(Thousand euro)	2012	2011
Impaired financial assets	**3,156,089**	**2,442,158**
Available-for-sale financial assets	-	8
Debt securities	-	8
Loans and discounts	3,156,089	2,442,150
Bank deposits	-	-
Customer loans	3,150,758	2,439,296
Debt securities	5,331	2,854
Impaired contingent risks	**20,876**	**6,986**
Impaired contingent risks	20,876	6,986
Total Doubtful or Impaired Risks	**3,176,965**	**2,449,144**
Of which:		
Public sector.	191	-
Credit institutions	-	-
Other sectors	3,155,898	2,442,158
Impaired contingent risks	20,876	6,986

Movements in the provisions recorded in the accompanying balance sheets at 31 December 2012 and 2011 to cover the estimated losses affecting financial assets and contingent risks are presented below:

(Thousand euro)	2012						
			Loans and discounts				Provisions for contingent risks and commitments
	Held-to-maturity investments	Available-for-sale financial assets	Bank deposits	Customer loans	Debt securities	TOTAL LOANS AND RECEIVABLES	
Balance at beginning of the year	**-**	**1,381**	**-**	**650,352**	**2,855**	**653,207**	**2,233**
+ Appropriations charged to income statement	-	41,909	-	1,249,033	3,214	1,252,247	7,953
+ Entities included during the year	-	-	-	-	-	-	-
- Recoveries credited to income statement	-	-	-	(934,781)	(682)	(935,463)	(46)
- Utilisation	-	-	-	(74,614)	-	(74,614)	-
- Entities sold during the year	-	-	-	-	-	-	-
+/- Transfers	-	-	-	-	-	-	-
+/- Exchange differences	-	-	-	-	-	-	-
+/- Other movements	-	-	-	591,463	(1)	591,462	(172)
Balance at the end of the year	**-**	**43,290**	**-**	**1,481,453**	**5,386**	**1,486,839**	**9,968**

(Thousand euro)	2011						
			Loans and discounts				Provisions for contingent risks and commitments
	Held-to-maturity investments	Available-for-sale financial assets	Bank deposits	Customer loans	Debt securities	TOTAL LOANS AND RECEIVABLES	
Balance at beginning of the year	**-**	**1,380**	**16**	**761,234**	**6,277**	**767,527**	**4,754**
+ Appropriations charged to income statement	-	1	-	691,995	2,422	694,417	1,449
+ Entities included during the year	-	-	-	-	-	-	-
- Recoveries credited to income statement	-	(9)	(16)	(438,061)	(5,851)	(443,928)	(3,961)
- Utilisation	-	-	-	(228,343)	-	(228,343)	-
- Entities sold during the year	-	-	-	-	-	-	-
+/- Transfers	-	-	-	-	-	-	-
+/- Exchange differences	-	-	-	-	-	-	-
+/- Other movements	-	9	-	(136,473)	7	(136,466)	(9)
Balance at the end of the year	**-**	**1,381**	**-**	**650,352**	**2,855**	**653,207**	**2,233**

25. Exposure to interest rate risk

Exposure to interest rate risk means any possible adverse change in economic value and/or income resulting from an unanticipated change in market interest rates.

Assets and Liabilities Committee (ALC), which was formed by the members of the Executive Committee, General Management, the Director of Investments and the Director of Financial and Asset and Liability Management. In addition, the rest of the Management Committee members attend the monthly ALC meetings as guests. During the second half of the year the composition of the ALC was modified and is now made up of the Director of Investments and Finance, the Deputy Director of Investments and Finance and the Director of Financial Management and Assets and Liabilities, plus the persons responsible for the management of the balance sheet, structural risks and GAIM at BBVA, designated by the Directors.

ALCO is the body responsible for defining interest rate risk management objectives, the determination of investment strategies for portfolios, hedging strategies and decisions on proposed structural risk management. The ALC also monitors the limits relating to the interest rate risk set out in the interest rate risk policy in place at the Bank.

Techniques for measuring sensitivity and scenario analysis are used in the analysis, measurement and control of interest rate risk assumed by the Bank, and appropriate limits to prevent exposure to levels of risk that could significantly affect it are set. These analysis procedures and techniques are reviewed as often as may be necessary to ensure their proper operation. In addition, all transactions that are individually significant for the Group are analysed both separately and also jointly with the other transactions.

Interest rate risk has an impact on the two key measurement areas the Bank uses to manage and control it:

- The impact of interest rates changes on net interest revenue.
- The impact of interest rates changes on economic value.

Both static and dynamic techniques are used to measure interest rate risk. Measurements based on current positions are called static. The addition of projected positions, whether based on budget scenarios or others deemed appropriate, yields dynamic measurements.

The following table sets out the monthly and cumulative sensitivity gap for the balance sheet at 31 December 2012 and 2011. The monthly sensitivity gap shows the matrix of maturities or repricings and groups the carrying value of assets and liabilities sensitive to interest rates by repricing or maturity dates, whichever is earlier:

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(Thousand euro)	2012							
	1 month	1 month 3 months	3 months 1 year	1 year 2 years	2 years 3 years	3 years 4 years	4 years 5 years	More than 5 years
Assets								
Money market	4,119,845	5,082	-	60,560	-	-	-	287,423
Customer loans	1,833,188	3,307,361	7,937,684	725,047	142,307	61,285	38,634	2,203,535
Debt securities	519,067	506,989	667,038	51,439	65,958	385,104	80,470	322,453
Liabilities								
Money market	4,728,945	148,914	77,392	1,523,817	17,831	13,202	8,926	560,651
Customer deposits	811,057	3,281,927	8,507,853	1,184,436	928,898	1,079,048	638,526	1,985,539
Marketable debt securities	3,150	258,279	18,630	551,731	-	-	-	-
Subordinated financing	52,873	350,893	33,709	39,124	-	-	-	-
Monthly sensitivity gap	876,074	(220,582)	(32,862)	(2,462,061)	(738,464)	(645,861)	(528,347)	267,221
Monthly sensitivity ratio	3.02%	(0.76%)	(0.11%)	(8.49%)	(2.55%)	(2.23%)	(1.82%)	0.92%
Accumulated sensitivity gap	876,074	655,493	622,630	(1,839,431)	(2,577,895)	(3,223,756)	(3,896,250)	(3,484,882)
Accumulated sensitivity ratio	3.02%	2.26%	2.15%	(6.34%)	(8.89%)	(11.12%)	(12.94%)	(12.02%)

(Thousand euro)	2011							
	1 month	1 month 3 months	3 months 1 year	1 year 2 years	2 years 3 years	3 years 4 years	4 years 5 years	More than 5 years
Assets								
Money market	212,683	32,886	42,877	5	-	-	-	76,441
Customer loans	2,073,885	3,400,459	9,146,004	654,553	693,622	28,175	41,297	2,181,986
Debt securities	134,125	855,501	1,345,221	1,159,811	483,655	445,687	813,231	1,145,266
Liabilities								
Money market	1,630,083	823,422	754,131	7,417	11,360	1,911,153	16,830	218,558
Customer deposits	431,833	4,137,699	9,262,608	1,798,387	1,878,379	663,899	789,661	682,417
Marketable debt securities	270,000	430,000	350,000	-	582,338	-	-	-
Subordinated financing	242,455	549,459	208,223	-	-	-	-	-
Monthly sensitivity gap	(153,678)	(1,651,734)	(40,860)	8,565	(1,294,800)	(2,101,190)	48,037	2,502,718
Monthly sensitivity ratio	(4.82%)	(5.52%)	4.57%	(1.36%)	(8.55%)	(0.30%)	(0.02%)	3.50%
Accumulated sensitivity gap	(153,678)	(1,805,412)	(1,846,272)	(1,837,707)	(3,132,507)	(5,233,697)	(5,185,660)	(2,682,942)
Accumulated sensitivity ratio	(4.82%)	(10.34%)	(5.78%)	(7.14%)	(15.69%)	(15.99%)	(16.01%)	(12.51%)

26. Exposure to liquidity risk

Liquidity risk is the risk that the Bank will have difficulties in meeting the obligations associated with financial liabilities that are settled in cash or another financial asset. Liquidity risk is thus the risk of not having sufficient liquidity to meet payment obligations to third parties on a maturity date.

The management of liquidity risk, interest rate and approval of risk assumption policy strategies and their control is structured through the Asset and Liabilities Committee (ALC), which is formed by the members of the Directors Committee, General Management, Investment Director and the Director of Financial Management and Assets and Liabilities. In addition, the rest of the Management Committee members attend the monthly ALC meetings as guests.

ALCO is the body responsible for defining liquidity management objectives, the determination of investment strategies for portfolios and decisions on proposed liquidity risk management. The ALC also monitors the limits relating to the liquidity risk set out in the liquidity risk policy in place at the Bank.

The main objective in terms of liquidity risk is always to have the tools and processes available that will enable the Bank to meet its payment obligations on time and to operate its businesses so as to achieve the Group's strategic objectives. The ability to maintain sufficient liquidity levels to meet payments is also analysed in stress scenarios.

The Bank's Senior Management receives daily information regarding the position of the First Line of Liquidity, monitoring the different influencing actions and variables. The Liquidity Plan is the subject of a specific analysis at ALC meetings and includes the projection of the First Line of Liquidity in the short, medium and long-term and allows for the anticipation of the possible liquidity needs and to design and plan the action necessary to respond.

The Bank has a Contingency Plan for the Liquidity Risk, updated and adapted to current market circumstances. This Contingency Plan includes the indicators that trigger its activation, the procedures to apply and the responsibilities in this case, as well as the different actions and measures to generate effective and/or liquidity that develops based on the circumstances that led to the activation of the plan.

Measuring liquidity risk focuses on identifying liquidity requirements and consequently making decisions about how to meet these needs. These measurements cover both the short and the medium/long term with an overall view of the balance sheet encompassing both retail and wholesale positions. Both static and dynamic techniques are used to carry out the measurement. Measurements based on current positions are called static. The addition of projected positions, whether based on budget scenarios or others deemed appropriate, yields dynamic measurements.

Below is an analysis of the Institution's assets and liabilities by maturity, based on the time remaining from 31 December 2012 and 2011 to the contractual maturity date:

(Thousand euro)	2012							
	1 month	1 month 3 months	3 months 1 year	1 year 2 years	2 years 3 years	3 years 4 years	4 years 5 years	More than 5 years
Assets								
Money market	4,110,755	-	-	60,560	-	-	-	301,594
Customer loans	281,803	292,299	1,318,197	1,688,603	1,206,674	1,011,624	850,082	9,599,758
Debt securities	467,654	124,210	659,253	58,739	309,858	424,289	80,470	474,045
Liabilities								
Money market	1,113,814	100,565	11,647	645,641	4,523,277	31,145	20,034	633,554
Customer deposits	828,676	1,694,452	5,307,444	1,740,218	1,934,512	1,636,234	1,256,949	4,018,801
Marketable debt securities	3,150	2,979	18,630	605,000	-	-	150,000	52,031
Subordinated financing	-	-	51,530	-	3,093	15,000	100,000	306,976
Monthly sensitivity gap	2,914,572	(1,381,487)	(3,411,801)	(1,182,956)	(4,944,350)	(245,465)	(596,431)	5,364,036
Monthly sensitivity ratio	10.05%	(4.76%)	(11.76%)	(4.08%)	(17.05%)	(0.85%)	(2.06%)	18.50%
Accumulated sensitivity gap	2,914,572	1,533,085	(1,878,716)	(3,061,672)	(8,006,021)	(8,252,487)	(8,848,918)	(3,484,882)
Accumulated sensitivity ratio	10.05%	5.29%	(6.48%)	(10.56%)	(27.61%)	(28.46%)	(30.51%)	(12.02%)

(Thousand euro)	2011							
	1 month	1 month 3 months	3 months 1 year	1 year 2 years	2 years 3 years	3 years 4 years	4 years 5 years	More than 5 years
Assets								
Money market	46,914	23,942	42,913	90	5,325	-	-	245,708
Customer loans	146,320	283,067	1,030,009	941,708	1,336,786	798,107	692,150	12,991,834
Debt securities	42,747	359,403	1,360,061	1,179,811	497,129	697,887	848,431	1,397,027
Liabilities								
Money market	1,614,044	715,184	697,731	42,395	51,446	1,940,051	39,809	272,295
Customer deposits	1,066,924	1,767,023	5,788,993	2,546,493	2,531,844	1,498,948	1,335,518	3,109,139
Marketable debt securities	-	-	770,000	-	605,000	-	-	257,338
Subordinated financing	-	-	30,000	120,000	-	15,000	15,000	820,136
Monthly sensitivity gap	(2,444,987)	(1,815,795)	(4,853,741)	(587,279)	(1,349,050)	(1,958,005)	150,254	10,175,661
Monthly sensitivity ratio	(9.20%)	(4.91%)	(15.61%)	(3.28%)	(8.60%)	0.16%	0.54%	28.39%
Accumulated sensitivity gap	(2,444,987)	(4,260,782)	(9,114,523)	(9,701,802)	(11,050,852)	(13,008,857)	(12,858,603)	(2,682,942)
Accumulated sensitivity ratio	89.20%)	(14.11%)	(29.72%)	(33.00%)	(41.61%)	(41.44%)	(40.91%)	(12.51%)

At the request of the Bank of Spain, and in order to ensure maximum transparency for the markets, the Bank has disclosed information about its financing and liquidity structure.

The information regarding the needs and stable sources of financing of the Entity at 31 December 2012 and 2011 is presented below:

2012			
	Amount (thousand euro)		Amount (thousand euro)

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Customer loans (b)	16,249,041	Mortgage bonds and securities (c)	4,594,974
Foreclosed assets (b)	284,654	Senior debt (c)	249,500
TOTAL customer loans	**16,533,695**	Issued secured by the government	605,000
Shareholdings	**166,440**	Subordinated, preferred and convertible (c)	541,527
		Other short and long-term financial instruments	15,000
		Securitisations sold to third parties	631,421
		Other financing with a residual maturity exceeding 1 year	5,490,000
		Total wholesale long-term financing	**12,127,422**
		Customer deposits	**11,585,701**
		Equity	**307,007**
Stable financing needs	16,700,135	Stable financing sources	24,020,130

2011			
	Amount (thousand euro)		Amount (thousand euro)
Customer loans (b)	16,635,080	Mortgage bonds and securities (c)	5,321,604
Foreclosed assets (b)	2,144,874	Senior debt (c)	419,200
TOTAL customer loans	18,779,954	Issued secured by the government	1,225,000
Shareholdings	184,057	Subordinated, preferred and convertible (c)	999,161
		Other short and long-term financial instruments	15,000
		Securitisations sold to third parties	766,920
		Other financing with a residual maturity exceeding 1 year	1,890,000
		TOTAL Customer deposits	**11,622,715**
		Wholesale long-term financing	**10,636,885**
		Equity	**1,178,602**
Stable financing needs	18,964,011	Stable financing sources	23,438,202

(a) Consolidated reserved information
(b) Net value of measurement adjustments
(c) Net value of treasury shares

In addition, below are specific disclosures on 31 December 2012 and 2011 about the remaining maturity terms of the Bank's wholesale issues, liquidity assets and its issue capacity:

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(Thousand euro)	2012			
	Maturity of wholesale issues			
	2013	2014	2015	>2015
Mortgage bonds and securities - market	657,946	312,456	558,285	3,066,288
Territorial bonds at market prices	-	-	-	-
Senior debt at market prices	-		-	249,500
Issues secured by the government at market prices	-	605,000	-	-
Subordinated, preferred and convertible	51,530	-	3,093	486,903
Other short and long-term financial instruments	-	-	-	15,000
Commercial paper	-	-	-	-
Maturity of wholesale issues	**709,476**	**917,456**	**561,378**	**3,817,691**
Mortgage bonds and securities and senior debt held in the portfolio	141,492	517,300	1,126,507	2,358,684
Maturities held in the portfolio	**141,492**	**517,300**	**1,126,507**	**2,358,684**
Securitisations sold to third parties	54,335	49,210	42,937	484,938
Total maturities of wholesale issues, including securitisations	**905,304**	**1,483,967**	**1,730,821**	**6,661,313**

(Thousand euro)	2011			
	Maturity of wholesale issues			
	2012	2013	2014	>2014
Mortgage bonds and securities - market	712,900	658,064	307,700	3,642,940
Territorial bonds at market prices	-	-	-	-
Senior debt at market prices	145,000	-	-	274,200
Issues secured by the government at market prices	620,000	-	605,000	-
Subordinated, preferred and convertible	30,000	120,000	-	923,011
Other short and long-term financial instruments	-	-	-	15,000
Commercial paper	-	-	-	-
Maturity of wholesale issues	**1,507,900**	**778,064**	**912,700**	**4,855,151**
Mortgage bonds and securities and senior debt held in the portfolio	61,100	232,936	522,300	708,100
Maturities held in the portfolio	**61,100**	**232,936**	**522,300**	**708,100**
Securitisations sold to third parties	147,717	148,768	135,294	335,141
Total maturities of wholesale issues, including securitisations	**1,716,717**	**1,159,768**	**1,570,294**	**5,898,392**

LIQUID ASSETS (Thousand euro)	2012	2011
Liquid assets (nominal value)	3,305,354	2,596,364
Liquid assets (market value and ECB cuts)	3,311,669	2,279,674
of which: Other Spanish public administration debt	401,973	1,814,371

ISSUE CAPACITY (Thousand euro)	2012	2011
Capacity to issue mortgage bonds	425,872	746,528
Capacity to issue territorial mortgages bonds	34,004	36,156
Available issues secured by the government	-	43,000

27. Exposure to market risk

Market risk is the risk of loss to which the Bank is exposed because of the positions it holds in securities or derivatives sensitive to changes in the general conditions of financial markets. These changes arise, wither directly through listed prices or through factors on which their value depends: interest rates, exchange rates, volatility, price of the underlying asset, etc.

In its financial market operations, the Bank is exposed to market risk resulting from adverse movements in the following risk factors:

- Interest rate: arises from holding fixed-income assets.
- Price: arises from holding open positions (call or put) in shares, indexes or share-based instruments.
- Volatility: arises in financial instruments with optionality, so that their price is subject to, among other factors, the perceived volatility of aspects underlying the option (interest rates, shares, exchange rates, etc.).

For operational purposes, the Assets and Liability Committee, as delegated by the Directors, sets measurement limits and procedures associated with the balances of the various portfolios exposed to market risk, their composition and liquidity, open foreign exchange positions, derivative operations and the maximum exposure levels of these portfolios, with maximum loss limits by activities and markets. These limits are revised periodically.

The limit structure includes:

- Limits on the overall size of portfolios.
- Limits on risk level.
- Concentration limits.

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The Bank records financial assets at fair value, using the quoted price for securities traded in large markets and internationally recognized measurement methods for other unquoted assets. If models are used, inputs are objective market data published in major information systems.

Investments in money and equity markets and the relevant limitations will always be subject to the Market and Counterparty Risk Policy approved by the Directors whose supervision is delegated to the Asset and Liability Committee (ALC).

The VaR is one of the methods used to measure market risk. VaR provides an estimate of the maximum expected potential loss that a securities and derivatives portfolio might experience in the event of an adverse but statistically normal change in price. It is expressed in monetary terms and refers to a specific date with a particular confidence level and a given time horizon.

The Bank uses two methods to calculate the VaR: variance-covariance method and the historical method. The VaR parameter is based on the assumption that profits and losses are distributed along a normal distribution. The VaR calculated using the historical method calculates current losses and gains that the portfolio would have recorded if the historic yields in the portfolio had randomly arisen which means that the historical prices of variables or risk factors are applied to the portfolio to generate possible scenarios. The measurements are made of the Bank's total portfolio subject to market risk and of each individual portfolio: available for sale, trading, private fixed income, equities, government debt and derivatives. The operational confidence level is 99% and the time horizon is one day. The variance-covariance method is also used to calculate VaR; one year for equities and currency, and three years for interest rates on which fixed-income securities depend. The VaR calculation using the historical method applies a decay factor of 97.

These measurements are complemented by daily backtesting which validates the accuracy of the method. The analysis consists of comparing the VaR calculated at the end of each day with the real price result of the same portfolio at closing on the following day. This verifies that the VaR estimates are within the established confidence levels.

In addition to the VaR calculation, there are also daily results obtained from analysis of stress-testing scenarios to evaluate the sensitivity of each portfolio's VaR to sudden changes in interest rates, volatility and exchange rates.

The VaR distribution for the total portfolio in 2012 and 2011 is as follows:

(Thousand euro)	2012		
VaR 1-day, 99% confidence level	Available for sale	Available-for-sale government debt	Available-for-sale fixed income
Average	21,754	19,675	1,746
Maximum	39,533	35,265	4,474
Minimum	7,608	4,947	748

(Thousand euro)	2011		
VaR 1-day, 99% confidence level	Available for sale	Available-for-sale government debt	Available-for-sale fixed income
Average	6,234	4,729	1,229
Maximum	12,291	9,890	3,408
Minimum	2,946	2,159	577

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A breakdown of the debt security portfolio at 31 December 2012 and 2011, by issuing country is as follows:

(Thousand euro)	2012						
	Spain	Rest of Europe	United States	South America	Other	Mexico	TOTAL
Cash and deposits at central banks	**157,006**	-	-	-	-	-	**157,006**
Trading portfolio	**3,339**	**991**	-	-	-	-	**4,330**
Bank deposits	-	-	-	-	-	-	-
Customer loans	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Derivatives held for trading	3,339	991	-	-	-	-	4,330
Other financial assets at fair value with through changes in profit and loss	-	-	-	-	-	-	-
Bank deposits	-	-	-	-	-	-	-
Customer loans	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Available-for-sale financial assets	**1,637,846**	**69,053**	**7,040**	-	**270**	-	**1,714,209**
Debt securities	1,637,846	69,053	7,040	-	270	-	1,714,209
Loans	**22,921,966**	**56,537**	**3,542**	**1,325**	**5,806**	**49**	**22,989,225**
Bank deposits	4,442,140	28,625	-	-	-	-	4,470,765
Customer loans	17,595,517	27,912	3,542	1,325	5,806	49	17,634,151
Debt securities	884,309	-	-	-	-	-	884,309
Held-to-maturity investments	-	-	-	-	-	-	-
Hedging derivatives	**398,028**	**278,011**	-	-	-	-	**676,039**
Contingent liabilities	**669,845**	**230**	-	-	-	-	**670,075**
Contingent commitments	**1,860,570**	**2,320**	-	-	-	-	**1,862,890**
Total	**27,648,600**	**407,142**	**10,582**	**1,325**	**6,076**	**49**	**28,073,774**

(Thousand euro)	2011						
	Spain	Rest of Europe	United States	South America	Other	Mexico	TOTAL
Cash and deposits at central banks	**241,771**	-	-	-	-	**-**	**241,771**
Trading portfolio	**5,181**	-	-	-	-	**-**	**5,181**
Bank deposits	-	-	-	-	-	-	-
Customer loans	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Derivatives held for trading	5,181	-	-	-	-	-	5,181
Other financial assets at fair value with through changes in profit and loss	-	**322**	-	-	-	**-**	**322**
Bank deposits	-	-	-	-	-	-	-
Customer loans	-	-	-	-	-	-	-
Debt securities	-	322	-	-	-	-	322
Available-for-sale financial assets	**3,254,384**	**10,749**	**109**	-	**228**	**-**	**3,265,470**
Debt securities	3,254,384	10,749	109	-	228	-	3,265,470
Loans	**19,526,258**	**61,145**	**3,889**	**1,098**	**4,328**	**59**	**19,596,777**
Bank deposits	119,877	32,488	-	-		-	152,365
Customer loans	18,323,453	28,657	3,889	1,098	4,328	59	18,361,484
Debt securities	1,082,928	-	-	-	-	-	1,082,928
Held-to-maturity investments	**1,881,871**	**140,993**	**10,051**	-	**861**	**-**	**2,033,776**
Hedging derivatives	**261,442**	**245,602**	**9,375**	-	-	**-**	**516,419**
Contingent liabilities	**832,323**	-	-	-	-	**-**	**832,323**
Contingent commitments	**2,812,381**	**307**	-	-	-	**-**	**2,812,688**
Total	**28,815,611**	**459,118**	**23,424**	**1,098**	**5,417**	**59**	**29,304,727**

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28. Operating risk exposure

Operational risk means the possibility of incurring losses due to inadequate or failed processes, staff or internal systems errors or external events. This definition includes legal risks (the possibility of being penalized, fined or required to pay damages), but excludes strategic and reputation risk.

Potential events that might lead to operational risk losses are classified as follows:

- Internal fraud.
- External fraud.
- Labour relations and occupational health and safety.
- Customers, products and business practices.
- Damage to property, plant and equipment.
- Business incidents and system failures.
- Process execution, delivery and management.

In accordance with the principles issued by the Basel Committee on best practices for operational risk management and supervision, governing bodies and senior management are involved in their development and implementation to establish management strategies and policies, and all levels within the Group must understand their operational risk management responsibilities. Consequently, the operational risk management organizational structure comprises a wide range of players who have direct responsibilities:

- **Management Committee:** the Management Committee drives operational risk management policy; it carries out formal monitoring of key issues that arise and ensures the implementation of the aforementioned policy across the entire organization.

- **Risk Policies and Models Unit:** it is responsible for planning, organizing and managing the design, creation and implementation of the Bank's operational risk management system at its different stages (identification, evaluation, monitoring and risk control/mitigation) and for codifying policies and monitoring existing operational risk management procedures within the Bank, including designing and implementing an information system about this system. It is empowered to request actions seen as necessary to ensure that risk management is carried out in line with the policies approved by the Directors.

- **Audits:** it oversees the work of the Risk Policy and Models Unit.

- **Division managers and departments reporting to them:** The Division managers are responsible for the coordination and supervision of those in charge of operational risk management in the departments and units in their division. However, departmental and/or unit heads are responsible for managing the risk associated with the functions assigned to them and therefore have to follow the risk management stages when a product, service, system or operating procedure is created, modified or revised. In addition to following published policies, regulations and procedures, they also report to and collaborate with the Risk Policy and Models Unit and partner with it in risk management.

- **Group investees:** the main duty of the person in charge of operational risk management at the investee is to implement operational risk management policies and procedures or adapt them to the investee's circumstances, and to coordinate operational risk decisions taken by the parent company which affect the investee and vice versa. Like departments and units, they have to follow the instructions of the Risk Policy and Models Unit concerning operational risk management within the framework of approved policies.

The Bank's operational risk management model and policies establish an on-going process based on:

- **Identification:** identify the main actual or potential threats affecting the Entity.
- **Evaluation:** determine the impact that the identified risks have or may have.
- **Monitoring:** check the evolution of identified risks.
- **Control:** reduce the impact of risks to acceptable limits in line with the targets set by senior management.

29. Other significant information

29.1. Financial collaterals and other contingent liabilities

Financial collateral means the amounts that the Bank would have to pay for others, should those originally required to do so not pay them, to meet the commitments it has assumed in the course of its normal activity.

Below is the breakdown of these collaterals at 31 December 2012 and 2011, representing the maximum risk assumed by the Bank:

(Thousand euro)	2012	2011
Financial guarantees	243,884	254,231
Other guarantees and sureties	169,605	295,854
Irrevocable documentary credits	1,947	2,385
Risks owing to derivatives contracted on behalf of third parties	254,480	278,605
Other contingent risks	159	1,248
Other contingent liabilities	**670,075**	**832,323**

A significant portion of these amounts will reach maturity without any payment obligation materializing for the Bank, and hence the joint balance of these commitments cannot be considered to be a future financing or liquidity need the Bank provides to third parties.

Income from collateral instruments is recorded under "Commission income" and "Interest and similar income" (for the amount corresponding to the discounted value of the commissions) in the income statement and is calculated at the rate specified in the contract on the nominal amount of the collateral.

The provisions recorded to cover the collaterals provided, which are calculated using criteria similar to those used to calculate the impairment of financial assets carried at amortized cost, are recorded under "Provisions – Provisions for contingent liabilities and commitments" in the balance sheet (see note 18.2).

Unnim Banc has granted a guarantee to a low-liquidity fixed-income asset portfolio owned by Unnim Vida, S.A, with an investment at 31 December 2012 totalling €155,705,000 (€200,223,000 at 31 December 2011). The Bank guarantees the nominal value of all of the securities in the portfolio and in order to ensure compliance with this guarantee the government debt securities are pledged in an amount equivalent to the difference between the guaranteed value and the market value of these investments (calculated by an independent expert). This calculating is updated quarterly and the amount of the pledge at 31 December 2012 totals €34,136,000 (€61,720,000 at 31 December 2011). At 31 December 2012 and 2011, the Bank has not considered it necessary to record any loss due to that guarantee, since there is no evidence that any significant event has occurred that adversely affects the cash flows of the guaranteed portfolio.

In addition, the Bank has also provided a guarantee to Unnim Vida, S.A. for certain insurance products, securing the mismatch between the guaranteed interest rate for policyholders and the yield obtained on the associated investments. At 31 December 2012 the total amount of the guaranteed interest portfolio was €61,600,000 (€67,638,000 at the end of 2011), and at 31 December 2012 there were no significant mismatches between the guaranteed rate and the return obtained on the associated investments.

In addition, the Bank has granted another guarantee to Unnim Vida, S.A regarding an asset portfolio associated with the coverage of technical provisions for a certain lifetime income product, through a guarantee supplemented by a pledge of government debt securities. At 31 December 2012, the restated amount of that guarantee totals €31,670,000 (€31,380,000 at the end of 2011) and €11,724,000 with respect to the pledge (€12,733,000 at 31 December 2011). This calculation is updated on a quarterly basis. The Bank guarantees the repurchase value of every security in the aforementioned portfolio. At 31 December 2012 and 2011 there was no significant mismatch between the guaranteed rate and the return obtained on the associated investments in the bank did not consider it necessary to record any loss relating to that guarantee.

29.2. Contingent commitments

The breakdown of the balance of this item at 31 December 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Immediately available		
Credit institutions	-	18,125
Public Administration Sector	1,252	7,079
Other resident sectors	1,833,821	2,654,655
Non-residents	2,319	2,149
Conditional	-	-
Securities subscribed pending disbursement	9,793	13,653
Conventional contracts for the acquisition of financial assets	-	8,323
Commitments for the placement and subscription of shares	-	16,884
Other contingent commitments		
Documents delivered to Clearing Houses	15,705	35,084
Other contingent commitments	-	56,736
Total	1,862,890	2,812,688

29.3. Third party funds commercialized by the Bank and securities depository

The breakdown of off-balance-sheet funds commercialized by the Bank at 31 December 2012 and 2011 is shown below:

(Thousand euro)	2012	2011
Managed by the Group	279,679	154,693
Investment Funds and companies	*279,679*	*154,693*
Marketed but not managed by the Group	2,477,429	2,620,226
Total	2,757,108	2,774,919

In addition, below is the breakdown of the securities deposited with the Bank by its customers at 31 December 2012 and 2011:

(Thousand euro)	2012	2011
Book entries	**3,027,154**	**3,406,211**
Securities entered into the central market registry	863,616	988,865
Debt securities Listed	863,616	988,865
Securities recorded by the entity	89,869	57,770
Debt securities Listed	63,064	29,548
Debt securities Unlisted	26,805	28,222
Securities entrusted to other depositary entities	2,073,669	2,359,576
Equity instruments Listed	510,914	328,483
Equity instruments Unlisted	1,746	2,245
Debt securities Listed	1,560,227	2,028,066
Debt securities Unlisted	782	782
Physical securities	**57**	**103,709**
In the possession of the Entity	-	103,440
Equity instruments	-	-
Debt securities	-	103,440
Securities entrusted to other depositary entities	57	269
Equity instruments	52	264
Debt securities	5	5
Total	**3,027,211**	**3,509,920**

29.4. Securitization

The Bank has carried out a number of securitization transactions whereby it transferred loans and credits in its portfolio to various securitization special-purpose vehicles, transactions in which, as a result of the terms agreed for the transfer of these assets, it has significantly retained the substantive risks and rewards of these assets (basically, the credit risk of the transferred operations). Below is the breakdown of the balances associated with these transactions recorded in the balance sheets at 31 December 2012 and 2011:

(Thousand euro)	2012 (*)	2011 (*)
TDA-22 mixto, Mortgage securitisation fund	24,576	25,726
TDA-27, Mortgage securitisation fund	158,960	171,696
AyT Préstamos Consumo III, Mortgage securitisation fund	6,715	11,256
AyT FTPime II, Mortgage securitisation fund	310	386
IM Cédulas 1, Mortgage securitisation fund	48,766	61,549
IM Cédulas 2, Mortgage securitisation fund	223,496	242,346
TDA-28, Mortgage securitisation fund	163,463	175,062
GAT FTGencat 2007, Mortgage securitisation fund	85,426	97,499
IM Unnim, Asset securitisation fund	-	985,665
GAT FTGencat 2008, Mortgage securitisation fund	192,429	221,072
GAT ICO FTVPO	28,127	31,500
AyT Hipotecario Mixto, Mortgage securitisation fund	30,824	33,529
TDA-20 mixto, Mortgage securitisation fund	32,588	36,553
AyT Hipotecario Mixto IV, Mortgage securitisation fund	40,048	44,416
AyT Hipotecario Mixto V, Mortgage securitisation fund	72,062	78,588
AyT Colaterales, Mortgage securitisation fund	-	112,314
AyT CaixaSabadell Hipotecari I, Asset securitisation fund	253,458	264,975
GC FTGencat CaixaSabadell 1, Asset securitisation fund	107,159	129,471
GC FTGencat CaixaSabadell 2, Asset securitisation fund	112,188	127,493
GC FTPYME Unnim 1, Asset securitisation fund	214,067	273,787
Total	**1,794,662**	**3,124,883**

(*) Includes unaccrued interest

Furthermore, prior to 1 January 2004 the Bank had carried out a number of securitization transactions which have derecognized the asset as required by Bank of Spain Circular 4/2004 (see note 9.2).

29.5. Financial assets derecognized from the balance sheet due to their impairment

Below is a summary of the changes in items derecognized from the accompanying balance sheet in 2012 and 2011 as their recovery was considered to be unlikely. These financial assets are recorded under "Loan-loss" in memorandum accounts complementing the accompanying balance sheets.

(Thousand euro)	2012	2011
Balance at 1 January	**578,849**	**385,222**
Additions:	**178,691**	**296,414**
Remote recovery assets	178,218	285,761
Charged against value adjustments due to asset impairment	74,614	228,343
Directly charged to the income statement	103,604	57,418
Accrued uncollected interest	473	10,653
Disposals:	**123,080**	**102,787**
Recoveries:	11,532	37,685
Refinancing or restructuring	25	507
Collection in cash without financing	9,314	23,491
Asset swaps	2,193	13,687
Definitive write-offs:	111,548	65,102
Condoned	111,486	64,972
Lapsing of rights	-	-
Sales	-	-
Other causes	62	130
(+/-) Exchange differences	**-**	**-**
(+/-) Other movements	**-**	**-**
Balance at 31 December	**634,460**	**578,849**

29.6. Reclassification of financial instruments

During 2012 and 2011 the Bank did not carry out any reclassification between financial instrument portfolios, except for the financial assets classified under health-to-maturity investment portfolio reclassified to the category "available-for-sale financial assets" (see Note 2.3.5).

30. Interest and similar income

Below is the breakdown of the most significant interest and similar income earned by the Bank during 2012 and 2011:

(Thousand euro)	2012	2011
Deposits at central banks	920	2,725
Bank deposits	16,150	5,136
Customer loans	587,122	655,597
Debt securities	216,554	176,143
Doubtful assets	10,736	6,660
Rectification of revenues owing to hedging operations	(112)	(2,413)
Other yields	1,130	4,210
Total	**832,500**	**848,058**

In addition, below is the breakdown of amounts recorded under "Interest and similar income" in the income statement for the period by the financial instrument that generated them:

(Thousand euro)	2012	2011
Trading portfolio	295	16
Other financial assets at fair value with through changes in profit and loss	1	2
Available-for-sale financial assets	120,651	62,720
Loans and discounts	655,560	709,862
Held-to-maturity portfolio	55,993	75,458
Total	**832,500**	**848,058**

31. Interest and similar expenses

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Central bank deposits	45,839	13,075
Bank deposits	11,699	16,301
Monetary market transactions through counterparties	13,254	24,263
Customer deposits	528,820	570,303
Marketable debt securities	48,254	57,903
Subordinated liabilities	17,432	57,565
Adjustment of income from accounting hedges	(102,384)	(101,670)
Pension funds interest expense (Note 18.1)	222	198
Other charges	105	199
Total	**563,241**	**638,137**

In addition, below is the breakdown of amounts recorded under "Interest expense and similar charges" in the income statement for the period by the financial instrument that generated them:

(Thousand euro)	2012	2011
Financial liabilities at amortized cost	665,298	739,410
Adjustment of income from accounting hedges	(102,384)	(101,670)
Pension funds	178	198
Other costs	149	199
Total	**563,241**	**638,137**

32. Return on equity instruments

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Available-for-sale financial assets	9,837	20,085
Shareholdings in associates	1,245	754
Shareholdings in multigroup companies	-	-
Shareholdings in group companies	499	4,278
Total	**11,581**	**25,117**

33. Commissions received

Below is the commission income accrued during 2012 and 2011 classified by the items in the income statement in which they are recognized:

(Thousand euro)	2012	2011
Contingent risks	2,663	3,013
Contingent commitments	3,053	2,279
Currency and foreign bank notes exchange	476	963
Collection and payment services	36,759	41,945
Securities services	4,856	12,221
Marketing of non-bank financial products	18,291	19,965
Other fees	18,630	20,892
Total	**84,728**	**101,278**

34. Commissions paid

Commission expenses accrued during 2012 and 2011 are set out below:

(Thousand euro)	2012	2011
Assigned to other entities	6,427	7,462
Collection or return of bills	*105*	*288*
Other items	*6,322*	*7,174*
Securities transactions	2,162	1,892
Other fees	527	524
Total	**9,116**	**9,878**

35. Gains (Losses) on financial transactions

Below is the breakdown of this item in the income statement for 2012 and 2011, by the financial instrument portfolio that generated them:

(Thousand euro)	2012	2011
Trading portfolio	(1,787)	3,582
Available-for-sale financial assets	(19,463)	19,369
Other financial assets at fair value with through changes in profit and loss	(142)	(438)
Financial liabilities at amortized cost	36,673	29,189
Loans	(451)	
Hedging derivatives		
Hedge instruments	149,892	*230,053*
Hedged items	*(155,757)*	*(225,119)*
Total	**8,965**	**56,636**

36. Exchange differences

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Profits	28,924	42,718
Losses	(28,321)	(42,003)
Total	**603**	**715**

37. Other operating revenues

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Revenues from exploitation of investment properties (Note 14.2)	2,740	2,248
Financial fees offsetting direct costs	2,899	3,902
Revenues from operating leases	1,888	1,772
Other items	4,361	4,780
Total	**11,888**	**12,702**

38. Other operating charges

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Contribution to the Deposit Guarantee Fund	36,560	15,858
Real estate investment expenses (Note 14.2)	-	139
Other items	18,160	11,070
Total	**54,720**	**27,067**

39. Personnel expenses

The breakdown of the heading "Personnel expenses" in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Wages and salaries	128,030	143,697
Social Security	31,619	31,935
Allocations to defined benefit pension plans	-	-
Allocations to defined contribution pension plans	6,624	8,573
Severance indemnities	871	443
Training expenses	457	578
Other personnel expenses	9,495	6,448
Total	**177,096**	**191,674**

The "Other staff costs" section includes, among other items, the amount of the difference between market conditions and those agreed in the granting of loans to employees (see note 2.15.2.5) and the amount of premiums for insurance policies that cover the contingencies of death or disability of the employees mentioned in note 2.15.2.3. In 2012, these costs totalled €511,000 (€708,000 in 2011).

The average number of employees at the Bank, distributed by professional category and gender, in 2012 and 2011 was as follows:

(Thousand euro)	2012		2011	
	Men	Women	Men	Women
Senior management	9	1	12	1
Management	630	657	744	701
Clerical staff	811	1,020	960	1,062
Support and sundry staff	7	1	9	1
Average number of employees	**1,456**	**1,678**	**1,724**	**1,765**

At 31 December 2012 the Bank had 2,949 employees (3,318 employees at 31 December 2011), distributed as follows:

(Thousand)	2012		2011	
	Men	Women	Men	Women
Senior management	6	-	12	1
Management	586	623	673	690
Clerical staff	748	979	873	1060
Support and sundry staff	6	1	8	1
Number of Employees	**1,346**	**1,603**	**1,566**	**1,752**

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40. Other general administrative expenses

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Property, plant and equipment:	13,608	15,182
Computers and communications	11,120	12,182
Communications	4,816	6,094
Advertising	3,398	4,772
Court and attorney's fees	512	872
Technical reports	3,846	3,909
Fees and taxes	4,651	6,362
Security and armoured car services	3,264	3,989
Association fees	745	969
Insurance premiums	319	379
Entertainment and travel expenses	1,289	854
External services	3,873	4,700
Other expenses	1,917	3,452
Total	**53,358**	**63,716**

The "External services" item for 2012 and 2011 includes fees and expenses for services rendered by the auditor, as detailed below:

(Thousand euro – excluding VAT)	2012	2011
	Principal auditor	Principal auditor
Audit services	299	136
Other review and accounting verification services	-	29
Tax advisory services	-	78
Consulting services	-	178
Total expenses paid	**299**	**421**

41. Depreciation

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Property, plant and equipment	**18,150**	**25,910**
Furniture, fittings and vehicles	13,745	12,760
Land and buildings	4,405	4,143
Investment properties	3,503	3,963
Other intangible assets	-	**1,096**
Total	**21,653**	**21,962**

42. Appropriations to provisions (net)

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Provisions for pensions and similar liabilities	44	(26)
Provisions for contingent risks and commitments	7,907	(2,512)
Provisions for taxes	1,699	4,118
Other provisions	464,004	91,710
Total	**473,654**	**93,290**

43. Financial asset impairment losses (net)

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Available-for-sale financial assets	41,899	(1,784)
Loans	410,954	286,216
Of which: Recovery of assets in default	*9,379*	*23,491*
Total	**452,853**	**284,432**

The balance broken down in this Note includes the accounting movements relating to the losses incurred on the assets included in the Asset Protection Plan is granted by the GDF (see Notes 1.2, 1.10, 9.5)

44. Asset impairment losses (net)

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012	2011
Property, plant and equipment	122,750	30,813
For own use	(51)	8,968
Investment properties	122,801	21,845
Shareholdings and other	22,154	289,826
Total	**144,904**	**320,639**

The balance broken down in this Note includes the accounting movements relating to the losses incurred on the assets included in the Asset Protection Plan is granted by the GDF (see Notes 1.2, 1.10, 13 and 14)

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45. Gains/losses on the derecognition of assets not classified as non-current assets held for sale

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

	2012		2011	
(Thousand euro)	Earnings	Losses	Earnings	Losses
Property, plant and equipment	-	(318)	-	(63)
Shareholdings (Note 13)	3,186	(28,476)	34,375	(1,810)
Other	5	-	7	-
Total profits/losses	**3,191**	**(28,794)**	**34,382**	**(1,873)**

The balance broken down in this Note includes the accounting movements relating to the losses incurred on the assets included in the Asset Protection Plan is granted by the GDF (see Notes 1.2, 1.10, 13 and 14)

46. Gains/losses on non-current assets held for sale not classified as discontinued operations

The breakdown of this heading in the income statement for 2012 and 2011 is as follows:

(Thousand euro)	2012		2011	
	Earnings	Losses	Earnings	Losses
Sale of foreclosed assets	2,164	(28,715)	3,833	(28,143)
Impairment of foreclosed assets (Note 12)	53,040	(139,477)	6,436	(1,364)
Total profits/losses	**55,204**	**(168,192)**	**10,269**	**(29,507)**

The balance broken down in this Note includes the accounting movements relating to the losses incurred on the assets included in the Asset Protection Plan is granted by the GDF (see Notes 1.2, 1.10, 13 and 12)

47. Related parties

47.1. Remuneration of the Board of Directors and the Control Committee

No compensation was paid to the members of the Board of Directors or the Control Committee in 2012.

An individualised breakdown of 1.2 of the per diems paid for attending Board of Directors meetings in 2011 (which include the per diems for attending delegated committees), Control Committee meetings and the General Assembly of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa between 1 July 2010 until the effective date of the segregation of the financial business at 30 September 2011 (figures not comparable to those of 2012):

(Thousand euro)	General Assembly	Board of Directors and Delegated Committees	Control Committee
Eva Bernad Claramunt (1)	-	10.5	
Juan Muñoz Galian (1)	-	1.05	-
Francesc Gilbert Hernández (2)	-		4.5
José Antonio Murcia Nieto (2)	-	-	0.45
Maria Carmen Mansilla Cabré (3)	0.45	3.15	-
Eudald Morera Salis (3)	0.9	4.05	
Genoveva Andreva Terés	0.9	10.35	-
Jaume Borrell Puigvert	0.9	-	4.5
Xavier Cabré Boronat	0.9	9	-
Francesc Clusella Luque	0.9	10.8	-
Jacint Codina Pujols	0.9	10.35	-
Jaume Colom-Noguera Castellví	0.9	8.7	-
Joan Contijoch Pratdesaba	0.9	16.5	-
Eduardo Cunillera Picó	0.45	-	4.05
Maria Antonia de la Fuente Melendro	0.9	9.45	-
Ignacio Javier Escudero Vázquez	0.9	9.9	-
Francisco Flotats Crispí	0.9	6.75	-
Miguel Font Roca	0.9	10.95	-
Roger Grané Farell	0.9	-	4.95
Núria Hernández Santamaría	0.9	10.35	-
Antonio Ernesto Juan Ortiz	0.9	9.9	-
Jordi Labòria Martorell	0.9	10.8	-
Josep Llobet Bach	0.9	10.35	-
Josep Maria Manyosa Mas	0.9	-	4.95
Francisco Palau Salas	-	7.65	-
Manuel Pérez Díaz	0.9	8.55	-
Pere Prat Boix	0.9	9	-
Jaime Ribera Segura **	-	56.3	-
Xavier Sauquet Canet	0.9	11.4	-
Salvador Soley Junoy **	0.9	35.65	-
Miquel Torrents Espuña	0.9	-	9.9
David Vilar Ginesta	-	9.3	-
Immaculada Vilardell Riera	0.9	9.9	-
Total	**22.5**	**310.7**	**33.3**

(1) Resigned on 18/1/2011 and replaced by Mrs. Eva Bernad Calarmunt.
(2) Resigned on 01/03/2011 and replaced by Mr. Francesc Gilbert Hernandez
(3) Resigned on 27/05/2011 and replaced by Mr. Eudald Morera Salis

In addition, Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa has paid €335,000 up to 30 September 2011 for civil liability insurance premiums for the members of the Board of Directors and the Control Committee.

Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa did not have any pension obligations with the current or former members of the Board of Directors and the Control Committee or, accordingly, neither does the Bank.

The members of the Board of Directors and the Control Committee that formed part of the personnel of Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa that are employees of the Bank received €81,000 for wages and salaries and €4,000 for pension plan contributions up until 30 September 2011.

Up until 30 September 2011, Caixa d'Estalvis Unió de Caixes de Manlleu, Sabadell i Terrassa granted 15 loans or guarantees to members of the Board of Directors and the Control Committee and associated persons totalling €4,850,000. All of these transactions have been carried out in accordance with the Entity's usual operations and market conditions.

Finally, once the financial business was segregated, the Bank's former Sole Administrator (FROB) did not receive any compensation from the Entity. In 2012 Mr. Antoni Abad Pous, the representative designated by the FROB (Note 1.2.2), received the amount of €58 from the Entity (€25 in 2011) by virtue of an institutional representation service agreement that terminated on 31 July 2012. The other representatives of the FROB did not receive any compensation whatsoever from the Entity in 2012 or 2011.

47.2. Remuneration for senior management

The 7 members of the Management Committee in 2012 have been considered to be senior management staff for the purposes of the preparation of these consolidated annual accounts (10 members in 2011). Given the changes in Senior Management during 2012, the figures are not comparable with those relating to last year.

The table below shows the compensation paid by the Bank to senior management, as defined above, in 2012 and 2011:

(Thousand euro)	2012		2011	
	Short-term compensation	Post-employment benefits	Short-term compensation	Post-employment benefits
Senior management	750	168	1,945	633

At 31 December 2012 and 2011 the Bank only maintained future commitments with the Managing Director. These commitments covered the termination of the employment relationship with Senior Management and the termination of the ordinary employment relationship in the event that they are removed from their Senior Management positions.

The Senior Management agreement to which Unnim Banc subrogated as a result of the segregation of the financial activity (Note 1.2) was partially novated by a document signed on 12 June 2012.

The Senior Management contract included the obligation to pay the executive a specific amount in the event of the termination of his special Senior Management employment contracts, unless the termination of the special Senior Management employment contract is due to justified disciplinary dismissal, and in cases of the termination of the ordinary employment contract if reactivated and subsequently terminated.

The future commitments consisted of the payment of an indemnity, using 45 days' of current salary multiplied by the length of the executive's service in the Senior Management position as the calculation basis. This indemnity has been suspended as a result of the provisions of Additional Provision Seven, paragraph One.1 of Royal Decree 3/2010 (10 February).

Senior management staff who are members of the Boards of Directors of the Bank's subsidiaries are not paid any allowances for attending meetings of this body.

47.3. Other transactions with members of the Board of Directors, the Control Committee and senior management and people related to them

The balances recorded in the balance sheets at 31 December 2012 and 2011 and in the income statements for 2012 and 2011 for Bank Directors, Senior Management and other related parties are as follows:

(Thousand euro)	2012	2011
Asset transaction balances	1,634	5,289
Liability transaction balances	2,261	3,750
Contingent liabilities	86	175
Interest and charges	50	84
Interest and yields	37	127
Commissions	2	7

The financial transactions shown in the table have been carried out in accordance with the usual operations of the Bank and market conditions.

47.4. Other related parties

The balances recorded in the balance sheet at 31 December 2012 and 2011 and in the income statement for 2012 and 2011 for Group companies and other related parties are as follows:

(Thousand euro)	2012		2011	
	Single shareholder and Group companies	Other related parties	Group companies	Other related parties
Asset transaction balances	6,085,530	-	2,359,058	-
Liability transaction balances	1,243,421	836	1,135,202	2,444
Contingent liabilities	493,759	-	499,320	-
Interest and charges	24,272	9	28,643	78
Interest and yields	66,922	-	65,880	-
Commissions	3,929	-	3,718	2

The financial transactions shown in the table have been carried out in accordance with the usual operations of the Bank and market conditions.

47.5. Information required by Article 229, 230 and 231 of the Spanish Companies Act 2010

Article 229 and 230 of the Spanish Companies Act 2010, approved by Royal Legislative Decree 1/2010 of 2 July, imposes on managers the duty to report to the Board of Directors and, where appropriate, other managers or, in the case of a sole manager, the General Meeting, any situation of direct or indirect conflict that they may have with the interests of the company. The manager concerned should refrain from intervening in the agreements or decisions relating to the transaction which is the subject of the conflict.

Similarly, in accordance with Article 231, Directors should communicate any direct or indirect holdings that they and the people related to them have in the capital of a company with the same, similar or complementary type of business activity as the one which constitutes the corporate purpose, and shall also report the positions or functions they hold or exercise in this company.

The new members of the Board of Directors and persons related to them have reported to the Bank that:

- There are no direct or indirect conflicts of interests involving the Company.
- That neither they, or persons related to them as defined by Article 231 of the Spanish Companies Act 2010, hold shares in the capital of companies with the same, similar or supplementary corporate purpose as the Company, except for those indicated below:
-

Director	Company	No. of shares
Xavier Queralt Blanch	BBVA	76,218
Elena Ocallaghan Castellá	BBVA	6,256
Berta N. Queralt Ocallaghan	BBVA	592
Xavier Queralt Ocallaghan	BBVA	592
Jaime Sáenz de Tejada Pulido	BBVA	114,750
Ramon María Monell Valls	BBVA	191,202
José Manuel García Crespo	BBVA	19,763
José Manuel García Crespo	Banco Popular	1,644
José Manuel García Crespo	Banco Santander	352
Jorge Sáenz-Azcúnaga Carranza	BBVA	49,481
Jorge Sáenz-Azcúnaga Carranza	Banco Santander	654

In addition, the members of the Board of Directors have confirmed that neither they nor related persons hold positions or exercise duties, on their own behalf or on the behalf of other parties, at companies with the same, similar or supplementary corporate purpose as the Company, with the following exceptions:

Director	Company	Position
Xavier Queralt Blanch	-	-
Jaime Sáenz de Tejada Pulido	BBVA Portugal, S.A	Director
	BBVA, S.A.	Director-Member of the Management Committee
Ramon María Monell Valls	BBVA, S.A.	Director-Member of the Management Committee
José Manuel García Crespo	-	-
Jorge Sáenz-Azcúnaga Carranza	-	-

48. Customer service

Article 17.2 of Order ECO/734/2004 of 11 March, on customer care departments and services and the customer ombudsmen of financial institutions, states that the notes to the annual accounts should contain a brief summary of the Bank's customer service report. This summary is as follows:

During 2012 Customer Service has dealt with 4,123 customer complaints (2,885 in 2011) and claims, with a total of €649,790.98 (€1,560,765.08 in 2011). At 31 December 2012 a total of 1,532 complaints (1,366 at 31 December 2011) have been settled in favour of the customer, with the total amount paid to customers coming to €72,598.40 (€145,191.88 in 2011), 116 have not been admitted (67 in 2011) and 106 were pending (120 in 2011).

Below is the breakdown of the number of cases dealt with by group of products and services, channel used and situation on 31 December 2012 and 2011.

Distribution by groups of products and services	2012	2011

Assets	779	538
Liability	698	525
Other bank products	445	410
Collection and payment services	262	175
Pension insurance and funds	603	566
Investment services	602	97
Sundry	734	574
Total	**4,123**	**2,885**

Distribution by presentation channel used	2012	2011
Letter	1,215	735
e-mail:	2,180	1,510
Telephone	676	553
Other circuits	52	87
Total	**4,123**	**2,885**

Situation at 31 December	2012	2011
Not admitted	116	67
Resolved	3,901	2,698
Of which: resolved in favour of the customer	*1,532*	*1,366*
Pending	106	120
Total	**4,123**	**2,885**

The Bank has an Ombudsman from the Federation of Savings Banks, to whom customer and user complaints may be presented.

The Ombudsman attended to 112 complaints in 2012 (58 complaints in 2011). Below is the situation at 31 December 2012 and 2011:

Situation at 31 December	2012	2011
Estimated in full or part	5	12
Denied	60	24
Unjustified	16	11
Cancelled by the customer	1	-
Pending settlement at 31.12	30	11
Of which: Customer service	*21*	*11*
Total	**112**	**58**

In 2012, the Bank of Spain Complaint Service was presented with 48 cases of disagreement with the rulings on complaints made to the Bank or to the Ombudsman (40 issues in 2011).

In 2012, the Complaints Department in the Directorate General of Insurance and Pension Funds has dealt with 20 cases that had previously been submitted to Customer Service and/or the Ombudsman (6 issues in 2011).

In 2012 the National Securities Market Commission (CNMV) has dealt with 73 complaints about rulings previously submitted to the Bank or the Ombudsman (8 issues in 2011).

49. Other required information

49.1. Information regarding the Mortgage Market

Qualitative and quantitative information regarding the Mortgage Market required by Circular 7/2010, on the development of certain aspects of the mortgage market, and Circular 5/2011 (30 November 2011) (Note 1.3) and Circular 6/2012 (28 September) is presented below:

49.1.1 Policies and procedures regarding the mortgage market

The Bank has expressed policies and procedures relating to the activities it carries out in the mortgage market that guarantee compliance with applicable legislation for the purposes of the provisions of Royal Decree 716/2009 (24 April) and Bank of Spain circulars 7/2010 (30 November) and 5/2011 (30 November), which develops certain aspects of Law 2/1981 (25 March), on the regulation of the mortgage market and other rules governing the mortgage and financial system.

The granting of mortgage transactions is established in the Bank's Credit Risk Procedures, Methods and Policies, sustained by criteria intended to guarantee both an adequate relationship between the amount of the loan instalments and the net income of the applicant and an adequate relationship between the amount of the loan and the appraisal of the mortgaged assets.

The Bank thus analyses the applicant's capacity to make payment (both now and in the future) to satisfy commitments, taking into consideration mortgage debt, other transactions detected in the financial system and also those originating from an estimate of current expenses. The applicant's capacity to make payment is therefore a key factor in admitting the risk.

To carry out this analysis, the applicant must present documentation proving income (payroll receipts, income and other income). Similarly, the Entity consults databases of internal and external non-payments and uses the CIRBE (Bank of Spain Risk Database) for verification, carrying out the calculations of debt and compliance and all of this documentation is kept in a physical or electronic file covering the transaction.

As has already been stated, another relevant aspect is the relationship existing between the amount of the loan and the appraised value of the mortgaged asset. In certain cases, additional guarantees are requested to reinforce the coverage of the transaction. The Bank has established that the appraisal of the property to be mortgaged must be performed by an appraisal company that is independent of the Bank and authorised by the Bank of Spain. Each appraisal is reviewed and verified prior to the Bank granting financing and the physical or electronic file regarding the transaction, if it is completed, contains a copy.

The monthly Assets and Liabilities Committee meeting defines the strategy to be followed with respect to mortgage issues on the mortgage market as part of its planning of total wholesale financing. The determination of those issues is carried out based on the needs established in the Bank's Liquidity Plan, considering the evolution of the entity's business figures and the market conditions at any given moment. Each of the issues of mortgage certificates or securitisation of loans and mortgage loans is authorised by the Board of Directors of Unnim Banc, S.A.U.

When setting eligible assets for the issue of mortgage certificates, and after excluding securitised loans and mortgage loans, those that are guaranteed by first mortgages of ownership and are for less than 80% of the appraised value (carried out by an independent company authorised by the Bank of Spain) for home financing and 60% for all other assets. In addition, the loan cannot be in litigation or bankruptcy proceedings and the mortgaged property must be covered by a current casualty insurance policy (the Bank has an umbrella casualty policy for the entire mortgage portfolio, subordinated to that which may cover the mortgaged properties).

To avoid exceeding the maximum limit for issuing mortgage certificates established by Royal Decree 716/2009 at 80% of the eligible collateral, the Bank has established a series of controls that monitor the total volume issued in mortgage certificates and the eligible collateral on a monthly basis.

Finally, with respect to securitisations, the loan and mortgage loan portfolio to be securitised is verified by an external auditor in accordance with CNMV (National Stock Market Commission) requirements.

49.1.2 Quantitative information regarding mortgage market activities

a) Loans

A breakdown of the Bank's mortgage loans at 31 December 2012 and 2011 is set out below, together with information regarding their eligibility and computability for the purposes of the mortgage market.

(Thousand euro)	Nominal value 2012	Nominal value 2011
Total loans (a)	**15,581,678**	**16,539,583**
Mortgage shares issued	**52,887**	**61,465**
Of which: Loans on the balance sheet	28,128	31,500
Mortgage transfer certificates issued	**1,601,775**	**2,884,479**
Of which: Loans on the balance sheet	**1,550,593**	**2,829,014**
Mortgage loans securing financing received	**215,941**	**264,368**
Loans that back the issue of mortgage bonds and certificates (1 - 2 - 3 - 4)	**13,711,075**	**13,329,270**
Ineligible loans (b)	2,753,022	2,968,850
Meet the eligibility requirements except the limit established by Article 5.1 of RD 716/2009	1,679,157	1,676,519
Other	1,073,865	1,292,331
Eligible loans (c)	10,958,053	10,360,420
Non-computable amounts (d)	1,292,842	883,510
Computable amounts	9,665,211	9,476,910
Loans covering the issue of mortgage bonds	-	-
Loans appropriate to cover issues of mortgage bonds	9,665,211	9,476,910

(a) Balance drawn pending collection relating to loans secured by mortgages in favour of the Bank (including those acquired through mortgage shares and mortgage transfer certificates), even if they have been derecognised from the balance sheet, regardless of the percentage the risk represents compared with the amount of the latest appraisal (loan to value).

(b) Loans secured by mortgages not transferred to third parties or linked to financing received that do not meet the requirements of Article 3 of Royal Decree 716/2009 to be eligible for the issue of mortgage and covered bonds.

(a) Eligible loans for the issue of mortgage and covered bonds in accordance with Article 3 of Royal Decree 716/2009, without deducting the limits from the calculation established in Article 12 of Royal Decree 716/2009.

(d) The amount of the eligible loans, based on the criteria established in Article 12 of Royal Decree 716/2009, are not computable to cover mortgage bonds and certificates.

The classification of the nominal value of outstanding mortgage loans and the nominal value of eligible loans at 31 December 2012 and 2011 is presented below:

(Thousand euro)	2012		2011	
	Loans backing the issue of mortgage or covered bonds (a)	Of which: Eligible loans (b)	Loans backing the issue of mortgage or covered bonds (a)	Of which: Eligible loans (b)
Origin of transactions	**13,711,075**	**10,958,053**	**13,329,270**	**10,360,420**
Originated by the entity	13,704,183	10,951,161	13,323,969	10,355,119
Subrogations by other companies	6,892	6,892	5,301	5,301
Other	-	-	-	-
Currency	**13,711,075**	**10,958,053**	**13,329,270**	**10,360,420**
Euro	13,711,075	10,958,053	13,329,270	10,360,420
Rest of currencies	-	-	-	-
Payment status	**13,711,075**	**10,958,053**	**13,329,270**	**10,360,420**
Normal payment	8,991,344	7,843,826	9,633,992	8,318,353
Other situations	4,719,731	3,114,227	3,695,278	2,042,067
Average residual maturity	**13,711,075**	**10,958,053**	**13,329,270**	**10,360,420**
Up to 10 years	2,062,063	1,295,403	2,133,384	1,299,730
From 10 to 20 years	2,726,499	2,286,644	2,681,160	2,213,962
From 20 to 30 years	4,725,012	3,958,659	4,575,365	3,873,545
More than 30 years	4,197,501	3,417,347	3,939,361	2,973,183
Interest rates	**13,711,075**	**10,958,053**	**13,329,270**	**10,360,420**
Indefinite	236,928	219,919	253,971	230,335
Variable	13,474,147	10,738,134	13,075,299	10,130,085
Mixed			-	-
Right holders	**13,711,075**	**10,958,053**	**13,329,270**	**10,360,420**
Legal persons and natural person businesses	4,797,476	3,457,348	6,177,711	4,163,314
Of which: Real property developments	2,448,375	2,040,169	*2,852,937*	*1,755,256*
Other natural persons and ISFLSH	8,913,599	7,500,705	7,151,559	6,197,106
Type of guarantee	**13,711,075**	**10,958,053**	**13,329,270**	**10,360,420**
Finished assets/buildings	10,822,165	8,953,708	10,533,691	8,324,063
Residential	10,102,703	8,454,340	8,246,930	7,084,829
Of which: Subsidised housing	1,773,466	293,064	*299,129*	*243,919*
Goods purchased for resale	719,046	498,952	1,040,059	733,461
Other	416	416	1,246,702	505,773
Assets/buildings under construction	1,273,896	1,046,195	1,026,015	752,067
Residential	1,179,154	970,197	297,830	232,241
Of which: Subsidised housing	284,999	38,796	*6,582*	*6,165*
Goods purchased for resale	94,742	75,998	728,185	519,826
Other			-	-
Land	1,615,014	958,150	1,769,564	1,284,290
Developed	1,535,223	906,702	1,470,281	1,019,527
Other	79,791	51,448	299,283	264,763

(a) Balance drawn down pending collection of the loans secured by mortgages, regardless of the percentage of the risk concerning the amount of the latest appraisal (loan to value) not transferred to third parties or linked to financing received.

(b) Eligible loans for the issue of mortgage and covered bonds in accordance with Article 3 of Royal Decree 716/2009, without deducting the limits from the calculation established in Article 12 of Royal Decree 716/2009.

Shown below is the breakdown of the nominal value of outstanding eligible mortgage loans and credits at 31 December 2012 and 2011, in terms of the value of the transactions as a percentage of the value of the collateral obtained from the latest available valuation of the mortgaged property:

31 December 2012

	Risk relating to the amount of the latest appraisal available for the purposes of the mortgage market (loan to value)(b)					
	< 40 %	>40% <60%	> 60 %	> 60 % < 80%	> 80 %	TOTAL
Eligible loans backing the issue of mortgage or covered bonds (a)	**2,929,876**	**3,527,457**	**336,945**	**3,943,931**	**219,844**	**10,958,053**
- Housing	2,420,362	2,873,980	-	3,943,931	219,844	9,458,117
- Other assets	509,514	653,477	336,945	-	-	1,499,936

31 December 2011

	Risk relating to the amount of the latest appraisal available for the purposes of the mortgage market (loan to value)(b)					
	< 40 %	>40% <60%	> 60 %	> 60 % < 80%	> 80 %	TOTAL
Eligible loans backing the issue of mortgage or covered bonds (a)	**2,865,320**	**3,535,617**	**547,179**	**3,298,326**	**113,978**	**10,360,420**
- Housing	2,288,688	2,772,007	-	3,298,326	113,978	8,472,999
- Other assets	576,632	763,610	547,179	-	-	1,887,421

(a) Eligible loans for the issue of mortgage and covered bonds in accordance with Article 3 of Royal Decree 716/2009, without deducting the calculation limits established in Article 12 of Royal Decree 716/2009.

(b) The loan to value will be the ratio that results from dividing the amount of the latest available appraisal by the risk in force at the reporting date.

Movements in the nominal values in 2012 and 201 are presented below for the mortgage loans that back mortgage bonds and certificates (eligible and ineligible).

(Thousand euro)	2012		2011	
	Eligible loans (a)	Ineligible loans (b)	Eligible loans (a)	Ineligible loans (b)
Beginning balance	**10,360,420**	**2,968,850**	**11,248,710**	**2,830,907**
Derecognition in the period	**1,137,750**	**719,514**	**2,244,171**	**536,564**
Cancellations held to maturity	822	92	390	-
Early cancellations	675,540	114,337	2,096,436	376,317
Subrogations by other entities			-	-
Other	461,388	605,085	147,345	160,247
Additions during the period	**1,735,383**	**503,686**	**1,355,881**	**674,507**
Originated by the entity	830,839	355,713	1,355,881	674,507
Subrogations by other companies			-	-
Other	904,544	147,973	-	-
Ending balance	**10,958,053**	**2,753,022**	**10,360,420**	**2,968,850**

(a) Eligible loans for the issue of mortgage and covered bonds in accordance with Article 3 of Royal Decree 716/2009, without deducting the limits from the calculation established in Article 12 of Royal Decree 716/2009.

(b) Loans secured by mortgages not transferred to third parties or linked to financing received that do not meet the requirements of Article 3 of Royal Decree 716/2009 to be eligible for the issue of mortgage and covered bonds.

The mortgage loan balances available backing the issue of mortgage bonds and certificates at 31 December 2012 and 2011 are as follows:

(Thousand euro)	Available balances 2012 Nominal value (a)	Available balances 2011 Nominal value (a)
Total	**362,013**	**210,644**
- Potentially eligible (b)	271,577	171,592
– Ineligible	90,436	39,052

(a) Committed amounts (limit) less amounts drawn down from all of the loans secured by mortgages, regardless of the percentage of the total risk concerning the amount of the latest appraisal (loan to value) not transferred to third parties or linked to financing received. The available balance also includes the amounts that are only delivered to promoters when the houses are sold.
(b) Loans potentially eligible for the issue of mortgage and covered bonds in accordance with Article 3 of Royal Decree 716/2009.

b) Deposits

At 31 December 2012 and 2011 the Bank did not possess and substitute assets.

The table below shows the aggregate nominal value of the mortgage bonds on 31 December 2012 and 2011 issued by the Bank by their residual term to maturity:

(Thousand euro)	2012		2011	
	Par value	Average residual term (c)	Par value	Average residual term (c)
Active mortgage bonds issued	-	-	-	-
Mortgage certificates issued (b)	**7,306,296**		**6,835,000**	**-**
Of which: Not recorded under liabilities	1,900,000	-	500,000	**-**
Debt securities Issued by public offerings	-	-	-	-
Debt securities Rest of Issues	1,900,000	-	-	-
Residual term up to one year	-	-	-	-
Residual term > 1 year to 2 years	*1,200,000*	-	-	-
Residual term > 2 years to 3 years	-	-	-	-
Residual term > 3 years to 5 years	-	-	-	-
Residual term > 5 years to 10 years	*700,000*	-	-	-
Residual term > 10 years	-	-	-	-
Deposits	5,406,296	-	6,835,000	-
Residual term up to one year	*832,581*	-	*768,704*	**-**
Residual term > 1 year to 2 years	*1,149,469*	-	*1,849,166*	**-**
Residual term > 2 years to 3 years	*863,704*	-	*792,885*	**-**
Residual term > 3 years to 5 years	*777,419*	-	*1,113,704*	**-**
Residual term > 5 years to 10 years	*931,841*	-	*1,359,260*	**-**
Residual term > 10 years	*851,282*	-	*951,282*	**-**
Mortgage shares issued (b)	28,128	**90**	**31,500**	**96**
Issued by public offerings	28,128	90	31,500	96
Rest of Issues	-	-		-
Mortgage transfer certificates issued (b)	1,550,593	**54**	**2,829,014**	**60**
Issued by public offerings	1,550,593	54	2,829,014	60
Rest of Issues	-	-	-	-

(a) The mortgage certificates include all those issued by the Bank pending redemption, regardless of whether or not they are recognised under liabilities (because they have not been placed with third parties or they have been repurchased).

(b) Amount of the mortgage shares and mortgage transfer certificates issued that solely relate to the mortgage loans recorded under assets (maintained in the balance sheet).

(c) Average weighted residual term by amount, expressed in months, rounded up.

49.2. Disclosures about payment deferrals to suppliers

In compliance with the provisions of Act 15/2010 of 5 July which amended Act 3/2004 of 29 December, which lays down measures to combat delinquency in commercial transactions and which has been further implemented by a Resolution of 29 December 2010 of the Institute of Accounting and Auditing concerning the disclosures to be made in the notes to financial statements about payment deferrals to suppliers in business operations, the following is stated:

- Given the Bank's main business (finance), the disclosures presented in this note regarding payment deferrals refer exclusively to payments to suppliers for services and miscellaneous supplies, which have been conducted in strict compliance with the contractual and statutory terms set for each of them.

- The following table presents, with the scope defined in the preceding paragraph, the information regarding payments made during the year to the Bank's commercial and service providers, as required by Law 15/2010 (5 July), together with any delays in payments to suppliers at 31 December 2012 and 2011 which at that date were outstanding for more than the period allowed by law.

(Thousand euro)	2012		2011	
	Amount	% of the total deferred payments	Amount	% of the total deferred payments
Payments made during the year:				
Within the legal deadline	63,764	83.4%	136,963	96.1%
Other	12,689	16.6%	5,536	3.9%
Total payments during the year	**76,453**	**100.0%**	**142,499**	**100.0%**
Average weighted period in excess of the deadline	51		56	
Deferrals that at the closing date exceed the legal maximum deadline (*)	5	11.39%	2	2.42%

(*) The statutory term is determined in accordance with the nature of the goods or services received by the company pursuant to the provisions of Act 3/2004.

49.3. Exposure to sovereign debt

The following information is provided with respect to the exposure to sovereign debt at 31 December 2012 and 2011:

Breakdown of the carrying amount of the exposure by country:

(Thousand euro)	2012	2011
Spain	1,420,182	4,701,238
Italy	-	10,505
France	-	12,718
Total	**1,420,182**	**4,724,461**

Breakdown of the carrying amount of the exposure by portfolio in which the assets are recognised:

(Thousand euro)	2012	2011
Trading portfolio	-	-
Available-for-sale financial assets	1,420,182	3,143,834
Loans	-	51,651
Held-to-maturity investments	-	1,528,975
Total	**1,420,182**	**4,724,461**

The carrying value recorded above reflects the maximum credit risk exposure in relation the financial instruments included.

Breakdown of the residual term of the exposure by portfolio in which the assets are recognised:

(Thousand euro)	2012							
	Up to 3 months	From 3 months to 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 5 years	From 5 to 10 years	More than 10 years	Total
Trading portfolio	-	-	-	-	-	-	-	-
Available-for-sale financial assets	578,970	582,799	15,865	23,899	21,865	149,555	47,229	**1,420,182**
Loans	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-

(Thousand euro)	2011							
	Up to 3 months	From 3 months to 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 5 years	From 5 to 10 years	More than 10 years	Total
Trading portfolio	-	-	-	-	-	-	-	-
Available-for-sale financial assets	291,251	1,293,832	608,600	584,319	117,998	158,757	89,078	3,143,834
Loans	1,332	5,624	4,854	13,159	6,714	11,000	8,968	51,651
Held-to-maturity investments	1,045	-	335,037	191,132	283,828	685,478	32,457	1,528,975
	293,627	1,299,456	948,491	788,610	408,539	855,235	130,502	4,724,461

Other information:

- Fair value The fair value of the instruments included in the trading portfolio and in the available-for-sale financial assets coincides with the aforementioned carrying amount. The fair value of the held-to-maturity investment portfolio is set out in Note 23.

  Note 23 indicates the measurement of the loan portfolio, which shows that the detailed fair value does not differ from the carrying amount. Except for the loan portfolio, the rest of the fair value associated with sovereign risk is obtained through tier 1 measurement techniques (their description is set out in Note 2.3.3)

- In 2012, the effect of a 100 basis point change in interest rates would have a 1.69% effect on fair value (2.63% in 2011).

- The Bank has not contracted Credit Default Swaps (CDS) or other financial instruments in high risk countries (see Note 11).

49.4. Information regarding refinanced and restructured items

49.4.1 Risk refinancing and/or restructuring policies and procedures

The Bank has expressed policies and procedures relating to its activity is carried out in the loan and customer credit refinancing and restructuring area that serve to ensure compliance with applicable legislation for the purposes of the provisions of Bank of Spain Circular 6/2012 (28 September).

A summary of the policies and procedures for refinanced and/or restructured risks at Unnim Banc, S.A.U is set out below:

The Entity's refinancing policy has established certain minimum requirements for any refinancing or renegotiation of assets. The necessary characteristics of the refinancing or asset renegotiation transactions are as follows:

- Will of borrower to make payment
- Minimum positive experience with the borrower
- Temporary nature of the difficult situation
- Anticipation of the processing of these proposals
- Increase in guarantees
- Overall solution and for a reasonable time
- Monitoring of agreements
- Prudence in terms of time when granting new risks

Based on individual refinancing needs, solutions include extending the term of the transaction, the application of a grace period, the deferral of mortgage instalment payments, debt consolidation and new transactions in the event that the collateral has sufficient value.

In the event of the renegotiation/restructuring of corporate debt, it is essential for the company's business to be viable in the medium/long term, supported by a viability plan for the business, including the capacity to pay all of the company's commitments. Solutions include the extending of the terms of transactions, the restructuring of risk from short to long-term, the application of grace periods or the deferral of mortgage instalment payments.

Finally, in the property development segment, the experience and professionalism of the managers must be evaluated with respect to the viability of the company and the project portfolio in the medium and long term. The solutions will depend on the marketing of completed projects, deviations in budgets for work in progress or investments in plots of land, among other things. The most adequate solutions will be the extension of grace periods, extensions of terms, expansions of grace periods and terms, new transactions using existing collateral or the expansion of the maximum amount available to the developer.

The process does not end at the time credit is granted but rather the Entity monitors the new risk over its entire life, reviewing compliance with customer agreements. In this period, new customer transactions must be handled through exceptional channels within the organization.

49.4.2 Quantitative information regarding refinanced or restructured risks

A breakdown of refinanced and/or restructured loans and credit facilities at 31 December 2012 is set out below:

(Thousand euro)	NORMAL					
	Mortgage guarantee		Other real guarantees		Unsecured	
	Total		Total		Total	
	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount
Public institutions	-	-	-	-	2	395
Other individual legal persons and businesses	2,604	494,667	195	98,416	1,266	34,424
Of which: Financing for construction and development	*775*	*284,588*	*66*	*65,719*	*323*	*10,762*
Other natural persons	9,493	772,989	416	61,398	1,322	8,732
TOTAL	12,096	1,267,656	611	159,814	2,590	43,551

(Thousand euro)	SUB-PRIME						
	Mortgage guarantee		Other real guarantees		Unsecured		
	Total		Total		Total		
	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Specific hedges
Public institutions	-	-	-	-	-	-	-
Other individual legal persons and businesses	411	120,752	30	31,370	235	57,631	34,488
Of which: Financing for construction and development	*139*	*81,416*	*13*	*26,680*	*119*	*1,524*	*26,071*
Other natural persons	2,217	224,865	147	24,546	1,722	11,579	14,437
TOTAL	2,628	345,617	177	55,916	1,957	69,210	48,925

(Thousand euro)	DOUBTFUL						
	Mortgage guarantee		Other real guarantees		Unsecured		
	Total		Total		Total		
	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Specific hedges
Public institutions	-	-	-	-	-	-	-
Other individual legal persons and businesses	2,589	736,472	399	349,697	573	28,625	482,276
Of which: Financing for construction and development	*1,285*	*543,125*	*218*	*272,130*	*97*	*2,996*	*374,538*
Other natural persons	3,417	319,730	391	81,908	920	7,910	87,291
TOTAL	6,006	1,056,202	790	431,605	1,493	36,535	569,567

Appendices

GROUP COMPANIES

APPENDIX I

(€'000)

31 December 2012

Name and business	Domicile	% stake Direct	% stake Indirect	Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
Arrahona Ambit, S.L. *Property development*	Gràcia, 33 - Sabadell	-	100%	dec '12	30,875	(19,212)	(18,247)	-	-	(21,176)
Arrahona Immo, S.L. *Property development*	Gràcia, 33 - Sabadell	-	100%	dec '12	213,780	(78,548)	(25,927)	72,306	-	(32,664)
Arrahona Nexus, S.L. *Property development*	Gràcia, 33 - Sabadell	-	100%	dec '12	106,142	(61,210)	(50,449)	-	-	(52,917)
Arrahona Rent, S.L. *Property development*	Gràcia, 33 - Sabadell	-	100%	dec '12	14,384	(491)	(868)	10,866	-	(2,344)
Arrels ct Finsol, S.A. *Financing real estate projects*	Rambla d'Ègara, 350 - Terrassa	-	100%	dec '12	165,274	(58,282)	(57,224)	-	-	(82,030)
Arrels ct lloguer, S.A. *Real estate company*	Rambla d'Ègara, 350 - Terrassa	-	100%	dec '12	7,713	(864)	(2,497)	371	-	(7,638)
Arrels ct Patrimoni i Projectes, S.A. *Real estate company*	Rambla d'Ègara, 350 - Terrassa	-	100%	dec '12	63,890	(49,770)	(18,066)	-	-	(12,438)
Arrels ct Promou, S.A. *Holding company*	Rambla d'Ègara, 350 - Terrassa	-	100%	dec '12	48,706	(48,682)	(7,659)	-	-	(9,190)
Aumeravilla, S.L. *Property development*	Gràcia, 33 - Sabadell	-	100%	dec '12	2,505	(381)	(13)	2,048	-	923
Caixa de Manlleu Preferents, S.A. *Issue of preferred shares*	del Pont, 16-18 - Manlleu	100%	-	dec '12	61	9	38	61	-	(9)

Name and business	Domicile	% stake		Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
		Direct	Indirect							
Caixa Terrassa Societat de Participacions Preferents, S.A. *Issue of preferred shares*	Rambla d'Ègara, 350 - Terrassa	100%	-	dec '12	100	1,327	190	1,261	-	(40)
CaixaSabadell Preferents, S.A. *Issue of preferred shares*	Gràcia, 17 - Sabadell	100%	-	dec '12	60	431	912	419	-	(71)
Caixa Sabadell Tinelia, S.L. *Holding company*	Gràcia, 33 - Sabadell	100%	-	dec '12	41,500	568	234	42,069	-	(83)
Catalònia Gebira, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	82%	dec '12	13,797	(9,737)	(1,889)	3,837	-	1,479
Catalònia Promodis 4, S.A. *Real estate company*	Rambla d'Ègara, 350 - Terrassa		100%	dec '12	8,253	(3,851)	(1,663)	2,739	-	(1,291)
Ecoarenys, S.L. *Property development*	Cardenal Vives i Tutó, 29-33 - Barcelona	-	50%	dec '12	12,700	(32,096)	(4,405)	-	-	(2,342)
Eix Immobles, S.L. *Property development*	Gràcia, 33 - Sabadell	-	90%	dec '12	4,000	(8,205)	(569)	-	-	(1,404)
Espais Sabadell Promocions Immobiliàries, S.A. *Property development*	Av. Diagonal, 67, 4 - Barcelona	-	100%	dec '12	16,015	(8,854)	24	6,899	-	(1,574)
Habitatges Invercap, S.L. *Property development*	Av. Portal del Angel, 40, puerta 7 - Barcelona	-	100%	dec '12	65	(393)	(54)	-	-	(159)
Inverpro Desenvolupament, S.L. *Property development*	del Pont, 16-18 - Manlleu	-	100%	dec '12	17,864	(6,435)	(2,471)	6,465	-	(7,542)
Itinerari 2002, S.L. *Travel agent*	del Pont, 16-18 - Manlleu	52%	-	dec '12	245	45	(135)	18	-	(24)

Translation of financial statements originally issued in Spanish. This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

Name and business	Domicile	% stake		Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
		Direct	Indirect							
ParcSud Planner, S.L. *Property development*	Gràcia, 33 - Sabadell	-	100%	dec '12	3,973	(2,266)	(2,341)	968	-	(2,872)
Promotora del Valles, S.L. *Holding company*	Gràcia, 33 - Sabadell	-	100%	dec '12	32,051	(58,052)	(22,683)	-	-	(30,080)
Promou ct 3AG delta, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	100%	dec '12	2,366	(3,585)	1,379	161	-	2,265
Promou ct Eix Macià, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	100%	dec '12	670	(2,813)	1,530	-	-	(864)
Promou ct Gebira, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	100%	dec '12	2,000	(1,794)	(568)	-	-	(1,259)
Promou ct Opensegre, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	100%	dec '12	374	(26,783)	18,573	-	-	(3,141)
Promou ct Vallès, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	100%	dec '12	13,250	(8,550)	(1,103)	3,612	-	(981)
Promou Global, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	100%	dec '12	25,552	(34,250)	(15,122)	-	-	(11,056)
Prov-Infi-Arrahona, S.L. *Property development*	Gràcia, 33 - Sabadell	-	100%	dec '12	6,405	(4,437)	(2,447)	731	-	(2,311)
Servicios y Soluciones de Gestión para Corporacions, Empresas y Particulares, SL *Administrative services*	Gràcia, 33 - Sabadell	100%	-	dec '12	15	785	165	153	-	(210)
Unnim Gesfons, SGIIC, S.A. *Fund manager*	Plaça Ricard Camí, 1 - Terrassa	100%	-	dec '12	3,000	5,769	501	7,642	-	312

Name and business	Domicile	% stake		Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
		Direct	Indirect							
Unnim Protecció, S.A. de Seguros y Reaseguros *General insurance services (non-life)*	Rambla d'Ègara, 352 - Terrassa	50% (see Note 13.1)	-	nov '12(*)	12,855	3,380	2,543	8,392	1,239	2,139
Unnim Serveis de Dependència, S.A. *Project management and geriatric services*	Rambla d'Ègara, 350 - Terrassa	100%	-	dec '12	500	(75)	203	278	-	(79)
Unnim Sociedad de Gestión Activos Inmobiliarios *Holding company*	Sant Quirze, 4 - Sabadell	100%	-	dec '12	120	141,634	(78,470)	38,908	-	(6,479)
UnnimCaixa Operador de Banca d'Assegurances Vinculat, S.L. *Bancassurance operator*	Plaça Catalunya, 9, 6ª-7ª - Barcelona	100%	-	dec '12	2,124	145	451	70	499	3,050

GROUP COMPANIES

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Name and business	Domicile	% stake Direct	% stake Indirect	Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
Arrahona Ambit, S.L. *Property development*	Gràcia, 33 - Sabadell	100.00%	-	dec '11	30,875	(2,226)	(14,877)	28,487	-	11,034
Arrahona Immo, S.L. *Property development*	Gràcia, 33 - Sabadell	100.00%	-	dec '11	213,780	(2,088)	(76,658)	215,548	-	(14,789)
Arrahona Nexus, S.L. *Property development*	Gràcia, 33 - Sabadell	100.00%	-	dec '11	106,142	(7,823)	(51,058)	141,203	-	2,908
Arrahona Rent, S.L. *Property development*	Gràcia, 33 - Sabadell	100.00%	-	dec '11	14,384	-	(491)	14,612	-	1,148
Arrels ct Finsol, S.A. *Financing real estate projects*	Rambla d'Ègara, 350 - Terrassa	99.99%	0.01%	dec '11	165,274	252	(58,338)	200,170	-	11,081
Arrels ct lloguer, S.A. *Real estate company*	Rambla d'Ègara, 350 - Terrassa	76.92%	23.08%	dec '11	7,713	-	(22,251)	11,343	-	2,463
Arrels ct Patrimoni i Projectes, S.A. *Real estate company*	Rambla d'Ègara, 350 - Terrassa	99.99%	0.01%	dec '11	63,890	(679)	(45,632)	53,953	-	(20,700)
Arrels ct Promou, S.A. *Holding company*	Rambla d'Ègara, 350 - Terrassa	100.00%	-	dec '11	45,556	(21,108)	(21,937)	8,657	-	(157)
Aumeravilla, S.L. *Property development*	Gràcia, 33 - Sabadell	-	100.00%	dec '11	2,505	(218)	(91)	1,387	-	24
AYT Caixa Sabadell Hipotecario 1, FTA *Asset securitization funds*	Paseo de la Castellana, 143 - Madrid	100.00%	-	dec '11	-	-	-	-	-	419
Caixa de Manlleu Preferents, S.A. *Issue of preferred shares*	del Pont, 16-18 - Manlleu	100.00%	-	dec '11	61	1	8	61	-	(426)
Caixa Sabadell Tinelia, S.L. *Holding company*	Gràcia, 33 - Sabadell	100.00%	-	dec '11	41,500	385	183	42,069	-	(129)

GROUP COMPANIES

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Name and business	Domicile	% stake Direct	% stake Indirect	Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
Caixa Terrassa RF mixta, SICAV, S.A. *Investment fund company*	Plaza Ricard Camí, 1 - Terrassa	97.42%	-	dec '11	190,404	47,323	5,206	235,852	-	13,153
Caixa Terrassa Vida 1, SICAV, S.A. *Investment fund company*	Plaza Ricard Camí, 1 - Terrassa	55.67%	20.76%	dec '11	90,709	38,147	6,798	75,519	5,105	4,299
Caixa Terrassa Borsa, SICAV, S.A. *Investment fund company*	Plaza Ricard Camí, 1 - Terrassa	99.58%	-	dec '11	96,409	(3,899)	(1,032)	87,487	-	6,348
Caixa Terrassa Renda Fixa, SICAV, S.A. *Investment fund company*	Plaza Ricard Camí, 1 - Terrassa	99.35%	-	dec '11	150,988	1,909	12,080	154,645	-	5,751
CaixaSabadell Preferents, S.A. *Issue of preferred shares*	Gràcia, 17 - Sabadell	100.00%	-	dec '11	60	150	281	419	-	(5,451)
Caixa Terrassa Societat de Participacions Preferents, S.A. *Issue of preferred shares*	Rambla d'Ègara, 350 - Terrassa	100.00%	-	dec '11	100	1,165	162	1,261	-	(3,640)
Catalònia Gebira, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	81.66%	dec '11	13,797	(6,325)	(3,327)	3,622	-	576
Catalònia Promodis 4, S.A. *Real estate company*	Rambla d'Ègara, 350 - Terrassa	99.99%	0.01%	dec '11	8,253	146	(3,745)	14,028	-	(5,059)
Eix Immobles, S.L. *Property development*	Gràcia, 33 - Sabadell	-	90.00%	dec '11	4,000	(3,888)	(3,588)	-	-	3,074
Espais Sabadell Promocions Immobiliàries, S.A. *Property development*	Av. Diagonal, 67, 4 - Barcelona	-	100.00%	dec '11	15,315	(19,608)	(4,150)	-	-	137
GC FTGencat Caixa Sabadell 1, FTA *Asset securitization funds*	Gràcia, 17 - Sabadell	100.00%	-	dec '11	-	-	-	-	-	76

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Name and business	Domicile	% stake Direct	% stake Indirect	Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
GC FTGencat Caixa Sabadell 2, FTA *Asset securitization funds*	Gràcia, 17 - Sabadell	100.00%	-	dec '11	-	-	-	-	-	59
GC FTPyme Unnim 1, FTA *Asset securitization funds*	Plaça Catalunya, 9, 6ª-7ª - Barcelona	100.00%	-	dec '11	-	-	-	-	-	5
Habitatges Invercap, S.L. *Property development*	Av. Portal del Angel, 40, puerta 7 - Barcelona	-	100.00%	dec '11	65	(28)	(306)	-	-	83
IM Terrassa MBS 1, FTA *Securitization funds*	Plaza Pablo Ruiz Picasso, 1 - Madrid	100.00%	-	dec '11	-	-	-	-	-	226
IM Terrassa 1 FTGENCAT, FTA *Securitization funds*	Plaza Pablo Ruiz Picasso, 1 - Madrid	100.00%	-	dec '11	-	-	-	-	-	160
IM Unnim RMBS 1, FTA *Securitization funds*	Plaza Pablo Ruiz Picasso, 1 - Madrid	100.00%	-	dec '11	-	-	-	-	-	1,740
Inverpro Desenvolupament, S.L. *Property development*	del Pont, 16-18 - Manlleu	100.00%	-	dec '11	17,694	(2,949)	(3,487)	13,987	-	(3,314)
Itinerari 2002, S.L. *Travel agent*	del Pont, 16-18 - Manlleu	52.08%	-	dec '11	245	(84)	129	18	-	(54)
ParcSud Planner, S.L. *Property development*	Gràcia, 33 - Sabadell	-	100.00%	dec '11	3,973	-	(1,534)	-	-	(394)
Promotora del Valles, S.L. *Holding company*	Gràcia, 33 - Sabadell	100.00%	-	dec '11	29,851	(1,640)	(56,412)	4,707	-	(16,779)
Promou ct 3AG delta, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	100.00%	dec '11	2,366	(919)	(1,036)	412	-	1,797
Promou ct Eix Macià, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	75.50%	dec '11	670	450	(3,283)	-	-	(1,423)

GROUP COMPANIES

APPENDIX I

(€'000)

31 December 2011

Name and business	Domicile	% stake Direct	% stake Indirect	Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
Promou ct Gebira, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	100.00%	dec '11	2,000	3	(1,181)	934	-	597
Promou Global, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	100.00%	dec '11	25,552	(2,390)	(20,463)	3,751	-	4,418
Prov-Infi-Arrahona, S.L. *Property development*	Gràcia, 33 - Sabadell	-	100.00%	dec '11	4,314	2,062	(4,284)	-	-	2,923
Servicios y Soluciones de Gestión para Corporacions, Empresas y Particulares, SL *Administrative services*	Gràcia, 33 - Sabadell	100.00%	-	dec '11	15	383	402	153	-	476
UnnimCaixa Operador de Banca d'Assegurances Vinculat, S.L. *Bancassurance operator*	Plaça Catalunya, 9, 6ª-7ª - Barcelona	100.00%	-	dec '11	2,124	90	789	70	-	16,103
Unnim Gesfons, SGIIC, S.A. *Fund manager*	Plaça Ricard Camí, 1 - Terrassa	100.00%	-	dec '11	3,000	5,146	623	7,642	-	169
Unnim Serveis de Dependència, S.A. *Project management and geriatric services*	Rambla d'Ègara, 350 - Terrassa	100.00%	-	dec '11	500	(129)	78	278	-	(21)

JOINTLY-CONTROLLED COMPANIES

APPENDIX II

(€'000)

31 December 2012

Name and business	Domicile	% stake		Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
		Direct	Indirect							
AC Hoteles Manresa, S.L. *Real estate company*	Pau Claris, 122 - Barcelona	-	45%	dec '11	600	11	-	300	-	-
Activa ct badebaño, S.L. *Commercial*	Margarita Xirgu, 2 - Terrassa	50%	-	oct '12	2,600	-1,646	-207	480	-	(103)
Arrahona Garraf, S.L. *Property development*	Gràcia, 33 - Sabadell	-	50%	dec '12	19,000	-4,883	-19,632	1,518	-	(9,816)
Asociación Técnica de Cajas de Ahorro, A.I.E. *IT development*	Paseo Isabel la Católica, 6, 7ª - Zaragoza	31%	-	nov '12	6,924	-	-	2,146	-	1
Axiacom CR I, S.L. *Property development*	Ronda Camprodon, 13, ent. 2ª - Vic	-	50%	may '12	3,413	-9,265	-223	-	-	(2,861)
Balma-Habitat, S.L. *Property development*	Rbla. Arnau de Vilanova, 2 - Vilanova i la Geltrú	-	50%	dec '12	18,500	-18,768	-40,865	-	-	(20,870)
Connex Garraf, S.L. *Property development*	Rbla. Arnau de Vilanova, 2 - Vilanova i la Geltrú	-	33%	oct '12	3,000	-1,523	-230	-	-	(694)
Dobimus, S.L. *Property development*	Plaça Eduard Marquina, 9, 1E - Girona	-	50%	nov '12	8,920	-23,338	-558	-	-	934
Frigel, S.L. *Refrigerated logistics hub*	Ollich 1 - Centelles	-	18%	nov '12	946	767	72	308	-	13
Garraf Mediterrània, S.A. *Property development*	Rbla. Arnau de Vilanova, 2 - Vilanova i la Geltrú	-	45%	oct '12	18,122	8	-3,131	-	-	(8,953)

Name and business	Domicile	% stake		Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
		Direct	Indirect							
Habitatges Cimipro, S.L. *Property development*	Calabria, 59-61 - La Garriga	-	50%	sep '12	120	(3,012)	(40)	-	-	(1,306)
Habitatges Finver, S.L. *Property development*	Pza. Sardana, 4, bajos - Manlleu	-	50%	sep '12	938	293	(13)	469	-	(53)
Habitatges Invervic, S.L. *Property development*	Pare Gallissà, 21 - Vic	-	35%	dec '12	1,500	(7,188)	(1,255)	-	-	(2,089)
Habitatges Juvipro, S.L. *Property development*	MANLLEU, 54 - Vic	-	40%	dec '12	1,320	(706)	(602)	-	-	(316)
Habitatges Llull, S.L. *Property development*	Ps. dels Til·lers, 51 - Les Franqueses del Vallès	-	50%	sep '12	2,600	(2,528)	(117)	-	-	(2,660)
Nova Llar Sant Joan, S.A. *Property development*	Via Augusta, 255 - Barcelona	-	35%	nov '12	2,104	(10,229)	34	-	-	(1,096)
Nucli, S.A. *Property development*	Via Augusta, 255 - Barcelona	-	29%	dec '12	1,395	(1,550)	(590)	-	-	(174)
Probis Aiguaviva, S.L. *Property development*	Av. Roma 119-121 - Barcelona	-	50%	dec '12	8,100	(9,857)	(5,498)	-	-	(4,582)
Promocions Can Catà, S.L. *Property development*	Rambla Sant Jordi, 15, local 2 - Ripollet	-	64%	nov '12	2,100	(954)	(439)	564	-	(417)
Promou ct Medea, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	51%	dec '12	2,900	(2,748)	(4,664)	-	-	(2,351)
SBD-CEAR, S.L. *Property development*	Bonavista, 203 - Sabadell	-	50%	jun '12	17,079	(2,813)	(60)	3,001	-	(4,133)
Solar Volar, S.L. *Property development*	Banys, 45 - La Garriga	-	45%	jun '12	600	(333)	(4,436)	-	-	(349)

Name and business	Domicile	% stake		Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
		Direct	Indirect							
Unnim Vida, SA de Seguros y Reaseguros *Life insurance and pension plan services*	Rambla d'Ègara, 352 - Terrassa	50%	-	nov '12 (*)	107,399	120,636	31,073	85,557	-	3,659
Vantoureix, S.L. *Property development*	Advocat Cirera, 10 - Sabadell	-	41%	oct '12	23,772	15,545	4,305	11,400	-	1,753

JOINTLY-CONTROLLED COMPANIES

APPENDIX II

(€'000)

31 December 2011

Name and business	Domicile	% stake Direct	% stake Indirect	Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
Activa ct badebaño, S.L. *Commercial*	Margarita Xirgu, 2 - Terrassa	50.00%	-	nov '11 (*)	2,600	(1,415)	(225)	480	-	(113)
Arrahona Garraf, S.L. *Property development*	Gràcia, 33 - Sabadell	-	50.00%	dec '11	19,000	(2,196)	(2,896)	8,004	-	(6,301)
Asociación Técnica de Cajas de Ahorro, A.I.E. *IT development*	Paseo Isabel la Católica, 6, 7ª - Zaragoza	31.00%	-	dec '11	6,924	0	-	2,146	-	-
Axiacom CR I, S.L. *Property development*	Ronda Camprodon, 13, ent. 2ª - Vic	-	50.00%	nov '11 (*)	3,413	(6,635)	(2,763)	-	-	787
Balma-Habitat, S.L. *Property development*	Rbla. Arnau de Vilanova, 2 - Vilanova i la Geltrú	-	50.00%	nov '11 (*)	18,500	(9,246)	(15,187)	-	-	(4,618)
Unnim Vida, SA de Seguros y Reaseguros *Life insurance and pension plan services*	Rambla d'Ègara, 352 - Terrassa	50.00%	-	dec '11	36,060	27,438	15,236	80,127	-	6,791
CaixaSabadell Vida, Societat Anónima Companya d'Assegurances i Reassegurances *Life insurance and pension fund manager*	Gràcia, 33 - Sabadell	50.00%	-	dec '11	39,072	91,326	18,670	62,076	-	9,335
Connex Garraf, S.L. *Property development*	Rbla. Arnau de Vilanova, 2 - Vilanova i la Geltrú	-	33.33%	nov '11 (*)	3,000	(1,137)	(1,166)	376	-	(421)
Dobimus, S.L. *Property development*	Plaça Eduard Marquina, 9, 1E - Girona	-	50.00%	oct '11 (*)	8,920	(9,298)	(13,595)	-	-	(6,513)
Ecoarenys, S.L. *Property development*	Cardenal Vives i Tutó, 29-33 - Barcelona	-	50.00%	dec '11	12,700	(21,802)	(8,982)	-	-	(3,106)

JOINTLY-CONTROLLED COMPANIES

APPENDIX II

(€'000)

31 December 2011

Name and business	Domicile	% stake		Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
		Direct	Indirect							
Frigel, S.L. *Refrigerated logistics hub*	Ollich 1 - Centelles	-	17.99%	nov '11	946	697	88	296	-	16
Garraf Mediterrània, S.A. *Property development*	Rbla. Arnau de Vilanova, 2 - Vilanova i la Geltrú	-	33.33%	nov '11 (*)	16,830	(1,600)	(19,081)	98	-	(4,779)
Habitatges Cimipro, S.L. *Property development*	Calabria, 59-61 - La Garriga	-	50.00%	oct '11 (*)	120	(2,321)	(1,808)	-	-	(667)
Habitatges Finver, S.L. *Property development*	Pza. Sardana, 4, bajos - Manlleu	-	50.00%	set. '11 (*)	938	326	(360)	469	-	(454)
Habitatges Invervic, S.L. *Property development*	Pare Gallissà, 21 - Vic	-	35.00%	dec '11	1,500	(3,812)	(3,335)	-	-	(431)
Habitatges Juvipro, S.L. *Property development*	MANLLEU, 54 - Vic	-	40.00%	dec '11	1,320	(425)	(722)	-	-	(347)
Habitatges Llull, S.L. *Property development*	Ps. dels Til·lers, 51 - Les Franqueses del Vallès	-	50.00%	oct '11 (*)	2,600	(2,320)	(427)	-	-	1,000
Life Promomed Vic, S.L. *Property development*	Padilla, 173 - Barcelona	-	15.37%	set. '11 (*)	17,600	(33,283)	(7,913)	-	-	2,407
Nova Llar Sant Joan, S.A. *Property development*	Via Augusta, 255 - Barcelona	-	35.00%	nov '11 (*)	2,104	(5,902)	(4,366)	-	-	186
Nucli, S.A. *Property development*	Via Augusta, 255 - Barcelona	-	29.47%	dec '11	1,395	(1,005)	(546)	586	-	(87)
Probis Aiguaviva, S.L. *Property development*	Av. Roma 119-121 - Barcelona	-	50.00%	nov '11 (*)	8,100	(5,322)	(5,989)	-	-	(5,293)
Promocions Can Catà, S.L. *Property development*	Rambla Sant Jordi, 15, local 2 - Ripollet	-	64.29%	nov '11 (*)	2,100	375	(925)	997	-	(1,357)

(*) The financial information for these companies relates to the dates mentioned, except for the contribution to consolidated results. In this case the results at 31 December 2011 have been estimated.

JOINTLY-CONTROLLED COMPANIES APPENDIX II

(€'000)

31 December 2011

Name and business	Domicile	% stake Direct	% stake Indirect	Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
Promou ct Medea, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	51.00%	dec '11	2,900	(323)	(2,425)	419	-	(1,001)
Promou ct Opensegre, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	51.00%	dec '11	299	(9,208)	(18,684)	-	-	6,008
Promou ct Vallès, S.L. *Property development*	Rambla d'Ègara, 350 - Terrassa	-	50.00%	dec '11	13,000	(10,726)	(2,560)	-	-	(1,362)
Residencial Pedralbes-Carreras, S.L. *Property development*	Av. Diagonal, 626 - Barcelona	-	25.00%	oct '11 (*)	300	(146)	(76)	20	-	(19)
Residencial Sarria Bonanova, S.L. *Property development*	Av. Diagonal, 626 - Barcelona	-	25.53%	oct '11 (*)	500	(3,483)	(1,908)	-	-	(762)
SBD-CEAR, S.L. *Property development*	Bonavista, 203 - Sabadell	-	50.00%	oct '11 (*)	17,079	109	(5,054)	6,067	-	(478)
Solar Volar, S.L. *Property development*	Banys, 45 - La Garriga	-	45.00%	nov '11 (*)	600	(333)	(4,436)	-	-	(1,544)
Vantoureix, S.L. *Property development*	Advocat Cirera, 10 - Sabadell	-	40.72%	oct '11 (*)	23,772	9,956	4,323	11,400	-	(22,208)

(*) The financial information for these companies relates to the dates mentioned, except for the contribution to consolidated results. In this case the results at 31 December 2011 have been estimated.

ASSOCIATES
(€'000)

APPENDIX III

31 December 2012

Name and business	Domicile	% stake Direct	% stake Indirect	Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
ACA, S.A. Sociedad de Valores *Securities brokerage*	Av. Meridiana, 27-29 - Barcelona	37.50%	-	nov '12	10,818	9,544	150	8,236	6	56
Gestió casa jove, S.L. *Real estate company*	Rambla d'Ègara, 352 - Terrassa	-	31.00%	nov '12	2,000	(255)	(464)	397	-	(144)
REDSYS Servicios de Procesamiento, S.L. *Financial services*	Gustavo Fernandez Balbuena, 15 - Madrid	0.94%	-	oct- '12	5,815	1,613	6,928	149	-	-
Residencial Pedralbes-Carreras, S.L. *Property development*	Av. Diagonal, 626 - Barcelona	-	25.00%	sep '12	300	(220)	(5)	19	-	(1)
Residencial Sarria Bonanova, S.L. *Property development*	Av. Diagonal, 626 - Barcelona	-	25.53%	sep '12	500	(8,295)	(1,821)	-	-	(576)
SBD Creixent, S.A. *Property development*	Blasco de Garay, 17 - Sabadell	-	23.05%	oct '12	15,284	(424)	(3,082)	-	-	(1,473)
SBD Lloguer Social, S.A. *Property development*	Blasco de Garay, 17 - Sabadell	-	20.00%	nov '12	17,800	3,921	494	3,560	-	74
Servired Sociedad Española de Medios de Pago, S.A. *Financial services*	Gustavo Fernandez Balbuena, 15 - Madrid	1.24%	-	nov '12	16,372	9,572	8,956	602	-	-
Vic Convent SL *Real estate investments*	Plaça de la Sardana, 4 - Manlleu	-	25.00%	sep '12	2,400	(16)	5	525	-	(72)

ASSOCIATES
(€'000)

APPENDIX III

31 December 2011

Name and business	Domicile	% stake Direct	% stake Indirect	Date of the financial statements	Share capital	Reserves	Results	Carrying value for holding company	Dividend received by the Group	Result contributed to the Group
AC Hoteles Manresa, S.L. *Real estate company*	Pau Claris, 122 - Barcelona	-	45.00%	dec '11	600	9	-	300	-	-
ACA, S.A. Sociedad de Valores *Securities brokerage*	Av. Meridiana, 27-29 - Barcelona	37.50%	-	dec '11	10,818	9,514	-	8,236	-	17
Unnim Protecció, S.A. de Seguros y Reaseguros *General insurance services (non-life)*	Rambla d'Ègara, 352 - Terrassa	50.00%	-	nov '11(*)	12,855	3,038	2,324	8,392	754	1,162
Gestió casa jove, S.L. *Real estate company*	Rambla d'Ègara, 352 - Terrassa	-	31.00%	dec '11	2,000	349	207	620	-	64
SBD Creixent, S.A. *Property development*	Blasco de Garay, 17 - Sabadell	-	23.01%	nov '11(*)	12,895	(30)	(8,257)	750	-	850
SBD Lloguer Social, S.A. *Property development*	Blasco de Garay, 17 - Sabadell	-	20.00%	nov '11(*)	17,800	3,822	302	3,560	-	33
Selectiva Capital, SICAV S.A. *Real estate investments*	Paseo de la Castellana, 89 - Madrid	49.88%	-	dec '11	2,314	1,163	(559)	1,456	-	(279)
Vic Convent SL *Real estate investments*	Plaça de la Sardana, 4 - Manlleu	-	25.00%	dec '11	2,400	(16)	-	600	-	105

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Translation of financial statements originally issued in Spanish. This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

Directors' Report for 2012

Introduction

During 2012 there was a sharp deterioration of the macroeconomic outlook, although financial market conditions gradually improved over the course of the year due to the actions taken by the main Central Banks and the advances made with respect to the correction of certain structural imbalances. Growth perspectives for the world economy in the coming years will maintain a downward trend in 2013 (2.4%) and will gradually strengthen starting in 2014 (3.1%).

The recession trend moderated in the Spanish economy during the third quarter of 2012 but an acceleration of its decline is expected during the third quarter of the year, moving up from 1.3% in 2012 to 1.4% in 2013 in accordance with OECD forecasts. The return to growth is not expected until 2014, the year in which the economic and financial conditions could start to improve.

The European Central Bank has maintained the official interest rate at 0.75% in a context of moderate inflation (which is expected to be below 2% in 2013) and persisting economic weakness in the Eurozone, which will not show signs of improvement until the end of the year.

Development of the business

Unnim Banc S.A.U. ended 2012 with a loss of €-890 million. This loss includes both the impairment of the credit and real estate portfolio and the impact of the cost of restructuring the entity within BBVA Group.

The interest margin was €269 million (+28% year-on-year) and the gross margin was €323 million (-12.5% year-on-year). Operating expenses fell by 10.9% year-on-year, fundamentally due to a rigorous cost containment policy and lower personnel expenses as a result of the restructuring plan applied during the merger of the entities forming part of Unnim.

At the end of 2012 all of the provisions called for by Bank of Spain Circular 2/2012 on Allocations and by Royal Decree 18/2012 had been appropriated.

The loan portfolio recognised by Unnim Banc S.A.U. is €23,019 million, of which €17,664 million relates to customer loans, 3.8% lower than at the beginning of the year, as a result of the continued decline in economic activity, especially the stagnation of the real estate sector.

The total balance of financial liabilities at amortised cost is €27,132 million, of which retail customer deposits amounted to €18,516 million (-15.6% compared with last year).

Operating resources and means: merger process

In 2012 Unnim completed the merger of the original entities, with respect to both the reduction of the branch office network and the number of employees. During the year the sales network has been reduced by 72 branches and the total number of branches at the end of the year is 506, of which 465 are in Catalonia while the remaining 41 are located in the Regions of Madrid and Valencia and in the cities of Zaragoza and Seville.

Grupo Unnim Banc, S.A.U has 2,805 employees and the reduction this year affected 268 of them.

Outlook for 2013

The perspectives for 2013 are totally focused on the merger with BBVA and they will be determined by that financial institution if the merger effectively takes place, in accordance with its merger strategy and the approved restructuring plan.

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Annual Corporate Governance Report 2012

The Bank, an entity domiciled in Spain, whose voting rights are wholly and directly owned by Banco Bilbao Vizcaya Argentaria, S.A., and in compliance with the provisions of Rule 6 of the National Stock Market Commission Circular 1/2004 (17 March), has not prepared an Annual Corporate Governance Report since it has already been prepared and presented to the National Stock Market Commission by Banco Bilbao Vizcaya Argentaria, S.A. as the parent company of BBVA Bank.