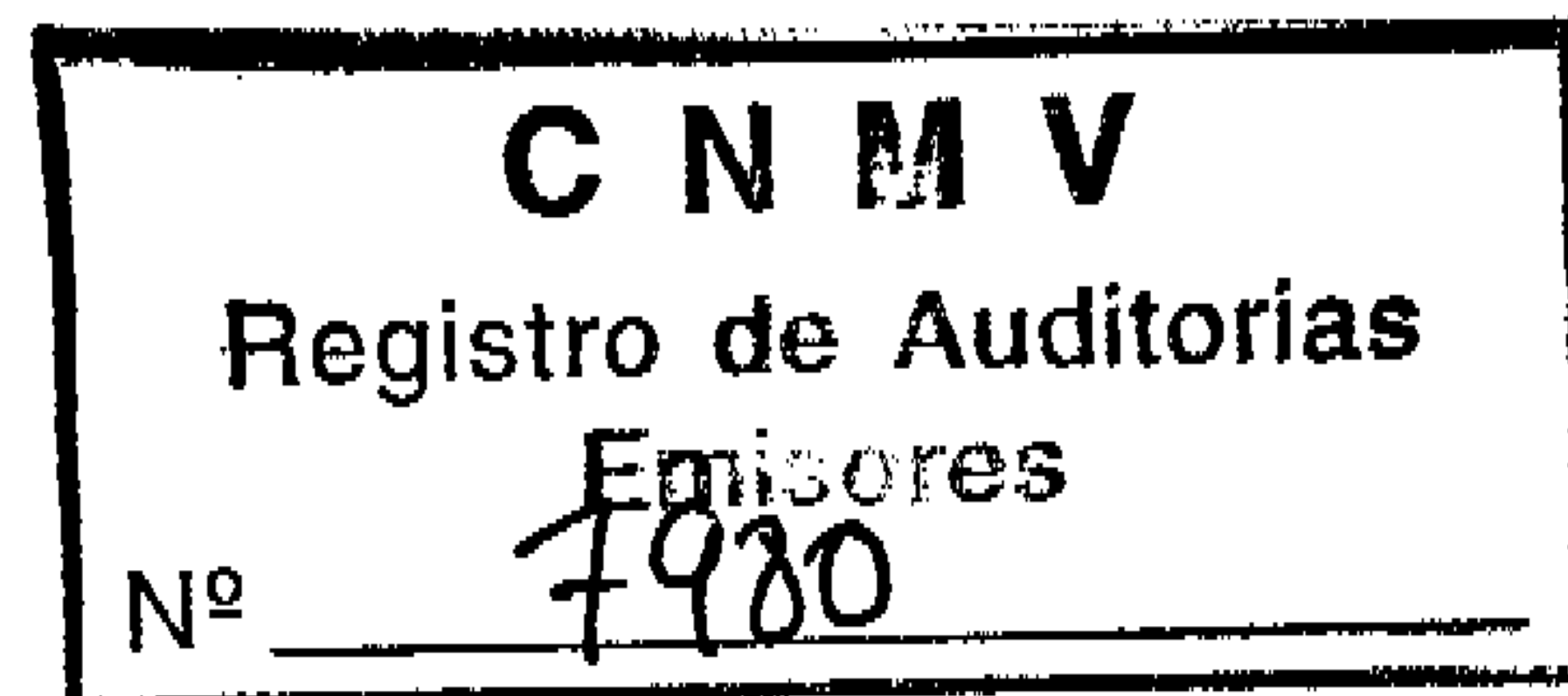


INDEPENDENT AUDITORS' REPORT

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**CAJA SAN FERNANDO PREFERENCE LIMITED
FINANCIAL STATEMENTS**

December 31, 2002



INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report to the Shareholders of CAJA SAN FERNANDO PREFERENCE LIMITED

We have audited the financial statements of CAJA SAN FERNANDO PREFERENCE LIMITED for the year ended December 31, 2002 which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and the related notes 1 to 9. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of December 31, 2002 and of the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

ERNST & YOUNG

June 26, 2003

CAJA SAN FERNANDO PREFERENCE LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2002

CAJA SAN FERNANDO PREFERENCE LIMITED
Income Statement as at December 31, 2002
(expressed in Euros)

	<u>2002</u>	<u>2001</u>
Interest income (notes 3 and 7)	<u>6,104,476</u>	<u>2,326,356</u>
	<u>6,104,476</u>	<u>2,326,356</u>
Operating expenses	(17,658)	(47,606)
Exchange rate expenses	-	(676)
	<u>(17,658)</u>	<u>(48,282)</u>
Net income for the period	<u>6,086,818</u>	<u>2,278,074</u>

Signed on behalf of the Board

RAFAEL JIMENEZ LUZ
DIRECTOR

George Town (Cayman Islands) on June 25, 2003

The accompanying notes are an integral part of the financial statements

CAJA SAN FERNANDO PREFERENCE LIMITED
 Balance Sheet as at December 31, 2002
 (expressed in Euros)

	<u>2002</u>	<u>2001</u>
ASSETS		
Financial assets (notes 3 and 7)	120,000,000	120,000,000
Accrued interest income	1,470,819	2,326,356
Cash and cash equivalents (note 7)	5,776	978
	<u>121,476,595</u>	<u>122,327,334</u>
Total assets		
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shares (note 4)	9,543	11,703
Preference shares (note 4)	120,000,000	120,000,000
Retained earnings	20,252	(28,228)
	<u>120,029,795</u>	<u>119,983,475</u>
Total equity		
Accrued dividends payable (note 4)	1,446,800	2,306,302
Other payables	-	37,557
	<u>1,446,800</u>	<u>2,343,859</u>
Total liabilities		
	<u>121,476,595</u>	<u>122,327,334</u>
Total equity and liabilities		

Signed on behalf of the Board

 RAFAEL JIMENEZ LUZ
 DIRECTOR

George Town (Cayman Islands) on June 25, 2003

The accompanying notes are an integral part of the financial statements

CAJA SAN FERNANDO PREFERENCE LIMITED
Cash Flow Statement as at December 31, 2002
(expressed in Euros)

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	6,086,818	2,278,074
Adjustments for:		
Interest Income	(6,104,476)	(2,326,356)
Increase/(Decrease) in other payables	(37,557)	37,557
Net cash flows from/ (used) in operating activities	<u>(55,215)</u>	<u>(10,725)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest collected	6,960,013	-
Payments for investments	-	(120,000,000)
Net cash flows used in investing activities	<u>6,960,013</u>	<u>(120,000,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(6,900,000)	-
Proceeds from the issuance of ordinary shares	-	11,703
Proceeds from the issuance of preference shares	-	120,000,000
	-	-
Net cash flows from financing activities	<u>(6,900,000)</u>	<u>120,011,703</u>
Increase in cash and cash equivalents	4,798	978
Cash and cash equivalents, beginning of period	978	-
Cash and cash equivalents, end of period	<u>5,776</u>	<u>978</u>

Signed on behalf of the Board

RAFAEL JIMENEZ LUZ
DIRECTOR

George Town (Cayman Islands) on June 25, 2003

The accompanying notes are an integral part of the financial statements

CAJA SAN FERNANDO PREFERENCE LIMITED

Statement of Changes in Equity as at December 31, 2002

(expressed in Euros)

	<u>Issued ordinary shares</u>	<u>Issued preference shares</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at May 17, 2001	-	-	-	-
Issue of share capital:				
Ordinary shares	11,703	-	-	11,703
Euro Serie A Preference Shares	-	120,000,000	-	120,000,000
Net profit for the period	-	-	2,278,074	2,278,074
Dividends accrued of preference shares	-	-	(2,306,302)	(2,306,302)
Balance at December 31, 2001	11,703	120,000,000	(28,228)	119,983,475
Issue of share capital:				
Ordinary shares	-	-	-	-
Euro Serie A Preference Shares	-	-	-	-
Net profit for the year	-	-	6,086,818	6,086,818
Dividends paid of preference shares	-	-	(4,593,698)	(4,593,698)
Interim dividends paid	-	-	(1,446,800)	(1,446,800)
Foreign exchange differences	<u>(2,160)</u>	<u>-</u>	<u>2,160</u>	<u>-</u>
Balance at December 31, 2002	<u>9,543</u>	<u>120,000,000</u>	<u>20,252</u>	<u>120,029,795</u>

George Town (Cayman Islands) on June 25, 2003

RAFAEL JIMÉNEZ LUZ
DIRECTOR

The accompanying notes are an integral part of the financial statements

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the Financial Statements as at December 31, 2002

(expressed in Euros)

1. INCORPORATION AND ACTIVITY

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

All ordinary shares are owned by Caja de Ahorros Provincial de Sevilla y Jerez, Caja San Fernando (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. The proceeds of issuance of preference shares are deposited with the Bank in an interest earning account.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company's financial statements have been prepared in accordance with standards issued, or adopted, by the International Accounting Standards Board and interpretations issued by its Standard Interpretations Committee (actual IFRIC). The financial statements have been prepared on an historical cost basis. The summary of significant accounting policies are:

a) Interest income

Interest income is recorded on the accrual basis.

b) Financial assets

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associates with the investment.

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

c) Cash and cash equivalents

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

d) Foreign currency translation

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

e) Preparation of the financial statements in euros

The Company has prepared its financial statements in euros since the most significant assets and liabilities are denominated in euros.

3. FINANCIAL ASSETS

Financial assets include a time deposit which earn interest on a half-yearly basis, at a variable rate constituted by the sum of 6 month EURIBOR plus a margin that will be fixed by the parties concerned, 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 Issue. At the request of the depositor, Caja San Fernando will proceed to reimburse all or part of the deposit so that the depositor 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 these time deposit is tied to the redemption date of the Euro Series A Preferences Shares.

Related income is recorded under the "Interest income" caption in the Income Statement of December 31, 2002.

4. SHARE CAPITAL

Authorised share capital is as follow:

	Euros	
	2002	2001
10,000 Ordinary shares of US\$ 1.00 each	9,543	11,703
800,000 Series A Non Cumulative Guaranteed Non Voting Euro Preference Shares of EUR 300 each	240,000,000	240,000,000
	<u>240,009,543</u>	<u>240,011,073</u>

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

	Euros	
	2002	2001
10,000 Ordinary shares of US\$ 1.00 each	9,543	11,703
400,000 Series A Non Cumulative Guaranteed Non Voting Euro Preference Shares of EUR 300 each	120,000,000	120,000,000
	<u>120,009,543</u>	<u>120,011,073</u>

Ordinary shares

As at December 31, 2002, 10,000 Ordinary shares had been issued at par and are owned by Caja de Ahorros Provincial de Sevilla y Jerez, Caja San Fernando (the "Bank").

Euro Series A Preference Shares

The preference shares have a balance of EUR 120,000,000 as at December 31, 2002. These shares entitle holders to receive non-cumulative preferential cash dividends, at a rate of six months Euribor plus 0.25% payable half-yearly. The dividend is paid on February and August.

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 Spain and the Guarantor, 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 dividends accrued during 2002 was EUR 1,446,800 (2001:EUR 2,306,302) and is recorded under the "Interest dividends paid" caption of the Statement of changes in equity as of December 31, 2002. This total amount correspond to unpaid dividends as of December 31, 2002 and is recorded under "Accrued dividends payable" caption of the Balance sheet.

Shareholders with preferential Euro Series A Preferences Shares are to receive dividends if sufficient "distributable profit" is generated 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.

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

1. Unpayment of four correlative dividends
2. Changes in bylaws of the Issuer that affect to Euro Series A Preference Shares
3. Agreements for dissolution of the Issuer

5. TAXATION

Under the Cayman Islands Tax Concessions Law (Revised), the Governor-in-Council of the Cayman Islands issued an undertaking to the Company on May 17, 2001 exempting it from all local income, profit or capital gains taxes. The undertaking has been issued for a period of twenty years and at the present time, no such taxes are levied in the Cayman Islands. Accordingly, no provision for taxes on the Company's income in the Cayman Islands is recorded.

6. GUARANTEE FROM THE SHAREHOLDER

Subject to certain limitations, Caja San Fernando (the "Guarantor") 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.

7. RELATED PARTY TRANSACTIONS

	Euros	
	Balances Dr/(Cr)	Income/(Expenses)
Year 2002		
Time deposit in shareholder Euro Deposit Account	120,000,000 5,776	6,104,476 -
Year 2001		
Time deposit in shareholder Euro Deposit Account Other liabilities	120,000,000 978 37,557	2,326,356 - (37,557)

8. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company's financial instruments comprise time deposits and some cash and liquid resources.

The Company has sought to reduce its risks as much as possible. In this regard, the following should be highlighted:

a) Interest risk

According to the Pricing Supplement of the Issue, the interest rate on the time deposit is established so that financial income is similar to the Company's financial obligations and operational expenses, and therefore there is no interest risk.

b) Liquidity risk

According to the Pricing Supplement of the Issue, the financial institution where the time deposit was made agreed to reimburse all or part of the deposit so that the depositor can make the necessary payments. Consequently, there is no liquidity risk.

c) Credit risk

The only credit risk is with the sole shareholder and therefore the risk is minimal.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments utilized by the Company include recorded assets. 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.

George Town (Cayman Islands) on June 25, 2003

RAFAEL JIMENEZ LUZ
DIRECTOR

CAJA SAN FERNANDO PREFERENCE LIMITED

Register of Directors as at December 31, 2002

<u>Name</u>	<u>Nationality</u>	<u>Election date</u>
Juan Salido Freyre	Spanish	05.23.2001
Rafael Jimenez Luz	Spanish	05.23.2001
Robert Frederik Bauer	Dutch	05.23.2001
Anthony Baker	British	05.23.2001
Philip Hinds	British	05.23.2001