



CAJA SAN FERNANDO PREFERENCE LIMITED

Financial Statements
Year ended December 31, 2008
with Report of Independent Auditors

Independent Auditor's Report

To the Board of Directors of Caja San Fernando Preference Limited
by appointment of the Board of Directors

We have audited the accompanying financial statements of Caja San Fernando Preference Limited (the "Company") which comprise the balance sheet as at December 31, 2008 and the income and retained earnings and cash flows statement and statement of changes in shareholder's equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

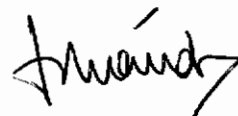
Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Caja San Fernando Preference Limited as of December 31, 2008 and of its financial performance and its cash flows and the changes in its equity for the year then ended in accordance with International Financial Reporting Standards.

The accompanying management report for the year ended December 31, 2008 contains such explanations as the Company's directors consider appropriate concerning the situation of Caja San Fernando Preference Ltd., the evolution of their business and other matters, and is not an integral part of the financial statements. We have checked that the accounting information included in the management report mentioned above agrees with the financial statements for the year ended December 31, 2008. Our work as auditors is limited to verifying the management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of the Company.

This report is made solely to the directors, as a body. Our audit work has been undertaken so that we might state to the directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the directors as a body, for our audit work, for this report, or for the opinions we have formed.

ERNST & YOUNG, S.L.



José Carlos Hernández Barrasús

April 1, 2009

CAJA SAN FERNANDO PREFERENCE LIMITED

Balance sheets as of December 31, 2008 and 2007

(Expressed in Euros)

	<u>2008</u>	<u>2007</u>
ASSETS		
Investments (Note 3)	120,000,000	120,000,000
Accrued interest income	2,191,989	2,031,151
Debtors	7,167	-
Cash and cash equivalents (Note 2)	<u>267,507</u>	<u>235,124</u>
Total assets	<u>122,466,663</u>	<u>122,226,275</u>
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	<u>291,120</u>	<u>251,132</u>
Total shareholder's equity	<u>120,300,663</u>	<u>120,260,675</u>
LIABILITIES		
Accrued dividends payable (Note 4)	<u>2,166,000</u>	<u>2,005,600</u>
Total liabilities	<u>2,166,000</u>	<u>2,005,600</u>
Total shareholder's equity and liabilities	<u>122,466,663</u>	<u>122,266,275</u>

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 years ended as of December 31, 2008 and 2007
(Expressed in Euros)

	<u>2008</u>	<u>2007</u>
Interest income (Note 3)	<u>6,019,712</u>	<u>5,340,905</u>
Net interest income	6,019,712	5,340,905
Operating expenses	<u>(27,524)</u>	<u>(4,862)</u>
Total expenses	(27,524)	(4,862)
Net income	<u>5,992,188</u>	<u>5,336,043</u>
Retained earnings, beginning of year	<u>251,132</u>	<u>191,888</u>
Dividends (Note 4)	<u>(5,952,200)</u>	<u>(5,276,799)</u>
Retained earnings, end of year	<u>291,120</u>	<u>251,132</u>

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

CAJA SAN FERNANDO PREFERENCE LIMITED
Cash flows statement
for the years ended as of December 31, 2008 and 2007
(Expressed in Euros)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Net income for the year	5,992,188	5,336,043
Adjustments to reconcile net income to net cash provided by operating activities		
(Increase) / Decrease in interest receivables	(160,838)	(531,052)
(Increase) / Decrease in Debtors	<u>(7,167)</u>	<u>-</u>
Net cash provided by operating activities	<u>5,824,183</u>	<u>4,804,991</u>
Cash flows from financing activities		
Dividends paid	<u>(5,791,800)</u>	<u>(4,747,199)</u>
Net cash used in financing activities	<u>(5,791,800)</u>	<u>(4,747,199)</u>
Increase in cash and cash equivalents	32,383	57,792
Cash and cash equivalents, beginning of year	<u>235,124</u>	<u>177,332</u>
Cash and cash equivalents, end of year	<u><u>267,507</u></u>	<u><u>235,124</u></u>
<u>Supplemental cash flow information</u>		
Interest received	5,858,874	4,809,853

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 years ended December 31, 2008 and 2007
(Expressed in Euros)

	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	-	-	5,336,043	5,336,043
Dividends paid on preferences shares	-	-	(3,271,199)	(3,271,199)
Interim dividends declared	-	-	(2,005,600)	(2,005,600)
Balance at December 31, 2007 ^o	<u>9,543</u>	<u>120,000,000</u>	<u>251,132</u>	<u>120,260,675</u>
Net income	-	-	5,992,188	(5,992,188)
Dividends paid on preferences shares	-	-	(3,786,200)	(3,786,200)
Interim dividends declared	-	-	(2,166,000)	(2,166,000)
Balance at December 31, 2008	<u>9,543</u>	<u>120,000,000</u>	<u>291,120</u>	<u>120,300,663</u>

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 year ended as of December 31, 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, "Cajasol" (the "Bank"), which uses the company for fund raising transactions.

All the administrative services are performed by Maples Finance (formerly Queensgate SPV Services Ltd.). 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 Confederación 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.

These Financial Statements were authorized for issue by the Directors on March 27, 2009.

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 December 31, 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 year ended as of December 31, 2008

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
- 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

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.

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements
for the year ended as of December 31, 2008

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.

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).

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements
for the year ended as of December 31, 2008

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 December 31, 2008 was 3.271%.

Related income is recorded under the "Interest income" caption in the Statements of Income and Retained Earnings of December 31, 2008.

4. SHARE CAPITAL

Authorised share capital is as follow:

	Euros	
	2008	2007
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	
	2008	2007
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>

Ordinary shares

As at December 31, 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 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. The current dividend rate at December 31, 2008 was 3.221%. The dividend is paid on February 28 and August 31.

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements
for the year ended as of December 31, 2008

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 December 31, 2008 was EUR 2,166,000 (2007: EUR 2,005,600) and is recorded under the "Interim dividends" caption of the Statement of Income and Retained Earnings as of December 31, 2008. This total amount corresponds to unpaid dividends as of December 31, 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 December 31, 2008 their market value per share was 101.73%.

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. 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 reconvention to which the Company may be entitled or which may be invoked by the Company.

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements
for the year ended as of December 31, 2008

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	6,019,687
Euro Deposit Account	267,507	25

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, 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.

CAJA SAN FERNANDO PREFERENCE LIMITED

Notes to the financial statements
for the year ended as of December 31, 2008

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 December 31, 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 December 31, 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 December 31, 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 2008 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 March 27, 2009

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D. Juan Salido Freyre
Director

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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 instruments 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 March 27, 2009

D. Juan Salido Freyre
Director

D. Rafael Jiménez Luz
Director-Secretary