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## The shareholders of the SegurCaixa Holding Group



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

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

### Criteria CaixaCorp



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

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

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

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

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

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

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



### Vision

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

### Corporate values

The values that identify Criteria CaixaCorp are the transparency with which it deals with all its stakeholders, the rigour in its investment management and the soundness and professionalism it employs

in its day to day work to relentlessly identify, analyse and study new business and investment opportunities and contribute value to its shareholders.

### Business lines

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

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- **Financial Business:** On the one hand, there is the international banking activity through stakes held in banks outside Spain and on the other there are the non-listed filial companies that carry on the domestic business in insurance and specialised financial services, such as asset management, leasing and consumer credit, among others.
- **Services Business:** This includes the stakes in companies that are leaders in their markets and have a proven track record for capacity of growth and creation of value. Criteria CaixaCorp's investments are focussed on Spanish companies with an international presence in non-cyclical sectors such as infrastructures, energy and services to name a few. These portfolio stakes are capable of generating recurrent income and profits with a margin for more and can give an attractive dividend.

### The management and strategic principles of the company

- **Greater exposition to financial businesses:** It is the wish of Criteria CaixaCorp to restore the balance of the portfolio, which at present is top-heavy with a predominance of investments in services companies, by acquiring stakes in financial entities. A major differential factor is that Criteria can count on the experience in retail banking of its controlling shareholder "la Caixa", as well as its capacity to generate value and synergies in the new acquisitions.
- **Active management of our investments:** Criteria has an active participation in the Governing Bodies of the companies it has stakes in. It gets involved in the definition of their future strategies in coordination with the management teams of those companies and contributes to the medium and long term development of their businesses.
- **Management by value of investments:** Criteria undertakes investments, disinvestments and

corporate projects depending on the opportunity the market offers, prioritizing the creation of value and profitability for its shareholders. Criteria has more than enough flexibility and experience to identify opportunities and act at the best moment.

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

### Strategy per line of business

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

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

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

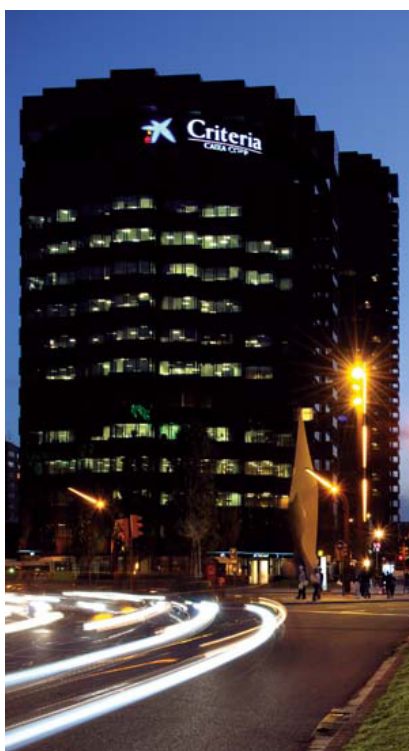
The experience in retail banking of "la Caixa", Criteria's controlling shareholder, places it in a privileged position when it comes to acquiring stakes in financial entities

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

**Services Business:** Criteria CaixaCorp's intention is to continue making selective investments and disinvestments, identifying and taking advantage of market opportunities. Although the relative weight of the services portfolio will be reduced, the total amount of that portfolio will still be significant, and will fall somewhere between 60 to 40% in the medium to long term. Criteria's aim is to create a value differential in these companies that are present in strategic sectors of the economy and it will do so by taking a position of reference in the shareholding that will allow an

active presence on its Governing Bodies, in the key decision taking and in the development of its business strategies. Criteria holds key positions in these companies and when necessary can exercise the corresponding control premiums.



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

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

“la Caixa”



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

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

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

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

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



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



## 5. The shareholders of the SegurCaixa Holding Group

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

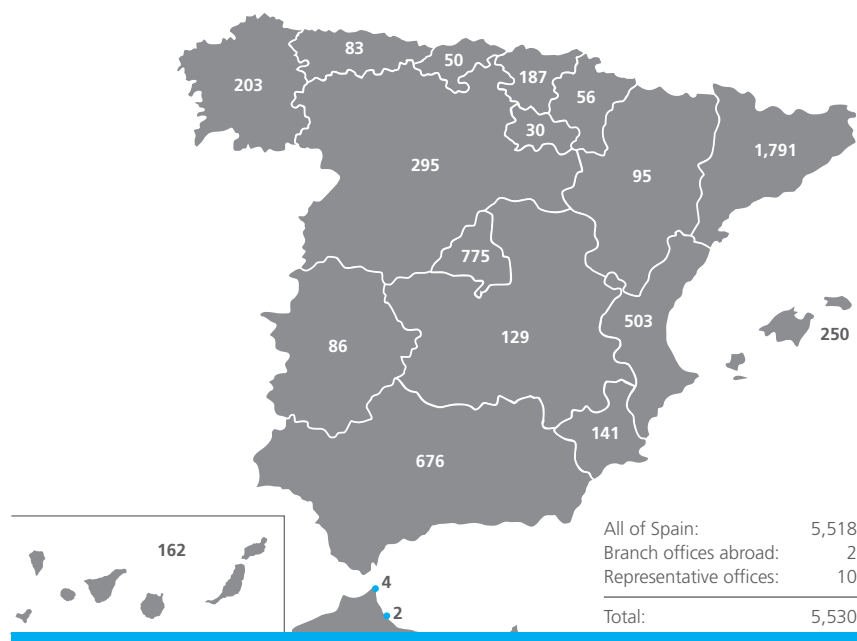
The volume of credits rose by 9% in response to the needs of economic development that arise in such a complex economic environment as the present one. The credits for enterprises, in fact, recorded an especially positive evolution with 24% more than in 2007 that were managed through the 66 new centres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

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

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

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

### Geographic distribution of the branch office network in Spain



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

In addition to the intense commercial activity, "la Caixa" maintained and indeed reinforced its prudent model of capital, liquidity and risk management, which are essential factors to placing the Group in a leading position on the Spanish Banking market, with an overall increase in its market share: customer deposits (10.6%), credits (9.6%), mortgages (11.2%),

savings insurance (12%), domiciling pensions (12.6%), domiciling payroll (13.9%), credit card turnover (17.6%) and POS (19.2%).

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

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



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