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**The shareholders of
VidaCaixa Grupo**

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VidaCaixa Grupo is the Insurance Group of “la Caixa” and forms part of Criteria CaixaCorp, currently CaixaBank.

In 2010 “la Caixa” managed to sustain its financial strength in spite of the persistent economic deceleration in our country. Thanks to its intensive commercial activity and prudent risk management, the overall volume of business stood at 437,443 million euros with 247,897 million euros in customer resources and 189,546 million euros in granted loans. The recurring profit came to 1,507 million euros.

2010 was also the year in which the deployment of the 2007-2010 Strategic Plan concluded successfully. With this “la Caixa” reinforced its traditional leading position in family banking as well as implementing a new model specialising in personal banking, private banking, SMEs, enterprise banking and corporate banking.

The new 2011-2014 Strategic Plan, with the slogan “make the difference”, reasserts the company’s vocation for growth, leadership and social responsibility. Moreover, in 2010 “la Caixa” strengthened its commitment to society and the environment through its Obra Social with a budget of 500 million euros.

Criteria CaixaCorp

Criteria CaixaCorp is an investment group with stakes in the banking, financial and services sectors, with a solid commitment to internationalisation and which seeks to provide shareholders with long term value through its active portfolio management.

In 2010, Criteria CaixaCorp increased its consolidated net profit by 38% to 1,823 million euros. Its investment portfolio at 31st December 2010 topped 23,059 million euros, making it the most important group in volume of assets among all the private investment groups in Europe. Criteria foresees paying out a dividend of 31.1 euro cents per share, taking into account the 5.1 euro cents that are subject to the Dividend/Share Criteria Programme, which lays down that, for the very first time, that part of the dividend can be paid out in cash or in shares of the company.

The current investment portfolio of Criteria CaixaCorp is the largest in Europe among private investor groups in terms of managed assets, with a value at 31st December 2010 of 23,059 million euros. The portfolio includes first class companies with a solid leadership position in their respective sectors of activity and in the countries in which they operate, not to mention their proven capacity for generating value and profitability.

Apart from Criteria’s presence in the banking and financial sectors, through stakes in companies, it is also present in strategic sectors such as energy, telecommunications, infrastructures and services.

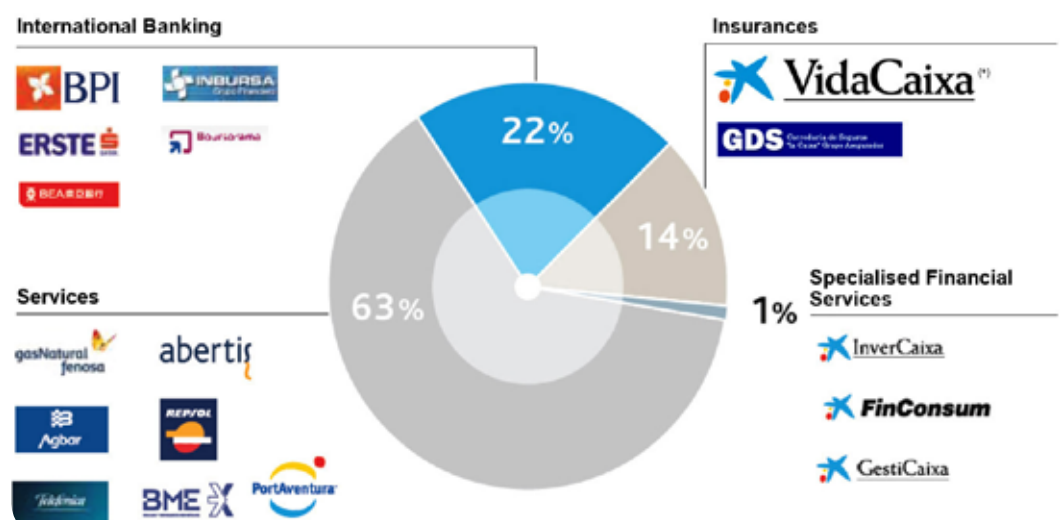
Criteria CaixaCorp's investment portfolio is the most important in volume of assets among the private investment groups in Europe



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 Bodies and actively getting involved in the definition of business strategies and policies, thereby contributing to their continuous development and the creation of value for shareholders.

In this context, Criteria also performs management control with the aim of increasing the value of its investments in a risk-controlled environment, which results in carefully identifying and analysing 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 Market since 10th October 2007 and has formed part of the Ibex 35 since 4th February 2008, standing among the top Spanish companies in market capitalisation. Criteria CaixaCorp's portfolio as of 31st December 2010 is broken down as per the following graph:



(*) Percentage distribution taking into account the Mutua Madrileña operation under way in December 2010. Criteria expects to complete these transactions in the second half of 2011.

Criteria, just like all the rest of the "la Caixa" Group, is immersed in a process of reorganisation, which will finish in July 2011. This process involves Criteria acquiring the banking business of "la Caixa" in exchange for certain stakes Criteria holds in its portfolio (Abertis, Gas Natural Fenosa, Agbar, PortAventura and Mediterránea Beach & Golf Community). With this Criteria will become CaixaBank, a leading banking Group in Spain with outstanding liquidity and solvency ratios.



“In 2011 Criteria will be converted into CaixaBank, a leading banking Group in Spain with outstanding liquidity and solvency ratios”

The multi-sectorial combination of investments in companies that are leaders in their respective areas, provide a position of reference for Criteria CaixaCorp on the market

Business Lines

At 31st December 2010, Criteria CaixaCorp had a multi-sectorial portfolio that combines investments in both listed and non-listed companies that are leading or referenced companies in their respective environments and that make up a diversified and unmatched portfolio, which provides it with a privileged position on the market. Criteria's activity is organised into two separate business lines: financial and services.

Financial Business

Up to 2010, there was the international banking activity through stakes held in banks outside Spain on the one hand and on the other, there were the non-listed filial companies that carried on the domestic business in insurance and specialised financial services, such as asset management, leasing and consumer credit, among others.

In accordance with the outlined strategy, the relative weight of the stakes in the financial area over the GAV significantly increased to 37% at 31st December 2010 from 17% on the day Criteria was listed.

The new structure of the "la Caixa" Group for 2011 will cause the relative weight of the financial business, both national and international, to shift to 75% of the asset value of CaixaBank. The financial business is broken down as follows:

a) International Banking

It is foreseen to continue exposure in the financial business environment through banking stakes centred on retail banking. Proceeding with the objectives set out when Criteria became a listed company, acquisitions were undertaken and will continue to be undertaken preferably in America, Asia and Central Europe, in countries with a significant growth potential as with other markets nearer home where Criteria can create value. This will also be carried out in countries with growth opportunities where the experience of "la Caixa" can be employed successfully.

b) Insurance and Specialised Financial entities

The aim of these investments is to naturally complement the banking activity of "la Caixa". In future, the intention of the company is for investments in the insurance and financial investment sectors and specialised financing to seek to boost growth, incorporating, as the case may be, new partners from the sector while extending and consolidating its position on the national market. These business lines have naturally levered themselves into the growth of the distribution network of "la Caixa", as well as into their own capacity to cross-sell.

Services Business

This type of business includes all the stakes in leading enterprises in their respective markets that have demonstrated growth and value creating capacity even in such an adverse economic environment. The investments of the company are focused on Spanish enterprises with an international presence in sectors such as infrastructures, energy and services, among others. They make up a portfolio of stakes that are capable of generating recurring income, profitable and long term while providing an attractive dividend.

Criteria CaixaCorp has built up a great deal of knowledge about its lines of business, which is fruit of successful investments and the continuous analyses of new opportunities.

Criteria's aim is to create a differential value in those companies that are present in strategic sectors of the economy and it does so by taking a position of reference in the shareholder structure that allows an active presence on its Governing Bodies, in key decision-taking and in the development of its business strategies. Criteria holds key positions in those companies and, when necessary, can exercise the corresponding control premiums as a result of this influence.

The implementation of the new Criteria CaixaCorp organisational design for 2011 means that the industrial portfolio will focus entirely on Telefonica and Repsol.

Management and strategy principles of the Company

With the reorganisation of the “la Caixa” Group, the specific weight of the financial business will represent 75% of the value of CaixaBank’s assets

The management principles are set out below:

Greater exposure to financial businesses

The reorganisation announced on 27th January 2011 will enable Criteria CaixaCorp to acquire a leading banking business in Spain and then turn itself into a banking group called CaixaBank. Thus, the commitment undertaken when Criteria was floated to boost Criteria’s exposure to the financial sector is fulfilled.

Active management of investments

Criteria CaixaCorp 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 sustainable development of their businesses.

Management by value of investments

Criteria undertakes investments, disinvestments and corporate projects depending on the opportunities the market offers while at all times prioritising the creation of value and profitability for its shareholders. In this regard, Criteria’s decision to buy or sell depends on the climate offered by markets at any given time. For this, Criteria has more than enough flexibility and experience to identify opportunities and act opportunely.

Focus on the medium and long-term investment

The management philosophy of Criteria CaixaCorp’s active management entails an investment horizon that is medium to long-term, maximising value by concentrating on corporate development and involvement in the strategies of the portfolio company while deciding on an acquisition or disposal at the best possible moment.

Maximum transparency in its relationship with shareholders and other stakeholders

It is Criteria CaixaCorp’s determination to ensure the maximum level of transparency in relation to its shareholders and other stakeholders. This policy is shown through bringing the company closer to all the stakeholders, offering each of them all the available relevant information on a permanent basis. This may concern results, corporate management and strategy or any other issue of interest to them.



The Managing Committee of VidaCaixa Grupo with Juan Maria Nin, Chief Executive Officer of “la Caixa”.

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"la Caixa"

In 2010 "la Caixa" successfully completed its specialisation model of personal banking, private banking, SME banking, company banking and corporate banking



2010 marked the successful end of the 2007-2010 Strategic Plan of the "la Caixa" Group in spite of the complex economic and financial environment. "la Caixa" strengthened its traditional leadership in banking for individuals by implementing a specialist model in personal banking, private banking, SME banking, enterprise banking and corporate banking, which allowed it to gain market share and reinforce its position in those market segments.

Within its international expansion framework, "la Caixa" now has 3 operating branches abroad and 10 representative offices, all of which offer a full range of products and services to customers to satisfy their international requirements. Moreover, in 2010 "la Caixa" and Criteria CaixaCorp strengthened their collaboration agreements made in previous years with their strategic partners in GF Inbursa, Erste Group Bank, The Bank of East Asia and Banco BPI.

One outstanding point was Criteria CaixaCorp's acquisition of Adeslas in June 2010. This was integrated into VidaCaixa Grupo and gave rise to VidaCaixa Adeslas, the leading healthcare enterprise in Spain. Furthermore, in January 2011 "la Caixa" and Mutua Madrileña reached a strategic agreement by which Mutua Madrileña would acquire 50% of the non-life insurance business. On the other hand, within the framework of the Adeslas acquisition operation, 24.5% of Agbar was sold to Suez Environnement. The "la Caixa" Group still has the remaining 24% in Agbar. In December 2010 the "la Caixa" vehicle renting activity was sold to Arval (BNP Paribas Group).

The market value at 31st December 2010 of all the listed stakes of the "la Caixa" Group rose to 18,685 million euros with latent capital gains of 2,709 million euros.

In 2010, another major point of interest within the restructuring of the savings banks sector was the approval, by the Extraordinary General Meetings of "la Caixa" and Caixa d'Estalvis de Girona (Caixa Girona), of the merger of "la Caixa", as the absorbing entity, and Caixa Girona, as the absorbed entity. This merger took place on 3rd November 2010 when the pertinent authorisations were received. From a technological and information systems point of view, the process finished on 1st January 2011 with the swift and satisfactory integration of Caixa Girona into the processes of "la Caixa".

The General Assembly of "la Caixa", held on 28th April, and the shareholders AGM of Criteria CaixaCorp, held on 12th May, approved the reorganisation of the "la Caixa" Group, by which "la Caixa", as foreseen in the new law of Savings Banks (LORCA), can exercise banking activity indirectly through a listed bank (currently Criteria CaixaCorp). The process, which is expected to conclude in July 2011, attempts to define a new structure that, while fulfilling the social objects of "la Caixa" and developing the present Group business, enables "la Caixa" to adapt to the new demanding national and international regulations and, in particular, to the new requirements by the Basel Committee on Banking Supervision (Basel III).

The slogan of the 2011–2014 Strategic Plan of “la Caixa” is “make the difference”

With this reorganisation, “la Caixa” will transfer its banking business to Criteria CaixaCorp (which will be converted into a banking group called CaixaBank) in exchange for the industrial stakes held by Criteria CaixaCorp (Abertis, Gas Natural Fenosa, Aigües de Barcelona, Port Aventura and Mediterránea) as well as a new share issue for a total of 2,044 million euros.

CaixaBank, mostly belonging to “la Caixa”, will be born with a leading position in the Spanish financial and insurance sector and will, in addition, be diversified with other complementary activities such as holding stakes in international banks as well as in Telefonica and Repsol.

The new structure will also enable the full development of the new Strategic Plan 2011-2014 of “la Caixa”, which, under the slogan “make the difference”, reasserts the entity’s vocation to growth, leadership and social responsibility. Its strategic goals are to consolidate the leadership of “la Caixa” in retail banking in Spain, deepen its international commitment, keep its commitment to the business fabric of the country—through a distinctive portfolio of stakes in companies— and reaffirm its social commitment. Moreover, “la Caixa” will continue to undertake an active and anticipated management of its capital and liquidity to improve its financial strength.

“la Caixa” in 2010: consolidation of its financial strengths and vast commercial capacity

“la Caixa” consolidated its reference position in family and business banking with more than 10.5 million customers

Today “la Caixa” is a reference in family and business banking. It has a relationship with the customer through proper segmentation and multi-channel management. It is determined to offer a specialised, professional and quality service to all its customers.

At the end of 2010 “la Caixa” had the largest network of branch offices in the Spanish financial system (5,409 offices, of which 5,396 are in Spain, a market share of 12.6%) as well as the most important network of ATMs (8,181). It is the leader in on-line banking (with more than 6.6 million customers and a market share of 31.4%) and mobile banking with more than 1.5 million customers. On an international level, it has 10 representative offices and 3 operating branches in Warsaw, Bucharest and Casablanca.

In 2010, due to the massive commercial activity of the “la Caixa” group and its extensive customer base numbering some 10.5 million clients, the volume of its banking business stood at 437,443 million euros (247,897 million euros in managed funds and 189,546 millions in credits), which was 5.2% more than the previous year. In this regard, “la Caixa” holds a leading position in banking for individuals in the Spanish banking sector, which is clearly shown by its 21% market share.



The financial strength of "la Caixa" was consolidated in 2010 thanks to the quality and diversification of its credit portfolio, its excellent levels of liquidity and solvency and its good profitability and efficiency



Similarly, 2010 witnessed the strengthening of most of its leading market shares, which are 15.7% in payrolls, 13.6% in pensions, 17.7% in credit card income, 21.2% in income from shops (POS), 11% in mortgages, 14.8% in life-savings insurance, 10% in deposits and 10.6% in credits to the resident private sector, among other products and services.

As far as the 2010 results are concerned, the "la Caixa" Group made a net recurring profit of 1,507 million euros (-11.9% with respect to the previous year), thus proving its capacity to generate recurring profits in spite of the complex economic environment.

In 2010, the "la Caixa" Group consolidated its financial strength, which is shown in the following ways:

- A quality credit portfolio that is diversified and has good guarantees. It has a demanding risk and provision management. The non-performing loans ratio at 31st December 2010 stood at 3.71%, which was well below the average for the Spanish financial sector. The cover ratio went up to 70%, 140% with mortgage guarantees, and there is a generic fund of 1,835 million euros, the same amount as at the close of 2009. This provides "la Caixa" with a solid financial standing in the face of any future financial turmoil.
- Excellent levels of liquidity –19,638 million euros, 6.9% of equity–, all of which is immediately available. "la Caixa" also has a stable financial structure as it is mostly financed by its customers' resources.
- Excellent levels of solvency, with a core capital ratio of 8.6%, a Tier 1 ratio of 9.9% and a BIS II solvency ratio of 11.8%, which is among the highest in the sector, especially as regards first category resources. Self-financing of additional demands of capital derived from the evolution of the recurrent business of the "la Caixa" Group.
- Good profitability, with a recurrent ROE of 9.3%, plus a good level of efficiency, with a recurrent efficiency ratio of 43.6%.

Lastly, 2010 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 devoted to hundreds of social, cultural, educational, environmental and scientific projects, the *Obra Social* of "la Caixa" pays special attention to those activities whose aims are to cover the needs derived from social exclusion.

For 2011, "la Caixa" foresees maintaining the 500 million euro budget devoted to the *Obra Social* projects where 67% is assigned to social programmes, 14% to the environment and science, 13% to culture and 6% to educational and research programmes.