

**CAJA SAN FERNANDO PREFERENCE LIMITED**  
 Balance sheets as of June 30, 2009 and December 2008  
 (Expressed in Euros)

|   | <u>2009</u>               | <u>2008</u>               |
|---|---------------------------|---------------------------|
| <b>ASSETS</b>                                     |                           |                           |
| Investments (Note 3)                              | 120,000,000               | 120,000,000               |
| Accrued interest income                           | 896,800                   | 2,191,989                 |
| Debtors   | 7,167                     | 7,167                     |
| Cash and cash equivalents (Note 2)                | <u>262,015</u>            | <u>267,507</u>            |
| <b>Total assets</b>                               | <b><u>121,165,982</u></b> | <b><u>122,466,663</u></b> |
| <b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>       |                           |                           |
| <b>SHAREHOLDER'S EQUITY</b>                       |                           |                           |
| Capital and reserves (Note 5)                     |                           |                           |
| Ordinary shares                                   | 9,543                     | 9,543                     |
| Retained earnings                                 | <u>279,639</u>            | <u>291,120</u>            |
| <b>Total shareholder's equity</b>                 | <b><u>289,182</u></b>     | <b><u>300,663</u></b>     |
| <b>LIABILITIES</b>                                |                           |                           |
| <b>Non current liabilities</b>                    |                           |                           |
| Preference shares (Note 4)                        | 120,000,000               | 120,000,000               |
| <b>Current liabilities</b>                        |                           |                           |
| Accrued interest payable (Note 4)                 | <u>876,800</u>            | <u>2,166,000</u>          |
| <b>Total liabilities</b>                          | <b><u>120,876,800</u></b> | <b><u>122,166,000</u></b> |
| <b>Total shareholder's equity and liabilities</b> | <b><u>121,165,982</u></b> | <b><u>122,466,663</u></b> |

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, 2009 and 2008  
(Expressed in Euros)

|                                      | <u>2009</u>            | <u>2008</u>           |
|--------------------------------------|------------------------|-----------------------|
| Interest income (Note 3)             | 1,956,969              | 2,874,536             |
| Interest expense (Note 4)            | <u>(1,959,800)</u>     | <u>(2,858,400)</u>    |
| Net interest income                  | (2,831)                | 16,137                |
| Operating expenses                   | <u>(8,649)</u>         | <u>(20,253)</u>       |
| Total expenses                       | (8,649)                | (20,253)              |
| <b>Net income</b>                    | <b><u>(11,481)</u></b> | <b><u>(4,116)</u></b> |
| Retained earnings, beginning of year | 291,120                | 251,132               |
| Retained earnings, end of period     | <b><u>279,639</u></b>  | <b><u>247,016</u></b> |

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, 2009 and 2008  
(Expressed in Euros)

|   | <u>2009</u>           | <u>2008</u>           |
|---|-----------------------|-----------------------|
| <b>Cash flows from operating activities</b>                                       |                       |                       |
| Net income for the year   | (11,481)              | (4,116)               |
| Adjustments to reconcile net income to net cash provided by operating activities: | 2.831                 | (16,136)              |
| Interest received   | 3,252,158             | 3,030,400             |
| (Increase) / Decrease in Debtors  |                       | (7,167)               |
| Increase / (Decrease) in creditors  |                       | 5,000                 |
| Interest paid   | <u>(3,249,000)</u>    | <u>(3,008,400)</u>    |
| <b>Net cash provided by operating activities</b>                                  | <u>(5,492)</u>        | <u>(732)</u>          |
| Increase in cash and cash equivalents   | (5,492)               | (732)                 |
| Cash and cash equivalents, beginning of year                                      | <u>267,507</u>        | <u>235,124</u>        |
| <b>Cash and cash equivalents, end of period</b>                                   | <u><u>262,015</u></u> | <u><u>234,392</u></u> |
|   | <u>_____</u>          | <u>_____</u>          |

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, 2009 and 2008  
(Expressed in Euros)

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

|                              | Issued<br>ordinary<br>shares | Retained<br>earnings | Total    |
|------------------------------|------------------------------|----------------------|----------|
| Balance at December 31, 2007 | 9,543                        | 251,132              | 260,675  |
| Net income                   | -                            | (4,116)              | (4,116)  |
| Balance at June 30, 2008     | 9,543                        | 247,016              | 256,559  |
| Balance at December 31, 2008 | 9,543                        | 291,120              | 300,663  |
| Net income                   | -                            | (11,481)             | (11,481) |
| Balance at June 30, 2009     | 9,543                        | 279,639              | 289,182  |

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, 2009

### 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.

On 22<sup>th</sup> June, 2009 the Company's sole shareholder has adopted the decision to deregister the Company in Cayman Islands and take to effect the transfer by way of continuation of the Company to Spain.

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  
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The accompanying financial statements have been prepared based on the Company's accounting records as of June 30, 2009. The financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Certain standards and interpretations issued by the International Accounting Standards Boards came into effect in 2008. These standards and interpretations, the most relevant of which are set out below, have not had a significant effect on the financial statements:

- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions

## CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements  
for the period ended as of June 30, 2009

- IFRIC 12 - Service Concession Arrangements
- IFRIC 14, IAS 19 – The limit in a Defined Benefit Asset, Minimum Funding Requirement and their interaction

As of the date these financial statements were prepared, some new standards and interpretations have been issued; however are not yet effective. The most relevant standards and interpretations are:

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements.
- IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements.
- IAS 1 Revised Presentation of Financial Statements.
- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation.
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items.
- Improvements to IFRS
- IFRIC 15 – Agreement for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a foreign Operation

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

The significant accounting policies are:

### Accounting principles

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#### 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.

## CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements  
for the period ended as of June 30, 2009

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) Financial Liabilities

Preference Shares that exhibits characteristics of a liability are recognised as a liability in the balance sheet. The corresponding dividends on those shares are charged as interest expense in the income statement.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method.

### d) Interest Income

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

### e) Operating Expenses

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

### f) Preparation of the financial statements in Euros

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

### g) 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, 2009

### 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, 2009 was 2.242%.

Related income is recorded under the "Interest income" caption in the Statements of Income and Retained Earnings of June 30, 2009.

### 4. PREFERENCE SHARES

#### Euro Series A Preference Shares

The preference shares have a par value balance of EUR 120,000,000 as at December 31, 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.

Given that these preferential shares entitle their owners to receive a non-cumulative preferential dividend, payable at certain intervals provided the Company or Group makes a profit, the Company's directors consider that the requirements in IAS 32.16 to classify these preference shares as an equity instrument are not met and, therefore, they are presented as a non-current financial liability. Consequently, the remuneration associated with the preferential shares is no longer considered as a dividend; instead it is considered a financial expense.

The current interest rate at June 30, 2009 was 2.192%. The interest is paid on February 28 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).



## CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements  
for the period ended as of June 30, 2009

The aggregate amount of Euro Series A Preference Shares interest declared and accrued at June 30, 2009 was EUR 1,959,800 (2008: EUR 2,005,600) and is recorded under the "Interest expense" caption of the Statement of Income and Retained Earnings as of June 30, 2009.

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 30, 2009 their market value per share was 100.737%.

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.

### 5. SHARE CAPITAL

Authorised share capital is as follow:

|  | Euros        |              |
|--|--------------|--------------|
|  | 2009         | 2008         |
| 10,000 Ordinary shares of US\$ 1.00 each | 9,543        | 9,543        |
|  | <u>9,543</u> | <u>9,543</u> |

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

|  | Euros        |              |
|--|--------------|--------------|
|  | 2009         | 2008         |
| 10,000 Ordinary shares of US\$ 1.00 each | 9,543        | 9,543        |
|  | <u>9,543</u> | <u>9,543</u> |

## CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements  
for the period ended as of June 30, 2009

### Ordinary shares

As at June 30, 2009, 10,000 Ordinary shares had been issued at par and are owned by the Bank.

## 6. 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.

## 7. 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 reconvention 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.

## 8. RELATED PARTY TRANSACTIONS

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

| June 2009                       | Euros                 |                       |
|---------------------------------|-----------------------|-----------------------|
|                                 | Balances<br>Dr / (Cr) | Income/<br>(Expenses) |
| Euro Time Deposit with the Bank | 120,000,000           | 1,956,969             |
| Euro Deposit Account            | 262,015               |                       |

## CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements  
for the period ended as of June 30, 2009

| June 2008                       | Euros                 |                       |
|---------------------------------|-----------------------|-----------------------|
|                                 | Balances<br>Dr / (Cr) | Income/<br>(Expenses) |
| Euro Time Deposit with the Bank | 120,000,000           | 2,858,400             |
| Euro Deposit Account            | 247,016               |                       |

### 9. 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, credit 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 exposure is with the Bank (ultimate parent company), a Spanish financial institution rated A- by Fitch.

### 10. 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.

**CAJA SAN FERNANDO PREFERENCE LIMITED**

Notes to the financial statements  
for the period ended as of June 30, 2009

**11. SUBSEQUENT EVENTS**

No events have taken place to date since June 30, 2009 which significantly affect or change the contents of these financial statements.

Seville (Spain) on July 30, 2009



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D. Juan Salido Freyre  
Director



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D. Rafael Jiménez Luz  
Director-Secretary

**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, 2009, 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 period then ended and the Management Report for the period ended June 30, 2009.

The members of the Board of Directors declare that, to the best of their knowledge, the Financial Statements for the period ended June 30, 2009 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 30, 2009



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D. Juan Salido Freyre  
Director



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D. Rafael Jiménez Luz  
Director-Secretary

## MANAGEMENT REPORT 2009

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 instruments to cover risks, does not have any activities in relation to Research & Development and does not have any transactions with treasury shares.

Seville (Spain) on July 30, 2009



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D. Juan Salido Freyre  
Director



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D. Rafael Jiménez Luz  
Director-Secretary

