

CAJA SAN FERNANDO PREFERENCE LIMITED
Balance sheets as of June 30, 2008 and December 2007
(Expressed in Euros)

	2008	2007
ASSETS		
Investments (Note 3)	120,000,000	120,000,000
Accrued interest income	1,875,600	2,031,151
Cash and cash equivalents (Note 2)	234,392	235,124
Accounts Receivable	7,167	
Total assets	122,117,159	122,226,275
SHAREHOLDER'S EQUITY AND LIABILITIES		
SHAREHOLDER'S EQUITY		
Capital and reserves (Note 4)		
Ordinary shares	9,543	9,543
Preference shares	120,000,000	120,000,000
Retained earnings	247,016	251,132
Total shareholder's equity	120,256,559	120,260,675
LIABILITIES		
Accrued dividends payable (Note 4)	1,855,600	2,005,600
Total liabilities	1,855,600	2,005,600
Total shareholder's equity and liabilities	122,117,159	122,266,275

The accompanying Notes 1 to 10 are an integral part of these financial statements

CAJA SAN FERNANDO PREFERENCE LIMITED

Statements of income and retained earnings
for the periods ended as of June 30, 2008 and 2007
(Expressed in Euros)

	2008	2007
Interest income (Note 3)	2,874,537	2,438,948
Net interest income	2,874,537	2,438,948
Operating expenses	-20,253	-3,267
Total expenses	-20,253	-3,267
Net income	2,854,284	2,435,681
Retained earnings, beginning of year	251,132	191,888
Dividends (Note 4)	2,858,400	2,426,800
Retained earnings, end of period	247,016	200,769

The accompanying Notes 1 to 10 are an integral part of these financial statements

CAJA SAN FERNANDO PREFERENCE LIMITED

Cash flows statement

for the periods ended as of June 30, 2008 and 2007

(Expressed in Euros)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Net income for the year	2,854,284	2,435,681
Adjustments to reconcile net income to net cash provided by operating activities		
Increase / Decrease in interest receivables	<u>(153,384)</u>	<u>(213,383)</u>
Net cash provided by operating activities	<u>3,007,668</u>	<u>2,222,298</u>
Cash flows from financing activities		
Dividends paid	<u>(3,008,400)</u>	<u>(2,214,000)</u>
Net cash used in financing activities	<u>(3,008,400)</u>	<u>(2,214,000)</u>
Increase in cash and cash equivalents	(732)	8,298
Cash and cash equivalents, beginning of year	<u>235,124</u>	<u>177,332</u>
Cash and cash equivalents, end of period	<u><u>234,392</u></u>	<u><u>185,630</u></u>
<u>Supplemental cash flow information</u>		
Interest received	3,030,076	2,225,556

The accompanying Notes 1 to 10 are an integral part of these financial statements

CAJA SAN FERNANDO PREFERENCE LIMITED

Statements of changes in shareholder's equity
for the periods ended June 30, 2008 and 2007
(Expressed in Euros)

**Statements of changes in shareholder's
equity**

	Issued ordinary shares	Issued preference shares	Retained earnings	Total
Balance at December 31, 2006	9,543	120,000,000	191,888	120,201,431
Net income	-	-	2,435,681	2,435,681
Dividends paid on preferences shares	-	-	(738,000)	(738,000)
Interim dividends declared	-	-	(1,688,800)	(1,688,800)
Balance at June 30, 2007	9,543	120,000,000	200,769	120,210,312
Balance at December 31, 2007	9,543	120,000,000	251,132	120,260,675
Net income	-	-	2,854,284	2,854,284
Dividends paid on preferences shares	-	-	(1,002,800)	(1,002,800)
Interim dividends declared	-	-	(1,855,600)	(1,855,600)
Balance at June 30, 2008	9,543	120,000,000	247,016	120,256,559

The accompanying Notes 1 to 10 are an integral part of these financial statements

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements
for the period ended as of June 30, 2008

1. INCORPORATION AND ACTIVITY

Caja San Fernando Preference Limited (the “Company”) was incorporated on May 17, 2001 for an unlimited duration as an exempted limited liability company under the Companies Law (Revised) of the Cayman Islands. The Company’s registered office is P.O. Box 309, George Town, Cayman Islands.

The Company is a wholly owned subsidiary of Monte de piedad y Caja de Ahorros San Fernando de Huelva, Jerez y Sevilla (the “Bank”), which uses the company for fund raising transactions.

The Company has no employees.

The Company was established as a special purpose vehicle whose primary function is to issue Non Cumulative Guaranteed Non Voting Euro Preference Shares (the “Euro Preference Share”) pursuant to a Spanish Prospectus (“Folleto Informativo”) and a Placement and Agency Agreement entered into with the Bank and Confederacion Española de Cajas de Ahorro (“C.E.C.A.”). The proceeds of issuance of preference shares are deposited with the Bank in a time deposit. Accordingly, there is a concentration of credit risk with the Bank.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared based on the Company’s accounting records as of June, 2008. The financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements
for the period ended as of June 30, 2008

Certain standards and interpretations issued by the International Accounting Standards Boards came into effect in 2007. These standards and interpretations, the most relevant of which are set out below, have not had a significant effect on the financial statements:

- *IFRS 7 financial instruments, Disclosures:* This standard requires that the financial statements include sufficient information to enable the user to assess the relevance of the financial instruments in terms of the entity's financial position and the nature and scope of the risks from financial instruments to which the entity is exposed during the period, as well as how such risks will be managed (see Notes 8 and 9).
- *Amendments to IAS 1 regarding the information to be disclosed on objectives, policies and processes of managing capital:* This standard requires that entities disclose objectives and policies for managing capital, as well as whether the entity has complied with applicable capital requirements.
- *IFRIC interpretation 9* deals with the revaluation of embedded derivatives in a host contract and the requirement that such derivatives be separated from the host contract only at its inception.

As of the date these financial statements were prepared, some new standards and interpretations have been issued; however, it will be applicable to the Company in 2009. The most relevant standards and interpretations are:

- *IFRS 8 Operating segments*
- *IFRS 3 (Revised) Business combinations*
- *IAS 1 (Revised) Presentation of Financial Statements*
- *IAS 23 (Revised) Borrowing costs*
- *IAS 32 (Revised) Financial instruments: Disclosure and presentation*
- *IFRIC Interpretation 11 "IFRS 2 Group and treasury share transactions"*
- *IFRIC Interpretation 12 "Service concession arrangements"*
- *IFRIC Interpretation 13 "Customer loyalty Programmes"*
- *IFRIC Interpretation 14 "IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction"*

The directors consider that this standard and these interpretations will not have a significant impact on the Company's financial position.

The significant accounting policies are:

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Notes to the financial statements
for the period ended as of June 30, 2008

Accounting principles

a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at the Bank and in hand and short-term deposits with an original maturity of three months or less.

b) Financial Assets

Financial assets are investments in a time deposit placed with the Bank. This deposit is initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held-to-maturity, are subsequently measured at amortized cost using the effective interest rate method. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.

c) Interest Income

Interest income is recorded on the accrual basis, based on the effective interest rate.

d) Operating Expenses

Operating expenses reflect all necessary expenses for the activity of the Company.

e) Preparation of the financial statements in Euros

The Company has prepared its financial statements in Euros which it was deemed the functional currency of the Company.

f) Foreign Currency Translation

Translation of assets and liabilities denominated in currencies other than the reporting currency of Euro is at exchange rates prevailing at the balance sheet date.

Gains and losses on translation are recorded in the statements of income and retained earnings.

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements
for the period ended as of June 30, 2008

3. INVESTMENTS

Investments comprise a time deposit held with the Bank which earns interest on a half-yearly basis, at a floating rate constituted by the sum of 6 month Euribor rate plus a margin that will be fixed by the Company and the Bank, based on the principal amount deposited and period it was fixed for (number of days) bearing in mind the conditions of the Spanish Prospectus of the related preference share issue (the "Issue"). At the request of the Company, the Bank will repay all or part of the deposit so that the Company can make the necessary payments, as set out in the Spanish Prospectus of the Issue and as per the Terms and the Conditions of the Issue established in the Program documentation (see Note 4).

The maturity of this time deposit is tied to the redemption date of the Euro Series A Preferences Shares (see Note 4). The interest rate at June 30, 2008 was 4,689%.

Related income is recorded under the "Interest income" caption in the Statements of Income and Retained Earnings of June 30, 2008.

4. SHARE CAPITAL

Authorised share capital is as follow:

	Euros	
	2007	2006
10,000 Ordinary shares of US\$ 1.00 each	9,543	9,543
800,000 Series A Non Cumulative Guaranteed Non Voting Euro Preference Shares par value of EUR 300 each	<u>240,000,000</u>	<u>240,000,000</u>
	<u>240,009,543</u>	<u>240,009,543</u>

Issued (and fully paid) share capital is as follows:

	Euros	
	2007	2006
10,000 Ordinary shares of US\$ 1.00 each	9,543	9,543
400,000 Series A Non Cumulative Guaranteed Non Voting Euro Preference Shares par value of EUR 300 each	<u>120,000,000</u>	<u>120,000,000</u>
	<u>120,009,543</u>	<u>120,009,543</u>

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements
for the period ended as of June 30, 2008

Ordinary shares

As at June 30, 2008, 10,000 Ordinary shares had been issued at par and are owned by the Bank.

Euro Series A Preference Shares

The preference shares have a par value balance of EUR 120,000,000 as at June 30, 2008. These shares entitle holders to receive non-cumulative preferential cash dividends, at a rate of six months Euribor rate plus 0.25% payable half-yearly. The current dividend rate at June 30, 2008 was 4,639%. The dividend is paid on February 29 and August 31.

The Euro Series A Preferences Shares were issued on September 1, 2001 and they can be redeemed by the Company on or after September 1, 2006, subject to the prior approval of the Bank of Spain and the Bank, in whole or in part, at the nominal value per share plus any recognized dividend pending payment (see Note 6).

The aggregate amount of Euro Series A Preference Shares dividend declared and accrued at June 30, 2008 was EUR 1,855,600 and is recorded under the "Interim dividends" caption of the Statement of Income and Retained Earnings as of June 30, 2008. This total amount corresponds to unpaid dividends as of June 30, 2008 and is recorded under "Accrued dividends payable", caption of the Balance sheets.

Shareholders with preferential Euro Series A Preferences Shares are to receive dividends if sufficient "distributable profit" is generated by the Bank for the year and minimum equity requirements established for credit institutions under prevailing legislation in Spain have been met.

The Euro Series A Preference Shares are listed on the AIAF Market in Madrid, Spain. As of June, 2008 their market value per share was 101,488%.

The Euro Series A Preference Shares do not allow voting rights, except for:

1. No payment of two consecutive scheduled dividends.
2. Changes in bylaws of the Company that affect the Euro Series A Preference Shares.
3. Agreements for dissolution of the Company.

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements
for the period ended as of June 30, 2008

5. TAXATION

At the present, no income, profit, capital or capital gain taxes are levied in the Cayman Islands and, accordingly, no provision for such taxes has been recorded in the accompanying financial statements. In the event that such taxes were levied, the Company has received an undertaking from the Cayman Islands Government exempting it from all of this kind of taxes until May 17, 2021.

6. GUARANTEE FROM THE BANK

Subject to certain limitations, the Bank undertakes to irrevocably pay the holders of the Euro Series A Preference Shares the sum total of the Guaranteed Payments (except to the extent that said amounts are paid by the Company) in the manner and at the time that they are due, irrespective of any exception, right to compensation or reversion to which the Company may be entitled or which may be invoked by the Company.

For purposes of this Guarantee, "Guaranteed Payments" means (i) any Preferred Dividend of the Euro Series A Preference Shares accrued but not paid up, corresponding to the nearest six-monthly period of accrual (ii) the Redemption Price of the Euro Series A Preference Share that are redeemed by the Company, (iii) the Liquidation Quota corresponding to each Euro Series A Preference Shares in the event of liquidation, which will equal to 300 euros per Euro Series A Preference Share plus the unpaid dividends at the date of payment and (iv) any additional quantities that the Company may pay.

7. RELATED PARTY TRANSACTIONS

The following table presents all balances in the financial statements with the Bank and related income or expenses:

2008	Euros	
	Balances Dr / (Cr)	Income/ (Expenses)
Euro Time Deposit with the Bank	120,000,000	2,874,537
Euro Deposit Account	234,392	-

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements
for the period ended as of June 30, 2008

8. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company's financial instruments comprise a time deposit, cash and the preference shares.

Financial risk management's objectives and policies are summarised below:

The main risks arising from the Company's financial instruments are credit risk, interest risk rate, foreign exchange risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarized below:

a) Interest rate, liquidity risk and foreign exchange risk

Interest rate, liquidity and foreign exchange risk have been effectively hedged due to the linkage of the interest rates and currencies on assets and liabilities and to the matching of their maturity/redemption dates, according with the Pricing Supplement of the Issue.

b) Credit risk

The only credit risk is with the Bank and therefore management considers that the credit risk is minimal.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

International Financial Reporting Standard No. 7, "Financial Instruments: Disclosure", requires the disclosure of fair value information about financial instruments, whether or not recognized in the financial statements, for which it is practicable to estimate the value. Financial instruments utilized by the Company include a time deposit. Accordingly, the estimated fair value is not significantly different from the carrying value for each recorded asset, due to the way in which half-yearly interest is established for financial assets.

10. SUBSEQUENT EVENTS

No events have taken place to date since June 30, 2008 which significantly affect or change the contents of these financial statements.

CAJA SAN FERNANDO PREFERENCE LIMITED

The Board of Directors of Caja San Fernando Preference Ltd., unanimously approved these Financial Statements which comprise the balance sheet as of June 30, 2008, the statement of income and retained earnings, the cash flow statement and the statement of changes in shareholder's equity and the notes thereto for the year then ended and the Management Report for the year ended June 30, 2008 for submission to the Shareholder General Meeting.

The members of the Board of Directors declare that, to the best of their knowledge, the Financial Statements for the period have been prepared in accordance with applicable accounting principles and give a true and fair view of the equity, the financial position, and the results of Caja San Fernando Preference Ltd. and that the Management Report contains a true and fair analysis of the performance and business results and of the position of Caja San Fernando Preference Ltd. with a description of the main risks and uncertainties facing them.

Seville (Spain) on July 31, 2008

D. Rafael Jiménez Luz
Director-Secretary

MANAGEMENT REPORT 2008

Caja San Fernando Preference Ltd considers risk a key strategic element.

The main risks arising from the Company's financial instruments are:

Credit risk

Credit risk arises from the potential loss caused by borrowers' failure to comply with contractual obligations. The only credit risk is with its parent company and therefore management considers that the credit risk is minimal.

Market risk

Market risk includes the potential impact of negative movements in interest rates on assets and liabilities, in exchange rates applicable to significant balance sheet and income statement figures.

Interest rate risk is defined as the possibility that interest rate fluctuations could have a negative effect on financial margin or on Caja San Fernando Preference Ltd's economic value.

Interest rate has been effectively hedged due to the linkage of interest rates on assets and liabilities and to the matching of their maturity and redemption dates.

Currency risk

Currency risk derives from adverse movements in the exchange rates of the currencies comprising the balance sheet.

This risk on its balance sheet is marginal.

Legal risk

Legal risk reflects the potential impact of changes in prevailing tax or other legislation on the company's earnings.

This risk on its balance sheet is marginal.

Operational risk

Operational risk is defined as the risk of sustaining direct losses from causes attributable to failures in or inappropriate internal procedures, personnel, business processes, systems or external factors.

Due to the company's activities, this risk is marginal.

In addition, the directors indicate that the Company does not contract any derivate intruments to cover risks, does not have any activities in relation to Research & Development and does not have any transaction with treasury shares.

Seville (Spain) on July 31, 2008