

SABADELL INTERNATIONAL EQUITY LTD.

FINANCIAL STATEMENTS

DECEMBER 31, 2008

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF SABADELL INTERNATIONAL EQUITY LTD.

We have audited the accompanying financial statements of Sabadell International Equity Ltd. (the "Company") which comprise the balance sheet as of December 31, 2008 and the statement of income, statement of changes in shareholder's equity and statement of cash flows 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.

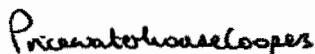
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion we draw attention to the fact that, as explained in the explanatory notes to these financial statements, the Company's sole purpose is to raise funds in the capital markets on behalf of its parent, Banco de Sabadell S.A. Accordingly, users of these financial statements should read the financial statements in conjunction with the audited financial statements of Banco de Sabadell S.A.



June 4, 2009

SABADELL INTERNATIONAL EQUITY LTD.

BALANCE SHEET

(Expressed in Euros)

	<u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
ASSETS		
Cash at bank (Note 4)	77,205	77,220
Certificates of deposit (Note 4)	<u>250,000,000</u>	<u>250,000,000</u>
Total assets	<u>€250,077,205</u>	<u>€250,077,220</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Accounts payable and accrued liabilities	20,931	18,798
Series A preference shares (Note 3)	<u>250,000,000</u>	<u>250,000,000</u>
Total liabilities	<u>250,020,931</u>	<u>250,018,798</u>
Shareholder's equity		
Share capital (Note 5)	857	857
Retained earnings	<u>55,417</u>	<u>57,565</u>
Total shareholder's equity	<u>56,274</u>	<u>58,422</u>
Total liabilities and shareholder's equity	<u>€250,077,205</u>	<u>€250,077,220</u>

Approved for issuance on behalf of Sabadell International Equity Ltd.'s Board of Directors by:

Maria Verges

.....
Director

April 30, 2009

.....
Date

The accompanying notes are an integral part of these financial statements.

SABADELL INTERNATIONAL EQUITY LTD.**STATEMENT OF INCOME**

(Expressed in Euros)

	Year ended <u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
Revenues		
Interest income (Note 4)	<u>11,616,708</u>	<u>10,130,120</u>
Total revenues	<u>11,616,708</u>	<u>10,130,120</u>
Expenses		
Preference shares dividends (Note 3)	11,595,004	10,102,970
Audit fees	11,200	12,007
Other general and administrative expenses	<u>12,652</u>	<u>15,314</u>
Total expenses	<u>11,618,856</u>	<u>10,130,291</u>
Net loss	€(<u>2,148</u>)	€(<u>171</u>)

The accompanying notes are an integral part of these financial statements.

SABADELL INTERNATIONAL EQUITY LTD.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(Expressed in Euros)

	Share capital	Retained earnings	Total
Balance at December 31, 2006	857	57,736	58,593
Net loss	_____ -	(_____ 171)	(_____ 171)
Balance at December 31, 2007	857	57,565	58,422
Net loss	_____ -	(_____ 2,148)	(_____ 2,148)
Balance at December 31, 2008	€ _____ <u>857</u>	€ _____ <u>55,417</u>	€ _____ <u>56,274</u>

The accompanying notes are an integral part of these financial statements.

SABADELL INTERNATIONAL EQUITY LTD.**STATEMENT OF CASH FLOWS**

(Expressed in Euros)

	Year ended <u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Net loss	(2,148)	(171)
Adjustments to reconcile net loss to net cash used in operating activities:		
Decrease/(increase) in accrued interest receivable	-	2,050,000
(Decrease)/increase in preference dividend due	-	(2,050,000)
Increase in accounts payable and accrued liabilities	<u>2,133</u>	<u>4,244</u>
Net cash (used in)/provided by operating activities	(<u>15</u>)	<u>4,073</u>
Net (decrease)/increase in cash and cash equivalents during the year	(15)	4,073
Cash and cash equivalents beginning of year	<u>77,220</u>	<u>73,147</u>
Cash and cash equivalents end of year	€ <u>77,205</u>	€ <u>77,220</u>
 Net cash used in operating activities includes:		
Preference shares dividends paid	€ 11,595,004	€ 12,152,970
Interest received	€ 11,616,708	€ 12,180,120

The accompanying notes are an integral part of these financial statements.

SABADELL INTERNATIONAL EQUITY LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

1. Incorporation and activity

Sabadell International Equity Ltd. (the "Company") was incorporated as an exempted company under the laws of the Cayman Islands on May 26, 1998. The registered office of the Company is P.O. Box 309, Ugland House, George Town, Grand Cayman. The Company, a wholly owned subsidiary of Banco de Sabadell, S.A. a financial institution incorporated in Spain (the "Parent"), was established to issue Preference Shares, the proceeds of which would be placed with the Parent and used for general funding purposes. The Company has no employees.

2. Significant accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS").

Use of estimates

The financial statements are prepared in accordance "IFRS". IFRS requires management to make estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

New and amended standards and interpretations effective January 1, 2008.

IFRIC 11, IFRS 2 – Group and treasury share transactions, provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Company's financial statements

IFRIC 12 – Service concession arrangements (effective for periods beginning on or after January 1 2008) does not impact the Company as the Company has no service concession arrangements in place.

All other new standards, amendments and interpretations effective for the year ended December 31, 2008 did not have any impact on the Company's operations.

Standards, interpretations and amendments to published standards that are not yet effective

The following standards, interpretations and amendments to published standards have been published that are mandatory for accounting periods beginning after January 1, 2009 or later periods that the Company has not early adopted:

IAS 39 and IFRS 7 – Reclassification of financial assets (effective from July 1, 2008) – permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss) out of fair value through profit or loss in certain circumstances. It also allows the transfer of an asset from the available for sale category to the loans and receivables category if the entity has the intention and ability to hold the financial asset in the foreseeable future. This does not impact the Company as the Company has not chosen to reclassify any of their financial assets.

SABADELL INTERNATIONAL EQUITY LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

2. Significant accounting policies (continued)

IFRS 8 – Operating Segments (effective from January 1, 2009) replaces IAS 14, “Segment Reporting”. The new Standard requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. This standard is not applicable to the Company's operations.

IAS 1 – Presentation of Financial Statements (Revised and effective January 1, 2009) results in a new requirement that all changes in equity arising from transactions with owners in their capacity as owners (i.e., owner changes in equity) are presented separately from non-owner changes in equity. In order to do this, an entity will no longer be permitted to present components of comprehensive income (i.e., non-owner changes in equity) in the statement of changes in equity. Instead, a new “statement of comprehensive income” will be required.

IFRS 1 and IAS 27 (Revised and effective January 1, 2009) - allows first time adopters of IFRS 1 to use a deemed cost option for determining the cost of an investment in a subsidiary, jointly controlled entity or associate. This amendment will not impact the Company as the Company's financial statements are currently prepared in accordance with IFRS.

IFRS 2 (Amended and effective January 1, 2009) - clarifies that vesting conditions are performance and service conditions only and that cancellations of share options by parties other than the entity are to be accounted for in the same way as cancellations by the entity. The standard will not affect the Company as it does not issue share options.

IFRS 3 and IAS 27 (Revised and effective July 1, 2009) – the most significant amendments are that acquisition related costs as part of a business combination will now be recognised as an expense in the income statement when incurred and not as goodwill. The contingent consideration must also be recognised and measured at fair value at the acquisition date. The amendment to IAS 27 requires that changes in a parent's ownership interest in a subsidiary that does not result in a loss in control should be accounted for within equity. The amendments will only impact the Company where business combinations occur after the effective date.

IAS 32 – Financial instruments puttable at fair value (Revised and effective January 1, 2009) - requires the classification of certain puttable financial instruments and financial instruments that impose on the issuer an obligation to deliver a pro rata share of the equity on liquidation as equity. The amendment is not expected to impact the Company as the Company's preference shares are not the most subordinated class of shares.

IAS 39 – Eligible hedged items (amended and effective for period beginning after July 1, 2009) – this amendment is not expected to impact the Company as it has no hedged items.

The applications of these new standards and interpretation will not have a material impact on the Company's financial statements in the period of initial application.

SABADELL INTERNATIONAL EQUITY LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

2. Significant accounting policies (continued)

Foreign currency translation

As a wholly owned subsidiary of the Parent the financial statements of the Company have been presented in Euros. Consequently, Euro is the Company's presentational and functional currency as the majority of the Company's transactions are denominated in Euros. Transactions denominated in a foreign currency are translated at rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Any resulting exchange gain or loss is recorded in the Statement of Income.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances on deposit with Banco de Sabadell S.A.

Income and expenses

Interest income and preference shares dividends are recognised in the income statement using the effective interest rate method.

Certificates of deposit

Certificates of deposit represent term cash deposits held with the Parent. These instruments are classified as held-to-maturity and are stated at amortized cost; any difference between the original proceeds and the redemption value is recognized in the statement of income using the effective interest rate method.

Expenses

All expenses are recognised in the income statement on the accrual basis.

Preference shares

Preference shares, which carry a non-discretionary mandatory coupon, are classified as financial liabilities. The dividends on the shares are recognized in the income statement as an expense using the effective interest rate method.

Taxation

The Cayman Islands does not currently levy taxes on income, profit, capital or capital gains and the Company has been granted an exemption until July 7, 2018 on any such taxes which might be introduced. The Company intends to conduct its affairs so as not to be liable to taxation in any other jurisdiction. Accordingly, no provision for taxes has been made in these financial statements. Depending upon the tax status of the Company's shareholder, the tax effect of the Company's activities may accrue to the shareholder.

SABADELL INTERNATIONAL EQUITY LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

3. Preference shares

On March 30, 1999, the Company issued 500,000, Series A Non-Cumulative Guaranteed Non Voting Euro Preference Shares ("Series A Euro Preference Shares"), with a nominal value of €500 per share, in accordance with the terms and conditions set out in the Articles of Association of the Company and the Prospectus related to the issue of the Series A Euro Preference Shares.

The dividend payment dates are set at March 31, June 30, September 30 and December 31 in each year or the next Business Day (as defined in the Articles of Association of the Company) should any such date not fall on a Business Day.

The dividend rate is set at European Inter-bank Offering Rate (EURIBOR) plus 0.20 percent per annum. The dividend rate fluctuated between 4.293% and 4.753% p.a. between January 1, 2008 and December 31, 2008 (2007: between 3.283% and 4.293% p.a.)

The payment of accrued but unpaid dividends (whether or not declared) and payments on liquidation of the Company or redemption of the Series A Euro Preference Shares are guaranteed by the Parent subject to certain terms and conditions set out in the guarantee executed by the Parent and in the offering particulars.

The Series A Euro Preference Shares are redeemable in whole or in part at the option of the Company subject to prior consent of the Bank of Spain at any moment after 5 years from the Issue Date upon not less than 30 nor more than 60 days notice to the holders thereof (which notice shall be irrevocable). Holders of Series A Euro Preference Shares have no rights of redemption.

4. Related party transactions and significant agreements and transactions with affiliates

Cash accounts and certificates of deposit are held with the Parent. The cash accounts are held on normal commercial terms and conditions. The subordinated certificates of deposit are equivalent to the fully paid value of the Series A Euro Preference Shares and are due to mature on March 31, 2009 (2007: March 31, 2008). Interest is to be paid at 4.768% p.a. for the period March 31, 2008 to March 31, 2009 (2007: period ended March 31, 2007 to March 31, 2008 4.313% p.a.). Payment dates are in line with the dividend payment dates of the Series A Euro Preference Shares. The certificates of deposit are subordinated liabilities of the Parent subject to the terms and conditions of the amended deposit agreement between the Company and Banco de Sabadell S.A.

5. Share capital

The Company's authorised capital consists of 50,000 ordinary shares of US\$1 each, of which 1,000 ordinary shares have been issued, fully paid and outstanding at December 31, 2008 (2007: 1,000 shares). The Company's authorised capital also consists of 500,000, Series A Non-Cumulative Guaranteed Non Voting Euro Preference Shares ("Series A Euro Preference Shares"), with a nominal value of €500 per share. The preference shares have been presented as financial liabilities on the balance sheet.

SABADELL INTERNATIONAL EQUITY LTD.

NOTES TO FINANCIAL STATEMENTS

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6. Financial instruments and associated risks

The following describes the nature and extent of the risks associated with the financial instruments outstanding at the balance sheet date.

Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices, as relevant. As discussed below, the Company's assets and liabilities are primarily exposed to cash flow interest rate risk fluctuations, though this risk is minimal. The foreign exchange risk is negligent as only certain service provider fees are paid in currency other than the functional currency.

Credit risk

Credit risk is the risk of counterparty default. The Company is exposed to the credit risk of the counterparties with which it deals. Financial assets which potentially expose the Company to a concentration of credit risk consist of cash accounts and certificates of deposit. The Company places all funds with the Parent company (refer to Note 4), whose credit rating is A1 (Moody's) and as a result does not expect a significant risk from this concentration.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal circumstances. The Company seeks to minimize liquidity risk and volatility by using the passive strategy of buying certificates of deposit and holding these until maturity of its liability instruments. The intention is not to engage in active trading for better returns, but to invest in Parent company's certificates of deposit with maturities or durations that match the Company's sources of funding. As the Company's cash inflows and outflows are occurring on a back-to-back basis, the Company does not expect to be exposed to liquidity risk. The assets and liabilities are either callable on demand or have maturities of three months or less.

Interest rate risk

The Company is not exposed to significant interest rate risk as the Company's Parent is able to adjust the rates on its certificates of deposit to match the dividend rates on the Series A Euro Preference Shares (refer to Note 3 and Note 4). The Company's interest rate related cash inflows and outflows are nearly perfectly matched and as such do not result in any significant interest rate risk. Accordingly, no interest rate sensitivity analysis has been presented.

Fair values

At December 31, 2008, the carrying amounts of the Company's financial assets and liabilities approximated their fair value due to the presumed short term maturity and relatively small fixed margin component of its interest rates.

7. Subsequent events

On March 24, 2009 a directors resolution was passed where a floor rate of 4.50% was set on preference share dividends for the period April 1, 2009 to March 31, 2011, subject to the receipt of the required consent from holders of the Preference shares.

Approval of the Financial Statements

The financial statements were approved by the Board of Directors on April 30, 2009.

**INFORME DE GESTION CORRESPONDIENTE AL EJERCICIO ANUAL
TERMINADO EL 31 DE DICIEMBRE DE 2008**

Durante el ejercicio 2008 la Sociedad Sabadell Internacional Equity, Ltd. No ha realizado ninguna emisión de Participaciones Preferentes.

La sociedad tiene garantizadas las emisiones que realiza por su accionista único, BANCO SABADELL, S.A.

a) Cuenta de Perdidas y Ganancias

El resultado del ejercicio 2008 ha sido de 2,148 euros de perdidas.

Los ingresos financieros de la Sociedad durante el ejercicio han ascendido a 11,616,708 euros. Los gastos financieros se han cifrado en 11,595,004 euros.

Por otra parte, los gastos generales ascendieron a 11,200 euros.

Asimismo, los gastos de auditorías ascendieron a 12,652 euros.

Debido a su actividad, la Sociedad no incurre en gastos relativos al medio ambiente.

La Sociedad tampoco incurre en gastos de personal ya que no dispone de plantilla. La gestión de la Sociedad se realiza por personal externo de Maples & Calder.

b) Distribución de Resultados

El resultado negativo de 2,148 euros se cargara a las reservas de la Sociedad.

c) Acciones propias en cartera y de la sociedad dominante

La Sociedad no ha realizado durante el ejercicio 2008 adquisiciones ni enajenaciones de sus propias acciones o de la sociedad dominante, Banco Sabadell, S.A.

d) Investigación y desarrollo

Durante el presente ejercicio, la Sociedad no ha incurrido en ningún gasto por Investigación y Desarrollo.

e) Acontecimientos de importancia ocurridos con posterioridad al cierre del ejercicio

Desde el 31 de diciembre de 2008 hasta la fecha de formulación de estas cuentas anuales a 30 Abril de 2009, no han sucedido hechos significativos que afecten la imagen fiel de la Sociedad.

f) Perspectivas para el ejercicio 2008

En el ejercicio 2009, la Sociedad mantendrá su objeto social y se prevé una evolución de las actividades de la sociedad de forma similar a la desarrollada en el ejercicio 2008.

g) Aprobación del Consejo de Administración

Informe de Gestión de la Sociedad correspondiente al ejercicio 2008 que formula el Consejo de Administración de Sabadell Internacional Equity, Ltd., en su sesión celebrada el día 30 Abril de 2009.

Don Joan Faus Grieria, actuando como Director de la Sociedad Sabadell Internacional Equity, Ltd., y en representación del Consejo de Administración d dicha sociedad, firma el presente informe de gestión.

Joan Faus Grieria
Director

30 Abril 2009

DECLARACIÓN DE RESPONSABILIDAD DEL INFORME FINANCIERO ANUAL

Don Joan Faus Grieria, actuando como Director de la Sociedad Sabadell Internacional Equity, Ltd., y en representación del Consejo de Administración de dicha Sociedad, declara que, hasta donde alcanza su conocimiento, las Cuentas Anuales correspondientes al ejercicio 2008, formuladas en la reunión de 30 de Abril de 2009, elaboradas con arreglo a los principios de la contabilidad aplicables, ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados de Sabadell Internacional Equity, Ltd., y que el informe de gestión incluye un análisis fiel de la evolución y de los resultados empresariales y de la posición de Sabadell Internacional Equity, Ltd., junto con la descripción de los principales riesgos e incertidumbres a que se enfrentan.

Joan Faus Grieria
Director

30 Abril 2009