Criteria
CAIXA CORP

annual accounts

2010

annual accounts

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Deloitte.

Deloitte S.L.
Avda. Diagonal, 654
08034 Barcelona
España
Tel.: +34 932 80 40 40
Fax: +34 932 80 28 10
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 2). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Criteria CaixaCorp, S.A.:

We have audited the consolidated financial statements of Criteria CaixaCorp, S.A. (the Company) and Companies composing the Criteria CaixaCorp Group (see Note 1 to the accompanying consolidated financial statements), which comprise the consolidated balance sheet at 31 December 2010 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2.1 to the accompanying consolidated financial statements, the Company's directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework. Our work did not include an examination of the financial statements for 2010 of certain companies (see Appendices I and II to the consolidated financial statements) that account for 46% of the profit attributable to the Group and 18% of the total consolidated assets. The financial statements of these companies are audited by other auditors and our opinion as expressed in this report on the consolidated financial statements of Criteria CaixaCorp, S.A. and Companies composing the Criteria CaixaCorp Group is based, with respect to the aforementioned ownership interests, solely on the reports of other auditors.

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

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

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

Fernando Foncea

24 February 2011

COL·LEGI
DE CENSORS JURATS
DE COMPTES
DE CATALUNYA

Membre exercent:
DELOITTE, S.L.

Any 2011 Núm. 20/11/00294
CÒPIA GRATUÏTA

Aquest informe està subjecte a la taxa aplicable establerta a la Llei 44/2002 de 22 de novembre.

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

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Consolidated financial statements and consolidated directors' report

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated balance sheets at 31 December 2010 and 2009

(notes 1 to 3)

		Thousands of euros	
ASSETS	**Notes**	**2010**	**2009(*)**
NON-CURRENT ASSETS			
Goodwill and other intangible assets	(Note 5)	**1,706,306**	**872,244**
Property, plant and equipment	(Note 6)	**441,898**	**863,487**
Investment property	(Note 7)	**310,972**	**141,781**
Investments accounted for using the equity method	(Note 8)	**12,252,914**	**11,968,904**
Financial assets	(Note 9)	**27,589,860**	**27,624,356**
Available-for-sale financial assets		26,540,082	25,988,186
Loans and receivable		847,853	1,450,459
Other financial assets at fair value through profit or loss		201,473	185,711
Other financial assets		452	-
Deferred tax assets	(Note 16)	**530,098**	**480,001**
Reinsurance assets		**22,672**	**38,121**
Total non-current assets		**42,854,720**	**41,988,894**
CURRENT ASSETS			
Inventories		**8,698**	**88**
Current financial assets	(Note 9)	**7,174,171**	**6,370,880**
Non-current assets classified as held for sale		**1,379**	**40,645**
Other current assets		**341,604**	**351,236**
Tax assets	(Note 16)	21,023	62,399
Prepayments and accrued income		115,580	136,189
Dividends receivable	(Notes 8 and 9)	200,209	118,197
Other current assets		4,792	34,451
Cash and cash equivalents	(Note 11)	**605,030**	**353,851**
Total current assets		**8,130,882**	**7,116,700**
TOTAL ASSETS		**50,985,602**	**49,105,594**

The accompanying Notes 1 to 26 and the Appendices are an integral part of the consolidated balance sheet at 31 December 2010.

(*) The figures relating to 31 December 2009 are presented for comparison purposes only.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated balance sheets at 31 December 2010 and 2009

(notes 1 to 3)

		Thousands of euros	
EQUITY AND LIABILITIES	**Notes**	**2010**	**2009(*)**
EQUITY			
Share capital, reserves and profit	(Note 12)	**13,024,555**	**12,612,974**
Share capital		3,362,890	3,362,890
Share premium		7,711,244	7,711,244
Reserves		841,821	597,414
Profit attributable to the Group		1,822,932	1,316,628
Interim dividend paid		(670,861)	(335,322)
Treasury shares		(43,471)	(39,880)
Valuation adjustments	(Note 12)	**1,503,142**	**1,538,659**
Non-controlling interests	(Note 12)	**175,316**	**169,031**
Total equity		**14,703,013**	**14,320,664**
NON-CURRENT LIABILITIES			
Provisions for insurance contracts and other provisions		**18,326,038**	**17,587,405**
Provisions for insurance contracts	(Note 13)	18,272,037	17,524,100
Other long-term provisions	(Note 14)	54,001	63,305
Long-term payables		**8,112,594**	**8,671,600**
Financial liabilities at amortised cost	(Note 15)	7,893,786	8,436,242
Other financial liabilities		210,464	195,730
Derivatives	(Note 10)	8,344	39,628
Deferred tax liabilities	(Note 16)	**1,019,669**	**1,095,049**
Other non-current liabilities		**82,174**	**-**
Total non-current liabilities		**27,540,475**	**27,354,054**
CURRENT LIABILITIES			
Provisions for insurance contracts	(Note 13)	**870,142**	**487,090**
Financial liabilities at amortised cost	(Note 15)	**7,650,692**	**6,465,132**
Bank borrowings		6,758,157	6,038,058
Customer deposits		82	3,207
Other current financial liabilities		892,453	423,867
Derivatives	(Note 10)	**2,657**	**231,414**
Tax liabilities	(Note 16)	**104,551**	**88,378**
Deferred income		**79,430**	**85,068**
Other current liabilities		**34,642**	**73,794**
Total current liabilities		**8,742,114**	**7,430,876**
TOTAL EQUITY AND LIABILITIES		**50,985,602**	**49,105,594**

The accompanying Notes 1 to 26 and the Appendices are an integral part of the consolidated balance sheet at 31 December 2010.

(*) The figures relating to 31 December 2009 are presented for comparison purposes only.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated income statements for the years ended 31 December 2010 and 2009

(notes 1 to 3)

		Thousands of euros	
	Notes	2010	2009(*)
Revenue	(Note 17.1)	6,433,376	4,685,659
Result of companies accounted for using the equity method		932,751	839,049
Revenue from equity instruments	(Note 17.2)	443,180	383,288
Gains (Losses) on financial assets and financial liabilities	(Note 17.3)	170,781	362,894
Gains (Losses) on transactions with Group companies, jointly controlled entities and associates	(Note 17.4)	241,644	-
Operating expenses	(Note 17.5)	(5,508,107)	(3,973,759)
Staff costs	(Note 17.6)	(197,195)	(103,885)
Depreciation and amortisation charge	(Note 17.7)	(182,800)	(155,621)
Net impairment losses	(Note 17.8)	(65,622)	(328,783)
Other operating expenses	(Note 17.9)	(183,562)	(128,021)
Provisions (net)		(8,970)	(20,579)
Other gains	(Note 17.10)	39,481	5,834
Other losses	(Note 17.10)	(20,340)	(25,489)
PROFIT FROM OPERATIONS		**2,094,617**	**1,540,587**
Finance income		8,256	6,679
Finance costs		(225,903)	(181,965)
Exchange differences (net)		4,808	(2,811)
FINANCIAL LOSS		**(212,839)**	**(178,097)**
PROFIT BEFORE TAX		**1,881,778**	**1,362,490**
Income tax	(Note 16.2)	(31,978)	(27,412)
PROFIT FROM CONTINUING OPERATIONS		**1,849,800**	**1,335,078**
Profit from discontinued operations		-	8,075
CONSOLIDATED PROFIT FOR THE YEAR		**1,849,800**	**1,343,153**
Profit attributable to non-controlling interests	(Note 12.7)	(26,868)	(26,525)
PROFIT ATTRIBUTABLE TO THE GROUP		**1,822,932**	**1,316,628**
Basic and diluted earnings per share (in euros):	(Note 12.8)	**0.54**	**0.39**

The accompanying Notes 1 to 26 and the Appendices are an integral part of the consolidated income statement for 2010.

(*) The figures relating to 2009 are presented for comparison purposes only.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statements of comprehensive income for the years ended 31 December 2010 and 2009

(notes 1 to 3)

		Thousands of euros	
	Notes	**2010**	**2009(*)**
Consolidated profit for the year (per consolidated income statement)		**1,849,800**	**1,343,153**
Income and expense recognised directly in equity		**(16,273)**	**1,313,365**
Revaluation of financial instruments	(Note 12.5)	(189,567)	1,924,922
Cash flow hedges	(Note 12.5)	5,778	(36,525)
Translation differences	(Note 12.5)	286,106	8,423
Companies accounted for using the equity method	(Note 12.5)	(199,591)	(32,103)
Tax effect	(Note 12.5)	81,001	(551,352)
Transfers to profit or loss		**(24,678)**	**(269,365)**
Revaluation of financial instruments	(Note 12.5)	(164,870)	(400,971)
Cash flow hedges	(Note 12.5)	26,167	35,199
Translation differences	(Note 12.5)	(4,047)	-
Companies accounted for using the equity method	(Note 12.5)	96,592	(13,324)
Tax effect	(Note 12.5)	21,480	109,731
COMPREHENSIVE INCOME FOR THE YEAR		**1,808,849**	**2,387,153**
Profit attributable to non-controlling interests	(Note 12.7)	(26,868)	(26,525)
Other comprehensive income attributable to non-controlling interests	(Note 12.7)	5,434	(3,489)
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		(21,434)	(30,014)
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE GROUP		**1,787,415**	**2,357,139**

The accompanying Notes 1 to 26 and the Appendices are an integral part of the consolidated statement of comprehensive income for 2010.

(*) The figures relating to 2009 are presented for comparison purposes only.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statements of changes in equity for the years ended 31 December 2010 and 2009

(notes 1 to 3)

	Thousands of euros			
	Share capital, reserves and profit	**Valuation adjustments**	**Non-controlling interests**	**Total equity**
Balance at 31 December 2008	**11,756,305**	**498,148**	**158,815**	**12,413,268**
Consolidated profit for the year	1,316,628	-	26,525	1,343,153
Other comprehensive income of associates and jointly controlled entities	-	(35,592)	3,489	(32,103)
Net income and expense recognised directly in equity	-	1,076,103	-	1,076,103
Total income and expense for the year attributable to the Group	**1,316,628**	**1,040,511**	**30,014**	**2,387,153**
Final dividend for 2008	(201,052)	-	-	(201,052)
Interim dividend for current year	(335,322)	-	-	(335,322)
Treasury shares	(21,335)	-	-	(21,335)
Other changes in reserves	97,750	-	(19,798)	77,952
Balance at 31 December 2009 (*)	**12,612,974**	**1,538,659**	**169,031**	**14,320,664**
Consolidated profit for the year	1,822,932	-	26,868	1,849,800
Other comprehensive income of associates and jointly controlled entities	-	(97,565)	(5,434)	(102,999)
Net income and expense recognised directly in equity	-	62,048	-	62,048
Total income and expense for the year attributable to the Group	**1,822,932**	**(35,517)**	**21,434**	**1,808,849**
Final dividend for 2009	(438,498)	-	-	(438,498)
Interim dividend for current year	(670,861)	-	-	(670,861)
Dividend charged to reserves	(201,773)	-	-	(201,773)
Treasury shares	(3,591)	-	-	(3,591)
Other changes in reserves	(96,628)	-	(15,149)	(111,777)
Balance at 31 December 2010	**13,024,555**	**1,503,142**	**175,316**	**14,703,013**

The accompanying Notes 1 to 26 and the Appendices are an integral part of the consolidated statement of changes in equity for 2010.

(*) The figures relating to 2009 are presented for comparison purposes only.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statements of cash flows for the years ended 31 December 2010 and 2009

(notes 1 a 3)

		Thousands of euros	
	Notes	**2010**	**2009(*)**
1. Cash flows from operating activities		**2,267,278**	**1,106,845**
Profit before tax		1,881,778	1,362,490
Adjustments to profit	(Note 18)	333,044	152,493
Changes in working capital	(Note 18)	41,419	87,875
Other operating assets and liabilities		227,084	(296,599)
Interest paid		(227,108)	(201,016)
Tax recovered (paid)		11,061	1,602
2. Cash flows used in investing activities		**(2,345,749)**	**(4,109,081)**
Interest received		5,890	3,417
Revenue from equity instruments		361,856	466,860
Dividends received from associates		483,622	541,349
Investments (–)		(17,406,978)	(14,761,729)
Subsidiaries, joint ventures and associates		*(1,677,566)*	*(1,322,961)*
Property, plant and equipment, investment property and other intangible assets		*(204,473)*	*(267,702)*
Available-for-sale financial assets	(Note 18)	*(12,926,583)*	*(10,422,075)*
Non-current assets held for sale		*(199,393)*	*(64,788)*
Loans granted		*(2,398,963)*	*(2,684,203)*
Disposals (+)		14,209,861	9,641,022
Subsidiaries, joint ventures and associates		*812,467*	-
Property, plant and equipment, investment property and other intangible assets		*125,429*	*178,436*
Available-for-sale financial assets	(Note 18)	*11,117,059*	*8,306,365*
Repayment of loans granted		*1,953,657*	*1,111,869*
Non-current assets classified as held for sale		*201,249*	*44,352*
3. Cash flows from financing activities		**329,650**	**1,813,192**
Dividends paid		(840,328)	(536,374)
Treasury shares		10,150	(19,391)
Loans obtained		1,255,532	4,065,191
Repayment of loans obtained		(95,704)	(1,696,234)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**251,179**	**(1,189,044)**
Cash at beginning of year		353,851	1,542,895
Cash at end of year		605,030	353,851
Cash generated (used) in the year		**251,179**	**(1,189,044)**

The accompanying Notes 1 to 26 and the Appendices are an integral part of the consolidated statement of cash flows for 2010.

(*) The figures relating to 2009 are presented for comparison purposes only.

Notes to the consolidated financial statements for the year ended 31 December 2010

1. GROUP ACTIVITIES AND GENERAL INFORMATION

Criteria CaixaCorp, S.A. ("Criteria CaixaCorp", "Criteria" or "the Parent") and its subsidiaries compose the Criteria CaixaCorp Group ("the Group" or "the Criteria Group"). Criteria CaixaCorp was incorporated under the name of GDS-Grupo de Servicios, S.A. for an indefinite period of time on 12 December 1980. Its registered office is at Avenida Diagonal 621, Barcelona (Spain).

On 1 June 2000, GDS-Grupo de Servicios, S.A. carried out the merger by absorption of Caixa Holding, S.A., a dormant company, and adopted its company name. On 31 July 2000, capital was increased by EUR 2,625,000,000 million shares with a par value of EUR 1 each and a share premium of EUR 7,288 million, which was subscribed by the sole shareholder at that date, Caixa d'Estalvis i Pensions de Barcelona ("la Caixa"), and paid through the contribution of most of the shares that made up its equity portfolio at that time. These shares were recognised in Criteria CaixaCorp's separate financial statements at the amount at which they had been carried in the consolidated financial statements of "la Caixa" at the above-mentioned date, and the gross amount of the shares was presented separately from the allowances recognised. Since then Criteria CaixaCorp has been responsible for the financial investment strategy and international expansion of "la Caixa".

Criteria CaixaCorp engages mainly in the management of its share portfolio by investing in leading companies with a significant presence in their respective markets and with a capacity to generate recurring value and profits.

The Group operates in the financial, insurance and services industries through subsidiaries, jointly controlled entities and associates, the information on which is described in detail in the Note on "Segment Reporting".

Admission to listing in 2007

In order to ascertain the market's perception of the Company's portfolio management and to achieve the ideal platform for the international expansion of "la Caixa", on 10 October 2007, Criteria CaixaCorp successfully completed its admission to listing, through an initial public offering (IPO), and its shares started to be publicly traded on that date. Initially, the offering consisted of the issuance of 657,500,000 new shares with a par value of EUR 1 each. The initial price of the share was established at EUR 5.25, giving rise to a share premium of EUR 2,794,375 thousand. The transaction was completed on 7 November 2007 with the exercise of a partial "green-shoe" subscription option by the Global Coordinators on 75,519,037 shares with a par value of EUR 1 each, which gave rise to an additional capital increase of EUR 75,519 thousand and a share premium of EUR 320,956 thousand.

At 31 December 2010, approximately 20.18% of the share capital was held by non-controlling shareholders. "la Caixa" stated its intention to promote an increase in the number of shares held by shareholders other than "la Caixa" until this number reached 25% of the share capital of Criteria CaixaCorp (excluding, where applicable, treasury shares), with the objective of more widely distributing the shares and increasing their liquidity. In line with this objective, on 9 June 2008, "la Caixa" launched an issue of bonds, which mature on 19 June 2011, exchangeable for 148 million Criteria CaixaCorp shares, equal to 4.40% of its share capital.

The shares of Criteria CaixaCorp are listed on the four official Spanish stock exchanges and have been included in the IBEX-35 index since 4 February 2008 and are included in other international indexes such as, inter alia, MSCI Europe, MSCI Pan-Euro, FTSE Eurofirst 300, consisting of the 300 leading European companies by market capitalisation, and the Dow Jones Sustainability Index, which reflects, inter alia, the Company's commitment to sustainability and corporate reputation in its business activities and investments. In 2009 Criteria CaixaCorp was included in the FTSE4Good index, the prestigious index that affords companies' investments the status of sustainable based on the applicable corporate responsibility standards.

At 31 December 2010, Criteria's credit rating was as follows:

Rating agency	Rating	Outlook	Date of report
Standard & Poor's www.standardandpoors.com	Long term: A Short term A-1	Stable	04/11/10
Moody's www.moodys.com	A2	Stable	08/07/10

Both Standard & Poor's (1 February 2011) and Moody's (28 January 2011) revised Criteria's credit rating upwards as a result of the reorganisation of the "la Caixa" Group explained in the Note on "Events after the Reporting Period".

2. BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION

2.1 Basis of presentation

The accompanying consolidated financial statements, which were formally prepared by the Board of Directors at its Meeting on 24 February 2011, were obtained from the accounting records of the Company and of its investees and are presented in accordance with the regulatory financial reporting framework applicable to the Group, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) International Financial Reporting Standards ("IFRSs") as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July, and subsequent amendments thereto; and

c) All other applicable Spanish accounting legislation,

and, accordingly, present fairly the Group's equity and consolidated financial position at 31 December 2010, and the results of its operations and its cash flows for 2010. The consolidated financial statements of the Group and the financial statements of the Group companies for 2010 have not yet been approved by their shareholders at the respective Annual General Meetings, although it is considered that they will be approved without any material changes.

The Group's consolidated financial statements for 2009 were formally prepared by the Board of Directors on 26 February 2010 and were approved by the shareholders at the Annual General Meeting of the Parent on 19 May 2010.

The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2010 are summarised in Note 3. The consolidated financial statements for 2010 were prepared on the basis of the accounting records kept by Criteria CaixaCorp and by the other Group companies. However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2010 (IFRSs) differ in certain cases from those used by the Group companies, the required adjustments and reclassifications were made to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted by the European Union.

At 31 December 2010, the Group's presentation currency was the euro. The functional currency of the Parent and of virtually all of the subsidiaries, jointly controlled entities and associates is the euro, except for the ownership interests in Grupo Financiero Inbursa and The Bank of East Asia Ltd, whose functional currencies are the Mexican peso and the Hong Kong dollar, respectively. Consequently, the figures in these functional currencies are translated to the Group's presentation currency by applying the year-end exchange rate method.

All the other balances and transactions in currencies other than the euro are deemed to be foreign currency balances and transactions.

The figures are presented in thousands of euros unless the use of another monetary unit is stated explicitly. Certain financial information in these financial statements was rounded off and, consequently, the figures shown herein as totals may differ slightly from the exact sum of the individual figures.

2.2 Application of new standards

The following standards came into force and were adopted in 2010:

• IFRS 2, Share-based Payment (Amended).

• IFRS 3, Business Combinations (Revised) and IAS 27, Consolidated and Separate Financial Statements (Amended).

• IAS 39, Financial Instruments: Recognition and Measurement – Eligible Hedged Items.

• IFRIC 12, Service Concession Arrangements.

• IFRIC 15, Agreements for the Construction of Real Estate.

• IFRIC 16, Hedges of a Net Investment in a Foreign Operation.

• IFRIC 17, Distributions of Non-cash Assets to Owners.

• IFRIC 18, Transfers of Assets from Customers.

Of the aforementioned changes, the application since 1 January of IFRS 3 and IAS 27 had a significant effect on the Group's financial reporting with respect to previous standards, largely in relation to the transactions described in the Note on "Business Combinations and Changes in Control". The main changes affect the accounting treatment of business combinations achieved in stages in cases in which control is obtained over a business and the measurement of previously held equity interests in the event of a change in control. Also, the application of IFRIC 12, Service Concession Arrangements gave rise to changes in the classification and measurement of the assets, income statement items and attributable reserves of certain investees accounted for using the equity method (Gas Natural, Agbar and Abertis). The affect of these IFRIC 12 changes on the amounts attributable to the Group reduced the Group's equity by approximately EUR 72 million, and this amount was recognised under "Other Changes in Reserves". The effects on the Group's profit or loss were scantly material.

Following is a brief description of the standards mentioned in this paragraph:

• IFRS 3, Business Combinations (Revised) and IAS 27, Consolidated and Separate Financial Statements (Amended).

The revised IFRS 3 substantially amends the accounting for business combinations. The changes affect the measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of contingent liabilities and business combinations achieved in stages.

The amendments to IAS 27 specify the circumstances in which an entity has to prepare consolidated financial statements, how parents have to account for changes in ownership interests in their subsidiaries and how the losses of a subsidiary should be distributed between controlling and non-controlling interests.

• IFRIC 12, Service Concession Arrangements.

This interpretation clarifies how to apply the provisions of IFRSs already adopted by the European Commission to service concession arrangements. IFRIC 12 explains how a concession operator should account for infrastructure used in a service concession arrangement. It also clarifies the distinction between the different phases of a service concession arrangement (construction and operation phases) and how the revenue and expense should be recognised in each case. It defines two models for recognising the infrastructure and the related revenue and costs (the financial asset model and the intangible asset model) depending on the level of uncertainty regarding the future revenue of the concession operator.

The following standards are not mandatorily applicable in 2010. Had they been applied early, management considers that they would not have had a significant effect on the consolidated financial statements for 2010.

- Amendments to IAS 32, Financial Instruments: Presentation (applicable for annual reporting periods beginning on or after 1 February 2010).
- Amendments to IFRIC 14, Prepayments of a Minimum Funding Requirement (applicable for annual reporting periods beginning on or after 1 January 2011).
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods beginning on or after 1 July 2010).
- Revision of IAS 24, Related Party Disclosures (applicable for annual reporting periods beginning on or after 1 January 2011).

The main standards and interpretations issued by the IASB but not yet adopted by the European Union are as follows:

- IFRS 9, Financial Instruments (applicable for annual reporting periods beginning on or after 1 January 2013).
- Amendments to IFRS 7, Financial Instruments Disclosures (applicable for annual reporting periods beginning on or after 1 July 2011).
- Amendments to IAS 12, Deferred Tax: Recovery of Underlying Assets (applicable for annual reporting periods beginning on or after 1 January 2012).

2.3 Comparative information

International Financial Reporting Standards require that the information presented in the consolidated financial statements be consistent with that relating to the preceding year. In 2010 no transactions were performed or different accounting methods applied that affected the comparability of the financial information and/or that required a change in the comparative information. However, in order to be able to assess the comparative information, the following should be taken into account:

a) Businesses included in the year. In June 2010 the Adeslas Group was included in the Group, the effects of which are discussed in detail in the Note on "Business Combinations and Changes in Control".

b) Businesses sold in the year. In December the businesses of Caixarenting, S.A.U. were sold. The components of these businesses, which formed part of the financial services segment, did not constitute a significant line of business and, therefore, the related operations, assets and liabilities were not classified as discontinued operations. The sale transaction is described in the Note on "Business Combinations and Changes in Control".

2.4 Basis of consolidation

In addition to information relating to the Parent, the consolidated financial statements include information relating to the subsidiaries, jointly controlled entities and associates. The procedure for including the assets and liabilities of these companies was based on the type of control or influence exercised over them, the detail being as follows:

Subsidiaries

Subsidiaries are defined as companies with which the Parent constitutes a decision-making unit, because it owns directly or indirectly more than 50% of the voting power, or, even if this percentage is lower, because there are agreements with other shareholders of these companies that give Criteria CaixaCorp the majority of the voting power. Appendix I to these notes to the consolidated financial statements contains significant information on these companies.

Despite the fact that the voting power at the holding company Repinves, S.A. (a company engaging exclusively in the ownership of 5.02% of Repsol-YPF, S.A.'s shares) amounts to 67.60%, due to the existence of a shareholders' agreement which states that decisions must be made jointly among the shareholders, this company is considered a jointly controlled entity.

The figures of the subsidiaries are consolidated with those of Criteria CaixaCorp using the full consolidation method, which consists of the aggregation of the assets, liabilities, equity, income and expenses of a similar nature included in their separate financial statements. The carrying amount of the direct and indirect investments in the share capital of the subsidiaries is eliminated in proportion to the percentage of ownership in the subsidiaries held by virtue of these investments. All other balances and transactions between the consolidated companies are eliminated on consolidation.

The share of third parties in the equity of the Criteria CaixaCorp Group and in the profit for the year is shown under "Equity – Non-Controlling Interests" in the consolidated balance sheet and "Profit Attributable to Non-Controlling Interests" in the consolidated income statement, respectively.

Jointly controlled entities

Jointly controlled entities are defined by the Criteria CaixaCorp Group as entities that are not subsidiaries but which, under a contractual agreement, are jointly controlled by it and other unrelated shareholders. Relevant information on these companies is provided in Appendix II.

Investments in jointly controlled entities are accounted for using the equity method, i.e. they are initially recognised at cost and their carrying amount is increased or reduced in order to recognise the corresponding proportion of the profit or loss for the year obtained by the investee after the acquisition date. The profits and losses resulting from transactions with a jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. Dividends received and other changes in equity as a result of the changes in equity which the jointly controlled entity did not recognise in its profit or loss for the year are taken into account. These changes are recognised directly in the Group's equity. In particular, companies (only Repinves at 31 December 2010) which engage exclusively in the holding of ownership interests in other companies are proportionately consolidated, i.e. their assets, liabilities, income and expenses are consolidated in proportion to the ownership interest held by the Group in their share capital. The contribution to the consolidated figures is not material, since substantially all their assets, liabilities, income and expenses are eliminated on consolidation.

The Note on "Business Combinations and Changes in Control" contains a description of the transaction whereby the Group ceased to control Agbar jointly with Suez and, therefore, whereby Agbar became an associate. In parallel to this change, the company owning a majority of the voting power of Agbar (HISUSA, Holding de Infraestructuras y Servicios Urbanos, S.A., "Hisusa") in which the Group had an ownership interest of 32.87% at 31 December 2010 (31 December 2009: 49.00%) started to be accounted for using the equity method together with its interest in Agbar. The assets, liabilities, income and expenses of Hisusa not relating to the management of its ownership interest in Agbar are scantly material. Hisusa holds 73.11% of the voting power of Agbar.

Therefore, the Group accounts for both its ownership interest in Hisusa and its investee Agbar using the equity method, which is in practice the same as accounting directly for the ownership interest in Agbar by the equity method and, accordingly, the two companies are referred to interchangeably in these notes to the consolidated financial statements.

At 31 December 2010, the Group had significant investments in the jointly controlled entities Gas Natural, S.D.G., S.A. ("Gas Natural") and Port Aventura Entertainment, S.A., all of which are accounted for using the equity method. The use of the proportionate consolidation method to recognise these investments would give rise to the inclusion of the ownership interest under various line items in the 2010 consolidated balance sheet and consolidated income statement, as shown in the table below, instead of recognising the investment on the asset side as a single line item under "Investments Accounted for Using the Equity Method". The figures shown were estimated on the basis of the latest available information.

Line item in the consolidated financial statements	Millions of euros
Non-current assets	13,395
Current assets	3,385
Non-current liabilities	9,389
Current liabilities	2,557
Revenue and other income	7,265
Operating expenses	6,185

Associates

Associates are companies over which the Parent exercises significant influence but which are not subsidiaries or jointly controlled entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of the investee. If the voting rights are lower than 20%, significant influence is evidenced when the Parent expressly states its will to exercise it and, in addition, certain of the circumstances described in IAS 28 occur, such as representation on the Board of Directors, participation in policy-making processes or the existence of material transactions between the investor and the investee.

In the consolidated financial statements, investments in associates are accounted for using the equity method described in the preceding section relating to jointly controlled entities.

At the acquisition date, the difference between the cost of the investment and the portion relating to the investor of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate is accounted for in accordance with the Revised IFRS 3, Business Combinations. If an associate applies policies other than those adopted by the Group, the relevant adjustments will be made to the financial statements of the associate that are used to apply the equity method, in order to ensure that the associate's accounting policies are the same as those used by the Group.

Relevant information on these entities is disclosed in Appendix II.

2.5 Changes in the scope of consolidation

The main changes in the scope of consolidation or in the percentages of ownership in 2010 and 2009 were as follows:

Company	Consolidation method and percentage of ownership at year end					
	2010		2009		2008	
VidaCaixa Adeslas, S.A. (1)	Full	99.91%	Full	100%	Full	100%
Adeslas Dental Andaluza, S.L.	Full	84.62%	-	-	-	-
Adeslas Dental, S.A.U.	Full	99.91%	-	-	-	-
Adeslas Salud, S.A.	Full	99.89%	-	-	-	-
Alianza Médica Leridana, S.A.	Full	85.31%	-	-	-	-
Casa de Reposo y Sanatorio Perpetuo Socorro, S.A.	Full	76.06%	-	-	-	-
Centro de Rehabilitación y Medicina Deportiva Bilbao, S.L.	Equity	42.41%	-	-	-	-
Centro Médico de Zamora, S.A.	Full	99.91%	-	-	-	-
Clínica Parque San Antonio, S.A.	Full	98.23%	-	-	-	-
Clínica Santa Catalina, S.A.	Full	99.91%	-	-	-	-
Clinsa, S.A.	Full	97.46%	-	-	-	-
General de Inversiones Alavesas, S.L.	Full	99.91%	-	-	-	-
General de Inversiones Tormes, S.A.	Full	99.91%	-	-	-	-
Gestión Sanitaria Gallega, S.L.U.	Full	99.91%	-	-	-	-
Grupo Iquimesa, S.L.U.	Full	99.91%	-	-	-	-
Hemodinámica Intervencionista de Alicante, S.A.	Full	49.02%	-	-	-	-
Igualatorio de Bilbao Agencia de Seguros, S.A.	Equity	44.96%	-	-	-	-
Igualatorio Médico Quirúrgico Dental	Equity	44.71%	-	-	-	-
Igualatorio Médico Quirúrgico, S.A. de Seguros y Reaseguros	Equity	44.96%	-	-	-	-
Igurco Centros Gerontológicos, S.L.	Equity	31.61%	-	-	-	-
Igurco Gestión, S.L.	Equity	31.61%	-	-	-	-
Igurco Residencias Sociosanitarias	Equity	31.61%	-	-	-	-
Infraestructuras y Servicios de Alzira, S.A.	Full	50.95%	-	-	-	-
IQUIMESA Seguros de Salud, S.A.	Equity	44.96%	-	-	-	-
Iquimesa Servicios Sanitarios, S.L.U.	Full	99.91%	-	-	-	-
Limpieza y Mantenimiento Hospitalarios, S.L.	Full	99.91%	-	-	-	-

	Consolidation method and percentage of ownership at year end					
Company	**2010**		**2009**		**2008**	
Lince Servicios Sanitarios, S.A.	Full	99.91%	-	-	-	-
ORUE 2003, S.L.	Equity	21.68%	-	-	-	-
ORUE XXI, S.L.	Equity	21.69%	-	-	-	-
Plazasalud24, S.A.	Full	49.96%	-	-	-	-
Residencia ORUE, S.L.U.	Equity	21.69%	-	-	-	-
Sanatorio Médico-Quirúrgico Cristo Rey, S.A.	Equity	37.63%	-	-	-	-
Sanatorio Nuestra Señora de la Salud de Granada, S.A.	Full	99.90%	-	-	-	-
Sanatorio Virgen del Mar-Cristobal Castillo, S.A.	Full	97.72%	-	-	-	-
Sociedad de Promoción del Igualatorio Médico Quirúrgico, S.A.	Equity	44.96%	-	-	-	-
Sociedad Inmobiliaria del Igualatorio Médico Quirúrgico, S.A.	Equity	19.96%	-	-	-	-
Tomografía Axial Computerizada, S.A.	Full	60.02%	-	-	-	-
UMR Canarias, S.L.U.	Full	99.91%	-	-	-	-
UMR, S.L.	Full	99.91%	-	-	-	-
Unidad de Radiología Cardiovascular Andaluza, S.A.	Full	51.24%	-	-	-	-
Caixa Girona Mediació, S.A.	Full	100.00%				
CaixaRenting, S.A.	-	-	Full	100.00%	Full	100.00%
Tenedora de Vehículos, S.A.	-	-	Full	65.00%	Full	65.00%
Hisusa	Equity	32.87%	Proportionate	49.00%	Proportionate	49.00%
Grup Agbar	-	-	Equity	44.10%	Equity	44.10%
Abertis Infraestructuras, S.A.	Equity	24.61%	Equity	25.04%	Equity	25.04%
Gas Natural, S.D.G., S.A.	Equity	36.64%	Equity	36.43%	Equity	37.49%
Banco BPI, S.A.	Equity	30.10%	Equity	30.10%	Equity	29.38%
Boursorama, S.A.	Equity	20.76%	Equity	20.85%	Equity	20.95%
Port Aventura Entertainment, S.A.	Equity	50.00%	Equity	50.00%	Full	100.00%
Hotel Caribe Resort, S.L.	Equity	30.00%	Equity	30.00%	Full	60.00%
Erste Group Bank AG	Equity	10.10%	Equity	10.10%	AFSFA (2)	4.90%
The Bank of East Asia	Equity	15.20%	Equity	9.81%	AFSFA (2)	9.86%

(1) Adeslas, S.A., acquired in June 2010, was merged with VidaCaixa Adeslas, S.A. de Seguros Generales y Reaseguros (formerly SegurCaixa, S.A. de Seguros y Reaseguros) on 31 December 2010.

(2) Available-for-sale financial assets.

Following is a description of the main changes shown in the foregoing table relating to transactions carried out in 2010, which are described in greater detail in the Note on “Business Combinations and Change in Control”.

Adeslas Group

On 7 June 2010, the Group acquired 99.77% of the shares of Adeslas, S.A., the company that heads the group shown in the foregoing table. In the following months, the Group repurchased shares from non-controlling interests for a percentage equal to 0.11% of the company. Lastly, in December 2010 the merger of Adeslas, S.A. and VidaCaixa Adeslas, S.A. (formerly SegurCaixa, S.A.) was completed. Following the merger, the Group held 99.91% of the share capital of the post-merger company, with the remaining 0.09% in the hands of non-controlling interests.

Hisusa - Agbar

On 7 June 2010, the transaction that reduced the ownership interest in the Agbar Group from 44.10% at 31 December 2009 to 24.03% at 2010 year-end was carried out. Since the transaction the interest has been held through Hisusa – Holding de Infraestructuras de Serv. Urbanos, S.A. (“Hisusa”).

CaixaRenting, S.A. and Tenedora de Vehículos, S.A. (“Tenevesa”)

On 22 December 2010, Criteria sold to "la Caixa" CaixaRenting, S.A., whereby the Group transferred control over this entity, and Tenevesa.

Caixa Girona Mediació, Sociedad de Agencia de Seguros Vinculada, S.A.U. (“Caixa Girona Mediació”)

In the framework of the merger of "la Caixa" with Caixa Girona, Caixa Girona Mediació was included in the insurance segment of the Group.

The Bank of East Asia Limited (“BEA”)

In early 2010 the ownership interest in BEA was increased to 14.99%. This was achieved by subscribing a capital increase at BEA (in the form of a private placement). To this end, the requisite authorisations were obtained from the Bank of Spain and the Hong Kong monetary authorities to acquire an ownership interest of over 10%. Also, in the last quarter of 2010 an investment of EUR 25 million was made. At 31 December 2010, the Criteria Group had an ownership interest of 15.20% in BEA (31 December 2009: 9.81%). Criteria CaixaCorp continues to be the principal individual shareholder of BEA.

3. MEASUREMENT BASES AND ACCOUNTING POLICIES

The principal accounting policies used in preparing the Group’s consolidated financial statements for 2010, in accordance with International Financial Reporting Standards as adopted by the European Union, were as follows:

3.1 Use of judgements and estimates

The preparation of the financial statements in conformity with IFRSs requires that the directors make judgements, estimates and assumptions which affect the application of accounting policies and the balances of assets, liabilities, income and expenses. The related estimates and assumptions are based on historical experience and on various other factors which are understood to be reasonable in accordance with the circumstances, the results of which will be used as the basis in order to establish the judgements on the carrying amount of the assets and liabilities which are not readily available through other sources.

The respective estimates and assumptions are reviewed on an ongoing basis; the effects of the reviews of the accounting estimates are recognised in the period in which they are made, if these only affect that period, or in the period of the review and in future periods, if the review affects both. In any event, the final results deriving from a situation that required that estimates be made may differ from those projections, and the final effects would be reflected prospectively.

Aside from the process of systematic estimates and their subsequent review, the Parent's directors complete certain value judgements on matters with a particular impact on the consolidated financial statements. The most significant judgements relate to the assessment of the possible impairment of goodwill and equity or debt instruments, and to provisions and contingent liabilities.

3.2. Goodwill and other intangible assets

3.2.1. Goodwill and acquisition of non-controlling interests

Goodwill acquired in a business combination is measured at the date of acquisition at the excess of the fair value of the assets exchanged over the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company. After initial recognition, the goodwill is measured at this excess amount less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount might have become impaired.

On disposal of a subsidiary or jointly controlled entity, the amount attributable to goodwill is included in the calculation of the gain or loss on disposal.

Goodwill relating to jointly controlled entities and associates accounted for using the equity method is presented under "Non-Current Assets – Investments Accounted for Using the Equity Method" in the consolidated balance sheet together with the amount represented by the investment in the entity's capital.

An increase or a decrease in an investment in a subsidiary that does not give rise to a loss of control is treated as an equity transaction. Therefore, the goodwill paid would be recognised directly in the Group's equity, with no effect on goodwill or on the consolidated income statement.

3.2.2 Other intangible assets

The other intangible assets are identifiable non-monetary assets without physical substance which arise as a result of acquisition from third-parties. However, only intangible assets whose cost can be determined objectively and from which it is considered probable that future economic benefits will be generated are recognised. Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

"Other Intangible Assets" includes the value assigned in the business combinations of the portfolio of policies or customers acquired from the VidaCaixa Grupo insurance business, which are amortised over their estimated useful lives. This customer relationship is conducted through various contracts which provide either predictable returns or allow a valid expectation of renewal to be assumed with a specific lapse rate.

Other intangible assets also include the value attributable to relations with customers of the collective investment undertaking management and pension fund management businesses acquired by the Group from "la Caixa" in the framework of the joint acquisition of these assets from Morgan Stanley in 2008. Customer relations are regulated and divided through various contracts with "la Caixa" (for third-party funds) and with customers (for own investment funds, discretionary portfolios and OEICs).

The average amortisation periods of the intangible assets shown on the consolidated balance sheet are as follows:

Type of asset	Estimated useful life
Life portfolio (insurance business)	10 years
Home insurance portfolio (insurance business)	15 years
Health insurance portfolio (insurance business)	6 years
Collective investment undertaking management portfolio	10.5 years
Pension fund management portfolio	12 years
"Adeslas" trademark	Indefinite
Computer software	5 years

The trademark acquired in the combination with Adeslas was afforded an indefinite useful life assessment. The most significant reasons for this were the low level of expenditure on the trademark and corporate brand image, the positioning of Adeslas as the leading brand in a concentrated market whose market share has been improving and the projected growth of the private healthcare market.

The estimated amortisation of intangible assets is recognised with a charge to the consolidated income statement for the year in which it is taken. Annual amortisation is recognised under "Depreciation and Amortisation Charge" in the consolidated income statement and impairment losses and reversals thereof are recognised under "Net Impairment Losses".

3.3. Property, plant and equipment

"Property, Plant and Equipment" consists of property, plant and equipment for own use and assets leased out under operating leases to third-parties.

Property, plant and equipment for own use include assets, either owned or held under finance leases, held by the Group for administrative use or for the production or supply of goods and services that are expected to be used for more than one year.

As a general rule, property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses.

Depreciation is calculated using the straight-line method, on the basis of the acquisition cost of the assets less their residual value, based on their estimated useful lives. Land is not depreciated since it is considered to have an indefinite useful life. The period property, plant and equipment depreciation charge is recognised under "Depreciation and Amortisation Charge" in the consolidated income statement and is determined on the basis of the years of estimated useful life of the various assets, as follows:

Type of asset	Estimated useful life
Properties	
Buildings	25-75 years
Fixtures	8-25 years
Furniture and other plant	4-20 years
Computer hardware	4-8 years
Other	7-14 years

Upkeep and maintenance expenses are recognised under "Other Operating Expenses" in the consolidated income statement.

The Group determines periodically the fair value of the properties that form part of its property, plant and equipment, which is taken to be the price at which two knowledgeable parties would be willing to carry out a transaction. This fair value is determined by reference to the appraisals undertaken by independent valuers. The fair value of property, plant and equipment is indicated in the Note on "Fair Value".

3.4 Investment property

"Investment Property" in the accompanying consolidated balance sheet includes the net values of land, buildings and other structures held either to earn rentals or for capital appreciation.

Investment property is stated at acquisition cost revalued, where appropriate, pursuant to the applicable legislation. For the purposes of valuation and estimated useful life, the same policies are used as for identical items of property, plant and equipment.

In accordance with IAS 40, the Group determines periodically the fair value of its investment property, which is taken to be the price at which two knowledgeable parties would be willing to carry out a transaction. This fair value is determined by reference to the appraisals undertaken by independent valuers. The fair value of investment property is indicated in the Note on "Fair Value".

3.5 Operating and finance leases

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset remain with the lessor.

When the Group companies act as the lessors, they present the acquisition cost of the leased assets under "Property, Plant and Equipment". These assets are depreciated using the policies adopted for similar items of property, plant and equipment for own use, and lease income is recognised on a straight-line basis under "Revenue – Other Income" in the consolidated income statement.

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

When the consolidated entities act as the lessors of an asset, the sum of the present value of the lease payments receivable from the lessee and the guaranteed residual value (which is generally the exercise price of the lessee's purchase option at the end of the lease term) is recognised as lending to third parties and is therefore included under "Loans and Receivables" in the consolidated balance sheet.

3.6. Financial instruments

Financial instruments are initially recognised in the consolidated balance sheet when the Group becomes a party to the contract giving rise to them, under the terms and conditions thereof. Financial assets and liabilities are recognised from the date on which the legal right to receive or the legal obligation to pay cash arises.

A financial asset is fully or partially derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset is transferred. Also, a financial liability is fully or partially derecognised when the related obligations, risks or other rewards are extinguished.

Fair value and amortised cost

Upon initial recognition, all financial instruments are recognised at fair value which, unless there is evidence to the contrary, is the transaction price. Thereafter, at a specified date, the fair value of a financial instrument is the amount for which it could be delivered, if an asset, or settled, if a liability, in a transaction carried out between knowledgeable, willing parties on an arm's-length basis. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market ("quoted price" or "market price").

If there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence of this information, of valuation techniques commonly used by the international financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it. Most financial instruments, excluding OTC derivatives, are measured by reference to quoted prices in active markets.

The fair value of financial derivatives traded in organised, transparent and deep markets and included in financial assets and liabilities held for trading is deemed to be their daily quoted price and if, due to exceptional reasons, their quoted price cannot be determined at a given date, they are measured using methods similar to those used to measure derivatives not traded in organised markets.

The fair value of derivatives not traded in organised markets or derivatives traded in scantly deep or transparent organised markets is determined using methods recognised by the financial markets, namely "net present value" (NPV) or option pricing models (see Note on "Risk Management Policy").

In the respective notes to the consolidated financial statements financial instruments at fair value are classified on the basis of the methodology used to measure them, as follows:

- Level 1. On the basis of quoted prices in active markets.
- Level 2. Using valuation techniques in which the assumptions correspond to directly or indirectly observable market date or to quoted prices on active markets for similar instruments.
- Level 3. Valuation techniques are used in which certain of the main assumptions are not supported by observable market date.

Most of the financial instruments have as the objective reference for determining their fair value quoted prices in active markets (Level 1) and, therefore, their fair value is determined on the basis of the price that would be paid for them on an organised, transparent and deep market ("quoted price" or "market price"). In general, this level includes listed debt securities and listed equity securities.

The fair value of the instruments classified in Level 2, for which there is no market price, is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of valuation techniques commonly used by the international financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it. The fair value of OTC derivatives and financial instruments traded in scantly deep or transparent organised markets is determined using methods acknowledged by the financial markets, such as, for example, "net present value" (NPV) or option pricing models based on observable market parameters. This Level includes mainly unlisted debt securities.

The fair value of instruments classified in Level 3, for which there are no directly observable market data for their measurement, is determined using alternative techniques, including price requests submitted to the issuer or the use of market parameters with a risk profile that can be readily equated to that of the instrument being measured. At 31 December 2010, there were no material financial instruments classified in this Level.

Also, certain financial assets and liabilities are recognised at amortised cost. This criterion is applied mainly to the financial assets recognised under "Loans and Receivables" and to the financial liabilities recognised under "Financial Liabilities at Amortised Cost".

A portion of the assets and liabilities recognised under these headings are included in certain of the fair value micro-hedges managed by the Group companies and, accordingly, are presented in the consolidated balance sheet at their fair value relating to the risk being hedged.

Classification and measurement of financial assets and financial liabilities

The financial instruments not included in the categories indicated below are recognised under one of the following headings in the accompanying consolidated balance sheet: "Cash and Cash Equivalents" and "Derivatives".

Financial assets/liabilities held for trading. This heading includes financial assets and liabilities that are classified as at fair value through profit or loss and that were acquired for the purpose of selling them in the near term.

Financial instruments held for trading are initially measured at fair value and subsequent changes in fair value are recognised in "Gains (Losses) on Financial Assets and Financial Liabilities – Held-for-Trading Financial Assets and Liabilities" in the consolidated income statement, except for the changes in fair value due to accrued returns on financial instruments other than trading derivatives, which are recorded under "Finance Income", "Finance Costs" or "Revenue from Equity Instruments", depending on their nature.

Loans and receivables. This heading includes financing granted to third parties in connection with ordinary lending activities carried out by the consolidated entities, receivables from purchasers of goods and users of services, and unquoted debt instruments or debt instruments quoted in markets that are not sufficiently active. These assets are initially measured at fair value adjusted by the fees and commissions and transaction costs directly attributable to the acquisition of the financial asset, which are charged to income by the effective interest method through maturity. They are subsequently measured at amortised cost, as described earlier in this Note.

The accrued returns on these transactions are recognised under "Income from the Financial Activity" or "Income from the Insurance Activity" in the consolidated income statement and are calculated using the effective interest method. Any impairment losses are recognised as set forth in the Note on "Impairment of Financial Assets". Lastly, changes in the fair value of the financial assets hedged by fair value hedges are measured as described in the Note on "Derivatives and Hedges".

Other financial assets and liabilities at fair value through profit or loss. This category includes the financial instruments that, not held for trading, are managed jointly with insurance contract liabilities measured at fair value, financial derivatives arranged for the purpose of reducing exposure to fair value changes, those which are managed jointly with financial liabilities; and derivatives aimed at reducing overall exposure to interest rate risk. The financial instruments in this category are subject on an ongoing basis to a risk control, management and measurement system that makes it possible to ascertain whether the risk has effectively been reduced.

The financial liabilities at fair value through profit or loss include life insurance linked to investment funds that do not expose the issuer of the contract to significant insurance risk, when the financial assets with which they are linked are also measured at fair value through profit or loss.

The initial and subsequent measurement and allocation to profit or loss of these financial assets and liabilities at fair value through profit or loss are carried out applying the same criteria as those used for financial assets/liabilities held for trading.

Available-for-sale financial assets. This line item in the consolidated balance sheet includes debt instruments not classified as financial assets held for trading, as held-to-maturity investments or as loans and receivables, and equity instruments issued by entities other than associates, provided that they are not classified as held for trading, and other financial assets at fair value through profit or loss.

In general, this heading includes all equity investments, investment fund units and indexed securities, long-term deposits and fixed-income securities. In connection with these instruments and as part of its insurance activity, the Group has arranged various interest rate swap agreements, receiving in general, fixed or determinable amounts from the various counterparties. The main purpose of these transactions is to hedge the cash flows required to meet the payment of benefits deriving from insurance obligations, including commitments acquired by virtue of certain policies relating to externalised pension plan commitments. For these fixed-income securities which include interest rate swaps, the Group measures the bond and the swap separately, but since these coupons are exchanged, it measures the overall transaction by updating the flows agreed upon and those linked to the aforementioned assets using a market rate curve. The flow resulting from the bond and the swap are jointly accrued. In accordance with the aforementioned purpose, the differences between this overall market value and the accounting cost are allocated to the technical provisions of the insurance contracts at each reporting date. Separate measurement of fixed-income securities and the aforementioned interest rate swaps would not have a material effect on the Group's total assets or equity in the consolidated balance sheet.

Debt instruments are always measured at fair value adjusted by the transaction costs directly attributable to the acquisition of the financial asset, which are allocated to income by the effective interest method until the instruments mature. Equity instruments whose fair value cannot be determined in a sufficiently objective manner are measured at cost, net of any impairment losses.

Except for those arising from the Group's insurance activity, changes in the fair value of financial assets from the date of acquisition are recognised in "Equity – Valuation Adjustments – Available-for-Sale Financial Assets" until the financial asset is derecognised. The balance recognised in equity is then taken to "Gains (Losses) on Financial Assets and Financial Liabilities" in the consolidated income statement. The changes in fair value generated by the Group's insurance activity are described in Note 3.12 and are transferred to the results of the insurance activity when the financial asset is derecognised.

The accrued returns on these securities, in the form of interest or dividends, are recognised under "Finance Income" (calculated using the effective interest method) and "Revenue from Equity Instruments", respectively, in the consolidated income statement. Any impairment losses on these securities are recognised as indicated in Note 3.7.3. Lastly, changes in the fair value of the financial assets hedged by fair value hedges are measured as described in Note 3.7.4.

Financial liabilities at amortised cost: these liabilities are initially measured at fair value, adjusted by the amount of the transaction costs that are directly attributable to the issue of the financial liability, which are recognised in the consolidated income statement by the effective interest method through maturity. They are subsequently measured at amortised cost, as described earlier in this Note.

This heading includes subordinated debt issues. These issues are presented net of the related costs, which are allocated to income as increased finance costs over a period of ten years from the launch of each issue.

The accrued interest borne on financial liabilities at amortised cost is recognised under "Finance Costs" in the consolidated income statement. Changes in the fair value of the financial liabilities hedged by fair value hedges are measured as described in Note 3.7.4.

3.7. Impairment of assets

The information contained in these notes to the consolidated financial statements presents objective data of the valuations being afforded by the market to a number of ownership interests in listed companies accounted for using the equity method (jointly controlled entities and associates) or as available-for-sale equity instruments or debt instruments. These objective data have been used as a determining factor in assessing the possible existence of impairment in the listed companies as a whole. However, in the context of an impairment test and the quantification of any amount to be recognised in the consolidated income statement, as established in the specific measurement bases and explained in the notes corresponding to these assets, the Group used its expert judgement based on generally accepted measurement bases which include, inter alia, discounting the future cash flows expected from the business, sustainable ROE, regression curves or specialised analyst reports in accordance with the characteristics of each type of asset or the best information available.

Following is a detail of the main criteria used when assessing the impairment of the Group's assets.

3.7.1. Impairment of property, plant and equipment and intangible assets

The carrying amount of these assets is reviewed individually at least at each year-end in order to determine whether there is any indication of the existence of impairment. If impairment is detected by any other means before year-end, the fair value of these assets is reviewed at that date. If there are indications of impairment, and always in the case of goodwill and intangible assets with an indefinite useful life, the recoverable amount of these assets is estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. For assets which do not generate largely independent cash flows, such as goodwill, the recoverable amount is determined for the cash-generating units to which the assets belong.

Impairment losses are recognised in the consolidated income statement for all assets or, where applicable, for the cash-generating units in which they are included, when their carrying amount exceeds the corresponding recoverable amount. In the case of cash-generating units and not individual assets, these losses are applied to reducing firstly the goodwill assigned to these units and secondly the other assets.

Impairment losses are reversed, except in the case of goodwill, if there were changes in the estimates used to determine the recoverable amount. The reversal of an impairment loss is recognised in the consolidated income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

3.7.2. Impairment of investments in companies accounted for using the equity method

Impairment of investments accounted for using the equity method is verified by comparing their recoverable amount (the higher of value in use and fair value less costs to sell) with their carrying amount, provided that there is evidence that the investment may have become impaired. The goodwill included in these investments is verified together with the item to which it is allocated.

In accordance with the methodology established by the Group, the indicators which are used to assess the impairment of jointly controlled entities and associates listed on secondary markets are, inter alia, the quoted market price at year-end, a significant or prolonged decrease in market value to below cost, the dividends paid in recent years, the expected dividends and the expectations in the market in which the investee operates.

In order to determine evidence of impairment, a test is carried out to determine value in use which includes market appraisals and those carried out internally or by independent valuers. The value in use of the investment is estimated on the basis of the best information available, based on:

a) The corresponding portion of the present value of the cash flows expected to be generated by the jointly controlled entity or associate, which include the estimated future cash flows from operating activities and the amounts resulting from the final sale or disposal by any other means of the investment; or

b) the present value of the estimated future cash flows expected to be received as dividends from the investment and as amounts of the final sale or disposal by any other means of the investment.

The impairment losses on assets of this nature are reversed if there were changes in the estimates used to determine the recoverable amount. Both the impairment loss and the reversal of an impairment loss are recognised in the consolidated income statement. In this respect, an impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the amount which would appear in the accounting records if the aforementioned impairment loss had not been previously recognised.

3.7.3. Impairment of financial assets

A financial asset is considered to be impaired when there is objective evidence of an adverse impact on the future cash flows that were estimated at the transaction date, or when its carrying amount may not be fully recovered.

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to the consolidated income statement for the period in which the impairment becomes evident, and the reversal, if any, of previously recognised impairment losses is recognised in the consolidated income statement for the period in which the impairment is reversed or reduced, except in the case of equity instruments classified as available for sale, since this impairment is not considered to be reversible.

When the recovery of any recognised amount is considered unlikely, the amount is written off, without prejudice to any actions that the Group entities may initiate to seek collection until their contractual rights are extinguished definitively by expiry of the statute-of-limitations period, remission or any other cause.

Debt instruments at amortised cost

The amount of an impairment loss incurred on a debt instrument carried at amortised cost is equal to the positive difference between its carrying amount and the present value of its estimated future cash flows. However, a decline in fair value to below the cost of acquisition is not in itself evidence of impairment.

Specifically as regards impairment losses resulting from materialisation of the insolvency risk of the obligors (credit risk), a debt instrument is impaired due to insolvency when there is evidence of a deterioration of the obligor's ability to pay, either because it is in arrears or for other reasons. Impairment losses on these assets are estimated by classifying transactions on the basis of the nature of the obligors, the conditions of the countries in which they reside, transaction status, type of guarantee or collateral and age of past-due amounts. For each risk group, the Group establishes the impairment losses that it recognises in the Group's consolidated income statement.

Debt instruments classified as available for sale

For fixed-income and similar securities, the Group considers a possible reduction or delay in estimated future cash flows as an indication of impairment, which may be caused, among other circumstances, by possible debtor insolvency.

The amount of the impairment losses on debt instruments included in the available-for-sale financial asset portfolio is the positive difference between their acquisition cost (net of any principal repayment) and their fair value less any impairment loss previously recognised in the consolidated income statement. The market value of quoted debt instruments is deemed to be a reliable estimate of the present value of their future cash flows, even though a decline in fair value to below acquisition cost does not constitute in itself evidence of impairment.

When there is objective evidence that the differences arising on measurement of these assets are due to impairment, they are removed from the equity item "Valuation Adjustments – Available-for-Sale Financial Assets" and are recognised, for their cumulative amount at that date in the consolidated income statement. If all or part of the impairment losses are subsequently reversed, the reversed amount is recognised in the consolidated income statement for the period in which the reversal occurs.

Equity instruments classified as available for sale

In accordance with the methodology established by the Group, the indicators used to assess the impairment of these instruments which are listed on secondary markets are, inter alia, the quoted market price at year-end, a significant or prolonged decrease in market value to below cost, the dividends paid in recent years, the expected dividends and the expectations in the market in which the investee operates. The purpose of these indicators is to assess the existence of objective evidence of impairment. However, a decline in fair value to below the cost of acquisition is not in itself evidence of impairment.

An impairment loss on equity instruments is calculated individually and once there is objective evidence of a loss as a result of an event or group of events with an impact on estimated future cash flows, it is equal to the difference between their acquisition cost and fair value, less any impairment loss previously recognised in the consolidated income statement.

The criteria for recognising impairment losses on these instruments are the same as those for debt instruments classified as available for sale, with the exception that any recovery of these losses is recognised in equity under "Valuation Adjustments – Available-for-Sale Financial Assets".

3.7.4. Derivatives and hedges

The Group uses derivative financial instruments as a financial risk management tool. When these transactions meet certain requirements, they qualify for hedge accounting.

When the Group designates a transaction as a hedge, it does so from inception of the transaction or of the instrument included in the hedge and the transaction is documented appropriately in accordance with the regulations in force. The hedge accounting documentation duly identifies the hedged instrument or instruments and the hedging instrument or instruments, the nature of the risk to be hedged, and the criteria or methods used by the Group to assess the effectiveness of the hedge over its entire life, taking into account the risk intended to be hedged.

The Group applies hedge accounting for hedges that are highly effective. A hedge is considered to be highly effective if, during its expected life, the changes in fair value or in the cash flows that are attributed to the hedged risk are almost entirely offset by changes in the fair value or in the cash flows, as appropriate, of the hedging instrument or instruments.

To measure the effectiveness of hedges, the Group analyses whether, from the beginning to the end of the term defined for the hedge, it may be expected, prospectively, that the changes in fair value or in the cash flows of the hedged item that are attributable to the hedged risk will be almost entirely offset by changes in the fair value or in the cash flows, as appropriate, of the hedging instrument or instruments and, retrospectively, that the results of the hedge will be within a range of 80% to 125% of the results of the hedged item.

Hedging transactions performed by the Group are classified in two categories:

- *Fair value hedges*, which hedge the exposure to changes in fair value of financial assets and liabilities or unrecognised firm commitments, or an identified portion of such assets, liabilities or firm commitments, that is attributable to a particular risk, provided that it affects the consolidated income statement.
- *Cash flow hedges,* which hedge the exposure to changes in cash flows that is attributed to a particular risk associated with a financial asset or liability or with a highly probable forecast transaction, provided that it could affect the consolidated income statement.

In the specific case of financial instruments designated as hedged items or qualifying for hedge accounting, gains and losses are recognised as follows:

- In fair value hedges, the gains or losses arising on both the hedging instruments and the hedged items attributable to the type of risk being hedged are recognised directly in the consolidated income statement.

- In cash flow hedges, the gains or losses arising on the portion of the hedging instruments qualifying as an effective hedge are recognised temporarily in equity under "Valuation Adjustments – Cash Flow Hedges", and are not recognised in the consolidated income statement until the gains or losses on the hedged item are recognised in the consolidated income statement or until the date of maturity of the hedged item in certain situations in which hedge accounting is discontinued. The gains or losses on the hedging instrument are recognised under the same heading in the consolidated income statement as the gains or losses on the hedged item. Financial instruments hedged in this type of hedging transaction are recognised using the methods described in Note 3.6, without any changes for the fact that they are considered to be hedged instruments. The gains or losses on the ineffective portion of the hedging instruments are recognised directly under "Gains (Losses) on Financial Assets and Liabilities" in the consolidated income statement.

The Group discontinues hedge accounting when the hedging instrument expires or is sold, when the hedge no longer qualifies for hedge accounting or, lastly, when the designation as a hedge is revoked.

Derivatives embedded in other financial instruments or in other contracts are accounted for separately as derivatives if their risks and characteristics are not closely related to those of the instrument or host contract, provided that a reliable fair value can be attributed to the embedded derivative taken separately.

3.7.5 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Group are recognised in equity at the proceeds received.

3.8 Non-current assets classified as held for sale

"Non-Current Assets Classified as Held for Sale" includes assets or groups of assets the value of which will be recovered mainly through a sale transaction that is highly likely to occur. Under this heading, the Group includes items of property, plant and equipment which were not intended for own use or which were not classified as investment property and for which, in any case, there is an intention to sell, as well as assets deriving from the maturity of the Group's operating and finance leases that were recovered to be sold.

These assets are measured at the lower of amortised cost, less the impairment losses recognised on the financial assets delivered, and their fair value less costs to sell. The impairment losses arising after capitalisation of these assets are recognised under "Net Impairment Losses" in the consolidated income statement. If their value is subsequently recovered, the amount of the recovery may be recognised under the same heading in the consolidated income statement up to the limit of the impairment losses previously recognised. The assets classified under this heading are not depreciated.

3.9 Foreign currency transactions

Foreign currency assets and liabilities, including unmatured foreign currency purchase and sale transactions considered as hedges, are translated to euros using the average exchange rates prevailing on the spot currency market at the end of 2010 and 2009, except for non-monetary items measured at historical cost, which are translated to euros at the exchange rate ruling at the date of acquisition, and non-monetary items measured at fair value, which are translated to euros at the exchange rates ruling on the date on which the fair value was determined.

Unmatured forward foreign currency purchase and sale transactions not considered as hedges are translated to euros at the year-end exchange rates on the forward currency market.

The exchange rates used by the Group in translating the foreign currency balances and transactions to euros were those published by the European Central Bank.

The exchange differences arising on the translation of foreign currency balances and transactions to the functional currency of the consolidated companies are recognised in the consolidated income statement. "Valuation Adjustments – Exchange Differences" under equity in the consolidated balance sheets includes the net amount of exchange differences arising on non-monetary items whose fair value is adjusted in equity and the differences arising on the translation to euros of the balances in the functional currencies of the fully and proportionately consolidated companies and companies accounted for using the equity method whose functional currency is not the euro, and the differences arising for the same reasons at jointly controlled entities and associates accounted for using the equity method.

3.10 Current/Non-current classification

In the consolidated balance sheet, assets and liabilities are classified as current if they relate to cash and cash equivalents the use of which is not restricted, if they are expected to be realised or settled respectively during the course of the normal cycle of operations, they are held for trading, or the assets are expected to be realised or the liabilities are due be settled within twelve months after the balance sheet date. Balances receivable and payable relating to the Group's financial activities are classified as non-current, since their normal operating cycle exceeds twelve months. All of the other assets and liabilities are classified as non-current.

3.11 Assets of collective investment undertakings, pension funds and other assets under management

The assets of the collective investment undertakings (investment funds and open-end investment companies) and pension funds managed by the consolidated companies are not presented on the face of the Group's consolidated balance sheet since the related assets are owned by third parties. The commissions earned in the year for the various services provided by the Group companies to the funds, such as asset management fees, are included under income and expenses of the financial and insurance activities in the consolidated income statement. Neither does the balance sheet include other managed assets that are owned by third parties and for the management of which a fee is received.

Following is a detail of the assets under management:

	Thousands of euros	
Type of asset	**31/12/2010**	**31/12/2009**
Collective investment undertakings		
Investment funds	14,633,946	13,805,134
Open-end investment funds	1,044,514	974,576
	15,678,460	14,779,710
Pension funds	14,163,246	13,584,135
Total assets under management	**29,841,706**	**28,363,845**

3.12 Insurance transactions

The Group applies the requirements established in IFRS 4 – "Insurance Contracts" to all the assets and liabilities in its consolidated financial statements deriving from insurance contracts, in accordance with the definition established by that standard.

Classification of the insurance contracts portfolio

The Group does not unbundle any deposit components associated with insurance contracts, which it may perform on a voluntary basis. Similarly, it is estimated that the surrender options issued to the policyholders have a fair value of zero; otherwise, the measurement thereof forms part of the value of the insurance liability.

Measurement of assets and liabilities arising from insurance and reinsurance contracts

IFRS 4 limits the changes in the accounting policies for insurance contracts. In line with this standard, the Group uses mainly the accounting principles and measurement bases established in Spain for assets and liabilities deriving from insurance contracts, except for:

- The equalisation provisions that the insurance entities are required to create under Spanish accounting principles, pursuant to the private insurance regulations.
- The test for the adequacy of liabilities, aimed at guaranteeing the sufficiency of the contractual liabilities. In this respect, the Group compares the difference between the carrying amount of the technical provisions, net of any deferred acquisition costs or of any intangible assets related to the insurance contracts under assessment, and the amount resulting from the consideration of current estimates, applying the market interest rates of all the cash flows deriving from the insurance contracts with the difference between the market value of the financial instruments assigned to the aforementioned contracts and their acquisition cost. In order to determine the fair value of these financial instruments, the same interest rate as that used for liabilities is applied. Insurance contract valuations also include the related cash flows such as those deriving from implicit options and guarantees.

As a result of the test performed at 31 December 2010, it was not necessary to increase the liabilities arising from insurance contracts.

For the purpose of avoiding a portion of the imbalances caused by using different measurement bases for the financial investments recognised mainly under "Available-for-Sale Financial Assets", and the liabilities arising from insurance contracts, the Group recognises the portion of the unrealised gains deriving from the aforementioned investments as an increase in "Provisions for Insurance Contracts". These gains are expected to be charged to the insureds in the future as they are realised or by applying a technical interest rate which is higher than the market interest rate. This practice is named "shadow accounting".

In accordance with standard accounting practice in the insurance industry, the consolidated insurance entities credit to income the amounts of the premiums written and charge to income the cost of the claims incurred on final settlement thereof. As a result, insurance entities are required to accrue at each reporting date the unearned revenues credited to their income statements and the accrued costs not charged to income.

Following is a summary of the main accounting policies applied by the Group for income and expenses relating to insurance activities and technical provisions:

- **Provision for unearned premiums**, which reflects the gross premium received in a year, allocable to future years, less the loading for contingencies. The Group calculates these provisions using the "policy-to-policy" method, using gross premiums accrued during the year as a basis.
- **Provision for unexpired risks**, which supplements the provision for unearned premiums by the amount by which that provision is not sufficient to reflect the measurement of the risks and expenses to be covered in the policy period not elapsed at the reporting date.

- **Provision for claims outstanding**, which reflects the estimated obligations outstanding arising from claims incurred prior to the reporting date -both unsettled or unpaid claims and claims not yet reported-, less payments made on account, taking into account the internal and external claim settlement expenses and, where appropriate, any additional provisions required for variances in assessments of claims involving long handling periods.
- **Life insurance provision**, in life insurance policies whose coverage period is one year or less, the provision for unearned premiums reflects the gross premium received in the year which is allocable to future years. If this provision is inadequate, a supplemental provision is calculated for unexpired risks which covers the assessed risks and expenses expected to arise in the policy period not yet elapsed at the reporting date.

  In life insurance policies whose coverage period is more than one year, the net mathematical provision is calculated as the difference between the present actuarial value of the future obligations of the consolidated entities operating in this line of insurance and those of the policyholder or the insured; taking as a basis for calculation the inventory premium accrued in the year (which consists of the pure premium plus a loading for administrative expenses per the technical bases).
- **Provision for life insurance policies,** where the investment risk is borne by the policyholders, which is determined on the basis of the assets specifically assigned to determine the value of the rights.
- **Provision for bonuses and rebates:** this provision includes the amount of the bonuses accruing to policyholders, insureds or beneficiaries and the premiums to be returned to policyholders or insureds, based on the behaviour of the risk insured, to the extent that such amounts have not been individually assigned to each of them.
- **Provision for unsettled or unpaid claims:** this includes valuation of the claims that have occurred and been reported before the year-end.
- **Provision for unreported claims:** this relates to the estimate of the value of the claims occurring before year-end and which have not been included in the provision for unsettled or unpaid claims.

The technical provisions for inward reinsurance assumed are determined using criteria similar to those applied for direct insurance; these provisions are generally calculated on the basis of the information provided by the cedants.

The technical provisions for direct insurance and reinsurance are presented in the consolidated balance sheet under "Provisions for Insurance Contracts".

The technical provisions for outward reinsurance –which are calculated on the basis of the reinsurance contracts entered into and by applying the same criteria as those used for direct insurance– are presented in the consolidated balance sheet under "Reinsurance Assets".

- **Income from premiums written:** the premiums written during the year are recognised as income, net of cancellations and rebates, adjusted by the change in premiums written but not issued deriving from contracts entered into or extended during the year, in relation to which premiums the insurance company's collection right arises during the aforementioned period. The allocated premiums, net of reinsurance, include the premiums previously written by the direct business and inward reinsurance, adjusted by the portion reinsured and by the change in the provision for unearned premiums of the various businesses (direct, inward and outward) and the change in the allowance for uncollected premiums.

Non-life and annual renewable life insurance contracts are recognised as income over the term of the contracts, based on the period elapsed. These premiums are accrued by recognising a provision for unearned premiums. Long-term single and periodic premiums in the life insurance segment, are recognised when the contract writer's collection right arises.

The income obtained from the surcharges on part-payments of premiums are recognised as an increase in premiums and are taken to the consolidated income statement when the corresponding premiums are issued.

Outward reinsurance premiums are recognised in accordance with the reinsurance contracts entered into using the same criteria as those used for direct insurance.

Interest income, interest and expenses and similar items: these are generally recognised for accounting purposes by applying the effective interest method, regardless of the monetary or financial flow deriving from the financial assets.

Claims paid and changes in provisions: claims incurred comprise claims paid during the year, changes in claim-related provisions and the allocable portion of general expenses which should be assigned to the claims function.

3.13 Earnings per share

Basic earnings per share are calculated by dividing net profit or loss attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding, where appropriate, the average number of shares of the Parent held by the Group companies.

Diluted earnings per share are calculated by dividing net profit or loss for the year attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the entity.

3.14 Provisions and contingencies

When preparing the consolidated financial statements, a distinction is made between:

- **Provisions:** credit balances covering present obligations at the date of preparation of the consolidated financial statements arising from past events which could give rise to a loss for the entities that is considered likely to occur and which is certain as to its nature but uncertain as to its amount and/or timing; and
- **Contingent liabilities:** possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the entities.

The Group's consolidated financial statements include all the material provisions with respect to which it is considered more likely than not that the obligation will have to be settled. Provisions are recognised on the liability side of the consolidated balance sheet on the basis of the obligations covered and include the provisions for pensions and similar obligations, the provisions for taxes and the provisions for contingent liabilities and obligations. Contingent liabilities are not recognised in the consolidated financial statements, but rather are disclosed, as required by IAS 37.

Period provisions are recognised in the income statement under "Provisions (Net)".

3.15 Income tax

The expense for Spanish corporation tax and similar taxes applicable to foreign consolidated entities is recognised in the consolidated income statement unless it arises from a transaction the results of which are recognised directly in equity. In that case, the income tax is also recognised in the Group's equity.

The income tax expense for the year is calculated as the tax payable on taxable profit for the year, adjusted for the changes arising during the year in the assets and liabilities recognised as a result of temporary differences, tax credits and relief and tax loss carryforwards.

The Group considers a temporary difference to exist when there is a difference between the carrying amount of an asset or liability and its tax base. The tax base of an asset or liability is taken to be 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 Group to make a payment to the relevant tax authorities. A deductible temporary difference is one that will generate a future right for the Group to a refund or to make a lower payment to the relevant tax authorities.

Tax credits and relief are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in the tax regulations are met, provided that the Group considers it probable that they will be used in future periods.

Deferred tax assets identified as temporary differences are only recognised if it is considered probable that the consolidated entities will obtain sufficient future taxable profits against which to offset them. Temporary differences are recognised in the consolidated balance sheet as deferred tax assets or liabilities, separately from current tax assets or liabilities, which basically comprise income tax payments on account and VAT refundable.

The deferred tax assets and liabilities recognised are reassessed at each balance sheet date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Criteria CaixaCorp and some of its subsidiaries form part of the "la Caixa" consolidated tax group, the breakdown of which is detailed in Appendix IV.

3.16 Revenue and expense recognition

The most significant criteria used by the Group to recognise its revenue and expenses are summarised as follows:

Dividend income and expenses

Dividends received from other companies are recognised as income when the consolidated entities' right to receive them arises, which is the date of the resolution of the relevant managing body of the investee.

Interest income and expenses and similar items

Interest income, interest expenses and similar items are generally recognised on an accrual basis, regardless of when the resulting monetary or financial flow arises. Interest income, interest expenses and similar items are recognised by applying the effective interest method.

Insurance premium income and claim expenses

The methods used by the Group's insurance companies to recognise the income and expenses relating to the insurance premiums collected and the claims paid, respectively, are described in the Note on "Insurance Transactions".

Fees and commissions from financial and insurance activities

Fee and commission income and expenses are recognised in the consolidated income statement using criteria that vary according to their nature.

Financial fees and commissions such as loan origination fees relating to the Group's financial activities are collected in advance and are taken to income over the loan term, except when they offset directly related costs.

Asset management fees and commissions are recognised under financial and insurance activities as indicated in the Note on "Collective Investment Undertakings, Pension Funds and other Assets under Management".

3.17 Consolidated statement of comprehensive income

The Group opted to present all recognised income and expense items in two separate statements. The components of profit or loss for the year are displayed in the consolidated income statement and the second statement, which starts with the profit or loss for the year, displays the components of other comprehensive income.

The principal components of other comprehensive income are valuation adjustments to available-for-sale financial assets, cash flow hedges and translation differences arising from the translation of the functional currency and the presentation currency. The statement shows as a separate component the changes arising in the same connection relating at the associates and jointly controlled entities, which are accounted for using the equity method. The statement specifically displays reclassifications of components of other comprehensive income that have been recognised in profit or loss, providing a similar level of detail. Other components of other comprehensive income are, for example, changes in revaluation reserves recognised in accordance with IAS 16 or IAS 38 and actuarial gains and losses on defined benefit plans pursuant to IAS 19.

3.18 Statement of changes in equity

The most significant changes in equity are included in this statement and relate mainly to (i) the comprehensive income for the year; (ii) the effects of retrospective application or retrospective restatement defined in IAS 8; (iii) the amounts of the transactions with owners in their capacity as owners, such as equity contributions, reacquisitions of the entity's own equity instruments and dividends net of the related transaction costs; and (iv) changes in this connection relating to associates and jointly controlled entities.

3.19 Consolidated statements of cash flows

The consolidated statements of cash flows have been presented using the indirect method. The following terms are used in the consolidated statements of cash flows:

- **Cash flows.** Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- **Cash flows from operating activities.** These include the transactions of Group subsidiaries, including payments of interest and taxes and other activities that are not investing or financing activities.
- **Cash flows from investing activities.** Cash flows from the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents. They also include the dividends received from financial assets in listed companies and in those accounted for using the equity method.
- **Cash flows from financing activities.** These include activities that result in changes in the size and composition of the equity and borrowings of the Group.

4. BUSINESS COMBINATIONS AND CHANGES IN CONTROL

In 2010 the main business combinations, as detailed below, related to the acquisition of the businesses of the Adeslas Group and the inclusion in the Group of certain activities relating to the merger of "la Caixa" and Caixa Girona. Also, CaixaRenting, S.A. and Tenevesa, which managed the vehicle and capital goods rental business, were sold to "la Caixa". In 2009 there were no business combinations.

Following is a description of the main features of these transactions.

4.1 Acquisition of the Adeslas Group and reduction of the ownership interest in Agbar

On 22 October 2009, Criteria CaixaCorp, S.A. and Suez Environnement Company, S.A. ("SE"), which jointly owned 90% of the share capital of Sociedad General de Aguas de Barcelona, S.A. ("Agbar"), announced their decision to refocus their respective strategic interests in the health insurance business and water and environmental management industry carried on jointly through Agbar. In this regard, the Criteria Group acquired control of Adeslas and Suez acquired control of Agbar. Therefore, the following transactions were carried out in the first half of 2010:

Delisting takeover bid for Agbar

At the end of May 2010 Criteria and SE supported a delisting takeover bid, settled at the end of May 2010, launched by Agbar, targeted at 10% of the share capital constituting the company's free float, at a price of EUR 20.00 per share.

The bid was accepted by shareholders owning 91.27% of the shares at which it had been targeted, representing 9.13% of the share capital of Agbar (13,657,294 shares). Effective 1 June 2010 the shares of Agbar were delisted. On 3 June 2010, Agbar reduced capital through the retirement of treasury shares. As a result of this transaction, the Criteria Group's ownership interest in Agbar was increased to 48.53%, and was subsequently reduced through the transaction described below.

Sale of a 24.50% ownership interest in Agbar to Suez Environnement (SE)

On 7 June 2010, the Group sold to SE a direct and indirect ownership interest in Agbar equal to 24.50% of the latter's new share capital for a price using as a reference the aforementioned value of EUR 20.00 per Agbar share, giving a total of EUR 666 million. Following this sale, Criteria and SE owned, directly and indirectly through Hisusa, 24.03% and 75.01%, respectively, of the share capital of Agbar, and SE obtained control of Agbar.

Also, the Criteria Group started to exercise significant influence because it maintained its presence on the governing bodies of Agbar and because of the entry into force of a new shareholders' agreement regulating the relations between Criteria and SE in Agbar based on their new percentages of ownership.

Acquisition of Adeslas

On that same date, the Criteria Group formalised the following two transactions:

- Acquisition of 44.99% of the share capital of Adeslas owned by Malakoff Médéric, a mutual health insurer based in France, for EUR 506 million.
- Acquisition of 54.78% of the share capital of Adeslas owned by Agbar for EUR 687 million.

Prior to these transactions, the Group held an ownership interest in Adeslas indirectly, through Agbar, with which it had a joint control agreement, of 24.16%. The Group had held this ownership interest indirectly since 2008.

Therefore, control was obtained over Adeslas in stages, pursuant to the requirements of the revised IFRS 3, through ownership of 99.77% of the share capital in June 2010.

Adeslas is the leading private health insurance company in Spain with almost 3.2 million customers in Spain. Adeslas offers its customers the most extensive healthcare network in the market with 33,000 healthcare professionals covering all specialist areas and a network of 31 health centres, 10 hospitals, 66 dental clinics and more than 200 customer service points. Also, Adeslas manages the second largest group of private clinics in Spain and cooperates with the National Health Service in the integral management of a healthcare area in the Autonomous Community of Valencia.

Accounting aspects of the transactions

The aforementioned transactions took place in 2010 and, therefore, they were accounted for in accordance with the revised IFRS 3 and the amendments to IAS 27 applicable since 1 January 2010, which also include amendments to IAS 28 and IAS 31.

The sale of the 24.5% ownership interest in Agbar and the acquisition of 99.77% of the shares of Adeslas gave rise to a gain after tax of EUR 162 million. Of this amount, EUR 71 million relate to the partial sale of the ownership interest in Agbar, of which EUR 12 million correspond to the valuation of the holding in Agbar retained. The remaining amount relates to the measurement of the previously held equity investment in Adeslas at fair value.

The fair value of the 99.77% interest acquired in Adeslas amounts to EUR 1,251 million and was determined on the basis of the price per share paid for the acquisition of the 54.78% controlling interest from Agbar.

The acquisition was formalised on 7 June 2010. Therefore, in June control was obtained over Adeslas and, accordingly, the Group's consolidated balance sheet at 31 December 2010 reflects all the assets and liabilities of the health insurance, hospital and dental services businesses. The consolidated income statement for 2010 includes the effects of approximately one-half of the income and expenses of the Adeslas Group's business activities for the full year, with the revenue and profit after tax amounting to EUR 806 million and EUR 49 million, respectively. This circumstance is reflected in each of the line items in the consolidated income statement. Had the business combination been effected on 1 January 2010, the revenue and profit of Adeslas included in the consolidated income statement of the Criteria Group would have increased by EUR 800 million and EUR 12 million, respectively.

The detail of the assets and liabilities acquired at their fair value and of the residual goodwill arising from the business combination is as follows:

Concept	Fair value (millions of euros)
Assets acquired	
Adeslas trademark	311
Portfolio of insureds	244
Other intangible assets	29
Property, plant and equipment and investment property	315
Investments in associates	81
Financial assets	75
Loans and receivables	455
Other financial assets and other	30
Cash and cash equivalents	56
Liabilities assumed	
Technical provisions	(310)
Other provisions	(10)
Non-current bank borrowings	(161)
Other non-current liabilities	(11)
Trade and other payables	(105)
Other liabilities	(46)
Net assets acquired	**953**
Non-controlling interests	(16)
Goodwill (*)	314
Fair value of the business acquired (99.77%)	**1,251**

(*) The goodwill in the business combination includes the amount recorded in the accounting records of Adeslas amounting to EUR 77 million.

The difference between the fair value of the net assets identified and their carrying amount at the acquiree amounts to EUR 664 million and is due mainly to:

a) The measurement of the portfolio of insureds contributed by Adeslas. The value of which was determined using the income approach. Specifically, the multi-period excess earnings method was used, and the useful life of this asset was determined on the basis of an analysis of the average length of time customers remained in the portfolio.

b) The estimated value of the trademark. This was determined using the royalties method on the basis of the internal rate of return of a hypothetical licensee. Also, based on an analysis of the relevant factors, its useful life was considered to be indefinite.

c) The fair value of the properties and land which are mostly used in the hospital business, estimated on the basis of appraisals conducted by various independent valuers.

The goodwill relates to the future economic benefits arising from synergies in the generation of revenue due to the cross-selling of financial and insurance products and services and to the increase in the customer portfolio and from tax synergies arising from the merger of VidaCaixa Adeslas, S.A. de Seguros Generales y Reaseguros y Adeslas, which took place on 31 December 2010. Most of the goodwill and assets recognised at fair value shown above are expected to be tax deductible from the merger date.

The amounts relating to assets, liabilities and contingent liabilities recognised at 31 December 2010 were calculated on the basis of the Purchase Price Allocation (PPA) performed by independent valuers. Management does not expect any changes to arise in this allocation.

4.2 Acquisition of businesses associated with Caixa Girona

As a result of the merger of "la Caixa" and Caixa Girona, various businesses were included in the Criteria Group: management of the assets of collective investment undertakings, pension funds and other assets under management, and the insurance brokerage line of business carried on through Caixa Girona Mediació. The most salient information on these business combinations is summarised as follows.

	Thousands of euros		
Business acquired	**Caixa Girona Mediació**	**Pension fund management**	**Collective investment undertaking management**
Net assets	8,300	2,700	618
Fair value of business acquired	8,300	2,700	1,100
Goodwill	-	-	482
Other relevant information:			
Premiums and pension funds brokered	39,000 and 36,000	-	-
Funds managed	-	126,000	102,854

The valuations of the net assets are provisional in all cases. During the twelve-month period established by the revised IFRS 3, their definitive values will be determined.

4.3 Sale of the rental businesses of CaixaRenting, S.A.

On 30 July 2010, the Group announced that the vehicle rental business of its subsidiary CaixaRenting would be integrated into the BNP Paribas Group company ARVAL. This transaction means that the "la Caixa" Group will continue to manage the rental of vehicles under the CaixaRenting trademark, and ARVAL will provide the end product. In the context of this transaction, it was also announced that the subsidiary CaixaRenting would be sold, although it will continue to engage in, inter alia, the rental of capital goods and the lease of real estate.

On 22 December 2010, Criteria CaixaCorp sold all the shares of CaixaRenting, S.A. to "la Caixa", together with its contractual position with ARVAL in relation to the vehicle rental business, for EUR 62 million, which will be collected in a maximum period of six months from the end of the reporting period. The gain on the transaction amounted to EUR 50 million after tax. The assets, revenue and net profit contributed by this business to the Group at the transaction date amounted to EUR 1,130 million, EUR 165 million and EUR 3 million, respectively.

The income and expenses of the businesses up to the transaction date, which are included in the Specialised financial services segment, do not represent a significant line of business for the Group and, therefore, their components are not presented under “Profit from Discontinued Operations”. These income and expense items are presented under the appropriate headings as in the case of the Group’s other transactions.

5. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in intangible assets in 2010 and 2009 were as follows:

2010

	Thousands of euros				
	Balance at 31/12/09	**Business combinations and changes in the scope of consolidation**	**Additions and charge for the year**	**Disposals and impairment**	**Balance at 31/12/10**
Goodwill	**513,496**	**313,754**	**481**	**(48)**	**827,683**
Other intangible assets (net)	**358,748**	**580,169**	**(57,577)**	**(2,717)**	**878,623**
Customer portfolio and similar	*427,144*	*246,105*	*3,334*	-	*676,583*
Life portfolio (UGE VidaCaixa)	323,997	-	-	-	323,997
Non-life portfolio (UGE VidaCaixa Adeslas)	80,394	-	-	-	80,394
Health portfolio (UGE VidaCaixa Adeslas)	-	243,677	-	-	243,677
Other customer portfolios	22,753	2,428	3,334	-	28,515
Trademark	-	*311,008*	-	-	*311,008*
Computer software and other intangible assets	*33,644*	*60,561*	*12,489*	*(2,777)*	*103,917*
Accumulated amortisation and impairment losses	*(102,040)*	*(37,505)*	*(73,400)*	*60*	*(212,885)*
Life portfolio (UGE VidaCaixa)	(64,799)	-	(32,400)	-	(97,199)
Non-life portfolio (UGE VidaCaixa Adeslas)	(10,720)	-	(5,360)	-	(16,080)
Health portfolio (UGE VidaCaixa Adeslas)	-	(1,528)	(23,577)	-	(25,105)
Trademark	-	(125)	-	-	(125)
Other customer portfolios	(5,608)	-	(1,818)	-	(7,426)
Other intangible assets	(20,913)	(35,852)	(10,245)	60	(66,950)
Total	**872,244**	**893,923**	**(57,096)**	**(2,765)**	**1,706,306**

"Business Combinations and Changes in the Scope of Consolidation" in 2010 includes basically the goodwill, customer portfolio and trademark that arose from the Adeslas business combination process described in the Note on "Business Combinations and Changes in Control".

2009

	Thousands of euros				
	Balance at 31/12/08	Business combinations and changes in the scope of consolidation	Additions and charge for the year	Disposals and impairment	Balance at 31/12/09
Goodwill	**513,496**	**-**	**-**	**-**	**513,496**
Other intangible assets (net)	**398,483**	**(1,287)**	**(36,511)**	**(1,938)**	**358,748**
Customer portfolio and similar	*427,144*	-	-	-	*427,144*
Life portfolio (UGE VidaCaixa)	323,997	-	-	-	323,997
Non-life portfolio (UGE VidaCaixa Adeslas)	80,394	-	-	-	80,394
Other customer portfolios	22,753	-	-	-	22,753
Computer software and other intangible assets	*33,419*	*(7,232)*	*9,488*	*(2,031)*	*33,644*
Accumulated amortisation and impairment losses	*(62,080)*	*5,945*	*(45,999)*	*93*	*(102,040)*
Life portfolio (UGE VidaCaixa)	(32,399)	-	(32,400)	-	(64,799)
Non-life portfolio (UGE VidaCaixa Adeslas)	(5,360)	-	(5,360)	-	(10,720)
Other customer portfolios	(3,865)	-	(1,743)	-	(5,608)
Other intangible assets	(20,455)	5,945	(6,496)	93	(20,913)
Total	**911,979**	**(1,287)**	**(36,511)**	**(1,938)**	**872,244**

“Business Combinations and Changes in the Scope of Consolidation” in 2009 includes basically the assets of Port Aventura Entertainment, S.A. The portion of this company retained was accounted for using the equity method in 2008, as explained in the Note on “Changes in the Scope of Consolidation”.

Goodwill

The changes in 2010 in the goodwill arising from the business combinations, distributed among the cash-generating units ("CGUs") identified and allocated to the various business segments, were as follows:

	Thousands of euros			
CGU (company)	**31/12/09**	**Business combinations and changes in the scope of consolidation**	**Additions (disposals)**	**31/12/10**
Life insurance (VidaCaixa)	330,929	-	-	330,929
Non-life insurance (VidaCaixa Adeslas)	132,486	-	-	132,486
Health insurance (Adeslas)	-	313,754	(48)	313,706
Asset management (InverCaixa)	46,674	-	-	46,674
Other	3,407	-	481	3,888
Total	**513,496**	**313,754**	**433**	**827,683**

At year-end, the cash flows expected from each CGU with which these assets are associated were tested for impairment.

The main items of goodwill tested for impairment were as follows:

a) The goodwill relating to the acquisition of the VidaCaixa group from Fortis in 2007 does not generate future cash flows that are independent from other assets. In order to assess its value in use, it should be allocated to the life insurance customer portfolio (EUR 324 million at 31 December 2010) and non-life insurance customer portfolio (EUR 80 million at 31 December 2010). Business projections for each CGU over the next five years were used to test for impairment, assuming a subsequent constant growth rate of 2% (in order to incorporate the effects of a reasonable inflation rate).

b) The goodwill relating to the acquisition of the Adeslas Group in 2010 does not generate cash flows that are independent from other assets. In order to assess its value in use, it was allocated to other assets, mainly the trademark (EUR 311 million at 31 December 2010) and customer portfolio (EUR 244 million at 31 December 2010). Business projections for each business over the next five years were used to test for impairment, assuming a subsequent constant growth rate of 1.5% (in order to incorporate the effects of a reasonable inflation rate).

The discount rates applied to the projections were calculated using the interest rate on a ten-year Spanish bond plus a risk premium associated with the line of business of each CGU. At 31 December 2010, the discount rates used to test the impairment of the most significant items of goodwill were as follows:

	Discount rate	
CGU	**2010**	**2009**
Life insurance (VidaCaixa)	9.7%	9.8%
Non-life insurance (VidaCaixa Adeslas)	10.1%	10.3%
Health insurance (VidaCaixa Adeslas)	10.1%	-

The analysis performed disclosed that the value in use of each cash generating unit was higher than the carrying amount of the assets allocated thereto. A sensitivity analysis was performed on the calculation assumptions used, which disclosed that the effect of possible impairment of the assets associated with each CGU is scantly material.

Other intangible assets

The other intangible assets, except for the Adeslas trademark, have finite useful lives and relate mainly to:

- The portfolios of insureds contributed in 2010 in the business combination with Adeslas. These portfolios are divided among the Group's various businesses and represent contractual relations in force or the expected renewal of contractual relations based on the past experience of Adeslas.
- The "Adeslas" trademark relates to the estimated value of this intangible asset at the acquisition date. This asset represents the corporate identity of the Group's healthcare businesses that the market associates with a significant track record of quality and differentiation through various key attributes that influence the decision of the members of the public to choose or retain Adeslas as their health insurer rather than its competitors including, inter alia, its healthcare professionals, customer service and complete range of insurance coverage.
- Relations with the end customers of the collective investment undertaking management businesses associated with the acquisition made by "la Caixa" from the Morgan Stanley Group. These relations were measured at the date on which control was acquired, which was in the second quarter of 2008. The relations between the Group and "la Caixa" were formalised and the latter retains commercial relations with the customer through the following agreements: the marketing of collective investment undertakings, discretionary portfolio sub-management and advisory services relating to the marketing of collective investment undertakings and other investment entities managed by third parties.
- The customer portfolios existing at 2007 year-end, when the business combination with the VidaCaixa group was recognised. These portfolios are divided mainly between the life and non-life businesses and are allocated to the corresponding cash generating units. Both portfolios represent contractual relations in force or the expected renewal of contractual relations based on past experience.

6. PROPERTY, PLANT AND EQUIPMENT

The changes in 2010 and 2009 in "Property, Plant and Equipment" in the accompanying consolidated balance sheets were as follows:

2010

	Thousands of euros					
	Balance at 31/12/09	Business combinations and changes in the scope of consolidation	Additions and charge for the year	Disposals	Transfers	Balance at 31/12/10
Land and buildings	**257,444**	**240,270**	**27,970**	**(1,954)**	**(171,927)**	**351,803**
Cost	260,531	277,125	31,248	(2,192)	(161,147)	405,565
Accumulated depreciation	(3,087)	(30,723)	(3,278)	223	(10,780)	(47,645)
Impairment	-	(6,132)	-	15	-	(6,117)
Furniture, fixtures and other	**19,488**	**72,913**	**1,500**	**(5,887)**	**2,081**	**90,095**
Cost	35,576	189,470	11,389	(7,771)	2,948	231,612
Accumulated depreciation	(16,088)	(116,557)	(9,889)	1,884	(867)	(141,517)
For own use	**276,932**	**313,183**	**29,470**	**(7,841)**	**(169,846)**	**441,898**
Cost	823,901	(766,755)	145,532	(202,678)	-	-
Accumulated depreciation	(203,471)	200,745	(90,642)	93,368	-	-
Impairment	(33,875)	27,593	-	6,282	-	-
Leased assets	**586,555**	**(538,417)**	**54,890**	**(103,028)**	**-**	**-**
Total	**863,487**	**(225,234)**	**84,360**	**(110,869)**	**(169,846)**	**441,898**

The increase in the balance of property, plant and equipment for own use was due mainly to the business combination effected in the year with the Adeslas Group (described in the Note on "Business Combinations and Changes in Control"). Also, the transfers relating to this line item correspond to the spin-off and sale in 2009 of 50% of the business of Port Aventura described in Note 2.5 "Changes in the Scope of Consolidation" and relate mainly to land associated with the property business held for capital appreciation which, therefore, was transferred to "Investment Property".

All the assets included in "Leased Assets" were associated with the vehicle and capital goods rental business sold in 2010 (see Note on "Business Combinations and Changes in Control").

2009

	Thousands of euros					
	Balance at 31/12/08	Business combinations and changes in the scope of consolidation	Additions and charge for the year	Disposals	Transfers	Balance at 31/12/09
Land and buildings	**514,540**	**(185,555)**	**54,198**	**(110)**	**(125,629)**	**257,444**
Cost	583,882	(253,393)	63,422	(168)	(133,212)	260,531
Accumulated depreciation	(69,342)	67,838	(9,224)	58	7,583	(3,087)
Furniture, fixtures and other	**122,894**	**(92,687)**	**(8,276)**	**(382)**	**(2,061)**	**19,488**
Cost	247,195	(207,593)	4,768	(3,091)	(5,703)	35,576
Accumulated depreciation	(124,301)	114,906	(13,044)	2,709	3,642	(16,088)
For own use	**637,434**	**(278,242)**	**45,922**	**(492)**	**(127,690)**	**276,932**
Cost	891,863	-	189,479	(257,441)	-	823,901
Accumulated depreciation	(196,401)	-	(101,267)	94,197	-	(203,471)
Impairment	-	-	(32,072)	441	(2,244)	(33,875)
Leased assets	**695,462**	**-**	**56,140**	**(162,803)**	**(2,244)**	**586,555**
Total	**1,332,896**	**(278,242)**	**102,062**	**(163,295)**	**(129,934)**	**863,487**

The decrease in “Business Combinations and Changes in the Scope of Consolidation” in 2009 relates to the transaction involving the Port Aventura business described in Note 2.5 “Changes in the Scope of Consolidation”. Also, certain assets retained under the control of the Group (hotels and ancillary facilities) were reclassified to “Investment Property” in the consolidated balance sheet.

The impairment losses amounting to EUR 34,316 thousand recognised in 2009 related to the estimated decline in value of the assets in use.

The amount of the transfers of leased assets in 2009 relates to the identification in 2007 of the transactions initially classified as operating leases, which due to the genuine economic substance underlying the transactions are considered to be finance leases.

The gain and losses on disposals of property, plant and equipment are recognised under “Other Gains” and “Other Losses”, respectively, in the accompanying consolidated income statement.

At 31 December 2010, there were no mortgaged assets.

The fair value of the property, plant and equipment at 31 December 2010 is disclosed in the Note on “Fair Value”.

7. INVESTMENT PROPERTY

The investment property at 31 December 2010 amounted to EUR 311 million (31 December 2009: EUR 142 million). The increase was due to the transfers of land in 2010 from “Property, Plant and Equipment” in relation to the Group’s property business.

In 2009 this line item included the assets connected to the operation of the Port Aventura theme park which were retained by the Group and leased to the park business, which from 31 December 2009 onwards was controlled jointly with Investindustrial. Accordingly, EUR 128 million transferred from property, plant and equipment were classified under this heading. The assets classified under this heading in this connection relate to the Gold River and El Paso hotels and the Conference centre.

The fair value of the investment property at 31 December 2010 is disclosed in the Note on "Fair Value".

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

"Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheets includes the equity investments in jointly controlled entities and associates.

These investments are accounted for using the equity method on the basis of the best available estimate at the date of preparation of the consolidated financial statements. The figures relating to capital, reserves and profit or loss of these companies, and the dividends paid and accrued in the year, are detailed in Appendix II. For listed companies, the latest published data are given. In the case of unlisted companies, the figures shown relate to the latest actual or estimated data available at the date of preparation of these notes to the consolidated financial statements.

	Thousands of euros	
Concept	**31/12/2010**	**31/12/2009**
Listed		
Underlying carrying amount (1)	8,848,373	8,969,613
Goodwill (2)	2,907,030	3,179,685
Unlisted		
Underlying carrying amount (1)	652,884	69,606
Goodwill (2)	144,627	-
Subtotal	**12,552,914**	**12,218,904**
Less:		
Impairment	(300,000)	(250,000)
Total	**12,252,914**	**11,968,904**

(1) Including the allocation of the fair value of the assets and liabilities on acquisition of the ownership interest.

(2) Corresponding to the difference between the acquisition price and the underlying carrying amount attributable to the investee at the acquisition date.

The main changes in 2010 and 2009 in "Investments Accounted for Using the Equity Method" were as follows:

2010

	Thousands of euros			
	Underlying carrying amount	Goodwill	Impairment	Total
Balance at a 31/12/09	**9,039,219**	**3,179,685**	**(250,000)**	**11,968,904**
Purchases and capital increases	347,250	102,694	-	**449,944**
Business combinations	49,188	32,240	-	**81,428**
Sales	(548,431)	(189,635)	-	**(738,066)**
Profit for the year	932,751	-	-	**932,751**
Dividends declared	(480,267)	-	-	**(480,267)**
Translation differences	155,335	126,725	-	**282,060**
Impairment losses recognised	-	-	(50,000)	**(50,000)**
Reclassification and other (1)	6,212	(200,052)	-	**(193,840)**
Balance at a 31/12/10	**9,501,257**	**3,051,657**	**(300,000)**	**12,252,914**

(1) Including the allocation of intangible assets between goodwill and underlying carrying amount and the valuation adjustments of jointly controlled entities and associates.

2009

	Thousands of euros			
	Underlying carrying amount	Goodwill	Impairment	Total
Balance at a 31/12/08	**5,930,573**	**2,589,034**	**(257)**	**8,519,350**
Purchases and capital increases	1,326,856	(3,896)	-	**1,322,960**
Profit for the year	849,579	-	-	**849,579**
Dividends declared	(601,058)	-	-	**(601,058)**
Translation differences	7,726	20,629	-	**28,355**
Impairment losses recognised	-	-	(250,000)	**(250,000)**
Changes in the consolidation method (1)	1,478,360	582,961	-	**2,061,321**
Other (2)	47,183	(9,043)	257	**38,397**
Balance at a 31/12/09	**9,039,219**	**3,179,685**	**(250,000)**	**11,968,904**

(1) Relating to the transfer of the shares of The Bank of East Asia Ltd, Erste Group Bank AG and Port Aventura Entertainment, S.A. to this heading.
(2) Including the valuation adjustments of jointly controlled entities and associates.

Purchases, capital increases and sales

The detail of the acquisitions made in 2010 is as follows:

	Thousands of euros		
Purchases and capital increases	**Underlying carrying amount**	**Goodwill**	**Total**
The Bank of East Asia, Ltd	236,272	119,942	356,214
Gas Natural, S.D.G., S.A.	110,403	(17,450)	92,953
Erste Group Bank AG	575	202	777
	347,250	**102,694**	**449,944**

The detail of the sales made in 2010 is as follows:

	Thousands of euros		
Sales	**Underlying carrying amount**	**Goodwill**	**Total**
Sociedad General de Aguas de Barcelona, S.A.	(450,126)	(163,183)	(613,309)
Gas Natural, S.D.G., S.A.	(79,565)	(11,954)	(91,519)
Abertis Infraestructuras, S.A.	(18,740)	(14,498)	(33,238)
	(548,431)	**(189,635)**	**(738,066)**

Following is a description of the most significant transactions carried out in 2010 in relation to investments in jointly controlled entities and associates:

The Bank of East Asia Ltd ("BEA")

On 14 January 2010, BEA completed the capital increase in which the Group subscribed 120,837,000 new shares for HKD 3,697.6 million (EUR 331 million), increasing the percentage of ownership to 14.99%. Also, in the last quarter of 2010 an investment of HKD 255 million (EUR 25 million) was made. At 31 December 2010, the Criteria Group had an ownership interest of 15.20% in BEA (31 December 2009: 9.81%).

As a result, at 31 December 2009 the holding in BEA was accounted for using the equity method as it was considered that a significant influence was exercised and, therefore, the Group commissioned a Purchase Price Allocation (PPA) report from an individual valuer. In 2010 the definitive allocation was made of the purchase price paid in the various acquisitions, which amounted to HKD 11,509 million (EUR 1,026 million). The difference between the identifiable net assets acquired at fair value and the amounts at which they were carried in the books of the acquiree amounted to HKD 307 million (EUR 27 million) and related mainly to:

a) The measurement of the portfolio of deposits amounting to HKD 125 million (EUR 11 million). Its useful life was estimated to be ten years.

b) The measurement of the customer portfolio associated with the banking business amounting to HKD 68 million (EUR 6 million). Its useful life was estimated to be eleven years.

c) The trademark amounting to HKD 113 million (EUR 10 million), which was considered to have an indefinite useful life.

The amortisation of the intangible assets with a finite useful life is charged to "Result of Companies Accounted for Using the Equity Method" in the accompanying consolidated income statement.

At 31 December 2010, the goodwill of EUR 541 million from the ownership interest in BEA reflects mainly BEA's firm commitment to China, one of the countries with the highest growth potential and with a financial services industry that offers enormous opportunities due to its ongoing liberalisation, thereby contributing to greater access to banking services.

With a presence in China since 1920, BEA has shown itself capable of harnessing its historical presence and of positioning itself as one of the first four banks in the world to receive, in March 2007, a licence to operate in this market as a local bank through BEA China. BEA China is currently one of the best positioned foreign banks in China and it is expected to continue to contribute to the Group's growth in the coming years as a result of its organic expansion strategy. The present network, close to 90 offices, is expected to reaxh 100 braches in this first stage.

Gas Natural, S.D.G., S.A.

In the first quarter of 2010 the Criteria Group sold 6.8 million shares of Gas Natural for EUR 105 million, giving rise to a pre-tax gain of EUR 13 million, and this amount was recognised under "Gains (Losses) on Transactions with Group Companies, Jointly Controlled Entities and Associates". Later, in the last quarter of the year an investment of EUR 93 million was made. After these transactions, the Group had an ownership interest of 36.64% in Gas Natural at 31 December 2010.

At 31 December 2010 there were dividends receivable in relation to the investment in Gas Natural amounting to EUR 119 million, and this amount was recognised under "Current Assets – Dividends Receivable" in the accompanying consolidated balance sheet.

Erste Group Bank AG ("EGB")

At 31 December 2010, the Group had an ownership interest of 10.10% in EGB.

The Criteria Group commissioned a Purchase Price Allocation (PPA) report from an individual valuer. In 2010 the definitive allocation was made of the purchase price paid (EUR 1,280 million). The attributable amount of the difference between the identifiable net assets acquired at fair value and the amounts at which they were carried in the books of the acquiree was EUR 88 million, relating mainly to the valuation of the customer portfolio with an average useful life of 13 years and to the trademark, which is deemed to have an indefinite useful life.

The amortisation of the intangible assets with a finite useful life is charged to "Result of Companies Accounted for Using the Equity Method" in the accompanying consolidated income statement.

Abertis Infraestructuras, S.A.

In 2010 3.1 million shares were sold for EUR 48 million, giving rise to a pre-tax gain of EUR 15 million, and this amount was recognised under "Gains (Losses) on Transactions with Group Companies, Jointly Controlled Entities and Associates". At 31 December 2010, the Group had a 24.61% ownership interest in Abertis.

Sociedad General de Aguas de Barcelona, S.A. ("Agbar") – Hisusa

As described in the Note on "Business Combinations and Changes in Control", the ownership interest in Agbar was reduced from 44.10% at the beginning of the year to 24.03% at 31 December 2010 through the sale of direct holdings in Agbar (17.3 million shares) and indirect ownership interests held through Hisusa (33.3 million shares). This was achieved by reducing the investment in Hisusa from 49% to 32.87% (equivalent to 32.7 million shares of Agbar). This holding company owns a majority of the voting power of Agbar (73.11%). Its assets and transactions other than those relating to the management of its ownership interest in Agbar are not material. This transaction gave rise to a pre-tax gain of EUR 162 million, and this amount is recognised under "Gains (Losses) on Transactions with Group Companies, Jointly Controlled Entities and Associates".

The detail of the acquisitions made in 2009 is as follows:

	Thousands of euros		
Purchases and capital increases	Underlying carrying amount	Goodwill	Total
Gas Natural, S.D.G., S.A.	1,312,924	-	1,312,924
Banco BPI, S.A.	13,932	(4,022)	9,910
Grupo Financiero Inbursa	-	126	126
	1,326,856	**(3,896)**	**1,322,960**

Following is a description of the most significant transaction carried out in 2009:

Gas Natural, S.D.G., S.A.

The Board of Directors of Criteria CaixaCorp, at its meeting held on 30 July 2008, resolved to back the acquisition of 45.306% of Unión Fenosa and the concomitant takeover bid for the remaining share capital by Gas Natural. Criteria CaixaCorp resolved to contribute to Gas Natural's equity in order to maintain a stable rating immediately after the settlement of the takeover bid.

On 28 March 2009, Criteria CaixaCorp subscribed the capital increase at Gas Natural S.D.G., S.A. for EUR 1,313 million in proportion to its ownership interest which was 37.49%. The capital increase, totalling EUR 3,502 million, formed part of the process of merging Unión Fenosa, S.A. into Gas Natural S.D.G., S.A. and was used to finance in part the takeover bid presented by Gas Natural S.D.G., S.A., which was successfully completed in April. The Criteria Group, the main shareholder of Gas Natural S.D.G., S.A., has supported the acquisition performed by its investee at all times. On 24 April the Board of Directors of Gas Natural S.D.G., S.A. approved the plan for the merger by absorption of Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. into Gas Natural S.D.G., S.A., an event that was notified on that date to the CNMV. At 30 June 2009, according to the prospectus for the takeover bid for Unión Fenosa, S.A. submitted to the CNMV, the Group's ownership interest in Gas Natural S.D.G., S.A. was recognised for accounting purposes as a jointly controlled entity, whereas in 2008 it had been recognised as an associate. This treatment did not give rise to any change in the Group's balance sheet or income statement, since jointly controlled entities and investments in associates are accounted for using the equity method (see Note 2.4 on "Basis of Consolidation").

In September 2009 the process of merging Unión Fenosa into Gas Natural was completed as a result of the admission to listing of the new company's shares and the filing of the public deed for the merger at the Mercantile Registry.

Following the completion of the transaction, the ownership interest of Criteria CaixaCorp in the share capital of Gas Natural at 31 December 2009 was 36.43%.

In 2009, pursuant to the Action Plan agreed upon with the Spanish National Competition Commission in relation to the process of acquiring Unión Fenosa, Gas Natural sold various businesses with a gross effect on earnings for the year of approximately EUR 55 million, due largely to the sale of the 5% ownership interest in Enagás to Oman Oil Holding Spain S.L.U. In the context of this Action Plan, various sale agreements were formalised which were planned to be executed in 2010.

Following is a description of certain aspects relating to other investments made in 2009 in relation to investments accounted for using the equity method.

Banco BPI, S.A.

In 2009 the Group increased its ownership interest in Banco BPI, S.A. by 0.72% with an investment of EUR 10 million. At 31 December 2009, the Group had a total ownership interest of 30.10% in Banco BPI, S.A.

"la Caixa" and Banco BPI entered into a strategic agreement to provide service to companies that operate in Spain and Portugal. As a result of this agreement, "la Caixa" and BPI constitute the most extensive banking network specialising in companies on the Iberian Peninsula.

BEA

At the end of 2009 the investment in this company started to be accounted for using the equity method, since it was considered that the influence over the company was significant in accordance with IAS 28, Investments in Associates. Until then, this investment had been recognised as a financial asset, and it was transferred from "Available-for-Sale Financial Assets" where it had been recognised at fair value.

The change in consolidation method was considered to be effective for accounting purposes from 31 December 2009. At that date it was recognised at acquisition cost, which included the investment made in 2007, 2008 and 2009 totalling HKD 7,808 million, which was presented under "Investments Accounted for Using the Equity Method" and translated at the year-end exchange rate. The relevant percentage of the results of the investee was included in consolidated assets from 1 January 2010 onwards and, therefore, the only results generated by this investment in 2009 were the dividends received that were classified under "Revenue from Equity Instruments" in the consolidated income statement. The breakdown of the difference between the cost of the investment and the underlying carrying amount at the date of the change in consolidation method is given at the end of this note.

Erste Group Bank

In 2009 the Group increased its ownership interest in the share capital of Erste Group Bank AG ("EGB") by 5.20% through an investment of EUR 17 million and the subscription of a capital increase performed in November 2009, in proportion to the 5.1% ownership interest then held in this Austrian bank. Also, Criteria acquired for EUR 1 and exercised the subscription rights of the Erste Foundation, the main shareholder of Erste Group Bank, which corresponded to 30.9% of the share capital of the Central European entity. Criteria subscribed approximately 36% of the issue at a price of EUR 29 per share, giving a total investment of EUR 635 million. In this way, it strengthened its position as a strategic partner of Erste Group Bank. At 31 December 2009, the Group had an ownership interest of 10.10% in EGB.

At the end of 2009 EGB started to be accounted for using the equity method, since it was considered that the influence over the company was significant in accordance with IAS 28, Investments in Associates. Until then, this investment had been recognised as a financial asset, and it was transferred from "Available-for-Sale Financial Assets" where it had been recognised at fair value.

The change in consolidation method was considered to be effective for accounting purposes from 31 December 2009. At that date it was recognised at acquisition cost, which includes the investment made in 2008 and 2009 totalling EUR 1,280 million, which was presented under "Investments Accounted for Using the Equity Method". The relevant percentage of the results of the investee was included in consolidated assets from 1 January 2010 onwards and, therefore, the only results generated by this investment in 2009 were the dividends classified under "Revenue from Equity Instruments" in the consolidated income statement. The breakdown of the difference between the cost of the investment and the underlying carrying amount at the date of the change in consolidation method is given at the end of this note.

Port Aventura Entertainment, S.A.

In 2008, and for most of 2009, the activity of the Port Aventura theme park, the aquatic park and the four hotels were fully consolidated in the Group's consolidated financial statements. Note 2.5 on "Changes in the Scope of Consolidation" in the 2009 consolidated financial statements describes in detail the process involved in the acquisition by a new shareholder of an investment in the Port Aventura business at the end of 2009, which meant that the Group's total ownership interest in the Group decreased from 100% at 31 December 2008 to 50% at 31 December 2009, as a result of which at the latter date the investment was accounted for in the consolidated financial statements using the equity method.

For the purposes of the first-time accounting for the investment using the equity method, the value (equal to its acquisition cost), amounting to EUR 69 million, was considered to be the carrying amount of the assets and liabilities at the time that joint control of the business was obtained and, therefore, the result arising from the change of control or the method of presentation is not reflected.

GF Inbursa

In 2008 the Group acquired 20% of Grupo Financiero Inbursa, SAB de CV for an investment of MXP 25,777,730 thousand (EUR 1,601 million).

The difference between the fair value of the identifiable net assets, which was determined definitively in 2009, and the value at which they had been carried at the acquiree related primarily to the relations with customers arising from a set of contractual relations or from prospective renewals mainly in the corporate lending, investment management and pension fund and insurance management businesses. All the items identified were determined on the basis of a report by an independent valuer and were recognised at fair value. The carrying amount at the acquisition date was MXP 2,518 million (EUR 157 million). The assets have a finite useful life of between 10 and 20 years, the average being 13 years.

The goodwill arising on acquisition reflects mainly GF Inbursa's business plan and the expansion of the retail banking division. This plan, drawn up jointly by "la Caixa" and GFI, is aimed at transforming GFI's retail banking business into a customer-oriented model of bancassurance and achieving a twofold increase in market share in loans and deposits by opening 500 branches in 4 years.

Translation differences

The translation differences, which are recognised under "Equity – Valuation Adjustments" in the consolidated balance sheet, arise from the translation to euros of the investments in GF Inbursa and BEA at the year-end exchange rates. In 2010 the value of both the Mexican peso and the Hong Kong dollar rose with respect to the euro, giving rise to the corresponding changes in exchange rates. Under current legislation, changes in exchange rates recognised in equity in this connection are reflected in the consolidated income statement if the investment is disposed of.

Impairment

In 2008 there were certain adverse indicators relating to the sharp drop in the market values of companies and the reduction of the margins of certain companies classified as jointly controlled entities and associates. In 2009 and 2010 there have been signs of recovery and, in general, share prices and stock market indexes have risen. In accordance with the Group's policy, the appropriate impairment tests were carried out on these investments in order to ascertain their fair value. Generally accepted valuation methods were used, including most notably:

a) For the industrial companies, the sum of parts discounted cash flows (DCF) valuation methodology was mainly used. Moderate assumptions obtained from sources of renowned prestige were used. The discount rate used was the individual weighted average cost of capital (WACC) of each business and country (ranging from 6.3% to 10.3% in 2010 (2009: 5.9% to 9%)), and control premiums were not used in the valuation of the investees. The basic assumptions used were as follows:

- Return on ten-year Spanish bond.
- Market risk premium of 5%.
- Betas obtained from Bloomberg.
- GDP and CPI: forecasts presented by The Economist Intelligence Unit.
- The projection periods were tailored, where appropriate, to the characteristics of each business, mainly the terms of the related concessions.

b) For the investments in banks, basically the dividend discount model (DDM) was used, in accordance with generally accepted international practices for valuing banks. The discount rate used was the cost of equity (Ke), which ranged from 9.2% to 12.6% in 2010 (2009: 9.5% to 13%), and no potential control premiums were considered in the valuation. The basic assumptions used were as follows:

- Return on ten-year Spanish bond.
- Market risk premium of 5%.
- Betas obtained from Bloomberg.
- Country risk premiums based on the default spread adjusted to current volatility.
- Macroeconomic and banking sector assumptions of The Economist Intelligence Unit.

The earnings projections used in the estimated discount rates were, in certain cases, at more than five years due to the specific circumstances of each investment, such as significant investment plans, their location in emerging economies, concession terms and other similar factors. In parallel, certain very specific aspects were considered in relation to the Group's investments, including litigation and country risk, although these factors do not have a potential significant impact on the valuation of the investments.

Based on the analyses performed, and applying conservative criteria of utmost prudence, it was concluded that it was necessary to recognise impairment losses in connection with the fair value of certain of the investments in banks. At 31 December 2010, the valuation adjustment for investments in associates and jointly controlled entities amounted to EUR 300 million (31 December 2009: EUR 250 million) with an effect on "Net Impairment Losses" in the consolidated income statement for 2010 of EUR 50 million before tax (2009: EUR 169 million). Group management reviews the valuation of these investments on an ongoing basis.

The financial information of the entities accounted for using the equity method, based on the information published at 30 June 2010 and 31 December 2009, is summarised as follows:

2010

	Thousands of euros			
Entity	**Assets**	**Liabilities**	**Revenue** (1)	**Profit Attributable to the Parent** (1)
Abertis Infraestructuras, S.A.	24,977,713	19,832,698	1,970,179	334,726
Banco BPI, S.A.	49,350,670	47,434,770	549,489	99,476
Bank of East Asia, Ltd (2)	42,798,879	38,666,535	191,301	185,930
Boursorama, S.A.	3,389,125	2,713,601	100,847	17,922
Erste Group Bank, AG	209,084,000	182,603,000	965,000	471,900
Gas Natural, S.D.G., S.A.	45,634,306	32,472,466	9,503,158	852,812
Grupo Financiero Inbursa (2)	14,030,287	10,723,437	191,166	121,597
Other unlisted companies	7,052,535	4,343,811	1,076,441	389,777

(1) Six-month period.

(2) Exchange rate at 30 June 2010.

2009

	Thousands of euros			
Entity	**Assets**	**Liabilities**	**Revenue** (1)	**Profit Attributable to the Parent** (1)
Abertis Infraestructuras, S.A.	24,872,611	19,538,522	3,934,936	653,064
Banco BPI, S.A.	47,499,179	45,146,489	1,164,813	175,034
Bank of East Asia, Ltd (2)	38,858,284	35,320,252	363,355	229,614
Boursorama, S.A.	3,156,973	2,499,754	200,220	48,702
Erste Group Bank, AG	201,710,179	185,587,415	1,772,801	903,390
Gas Natural, S.D.G., S.A.	45,351,680	33,174,590	15,002,744	1,195,436
Grupo Financiero Inbursa (2)	15,225,538	11,957,505	550,932	426,365
Sociedad General de Aguas de Barcelona, S.A.	6,546,380	3,858,546	1,851,241	166,777

(1) Twelve-month period.

(2) Exchange rate at 31 December 2009.

According to the most recent public information available, the companies accounted for using the equity method in which the Group holds investments together with other investors do not have any material contingent liabilities, except for the dispute between Gas Natural and its supplier SONATRACH regarding the revision of the price of gas supply contracts from 2007. The maximum retrospective amounts billed by Sonatrach would amount to USD 1,970 million for the period up to July 2010. In August 2010 the Group was notified of the unfavourable findings of the arbitral award, which has been challenged and is currently stayed. The consolidated balance sheet at 31 December 2010 of Gas Natural and, therefore, the amounts attributable to the consolidated balance sheet of the Criteria Group, included a provision for the contingencies arising from the dispute with Sonatrach. Based on the best estimate made with the information available, this provision covers the aforementioned contingencies up to 31 December 2010.

Goodwill

The detail at 31 December 2010 and 2009 of the goodwill included under "Investments Accounted for Using the Equity Method" is as follows:

	Thousands of euros	
Entity	**31/12/2010**	**31/12/2009**
Grupo Financiero Inbursa (1)	715,967	626,112
Abertis Infraestructuras, S.A.	676,109	690,607
Gas Natural, S.D.G., S.A.	557,536	586,940
Bank of East Asia, Ltd (1)	540,914	411,451
Banco BPI, S.A.	350,198	350,198
Sociedad General de Aguas de Barcelona, S.A.	111,213	274,397
Boursorama, S.A.	66,306	66,306
Other unlisted companies	33,414	-
Erste Group Bank AG	-	173,674
Total	**3,051,657**	**3,179,685**

(1) The goodwill is subject to changes in the exchange rates of the Mexican peso and the Hong Kong dollar, respectively.

9. FINANCIAL ASSETS

The detail of the balances of the financial assets in the accompanying consolidated balance sheets is as follows:

	Thousands of euros			
	31/12/2010		31/12/2009	
Financial assets	**Non-current**	**Current**	**Non-current**	**Current**
Available-for-sale financial assets	26,540,082	-	25,988,186	-
Loans and receivables	847,853	7,174,171	1,450,459	6,370,880
Other assets at fair value through profit or loss	201,473	-	185,711	-
Other financial assets	452	-	-	-
Total	**27,589,860**	**7,174,171**	**27,624,356**	**6,370,880**

9.1 Available-for-sale financial assets

The breakdown of "Available-for-Sale Financial Assets", based on the nature of the related transactions, is as follows:

	Thousands of euros	
Available-for-sale-financial assets	**31/12/2010**	**31/12/2009**
Debt securities	**19,343,159**	**18,394,265**
Spanish government debt securities	7,188,421	3,080,289
Government bonds	*7,178,626*	*2,872,464*
Other issues	*9,795*	*207,825*
Foreign government debt securities	1,869,486	4,110,708
Issued by banks	1,228,499	789,410
Other Spanish issuers	2,351,411	1,513,837
Other foreign issuers	6,705,342	8,900,021
Equity instruments	**7,196,923**	**7,593,921**
Shares of listed companies	7,195,392	7,593,705
Shares of unlisted companies	1,531	216
Total	**26,540,082**	**25,988,186**

At 31 December 2010, "Debt Securities" included available-for-sale financial assets amounting to EUR 7,062,047 thousand (31 December 2009: EUR 7,042,639 thousand) associated with various interest rate swaps (IRSs) arranged with various banks, and equity swap transactions similar to IRSs and CFMs arranged with "la Caixa", in order to adapt the cash flows from the investment portfolio to the liquidity requirements of the various related insurance policies. These securities mature between 2011 and 2055.

The financial structures which result from considering total cash flows receivable and payable deriving from the derivative instruments arranged and the underlying asset associated with each transaction are accrued at the IRR resulting from each case and are recognised in this category based on their overall fair value. The fair value of the joint structures in which "la Caixa" is the counterparty of the derivative instruments amounted to EUR 2,969,947 thousand (31 December 2008: EUR 2,619,116 thousand).

The detail, by maturity, of "Debt Securities" at 31 December 2010 and 2009 is as follows:

	Thousands of euros	
Debt securities	**31/12/2010**	**31/12/2009**
Within 1 year	1,227,127	1,671,404
1 to 5 years	5,457,582	5,414,387
After 5 years	12,658,450	11,308,474
Total	**19,343,159**	**18,394,265**

An analysis of the quality of these assets did not disclose any need to recognise significant impairment losses. The Note on “Risk Management Policy” shows a breakdown of the portfolio by rating.

The Note on “Fair Value” shows a detail of the fair value of the equity instruments. The net gain recognised under “Equity – Valuation Adjustments – Available-for-Sale Financial Assets” amounted to EUR 1,655 million at 31 December 2010 (31 December 2009: EUR 1,896 million).

The most significant changes in 2010 and 2009 in “Equity Instruments” were as follows:

2010

	Thousands of euros						
	Business combinations and changes in the scope of consolidation	**Purchases and capital increases**	**Sales**	**Adjustments transferred to gains on disposal**	**Valuation adjustments**	**Transfers and other**	**Total**
Total balance at 31/12/09							**7,593,921**
Shares of listed companies							
Balance at 31/12/09							**7,593,705**
Telefónica, S.A.	-	373,362	(240,877)	(132,810)	(709,673)	(325)	(710,323)
Repsol YPF, S.A.	-	207,990	(164,831)	(32,936)	326,929	(5,579)	331,573
Bolsas y Mercados Españoles S.H.M.S.F., S.A.	-	-	-	-	(19,563)	-	(19,563)
Changes in 2010	**-**	**581,352**	**(405,708)**	**(165,746)**	**(402,307)**	**(5,904)**	**(398,313)**
Balance at 31/12/10 in listed companies							**7,195,392**
Shares of unlisted companies							
Balance at 31/12/09							**216**
Other	1,314	1	(76)	-	76	-	1,315
Changes in 2010	**1,314**	**1**	**(76)**	**-**	**76**	**-**	**1,315**
Balance at 31/12/10 in unlisted companies							**1,531**
Total changes in 2010	**1,314**	**581,353**	**(405,784)**	**(165,746)**	**(402,231)**	**(5,904)**	**(396,998)**
Total Balance at 31/12/10							**7,196,923**

Purchases and capital increases

The main transactions with available-for-sale equity instruments in 2010 were as follows:

Telefónica, S.A.

The main transactions involving the investment in Telefónica in 2010 were as follows:

• Sale in 2010 of 0.282% of the investment, i.e. 12,689,289 shares, for EUR 237 million.

• Termination in the second quarter of the year of the fair value hedges arranged on 1% of the shares of Telefónica.

• During 2010 6,500,000 shares representing an ownership interest of 0.14% were acquired on the market.

The pre-tax gain on the aforementioned transactions amounted to EUR 133 million and was recognised under "Gains (Losses) on Financial Assets and Financial Liabilities".

At 31 December 2010, Criteria had a 5.03% ownership interest in Telefónica.

Repsol YPF, S.A.

In the first quarter of 2010 an ownership interest of 0.86% was sold for EUR 198 million, giving rise to a pre-tax gain of EUR 33 million, which was recognised under "Gains (Losses) on Financial Assets and Financial Liabilities". Also, at the end of 2010 10,626,985 shares representing an ownership interest of 0.87% were acquired on the market.

At 31 December 2010, there were dividends amounting to EUR 81 million receivable in relation to the investment in Repsol, and this amount was recognised under "Current Assets – Dividends Receivable" in the accompanying consolidated balance sheet.

At 31 December 2010, Criteria had a 12.69% ownership interest in Repsol.

2009

	Thousands of euros					
	Purchases and capital increases	Sales	Adjustments transferred to gains on disposal	Valuation adjustments [2]	Transfers and other	Total
Total balance at 31/12/08						**6,690,350**
Shares of listed companies						
Balance at 31/12/08						**6,690,131**
Erste Group Bank AG	651,849	-	-	376,623	(1,280,109)	(251,637)
Telefónica, S.A.	688,812	(334,941)	(401,579)	912,803	-	865,095
The Bank of East Asia, LTD [1]	-	-	-	447,535	(695,254)	(247,719)
Bolsas y Mercados Españoles S.H.M.S.F., S.A.	-	-	-	17,217	-	17,217
Repsol YPF, S.A.	-	-	-	561,064	-	561,064
Banco Comercial Portugués, S.A.	-	(27,477)	(1,709)	(1,135)	-	(30,321)
Other	-	(10,125)	60	(60)	-	(10,125)
Changes in 2009	**1,340,661**	**(372,543)**	**(403,228)**	**2,314,047**	**(1,975,363)**	**903,574**
Balance at 31/12/09 in listed companies						**7,593,705**
Shares of unlisted companies						
Balance at 31/12/08						**219**
Other	1	(4)	-	-	-	(3)
Changes in 2009	**1**	**(4)**	**-**	**-**	**-**	**(3)**
Balance at 31/12/09 in unlisted companies						**216**
Total changes in 2009	**1,340,662**	**(372,547)**	**(403,228)**	**2,314,047**	**(1,975,363)**	**903,571**
Total balance at 31/12/09						**7,593,921**

(1) The valuation adjustments include EUR 476,065 thousand relating to market price and EUR (28,530) thousand relating to the exchange rate effect.

(2) Including impairment transferred to profit or loss for a gross amount of EUR 3 million.

The main transactions with available-for-sale equity instruments in 2009 were as follows:

Telefónica, S.A.

In the first half of 2009 the Group acquired 1% of the share capital of Telefónica, S.A. (47,050,000 shares) for EUR 689 million. Also, an equity linked swap was arranged on this 1% ownership interest in order to establish a hedging relationship for the changes in fair value of this investment and the derivative financial instrument. This derivative expired in April 2010 and may be renewed at the decision of Criteria CaixaCorp. The instrument made it possible to exchange dividend rights arising from the hedged shares for the assumption by the counterparty of the risk of changes in the value and for interest on the investment in the hedged item tied to Euribor. The voting rights associated with the shares were maintained in full. The hedged shares and the derivative instrument were recognised at fair value with charges recognised under "Gains (Losses) on Financial Assets and Financial Liabilities" in the consolidated income statement (see Note on "Derivative Financial Instruments").

Also, in the second quarter of 2009 the Group sold 1% of its ownership interest in Telefónica, S.A. for EUR 737 million and obtained a net gain of EUR 265 million.

On 28 December 2009, the share capital of Telefónica, S.A. was reduced through the retirement of 141,000,000 shares, after which the share capital stood at EUR 4,563,996,485, consisting of an equal number of ordinary shares of EUR 1 par value each. As a result of this reduction, the ownership interest of the Group in this entity increased by 0.15% with no cash disbursement.

At 31 December 2009, the Group had a total ownership interest of 5.16% in the share capital of Telefónica, S.A.

Erste Group Bank AG

As explained in the Note on "Investments Accounted for Using the Equity Method" in 2009 the ownership interest in EGB increased from 4.9% at 31 December 2008 to 10.1% at 31 December 2009. This increase came about through the acquisition of shares in the market and through the acquisition of subscription rights on shares of EGB owned by the Erste Foundation by participating in the capital increase at the Company on 19 November 2009.

As a result of these events, at 31 December 2009 the investment in EGB was accounted for using the equity method since it was determined that significant influence was being exercised over the investee. The change in consolidation method was considered to be effective for accounting purposes from 31 December 2009.

The Bank of East Asia, Ltd

As explained in detail in Note 2.5 on "Changes in the Scope of Consolidation", at the end of 2009 BEA started to be accounted for using the equity method, since it was considered that the influence over the company was significant in accordance with IAS 28, Investments in Associates.

Impairment

As a basic tool in the management and ongoing monitoring of the portfolio of investments, the Group also made its own internal valuations, using the same methodology as that applied in the measurement of the investments in jointly controlled entities and associates which was described in Note 3.7 and the Note on "Investments in Companies Accounted for by the Equity Method".

Early 2008 witnessed the existence of certain adverse indicators relating to the sharp drop in the market values of companies and the reduction of the margins of certain financial services companies classified as available-for-sale financial assets. In 2009 and 2010 both the indicators, especially the share price, and the expectations and variables used in the impairment tests carried out at year-end, showed a marked recovery in the valuations of the assets included in this heading at 31 December 2010. At year-end practically all the available-for-sale financial assets had a market value above their related acquisition cost and it was not necessary to recognise any impairment losses.

9.2 Loans and receivables

The detail of "Loans and Receivables" at 31 December 2010 and 2009 is as follows:

	Thousands of euros	
Concept	**31/12/2010**	**31/12/2009**
Deposits placed	6,673,609	6,154,250
Loans and advances to customers	1,348,138	1,425,117
Equity linked swap guarantee deposits	-	238,800
Other	277	3,172
Total	**8,022,024**	**7,821,339**

Deposits placed – Current

The detail of "Deposits Placed – Current" is as follows:

	Thousands of euros	
Deposits placed – Current	**31/12/2010**	**31/12/2009**
Loans and advances to credit institutions	6,507,572	6,123,559
Reverse repos	165,913	5,918
Other	36	87
Total	**6,673,521**	**6,129,564**

At 31 December 2010 and 2009, "Loans and Advances to Credit Institutions" included the deposits assigned to the repos carried out by VidaCaixa with "la Caixa" amounting to EUR 6,333,862 thousand and EUR 6,007,358 thousand, respectively.

Loans and advances to customers

The breakdown of "Loans and Advances to Customers" at 31 December 2010 and 2009 is as follows:

	Thousands of euros	
Loans and advances to customers	**31/12/2010**	**31/12/2009**
Loans and advances to customers – Gross	1,499,292	1,613,977
Impairment losses	(141,398)	(178,876)
Accrued fees and commissions on loans and receivables	(9,756)	(9,984)
Ending balance	**1,348,138**	**1,425,117**

The detail of the balance of "Loans and Advances to Customers – Gross" based on the type and status of the loan or advance granted, is as follows:

	Thousands of euros	
Loan type and status	**31/12/2010**	**31/12/2009**
Unsecured loans	579,134	615,590
Insurance agents and policyholders	191,402	106,306
Other loans and advances	121,707	133,867
Other secured loans	116,428	54,563
Public authorities	112,100	21,744
Doubtful loans	83,847	151,892
Finance leases	-	397,908
Other accounts receivable	294,674	132,107
	1,499,292	**1,613,977**

The effective average interest rate on the balances of "Loans and Advances to Customers" was 10.16% in 2010 (2009: 8.88%).

The detail by maturity of the "Loans and Receivables" at 31 December 2010 is shown in the Note on "Risk Management Policy – Liquidity Risk".

The changes in 2010 and 2009 in the impairment losses relating to "Loans and Advances to Customers" were as follows:

	Thousands of euros	
Changes in impairment losses	**2010**	**2009**
Beginning balance	**178,876**	**94,151**
Add:		
Impairment losses charged to profit or loss	34,222	132,695
Less:		
Reversals credited to profit or loss	(11,552)	(10,673)
Amounts used	(61,737)	(37,261)
Changes in the scope of consolidation and other	1,589	(36)
Ending balance	**141,398**	**178,876**

2009 witnessed a slowdown in economic activity and an increase in unemployment rates that particularly affected consumer credit providers. In this context, the Group, within the process of analysing its portfolio of loans granted, identified a group of assets affected by the increase in NPL ratios. Based on historical experience and the application thereof to the current economic environment, a best estimate has been made to adapt and quantify the fair value or the credit assets that appeared in the balance sheet at 31 December 2009. Consequently, the impairment losses recognised in 2009 were increased by EUR 50 million with respect to 2008, and the impairment losses recognised covered 118% of the assets identified as doubtful (31 December 2008: 78%). This coverage was 168% at 31 December 2010.

Impairment losses have been recognised for the full amount or part of substantially all the past-due financial assets included under “Loans and Receivables” based on the estimates of their recoverable amount. Impairment losses were not specifically recognised only the past-due receivables maturing within three months, the amount of which stands at around EUR 2 million (2009: EUR 9 million). Due to the nature of the loans granted, basically consumer credits and finance leases, the guarantees securing these loans are constituted by the items financed by the loan which, in any event, are assets with a fair value that it is difficult to quantify. Past-due receivables are mainly unsecured and receivables under finance leases are secured by the leased asset.

The amount of receivables recognised at 31 December 2010 that would have become past due if the related payment terms and conditions had not been renegotiated is scantly material.

9.3 Other financial assets at fair value through profit or loss

“Other Financial Assets at Fair Value through Profit or Loss” relates solely to investments linked to life insurance products where the investment risk is assumed by the policyholder, i.e. unit-linked policies, whereas “Other Financial Liabilities at Fair Value” includes the mathematical provisions linked to these operations.

10. DERIVATIVE FINANCIAL INSTRUMENTS

The detail of the derivative financial instruments, by category, is as follows:

	Thousands of euros	
	31/12/2010	**31/12/2009**
LIABILITIES		
Hedging derivative financial instruments		
Cash flow hedges		
– Interest rate (OTC markets)	8,344	39,628
Total non-current	**8,344**	**39,628**
Trading derivative financial instruments		
Share options	1,635	-
Hedging derivative financial instruments		
Cash flow hedges		
– Interest rate (OTC markets)	1,022	1,584
– Price of equity instruments	-	121
Fair value hedges		
– Equity swaps (OTC markets)	-	229,709
Total current	**2,657**	**231,414**

The description of the most significant derivative financial instruments at 31 December 2010 and 2009 is as follows:

Interest rate cash flow hedges

Within the framework of consumer credit and finance leases, the Group's financial activities include loans and credits at fixed interest rates. Also, the Group's debt is mainly at floating market interest rates. In accordance with the Group's policy on hedging financial risk, described in the Note on "Risk Management Policy", the Group arranges derivative financial instruments, basically interest rate swaps, to minimise the effect of potential changes in interest rates on its floating rate debt arranged with financial services entities.

The tables below provide information on the hedging derivative contracts in force at 31 December 2010 and 2009.

2010

	Thousands of euros					
				Maturity (Notional)		
Type of contract	Fair value	Notional amount	Average interest rate	Within one year	1 to 5 years	After 5 years
Swaps and similar transactions	(9,366)	241,267	5.05%	1	104,207	137,059

2009

	Thousands of euros					
				Maturity (Notional)		
Type of contract	Fair value	Notional amount	Average interest rate	Within one year	1 to 5 years	After 5 years
Swaps and similar transactions	(41,212)	968,137	4.38%	15,188	581,652	371,297

Valuation model:

To determine the fair value of interest rate derivatives (swaps or IRSs), the Group used an IRS valuation model using Euribor market curves and long-term swaps as inputs.

Changes in the fair value of the interest rate derivatives arranged by the Group depend on the changes in the Euribor interest rate curve and long-term swaps.

Fair value hedges of shares

At 31 December 2010, there were no outstanding hedges arranged on available-for-sale financial assets.

In 2009 a financial derivative was arranged with a bank for 1% of the shares of Telefónica, S.A. (47,050,000 shares valued at EUR 689 million at that date) expiring in April 2010 in order to establish a hedging relationships between the changes in the fair value of the shares and those in the value of the derivative instrument. The fair value of the hedging instrument at 31 December 2009 reflected a loss of EUR 230 million which was recognised under "Current Liabilities – Derivatives" in the accompanying balance sheet. Also, the fair value of the hedged item was recognised under "Available-for-Sale Financial Assets" on the asset side of the consolidated balance sheet for a loss of the same amount. Both changes, the effect of which was not material, were recognised in the income statement for 2009.

Other cash flow hedges

In the framework of its financial risk management policy, in 2010 and 2009 the Group arranged derivative instruments to hedge the effect of changes in exchange rates on the dividends receivable during those years from the investments in Mexico (GF Inbursa) and in Hong Kong (The Bank of East Asia), for notional amounts of MXN 367 million (2009: MXN 360 million) and HKD 261 million (2009: HKD 60 million), respectively. At both year-ends, the instruments had expired.

Trading derivatives

In 2010 the Group arranged derivatives in order to hedge transactions involving its investment portfolio, although they did not meet the conditions to qualify for hedge accounting.

Derivatives were arranged for Telefónica, Gas Natural and Repsol through the sale and/or purchase of put and calls. At 31 December 2010, the Group had sold put options for 3 million shares of Telefónica, expiring within one year, the fair value of which amounting to EUR 2 million is recognised under "Current Liabilities – Derivatives" in the accompanying consolidated balance sheet. At 31 December 2010, a gross gain of EUR 8 million relating to these transactions had been recognised under "Gains (Losses) on Financial Assets and Financial Liabilities" in the accompanying consolidated income statement.

In 2009 the Criteria Group did not arrange any derivatives of this nature.

11. CASH AND CASH EQUIVALENTS

The detail of "Cash and Cash Equivalents" is as follows:

	Thousands of euros			
Type of contract	**31/12/2010**	**31/12/2009**	**Interest rate**	**Other information**
Cash	310	75	-	-
Bank accounts	412,433	344,438	Mainly overnight Euribor less 0.25 basis points	Mainly with "la Caixa"
Deposits at less than 3 months	190,484	-	2.03%	-
Other	1,803	9,338	-	-
Total	**605,030**	**353,851**		

The interest earned in 2010 on cash and cash equivalents amounted to EUR 894 thousand (2009: EUR 3,881 thousand) and is recognised under "Finance Income" in the accompanying consolidated income statements.

12. EQUITY

The detail of the changes in the Group's equity at 31 December 2010 and 2009 is as follows:

	Thousands of euros							
	Share capital	Share premium and reserves	Profit for the year attributable to the Parent	Treasury shares	Total share capital, reserves and profit	Valuation adjustments	Non-controlling interests	Total equity
Balance at 01/01/10	**3,362,890**	**7,973,336**	**1,316,628**	**(39,880)**	**12,612,974**	**1,538,659**	**169,031**	**14,320,664**
Comprehensive income for the year	-	-	1,822,932	-	1,822,932	(35,517)	21,434	1,808,849
Final dividend for 2009	-	-	(438,498)	-	(438,498)	-	-	(438,498)
Interim dividend for current year	-	(670,861)	-	-	(670,861)	-	-	(670,861)
Dividend out of reserves	-	(201,773)	-	-	(201,773)	-	-	(201,773)
Transfers between equity items	-	878,130	(878,130)	-	-	-	-	-
Treasury share transactions	-	-	-	(3,591)	(3,591)	-	-	(3,591)
Other changes	-	(96,628)	-	-	(96,628)	-	(15,149)	(111,777)
Balance at 31/12/10	**3,362,890**	**7,882,204**	**1,822,932**	**(43,471)**	**13,024,555**	**1,503,142**	**175,316**	**14,703,013**

	Thousands of euros							
	Share capital	Share premium and reserves	Profit for the year attributable to the Parent	Treasury shares	Total share capital, reserves and profit	Valuation adjustments	Non-controlling interests	Total equity
Balance at 01/01/09	**3,362,890**	**7,353,343**	**1,058,617**	**(18,545)**	**11,756,305**	**498,148**	**158,815**	**12,413,268**
Comprehensive income for the year	-	-	1,316,628	-	1,316,628	1,040,511	30,014	2,387,153
Final dividend for 2008	-	-	(201,052)	-	(201,052)	-	-	(201,052)
Interim dividend for current year	-	(335,322)	-	-	(335,322)	-	-	(335,322)
Transfers between equity items	-	857,565	(857,565)	-	-	-	-	-
Treasury share transactions	-	-	-	(21,335)	(21,335)	-	-	(21,335)
Other changes	-	97,750	-		97,750	-	(19,798)	77,952
Balance at 31/12/09	**3,362,890**	**7,973,336**	**1,316,628**	**(39,880)**	**12,612,974**	**1,538,659**	**169,031**	**14,320,664**

12.1 Share capital

At 31 December 2010 and 2009, the share capital consisted of 3,362,889,837 fully subscribed and paid shares. All the shares are traded by the book-entry system and have a par value of EUR 1 each. Criteria CaixaCorp's shares are admitted to listing on the four official Spanish stock markets and on the Spanish Stock Market Interconnection System and were included on the IBEX 35 index on 4 February 2008.

At 31 December 2010, the share price was EUR 3.98 per share (31 December 2009: EUR 3.30).

12.2 Treasury shares

On 19 May 2009, the shareholders at the Annual General Meeting authorised the Board of Directors to derivatively acquire treasury shares, directly or through Group companies, provided that the shares acquired, added to the shares that the Parent already held, did not exceed 10% of the share capital, thereby rendering void the unused part of the authorisation granted at the Ordinary General Meeting on 7 May 2009. This authorisation, ratified by the Board of Directors at its meeting held on the same date, is valid for five years.

The changes in treasury shares in 2010 and 2009 were as follows:

	Number	Cost of acquisition/sale (thousands of euros)
At 1 January 2010	14,216,350	39,880
Additions	19,712,597	71,067
Disposals	(21,372,709)	(67,476)
At 31 December 2010	**12,556,238**	**43,471**

	Number	Cost of acquisition/sale (thousands of euros)
At 1 January 2009	6,534,397	18,545
Additions	10,035,719	27,418
Disposals	(2,353,766)	(6,083)
At 31 December 2009	**14,216,350**	**39,880**

The average number of shares outstanding in 2010 was 3,348,033,954 (2009: 3,352,823,224).

The gains arising on disposals in 2010 amounted to approximately EUR 13.7 million, which was recognised in equity. The Group did not include any effect of transactions involving treasury shares in the consolidated income statement.

12.3 Share premium

At 31 December 2010 and 2009, the "Share Premium" account balance amounted to EUR 7,711,244 thousand.

The Consolidated Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

12.4 Reserves

Reserves include the net amount of the accumulated profit (loss) recognised in prior years in the consolidated income statement which, in the distribution of profit, was allocated to equity, plus the costs incurred in issuing own equity instruments.

Restrictions on availability of accumulated profit and other reserves

The share premium and reserves attributable to the Parent include the legal reserve amounting to EUR 525,974 thousand at 31 December 2010 and 2009. This legal reserve may not be distributed to shareholders, except in the event of the liquidation of the Parent. Under the Consolidated Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2010 and 2009, the Parent's legal reserve had reached the stipulated level.

There are also tax-related restrictions on the distribution of reserves of certain Group companies, in relation to the deductibility for tax purposes of the amortisation of goodwill for tax purposes. At 31 December 2010, these restrictions were scantly material.

There are no other significant restrictions on the availability of the reserves.

12.5 Valuation adjustments

Available-for-sale financial assets

This heading in the accompanying consolidated balance sheets includes the amount, net of the related tax effect, of the differences between market value and acquisition cost (net gains/losses) of the assets classified as available for sale which must be classified as part of equity. These differences are recognised in the consolidated income statement when the assets that give rise to them are sold or become impaired.

Cash flow hedges

This heading in the accompanying consolidated balance sheets includes the amount, net of the related tax effect, of changes in value of the financial derivatives designated as cash flow hedges, in respect of the effective portion of the aforementioned changes.

Exchange differences

This heading includes the net amount of exchange differences arising on non-monetary items whose fair value is adjusted against equity and the differences arising on the translation to euros of the balances in the functional currencies of the fully and proportionately consolidated companies and the companies accounted for using the equity method, whose functional currency is not the euro.

Companies accounted for using the equity method

This heading includes the valuation adjustments, cash flow adjustments and exchange difference adjustments which took place in relation to associates and jointly controlled entities accounted for using the equity method.

The changes in the balances of these headings in 2010 and 2009 were as follows:

2010

	Thousands of euros					
		Amounts transferred to profit or loss				
	Balance at 31/12/09	Before tax	Income tax	Valuation gains and losses before tax	Deferred tax liabilities	Balance at 31/12/10
Available-for-sale financial assets (1)	1,900,342	(164,870)	29,330	(189,567)	82,731	1,657,966
Cash flow hedges	(28,921)	26,167	(7,850)	5,778	(1,730)	(6,556)
Exchange differences	(240,735)	(4,047)	-	286,106	-	41,324
Companies accounted for using the equity method	(92,027)	96,592	-	(194,157)	-	(189,592)
Total	**1,538,659**	**(46,158)**	**21,480**	**(91,840)**	**81,001**	**1,503,142**

(1) Including gains arising from equity instruments and debt instruments measured at fair value.

2009

	Thousands of euros					
		Amounts transferred to profit or loss				
	Balance at 31/12/08	Before tax	Income tax	Valuation gains and losses before tax	Deferred tax liabilities	Balance at 31/12/09
Available-for-sale financial assets (1)	818,762	(400,971)	120,291	1,924,922	(562,662)	1,900,342
Cash flow hedges	(28,345)	35,199	(10,560)	(36,525)	11,310	(28,921)
Exchange differences	(249,158)	-	-	8,423	-	(240,735)
Companies accounted for using the equity method	(43,111)	(13,324)	-	(35,592)	-	(92,027)
Total	**498,148**	**(379,096)**	**109,731**	**1,861,228**	**(551,352)**	**1,538,659**

(1) Including gains arising from equity instruments and debt instruments measured at fair value.

12.6 Distribution of the profit of the Parent and dividends

The distribution of profit of the Parent for 2010 proposed by Criteria CaixaCorp's directors and the distribution of profit for 2009 are as follows:

	Thousands of euros	
	2010	2009
Distribution basis:		
Profit for the year	1,133,903	1,013,340
Distribution:		
To voluntary reserve (minimum)	291,534	239,520
Dividends (maximum)	842,369	773,820
Total	**1,133,903**	**1,013,340**

On 19 May 2010, the shareholders at the Annual General Meeting authorised the distribution of a final dividend out of 2009 profit of EUR 0.131 per share that represented a payment to its shareholders of EUR 438,498 thousand which were paid in June 2010.

The shareholders at the General Meeting also authorised the distribution of reserves equal to EUR 0.06 per share, for a maximum amount of EUR 201,773 thousand, payable in the first quarter of 2011. This dividend was declared in the context of the announcement that the shareholders would be paid a quarterly dividend.

Also, on 29 July 2010, the Board of Directors of Criteria CaixaCorp, S.A. approved the distribution of a first interim dividend out of the profit for 2010 of EUR 0.06 per share, equal to a maximum amount of EUR 201,773 thousand. This dividend was paid in September 2010 and entailed a disbursement of EUR 200,893 thousand, after taking into account treasury shares. On 4 November 2010, the directors approved a second interim dividend out of the profit for 2010 of EUR 0.06 per share, equal to a maximum amount of EUR 201,773 thousand, which was paid in December 2010 and entailed a disbursement of EUR 200,937 thousand. Lastly, on 2 December 2010, the directors approved a third interim dividend out of the profit for 2010 of EUR 0.08 per share, equal to a maximum amount of EUR 269,031 thousand, which was paid on 11 January 2010 and entailed a disbursement of EUR 267,944 thousand.

The Board of Directors will propose to the shareholders at the Annual General Meeting an increase of share capital/equity against voluntary reserves, in the framework of a new payement scheme for shareholders.

This new payment scheme will allow shareholders to choose between the following three options: to receive the shares issued in the capital increase against reserves, to receive cash for the sale in the market of the assigned rights, or to receive cash as a result of the sale to Criteria CaixaCorp, S.A. of the rights assigned at the price fixed by the company itself, which represents an alternative to the dividend. The shareholders could combine these three rights, if they so desire.

With this scheme, there is a new possibility that the shareholder, if they so decide, receive their entire payment in cash or in new share issues, respecting the normal quarterly payment periods for the shareholders. Therefore, it is planned that in the month of June, 2011, the first of the optional payments of the new scheme to substitute the traditional complementary dividend, to which end a capital increase against reserves is planned to take place for a total amount of approximately EUR 127 million (EUR 0.051 per share).

The profits of the individual Group companies will be allocated as agreed at their respective Annual General Meetings.

12.7 Non-controlling interests

This heading relates to the investments held by non-controlling interests in the equity and profit for the year of the fully consolidated Group companies. The changes in 2010 and 2009 in "Non-Controlling Interests" in the consolidated balance sheet were as follows:

2010

	Thousands of euros						
Company	**Balance at 31/12/09**	**Profit/(Loss) for the year**	**Changes in the scope of consolidation and other**	**Reclassifications and other**	**Interim dividends**	**Valuation adjustments**	**Balance at 31/12/10**
Inversiones Autopistas, S.L.	80,087	(9)	-	16,325	(16,731)	-	79,672
VidaCaixa Adeslas, S.A.	-	274	15,966	-	-	(1)	16,239
Other	88,944	26,603	-	(21,373)	(9,336)	(5,433)	79,405
Total	**169,031**	**26,868**	**15,966**	**(5,048)**	**(26,067)**	**(5,434)**	**175,316**

2009

	Thousands of euros						
Company	**Balance at 31/12/08**	**Profit/(Loss) for the year**	**Changes in the scope of consolidation and other**	**Reclassifications and other**	**Interim dividends**	**Valuation adjustments**	**Balance at 31/12/09**
Inversiones Autopistas, S.L.	80,484	(8)	-	15,539	(15,928)	-	80,087
Hotel Caribe Resort, S.L.	7,240	-	(7,240)	-	-	-	-
Other	71,091	26,533	-	3,455	(8,646)	(3,489)	88,944
Total	**158,815**	**26,525**	**(7,240)**	**18,994**	**(24,574)**	**(3,489)**	**169,031**

12.8 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to the shareholders of Criteria CaixaCorp by the weighted average number of shares outstanding during the year.

	2010	2009
Net profit attributable to shareholders (thousands of euros)	1,822,932	1,316,628
Weighted average number of ordinary shares outstanding (thousands)	3,348,034	3,352,823
Basic and diluted earnings per share (euro/share)	**0.54**	**0.39**

The calculation of the weighted average number of ordinary shares outstanding excludes the average number of treasury shares. In 2010 Criteria CaixaCorp did not perform any transactions causing the basic earnings per share to differ from the diluted earnings per share.

The effect of the activities discontinued in 2009 did not change the basic or diluted earnings per share.

12.9 Capital management objectives, policies and processes followed by the Company

The Group manages its capital to provide the companies composing the Group with sufficient economic resources to be able to carry on its business activities. Aside from rationally and objectively managing the capital required to cover the risks assumed through its activity, the Group aims to maximise the return for the shareholders through an appropriate debt-to-equity balance. It is also policy to provide the Group with sufficient resources to enable it to undertake the international expansion defined in Note 1 hereto. This policy, however, should be interpreted within the context of the capital management policy of its majority shareholder "la Caixa" as it is a financial services company regulated in Spain, with its own internal risk and regulatory capital management model.

Minimum capital requirements and capital adequacy requirements

Additionally, various Group companies have to comply with minimum capital requirements and capital adequacy requirements in accordance with the specific legislation because they engage in financial and/or insurance activities governed by specific supervisory bodies, such as the Bank of Spain and Directorate-General of Insurance and Pension Funds, respectively.

The Group includes insurance companies which are required to hold disposable equity (capital adequacy) and a guarantee fund (one third of the solvency margin at minimum levels), as they operate in a regulated business which is supervised by the Directorate-General of Insurance and Pension Funds. In this respect, the Group's capital management will be affected by complying with these minimum requirements which will depend on the amounts and types of commitments assumed with the policyholders and insureds.

At 31 December 2010, all the Group companies fulfilled the regulatory capital requirements to which they are subject by law.

The concept of capital for the Group and management's objectives

For management purposes, the Group considers the debt comprising loans and credit facilities, included in the Note on "Financial Liabilities at Amortised Cost", cash and cash equivalents and the portion of equity formed by share capital, reserves and retained earnings as capital.

The objectives established above are met by determining the individual requirements of each of the entities, fulfilling the obligations arising from the regulated industries in which they operate and providing the Parent with its own resources. In this context, the directors plan to distribute an amount of dividends equal to a percentage equal to 60% of recurring consolidated profit (which does not include, for example, the gains on disposals of investments). The dividends will be paid in September, December, March and June.

At the date of authorisation for issue of these consolidated financial statements, Criteria CaixaCorp's objective is to maintain the ratio of Net Debt(1) to GAV(2), at under 30%, without prejudice to the effect of the reorganisation described in detail in the Note on "Events after the Reporting Period".

(1) Net Debt is defined as the bank borrowings less cash and cash equivalents of Criteria CaixaCorp and of the Group's holding companies.

(2) GAV corresponds to the market value of the equity instruments of Criteria CaixaCorp and of the Group's holding companies, which corresponds to its market price in the case of listed companies or valuations in accordance with methodologies accepted by the market.

13. PROVISIONS FOR INSURANCE CONTRACTS AND ADDITIONAL DISCLOSURES

At 31 December 2010 and 2009, the detail of the balance of the related heading is as follows:

	Thousands of euros	
Provisions for insurance contracts	**31/12/2010**	**31/12/2009**
Non-current	**18,272,037**	**17,524,100**
Mathematical provisions	18,211,250	17,463,398
Bonuses and rebates	58,183	60,702
Other technical provisions	2,604	-
Current	**870,142**	**487,090**
Unearned premiums	201,396	162,361
Claims	668,746	324,729
Total	**19,142,179**	**18,011,190**

The detail of this heading, based on the nature of the provisions in 2010 and 2009 is as follows:

	Thousands of euros	
	31/12/2010	**31/12/2009**
Life		
Mathematical provisions and provisions related to the life branch	18,511,506	17,740,479
Non-life		
Unearned premiums	201,396	162,361
Provisions for benefits	429,277	108,350
Total	**19,142,179**	**18,011,190**

The detail of the changes in provisions for life insurance in 2010 and 2009 is as follows:

	Thousands of euros	
	2010	2009
Beginning balance	**17,740,479**	**16,511,096**
Business combinations	2,368	-
Premiums	3,634,702	2,994,710
Discount rates	684,764	600,655
Insurance claims paid/collected	(2,480,098)	(2,545,204)
Adjustments relating to shadow accounting (Note 3.12)	(1,070,709)	179,222
Ending balance	**18,511,506**	**17,740,479**

In 2010 and 2009 the Group performed an insurance contract liability adequacy test in order to determine whether they are adequate to meet future obligations, as required by the new accounting legislation. This test disclosed that it was not necessary to recognise any deficiency in profit or loss in 2010 or 2009.

The mathematical conditions for the various types of life insurance in force at 31 December 2010 and 2009, which represent more than 5% of the premiums or the mathematical provisions of the life insurance business lines of the respective Criteria Group insurance companies, are as follows:

2010

					Bonuses		
					If applicable		
	Thousands of euros				Thousands of euros		
Type of cover	Premiums	Mathematical provisions at 31/12/2010	Tables used	Discount rate	Applicable Yes/No	Amount distributed	Form of distribution
Annuities	1,890,446	5,766,138	(3)	3.89%	No		
Deferred annuity	79,517	2,633,253	(1)	5.51%	Yes	1,900	To provision
Whole life	221,540	440,347	(4)	0.72%	No		
Deferred temporary annuity	90,440	615,466	(5)	3.16%	No		
Temporary annuities, whole life annuities and deferred capital	770,269	8,477,313	(2)	Variable	Yes	45,666	Claims
Life insurance for repayment of loans and credit	141,423	18,181	(6)	2.43%	No		

(1) GR-80, GR-80 less two years and GR-95 tables were used depending on the different types of cover. GR-95 or GK-95 tables were used for new business.

(2) GR-80, GR-80 less two years, GR-70 and GR-95 tables were mainly used for certain types of cover.

(3) GR-80 less two years and GR-95 tables were used depending on the different types of cover. GK-95 tables were used for new business.

(4) GR-80, GK-80, GR-95, GK-95, AR-80 and AK-95 tables were used depending on the different types of cover.

(5) GR-80, GR-80 less two years, GR-70, GR-95 and PER2000P tables were used depending on the different types of cover.

(6) GR-80 and GK-80 or AR-80 and AK-80 tables were used depending on the different types of cover. INE 2004-2005 for the new business.

2009

Type of cover	Premiums (Thousands of euros)	Mathematical provisions at 31/12/2009 (Thousands of euros)	Tables used	Discount rate	Bonuses: If applicable: Applicable Yes/No	Bonuses: If applicable: Amount distributed (Thousands of euros)	Bonuses: Form of distribution
Annuities	1,414,045	4,341,084	(1)	3.77%	No		
Deferred annuity	77,242	2,379,693	(2)	5.48%	Yes	1,998	To provision
Whole life	292,705	724,204	(3)	0.84%	No		
Deferred temporary annuity	118,055	648,923	(4)	3.39%	No		
Temporary annuities, whole life annuities and deferred capital	815,629	8,308,730	(5)	Variable	Yes	43,021	Claims
Life insurance for repayment of loans and credit	147,169	19,610	(6)	2.44%	No		

(1) GR-80, GR-80 less two years and GR-95 tables were used depending on the different types of cover. GR-95 or GK-95 tables were used for new business.

(2) GR-80, GR-80 less two years, GR-70 and GR-95 tables were mainly used for certain types of cover.

(3) GR-80 less two years and GR-95 tables were used depending on the different types of cover. GK-95 tables were used for new business.

(4) GR-80, GK-80, GR-95, GK-95, AR-80 and AK-95 tables were used depending on the different types of cover.

(5) GR-80, GR-80 less two years, GR-70, GR-95 and PER2000P tables were used depending on the different types of cover.

(6) GR-80 and GK-80 or AR-80 and AK-80 tables were used depending on the different types of cover.

14. OTHER PROVISIONS

The changes in "Other Long-Term Provisions" in 2010 were as follows:

	Thousands of euros					
	Balance at 31/12/09	Business combinations and changes in the scope of consolidation	Charge for the year	Amounts used	Excessive provisions	Balance at 31/12/10
Guarantees provided on the disposal of companies	33,521	-	-	-	-	33,521
Other third-party liability	29,784	(14,080)	6,752	(1,366)	(610)	20,480
Total	**63,305**	**(14,080)**	**6,752**	**(1,366)**	**(610)**	**54,001**

Guarantees provided on the disposal of companies

The provision for obligations assumed in relation to guarantees given to purchasers on the disposal of companies and recognised at 31 December 2010 relates to the best estimate of the obligations arising from and provided for contractually on the disposal of certain investments. The payment schedule established for the provision recognised at year-end ranges from one to four years based on the nature of the obligations assumed.

Other third-party liability

The amount relating to the changes in the scope of consolidation are due to the effect of two transactions: the exclusion from the Group of CaixaRenting which gave rise to a decrease of EUR 23,652 thousand, and the inclusion of the Adeslas Group that led to an increase of EUR 9,572 million, basically claims relating to its ordinary business.

15. FINANCIAL LIABILITIES AT AMORTISED COST

The detail of "Financial Liabilities at Amortised Cost" in the accompanying consolidated balance sheets at 31 December 2010 and 2009, based on the nature of the financial instrument giving rise to the liability, is as follows:

	Thousands of euros			
	31/12/2010		31/12/2009	
Financial liabilities at amortised cost	**Non-current**	**Current**	**Non-current**	**Current**
Bank borrowings	6,735,319	6,758,157	7,225,600	6,038,058
Bonds	865,044	-	918,625	-
Customer deposits	-	82	-	3,207
Subordinated liabilities	293,423	-	292,017	-
Other financial liabilities	-	892,453	-	423,867
Total	**7,893,786**	**7,650,692**	**8,436,242**	**6,465,132**

15.1 Bank borrowings

The detail of non-current and current bank borrowings at 31 December 2010 and 2009 is as follows:

2010

	Thousands of euros				
		Amount			
Concept	**Limit**	**Non-current**	**Current**	**Interest rate**	**Maturity**
Credit facility	5,500,000	4,022,935	-	3-month Euribor + 100 p.b.	July 2012
Loan at 4 years	1,000,000	1,000,000	-	3.579%	November 2013
Loan at 7 years	1,000,000	1,000,000	-	4.416%	November 2016
Repurchase agreements	-		6,433,076		
Financial business:					
Credit facilities and lines	296,628	217,855	-	Euribor + 0.25% / 0.50%	December 2011
Fixed interest bearing loans	-	358,167	-	IRS + 0.50%	November 2019
Other		136,362	325,081		
Total		**6,735,319**	**6,758,157**		

At 31 December 2010, the balance of "Financial Business – Credit Facilities and Lines" amounting to EUR 218 million relates to renewable credit facilities arranged with "la Caixa". The Group's financial services companies use these facilities as ongoing financing for their activities and, therefore, they are classified as non-current liabilities in the consolidated balance sheet.

2009

	Thousands of euros				
		Amount			
Concept	**Limit**	**Non-current**	**Current**	**Interest rate**	**Maturity**
Credit facility	5,500,000	3,546,701	-	1-month Euribor + 1%	July 2011
Loan at 4 years	-	1,000,000	-	3.579%	November 2013
Loan at 7 years	-	1,000,000	-	4.416%	November 2016
Repurchase agreements	-		5,714,770		
Financial business:					
Credit facilities and lines	1,267,962	1,031,073	-	Euribor + 0.25% / 0.50%	September 2010
Fixed interest bearing loans	782,590	647,826	-	Average rate 3.095%	April 2024
Other		-	323,288		
Total		**7,225,600**	**6,038,058**		

All the aforementioned financing was granted by "la Caixa" on an arm's length basis.

15.2 Bonds

On 12 November 2009, Criteria CaixaCorp placed its first bond issue amounting to EUR 1,000 million, maturing in November 2014. The final terms and conditions of the issue were registered at the CNMV on 26 November 2009.

The issue was taken up by 200 investors and demand was 2.2 times higher than the value of the issue. The bondholders receive a coupon rate of 4.125% per annum and an implicit return of 4.233%. The first coupon rate was received on 22 November 2010 for an amount of EUR 41 million.

The liability recognised at 31 December 2010, in relation to this issue, amounts to EUR 865 million, since certain of the bonds were subscribed by entities that form part of the Group.

15.3 Subordinated liabilities

In December 2000 the subsidiary VidaCaixa issued publicly traded subordinated debt amounting to EUR 150,000 thousand. This issue consists of subordinated perpetual debt securities bearing interest quarterly at a floating rate tied to Euribor, with a minimum coupon of 4.43% (4.5% AER) and a maximum coupon of 6.86% (7% AER) for the first ten years. This guarantee was renewed in 2010 for five additional years in the same conditions as previously. These perpetual bonds may be fully or partially redeemed at the discretion of the issuer and after obtaining authorisation from the Directorate-General of Insurance and Pension Funds.

Also, in 2004 VidaCaixa launched a second subordinated debt issue for a total of EUR 146,000 thousand, the characteristics of which are similar to those detailed in the preceding paragraph, with a coupon payable quarterly in arrears and a floating interest rate (3-month Euribor) which cannot fall below 3.5% AER or exceed 6% AER during the first ten years.

15.4 Other financial liabilities

The detail of "Other Current Financial Liabilities" at 31 December 2010 and 2009 is as follows:

	Thousands of euros	
	2010	2009
Dividends payable	471,000	-
Other payment obligations	244,105	335,702
Trade payables	130,126	10,608
Tax collection accounts	42,488	63,225
Accrued interest payable (bonds)	4,584	4,584
Guarantees received	150	9,748
Total	**892,453**	**423,867**

The announced dividends payable will be paid in the first quarter of 2011.

The other payment obligations relate mostly to obligations related to the insurance business (settlements to intermediaries, insureds, etc.) maturing at very short term.

16. TAX MATTERS AND INCOME TAX

16.1 Tax assets and liabilities

The detail of the tax assets and tax liabilities at 31 December 2010 and 2009 is as follows:

	Thousands of euros			
	2010		2009	
Tax assets	Non-current	Current	Non-current	Current
Deferred tax asset	179,908	-	177,480	-
Tax loss carryforwards	20,175	-	14,263	-
Unused tax credits	281,752	-	232,184	-
Arising on valuation of available-for-sale financial assets	5,869	-	-	-
Arising on valuation of cash flow hedges	2,810	-	12,389	-
Adaptation to mortality tables in insurance activities	14,244	-	16,120	-
Gains on disposal of fixed-income securities	25,340	-	27,565	-
Tax withholdings and prepayments	-	20,317	-	41,114
Tax – other items	-	706	-	21,285
Total	**530,098**	**21,023**	**480,001**	**62,399**

Tax liabilities	Thousands of euros			
	2010		2009	
	Non-current	Current	Non-current	Current
Tax liabilities resulting from valuation of available-for-sale financial assets	(820,206)	-	(926,398)	-
Deferral of recognition for tax purposes of income from the sale of securities	(31,152)	-	(34,369)	-
Elimination of results between companies in the tax group	(8,168)	-	(8,653)	-
VidaCaixa Grupo business combination	(87,334)	-	(98,662)	-
Other deferred tax liabilities	(72,809)	-	(26,967)	-
Income tax	-	(104,551)	-	(88,378)
Total	**(1,019,669)**	**(104,551)**	**(1,095,049)**	**(88,378)**

16.2 Income tax

Special consolidation regime

In 2010 Criteria CaixaCorp and some of its subsidiaries formed part of the "la Caixa" tax group and filed a consolidated tax return for income tax purposes.

The composition of the consolidated tax group is shown in Appendix IV.

Reconciliation of the accounting profit/to the taxable profit

The table below shows the reconciliation of the income tax expense recognised in the consolidated income statements for 2010 and 2009 to the corresponding income tax expense and the average effective tax rate:

	Thousands of euros	
	2010	2009
Profit before tax (1)	**1,881,778**	**1,362,490**
Adjustments for:		
Income from equity instruments	*(443,180)*	*(383,288)*
Result of companies accounted for using the equity method	*(932,751)*	*(839,049)*
Taxed profit	**505,847**	**140,153**
Gross tax payable (30%)	**(151,754)**	**(42,046)**
Adjustments to the tax charge:	82,333	12,649
Investment disposals taxed at lower rate	*35,438*	*(5,830)*
Tax credit for reinvestment of gains (disposal of investments)	*56,043*	*18,594*
Dividend double taxation tax credits	-	*5,631*
Withholdings from foreign dividends and other	*(9,148)*	*(5,746)*
Income tax (2)	**(31,978)**	**(27,412)**
Income tax for the year (income/(expense))	*(69,421)*	*(29,397)*
Effective tax rate	*(3.69%)*	*2.16%*
Adjustment to 2009 (*) and 2008 income tax, respectively	*37,443*	*1,985*
Profit after tax (1) + (2)	**1,849,800**	**1,335,078**

(*) Relating basically to the adjustment of 2009 income tax after the filing of the definitive income tax return, as a result of taking tax credits additional to those estimated at 2009 year-end.

Change in deferred tax assets and liabilities

The changes in deferred tax assets and liabilities and their impact on the income statement were as follows:

	Thousands of euros			
	Balance sheet		Income statement	
Deferred tax assets	31/12/2010	31/12/2009	2010	2009
Deferred tax asset	179,908	177,480	(2,428)	(104,949)
Tax loss carryforwards	20,175	14,263	(5,912)	1,040
Unused tax credits	281,752	232,184	(12,125)	(182,806)
Arising on valuation of available-for-sale financial assets	5,869	-	-	120,291
Arising on valuation of cash flow hedges	2,810	12,389	7,850	(10,560)
Adaptation to mortality tables in insurance activities	14,244	16,120	-	-
Gains on disposal of fixed-income securities	25,340	27,565	-	-
Total	**530,098**	**480,001**	**(12,615)**	**(176,984)**

Deferred tax liabilities	Thousands of euros			
	Balance sheet		Income statement	
	31/12/2010	31/12/2009	2010	2009
Tax liabilities resulting from valuation of available-for-sale financial assets	(820,206)	(926,398)	(29,330)	-
Elimination of results between companies in the tax group	(8,168)	(8,653)	(485)	(7)
VidaCaixa Grupo business combination	(87,334)	(98,662)	(11,328)	(11,327)
Other deferred tax liabilities	(103,961)	(61,336)	3,760	14,629
Total	**(1,019,669)**	**(1,095,049)**	**(37,383)**	**3,295**
Net deferred tax liabilities	**(489,571)**	**(615,048)**	**(49,998)**	**(173,689)**

Income statement	Thousands of euros	
	2010	2009
Current tax	(19,423)	144,292
Prior years' tax adjustments	37,443	1,985
Relating to changes in temporary differences	(49,998)	(173,689)
Income tax	**(31,978)**	**(27,412)**

Subsequent to filing the 2009 consolidated income tax return for the various companies composing the "la Caixa" tax group in July 2010, the tax group was unable to use all the tax credits foreseen by the Parent in that year. As a result, the unused tax credits (see "Changes in Deferred Tax Assets") at 31 December 2010 had increased with respect to 2009. These tax assets will be offset to the extent that the tax credits are taken in the tax group's income tax returns.

Tax credit for the reinvestment of extraordinary income

The definitive tax credit for the reinvestment of extraordinary income relating to 2010 and the information corresponding to the reinvestment made will be disclosed in the notes to the 2011 financial statements once the 2010 income tax return has been filed.

However, at 2010 year-end the companies in the consolidated tax group considered that they had made reinvestments in 2010 that can be assigned to gains qualifying for the tax credit amounting to EUR 165,574 thousand, relating to gains arising in 2010, and an estimated reinvestment tax credit of EUR 19,869 was recognised.

The definitive tax credit for the reinvestment of extraordinary income claimed in 2009 by Criteria Group companies amounted to EUR 200 thousand since reinvestments were made that qualified for the tax credit on income obtained in 2009 amounting to EUR 1,673 thousand.

The definitive tax credit for the reinvestment of extraordinary income claimed in 2008 by Criteria Group companies amounted to EUR 108,884 thousand since reinvestments were made that qualified for the tax credit on income obtained in 2008 amounting to EUR 545,669 thousand. Appendix V provides details of the main parameters pursuant to Article 42 of the Consolidated Spanish Corporation Tax Law approved by Legislative Royal Decree 4/2004, of 5 March.

16.3 Transactions qualifying for taxation under the special tax neutrality regime

The transactions in which Criteria CaixaCorp and other Group companies participated that were taxed under the special regime provided for in Chapter VIII of Title VII of the Consolidated Spanish Corporation Tax Law were as follows:

Year	Description of the transaction
2010	• Special non-monetary contribution by Criteria CaixaCorp to VidaCaixa Grupo, S.A.U. of shares of VidaCaixa Adeslas, S.A. de Seguros y Reaseguros, carried at EUR 1,130,035 thousand, for which Criteria CaixaCorp received shares of VidaCaixa Grupo, S.A.U. carried at the same amount.
2009	• Special non-monetary contribution by Criteria CaixaCorp to VidaCaixa Grupo, S.A. of shares of VidaCaixa S.A. de Seguros y Reaseguros, carried at EUR 81,594,173.04, for which Criteria CaixaCorp received shares of VidaCaixa Grupo carried at the same amount. • Merger by absorption of the investee Caixa Capital Desarrollo, S.A. (Sole-Shareholder Company) into Criteria CaixaCorp. • Merger by absorption of the investee Crisegen Inversiones, S.L. (Sole-Shareholder Company) into Criteria CaixaCorp. As a result of this merger, the ownership interest in VidaCaixa Grupo was included in the accounting records of Criteria CaixaCorp at value different to that at which it had been carried at Crisegen. In the accounting records of Crisegen it was carried at EUR 224,358,830.22 and at Criteria CaixaCorp at EUR 909,352,342.70 (which was the acquisition price of Crisegen paid by Criteria CaixaCorp). • Spin-off of the Port Aventura, S.A. line of business to Negocio de Finanzas e Inversiones IV as a result of which Criteria CaixaCorp reduced the amount at which it had been carried at Port Aventura, S.A. to EUR 58,468,243.40, which is the same value at which it recognised the shares of Negocio de Finanzas e Inversiones IV received.
2008	• Special non-monetary contribution by Criteria CaixaCorp to Port Aventura, S.A. of shares of Hotel Caribe Resort, S.A. carried at EUR 17,130 thousand, for which Criteria CaixaCorp received shares of Port Aventura, S.A. carried at the same amount. • Merger by absorption of la Caixa Gestión de Activos, Sociedad Gestora de Instituciones de Inversión Colectiva, S.A. (Sole-Shareholder Company) into Invercaixa Gestión, Sociedad Gestora de Instituciones de Inversión Colectiva, S.A. (Sole-Shareholder Company). • Merger by absorption of "la Caixa" Gestión de Pensiones, E.G.F.P., S.A.U. into VidaCaixa, Sociedad Anónima de Seguros y Reaseguros.
2007	• Special non-monetary contribution by Criteria CaixaCorp to Negocio de Finanzas e Inversiones I, S.L. of shares of Atlantia, S.p.A., Banco Comercial Portugués S.A. and Boursorama, S.A. with a carrying amount of EUR 297,940 thousand. As consideration for the non-monetary contribution, the Company's capital was increased by EUR 100,000 thousand, and the remaining value of the contribution was allocated to share premium. • Special non-monetary contribution by Criteria CaixaCorp to Holret, S.A. of shares of Hodefi, S.A.S. with a carrying amount of EUR 258,639 thousand, equal to the carrying amount of Hodefi's ownership interest in Criteria CaixaCorp.

Year	Description of the transaction
2005	• Merger by absorption of Grand P. Comercial, S.A., G.P. Resort, S.A. and USPA Hotel Ventures I, S.A. into Port Aventura, S.A.
2004	• Special non-monetary contribution by Criteria CaixaCorp to Caixa Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros of shares of Inmobiliaria Colonial, S.A. with a carrying amount of EUR 175,618 thousand, for which Criteria CaixaCorp received shares of Caixa Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros, which were recognised for the same amount. • Special non-monetary contribution by Criteria CaixaCorp to Repinves, S.A. of shares of Repsol YPF, S.A. with a carrying amount of EUR 206,272 thousand, for which Criteria CaixaCorp received shares of Repinves, S.A. which were recognised for the same carrying amount. • Merger by absorption of Swiss Life (España), S.A. de Seguros, Sole-Shareholder Company into VidaCaixa, S.A. de Seguros y Reaseguros. • Merger by absorption of Molina 6 Inversiones y Valores, S.A. Sole-Shareholder Company into InverCaixa Valores, S.V., S.A.
2002	• Merger by absorption of Corporació de Participacions Estrangeres, S.L. into Criteria CaixaCorp. The merger balance sheet of the absorbed company at 31 December 2001 is presented in the financial statements of Criteria, S.A. for 2002. • Merger by absorption of BuildingCenter, S.A. into Prominmo, S.A. • Special non-monetary contribution by Caixa de Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros and the Godia Group to Inversiones Autopistas, S.L. of 7% of ACESA and 23.41% of Iberpistas, respectively. The carrying amounts of the securities at the contributor companies totalled EUR 143,152 thousand and they were recognised for EUR 176,635 thousand at Inversiones Autopistas, S.L.
2001	• Special non-monetary contribution by Criteria CaixaCorp to InverCaixa Holding, S.A. as part of a share exchange whereby Criteria CaixaCorp received 1,000,000 shares of InverCaixa Holding, S.A., which it recognised for EUR 28,268 thousand, and contributed 3,119 shares of GesCaixa I, S.A., S.G.I.I.C., which were recognised for the same amount. • Special non-monetary contribution by Criteria CaixaCorp to e-"la Caixa", S.A. involving an exchange of shares whereby Criteria CaixaCorp received 90,000 shares of e-"la Caixa", S.A., which it recognised for EUR 10,515 thousand, and contributed 2,006,699 shares of Caixa On Line Services, S.A., which were recognised for the same amount. • Special non-monetary contribution by Criteria CaixaCorp to Banco Sabadell, S.A. involving an exchange of shares whereby Criteria CaixaCorp received 26,228,928 shares of Banco Sabadell, S.A., which it recognised for EUR 310,486 thousand, and contributed 7,609,295 shares of Banco Herrero, S.A., which were recognised for the same amount. • Special non-monetary contribution by Criteria CaixaCorp to Hotel Caribe Resort, S.L. (formerly Hotel Occidental Salou, S.L.) whereby Criteria CaixaCorp received shares of Hotel Caribe Resort, S.L., which it recognised for EUR 7,513 thousand, and contributed buildable land measured at the same amount.

Year	Description of the transaction
2000	• Special non-monetary contribution by Criteria CaixaCorp to Caixa de Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros. "la Caixa" received shares of Caixa de Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros carried at EUR 61,982 thousand, and contributed shares to Telefónica, S.A. carried at the same amount. • Special non-monetary contribution by "la Caixa" to Corporació de Participacions Estrangeres, S.L. whereby "la Caixa" received shares of Corporació de Participacions Estrangeres, S.L., which it recognised for EUR 6,190 thousand, and contributed shares of BPI S.G.P.S., S.A., which were recognised for the same amount. • Special non-monetary contribution and exchange of shares of "la Caixa" with Criteria CaixaCorp, S.A. whereby "la Caixa" received shares of Criteria CaixaCorp, S.A., which it recognised for EUR 8,236,330 thousand, and contributed shares of various companies, which were recognised for the same amount.

16.4 Years open for review by the tax authorities

Under current legislation, tax returns may not be considered to be final until they have been reviewed by the tax authorities or until the statute of limitations period has expired. The last four years since the close of the statutory filing period are open for review by the tax authorities.

The tax group to which Criteria CaixaCorp and certain of its subsidiaries belong was audited by the tax authorities in 2005 for the period from 2000 to 2003 in relation to the main taxes applicable to it. The tax audit was completed in 2007 and the tax assessments issued against the tax group companies were scantly material.

In 2010 the audit of the tax group to which Criteria CaixaCorp and certain of its subsidiaries belong was completed for the period from 2004 to 2006 and did not give rise to material liabilities.

17. INCOME AND EXPENSES

As mentioned in the Note on “Business Combinations and Changes in Control” the acquisition of the Adeslas Group represented a significant increase in many of the components of the income statement. The detail of the main consolidated income statement headings is as follows.

17.1 Revenue

The detail, by business line, of “Revenue” in the accompanying consolidated income statements for 2010 and 2009 is as follows:

	Thousands of euros	
Revenue	**2010**	**2009**
Income from insurance activity	*5,942,349*	*4,272,388*
Insurance and reinsurance premiums collected	4,853,050	3,296,984
Asset management fees received	120,043	114,164
Finance income from insurance activity	969,256	861,240
Income from financial services activity	*273,843*	*255,154*
Finance income from loans secured by other collateral	2,420	2,775
Finance income from unsecured loans	61,347	64,923
Income from finance leases	23,387	22,970
Asset management fees received	166,262	142,099
Other income	20,427	22,387
Other income	*217,184*	*158,117*
Total	**6,433,376**	**4,685,659**

Income from insurance activity

The Group’s insurance business is basically conducted through VidaCaixa, a company specialising in life insurance and pension plan management, and VidaCaixa Adeslas, which specialises in nonlife insurance such as homeowners´, accident and motor insurance as well as medical, healthcare and dental care insurance subsequent to the inclusion of Adeslas, amounting to EUR 806 million.

The increase in profit from the insurance activity with respect to the same period in 2009 is due mainly to the aforementioned inclusion of the Adeslas Group to the upturn in the activity of the various branches of insurance in which the Group operates, basically as a result of the increase in health and savings insurance premiums.

Other income

“Other Income” includes the income from operating leases (financial services segment) amounting to EUR 123 million (2009: EUR 140 million) and income relating to the healthcare business of VidaCaixa Adeslas amounting to EUR 88 million.

17.2 Income from equity instruments

The breakdown of "Income from Equity Investments" in the accompanying consolidated income statements for 2010 and 2009 is as follows:

	Thousands of euros	
Company	**2010**	**2009**
Telefónica, S.A.	297,702	212,195
Repsol YPF, S.A.	137,064	147,037
Bolsas y Mercados Españoles, S.A.	8,261	8,321
Erste Group Bank AG (*)	-	10,097
The Bank of East Asia, Ltd (*)	-	4,912
Other	153	726
Total	**443,180**	**383,288**

(*) Investments accounted for using the equity method at 31 December 2009.

17.3 Gains (Losses) on financial assets and liabilities

The gains (losses) in 2010 recognised under this heading relate mainly to the sale of 0.28% of the investment in Telefónica (12,689,289 shares) and 0.86% of the investment in Repsol (10,498,828 shares). Both transactions are discussed in the Note on "Financial Assets".

17.4 Gains (Losses) on transaction with Group companies, jointly controlled entities and associates

This heading includes primarily the gains or losses before tax of the transactions performed in 2010 in relation to the investments held by the Group in Gas Natural, Abertis and Agbar, discussed in the Note on "Investments Accounted for Using the Equity Method", and the sale of the renting business discussed in the Note on "Business Combinations and Changes in Control".

17.5 Operating expenses

The detail, by business line, of "Operating Expenses" in the accompanying consolidated income statements for 2010 and 2009 is as follows:

	Thousands of euros	
Operating expenses	**2010**	**2009**
Expenses of the insurance activity	*5,354,555*	*3,859,134*
Reinsurance premiums paid	31,233	27,032
Claims paid and other insurance-related expenses	3,137,294	2,530,688
Net provisions for insurance contract liabilities	1,922,261	1,083,041
Asset management fees paid and other related items	203,956	152,620
Finance costs of the insurance activity	59,811	65,753
Financial services activity expenses	*124,372*	*112,574*
Asset management fees paid and other related items	105,695	87,906
Finance costs	18,677	24,668
Procurements	*29,180*	*2,051*
Total	**5,508,107**	**3,973,759**

17.6 Staff costs

The detail of "Staff Costs" in the accompanying consolidated income statements for 2010 and 2009 is as follows:

	Thousands of euros	
	2010	2009
Wages and salaries	169,666	79,845
Social security costs	18,449	16,163
Termination benefits	721	399
Other staff costs	8,359	7,478
Total	**197,195**	**103,885**

In 2010 and 2009 the average number of employees at the Group companies, by professional category, was as follows:

	2010			2009		
Category	Men	Women	Total	Men	Women	Total
Senior and middle management	371	221	592	181	91	272
Clerical staff	1,023	2,284	3,307	521	915	1,436
Assistants	370	1,275	1,645	13	42	55
Temporary employees	270	876	1,146	18	37	55
Total	**2,034**	**4,656**	**6,690**	**733**	**1,085**	**1,818**

The increase in staff costs and in the average number of employees is due to the business combination with the Adeslas Group carried out in 2010.

17.7 Depreciation and amortisation charge

The detail of "Depreciation and Amortisation Charge" is as follows:

	Thousands of euros	
	2010	2009
Intangible assets (Note 5)	73,400	45,999
Property, plant and equipment and investment property	109,400	109,622
Total	**182,800**	**155,621**

The increase in the amortisation charge for intangible assets is mainly due to amounts recognised for the customer portfolio of the healthcare business acquired in the business combination with the Adeslas Group.

17.8 Net impairment losses

The detail of "Impairment Losses Recognised/Reversed" in the accompanying consolidated income statements for 2010 and 2009 is as follows:

	Thousands of euros					
	2010			2009		
	Reversals	Losses	Net	Reversals	Losses	Net
Property, plant and equipment	6,282	(152)	**6,130**	-	(31,631)	**(31,631)**
Investments in associates (Note 8)	-	(50,000)	**(50,000)**	-	(168,888)	**(168,888)**
Available-for-sale financial assets	-	-	**-**	-	(2,844)	**(2,844)**
Loans and receivables	16,313	(38,102)	**(21,789)**	14,336	(137,773)	**(123,437)**
Other	258	(221)	**37**	441	(2,424)	**(1,983)**
Total	**22,853**	**(88,475)**	**(65,622)**	**14,777**	**(343,560)**	**(328,783)**

17.9 Other operating expenses

The detail of "Other Operating Expenses" in 2010 and 2009 is as follows:

	Thousands of euros	
	2010	2009
Technical reports, professional services and legal expenses	43,370	20,795
IT and communications costs	35,213	32,245
Advertising and publicity	29,699	25,616
Utilities and office equipment	17,681	3,414
Rentals	11,406	8,763
Managing and control bodies	7,252	6,592
Non-current asset maintenance costs	5,315	5,062
Commercial expenses	3,833	3,917
Taxes other than income tax	2,716	931
External recovery services	1,455	1,306
Third-party licences and fees	1,328	1,646
Insurance	452	1,693
Security and transfer of funds	186	806
Other	23,656	15,235
Total	**183,562**	**128,021**

The fees and expenses relating to the audit of the separate and consolidated financial statements of the Group companies in 2010 amounted to EUR 1,105 thousand (2009: EUR 1,076 thousand), of which EUR 925 thousand (2009: EUR 874 thousand) were billed by Deloitte, S.L. and other firms in its group or related to it.

The other financial audit-related services amounted to EUR 229 thousand in 2010 (2009: EUR 79 thousand), of which EUR 211 thousand (2009: EUR 63 thousand) were billed by Deloitte, S.L. and other firms in its group or related to it.

Also, the fees and expenses paid in 2010 for other services provided by the auditors amounted to EUR 1,138 thousand at 31 December 2010 (2009: EUR 533 thousand), of which EUR 526 thousand (2009: EUR 162 thousand) were billed by Deloitte, S.L. and other firms in its group or related to it.

The entry into force of Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, establishes the obligation for companies to expressly publish information on the payment periods to their suppliers in the notes to the financial statements. In relation to this disclosure obligation, on 31 December 2010 the corresponding resolution issued by the Spanish Accounting and Audit Institute (ICAC) was published in the Spanish Official State Gazette.

Pursuant to Transitional Provision Two of the aforementioned resolution, it is hereby disclosed that at 31 December 2010, of the total of the trade payables recognised under "Accounts Payable", none of the invoices relates to past-due amounts by more than the maximum payment period established by Law 15/2010 (85 days).

17.10 Other gains and losses

The detail of "Other Gains" and "Other Losses" in the 2010 and 2009 consolidated income statements is as follows:

	Thousands of euros					
	2010			2009		
	Gains	Losses	Net	Gains	Losses	Net
Disposal of property, plant and equipment	13,080	(12,417)	**663**	1,543	(22,298)	**(20,755)**
Other	26,401	(7,923)	**18,478**	4,291	(3,191)	**1,100**
Total	39,481	(20,340)	**19,141**	5,834	(25,489)	**(19,655)**

18. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

At 31 December 2010, cash and cash equivalents had increased by EUR 251 million with respect to 2009. The cash flows from operations (EUR 2,267 million) were virtually offset by the flows used in investing activities (EUR 2,346 million).

Cash flows from operating activities

The main disclosures relating to operating activities are as follows:

	Thousands of euros	
Adjustments for	**2010**	**2009**
Depreciation and amortisation charge	182,800	155,621
Impairment losses recognised (+)/reversed (–)	65,622	328,783
Change in provisions (+/–)	8,970	20,579
Net provisions for insurance contract liabilities (+)	1,670,310	1,037,078
Gains/Losses on disposal of property, plant and equipment (+/–)	(662)	20,755
Net gains/losses on disposal of investments (+/–)	(241,644)	(378)
Net gains/losses on other items (+/–)	(18,479)	-
Net gains/losses on financial transactions (+/–)	(170,781)	(362,894)
Result of companies accounted for using the equity method	(932,751)	(839,049)
Income from equity instruments (–)	(443,180)	(383,288)
Finance income (–)	(13,064)	(6,679)
Finance costs (+)	225,903	181,965
Total	**333,044**	**152,493**

	Thousands of euros	
Changes in working capital	**2010**	**2009**
Tax receivables and payables	93,059	(24,870)
Other current assets	1,344	178,275
Other current liabilities	(53,005)	(73,766)
Inventories	21	8,236
Total	**41,419**	**87,875**

The cash flows recognised under "Other Operating Assets and Liabilities" in the accompanying consolidated statement of cash flows relate mainly to deposits associated with financial derivative contracts amounting to EUR 239 million.

Cash flows used in investing activities

The investments in "Subsidiaries, Joint Ventures and Associates" amounting to EUR 1,678 million relate mainly to the acquisition of the Adeslas Group for EUR 1,193 million and to the investments in The Bank of East Asia and Gas Natural amounting to EUR 347 million and EUR 102 million, respectively.

The investments in "Available-for-Sale Financial Assets" relate to the payment for the investments made in listed shares (Telefónica and Repsol) and investments in the fixed-income securities of the insurance companies (net investments of EUR 1,800 million). The detail is as follows:

Investments	Thousands of euros
Equity instruments	581,353
Investments in debt instruments	12,345,230
Investments in available-for-sale financial assets	**12,926,583**

Divestments	Thousands of euros
Equity instruments	571,530
Investments in debt instruments	10,545,529
Sales of available-for-sale financial assets	**11,117,059**

All the investments and divestments in the year were paid and collected in cash.

Cash flows from financing activities

Most of the financing obtained in the year was through the EUR 476 million credit facility of Criteria CaixaCorp and through fixed-income asset repurchase agreements amounting to EUR 718 million.

19. FAIR VALUE

The detail of the fair value of the financial instruments at 31 December 2010 and 2009 recognised in the consolidated balance sheet is as follows:

	Millions of euros			
	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS				
Available-for-sale financial assets:				
– Debt instruments	19,343	19,343	18,394	18,394
– Equity instruments	7,197	7,197	7,594	7,594
Loans and receivables	1,348	1,356	1,450	1,486
Short-term bank deposits	6,674	6,674	6,362	6,362
Other financial assets	540	540	449	449
Cash and cash equivalents	605	605	354	354
Total	**35,707**	**35,715**	**34,603**	**34,639**
LIABILITIES				
Liabilities at amortised cost	8,269	8,203	8,789	8,801
Derivatives	11	8	271	271
Repurchase agreements	6,383	6,383	5,715	5,715
Other financial liabilities	1,103	1,113	678	678
Total	**15,766**	**15,707**	**15,453**	**15,465**

The fair value of financial instruments carried using a method other than fair value was calculated as follows:

- Since cash and cash equivalents and certain current financial assets such as short-term deposits are liquid instruments or mature within twelve months, their fair value approximates their carrying amount.
- The fair value of the loans and receivables and financial liabilities at amortised cost was estimated by discounting the expected cash flows using a market interest rate at each year-end or similar methods with the following particularities:
  - Pursuant to the policy adopted of hedging interest rates, for loans and receivables –generated substantially in full by the Groups financial services activity– the difference between fair value and carrying amount is hedged by interest rate derivatives or through loan agreements arranged at fixed interest rates.
  - Most borrowings are arranged with the majority shareholder at floating interest rates (see Note on "Financial Liabilities at Amortised Cost") tied to market rates and, therefore, the carrying amount and fair value thereof are similar at year-end.

The table below shows the main financial instruments recognised at fair value at 31 December 2010 and 2009 broken down by the method used to estimate their fair value:

	Millions of euros					
	31/12/2010			31/12/2009		
Financial instruments	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
ASSETS						
Available-for-sale financial assets:						
– Debt instruments	11,317	8,026	-	9,970	8,225	-
– Debt instruments	7,195	-	2	7,594	-	-
Other financial assets	-	201	-	-	186	-
LIABILITIES						
Derivatives	-	11	-	-	271	-

Asset transfers from Level 1 to Level 2 amount to EUR 175 millions and the transfers from Level 2 to Level 1 amount to EUR 156 million.

The fair value of the available-for-sale equity instruments and the investments accounted for using the equity method are as follows:

Company	Consolidation method	31/12/2010 % own.	31/12/2010 Thousands of euros Fair value	31/12/2009 % own.	31/12/2009 Thousands of euros Fair value
Telefónica, S.A.	AFS	5.03%	3,890,943	5.16%	4,601,264
Gas Natural, S.D.G., S.A.	Equity	36.64%	3,880,636	36.43%	5,065,336
Repsol YPF, S.A.	AFS	12.69%	3,229,757	12.68%	2,898,185
Abertis Infraestructuras, S.A.	Equity	24.61%	2,446,989	25.04%	2,770,813
Grupo Financiero Inbursa (1)	Equity	20.00%	2,185,746	20.00%	1,343,461
Erste Group Bank AG	Equity	10.10%	1,342,202	10.10%	994,721
The Bank of East Asia, Ltd (1)	Equity	15.20%	972,566	9.81%	501,022
Banco BPI, S.A.	Equity	30.10%	375,197	30.10%	574,308
Boursorama, S.A.	Equity	20.76%	144,026	20.85%	176,072
Bolsas y Mercados Españoles	AFS	5.01%	74,692	5.01%	94,256
Sociedad General de Aguas de Barcelona, S.A. (2)	Equity	-	-	44.10%	1,313,901
Fair value			**18,542,754**		**20,333,339**
Acquisition cost (3)			**16,155,336**		**16,602,805**
Gain before tax			**2,387,418**		**3,730,534**

(1) Investments denominated in foreign currency. The exchange rate at year-end was used.

(2) The shares of Agbar were permanently delisted on 1 June 2010.

(3) For the companies accounted for using the equity method, acquisition cost was taken to be the underlying carrying amount plus goodwill less the change in value of the available-for-sale financial assets, hedges of future cash flows and the exchange differences included in the equity of the investee, net of impairment losses.

The fair value of the Group's property, plant and equipment and investment property amounted to EUR 944 million at 31 December 2010 (carrying amount of EUR 753 million). This fair value was estimated based on, primarily, (a) the value of the assets acquired in the context of the business combination with the Adeslas Group amounting to approximately EUR 319 million which were recognised at fair value on acquisition, (b) the valuation of the land, hotels and ancillary complexes of Mediterránea Beach & Golf Community, S.A. amounting to EUR 569 million, and (c) certain properties related to the insurance activity valued at EUR 44 million. Most of this valuation was obtained from appraisals performed by experts in 2010, in relation a properties and building plots used in the healthcare, real estate and hotel activities, as well as for own use in the Group's insurance activity.

20. RISK MANAGEMENT POLICY

The principal risks to which the Group is exposed are extensively discussed in this Note to the financial statements for 2008 and in the annual corporate governance report published at www.criteria.com. Following is a list of the risks that might affect the economic profitability of the Group's activities, its financial solvency, compliance with the various applicable laws and its corporate reputation:

- Market risk. This includes the value of the ownership interests in other companies, classified as available-for-sale financial assets, and changes in interest rates and foreign exchange rates.
- Liquidity risk. This relates mainly to the lack of liquidity of certain of its investments or needs arising from their commitments or investment plans.

- Credit risk. Arising when counterparties fail to meet their payment obligations and the possible losses as a result of changes in their credit quality. Conceptually, this type of risk includes investments in the portfolio of jointly controlled entities and associates, and available-for-sale investments intended to be held on a long-term basis.
- Insurance business risks. Relating to the mathematical or the underwriting risk. Exhaustive control is exercised over technical-actuarial risks.
- Country risk. Consisting of the possibility of assets becoming impaired or of a decrease in funds generated or transferred to the Parent as a result of political, economic and social instability in the countries in which investments are held.
- Operational risk. Relating to errors in the implementation and execution of operations.

In this connection, the Board of Directors carries out supervisory functions in relation to the performance of the investees and periodically monitors the control and risk management systems in place, both directly and through the Audit and Control Committee.

Management's priority is to identify the main risks in terms of the most significant businesses and apply policies with high degree of decentralisation in view of the wide variety of businesses and their high level of specialisation.

Various methods and tools are used to measure and monitor the risks:

- For investments not classified as available for sale, and for investments classified as available for sale but intended to be held on a long-term basis the most significant risk is default risk and, therefore, the PD/LGD (Probability of Default and Loss Given Loss and loss severity) approach is used.
- For other holdings classified as available for sale, the most significant risk is market risk and, therefore, the market (VaR) approach is used.

These methods and tools make it possible to adequately assess and measure the Group's exposure to the risk and, as a result, take the decisions required to minimise the impact of these risks with a view to making the following more stable:

- Cash flows, to facilitate financial planning and to be able to take appropriate investment or divestment decisions.
- The income statement, with the aim of promoting medium- and long-term stability and growth.
- The value of equity, in order to safeguard the value of the investment made by the shareholders.

A detail of the main risks and of the policies adopted to minimise their impact on the Group's financial statements is as follows.

20.1 Market risk

This refers to the risk that the value of a financial instrument may vary as a result of changes in the price of shares, interest rates or foreign exchange rates. Possible consequences of these risks are decreases in equity and losses arising due to changes in market prices composing the investment portfolio, rather than the trading portfolio, at medium to long term.

Price risk

At 31 December 2010 and 2009, substantially all the Group's investments in equity instruments related to listed securities. Consequently, the Group is exposed to the market risk generally associated with the listed companies whose shares fluctuate in price and trading volume due to factors beyond the Group's control.

In 2008 and until the beginning of 2009 the crisis on the financial and stock markets led to a marked decrease in the market's valuation of the investment portfolio, whereby its market value was lower than its acquisition cost when certain of these investments are considered on a case-by-case basis. During 2010 and 2009, as a result of the stabilisation and improvement of the principal economic indicators, the valuations recovered significantly. As a result of this recovery, the market value of these investments amounted to EUR 7,195 million at 31 December 2010 (EUR 7,594 million at 31 December 2009, considering the same portfolio) with unrealised gains before tax of EUR 2,487 million (EUR 3,055 million at 31 December 2009).

The Group has specialised teams which continually monitor investee transactions, more or less in accordance with the Group's level of influence in them, using a combination of indicators which are updated periodically. Also, in conjunction with the Strategic Risk Management Division of "la Caixa", investment risk measurements are taken, both from the standpoint of the risk inherent in market price volatility, using VaR (Value at Risk) models on the risk-free interest rate yield spread as proposed for banks by the New Basel Capital Accord (NBCA), and from the point of view of the possibility of default (credit risk), applying models based on the Probability of Default and Loss Given Default ("PD" and "LGD") approaches, also in accordance with the provisions of the NBCA.

Management monitors these indicators on an individualised basis to be able to take at any moment the most appropriate decisions on the basis of the market performance observed and predicted and the Group's strategy.

In relation to risk concentration and as detailed in the Note on "Financial Assets", the available-for-sale equity instruments relate mainly to Telefónica and Repsol, the fair values of which amount to EUR 3,891 million and EUR 3,230 million, which represent approximately 7.6% and 6.3% of consolidated assets. The Group applies an active policy that enables it to mitigate the concentration of risk through the arrangement on an arm's length basis of hedging instruments. At 31 December 2009, a hedging instrument was held on 1% of the ownership interest in Telefónica, which was terminated in the first half of 2010. At 31 December 2010, there were no hedging instruments on these shares.

As regards the investments in available-for-sale financial assets (fixed-income), the risk of a change in fair value relates to a fall in the counterparty's rating (discussed in the section on Credit Risk) and to the changes in interest rates. Since the Group's strategy for these investments, within the context of the insurance group, is to sell them on maturity in order to cover its obligations to insureds, the effect on the Group's equity is considered to be scantly material.

Interest rate risk

Interest rate risk mainly takes the form of exposure to change in (a) the finance charges for debt at a floating rate, and (b) the value of the fixed rate financial assets (mainly loans granted and debt securities). Accordingly, the risk basically arises from financial and insurance activities and Group borrowings. In this regard, in interest rate risk management, the sensitivity of the fair value of the assets and liabilities to changes in the structure of the market rate curve is considered.

Interest rate risk is managed and controlled directly by the management of the companies involved.

The Group's financial services entities are exposed to the interest rate risk arising from their financial assets and fixed-rate credits and loans, acquired in accordance with their activities while borrowing is mostly arranged at a floating rate. The risks associated with these financial assets are measured periodically based on the market conditions at any given time in order to decide whether to arrange new cash flow hedges or to alter the floating rate terms and conditions, for example by arranging loans at fixed rates. The policies adopted enable the Group to mitigate the interest rate risk associated with financial assets at a fixed rate.

The insurance companies are obliged to calculate mathematical provisions based on the maximum interest rate published by the Directorate-General of Insurance and Pension Funds. If the actual rate of return on investments is lower, the insurance provision will be calculated using the effective interest rate. When certain investments are assigned to insurance transactions, the interest rate used to calculate the mathematical provisions will be determined using the internal rate of return on the investments.

At 31 December 2010, Criteria CaixaCorp had two fixed-interest loans of EUR 1,000 million each maturing in 2013 and 2016. There is also a bond issue amounting to EUR 1,000 million that matures in 2014. These transactions are described in detail in the Note on "Financial Liabilities". Also, the Group's financial services entities arranged fixed-interest loans with "la Caixa", the balance in this connection at 31 December 2010 being EUR 358 million.

Foreign currency risk

The functional currency for most of the assets and liabilities in the Group's consolidated balance sheet is the euro. The main asset items on the consolidated balance sheet are subject to exchange rate fluctuations, the detail being as follows:

Balance sheet heading	Asset	Currency	Millions of euros (1)	Observations
Investments accounted for using the equity method	GF Inbursa	MXN	1,731	
	The Bank of East Asia	HKD	1,202	In 2010 an investment of EUR 356 million was made
Available-for-sale financial assets – Debt instruments	Fixed income – insurance segment	USD GBP JPY	198 37 6	Risk hedged with euro-denominated swaps

(1) Equivalent euro value at 31 December 2010.

In relation to its shareholdings, the Company hedges items that affect profit or loss. Therefore, it hedges cash flows but not investment positions as they are considered to be very long-term items.

The Group may also be indirectly exposed to foreign currency risk through the foreign currency investments made by the companies accounted for using the equity method due, in certain cases, to the major international presence of these companies.

The Group's policies, on the basis of the overall quantification of risk, take into account the advisability of arranging either derivative financial instruments or debt in the same currency or currencies of the economic environment as the assets in which the investment is made.

Sensitivity analysis

The financial variables which could have a significant impact on the Group's profit and equity are as follows:

- Changes in the price of shares of listed companies.
- Changes in interest rates.

Changes in the price of shares of listed companies

The fluctuations in the price of shares of the investees recognised under "Available-for-Sale Financial Assets" could have a direct effect on equity at the balance sheet date. Indirectly, it could affect profit, but only within the context of an impairment test. An adverse change in the market value of the investments recognised under "Investments Accounted for Using the Equity Method" would not directly affect the value of the investment, although, together with other indicators, it might indicate the need to perform an impairment test.

The impact of a 10% increase or decrease in the market price of the shares representing over 95% of the share portfolio classified under "Available-for-Sale Financial Assets" would give rise to an increase or a decrease in the Group's equity of approximately EUR 504 million in each case under "Valuation Adjustments" at 31 December 2010. In any case, the decrease in equity that would arise in the event of a drop in the market price of the shares is EUR 1,657 million lower than the unrealised gain recognised under "Equity – Valuation Adjustments".

Changes in interest rates

The market interest rate affects the financial profit since most financial liabilities and certain financial assets (basically cash and cash equivalents) are arranged at a floating rate (tied to Euribor). Accordingly, there is considerable exposure to interest rate changes. The effect on profit, based on the instruments indicated at the balance sheet date plus the instruments that might reasonably be expected to be arranged in 2010 in line with the investment commitments existing at year-end, would be as follows:

	Millions of euros
Change	**Effect on profit net of tax**
–0.5%	12
+0.5%	(12)
+1%	(24)

The Group's financial activities also include debt at a floating rate. The related exposure to changes in interest rates is mitigated using swaps (cash flow hedges) and, therefore, would not have a material impact on profit. Additionally, the impact on the insurance activity of a change in interest rates is shown in the sensitivity analyses detailed in the "Insurance Business Risks" section of this Note.

Following is a detail of the analysis of the sensitivity (changes in equity at 31 December 2009) of the fair values of derivatives to changes in the euro interest rate curve (parallel shifts):

	Millions of euros
Change	**Effect on equity**
–0.5%	(2)
+0.5%	2
+1%	3

20.2 Liquidity risk

Liquidity risk relates to the possibility of a company not being able to meet its payment obligations because it cannot sell a financial instrument sufficiently quickly without incurring significant additional costs. The liquidity risk associated with the possibility of financial investments being converted into cash is of little significance since they are generally listed on deep, active markets.

In its investing activity, the Group takes into account in the management of its liquidity the generation of sustained and significant cash flows by its businesses and investments and the capacity to realise its investments which, in general, are listed on deep, active markets.

In its insurance activity, the Group manages liquidity in such a way that it can always cover any obligations which might arise. This objective is achieved by actively managing liquid assets, through ongoing monitoring, by maturity term, of the balance sheet structure to detect, in advance, the occurrence of inadequate short- and medium-term liquidity structures, whilst adopting a strategy lending stability to financing sources. Within the framework of the cash flow immunisation policy, the investment portfolio is only settled in the event of surrender and of possible changes in credit risk.

In addition, the Group receives, in terms of liquidity, ongoing financing from its significant shareholder ("la Caixa"), without prejudice to the possibility of turning in the future to alternative sources of financing in the capital markets.

The following tables detail the maturities of the financial assets and liabilities of the Group, including those relating to the insurance business, so as to present the liquidity situation at 31 December 2010:

	Maturity (in millions of euros)			
Type of financing item	**Within 12 months**	**1 to 3 years**	**3 to 5 years**	**After 5 years or no set maturity**
ASSETS				
Available-for-sale financial assets:				
– Debt instruments	-	-	-	19,343
– Equity instruments	-	-	-	7,197
Loans and receivables	745	420	64	119
Reinsurance assets		-	-	23
Short-term bank deposits	6,674	-	-	-
Cash and cash equivalents	605	-	-	-
Other financial assets	316	-	-	201
Total	**8,340**	**420**	**64**	**26,883**
LIABILITIES				
Provisions relating to insurance contracts	870	-	-	18,272
Liabilities at amortised cost	729	5,158	1,042	1,340
Reverse repurchase agreements	6,383	-	-	-
Other financial liabilities	896	8	-	210
Total	**8,878**	**5,166**	**1,042**	**19,822**

The provisions relating to insurance contracts, which relate to mathematical provisions, and the available-for-sale fixed-income financial assets allocated to cover these provisions were presented in the foregoing table at more than five years due to the uncertainty as to the maturities of these types of liabilities. In any case, the maturities of these assets and liabilities have been immunised pursuant to the applicable insurance legislation.

The liabilities at amortised cost maturing in less than twelve months include renewable credit facilities with "la Caixa" amounting to EUR 353 million at 31 December 2010. The Group's financial services companies have used these facilities as ongoing financing for their activities. It should also be borne in mind that the Parent had unused credit facilities at 31 December 2010 amounting to EUR 1,477 million, as detailed in the Note on "Financial Liabilities at Amortised Cost".

20.3 Credit risk

Credit risk refers to the risk of incurring losses through breach of contractual payment obligations by a debtor or changes in the risk premium relating to the financial solvency of the debtor. The main credit risks relate to the investments in fixed-income securities of the portfolios assigned to the insurance activity and, in the financial activity, through the loans and credits granted to customers. A credit risk also arises from the investment in associates, mainly listed associates, which differs from the risk related to the market value of their shares.

Group credit risk management is controlled by strict internal compliance with the policies defined by management. This procedure defines the asset category suitable for inclusion in the investment portfolio using definition parameters such as the main rating scales, terms, counterparties and concentration. These procedures are of importance in the area of the insurance activity in which most of the fixed-income security investments are made.

The detail of the fixed-income investment portfolio assigned to the insurance activity, by rating, is as follows (millions of euros):

Rating	31/12/2010	31/12/2009
AAA	3,035	3,886
AA+	2,050	5,049
AA	7,572	577
AA–	586	1,152
A+	2,061	2,959
A	1,365	1,607
A–	1,308	1,818
BBB+	508	579
BBB	485	448
BBB–	113	165
"Investment grade"	19,083	18,240
	99%	*99%*
BB+	134	24
BB	37	65
B	-	1
B–	1	-
Not rated	88	64
"Non-investment grade"	260	154
	1%	*1%*
Total	**19,343**	**18,394**

The Group's financial activity has a credit risk control and monitoring policy consisting of the measurement and control of the current and future risk level using specialised tools (e.g. scoring matrixes, transaction capture rules, recovery management) and the monitoring of the compliance and effectiveness of these tools. The risk is always counterbalanced by the level of transaction acceptance targeted.

The value of investments in jointly controlled entities and associates, EUR 12,253 million, is in principle not subject to the risk of a change in the price of the shares, since their market price does not affect the figures in the consolidated balance sheet or consolidated income statement because of the way investments of this nature are accounted for. The risk for the Group in investments of this nature is associated with the performance of the business of the investee, and the possible bankruptcy thereof, since the market price of the shares is a mere indicator. In general, this risk can be classified as a credit risk. The tools used to measure these risks are models based on the PD/LGD (Probability of Default and Loss Given Default) approach, also as provided for in the New Basel Capital Accord (NBCA). The investments in available-for-sale financial assets (equity instruments), held on a permanent basis, use the same type of measurement tools as those discussed above.

The "Net Impairment Losses" in the consolidated income statement for the year amounting to EUR 66 million include the estimated losses on various assets of the Group, mainly valuation adjustments to investments in associates of the banking segment amounting to EUR 50 million. In any case, most of these estimated impairment losses are reversible.

20.4 Insurance business risks

The risks associated with the insurance business within the existing business lines and types of insurance are directly managed by management of VidaCaixa Grupo, through the preparation and monitoring of a Mathematical Executive Information System (EIS), for the purpose of keeping the synthetic vision of the mathematical evolution of the products up to date. This EIS defines the following policies:

Insurance business technical risks:

a) **Underwriting.** Acceptance of risks on the basis of the main actuarial variables (age, insured sum and duration of the guarantee).

b) **Rating.** In accordance with the legislation in force of the Directorate-General of Insurance and Pension Funds, the rates for the life business line are determined using the mortality tables allowed under applicable legislation. Additionally, the interest rates applied are those used for rating in accordance with the maximum rate established by the private insurance regulations approved by Royal Decree 2486/1998, of 20 November.

c) **Reinsurance.** An adequate diversification of risk among several reinsurance companies with sufficient capacity to absorb unexpected losses is established, whereby stability is achieved in terms of claims incurred.

The definition and follow-up of the aforementioned policies enables them to be changed, if required, to adapt risks to the Group's global strategy.

Treatment of claims and the adequacy of the provisions are basic principles of insurance management. Mathematical provisions are estimated using specific procedures and systems.

Sensitivity to insurance risk

The main results of the sensitivity analysis of the calculation of the embedded value for 2009, the most recent information available, are as follows:

Transaction	Millions of euros
Discount rate (1% increase)	(29)
Discount rate (1% decrease)	(62)
Decrease in minimum required capital (150% to 100%)	22
10% decrease in the maintenance costs allocated to policyholders	33
Decline in mortality rate (5%) (1)	44
10% decrease in surrender rate	75

(1) Increase in risk products and decrease in savings products.

In the case of the non-life insurance business, the risk sensitivity measurement may be established on the basis of the impact on results of changes in the combined ratio (incurred loss ratio, expenses as a percentage of net earned premium). Calculation of this ratio establishes that sensitivity to the combined ratio applicable to the non-life segment will be 5.03% (2009: 4.35%), and the impact on profit of a 1% change would amount to EUR 3.1 million (2009: EUR 2.2 million). The combined ratio for the healthcare business is 0.85%, and the impact on profit of a 1% change would amount to EUR 14.9 in 2010.

Concentration of the insurance risk

There is a high degree of risk diversification in the insurance lines offered by the Group in terms of the extremely high number of insureds, the variety of branches in which it operates and the low individual amount of the amounts to be paid per claim. Therefore, management considers that the concentration of insurance risk in the Group's business activities is very low.

Claims

The Group offers different types of life and non-life insurance lines. The information on historical claims is not relevant since the period elapsed between the reporting of a claim and its settlement is very short, less than twelve months in most cases.

20.5 Country risk

The Group's policy for managing or mitigating country risk consists mainly of monitoring the geographical area in which it makes its investments both before making the investment and periodically after the investments have been made. In addition, country risk is taken into account when deciding on whether to sell investments or spread them over different geographical areas.

20.6 Operational risk

This is defined as the risk of incurring a loss as a result of errors in operating processes. Operational risk relates to any event that might give rise to a loss as a result of inadequate internal processes, human error, the incorrect functioning of information systems and/or external events.

The risk management process covers issues in relation to systems and staff, administrative processes, information security and legal matters. These issues are managed with the purpose of establishing adequate controls to minimise possible losses.

The Parent has policies in place and a Procedures Manual as part of the continuous improvement of its internal control systems and for the purpose of ensuring adequate control of operational risk through controls designed to reduce or eliminate exposure to such risk.

21. CONTINGENCIES AND OBLIGATIONS

The calculation of the risks and contingent obligations at 31 December 2010 and 2009 is as follows:

	Thousands of euros	
Transaction	**31/12/2010**	**31/12/2009**
Contingent liabilities from financial guarantees	6,000	6,000
Contingent obligations:		
Drawable by third parties	266,747	402,277
Total	**272,747**	**408,277**

The contingent obligations drawable by third parties relate to the undrawn balances on the credit cards issued by the financial services companies in the normal course of the Group's business activities.

22. SEGMENT REPORTING

General information

The Group presents its segment information in accordance with IFRS 8 in order to disclose the information that makes it possible to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

The standard requires that segment information be prepared and presented in the same way as it is provided to management for making decisions about operating matters. To this end, the components that share the nature of the products and services offered and the nature of the regulatory framework to which they are subject are grouped together. This segmentation coincides, in general terms, with the internal organisation and information habitually used by management in conducting the Group's business.

Therefore, the operating segments defined by the Group are as follows:

- The **insurance segment**, which includes the activity engaged in by the VidaCaixa Grupo, S.A. group, comprising three operating companies: VidaCaixa (life insurance), VidaCaixa Adeslas (non-life insurance) and AgenCaixa, S.A. Also, this segment includes the 67% ownership interest in the insurance broker GDS- Correduría, S.L. These companies are considered to be components of the insurance segment. The segment operates in the following lines of insurance through its insurance companies: accident insurance, health insurance, life insurance, travel insurance, funeral insurance, defence costs insurance, fire and environmental insurance, goods in transit insurance, insurance against other loss or damage, sundry loss of profit insurance, third party motor insurance, non-rail land vehicle insurance, motor insurance and pension fund management. In 2010 the activities of the Adeslas Group (merged at 31 December 2010 into VidaCaixa Adeslas, S.A.), both of the medical insurance activity and the healthcare and dental care activity, which for management purposes are considered complementary to the insurance business, as well as the activities of Caixa Girona Mediació, a combination performed in the framework of the merger of "la Caixa" with Caixa Girona, were included in this segment.
- The **banking segment**, which includes the activities relating to the investments in GF Inbursa, Banco BPI, Boursorama, The Bank of East Asia and Erste Group Bank.
- The **specialised financial services segment**, which encompasses the activities carried on by the investees Finconsum (consumer credit and other financial services), CaixaRenting (capital goods and vehicle operating and finance lease services), InverCaixa Gestión (collective investment undertaking manager) and GestiCaixa ("la Caixa" securitisation fund manager).

- The **utilities segment**, which encompasses the ownership interests in utilities, including activities in the energy industry (Gas Natural, Repsol-YPF), infrastructure (Abertis) and other utilities (Agbar, Telefónica and Bolsa y Mercados Españoles).

The information included in the column **"Other Non-Allocable"** in the accompanying segment information consists of the income, expenses and assets not allocable to any of the aforementioned segments and makes it possible to reconcile the information with the amounts presented in the consolidated financial statements. The finance costs included in this category correspond substantially in full to the finance costs of the Parent.

Information on the profit or loss and assets of the operating segments

The procedure used to obtain the segment income, expenses and assets was to detail the contribution of the companies allocated to each segment, after eliminations and adjustments on consolidation. Also, each segment was allocated the amounts from the holding companies and the Parent that are reasonably attributable thereto.

The goodwill and other intangible assets arising in the business combinations were allocated to the related segments. Also, the gains arising from the recognition of available-for-sale financial assets at fair value were allocated to the related segments.

In 2010 there were no significant transactions between the Group's various segments and there were no material inter-segment balances at 31 December 2010, except for the dividend income and balances eliminated on consolidation.

The segmented information for 2010 and 2009 is as follows:

Segment information for 2010

	Thousands of euros					
Transaction	**Insurance**	**Financial services**	**Banking**	**Utilities**	**Other non-allocable**	**Total Group**
Income and expenses:						
Revenue	6,024,563	404,196	-	-	4,617	6,433,376
Result of companies accounted for using the equity method	4,639	-	263,358	658,544	6,210	932,751
Income from equity instruments	-	154	-	443,026	-	443,180
Gains (Losses) on financial transactions	(876)	-	168	165,746	5,743	170,781
Gains (Losses) on transactions with Group companies, jointly controlled entities and associates	9	51,183	-	190,450	2	241,644
Depreciation and amortisation charge (*)	(77,149)	(98,512)	-	-	(7,319)	(182,800)
Net impairment losses (*)	(80)	(15,098)	(50,000)	-	(444)	(65,622)
Other non-monetary items (*)	(4,383)	(4,186)	-	-	(401)	(8,970)
Finance costs	(4,694)	(35,575)	-	-	(185,634)	(225,903)
Finance income	7,063	253	32	-	908	8,256
Income tax	(93,734)	(17,651)	7,529	8,359	63,519	(31,978)
Consolidated profit for the year	220,319	81,203	221,713	1,466,109	(139,544)	1,849,800
Assets:						
Goodwill and other intangible assets (additions)	944,575	2,273	-	-	884	947,732
Investments in available-for-sale financial assets – Other equity instruments	1,314	-	-	581,353	1	582,667
Investments in associates and joint ventures	-	-	356,991	92,953	-	449,944
Total assets	29,431,616	844,545	4,960,417	14,632,352	1,116,672	50,985,602

(*) Not involving cash outflows or inflows.

Segment information for 2009

Transaction	Thousands of euros					
	Insurance	Financial services	Banking	Utilities	Other non-allocable	Total Group
Income and expenses:						
Revenue	4,267,084	403,220	-	-	15,355	4,685,659
Result of companies accounted for using the equity method	-	-	153,759	685,290	-	839,049
Income from equity instruments	-	93	15,641	367,554	-	383,288
Gains (Losses) on financial transactions	-	-	2,237	360,657	-	362,894
Depreciation and amortisation charge (*)	(39,894)	(109,243)	-	-	(6,484)	(155,621)
Net impairment losses (*)	-	(157,070)	(171,732)	-	19	(328,783)
Other non-monetary items (*)	(4,600)	(16,913)	-	-	934	(20,579)
Finance costs	(1,459)	(47,506)	(103)	-	(135,708)	(184,776)
Finance income	564	459	125	9	5,522	6,679
Income tax	(76,904)	43,562	48,818	(95,263)	52,375	(27,412)
Consolidated profit for the year	187,865	(100,487)	48,678	1,318,204	(119,182)	1,335,078
Assets:						
Investments in available-for-sale financial assets – Other equity instruments	-	-	-	688,812	1	688,813
Investments in associates and joint ventures	-	-	661,886 (1)	1,312,924	-	1,974,810
Total assets	26,123,706	2,073,311	4,384,674	15,357,127	1,166,776	49,105,594

(1) Including the investment made in the Erste Group Bank in 2010 since at 31 December 2010 it was accounted for using the equity method.

(*) Not involving cash outflows or inflows.

Insurance segment

The increase in the contribution to consolidated profit of the Insurance segment in 2010 (EUR 220 million) with respect to 2009 (EUR 188 million) is due mainly to the acquisition of the Adeslas Group in the year.

Financial services segment

In 2009, due to the unfavourable expectations of recovering the loans granted and the actual non-payments arising in the year, period provisions for non-performing loans were recognised which gave rise to losses for the segment of EUR 100 million. In 2010, due to the fact that the period provisions for non-performing loans were EUR 142 million lower and that the financial services segment included a gain of EUR 50 million on the sale of the subsidiary CaixaRenting, the consolidated profit of the segment increased by EUR 182 million to EUR 81 million in 2010.

Banking segment

The EUR 173 million increase in the contribution of the Banking segment to consolidated profit was due, on the one hand, to the inclusion of the results of Erste Bank and The Bank of East Asia accounted for using the equity method. These investees began to be accounted for using this method on 31 December 2009 and, therefore, in 2009 the segment only took into consideration the dividends obtained from these investments. Also, the asset impairment recognised in 2010 was EUR 122 million lower than in 2009.

Utilities segment

The EUR 1,466 million profit for 2010 includes basically the results of investments in associates accounted for using the equity method, the profit from listed utility companies and the gains arising from transactions involving these investees. In 2010 tax credits amounting to EUR 56 million were taken in relation to these sales. Also, the income tax of this segment includes EUR 37 million for an adjustment to tax credits relating to the sale of investments performed in 2009.

Information by geographical area

If the geographical segmentation is performed on the basis of the registered offices of the Group companies, jointly controlled entities and associates, in 2009 and 2010 all the Group's revenue was generated in the country of origin, i.e. Spain. Of the non-current assets (without taking into account financial instruments or deferred tax assets), EUR 10.726 million are located in Spain or relate to investments whose registered office is in Spain (2009: EUR 9,358 million), while EUR 4,009 million (2009: EUR 4,527 million) relate to investments whose registered offices are located in foreign countries, which in 2010 were Austria, Mexico, Hong Kong, Portugal and France.

However, the business of most of the jointly controlled entities, associates and investments in equity instruments, is highly diversified geographically, and a high percentage of the assets, revenue and net profit is obtained in countries other than Spain. The profits of these investees represented approximately 75% of the Group's net profit in 2010. The accompanying consolidated directors' report includes detail on the estimated geographical weighting of Criteria' profit at 31 December 2010.

23. RELATED PARTY DISCLOSURES

Transactions between Criteria CaixaCorp and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. In all cases, all the transactions were carried out in the ordinary course of business on an arm's length basis. The transactions with its most significant shareholders, members of the Board of Directors and senior executives are provided below.

23.1 Significant shareholders

"Significant shareholders" means the shareholders with the right to propose a director or who have an ownership interest in the Parent of more than 3%.

Since the admission to listing on 10 October 2007, per the information available, "la Caixa" has been the only significant shareholder. At 31 December 2010, the ownership interest of "la Caixa" in Criteria CaixaCorp was 79.45%.

23.1.1 Description of relations with "la Caixa"

In view of the nature of the business activities carried on by the Parent's main shareholder, the fact that the Parent belongs to the group of companies controlled by "la Caixa" and the complementary nature of the business activities carried on by the Criteria CaixaCorp Group and the "la Caixa" Group (e.g. in the area of bancassurance), a large number of transactions took place with related parties in the period covered by the historical financial information and it is foreseeable that they will continue to take place in the future.

All transactions with related parties, as defined in Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, performed in 2010 and 2009 were carried out in the course of the Company's ordinary activities and were performed on an arm's length basis.

In order to strengthen the Group's transparency, autonomy and good governance and to reduce and regulate conflicts of interest, Criteria CaixaCorp and "la Caixa" signed an internal protocol governing relations between Criteria CaixaCorp and "la Caixa" ("the Protocol") on 19 September 2007. This Protocol addresses:

- The definition of the main areas of activity of Criteria CaixaCorp and the subsidiaries;
- The establishment of general criteria for the performance of operations or the provision of intra-Group services on an arm's length basis; and
- The establishment of mechanisms to achieve the flow of information between "la Caixa", Criteria CaixaCorp and the other subsidiaries of the "la Caixa" Group required for internal management of the Group and to fulfil obligations to the related regulators.

Under the terms of the Protocol, which is available to the general public at www.criteria.com, any new intra-Group service or transaction will always be on a contractual basis and must comply with the general principles established therein.

23.1.2 Detail of balances and transactions with "la Caixa"

All the transactions with "la Caixa" are carried out in the ordinary course of business and on an arm's length basis.

Group's most significant balances with "la Caixa" as a related party and of the net changes therein in 2010 and 2009 is as follows:

2010

	Thousands of euros		
Balances and transactions of Criteria CaixaCorp and subsidiaries with "la Caixa"	**Balances at 31/12/09**	**Net change (1)**	**Balances at 31/12/10**
ASSETS			
Loans and receivables	6,140,422	465,245	6,605,667
Available-for-sale financial assets	786,407	412,566	1,198,973
Cash and cash equivalents	305,063	94,897	399,960
Other assets	4,800	(3,883)	917
Total	**7,236,692**	**968,825**	**8,205,517**
LIABILITIES			
Bank borrowings	13,243,732	(162,320)	13,081,412
Other liabilities	101,771	396,682	498,453
Total	**13,345,503**	**234,362**	**13,579,865**

(1) "Net Change" includes the changes in the scope of consolidation made in 2010 (basically, inclusion of the Adeslas Group and disposal of CaixaRenting).

2009

	Thousands of euros		
Balances and transactions of Criteria CaixaCorp and subsidiaries with "la Caixa"	**Balances at 31/12/08**	**Net change**	**Balances at 31/12/09**
ASSETS			
Loans and receivables	4,417,287	1,723,135	6,140,422
Available-for-sale financial assets	440,372	346,035	786,407
Cash and cash equivalents	1,329,447	(1,024,384)	305,063
Other assets	17,720	(12,920)	4,800
Total	**6,204,826**	**1,031,866**	**7,236,692**
LIABILITIES			
Bank borrowings	12,233,017	1,010,715	13,243,732
Other liabilities	122,913	(21,142)	101,771
Total	**12,355,930**	**989,573**	**13,345,503**

"Loans and Receivables" relates to investments in consolidated Group companies with their shareholder "la Caixa", including most notably:

a) Term deposits made by the Group insurance companies at "la Caixa", basically VidaCaixa. These deposits relate to the investment of the funds obtained from assets sold by the companies under repurchase agreement to "la Caixa" and/or the investment of a portion of their mathematical provisions.

b) The account receivable by Criteria as a result of the estimated income tax settlement for 2010 amounting to EUR 42,671 thousand, and the account receivable from "la Caixa" arising from the sale of CaixaRenting amounting to EUR 62 million.

"Available-for-Sale Financial Assets" includes basically the investments made by the Insurance group in fixed-income securities issued by "la Caixa".

"Cash and Cash Equivalents" relates basically to cash investments of the Group companies in demand and term deposits with "la Caixa", of particular note being the Insurance group with a balance at 31 December 2010 of EUR 153,054 thousand.

"Bank Borrowings" relates basically to the financing obtained from "la Caixa" by the Group companies in order to be able to carry on their business activities, including most notably:

a) Assets sold under repurchase agreement by the insurance companies in the Group to "la Caixa". As indicated, the funds obtained are largely reinvested in term deposits.

b) The remainder relates to loans granted by "la Caixa" to Group companies, as detailed in the Note on "Financial Liabilities at Amortised Cost". Of particular relevance are the two long-term loans of EUR 1,000 million each arranged by Criteria CaixaCorp with "la Caixa". The principal is repayable on maturity and the loans mature in November 2013 and November 2016, respectively. It also includes the balance drawn down against the credit facility granted to Criteria CaixaCorp by "la Caixa" amounting to EUR 4,023 million at 31 December 2010 (EUR 3,547 million at 31 December 2009).

At 31 December 2010, "Other Liabilities" included dividends of EUR 374,070 thousand receivable by "la Caixa", announced by Criteria and payable at that date.

Also, it should be noted that in 2010 distributions of dividends to the majority shareholder were approved at Criteria totalling EUR 1,044,691 thousand, of which EUR 670,621 thousand were effectively paid and the remainder was payable.

In December 2010 the Group sold to "la Caixa" all the shares of CaixaRenting for EUR 62 million, thereby obtaining a net consolidated gain of EUR 50 million. These EUR 62 million had not yet been collected at 31 December 2010.

In the bond issue totalling EUR 1,000 million performed by Criteria in 2009, "la Caixa" acted as the placing bank and earned fees of EUR 500 thousand as did the other placing banks.

In addition, in 2010 and 2009 Criteria CaixaCorp arranged foreign currency hedges with "la Caixa" to hedge exposure to changes in exchange rates in relation to the collection of dividends from its investments in Hong Kong and Mexico for notional amounts of HKD 116 million and HKD 60 million, respectively, and MXN 367 million and MXN 300 million, respectively. At 31 December 2010, all these derivatives had expired and been settled.

In 2010 and 2009 IRSs and CFMs were arranged with "la Caixa" in the context of the fixed-income activities of the insurance companies (see Note on "Financial Assets") as well as swaps both in the context of the transactions of the specialised financial services segment, the notional amount thereof being EUR 196 thousand, and other segments (Mediterránea Beach & Golf Community) for a notional amount of EUR 45 million (see Note on "Derivative Financial Instruments").

The detail of the most significant balances held by the Criteria Group companies accounted for using the equity method (associates and jointly controlled entities) with "la Caixa" as a related party, and the net change therein in 2010 and 2009 is as follows:

2010

	Thousands of euros		
Balances and transactions of companies accounted for using the equity method with "la Caixa" (*)	**Balances held at 31/12/09**	**Net change**	**Balances held at 31/12/10**
ASSETS			
Available-for-sale financial assets	-	198,358	198,358
Cash and cash equivalents	593,845	295,170	889,015
Total	**593,845**	**493,528**	**1,087,373**
LIABILITIES			
Bank borrowings	1,325,868	340,985	1,666,853
Total	**1,325,868**	**340,985**	**1,666,853**

(*) These balances are not included in the Group's balance sheet, but rather in the balance sheets of the associates.

2009

	Thousands of euros		
Balances and transactions of companies accounted for using the equity method with "la Caixa" (*)	**Balances held at 31/12/08**	**Net change**	**Balances held at 31/12/09**
ASSETS			
Cash and cash equivalents	109,927	483,918	593,845
Other assets	9,132	(9,132)	-
Total	**119,059**	**474,786**	**593,845**
LIABILITIES			
Bank borrowings	357,875	967,993	1,325,868
Other liabilities	2,203	(2,203)	-
Total	**360,078**	**965,790**	**1,325,868**

(*) These balances are not included in the Group's balance sheet, but rather in the balance sheets of the associates.

"Available-for-sale Financial Assets" includes basically the investments of Boursorama amounting to EUR 187,952 thousand in fixed-income securities issued by "la Caixa".

"Cash and Cash Equivalents" relates basically relates basically to cash investments of the companies accounted for using the equity method in demand and term deposits with "la Caixa". Of particular note are the short-term deposits and other cash positions of Agbar, amounting to EUR 330,000 thousand at 31 December 2010, and those of Gas Natural, amounting to EUR 452,826 thousand.

"Bank Borrowings" relates basically to the financing obtained from "la Caixa" by the companies accounted for using the equity method -including long-term loans and the amounts drawn down against credit facilities- in order to carry on their activities, including most notably EUR 613 million of Agbar, EUR 574 million of Gas Natural and EUR 266 million of Abertis.

Also, in 2010 Abertis Infraestructuras, Gas Natural, Banco BPI and Agbar arranged interest rate and foreign currency hedges with "la Caixa" for notional amounts of EUR 836,406 thousand, EUR 1,702,046 thousand, EUR 800,000 thousand and EUR 65,900 thousand, respectively (2009: EUR 961,515 thousand, EUR 3,099,712 thousand, EUR 800,000 thousand and EUR 57,600 thousand, respectively).

Furthermore, "la Caixa" provided guarantees for companies accounted for using the equity method amounting to EUR 127,971 thousand, EUR 132,900 thousand and EUR 112,500 thousand for Abertis, Agbar and Gas Natural, respectively (2009: EUR 127,446 thousand, EUR 70,800 thousand and EUR 164,102 thousand, respectively).

It should be noted that Boursorama and "la Caixa" entered into a joint venture agreement in July 2008, which started to be implemented in 2009, for the creation of an on-line bank, Self Bank, owned 51% by Boursorama and 49% by "la Caixa".

The owner of the building that houses the registered offices of Sociedad General de Aguas de Barcelona is "la Caixa". On 15 March 2010, Agbar was subrogated to the contractual position held by Azurelau, S.L.U. up to that time under a finance lease.

Per the information available at the Parent, all the transactions between the jointly controlled entities and associates and the majority shareholder "la Caixa" were carried out on an arm's length basis, took place in the ordinary course of business and were of scantly material amounts in relation to the understanding of the Group's financial information.

The detail of the income and expenses arising from transactions carried out in 2010 and 2009 is as follows:

2010

	Thousands of euros	
Arising from balances and transactions with "la Caixa"	**Criteria CaixaCorp and Group companies**	**Companies accounted for using the equity method (*)**
INCOME		
Finance income	106,598	35,961
Income from sales and services	1,837	-
Other income	-	1,811
Total	**108,435**	**37,772**
EXPENSES		
Finance costs	249,282	86,356
Fee and commission expense	250,220	4,362
Operating expenses	3,957	-
Other losses	1,210	-
Total	**504,669**	**90,718**

(*) Reflected in the income statements of the respective companies.

2009

	Thousands of euros	
Arising from balances and transactions with "la Caixa"	**Criteria CaixaCorp and Group companies**	**Companies accounted for using the equity method (*)**
INCOME		
Finance income	120,359	22,905
Income from sales and services	2,041	-
Income from property sales and rental	5	-
Other income	105	2,231
Total	**122,510**	**25,136**
EXPENSES		
Finance costs	258,680	42,868
Fee and commission expense	211,418	4,054
Operating expenses	5,800	3,587
Other losses	837	-
Total	**476,735**	**50,509**

(*) Reflected in the income statements of the respective companies.

"Income and Expenses" includes the finance income and costs relating to the assets and liabilities described above and the fees paid relate mainly to the fees received by "la Caixa" in connection with the investment and pension funds managed by its branch network.

"Finance Income" of Criteria and Group companies from "la Caixa" most notably includes EUR 102,310 thousand obtained by VidaCaixa on its investments in and deposits with "la Caixa". Of the companies accounted for using the equity method, mentioned should be made of BPI, which recognised finance income amounting to EUR 23,956 thousand on its investments and deposits with "la Caixa".

"Finance Costs" includes the interest amounting to EUR 140,175 thousand incurred by Criteria on the financing obtained from "la Caixa". The column "Companies Accounted for Using the Equity Method" most notably includes the interest incurred by BPI and by Abertis, amounting to EUR 32,025 thousand and EUR 26,666 thousand, respectively.

"Fee and Commission Expense" includes the EUR 157,828 thousand of fees and commissions paid by the Insurance group to "la Caixa", and those paid by InverCaixa Gestión, amounting to EUR 89,005 thousand.

23.1.3 Detail of balances and transactions between Criteria and subsidiaries, jointly controlled entities and associates

All the transactions were carried out on an arm's length basis and took place in the ordinary course of business.

The balances between the Group and the jointly controlled entities and associates that were not eliminated on consolidation are as follows:

	Thousands of euros	
Balances and transactions with jointly controlled entities and associates	**2010**	**2009**
ASSETS		
Loans and receivables	16,183	18,497
Available-for-sale financial assets	223,638	214,587
Cash and cash equivalents	54,772	40,781
Other assets	118,885	118,197
Total	**413,478**	**392,062**
LIABILITIES		
Other liabilities	-	119
Total	**-**	**119**
INCOME		
Finance income	653	371
Income from sales and services	33,905	369
Income from property sales and rental	-	-
Other income	-	194
Total	**34,558**	**934**
EXPENSES		
Fee and commission expense	95	1
Other operating expenses	254	84
Total	**349**	**85**

The balance of "Loans and Receivables" at 31 December 2010 and 2009 includes a deposit held by the Group company SCI Caixa Dulud at Boursorama amounting to EUR 16 million.

"Available-for-Sale Financial Assets" includes the investments held by VidaCaixa at 31 December 2010 in bonds and debentures of Abertis amounting to EUR 199,415 thousand (EUR 187,391 thousand at 31 December 2009), in Gas Natural, amounting to EUR 8,899 thousand (EUR 11,873 thousand at 31 December 2009), and the 0.5% ownership interest in the share capital of Abertis amounting to EUR 15,324 thousand at 31 December 2010 and 2009.

"The balance of "Cash and Cash Equivalents" at 31 December 2010 includes basically the demand deposits held at Boursorama by Cegipro and Hodefi amounting to EUR 31 million and EUR 12 million, respectively. At 31 December 2009, the most significant amounts were the demand deposits held at Boursorama by Cegipro and Sodemi amounting to EUR 30 million and EUR 5 million, respectively.

The balance of "Other Assets" at 31 December 2010 and 2009 amounting to EUR 118 million relates to dividends receivable from Gas Natural.

In June 2010 Criteria, through its subsidiary VidaCaixa Adeslas, S.A., acquired a 54.78% ownership interest in Adeslas from Sociedad General de Aguas de Barcelona (a company over which it held joint control with the Suez Group). As described in the Note on "Business Combinations", in order to carry out the transaction Criteria contributed, through a non-monetary capital increase, the shares of Agbar and Hisusa required for SegurCaixa to sell to the Suez Group its 24.50% ownership interest in Agbar and, in turn, purchase from Agbar and Médéric, the 99.77% ownership interest in Adeslas. The price of the 54.79% of Adeslas paid to Agbar amounted to EUR 687.1 million.

Criteria CaixaCorp entered into securities deposit agreements with Banco BPI, GF Inbursa and BEA whereby the shares of BPI, GF Inbursa and BEA owned by Criteria are deposited at the respective banks.

23.2 Remuneration of directors

The detail of the fees for attending meetings of the management bodies and other remuneration received by the members of the Board of Directors of Criteria CaixaCorp and of the remuneration received by them for representing the Parent on the Boards of Directors of listed companies and other companies in which the Parent has a significant presence or representation in 2010 and 2009 is as follows:

2010

	Thousands of euros			
	Remuneration paid by Criteria	Remuneration paid by other Group companies	Remuneration paid by other companies	Total
Executive directors	1,240	139	615	1,994
Proprietary directors	1,810	504	5,388	7,702
Independent directors	600	-	166	766
Other non-executive directors	135	-	-	135
Total	**3,785**	**643**	**6,169**	**10,597**

2009

	Thousands of euros			
	Remuneration paid by Criteria	Remuneration paid by other Group companies	Remuneration paid by other companies	Total
Executive directors	1,230	1,090	573	2,893
Proprietary directors	1,465	286	4,709	6,460
Independent directors	590	32	69	691
Non-executive directors	474	-	-	474
Total	**3,759**	**1,408**	**5,351**	**10,518**

In 2010 paid EUR 810 thousand to the International Advisory Board. In 2009 the remuneration paid to the members of the aforementioned Board amounted to EUR 652 thousand, of which EUR 180 thousand were paid to members of the Advisory Board who were also members of the Board of Directors.

The expense incurred by Criteria CaixaCorp in relation to a third-party liability insurance premium paid to cover the directors and executives amounted to EUR 438 thousand and EUR 358 thousand in 2010 and 2009, respectively.

The contributions to directors' pension plans made by Criteria CaixaCorp in 2010 and 2009 amounted to EUR 250 thousand and EUR 125 thousand, respectively.

Criteria CaixaCorp does not have any pension obligations to former and current members of the Board of Directors in their capacity as such or any other obligations to them other than those disclosed above.

The maximum termination benefits in the event of the unilateral termination by the Parent of the members of the managing bodies of Criteria CaixaCorp amount to EUR 2 million.

The Parent's directors did not perform any transaction other than in the normal course of business or other than on an arm's length basis with the Parent or with the Group companies in 2010 and 2009. Also, none of these transactions is of a significant amount that might hinder the proper interpretation of the Group's consolidated financial statements.

23.3 Remuneration of executives

In 2010 the remuneration paid to management, which include the members of the Management Committee, totalled EUR 1,846 thousand, which included EUR 63 thousand of attendance fees for attending the Board meetings of investees. It does not include the remuneration received by the executives who are also directors, since this is disclosed in the preceding section.

In 2009 the remuneration received by management, including the members of the Executive Committee, amounted to EUR 2,387 thousand, which includes EUR 372 thousand of fees for attending the Board meetings of investees. It does not include the remuneration received by the executives who are also directors, since this is disclosed in the preceding section.

The contributions to pension plans of the members of the Executive Committee made by the Company in 2010 and 2009 amounted to EUR 94 thousand and EUR 885 thousand, respectively.

23.4 Other disclosures concerning the Board of Directors

Articles 229 and 230 of the Spanish Limited Liability Companies Law, approved by Legislative Royal Decree 1/2010, of 2 July, has amended Article 127 ter. 4 of the Public Limited Liability Companies Law, which has been repealed.

Article 229 of the Spanish Limited Liability Companies Law requires that directors must declare any direct or indirect ownership interest which, either they themselves or persons related to them, hold in the share capital of companies engaging in an activity that is identical, similar or complementary to the activity constituting the object of the company of which they are directors, and the positions held or functions discharged thereat. Also, the directors must inform the company of any situation involving direct or indirect conflict that they may have with the company's interests. This information must be disclosed in the notes to the company's financial statements.

Under Article 230 of the Spanish Limited Liability Companies Law, the directors must not engage, as independent professionals or as employees, in any activities that are identical, similar or complementary to the activity that constitutes the company object of Criteria, without the express authorisation of the shareholders at the Annual General Meeting.

For these purposes, the Company's directors have disclosed the following positions:

Director	Company	Shares	%	Line of business	Position	Company represented
Isidro Fainé Casas	Caixa d'Estalvis i Pensions de Barcelona "la Caixa"	-	n.a.	Banking	Chairman	-
Isidro Fainé Casas	Hisusa–Holding de Infrastructuras y Servicios Urbanos, S.A.	-	n.a.	Holding	Director	Criteria CaixaCorp, S.A.
Isidro Fainé Casas	Banco BPI, S.A.	-	n.a.	Banking	Director	-
Isidro Fainé Casas	The Bank of East Asia, Limited	-	n.a.	Banking	Director	-
Isidro Fainé Casas	Grupo Financiero Inbursa	-	n.a.	Banking	Director	-
Isidro Fainé Casas	Banco Santander Central Hispano	31,965	0.00%	Banking	-	-
Isidro Fainé Casas	The Royal Bank of Scotland	423,056	0.00%	Banking	-	-
Isidro Fainé Casas	CitiGroup	110,749	0.00%	Banking	-	-
Salvador Gabarró Serra	Gas Natural, S.D.G., S.A.	-	n.a.	Utilities	Chairman	-
Salvador Gabarró Serra	Caixa d'Estalvis i Pensions de Barcelona "la Caixa"	-	n.a.	Banking	Deputy Chairman I	-
Susana Gallardo Torrededía	Percibil, S.A.	15,000	100%	Financial services/ Real state	n.a.	-
Susana Gallardo Torrededía	Susanvest, S.L.	3,010	100%	Financial services/ Real state	n.a.	-
Susana Gallardo Torrededía	Balema de Inversiones, SICAV, S.A.	715,756	97.50%	Financial investment	Director	-
Susana Gallardo Torrededía	Gesprisa Inversiones, SICAV, S.A.	48,679	0.52%	Financial investment	Director	-

Director	Company	Shares	%	Line of business	Position	Company represented
Susana Gallardo Torrededía	Gas Natural, S.D.G., S.A.	3,500	0.00%	Utilities	n.a.	-
Javier Godó Muntañola	Caixa d'Estalvis i Pensions de Barcelona "la Caixa"	-	n.a.	Banking	Deputy Chairman III	-
Javier Godó Muntañola	VidaCaixa Grupo, S.A.	-	n.a.	Holding/ Insurance	Director	-
Javier Godó Muntañola	Grupo Godó de Comunicación, S.A.	434,800	90.58%	Holding	Chairman	-
Javier Godó Muntañola	Privat Media, S.L.	2,560,000	40.00%	Holding	Director	-
Javier Godó Muntañola	Catalunya Comunicació, S.L.	-	n.a.	Holding	Chairman	-
Javier Godó Muntañola	Sociedad de Servicios Radiofónicos Unión Radio, S.A.	-	n.a.	Holding	Deputy Chairman	-
People related to Mr. Godó	Grupo Godó de Comunicación, S.A.	45,200	9.42%	Holding	n.a.	-
People related to Mr. Godó	Privat Media, S.L.	3,840,000	60.00%	Holding	n.a.	-
Carlos Godó Valls	Inversiones Pau Clarís	-	n.a.	Real state	Director	-
Carlos Godó Valls	Sociedad de Servicios Radiofónicos Unión Radio, S.A.	-	n.a.	Holding	Director	-
Carlos Godó Valls	Grupo Godó de Comunicación, S.A.	-	n.a.	Holding	Director	-
Ana Godó Valls	Grupo Godó de Comunicación, S.A.	-	n.a.	Holding	Director	-
Gonzalo Gortázar Rotaeche	Hisusa–Holding de Infraestructuras y Servicios Urbanos, S.A.	-	n.a.	Holding	Director	-
Gonzalo Gortázar Rotaeche	Boursorama	-	n.a.	Banking	Director	Criteria CaixaCorp, S.A.
Gonzalo Gortázar Rotaeche	Inversiones Autopistas, S.L.	-	n.a.	Holding	Chairman	-
Gonzalo Gortázar Rotaeche	Roche Holding AG Genusschein Swi Listing	410	0.00%	Holding	n.a.	-
Gonzalo Gortázar Rotaeche	BBVA	5,000	0.00%	Financial	n.a.	-

Director	Company	Shares	%	Line of business	Position	Company represented
Gonzalo Gortázar Rotaeche	Bankinter, S.A.	5,000	0.00%	Financial	n.a.	-
Gonzalo Gortázar Rotaeche	AC Maphre, S.A.	24,000	0.00%	Insurance	n.a.	-
Gonzalo Gortázar Rotaeche	Banco Santander Central Hispano	6,200	0.00%	Financial	n.a.	-
Gonzalo Gortázar Rotaeche	Asya Katilim Bankasi, AS	14,500	0.00%	Financial	n.a.	-
Gonzalo Gortázar Rotaeche	Bank of America Corp Com STK	7,000	0.00%	Financial	n.a.	-
Gonzalo Gortázar Rotaeche	Wells Fargo Company	1,900	0.00%	Financial	n.a.	-
Gonzalo Gortázar Rotaeche	Port Aventura Entertainment, S.A.	-	n.a.	Leasure/ Real state	Director	-
Gonzalo Gortázar Rotaeche	VidaCaixa Adeslas, S.A. de Seguros Generales y Reaseguros	-	n.a.	Insurance	Director	-
Gonzalo Gortázar Rotaeche	Compañía de Seguros Adeslas, S.A.	-	n.a.	Health insurance	Director	-
Gonzalo Gortázar Rotaeche	VidaCaixa, S.A. de Seguros y Reaseguros	-	n.a.	Insurance	Director	-
Gonzalo Gortázar Rotaeche	Grupo Financiero Inbursa	-	n.a.	Banking	Alternate Director	-
Fernando Gortázar Rotaeche	AON Gil y Carvajal, S.A.U.	-	n.a.	Insurance	Director	-
Luis Gortázar Rotaeche	Crédito y Riesgos, SLL	-	n.a.	Insurance	Managing Director	-
David Li Kwok–Po	The Bank of East Asia, Limited	49,346,265	2.42%	Banking and related financial services, and business, corporate and investor services	Executive Chairman	-
Penny Li (wife)	The Bank of East Asia, Limited	1,532,744	0.075%	idem	n.a.	-
Adrian Li (son)	The Bank of East Asia, Limited	1,320,833	0.06%	idem	Deputy Chief Executive	-
Brian Li (son)	The Bank of East Asia, Limited	1,976,607	0.10%	idem	Deputy Chief Executive	-
Adrienne Li (granddaughter)	The Bank of East Asia, Limited	5,742	0.00%	idem	n.a.	-
Arthur Li (brother)	The Bank of East Asia, Limited	9,669,685	0.47%	idem	Deputy Chairman	-
Arthur Li (brother)	The Bank of East Asia, Limited	13,507,993	0.66%	idem	n.a.	-

Director	Company	Shares	%	Line of business	Position	Company represented
Maria Dolors Llobet Maria	Caixa d'Estalvis i Pensions de Barcelona "la Caixa"	-	n.a.	Banking	Director	-
Maria Dolors Llobet Maria	MicroBank de "la Caixa", S.A.	-	n.a.	Financial	Director	-
Inmaculada Juan Franch	Caixa d'Estalvis i Pensions de Barcelona "la Caixa"	-	n.a.	Banking	Director	-
Inmaculada Juan Franch	Compañía de Seguros Adeslas, S.A.	-	n.a.	Insurance	Director	-
Jorge Mercader Miró	Caixa d'Estalvis i Pensions de Barcelona "la Caixa"	-	n.a.	Banking	Deputy Chairman II	-
Jorge Mercader Miró	VidaCaixa Grupo, S.A.	-	n.a.	Holding/ Insurance	Director	-
Jorge Mercader Miró	Compañía de Seguros Adeslas, S.A.	-	n.a.	Health insurance	Chairman	-
Jorge Mercader Miró	Hacia, S.A.	n.d.	65.00%	Real state	Chairman	-
Juan María Nin Génova	Caixa d'Estalvis i Pensions de Barcelona "la Caixa"	-	n.a.	Banking	CEO	-
Juan María Nin Génova	Gas Natural, S.D.G., S.A.	-	n.a.	Utilities	Director	-
Juan María Nin Génova	VidaCaixa Grupo, S.A.	-	n.a.	Holding/ Insurance	Director	-
Juan María Nin Génova	Banco BPI, S.A.	-	n.a.	Banking	Director	-
Juan María Nin Génova	Erste Group Bank AG	-	n.a.	Banking	Director	-
Juan María Nin Génova	Grupo Financiero Inbursa	-	n.a.	Banking	Director	-
Juan María Nin Génova	Banco Bilbao Vizcaya Argentaria, S.A.	5,558	0.00%	Banking	-	-
Juan María Nin Génova	Banco Santander Central Hispano	5,897	0.00%	Banking	-	Indirect holder
Miquel Noguer Planas	Caixa d'Estalvis i Pensions de Barcelona "la Caixa"	-	n.a.	Banking	Director	-

Director	Company	Shares	%	Line of business	Position	Company represented
Miquel Noguer Planas	MicroBank de "la Caixa", S.A.	-	n.a.	Financial	Director	-
Miquel Noguer Planas	Compañía de Seguros Adeslas, S.A.	-	n.a.	Health insurance	Director	-
Leopoldo Rodés Castañé	Caixa d'Estalvis i Pensions de Barcelona "la Caixa"	-	n.a.	Banking	Director	-
Leopoldo Rodés Castañé	Tresuno, S.L.	78,108	33.16%	Holding	-	-
Leopoldo Rodés Castañé	Gestora de Viviendas, S.A.	-	n.a.	Holding	Acting as	n.d.
Leopoldo Rodés Castañé	Grupo Financiero Inbursa	-	n.a.	Banking	Director	-
Fernando Rodés Vilá	Tresuno, S.L.	31,520	13.37%	Holding	n.a.	-
Fernando Rodés Vilá	Inversiones y Servicios Publicitarios, S.L.	100,000	12.09%	Holding	n.a.	-
Alfonso Rodés Vilá	Tresuno, S.L.	31,520	13.37%	Holding	n.a.	-
Alfonso Rodés Vilá	Inversiones y Servicios Publicitarios, S.L.	100,000	12.09%	Holding	n.a.	-
Cristina Rodés Vilá	Tresuno, S.L.	31,520	13.37%	Holding	n.a.	-
Cristina Rodés Vilá	Inversiones y Servicios Publicitarios, S.L.	100,000	12.09%	Holding	n.a.	-
Alicia Rodés Vilá	Tresuno, S.L.	31,520	13.37%	Holding	n.a.	-
Alicia Rodés Vilá	Inversiones y Servicios Publicitarios, S.L.	100,000	12.09%	Holding	n.a.	-
Gonzalo Rodés Vilá	Tresuno, S.L.	31,520	13.37%	Holding	n.a.	-
Gonzalo Rodés Vilá	Inversiones y Servicios Publicitarios, S.L.	100,000	12.09%	Holding	Director	-
Gonzalo Rodés Vilá	Rústica y Urbana del Vallés, S.A.	-	n.a.	Real state	Director	-
Gonzalo Rodés Vilá	Acacia ISP, S.L.	-	n.a.	Holding	Director	-
Gonzalo Rodés Vilá	Ibiza Sea Resort, S.L.	-	n.a.	Real state	Director	-
Gonzalo Rodés Vilá	Ysiveos, S.L.	-	n.a.	Real state	Director	-
Juan Rosell Lastortras	Gas Natural, S.D.G., S.A.	-	n.a.	Utilities	Director	-
Juan Rosell Lastortras	Port Aventura Entertainment, S.A.	-	n.a.	Leasure/Real state	Director	-

Director	Company	Shares	%	Line of business	Position	Company represented
Juan Rosell Lastortras	Civislar, S.A.	n.d.	70.00%	Real state	Director	-
Carlos Slim Helú	Grupo Financiero Inbursa, S.A.B. de C.V.	320,207,698	9.61%	Holding/Financial	-	-
Carlos Slim Helú	Grupo Financiero Inbursa, S.A.B. de C.V.	5,206,146	0.16%	Holding/Financial	-	Inmobiliaria Carso
Carlos Slim Helú	Grupo Financiero Inbursa, S.A.B. de C.V.	2,874,810	0.09%	Holding/Financial	-	Fundación Carlos Slim
Carlos Slim Helú	Impulsora del Desarrollo y el Empleo en América Latina	225,243,671	7.52%	Holding/Utilities	Chairman	-
Carlos Slim Helú	Impulsora del Desarrollo y el Empleo en América Latina	180,106,791	6.02%	Holding/Utilities	-	Fundación Carlos Slim
Carlos Slim Helú	América Móvil, S.A.B. de C.V.	1,494,981,507	8.54%	Holding/ Telecommunications	-	-
Carlos Slim Helú	América Móvil, S.A.B. de C.V.	232,171,922	0.58%	Holding/ Telecommunications	-	Inmobiliaria Carso
Carlos Slim Helú	América Móvil, S.A.B. de C.V.	44,001,814	0.11%	Holding/ Telecommunications	-	Fundación Carlos Slim
Carlos Slim Helú	Grupo Carso, S.A.B. de C.V.	196,685,300	8.54%	Holding/Commercial	-	-
Carlos Slim Helú	Grupo Carso, S.A.B. de C.V.	43,368,833	1.88%	Holding/Commercial	-	Inmobiliaria Carso
Carlos Slim Helú	Grupo Carso, S.A.B. de C.V.	8,513,050	0.37%	Holding/Commercial	-	Fundación Carlos Slim
Carlos Slim Helú	Carso Infraestructura y Construcción, S.A.B. de C.V.	-	-	Holding/Building	Chairman	-
People related to Mr. Slim	Grupo Financiero Inbursa, S.A.B. de C.V.	1,450,123,748	43.50%	Holding/Financial	-	-
People related to Mr. Slim	Grupo Financiero Inbursa, S.A.B. de C.V.	24,781,254	0.74%	Holding/Financial	-	Inmobiliaria Carso
People related to Mr. Slim	Grupo Financiero Inbursa, S.A.B. de C.V.	8,624,429	0.26%	Holding/Financial	-	Fundación Carlos Slim
People related to Mr. Slim	Impulsora del Desarrollo y el Empleo en América Latina	1,024,929,140	34.23%	Holding/Infrastructure	-	-

Director	Company	Shares	%	Line of business	Position	Company represented
People related to Mr. Slim	Impulsora del Desarrollo y el Empleo en América Latina	540,320,372	18.05%	Holding/Infrastructure	-	Fundación Carlos Slim
People related to Mr. Slim	América Móvil, S.A.B. de C.V.	5,032,855,998	20.29%	Holding/ Telecommunications	-	-
People related to Mr. Slim	América Móvil, S.A.B. de C.V.	1,105,138,347	2.70%	Holding/ Telecommunications	-	Inmobiliaria Carso
People related to Mr. Slim	América Móvil, S.A.B. de C.V.	132,005,441	0.33%	Holding/ Telecommunications	-	Fundación Carlos Slim
People related to Mr. Slim	Grupo Carso, S.A.B. de C.V.	466,002,870	20.24%	Holding/Commercial	-	-
People related to Mr. Slim	Grupo Carso, S.A.B. de C.V.	206,435,647	8.96%	Holding/Commercial	-	Inmobiliaria Carso
People related to Mr. Slim	Grupo Carso, S.A.B. de C.V.	25,539,150	1.11%	Holding/Commercial	-	Fundación Carlos Slim
Carlos Slim Domit	Grupo Carso, S.A.B. de C.V.	-	-	Holding/Commercial	Chairman	-
Carlos Slim Domit	Inmobiliaria Carso	-	-	Investment/ Real state	Director	-
Marco A. Slim Domit	Grupo Financiero Inbursa, S.A.B. de C.V.	-	-	Holding/ Financial	Chairman of the Board of Directors and CEO	-
Marco A. Slim Domit	Inmobiliaria Carso	-	-	Investment/ Real state	Director	-
Marco A. Slim Domit	Grupo Carso, S.A.B. de C.V.	-	-	Holding/Commercial	Director	-
Patrick Slim Domit	Grupo Carso, S.A.B. de C.V.	-	-	Holding/Commercial	Deputy Chairman	-
Patrick Slim Domit	América Móvil, S.A.B. de C.V.	-	-	Holding/ Telecommunications	Chairman	-
Patrick Slim Domit	Inmobiliaria Carso	-	-	Investment/ Real state	Chairman	-
Soumaya Slim Domit	Inmobiliaria Carso	-	-	Investment/ Real state	Director	-
Vanessa Paola Slim Domit	Inmobiliaria Carso	-	-	Investment/ Real state	Director	-
Johanna Monique Slim Domit	Inmobiliaria Carso	-	-	Investment/ Real state	Director	-
Daniel Hajj Aboumrad	América Móvil, S.A.B. de C.V.	-	-	Holding/ Telecommunications	Director and CEO	-
Arturo Elias Ayub	Grupo Financiero Inbursa, S.A.B. de C.V.	-	-	Holding/Financial	Director	-
Arturo Elias Ayub	Grupo Carso, S.A.B. de C.V.	-	-	Holding/Commercial	Director	-

The Company intends to propose at the next General Meeting that the appropriate authorisation be obtained for the aforementioned directors to be discharged and they are expected to be approved without any exceptions.

Notwithstanding the above, it should be noted that the range of activities included in the Company's object is very broad, as it includes all the lines of business carried on by the investees, in addition to the line of business of the holding company itself. Holding positions in any company with an identical or similar activity does not per se result in a conflict of interest as there is no effective competition between Criteria and any other holding company. The Company considers that such a conflict would only arise if the directors held ownership interests in, or discharged positions at, companies engaged in the acquisition and management of a securities portfolio that was in competition, or resulted in a conflict of interest, with Criteria.

At 31 December 2010, the direct and indirect investments of the members of the Board of Directors in the capital of the Parent are as follows:

	No. of shares	%
Javier Godó Muntañola	1,230,000	0.037%
Isidro Fainé Casas	567,505	0.017%
Gonzalo Gortázar Rotaeche	300,100	0.009%
Isabel Estapé Tous	250,000	0.007%
Juan María Nin Génova	234,491	0.007%
Susana Gallardo Torrededía	58,700	0.002%
Juan Rosell Lastortras	32,382	0.001%
Alain Minc	10,000	0.000%
Immaculada Juan Franch	9,967	0.000%
Leopoldo Rodés Castañé	9,700	0.000%
Salvador Gabarró Serra	7,003	0.000%
Miquel Noguer Planas	3,561	0.000%
Francesc Xavier Vives Torrents	2,595	0.000%
Maria Dolors Llobet Maria	2,100	0.000%
Jordi Mercader Miró	1,496	0.000%
David K.P. Li	-	-
Carlos Slim Helú	-	-
Total	**2,719,600**	**0.081%**

24. INFORMATION ON THE ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY

In view of the Group's business activities, it does not have any environmental expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements. However, it should be noted that since September 2009 the Parent has been included in the FTSE4 Good Index, which reflects companies' sound conduct of business in relation to economic, social and environmental issues in their business activities and investments. In 2009 Criteria CaixaCorp was included in the Dow Jones Sustainability Index, with an improved rating with respect to the preceding year, representing further acknowledgment of Criteria CaixaCorp's commitment to sustainability and corporate reputation.

25. EVENTS AFTER THE REPORTING PERIOD

Agreement with Mutua Madrileña

On 13 January 2011, Criteria, together with its majority shareholder, entered into an agreement with Mutua Madrileña to develop a strategic alliance in non-life insurance. This agreement will result in the acquisition by Mutua Madrileña of a 50% ownership interest in VidaCaixa Adeslas and an exclusive non-life bancassurance distribution agreement with "la Caixa".

Criteria will sell to Mutua Madrileña 50% of VidaCaixa Adeslas for EUR 1,075 million, of which EUR 1,000 million will be paid in cash, plus an additional earn out payment which will be calculated based on the achievement of the business plans and results of VidaCaixa Adeslas in the next ten years. The hospital business of VidaCaixa Adeslas is not included in the aforementioned alliance. The transactions described above, taken as a whole, are expected to generate consolidated net gains for the Criteria Group of around EUR 450 million.

The new ownership interests in VidaCaixa Adeslas will be shared between Mutua Madrileña with 50% and Criteria with 49.9%, and the rest will be held by non-controlling shareholders. Half of the members of the Board of Directors of VidaCaixa Adeslas will be appointed at the proposal of Mutua Madrileña and the other half at the proposal of the "la Caixa" Group. Mutua Madrileña will appoint the executive chairman, who will have the casting vote, and Criteria will appoint the general manager.

The aforementioned transactions are expected to be concluded in the third quarter of 2011, once the financial, equity and legal review of VidaCaixa Adeslas has been completed, the final agreements have been signed and the related conditions and legal procedures have been fulfilled (including the approvals relating to competition and insurance supervisory bodies).

Transfer of the Repsol shares held by Repinves

On 19 January 2011, Repinves, S.A. –a 67.59% owned investee of Criteria CaixaCorp– sold all the shares of Repsol-YPF, S.A. held by it (61,315,415 shares, representing 5.02% of the share capital) for EUR 22.56 per share to a financial intermediary.

The proceeds from this sale will be distributed between the shareholders of Repinves based on their ownership interests in the share capital of the company (67.59% Criteria CaixaCorp and 32.41% Catalunya Caixa).

In the framework of this process Criteria CaixaCorp acquired 41,446,431 shares of Repsol-YPF, S.A. (representing 3.39% of its share capital) from a financial intermediary for the same price per share. Therefore, Criteria's ownership interest in Repsol-YPF, S.A. continued to be the same after the sale made by Repinves, S.A.

At 19 January 2011, the ownership interest of Criteria CaixaCorp in the share capital of Repsol-YPF was 12.97%.

Reorganisation of the "la Caixa" Group

On 27 January 2011, the Boards of Directors of "la Caixa", Criteria CaixaCorp ("Criteria") and MicroBank de "la Caixa", S.A. ("MicroBank"), a wholly-owned subsidiary of "la Caixa", resolved to enter into a framework agreement ("the Framework Agreement") the principal objective of which is to reorganise the "la Caixa" Group in order to design a structure which, while continuing to perform the welfare projects of "la Caixa", makes it possible to adapt to the new Spanish and international regulatory requirements and, in particular, to the new requirements of the Basel Committee on Banking Supervision ("Basel III").

To meet the aforementioned objectives, the Framework Agreement provides for the performance of the following corporate transactions, all of which are subject to the approval of the governing bodies of "la Caixa", Criteria and MicroBank and to the obtainment of the corresponding administrative authorisations:

a) the spin-off from "la Caixa" to MicroBank of the assets and liabilities making up the financial services activity of "la Caixa", with the principal exception of the ownership interests held by "la Caixa" in Servihabitat XXI, S.A.U., Metrovacesa, S.A. and Inmobiliaria Colonial, S.A., certain real estate assets and certain debt securities issued or guaranteed by "la Caixa";

b) the contribution by "la Caixa" to Criteria of all the shares of MicroBank (post-spin-off), in exchange for:

   i) the ownership interests held by Criteria in Gas Natural S.D.G., S.A., Abertis Infraestructuras, S.A., Sociedad General de Aguas de Barcelona, S.A., Port Aventura Entertainment, S.A. and Mediterránea Beach & Golf Community, S.A., through an exchange of businesses; and

   ii) shares of Criteria that will be issued in the context of a non-monetary capital increase,

   and, lastly

c) the absorption of MicroBank by Criteria, which will become a credit institution and will adopt the name of CaixaBank or another similar name that will reflect its association with "la Caixa". Also, the aforementioned absorption will entail the modification of the company object of Criteria, and any shareholders who do not vote in favour of the related resolution will have the right of withdrawal in the terms provided form in current legislation.

In addition, in order to strengthen its equity structure, the Framework Agreement also provides that Criteria will launch an issue of bonds necessarily convertible into shares that will be distributed through the network of "la Caixa", which will underwrite the issue.

Also, "la Caixa" will own all the shares of an unlisted holding company to which it will contribute the ownership interests received from Criteria in the exchange together with other assets not included in the spin-off from "la Caixa" to MicroBank. In addition, "la Caixa" will maintain its welfare projects and the financing and support of charitable and social welfare activities.

Criteria will become a financial institution, without any of the properties foreclosed prior to the date of the Framework Agreement, and will retain its current investments in insurance companies, collective investment undertaking managers, foreign banks, Telefónica and Repsol.

This transaction will enable the "la Caixa" Group to keep all the businesses in which it currently has a presence (banking and industrial) and to continue with its firm commitment to social welfare projects.

On 24 February 2011, the Board of Directors of Criteria has approved the final terms and conditions of the reorganisation. A General Meeting of Criteria will subsequently be held in order to definitively approve the transaction, which is expected to be completed before July 2011, once the legal conditions and formalities customary in transactions of this nature have been complied with and once the applicable regulatory authorisations have been obtained.

In the framework of the aforementioned reorganisation, the Board of Directors of Criteria has resolved to effectively exercise a significant influence over their investee Repsol-YPF, S.A. through a presence on the investee's governing bodies. This significant influence has been reinforced by the amendment to the Spanish Limited Liability Companies Law in 2010. This standard has repealed the limitations on exercising voting power which, in the case of Repsol YPF, S.A., were by the bylaws to 10% of the total share capital. In accordance with the accounting standards applicable, from1 January 2011 onwards, the Criteria Group will account for the ownership interest of this investee using the equity method.

26. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.1.). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

APPENDIX I
Investments in Group companies

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital
ADESLAS Dental, S.A.U. Dental care	Joaquín Costa, 35 28002 Madrid Spain	-	99.91	610
ADESLAS Dental Andaluza, S.L. Dental care	Joaquín Costa, 35 28002 Madrid Spain	-	84.62	1,307
ADESLAS Salud, S.A. Healthcare	Pedro Antonio de Alarcón, 60 18002 Granada Spain	-	99.89	313
AGENCAIXA, S.A. Agencia de Seguros Insurance agency	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	-	100.00	601
Alianza Médica Leridana, S.A. Healthcare	Bisbe Torres, 13 25002 Lleida Spain	-	85.31	1,418
Caixa Girona Mediació, Sociedad de Agencia de Seguros Vinculada, S.A.U. Insurance	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	-	100.00	60
Casa de Reposo y Sanatorio Perpetuo Socorro, S.A. Healthcare	Doctor Gómez Ulla, 15 03013 Alicante Spain	-	76.06	3,065
Catalunya de Valores SGPS, UL Holding company	Av. Antonio Augusto de Aquiar, 19 1050-012 Lisbon Portugal	100.00	100.00	5
Cegripro, S.A.S. Real estate	20, rue d´Armenonville 92200 Neuilly-sur-Seine Paris France	-	100.00	38,000
Centro Médico de Zamora, S.A. Healthcare	Ronda San Torcuato, 15 49006 Zamora Spain	-	99.91	324
Clínica Parque San Antonio, S.A. Healthcare	Av. Pintor Sorolla, 2 29016 Malaga Spain	-	98.23	3,104
Clínica Santa Catalina, S.A. Healthcare	León y Castillo, 292 35006 Las Palmas de Gran Canaria Spain	-	99.91	1,679
Clinsa, S.A. Healthcare	Arturo Soria, 103 28043 Madrid Spain	-	97.46	7,020

Note: the information relates to the most recently available data (actual or estimated) when these notes to the financial statements were drafted.

Thousands of euros						
Reserves and interim dividends	Profit/(Loss)	Other equity items	Total equity	Dividends accrued in the year on direct ownership interest	Carrying amount of the direct ownership interest	Audit firm
3,425	1,261	-	5,296	-	-	Deloitte
2,697	(1,592)	-	2,412	-	-	Deloitte
112	(130)	-	295	-	-	-
5,001	433	-	6,035	-	-	Deloitte
1,042	31	-	2,491	-	-	Deloitte
7,705	(1,082)	-	6,683	-	-	KPMG
4,610	700	-	8,375	-	-	Deloitte
19	(16)	-	8	30	7	Deloitte y Asociados SROC, S.A.
1,110	8,964	-	48,074	-	-	RSM RSA
114	(35)	-	403	-	-	-
1,744	577	-	5,425	-	-	Deloitte
12,176	1,585	-	15,440	-	-	Deloitte
1,829	1,911	-	10,760	-	-	Deloitte

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital
FinConsum, EFC, S.A. Consumer finance	Gran Via Carles III, 87, bajos 1º B 08028 Barcelona Spain	100.00	100.00	126,066
GDS-Correduría de Seguros, S.L. Insurance broker	Av. Diagonal, 427 bis - 429, 1ª planta 08036 Barcelona Spain	67.00	67.00	30
General de Inversiones Alavesas, S.A. Real estate	Plaza Amárica, 4 01005 Vitoria Spain	-	99.91	1,200
General de Inversiones Tormes, S.A. Real estate	Arco, 7-9 37002 Salamanca Spain	-	99.91	5,000
GestiCaixa, SGFT, S.A. Securitisation fund management	Av. Diagonal, 621-629, Torre II, Pl. 8 08028 Barcelona Spain	91.00	100.00	1,503
Gestión Sanitaria Gallega, S.L.U. Healthcare	Vía Norte, 54 36206 Vigo Spain	-	99.91	1,522
G.P. Desarrollos Urbanísticos Tarraconenses, S.L.U. Real estate activities and holding company	Av. Diagonal, 621-629, Torre II, Pl. 8 08028 Barcelona Spain	-	100.00	21,115
Grupo Iquimesa, S.L.U. Manager	Príncipe de Vergara, 110 28002 Madrid Spain	-	99.91	7,552
Hemodinámica Intervencionista de Alicante, S.A. Diagnosis	Doctor Gómez Ulla, 15 03013 Alicante Spain	-	49.02	270
Hodefi, S.A.S. Holding company	20, rue d´Armenonville 92200 Neuilly-sur-Seine Paris France	-	100.00	182,699
Holret, S.A.U. Real estate services	Av. Diagonal, 621-629, Torre II, Pl. 8 08028 Barcelona Spain	100.00	100.00	221,935
Infraestructuras y Servicios de Alzira, S.A. Car parks	Carretera de Corbera, km. 1 46600 Alzira Spain	-	50.95	1,250
InverCaixa Gestión, SGIIC, S.A. Collective investment undertakings management	Av. Diagonal, 621-629, Torre II, Pl. 7 08028 Barcelona Spain	100.00	100.00	81,910

Note: the information relates to the most recently available data (actual or estimated) when these notes to the financial statements were drafted.

Reserves and interim dividends	Profit/(Loss)	Other equity items	Total equity	Dividends accrued in the year on direct ownership interest	Carrying amount of the direct ownership interest	Audit firm
Thousands of euros						
(13,518)	6,667	(5,841)	113,374	-	123,000	Pricewaterhouse Coopers Auditores, S.L.
(2,292)	2,646	-	384	1,790	241	KPMG
57	9	-	1,266	-	-	-
(925)	(123)	-	3,952	-	-	-
300	2,199	-	4,002	2,045	2,630	Deloitte
4,950	1,299	-	7,771	-	-	Deloitte
(837)	(71)	-	20,207	-	-	Deloitte
47,316	5,107	-	59,975	-	-	-
248	157	-	675	-	-	-
3,345	1,676	-	187,720	-	-	Deloitte y Cailliau Dedouit
71,376	1,060	-	294,371	-	267,898	Deloitte
1,400	258	-	2,908	-	-	-
3,949	12,690	-	98,549	9,109	89,350	Deloitte

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital
Inversiones Autopistas, S.L. Holding company	Av. Diagonal, 621-629 08028 Barcelona Spain	50.10	50.10	100,000
InverVida Consulting, S.L. Holding company	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	-	100.00	2,905
Iquimesa Servicios Sanitarios, S.L.U. Healthcare	Plaza Amárica, 4 01005 Vitoria Spain	-	99.91	1,276
Lince Servicios Sanitarios, S.A. Manager	Príncipe de Vergara, 110 28002 Madrid Spain	-	99.91	660
Limpieza y Mantenimiento Hospitalarios, S.L. Cleaning	Perojo, 6 35003 Las Palmas de Gran Canaria Spain	-	99.91	3
Mediterránea Beach & Golf Community, S.A. Operation of areas adjacent to the theme park, except for the park itself, and planning development thereof	Hipólito Lázaro, s/n 43481 La Pineda - Vila-seca - Tarragona Spain	80.58	100.00	135,135
Negocio de Finanzas e Inversiones I, S.L.U. Services	Av. Diagonal, 621-629 08028 Barcelona Spain	100.00	100.00	411,670
Plazasalud24, S.A. Internet portal	Príncipe de Vergara, 110 28002 Madrid Spain	-	49.96	225
Recouvrements Dulud, S.A. Financial services	20, rue d´Armenonville 92200 Neuilly-sur-Seine Paris France	-	100.00	3,272
Sanatorio Nuestra Señora de la Salud de Granada, S.A. Healthcare	Nuestra Señora de la Salud, s/n 18014 Granada Spain	-	99.90	2,848
Sanatorio Virgen del Mar-Cristóbal Castillo, S.A. Healthcare	Ctra. el Mamí, km. 1 s/n 04120 Almería Spain	-	97.72	213
SCI Caixa Dulud Property management	20, rue d´Armenonville 92200 Neuilly-sur-Seine Paris France	-	100.00	15,652

Note: the information relates to the most recently available data (actual or estimated) when these notes to the financial statements were drafted.

Thousands of euros						
Reserves and interim dividends	Profit/(Loss)	Other equity items	Total equity	Dividends accrued in the year on direct ownership interest	Carrying amount of the direct ownership interest	Audit firm
43,311	33,542	-	176,853	16,811	524,214	Deloitte
3,853	31	-	6,789	-	-	-
7,076	382	-	8,734	-	-	Deloitte
(6,375)	868	-	(4,847)	-	-	-
55	(40)	-	18	-	-	-
(4,145)	(14,188)	(715)	116,087	-	1,050,434	Deloitte
621,381	58,198	-	1,091,249	-	1,136,758	Deloitte
222	466	-	913	-	-	-
(1,289)	3	-	1,986	-	-	Cailliau Dedouit
(771)	1,582	-	3,659	-	-	Deloitte
4,930	2,469	12	7,624	-	-	Deloitte
-	12	-	15,664	-	-	-

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital
Sodemi, S.A.S. Real estate development and lease	20, rue d´Armenonville 92200 Neuilly-sur-Seine Paris France	-	100.00	9,405
Tomografía Axial Computerizada, S.A. Diagnosis	Doctor Gómez Ulla, 15 03013 Alicante Spain	-	60.02	467
UMR, S.L. Manager	Príncipe de Vergara, 110 28002 Madrid Spain	-	99.91	8,889
UMR Canarias, S.L.U. Manager	Perojo, 6 35003 Las Palmas de Gran Canaria Spain	-	99.91	3,375
Unidad de Radiología Cardiovascular Andaluza, S.A. Diagnosis	Av. Pintor Sorolla, 2 29016 Málaga Spain	-	51.24	138
VIDACAIXA ADESLAS, S.A. de Seguros Generales y Reaseguros Insurance	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	-	99.91	439,038
VIDACAIXA GRUPO, S.A.U. Insurance	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	100.00	100.00	776,723
VidaCaixa, S.A. de Seguros y Reaseguros Insurance	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	-	100.00	380,472

Note: the information relates to the most recently available data (actual or estimated) when these notes to the financial statements were drafted.

Thousands of euros						
Reserves and interim dividends	Profit/(Loss)	Other equity items	Total equity	Dividends accrued in the year on direct ownership interest	Carrying amount of the direct ownership interest	Audit firm
585	(102)	-	9,888	-	-	RSM RSA
826	(114)	-	1,179	-	-	-
43,388	7,745	-	60,022	-	-	-
8,692	462	-	12,529	-	-	-
2,209	631	-	2,978	-	-	-
732,962	27,401	(7,514)	1,191,887	6,365	-	Deloitte
1,033,393	157,340	-	1,967,456	175,500	2,357,370	Deloitte
(6,125)	205,531	-	579,878	-	-	Deloitte

APPENDIX II
Investments in jointly controlled entities and associates

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital	Reserves and interim dividends
Abertis Infraestructuras, S.A. Management of transport and communications infrastructure	Av. del Parc Logístic, 12-20 08040 Barcelona Spain	20.22	24.61	2,217,113	1,260,960
Banco BPI, S.A. Banking	Rua Tenente Valadim, 284 4100 476 Porto Portugal	30.10	30.10	900,000	1,096,577
Bank of East Asia, Limited (1) Banking	10 des Voex Road Central Hong Kong	-	15.20	5,079,000 (1)	32,145,000 (1)
Boursorama, S.A. Banking	18 Quai du Point du Jour 92659 Boulogne Billancourt Cedex France	-	20.76	34,927	509,109
Centro de Rehabilitación y Medicina Deportiva Bilbao, S.L. Physiotherapy	Rafaela Ybarra, 25 48014 Bilbao Spain	-	42.41	106	(42)
Erste Group Bank AG Banking	Graben 21 A-1010 Vienna Austria	10.10	10.10	2,511,612	9,936,466
Gas Natural, S.D.G., S.A. Energy	Plaça del Gas, 1 08003 Barcelona Spain	36.64	36.64	921,757	9,469,674
Grupo Financiero Inbursa, S.A.B. de C.V. (1) Banking	Paseo de las Palmas, 736 Lomas de Chapultepec 11000 Mexico City Mexico	20.00	20.00	2,758,222 (1)	58,391,420 (1)
Hisusa-Holding de Infraestructuras y Serv. Urbanos, S.A. Holding company	Torre Agbar. Av. Diagonal, 211 08018 Barcelona Spain	32.87	32.87	274,743	720,194
Igualatorio de Bilbao Agencia de Seguros, S.A. Insurance agency	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	44.96	150	83
Igualatorio Médico Quirúrgico, S.A. de Seguros y Reaseguros Insurance company	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	44.96	16,175	65,154
Igualatorio Médico Quirúrgico Dental, S.A. Dental care	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	44.71	200	(18)
Igurco Centros Gerontológicos, S.L. Geriatric services	José María Olabarri, 6 48001 Bilbao Spain	-	31.61	1,703	(25)

(1) Data in local currency.

Note: The information for the listed companies relates to the data published in the CNMV at 30 June 2010 and, for the unlisted companies, to the most recently available data (actual or estimated) when the notes to the financial statements were drafted.

Thousands of euros							
Profit/(Loss)	Other equity items	Total equity	Dividends accrued in the year on direct ownership interest	Carrying amount of direct ownership interest	Audit firm	Price 31/12/2010	Average price in last quarter
334,726	1,332,216	5,145,015	106,521	2,495,832	Pricewater-houseCoopers	13.46	13.55
99,476	(180,146)	1,915,907	21,130	892,258	Deloitte	1.39	1.51
2,077,000 (1)	6,861,000 (1)	46,162,000 (1)	25,259	-	KPMG	32.55 (1)	33.40 (1)
17,922	(6,432)	555,526	-	-	Deloitte / Ernst & Young	7.91	8.26
(30)	-	34	-	-	Macua	-	-
471,922	3,560,708	16,480,708	24,811	1,280,886	Ernst & Young m.b.H./ Sparkassen-Prüfungsverband	35.14	32.58
852,812	1,917,597	13,161,840	262,216	3,339,013	Pricewater-houseCoopers	11.49	10.90
2,300,920 (1)	(877,433) (1)	62,573,129 (1)	22,544	1,608,173	Mancera / Ernst & Young	54.25 (1)	53.63 (1)
66,765	-	1,061,702	21,833	382,908	Ernst & Young	-	-
7	-	240	-	-	Macua	-	-
12,119	(859)	92,589	-	-	Mazars - Macua	-	-
(13)	-	169	-	-	Macua	-	-
1,859	-	3,537	-	-	Pricewater-houseCoopers	-	-

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital	Reserves and interim dividends
Igurco Gestión, S.L. Geriatric services	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	31.61	8,679	3,911
Igurco Residencias Sociosanitarias Geriatric services	José María Olabarri, 6 48001 Bilbao Spain	-	31.61	61	(203)
Iquimesa Seguros de Salud, S.A. Insurance company	Plaza Amárica, 3 01005 Vitoria Spain	-	44.96	1,055	4,369
ORUE 2003, S.L. Geriatric services	Barrio de San Miguel, s/n 48340 Amorebieta Spain	-	21.68	3	(34)
ORUE XXI, S.L. Geriatric services	Barrio de San Miguel, s/n 48340 Amorebieta Spain	-	21.69	3,265	1,653
Port Aventura Entertainment, S.A. Theme park operation	Avinguda Alcalde Pere Molas, km. 2 43480 Vila-seca Tarragona Spain	40.29	50.00	57,579	81,402
Repinves, S.A. Holding company	Av. Diagonal, 621-629, Torre II, 8ª planta 08028 Barcelona Spain	67.60	67.60	61,304	780,497
Residencia ORUE, S.L.U. Geriatric services	Barrio de San Miguel, s/n 48340 Amorebieta Spain	-	21.69	201	53
Sanatorio Médico-Quirúrgico Cristo Rey, S.A. Healthcare	Paseo de la Estación, 40 23008 Jaén Spain	-	37.63	103	3,134
Sociedad Inmobiliaria del Igualatorio Médico Quirúrgico, S.A. Real estate	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	19.96	20,000	34
Sociedad de Promoción del Igualatorio Médico Quirúrgico, S.L. Business promotion	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	44.96	10,005	102
Sociedad General de Aguas de Barcelona, S.A. Integrated water cycle and environmental management	Torre Agbar. Av. Diagonal, 211 08018 Barcelona Spain	-	24.03	135,984	1,335,575

Note: The information for the listed companies relates to the data published in the CNMV at 30 June 2010 and, for the unlisted companies, to the most recently available data (actual or estimated) when the notes to the financial statements were drafted.

Thousands of euros							
Profit/(Loss)	Other equity items	Total equity	Dividends accrued in the year on direct ownership interest	Carrying amount of direct ownership interest	Audit firm	Price 31/12/2010	Average price in last quarter
(2,348)	50	10,292	-	-	Pricewater-houseCoopers	-	-
679	6	543	-	-	Pricewater-houseCoopers	-	-
2,059	(30)	7,453	-	-	Mazars - Macua	-	-
-	-	(31)	-	-	-	-	-
181	-	5,099	-	-	Pricewater-houseCoopers	-	-
12,272	(1,501)	149,752	-	58,517	Deloitte	-	-
58,238	266,227	1,166,266	39,353	643,541	Deloitte	-	-
(11)	99	342	-	-	Macua	-	-
(76)	-	3,161	-	-	-	-	-
(60)	-	19,974	-	-	Pricewater-houseCoopers	-	-
165	-	10,272	-	-	Macua	-	-
310,941	809,980	2,592,480	21,626	-	Ernst & Young	-	-

APPENDIX III
Available-for-sale financial assets – Equity instruments

Company name and line of business	Registered office	% of ownership	
		Direct	Total
Bolsas y Mercados Españoles Sociedad Holding Securities markets and financial systems	Plaza de la Lealtad, 1 28014 Madrid Spain	5.01	5.01
Repsol YPF, S.A. Operation in the oil and gas market	P. de la Castellana, 278-280 28046 Madrid Spain	9.29	12.69
Telefónica, S.A. Telecommunications	Distrito C C/ Ronda de la comunicación s/n 28050 Madrid Spain	5.03	5.03

Thousands of euros		
Dividends accrued in the year on direct ownership interest	Price at 31/12/10	Average price in last quarter of 2010
8,261	17.83	19.01
97,690	20.85	20.01
297,702	16.97	18.11

APPENDIX IV

List of Companies forming the tax group

The composition of the "la Caixa" consolidated Group for 2010 income tax purposes is as follows:

AgenCaixa, S.A. (*)
Aris Rosen, S.A.U.
VidaCaixa Grupo S.A.U. (formerly SegurCaixa Holding, S.A.U.) (*)
Caixa Barcelona Seguros Vida, S.A. de Seguros y Reaseguros
Caixa Capital Pyme Innovación, SCR de Régimen Simplificado, S.A.
Caixa Capital Risc, SGECR, S.A.
Caixa Capital Semilla, SCT de Régimen Simplificado, S.A.
Caixa d'Estalvis i Pensions de Barcelona (Parent of the tax group)
Caixa Preference, S.A.U.
CaixaCorp, S.A.
CaixaRenting, S.A.
Corporación Hipotecaria Mutual, EFC, S.A.
Criteria CaixaCorp, S.A. (*)
e-la Caixa, S.A.
Financiacaixa 2, EFC, S.A.
Finconsum, EFC, S.A. (*)
Grand Península Desarrollos Urbanísticos Tarraconenses, S.L.U. (*)
GDS-CUSA, S.A.
GestiCaixa, SGFT, S.A. (*)
GestorCaixa, S.A.
Holret, S.A.U. (*)
Iniciativa Emprendedor XXI, S.A.
InverCaixa Gestión, SGIIC, S.A. (*)
Invervida Consulting, S.L. (*)
MediCaixa, S.A.
Mediterránea Beach and Golf Community, S.A. (formerly Port Aventura, S.A.) (*)
MicroBank de la Caixa, S.A.
Negocio de Finanzas e Inversiones, I, S.L.U. (*)
PromoCaixa, S.A.
Silc immobles, S.A.
VidaCaixa Adeslas, S.A. (formerly SegurCaixa, S.A.) (*)
Serveis Informàtics de la Caixa, S.A.
Servihabitat XXI, S.A.
Serviticket, S.A.
Suministros Urbanos y Mantenimientos, S.A.- SUMASA
TradeCaixa I, S.A.
VidaCaixa, S.A. de Seguros y Reaseguros (*)
Valoraciones y Tasaciones Hipotecarias, S.A.
Caixa Capital Micro, SCR de Régimen simplificado
Caixa Girona Pensions, EGFP, S.A.
Norton Center, S.L.U.
Estuvendimmo, S.L.U.
Estullogimmo, S.L.U.
Estuinvest, S.L.U.
Estugest, S.L.U.
Estuimmo, S.A.
Caixa Girona Gestió Mediació Operador de Banca-Seguros Vinculado, S.A. (*)
Caixa Girona Gestió, S.A.U.

Note: The tax group also includes 65 companies that are currently dormant.
(*) Criteria CaixaCorp Group companies.

APPENDIX V

Tax credit for the reinvestment of extraordinary profit

Profit qualifying for the tax credit relating to reinvestment of extraordinary income established in Article of the Consolidated Corporation Tax Law, approved by Legislative Royal Decree 4/2004, of 5 March:

	Thousands of euros					
	Criteria CaixaCorp			Criteria Group		
Year	Profit qualifying for the tax credit	Income qualifying	Tax credit	Profit qualifying for the tax credit	Income qualifying	Tax credit
2001 and previous	110,380	110,380	18,765	150,926	150,926	25,658
2002	-	-	-	16,236	16,236	2,760
2003	41,221	41,221	8,244	55,291	55,291	11,058
2004	7,770	7,770	1,554	18,675	18,675	3,735
2005	30,300	30,300	6,060	110,545	110,545	22,109
2005	18,272	-	-	18,272	-	-
2006	1,141,899	-	-	1,151,432	9,533	1,907
2007	-	617,623	123,525	3,717	617,623	123,525
2008	-	542,548	108,510	-	545,669	108,884
2009	-	-	-	1,673	1,673	200
2010	133,144	133,144	15,977	165,574	165,574	19,869

The total income obtained in the transfer of assets that gave rise to a tax credit for reinvestment of extraordinary income in 2001 to 2004 and part of 2005 was reinvested in the period between the year prior to the date of transfer and the year of transfer.

The gains were reinvested in equity securities giving rise to an ownership interest of more than 5% and in property, plant and equipment and intangible assets.

At 31 December 2006, the companies in the "la Caixa" consolidated tax group had not yet reinvested amounts which give Criteria Caixacorp the right to take tax credits on income relating to 2005 and 2006 of EUR 18,272 thousand and EUR 1,141,899 thousand, respectively, which provide the base for calculating the tax credit. Consequently, Criteria Caixacorp had not yet recognised a taxable gain on a tax credit for extraordinary income amounting to EUR 232,034 thousand, which accrued, as indicated below, in 2007 and 2008 when the related reinvestment was made.

The reinvestments made in 2007 by the companies in the "la Caixa" consolidated tax group made it possible to take a tax credit for the reinvestment of extraordinary income in the 2007 income tax return of EUR 123,525 thousand (relating to Criteria CaixaCorp, of which EUR 104,545 thousand were recognised as income at 2007 year-end and EUR 18,980 thousand were recognised as income at 2008 year-end), in relation to the obtainment of extraordinary income of EUR 18,272 thousand and EUR 599,351 thousand in 2005 and 2006, respectively.

In 2008 the companies in the "la Caixa" consolidated tax group made reinvestments that may be assigned to income qualifying for the tax credit in 2006 amounting to EUR 545,669 thousand and, accordingly, income relating to a tax credit for the reinvestment of extraordinary income was recognised amounting to EUR 108,884 thousand.

In 2009 the companies in the "la Caixa" consolidated tax group made reinvestments that may be asssigned to income qualifying for the tax credit in 2009 amounting to EUR 1,673 thousand and, accordingly, income relating to a tax credit for the reinvestment of extraordinary income was recognised amounting to EUR 200 thousand.

At 2010 year-end the companies in the consolidated tax group considered that they had made reinvestments that can be assigned to income qualifying for the tax credit amounting to EUR 165,574 thousand, relating to income arising in 2010, and an estimated reinvestment tax credit of EUR 19,869 thousand was recognised.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Criteria CaixaCorp, S.A. and subsidiaries consolidated directors' report for 2010

1. COMPANY PERFORMANCE IN 2010

Criteria CaixaCorp, S.A., ("Criteria CaixaCorp", "Criteria" or "the Parent") engages mainly in the active management, with controlled risk, of its portfolio of investments, through:

- Investment in top-level companies with a significant presence in their respective markets and with the capacity to create recurring value and profits.
- Participation in the governing bodies of those companies, taking an active role in the definition of their future policies and strategies and contributing to their growth and development.
- An experienced executive team with the support of a high-quality team of professionals, which enables Criteria to detect investment and divestment opportunities and to execute them at the appropriate time on the basis of the cycle of each market.

The Criteria group ("the Group") operates in the financial, insurance and services industries through its subsidiaries, jointly controlled entities and associates.

The creation of long-term value for shareholders has been Criteria's main aim since it was admitted to trading in October 2007. In order to achieve this objective, it actively manages its portfolio and has focused on increasing the relative weight of financial investments in its portfolio to around 40%-60% of the total.

It holds ownership interests in the banking, financial services and services industries, with a firm commitment to internationalisation which it hopes will contribute long-term added value through the active management of the portfolio. This active management of investments is implemented by taking positions of influence at its investees and participating in the governing bodies with active involvement in defining the most appropriate business strategies and policies so as to contribute to ongoing development and, obviously, to the generation of value for shareholders. Criteria also manage these holdings in order to increase their value; this involves identifying and analysing new investment and divestment opportunities in the market with controlled risk levels. For this purpose, Criteria have available considerable knowledge of and experience in the industries in which the Criteria Group has a presence, which gives it a significant position as an investing company. The Criteria Group's current investment portfolio is the most important in Europe among groups of private investors in terms of volume of assets. This portfolio includes top level companies with solid leadership positions in the various industries and countries in which they operate, as well as proven capacity to generate value and profits. The Criteria Group is also present, not only in the financial services and banking industries but also in strategic industries such as energy, telecommunications, infrastructure and services.

Investments in the financial services industry represented 37% of the total value of the Criteria Group's portfolio at 2010 year-end, which is very close to the minimum target set on flotation, and has more than doubled since then.

Furthermore, the investee portfolio brings two-fold geographical diversification to the Group: it invests in shares in banks in areas with high growth potential (Eastern Europe, Mexico and Asia), and it has industrial holdings that are multinational groups in their own right. Accordingly, we estimate that approximately 50% of the income from the investee portfolio originates outside Spain, 29% being generated in Latin America, 15% in Europe, and 7% in the rest of the world. Mention must also be made of the fact that 40% of the total revenue from the portfolio is generated in emerging markets.

Since its admission to trading, Criteria CaixaCorp has consolidated its position as a company listed on the four official Spanish stock exchanges and has been included in the IBEX-35 index since 4 February 2008. Currently, Criteria, in addition to the IBEX35, Criteria are included in the following indexes: MSCI Europe (Morgan Stanley Capital International), MSCI Pan-Euro, DJ STOXX 600, FTSE Eurofirst 300, DJSI (Dow Jones Sustainability Index), Spain Titans 30 Index, BCN Top Euro, FTSE4Good and the Dow Jones Sustainability Index.

Criteria have been awarded a credit rating of A with stable outlook from Standard & Poor's (S&P) and A2 from Moody's. Both agencies based their decisions on Criteria's stable, conservative capital structure, its good financial flexibility and the composition and quality of its portfolio.

Faced with the complex economic scenario affecting us all, Criteria CaixaCorp met the objectives it had proposed, particularly in the active management of the share portfolio in order to create greater value for shareholders, increase the dividends received from investees and redress the balance between the financial asset portfolio and the industrial asset portfolio. All of this took place within the scope of a growth-based business project generating adequate profitability and risk control and a top-quality asset portfolio which guarantees the Company's solvency. Shareholder remuneration is one of the top priorities. Accordingly, the Annual General Meeting held in May 2010 established a new dividend policy whereby dividends would be paid quarterly. In 2010 the Board of Directors approved the payment of three interim dividends out of 2010 profit, for a total of EUR 0.20 per share, and the Annual General Meeting approved a distribution of EUR 0.06 per share from reserves and the payment of the final dividend out of profit for 2009 of EUR 0.131 per share.

In August 2010 Criteria set up a Shareholders' Consultative Committee of 17 non-controlling shareholders, who represent ten autonomous communities. This committee is a two-way communication tool to encourage dialogue between Criteria and its shareholders, with the aim of identifying initiatives to improve communication channels and share ideas and suggestions. The creation of the Consultative Committee is a pioneering initiative in Spain, and the committee will be chaired by the Director-Chief Executive Officer of Criteria.

In addition, in 2010 Criteria CaixaCorp initiated its training programme for shareholders and the general public, called "Learn with Criteria". This pioneering initiative among IBEX35 companies, which is carried out in conjunction with the training department of the Spanish Stock Exchanges and Markets Institute, consists of two training sessions and aims to introduce participants to the financial markets, explaining the characteristics of stock market trading and the main share pricing methods. It arose in response to a request made by the Company's shareholders and reflects the Company's commitment to offering tools and content to help the general public improve their knowledge of the markets.

Basic share-related information

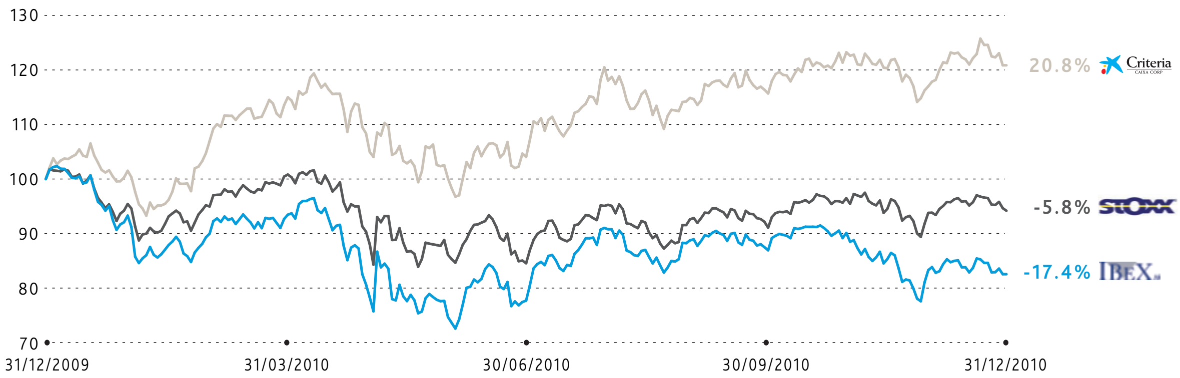
The performance of the main aggregates of Criteria CaixaCorp's shares from 31 December 2009 to the end of 2010 was as follows:

Indicators of interest concerning share performance	
Market capitalisation at year-end	EUR 13,391 million
Highest share price (22/12/10) (1)	EUR 4.143
Lowest share price (9/02/10) (1)	EUR 3.074
Share price at year-end (31/12/2010)	EUR 3.982
Share price at beginning of year (31/12/09)	EUR 3.295
Maximum daily trading volume (shares) (21/05/10) (2)	8,405,933
Minimum daily trading volume (shares) (28/12/10) (2)	748,030
Average daily trading volume (shares)	2,806,143

(1) Market price at the end of the trading session.

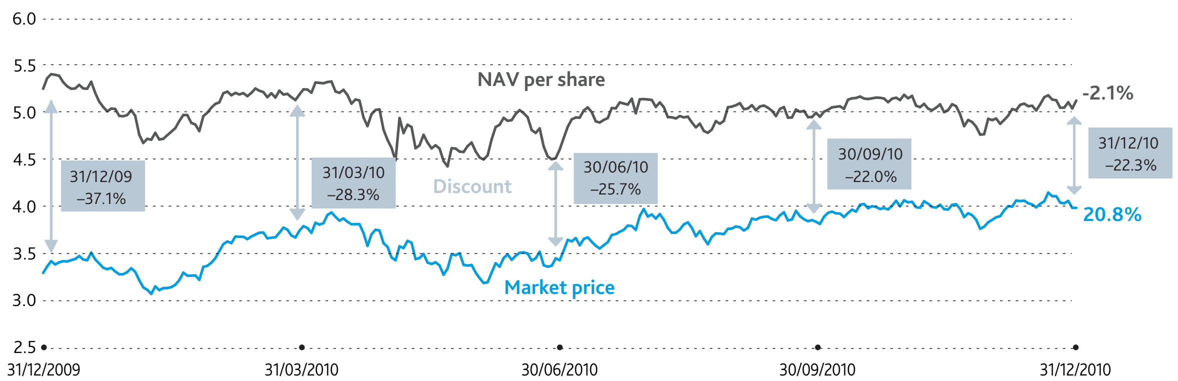
(2) Excluding special transactions.

Trend in the share price of Criteria CaixaCorp with respect to the main reference indicators



The comparative graph above shows that the share price increased by 20.8% with respect to the beginning of the year to close at EUR 3.982/share. The Ibex35 and the Eurostoxx50 fell by 17.4% and 5.8%, respectively.

Discount



Taking the discount to be the difference between the net asset value of Criteria CaixaCorp and its capitalisation at the year-end market price, it can be seen that in 2010 it was 22.3%, significantly lower than in the previous quarter and the levels at 2009 year-end when it was 37.1%. This indicates that the market value of the assets is higher than the price per share as a whole, from which it can be inferred that there is room for a rise in the share price as the difference between the two variables narrows. The sound share price performance and the reduction of the discount of Criteria were due, inter alia, to the strategic consistency demonstrated, to the excellent results obtained, to the Group's philosophy of actively managing its investees and to the attractive returns that Criteria offers its shareholders.

The opinions of analysts regarding Criteria CaixaCorp, most of whom recommend "buy" or "hold", have become more favourable, and in the most recently published reports in 2010 the target price has risen. The positive points highlighted include the diversification of Criteria's portfolio and the quality of its investments, its notable and growing international presence, with significant expansion into emerging markets, its strategic consistency, the active management of its portfolio, the attractive dividend yield and the solid earnings reported.

Information on asset values

The **Net Asset Value (NAV)** of Criteria CaixaCorp is as follows:

	Millions of euros	
	31/12/2010 (4)	**31/12/2009 (3)**
GAV (Gross asset value) (1)	23,059	24,380
Pro forma net debt position (2)	(5,816)	(6,764)
NAV (Net asset value)	17,243	17,616
Net debt/GAV	25%	28%
Millions of shares	3,363	3,363
NAV/share (EUR) (3)	5.13	5.24

(1) The GAVs of listed holdings were calculated as the number of shares multiplied by the closing price at the date in question. For unlisted holdings internal valuations were used at year end.

(2) Pro forma information obtained from the aggregate net debt/cash position in the separate financial statements of Criteria CaixaCorp and the holding companies and transactions in progress not yet materialised.

(3) At 31 December 2009, this included the Adeslas-Agbar transaction, which was completed in June 2010 and projected at December 2009.

(4) At 31 December 2010, it included the projected but uncompleted sale of 50% of the shares of Vidacaixa Adeslas and Mutua Madrileña.

Change in GAV

Following is a detail, by investee, of the changes in the GAV in 2010:

	Millions of euros			
	Market value at 31/12/09	**Investments/ Divestments**	**Change in value**	**Market value at 31/12/10**
Treasury shares	47	(10)	11	48
Gas Natural	5,065	(12)	(1,291)	3,762
Repsol-YPF	2,898	10	240	3,148
Abertis	2,771	(48)	(276)	2,447
Agbar	1,314	(1,320)	6	-
Telefónica	4,372	(1)	(480)	3,891
BME	94	-	(19)	75
Banco BPI	574	-	(199)	375
Boursorama	176	-	(32)	144
The Bank of East Asia	501	357	115	973
GF Inbursa	1,343	-	843	2,186
Erste Group Bank	995	1	346	1,342
Total listed	**20,150**	**(1,023)**	**(734)**	**18,391**
Insurance	2,409	1,193	90	3,692
Financial	393	(62)	34	365
Other unlisted	566	635	(188)	1,013
Total unlisted	**3,368**	**1,766**	**(64)**	**5,070**
The Bank of East Asia	331	(331)	-	-
Adeslas	1,178	(1,178)	-	-
Agbar	(647)	647	-	-
Hospital business	-	150	-	150
Vidacaixa Group	-	(1,075)	523	(552)
Other committed investments	**862**	**(1,787)**	**523**	**(402)**
TOTAL GAV	**24,380**	**(1,044)**	**(276)**	**23,059**

Notes: both the investments carried out by Criteria CaixaCorp directly and those of the Group's holding companies are included.

The foregoing table shows that significant investments and divestments were made, which are explained as follows:

• On 14 January 2010, in the framework of the agreements entered into by The Bank of East Asia, "la Caixa" and Criteria in June 2009, the capital increase at BEA was subscribed to with a disbursement of EUR 331 million; this transaction was already committed at 31 December 2009. The transaction was performed by means of a capital increase by Criteria CaixaCorp at its subsidiary Negocio de Finanzas e Inversiones I, the company holding its ownership interest in BEA. The transaction enabled BEA to reinforce the expansion of its business, especially in terms of its strategy for growth in the Chinese market, and to increase its total capital and Tier 1 capital above 15% and 11%, respectively. This transaction will strengthen the position of the Criteria Group in the bank, which is the Criteria Group's key partner in the world's most economically dynamic region.

- In 2010 Criteria took advantage of the prevailing situation in the markets to make divestments for a cash total of EUR 588 million. The divestments made gave rise to net consolidated gains of EUR 162 million and net individual gains of EUR 149 million. The amount obtained from these sales was assigned to debt reduction.

The detail of the divestments made is as follows:

Investee	% of ownership interest sold	Net cash (millions of euros)
Abertis	0.44%	48
Gas Natural	0.74%	105
Repsol	0.86%	198
Telefónica	0.28%	237
Total		**588**

- In the first six months of 2010 the derivative contracts hedging a portion of the holding in Telefónica, representing a 1.03% holding in the company at December 2009, expired. At 31 December 2010, Criteria had an ownership interest of 5.025% in Telefónica, which was not hedged by any derivative contract.
- On 7 June 2010, the transaction was concluded through which Criteria acquired 99.77% of the share capital of Adeslas for a total amount of EUR 1,193 million, which includes the accrued interest payable to Malakoff Médéric from the date the original agreement was entered into in October 2009 until the date the acquisition was formalised. This transaction was performed pursuant to the final agreements entered into on 14 January 2010 by Suez Environnement, on the one hand, and Malakoff Médéric, on the other. The main purpose was to strengthen the Criteria Group in the insurance industry by merging this holding with the interest in VidaCaixa Grupo (formerly, "SegurCaixa Holding").

  At the same time, the Group sold to Suez Environnement an ownership interest of 24.5% in Agbar, which enabled Suez Environnement to increase its holding to 75.01%. The Criteria Group retained a 24.03% holding in Agbar. This transaction was preceded by a delisting takeover bid for the 10% of the share capital of Agbar held by non-controlling interests.
- On 30 July 2010, Criteria announced the agreement reached for the integration of the full-service vehicle lease business of Caixa Renting into the BNP Paribas Group company Arval. On 22 December 2010, Criteria sold to "la Caixa" all the shares of Caixa Renting for EUR 62,000 thousand (not yet collected at 31 December 2010) and transferred to it its contractual position in the purchase and sale agreement with Arval in relation to the transfer of the full-service vehicle lease business. "la Caixa" and Arval entered into an agreement for the novation of the purchase and sale agreement. The Parent did not recognise a gain or a loss on the sale to "la Caixa" in its separate financial statements. A net gain of EUR 50 million was recognised in the consolidated financial statements.

The committed investments and divestments include the following transactions:

On 13 January 2011, Criteria, together with its majority shareholder, entered into an agreement with Mutua Madrileña to develop a strategic alliance in non-life insurance. This agreement will result in the acquisition by Mutua Madrileña of a 50% ownership interest in VidaCaixa Adeslas Seguros Generales, S.A. ("VCA") and an exclusive non-life bancassurance distribution agreement with "la Caixa".

Criteria will sell to Mutua Madrileña 50% of VidaCaixa Adeslas for EUR 1,075 million, of which EUR 1,000 million will be paid in cash, plus an additional earn out payment which will be calculated based on the achievement of the business plans and results of VidaCaixa Adeslas in the next ten years. The hospital business of VCA is not included in the aforementioned alliance. The transactions described above, taken as a whole, are expected to generate consolidated net gains for the Criteria Group of around EUR 450 million.

The new holdings in VCA will be shared between Mutua Madrileña with 50%, Criteria with 49.9% and the rest will be held by non-controlling shareholders. Half of the members of the Board of Directors of VCA will be appointed at the proposal of Mutua Madrileña and the other half by the "la Caixa" Group. Mutua Madrileña will appoint the executive chairman, who will have the casting vote, and Criteria will appoint the general manager.

The aforementioned transactions are expected to be concluded in the third quarter of 2011, once the financial, equity and legal review of VCA has been completed, the final agreements have been signed and the related conditions and legal procedures have been fulfilled (including the approvals relating to competition and insurance supervisory bodies).

Summarised accounting information

Criteria's earnings performance was positive, as evidenced by the Group's most significant financial information:

	January-December		
	Millions of euros		
	2010	**2009**	**% change**
Services	1,059	982	8%
International banking	283	171	65%
Insurance	267	213	25%
Specialised financial institutions	23	(29)	-
Gains/Losses on investments	**1,632**	**1,337**	**22%**
Finance expenses	(130)	(89)	46%
Operating expenses	(23)	(20)	15%
Amortisation of intangible assets acquired and similar items	(66)	(45)	47%
Other attributable gains or losses	11	(7)	-
Holding company business	**(208)**	**(161)**	**29%**
Net recurring profit	**1,424**	**1,176**	**21%**
Net gains/losses on the disposal of investments and other	426	264	61%
Non-recurring gains/losses on investments	(3)	57	-
Impairment losses recognised	(24)	(180)	(87%)
Net non-recurring profit	**399**	**141**	**-**
Net profit of the Group	**1,823**	**1,317**	**38%**

Note: The consolidated income statement was prepared in accordance with accounting principles and measurements standards in accordance with International Financial Reporting Standards, although it is presented in accordance with the model used by Group management.

Income from investments

Income from investments totalled EUR 1,632 million in 2010, up 22% on 2009. The changes in the various businesses in the portfolio were as follows:

- The earnings of the **Services** portfolio increased by 8% primarily as a result of two factors. On the one hand, the EUR 86 million increase in the dividends from Telefónica had an influence, which was due equally to the rise in the dividend per share, from EUR 1.0/share in 2009 to EUR 1.3/share in 2010, and to the increase in the number of shares carrying dividend rights as a result of terminating the hedges arranged on 1% of the shares of Telefónica. The 6% year-on-year increase in the attributable recurring profit of Gas Natural also had a positive influence. This increase was partially offset by the EUR 10 million decrease in the dividends from Repsol, as a result of the share sales performed in the first quarter of 2010, and the decrease in Agbar's attributable recurring profit, due mainly to the fall in the percentage of ownership of this company that occurred in 2010.
- The increase in income from the **Banking** portfolio of EUR 112 million, since the profit of Erste Bank and The Bank of East Asia (BEA) was accounted for using the equity method as a result of achieving significant influence thereover, which led to their recognition as associates from 31 December 2009 onwards, while only the dividends paid were recognised in 2009. Also, in general, the net earnings performance for 2010 for most of the Banking portfolio was positive with respect to 2009.
- 25% increase in the income contributed by the **Insurance** portfolio and improved revenue and growth in all areas in which Criteria operate (life, home and car insurance) with respect to 2009. The increase was also due to the inclusion of the Adeslas Group in Criteria from June 2010 onwards, which contributed EUR 49 million.
- Growth of EUR 52 million in income from the **Specialised Financial Services** portfolio due to the decrease in period provisions for non-performing loans in 2010 and to an increase in the net interest income obtained from transactions and the higher selling prices of second-hand vehicles. In 2010 revenue from this portfolio taken as a whole was similar to that of 2009.

Holding company business

The most significant headings are as follows:

- The increase in **net finance costs** attributable to Criteria relates to the increase in borrowings as a result of the investments made in the second half of 2009 and beginning of 2010 and to the increase in the average interest rates on the borrowings in part as a result of having tied the interest rates to fixed rates. The increase in costs is due, on the one hand, to the fact that at the end of 2009 long-term financing at fixed rates was obtained (interest rate hedging) the cost of which was higher than the floating rate and, on the other, to the effect of the increase in reference interest rates on the portion of borrowings tied to floating rates.
- **"Amortisation of Intangible Assets Acquired and Similar Items"** includes the amortisation taken on assets arising from the business acquisition processes and acquisitions of further ownership interests in associates. Period amortisation includes mainly that of customer portfolios related to the acquisitions of the VidaCaixa Grupo, G.F., Inbursa, Adeslas, Erste Bank and The Bank of East Asia businesses.

Net non-recurring profit amounted to EUR 399 million in 2010 and relates primarily to:

- Gain obtained on the sale of Agbar and acquisition of control of Adeslas amounting to EUR 162 million.
- Sale of ownership interests in Telefónica (0.282%), Repsol (0.86%), Gas Natural (0.74%) and Abertis (0.44%) for a total of EUR 588 million, giving rise to attributable net profit of EUR 162 million. In 2009, the gains on the sales of ownership interests included EUR 265 million relating to the net profit obtained on the sale of 1% of Telefónica.
- Sale of the full-service vehicle lease business in December 2010 for EUR 62 million, resulting in a net gain of EUR 50 million.
- Tax credits on undistributed profit from sales of Telefónica in 2009 that were recognised in 2010, amounting to EUR 37 million.
- Other non-recurring profit relating mainly to the attributable portion of the gain on the sale of Gas Natural's assets and other items, as well as the restructuring costs relating to Agbar that gave rise to a loss of EUR 3 million taken as a whole. In 2009, this heading also included the amount attributable to the gains on the sale of Enagas and other Gas Natural assets.
- Impairment losses which include those recognised during the year on investments in banks for a net amount of EUR 35 million (2009: EUR 118 million). In 2009, impairment losses totalling a net amount of EUR 38 million were also recognised on the portfolio of loans at companies within the consumer financing industry.

These profits enabled the Board to propose the payment of interim dividends out of 2010 profit of EUR 0.20 per share, which includes an extraordinary dividend of EUR 0.08 per share. The Annual General Meeting hold in May 2010 approved, additionally, a reserves distribution of EUR 0.06 per share.

The Board have agreed to assign the non distributed 2010 profit to reserves. Additionally, in the framework of a new payment scheme for shareholders, the Board will propose to the Annual General Meeting, a capital increase against voluntary reserves, issuing new shares that will be free assigned to Criteria's shareholders, against reserves from non distributed profits, for an amount of approximately EUR 172 million (EUR 0.051 per share). Shareholders will be able to decide between the following three options: to receive the shares issued in the capital increase against reserves, to receive cash for the sale in the market of the assigned rights, or to receive cash as a result of the sale to Criteria CaixaCorp, S.A. of the rights assigned at the price fixed by the company itself, which represents an alternative to the dividend. The shareholders could combine these three rights, if they so desire.

Group performance

The Group's portfolio of investees at 31 December 2010 was as follows:

Utilities	**Total ownership interest**	**Seats on the Board of Directors**	**Fair value (millions of euros)**
Listed			**13,323**
Energy			**6,910**
Gas Natural	36.64%	5 of 17	3,762
Repsol YPF	12.69%	2 of 16	3,148
Infrastructure			**2,447**
Abertis	24.61%	7 of 20	2,447
Services/other			**3,966**
Telefónica	5.03%	2 of 17	3,891
BME	5.01%	1 of 15	75
Unlisted			**1,013**
Agbar	24.03%	2 of 8	654
Port Aventura Group (1)	-	-	353
Property portfolio	100.00%	5 of 5	6
Financial services and insurance			
Listed			**5,020**
International banking			**5,020**
GF Inbursa	20.00%	3 of 16	2,186
Erste Group Bank	10.10%	1 of 18	1,342
The Bank of East Asia	15.20%	1 of 18	973
Banco BPI	30.10%	4 of 25	375
Boursorama	20.76%	2 of 10	144
Unlisted			**4,057**
Insurance			**3,692**
VidaCaixa Grupo	100.00%	9 of 10	3,675
GDS-Correduría de Seguros	67.00%	1 of 1	17
Specialised financial services			**365**
InverCaixa Gestión	100.00%	7 of 7	224
FinConsum	100.00%	8 of 8	123
GestiCaixa	100.00%	7 of 7	18
Treasury shares			**48**
Investment (divestment) commitments (2)			**(402)**
TOTAL GAV			**23,059**

(1) Comprised of Port Aventura Entertainment (50% with 6 of 13 directors) and Mediterránea Beach & Golf Community (100% with 5 of 6 directors).

(2) Projected but uncompleted sale of 50% of the shares of Vidacaixa Adeslas Seguros Generales to Mutua Madrileña.

Note: Value of unlisted companies at 31 December 2010.

Currently, taking into account the investment and divestment commitments, utilities account for 63% of GAV, while the financial services industry represents 37%. Since the Company's admission to trading, the relative importance of the financial services industry has increased by 20 percentage points. At 31 December 2010, the listed portfolio represents 80% of the GAV.

The most significant aspects of the investment portfolio are as follows:

UTILITIES

Listed

This group is composed of leading companies, mainly located in Spain but with a considerable international presence, which have a capacity to generate growth and create value, in the energy, infrastructure and utilities industries in which the Group has knowledge and experience. A profitable portfolio has been built up, with the capacity to generate attractive dividends, with an excellent track record and a controlled level of risk. It is aimed to create additional value at these companies by taking up significant positions in the shareholder structure that facilitate active participation in the managing bodies, in the taking of key decisions and in the development of business strategies.

Gas Natural became one of the top ten European energy companies and the leading integrated gas and electricity utility in and in Latin America after the merger with Unión Fenosa. It is the number one LNG operator in the Atlantic basin and one of the main operators of combined cycle plants in the world. The new company has more than 20 million customers (9 million in Spain) and 16 GW installed capacity around the globe. It has total assets in excess of EUR 44,000 million.

Repsol YPF is an integrated international oil and gas company, with operations in more than 30 countries, and it is the market leader in Spain and Argentina. It is one of the ten largest private oil companies in the world and the largest private company in the energy industry in Latin America by volume of assets. Total assets exceed EUR 62,400 million.

Abertis is one of the leading European companies in infrastructure development and management, with more than 3,700 kilometres of managed toll roads and total assets in excess of EUR 25,000 million. In recent years it has intensified its geographical and business diversification with investments of over EUR 5,800 million in motorways, telecommunications, airports and parking and logistics facilities. Currently, approximately 50% of revenue is earned outside Spain.

Telefónica is one of the leading integrated telecommunications operators in the world, present in Europe and Latin America. It is a benchmark company in the Spanish and Portuguese-speaking markets, with a total volume of assets of more than EUR 129,000 million. With almost 282 million accesses, Telefónica has an outstanding international profile, generating over 67% of its business outside Spain: (i) in Spain, with more than 47 million accesses, it is the leader in all business segments; (ii) in Europe (the UK, Germany, Ireland, the Czech Republic and Slovakia), it has almost 55 million customers; and (iii) in Latin America, with more than 180 million accesses, it is the market leader in the principal countries (Brazil, Argentina, Chile and Peru) and has significant business operations in other countries such as Mexico, Colombia, Venezuela and Central America.

Bolsas y Mercados is the company which brings together all the systems for the registration, clearing and settlement of securities and secondary markets in Spain. In 2009, more than 114,000 million shares were traded on the stock exchanges with total cash of close to EUR 900,000 million changing hands.

Unlisted

Aguas de Barcelona (AGBAR), with a total volume of assets in excess of EUR 6,700 million, Agbar is the leading privately-owned urban water management operator in Spain, where it supplies water to a population of close to 13 million and provides water treatment services to a population of over 8.3 million. On the international stage, the Agbar Group supplies potable water and provides water treatment services to a population of more than 11 million in Chile, the UK, China, Colombia, Algeria, Cuba and Mexico. In the framework of the acquisition of Adeslas in 2010, the Group has reduced its ownership interest in Agbar to 24.03%.

Port Aventura Entertainment, in which the Group has a 50% ownership interest, is the leading leisure complex in Spain and one of the main complexes in southern Europe. The park currently includes a theme park, an aquatic park and the operation of four hotels, two of which it owns.

Mediterránea Beach & Golf Community (100%) fully owns the assets of Port Aventura: three golf courses, land developed for residential and commercial use, a beach club as well as the ownership of two hotels and a conference centre which are leased out to Port Aventura Entertainment.

FINANCIAL SERVICES SEGMENT

International banking

In the scope of investments in the financial services sector, Criteria leads, within the "la Caixa" Group, the international expansion of "la Caixa" through the acquisition of financial institutions. This business line consists of investments in the banking industry, mainly international banking, in the countries in which added value can be contributed and growth potential can be harnessed.

Grupo Financiero Inbursa, with total assets exceeding EUR 15,400 million, more than 260 branches, more than 6,000 employees and 14,000 financial advisers, is the sixth largest financial group in Mexico in terms of total assets and is one of the biggest in Latin America in terms of market capitalisation.

Founded in Mexico in 1965, it offers commercial banking services, in which it is a benchmark, retail banking, asset management, life and non-life insurance and pensions, as well as stock broking and securities custody services. It is currently the leading financial group in Mexico in terms of asset management and custody services and is one of the best positioned in insurance and pension funds.

Erste Group Bank AG was founded in 1819 as the first Austrian savings bank. In 1997 it was admitted to trading with a view to developing the retail banking business in Central and Eastern Europe. It is currently the second largest banking group in Austria and one of the largest in Central and Eastern Europe, with total assets of approximately EUR 206,000 million. In addition to Austria, Erste Bank controls banks in seven countries (Czech Republic, Slovakia, Romania, Hungary, Croatia, Serbia and the Ukraine) and is the market leader in the Czech Republic, Slovakia and Romania. It serves 17.4 million customers and operates with more than 3,200 branches.

The Bank of East Asia (BEA), founded in 1918 and with assets totalling more than EUR 50,000 million, more than 260 branches and more than 11,000 employees, is the number one private independent bank in Hong Kong, and one of the best positioned foreign banks in China, where, through its subsidiary BEA China, it has over 90 branches. It plans to continue with its expansion strategy in that country, aiming for 100 branches in the first phase.

Banco BPI is a multi-specialised, universal financial group, focused on commercial banking aimed at business, institutional and private customers, and is the third largest private financial group in Portugal. It has total assets of more than EUR 47,000 million and a commercial network of over 800 branches in Portugal and 100 in Angola.

Boursorama, formed in 1995, forms part of the Société Générale Group and is one of the leading brokers and distributors on-line of savings products in Europe with total assets of almost EUR 3,500 million.

It has a presence in four countries, and in France it leads the market in on-line financial information and has a notable position in Internet banking. It is one of the three leading on-line brokers in the UK and Spain.

Insurance

The insurance Group carries on its activity through its subsidiaries owned by the **VidaCaixa Grupo** holding company comprising a wide variety of brands covering the different areas in which it operates. It has a wide range of life and non-life insurance products, which it offers its customers on a personalised basis. Over 6 million customers and more than 45,000 companies and groups have taken out pension and insurance plans (retirement plans, pensions and other products).

VidaCaixa's business is focused on life insurance, dealing with all of the group's insurance sales and the management of pension plan assets totalling EUR 14,500 million, ranking second in the industry in this branch of activity.

The organic growth of the business strengthens VidaCaixa as the leading life insurance company with a volume of technical provisions of more than EUR 18,000 million. Also, VidaCaixa has consolidated its position as leader in the corporate employee welfare business, with managed assets (technical provisions and pension plans) exceeding EUR 33,000 million.

VidaCaixa-Adeslas Seguros Generales is the non-life insurance company resulting from the merger in the last quarter of 2010 between SegurCaixa, which focuses on non-life business, and Adeslas, the healthcare insurance market leader in Spain. The synergies between the companies will give them access to 6 million individual and group customers, a marketing channel formed by more than 1,800 insurance agents and brokers, and more than 200 of their own branches, in addition to more than 5,000 branches of "la Caixa" and VidaCaixa Grupo's commercial network. VidaCaixa-Adeslas will also manage a leading Spanish private hospital group, and mention should be made of its sound position in home insurance, the process of consolidation in the car insurance business and the new product offerings for SMEs and self-employed professionals.

On 13 January 2011, Mutua Madrileña and "la Caixa" entered into an agreement whereby the Madrid-based company would acquire 50% of VidaCaixa-Adeslas Seguros Generales from Criteria. The transaction is worth EUR 1,075 million and includes a commercial agreement for the marketing, on an exclusive basis for an indefinite period of time, of healthcare, homeowners', car and all other non-life insurance products through the "la Caixa" branch network and VidaCaixa-Adeslas' other channels.

Specialised financial services

InverCaixa Gestión manages collective investment undertakings. It manages a wide range of products: investment funds, OEICs and investment portfolios. In addition, it advises "la Caixa" on sales activities relating to investment funds managed by third-party management companies. At 31 December the Company had achieved a volume of managed assets of approximately EUR 16,634 million, increasing its market share from 8.5% (December 2009) to 10.6% in investment funds, making it the third leading fund manager.

FinConsum offers consumer financing products, mainly at the point of sale, (distributors of goods and services and car dealerships). In 2010, it contributed EUR 521 million of new business.

GestiCaixa has continued to develop its business in the financial markets as an asset securitisation management company. At 31 December 2010, the company was managing 38 securitisation funds, with EUR 28,000 million in outstanding bonds.

2. RISK MANAGEMENT

The Criteria Group's main risk is that associated with the investee portfolio.

This risk is associated with the possibility of incurring losses due to changes in market prices and/or for the losses on the positions composing the investment portfolio at medium to long term.

Criteria and the Strategic Risk Management Division of "la Caixa" measure the risk involved with these positions, both from the standpoint of the risk inherent in market price volatility, using VaR (Value at Risk) models on the risk-free interest rate yield spread as proposed by the New Basel Capital Accord (NBCA) for banks, and from the point of view of the possibility of default, applying models based on the Probability of Default and Loss Given Default ("PD" and "LGD") approaches, also in accordance with the provisions of the NBCA.

These indicators are monitored on an ongoing basis to be able, at anytime, to take the most appropriate decisions on the basis of the market performance observed and predicted and of the Group's strategy.

These measures and their development are necessary for the purpose of enabling senior management to monitor the management of the investee portfolio and to take strategic decisions relating to the composition of the portfolio.

Also, as part of the active management of the investments and of the ongoing monitoring thereof, the Group's teams of specialists monitor the investees. At least once a year and whenever there are indications that the Company's investments might have become impaired, internal impairment tests are conducted using generally accepted valuation methods.

Criteria has policies to minimise the other risks to which the Group is exposed, such as credit risk, interest rate risk, foreign currency risk and liquidity risk. Evaluation procedures have been established whereby management decides at any given time whether or not the risks assumed should be hedged using financial instruments (see Note 20 to the consolidated financial statements).

3. USE OF FINANCIAL INSTRUMENTS

The Group uses different types of financial derivatives to hedge the financial risks to which it is exposed.

The most significant instruments were designated for accounting purposes as:

a) Fair value hedges. For example, in 2009 equity swap agreements were used to hedge the risk of a change in value of a portion of the investment in Telefónica, S.A. The Group regularly assesses the need to use hedges of this nature for certain of its investments.

b) Cash flow hedges. These instruments are used mainly to hedge currency risk in relation to the expected cash flows. In 2010, cash flow hedges were used to hedge the currency risk to which the dividends expected to be collected on investments in currencies other than the euro were exposed, and to hedge sale transactions of non-controlling interests in associates.

c) Interes rate cash flow hedges. The Group arranges derivatives financial instruments, basically interest rate swaps, in order to minimise the effect of potential changes in interest rate on its floating rate debt.

4. OUTLOOK

The world economic climate in 2010 was one of consolidated recovery and the re-establishment of commercial flows, after rising above the lowest point of the crisis at the end of 2008 and beginning of 2009. The revival of activity in the advanced economies is evident although at very uneven rates. The risk of a double dip recession is remote, but unemployment is still at peak levels. Monetary policies are keeping up an expansive tone with a view to ensuring recovery, but there are differences in opinion over whether tax incentives to mitigate the fall in activity should be maintained or dropped. However, the scenario is different in the emerging economies, which were affected to a lesser extent by the crisis but are now achieving high growth rates once more and whose concern lies rather with the risk of overheating. The financial markets saw low interest rates throughout the year and uneven advances in stock market indexes, in which the performance of the emerging economies was particularly notable. However, the most salient event was the sovereign debt crisis in the euro zone, which shook the foundations of the single currency. As for commodity prices, the relative stability of the first half of the year gave way to considerable rises in the last few months of the year.

The international economy was plagued by an unusually high level of uncertainty. However, the figures for GDP growth in the main developed economies for the second half of 2009 evidence that the worst of the crisis is now over. Certain economies are already officially out of recession (e.g. Germany, France and Japan) and others have considerably mitigated its severity, although a slow and unstable recovery can be expected. Nonetheless, this heightened optimism does not imply that growth rates will return to the levels recorded before the crisis since agents will continue to delever, a process that will take time and limit the medium-term growth potential, particularly in a scenario with such a depressed job market.

The global economy faces 2011 marked by the contrast between advanced and emerging economies. Whereas the former will continue to register moderate growth rates that are insufficient to reduce unemployment to any significant extent, the emerging economies are faced with the risk of overheating, triggered by strong economic growth, rising inflation and capital inflows. These countries will inevitably see a gradual tightening of monetary policy, which will place pressure on emerging economies to revalue their currencies. The adjustment of global imbalances, fiscal consolidation, the return to normal of the money and financial markets and structural reforms will continue to be the main challenges of the leading economies.

In the euro zone we expect the European Central Bank to start raising interest rates at the end of 2011, as growth in the region as a whole consolidates, fuelled by domestic rather than external demand. Furthermore, special highly flexible programmes and measures to provide support on a selective basis to countries and players in need, should they require it, will continue to be in place. As regards the sovereign debt crisis of peripheral euro zone economies, pressure is expected to relax, since the major countries' fundamentals, the mechanisms created and the political will to end the crisis are powerful foundations to weather any mounting tension.

The outlook for the international stock markets in 2011 is bullish on the whole. This projection is based both on the global macroeconomic variables and the developments in the corporate sphere: rises in profits and revival of merger and acquisition and private equity activity. Furthermore, individuals are now gradually regaining interest in equities. However, caution is the order of the day, and although times of extreme weakness can be ruled out, periods of high volatility are to be expected during the year.

Against this backdrop, the mix of the investee portfolio and its active management, our presence in leading companies in different industries and our plans for international expansion will continue to ensure that value and profitability are generated for shareholders.

However, the Group will continue to pay attention to and prioritise the following:

- Despite the clear improvement, the high volatility of the equities market, which has prevailed since the start of the economic and financial crisis, make it necessary to implement an ongoing process of reviewing and monitoring the Group's ownership interests. Criteria updated the impairment tests performed on its investments at 31 December, recognising additional impairment losses of EUR 50 million before tax with respect to those already recognised in December 2009 and will continue to be watchful in this regard. At 31 December 2010, the gross unrealised consolidated gains on the listed portfolio amounted to EUR 2,387 million.

- The possible decrease in corporate profits could mean lower dividend revenue for Criteria or a lower contribution from the results of companies accounted for using the equity method. The investment portfolio built up by Criteria CaixaCorp is comprised of leading companies with potential for growth and the capacity to generate value. In 2010, the improvement in the results of investees, and particularly the investments in international banks was consolidated. The contribution to results from investments in associates and jointly controlled entities was up 12% compared to 2009. The 2011 profit is expected to continue to show an upward trend, with attractive dividend policies for Criteria.

- The evolution of exchange rates which could affect the value of investments made in currencies other than the euro. Criteria CaixaCorp monitors the evolution of currencies and in each case evaluates the need for arranging hedging instruments. Particular attention is paid to the performance of the Mexican peso and the Hong Kong dollar.

- The difficulties in the fixed-income market, with high interest demanded of Spanish companies, particularly financial institutions, by international investors, could affect the capability and cost of financing the Spanish ownership interests. Furthermore, interest rates are expected to rise slightly by the end of 2011, should economic performance call for it. However, in order to reduce exposure to interest rates, in 2009 the Company renegotiated its financial conditions with "la Caixa" and, accordingly, arranged long-term fixed-rate loans of EUR 2,000 million (at 4 and 7 years). The EUR 1,000 million five-year bond issue was also made at a fixed rate. On the other hand, the Spanish companies of proven solvency in which Criteria holds ownership interests have had no problems in accessing credit, despite the difficulties in this respect in 2010.
- Weaker consumption and the increase in non-performing loans could affect investments in specialised financial services, although we expect the revival, which was already noticeable in 2010, to gather strength in 2011. These companies recognised significant write downs in 2009, based on conservative criteria, and positive performances are expected in the coming years.

5. EVENTS AFTER THE REPORTING PERIOD

Agreement with Mutua Madrileña

On 13 January 2011, Criteria, together with its majority shareholder, entered into an agreement with Mutua Madrileña to develop a strategic alliance in non-life insurance. This agreement will result in the acquisition by Mutua Madrileña of a 50% ownership interest in VidaCaixa Adeslas Seguros Generales, S.A. ("VCA") and an exclusive non-life bank-assurance distribution agreement with "la Caixa".

Criteria will sell to Mutua Madrileña 50% of VidaCaixa Adeslas for EUR 1,075 million, of which EUR 1,000 million will be paid in cash, plus an additional earn out payment which will be calculated based on the achievement of the business plans and results of VidaCaixa Adeslas in the next ten years. The hospital business of VCA is not included in the aforementioned alliance. The transactions described above, taken as a whole, are expected to generate consolidated net gains for the Criteria Group of around EUR 450 million.

The new ownership interests in VCA will be shared between Mutua Madrileña with 50% and Criteria with 49.9%, and the rest will be held by non-controlling shareholders. Half of the members of the Board of Directors of VCA will be appointed at the proposal of Mutua Madrileña and the other half at the proposal of the "la Caixa" Group. Mutua Madrileña will appoint the executive chairman, who will have the casting vote, and Criteria will appoint the general manager.

The aforementioned transactions are expected to be concluded in the third quarter of 2011, once the financial, equity and legal review of VCA has been completed, the final agreements have been signed and the related conditions and legal procedures have been fulfilled (including the approvals relating to competition and insurance supervisory bodies).

Transfer of the Repsol shares held by Repinves

In addition, on 19 January Criteria acquired from its investee Repinves 41,446,431 shares of Repsol YPF (representing an ownership interest of 3.393%) as part of the sale by Repinves to a broker of all the shares of Repsol YPF owned by it (5.02% ownership interest). The sale was carried out at EUR 22.56 per share and Criteria acquired from the broker the 41,446,431 shares at the same price. The economic ownership interest held by Criteria in the share capital of Repsol continues to be the same following this transaction and amounts to 12.67%. In addition, Repinves, which will obtain total cash of EUR 1,383 million in the transaction, will distribute this income to its shareholders in proportion to their ownership interests in the share capital of Repinves (67.595% Criteria and 32.405% Catalunya Caixa).

Reorganisation of the "la Caixa" Group

On 27 January 2011, the Boards of Directors of "la Caixa", Criteria CaixaCorp ("Criteria") and MicroBank de "la Caixa", S.A. ("MicroBank"), a wholly-owned subsidiary of "la Caixa", resolved to enter into a framework agreement ("the Framework Agreement") the principal objective of which is to reorganise the "la Caixa" Group in order to design a structure which, while continuing to perform the welfare projects of "la Caixa", makes it possible to adapt to the new Spanish and international regulatory requirements and, in particular, to the new requirements of the Basel Committee on Banking Supervision ("Basel III").

To meet the aforementioned objectives, the Framework Agreement provides for the performance of the following corporate transactions, all of which are subject to the approval of the governing bodies of "la Caixa", Criteria and MicroBank and to the obtainment of the corresponding administrative authorisations.

a) The spin-off from "la Caixa" to MicroBank of the assets and liabilities making up the financial services activity of "la Caixa", with the principal exception of the ownership interests held by "la Caixa" in Servihabitat XXI, S.A.U., Metrovacesa, S.A. and Inmobiliaria Colonial, S.A., certain real estate assets and certain debt securities issued or guaranteed by "la Caixa";

b) the contribution by "la Caixa" to Criteria of all the shares of MicroBank (post-spin-off), in exchange for:

   i) the ownership interests held by Criteria in Gas Natural S.D.G., S.A., Abertis Infraestructuras, S.A., Sociedad General de Aguas de Barcelona, S.A., Port Aventura Entertainment, S.A. and Mediterránea Beach & Golf Community, S.A., through an exchange of businesses; and

   ii) shares of Criteria that will be issued in the context of a non-monetary capital increase;

   and, lastly,

c) the absorption of MicroBank by Criteria, which will become a credit institution and will adopt the name of CaixaBank or another similar name that will reflect its association with "la Caixa". Also, the aforementioned absorption will entail the modification of the company object of Criteria, and any shareholders who do not vote in favour of the related resolution will have the right of withdrawal in the terms provided form in current legislation.

In addition, in order to strengthen the equity structure of CaixaBank, the Framework Agreement also provides that Criteria will launch an issue of bonds necessarily convertible into shares that will be distributed through the network of "la Caixa", which will underwrite the issue.

Also, "la Caixa" will own all the shares of an unlisted holding company to which it will contribute the ownership interests received from Criteria in the exchange together with other assets not included in the spin-off from "la Caixa" to MicroBank. In addition, "la Caixa" will maintain its welfare projects and the financing and support of charitable and social welfare activities.

Criteria will become a financial institution, without any of the properties foreclosed prior to the date of the Framework Agreement, and will retain its current investments in insurance companies, collective investment undertaking managers, foreign banks, Telefónica and Repsol.

This transaction will enable the "la Caixa" Group to keep all the businesses in which it currently has a presence (banking and industrial) and to continue with its firm commitment to social welfare projects.

On 24 February 2011, the Board of Directors of Criteria approved the final terms and conditions of the reorganisation. A General Meeting of Criteria will subsequently be held in order to definitively approve the transaction, which is expected to be completed before July 2011, once the legal conditions and formalities customary in transactions of this nature have been complied with and once the applicable regulatory authorisations have been obtained.

In the framework of the aforementioned reorganisation, the Board of Directors of Criteria has resolved to effectively exercise a significant influence over their investee Repsol-YPF, S.A. through a presence on the investee's governing bodies. This significant influence has been reinforced by the amendment to the Spanish Limited Liability Companies Law in 2010. This standard has repealed the limitations on exercising voting power which, in the case of Repsol YPF, S.A., were by the bylaws to 10% of the total share capital. In accordance with the accounting standards applicable, from the financial exercise 2011 onwards the Criteria group will account for using the equity method the ownership interest of this investee.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

The Group did not engage in any research and development activities.

7. TRANSACTIONS INVOLVING TREASURY SHARES

On 19 May 2010, the shareholders at the Annual General Meeting authorised the Board of Directors to derivatively acquire treasury shares, directly or through Group companies, provided that the shares acquired added to the shares that the Parent already held did not exceed 10% of the share capital, rendering void the unused part of the authorisation granted by the shareholders at the Annual General Meeting of 7 May 2009. This authorisation, ratified by the Board of Directors Meeting held on the same date, is valid for five years.

At 31 December 2010, Criteria CaixaCorp held 12,556,238 treasury shares, representing 0.373% of the share capital, the acquisition cost of which amounted to EUR 43,471 thousand. In 2010, Criteria acquired, directly on the market or through financial derivatives, 19,712,597 shares for EUR 71,067 thousand, and sold 21,372,709 treasury shares, giving rise to a net gain of EUR 13,741 thousand, which was recognised in equity.

At 31 December 2009, Criteria CaixaCorp held 14,216,350 treasury shares, representing 0.423% of the share capital, the acquisition cost of which amounted to EUR 39,880 thousand. In 2009, the Parent sold 2,353,766 treasury shares on the market, with a gain of EUR 2 million, which was recognised in equity.

The disclosures required by Article 116 bis of Spanish Securities Market Law 24/1988, of 28 July, are as follows.

8. SHARE CAPITAL STRUCTURE

At 31 December 2010, the share capital of Criteria CaixaCorp, S.A. amounted to EUR 3,362.9 million, represented by 3,362,889,837 fully subscribed and paid ordinary shares of EUR 1 par value each.

9. RESTRICTIONS ON THE TRANSFER OF SHARES

The shares of Criteria CaixaCorp and the dividend rights deriving therefrom, including the pre-emptive subscription rights, are freely transferable by all lawful means.

10. SIGNIFICANT DIRECT AND INDIRECT OWNERSHIP INTERESTS

At the end of the business year the only shareholder which appeared in the CNMV Register was "la Caixa". According to the Parent's information, "la Caixa" owned 79.45% of its share capital at 31 December 2010.

11. RESTRICTIONS ON VOTING RIGHTS

All the outstanding Criteria CaixaCorp shares which, because they are ordinary shares belonging to a single class and series, confer on their holders the same voting and dividend rights, which are the full voting and dividend rights inherent thereto, as provided for in the Spanish Public Limited Liability Companies Law and the bylaws of the Parent.

Each share carries one vote, without any restrictions on the maximum number of votes which may be cast by each shareholder or by companies belonging to the same group, in the case of legal entities.

With regard to the entitlement to attend the General Meetings, the bylaws and regulations of Criteria CaixaCorp's General Meeting establish that shareholders who, individually or together with other shareholders, provide evidence of ownership of at least one thousand (1,000) shares, are entitled to attend General Meetings.

12. SIDE AGREEMENTS

The Parent has not been informed of the existence of any side agreements the aim of which might be to exercise voting rights at General Meetings or which restrict or influence the free transferability of Criteria CaixaCorp's shares.

13. REGULATIONS APPLICABLE TO THE NOMINATION AND REPLACEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND AMENDMENT OF THE BYLAWS

The regulations governing the nomination and replacement of the members of the Board of Directors of Criteria CaixaCorp are included in the bylaws (Articles 32 and 33) and Chapter VI of the Regulations of the Board of Directors relating to the Nomination and Removal of Directors (Articles 17 to 20), in addition to the general applicable legislation, established by the Spanish Limited Liability Companies Law (Articles 212 to 216, 222 to 224 and 244) and the Mercantile Registry Regulations (Section 5, Articles 138 to 148), which are summarised below.

The Nomination and Remuneration Committee shall present to the Board of Directors the proposals for the nomination of independent directors so that the Board may co-opt them onto the Board or adopt such proposals as its own and submit them for approval by the Annual General Meeting. Furthermore, the Nomination and Remuneration Committee will inform the Board of Directors in relation to the nomination of the other types of directors.

When a director vacates his position before the end of his mandate, the Board of Directors may co-opt a person to fill a vacancy until the date of the next Annual General Meeting, provided that it has been provided with a prior proposal or report from the Nomination and Remuneration Committee, as appropriate.

With regard to amendments to the bylaws, since the Parent does not have special regulations, the general regulations established by the Spanish Limited Liability Companies Law (Title VIII, Chapter I, Article 285 et seq.) and by Mercantile Registry Regulations (sections 9 and 10, Articles 158 to 173), are applicable.

14. POWERS OF THE MEMBERS OF THE BOARD OF DIRECTORS

At 31 December 2010, Juan María Nin Génova and Gonzalo Gortázar Rotaeche had been granted general powers.

In relation to powers regarding the possibility of issuing shares, on 6 September 2007, the Parent's sole shareholder granted the Board of Directors of Criteria CaixaCorp the power to increase share capital, at any time within a period of five years from the adoption of the resolution, by an equivalent maximum nominal amount of EUR 1,314,935,400, with power to disapply pre-emptive subscription rights.

With regard to powers to acquire treasury shares, at the Annual General Meeting held on 19 May 2010, the shareholders rendered the authorisation approved by the shareholders at the Annual General Meeting held on 7 May 2009 null and void in respect of the portion not used and resolved to grant a new authorisation to the Board of Directors of Criteria CaixaCorp to derivatively acquire treasury shares (either directly or indirectly through the subsidiaries), and to sell, retire or use them for the remuneration schemes provided for in paragraph three, Article 75.1 of the Spanish Public Limited Liability Companies Law, in the following terms:

a) the acquisition can be made in the form of a purchase, swap or accord and satisfaction, at one or several times, provided that the shares acquired, together with those already held by the Parent, do not represent more than 10% of the share capital;

b) the price or consideration will be the closing price of the Criteria CaixaCorp shares on the Spanish Stock Market Interconnection System the day immediately prior to the acquisition, with a limit of 15% upwards or downwards; and

c) the authorisation will remain valid for 18 months from the day after the resolution.

Also, the Board was empowered to delegate the authorisation to the person or persons it deemed appropriate.

Within the framework of the authorisation for the acquisition of treasury shares granted by the shareholders at the Annual General Meeting held on 29 July 2010 the Board of Directors of Criteria CaixaCorp resolved to authorise the acquisition up to a maximum net balance of 50 million shares of the Parent, representing 1.48% of the Parent's share capital, provided that the net investment did not exceed EUR 200 million, based on the market conditions prevailing at any given time, thereby increasing the ceiling on treasury shares. This approval includes the power to dispose of the treasury shares acquired on the basis of the market conditions prevailing at any given time, all with a view to facilitating the liquidity of the Parent's shares in the market and the stability of the price.

15. SIGNIFICANT AGREEMENTS WHICH MAY BE AMENDED OR TERMINATED IN THE EVENT OF A CHANGE OF CONTROL

In relation to the effects of a potential change of control over the Parent, Criteria CaixaCorp is a party to agreements that might be amended or terminated in this event.

On 11 January 2000, "la Caixa", as the controlling shareholder of Criteria CaixaCorp, and Repsol-YPF entered into a shareholders' agreement in relation to Gas Natural, which was subsequently amended and completed through agreements dated 16 May 2002, 16 December 2002 and 20 June 2003.

Under this agreement, "la Caixa" and Repsol-YPF undertake to exercise their voting power in the governing bodies of Gas Natural so that at all times there is a balance between the number of members of the Board of Directors and of the Executive Committee of Gas Natural designated at the proposal of Repsol-YPF and those designated at the proposal of "la Caixa". Also, the parties undertake to agree on the strategic plan of Gas Natural prior to submitting it to the Board of Directors.

The agreement will remain in force provided that each party maintains or increases its ownership interest or retains it up to at least 15% of the share capital of Gas Natural. A change in the control structure at either party or at Gas Natural will constitute grounds for the termination of the agreement at the request of either party.

The agreement dated 11 January 2000 and each of the subsequent agreements were notified to the CNMV and published when they were signed. Also, pursuant to Transitional Provision Three of Law 26/2003, of 17 July (Transparency Law), in July 2006 they were filed at the Barcelona Mercantile Registry.

Pursuant to the aforementioned agreements, "la Caixa", as the controlling shareholder of Criteria, and Repsol YPF, which each own separately a controlling interest pursuant to the legislation governing takeover bids, hold a position of joint control over Gas Natural for regulatory and competition purposes, since they jointly hold an ownership interest in the company of over 50% and have nominated between them more than one-half of the members of the managing body. Under current legislation, these agreements constitute concerted action between "la Caixa" and Repsol at Gas Natural.

As regards Sociedad General de Aguas de Barcelona, S.A. ("Agbar"), on 22 October 2009, Criteria CaixaCorp and Suez Environnement entered into a memorandum of understanding **(*Memorandum of Understanding*)** to refocus their strategic interests in the group health services business and in the water and environmental management sector.

As part of the aforementioned Memorandum of Understanding, the signatories thereto agreed to instigate the delisting of Agbar shares from the official Spanish secondary markets through the launch by Agbar of a takeover bid on its own shares. The Memorandum of Understanding also envisaged the restructuring of the ownership interests held by Criteria and Suez Environnement in Agbar in order to channel them all through Hisusa and the execution of a new Shareholders' Agreement (the ***New Shareholders' Agreement***) in order to regulate the relationships of Criteria CaixaCorp and Suez Environnement in Hisusa and in Agbar, based on their new stakes, affording Suez Environnement control over Agbar, within the meaning of Article 42 of the Commercial Code. On 7 June 2010 the transactions described above were formalised.

The New Shareholders' Agreement provides for the following grounds for termination:

a) when the parties so agree;

b) when one party so requests, in the event of the insolvency of the other party;

c) when Criteria CaixaCorp's ownership interest in Hisusa represents an indirect interest of less than 5% in Agbar (provided that Criteria CaixaCorp has previously sold or transferred to a third party outside its group more than 50% of the Hisusa shares it held when the New Shareholders' Agreement came into force);

d) when Criteria CaixaCorp sells or transfers to a third party outside its group more than 50% of the Hisusa shares it held when the New Shareholders' Agreement came into force (provided that prior to the sale or transfer Criteria CaixaCorp held an ownership interest in Hisusa representing an indirect holding of less than 5% in Agbar).

Also, pursuant to Hisusa's bylaws and the New Shareholders' Agreement, a party that transfers its entire ownership interest in Hisusa will no longer be bound by the Agreement.

Also, the Parent's bond issue in the terms established in the Final Conditions published envisages the possibility of redeeming the securities early in the event of a change of control.

Lastly, the Preferred Partnership Agreement with the main shareholder of Erste Group Bank and the shareholders' agreement at Port Aventura Entertainment also contain change of control-related clauses.

Without prejudice to the foregoing, as established by the Internal Relationship Memorandum of Understanding between Criteria CaixaCorp and "la Caixa", when the latter no longer exercises effective control over the Parent, both entities will be entitled to terminate the provision of the corresponding services, by giving reasonable notice (which will depend on the type of service involved), subject to the determination, in good faith, by the parties, of the costs, if any, that might arise from early termination. "la Caixa" is considered to exercise control over Criteria CaixaCorp when it holds, either directly or indirectly, a majority stake in Criteria CaixaCorp or, even if this ownership interest is equal to or less than 50%, whilst more than one-half of the directors of Criteria CaixaCorp have been appointed at the proposal of "la Caixa".

16. AGREEMENTS BETWEEN CRITERIA CAIXACORP, DIRECTORS, EXECUTIVES OR EMPLOYEES THAT PROVIDE FOR INDEMNITY PAYMENTS ON TERMINATION OF THEIR RELATIONSHIP WITH THE COMPANY AS A RESULT OF A TAKEOVER BID

Lastly, with respect to the agreements between the Parent and its directors, executives or employees who are entitled to receive termination benefits when they resign or are unjustly dismissed, or if the employment relationship is terminated as a result of a takeover bid, the maximum termination benefits in the event of the unilateral termination by the Parent of the members of the managing bodies and senior management of Criteria CaixaCorp amount to EUR 2 million.

17. ANNUAL CORPORATE GOVERNANCE REPORT

The 2010 Annual Corporate Governance Report is attached.

The English version is only a translation of the original in Spanish for information purposes. In case of discrepancy, the Spanish version shall prevail.

STATEMENT REGARDING THE PREPARATION OF AND RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT AND SIGNATURE OF THE **2010 CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT** OF CRITERIA CAIXACORP, S.A.

The undersigned, in their capacity as Board members of Criteria CaixaCorp, S.A. hereby declare that:

1. These consolidated financial statements and management report for 2010 were drawn up by the Board of Directors at its meeting of February 24, 2011, and subsequently signed in duplicate by the Board members in physically attendance.
2. These consolidated financial statements comprise the consolidated balance sheets, the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity, the consolidated statements of cash flows, and the notes to the consolidated financial statements.

   In addition, the consolidated management report contains the annual corporate governance report in a separate section.
3. The undersigned hereby declare that, in accordance with article 8 of Royal Decree 1362/2007 of October 19, to the best of their knowledge, these consolidated financial statements which have been prepared in accordance with applicable accounting principles, give a true and fair view of the equity, financial condition and profit or loss of Criteria CaixaCorp, S.A. and the companies comprising the consolidated Group taken as a whole, and that the consolidated management report provides an accurate analysis of the business performance and state of affairs of Criteria CaixaCorp, S.A. and the companies comprising the consolidated Group taken as a whole, and a description of the risks and contingencies to which it is exposed.
4. In order to duly comply with different formal obligations, two copies have been made of the consolidated financial statement and management report:

   - The first copy is printed on the reverse of 222 sheets of stamped paper of class 8, numbered 0K4491501 to 0K4491722, both inclusive, and on the face and reverse of one sheet of stamped paper of class 8, numbered 0K4492337 bearing the signatures of subscribing Board members, and
   - The second copy is printed on the reverse of 222 sheets of stamped paper of class 8 numbered 0K4492108 to 0K4492329, both inclusive, and on the face and reverse of one sheet of stamped paper of class 8, numbered 0K4492336, bearing the signatures of subscribing Board members.

Barcelona, February 24, 2011

Mr. Isidre Fainé Casas Chairman	Mr. Juan María Nin Génova Vice Chairman
Ms. Isabel Estapé Tous Director	Mr. Salvador Gabarró Serra Director
Ms. Susana Gallardo Torrededía Director	Mr. Javier Godó Muntañola Director
Mr. Gonzalo Gortázar Rotaeche Director	Ms. Immaculada Juan Franch Director
Mr. David K.P. Li Director Did not sign because he did not attend the meeting physically but via telephone	Ms. Maria Dolors Llobet Maria Director
Mr. Jordi Mercader Miró Director	Mr. Alain Minc Director Did not sign because he did not attend the meeting physically
Mr. Miquel Noguer Planas Director	Mr. Leopoldo Rodés Castañé Director
Mr. Juan Rosell Lastortras Director Did not sign because he did not attend the meeting physically	Mr. Carlos Slim Helú Director Did not sign because he did not attend the meeting physically but via telephone
Mr. Francesc Xavier Vives Torrents Director	

Signed: The Secretary

Deloitte.

Deloitte S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel.: +34 932 80 40 40
Fax: +34 932 80 28 10
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
Criteria CaixaCorp, S.A.:

We have audited the financial statements of Criteria CaixaCorp, S.A., which comprise the balance sheet at 31 December 2010 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2-a to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying financial statements for 2010 present fairly, in all material respects, the equity and financial position of Criteria CaixaCorp, S.A. at 31 December 2010, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

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

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

Fernando Foncea

24 February 2011

COL·LEGI
DE CENSORS JURATS
DE COMPTES
DE CATALUNYA

Membre exercent:
DELOITTE, S.L.

Any 2011 Núm. 20/11/00293
CÒPIA GRATUÏTA

Aquest informe està subjecte a la taxa aplicable establerta a la Llei 44/2002 de 22 de novembre

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Financial statements and directors' report

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Balance sheets at 31 December 2010 and 2009

		Thousands of euros	
ASSETS	Notes	2010	2009(*)
NON-CURRENT ASSETS			
Intangible assets		**1,149**	**1,101**
Computer software		4,173	3,289
Other intangible assets		2	2
Accumulated amortisation		(3,026)	(2,190)
Property, plant and equipment		**2,443**	**3,028**
Fixtures, tools, furniture and other		5,420	5,308
Accumulated depreciation		(2,977)	(2,280)
Non-current investments in Group companies, jointly controlled entities and associates	**(Note 5)**	**14,990,151**	**14,126,107**
Investments in Group companies	(Note 5.1)	4,546,355	3,140,319
Investments in associates and jointly controlled entities	(Note 5.2)	10,401,130	10,985,788
Long-term loans to Group companies	(Note 5.3)	42,666	-
Non-current financial assets	**(Note 6)**	**6,331,548**	**6,817,935**
Available-for sale financial assets – Equity instruments		6,331,234	6,817,621
Long-term deposits and guarantees given		314	314
Deferred tax assets	**(Note 17)**	**606,716**	**582,746**
Due to available-for-sale financial assets		704	-
Other deferred tax assets		606,012	582,746
Total non-current assets		**21,932,007**	**21,530,917**
CURRENT ASSETS			
Accounts receivable		**63,104**	**295**
Receivable from Group companies	(Note 7)	62,098	168
Other accounts receivable	(Note 7)	1,004	85
Tax receivables	(Note 17)	2	42
Current financial assets		**201,919**	**357,066**
Dividends receivable	(Note 8)	200,205	118,197
Other	(Note 9)	1,714	238,869
Current prepayments and accrued income		**390**	**736**
Cash	(Note 10)	**10,656**	**4,547**
Total current assets		**276,069**	**362,644**
TOTAL ASSETS		**22,208,076**	**21,893,561**

The accompanying Notes 1 to 25 and the Appendices are an integral part of the balance sheet at 31 December 2010.

(*) The figures at 31 December 2009 are presented for comparison purposes only.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Balance sheets at 31 December 2010 and 2009

		Thousands of euros	
EQUITY AND LIABILITIES	**Notes**	**2010**	**2009(*)**
EQUITY	(Note 11)		
Shareholders' equity		**12,463,645**	**12,630,719**
Share capital		3,362,890	3,362,890
Share premium		7,711,244	7,711,244
Legal reserve		672,578	672,578
Voluntary and first-time application reserves		297,362	245,869
Treasury shares		(43,471)	(39,880)
Profit for the year		1,133,903	1,013,340
Interim dividend paid during the year		(670,861)	(335,322)
Valuation adjustments		**1,313,159**	**1,459,829**
Available-for-sale financial assets		1,313,159	1,459,914
Cash flow hedges		-	(85)
Total equity		**13,776,804**	**14,090,548**
NON-CURRENT LIABILITIES			
Provisions for contingencies and charges	**(Note 12)**	**33,521**	**33,521**
Debt instruments and other marketable securities	**(Note 13)**	**993,714**	**992,198**
Other financial liabilities		**10**	**10**
Non-current payables to Group companies	**(Note 14)**	**6,104,703**	**5,610,421**
Deferred tax liabilities arising from available-for-sale financial assets	**(Notes 6 and 17)**	**733,331**	**860,096**
Other deferred tax liabilities	**(Note 17)**	**37,040**	**22,915**
Total non-current liabilities		**7,902,319**	**7,519,161**
CURRENT LIABILITIES			
Current payables		**36,903**	**251,092**
Bank borrowings	(Note 14)	30,685	16,679
Interest payable on debt instruments and other marketable securities	(Note 13)	4,583	4,583
Derivatives	(Notes 6 and 16)	1,635	229,830
Payable to Group companies, associates and jointly controlled entities	**(Note 15)**	**374,592**	**5,730**
Trade and other payables		**117,458**	**27,030**
Accounts payable		11,540	12,966
Interim dividend payable to third parties	(Note 15)	96,735	-
Tax payables	(Note 17)	8,022	12,598
Other		1,161	1,466
Total current liabilities		**528,953**	**283,582**
TOTAL EQUITY AND LIABILITIES		**22,208,076**	**21,893,561**

The accompanying Notes 1 to 25 and the Appendices are an integral part of the balance sheet at 31 December 2010.

(*) The figures at 31 December 2009 are presented for comparison purposes only.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Income statements for the years ended 31 December 2010 and 2009

		Thousands of euros	
	Notes	2010	2009(*)
Revenue		**1,310,563**	**1,397,579**
Services		45	42
Revenue from equity investments	(Note 18)	1,094,880	1,087,234
Change in fair value of financial instruments	(Note 16)	5,743	(10)
Net gain on disposals of financial instruments	(Notes 5.2 and 6)	209,895	310,313
Other operating income		**5**	**2**
Staff costs	**(Note 18)**	**(11,083)**	**(10,970)**
Depreciation and amortisation charge		**(1,542)**	**(1,421)**
Other operating expenses	**(Note 18)**	**(23,666)**	**(25,885)**
Excessive provisions	**(Note 12)**	**-**	**933**
Exchange differences		**923**	**(651)**
Impairment and other losses on financial instruments	**(Note 18)**	**(50,000)**	**(255,732)**
PROFIT FROM OPERATIONS		**1,225,200**	**1,103,855**
Finance income	**(Note 18)**	**590**	**2,397**
From marketable securities and other financial instruments of Group companies and associates		29	65
From third parties		561	2,332
Finance and similar costs	**(Note 18)**	**(183,167)**	**(127,725)**
On debts to Group companies and associates		(140,175)	(122,972)
On debts to third parties		(42,992)	(4,753)
FINANCIAL LOSS		**(182,577)**	**(125,328)**
PROFIT BEFORE TAX		**1,042,623**	**978,527**
Current period income tax	(Note 17)	54,078	34,890
Prior period income tax	(Note 17)	37,202	(77)
NET PROFIT		**1,133,903**	**1,013,340**

The accompanying Notes 1 to 25 and the Appendices are an integral part of the income statement for 2010.

(*) The figures for 2009 are presented for comparison purposes only.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Statements of changes in equity

A) Statements of recognised income and expense for the years ended 31 December 2010 and 2009

		Thousands of euros	
	Notes	**2010**	**2009(*)**
A) PROFIT FOR THE YEAR (per income statement)		**1,133,903**	**1,013,340**
B) INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		**(25,923)**	**818,400**
I. Arising from revaluation of financial instruments	**(Note 11.7)**	**(26,008)**	**828,671**
Available-for-sale financial assets		(72,227)	1,183,831
Tax effect		46,219	(355,160)
II. Arising from other expenses recognised directly in reserves		**-**	**(10,186)**
Expenses recognised directly		-	(14,551)
Tax effect		-	4,365
III. Arising from cash flow hedges		**85**	**(85)**
Cash flow hedges		121	(121)
Tax effect		(36)	36
C) TRANSFERS TO PROFIT OR LOSS		**(120,746)**	**(142,821)**
I. Due to revaluation of financial instruments	**(Note 11.7)**	**-**	**67,900**
Available-for-sale financial assets		-	97,000
Tax effect		-	(29,100)
II. Due to sale of financial instruments	**(Note 11.7)**	**(120,746)**	**(210,721)**
Available-for-sale financial assets		(150,645)	(309,987)
Tax effect		29,899	99,266
TOTAL RECOGNISED INCOME AND EXPENSE		**987,234**	**1,688,919**

The accompanying Notes 1 to 25 and the Appendices are an integral part of the statement of recognised income and expense for 2010.

(*) The figures for 2009 are presented for comparison purposes only.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Statements of changes in equity

B) Statements of changes in total equity for the years ended 31 December 2010 and 2009

	Share Capital	Share premium	Legal reserve	Voluntary reserves and adjustments to new Spanish National Chart of Accounts
Balance at 31 December 2008 (*)	**3,362,890**	**7,711,244**	**672,578**	**152,951**
I. Total recognised income and expense	**-**	**-**	**-**	**(10,186)**
II. Transactions with shareholders	**-**	**-**	**-**	**103,104**
Distribution of profit	-	-	-	98,517
Final dividend for 2008	-	-	-	-
Interim dividend for the year	-	-	-	-
Treasury share acquisitions	-	-	-	-
Treasury share sales	-	-	-	1,944
Merger reserves	-	-	-	2,643
Balance at 31 December 2009 (*)	**3,362,890**	**7,711,244**	**672,578**	**245,869**
I. Total recognised income and expense	**-**	**-**	**-**	**-**
II. Transactions with shareholders	**-**	**-**	**-**	**51,493**
Distribution of profit	-	-	-	239,520
Final dividend for 2009	-	-	-	-
Interim dividend for the year	-	-	-	-
Dividends paid out of reserves	-	-	-	(201,773)
Treasury share acquisitions	-	-	-	-
Treasury share sales	-	-	-	13,741
Other movements	-	-	-	5
Balance at 31 December 2010	**3,362,890**	**7,711,244**	**672,578**	**297,362**

The accompanying Notes 1 to 25 and the Appendices are an integral part of the statement of changes in total equity for 2010.

(*) The figures for 2009 and 2008 are presented for comparison purposes only.

Thousands of euros

Treasury shares	Profit for the year	Final dividend	Interim dividend	Share capital and reserves	Valuation adjustments	Total equity
(18,545)	803,349	-	(503,780)	12,180,687	774,063	12,954,750
-	1,013,340	-	-	1,003,154	685,765	1,688,919
(21,335)	(803,349)	-	168,458	(553,122)	-	(553,122)
-	(803,349)	201,052	503,780	-	-	-
-	-	(201,052)	-	(201,052)	-	(201,052)
-	-	-	(335,322)	(335,322)	-	(335,322)
(27,418)	-	-	-	(27,418)	-	(27,418)
6,083	-	-	-	8,027	-	8,027
-	-	-	-	2,643	-	2,643
(39,880)	1,013,340	-	(335,322)	12,630,719	1,459,828	14,090,547
-	1,133,903	-	-	1,133,903	(146,669)	987,234
(3,591)	(1,013,340)	-	(335,539)	(1,300,977)	-	(1,300,977)
-	(1,013,340)	438,498	335,322	-	-	-
-	-	(438,498)	-	(438,498)	-	(438,498)
-	-	-	(670,861)	(670,861)	-	(670,861)
-	-	-	-	(201,773)	-	(201,773)
(71,067)	-	-	-	(71,067)	-	(71,067)
67,476	-	-	-	81,217	-	81,217
-	-	-	-	5	-	5
(43,471)	1,133,903	-	(670,861)	12,463,645	1,313,159	13,776,804

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Statements of cash flows for the years ended 31 December 2010 and 2009

	Thousands of euros	
	2010	**2009(*)**
A) Cash flows from operating activities	**1,051,949**	**888,883**
1. Profit before tax	**1,042,623**	**978,527**
2. Adjustments for:	**(1,071,579)**	**(1,015,348)**
Depreciation and amortisation charge	1,542	1,421
Changes in provisions and impairment losses	50,000	254,799
Net gain on disposals of equity investments	(209,895)	(310,313)
Revenue from equity investments	(1,094,880)	(1,087,234)
Finance income	(590)	(2,397)
Finance costs	183,167	127,725
Exchange differences	(923)	651
3. Changes in working capital. Changes in:	**235,651**	**(168,318)**
Accounts receivable	(809)	140,727
Current financial assets	237,090	(238,800)
Other current assets	354	(68)
Current liabilities	(984)	(70,177)
4. Other cash flows from operating activities	**845,254**	**1,094,022**
Interest paid	(169,155)	(125,089)
Interest received	655	2,653
Dividends received	1,012,872	1,216,458
Income tax recovered (paid)	882	-
B) Cash flows from investing activities	**(691,895)**	**(2,188,859)**
Investments (–):	**(1,488,592)**	**(2,935,850)**
Investments in intangible assets and property, plant and equipment	(996)	1,325
Investments in Group companies and associates	(906,569)	(1,596,337)
Investments in available-for-sale financial assets	(581,027)	(1,340,661)
Guarantees and deposits	-	(177)
Disposals (+):	**796,697**	**746,991**
Group companies, joint ventures and associates	152,879	534
Available-for-sale financial assets	571,501	716,762
Reduction of cost of portfolio due to dividends received	72,317	29,695

	Thousands of euros	
	2010	**2009(*)**
C) Cash flows from financing activities	**(353,945)**	**1,302,822**
Dividends and returns on other equity instruments paid	**(830,178)**	**(555,765)**
Interim dividend for the current year	(401,830)	(335,322)
Final dividend for prior year	(438,498)	(201,052)
Treasury share acquisitions	(71,067)	(27,418)
Treasury share sales	81,217	8,027
Proceeds and payments relating to financial liabilities	**476,233**	**1,858,587**
Obtainment of long-term loans from "la Caixa"	-	2,000,000
Proceeds from issue of debt instruments	-	992,198
Net amount drawn down against credit facility	476,233	(1,133,611)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**6,109**	**2,846**
Cash at beginning of year	4,547	1,701
Cash at end of year	10,656	4,547
Cash generated (consumed) in the year	**6,109**	**2,846**

The accompanying Notes 1 to 25 and the Appendices are an integral part of the statement of cash flows for 2010.

(*) The figures for 2009 are presented for comparison purposes only.

Notes to the financial statements for the year ended 31 December 2010

1. COMPANY ACTIVITIES

Criteria CaixaCorp, S.A.'s registered office is at Avenida Diagonal 621, Barcelona, and it was incorporated under the name GDS-Grupo de Servicios, S.A. for an indefinite period of time on 12 December 1980.

The company object of Criteria CaixaCorp, S.A. ("Criteria", "Criteria CaixaCorp" or "the Company"), per Article 2 of its bylaws, is to carry on the following business activities both in Spain and abroad:

a) the administration and management of companies;

b) the provision of financial, tax, technical, stock market and any other advisory services; and the performance of activities as consultants, advisers and promoters of industrial, commercial, property development, agricultural and any other projects;

c) the indirect performance, i.e. through the ownership of shares or other equity interests in other companies formed for the purpose, of private insurance transactions; and

d) operation as a holding company, being able to form or participate, as a partner or shareholder, in other companies, whatever their nature or object, through the subscription or acquisition and ownership of shares or holdings.

On 1 June 2000, GDS-Grupo de Servicios, S.A. carried out the merger by absorption of CaixaHolding, S.A., a dormant company, and adopted its company name. On 31 July 2000, capital was increased by EUR 2,625 million, with a share premium of EUR 7,288 million, which was subscribed by the sole shareholder at that date, Caixa d'Estalvis i Pensions de Barcelona ("la Caixa"), and paid through the contribution of most of the shares that made up its equity portfolio at that time. These shares were recognised by Criteria CaixaCorp at the amount at which they had been carried in the consolidated financial statements of "la Caixa" at the above-mentioned date, and the gross amount of the shares was presented separately from the allowances recognised.

In order to ascertain the market's perception of the Company's portfolio management and to achieve the ideal platform for the international expansion of the banking and financial services business, in November 2006 the Board of Directors of "la Caixa" resolved to study a process for the admission to listing of its equity investments through Criteria CaixaCorp, which was approved by the General Assembly of "la Caixa" on 7 June 2007 and ratified at an Extraordinary Assembly held on 19 July 2007.

On 10 October 2007, Criteria CaixaCorp successfully completed its admission to listing and its shares started to be publicly traded on that date. Initially, the offering consisted of the issuance of 657,500,000 new shares with a par value of EUR 1 each. The initial price of the shares was established at EUR 5.25, giving rise to a share premium of EUR 2,794,375 thousand. The transaction was completed on 7 November with the partial exercise of the "green-shoe" subscription option by the Global Coordinators on 75,519,037 shares with a par value of EUR 1 each, which gave rise to an additional capital increase of EUR 75,519 thousand and a share premium of EUR 320,956 thousand. As a result of this process, Criteria CaixaCorp ceased to be a sole-shareholder company, and this circumstance was registered at the Barcelona Mercantile Registry through a public deed dated 7 November 2007.

In this context, "la Caixa" stated its intention to promote an increase in the number of shares held by shareholders other than "la Caixa" (provided that market conditions so permitted) until this number reached 25% of the share capital of Criteria CaixaCorp (excluding, where applicable, treasury shares), with the objective of more widely distributing the shares and increasing their liquidity. In line with this objective, on 9 June 2008, "la Caixa" launched an issue of bonds, which mature on 19 June 2011, exchangeable for 148 million Criteria CaixaCorp shares, equal to 4.40% of its share capital. At 31 December 2010, 20.18% of the share capital was held by minority shareholders.

Criteria is rated by Standard & Poor's (S&P) with a credit rating of "A" with a stable outlook and by Moody's with a credit rating of "A2". Both rating agencies base their decision on the conservative and stable capital structure of Criteria, on its high level of financial flexibility and on the composition and quality of its portfolio. As a consequence of "la Caixa" and Criteria following restructuring announcement (see Note *Events after de reporting period*), Standard & Poor's, on February 1st, 2011 and Moody's, on January 28th, 2011, have placed on review for possible upgrade the rating of Criteria.

Since its floatation on the stock markets, Criteria CaixaCorp has progressively consolidated its position as a company listed on the four official Spanish Stock Exchanges and was included in the IBEX-35 index on 4 February 2008 and in other international stock market indexes such as, inter alia, MSCI Europe, MSCI Pan-Euro, FTSE Eurofirst 300 -consisting of the 300 leading European companies by market capitalisation.

Also, as part of its Corporate Social Responsibility Action Plan, in 2009 Criteria CaixaCorp joined the United Nations Global Compact, a United Nations international strategic policy initiative for businesses that are voluntarily committed to aligning their operations and strategies in the social responsibility field with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

In 2010 the Company continued to be included in two prestigious indexes: the Dow Jones Sustainability Index (for the third year running), which reflects the Company's commitment to sustainability and corporate reputation in its business activities and investments, and the FTSE4Good index (for the second year running), which selects companies that meet certain standards relating to the environment, stakeholder relations, human rights, relations with suppliers, anti-corruption and the fight against climate change.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

a) Fair presentation

The accompanying financial statements, which were formally prepared by the directors from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, and its industry adaptations.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

d) All other applicable Spanish accounting legislation.

and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2010.

These financial statements, which were authorised for issue by the Board of Directors at its meeting held on 24 February 2011, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes.

The financial statements for 2009 were approved by the shareholders at the Annual General Meeting held on 19 May 2010.

The directors of Criteria CaixaCorp, whose business activities include acting as a holding company (see Note 1), took into account when presenting the accompanying income statements the ruling of the Spanish Institute of Certified Public Accountants in connection with the request for a ruling published in Official Gazette no. 79

(published on 28 July 2009) of the Spanish Accounting and Audit Institute (ICAC) in relation to the accounting classification in separate financial statements of the income and expenses of holding companies and to the determination of the revenue of entities of this nature.

Under this ruling, all the income obtained by a company as a result of its "financial" activities will constitute "Revenue" provided that these activities are considered to be ordinary activities. Therefore, both dividends and income obtained from the disposal of the investments, their derecognition or changes in their fair value constitute, on the basis of the foregoing, "Revenue".

Based on the foregoing and on the premise that the Company's ordinary activities include the strategic and long-term ownership of equity investments in other companies, certain reclassifications were made in the presentation of the Company's' income statement.

Set forth below is a description of the line items included in "Revenue":

• Services rendered: including services rendered to other companies;

• Income from equity investments: including dividends received as a result of the ownership of equity investments in other companies;

• Changes in the fair value of financial instruments; and

• Net gains on disposals of financial instruments.

Impairment and other losses on financial instruments and exchange differences are included in the Company's profit or loss from operations.

Based on the ICAC's instructions, the line item "Financial Loss" was introduced, which includes the net finance income earned and finance costs incurred in the year. The finance income obtained from the loans granted to subsidiary are retained in the financial profit or loss because the financing of subsidiaries does not for part of the Company's ordinary operations.

The accompanying financial statements do not reflect the financial position of the group headed by Criteria CaixaCorp. These aggregates are presented in the consolidated financial statements prepared, in conjunction with the separate financial statements, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, the main aggregates of which at 31 December 2010 and 2009 were as follows:

	Millions of euros	
	2010	**2009**
Consolidated equity	14,703	14,321
Profit for the year attributable to the Group	1,823	1,317
Total consolidated assets	50,986	49,106
Revenue	6,433	4,686

b) Non-obligatory accounting principles applied

The directors formally prepared these financial statements by taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles were applied and no non-obligatory accounting principles were applied.

c) Comparative information

The figures for 2009 included in the accompanying financial statements for 2010 are presented for comparison purposes only.

Also, there were no significant regulatory changes affecting the comparability of the accompanying financial statements for 2010 and 2009.

d) Use of judgements and estimates

The preparation of the financial statements in conformity with the new Spanish National Chart of Accounts requires that the directors make judgements, estimates and assumptions which affect the application of accounting policies and the balances of assets, liabilities, income and expenses. The estimates and assumptions made are based on historical experience and on various other factors which are understood to be reasonable in accordance with the circumstances, the results of which will be used as the basis for establishing the judgements on the carrying amount of the assets and liabilities.

The respective estimates and assumptions are reviewed on an ongoing basis; the effects of the reviews of the accounting estimates are recognised in the period in which they are made, if these only affect that period, or in the period of the review and in future periods, if the review affects both. In any event, the final results deriving from a situation which required that estimates be made may differ from those projections, and the final effects would be reflected prospectively.

Aside from the process of systematic estimates and their subsequent review, the Company's directors complete certain value judgements on matters with a particular impact on the financial statements. The most significant judgements relate to the assessment of the possible impairment of investments and to the calculation and recognition of provisions and contingent liabilities.

3. DISTRIBUTION OF PROFIT

The distribution of the profit for 2010 proposed by Criteria CaixaCorp's directors and the distribution of the profit for 2009 are as follows:

	Thousands of euros	
	2010	**2009**
Distribution basis:		
Profit for the year	1,133,903	1,013,340
Distribution:		
To voluntary reserves (minimum)	463,042	239,520
Interim dividends (maximum)	670,861	773,820
Total	**1,133,903**	**1,013,340**

On 19 May 2010, the shareholders at the Annual General Meeting approved the proposed distribution of profit for 2009 and resolved to pay a final dividend of EUR 0.131 per share, equal to a maximum amount of EUR 440,539 thousand. This dividend was paid in June to the holders of the shares outstanding at that date, which entailed a disbursement of EUR 438,498 thousand. The shareholders also approved the a distribution of reserves equal to EUR 0.06 per share, for a maximum amount of EUR 201,773 thousand, payable in the first quarter of 2011. This dividend was declared in the context of the announcement that the shareholders would be paid a quarterly dividend.

Also, on 29 July 2010, the Board of Directors of Criteria CaixaCorp, S.A. approved the distribution of a first interim dividend out of the profit for 2010 of EUR 0.06 per share, equal to a maximum amount of EUR 201,773 thousand. This dividend was paid in September 2010 and entailed a disbursement of EUR 200,893 thousand, after taking into account treasury shares. On 4 November 2010, the directors approved a second interim dividend out of the profit for 2010 of EUR 0.06 per share, equal to a maximum amount of EUR 201,773 thousand, which was paid in December 2010 and entailed a disbursement of EUR 200,937 thousand. Lastly, on 2 December 2010, the directors approved a third interim dividend out of the profit for 2010 of EUR 0.08 per share, equal to a maximum amount of EUR 269,031 thousand, which was paid on 11 January 2011 and entailed a disbursement of EUR 267,944 thousand.

The Board of Directors will propose to the shareholders at the Annual General Meeting an increase of share capital/equity against voluntary reserves, in the framework of a new payement scheme for shareholders.

This new payment scheme will allow shareholders to choose between the following three options: to receive the shares issued in the capital increase against reserves, to receive cash for the sale in the market of the assigned rights, or to receive cash as a result of the sale to Criteria CaixaCorp, S.A. of the rights assigned at the price fixed by the company itself, which represents an alternative to the dividend. The shareholders could combine these three rights, if they so desire.

With this scheme, there is a new possibility that the shareholder, if they so decide, receive their entire payment in cash or in new share issues, respecting the normal quarterly payment periods for the shareholders. Therefore, it is planned that in the month of June, 2011, the first of the optional payments of the new scheme to substitute the traditional complementary dividend, to which end a capital increase against reserves is planned to take place for a total amount of approximately EURO 127 million (EURO 0.051 per share).

The provisional accounting statements prepared in accordance with legal requirements to evidence the existence of sufficient liquidity for the distribution of the aforementioned interim dividends are as follows:

	Thousands of euros		
Date of declaration of interim dividend	29/07/10	04/11/10	02/12/10
Accounting close date used	30/06/10	30/09/10	31/10/10
Profit since 1 January 2010	**909,455**	**921,806**	**961,512**
First interim dividend paid	-	(200,893)	(200,893)
Second interim dividend paid	-	-	(201,773)
Maximum amount distributable	**909,455**	**720,913**	**558,846**
Maximum amount of interim dividend	(201,773)	(201,773)	(269,031)
Profits not specifically appropriated	**707,682**	**519,140**	**289,815**
Drawable against credit accounts and cash	1,711,121	1,766,860	1,796,712
Projected changes in cash until payment	240,937	121,821	(296,784)
Interim dividend	(201,773)	(201,773)	(269,031)
Remaining liquidity at dividend payment date	**1,750,285**	**1,686,809**	**1,230,897**
Projected changes in cash in 12-month period	63,427	(54,127)	(307,137)
Remaining liquidity 12 months later	**1,813,712**	**1,632,781**	**923,760**

On 8 October 2009, the Board of Directors of Criteria CaixaCorp resolved to pay an interim dividend out of the profit for 2009 of EUR 0.10 per share, which led to a disbursement of EUR 335,322 thousand, after taking into account the treasury shares.

The provisional accounting statement prepared in accordance with legal requirements to evidence the existence of sufficient liquidity for the distribution of the aforementioned interim dividend is as follows:

	Thousands of euros
Date of declaration of interim dividend	08/10/09
Accounting close date used	31/08/09
Profit since 1 January 2009	**828,984**
Appropriation to legal reserve	-
Maximum amount distributable	**828,984**
Maximum amount of interim dividend declared	(336,289)
Profits not specifically appropriated	**492,695**
Drawable against credit accounts and cash	852,146
Projected changes in cash	185,018
Interim dividend	(336,289)
Remaining liquidity	**700,875**

4. ACCOUNTING POLICIES AND MEASUREMENT BASES

The principal measurement bases used by the Company in preparing its financial statements for 2010, in accordance with the Spanish National Chart of Accounts now in force, were as follows:

1. Current/Non-current classification

In the accompanying balance sheets the following assets are classified as current assets:

- Assets expected to mature, be sold or be realised within twelve months after the reporting date.
- Financial assets classified as held for trading, except for financial derivatives expected to be settled within more than twelve months.
- Cash and cash equivalents the use of which is not restricted for at least twelve months after the reporting period.

All other assets are classified as non-current.

The current liabilities are made up of:

- Obligations expected to mature or be settled within twelve months after the reporting period.
- Financial liabilities classified as held for trading, except for financial derivatives expected to be settled within more than twelve months.

2. Intangible assets

Intangible assets are initially recognised at cost and include basically the cost of developing new computer software, the useful life of which was estimated to be three years. They are subsequently reduced by any accumulated amortisation and any accumulated impairment losses.

The intangible asset additions in 2010 and 2009 amounted to EUR 884 thousand and EUR 1,232 thousand, respectively, and EUR 836 thousand and EUR 659 thousand of amortisation of intangible assets were charged to "Depreciation and Amortisation Charge" in the accompanying income statements for 2010 and 2009, respectively.

3. Property, plant and equipment

Property, plant and equipment relate to tangible assets for own use and are initially recognised at cost.

After initial recognition, property, plant and equipment are measured at cost less any accumulated depreciation and any recognised accumulated impairment losses.

The cost of the property, plant and equipment is depreciated on a straight-line basis over the following years of estimated useful life:

	Years of estimated useful life
Fixtures, furniture and tools	5 to 10
Computer hardware	2 to 3
Other items of property, plant and equipment	3 to 8

The costs of expansion or improvements leading to a lengthening of the useful lives of the assets are capitalised.

Upkeep and maintenance costs are charged to the income statement for the year in which they are incurred.

In 2010 and 2009 there were additions amounting to EUR 129 thousand and EUR 93 thousand, respectively and in 2009 there were disposals with a cost of EUR 17 thousand and accumulated depreciation of EUR 10 thousand.

EUR 706 thousand and EUR 762 thousand of depreciation of property, plant and equipment were charged to "Depreciation and Amortisation Charge" in the accompanying income statements for 2010 and 2009, respectively.

4. Investments in Group companies, jointly controlled entities and associates

Group companies are defined as companies with which the Company constitutes a decision-making unit because it owns directly or indirectly more than 50% of the voting power, or, even if this percentage is lower, because there are agreements with other shareholders of these companies that give the Company the majority of the voting power.

Jointly controlled entities are defined by the Company as entities that are not subsidiaries but which, under a contractual arrangement, are jointly controlled by it and other unrelated shareholders.

Associates are companies over which the Company directly or indirectly exercises significant influence but which are not subsidiaries or jointly-controlled entities. In most cases, significant influence exists when the Company holds 20% or more of the voting power of the investee, although, in case it is inferior, it is considered that such influence becomes evident when the Company clearly states to exercise said significant influence, and if any of the circumstances highlighted in the normative occur, for example, (i) voting power held by other shareholders; (ii) representation on the government bodies; and (iii) the existence of agreements between entities (see Note 5.2).

Equity investments in Group companies, jointly controlled entities and associates are initially recognised at cost, which is the fair value of the consideration paid plus directly attributable transaction costs, and includes the amount of any pre-emption rights acquired.

These investments are subsequently measured at cost less any accumulated impairment losses.

At least at each reporting date, and whenever there is objective evidence that the carrying amount might not be recoverable, the Company conducts the related impairment tests to quantify the possible write-down. The impairment loss is calculated as the difference between the carrying amount of the investment and its recoverable amount, which is the higher of fair value at that date less costs to sell and the present value of the future cash flows from the investment.

Impairment losses recognised and reversed are charged and credited, respectively, to the income statement.

Where an impairment loss reverses, the carrying amount of the investment is increased, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

If an investment was made in an investee prior to its classification as a Group company, jointly controlled entity or associate, and prior to that classification positive or negative valuation adjustments had been made that were recognised directly in equity as a result of the investment, these adjustments are maintained after the classification until the investment is sold or derecognised, at which time the adjustment will be transferred to profit or loss, or until the following circumstances arise:

a) In the case of prior positive valuation adjustments, impairment losses are recognised in the equity item in which the valuation adjustments previously made had been recognised up to the amount thereof, and any excess is recognised in profit or loss. Impairment losses recognised directly in equity must not be reversed in a subsequent period.

b) In the case of prior negative valuation adjustments, when subsequently the recoverable amount is higher than the carrying amount of the investments, the carrying amount is increased but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised, and the new adjustment is recognised under the same line item as that in which the valuation adjustments previously made were recognised, and the new carrying amount is considered to be the cost of the investment. However, where there is objective evidence that the investment has become impaired, the accumulated losses recognised in equity are recognised in the income statement.

5. Financial instruments

The Company recognises a financial instrument in its balance sheet when it becomes a party to the contract or legal transaction giving rise to it.

a. Financial assets

Financial assets other than cash and cash equivalents

The Company accounts for its current and non-current financial assets as follows:

a) Loans and receivables

The Company initially recognises financial assets included in this category at fair value, which is generally the price of the transaction. Transactions maturing within twelve months where there is no contractual interest rate, dividends receivable and capital calls on equity instruments expected to be received at short term are measured at face value, since the effect of not discounting the cash flows is not material.

These financial assets are subsequently measured at amortised cost, and the accrued interest is recognised in profit or loss using the effective interest method. At least once a year, and whenever there is objective evidence that a loan or account receivable has become impaired, the Company conducts an impairment test. Based on these tests, the Company recognises such impairment losses as might be required.

Impairment losses on these financial assets are measured as the difference between their carrying amount and the present value of the future cash flows that they are expected to generate, discounted at the effective interest rate.

Impairment losses recognised and reversed are charged and credited, respectively, to the income statement. Where an impairment loss reverses, the carrying amount of the receivable is increased, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

b) Financial assets held for trading

The Company includes in this category held-for-trading financial assets, since they are held with the intention of generating a profit from short-term fluctuations in their prices. This category also includes derivative financial instruments that are not financial guarantee contracts pursuant to standard 9 of the Spanish National Chart of Accounts.

These assets are measured at their fair value without deducting such transaction costs as might be incurred in disposing of them. Changes in fair value are recognised in profit or loss.

c) Available-for-sale financial assets

The Company includes in this category financial assets that are not held-for-trading financial assets, financial assets classified as at fair value through profit or loss, held-to-maturity investments, loans and receivables or investments in Group companies, jointly controlled entities and associates. At 31 December 2010 and 2009, this category included only equity investments in listed companies.

Available-for-sale financial assets are initially recognised at fair value, i.e. the price of the transaction.

In the case of listed companies, these assets are subsequently measured at their market value at the balance sheet date. Changes in market value are recognised directly in equity under “Valuation Adjustments – Available-for-Sale Financial Assets” until the asset is derecognised or becomes impaired, at which time the amount thus recognised is allocated to the income statement.

When there is objective evidence that an available-for-sale financial asset has become impaired, the Company recognises the related impairment loss. Certain indicators have been identified, which are reviewed at least once a year, to detect whether there are indications of impairment and, if such indications exist, to recognise the related impairment loss. These indicators include the following:

- The existence of operating losses at the investee.
- A significant drop in profit from operations with respect to the same period in the preceding year and/or the budget.
- A prolonged fall in the market price and an indication that the recoverable amount is below cost.
- The objective price determined by the most prestigious international analysts is below cost.
- Across-the-board recommendations to sell by analysts.
- Adverse regulatory and legal changes affecting the investee.
- Adverse technological, economic or market situation in the industry in which the investee operates, with an impact on its margins.

The Company uses its expert judgement to make case-by-case valuations of all its investments, using generally accepted valuation methods, opinions of analysts, etc. In general, it is presumed that the instrument has become impaired if the market value of the asset has been subject to a continuous fall over a period of 18 months or by more than 40% without the value having recovered, without prejudice to the possibility that an impairment loss might have to be recognised before that period has elapsed or before the market value has dropped by that percentage.

Cash and cash equivalents

The Company recognises under "Cash and Cash Equivalents" cash on hand and in bank accounts, short-term deposits and other highly liquid investments that will mature within three months from the date on which they were arranged.

b. Financial liabilities

The financial liabilities include bank borrowings and debt instruments issued, which are initially recognised at the amount received, net of transaction costs. These liabilities are subsequently measured at amortised cost. The borrowing costs incurred are recognised in profit or loss using the effective interest method.

c. Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments as a financial risk management tool. When these transactions meet certain requirements, they qualify for hedge accounting.

When the Group designates a transaction as a hedge, it does so from inception of the transaction or of the instrument included in the hedge and the transaction is documented appropriately in accordance with the regulations in force. The hedge accounting documentation duly identifies the hedged instrument or instruments and the hedging instrument or instruments, the nature of the risk to be hedged, and the criteria or methods used by the Company to assess the effectiveness of the hedge over its entire life, taking into account the risk intended to be hedged.

The Company applies hedge accounting for hedges that are highly effective. A hedge is considered to be highly effective if, during its expected life, the changes in fair value or in the cash flows that are attributed to the hedged risk are almost entirely offset by changes in the fair value or in the cash flows, as appropriate, of the hedging instrument or instruments.

To measure the effectiveness of hedges, the Company analyses whether, from the beginning to the end of the term defined for the hedge, it may be expected, prospectively, that the changes in fair value or in the cash flows of the hedged item that are attributable to the hedged risk will be almost entirely offset by changes in the fair value or in the cash flows, as appropriate, of the hedging instrument or instruments and, retrospectively, that the results of the hedge will be within a range of 80% to 125% of the results of the hedged item. Periodically, the effectiveness of the hedge is analysed retrospectively from the date on which the instrument was arranged.

Hedging transactions performed are classified into the following two categories:

- *Fair value hedges,* which hedge the exposure to changes in fair value of financial assets and liabilities or unrecognised firm commitments, or an identified portion of such assets, liabilities or firm commitments, that is attributable to a particular risk, provided that it affects the income statement.
- *Cash flow hedges,* which hedge the exposure to changes in cash flows that is attributed to a particular risk associated with a financial asset or liability or with a highly probable forecast transaction, provided that it could affect the income statement.

In the specific case of financial instruments designated as hedged items or qualifying for hedge accounting, gains and losses are recognised as follows:

- In fair value hedges, the gains or losses arising on both the hedging instruments and the hedged items attributable to the type of risk being hedged are recognised directly in the income statement.
- In cash flow hedges, the gains or losses arising on the portion of the hedging instruments qualifying as an effective hedge are recognised temporarily in equity under "Valuation Adjustments - Cash Flow Hedges", and are not recognised in the income statement until the gains or losses on the hedged item are recognised in the income statement or until the date of maturity of the hedged item in certain situations in which hedge accounting is discontinued. The gains or losses on the hedging instrument are recognised under the same heading in the income statement as the gains or losses on the hedged item.

The gains or losses on the ineffective portion of the hedging instruments are recognised directly as gains or losses on financial transactions in the income statement.

The Company discontinues hedge accounting when the hedging instrument expires or is sold, when the hedge no longer qualifies for hedge accounting or, lastly, when the designation as a hedge is revoked.

6. Treasury shares

Treasury shares acquired by the Company are recognised at cost and are deducted from equity. Gains or losses on disposals of treasury shares are recognised in equity. In no case are they recognised as financial assets of the Company, and no gain or loss is recognised in the income statement.

7. Income tax

The current income tax expense or income is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting the tax relief and tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities recognised. In this regard, the current tax expense or income is the estimated amount payable or recoverable on the basis of the tax rates in force at the balance sheet date.

Deferred tax assets and liabilities are recognised for all temporary differences between the tax base of assets and liabilities and their carrying amounts. Therefore, the Company recognises a deferred tax liability for all taxable temporary differences that do not constitute the exceptions established in accounting legislation for being able not to recognise such a liability. Deferred tax assets are recognised for all deductible temporary differences and tax credit and tax loss carryforwards, to the extent that it is probable that there will be a taxable profit against which the related tax asset can be utilised. Criteria CaixaCorp forms part of the "la Caixa" consolidated tax group and files consolidated tax returns (see Note 17) and, accordingly, the deferred tax assets and deferred tax liabilities arising from the eliminations of the results obtained from the transactions performed with other Group companies for the calculation of the consolidated tax base and which may be included in the future are recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The tax benefit relating to tax credits for double taxation, reinvestment and staff training costs is deducted from the income tax expense for the year in which entitlement to the tax credit arises or is exercised (see Note 17). Compliance with the requirements set forth in current legislation is required in order to be able to use these tax credits.

The income tax expense is recognised in the income statement, unless the tax relates to items recognised directly in equity, in which case the income tax is also recognised in equity.

8. Foreign currency transactions

The Company's financial statements are presented in thousands of euros, since the euro is the Company's functional currency.

All foreign currency transactions are initially translated to euros by applying the exchange rates prevailing at the date of the transaction.

Monetary items are translated at year-end at the exchange rates then prevailing. Both foreign exchange losses and exchange gains arising in this process and those arising when the related items are settled are recognised in income in the year in which they arise.

Non-monetary items measured at their historical cost are translated to euros at the exchange rates prevailing at the date of the transaction, provided that the value thus obtained does not exceed, at subsequent reporting dates, the recoverable amount at those dates.

In the case of non-monetary items measured at fair value, for which gains and losses are recognised directly in equity, such as available-for-sale financial assets, any exchange differences included in these gains and losses are also recognised directly in equity. However, when valuation gains and losses relating to a non-monetary item are recognised in profit or loss, any exchange difference is also recognised in profit or loss.

9. VAT

In 2010 the Company continued to be taxed for VAT purposes under the deductible proportion system of which it availed itself in 2008. Therefore, non-deductible input VAT forms part of the acquisition cost of current and non-current assets and of services the supply of which is subject to VAT.

The Company continues to form part of the "la Caixa" consolidated VAT group, which it joined in 2009. This enables it not to pay input VAT on the portion of the price of services supplied by companies in the consolidated VAT group relating to costs on which input VAT has not been paid.

10. Revenue and expense recognition

Revenue and expenses are recognised when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises, always on the basis of the economic substance of the transaction.

"Revenue" includes the dividends received from financial investments, which are recognised as revenue in the year in which the dividends are declared by the Board of Directors of the related investee.

11. Provisions and contingencies

Based on the related definition and the applicable accounting rules, the Company recognises as provisions liabilities that are uncertain as to their amount and/or timing. These provisions are measured at the end of each reporting period as the present value of the best possible estimate of the amount that will be required to settle the liability.

12. Statement of cash flows

The statement of cash flows was prepared using the indirect method and is made up of the following items::

- Cash flows from operating activities: relating to the Company's payments and collections, including interest payments, dividends received and taxes, together with other activities that are not investing or financing activities.
- Cash flows from investing activities: cash flows from the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.
- Cash flows from financing activities: these include the proceeds received as a result of the acquisition by third parties of securities issued by the Company or from loans and other financing instruments granted by banks or third parties, together with the payments made to repay such loans and financing instruments. They also include the dividends paid to shareholders.

5. NON-CURRENT INVESTMENTS IN GROUP COMPANIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

The most significant information relating to the securities included under "Investments in Group Companies" and "Investments in Associates and Jointly Controlled Entities" is attached in Appendixes I and II, respectively.

The changes in 2010 and 2009 in "Non-Current Investments in Group Companies, Jointly Controlled Entities and Associates" were as follows:

5.1 Investments in Group companies

Changes in 2010

	Thousands of euros					
	Capital increases (1)	**Sales**	**Dividends reducing cost**	**Transfers and other**	**Impairment losses reversed**	**Total**
Balance at 31/12/09						**3,140,319**
CaixaRenting, S.A.	-	(61,999)	-	-	-	(61,999)
Negocio de Finanzas e Inversiones I, S.L.U.	280,000	-	-	-	58,000	338,000
VidaCaixa Adeslas, S.A. (formerly SegurCaixa) (2)	1,199,000	(2,552)	(66,413)	(1,130,035)	-	-
VidaCaixa Grupo (formerly SegurCaixa Holding) S.A. (2)	-	-	-	1,130,035	-	1,130,035
Changes in 2010	**1,479,000**	**(64,551)**	**(66,413)**	**-**	**58,000**	**1,406,036**
Balance at 31/12/10						**4,546,355**

(1) The column "Capital Increases" also includes the amounts disbursed in capital calls.

(2) The investments in VidaCaixa Adeslas (formerly SegurCaixa) and VidaCaixa Grupo (formerly SegurCaixa Holding) formed part of the acquisition of 99.77% of the shares of Adeslas, a health insurance company, and the sale of 24.50% of the shares (directly and indirectly owned) of Agbar.

Changes in 2009

	Thousands of euros					
	Capital increases [1]	Sales	Dividends reducing cost	Transfers and other	Impairment losses reversed	Total
Balance at 31/12/08						**3,567,225**
Caixa Capital Desarrollo, S.A.U. [2]	-	-	(479,569)	-	-	(479,569)
Caixa Participaçoes, Ltda [3]	-	-	-	(153)	-	(153)
CaixaRenting, S.A.	30,000	-	-		(20,000)	10,000
Catalunya de Valores, S.G.P.S., U.L. [4]	-	-	-	(2,647)	-	(2,647)
Crisegen Inversiones, S.L.U. [2]	-	-	(844,318)	(31,284)	-	(875,602)
Finconsum, E.F.C., SA	100,000	-	-		(64,000)	36,000
Mediterránea Beach and Golf Community, S.A. (formerly Port Aventura, S.A.) [5]	-	-	-	(73,020)	-	(73,020)
Negocio de Finanzas e Inversiones I, S.L.U.	-	-	-	-	(60,844)	(60,844)
Port Aventura Entertainment, S.A. (formerly Negocio de Finanzas e Inversiones IV, S.A.)[5]	36	(3)	(58,517)	58,468	-	(16)
VidaCaixa Grupo (formerly SegurCaixa Holding) HA.[2] [6]	165,687	-	909,352	-	-	1,075,039
VidaCaixa, S.A. [6]	25,500	-		(81,594)	-	(56,094)
Changes in 2009	**321,223**	**(3)**	**(473,052)**	**(130,230)**	**(144,844)**	**(426,906)**
Balance at 31/12/09						**3,140,319**

(1) The column "Capital Increases" also includes the amounts disbursed in capital calls.

(2) Caixa Capital Desarrollo, S.A.U. and Crisegen Inversiones, S.L.U. were merged into and absorbed by Criteria CaixaCorp, S.A. in 2009.

(3) Caixa Participaçoes, Ltda was liquidated in 2009.

(4) Catalunya de Valores, S.G.P.S., U.L. reduced capital in 2009.

(5) The company formerly known as Port Aventura, S.A. was partially spun off, leaving the company, which changed its name to Mediterránea Beach and Golf Community, S.A., and the beneficiary company Port Aventura Entertainment, S.A. (formerly Negocio de Finanzas e Inversiones I, S.L.U.). The investment in the latter was reclassified to "Investments in Associates and Jointly Controlled Entities".

(6) The Company subscribed a capital increase at VidaCaixa Grup, S.A. through the contribution of its investment in VidaCaixa, S.A.

In 2010 and 2009 Criteria CaixaCorp carried out the following transactions at Group companies:

CaixaRenting, S.A.: on 30 July 2010, Criteria announced the agreement reached for the integration of the full-service vehicle lease business of CaixaRenting into the BNP Paribas Group company Arval. On 22 December 2010, Criteria sold to "la Caixa" all the shares of CaixaRenting for EUR 62,000 thousand (not yet collected at 31 December 2010, see Note 7) and transferred to it its contractual position in the purchase and sale agreement with Arval in relation to the transfer of the full-service vehicle lease business. "la Caixa" and Arval entered into an agreement for the novation of the purchase and sale agreement. Criteria did not obtain a gain or a loss on the sale to "la Caixa".

In December 2009 Criteria CaixaCorp subscribed a capital increase of EUR 30,000 thousand.

Negocio de Finanzas e Inversiones I, S.L.U.: in January 2010 the Company subscribed the full amount of a capital increase at Negocio de Finanzas e Inversiones I for EUR 280,000 thousand, of which EUR 93,333 thousand related to share capital and the remainder to a share premium. The purpose of this capital increase was to finance the subscription of a capital increase at The Bank of East Asia ("BEA") amounting to EUR 331 million, which increased Criteria's ownership interest in this Asian bank to 14.99%. At 31 December 2010 Criteria owned all the shares of Negocio de Finanzas e Inversiones I.

Vida Caixa Adeslas, S.A. de Seguros Generales y Reaseguros (formerly SegurCaixa, S.A. de Seguros y Reaseguros): in the framework of the acquisition of the Adeslas Group from Agbar and Malakoff Médéric and the sale of 24.50% of the direct and indirect ownership interest in Agbar to the Suez Group, formalised in June 2010, and since the interest in Adeslas was to be integrated in VidaCaixa Adeslas because the latter is the non-life insurance company of the Criteria Group, prior to the acquisition of the health insurance company Criteria contributed to VidaCaixa Adeslas all the shares of Agbar owned directly by it and shares of Hisusa (which in turn held shares of Agbar) equal to 24.50% of the total ownership interest in Agbar for their subsequent sale to the Suez Group (see Note 5.2). This non-monetary contribution was made at the fair value of the shares contributed, i.e. EUR 666,486 thousand. Also, Criteria subscribed a monetary capital increase of EUR 532,514 thousand at VidaCaixa Adeslas. These capital increases enabled VidaCaixa Adeslas to acquire 99.77% of the ownership interest in Adeslas for a total disbursement of EUR 1,193 million. After these capital increases, VidaCaixa Adeslas approved the distribution of an extraordinary dividend out of its share premium amounting to EUR 66,413 thousand, which was accounted for as an decrease in the cost of Criteria's financial assets.

Also, Criteria sold to VidaCaixa Adeslas 825,990 shares of VidaCaixa Adeslas for EUR 2,552 thousand.

After these transactions had been completed, in July 2010 Criteria contributed its entire ownership interest in VidaCaixa Adeslas to the Grupo VidaCaixa (formerly Segurcaixa Holding), a holding company grouping together all the Group's insurance business, for its carrying amount at that date, i.e. EUR 1,130,035 thousand.

VidaCaixa Grupo, S.A. (formerly SegurCaixa Holding, S.A.U.): in July 2010 Criteria contributed to VidaCaixa Grupo its entire ownership interest in VidaCaixa Adeslas, which it had obtained in the context of the aforementioned acquisition of Adeslas, for EUR 1,130,035 thousand, its carrying amount at that date. At 31 December 2010 Criteria owned all the shares of VidaCaixa Grupo.

As part of the merger by absorption, with the dissolution without liquidation of Crisegen Inversiones, S.L., Criteria CaixaCorp acquired directly 50% of the ownership interest in VidaCaixa Grupo formerly owned by Crisegen Inversiones, which represented an increase of EUR 909,352 thousand in the cost of the insurance holding company. Therefore, at 31 December 2009, Criteria owned all the shares of VidaCaixa Grupo.

In June and November 2009 two capital increases were fully subscribed by Criteria CaixaCorp for a par value of EUR 70,000 thousand plus a share premium of EUR 14,093 thousand and a par value of EUR 67,920 thousand plus a share premium of EUR 13,674 thousand, through a non-monetary contribution of the ownership interest in VidaCaixa, S.A., respectively.

VidaCaixa, S.A. de Seguros y Reaseguros: pursuant to the resolutions of the Board of Directors of VidaCaixa adopted on 19 June 2009, Criteria CaixaCorp disbursed EUR 18,000 thousand in outstanding capital calls plus EUR 7,500 thousand in a capital increase. In November 2009 Criteria CaixaCorp made a non-monetary contribution of all the shares of VidaCaixa owned by it representing 20% of its share capital in the aforementioned capital increase at VidaCaixa Grupo.

Caixa Capital Desarrollo, SCR de Régimen Simplificado, S.A.U.: on 7 May 2009, the shareholders at the Annual General Meeting of Criteria approved the merger by absorption of Caixa Capital Desarrollo, S.A., with its dissolution without liquidation, with the transfer *en bloc* of all its assets and liabilities and legal and contractual obligations and rights, effective for accounting purposes from 1 April 2009. This corporate restructuring transaction did not have a material effect on the Company's financial position or results as this company was wholly owned at the date of the merger.

Catalunya de Valores S.G.P.S., Unipessoal, L.D.A.: in October 2009 the shareholders at the General Meeting of Catalunya de Valores S.G.P.S. resolved to reduce capital by EUR 2,206 thousand and to distribute reserves amounting to EUR 761 thousand, of which EUR 441 thousand were recognised as a reduction of the cost of the investment and the remainder was recognised as dividend revenue. This investee was wholly owned at 31 December 2010.

Crisegen Inversiones, S.L.: on 7 May 2009, the shareholders at the Annual General Meeting approved the merger by absorption of Crisegen Inversiones, S.L., with its dissolution without liquidation, with the transfer *en bloc* of all its assets and liabilities and its legal and contractual obligations and rights, effective for accounting purposes from 1 April 2009. This corporate restructuring transaction did not have a material effect on the Company's financial position or results as this company was wholly owned by the Parent at 31 December and at the date of the merger. Crisegen Inversiones held 50% of the shares of VidaCaixa Grupo (formerly SegurCaixa Holding, S.A.) and the investment was acquired in 2007 from the Fortis Group in order to hold all the shares of this insurance group. As a result of the merger, Criteria owns all the shares of VidaCaixa Grupo (formerly SegurCaixa Holding, S.A.).

Finconsum, E.F.C., S.A.: in September 2009 a capital increase of EUR 100,000 thousand (share capital of EUR 33,333 thousand and the remainder in the form of a share premium) was paid in full by Criteria CaixaCorp. This investee was wholly owned at 31 December 2010.

Mediterránea Beach and Golf Community, S.A. (formerly Port Aventura, S.A.) and Port Aventura Entertainment, S.A. (formerly Negocio de Finanzas e Inversiones IV, S.A.): in September 2009 Criteria CaixaCorp publicly announced the agreement with Investindustrial for its inclusion as a shareholder of a new company, Port Aventura Entertainment, S.A. (formerly Negocio de Finanzas e Inversiones IV, S.A.) to engage in the operation of the theme park and hotel business. The objective of this transaction was to optimise, by including a shareholder with extensive experience in the leisure industry, the management of the businesses in which the company engaged, segregating the two principal business activities (operation of the theme park and the hotels, on the one hand, and the real estate business, the golf courses and the Beach Club, on the other) on the basis of their respective needs and the degree of maturation of each of the businesses.

Investindustrial acquired an investment in December 2009 through the subscription, exclusively by Investindustrial, of a capital increase of EUR 94.8 million, giving it an ownership interest of 50% in Port Aventura Entertainment, S.A. Previously, in November 2009 a corporate restructuring process took place at the company formerly known as Port Aventura, S.A., through a partial spin-off, as a result of which the assets were divided between two independent companies:

- ***Mediterránea Beach and Golf Community, S.A. (formerly Port Aventura, S.A.):*** after its spin-off, it owned the land for residential and commercial use, the three golf courses, the Beach Club, the El Paso and Gold River hotels and the conference centre. The hotels and the conference centre were leased to Port Aventura Entertainment, S.A.

  The company's spin-off reduced capital by EUR 60,260 thousand, of which EUR 58,468 thousand represented a direct reduction of the ownership interest of Criteria CaixaCorp. At 31 December 2010, Criteria CaixaCorp had a direct ownership interest of 80.58% and a direct ownership interest of 100%.

- ***Port Aventura Entertainment, S.A. (formerly Negocio de Finanzas e Inversiones IV, S.A.):*** this company, as the beneficiary of the partial spin-off, owns the Port Aventura theme park and Caribe Aquatic Park and the Port Aventura and Caribe Resort hotels and operates the Gold River and El Paso hotels and the conference centre. The assets were contributed to an existing dormant company through a capital increase of EUR 60,260 thousand. The acquisition of a 50% ownership interest by Investindustrial in this company took place in December through a capital increase of EUR 94.8 million. As a result of this transaction, which did not give rise to any gain or loss in the income statement of Criteria CaixaCorp, the investment in this company was reclassified to "Investments in Associates and Jointly Controlled Entities" in the Company's balance sheet, as a result of the joint control over the company on the basis of the shareholders' agreement with the new shareholder.

"Transfers and Other" in the table showing the changes in 2009 relates mainly to the change in classification of this investment which at 31 December 2009 was classified under "Investments in Associates and Jointly Controlled Entities" (see Note 5.2.).

At 31 December 2010, Criteria CaixaCorp held direct and indirect ownership interests of 40.29% and 50%, respectively.

Impairment of investments in Group companies

The Company, particularly in the light of the current Spanish and international economic situation, analysed the possible existence of impairment on all its investments in order to be able to recognise such impairment losses as might be required.

The Company calculated the recoverable amounts of all the investments in Group companies using generally accepted valuation methods based mainly on estimating its share of the cash flows expected to be generated by the investees from both their ordinary activities and their disposal or derecognition.

The analysis performed did not disclose the need to recognise impairment losses additional to those recognised in 2009, a year in which, due to the increase in default in the financial services industry and, to a greater extent, in the consumer finance and operating leasing industries, it was necessary to recognise an impairment loss for the investment in Finconsum of EUR 64,000 thousand. The accumulated impairment loss recognised for Finconsum at 31 December 2010 amounted to EUR 121,263 thousand. In addition, in 2009 an impairment loss of EUR 20,000 was recognised for CaixaRenting. This investment was sold to "la Caixa" in December 2010 for its carrying amount.

Also, in 2009 the Company recognised an impairment loss of EUR 60,844 thousand for its investee Negocio de Finanzas e Inversiones I, as a result of the losses incurred by it as a result of the impairment losses recognised on its investments, basically in companies in the financial services industry. Negocio, Finanzas e Inversiones I uses the same measurement bases as Criteria CaixaCorp in order to assess the possible impairment of available-for-sale financial assets. In 2010, as a result of the results of the impairment tests performed, EUR 58,000 thousand of the impairment losses were reversed, leaving the balance of the accumulated impairment loss on the investment in Negocio de Finanzas e Inversiones I at EUR 86,324 thousand at 31 December 2010. Changes in impairment losses are recognised under "Impairment and Other Losses on Financial Instruments".

5.2 Investments in associates and jointly controlled entities:

Following is a description of the transactions involving investments in associates and jointly controlled entities:

Changes in 2010

	Thousands of euros			
	Purchases	Sales	Transfers and other	Total
Balance at 31/12/09				**11,177,788**
Abertis Infraestructuras, S.A.	-	(53,724)	-	(53,724)
Erste Group Bank AG	777	-	188,387	189,164
Gas Natural, S.D.G., S.A.	92,953	(67,484)	-	25,469
Hisusa, Holding de Infraes. y serv. urb., S.A. (1)	-		(188,092)	(188,092)
Sociedad General de Aguas de Barcelona, S.A. (1)	-		(449,463)	(449,463)
Segurvida Consulting, S.A. (2)	-	(12)	-	(12)
Changes in 2010	**93,730**	**(121,220)**	**(449,168)**	**(476,658)**
Balance before impairment losses at 31/12/10				**10,701,130**
Impairment losses on investments in associates				**(300,000)**
Balance after impairment losses at 31/12/10				**10,401,130**

(1) The sales of Sociedad General de Aguas de Barcelona and Hisusa were made in the context of the transaction consisting of the acquisition of 99.77% of the shares of the health insurance company Adeslas, in which 24.50% of the shares of Agbar (directly and indirectly owned through Hisusa) were sold to the Suez Group.

(2) Segurvida Consulting, S.A. was liquidated in 2010.

Changes in 2009

	Thousands of euros		
	Purchases	Transfers and other	Total
Balance at 31/12/08			**8,731,637**
Banco BPI, S.A.	9,910	-	9,910
Erste Group Bank AG (1)	-	1,091,721	1,091,721
Grupo Financiero Inbursa, S.A. de C.V.	-	127	127
Gas Natural, S.D.G., S.A.	1,312,924	-	1,312,924
Sociedad General de Aguas de Barcelona, S.A. (2)	-	(27,048)	(27,048)
Port Aventura Entertainment, S.A.(3)	-	58,517	58,517
Changes in 2009	**1,322,834**	**1,123,317**	**2,446,151**
Balance before impairment losses at 31/12/09			**11,177,788**
Impairment losses on investments in associates			**(192,000)**
Balance after impairment losses at 31/12/09			**10,985,788**

(1) "Transfers and Other" relates to the reclassification of the investment from "Available-for-Sale Financial Assets" to "Investments in Associates and Jointly Controlled Entities".

(2) "Transfers and Other" in relation to this investment corresponds to the dividends paid out of reserves and/or share premium and deducted from the cost of the Company's investment.

(3) The investment in Port Aventura Entertainment was reclassified from "Investments in Group Companies" (see Note 5.1).

Following is a description of the main transactions involving investments in associates and jointly controlled entities:

Abertis Infraestructuras, S.A.: in 2010 the Company sold 0.38% of the investment in Abertis. These sales gave rise to a loss net of tax of EUR 3,384 thousand, which was recognised for its gross amount under "Net Gain on Disposals of Financial Instruments" in the accompanying income statement.

In June 2010 and May 2009 the Company received 7,115,770 and 6,922,800 shares of Abertis Infraestructuras in the respective capital increases through a bonus issue carried out by this company in those months.

At 31 December 2010, the Criteria CaixaCorp Group owned 24.61% of the shares of Abertis Infraestructuras, S.A. and controlled 28.48% of the share capital (control taken to be the total percentage of ownership held through subsidiaries).

Erste Group Bank AG: Erste Group Bank issued new shares as part of the Employee Ownership Share Programme and Criteria CaixaCorp acquired 25,415 shares for EUR 737 thousand in order to counteract the dilutive effect. "Transfers and Other" reflects the recovery of the market value of this ownership interest, which led to the reversal of the negative valuation adjustments in equity as a result of the reclassification of this investment from available for sale to associate.

In December 2009 the investment in Erste Group Bank AG was reclassified from "Available-for-Sale Financial Assets – Equity Instruments" to "Investments in Associates and Jointly Controlled Entities".

The reclassification of this investment from "Available-for-Sale Financial Assets" to "Investments in Associates and Jointly Controlled Entities" was made on the grounds that there were negative valuation adjustments prior to this classification. These adjustments, reflected in the column "Transfers and Other", amounted to EUR 188,387 thousand at 31 December 2009 (EUR 131,871 thousand net of tax were included under "Valuation Adjustments"). In 2010, since the market value of this asset increased, the aforementioned negative valuation adjustments were reversed.

In 2009 Criteria CaixaCorp increased its ownership interest in Erste Group Bank from 4.90% at 31 December 2008 to 10.10% at 31 December 2009 (see Note 6), and since then it has been the second largest shareholder after the Erste Foundation, which holds 25.3% of the shares.

It was determined that, as defined in the Spanish National Chart of Accounts, Criteria CaixaCorp was in a position to exercise significant influence over this company, evidenced by: (i) the voting power corresponding to the second shareholder; (ii) representation on the managing bodies; and (iii) the existence of co-operation agreements.

Gas Natural, S.D.G., S.A.: in the first quarter of 2010 the Company sold on the market 6,838,703 shares of Gas Natural representing 0.742% of its share capital, giving rise to a gain net of tax of EUR 33,203 thousand, which was recognised for its gross amount under "Net Gain on Disposals of Financial Instruments" in the accompanying income statement.

Also, at the end of 2010 the Company acquired 8,792,718 shares valued at EUR 92,953 thousand through financial derivatives contracts classified as cash flow hedges which expired in December 2010. The contracts, entered into in October and November 2010, conferred on the Company the dividend rights on the ownership interest held by the counterparty in exchange for a sum of money calculated on the basis of the value of the hedged cash flows at an interest rate tied to Euribor, which amounted to EUR 112 thousand, and this amount was recognised under "Finance Costs" in the accompanying income statement.

On 28 March 2009, Criteria CaixaCorp subscribed the capital increase at Gas Natural S.D.G., S.A. for EUR 1,312,924 thousand in proportion to its ownership interest which was 37.50%. The capital increase, totalling EUR 3,502 million, formed part of the process of merging Unión Fenosa, S.A. into Gas Natural S.D.G., S.A. and was used to finance in part the takeover bid presented by Gas Natural S.D.G., S.A., which was successfully completed in April. The Criteria Group, the main shareholder of Gas Natural S.D.G., S.A., has supported the acquisition performed by its investee at all times. In 2009, as indicated in the Unión Fenosa, S.A. takeover bid prospectus filed at the Spanish National Securities Market Commission (CNMV), the Group's ownership interest in Gas Natural S.D.G., S.A. was recognised for accounting purposes as a jointly controlled entity, whereas in 2008 it had been recognised as an associate. This accounting treatment did not entail any changes to the balance sheet or income statement. On 24 April 2009, the Board of Directors of Gas Natural S.D.G., S.A. approved the plan for the merger by absorption of Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. into Gas Natural S.D.G., S.A., an event that was notified on that date to the CNMV. The merger process ended on 7 September 2009.

At 31 December 2010, Criteria CaixaCorp had a direct ownership interest of 36.64% in Gas Natural.

Sociedad General de Aguas de Barcelona, S.A. (Agbar) and HISUSA, Holding de Infraestructuras y Servicios Urbanos, S.A. (Hisusa): on 22 October 2009 Criteria CaixaCorp entered into two memorandums of understanding, on the one hand with Suez Environnement and on the other with Malakoff Médéric (a mutual health insurer based in France) to acquire 99.77% of the share capital of Compañía de Seguros Adeslas, S.A. ("Adeslas"). The main objective was to strengthen the Criteria Group's presence in the insurance industry, bringing this company into the structure of VidaCaixa Grupo (formerly SegurCaixa Holding). On 14 January 2010, the definitive agreements were signed for, firstly, the sale of the related Agbar and Hisusa shares to Suez Environnement and, second, the acquisition of the Adeslas shares from Agbar and Malakof Médéric.

Prior to this transaction, the main shareholders of Agbar, Criteria CaixaCorp and Suez Environnement, which between them controlled 90% of the company's shares, supported a delisting takeover bid by Agbar for 10% of its share capital in the hands of non-controlling shareholders for EUR 20 per share, with a subsequent capital reduction at Agbar through the retirement of the treasury shares acquired. This takeover bid was completed on 26 May 2010 with an acceptance rate of 91.27%.

On 7 June 2010, the sale by Criteria to Suez Environnement of a direct and indirect ownership interest in Agbar equal to 24.50% of its share capital, for EUR 666 million, and the acquisition of 99.77% of the share capital of Adeslas from Agbar and Malakoff Médéric, for a final amount of EUR 1,193 million, were formalised.

To carry out the transaction, and in order for it to be VidaCaixa Adeslas (formerly SegurCaixa) the Criteria Group company to acquire the ownership interest in Adeslas, to thus integrate it in the insurance holding company, Criteria contributed all of the Agbar shares owned directly by it (11.54%) and owned by Hisusa (representing the remaining 12.96%) to VidaCaixa Adeslas (formerly SegurCaixa), in order for it to be this same company that formalised the sale (see Note 5.1). The carrying amount of the contribution was EUR 637,555 thousand (EUR 449,463 thousand relating to the direct ownership interest in Agbar and EUR 188,092 thousand relating to the Hisusa ownership interest contributed).

The sale gave rise to a net gain of EUR 36,230 thousand, which was recognised for its gross amount under "Net Gain on Disposals of Financial Instruments" in the accompanying income statement.

Following this transaction, Criteria owned 32.87% of the shares of Hisusa (equivalent to an ownership interest of 24.03% in Agbar).

Criteria CaixaCorp continues to be represented on the Board of Directors of Agbar as a principal shareholder in the framework of the excellent historical relations between "la Caixa"-Criteria and the GDF-Suez Group.

In April 2009 the shareholders at the Annual General Meeting of Agbar resolved to pay an extraordinary dividend out of reserves of EUR 27,048 thousand, which was recognised as a reduction in the cost of the investment.

Banco BPI, S.A.: in the first half of 2009 the Group increased its ownership interest in Banco BPI, S.A. by 0.72% through an investment of EUR 9,910 thousand. At 31 December 2010, Criteria CaixaCorp had a direct ownership interest of 30.10% in Banco BPI, S.A.

The equivalent euro market values of the investments in associates and jointly controlled entities at 31 December 2010 and 2009 were as follows:

	2010		2009	
Listed investee	**%**	**Thousands of euros**	**%**	**Thousands of euros**
Gas Natural, S.D.G., S.A.	36.6%	3,880,636	36.4%	5,065,336
Abertis Infraestructuras, S.A.	20.2%	2,010,596	20.7%	2,285,237
Grupo Financiero INBURSA, S.A.	20.0%	2,185,746	20.0%	1,343,461
Erste Group Bank AF	10.1%	1,342,202	10.1%	994,721
Banco BPI, S.A.	30.1%	375,197	30.1%	574,308
Soc. General de Aguas de Barcelona, S.A.(1)	-	-	11.5%	343,953
		9,794,377		**10,607,036**

(1) At 31 December 2010, Agbar was no longer a listed security, since it was excluded from listing as a result of the delisting takeover bid completed on 26 May 2010.

Impairment of investments in associates and jointly controlled entities

Since 2008 there have been certain adverse indicators relating to the sharp drop in the market values of companies and the reduction of the margins of certain companies classified as jointly controlled entities and associates. Although since 2009 there have been signs of recovery and share prices and, in general, stock market indexes, have risen, in accordance with the Company's policy, the appropriate impairment tests were carried out on these investments in order to ascertain their fair value. Generally accepted valuation methods were used, including most notably:

a) For the industrial companies, the sum of parts discounted cash flows (DCF) valuation methodology was mainly used. Assumptions obtained from sources of renowned prestige were used. The discount rate used was the individual cost of capital of each business and country (ranging from 6.3% to 10.3% (2009: 5.9% to 9%)), and control premiums were not used in the valuation of the investees. The basic assumptions used were as follows:

- Return on ten-year Spanish bond.
- Market risk premium of 5%.
- Betas obtained from Bloomberg.
- GDP and CPI: forecasts presented by The Economist Intelligence Unit.
- The projection periods were tailored to the characteristics of each business.

b) For the investments in banks, basically the dividend discount model (DDM) was used, in accordance with generally accepted international practices for valuing banks. The discount rate used was the cost of equity (K_e), which ranged from 9.2% to 12.6% (2009: 9.5% to 13%), and no potential control premiums were considered in the valuation. The basic assumptions used were as follows:

- Return on ten-year Spanish bond.
- Market risk premium of 5%.
- Betas obtained from Bloomberg.
- Country risk premiums based on the default spread adjusted to current volatility.
- Macroeconomic and banking sector assumptions of The Economist Intelligence Unit.
- The projection periods were tailored to the specific circumstances of each investment (such as significant investment plans, their location in emerging economies, etc.).

The earnings projections used in the estimated discount rates were, in certain cases, at more than five years due to the specific circumstances of each investment, such as significant investment plans, their location in emerging economies, concession terms and other similar factors. In parallel, certain very specific aspects were considered in relation to the Group's investments, including litigation and country risk, although these factors do not have a potential significant impact on the Group's consolidated financial statements taken as a whole.

Based on the analyses performed, and applying conservative criteria suitable for the economic cycle, it was considered advisable to recognise impairment losses in connection with the fair value of certain of the investments in banks. At 31 December 2010, the impairment loss recognised for investments in banks was increased from EUR 192,000 thousand to EUR 300,000 thousand. The increase in the impairment loss related to an additional amount of EUR 50,000 thousand recognised under "Impairment and Other Losses on Financial Instruments" in the accompanying income statement and the reversal of EUR 58,000 thousand recognised in prior periods on the investment in Negocio de Finanzas e Inversiones I (see Note 5.1). At 31 December 2009, the valuation adjustment for investments in associates and jointly controlled entities amounted to EUR 192,000 thousand, of which EUR 81,112 thousand related to the allocation to profit or loss of the provision for contingencies and charges recognised in 2008 and, therefore, the net impairment loss recognised in the income statement for investments in associates and jointly controlled entities amounted to EUR 110,888 thousand.

5.3. Long-term loans to Group companies

At 31 December 2010, the balance of EUR 42,666 thousand related to the estimated balance receivable from "la Caixa" for the income tax settlement for 2010, since Criteria CaixaCorp files consolidated tax returns together with its majority shareholder (see Note 17). When the definitive income tax settlement is made in July, the Company adjusts the amounts estimated at the end of the reporting period on the basis of the tax return ultimately filed.

The projected income tax return for 2009 showed a balance payable to "la Caixa" of EUR 37,754 thousand, and this amount was recognised under "Non-Current Payables to Group Companies" on the liability side of the accompanying balance sheet. Following the calculation of the definitive income tax settlement, this balance was reduced to EUR 771 thousand as a result of the application of tax credits additional to those estimated at 2009 year-end. However, after having filed the consolidated income tax return for 2009, the tax group was ultimately unable to deduct all the tax credits reported by Criteria in that year and, therefore, the accumulated long-term balance payable to "la Caixa" was increased to EUR 81,768 thousand (see Note 14) and the short-term balance payable amounted to EUR 882 thousand, and the latter amount was paid in December 2010.

6. NON-CURRENT FINANCIAL ASSETS

The most significant information relating to the securities included under "Available-for-Sale Financial Assets – Equity Instruments" is disclosed in Appendix III. This line item in the balance sheet includes basically equity instruments classified as available-for-sale financial assets. The detail at 31 December 2010 and 2009 is as follows:

	2010		2009	
	Thousands of euros		Thousands of euros	
	% of owner-ship	Fair value	% of owner-ship	Fair value
Repsol YPF, S.A.	9.29%	2,365,599	9.28%	2,122,101
Telefónica, S.A.	5.03%	3,890,943	5.16%	4,601,264
Bolsas y Mercados Españoles	5.01%	74,692	5.01%	94,256
Total fair value		**6,331,234**		**6,817,621**
Total acquisition cost		**4,285,448**		**4,131,982**
Change in fair value:		**2,045,786**		**2,685,639**
Through equity		***2,045,786***		***2,455,929***
Through profit or loss (1)		-		***229,710***

(1) The Company uses equity linked swaps to hedge the fair value of certain of its investments in available-for-sale financial assets. The most significant at 31 December 2009 related to a 1% ownership interest in Telefónica, which was hedged with equity swaps which qualified as fair value hedges. Therefore, changes in the value of these shares were recognised in profit or loss. Also, the fair value of the fair value hedging derivative was recognised in profit or loss and the net impact was zero. The derivative was recognised under "Hedging Derivatives" on the liability side of the balance sheet (see Note 16). At 31 December 2010, there were no outstanding financial contracts on available-for-sale financial assets.

The Company recognises these assets at fair value and differences, net of the related tax effect, between fair value and acquisition cost are recognised under “Equity – Valuation Adjustments – Available-for-Sale Financial Assets” in the accompanying balance sheet. The tax effect is included under “Deferred Tax Liabilities” and “Deferred Tax Assets” in the balance sheet. To calculate the tax effect of the gain/loss on these assets, the Company based itself on the tax base of the assets and not their cost for accounting purposes arising largely from the non-monetary contribution by "la Caixa" on 31 July 2000 (see Note 1). Also, when calculating the tax effect the Company does not take into account the potential tax credits that could be taken in the event of the sale of the asset, such as double taxation and/or reinvestment tax credits.

The transactions involving available-for-sale financial assets carried out in 2010 and 2009 were as follows:

Changes in 2010

	Thousands of euros					
	Purchases and capital increases	Dividends reducing cost	Sales	Change in fair value	Reclassifications and other	Total
Balance at 31/12/09						**6,817,621**
Bolsas y Mercados Españoles	-	-	-	(19,563)	-	(19,563)
Repsol YPF, S.A.	207,990	(5,579)	(197,792)	238,879	-	243,498
Telefónica, S.A.	373,362	(325)	(373,696)	(709,663)	-	(710,322)
Changes in 2010	**581,352**	**(5,904)**	**(571,488)**	**(490,347)**	**-**	**(486,387)**
Balance at 31/12/10						**6,331,234**

Changes in 2009

	Thousands of euros				
	Purchases and capital increases	Sales	Change in fair value	Reclassifications and other	Total
Balance at 31/12/08					**5,776,125**
Bolsas y Mercados Españoles	-	-	17,217	-	17,217
Erste Group Bank AG (1)	651,849	-	91,236	(994,721)	(251,636)
Repsol YPF, S.A.	-	-	410,820	-	410,820
Telefónica, S.A.	688,812	(716,762)	893,045	-	865,095
Changes in 2009	**1,340,661**	**(716,762)**	**1,412,318**	**(994,721)**	**1,041,496**
Balance at 31/12/09					**6,817,621**

(1) Reclassification of the investment to “Investments in Associates and Jointly Controlled Entities” (see Note 5.2).

Repsol-YPF, S.A.: in the first quarter of 2010 the Company sold, through financial contracts, 10,498,828 shares of Repsol representing an ownership interest of 0.860%, giving rise to a net gain of EUR 29,223 thousand. Also, at the end of 2010 10,626,985 shares representing an ownership interest of 0.870% were acquired on the market. The Company’s direct holding at 31 December 2010 was 9.293% and that of the Group was 12.688%.

Telefónica, S.A.: in 2009 the Company acquired 1% of the share capital of Telefónica, S.A. (47,050,000 shares) for EUR 688,812 thousand. Also, a financial derivative was arranged on this 1% ownership interest in order to establish a hedging relationship for the changes in the fair value of this investment and changes in the fair value of the derivative financial instrument. This derivative was settled early in cash in 2010, which gave rise to an additional disbursement of EUR 129,984 thousand. Also, the Company acquired on the market and through financial derivatives 6,500,000 shares for EUR 106,328 thousand.

In 2010 the Company sold on the market 12,869,289 shares representing 0.282% of the share capital of Telefónica, giving rise to a gain net of tax of EUR 90,341 thousand.

At 31 December 2010, the Company had a 5.025% ownership interest in Telefónica.

In June 2009 the Company sold 1% of its investment in Telefónica, S.A. for EUR 737 million, giving rise to a net gain of EUR 215 million, which is recognised under "Net Gain on Disposals of Financial Instruments" in the accompanying income statement.

Bolsas y Mercados Españoles S.H.M.S.F. , S.A.: at 31 December 2010 and 2009, Criteria CaixaCorp held an ownership interest of 5.01%.

Erste Group Bank AG: in 2009 Criteria CaixaCorp increased its investment in Erste Group Bank AG through an investment of EUR 16,446 thousand by subscribing the capital increase performed in November 2009 in proportion to its percentage of ownership in the Austrian bank at that date (5.1%). Also, Criteria acquired and exercised the subscription rights of the ERSTE Foundation, the principal shareholder of Erste Group Bank, which corresponded to 30.9% shares of the Central European bank. The total outlay in this capital increase amounted to EUR 635,403 thousand, strengthening Criteria CaixaCorp's position as a strategic partner of Erste Group Bank (see Note 5.2). The ownership interest, which at 31 December 2009 was 10.10% of the share capital of Erste Group Bank AG, the co-operation agreements between the two parties and the representation on the governing bodies afforded a significant influence over the bank and, therefore, the investment was reclassified to "Investments in Associates and Jointly Controlled Entities" in the accompanying balance sheet (see Note 5.2).

Impairment of available-for-sale financial assets – equity instruments

In 2008 and part of 2009 there was a worsening in various of the indicators used by management to analyse the possible impairment of the Company's investments in available-for-sale financial assets (see Note 4.5.a.c). This worsening was not so much attributable to the individual actions of the investees as to the Spanish and international economic situation. The main indicator observed was a drop in market prices. Based on management's criteria, and in the face of the aforementioned economic situation and the drop in market prices, management reviewed the objective evidence of impairment of the available-for-sale financial assets on a regular basis by conducting the appropriate impairment tests.

In the second half of 2009 the leading developed economies started to show slight signs of recovery as far as the financial markets and certain economic indicators were concerned and the economy and markets improved. There was a marked improvement in the financial markets on all fronts. Specifically, there was a significant rise in the principal stock market indexes, which increased the market values of Criteria CaixaCorp's investment portfolio. In 2009 it was not necessary to recognise additional impairment losses.

Company management observed that in no case did the market value of the investments classified as available-for-sale financial assets fall over a period of 18 months on a continuous basis or by more than 40%. Therefore, it was not necessary to recognise additional impairment losses in 2010.

However, as a basic tool in the management and ongoing monitoring of the portfolio of investments, the Company also made its own internal valuations of the investments classified as available-for-sale financial assets, using the same methodology as that applied in the measurement of the investments in associates and jointly controlled entities (see Note 5.2). These internal valuations similarly did not disclose the need to recognise in 2010 impairment losses on investments classified as available-for-sale financial assets.

7. CURRENT ASSETS – RECEIVABLE FROM GROUP COMPANIES

At 31 December 2010, this heading included mainly an account receivable from "la Caixa" amounting to EUR 62,000 thousand relating to the sale of CaixaRenting, S.A. (see Note 5.1.), which will be paid in the first half of 2011, and EUR 901 thousand receivable from investment banks corresponding to the las option sales premiums collected in January 2011.

8. CURRENT FINANCIAL ASSETS – DIVIDENDS RECEIVABLE

The detail of the accrued dividends receivable at 31 December 2010 and 2009 is as follows:

	Thousands of euros	
Company	**2010**	**2009**
Gas Natural, S.A.	118,885	118,197
Repsol YPF, S.A.	59,565	-
Repinves	21,755	-
Total	**200,205**	**118,197**

All the dividends receivable at 31 December 2010 and 2009 were collected in January 2011 and 2010, respectively.

9. CURRENT FINANCIAL ASSETS – OTHER

"Current Financial Assets – Other" in the accompanying balance sheet includes "Financial Derivative Guarantee Deposits" amounting to EUR 1,710 thousand and EUR 238,800 thousand in 2010 and 2009, respectively, relating to the financial derivatives and options arranged by the Company.

The financial derivatives and options provide for the creation of a guarantee deposit to be adjusted over the term of the instruments by contributions either by the counterparties or by Criteria CaixaCorp based on the changes in the market price of the underlying. This deposit guarantees the availability of funds at all times for the two parties in the event of the partial or total termination of the contract in advance or on the expiry date. The contract also establishes an interest rate tied to overnight Eonia on these deposits paid monthly in arrears). The interest income and/or expense on the guarantee deposits is recorded under "Finance Income – From Third Parties" and/or "Finance and Similar Costs – On Debts to Third Parties" in the income statement and amounted to EUR 155 thousand and EUR 344 thousand of interest income in 2010 and 2009, respectively, and to EUR 3 thousand of interest expense in 2010 (see Note 18).

10. CASH

"Cash" in the accompanying balance sheets at 31 December 2010 and 2009 relates basically to cash on hand and demand deposits held with "la Caixa".

The interest rate on the debit balances in the demand deposits is average overnight Euribor less 25 basis points.

The interest earned in 2010 and 2009 on the demand deposits amounted to EUR 29 thousand and EUR 65 thousand, respectively, and is recognised under "Finance Income" in the accompanying income statements (see Note 18).

11. EQUITY

The changes in 2010 and 2009 are shown in the statement of changes in total equity. The most significant changes, by heading, are detailed and discussed below.

11.1 Share capital

At 31 December 2010 and 2009, the share capital consisted of 3,362,889,837 fully subscribed and paid shares. All the shares are traded by the book-entry system and have a par value of EUR 1 each. At 31 December 2010 and 2009, "la Caixa" had an ownership interest of 79.45% in the share capital of Criteria CaixaCorp.

11.2 Share premium

The "Share Premium" account balance arose initially as a result of the capital increase performed on 31 July 2000 (see Note 1). On 21 June and 30 July 2007, the shareholders at the respective General Meetings of Criteria CaixaCorp approved the distribution of EUR 403,240 thousand and EUR 1,000,000 thousand, respectively, with a charge to "Share Premium". The balance of the share premium account was later restored in the framework of the aforementioned IPO and, as described in Note 11.1 above, a total share premium of EUR 3,115,331 thousand arose in the successive capital increases. The balance at 2007 year-end was EUR 7,711,244 thousand, which remained thus at 31 December 2010. The Consolidated Spanish Public Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

11.3 Legal reserve

Under the consolidated Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2010, the legal reserve had reached the legally required minimum.

11.4 Voluntary reserves

As explained in Note 3, the shareholders at the Annual General Meeting held on 19 May 2009 resolved to appropriate EUR 237,480 thousand of the profit for 2009 to voluntary reserves. Since the final dividend actually paid was lower than the approved maximum, due to the existence of treasury shares, the final amount appropriated to voluntary reserves was EUR 239,520 thousand. Also, as part of the shareholder remuneration policy, the General Meeting also approved the distribution of a dividend with a charge to unrestricted reserves equal to EUR 0.06 per share, for a maximum amount of EUR 201,773 thousand, payable in the first quarter of 2011 (see Note 15).

11.5 Treasury shares

On 19 May 2009, the shareholders at the Annual General Meeting authorised the Board of Directors to derivatively acquire treasury shares, directly or through Group companies, provided that the shares acquired, added to the shares that the Parent already held, did not exceed 10% of the share capital, thereby rendering void the unused part of the authorisation granted at the Ordinary General Meeting on 7 May 2009. This authorisation, ratified by the Board of Directors at its meeting held on the same date, is valid for five years.

The changes in treasury shares in 2010 and 2009 were as follows:

	Thousands of euros			
	2009	**Acquisitions**	**Disposals**	**2010**
Number of treasury shares	14,216,350	19,712,597	21,372,709	12,556,238
% of share capital	0.423%	0.586%	0.636%	0.373%
Acquisition cost/Selling price (thousands of euros)	39,880	71,067	(67,476)	43,471

	Thousands of euros			
	2008	**Acquisitions**	**Disposals**	**2009**
Number of treasury shares	6,534,397	10,035,719	2,353,766	14,216,350
% of share capital	0.194%	0.298%	0.070%	0.423%
Acquisition cost/Selling price (thousands of euros)	18,545	27,418	6,083	39,880

At 31 December 2010, Criteria CaixaCorp held 12,556,238 treasury shares, representing 0.373% of the share capital, the acquisition cost of which amounted to EUR 43,471 thousand. In 2010, Criteria acquired, directly on the market or through financial derivatives, 19,712,597 shares amounting to EUR 71,067 thousand, and sold 21,372,709 treasury shares, giving rise to a net gain of EUR 13,741 thousand which was recognised in voluntary reserves.

At 31 December 2009, Criteria CaixaCorp held 14,216,350 treasury shares, representing 0.423% of the share capital, the acquisition cost of which amounted to EUR 39,880 thousand. In 2009 Criteria CaixaCorp sold 2,353,766 treasury shares on the market, giving rise to a gain of EUR 2 million, which was recognised in voluntary reserves.

11.6 Dividends declared in the year

The detail of the dividends paid in 2010 is as follows:

		Date		Amount	
Description	Managing body	Resolution	Payment	EUR/share	Total in thousands of euros
2009 final dividend	General Meeting	19/05/10	01/06/09	0.131	438,498
Dividend with a charge to reserves	General Meeting	19/05/10	2011	0.06	201,773
First interim dividend 2010	Board of Directors	29/07/10	01/09/10	0.06	200,893 (1)
Second interim dividend 2010	Board of Directors	04/11/10	01/12/10	0.06	200,937 (1)
Third interim dividend 2010	Board of Directors	02/12/10	11/01/11	0.08	269,031 (1)

(1) The accounting liquidity statements approved by the Board of Directors are presented in Note 3, "Distribution of Profit".

11.7 Valuation adjustments

"Valuation Adjustments" in the accompanying balance sheets includes primarily the amount, net of the related tax effect, of the differences between the fair value and the acquisition cost of the assets classified as available for sale (see Note 6). These differences are transferred to profit or loss when the assets are sold or when an impairment loss is recognised for them.

The changes in the valuation adjustments in 2010 and 2009 were as follows:

	2010				
	Thousands of euros				
	Balance at 31/12/09	Revaluation gains (losses) before tax	Deferred tax liabilities	Amounts transferred to profit or loss net of tax	Balance at 31/12/10
Available-for-sale financial assets	1,459,914	(72,227)	46,219	(120,747)	1,313,159
Cash flow hedges	(85)	121	(36)	-	-

	2009				
	Thousands of euros				
	Balance at 31/12/08	Revaluation gains (losses) before tax	Deferred tax liabilities	Amounts transferred to profit or loss net of tax	Balance at 31/12/09
Available-for-sale financial assets	774,063	1,183,831	(355,160)	(142,821)	1,459,914
Cash flow hedges	-	(85)	-	-	(85)

The amounts transferred to profit or loss in 2010 relate mainly to the net effect of:

• The gain after tax obtained from the sale of the shares of Telefónica (see Note 6) for EUR 90 million.

• The gain after tax obtained from the sale of the shares of Repsol (see Note 6) for EUR 29 million.

The amounts transferred to profit or loss in 2009 relate mainly to the net effect of:

• The gain after tax obtained from the sale of 1% of the shares of Telefónica (see Note 6) for EUR 215 million.

• The impairment, for a net amount of EUR 68 million, relating to the investments reclassified as investments in associates, since the valuation adjustments made prior to the reclassification were retained in this equity account.

11.8 Earnings per share

The earnings per share were calculated by deducting the average number of treasury shares from the total number of shares, the detail being as follows:

	2010	2009
Profit after tax (thousands of euros)	**1,133,903**	**1,013,340**
Weighted average number of shares outstanding (thousands)	3,348,034	3,352,823
Earnings per share (euros/share)	**0.34**	**0.30**

The change in the weighted average number of shares outstanding was affected by the purchases and sales of treasury shares carried out by the Company in 2010.

12. PROVISIONS FOR CONTINGENCIES AND CHARGES

The changes in 2010 and 2009 in “Provisions for Contingencies and Charges” in the accompanying balance sheets were as follows:

	Thousands of euros	
	2010	**2009**
Beginning balance:	**33,521**	**90,835**
Add:		
Period provisions charged to profit or loss	-	-
Obligations acquired as a result of the merger with Caixa Capital Desarrollo	-	24,731
Less:		
Reclassification to impairment of losses on investments in investees	-	(81,112)
Amounts used	-	(933)
Ending balance	**33,521**	**33,521**

In 2010 there were no changes in the provisions for contingencies and charges.

The period provision in 2008 amounting to EUR 81,112 thousand reflected the expected losses and contingencies associated with the investment portfolio in view of the adverse performance of the financial markets in 2008. This provision was recognised under "Period Provision for Contingencies and Charges" in the income statement for 2008. In 2009 the provision was reclassified as impairment losses on the portfolio of investments in associates (see Note 5.2).

Also, as a result of the merger by absorption of Caixa Capital Desarrollo into Criteria CaixaCorp, registered at the Mercantile Registry on 29 June 2009, Caixa Capital Desarrollo was dissolved and its assets and liabilities were transferred *en bloc* to Criteria CaixaCorp. In this connection, Criteria CaixaCorp recognised a provision of EUR 24,731 thousand, corresponding to the provisions that were recognised by Caixa Capital Desarrollo to meet the future contingencies arising from the share purchase and sale agreements entered into in prior years.

13. NON-CURRENT LIABILITIES – DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES

On 12 November 2009, Criteria CaixaCorp made its first non-convertible bond issue amounting to EUR 1,000 million, maturing in November 2014. The final conditions of the issue were registered at the CNMV on 26 November 2009.

The issue, the demand for which was 2.2 times higher than the value of the issue, was taken up by 200 investors at an issue price of 99.522%. The bonds pay a coupon rate of 4.125% per annum and have an implicit return of 4.233%. The first coupon was paid on 22 November 2010 for an amount of EUR 41,250,000.

At 31 December 2010 and 2009, the debt corresponding to the bonds at amortised cost amounted to EUR 993,714 thousand and EUR 992,198 thousand, respectively, and the interest incurred in 2010 and 2009 totalled EUR 42,706 thousand and EUR 4,746 thousand, respectively, which was recognised under "Finance and Similar Costs – On Debts to Third Parties" in the accompanying income statement (see Note 18).

The accrued interest payable to the bondholders at 31 December 2010 and 2009 amounted to EUR 4,583 thousand, which is recognised under "Current Liabilities – Interest Payable on Debt Instruments and Other Marketable Securities" in the accompanying balance sheets.

14. NON-CURRENT PAYABLES TO GROUP COMPANIES

At 31 December 2010 and 2009, "Non-Current Payables to Group Companies" on the liability side of the accompanying balance sheet related mainly to the amount drawn down against the long-term credit facility and two long-term loans arranged by Criteria CaixaCorp with "la Caixa", the detail being as follows:

2010

	Amount thousands of euros	Interest rate	Maturing in
Credit facility	4,022,935	3-month Euribor + 100 b.p.	July 2012
Bullet loan	1,000,000	3.579%	November 2013
Bullet loan	1,000,000	4.416%	November 2016
Prior years' income tax payable to "la Caixa"	81,768	-	-
Total	**6,104,703**		

2009

	Amount thousands of euros	Interest rate	Maturing in
Credit facility	3,546,701	1-month Euribor + 100 b.p.	July 2011
Bullet loan	1,000,000	3.579%	November 2013
Bullet loan	1,000,000	4.416%	November 2016
Estimated 2009 income tax payable to "la Caixa"	37,754	-	-
2008 income tax payable to "la Caixa"	25,031	-	-
2009 income tax payable to "la Caixa" by Crisegen and Caixa Capital Desarrollo	935	-	-
Total	**5,610,421**		

At 31 December 2009, the Company had a credit facility with "la Caixa" of EUR 5,500 million maturing in July 2011, against which EUR 3,546,701 thousand had been drawn down. In 2010, Criteria CaixaCorp restructured its financial liabilities, establishing a new maturity date for the facility in July 2012 and a quarterly settlement of interest instead of the monthly settlement initially established. The interest rate on the balances receivable is the average of overnight Euribor less 25 basis points, and on the balances payable, 3-month Euribor plus 100 basis points. At 31 December 2010, EUR 4,022,935 thousand had been drawn down against the facility.

Also, in November 2009 two long-term loans of EUR 1,000 million each were arranged with "la Caixa". The first loan mature in November 2013 and bears fixed annual interest of 3.579% and the second matures in November 2016 and bears fixed annual interest of 4.416%. The interest is payable quarterly.

The interest incurred in 2010 and 2009 on the balances drawn down against the credit facility amounted to EUR 59,114 thousand and EUR 110,051 thousand, respectively (see Note 18), of which at 31 December 2010 and 2009 EUR 18,462 thousand and EUR 4,450 thousand, respectively, had not been paid and were recognised under "Current Liabilities – Payable to Group Companies" in the accompanying balance sheets.

In 2010 and 2009 the interest incurred on the two long-term loans amounted to EUR 81,060 thousand and EUR 12,215 thousand, respectively, and was recognised under "Finance and Similar Costs" in the accompanying income statement (see Note 18). At 31 December 2010 and 2009, EUR 12,215 thousand had not yet been paid and were recognised under "Current Liabilities – Payable to Group Companies" in the accompanying balance sheets.

Also, this heading in the accompanying balance sheet includes the balance payable to "la Caixa" for the settlement of income tax. The balance includes the settlement of prior years' income tax amounting to EUR 81,768 thousand. This amount will be offset as the tax group can use the tax credits not yet deducted (see Note 17).

15. CURRENT LIABILITIES – PAYABLE TO GROUP COMPANIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

At 31 December 2010, this heading included the dividends announced but not yet paid to "la Caixa" amounting to EUR 374,070 thousand which will be paid in the first quarter of 2011. The dividends payable to third parties amounting to EUR 96,735 thousand are recognised under "Trade and Other Payables". At 31 December 2009, there were no dividends payable.

16. DERIVATIVES TRANSACTIONS

In 2010 and 2009 the Company performed the following transactions with derivatives:

Hedging derivatives

The Company arranges foreign currency hedges -both fair value and cash flow hedges on transactions related with its investment portfolio. The most significant transactions performed in 2010 and 2009 were as follows:

- The Company designated as fair value hedges the equity swaps on Telefónica shares, as described in Note 6. At 31 December 2009, these derivatives had a negative fair value of EUR 229,604 thousand, and this amount was recognised under "Current Payables – Derivatives" on the liability side of the accompanying balance sheet. These equity swaps were settled early in 2010. At 31 December 2010, there were no fair value hedges outstanding.
- In 2010 and 2009 the Company arranged cash flow hedges with "la Caixa" to hedge the changes in the exchange rate applicable to dividends receivable in foreign currency amounting to MXN 367,000 thousand and MXN 360,000 thousand, respectively. These hedges gave rise to a loss of EUR 3,306 thousand and a gain of EUR 15 thousand, respectively, which are recognised under "Revenue – Change in Fair Value of Financial Instruments" in the accompanying income statement.

  At 2010 and 2009 year-end no hedges had been arranged in this connection.
- In 2010 the Company acquired 8,792,718 shares of Gas Natural for EUR 92,953 thousand through cash flow hedges with which the Company hedged the amount to be paid to acquire the aforementioned shares (see Note 5.2). These hedges were executed through delivery in December 2010. At 31 December 2010, there were no hedges outstanding.

Trading derivatives

Certain derivatives arranged by the Company to hedge investment portfolio transactions do not qualify for hedge accounting. The transactions performed in 2010 and 2009 were as follows:

- In 2010 the Company arranged derivatives for Telefónica, Gas Natural and Repsol shares, by selling and/or buying put and call options, which gave rise to a net gain in 2010 of EUR 7,661 thousand, which is recognised under "Revenue – Change in Fair Value of Financial Instruments" in the accompanying income statement. In 2009 the Company did not arrange any options of this nature.
- At 31 December 2010, the Company had sold put options on 3 million shares of Telefónica maturing within 1 year, the fair value of which at 31 December 2010 amounting to EUR 1,635 thousand is recognised under "Derivatives" on the liability side of the accompanying balance sheet.

17. TAX MATTERS

Tax consolidation

Criteria CaixaCorp and certain of its subsidiaries form part of the "la Caixa" consolidated tax group. The companies that form part of the "la Caixa" consolidated tax group are listed in Appendix IV.

Reconciliation of the accounting profit to the taxable profit

Income tax is calculated on the basis of accounting profit obtained by applying generally accepted accounting principles, which does not necessarily coincide with taxable profit.

The reconciliation of the income tax expense (income) recognised in the income statements for 2010 and 2009 to the accounting profit before tax for those years is as follows:

Thousands of euros	2010		2009	
	Income statement	Income and expenses recognised in equity	Income statement	Income and expenses recognised in equity
	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)
Profit before tax	**1,042,623**		**978,527**	**(14,551)**(1)
Permanent differences:				
Increase	58,853	-	71,313	-
Decrease	(68,515)	-	(37,347)	-
	(9,662)		**33,966**	
Temporary differences:				
Arising in the year	203,896	-	339,626	-
Arising in prior years	(165,849)	-	(93,568)	-
	38,047		**246,058**	
Taxable profit	**1,071,008**		**1,258,551**	**(14,551)**
Gross tax payable	**321,302**		**377,565**	**(4,365)**
Tax credits and tax relief	**(363,967)**		**(337,994)**	
Current income tax expense (income)	(42,665)	-	39,571	-
Expense (income) due to changes in temporary differences	(11,414)	-	(73,818)	-
Income tax expense for the year	**(54,080)**	**-**	**(34,247)**	**-**
Withholdings at source – non-resident companies	2	-	(643)	-
Adjustment to prior year's income tax	(37,202)	-	77	-
Total income tax expense	**(91,280)**	**-**	**(34,813)**	**-**

(1) See accompanying statement of recognised income and expense.

The permanent differences in 2010 and 2009 relate basically to dividends received from non-resident entities, pursuant to Article 21 of the Consolidated Spanish Income Tax Law, approved by Legislative Royal Decree 4/2004, of 5 March, and to differences between the cost for tax and accounting purposes of the ownership interests transferred in the current period and other items such as the reversal of certain provisions.

As a result of the differences between accounting and tax legislation and Criteria CaixaCorp's taxation as part of the "la Caixa" consolidated tax group, the tax expense (income) calculated on the basis of accounting profit differs from the tax settlement that determines the income tax payable to the tax authorities; this results in the recognition of deferred tax assets, for the excess tax paid with respect to the accrued tax, and deferred tax liabilities, for the excess accrued income tax with respect to the tax payable.

Most of the amounts relating to the deferred income tax assets and liabilities are mainly a result of (i) the impairment losses for investments in investees recognised by Criteria CaixaCorp which are not deductible for income tax purposes; (ii) the elimination, for the purpose of calculating the taxable profit of the tax group, of the impairment losses recognised by Criteria CaixaCorp on its investments in certain companies forming part of the "la Caixa" consolidated tax group, or of the gains or losses arising from the transfer of shares to companies that are part of the tax group; (iii) the amount relating to the amortisation for tax purposes of the international financial goodwill arising on the acquisition of the investment in Banco BPI.

In relation to the impairment of investees, pursuant to Article 12.3 of the Consolidated Spanish Corporation Tax Law, as amended by Law 4/2008, of 23 December, eliminating wealth tax, the system for the monthly refund of VAT became applicable to nearly all taxable persons and other changes were made to tax legislation ("Law 4/2008"). Following is a detail of the value adjustments deducted.

Since the Company does not have information of the definitive equity of the investees at 31 December 2010, the amounts indicated below were provisionally included in the tax base as permitted by Article 12.3 of the Consolidated Spanish Corporation Tax Law. The amounts ultimately deducted corresponding to the 2010 tax period will be disclosed in the notes to the 2011 financial statements, once the 2010 income tax return has been filed.

The provisional impairment losses recognised in 2010 and the definitive amounts deducted in this connection in 2009 and 2008 are as follows:

	Thousands of euros	
Negocio de Finanzas e Inversiones I	**Impairment loss included in the tax base**	**Difference in equity at beginning and end of period (1)**
2008	(52,001)	(52,001)
2009	20,707	20,707
2010	23,105	23,105
Amounts to be included	**(8,189)**	

	Thousands of euros	
FinConsum	**Impairment loss included in the tax base**	**Difference in equity at beginning and end of period (1)**
2008 (2)	(8,754)	(8,754)
2008	(8,946)	(8,946)
2009	(9,451)	(9,451)
2010 (3)		
Amounts to be included	**(27,151)**	

	Thousands of euros	
CaixaRenting	**Impairment loss included in the tax base**	**Difference in equity at beginning and end of period (1)**
2008		
2009	(665)	(665)
2010	665	
Amounts to be included	**-**	

(1) The difference between the equity at the beginning and at the end of the period was adjusted for the period expenses that are not considered to be deductible for tax purposes.

(2) Pursuant to Transitional Provision Twenty-Nine of Law 4/2008.

(3) In 2010, as a result of the sale, the adjustment pending in relation to Article 12.3 of the Consolidated Spanish Corporation Tax Law was included.

Pursuant to Article 42 of the Consolidated Spanish Corporation Tax Law in relation to the tax credit for reinvestment of income, in 2006 the income qualifying for this tax credit arising from the transfer for consideration of assets and liabilities amounted to EUR 1,141,899 thousand. Additionally, in 2005 income of EUR 18,272 thousand arose which was eliminated from the consolidated taxable profit of the tax group. In 2007, since the aforementioned income materialised vis-à-vis third parties, it was included in the taxable profit and qualified for the reinvestment tax credit for as it fulfils all the requirements established in the related legislation.

The reinvestments made in 2007 and 2008 by the companies in the "la Caixa" consolidated tax group made it possible to take tax credits of EUR 123,525 thousand and EUR 108,510 thousand for the reinvestment of extraordinary income in the 2007 and 2008 income tax returns, respectively (of which EUR 104,545 thousand were recognised as income at 2007 year-end and EUR 18,980 thousand were recognised as income in 2008).

In 2010 the income qualifying for these tax credits, obtained from the transfer for consideration of assets and liabilities, amounted to EUR 133,144 thousand. The companies in the consolidated tax group made reinvestments that were assigned to income qualifying for the tax credit earned in 2010 and, therefore, tax income amounting to EUR 15,977 thousand was recognised in this connection.

The main parameters of the tax credit pursuant to Article 42 of the Consolidated Spanish Corporation Tax Law are shown in Appendix V.

The nature and amount of the tax credits deducted each year are as follows:

	Thousands of euros	
	2010	2009
Dividend double taxation tax credit	307,909	317,852
Tax credit for the double taxation of undistributed profits	40,066	18,594
Reinvestment tax credit	15,977	-
Other	14	1,548
Total	**363,966**	**337,994**

Based on the foregoing, the estimated income tax settlement for 2010 gave rise to an account receivable from "la Caixa" amounting to EUR 42,666 thousand, net of tax withholdings and prepayments, which is recognised under "Long-Term Loans to Group Companies" on the asset side of the accompanying balance sheet. The estimated income tax settlement for 2009 gave rise to an account payable of EUR 37,754 thousand, which is recognised under "Non-Current Payables to Group Companies" on the liability side of the balance sheet. After calculating the definitive income tax settlement the aforementioned balance was reduced to EUR 771 thousand as a result of taking tax credits additional to those estimated at year-end (see Note 5.3).

However, after having filed the consolidated income tax return for 2009, the tax group was ultimately unable to deduct all the tax credits earned by Criteria in that year and, consequently, a portion of the related amount has not yet been paid (see the changes in the deferred taxes due to unused tax credits). Payment in this connection will be made to the extent that the tax credits can be used in the tax group's income tax returns.

Composition of current tax assets and liabilities

The composition of the current tax assets and liabilities is as follows:

	Thousands of euros	
	2010	2009
Assets		
Current portion of deferred tax assets – cash flow hedges	-	36
VAT refundable	2	6
	2	**42**
Liabilities:		
Tax withholdings payable	7,868	12,405
Accrued social security taxes payable	106	109
Output VAT payable	48	84
	8,022	**12,598**

Changes in deferred tax assets and liabilities

The detail of the deferred tax assets and liabilities and of the changes therein is as follows:

Deferred tax assets – 2010

	Thousands of euros				
	Balance at 31/12/2009	**Additions**	**2009 tax regularisation**	**Reclassifications and reductions**	**Balance at 31/12/2010**
Deferred tax assets relating to available-for-sale financial assets	**-**	**704**	**-**	**-**	**704**
Deferred tax assets due to eliminations on consolidation for tax purposes	161,208	5,801	(11,786)	(7,131)	148,091
Deferred tax assets due to non-deductible impairment losses	113,757	46,500	29,520	(37,500)	152,277
Deferred tax assets relating to tax credits for double taxation of undistributed profits	5,836	-	-	-	5,836
Deferred tax assets relating to tax credits not deducted	231,286	-	49,103	-	280,389
Deferred tax assets due to expenses recognised directly in equity	12,041	-	-	-	12,041
Deferred tax assets due to sundry provisions recognised	2,102	1,737	-	(1,626)	2,212
Deferred taxes arising from reclassification of available-for-sale financial assets to investments in associates	56,516	-	-	(56,516)	-
Deferred tax assets due to other differences	-	-	5,165	-	5,165
Other deferred tax assets	**582,746**	**54,742**	**72,002**	**(102,773)**	**606,716**

Deferred tax assets – 2009

	Thousands of euros				
	Balance at 31/12/08	Additions	2008 tax regularisation	Reclassifications and reductions	Balance at 31/12/09
Deferred tax assets relating to available-for-sale financial assets	**112,987**	**-**	**-**	**(112,987)**	**-**
Deferred tax assets due to provisions recognised	24,333	-	-	(24,333)	-
Deferred tax assets due to eliminations on consolidation for tax purposes	141,150	441	24,782	(5,165)	161,208
Deferred tax assets due to non-deductible impairment losses	13,145	100,612	-	-	113,757
Deferred tax assets relating to tax credits for double taxation of undistributed profits	5,836	-	-	-	5,836
Deferred tax assets relating to reinvestment tax credits not deducted	49,378	-	181,908	-	231,286
Deferred tax assets due to expenses recognised directly in equity	7,676	4,365	-	-	12,041
Deferred tax assets due to sundry provisions recognised	745	1,277	80	-	2,102
Deferred taxes arising from reclassification of available-for-sale financial assets to investments in associates	-	56,516	-	-	56,516
Other deferred tax assets	**242,263**	**163,211**	**206,770**	**(29,498)**	**582,746**

Deferred tax liabilities – 2010

	Thousands of euros				
	Balance at 31/12/09	Additions	2009 tax regularisation	Reductions	Balance at 31/12/10
Deferred tax liabilities relating to available-for-sale financial assets	**860,096**	**(96,866)**	**-**	**(29,899)**	**733,331**
Deferred tax liabilities due to amortisation of goodwill	13,766	4,177	(171)	-	17,772
Deferred tax liabilities due to eliminations on consolidation for tax purposes	8,652	-	(5)	(479)	8,168
Deferred tax liabilities due to reversal of impairment losses	-	-	17,733	(7,130)	10,603
Deferred tax liabilities due to other differences	497	-	-	-	497
Other deferred tax liabilities	**22,915**	**4,177**	**17,557**	**(7,609)**	**37,040**

Deferred tax liabilities – 2009

	Thousands of euros				
	Balance at 31/12/08	Additions	2008 tax regularisation	Reductions	Balance at 31/12/09
Deferred tax liabilities relating to available-for-sale financial assets	**657,890**	**327,789**	**-**	**(125,583)**	**860,096**
Deferred tax liabilities due to amortisation of goodwill	9,661	4,178	(73)	-	13,766
Deferred tax liabilities due to eliminations on consolidation for tax purposes	8,660	-	(8)	-	8,652
Deferred tax liabilities due to other differences	497	-	-	-	497
Other deferred tax liabilities	**18,818**	**4,178**	**(81)**	**-**	**22,915**

The deferred tax assets and liabilities relating to available-for-sale financial assets arise when the "Available-for-Sale Financial Assets – Equity Instruments" are measured at fair value (see Note 6).

Transactions qualifying for taxation under the special tax regime

Criteria CaixaCorp was a party to the following transactions that qualified for taxation under the special tax regime provided for in Chapter VIII of Title VII of the Consolidated Spanish Corporation Tax Law:

2010

- Special non-monetary contribution by Criteria CaixaCorp to Vidacaixa Grupo, S.A.U. (formerly SegurCaixa Holding) of shares of Vidacaixa Adeslas S.A. de Seguros y Reaseguros, carried at EUR 1,130,035 thousand, for which Criteria CaixaCorp received shares of Vidacaixa Grupo, S.A.U. carried at the same amount.

2009

- Special non-monetary contribution by Criteria CaixaCorp to VidaCaixa Grupo (formerly SegurCaixa Holding, S.A.) of shares of Vidacaixa S.A. de Seguros y Reaseguros, carried at EUR 81,594,173.04, for which Criteria CaixaCorp received shares of VidaCaixa Grupo (formerly SegurCaixa Holding) carried at the same amount.
- Merger by absorption of the investee Caixa Capital Desarrollo, S.A. (Sole-Shareholder Company) into Criteria CaixaCorp.
- Merger by absorption of the investee Crisegen Inversiones, S.L. (Sole-Shareholder Company) into Criteria CaixaCorp. As a result of this merger, the ownership interest in VidaCaixa Grupo (formerly, SegurCaixa Holding) was included in the accounting records of Criteria CaixaCorp at value different to that at which it had been carried at Crisegen. In the accounting records of Crisegen it was carried at EUR 224,358,830.22 and at Criteria CaixaCorp at EUR 909,352,342.70.
- Spin-off of the Port Aventura, S.A. line of business to Negocio de Finanzas e Inversiones IV as a result of which Criteria CaixaCorp reduced the amount at which it had been carried at Port Aventura, S.A. to EUR 58,468,243.40, which is the same value at which it recognised the shares of Negocio de Finanzas e Inversiones IV received.

2008

- Special non-monetary contribution by Criteria CaixaCorp to Port Aventura, S.A. of shares of Hotel Caribe Resort, S.A. carried at EUR 17,130 thousand, for which Criteria CaixaCorp received shares of Port Aventura, S.A. carried at the same amount.

2007

- Special non-monetary contribution by Criteria CaixaCorp to Negocio de Finanzas e Inversiones I, S.L. of shares of Atlantia, S.p.A., Banco Comercial Portugués S.A. and Boursorama, S.A. with a carrying amount of EUR 297,940 thousand. As consideration for the non-monetary contribution, the company's capital was increased by EUR 100,000 thousand, and the remaining value of the contribution was allocated to share premium.
- Special non-monetary contribution by Criteria CaixaCorp to Holret, S.A. of shares of Hodefi, S.A.S. with a carrying amount of EUR 258,639 thousand, equal to the carrying amount of Hodefi's ownership interest in Criteria CaixaCorp.

2006

- No transactions qualifying for taxation under the special tax regime provided for in Chapter VIII of Title VII of the Consolidated Spanish Corporation Tax Law were carried out in 2006.

2005

- Merger by absorption of G.P. Comercial, S.A., G.P. Resort, S.A. and USPA Hotel Ventures I, S.A. into Port Aventura, S.A.

2004

- Special non-monetary contribution by Criteria CaixaCorp to Caixa Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros of shares of Inmobiliaria Colonial, S.A., with a carrying amount of EUR 175,618 thousand, for which Criteria CaixaCorp received shares of Caixa Barcelona Seguros de Vida, S.A. de Seguros y Reaseguros, which were recognised for the same amount.
- Special non-monetary contribution by Criteria CaixaCorp to Repinves, S.A. of shares of Repsol YPF, S.A. with a carrying amount of EUR 206,272 thousand, for which Criteria CaixaCorp received shares of Repinves, S.A. which were recognised for the same carrying amount.

2003

- No transactions of this type were carried out.

2002

- Merger by absorption of BuildingCenter, S.A. into Prominmo, S.A.
- Merger by absorption of Corporació de Participacions Estrangeres, S.L. into Criteria CaixaCorp. The merger balance sheet of the absorbed company at 31 December 2001 is presented in the Company's financial statements for 2002.

2001

- Special non-monetary contribution by Criteria CaixaCorp to InverCaixa Holding, S.A. of shares of GesCaixa I, S.A., S.G.I.I.C. with a carrying amount of EUR 28,268 thousand, for which Criteria CaixaCorp received shares of InverCaixa Holding, S.A. which were recognised for the same carrying amount.

- Special non-monetary contribution by Criteria CaixaCorp to e-"la Caixa", S.A. of shares of Caixa On Line Services, S.A. with a carrying amount of EUR 10,515 thousand, for which Criteria CaixaCorp received shares of e-"la Caixa", S.A. which were recognised for the same carrying amount.
- Special non-monetary contribution by Criteria CaixaCorp to Banco de Sabadell, S.A. of shares of Banco Herrero, S.A. with a carrying amount of EUR 310,486 thousand, for which Criteria CaixaCorp received shares of Banco de Sabadell, S.A. which were recognised for the same carrying amount.
- Special non-monetary contribution by Criteria CaixaCorp to Hotel Caribe Resort, S.L. (formerly Hotel Occidental Salou, S.L.) of buildable land valued at EUR 7,513 thousand whereby Criteria CaixaCorp received shares of Hotel Caribe Resort, S.L. recognised for the same carrying amount.

2000

- Special non-monetary contribution and exchange of shares of "la Caixa" with Criteria CaixaCorp of shares of various companies with a carrying amount of EUR 8,236,330 thousand, whereby "la Caixa" received shares of Criteria CaixaCorp recognised for the same carrying amount.

Years open for review by the tax authorities

The audit carried out by the tax authorities of the tax group for 2004 to 2006 was completed in 2010 and no significant liabilities arose as a result of the audit.

In addition, 2007, 2008, 2009 and 2010 are open for review by the tax authorities for all the main taxes.

The audit carried out by the tax authorities of the tax group for 2000 to 2003 was completed in 2006 with no tax assessments being issued against Criteria CaixaCorp.

18. INCOME AND EXPENSES

Revenue from equity investments

"Revenue from Equity Investments" in the accompanying income statements relates to dividends received from investees, the detail for 2010 and 2009 being as follows:

	Thousands of euros	
Company	**2010**	**2009**
Abertis Infraestructuras, S.A.	87,523	85,150
Banco BPI, S.A.	21,130	17,859
Bolsas y Mercados Españoles, S.A.	8,261	8,321
Caixa Capital Desarrollo, SCR, de Régimen Simplificado, S.A.U.	-	8,035
Catalunya de Valores, S.G.P.S., U.L.	30	322
Crisegen Inversiones	-	87,858
Erste Bank Group	24,811	10,097
Gas Natural, S.D.G., S.A.	262,216	286,090
GF Inbursa	22,544	18,221
Hisusa, Holding de Infraestructuras y Servicios Urbanos, S.A.	21,833	117,265
Inversiones Autopistas, S.L.	16,811	16,013
Repinves, S.A.	39,353	39,353
Repsol YPF, S.A.	97,690	107,663
VidaCaixa Grupo (formerly SegurCaixa Holding)	175,500	50,000
VidaCaixa Adeslas (formerly SegurCaixa)	6,365	-
Soc. General de Aguas de Barcelona, S.A.	-	14,552
Telefónica, S.A.	297,702	212,195
Other	13,111	8,240
Total	**1,094,880**	**1,087,234**

Staff costs

The detail of "Staff Costs" in the income statements for 2010 and 2009 is as follows:

	Thousands of euros	
	2010	**2009**
Wages and salaries	8,582	8,071
Employer social security costs	1,151	1,068
Other employee benefit costs	1,350	1,831
Total	**11,083**	**10,970**

The average number of employees at the Company in 2010 and 2009, by professional category and gender, was as follows:

	2010			2009		
	Women	Men	Total	Women	Men	Total
Senior executives	0	1	1	0	1	1
Managers	2	7	9	2	7	9
Graduates, other line personnel and IT staff	45	34	79	45	30	75
Clerical staff	12	1	13	11	1	12
Temporary employees	3	2	5	1	0	1
Total	**62**	**45**	**107**	**59**	**39**	**98**

Other operating expenses

"Other Operating Expenses" in 2010 includes EUR 2,065 thousand relating to the lease from "la Caixa" of Criteria CaixaCorp's head offices at Avenida Diagonal 621, Barcelona. In 2009 EUR 2,081 thousand were recognised in this connection.

The accompanying income statement for 2010 includes EUR 5,694 thousand relating to legal and tax advisory services and other professional services. EUR 329 thousand were recognised in relation to the audit fees and expenses of Deloitte, S.L. and EUR 28 thousand for other audit-related services. EUR 268 thousand were also recognised for consultancy services received from the service lines of Deloitte, S.L. and related firms at 31 December 2010. None of these amounts include the corresponding VAT.

"Other Operating Expenses" in the accompanying income statement for 2009 includes EUR 10,457 thousand relating to legal and tax advisory services and other professional services, including EUR 329 thousand corresponding to the audit fees and expenses of Deloitte, S.L. and EUR 61 thousand for other audit-related services. EUR 146 thousand were also recognised for consultancy services received from the service lines of Deloitte, S.L. and related firms at 31 December 2010. None of these amounts include the corresponding VAT.

Information on the deferral of payments made to suppliers: Disclosure requirements under Law 15/2010, of 5 July

The entry into force of Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, establishes the obligation for companies to expressly publish information on the payment periods to their suppliers in the notes to the financial statements. In relation to this disclosure obligation, on 31 December 2010 the corresponding resolution issued by the Spanish Accounting and Audit Institute (ICAC) was published in the Spanish Official State Gazette.

Pursuant to Transitional Provision Two of the aforementioned resolution, it is hereby disclosed that at 31 December 2010, of the total of the trade payables recognised under "Accounts Payable" amounting to EUR 11,540 thousand, 0% relates to invoices past-due by more than the maximum payment period established by Law 15/2010 (85 days).

Finance income

The detail of "Finance Income" in the accompanying income statements is as follows:

	Note	Thousands of euros 2010	2009
Interest on accounts with "la Caixa"		27	63
Interest on other bank accounts		2	2
Income from marketable securities and other financial instruments of Group companies	(Note 10)	**29**	**65**
Finance income from equity swaps		406	1,859
Collateral finance income from derivatives	(Note 9)	155	344
Other finance income		-	129
Third parties		**561**	**2,332**
Total		**590**	**2,397**

Finance and similar costs

The detail of the finance costs in 2010 and 2009, which relate mainly to the interest incurred on the credit facility, on the two loans arranged in 2009 and on the bonds issued in 2009 (see Notes 13 and 14), is as follows:

	Note	Thousands of euros 2010	2009
Interest on "la Caixa" credit facility and loans	(Note 14)	140,175	122,266
Interest on Caixa Capital Desarrollo loan		-	706
On debts to Group companies and associates		**140,175**	**122,972**
Interest on bonds issued	(Note 13)	42,706	4,746
Other finance costs		286	7
Third parties		**42,992**	**4,753**
Total		**183,167**	**127,725**

Impairment and gains or losses on disposals of financial instruments – Impairment and other losses

As explained in the Notes on investments in Group companies and investments in associates and jointly controlled entities, Criteria CaixaCorp recognised the following impairment losses under this heading:

	Note	Thousands of euros 2010	2009
Investments in Group companies	(Note 5.1)	(58,000)	144,844
Investments in associates and jointly controlled entities	(Note 5.2)	108,000	110,888
Total		**50,000**	**255,732**

Transactions with related parties

As a result of the Initial Public Offering of Criteria CaixaCorp, on 19 September 2007 Criteria CaixaCorp and its Parent, "la Caixa", signed a "Relationship Memorandum of Understanding" in order to strengthen the Company's transparency, autonomy and good governance. This agreement basically regulates:

- The definition of the main areas of activity of Criteria CaixaCorp and the Group companies;
- The establishment of general criteria for the performance of operations or the provision of intra-Group services on an arm's length basis; and
- The establishment of mechanisms to achieve the flow of information required between the Company and "la Caixa" to enable them to fulfil their management needs and their obligations to the respective regulators.

Also, on that same date, a "Tax Consolidation" agreement was signed which governs the relations between Criteria CaixaCorp and "la Caixa" specifically in the tax area, within the framework of the consolidated tax group to which they belong, and an "Exchange of Information" agreement was also signed whereby Criteria CaixaCorp and "la Caixa" will share the information required to fulfil their legal and tax obligations.

All transactions with related parties, pursuant to the definition provided in Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, performed in 2010 and 2009, were performed in the course of the Company's ordinary activities and on an arm's length basis. The transactions performed with related companies are disclosed in the preceding Notes, the summary being as follows:

- In the first half of 2010 Criteria arranged derivatives with "la Caixa", for which it collected a premium of EUR 743 thousand. These derivatives had expired at 31 December 2010. In 2009 the derivatives arranged with "la Caixa" gave rise to the payment of a premium of EUR 10 million.
- Credit facility with "la Caixa", with a drawn down balance of EUR 4,023 million at 31 December 2010 (31 December 2009: EUR 3,547 million). The limit of the facility is EUR 5,500 million (see Note 14), and the terms and conditions were renegotiated, establishing the maturity date in July 2012 and the interest at 3-month Euribor plus 100 basis points.
- On 6 November 2009, a long-term four-year loan amounting to EUR 1,000 million was arranged with "la Caixa" (maturing on 5 November 2013), bearing fixed annual interest at 3.579% (see Note 14).
- On 6 November 2009, a long-term seven-year loan of EUR 1,000 million was arranged with "la Caixa" (maturing on 5 November 2016), bearing fixed annual interest at 4.416% (see Note 14).
- During 2010 and 2009 foreign currency hedges were arranged with "la Caixa" in relation to the collection of dividends in Mexican pesos, for notional amounts of MXN 367 million and MXN 300 million, respectively. These derivatives had expired at 31 December 2010 (see Note 16).

- In the bond issue carried out by Criteria in November 2009, totalling EUR 1,000 million, VidaCaixa subscribed EUR 72 million. Also, "la Caixa" acted as the placing bank and earned fees of EUR 500 thousand (see Note 13). At 31 December 2010, VidaCaixa held bonds of Criteria amounting to EUR 206 million.
- The Company entered into security deposit agreements with Banco BPI and GF Inbursa, whereby the shares of BPI, BEA and GF Inbursa owned by Criteria are deposited at the respective banks. The other shares are deposited at "la Caixa".

In addition to the aforementioned transactions, the transactions performed in 2010 with Group companies, associates and jointly controlled entities are summarised as follows:

	Thousands of euros					
	2010			2009		
	Criteria Group	"la Caixa" Group	Associates and jointly controlled entities	Criteria Group	"la Caixa" Group	Associates and jointly controlled entities
Services received	523	3,136(1)	99	1,074	2,907(1)	64
Services rendered	97	-	27	96	-	20
Interest paid	-	28	-	-	65	-
Interest charged	-	140,175	-	706	122,266	-
Dividends received	211,816	-	479,411	170,466	-	472,035
Dividends deducted from cost of investment	66,413	-	-	33,931	-	27,048
Dividends, reserves and share premiums distributed	-	670,621	-	-	427,471	-

(1) The services received from "la Caixa" Group companies include EUR 2,065 thousand and EUR 2,081 thousand in relation to the lease of offices from "la Caixa" in 2010 and 2009, respectively.

In June 2010 Criteria, through its subsidiary VidaCaixa Adeslas (formerly SegurCaixa), acquired from Sociedad General de Aguas de Barcelona (a company over which it held joint control with the Suez Group), a 54.78% ownership interest in Adeslas for EUR 687 million. As described in Notes 5.1. and 5.2., in order to carry out the transaction Criteria contributed, through a non-monetary capital increase, the shares of Agbar and Hisusa required for VidaCaixa Adeslas (formerly SegurCaixa) to sell to the Suez Group its 24.50% ownership interest in Agbar and, in turn, purchase from Agbar and Médéric, the 99.77% ownership interest in Adeslas.

In December 2010 Criteria sold to "la Caixa" all the shares of CaixaRenting for EUR 62 million. As described in Note 5.1. the transaction did not give rise to any gains or losses. At 31 December 2010, the EUR 62 million had not yet been collected and were recognised under "Current Assets – Receivable from Group Companies" in the accompanying balance sheet.

Also, on 5 March 2009, Caixa Capital Desarrollo granted a loan of EUR 509 million to Criteria CaixaCorp, initially maturing on 31 December 2009 and bearing interest at 1-month Euribor plus 50 basis points, payable on maturity of the loan. As a result of the merger by absorption, with dissolution without liquidation, of Caixa Capital Desarrollo, S.A. into the Company (see Note 5.1), with the transfer *en bloc* of all its assets and liabilities and legal and contractual obligations and rights, the loan was repaid.

Foreign currency transactions

In 2010 the Company collected MXN 367 million in dividends from GFI (2009: MXN: 333 million), which were recognised under "Revenue from Equity Investments" in the accompanying income statement.

19. NOTE TO THE STATEMENT OF CASH FLOWS

Cash and cash equivalents increased by EUR 6,109 thousand with respect to 2009. This increase is explained by the net effect of various flows. On the one hand, the positive flows from operating activities amounting to EUR 1,051,949 thousand. These flows financed investing activities, which gave rise to a net negative cash flow of EUR 691,895 thousand. In addition, a negative cash flow of EUR 353,945 thousand arose from financing activities, due to the attractive shareholder remuneration policy.

The positive cash flows from operating activities included most notably the cash flows obtained from the dividends received from investments in Criteria CaixaCorp Group companies, which amounted to EUR 1,012,872 thousand. These flows were reduced, inter alia, by the interest of EUR 169,155 thousand paid.

Noteworthy in relation to the cash flows from investing activities was the volume of investments in Group companies, associates, jointly controlled entities and available-for-sale financial assets (equity instruments), as detailed in Notes 5 and 6. Total investments, which amounted to EUR 1,488,592 thousand, were partially financed by divestments amounting to EUR 796,697 thousand, including most notably the sale of shares of Telefónica and Repsol, as described in Note 6.

As regards the cash flows from financing activities, total dividends paid to shareholders amounted to EUR 840,328 thousand, and included the final dividend paid for 2009 and the first two interim dividends paid out of the profit for 2010. The net amount of EUR 476,233 thousand drawn down against the credit facility arranged with "la Caixa" also increased.

20. INFORMATION ON THE ENVIRONMENT – SUSTAINABILITY INDEX AND CORPORATE RESPONSIBILITY

In view of the Company's business activities, it does not have any environmental expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements. However, it should be noted that the Company has continued to be included in two prestigious indexes, namely, for the third year running, in the Dow Jones Sustainability Index, which reflects the Company's commitment to sustainability and corporate reputation in its business activities and its investments and, for the second year running, in the FTSE4 Good index, which recognises good management by companies with respect to economic, social and environmental matters. Also, in 2009 Criteria Caixa Corp joined the United Nations Global Compact, a United Nations international initiative for businesses that are voluntarily committed to aligning their operations and strategies in the social responsibility field with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

With the close cooperation of "la Caixa", and through its "Active Management" policy, involving its presence in the governing bodies of its investees, Criteria CaixaCorp continues to develop internal processes for assessing and controlling the social and environmental risk of its investees in order to be able to guarantee that these organisations work in a responsible and ethical manner.

The energy companies and utilities in which Criteria CaixaCorp has ownership interests have well defined corporate responsibility strategies and, in addition, are multinationals which report periodically using best reporting practices in relation to the implementation of their sustainability strategies. Their commitment and responsibility have been acknowledged by various Spanish and international bodies in prestigious rankings or indexes such as, among others, "Monitor Español de Reputación Corporativa" (Spanish Corporate Reputation Monitor), "The Good Company Ranking 2007" and "FTSE4good". The insurance group and Port Aventura also have advanced practices in place with respect to these issues, as shown by their commitment to United Nations international initiatives (the Global Compact and Principles for Responsible Investment initiatives) as well as their social and environmental certifications. As regards the investment portfolio, efforts also focused on reporting transparency and preventing fraud and money laundering, through the periodic presentation of internal control reports to the Company's Audit and Control Committee.

In addition, in 2010 Criteria CaixaCorp initiated its training programme for shareholders and the general public called "Learn with Criteria". This pioneering initiative among IBEX 35 companies, which is carried out in conjunction with the training department of the Spanish Stock Exchanges and Markets Institute, consists of two training sessions and aims to introduce participants to the financial markets, the characteristics of stock market trading and the main share pricing methods. It arose in response to a request made by the Company's shareholders and reflects the Company's commitment to offering tools and content to help the general public improve their knowledge of the markets.

21. RISK MANAGEMENT POLICY

1. Risk management policy

Criteria CaixaCorp's policy to mitigate its risk exposure is based on a prudent equity security investment policy. Its equity investments have been made in sound companies of acknowledged solvency.

The Company's main financial risks are those associated with its portfolio of investees. The exposure to changes in exchange rates increased due to the acquisitions made in recent years in the Mexican holding company Grupo Financiero Inbursa and in Bank of East Asia.

The Company classified its main risks in the following categories:

- Market risk. This includes the value of the ownership interests in other companies, classified as available-for-sale financial assets, and changes in interest rates and foreign exchange rates.
- Liquidity risk. This relates mainly to the lack of liquidity of certain of its investments or needs arising from their commitments or investment plans.
- Credit risk. Arising when counterparties fail to meet their payment obligations and the possible losses as a result of changes in their credit quality. Conceptually, this type of risk includes investments in the portfolio of jointly controlled entities and associates.
- Operational risk. Relating to errors in the implementation and execution of operations.

Also, the Group is exposed to country risk (relating to market, liquidity and credit risk) which consists of the possibility of assets becoming impaired or of a decrease in funds generated or transferred to the Parent as a result of political, economic and social instability in the countries in which investments are held.

Various methods and tools are used to measure and monitor the risks:

- For investments not classified as available for sale and for available-for-sale investments intended to be held for strategic purposes, the most significant risk is default risk and, therefore, the PD/LGD approach is used.
- For the other investments classified as available for sale, the most significant risk is market risk and, therefore, the market (VaR) approach is used.

These methods and tools make it possible to adequately assess and measure exposure to the risk and, as a result, take the decisions required to minimise the impact of these risks with a view to making the following more stable.

- Cash flows, to facilitate financial planning and to be able to take appropriate investment or divestment decisions.
- The income statement, with the aim of promoting medium- and long-term stability and growth.

• The value of equity, in order to safeguard the value of the investment made by the Company's shareholders.

Following is a description of the main risks and of the policies adopted to minimise their impact on the Company's financial statements.

1.1 Market risks

This refers to the risk that the value of a financial instrument may vary as a result of changes in the price of shares, interest rates or foreign exchange rates. Possible consequences of these risks are decreases in equity and losses arising due to changes in market prices and/or for the losses on the positions composing the investment portfolio, rather than the trading portfolio, at medium to long term.

Price risk

At 31 December 2010, the market value of the Company's directly held portfolio of investments in listed companies and classified as available-for-sale financial assets was EUR 6,331 million, with unrealised pre-tax gains of EUR 2,046 million (see Note 6). 80% of the market value of the Group's assets at 31 December 2010 relates to investments in listed securities. As a result, the Group is exposed to the market risk generally associated with listed companies. The listed securities are exposed to fluctuations in price and trading volume due to factors beyond the Company's control.

The Company has specialised teams which continually monitor investee transactions, to a greater or lesser extent on the basis of the Company's level of influence over them, using a combination of indicators which are updated periodically. Also, in conjunction with the Strategic Risk Management Division of "la Caixa", investment risk measurements are taken, both from the standpoint of the risk inherent in market price volatility, using VaR (Value at Risk) models on the risk-free interest rate yield spread as proposed by the New Basel Capital Accord (NBCA) for banks, and from the point of view of the possibility of default, applying models based on the Probability of Default and Loss Given Default ("PD" and "LGD") approaches, also in accordance with the provisions of the NBCA.

Management monitors these indicators on an ongoing case-by-case basis to be able, at anytime, to take the most appropriate decisions on the basis of the market performance observed and predicted and of the Company's strategy. Also, the values are subject to ongoing monitoring, in order to assess whether there is any objective evidence of impairment, as described in Note 6. Although the measurement bases for available-for-sale financial assets are based on fair value, and both the losses and gains are recognised in equity, the Company uses discounted cash flow methods to measure, on a regular basis, its investments classified as available-for-sale financial assets.

Interest rate risk

This relates mainly to changes in interest costs on floating-rate debt. Therefore, the risk lies basically in the Group's indebtedness. In this regard, in interest rate risk management, the sensitivity of the fair value of the assets and liabilities to changes in the structure of the market interest rate curve is considered.

In 2009 the Company arranged two long-term loans of EUR 1,000 million each with "la Caixa", at a fixed rate of interest. Also, bonds were issued on the debt market at five years, also at a fixed interest rate (see Note 13). The funds obtained were used to reduce the amount drawn down against the credit facility. With these transactions, and the change in the terms and conditions of the credit facility renegotiated in 2010 (see Note 14), a substantial reduction in the exposure to interest rate risk was achieved.

Foreign currency risk

The functional currency of most of the assets and liabilities recognised in the Company's balance sheet is the euro, except for the investment in Grupo Financiero Inbursa. This investment was made in Mexican pesos, and the disbursement amounted to MXP 25,668 million.

During the year management considered taking positions to mitigate the exposure to foreign currency risk of its investments or the cash flows expected from them. Management regularly assesses the advisability or otherwise of taking positions to hedge foreign currency risk.

The Group may also be indirectly exposed to currency risk through the foreign currency investments made by its investees.

The Group's policies, on the basis of the overall quantification of risk, take into account the advisability of arranging either derivative financial instruments or debt in the same currency or currencies of the economic environment as the assets in which the investment is made.

Country risk

The Group's policy for managing or mitigating country risk consists mainly of monitoring the geographical area in which it makes its investments both before making the investment and periodically after the investments have been made. In addition, country risk is taken into account when deciding on whether to sell investments or spread them over different geographical areas.

Sensitivity analysis

The variables which could have a significant impact on the Group's profit and equity are as follows:

• Changes in the price of shares of listed companies.

• Changes in interest rates.

The fluctuations in the price of shares of the investees recognised under "Available-for-Sale Financial Assets" could have a direct effect on equity at the balance sheet date. It could affect profit indirectly, but only within the context of an impairment test.

An adverse change in the market value of the investments recognised under "Investments in Associates and Jointly Controlled Entities" would not affect the value of the investment, although, together with other indicators, it might indicate the need to perform an impairment test.

The impact on the year-end market price of a 10% increase or decrease in the value of the shares classified as "Available-for-Sale Financial Assets" would be an increase or a decrease in equity, under "Valuation Adjustments", at 31 December 2010 of EUR 406 million. In any case, the decrease in equity that would arise in the event of a drop in the market price of the shares is EUR 1,313 million lower than the unrealised gain recognised under "Equity – Valuation Adjustments".

Changes in market interest rates affect financial results, basically as a result of the Company's borrowings at rates tied to Euribor. A 1% rise in the interest rate on the average balance of the credit line drawn down in 2010 would have reduced the profit for the year after tax by approximately EUR 36 million. A 1% drop in interest rates would have increased the profit for the year by the same amount.

1.2 Liquidity risk

Liquidity risk relates to the possibility of a company not being able to meet its payment obligations because it cannot sell a financial instrument sufficiently quickly without incurring significant additional costs. The liquidity risk associated with the possibility of financial investments being converted into cash is of little significance since they are generally listed on deep, active markets.

In its investing activity, Criteria CaixaCorp takes into account in the management of its liquidity the generation of sustained and significant cash flows by its businesses and investments and the capacity to realise its investments which, in general, are listed on deep, active markets.

In addition, the Company mainly receives, in terms of liquidity, financing from its majority shareholder, without prejudice to the possibility of turning to alternative sources of financing in Spanish and international capital markets.

In order to be able to adequately interpret the Company's liquidity position, following is a detail of the maturities of its assets and liabilities:

31 December 2010

	Maturity (in thousands of euros)				
Type of financial item	**Demand**	**Within 3 months**	**Between 3 and 12 months**	**1 to 5 years**	**After 5 years or no maturity date**
ASSETS					
Investments in Group companies	-	-	-	-	4,546,355
Investments in associates and jointly controlled entities	-	-	-	-	10,401,130
Long-term loans to Group companies				42,666	-
Non-current financial assets	-	-	-	-	6,331,548
Deferred tax assets	-	-	-	606,012	704
Accounts receivable	-	63,104	-	-	-
Current financial assets	-	201,919	-	-	-
Current prepayments and accrued income	-	184	206	-	-
Cash and cash equivalents	10,656	-	-	-	-
Total	**10,656**	**265,207**	**206**	**648,678**	**21,279,737**
LIABILITIES					
Provisions	-	-	-	33,521	-
Debt instruments issued	-	-	-	993,714	-
Non-current payables to Group companies	-	-	-	5,104,703	1,000,000
Deferred tax liabilities	-	-	-	-	733,331
Other deferred tax liabilities	-	-	-	37,040	-
Current payables	18,462	12,215	6,226	-	-
Payable to Group companies, associates and jointly controlled entities	213,768	160,824	-	-	-
Trade and other payables	55,263	62,195	-	-	-
Total	**287,493**	**235,234**	**6,226**	**6,168,978**	**1,733,331**

1.3 Credit risk

Credit risk refers to the risk of incurring losses through breach of contractual payment obligations by a debtor or changes in the risk premium relating to the financial solvency of the debtor. The main credit risks are the investments in associates, mainly listed associates, which is not the same as the risk related to the market value of their shares.

Management of the Company's credit risk is controlled by strict internal compliance with procedures defined by management. This procedure defines the asset category suitable for inclusion in the investment portfolio using definition parameters such as the main rating scales, terms, counterparties and concentration.

The cost of investments in jointly controlled entities and associates, EUR 10,401 million, is in principle not subject to the risk of a change in the price of the shares, since their market price does not affect the figures in the balance sheet or income statement because these investments are accounted at acquisition cost. The risk in investments of this nature is associated with the performance of the business of the investee, and the possible bankruptcy thereof, since the market price of the shares is a mere indicator. In general, this risk can be classified as credit risk. The tools used to measure these risks are models based on the PD/LGD (Probability of Default and Loss Given Default) approach, also as provided for in the New Basel Capital Accord (NBCA).

1.4 Operational risk

This is defined as the risk of incurring a loss as a result of errors in operating processes.

The risk management process covers issues in relation to systems and staff, administrative processes, information security and legal matters. These issues are managed with the objective of establishing adequate controls to minimise possible losses.

22. SEGMENT REPORTING

Since Criteria CaixaCorp engages mainly in the acquisition, sale and management of all manner of marketable securities and investments in other companies, it would be of little purpose to present financial statements by segment. As a result, the management information presented to management was defined for the purpose of ensuring the active management of investments, optimising control processes and strengthening the strategy of investment/divestment in holdings and, accordingly, Criteria CaixaCorp's internal management was not based on business segments.

However, it is meaningful to present the dividends by business segment of the investees based on the following types of business:

- **Financial services segment,** which includes the insurance, specialised financial services and banking activities on an individual basis; and
- **Utilities segment,** which includes the listed utilities and other unlisted companies.

The segment information on dividends for 2010 and 2009 is as follows:

	Thousands of euros	
Segment	**2010**	**2009**
Financial services		
Insurance	183,821	139,785
Specialised financial services	19,414	6,314
Banking	68,515	46,497
Utilities		
Listed companies	801,298	713,972
Unlisted companies	21,832	180,666
Total	**1,094,880**	**1,087,234**

Also, the breakdown of the Company's revenue by geographical market, taking into account the area in which the companies issuing accrued dividends are resident, is as follows:

	Thousands of euros	
Geographical area	**2010**	**2009**
Spain	1,026,365	1,040,736
Mexico	22,544	18,221
European Union	45,971	28,277
Total	**1,094,880**	**1,087,234**

However the business of most of the companies in which the Company has investments is highly geographically diversified and a high percentage of the investees' recurrent profit is obtained in countries other than Spain, as detailed in the accompanying directors' report. At 31 December 2010, it was estimated that around half of the revenue was obtained outside Spain, with 29% being obtained in Latin America, 15% in Europe and 7% in the rest of the world.

23. DISCLOSURES RELATING TO THE BOARD OF DIRECTORS

Remuneration and other benefits

In 2010 and 2009 the members of the Board of Directors of Criteria earned attendance fees and remuneration amounting to EUR 3,785 thousand and EUR 3,759 thousand.

In 2010 and 2009 the remuneration received by the directors of Criteria CaixaCorp in connection with their duties as representatives of the Company on the Boards of Directors of Group companies amounted to EUR 643 thousand and EUR 1,408 thousand, respectively. Also, the remuneration received by the directors in connection with their attendance of the Board meetings of listed companies and other companies in which the Company has a significant presence or representation amounted to EUR 6,169 thousand and EUR 5,351 thousand, respectively, and these amounts are recognised in the income statements of the respective companies.

The detail of the aforementioned remuneration is as follows:

	Thousands of euros							
	2010				2009			
	Remuneration paid by Criteria	Attendance of other Group companies' Board meetings	Attendance of other companies' Board meetings	Total	Remuneration paid by Criteria	Attendance of other Group companies' Board meetings	Attendance of other companies' Board meetings	Total
Executive directors	1,240	139	615	1,994	1,230	1,090	573	2,893
Proprietary directors	1,810	504	5,388	7,702	1,465	286	4,709	6,460
Independent directors	600	-	166	766	590	32	69	691
Other non-executive directors	135	-	-	135	474	-	-	474
Total	**3,785**	**643**	**6,169**	**10,597**	**3,759**	**1,408**	**5,351**	**10,518**

In 2010 the Company paid remuneration to the International Advisory Board amounting to EUR 810 thousand. In 2009 the remuneration paid to the members of this Board amounted to EUR 652 thousand, of which EUR 180 thousand were paid to members of the Advisory Board who were also members of the Board of Directors.

The expense incurred by Criteria CaixaCorp in relation to a third-party liability insurance premium paid to cover the directors and executives amounted to EUR 438 thousand and EUR 358 thousand in 2010 and 2009, respectively.

The contribution to directors' pension plans made by the Company in 2010 amounted to EUR 250 thousand and EUR 125 thousand in 2009.

Criteria CaixaCorp does not have any pension obligations to former and current members of the Board of Directors in their capacity as such or any other obligations to them other than those disclosed above.

The maximum termination benefits in the event of the unilateral termination by the Company of the members of the managing bodies of Criteria CaixaCorp amount to EUR 2 million.

The Company's directors did not perform any transaction other than in the normal course of business or other than on an arm's length basis with Criteria CaixaCorp or with Criteria CaixaCorp Group companies in 2010 or 2009.

Remuneration of executives

In 2010 the remuneration paid to management, which include the members of the Management Committee, totalled EUR 1,846 thousand, which included EUR 63 thousand of attendance fees for attending the Board meetings of investees. It does not include the remuneration received by the executives who are also directors, since this is disclosed in the preceding section.

In 2009 the remuneration paid to management, which include the members of the Management Committee, totalled EUR 2,387 thousand, which included EUR 372 thousand for attending the Board Meetings. It does not include the remuneration received by the executives who are also directors, since this is disclosed in the preceding section.

The contributions to the pension plans of the members of the Management Committee made by the Company in 2010 amounted to EUR 94 thousand and in 2009, EUR 885 thousand).

Purchase of shares by Board members and/or senior executives

At 31 December 2010, the direct and indirect investments of the members of the Board of Directors in the share capital of the Company were as follows:

	No. of shares	%
Javier Godó Muntañola	1,230,000	0.037%
Isidro Fainé Casas	567,505	0.017%
Gonzalo Gortázar Rotaeche	300,100	0.009%
Isabel Estapé Tous	250,000	0.007%
Juan María Nin Génova	234,491	0.007%
Susana Gallardo Torrededia	58,700	0.002%
Juan Rosell Lastortras	32,382	0.001%
Alain Minc	10,000	0.000%
Immaculada Juan Franch	9,967	0.000%
Leopoldo Rodés Castañé	9,700	0.000%
Salvador Gabarró Serra	7,003	0.000%
Miquel Noguer Planas	3,561	0.000%
Francesc Xavier Vives Torrents	2,595	0.000%
Maria Dolors Llobet Maria	2,100	0.000%
Jordi Mercader Miró	1,496	0.000%
David K.P. Li	-	-
Carlos Slim	-	-
Total	**2,719,600**	**0.081%**

Detail of ownership interests, positions and duties in companies engaging in similar activities and performance, as independent professionals or as employees, of similar activities

Articles 229 and 230 of the Spanish Limited Liability Companies Law, approved by Legislative Royal Decree 1/2010, of 2 July, have amended Article 127 ter. 4 of the Public Limited Liability Companies Law, which has been repealed.

Article 229 requires Board members to disclose the direct or indirect interests that both they and any parties related to them hold in the share capital of a company, the activity of which is identical, similar or complementary to that constituting the corporate purpose of the company in question, as well as any positions or duties they may have in these companies. Additionally, it stipulates that Board members must report any direct or indirect conflicts of interest they may have with the company. This information must be disclosed in the notes to the company's annual financial statements.

Under the aforementioned Article 230, the directors may not engage, as independent professionals or as employees, in an activity that is identical, similar or complementary to the activity that constitutes the company object of Criteria, unless expressly authorised do so through a resolution of the shareholders at a General Meeting.

For these purposes, the Company's directors have disclosed the following information:

Director or relative	Company	% Ownership	Line of Business	Position	Company Represented
Isidro Fainé Casas	Hisusa-Holding de Infraestructuras de Servicios Urbanos, S.A.	n.a.	Holding	Director	Criteria CaixaCorp
Javier Godó Muntañola	VidaCaixa Grupo, S.A.	n.a.	Holding	Director	-
Javier Godó Muntañola	Grupo Godó de Comunicación, S.A.	90.58%	Holding	Chairman	-
Javier Godó Muntañola	Privatmedia, S.L.	40%	Holding	Director	-
Javier Godó Muntañola	Catalunya Comunicació, S.L.	n.a.	Holding	Chairman	-
Javier Godó Muntañola	Sociedad de Servicios Radiofónicos Unión Radio, S.A.	n.a.	Holding	Deputy chairman	-
Mr. Godó's Related party	Grupo Godó de Comunicación, S.A.	9.42%	Holding	n.a.	-
Mr. Godó's Related party	Privat Media, S.L.	60.00%	Holding	n.a.	-
Carlos Godó Valls	Sociedad de Servicios Radiofónicos Unión Radio, S.A.	n.a.	Holding	Director	-
Carlos Godó Valls	Grupo Godó de Comunicación, S.A.	n.a.	Holding	Director	-
Ana Godó Valls	Grupo Godó de Comunicación, S.A.	n.a.	Holding	Director	-
Gonzalo Gortázar Rotaeche	Inversiones Autopistas, S.L.	n.a.	Holding	Chairman	-
Gonzalo Gortázar Rotaeche	Hisusa-Holding de Infraestructuras de Servicios Urbanos, S.A.	n.a.	Holding	Director	-
Gonzalo Gortázar Rotaeche	Roche Holding AG Genusschein Swi Listing	0.00%	Holding	n.a.	-
Jorge Mercader Miró	VidaCaixa Grupo, S.A.	n.a.	Holding	Director	-
Juan María Nin Génova	VidaCaixa Grupo, S.A.	n.a.	Holding	Director	-
Leopoldo Rodés Castañé	Tresuno, S.L.	33.16%	Holding	-	-
Leopoldo Rodés Castañé	Gestora de Viviendas, S.A.	n.a.	Holding	Representantive	n.d.
Fernando Rodés Vilá	Tresuno S.L.	13.37%	Holding	n.a.	-
Fernando Rodés Vilá	Inversiones y Serv. Publicitarios, S.L.	12.09%	Holding	n.a.	-
Alfonso Rodés Vilá	Tresuno, S.L.	13.37%	Holding	n.a.	-
Alfonso Rodés Vilá	Inversiones y Serv. Publicitarios, S.L.	12.09%	Holding	n.a.	-
Cristina Rodés Vilá	Tresuno, S.L.	13.37%	Holding	n.a.	-
Cristina Rodés Vilá	Inversiones y Serv. Publicitarios, S.L.	12.09%	Holding	n.a.	-
Alicia Rodés Vilá	Tresuno, S.L.	13.37%	Holding	n.a.	-
Alicia Rodés Vilá	Inversiones y Serv. Publicitarios, S.L.	12.09%	Holding	n.a.	-
Gonzalo Rodés Vilá	Tresuno, S.L.	13.37%	Holding	n.a.	-
Gonzalo Rodés Vilá	Inversiones y Serv. Publicitarios, S.L.	12.09%	Holding	Director	-
Gonzalo Rodés Vilá	Acacia ISP, S.L.	n.a.	Holding	Director	-
Carlos Slim Helú	Grupo Financiero Inbursa, S.A.B. de C.V.	9.61%	Holding	-	-
Carlos Slim Helú	Grupo Financiero Inbursa, S.A.B. de C.V.	0.16%	Holding	-	Inmobiliaria Carso
Carlos Slim Helú	Grupo Financiero Inbursa, S.A.B. de C.V.	0.09%	Holding	-	Fundación Carlos Slim

Director or relative	Company	% Ownership	Line of Business	Position	Company Represented
Carlos Slim Helú	Impulso del Desarrollo y el Empleo en América Latina	7.52%	Holding	Chairman	-
Carlos Slim Helú	Impulso del Desarrollo y el Empleo en América Latina	6.02%	Holding	-	Fundación Carlos Slim
Carlos Slim Helú	América Móvil, S.A.B. de C.V.	8.54%	Holding	-	-
Carlos Slim Helú	América Móvil, S.A.B. de C.V.	0.58%	Holding	-	Inmobiliaria Carso
Carlos Slim Helú	América Móvil, S.A.B. de C.V.	0.11%	Holding	-	Fundación Carlos Slim
Carlos Slim Helú	Grupo Carso, S.A.B. de C.V.	8.54%	Holding	-	-
Carlos Slim Helú	Grupo Carso, S.A.B. de C.V.	1.88%	Holding	-	Inmobiliaria Carso
Carlos Slim Helú	Grupo Carso, S.A.B. de C.V.	0.37%	Holding	-	Fundación Carlos Slim
Carlos Slim Helú	Carso Infraestructura y Construcción, S.A.B. de C.V.	-	Holding	Chairman	-
Mr. Slim's Related party	Grupo Financiero Inbursa, S.A.B. de C.V.	43.50%	Holding	-	-
Mr. Slim's Related party	Grupo Financiero Inbursa, S.A.B. de C.V.	0.74%	Holding	-	Inmobiliaria Carso
Mr. Slim's Related party	Grupo Financiero Inbursa, S.A.B. de C.V.	0.26%	Holding	-	Fundación Carlos Slim
Mr. Slim's Related party	Impulso del Desarrollo y el Empleo en América Latina	34.23%	Holding	-	-
Mr. Slim's Related party	Impulso del Desarrollo y el Empleo en América Latina	18.05%	Holding	-	Fundación Carlos Slim
Mr. Slim's Related party	América Móvil, S.A.B. de C.V.	20.29%	Holding	-	-
Mr. Slim's Related party	América Móvil, S.A.B. de C.V.	2.70%	Holding	-	Inmobiliaria Carso
Mr. Slim's Related party	América Móvil, S.A.B. de C.V.	0.33%	Holding	-	Fundación Carlos Slim
Mr. Slim's Related party	Grupo Carso, S.A.B. de C.V.	20.24%	Holding	-	-
Mr. Slim's Related party	Grupo Carso, S.A.B. de C.V.	8.96%	Holding	-	Inmobiliaria Carso
Mr. Slim's Related party	Grupo Carso, S.A.B. de C.V.	1.11%	Holding	-	Fundación Carlos Slim
Carlos Slim Domit	Grupo Carso, S.A.B. de C.V.	-	Holding	Chairman	-
Marco A. Slim Domit	Grupo Financiero Inbursa, S.A.B. de C.V.	-	Holding	Board of Director's President and General Director	-
Marco A. Slim Domit	Grupo Carso, S.A.B. de C.V.	-	Holding	Representantive	-
Patrick Slim Domit	Grupo Carso, S.A.B. de C.V.	-	Holding	Deputy chairman	-

Director or relative	Company	% Ownership	Line of Business	Position	Company Represented
Patrick Slim Domit	América Móvil, S.A.B. de C.V.	-	Holding	Chairman	-
Daniel Hajj Aboumrad	América Móvil, S.A.B. de C.V.	-	Holding	Representantive and General Director	-
Arturo Elias Ayub	Grupo Financiero Inbursa, S.A.B. de C.V.	-	Holding	Representantive	-
Arturo Elias Ayub	Grupo Carso, S.A.B. de C.V.	-	Holding	Representantive	-

The Company intends to propose at the next General Meeting that the appropriate authorisation be obtained for the aforementioned positions by the members of the Criteria's Board to be discharged and they are expected to be approved without any exceptions.

Notwithstanding the above, it should be noted that the range of activities included in the Company's object is very broad, as it includes all the lines of business carried on by the investees, in addition to the line of business of the holding company itself. Holding positions in any company with an identical or similar activity does not per se result in a conflict of interest as there is no effective competition between Criteria and any other holding company. The Company considers that such a conflict would only arise if the directors held ownership interests in, or discharged positions at, companies engaged in the acquisition and management of a securities portfolio that was in competition, or resulted in a conflict of interest, with Criteria.

The directors did not perform, as independent professionals or as employees, any activities that were identical, similar or complementary to that constituting the Company's object in 2010.

24. EVENTS AFTER THE REPORTING DATE

Agreement with Mutua Madrileña

On 13 January 2011, Criteria, together with its majority shareholder, entered into an agreement with Mutua Madrileña to develop a strategic alliance in non-life insurance. This agreement will result in the acquisition by Mutua Madrileña of a 50% ownership interest in VidaCaixa Adeslas Seguros Generales, S.A. ("VCA") and an exclusive non-life bancassurance distribution agreement with "la Caixa".

Criteria will sell to Mutua Madrileña 50% of VidaCaixa Adeslas for EUR 1,075 million, of which EUR 1,000 million will be paid in cash, plus an additional earn out payment which will be calculated based on the achievement of the business plans and results of VidaCaixa Adeslas in the next ten years. The hospital business of VCA is not included in the aforementioned alliance. The transactions described above, taken as a whole, are expected to generate consolidated net gains for the Criteria Group of around EUR 450 million.

The new ownership interests in VCA will be shared between Mutua Madrileña with 50% and Criteria with 49.9%, and the rest will be held by non-controlling shareholders. Half of the members of the Board of Directors of VCA will be appointed at the proposal of Mutua Madrileña and the other half at the proposal of the "la Caixa" Group. Mutua Madrileña will appoint the executive chairman, who will have the casting vote, and Criteria will appoint the general manager.

The aforementioned transactions are expected to be concluded in the third quarter of 2011, once the financial, equity and legal review of VCA has been completed, the final agreements have been signed and the related conditions and legal procedures have been fulfilled (including the approvals relating to competition and insurance supervisory bodies).

Acquisition of shares of Repsol from Repinves

In addition, on 19 January Criteria acquired from its investee Repinves 41,446,431 shares of Repsol YPF (representing an ownership interest of 3.393%) as part of the sale by Repinves to UBS of all the shares of Repsol YPF owned by it (5.02% ownership interest). The sale was carried out at EUR 22.56 per share and Criteria acquired from UBS the 41,446,431 shares at the same price. The economic ownership interest held by Criteria in the share capital of Repsol continues to be the same following this transaction and amounts to 12.97%. In addition, Repinves, which will obtain total cash of EUR 1,383 million in the transaction, will distribute this income to its shareholders in proportion to their ownership interests in the share capital of Repinves (67.595% Criteria and 32.405% Catalunya Caixa).

Reorganisation of the "la Caixa" Group

On 27 January 2011, the Boards of Directors of "la Caixa", Criteria and MicroBank de "la Caixa", S.A. ("MicroBank"), a wholly-owned subsidiary of "la Caixa", resolved to enter into a framework agreement ("the Framework Agreement") the principal objective of which is to reorganise the "la Caixa" Group in order to design a structure which, while continuing to perform the welfare projects of "la Caixa", makes it possible to adapt to the new Spanish and international regulatory requirements and, in particular, to the new requirements of the Basel Committee on Banking Supervision ("Basel III").

To meet the aforementioned objectives, the Framework Agreement provides for the performance of the following corporate transactions, all of which are subject to the approval of the governing bodies of "la Caixa", Criteria and MicroBank and to the obtainment of the corresponding administrative authorisations.

a) The spin-off from "la Caixa" to MicroBank of the assets and liabilities making up the financial services activity of "la Caixa", with the principal exception of the ownership interests held by "la Caixa" in Servihabitat XXI, S.A.U., Metrovacesa, S.A. and Inmobiliaria Colonial, S.A., certain real estate assets and certain debt securities issued or guaranteed by "la Caixa";

b) the contribution by "la Caixa" to Criteria of all the shares of MicroBank (post-spin-off), in exchange for:

   i) the ownership interests held by Criteria in Gas Natural S.D.G., S.A., Abertis Infraestructuras, S.A., Sociedad General de Aguas de Barcelona, S.A., Port Aventura Entertainment, S.A. and Mediterránea Beach & Golf Community, S.A., through an exchange of businesses; and

   ii) shares of Criteria that will be issued in the context of a non-monetary capital increase

   and, lastly

c) the absorption of MicroBank by Criteria, which will become a credit institution and will adopt the name of CaixaBank or another similar name that will reflect its association with "la Caixa". Also, the aforementioned absorption will entail the modification of the company object of Criteria, and any shareholders who do not vote in favour of the related resolution will have the right of withdrawal in the terms provided form in current legislation.

In addition, in order to strengthen its equity structure, the Framework Agreement also provides that Criteria will launch an issue of bonds necessarily convertible into shares that will be distributed through the network of "la Caixa", which will underwrite the issue.

Also, "la Caixa" will own all the shares of an unlisted holding company to which it will contribute the equity interests received from Criteria in the exchange together with other assets not included in the spin-off from "la Caixa" to MicroBank. In addition, "la Caixa" will maintain its welfare projects and the financing and support of charitable and social welfare activities.

Criteria will become a financial institution, without any of the properties foreclosed prior to the date of the Framework Agreement, and will retain its current investments in insurance companies, collective investment undertaking managers, foreign banks, Telefónica and Repsol.

This transaction will enable the "la Caixa" Group to keep all the businesses in which it currently has a presence (banking and industrial) and to continue with its firm commitment to social welfare projects.

On 24 February 2011, the Board of Directors of Criteria approved the final terms and conditions of the reorganisation. A General Meeting of Criteria will subsequently be held in order to definitively approve the transaction, which is expected to be completed before July 2011, once the legal conditions and formalities customary in transactions of this nature have been complied with and once the applicable regulatory authorisations have been obtained.

In the framework of the aforementioned reorganisation, the Board of Directors of Criteria has resolved to effectively exercise a significant influence over their investee Repsol-YPF, S.A. through a presence on the investee's governing bodies. This significant influence has been reinforced by the amendment to the Spanish Limited Liability Companies Law in 2010. This standard has repealed the limitations on exercising voting power which, in the case of Repsol YPF, S.A., were by the bylaws to 10% of the total share capital. In accordance with the accounting standards applicable, from the financial exercise 2011 onwards the Criteria group will account for using the equity method the ownership interest of this investee.

25. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2-a). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

APPENDIX I
Investments in Group companies (I)

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital
ADESLAS Dental, S.A.U. Dental care	Joaquín Costa, 35 28002 Madrid Spain	-	99.91	610
ADESLAS Dental Andaluza, S.L. Dental care	Joaquín Costa, 35 28002 Madrid Spain	-	84.62	1,307
ADESLAS Salud, S.A. Healthcare	Pedro Antonio de Alarcón, 60 18002 Granada Spain	-	99.89	313
AGENCAIXA, S.A. Agencia de Seguros Insurance agency	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	-	100.00	601
Alianza Médica Leridana, S.A. Healthcare	Bisbe Torres, 13 25002 Lleida Spain	-	85.31	1,418
Caixa Girona Mediació, Sociedad de Agencia de Seguros Vinculada, S.A.U. Insurance	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	-	100.00	60
Casa de Reposo y Sanatorio Perpetuo Socorro, S.A. Healthcare	Doctor Gómez Ulla, 15 03013 Alicante Spain	-	76.06	3,065
Catalunya de Valores SGPS, UL Holding company	Av. Antonio Augusto de Aquiar, 19 1050-012 Lisboa Portugal	100.00	100.00	5
Cegripro, SAS Real estate	20, rue d´Armenonville 92200 Neuilly-sur-Seine Paris France	-	100.00	38,000
Centro Médico de Zamora, S.A. Healthcare	Ronda San Torcuato, 15 49006 Zamora Spain	-	99.91	324
Clínica Parque San Antonio, S.A. Healthcare	Av. Pintor Sorolla, 2 29016 Málaga Spain	-	98.23	3,104
Clínica Santa Catalina, S.A. Healthcare	León y Castillo, 292 35006 Las Palmas de Gran Canaria Spain	-	99.91	1,679
Clinsa, S.A. Healthcare	Arturo Soria, 103 28043 Madrid Spain	-	97.46	7,020

Note: the information relates to the most recently available data (actual or estimated) when these notes to the financial statements were drafted.

Thousands of euros						
Reserves and interim dividends	Profit/(Loss)	Other equity items	Total equity	Dividends accrued in the year on direct ownership interest	Carrying amount of direct ownership interest	Audit firm
3,425	1,261	-	5,296	-	-	Deloitte
2,697	(1,592)	-	2,412	-	-	Deloitte
112	(130)	-	295	-	-	-
5,001	433	-	6,035	-	-	Deloitte
1,042	31	-	2,491	-	-	Deloitte
7,705	(1,082)	-	6,683	-	-	KPMG
4,610	700	-	8,375	-	-	Deloitte
19	(16)	-	8	30	7	Deloitte y Asociados SROC, S.A.
1,110	8,964	-	48,074	-	-	RSM RSA
114	(35)	-	403	-	-	-
1,744	577	-	5,425	-	-	Deloitte
12,176	1,585	-	15,440	-	-	Deloitte
1,829	1,911	-	10,760	-	-	Deloitte

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital
FinConsum, EFC, S.A. Consumer finance	Gran Via Carles III, 87, bajos 1º B 08028 Barcelona Spain	100.00	100.00	126,066
GDS-Correduría de Seguros, S.L. Insurance broker	Av. Diagonal, 427 bis - 429, 1ª planta 08036 Barcelona Spain	67.00	67.00	30
General de Inversiones Alavesas, S.A. Real estate	Plaza Amárica, 4 01005 Vitoria Spain	-	99.91	1,200
General de Inversiones Tormes, S.A. Real estate	Arco, 7-9 37002 Salamanca Spain	-	99.91	5,000
GestiCaixa, SGFT, S.A. Securitisation fund management	Av. Diagonal, 621-629, Torre II, Pl. 8 08028 Barcelona Spain	91.00	100.00	1,503
Gestión Sanitaria Gallega, S.L.U. Healthcare	Vía Norte, 54 36206 Vigo Spain	-	99.91	1,522
G.P. Desarrollos Urbanísticos Tarraconenses, S.L.U. Real estate activities and holding company	Av. Diagonal, 621-629, Torre II, Pl. 8 08028 Barcelona Spain	-	100.00	21,115
Grupo Iquimesa, S.L.U. Manager	Príncipe de Vergara, 110 28002 Madrid Spain	-	99.91	7,552
Hemodinámica Intervencionista de Alicante, S.A. Diagnosis	Doctor Gómez Ulla, 15 03013 Alicante Spain	-	49.02	270
Hodefi, S.A.S. Holding company	20, rue d´Armenonville 92200 Neuilly-sur-Seine Paris France	-	100.00	182,699
Holret, S.A.U. Real estate services	Av. Diagonal, 621-629, Torre II, Pl. 8 08028 Barcelona Spain	100.00	100.00	221,935
Infraestructuras y Servicios de Alzira, S.A. Car parks	Carretera de Corbera, km. 1 46600 Alzira Spain	-	50.95	1,250
InverCaixa Gestión, SGIIC, S.A. Collective investment undertakings management	Av. Diagonal, 621-629, Torre II, Pl. 7 08028 Barcelona Spain	100.00	100.00	81,910

Note: the information relates to the most recently available data (actual or estimated) when these notes to the financial statements were drafted.

Thousands of euros						
Reserves and interim dividends	Profit/(Loss)	Other equity items	Total equity	Dividends accrued in the year on direct ownership interest	Carrying amount of direct ownership interest	Audit firm
(13,518)	6,667	(5,841)	113,374	-	123,000	PriceWaterhouse Coopers Auditores, S.L.
(2,292)	2,646	-	384	1,790	241	KPMG
57	9	-	1,266	-	-	-
(925)	(123)	-	3,952	-	-	-
300	2,199	-	4,002	2,045	2,630	Deloitte
4,950	1,299		7,771	-	-	Deloitte
(837)	(71)	-	20,207	-	-	Deloitte
47,316	5,107	-	59,975	-	-	-
248	157	-	675	-	-	-
3,345	1,676	-	187,720	-	-	Deloitte y Cailliau Dedouit
71,376	1,060	-	294,371	-	267,898	Deloitte
1,400	258	-	2,908	-	-	-
3,949	12,690	-	98,549	9,109	89,350	Deloitte

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital
Inversiones Autopistas, S.L. Holding company	Av. Diagonal, 621-629 08028 Barcelona Spain	50.10	50.10	100,000
InverVida Consulting, S.L. Holding company	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	-	100.00	2,905
Iquimesa Servicios Sanitarios, S.L.U. Healthcare	Plaza Amárica, 4 01005 Vitoria Spain	-	99.91	1,276
Lince Servicios Sanitarios, S.A. Manager	Príncipe de Vergara, 110 28002 Madrid Spain	-	99.91	660
Limpieza y Mantenimiento Hospitalarios, S.L. Cleaning	Perojo, 6 35003 Las Palmas de Gran Canaria Spain	-	99.91	3
Mediterránea Beach & Golf Community, S.A. Operation of areas adjacent to the theme park, except for the park itself, and planning development thereof	Hipólito Lázaro, s/n 43481 La Pineda - Vila-seca - Tarragona Spain	80.58	100.00	135,135
Negocio de Finanzas e Inversiones I, S.L.U. Services	Av. Diagonal, 621-629 08028 Barcelona Spain	100.00	100.00	411,670
Plazasalud24, S.A. Internet portal	Príncipe de Vergara, 110 28002 Madrid Spain	-	49.96	225
Recouvrements Dulud, S.A. Financial services	20, rue d´Armenonville 92200 Neuilly-sur-Seine Paris France	-	100.00	3,272
Sanatorio Nuestra Señora de la Salud de Granada, S.A. Healthcare	Ntra. Sra. de la Salud, s/n 18014 Granada Spain	-	99.90	2,848
Sanatorio Virgen del Mar-Cristóbal Castillo, S.A. Healthcare	Ctra. el Mamí, km. 1 s/n 04120 Almería Spain	-	97.72	213
SCI Caixa Dulud Healthcare	20, rue d´Armenonville 92200 Neuilly-sur-Seine Paris France	-	100.00	15,652

Note: the information relates to the most recently available data (actual or estimated) when these notes to the financial statements were drafted.

Thousands of euros						
Reserves and interim dividends	Profit/(Loss)	Other equity items	Total equity	Dividends accrued in the year on direct ownership interest	Carrying amount of direct ownership interest	Audit firm
43,311	33,542	-	176,853	16,811	524,214	Deloitte
3,853	31	-	6,789	-	-	-
7,076	382	-	8,734	-	-	Deloitte
(6,375)	868	-	(4,847)	-	-	-
55	(40)	-	18	-	-	-
(4,145)	(14,188)	(715)	116,087	-	1,050,434	Deloitte
621,381	58,198	-	1,091,249	-	1,136,758	Deloitte
222	466	-	913	-	-	-
(1,289)	3	-	1,986	-	-	Cailliau Dedouit
(771)	1,582	-	3,659	-	-	Deloitte
4,930	2,469	12	7,624	-	-	Deloitte
-	12	-	15,664	-	-	-

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital
Sodemi, S.A.S. Real estate development and lease	20, rue d´Armenonville 92200 Neuilly-sur-Seine Paris France	-	100.00	9,405
Tomografía Axial Computerizada, S.A. Diagnosis	Doctor Gómez Ulla, 15 03013 Alicante Spain	-	60.02	467
UMR, S.L. Manager	Príncipe de Vergara, 110 28002 Madrid Spain	-	99. 91	8,889
UMR Canarias, S.L.U. Manager	Perojo, 6 35003 Las Palmas de Gran Canaria Spain	-	99.91	3,375
Unidad de Radiología Cardiovascular Andaluza, S.A. Diagnosis	Av. Pintor Sorolla, 2 29016 Málaga Spain	-	51.24	138
VIDACAIXA ADESLAS, S.A. de Seguros Generales y Reaseguros Insurance	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	-	99.91	439,038
VIDACAIXA GRUPO, S.A.U. Insurance	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	100.00	100.00	776,723
VidaCaixa, S.A. de Seguros y Reaseguros Insurance	Complejo Torres Cerdà. Juan Gris, 20-26 08014 Barcelona Spain	-	100.00	380,472

Note: the information relates to the most recently available data (actual or estimated) when these notes to the financial statements were drafted.

Thousands of euros						
Reserves and interim dividends	Profit/(Loss)	Other equity items	Total equity	Dividends accrued in the year on direct ownership interest	Carrying amount of direct ownership interest	Audit firm
585	(102)	-	9,888	-	-	RSM RSA
826	(114)	-	1,179	-	-	-
43,388	7,745	-	60,022	-	-	-
8,692	462	-	12,529	-	-	-
2,209	631	-	2,978	-	-	-
732,962	27,401	(7,514)	1,191,887	6,365	-	Deloitte
1,033,393	157,340	-	1,967,456	175,500	2,357,370	Deloitte
(6,125)	205,531	-	579,878	-	-	Deloitte

APPENDIX II
Investments in jointly controlled entities and associates

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital	Reserves and interim dividends
Abertis Infraestructuras, S.A. Management of transport and communications infrastructure	Av. del Parc Logístic, 12-20 08040 Barcelona Spain	20.22	24.61	2,217,113	1,260,960
Banco BPI, S.A. Banking	Rua Tenente Valadim, 284 4100 476 Porto Portugal	30.10	30.10	900,000	1,096,577
Bank of East Asia, Limited (1) Banking	10 des Voex Road Central Hong Kong	-	15.20	5,079,000 (1) HK$	32,145,000 (1) HK$
Boursorama, S.A. Banking	18 Quai du Point du Jour 92659 Boulogne Billancourt Cedex France	-	20.76	34,927	509,109
Centro de Rehabilitación y Medicina Deportiva Bilbao, S.L. Physiotherapy	Rafaela Ybarra, 25 48014 Bilbao Spain	-	42.41	106	(42)
Erste Group Bank AG Banking	Graben 21 A-1010 Viena Àustria	10.10	10.10	2,511,612	9,936,466
Gas Natural, S.D.G., S.A. Energy	Plaça del Gas, 1 08003 Barcelona Spain	36.64	36.64	921,757	9,469,674
Grupo Financiero Inbursa, S.A.B. de C.V. (1) Banking	Paseo de las Palmas, 736 Lomas de Chapultepec 11000 Mexico City Mexico	20.00	20.00	2,758,222 (1) MXN	58,391,420 (1) MXN
Hisusa-Holding de Infraestructuras y Serv. Urbanos, S.A. Holding company	Torre Agbar. Av. Diagonal, 211 08018 Barcelona Spain	32.87	32.87	274,743	720,194
Igualatorio de Bilbao Agencia de Seguros, S.A. Insurance agency	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	44.96	150	83
Igualatorio Médico Quirúrgico, S.A. de Seguros y Reaseguros Insurance company	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	44.96	16,175	65,154
Igualatorio Médico Quirúrgico Dental, S.A. Dental care	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	44.71	200	(18)
Igurco Centros Gerontológicos, S.L. Geriatric services	José María Olabarri, 6 48001 Bilbao Spain	-	31.61	1,703	(25)

(1) Data in local currency.

Note: The information for the listed companies relates to the data published in the CNMV at 30 June 2010 and, for the unlisted companies, to the most recently available data (actual or estimated) when the notes to the financial statements were drafted.

Thousands of euros							
Profit/(Loss)	**Other equity items**	**Total equity**	**Dividends accrued in the year on direct ownership interest**	**Carrying amount of direct ownership interest**	**Audit firm**	**Price 31/12/10**	**Average price in last quarter**
334,726	1,332,216	5,145,015	106,521	2,495,832	Pricewater-houseCoopers	13.46	13.55
99,476	(180,146)	1,915,907	21,130	892,258	Deloitte	1.39	1.51
2,077,000 (1) HK$	6,861,000 (1) HK$	46,162,000 (1) HK$	25,259	-	KPMG	32.55 (1) HK$	33.40 (1) HK$
17,922	(6,432)	555,526	-	-	Deloitte / Ernst & Young	7.91	8.26
(30)	-	34	-	-	Macua	-	-
471,922	3,560,708	16,480,708	24,811	1,280,886	Ernst & Young m.b.H./ Sparkassen-Prüfungsverband	35.14	32.58
852,812	1,917,597	13,161,840	262,216	3,339,013	Pricewater-houseCoopers	11.49	10.90
2,300,920 (1) MXN	(877,433) (1) MXN	62,573,129 (1) MXN	22,544	1,608,173	Mancera / Ernst & Young	54.25 (1) MXN	53.63 (1) MXN
66,765	-	1,061,702	21,833	382,908	Ernst & Young	-	-
7	-	240	-	-	Macua	-	-
12,119	(859)	92,589	-	-	Mazars - Macua	-	-
(13)	-	169	-	-	Macua	-	-
1,859	-	3,537	-	-	Pricewater-houseCoopers	-	-

Company name and line of business	Registered office	% of ownership Direct	Total	Share capital	Reserves and interim dividends
Igurco Gestión, S.L. Geriatric services	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	31.61	8,679	3,911
Igurco Residencias Sociosanitarias Geriatric services	José María Olabarri, 6 48001 Bilbao Spain	-	31.61	61	(203)
Iquimesa Seguros de Salud, S.A. Insurance company	Plaza Amárica, 3 01005 Vitoria Spain	-	44.96	1,055	4,369
ORUE 2003, S.L. Geriatric services	Barrio de San Miguel, s/n 48340 Amorebieta Spain	-	21.68	3	(34)
ORUE XXI, S.L. Geriatric services	Barrio de San Miguel, s/n 48340 Amorebieta Spain	-	21.69	3,265	1,653
Port Aventura Entertainment, S.A. Theme park operation	Avinguda Alcalde Pere Molas, km. 2 43480 Vila-seca Tarragona Spain	40.29	50.00	57,579	81,402
Repinves, S.A. Holding company	Av. Diagonal, 621-629, Torre II, 8ª planta 08028 Barcelona Spain	67.60	67.60	61,304	780,497
Residencia ORUE, S.L.U. Geriatric services	Barrio de San Miguel, s/n 48340 Amorebieta Spain	-	21.69	201	53
Sanatorio Médico-Quirúrgico Cristo Rey, S.A. Healthcare	Paseo de la Estación, 40 23008 Jaén Spain	-	37.63	103	3,134
Sociedad Inmobiliaria del Igualatorio Médico Quirúrgico, S.A. Real estate	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	19.96	20,000	34
Sociedad de Promoción del Igualatorio Médico Quirúrgico, S.L. Business promotion	Máximo Aguirre, 18 bis 48001 Bilbao Spain	-	44.96	10,005	102
Sociedad General de Aguas de Barcelona, S.A. Integrated water cycle and environmental management	Torre Agbar. Av. Diagonal, 211 08018 Barcelona Spain	-	24.03	135,984	1,335,575

Note: The information for the listed companies relates to the data published in the CNMV at 30 June 2010 and, for the unlisted companies, to the most recently available data (actual or estimated) when the notes to the financial statements were drafted.

Thousands of euros							
Profit/(Loss)	Other equity items	Total equity	Dividends accrued in the year on direct ownership interest	Carrying amount of direct ownership interest	Audit firm	Price 31/12/10	Average price in last quarter
(2,348)	50	10,292	-	-	Pricewater-houseCoopers	-	-
679	6	543	-	-	Pricewater-houseCoopers	-	-
2,059	(30)	7,453	-	-	Mazars - Macua	-	-
-	-	(31)	-	-	-	-	-
181	-	5,099	-	-	Pricewater-houseCoopers	-	-
12,272	(1,501)	149,752	-	58,517	Deloitte	-	-
58,238	266,227	1,166,266	39,353	643,541	Deloitte	-	-
(11)	99	342	-	-	Macua	-	-
(76)	-	3,161	-	-	-	-	-
(60)	-	19,974	-	-	Pricewater-houseCoopers	-	-
165	-	10,272	-	-	Macua	-	-
310,941	809,980	2,592,480	21,626	-	Ernst & Young	-	-

APPENDIX III

Available-for-sale financial assets – Equity instruments

		% of ownership	
Company name and line of business	**Registered office**	**Direct**	**Total**
Bolsas y Mercados Españoles Sociedad Holding Securities markets and financial systems	Plaza de la Lealtad, 1 28014 Madrid Spain	5.01	5.01
Repsol YPF, S.A. Operation in the oil and gas market	P. de la Castellana, 278-280 28046 Madrid Spain	9.29	12.69
Telefónica, S.A. Telecommunications	Distrito C C/ Ronda de la comunicación s/n 28050 Madrid Spain	5.03	5.03

Thousands of euros		
Dividends accrued in the year on direct ownership interest	**Price at 31/12/10**	**Average price in last quarter of 2010**
8,261	17.83	19.01
97,690	20.85	20.01
297,702	16.97	18.11

APPENDIX IV
Companies filing consolidated tax returns

The composition of the "la Caixa" consolidated tax group for 2010 income tax purposes is as follows:

AgenCaixa, S.A. (*)
Aris Rosen, S.A.U.
VidaCaixa Grupo S.A.U. (formerly SegurCaixa Holding, S.A.U.) (*)
Caixa Barcelona Seguros Vida, S.A. de Seguros y Reaseguros
Caixa Capital Pyme Innovación, SCR de Régimen Simplificado, S.A.
Caixa Capital Risc, SGECR, S.A.
Caixa Capital Semilla, SCT de Régimen Simplificado, S.A.
Caixa d'Estalvis i Pensions de Barcelona (parent of the tax group)
Caixa Preference, S.A.U.
CaixaCorp, S.A.
CaixaRenting, S.A.
Corporación Hipotecaria Mutual, E.F.C., S.A.
Criteria CaixaCorp, S.A. (*)
e-la Caixa, S.A.
Financiacaixa 2, EFC, S.A.
Finconsum, EFC, S.A. (*)
Grand Península Desarrollos Urbanísticos Tarraconenses, S.L.U. (*)
GDS-CUSA, S.A.
GestiCaixa, SGFT, S.A. (*)
GestorCaixa, S.A.
Holret, S.A.U. (*)
Iniciativa Emprendedor XXI, S.A.
InverCaixa Gestión, SGIIC, S.A. (*)
Invervida Consulting, S.L. (*)
MediCaixa, S.A.
Mediterránea Beach and Golf Community, S.A. (formerly Port Aventura, S.A.) (*)
MicroBank de la Caixa, S.A.
Negocio de Finanzas e Inversiones, I, S.L.U. (*)
PromoCaixa, S.A.
RentCaixa, S.A. de Seguros y Reaseguros (*)
VidaCaixa Adeslas, S.A. (formerly SegurCaixa, S.A.) (*)
Serveis Informàtics de la Caixa, S.A.
Servihabitat XXI, S.A.
Serviticket, S.A.
Suministros Urbanos y Mantenimientos, S.A.- SUMASA
TradeCaixa I, S.A.
VidaCaixa, S.A. de Seguros y Reaseguros (*)
Valoraciones y Tasaciones Hipotecarias, S.A.
Caixa Capital Micro, SCR de Régimen simplificado
Caixa Girona Pensions, EGFP, S.A.
Norton Center, S.L.U.
Estuvendimmo, S.L.U.
Estullogimmo, S.L.U.
Estuinvest, S.L.U.
Estugest, S.L.U.
Estuimmo, S.A.
Caixa Girona Gestió Mediació Operador de banca-seguros vinculado, S.A. (*)
Caixa Girona Gestió, S.A.U.

Note: the consolidated tax group also includes 65 companies that are currently dormant.
(*) Criteria CaixaCorp Group companies.

APPENDIX V

Tax credits for the reinvestment of extraordinary income

Income qualifying for the tax credit provided for in Article 42 of the Consolidated Spanish Corporation Tax Law approved by Legislative Royal Decree 4/2004, of 5 March:

	Thousands of euros		
Year	**Income qualifying for the tax credit**	**Income used to qualify for the tax credit**	**Tax credit**
2001 and prior years	110,380	110,380	18,765
2002	-	-	-
2003	41,221	41,221	8,244
2004	7,770	7,770	1,554
2005	30,300	30,300	6,060
2005	18,272	-	-
2006	1,141,899	-	-
2007	-	617,623	123,525
2008	-	542,548	108,510
2009	-	-	-
2010	133,144	133,144	15,977

The total proceeds obtained in the transfer of assets that gave rise to a tax credit for reinvestment of extraordinary income in the years from 2001 to 2004 and in a portion of 2005 were reinvested in the period between the year prior to the date of transfer and the year of transfer.

The related amounts were reinvested in equity securities giving rise to an ownership interest of more than 5% and in property, plant and equipment and intangible assets.

At 31 December 2006, the companies in the "la Caixa" consolidated tax group had income not yet reinvested entitling Criteria CaixaCorp to take tax credits on income relating to 2005 and 2006 of EUR 18,272 thousand and EUR 1,141,899 thousand, respectively, which provide the basis for calculating the tax credit. Consequently, Criteria CaixaCorp had not yet recognised income for the reinvestment tax credit amounting to EUR 232,034 thousand, which would accrue in 2007 and subsequent years when the related reinvestment was made.

The reinvestments made in 2007 by the companies in the "la Caixa" consolidated tax group made it possible to take a tax credits for the reinvestment of extraordinary income in the 2007 income tax return of EUR 123,525 thousand (of which, EUR 104,545 thousand were recognised as income at 2007 year-end and EUR 18,980 thousand were recognised as income in 2008) in relation to the obtainment of extraordinary income of EUR 18,272 thousand and EUR 599,351 thousand in 2005 and 2006, respectively.

At 2008 year-end the companies in the consolidated tax group had made reinvestments in 2008 that were allocated to income qualifying for the tax credit earned in 2006 amounting to EUR 542,548 thousand and, accordingly, income of EUR 108,510 thousand was recognised in this connection.

At 2010 year-end the income qualifying for this tax credit, obtained from the transfer for valuable consideration of assets, amounted to EUR 133,144 thousand. The companies in consolidated tax group made reinvestments that were allocated to income qualifying for the tax credit earned in 2010 and, accordingly, income of EUR 15,977 thousand was recognised in this connection.

Directors' report for 2010

1. COMPANY PERFORMANCE IN 2010

Criteria CaixaCorp, S.A. ("Criteria CaixaCorp", "Criteria" or "the Company") engages mainly in the active management, with controlled risk, of its portfolio of investments, through:

- Investment in top-level companies with a significant presence in their respective markets and with the capacity to create recurring value and profits.
- Participation in the managing bodies of those companies, taking an active role in the definition of their future policies and strategies and contributing to their growth and development.
- An experienced executive team with the support of a high-quality team of professionals, which enables the Company to detect investment and divestment opportunities and to execute them at the appropriate time on the basis of the cycle of each market.

The creation of long-term value for shareholders has been Criteria's main aim since it was admitted to trading in October 2007. In order to achieve this objective, the Company actively manages its portfolio and has focused on increasing the relative weight of financial investments in its portfolio to around 40-60% of the total.

It holds ownership interests in the banking, financial services and services industries, with a firm commitment to internationalisation which it hopes will contribute long-term added value through the active management of the portfolio. This active management of investments is implemented by taking positions of influence at its investees and participating in the governing bodies with active involvement in defining the most appropriate business strategies and policies so as to contribute to ongoing development and, obviously, to the generation of value for shareholders. Criteria also manages these holdings in order to increase their value; this involves identifying and analysing new investment and divestment opportunities in the market with controlled risk levels. For this purpose, the Company has available considerable knowledge of and experience in the industries in which Criteria has a presence, which gives it a significant position as an investing company. Criteria's current investment portfolio is the most important in Europe among groups of private investors in terms of volume of assets. This portfolio includes top level companies with solid leadership positions in the various industries and countries in which they operate, as well as proven capacity to generate value and profits. Criteria is also present, not only in the financial services and banking industries but also in strategic industries such as energy, telecommunications, infrastructure and services.

Criteria's investments in the financial services industry represented 37% of the total value of its portfolio at 2010 year-end, which is very close to the minimum target set on flotation, and has more than doubled since then.

Furthermore, the investee portfolio brings two-fold geographical diversification to the Group: it invests in shares in banks in areas with high growth potential (Eastern Europe, Mexico and Asia), and it has industrial holdings that are multinational groups in their own right. Accordingly, we estimate that approximately 50% of the income from the investee portfolio originates outside Spain, 29% being generated in Latin America, 15% in Europe, and 7% in the rest of the world. Mention must also be made of the fact that 40% of the total revenue from the portfolio is generated in emerging markets.

Since its admission to trading, Criteria CaixaCorp has consolidated its position as a company listed on the four official Spanish stock exchanges and has been included in the IBEX-35 index since 4 February 2008. Currently, in addition to the IBEX-35, Criteria is included in the following indexes: MSCI Europe (Morgan Stanley Capital International), MSCI Pan-Euro, DJ STOXX 600, FTSE Eurofirst 300, DJSI (Dow Jones Sustainability Index), Spain Titans 30 Index, BCN Top Euro and FTSE4 Good and the Dow Jones Sustainability Index.

Criteria has been awarded a credit rating of A with stable outlook from Standard & Poor's (S&P) and A2 from Moody's. Both agencies based their decisions on Criteria's stable, conservative capital structure, its good financial flexibility and the composition and quality of its portfolio.

Faced with the complex economic scenario affecting us all, Criteria CaixaCorp met the objectives it had proposed, particularly in its active management of the share portfolio in order to create greater value for shareholders, increase the dividends received from investees and redress the balance between the financial asset portfolio and the industrial asset portfolio. All of this took place within the scope of a growth-based business project generating adequate profitability and risk control and a top-quality asset portfolio which guarantees the Company's solvency. Shareholder remuneration is one of the top priorities. Accordingly, the Annual General Meeting held in May 2010 established a new dividend policy whereby dividends would be paid quarterly. In 2010 the Board of Directors approved the payment of three interim dividends out of 2010 profit, for a total of EUR 0.20 per share, and the Annual General Meeting approved a distribution of EUR 0.06 per share from reserves and the payment of the final dividend out of profit for 2009 of EUR 0.131 per share.

In August 2010 Criteria set up a Shareholders' Consultative Committee of 17 non-controlling shareholders, who represent ten autonomous communities. This committee is a two-way communication tool to encourage dialogue between Criteria and its shareholders, with the aim of identifying initiatives to improve communication channels and share ideas and suggestions. The creation of the Consultative Committee is a pioneering initiative in Spain, and the committee will be chaired by the Director-Chief Executive Officer of Criteria.

In addition, in 2010 Criteria CaixaCorp initiated its training programme for shareholders and the general public, called "Learn with Criteria". This pioneering initiative among IBEX-35 companies, which is carried out in conjunction with the training department of the Spanish Stock Exchanges and Markets Institute, consists of two training sessions and aims to introduce participants to the financial markets, explaining the characteristics of stock market trading and the main share pricing methods. It arose in response to a request made by the Company's shareholders and reflects the Company's commitment to offering tools and content to help the general public improve their knowledge of the markets.

Basic share-related information

The performance of the main aggregates of Criteria CaixaCorp's shares from 31 December 2009 to the end of 2010 was as follows:

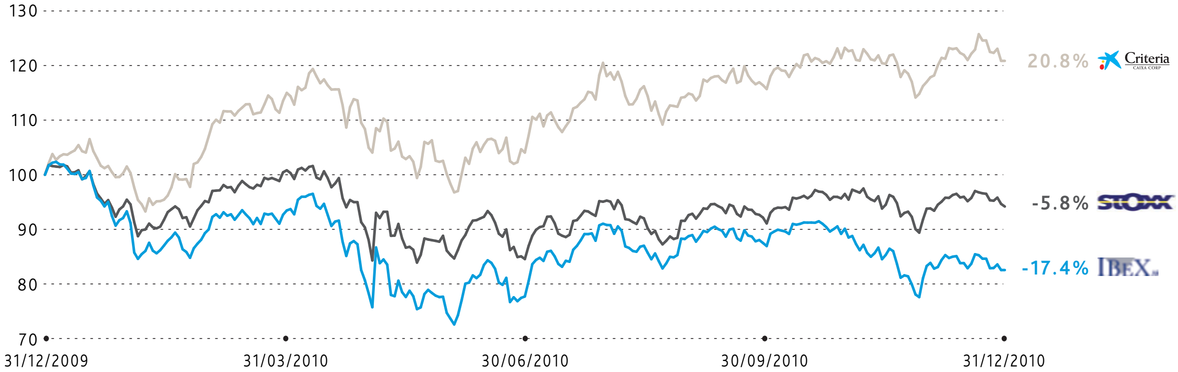
Indicators of interest concerning share performance

Market capitalisation at year-end	EUR 13,391 million
Highest share price (22/12/10) (1)	EUR 4.143
Lowest share price (9/02/10) (1)	EUR 3.074
Share price at year-end (31/12/10)	EUR 3.982
Share price at beginning of year (31/12/09)	EUR 3.295
Maximum daily trading volume (shares) (21/05/10) (2)	8,405,933
Minimum daily trading volume (shares) (28/12/10) (2)	748,030
Average daily trading volume (shares)	2,806,143

(1) Market price at the end of the trading session.

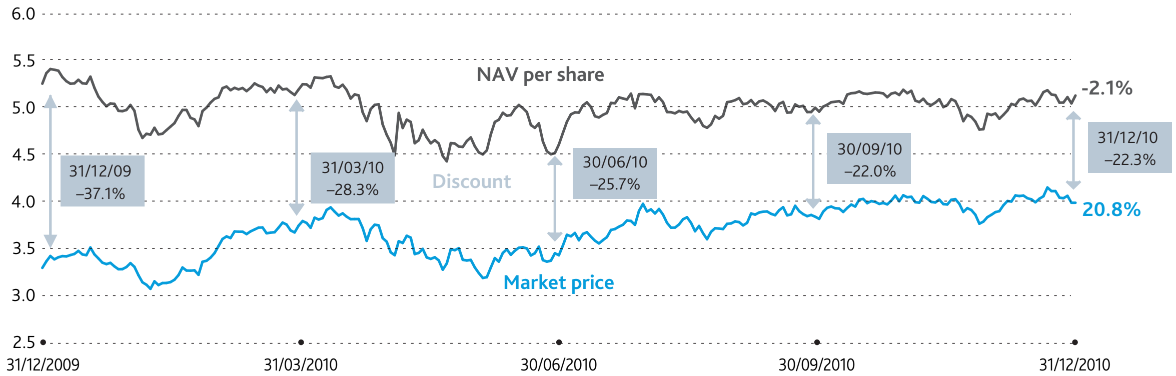
(2) Excluding special transactions.

Trend in the share price of Criteria CaixaCorp with respect to the main reference indicators



The comparative graph above shows that the share price increased by 20.8% with respect to the beginning of the year to close at EUR 3.982/share. The Ibex35 and the Eurostoxx50 fell by 17.4% and 5.8%, respectively.

Discount



Taking the discount to be the difference between the net asset value of Criteria CaixaCorp and its capitalisation at the year-end market price, it can be seen that in 2010 it was 22.3%, significantly lower than in the previous quarter and the levels at 2009 year-end when it was 37.1%. This indicates that the market value of the assets is higher than the price per share as a whole, from which it can be inferred that there is room for a rise in the share price as the difference between the two variables narrows. The good evolution of the share price and the discount reduction are due to the demonstrated strategic consistency, to the excellent results obtained, the active management phylosohpy, and the attractive remuneration that Criteria offers to its shareholders.

The analysts' views on Criteria CaixaCorp, the majority of whom recommend buying or holding shares, have been improving, and in the latest reports in 2010 published, they have increased the target price, emphasizing the portfolio diversification and the quality of investments, the high and increasing international presence, with a large exposure to emergent markets, strategic coherence, active management of the portfolio, attractive dividend remuneration and sound results published.

Information on asset values

The **Net Asset Value (NAV)** of Criteria CaixaCorp is as follows:

	Millions of euros	
	31/12/2010 (4)	**31/12/2009** (3)
GAV (Gross asset value)[1]	23,059	24,380
Pro forma net debt position[2]	(5,816)	(6,764)
NAV (Net asset value)	17,243	17,616
Net debt/GAV	25%	28%
Millions of shares	3,363	3,363
NAV/share (EUR)[3]	5.13	5.24

(1) The GAVs of listed holdings were calculated as the number of shares multiplied by the closing price at the date in question. For unlisted holdings internal valuations were used at year end.

(2) Pro forma information obtained from the aggregate net debt/cash position in the separate financial statements of Criteria CaixaCorp and the holding companies and transactions in progress not yet materialised.

(3) As of December 31, 2009, it includes Adeslas-Agbar transaction, which was concluded in June 2010 and projected at December 2009.

(4) As of December 31, 2010, it includes the 50% sale of VidaCaixa Adeslas to Mutua Madrileña commited but not completed.

Change in GAV

Following is a detail, by investee, of the changes in the GAV in 2010:

	Millions of euros			
	Market value at 31/12/09	Investments/ Divestments	Change in value	Market value at 31/12/10
Treasury shares	47	(10)	11	48
Gas Natural	5,065	(12)	(1,291)	3,762
Repsol-YPF	2,898	10	240	3,148
Abertis	2,771	(48)	(276)	2,447
Agbar	1,314	(1,320)	6	-
Telefónica	4,372	(1)	(480)	3,891
BME	94	-	(19)	75
Banco BPI	574	-	(199)	375
Boursorama	176	-	(32)	144
The Bank of East Asia	501	357	115	973
GF Inbursa	1,343	-	843	2,186
Erste Group Bank	995	1	346	1,342
Total listed	**20,150**	**(1,023)**	**(734)**	**18,391**
Insurance	2,409	1,193	90	3,692
Financial	393	(62)	34	365
Other unlisted	566	635	(188)	1,013
Total unlisted	**3,368**	**1,766**	**(64)**	**5,070**
The Bank of East Asia	331	(331)	-	-
Adeslas	1,178	(1,178)	-	-
Agbar	(647)	647	-	-
Hospital business	-	150	-	150
VidaCaixa Group	-	(1,075)	523	(552)
Other committed investments	**862**	**(1,787)**	**523**	**(402)**
TOTAL GAV	**24,380**	**(1,044)**	**(276)**	**23,059**

Notes: both the investments carried out by Criteria CaixaCorp directly and those of the Group's holding companies are included.

The foregoing table shows that significant investments and divestments were made, which are explained as follows:

- On 14 January 2010, in the framework of the agreements entered into by The Bank of East Asia, "la Caixa" and Criteria in June 2009, the capital increase at BEA was subscribed to with a disbursement of EUR 331 million; this transaction was already committed at 31 December 2009. The transaction was performed by means of a capital increase by Criteria at its subsidiary Negocio de Finanzas e Inversiones I, the company holding its ownership interest in BEA. The transaction enabled BEA to reinforce the expansion of its business, especially in terms of its strategy for growth in the Chinese market, and to increase its total capital and Tier 1 capital above 15% and 11%, respectively. This transaction will strengthen the position of Criteria in the bank, which is Criteria's key partner in the world's most economically dynamic region.

- In 2010 Criteria took advantage of the prevailing situation in the markets to make divestments for a cash total of EUR 588 million. The divestments made gave rise to net consolidated gains of EUR 162 million and net individual gains of EUR 149 million. The amount obtained from these sales was assigned to debt reduction.

  The detail of the divestments made is as follows:

Investee	% ownership interest sold	Net cash (millions of euros)
Abertis	0.44%	48
Gas Natural	0.74%	105
Repsol	0.86%	198
Telefónica	0.28%	237
Total		**588**

- In the first six months of 2010 the derivative contracts hedging a portion of the holding in Telefónica, representing a 1.03% holding in the company at December 2009, expired. At 31 December 2010, Criteria had an ownership interest of 5.025% in Telefónica, which was not hedged by any derivative contract.

- On 7 June 2010, the transaction was concluded through which Criteria acquired 99.77% of the share capital of Adeslas for a total amount of EUR 1,193 million, which includes the accrued interest payable to Malakoff Médéric from the date the original agreement was entered into in October 2009 until the date the acquisition was formalised. This transaction was performed pursuant to the final agreements entered into on 14 January 2010 by Suez Environnement, on the one hand, and Malakoff Médéric, on the other. The main purpose was to strengthen the Criteria Group in the insurance industry by merging this holding with the interest in VidaCaixa Grupo (formerly SegurCaixa Holding).

- At the same time, Criteria sold to Suez Environnement an ownership interest of 24.5% in Agbar, which enabled Suez Environnement to increase its holding to 75.01%. Criteria retained a 24.03% holding in Agbar. This transaction was preceded by a delisting takeover bid for the 10% of the share capital of Agbar held by non-controlling interests.

- On 30 July 2010, Criteria announced the agreement reached for the integration of the full-service vehicle lease business of Caixa Renting into the BNP Paribas Group company Arval. On 22 December 2010, Criteria sold to "la Caixa" all the shares of Caixa Renting for EUR 62,000 thousand (not yet collected at 31 December 2010, see Note 7) and transferred to it its contractual position in the purchase and sale agreement with Arval in relation to the transfer of the full-service vehicle lease business. "la Caixa" and Arval entered into an agreement for the novation of the purchase and sale agreement. Criteria did not recognise a gain or a loss on the sale to "la Caixa" in its separate financial statements. A net gain of EUR 50 million was recognised in the consolidated financial statements.

The committed investments and divestments include the following transactions:

On 13 January 2011, Criteria, together with its majority shareholder, entered into an agreement with Mutua Madrileña to develop a strategic alliance in non-life insurance. This agreement will result in the acquisition by Mutua Madrileña of a 50% ownership interest in VidaCaixa Adeslas Seguros Generales, SA ("VCA") and an exclusive non-life bancassurance distribution agreement with "la Caixa".

Criteria will sell to Mutua Madrileña 50% of VidaCaixa Adeslas for EUR 1,075 million, of which EUR 1,000 million will be paid in cash, plus an additional earn out payment which will be calculated based on the achievement of the business plans and results of VidaCaixa Adeslas in the next ten years. The hospital business of VCA is not included in the aforementioned alliance. The transactions described above, taken as a whole, are expected to generate consolidated net gains for the Criteria Group of around EUR 450 million.

The new holdings in VCA will be shared between Mutua Madrileña with 50%, Criteria with 49.9% and the rest will be held by non-controlling shareholders. Half of the members of the Board of Directors of VCA will be appointed at the proposal of Mutua Madrileña and the other half by the "la Caixa" Group. Mutua Madrileña will appoint the executive chairman, who will have the casting vote, and Criteria will appoint the general manager.

The aforementioned transactions are expected to be concluded in the third quarter of 2011, once the financial, equity and legal review of VCA has been completed, the final agreements have been signed and the related conditions and legal procedures have been fulfilled (including the approvals relating to competition and insurance supervisory bodies).

Summarised accounting information

Criteria CaixaCorp's earnings performance was positive, as evidenced by the Company's most significant financial information:

Separate financial statements

	Millions of euros	
	31/12/2010	**31/12/2009**
Net recurring profit	942	871
Total net profit	1,134	1,013
Number of shares (in millions) (*)	3,348	3,353
EPS/net recurring profit (EUR)	**0.28**	**0.26**
EPS/total net profit (EUR)	**0.34**	**0.30**

Note: (*) Taking into account the average number of treasury shares held in the period.

Net recurring profit increased by 8% with respect to 2009, basically due to the 12% rise in recurring dividends from investees, the 10% reduction in costs and the 48% rise in finance costs, because the Company's investment policy gave rise to an increase in debt.

The net non-recurring profit amounted to EUR 192 million in 2010, and was composed mainly of the net gains obtained from tactical portfolio sales and the impairment recognised in the year:

- EUR 91 million net gain obtained from the sale of 0.282% of Telefónica.
- EUR 36 million net gain obtained from the sale of the shares of Agbar and Hisusa to Suez as part of the purchase of the 99.97% holding in Adeslas.
- EUR 33 million net gain obtained from the sale of the 0.742% holding in Gas Natural.
- EUR 29 million net gain obtained from the sale of 0.860% of the holding in Repsol.
- An impairment charge of EUR 35 million, net of taxes, arising from the impairment tests performed, mainly on the portfolio of investments in the banking industry.
- Income tax income of EUR 37 million due to the greater use of tax credits in the income tax return for 2009 compared to the amount estimated at 2009 year-end.

These profits enabled the Board to propose the payment of interim dividends out of 2010 profit of EUR 0.20 per share, which includes an extraordinary dividend of EUR 0.08 per share. The Annual General Meeting hold in May 2010 approved, additionally, a reserves distribution of EUR 0.06 per share.

The Board have agreed to assign the non distributed 2010 profit to reserves. Additionally, in the framework of a new payment scheme for shareholders, the Board will propose to the Annual General Meeting, a capital increase against voluntary reserves, issuing new shares that will be free assigned to Criteria's shareholders, against reserves from non distributed profits, for an amount of approximately EUR 172 million (EUR 0.051 per share). Shareholders will be able to decide between the following three options: to receive the shares issued in the capital increase against reserves, to receive cash for the sale in the market of the assigned rights, or to receive cash as a result of the sale to Criteria CaixaCorp, S.A. of the rights assigned at the price fixed by the company itself, which represents an alternative to the dividend. The shareholders could combine these three rights, if they so desire.

Performance of the Group

The Group's portfolio of investees at 31 December 2010 was as follows:

Utilities	Total ownership interest	Seats on the Board of Directors	Fair value (millions of euros)
Listed			**13,323**
Energy			**6,910**
Gas Natural	36.64%	5 of 17	3,762
Repsol YPF	12.69%	2 of 16	3,148
Infrastructure			**2,447**
Abertis	24.61%	7 of 20	2,447
Services/other			**3,966**
Telefónica	5.03%	2 of 17	3,891
BME	5.01%	1 of 15	75
Unlisted			**1,013**
Agbar	24.03%	2 of 8	654
Port Aventura Group (1)	-	-	353
Property portfolio	100.00%	5 of 5	6
Financial services and insurance			
Listed			**5,020**
International banking			**5,020**
GF Inbursa	20.00%	3 of 16	2,186
Erste Group Bank	10.10%	1 of 18	1,342
The Bank of East Asia	15.20%	1 of 18	973
Banco BPI	30.10%	4 of 25	375
Boursorama	20.76%	2 of 10	144
Unlisted			**4,057**
Insurance			**3,692**
VidaCaixa Grupo Group (formerly SegurCaixa Holding Group)	100.00%	9 of 10	3,675
GDS-Correduría de Seguros	67.00%	1 of 1	17
Specialised financial services			**365**
InverCaixa Gestión	100.00%	7 of 7	224
FinConsum	100.00%	8 of 8	123
GestiCaixa	100.00%	7 of 7	18
Treasury shares			**48**
Investment (divestment) commitments (2)			**(402)**
TOTAL GAV			**23,059**

(1) Comprised of Port Aventura Entertainment (50% with 6 of 13 directors) and Mediterránea Beach & Golf Community (100% with 5 of 6 directors).

(2) Projected but uncompleted sale of 50% of theshares of VidaCaixa Adeslas Seguros Generales to Mutua Madrileña.

Note: value of unlisted companies at 31 December 2010.

Currently, taking into account the investment and divestment commitments, utilities account for 63% of GAV, while the financial services industry represents 37%. Since the Company's admission to trading, the relative importance of the financial services industry has increased by 20 percentage points. At 31 December 2010, the listed portfolio represents 80% of the GAV.

The most significant aspects of the investment portfolio are as follows:

UTILITIES

Listed

This group is composed of leading, highly internationalised companies, mainly located in Spain, which have a capacity to generate growth and create value, in the energy, infrastructure and utilities industries in which Criteria CaixaCorp has knowledge and experience. A profitable portfolio has been built up, with the capacity to generate attractive dividends, with an excellent track record and a controlled level of risk. The aim is to create additional value at these companies by taking up significant positions in the shareholder structure that facilitate active participation in the managing bodies, in the taking of key decisions and in the development of business strategies.

Gas Natural became one of the top ten European energy companies and the leading integrated gas and electricity utility in Spain and Latin America after the merger with Unión Fenosa. It is the number one LNG operator in the Atlantic basin and one of the main operators of combined cycle plants in the world. The new company has more than 20 million customers (9 million in Spain) and 16 GW installed capacity around the globe. It has total assets in excess of EUR 44,000 million.

Repsol YPF is an integrated international oil and gas company, with operations in more than 30 countries, and it is the market leader in Spain and Argentina. It is one of the ten largest private oil companies in the world and the largest private company in the energy industry in Latin America by volume of assets. Total assets exceed EUR 62,400 million.

Abertis is one of the leading European companies in infrastructure development and management, with more than 3,700 kilometres of managed toll roads and total assets in excess of EUR 25,000 million. In recent years, it has intensified its geographical and business diversification with investments of over EUR 5,800 million in motorways, telecommunications, airports and parking and logistics facilities. Currently, approximately 50% of revenue is earned outside Spain.

Telefónica is one of the leading integrated telecommunications operators in the world, and is present in Spain and Latin America. It is a benchmark company in the Spanish and Portuguese-speaking markets with a total volume of assets of more than EUR 129,000 million. With almost 282 million accesses, Telefónica has an outstanding international profile, generating over 67% of its business outside Spain: (i) in Spain, with more than 47 million accesses, it is the leader in all business segments; (ii) in Europe (the UK, Germany, Ireland, the Czech Republic and Slovakia), it has almost 55 million customers; and (iii) in Latin America, with more than 180 million accesses, it is the market leader in the principal countries (Brazil, Argentina, Chile and Peru) and has significant business operations in other countries such as Mexico, Colombia, Venezuela and Central America.

Bolsas y Mercados is the company which brings together all the systems for the registration, clearing and settlement of securities and secondary markets in Spain. In 2009 more than 114,000 million shares were traded on the stock exchanges with total cash of close to EUR 900,000 million changing hands.

Unlisted

Aguas de Barcelona (AGBAR) is a multiconcessionary operator working in the public services field: integral water cycle and health. It has a total volume of assets in excess of EUR 6,000 million. Agbar is the leading privately-owned urban water management operator in Spain, where it supplies water to a population of close to 13 million and provides water treatment services to a population of over 8.3 million. On the international stage, the Agbar Group supplies potable water and provides water treatment services to a population of more than

10 million in Chile, the UK, China, Colombia, Algeria, Cuba and Mexico. As part of the acquisition of Adeslas, Criteria reduced its ownership interest in Agbar to 24.03% in 2010.

Port Aventura Entertainment, a company in which Criteria has a 50% holding, is the leading leisure complex in Spain and one of the main leisure complexes in southern Europe. The park's current offerings include a theme park, an aquatic park and the operation of four hotels (two of which it owns).

Mediterránea Beach & Golf Community (100%) owns assets adjacent to Port Aventura: three golf courses, lands for residential and commercial use already equipped with urban infrastructure and a beach club, in addition to two hotels and a conference centre that are leased out to Port Aventura Entertainment.

FINANCIAL SERVICES SEGMENT

International banking

In the scope of investments in the financial services sector, Criteria CaixaCorp leads the international expansion of the "la Caixa" Group through the acquisition of financial institutions. This business line is mainly composed of investments in the banking industry, mainly international banking, in the countries in which Criteria can contribute added value and harness growth potential.

Grupo Financiero Inbursa,with total assets exceeding EUR 15,400 million, more than 260 branches, more than 6,000 employees and 14,000 financial advisers, is the sixth largest financial group in Mexico in terms of total assets and is one of the biggest in Latin America in terms of market capitalisation.

Founded in Mexico in 1965, it offers commercial banking services, in which it is a benchmark, retail banking, asset management, life and non-life insurance and pensions, as well as stock broking and securities custody services. It is currently the leading financial group in Mexico in terms of asset management and custody services and is market leader in liability insurance, and one of the best positioned groups in insurance and pension funds.

Erste Group Bank AG was founded in 1819 as the first Austrian savings bank. In 1997 it was admitted to trading with a view to developing the retail banking business in Central and Eastern Europe. It is currently the second largest banking group in Austria and one of the largest in Central and Eastern Europe, with total assets of approximately EUR 206,000 million. In addition to Austria, Erste Bank controls banks in seven countries (Czech Republic, Slovakia, Romania, Hungary, Croatia, Serbia and the Ukraine) and is the market leader in the Czech Republic, Slovakia and Romania. It serves 17.4 million customers and operates with more than 3,200 branches.

The Bank of East Asia (BEA), founded in 1918 and with assets totalling more than EUR 50,000 million, more than 260 branches and 11,000 employees, is the number one private independent bank in Hong Kong and one of the best positioned foreign banks in China, where, through its subsidiary BEA China, it has over 90 branches. It plans to continue with its expansion strategy in that country, aiming for 100 branches in the first phase.

Banco BPI is a multi-specialised, universal financial group, focused on commercial banking aimed at business, institutional and private customers, and is the fourth largest private financial group in Portugal by business volume. It has total assets of more than EUR 47,000 million and a commercial network of over 800 branches in Portugal and 100 branches in Angola.

Boursorama, formed in 1995, is part of the Société Générale Group and one of the leading on-line brokers and distributors of savings products in Europe with total assets of almost EUR 3,500 million.

It has a presence in four countries and in France it leads the market in on-line financial information and has a notable position in internet banking. It is one of the three leading on-line brokers in the UK and Spain.

Insurance

The insurance group carries on its activity through the investees of the **VidaCaixa Grupo** (formerly **SegurCaixa Holding**) holding company, which brings together a broad spectrum of brands to the various areas in which it operates. It has a wide range of life and non-life insurance products, which it offers its customers on a personalised basis. Over 6 million individual customers and more than 45,000 companies and groups have taken out pension and insurance plans (pension plans, life-long pensions and other products).

VidaCaixa's business is focused on life insurance, dealing with all of the group's insurance sales and the management of pension plan assets totalling EUR 14,500 million, ranking second in the industry in this branch of activity.

The organic growth of the business strengthens VidaCaixa as the leading life insurance company with a volume of technical provisions of more than EUR 18,000 million. Also, VidaCaixa has consolidated its position as leader in the employee welfare business, with managed assets (technical provisions and pension plans) exceeding EUR 33,000 million.

VidaCaixa-Adeslas Seguros Generales is the non-life insurance company resulting from the merger in the last quarter of 2010 of SegurCaixa, which focuses on non-life business, and Adeslas, the healthcare insurance market leader in Spain. The synergies between the companies will give them access to 6 million individual and group customers, a marketing channel formed by more than 1,800 insurance agents and brokers, and more than 200 of their own branches, in addition to more than 5,000 branches of "la Caixa" and the VidaCaixa Grupo's commercial network. VidaCaixa-Adeslas will also manage a leading Spanish private hospital group, and mention should be made of its sound position in home insurance, the process of consolidation in the car insurance business and the new product offerings for SMEs and self-employed professionals.

On 13 January 2011, Mutua Madrileña and "la Caixa" entered into an agreement whereby the Madrid-based company would acquire 50% of VidaCaixa-Adeslas Seguros Generales from Criteria. The transaction is worth EUR 1,075 million and includes a commercial agreement for the marketing, on an exclusive basis for an indefinite period of time, of healthcare, homoeowners', car and all other non-life insurance products through the "la Caixa" branch network and VidaCaixa-Adeslas' other channels.

Specialised financial services

InverCaixa Gestión manages collective investment undertakings. It manages a wide range of products: investment funds, OEICs and investment portfolios. In addition, it advises "la Caixa" on sales activities relating to investment funds managed by third-party management companies. At 31 December the Company had achieved a volume of managed assets of approximately EUR 16,634 million, increasing its market share from 8.5% (December 2009) to 10.6% in investment funds, making it the third leading fund manager.

Finconsum offers consumer financing products, mainly at the point of sale (distributors of goods and services and car dealerships). In 2010 it contributed EUR 521 million of new business.

GestiCaixa has continued to develop its business in the financial markets as an asset securitisation management company. At 31 December 2010, the company was managing 38 securitisation funds, with EUR 28,000 million in outstanding bonds.

2. RISK MANAGEMENT

Criteria Caixa Corp's main risk is that associated with the investee portfolio.

This risk is associated with the possibility of incurring losses due to changes in market prices and/or losses on the positions composing the investment portfolio at medium to long term.

Criteria CaixaCorp and the Strategic Risk Management Division of "la Caixa" measure the risk involved with these positions, both from the standpoint of the risk inherent in market price volatility, using VaR (value at risk) models on the risk-free interest rate yield spread as proposed by the New Basel Capital Accord (NBCA) for banks, and from the point of view of the possibility of default, applying models based on the Probability of Default and Loss Given Default ("PD" and "LGD") approaches, also in accordance with the provisions of the NBCA.

These indicators are monitored on an ongoing basis to be able, at any time, to take the most appropriate decisions on the basis of the market performance observed and predicted and of the Group's strategy.

These measures and their development are necessary for the purpose of enabling senior executives to monitor the management of the investee portfolio and to take strategic decisions relating to the composition of the portfolio.

Also, as part of the active management of the investments and of the ongoing monitoring thereof, Criteria teams of specialists monitor the investees. At least once a year and whenever there are indications that the Company's investments might have become impaired, internal impairment tests are conducted using generally accepted valuation methods.

Criteria CaixaCorp has policies to minimise the other risks to which it is exposed, such as credit risk, interest rate risk, foreign currency risk and liquidity risk. Evaluation procedures have been established whereby management decides at any given time whether or not the risks assumed should be hedged using financial instruments (see Note 22 to the financial statements).

3. USE OF FINANCIAL INSTRUMENTS

The Company uses different types of financial derivatives to hedge the financial risks to which it is exposed.

The most significant instruments were designated for accounting purposes as:

a) Fair value hedges. For example, in 2010 equity swap agreements were used to hedge the risk of a change in value of a portion of the investment in Telefónica, S.A. The Company regularly assesses the need to use hedges of this nature for certain of its investments.

b) Cash flow hedges. These instruments are used mainly to hedge currency risk in relation to the expected cash flows. In 2010 cash flow hedges were used to hedge the currency risk to which the dividends expected to be collected on investments in currencies other than the euro were exposed and to hedge sale transactions of non-controlling interests in associates.

4. OUTLOOK

The world economic climate in 2010 was one of consolidated recovery and the re-establishment of commercial flows, after rising above the lowest point of the crisis at the end of 2008 and beginning of 2009. The revival of activity in the advanced economies is evident although at very uneven rates. The risk of a double dip recession is remote, but unemployment is still at peak levels. Monetary policies are keeping up an expansive tone with a view to ensuring recovery, but there are differences in opinion over whether tax incentives to mitigate the fall in activity should be maintained or dropped. However, the scenario is different in the emerging economies, which were affected to a lesser extent by the crisis but are now achieving high growth rates once more and whose concern lies rather with the risk of overheating. The financial markets saw low interest rates throughout the year and uneven advances in stock market indexes, in which the performance of the emerging economies was particularly notable. However, the most salient event was the sovereign debt crisis in the euro zone, which shook the foundations of the single currency. As for commodity prices, the relative stability of the first half of the year gave way to considerable rises in the last few months of the year.

The uncertainty affecting the world's economy was unusually high. However, the increases in the GDP figures of the main developed economies for the second half of 2009 confirmed that the worst of the crisis was over. Some economies are now officially out of recession (such as Germany, France and Japan) while others have substantially mitigated the severity of the contraction, although the recovery process is still likely to be slow and fragile. Nonetheless, this heightened optimism does not imply that growth rates will return to the levels recorded before the crisis since players will continue to delever, a process that will take time and limit the medium-term growth potential, particularly in a scenario with such a depressed job market.

The global economy faces 2011 marked by the contrast between advanced and emerging economies. Whereas the former will continue to register moderate growth rates that are insufficient to reduce unemployment to any significant extent, the emerging economies are faced with the risk of overheating, triggered by strong economic growth, rising inflation and capital inflows. These countries will inevitably see a gradual tightening of monetary policy, which will place pressure on emerging economies to revalue their currencies. The adjustment of global imbalances, fiscal consolidation, the return to normal of the money and financial markets and structural reforms will continue to be the main challenges of the leading economies.

In the euro zone we expect the European Central Bank to start raising interest rates at the end of 2011, as growth in the region as a whole consolidates, fuelled by domestic rather than external demand. Furthermore, special highly flexible programmes and measures to provide support on a selective basis to countries and players in need, should they require it, will continue to be in place. As regards the sovereign debt crisis of peripheral eurozone economies, pressure is expected to relax, since the major countries' fundamentals, the mechanisms created and the political will to end the crisis are powerful foundations to weather any mounting tension.

The outlook for the international stock markets in 2011 is bullish on the whole. This projection is based both on the global macroeconomic variables and the developments in the corporate sphere: rises in profits and revival of merger and acquisition and private equity activity. Furthermore, individuals are now gradually regaining interest in equities. However, we must be sensible and although we don't expect moments of difficultiesin the future, we do anticipate episodes of high volatility.

Against this backdrop, the mix of the investee portfolio and its active management, our presence in leading companies in different industries and our plans for international expansion will continue to ensure that value and profitability are generated for shareholders.

However, Criteria CaixaCorp will continue to pay attention to and prioritise the following:

- Despite the clear improvement, the high volatility of the equities market, which has prevailed since the start of the economic and financial crisis, makes it necessary to implement an ongoing process of reviewing and monitoring the Company's ownership interests. Criteria updated the impairment tests performed on its investments at 31 December, recognising impairment losses of EUR 50 million before tax additional to those already recognised in December 2009, and will continue to be watchful in this regard. At 31 December 2010, the gross unrealised consolidated gains on the listed portfolio amounted to EUR 2,394 million.

- The possible decrease in corporate profits could mean lower dividend revenue for Criteria CaixaCorp or a lower contribution from the results of companies accounted for using the equity method. The investment portfolio built up by Criteria CaixaCorp is comprised of leading companies with potential for growth and the capacity to generate value. In 2010 a significant improvement was noted in the results of investees, particularly in investments in international banks. The contribution to results from investments in associates and jointly controlled entities was up 11% compared to 2009. The 2010 profit is expected to continue to show an upward trend, with attractive dividend policies for Criteria.

- The evolution of exchange rates, which could affect the value of investments made in currencies other than the euro. Criteria CaixaCorp monitors the evolution of exchange rates and in each case evaluates the need for arranging hedging instruments. Particular attention is paid to the performance of the Mexican peso and the Hong Kong dollar.

- Interest rates. The difficulties in the fixed-income market, with high interest demanded of Spanish companies, particularly financial institutions, by international investors, could affect the capability and cost of financing the Spanish ownership interests. Furthermore, interest rates are expected to rise slightly by the end of 2011, should economic performance call for it. However, in order to reduce exposure to interest rates, in 2009 the Company renegotiated its financial conditions with "la Caixa" and, accordingly, arranged long-term fixed-rate loans of EUR 2,000 million (at 4 and 7 years). The EUR 1,000 million five-year bond issue was also made at a fixed rate. On the other hand, the Spanish companies of proven solvency in which Criteria holds ownership interests have had no problems in accessing credit, despite the difficulties in this respect in 2010.

- Weaker consumption and the increase in non-performing loans could affect investments in specialised financial services, although we expect the revival, which was already noticeable in 2010 to gather strength in 2011. These companies recognised significant write downs in 2009, based on conservative criteria, and positive performances are expected in the coming years.

5. EVENTS AFTER THE REPORTING DATE

On 13 January 2011, Criteria, together with its majority shareholder, entered into an agreement with Mutua Madrileña to develop a strategic alliance in non-life insurance. This agreement will result in the acquisition by Mutua Madrileña of a 50% ownership interest in VidaCaixa Adeslas Seguros Generales, S.A. ("VCA") and an exclusive non-life bancassurance distribution agreement with "la Caixa".

Criteria will sell to Mutua Madrileña 50% of VidaCaixa Adeslas for EUR 1,075 million, of which EUR 1,000 million will be paid in cash, plus an additional earn out payment which will be calculated based on the achievement of the business plans and results of VidaCaixa Adeslas in the next ten years. The hospital business of VCA is not included in the aforementioned alliance. The transactions described above, taken as a whole, are expected to generate consolidated net gains for the Criteria Group of around EUR 450 million.

The new ownership interests in VCA will be shared between Mutua Madrileña with 50% and Criteria with 49.9%, and the rest will be held by non-controlling shareholders. Half of the members of the Board of Directors of VCA will be appointed at the proposal of Mutua Madrileña and the other half at the proposal of the "la Caixa" Group. Mutua Madrileña will appoint the executive chairman, who will have the casting vote, and Criteria will appoint the general manager.

The aforementioned transactions are expected to be concluded in the third quarter of 2011, once the financial, equity and legal review of VCA has been completed, the final agreements have been signed and the related conditions and legal procedures have been fulfilled (including the approvals relating to competition and insurance supervisory bodies).

In addition, on 19 January Criteria acquired from its investee Repinves 41,446,431 shares of Repsol YPF (representing an ownership interest of 3.393%) as part of the sale by Repinves to a financial broker of all the shares of Repsol YPF owned by it (5.02% ownership interest). The sale was carried out at EUR 22.56 per share and Criteria acquired from the broker the 41,446,431 shares at the same price. The economic ownership interest held by Criteria in the share capital of Repsol continues to be the same following this transaction and amounts to 12.67%. In addition, Repinves, which will obtain total cash of EUR 1,383 million in the transaction, will distribute this income to its shareholders in proportion to their ownership interests in the share capital of Repinves (67.595% Criteria and 32.405% Catalunya Caixa).

Reorganisation of the "la Caixa" Group

On 27 January 2011, the Boards of Directors of "la Caixa", Criteria and MicroBank de "la Caixa", S.A. ("MicroBank"), a wholly-owned subsidiary of "la Caixa", resolved to enter into a framework agreement ("the Framework Agreement") the principal objective of which is to reorganise the "la Caixa" Group in order to design a structure which, while continuing to perform the welfare projects of "la Caixa", makes it possible to adapt to the new Spanish and international regulatory requirements and, in particular, to the new requirements of the Basel Committee on Banking Supervision ("Basel III").

To meet the aforementioned objectives, the Framework Agreement provides for the performance of the following corporate transactions, all of which are subject to the approval of the governing bodies of "la Caixa", Criteria and MicroBank and to the obtainment of the corresponding administrative authorisations.

a) the spin-off from "la Caixa" to MicroBank of the assets and liabilities making up the financial services activity of "la Caixa", with the principal exception of the ownership interests held by "la Caixa" in Servihabitat XXI, S.A.U., Metrovacesa, S.A. and Inmobiliaria Colonial, S.A., certain real estate assets and certain debt securities issued or guaranteed by "la Caixa";

b) the contribution by "la Caixa" to Criteria of all the shares of MicroBank (post-spin-off), in exchange for:

   i) the ownership interests held by Criteria in Gas Natural S.D.G., S.A., Abertis Infraestructuras, S.A., Sociedad General de Aguas de Barcelona, S.A., Port Aventura Entertainment, S.A. and Mediterránea Beach & Golf Community, S.A., through an exchange of businesses; and

   ii) shares of Criteria that will be issued in the context of a non-monetary capital increase,

   and, lastly

c) the absorption of MicroBank by Criteria, which will become a credit institution and will adopt the name of CaixaBank or another similar name that will reflect its association with "la Caixa". Also, the aforementioned absorption will entail the modification of the company object of Criteria, and any shareholders who do not vote in favour of the related resolution will have the right of withdrawal in the terms provided form in current legislation.

In addition, in order to strengthen its equity structure, the Framework Agreement also provides that Criteria will launch an issue of bonds necessarily convertible into shares that will be distributed through the network of "la Caixa", which will underwrite the issue.

Also, "la Caixa" will own all the shares of an unlisted holding company to which it will contribute the equity interests received from Criteria in the exchange together with other assets not included in the spin-off from "la Caixa" to MicroBank. In addition, "la Caixa" will maintain its welfare projects and the financing and support of charitable and social welfare activities.

Criteria will become a financial institution, without any of the properties foreclosed prior to the date of the Framework Agreement, and will retain its current investments in insurance companies, collective investment undertaking managers, foreign banks, Telefónica and Repsol.

This transaction will enable the "la Caixa" Group to keep all the businesses in which it currently has a presence (banking and industrial) and to continue with its firm commitment to social welfare projects.

On 24 February 2011, the Board of Directors of Criteria approved the final terms and conditions of the reorganisation. A General Meeting of Criteria will subsequently be held in order to definitively approve the transaction, which is expected to be completed before July 2011, once the legal conditions and formalities customary in transactions of this nature have been complied with and once the applicable regulatory authorisations have been obtained.

In the framework of the aforementioned reorganisation, the Board of Directors of Criteria has resolved to effectively exercise a significant influence over their investee Repsol-YPF, S.A. through a presence on the investee's governing bodies. This significant influence has been reinforced by the amendment to the Spanish Limited Liability Companies Law in 2010. This standard has repealed the limitations on exercising voting power which, in the case of Repsol YPF, S.A., were by the bylaws to 10% of the total share capital. In accordance with the accounting standards applicable, from the financial exercise 2011 onwards the Criteria group will account for using the equity method the ownership interest of this investee.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

Criteria CaixaCorp did not engage in any research and development activities in 2010.

7. TRANSACTIONS INVOLVING TREASURY SHARES

On 19 May 2010, the shareholders at the Annual General Meeting authorised the Board of Directors to derivatively acquire treasury shares, directly or through Group companies, provided that the shares acquired added to the shares that the Company already held did not exceed 10% of the share capital, rendering void the unused part of the authorisation granted by the shareholders at the Annual General Meeting of 7 May 2009. This authorisation, ratified by the Board of Directors Meeting held on the same date, is valid for five years.

At 31 December 2010, Criteria CaixaCorp held 12,556,238 treasury shares, representing 0.373% of the share capital, the acquisition cost of which amounted to EUR 43,471 thousand. In 2010, Criteria acquired, directly on the market or through financial derivatives, 19,712,597 shares for EUR 71,067 thousand, and sold 21,372,709 treasury shares, giving rise to a net gain of EUR 13,741 thousand, which was recognised in equity under voluntary reserves.

At 31 December 2009, Criteria CaixaCorp held 14,216,350 treasury shares, representing 0.423% of the share capital, the acquisition cost of which amounted to EUR 39,880 thousand. In 2009 the Company sold 2,353,766 treasury shares on the market, giving rise to a gain of EUR 2 million, which was recognised in equity.

Here after we inform about the aspects requested by the article 116 bis of the Law 24/1988 del Mercado de Valores, July 28.

8. SHARE CAPITAL STRUCTURE

At 31 December 2010, the share capital of Criteria CaixaCorp, S.A. amounted to EUR 3,362.9 million, represented by 3,362,889,837 fully subscribed and paid ordinary shares of EUR 1 par value each.

9. RESTRICTIONS ON THE TRANSFER OF SHARES

The shares of Criteria CaixaCorp and the dividend rights deriving therefrom, including the pre-emptive subscription rights, are freely transferable by all lawful means.

10. SIGNIFICANT DIRECT AND INDIRECT OWNERSHIP INTERESTS

At the end of the business year the only shareholder which appeared in the CNMV Register was "la Caixa". According to the Company's information, "la Caixa" owned 79.45% of its share capital at 31 December 2010.

11. RESTRICTIONS ON VOTING RIGHTS

Since all the outstanding Criteria CaixaCorp shares are ordinary shares belonging to a single class and series they confer on their holders the same voting and dividend rights, which are the full voting and dividend rights inherent thereto, as provided for in the Spanish Public Limited Liability Companies Law and the Company's bylaws.

Each share carries one vote, without any restrictions on the maximum number of votes which may be cast by each shareholder or by companies belonging to the same group, in the case of legal entities.

With regard to the entitlement to attend the General Meetings, the bylaws and regulations of Criteria CaixaCorp's General Meeting establish that shareholders who, individually or together with other shareholders, provide evidence of ownership of at least one thousand (1,000) shares, are entitled to attend General Meetings.

12. SIDE AGREEMENTS

The Company has not been informed of the existence of any side agreements the aim of which might be to exercise voting rights at General Meetings or which restrict or influence the free transferability of Criteria CaixaCorp's shares.

13. REGULATIONS APPLICABLE TO THE NOMINATION AND REPLACEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND AMENDMENT OF THE BYLAWS

The regulations governing the nomination and replacement of the members of the Board of Directors of Criteria CaixaCorp are included in the bylaws (Articles 32 and 33) and in Chapter VI of the Board Regulations relating to the Nomination and Removal of Directors (Articles 17 to 20), in addition to the general applicable legislation, established by the Spanish Limited Liability Companies Law (Articles 212 to 216, 222 to 224 and 244), and the Mercantile Registry Regulations (Section 5, Articles 138 to 148), which are summarised below.

The Nomination and Remuneration Committee shall present to the Board of Directors the proposals for the nomination of independent directors so that the Board may co-opt them onto the Board or adopt such proposals as its own and submit them for approval by the Annual General Meeting. Furthermore, the Nomination and Remuneration Committee will inform the Board of Directors in relation to the nomination of the other types of directors.

Where a director vacates his position before the end of his mandate, the Board of Directors may co-opt a person to fill the vacancy until the date of the next Annual General Meeting, as long as it has been provided with a prior proposal or report from the Nomination and Remuneration Committee, as appropriate.

With regard to amendments to the bylaws, since the Company does not have special regulations, the general regulations established by the Spanish Limited Liability Companies Law (Title VIII, Chapter I, Article 285 et seq.) and by Mercantile Registry Regulations (sections 9 and 10, Articles 158 to 173), are applicable.

14. POWERS OF THE MEMBERS OF THE BOARD OF DIRECTORS

At 31 December 2010, general powers of attorney had been granted to Juan María Nin Génova and Gonzalo Gortázar Rotaeche.

In relation to powers for the possible issue of shares, on 6 September 2007, the Company's sole shareholder granted the Board of Directors of Criteria CaixaCorp the power to increase share capital, at any time within a period of five years from the adoption of the resolution, by an equivalent maximum nominal amount of EUR 1,314,935,400, with power to disapply pre-emptive subscription rights.

With regard to powers to acquire treasury shares, at the Annual General Meeting held on 19 May 2009, the shareholders rendered null and void the portion not used of the authorisation approved by the shareholders at the Annual General Meeting held on 7 May 2009 and resolved to grant a new authorisation to the Board of Directors of Criteria CaixaCorp to derivatively acquire treasury shares, either directly or indirectly through its subsidiaries, and to sell, retire or use them for the remuneration schemes provided for in paragraph three of Article 75.1 of the Spanish Public Limited Liability Companies Law, in the following terms:

a) the acquisition may be made in the form of a purchase, swap or accord and satisfaction, at one or several times, provided that the shares acquired, together with those already held by the Company, do not represent more than 5% of the share capital;

b) the price or consideration will be the closing price of the Criteria CaixaCorp shares on the Spanish Stock Market Interconnection System the day immediately prior to the acquisition, with a limit of 15% upwards or downwards; and

c) the authorisation will remain valid for 18 months from the day after the resolution.

Also, the Board was empowered to delegate the authorisation to the person or persons it deemed appropriate.

Within the framework of the authorisation for the acquisition of treasury shares granted by the shareholders at the Annual General Meeting, on 29 July 2010, the Board of Directors of Criteria CaixaCorp resolved to authorise the acquisition up to a maximum net balance of 50 million shares, representing 1.48% of the Company's share capital, provided the net investment did not exceed EUR 200 million and depending on the market conditions prevailing at any given time, thereby increasing the ceiling on treasury shares. The authorisation also includes the power to dispose of the treasury shares acquired depending on the market conditions prevailing at any given time, all with a view to facilitating the liquidity of the Company's shares in the market and the stability of the price.

15. SIGNIFICANT AGREEMENTS WHICH MAY BE AMENDED OR TERMINATED IN THE EVENT OF A CHANGE OF CONTROL

In relation to the effects of a potential change of control over the Company, no significant agreements have been entered into by Criteria CaixaCorp is a party to agreements that might be amended or be terminated in this event.

On 11 January 2000, "la Caixa", as the controlling shareholder of Criteria CaixaCorp, and Repsol-YPF entered into a shareholders' agreement in relation to Gas Natural, which was subsequently amended and completed through agreements dated 16 May 2002, 16 December 2002 and 20 June 2003.

Under this agreement, "la Caixa" and Repsol-YPF undertake to exercise their voting rights in the governing bodies of Gas Natural so that at all times there is a balance between the number of members of the Board of Directors and of the Executive Committee of Gas Natural designated at the proposal of Repsol-YPF and those designated at the proposal of "la Caixa". Also, the parties undertake to agree on the strategic plan of Gas Natural prior to submitting it to the Board of Directors.

The agreement will remain in force provided that each party maintains or increases its ownership interest or retains it up to at least 15% of the share capital of Gas Natural. A change in the control structure at either party or at Gas Natural will constitute grounds for the termination of the agreement at the request of either party.

The agreement dated 11 January 2000 and each of the subsequent agreements were notified to the CNMV and published when they were signed. Also, pursuant to Transitional Provision Three of Law 26/2003, of 17 July (Transparency Law), in July 2006 they were deposited at the Barcelona Mercantile Registry.

Pursuant to the aforementioned agreements, "la Caixa", as the controlling shareholder of Criteria, and Repsol YPF, which each own separately a controlling interest pursuant to the legislation governing takeover bids, hold a position of joint control over Gas Natural for regulatory and competition purposes, jointly hold an ownership interest in the company of over 50% and have nominated between them more than half of the members of the managing body. Under current legislation, these agreements constitute a concerted action between "la Caixa" and Repsol at Gas Natural.

As regards Sociedad General de Aguas de Barcelona, S.A. ("Agbar"), under the agreement and subsequent addenda signed by Suez, "la Caixa", Suez Environnement, Suez Environnement España and Criteria CaixaCorp in connection with Hisusa and its ownership interest in Agbar, which were notified to the CNMV, it was agreed that in the event of a change in the control over any of the companies that had signed the agreement, any shareholder of Hisusa belonging to the group not affected by this change in control would be entitled to demand the dissolution and liquidation of Hisusa, in conformity with the terms of the agreements.

On 22 October 2009, Criteria CaixaCorp and Suez Environnement entered into a Memorandum of Understanding (the ***Memorandum of the Understanding***) in order to refocus their strategic interests in the group health services business and in the water and environmental management sector.

As part of the aforementioned Memorandum of Understanding, the signatories thereto agreed to instigate the delisting of Agbar shares from the official Spanish secondary markets through the launch by Agbar of a takeover bid on its own shares. The Memorandum of Understanding also envisaged the restructuring of the ownership interests held by Criteria and Suez Environnement in Agbar in order to channel them all through Hisusa and the execution of a new Shareholders' Agreement (the ***New Shareholders' Agreement***) in order to regulate the relationships of Criteria CaixaCorp and Suez Environnement in Hisusa and in Agbar, based on their new stakes, affording Suez Environnement control over Agbar, within the meaning of Article 42 of the Commercial Code. On 7 June 2010 the transactions described above were formalised.

The New Shareholders' Agreement provides for the following grounds for termination:

a) when the parties so agree;

b) when one party so requests, in the event of the insolvency of the other party;

c) when Criteria CaixaCorp's ownership interest in Hisusa represents an indirect interest of less than 5% in Agbar (provided that Criteria CaixaCorp has previously sold or transferred to a third party outside its group more than 50% of the Hisusa shares it held when the New Shareholders' Agreement came into force);

d) when Criteria CaixaCorp sells or transfers to a third party outside its group more than 50% of the Hisusa shares it held when the New Shareholders' Agreement came into force (provided that prior to the sale or transfer Criteria CaixaCorp held an ownership interest in Hisusa representing an indirect holding of less than 5% in Agbar).

Also, pursuant to Hisusa's bylaws and the New Shareholders' Agreement, a party that transfers its entire ownership interest in Hisusa will no longer be bound by the Agreement.

Also, the Company's bond issue in the terms established in the Final Conditions published envisages the possibility of redeeming the securities early in the event of a change of control.

Lastly, the Preferred Partnership Agreement with the main shareholder of Erste Group Bank and the shareholders' agreement at Port Aventura Entertainment also contain change of control-related clauses.

Without prejudice to the foregoing, as established by the Internal Relationship Memorandum of Understanding between Criteria CaixaCorp and "la Caixa", when the latter no longer exercises effective control over the Company, both entities will be entitled to terminate the provision of the corresponding services, by giving reasonable notice (which will depend on the type of service involved), subject to the determination, in good faith, by the parties, of the costs, if any, that might arise for each of them from early termination. "la Caixa" is considered to exercise control over Criteria CaixaCorp when it holds, either directly or indirectly, a majority stake in Criteria CaixaCorp or, even if this ownership interest is equal to or less than 50%, whilst more than half of the directors of Criteria CaixaCorp have been nominated at the proposal of "la Caixa".

16. AGREEMENTS BETWEEN THE COMPANY, DIRECTORS, EXECUTIVES OR EMPLOYEES THAT PROVIDE FOR INDEMNITY PAYMENTS ON TERMINATION OF THEIR RELATIONSHIP WITH THE COMPANY AS A RESULT OF A TAKEOVER BID

Lastly, with respect to the agreements between the Company and its directors, executives or employees who are entitled to receive termination benefits when they resign or are unjustly dismissed, or if the employment relationship is terminated as a result of a takeover bid, the maximum termination benefits in the event of the unilateral termination by the Company of the members of the managing bodies and senior management of Criteria CaixaCorp amount to EUR 2 million.

17. ANNUAL CORPORATE GOVERNANCE REPORT

The 2010 Annual Corporate Governance Report is attached.

The English version is only a translation of the original in Spanish for information purposes. In case of discrepancy, the Spanish version shall prevail.

STATEMENT REGARDING THE PREPARATION OF AND RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT AND SIGNATURE OF THE **2010 INDIVIDUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT** OF CRITERIA CAIXACORP, S.A.

The undersigned, in their capacity as Board members of Criteria CaixaCorp, S.A. hereby declare that:

1. These individual financial statements and management report for 2010 were drawn up by the Board of Directors at its meeting of February 24, 2011, and subsequently signed in duplicate by the Board members that attended the meeting physically.
2. These financial statements comprise the balance sheets, the income statements, the statements of changes in equity, the statements of cash flows, and the notes to the financial statements.

   In addition, the management report contains the annual corporate governance report in a separate section.
3. The undersigned hereby declare that, in accordance with article 8 of Royal Decree 1362/2007 of October 19, to the best of their knowledge, these financial statements which have been prepared in accordance with applicable accounting principles, give a true and fair view of the equity, financial condition and profit or loss of Criteria CaixaCorp, SA, and that the management report provides an accurate analysis of the business performance and state of affairs of the company and a description of the risks and contingencies to which it is exposed.
4. In order to duly comply with different formal obligations, two copies have been made of the financial statement and management report:

   - The first copy is printed on the reverse of 180 sheets of stamped paper of class 8, numbered 0K1223218 to 0K1223397, both inclusive, and on the reverse and face of one sheet of stamped paper of class 8, numbered 0K4492099 bearing the signatures of subscribing Board members, and
   - The second copy is printed on the reverse of 180 sheets of stamped paper of class 8 numbered 0K1223398 to 0K1223500, both inclusive, 0K4492096 to 0K4492098, and numbers oK4492001 and oK4492074 and on the reverse and face of one sheet of stamped paper of class 8, numbered 0K4492100, bearing the signatures of subscribing Board members.

Barcelona, February 24, 2011

Mr. Isidre Fainé Casas Chairman	Mr. Juan María Nin Génova Vice Chairman
Ms. Isabel Estapé Tous Director	Mr. Salvador Gabarró Serra Director
Ms. Susana Gallardo Torrededía Director	Mr. Javier Godó Muntañola Director
Mr. Gonzalo Gortázar Rotaeche Director	Ms. Immaculada Juan Franch Director
Mr. David K.P. Li Director Did not sign because he did not attend the meeting physically but via telephone	Ms. Maria Dolors Llobet Maria Director
Mr. Jordi Mercader Miró Director	Mr. Alain Minc Director Did not sign because he did not attend the meeting physically
Mr. Miquel Noguer Planas Director	Mr. Leopoldo Rodés Castañé Director
Mr. Juan Rosell Lastortras Director Did not sign because he did not attend the meeting physically	Mr. Carlos Slim Helú Director Did not sign because he did not attend the meeting physically but via telephone
Mr. Francesc Xavier Vives Torrents Director	

Signed: The Secretary

D.L.: B. 16310-2011

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Criteria
CAIXA CORP

Avda. Diagonal 621-629. Torre II, Planta 8
08028 Barcelona
Telephone: (+34) 93 409 21 21

www.criteria.com