CAJA DE AHORROS Y MONTE DE PIEDAD DE CÓRDOBA - CAJASUR

Consolidated Financial Statements
for the year ended December 31, 2003
and Consolidated Management Report
for the year 2003

CAJA DE AHORROS Y MONTE DE PIEDAD DE CÓRDOBA -CAJASUR AND SUBSIDIARIES COMPOSING THE CAJASUR GROUP

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2003, 2002 AND 2001 (NOTES 1, 2, 3, 4 and 5)

(Thousands of Euros)

ASSETS	2003	2002(*)	2001(*)
CASH ON HAND AND DEPOSITS AT CENTRAL BANKS:			
Cash on hand	92,684	87,296	72,021
Bank on hand	146,450	61,776	34,045
Other central banks	–	–	–
	239,134	149,072	106,066
GOVERNMENT DEBT SECURITIES (Note 6)	332,612	287,479	267,630
DUE FROM CREDIT INSTITUTIONS (Note 7):			
Demand deposits	1,068	11,350	68,565
Other	985,754	542,558	713,320
	986,822	553,908	781,885
LOANS AND CREDITS (Note 8)	7,743,498	6,613,812	5,458,881
DEBENTURES AND OTHER FIXED-INCOME SECURITIES (Note 9):			
Issued by the public sector	4,660	34,229	10,043
Other	212,097	150,679	154,807
	216,757	184,908	164,850
COMMON STOCKS AND OTHER EQUITY SECURITIES (Note 10)	85,586	51,969	50,457
INVESTIMENTS IN NON-GROUP COMPANIES (Note 11):			
Credit institutions	–	–	–
Other 121,051	99,494	62,793	
	121,051	99,494	62,793
INVESTIMENTS IN GROUP COMPANIES (Note 12):			
Credit institutions	–	–	–
Other	19,065	17,879	15,218
	19,065	17,879	15,218
INTANGIBLE ASSETS (Note 13):			
Incorporation and preopening expenses	2,997	2,404	3,374
Other deferred charges	4,939	3,695	5,177
	7,936	6,099	8,551
CONSOLIDATION GOODWILL (Note 14):			
Fully and proportionally consolidated companies	–	–	–
Companies accounted for by the equity method	7,277	9,504	6,768
	7,277	9,504	6,768
TANGIBLE FIXED ASSETS (Note 15):			
Land and buildings for own use	82,516	79,503	72,124
Other property	58,758	31,631	54,552
Furniture, fixtures and other	52,190	48,759	51,046
	193,464	159,893	177,722
CAPITAL SUBSCRIBED BUT NOT PAID	–	–	–
TREASURY STOCK	–	–	–
OTHER ASSETS (Note 16)	145,564	181,389	110,771
ACCRUAL ACCOUNTS (Note 17)	40,164	40,761	39,610
PREVIUS YEARS' LOSSES AT CONSOLIDATED COMPANIES (Note 26):			
Fully and proportionally consolidated companies	–	13	25
Companies accounted for by the equity method	4,741	4,951	3,274
Translation differences	–	–	–
	4,741	4,964	3,299
CONSOLIDATED DEFICIT FOR THE YEAR:			
Group	–	–	–
Minority interests (Note 24)	–	–	–
	–	–	–
TOTAL ASSETS	**10,143,671**	**8,361,131**	**7,254,501**
MEMORANDUM ACCOUNTS (Note 29)	1,394,662	1,184,355	916,323

LIABILITIES AND EQUITY	2003	2002(*)	2001(*)
DUE TO CREDIT INSTITUTIONS (Note 7):			
Demand deposits	3,418	3,766	50,120
Time or notification deposits	792,887	578,910	390,541
	796,305	582,676	440,661
CUSTOMER DEPOSITS (Note 18):			
Savings deposits-			
Demand	3,737,757	3,412,952	2,972,873
Time	3,292,305	2,857,321	2,581,349
	7,030,062	6,270,273	5,554,222
Other deposits-			
Demand	–	–	
Time	468,089	428,291	398,769
	468,089	428,291	398,769
	7,498,151	6,698,564	5,952,991
MARKETABLE DEBT SECURITIES (Note 19):			
Bonds and debentures outstanding	650,000	150,000	–
Promissory notes and other securities	–	–	–
	650,000	150,000	–
OTHER LIABILITIES (Note 20)	137,583	141,673	129,613
ACCRUAL ACCOUNTS (Note 17)	55,675	53,646	51,894
PROVISIONS FOR CONTINGENCIES AND EXPENSES (Note 21):			
Pension allowance	3,093	2,809	2,792
Provisions for taxes	–	–	–
Other provisions	38,988	24,767	16,998
	42,081	27,576	19,790
GENERAL RISK ALLOWANCE (Note 22)	3,841	3,992	4,050
NEGATIVE CONSOLIDATION (Note 14)	450	176	–
CONSOLIDATED SURPLUS FOR THE YEAR:			
Group	72,535	59,376	50,891
Minority interests (Note 24)	3,959	8,741	(20)
	76,494	68,117	50,871
SUBORDINATED DEBT (Note 23)	210,000	–	–
MINORITY INTERESTS (Note 24)	150,460	150,439	150,430
ENDOWMENT FUND	6	6	6
RESERVES (Note 25)	476,662	445,654	421,160
REVALUATION RESERVES (Note 25)	14,129	14,637	14,837
RESERVES AT CONSOLIDATED COMPANIES (Note 26):			
Fully and proportionally consolidated companies	11,630	7,224	5,092
Companies carried by the equity method	20,204	16,751	13,106
Translation differences	–	–	–
	31,834	23,975	18,198
PRIOR YEARS' RESULTS	–	–	–
TOTAL LIABILITIES AND EQUITY	**10,143,671**	**8,361,131**	**7,254,501**

(*) The Consolidated balance sheets as of December 31, 2002 and 2001 are solely and exclusively presented for comparative purposes.
The accompanying Notes 1 to 34 and the Exhibits to the Annual Report are an integral part of these consolidated balance sheets as of December 31, 2003.

CAJA DE AHORROS Y MONTE DE PIEDAD DE CÓRDOBA -CAJASUR AND SUBSIDIARIES COMPOSING THE CAJASUR GROUP

CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001 (NOTES 1, 2, 3, 4 y 5)

(Thousands of Euros)

	Year 2003	Year 2002(*)	Year 2001(*)
INTEREST AND SIMILAR REVENUES (Note 31)	**414,076**	**415,155**	**392,761**
On Fixed-Income Securities	*20,153*	*22,616*	*27,140*
INTEREST AND SIMILAR CHARGES (Note 31)	**(139,660)**	**(147,952)**	**(155,192)**
INCOME FROM EQUITY SECURITIES:			
On shares and other equity securities	2,390	1,229	2,067
On holdings in non-Group companies	4,050	2,088	2,163
On holdings in Group companies	1,385	1,329	1,210
	7,825	4,646	5,440
NET INTEREST INCOME	**282,241**	**271,849**	**243,009**
COMMISSIONS RECEIVED (Note 31)	55,966	49,999	38,944
COMMISSIONS PAID (Note 31)	(6,636)	(6,244)	(5,618)
INCOME FROM FINANCIAL TRANSACTIONS (Note 31)	3,724	(5,349)	(22,375)
ORDINARY INCOME	**335,295**	**310,255**	**253,960**
OTHER OPERATING REVENUES	4,337	3,407	4,921
GENERAL ADMINISTRATIVE EXPENSES:			
EMPLOYEE COSTS (Note 31)	(122,534)	(118,012)	(109,690)
Including: wages and salaries	(89,428)	(86,367)	(78,055)
welfare expenses	(27,834)	(25,978)	(25,426)
Including: pensions	(6,289)	(5,762)	(7,462)
OTHER ADMINISTRATIVE EXPENSES (Note 31)	(59,444)	(61,877)	(54,787)
	(181,978)	(179,889)	(164,477)
DEPRECIATION, AMORTIZATION AND WRITEDOWN OF TANGIBLE FIXED AND INTANGIBLE ASSETS (Notes 13 and 15)	(12,719)	(13,845)	(12,906)
OTHER OPERATING EXPENSES	(2,318)	(2,168)	(1,899)
OPERATING INCOME	**142,617**	**117,760**	**79,599**
NET INCOME ATTRIBUTABLE TO COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD			
Share in income of companies accounted for by the equity method	20,764	10,593	9,341
Share in losses of companies accounted for by the equity method	(1,749)	(851)	(593)
Value adjustments for dividend collections	(5,435)	(3,306)	(3,372)
	13,580	**6,436**	**5,376**

	Year 2003	Year 2002(*)	Year 2001(*)
AMORTIZATION OF CONSOLIDATION GOODWILL (Note 14)	**(1,050)**	**(3,394)**	**(3,124)**
GAINS ON GROUP TRANSACTIONS	**140**	**–**	**1,941**
Gains on disposal of shareholdings in fully or proportionally consolidated entities	–	–	–
Gains on disposal of shareholdings in entities accounted for by the equity method	–	–	1,941
Gains on transactions involving Parent Company shares and Group financial liabilities	–	–	–
Reversion of negative consolidation differences	140	–	–
LOSSES ON GROUP TRANSACTIONS	**–**	**–**	**–**
Losses on disposal of sharehondings in fully or proportionally consolidated entities	–	–	–
Losses on disposal of shareholdings in entities accounted for by the equity method	–	–	–
Lossed on transactions involving Parent Company shared and Group financial liabilities	–	–	–
CHARGE-OFFS AND PROVISIONS FOR LOAN LOSSES, (Net) (Notes 8, 9 y 21)	**(50,445)**	**(41,174)**	**(24,869)**
WRITEDOWN OF INVESTMENTS, (Net) (Note 11)	**–**	**17**	**–**
ALLOCATION TO GENERAL BANKING RISK ALLOWANCE	**–**	**–**	**–**
EXTRAORDINARY INCOME (Note 31)	**17,218**	**19,849**	**15,761**
EXTRAORDINARY LOSSES (Note 31)	**(18,607)**	**(10,529)**	**(8,083)**
SURPLUS BEFORE TAX	**103,453**	**88,965**	**66,601**
CORPORATE INCOME TAX (Note 28)	(26,959)	(20,766)	(15,626)
OTHER TAXES –	(82)	(104)	
CONSOLIDATED SURPLUS FOR THE YEAR			
ATTRIBUTABLE TO MINORITY INTERESTS (Note 24)	3,959	8,741	(20)
ATTRIBUTABLE TO THE GROUP	72,535	59,376	50,891
	76,494	**68,117**	**50,871**

(*) The Consolidated balance sheets as of December 31, 2002 and 2001 are solely and exclusively presented for comparative purposes.
The accompanying Notes 1 to 34 and the Exhibits to the Annual Report are an integral part of these consolidated balance sheets as of December 31, 2003.

Deloitte

Raimundo Fdez. Villaverde, 65
28003 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
+34 915 56 74 30
www.deloitte.es

INFORME DE AUDITORÍA DE CUENTAS ANUALES CONSOLIDADAS

A la Asamblea General de
CAJA DE AHORROS Y MONTE DE PIEDAD DE CÓRDOBA - CAJASUR:

1. Hemos auditado las cuentas anuales de Caja de Ahorros y Monte de Piedad de Córdoba – CajaSur (en adelante, "la Institución") y Sociedades Dependientes que componen el Grupo CajaSur (Notas 1 y 3) que comprenden el balance de situación consolidado al 31 de diciembre de 2003 y la cuenta de pérdidas y ganancias consolidada y la memoria consolidada correspondientes al ejercicio anual terminado en dicha fecha, cuya formulación es responsabilidad de los Administradores de la Institución. Nuestra responsabilidad es expresar una opinión sobre las citadas cuentas anuales consolidadas en su conjunto, basada en el trabajo realizado de acuerdo con las normas de auditoría generalmente aceptadas, que requieren el examen, mediante la realización de pruebas selectivas, de la evidencia justificativa de las cuentas anuales consolidadas y la evaluación de su presentación, de los principios contables aplicados y de las estimaciones realizadas.

2. De acuerdo con la legislación mercantil, los Administradores de la Institución presentan, a efectos comparativos, con cada una de las partidas del balance de situación consolidado, de la cuenta de pérdidas y ganancias consolidada y del cuadro de financiación, además de las cifras del ejercicio 2003, las correspondientes al ejercicio anterior. Nuestra opinión se refiere exclusivamente a las cuentas anuales consolidadas del ejercicio 2003. Con fecha 1 de abril de 2003 emitimos nuestro informe de auditoria acerca de las cuentas anuales consolidadas del ejercicio 2002, en el que expresamos una opinión favorable.

3. En nuestra opinión, las cuentas anuales consolidadas del ejercicio 2003 expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de Caja de Ahorros y Monte de Piedad de Córdoba – CajaSur y Sociedades Dependientes que componen el Grupo CajaSur al 31 de diciembre de 2003, de los resultados de sus operaciones y de los recursos obtenidos y aplicados durante el ejercicio anual terminado en dicha fecha y contienen la información necesaria y suficiente para su interpretación y comprensión adecuada, de conformidad con principios y normas contables generalmente aceptados que guardan uniformidad con los aplicados en el ejercicio anterior.

4. El informe de gestión adjunto del ejercicio 2003 contiene las explicaciones que los Administradores de la Institución consideran oportunas sobre la situación del Grupo CajaSur, la evolución de sus negocios y sobre otros asuntos y no forma parte integrante de las cuentas anuales consolidadas. Hemos verificado que la información contable que contiene el citado informe de gestión concuerda con la de las cuentas anuales consolidadas del ejercicio 2003. Nuestro trabajo como auditores se limita a la verificación del informe de gestión con el alcance mencionado en este mismo párrafo y no incluye la revisión de información distinta de la obtenida a partir de los registros contables de las sociedades consolidas.

DELOITTE & TOUCHE ESPAÑA, S.L.

Inscrito en el R.O.A.C. nº S0692

Francisco Celma

1 de abril de 2004

CAJA DE AHORROS Y MONTE DE PIEDAD DE CÓRDOBA -CAJASUR AND SUBSIDIARIES COMPOSING THE CAJASUR GROUP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 2003

1. DESCRIPTION OF CAJASUR AND ITS GROUP

Description of the Institution-

Caja de Ahorros y Monte de Piedad de Córdoba - CajaSur, founded by the "Excelentísimo Cabildo Catedral de Córdoba" (Cathedral Chapter of Cordoba), is an independent charitable not-for-profit financial institution, independent of any Corporate, Entity or Company, with its own legal status. Its basic purpose is to promote, collect and administer savings deposits and funds entrusted to it, and make them productive through all types of transactions that form part of standard savings bank practice, as well as, and in accordance with its possibilities and in conformity with applicable legislation in force, to create and support community welfare projects of an economic, cultural, health, agricultural, industrial or any other nature. The Institution is a member of the Spanish Confederation of the Savings Banks and of the Savings Bank Deposit Guarantee Fund regulated by Royal Decree-Law 18/1982.

On December 31, 1994, the corresponding deed was executed certifying the merger between Monte de Piedad y Caja de Ahorros de Córdoba - CajaSur and Caja Provincial de Ahorros de Córdoba, by absorption of the latter by the former, whereby Monte de Piedad y Caja de Ahorros de Córdoba-CajaSur retained its legal status with all its characteristics and foundational aspects, with the applicable legal and statutory framework pursuant to which it operated, changing its company name to "Caja de Ahorros y Monte de Piedad de Córdoba", and was authorized to also use, without prejudice to the aforementioned name, the abbreviated name "Caja y Monte de Córdoba", also maintaining the trade name "CajaSur" with its current logo. This deed of merger was registered with the Mercantile Register of Cordoba on January 4, 1995.

Caja de Ahorros y Monte de Piedad de Córdoba-CajaSur (hereinafter referred to as "CajaSur" or the "Institution") is subject to the rules and regulations governing financial institutions in Spain. It operates through 446 branches located all around Spain: 419 branches are located in the Autonomous Community of Andalusia, 13 in the Autonomous Community of Extremadura and 14 branches in the rest of the country (436 and 423 branches in 2002 and 2001, respectively). As of December 31, 2003, the Institution did not have any agents to whom a Bank of Spain Circular 5/1995 is applicable.

The management and utilization of the borrowed funds attracted by savings banks, and other aspects of their economic and financial activity, are subject to certain rules and regulations governing the following matters, among others:

– Maintenance in the form of Bank of Spain deposits of a percentage of computable customer funds in order to cover the cash ratio pursuant to the Ministerial Order of January 29, 1992, and Regulation 2818/1998 of the European Central Bank.

– Allocation of at least 50% of the net surplus for the year to reserves and the remainder to the Community Welfare Project reserve.

Law 15/1999 on Andalusian Savings Banks, issued on December 16, 1999, came into force on December 29. Decree 295/2002, implementing the regulations applicable to Savings Banks domiciled in Andalusia with a plurality of foundations, was published on December 3, 2002. Law 10/02 reforming Law 15/1999 on Savings Banks in Andalusia, was published on December 21, 2002.

On November 23, 2002, Law 44/2002 on Financial System Reform Measures, was published in the Official State Gazette. On November 25, the Board of Directors of CajaSur agreed to accredit before the Ministry of Economy and Finance that the Institution was founded by the "Excelentísimo Cabildo de la Santa Iglesia Catedral de Córdoba", an ecclesiastical public law legal entity, and therefore entitled to avail itself of the second Additional Provision of Law 31/1985, on the Basic Regulations applicable to Governing Bodies of Savings Banks, pursuant to the new wording of same implemented by Law 44/2002 on Financial System Reform Measures, which indicates that the Ministry of Economy and Finance is responsible for approving the bylaws and internal rules on the system for designating governing bodies, as well as the annual budget relating to community welfare projects of the Institution; this accreditation was accepted by the Directorate General of Treasury and Financial Policy of the Ministry of Economy and Finance on December 2, 2002.

The following events have taken place since the accreditation process described above:

– On December 28, 2002, the General Assembly of the Institution approved the proposal presented by the Board of Directors for the adaptation of the Bylaws and Internal Rules of Procedure regulating the system for designating Governing Bodies to comply with the provisions established in the abovementioned Law 44/2002, on Financial System Reform Measures, and to empower the Board of Directors and/or the Chairman to adopt any decisions required to make this agreement effective. These proposals were presented to the Ministry of Economy and Finance on December 30, 2002.

– The Autonomous Community Government of Andalusia and the Provincial Government of Cordoba presented respective appeals before the Ministry of Economy and Finance against the resolution handed down by the Ministry relating to the accreditation of the abovementioned Entity.

– On January 30, 2003, the Entity presented a contentious appeal before the High Court of Andalusia contesting Decree 295/2002 implementing the rules applicable to Savings Banks domiciled in Andalusia with a plurality of founding entities.

– On February 11, January 30 and March 30, 2003, the Governing Council of the Autonomous Community Government of Andalusia, the Parliament of the Autonomous Community of Andalusia and a representation of 50 Socialist Party members of the Spanish Parliament presented, before the Constitutional Court, respective appeals against the constitutionality of Law 44/2002, on Financial System Reform Measures.

– On February 7, 2003, the Council of Ministers agreed to present to the Constitutional Court an appeal contesting the constitutionality of Law 10/2002, reforming Law 15/1999 on Andalusian Savings Banks. This appeal was resolved by the Constitutional Court at its session held on July 15, 2003, agreeing to maintain the suspension applicable to Section Three of Additional Provision Five of the aforementioned Law 10/2002, on the retroactive application of this law to proceedings and actions presented prior to the entry into force of the aforementioned Law. The Court also agreed to withdraw the suspension applicable to Sections One and Two of Additional Provision Five, on conformity prior to the accreditation referred to in Additional Provision Two of Law 31/1985 with respect to all the members appearing as founders in Additional Provision Two of Law 15/1999, of December 16, on Andalusian Savings Banks, as well as to the need for the General Assembly of the Savings Bank to also approve the aforementioned accreditation, with the vote in favor of four fifths of those present, after issuance of a favorable report supporting the proposal by the Department of Economy and Finance of the Autonomous Community Government of Andalusia.

– On March 13, 2003, the Secretary of State of the Ministry of Economy and Finance notified the Institution of its conformity with the adaptation of the Bylaws, approved by the General Assembly of December 28, 2002, to Law 44/2002 on Financial System Reform Measures, with certain modifications. After their compliance, they were registered with the Mercantile Register on November 6, 2003. The aforementioned approved bylaw reform implements the modification of the number of members of the General Assembly and the Board of Directors of CajaSur to a total of 120 and 15 members, respectively.

– On July 15, 2003, the Constitutional Court accepted proceedings in respect of the positive conflict of competence presented by the Autonomous Community Government of Andalusia, in relation to the Order of March 13, 2003, issued by the Ministry of Economy and Finance and described in the previous paragraph, and which authorized the modification of the Bylaws and Internal Rules on the system for designating the Governing Bodies of CajaSur. As a result of this conflict of interests, the resolution of all the appeals lodged and described in the paragraphs above, as well as all the appeals presented subsequently contesting the constitutionality of Law 10/2002 reforming Law 15/1999 on Andalusian Savings

Banks and Law 44/2002 on Financial System Reform Measures, are subject to the resolution handed down by the Constitutional Court in respect of the abovementioned positive conflict of competence.

– As regards all the proceedings described above, the Directors and their legal advisors do not consider that any contingencies arising from the aforementioned proceedings would have a significant effect on the consolidated financial statements for the year ending December 31, 2003.

2. BASIS OF PRESENTATION, CONSOLIDATION PRINCIPLES AND DETERMINATION OF EQUITY

Basis of presentation of the consolidated financial statements -

The consolidated financial statements for 2003 of the Institution and Subsidiaries composing the “CajaSur” Group (hereinafter referred to as the “Group”, see Note 3) are presented in the formats stipulated by Bank of Spain Circular 4/1991, of June 4, and, accordingly, give a true and fair view of the consolidated net worth, financial position and results of the Group. These consolidated financial statements were prepared from the individual accounting records of CajaSur and each of the subsidiaries composing the Group, and include certain adjustments and reclassifications required to adapt the accounting and presentation methods followed by the subsidiaries to those used by Institution. For comparison purposes the Institution presents, in addition to the 2003 figures for the various captions and breakdowns of the 2003 financial statements, the figures for 2002 and 2001.

The individual financial statements of the Institution and of each of the other consolidated subsidiaries as of December 31, 2003, will be submitted for approval by the General Assembly of CajaSur and by the corresponding Shareholders’ Meetings of the consolidated subsidiaries, respectively. However, the Board of Directors of the Institution considers that these financial statements will be approved without any significant changes.

In view of the business activities of the Institution and the subsidiaries composing the consolidable Group, they have no environmental liability, expenses, assets, provisions or contingencies that might be material with respect to the Group’s net worth, financial position and results. Therefore, no specific disclosures relating to environmental issues are included in these notes to consolidated financial statements.

Accounting principles-

The consolidated financial statements for 2003 were prepared by applying the generally accepted accounting principles described in Note 4. All obligatory accounting principles with a significant effect on the consolidated financial statements were applied in their preparation.

Consolidation principles-

In accordance with Law 13/1995 and Bank of Spain Circular 4/1991, the Group includes all the subsidiaries whose business activities are directly related to those of the Institution and which constitute, together with the latter, a single decision-making unit (see Note 3). In accordance with the rules contained in the aforementioned Circular, these companies were fully consolidated.

The companies 20% or more owned by the Group whose business activities are related to those of the Institution and management of which is shared with another shareholder/other shareholders, as established in Article 47.3 of the Commercial Code, are consolidated by the proportional consolidation method, whereby the assets, rights and obligations and revenues and expenses of the companies are included in the proportion corresponding to the Group’s ownership interest in these companies.

All material balances and transactions between the consolidated companies were eliminated in consolidation. The equity of third parties in the Group is recorded under the "Minority Interests" and "Consolidated Surplus for the Year - Minority Interests" (see Note 24) captions in the accompanying consolidated balance sheets and under the "Consolidated Surplus for the Year - Attributed to Minority Interests" caption in the accompanying consolidated statements of income and expenses.

Additionally, as described in Notes 11 and 12, the holdings in the capital stock of subsidiaries not consolidated because their business activities are not directly related to those of the Institution and the holdings in other companies with which there is a lasting relationship and in which, in general, the Group's ownership interests are at least 20% (or 3% if listed) and significant influence is exercised over their management, are carried at the fraction of the investees' net worth corresponding to such holdings, net of any dividends collected from them and after other asset and liability eliminations (equity method).

The remaining equity investments are presented in the accompanying consolidated balance sheets in accordance with the methods described in Note 4-e.

According to standard practice, the consolidated financial statements do not include the tax effect that would arise from the incorporation in the Institution of accumulated reserves and non-distributed revenues corresponding to fully or proportionally consolidated companies or those consolidated by the equity method, since no equity is expected to be transferred since it is considered that these will be used as a source of financing by each of the aforementioned companies.

Comparative Information-

The accompanying consolidated financial statements as of December 31, 2003, 2002 and 2001 and the breakdown of relevant information of same included for comparative purposes, are presented in accordance with the structure and accounting principles established in current Bank of Spain regulations. There are no amendments to the accounting regulations additional to those indicated below which affect the comparison between the 2003 financial statements and those of 2002 and 2001, approved by the different Assemblies of the Group's parent Institution.

The "Consolidated Surplus for the Year – Minority Interests" caption in the accompanying consolidated statements of income and expenses as of December 31, 2003 and 2002 includes €4,026 thousand and €8,805 thousand, respectively, corresponding to dividends accrued by owners of preferred shares issued by the company CajaSur Eurocapital Finance Limited. The consolidated statement of income for 2001 presents the accrued amount for this item, which amounted to €8,799 thousand, recorded in the "Interest and similar expenses" caption (Note 31).

Determination of net worth-

The consolidated financial statements are presented in the formats established by the Bank of Spain for credit and savings entities. In evaluating the net worth of the Entity as of December 31, 2003, 2002 and 2001, the following captions in the accompanying consolidated balance sheets should be taken into consideration:

	Thousands of Euros		
	2003	**2002**	**2001**
Endowment fund	6	6	6
Reserves (Note 25)	476,662	445,654	421,160
Revaluation reserves (Note 25)	14,129	14,637	14,837
Reserves at consolidated companies (Note 26)	31,834	23,975	18,198
Prior years' losses at consolidated companies (Note 26)	(4,741)	(4,964)	(3,299)
	517,884	479,302	450,896
Surplus for the year attributed to the Group, net of the Community Welfare Project provision of the Parent	51,500	38,341	31,659
Fund for general risks (net of deferred taxes) (Note 22)	3,756	3,854	3,892
Consolidated net worth, after allocation of the surplus for the year	**573,146**	**521,503**	**486,453**

Equity-

Bank of Spain Circular 5/1993, implementing Law 13/1992, of June 1, on equity and consolidated supervision of financial institutions, establishes that consolidable groups of credit institutions must maintain at all times a capital ratio of at least 8% of the weighted credit risk represented by balance sheet accounts, commitments and other memorandum accounts, plus the currency risk arising from the net overall foreign currency position and the weighted positions in trading portfolio securities and derivatives.

As of December 31, 2003, 2002 and 2001, the Group's computable net equity exceeded the minimum requirements under the aforementioned Law.

	Thousands of Euros		
	2003	**2002**	**2001**
Net computable equity	905,580	650,571	627,179
Surplus over minimum requirements stipulated by Circular 5/1993	290,471	136,959	215,640

Also, Bank of Spain Circular 5/1993 establishes that the net property and equipment and the total risk exposure of consolidable groups of credit institutions to the same person or economic group cannot exceed 70% and 25%, respectively, of computable equity, and also establishes limits on foreign currency positions, which were being complied with as of December 31, 2003, 2002 and 2001.

3. THE CAJASUR GROUP

Caja de Ahorros y Monte de Piedad de Córdoba - CajaSur is the Group's parent institution. Its individual financial statements were prepared by applying the accounting principles and methods described in Note 4, except for the valuation of the holdings in companies with which the Institution has a lasting relationship for the purpose of contributing to the Group's activity, and in which, in general, it has ownership interests of 20% or more (3% if listed), and significant management influence is exercised. These ownership interests are recorded, in accordance with Circular 4/1991, at the lower of acquisition cost, adjusted and revalued where appropriate, or market; the market value was taken to be the underlying book value of the holdings, adjusted by the amount of the unrealized gains disclosed at the time of the acquisition and still existing at the date of subsequent valuation. Consequently, the individual financial statements of "CajaSur" do not reflect the net worth variations which result from applying consolidation or equity methods, as appropriate, to the aforementioned holdings, whereas these variations are reflected in the accompanying consolidated financial statements. The effect of consolidation, based on the accounting records of the companies composing the Group, with respect to the individual financial statements, is an increase in reserves (net of losses at consolidated companies), in the surplus for the year and in assets in accordance with the following breakdown:

	Thousands of Euros		
	2003	**2002**	**2001**
Reserves	24,126	14,327	14,325
Surplus for the year	16,881	9,709	3,312
Assets	21,158	20,799	13,447

The following table lists the companies that were fully or proportionally consolidated or accounted for by the equity method in the years 2003, 2002 and 2001, respectively:

COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

2003			2002			2001		
Group	**Integration**	**Percentage**	**Group**	**Integration**	**Percentage**	**Group**	**Integration**	**Percentage**
Corporación Empresarial Cajasur, S.L.	Fully	100.00%	Grupo de Empresas CajaSur, S.L.	Fully	100.00%	CajaSur Internacional Finance Limited	Fully	100.00%
Cerix Global Hispania, S.L.	Fully	100.00%	Ciencia Tecnología e Innovación, S.L	Equity	70.00%			
Cajasur Internacional Finance, B.V.	Fully	100.00%						
Inmobiliaria GEC Quermes, S.A.	Equity	100.00%						
Associated	**Integration**	**Percentage**	**Associated**	**Integration**	**Percentage**	**Associated**	**Integration**	**Percentage**
Serco Enrique Barrionuevo, Servicios de Consultorías, S.L.	Equity	20.00%	Aparcamientos Gran Capitán, A.I.E.	Equity	33.33%	Bami, S.A. (*) (**)	Equity	3.00%
Cortefiel, S.A. (**)	Equity	3.00%	Zoco Inversiones, S.R.L.	Proportionally	25.00%	Plastienvase, S.A.	Equity	20.00%
Corporación Mapfre, S.A.(**)	Equity	3.00%	Uralita, S.A. (**)	Equity	3.00%	La Rambla Alfarera y Ceramista, S.L.	Equity	42.45%
Transportes Azkar, S.A. (**)	Equity	3.09%	Obrascon Huarte Laín, S.A. (**)	Equity	3.00%	Vitalia Écija, S.L.	Equity	50.00%
Papeles y Cartones Europa, S.A. (**)	Equity	5.04%	Empresas constructoras asociadas del Sur-10, S.A.	Equity	20.00%	Auxiliar de Canalizaciones del Sur, S.A.L.	Equity	24.97%
Ucoaviación, S.L.	Equity	22.50%	Tavex Algodonera, S.A. (**)	Equity	3.00%	Pabellón de México, S.L.	Equity	35.00%
Gestora del Nuevo Polígono Industrial, S.A.	Equity	30.00%	Grupo Inmobiliario Cañada XXI, S.L.	Equity	30.00%	Centros Residenciales Sanyres Sur, S.L.	Equity	25.00%
Ecourbe Gestión, S.L.	Equity	33.33%	Selwo Estepona, S.L.	Equity	40.04%	Sanyres Sur, S.L.	Equity	25.00%
Open Minds, S.L.	Equity	35.00%	Perchel, S.L.	Equity	30.00%	Adamante Inversiones, S.R.L.	Proportionally	20.00%
GPS y Alameda Urbanos, S.L.	Equity	50.00%	Sol Meliá, S.A., (**)	Equity	3.00%	Libros en Red, S.L.	Equity	42.00%
GPS Mairena el Soto, S.L.	Equity	50.00%	Promar 21, S.L. (*)	Equity	33.00%			
GPS Pedregalejo, S.L.	Equity	50.00%	Tubacex, S.A. (**)	Equity	3.00%			
Gabialsur 2006, S.L.	Equity	50.00%						
Rofisur 2003, S.L.	Equity	50.00%						
GPS Alhaurín Málaga, S.L.	Equity	50.00%						
Acosta Grupo Inmobiliario, S.L.	Equity	50.00%						
Parking Zoco Córdoba, S.L.	Equity	56.97%						

(*) Companies excluded from the scope of consolidation in 2003. In 2002 and 2001, no companies were excluded from the scope of consolidation.
(**) Companies listed on the Stcok Exchange.

The subsidiaries fully or proportionally consolidated and accounted for by the equity method in 2003 are listed in Exhibits I and II, respectively, indicating the percentage of CajaSur's direct or indirect ownership.

4. ACCOUNTING PRINCIPLES APPLIED

The accounting principles and valuation methods applied in preparing the consolidated financial statements for 2003 are basically those established in the Bank of Spain Circular 4/1991 referred to earlier and the subsequent amendments thereto. The most significant of these principles are as follows:

a) Accrual principle -

Revenues and expenses are recognized on an accrual basis for accounting purposes, and the interest method is used for transactions whose settlement periods exceed 12 months. However, in accordance with the accounting principle of prudence and with Bank of Spain regulations, interest on nonperforming loans and credits with past-due payments, and interest deriving from country risk, are recognized as revenues when collected.

b) Foreign currency transactions-

In the breakdowns by currency contained in these notes to consolidated financial statements, currencies other than the euro are classified under "foreign currencies".

The balances denominated in foreign currencies were translated to euros at the average official ("fixing") exchange rates prevailing in the Spanish spot foreign currency market at each year-end.

Foreign currency assets and liabilities and unmatured foreign currency hedging purchase and sale transactions were translated to euros basically at the average official ("fixing") exchange rate prevailing in the Spanish foreign currency spot market at each year-end. The premium/discount arising between the contract exchange rate for forward transactions and the exchange rate for the spot transactions hedging them is accrued over the useful life of the forward transaction, with a balancing entry in the statement of income and expenses, and is recorded as an adjustment to hedging expenses or revenues.

Unmatured non-hedging forward foreign currency purchase and sale transactions were translated to euros at the exchange rates published by the Bank of Spain for this purpose and the exchange differences disclosed were recorded under the "Gains (Losses) on Financial Transactions" caption in the accompanying consolidated statements of income and expenses.

The equivalent euro value of the assets and liabilities expressed in foreign currencies as of December 31, 2003, 2002 and 2001 amounted to €17,365 and €4,973 thousand, €24,526 and €8,430 thousand and €23,331 and €7,239 thousand, respectively.

c) Loans and credits, other assets receivable and credit loss allowance-

The accounts receivable, which are basically reflected under the "Loans and Credits" and "Due from Credit Institutions" captions on the asset side of the accompanying consolidated balance sheets, are recorded at the effective amounts advanced to or drawn by the borrowers, except for assets acquired at a discount, which are reflected at face value and the difference between this latter amount and the amount drawn is recorded under the liability "Accrual Accounts" caption in the accompanying consolidated balance sheets.

The "Credit Loss Allowance", which is presented as a reduction of the balances of the "Due from Credit Institutions", "Loans and Credits" and "Debentures and Other Fixed–Income Securities" captions on the asset side of the accompanying consolidated balance sheets, is intended to cover possible losses in the full recovery of assets subject to credit risk, except off-balance-sheet risks, generated by the Group in the course of its financial business activities. The provisions to cover the losses that might be incurred as a result of the Group's off-balance-sheet risks are included under the "Provisions for Contingencies and Expenses – Other Provisions" caption on the liability side of the accompanying consolidated balance sheets (see Notes 8, 9 and 21).

The "Credit Loss Allowance" was determined as follows:

1. Spanish and foreign risks, except for country risk:

   a) Specific allowance: on an individual basis in accordance with Bank of Spain Circular 4/1991 and subsequent amendments, by applying at least the coefficients stipulated therein. The balance of this allowance is increased by provisions charged to period surplus and is reduced by definitive chargeoffs of debts deemed to be uncollectible or debts that have been delinquent for more than three years (more than six years in the case of mortgage loans with effective guarantee) and, where appropriate, by recoveries of amounts previously provisioned (see Notes 8 and 21).

   b) General-purpose allowance: in accordance with Bank of Spain regulations, an additional general-purpose allowance is recorded for an amount equal to 1% of the total of loans and credits, fixed-income securities, contingent liabilities and doubtful assets without mandatory coverage (the percentage applicable is 0.5% for certain mortgage transactions), intended to cover risks not specifically identified as problematic at present. This allowance amounted to €68,542 thousand, €56,880 thousand and €45,204 thousand, as of December 31, 2003, 2002 and 2001, respectively.

2. Country-risk allowance: based on the estimated classification of each country's degree of debt servicing difficulty. As of December 31, 2003, 2002 and 2001 no country-risk allowance provisions had to be recorded.

3. Allowance for statistical coverage of credit losses: in accordance with Bank of Spain Circular 9/1999, of July 1, 2000, the Institution is required to record quarterly provisions to this allowance. The allowance is based on an estimate of overall credit losses, taking into account the Group's specific default experience or, alternatively, applying certain weighting coefficients (ranging from 0% to 1.5%) to the Group's credit risk (loans and credits, fixed-income securities and contingent liabilities) stipulated in the aforementioned Circular, on the basis of the historical experience of the Spanish Credit System (this is the method applied by the Group). The quarterly provision is charged to the consolidated statement of income and expenses for the positive difference between one-fourth of the unrealized overall credit losses determined by application of the related weighting to the different homogeneous risk portfolios and the (net) specific credit loss provisions recorded. If the difference were negative, it would be credited to the consolidated statement of income and expenses with a charge to the recorded statistical allowance to the extent of the available balance. This allowance should be recorded until it reaches the maximum limit, which is three times the amount resulting from weighting each asset by the related coefficient. This allowance amounted to €64,133 thousand, €41,640 thousand and €24,304 thousand, as of December 31, 2003, 2002 and 2001, respectively. As of those dates, the maximum limit of the allowance was €96,899 thousand, €82,055 thousand and €64,887 thousand, as of December 31, 2003, 2002 and 2001, respectively.

The allowances for credit losses recorded comply with Bank of Spain stipulated requirements.

d) Government debt securities, debentures and other fixed-income securities-

The securities comprising the "Government Debt Securities" and "Debentures and Other Fixed-Income Securities" captions in the accompanying consolidated balance sheets are classified as follows:

1. Trading portfolio: This portfolio includes securities acquired by the Group to obtain short-term gains from price variations. They are stated at their market price on the last day of trading prior to the balance-sheet date. The differences disclosed as a result of valuation variations (excluding the accrued coupon) with respect to cost are recorded as a net gain or loss, as appropriate, under the "Gains (Losses) on Financial Transactions" caption in the accompanying consolidated statements of income and expenses.

2. Held-to-maturity investment portfolio: This portfolio includes the securities which the Group has decided to hold until final maturity because it basically has the financial capability to do so. These securities are stated at acquisition cost, adjusted monthly by the amount arising from accruing by the interest method the positive or negative difference between the redemption value and the acquisition cost over the residual life of the security.

3. Available-for-sale portfolio: This portfolio includes the securities not assigned to either of the portfolios described above. These securities are valued quarterly by comparing their adjusted acquisition cost (as defined in the previous paragraph) with their market value. The market value of listed securities is based on the market price on the last day of trading of the year; the market value of unlisted securities is based on the present value (calculated at the market interest rate on that day) of the future financial flows arising from the securities, excluding the accrued coupon. Any unrealized losses on the listed fixed-income securities disclosed from this comparison are written off with a charge to asset accrual accounts, which are presented together with the securities in question under the related captions in the consolidated balance sheets. However, provisions recorded in prior years with a charge to the consolidated statement of income and expenses can only be credited to income in the event of disposal or of recovery of the market value of the specific securities which gave rise to these provisions. Unrealized gains are not recorded for accounting purposes. Unrealized losses on securities sold to third parties under repurchase agreement are written off for the portion relating to the period from the scheduled repurchase date to the maturity date.

   In addition, Bank of Spain Circular 4/1991 establishes that an additional allowance for security price fluctuation should be recorded for the amount of the gains obtained on disposals of fixed-income securities in the available-for-sale portfolio, with a balancing entry in the asset accrual account referred to in the preceding paragraph up to the balance calculated for this account.

   Net period provisions with a charge or credit to the surplus for each year for all the items referred to above are included under the "Gains (Losses) on Financial Transactions" caption in the accompanying consolidated statements of income and expenses.

Net unrealized gains resulting from comparison between the net book value and the market value of the securities included under the "Government Debt Securities" and "Debentures and Other Fixed-Income Securities" captions as of December 31, 2003, 2002 and 2001 (see Notes 6 and 9) were as follows:

	Thousands of Euros		
	Surpluses / (Losses)		
	2003	**2002**	**2001**
Government Debt Securities	7,422	8,514	1,975
Debentures and Other Fixed-Income Securities	5,993	7,996	6,545

e) Equity securities-

Equity securities are valued individually at the lower of acquisition cost, adjusted and revalued where appropriate, or market. This market value has been determined in accordance with the following criteria:

1. Holdings in Group and Associated Companies: Holdings in Group and Associated companies are deemed to be those in which there is a lasting relationship and participation in the capital stock of more than 3% (listed companies) or 20% (unlisted companies), and a significant influence is exercised over the management of the companies in question, or holdings in companies in which, without reaching the percentages of ownership of capital stock indicated above, a lasting relationship and the exercising of a significant influence may be accredited; this is deemed to be the capacity to intervene in decisions relating to the company's financial and operational policy without controlling same; for reference purposes, these holdings are valued according to the theoretical book value of the hol-

dings in question, adjusted by the amount of unrealized surpluses existing at the time of acquisition and which prevail at the valuation date.

2. Other securities:

   a. Equity securities in the trading portfolio are valued at year-end market price or, if none, at market price on the last trading day before year-end.

   b. Listed securities: the lower of average market price in the last quarter or market price on the last day of trading in the year.

   c. Unlisted securities: underlying book value of the investment per the latest available balance sheet, net, in the case of companies with which there is a lasting relationship, of the projected future income included in the determination of the acquisition price and still existing at year-end.

   In order to recognize the unrealized losses arising from application of the foregoing methods, a security price fluctuation allowance was recorded which is presented as a reduction of the balances of the "Common Stocks and Other Equity Securities" and "Investments in Non-Group Companies" captions in the accompanying consolidated balance sheets (see Notes 10, 11 and 12).

   Pursuant to the notification from the Bank of Spain dated January 7, 2003, all holdings in companies with which there is a lasting relationship because the investee contributes to the Entity's activity but in which significant influence is not exercised as described in the preceding paragraph must be classified under the "Common Stocks and Other Equity Securities – Structural Investment" caption. In 2003 the Institution reclassified several holdings that met these conditions from the "Investments in Non-Group Companies" caption to the "Common Stocks and Other Equity Securities" caption. These transfers were performed at net book value, which amounted to €2,168 thousand.

f) Intangible assets -

The "Incorporation and start-up expenses" caption includes installations of the network of leased offices that, due to their nature, cannot be detached or disassembled, and are amortized pursuant to the straight line method over a maximum of five years, or less if the term of the lease contract is shorter. It also includes incorporation and capital increase expenses of subsidiaries, and which are also amortizable over a maximum period of five years. The provisions recorded for both items in the accompanying consolidated statements of income and expenses for 2003, 2002 and 2001 amounted to €1,135, €1,645 and €1,542 thousand, respectively (Note 13).

The "Other administrative expenses" caption of the accompanying consolidated statements of income and expenses include the amortization provisions recorded for computer programme expenses. These expenses are amortized using the straight-line method over a maximum period of three years. The provisions recorded for this item and charged to income in 2003, 2002 and 2001, amounted to €2,220, €2,010 and €1,376 thousand, respectively (Note 13).

g) Property and equipment -

Operating property and equipment and property and equipment assigned to community welfare projects-

Own property and equipment and that assigned to community welfare projects are carried at cost, revalued pursuant to the applicable enabling legislation, net of the related accumulated depreciation. As of December 31, 1996, property and equipment was revalued pursuant to Royal Decree-Law 7/1996, as reflected in the Institution's 1996 accounts.

The Entity depreciates its property and equipment by the straight-line method at annual rates based on the following years of estimated useful life:

	Yeard of Estimated Useful Life
Buildings and other structures	50
Furniture and fixtures	10 to 16
Machinery and electronic equipment	4 to 10

Upkeep and maintenance costs are expensed currently.

Gains (losses) on the disposal of property and equipment are included in the balance of the "Extraordinary Income" or "Extraordinary Loss" captions in the statement of income and expenses.

Any gains recorded on property and equipment sales with deferred payment are covered by recording, with a charge to the statement of income and expenses, a specific-purpose allowance for the amount of such gains. The allowance is released as the deferred portion is collected, or earlier if the sale conditions and the debtor's creditworthiness rule out any doubt as to the outcome of the transaction.

Pursuant to Royal Decree-Law 2/1985, the Parent Institution recorded, with a charge to 1985, 1986 and 1988 surpluses, a provision for accelerated depreciation of property and equipment. The balance of this provision as of December 31, 2003, 2002 and 2001, amounted to €235 thousand, €386 thousand and €444 thousand, respectively, and these amounts are recorded under the "General Risks Allowance" caption on the liability side of the accompanying consolidated balance sheets (see Note 22).

Foreclosed assets-

These assets are presented at the lower of book value of the foreclosed assets or appraised value of the asset acquired. Unless these assets are sold or included in the Group's operating property and equipment within three years, an allowance is recorded for them based on the time elapsed since the asset acquisition date. The period provisions recorded with a charge to the "Extraordinary Loss" caption are recorded as a reduction of the balance of the "Property and Equipment – Other Property" caption in the accompanying consolidated balance sheets.

Tangible fixed assets under financial lease contracts-

The rights on tangible fixed assets under financial lease contracts are recorded at their net cost in the "Other Assets" caption (see Note 16) of the accompanying consolidated balance sheets. The debt for lease payments is recorded in the "Other Liabilities" caption. The difference (interest pending payment) between the two amounts is recorded in the "Accrual Accounts" caption on the asset side of the balance sheets. Expenses incurred in connection with these items in 2003, 2002 and 2001, amounting to €1,340, €1,232 and €694 thousand, respectively, are recorded in the "Depreciation, Amortization and Writedown of Tangible Fixed and Intangible Assets" of the consolidated statements of income and expenses.

h) Deposit Guarantee Fund-

The contributions made to the Savings Banks' Deposit Guarantee Fund under Royal Decree-Law 18/1982 and Bank of Spain Circular 1/1988 are expensed currently. Pursuant to the notification from the Savings Banks' Deposit Guarantee Fund dated February 14, 1996, since it verified that the assets not assigned to operations falling within the Fund's stated purpose exceeded 1% of the guaranteed deposits of the member entities, in compliance with Article 3.2 of Royal Decree-Law 18/1982, of September 24, the savings banks' contributions for the years 1996 through 2000 were suspended.

A Ministry of Economy and Finance Order dated January 24, 2002, set the amount of contributions to be made by savings banks to the Deposit Guarantee Fund from 2002 at 0.4 per thousand of computable liabilities. As of December 31, 2003, 2002 and 2001, the Institution recorded amounts of €2,318 thousand, €2,166 thousand and €1,899 thousand, respectively, which are included under the "Other Operating Expenses" caption in the accompanying consolidated statements of income and expenses.

i) Pensions and allowances to employees-

Under the collective labor agreement currently in force, the Institution is required to supplement the social security benefits of certain employees, or of their beneficiaries, for retirement, death of spouse or death of parent, and permanent or severe disability.

Bank of Spain Circular 5/2000 amended Bank of Spain Circular 4/1991 on the calculation and recording of pension commitments and contingencies to adapt them to the requirements of Royal Decree 1588/1999 enacting the regulations on the instrumentation of employers' pension commitments to their employees. This Circular establishes the criteria for the externalization of employers' pension commitments to their employees and beneficiaries, either through pension plans or through insurance contracts adapted to the externalization requirements. It also specifies the methods for the actuarial calculations required to determine the provisions to be recorded by the entities that opt to cover these commitments with in-house allowances. The aforementioned Circular also establishes a maximum period of ten years to allocate to future years' income any shortfalls which might arise from the change in the actuarial assumptions to adapt them to the requirements of Bank of Spain Circular 5/2000, which came into force on December 31, 2000.

1. Undrawn pensions: In compliance with this legislation and by virtue of the labor agreement entered into between the Institution and the workers on October 20, 2000, the Institution made contributions to an external pension fund, in an amount that covered all the pension commitments of serving employees covered by the pension scheme on that date, and changing, for the purpose of future commitments, from a defined allowance to a defined contribution system. The amount of the aforementioned pension fund amounted to €47,348 thousand, and as of December 31, 2000, after the revaluations performed in compliance with the restatement plan, amounted to € 44,522 thousand.

   In 2003, 2002 and 2001, €4,803, €4,651 and €5,282 thousand, respectively, were paid into the pension fund, corresponding to one tenth of past services to the company plus the contributions for employees that withdrew from the pension plan in the aforementioned years. The remainder (€25,334, €30,137 and €34,788 thousand, pending payment as of December 31, 2003, 2002 and 2001, respectively, materialized in a term deposit remunerated according at Euribor) will be included in the plan in successive contributions, in accordance with the initial ten-year schedule.

   The contributions accrued and allocated to the pension plan in 2003, 2002 and 2001, in conformity with the labor agreements entered into with the employees, amounted to €3,317, €3,121 and €3,036 thousand, respectively, and are recorded in the "Personnel Expenses" caption of the accompanying consolidated statements of income and expenses.

   As of December 31, 2003, 2002 and 2001, the actuarial value relating to accrued commitments in respect of the seniority premium recognized for the Institution's employees once they complete 25 years of service amounted to €3,093, €2,809 and €2,651 thousand, respectively, and is recorded in the internal pension fund, since no externalization commitment exists in relation to same. Other serving employees not included in the collective labor agreement are covered by an insurance policy taken out with Caser, Compañía de Seguros y Reaseguros, S.A. This policy complies with the requirements stipulated in Royal Decree 1588/1999, of October 15, on the instrumentalization of company pension commitments with employees and beneficiaries. The actuarial hypotheses used to value these commitments were as follows: the PERM/F–2000 P life expectancy table and underlying interest rate of 3.11%.

   Moreover, as of December 31, 2003, 2002 and 2001, the Institution had covered its other commitments with respect to its employees by contracting or renewing different insurance policies arranged with Caser, Compañía de Seguros y Reaseguros, S.A. and CajaSur Entidad de Seguros y Reaseguros, S.A.

2. Pensions drawn: Pursuant to existing legislation, in 2000 the Institution externalized its pension commitments with respect to retired employees, who were covered by an internal fund through the contracting of an insurance policy with CajaSur Entidad de Seguros y Reaseguros, S.A., for the amount of € 56,892 thousand and which, as of December 31, 2001, and after the appropriate restatements, amounted to € 55,364 thousand.

   On February 3, 2003, the Department of Economy and Finance of the Autonomous Community Government of Andalusia handed down a ruling requiring the Institution to restore the legal situation in relation to the insurance policy taken out with Caser, Compañía de Seguros y Reaseguros, S.A., providing coverage for executive staff belonging to the governing bodies and signed on September 7, 2001, since this infringed autonomous community regulations in force governing remunerations and indemnity payments of Savings Banks domiciled in Andalusia.

On February 6, 2003, the Institution presented a contentious-administrative appeal before the High Court of Andalusia contesting the abovementioned ruling. This appeal was accepted by the High Court of Andalusia, which, for precautionary purposes, issued a ruling on February 10, 2003, suspending the execution of the resolution handed down by the Department of Economy and Finance of the Autonomous Community Government of Andalusia. As of December 31, 2003, the aforementioned suspension relating to the execution of the aforementioned ruling prevailed, since the High Court of Andalusia had still not decided upon the appeal presented by the Institution; this Court also rejected the plea presented by the Department of Economy and Finance of the Autonomous Community Government of Andalusia in respect of the execution of its resolution. The Institution's directors and its legal advisors consider that any contingency that might arise in relation with this matter would be insignificant with respect to the consolidated financial statements closed as of December 31, 2003.

j) Financial and other derivatives-

The Group basically uses these financial instruments in hedging transactions of its net worth positions and of other transactions (See Note 29).

These instruments include, inter alia, unmatured foreign currency purchase and sale transactions, financial futures on securities and interest rates, options purchased and interest rate swaps (IRS), interest rate currency swaps and cross currency swaps.

Pursuant to Bank of Spain regulations, futures transactions are recorded in memorandum accounts for either the future rights and commitments which might have an effect on net worth, or for the balances required to reflect the transactions, regardless of whether or not they affect the Institution's net worth. Accordingly, these instruments' notional amount (theoretical value of the contracts) does not reflect the total credit or market risk assumed by the Group.

The premiums collected and paid for options sold and purchased, respectively, are recorded as an asset by the purchaser under the "Other Assets" caption and as a liability by the writer under the "Other Liabilities" caption.

Transactions aimed at eliminating or significantly reducing exchange rate, interest rate or market risks on asset and liability positions or on other transactions are treated as hedging transactions. The gains or losses arising on these hedging transactions are accrued symmetrically to the revenues or expenses arising from the hedged items.

Nonhedging transactions, also called trading transactions, arranged on organized markets were valued at market price, and variations were recorded in full in the consolidated statement of income and expenses. An organized market is taken to be any market that has a system of guarantee deposits updated daily and a clearing house. Accordingly, in organized markets, the credit risk of these transactions is minimized.

Gains or losses on trading transactions not arranged on organized markets are not recognized in the consolidated statement of income and expenses until they are effectively settled. However, at the end of each period the positions are valued, and provisions are recorded, with a charge to surplus for the year, for the net potential losses on each type of risk. The types of risks considered for these purposes are interest rate, underlying asset price and currency risks.

k) Severance costs-

Under current Spanish labor legislation, employers are required to make severance payments to employees terminated without just cause. There is no staff reduction plan making it necessary to record a provision in this connection.

l) Corporate income tax-

The expense for corporate income tax of each year is calculated on the basis of book surplus before taxes, increased or decreased, as appropriate, by the permanent differences from the taxable income. Permanent differences are defined as those arising between the taxable income and the book surplus before taxes which do not reverse in subsequent periods.

In accordance with provisions established in legislation currently in force, timing differences relating to deferred taxes and prepaid taxes are recorded for accounting purposes in accordance with the criteria of prudence and pursuant to the limits established in the aforementioned legislation (see Note 28). Prepaid taxes arising as a result of timing differences are only capitalized if they are recoverable within a ten-year period.

Tax credits and tax relief are treated as a reduction of the corporate income tax for the year in which they are taken (see Note 28). Entitlement to these tax credits is conditional upon compliance with the requirements stipulated by current regulations.

m) Consolidation goodwill and negative consolidation difference-

The "Consolidation Goodwill" caption in the accompanying consolidated balance sheets includes the unamortized positive differences in consolidation, net of the unrealized gains allocable to the assets of the investee company, which arose in the acquisition of shares of subsidiaries consolidated by the full or proportional consolidation method or accounted for by the equity method. Consolidation goodwill is generally amortized on a straight-line basis over a period of ten years, considering the nature of these investments, since the Group considers that this is the period over which it will contribute to the generation of revenues. It is considered that the companies contributing goodwill (see Note 14) will, during the remaining goodwill amortization period, generate income exceeding the unamortized balances as of December 31, 2003. €1,050 thousand, €3.394 thousand and €3,124 thousand of consolidation goodwill amortization were charged to the 2003, 2002 and 2001 consolidated statements of income and expenses, respectively. (see Note 14).

When the consolidation differences referred to in the preceding paragraph are negative, they are recorded under the "Negative Consolidation Difference" caption on the liability side of the accompanying consolidated balance sheets. The negative differences in consolidation are credited to surplus for the year to the extent of the losses incurred at the company concerned already foreseen at the date of acquisition of the holding or when they relate to a realized gain and may only be offset against consolidation goodwill when they correspond to surplus generated by the same company. The amount paid in 2003 into the accompanying consolidated statement of income and expenses for the reversion of consolidation losses amounted € 140 thousand. As of December 31, 2002 and 2001, no amount had been recorded for this item in the accompanying consolidated statements of income and expenses.

5. DISTRIBUTION OF SURPLUS

The proposed distribution of CajaSur's 2003 net surplus which the Board of Directors will submit for approval by the General Assembly and the distribution that was approved for the 2002 and 2001 surpluses are as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Net surplus for the year	**55,654**	**49,667**	**47,579**
Distribution-			
To General Reserves	34,619	28,632	28,347
To Community Welfare Project Reserve	21,035	21,035	19,232
	55,654	**49,667**	**47,579**

The income of the subsidiaries composing the "CajaSur" Group will be appropriated as resolved by the respective Shareholders' Meetings.

6. GOVERNMENT DEBT SECURITIES

The detail of the balances of this caption in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Trading Portfolio			
Other securities	10,586	–	–
	10,586	–	–
Available-for-sale Portfolio			
Treasury Bills	–	11,824	31,315
Other securities and other debt securities recorded under the book-entry system	232,376	186,311	147,276
	232,376	198,135	178,591
Held-to-maturity investment portfolio			
Other debt securities recorded under the book-entry system	89,650	89,344	89,039
	89,650	89,344	89,039
	332,612	**287,479**	**267,630**

As of December 31, 2003, 2002 and 2001, the market values of the securities included in the different portfolios, according to the classification and valuation criteria, were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Market value			
Trading portfolio	10,586	–	–
Available-for-sale portfolio	232,492	199,262	179,772
Held-to-maturity investment portfolio	96,956	96,731	89,833
	340,034	**295,993**	**269,605**

The average interest rate on the securities in this caption of the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, was as follows:

	2003	2002	2001
Average annual interest rate			
Treasury Bills	2,06%	3,78%	4,50%
Other debt securities recorded under the book-entry system	3,14%	4,44%	4,92%

Of these securities and those temporarily acquired from credit institutions, the Group had sold as of December 31, 2003, 2002 and 2001 an effective amount of €521,584, €433,691 and €409,918 thousand, respectively, to financial intermediaries and customers, and these amounts are recorded under the "Due to Credit institutions" and "Customer Deposits" captions on the liability side of the accompanying consolidated balance sheets (see Notes 7 and 18).

The variations in the portfolios in this caption in 2003, 2002 and 2001 were as follows:

	Thousands of Euros		
	Trading Portfolio	Available-for-sale Portfolio	Held-to-Maturity Portfolio
Balances at December 31, 2000	–	298,224	88,733
Purchases	30,562	205,033	–
Sales, redemptions and other	(30,476)	(327,782)	–
Net yield from cost adjustment or market valuation	(86)	3,116	306
Balances at December 31, 2001	**–**	**178,591**	**89,039**
Purchases	35,411	267,824	–
Sales, redemptions and othe	(35,415)	(248,064)	–
Net yield from cost adjustment or market valuation	4	(216)	305
Balances at December 31, 2002	**–**	**198,135**	**89,344**
Purchases	33,061	293,994	–
Sales, redemptions and other	(22,482)	(257,152)	–
Net yield from cost adjustment or market valuation	7	(2,601)	306
Balances at December 31, 2003	**10,586**	**232,376**	**89,650**

The detail, by maturity, of the balances of this caption as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros				
	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Balances at December 31, 2003					
Fixed-income securities:					
Trading portfolio	–	–	10,586	–	10,586
Available-for-sale portfolio	–	56,734	169,250	6,392	232,376
Held-to-maturity investment portfolio	–	–	–	89,650	89,650
	–	**56,734**	**179,836**	**96,042**	**332,612**
Balances at December 31, 2002					
Fixed-income securities:					
Available-for-sale portfolio	127,101	37,974	30,854	2,206	198,135
Held-to-maturity investment portfolio	–	–	–	89,344	89,344
	127,101	**37,974**	**30,854**	**91,550**	**287,479**
Balances at December 31, 2001					
Fixed-income securities:					
Available-for-sale portfolio	47,030	58,116	69,135	4,310	178,591
Held-to-maturity investment portfolio	–	–	–	89,039	89,039
	47,030	**58,116**	**69,135**	**93,349**	**267,630**

As of December 31, 2003, 2002 and 2001, no Government Debts Securities were assigned to the guarantee fund.

7. DUE FROM/TO CREDIT INSTITUTIONS

The breakdown, by currency and type, of the "Due from Credit Institutions" caption on the asset side of the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
ASSETS			
By currency:			
In euros	982,705	550,253	776,331
In foreign currencies	4,117	3,655	5,554
	986,822	**553,908**	**781,885**
By type:			
Demand deposits-			
Other accounts	1,068	11,350	68,565
	1,068	**11,350**	**68,565**
Other-			
Assets acquired under re-sale agreement	219,501	176,728	155,903
Deposits at credit and financial institutions	766,253	365,830	557,417
	985,754	542,558	713,320
	986,822	**553,908**	**781,885**

There were no variations in the balance of the “Credit Loss Allowance” caption in the accompanying consolidated balance sheets in 2003, 2002 and 2001.

The breakdown, by currency and type, of the “Due to Credit Institutions” caption on the liability side of the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
LIABILITIES			
By currency:			
In euros	795,428	581,452	439,093
In foreign currencies	877	1,224	1,568
	796,305	**582,676**	**440,661**
By type:			
Demand deposits-			
Other accounts	3,418	3,766	50,120
	3,418	3,766	50,120
Credit institutions:			
Time deposits	739,392	573,510	385,734
Assets acquired under re-sale agreements (Note 6)	53,495	5,400	4,807
	792,887	578,910	390,541
	796,305	**582,676**	**440,661**

The breakdown, by residual maturity, of the “Due from Credit Institutions - Other” (Asset side) and "Due to Credit Institutions - Time or Notification Deposits" (Liability side) captions in the accompanying consolidated balance sheets is as follows:

Due from credit institutions – Other (Asset side)-

	Thousand for Euros					
	Up to 3 months	To 3 months to 1 year	To 1 months 5 years	Over 5 years	Total	Average Interest Rate for Year
Balances at December 31, 2003						
Deposits at credit and financial institutions	653,648	15,304	97,301	–	766,253	3.23%
Assets acquired under resale agreement	219,501	–	–	–	219,501	3.39%
	873,149	**15,304**	**97,301**	**–**	**985,754**	3.24%
Balances at December 31, 2002						
Deposits at credit and financial institutions	273,190	471	83,154	9,015	365,830	3.76%
Assets acquired under resale agreement	164,728	12,000	–	–	176,728	3.36%
	437,918	**12,471**	**83,154**	**9,015**	**542,558**	3.64%
Balances at December 31, 2001						
Deposits at credit and financial institutions	460,187	3,879	19,308	74,043	557,417	4.68%
Assets acquired under resale agreement	155,903	–	–	–	155,903	4.37%
	616,090	**3,879**	**19,308**	**74,043**	**713,320**	4.59%

Due to credit institutions – Time or notification deposits (Liability side)-

	Thousand for Euros					
	Up to 3 months	To 3 months to 1 year	To 1 months 5 years	Over 5 years	Total	Average Interest Rate for Year
Balances at December 31, 2003						
Due to credit institutions:						
Time deposits	556,328	174,866	7,898	300	739,392	3.29%
Assets sold under repurchase agreement	53,495	–	–	–	53,495	2.15%
	609,823	**174,866**	**7,898**	**300**	**792,887**	**3.28%**
Balances at December 31, 2002						
Due to credit institutions:						
Time deposits	562,031	43	11,436	–	573,510	3.58%
Assets sold under repurchase agreement	5,400	–	–	–	5,400	3.74%
	567,431	**43**	**11,436**	**–**	**578,910**	**3.58%**
Balances at December 31, 2001						
Due to credit institutions:						
Time deposits	79,767	291,946	14,021	–	385,734	4.51%
Assets sold under repurchase agreement	4,807	–	–	–	4,807	4.56%
	84,574	**291,946**	**14,021**	**–**	**390,541**	**4.51%**

8. LOANS AND CREDITS

The detail, by currency and borrower sector, of the balances of this caption in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands for Euros		
	2003	2002	2001
By currency:			
In euros	7,742,313	6,612,412	5,457,323
In foreign currencies	1,185	1,400	1,558
	7,743,498	**6,613,812**	**5,458,881**
By sector:			
Spanish public authorities	284,815	324,474	321,067
Other resident borrowers	7,550,001	6,365,559	5,199,736
Non-resident borrowers	83,718	59,662	44,050
Less - Credit loss allowance	(175,036)	(135,883)	(105,972)
	7,743,498	**6,613,812**	**5,458,881**

The balances of loans and credits as of December 31, 2003, 2002 and 2001 in operations with non-group companies, and non-consolidable Group companies and associated companies, pursuant to Regulation 48 of Bank of Spain Circular 4/1991 is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Non-group companies	7,231,040	6,267,644	5,236,062
Group and associated companies-			
Prasur, S. A.	64,406	53,513	91,321
Sarasur, S. A.	71,023	71,082	26,251
Cajasur Renting, S. A.	95,409	57,547	33,337
Arenal Sur, 21, S. A.	104,952	70,725	28,823
Centros Residenciales Sanyres Sur, S. L.	27,055	27,069	–
SOS Cuétara, S. A.	22,826	–	–
XXI Perchel-Málaga, S. L.	33,405	–	–
Grupo Inmobiliario Cañada Siglo XXI, S. L.	31,100	–	–
Bami, S. A. (*)	–	50,160	25,330
Gabialsur 2006, S. L.	17,273	–	–
Obrascón Huarte Laín, S. A.	7,062	2,930	–
GPS Alhaurin, S. L.	6,111	–	–
GPS Pedregalejo, S. L.	3,935	–	–
GPS Mairena el Soto, S. L.	3,300	–	–
Other Group and Associated companies	24,601	13,142	17,757
	512,458	346,168	222,819
	7,743,498	**6,613,812**	**5,458,881**

(*) As of December 31, 2003 the Institution's holding in Metrovacesa, S.A. (resulting from the merger between Metrovacesa S.A and Bami,S.A. – a company in which the Institution owns more than 3% of the capital stock) was lower than 3%, without having a significant influence on the management of the aforementioned company (see Note 4.e); for this reason, it has not been treated as an associated company as of December 31, 2003.

The breakdown, by term to maturity and loan type and status, of this caption in the accompanying consolidated balance sheets, disregarding the balances of the "Credit Loss Allowance" account in the first table in this note, is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
By term to maturity:			
Up to 3 months	817,788	701,229	519,159
3 months to 1 year	1,130,381	863,154	786,822
1 to 5 years	2,325,522	2,111,576	1,533,862
Over 5 years	3,485,928	2,899,827	2,444,720
Other (*)	158,915	173,909	280,290
	7,918,534	**6,749,695**	**5,564,853**
By loan type and status:			
Commercial bills	387,157	379,143	340,016
Secured loans	4,802,837	4,017,791	3,297,102
Other term loans	2,342,343	2,047,240	1,647,493
Demand and other loans	259,606	189,102	207,546
Financial leases	41,868	33,967	5,403
Doubtful assets	84,723	82,452	67,293
	7,918,534	**6,749,695**	**5,564,853**

(*) Undefined maturity, due or unclassified.

The balance of "Doubtful Assets" as of December 31, 2003, 2002 and 2001 included risk assets of €39,254, €34,071 and €25,573 thousand, respectively, secured by mortgages.

As of December 31, 2003, 2002 and 2001 the amount of loans or credits to customers assigned to own and third-party obligations, amounted to €93,157, €93,157 and €183,309 thousand, respectively.

The variations in 2003, 2002 and 2001 in the balances of the "Credit Loss Allowance" caption were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Balances at the beginning of the year	135,883	105,972	86,493
Net provision for the year-			
Provision recorded with a charge to surplus	57,608	51,885	38,261
Allowances released	(6,766)	(6,061)	(10,536)
	50,842	45,824	27,725
Transfers to allowances for property and equipment (Note 15)	(1,331)	(4,245)	(1,063)
Retirements due to transfers of loan transactions to written-off loans	(10,358)	(11,668)	(7,183)
Balance at year-end	**175,036**	**135,883**	**105,972**
Of which:			
Specific risk allowance	51,815	44,352	41,614
General-purpose allowance	63,324	52,656	41,638
Country risk allowance	–	–	–
Statistical allowance	59,897	38,875	22,720

The assets previously written off which were recovered in 2003, 2002 and 2001 amounted to €5,622, €7,215 and €6,147 thousand, respectively. These amounts are presented as reductions of the balances of the "Write-offs and Credit Loss Provisions" caption in the accompanying consolidated statements of income and expenses, which also includes the write-offs of loans directly classified as asset write-offs (€2,439, €915 and €639 thousand, respectively).

9. DEBENTURES AND OTHER FIXED-INCOME SECURITIES

The breakdown of the balances of this caption in the accompanying consolidated balance sheets, by currency, issuer, listing status, type and portfolio classification, is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
By currency:			
In euros (*)	208,498	173,635	150,900
In foreign currencies	10,847	13,064	15,545
	219,354	186,699	166,445
Less –Security price fluctuation allowance	(2)	–	(3)
Less –Credit loss allowance (general-purpose)	(1,366)	(971)	(1,081)
Less –Statistical allowance	(1,220)	(820)	(511)
	216,757	**184,908**	**164,850**

	Thousands of Euros		
	2003	**2002**	**2001**
By issuer:			
Public-sector issuers-			
Public Authorities	1,657	3,880	7,039
Other Public Authorities	3,003	30,349	3,004
	4,660	**34,229**	**10,043**
Other issuers-			
Official Credit Institute	1,075	6,112	6,733
Other resident credit institutions	23,598	23,557	23,531
Non-resident credit institutions	24,979	5,970	5,001
Other resident issuers (*)	44,407	32,230	12,522
Non-residents	120,626	84,601	108,615
	214,685	152,470	156,402
	219,345	186,699	166,445
Less –Security price fluctuation allowance	(2)	–	(3)
Less –Credit loss allowance (general-purpose)	(1,366)	(971)	(1,081)
Less –Statistical allowance	(1,220)	(820)	(511)
	216,757	**184,908**	**164,850**
By listing status:			
Listed (*)	219,344	186,696	166,445
Unlisted	1	3	–
	219,345	186,699	166,445
Less –Security price fluctuation allowance	(2)	–	(3)
Less –Credit loss allowance (generic)	(1,366)	(971)	(1,081)
Less –Statistical allowance	(1,220)	(820)	(511)
	216,757	**184,908**	**164,850**
By type:			
Government debt securities	4,660	34,229	10,043
Company promissory notes	2,971	2,959	–
Bonds and debentures (*)	177,851	99,404	121,137
Other securities	33,863	50,107	35,265
	219,345	186,699	166,445
Less –Security price fluctuation allowance	(2)	–	(3)
Less –Credit loss allowance (general-purpose)	(1,366)	(971)	(1,081)
Less –Statistical allowance	(1,220)	(820)	(511)
	216,757	**184,908**	**164,850**
By portfolio classification:			
Available-for-sale portfolio (*)	165,089	130,928	108,945
Held-to-maturity investment portfolio	54,256	55,771	55,396
Trading portfolio	–	–	2,104
	219,345	186,699	166,445
Less –Security price fluctuation allowance	(2)	–	(3)
Less –Credit loss allowance (general-purpose)	(1,366)	(971)	(1,081)
Less –Statistical allowance	(1,220)	(820)	(511)
	216,757	**184,908**	**164,850**

(*) As of December 31, 2003 and 2002 the “Bonds and Debentures” caption in the foregoing table included €3,234 and €6,785 thousand relating to mortgage-backed bonds issued by “AyT 7, Promociones Inmobiliarias I, Fondo de Titulación de Activos”.

The market value as of December 31, 2003, 2002 and 2001 of the securities assigned to the "Available-for-sale portfolio" and the "Held-to-maturity portfolio" comprising the balance of this caption in the accompanying consolidated balance sheets of the Institution were as follows.

	Thousands of Euros		
	2003	**2002**	**2001**
Market value			
Available-for-sale portfolio	165,657	132,430	110,241
Held-to-maturity investment portfolio	59,679	62,265	60,645
	225,336	**194,695**	**170,886**

As of December 31, 2003, 2002 and 2001 the par value of debentures and other fixed-income securities assigned to own and third-party obligations, amounted to €30,652 thousand during the three years.

The detail of this caption, by maturity, as of December 31, 2003, 2002 and 2001, disregarding the security price fluctuation allowance and country-risk allowance, is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Up to 3 months	9,179	–	901
3 months to 1 year	36,347	17,049	3,158
1 to 5 years	109,896	91,142	109,964
Over 5 years	63,923	78,508	52,422
	219,345	**186,699**	**166,445**

The variations in 2003, 2002 and 2001 in the balances of this caption in the accompanying consolidated balance sheets, disregarding the security price fluctuation allowance, the credit loss allowance and the country-risk allowance, were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Balance at the beginning of the year	186,699	166,445	154,739
Purchases	324,381	138,486	222,833
Sales, redemptions and other	(292,324)	(118,780)	(213,852)
Net yield from cost adjustment	589	548	2,725
Year-end balances	**219,345**	**186,699**	**166,445**

As of December 31, 2003, 2002 and 2001 the Institution had not recorded any provision for the country-risk allowance. On the other hand, the variations in the balances of the "Security Price Fluctuation Allowance" account in the years ending on the aforementioned dates were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Balances at the beginning of the year	–	3	–
Net period provision-			
Provision charged to surplus for the year	2,903	–	3
Allowance released	(2,901)	(3)	–
	2	–	3
Balances at year-end	**2**	**–**	**3**

The variations in 2003, 2002 and 2001 in the balances of the "Credit Loss Allowance (general-purpose)" account were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Balances at the beginning of the year	971	1.081	774
Net period provision-			
Provision charged to surplus for the year	410	–	307
Allowance released	(15)	(110)	–
	395	(110)	307
Balances at year-end	**1,366**	**971**	**1,081**

The variations in 2003, 2002 and 2001 in the balances of the "Statistical Allowance" account were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Balances at the beginning of the year	820	511	208
Net period provision-			
Provision charged to surplus for the year	400	309	303
Allowance released	–	–	–
	400	309	303
Balances at year-end	**1,220**	**820**	**511**

Securitization funds-

AyT 7, Promociones Inmobiliarias I, Fondo de Titulización de Activos, a mortgage securitization fund governed by Royal Decree 926/1988 and other applicable legislation, was formally set up on June 19, 2002. The Securitization funds set up are duly registered with the Spanish National Securities Market Commission (CNMV) under number 3,852 and include among their related assets the loan portfolios contributed by the following financial entities:

	Thousands of Euros	Number of Securitized loans
CajaSur	71,683	3
Caja Cantabria	29,709	3
Caixa Penedés	21,023	14
El Monte de Huelva y Sevilla	197,450	26
	319,865	**46**

The loans contributed by CajaSur were retired from the asset side (in the corresponding captions) of the Institution's balance sheets in 2002.

The funds' liabilities include an issue of Securitization Bonds in euros charged to same and divided into a single series:

Series	Interest	Thousands of Euros	Number of securities
A	Variable-		
	6-month Euribor +0.30%	319,800	3,198
		319,800	**3,198**

The fund is managed by the company "Ahorro y Titulación, Sociedad Gestora de Fondos de Titulización, S.A.", under an "Internal Management Agreement" entered into on June 19, 2002 between the Managing Entity and the financial entities.

As of December 31, 2003 and 2002 the Institution maintained in its portfolio series "A" Securitization Bonds amounting to €3,234 and €6,785 thousand, respectively.

10. COMMON STOCKS AND OTHER EQUITY SECURITIES

This caption in the accompanying consolidated balance sheets includes generally the common stocks and equity securities representing holdings of less than 3% in listed companies or less than 20% in unlisted companies, provided that these companies have no lasting relationship with the Group (pursuant to Article 185.2 of the Spanish Corporations Law), and holdings in companies with which there is a lasting relationship because the investee contributes to the Institution's activity, and in which no significant management influence is exercised, and marketable security investment funds.

The breakdown of the balances of this caption in the accompanying consolidated balance sheets, by currency, listing status and portfolio classification, is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
By currency:			
In euros	93,256	58,586	54,604
In foreign currencies	–	2,506	–
	93,256	61,092	54,604
Less –Security price fluctuation allowance	(7,670)	(9,123)	(4,147)
	85,586	**51,969**	**50,457**
By listing status:			
Listed	46,069	20,361	24,006
Unlisted (includes investment funds)	47,187	40,731	30,598
	93,256	61,092	54,604
Less –Security price fluctuation allowance	(7,670)	(9,123)	(4,147)
	85,586	**51,969**	**50,457**
By portfolio classification:			
Trading portfolio	1,423	–	736
Available-for-sale portfolio	91,833	61,092	53,868
	93,256	61,092	54,604
Less –Security price fluctuation allowance	(7,670)	(9,123)	(4,147)
	85,586	**51,969**	**50,457**

The dependent company CajaSur Gestión, Sociedad Gestora de Instituciones de Inversión Colectiva, S.A., managed six investment funds, four of which were set up in 1998, and the other two in 2001 and 2002. On December 21, 2002, CajaSur Gestión, S.G.I.I.C., S.A. entered into an agreement with Ahorro Corporación Gestión, S.G.I.I.C., S.A. to entrust the latter with the administration and representation of the investment funds that it had been managing until then. As of December 31, 2003, 2002 and 2001, CajaSur's holdings in these funds totaled €21,420, €22,618 and €16,522 thousand, respectively. Additionally, as of December 31, 2003, 2002 and 2001 it has holdings in other investment funds valued at €4,557, €2,913 and €6,426 thousand, respectively.

The Group's other main holdings classified in its available-for-sale portfolio, and information thereon (obtained from the latest available financial statements) as of December 31, 2003, are shown in Exhibit III.

The variations in 2003, 2002 and 2001 in the balances of this caption in the accompanying consolidated balance sheets, disregarding the security price fluctuation allowance, were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Balances at the beginning of the year	61,092	54,604	108,763
Additions	56,055	57,956	227,872
Retirements	(23,891)	(51,468)	(282,031)
Balances at year-end	**93,256**	**61,092**	**54,604**

Of the total additions and retirements in 2003, €8,323 and €6,900 thousand, respectively, relate to purchases and sales, respectively, of securities in the trading portfolio. Of the total additions and retirements in 2002, €20,307 and €21,045 thousand, respectively, relate to purchases and sales, respectively, of securities in the trading portfolio. Of the total additions and retirements in 2001, €202,204 and €211,708 thousand, respectively, relate to the purchases and sales, respectively, of securities in the aforementioned portfolio.

The variations in 2003, 2002 and 2001 in the balances of the "Security Price Fluctuation Allowance" caption were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Balances at the beginning of the year	9,123	4,147	8,459
Net provision for the year-			
Provision charged to surplus	2,489	6,134	6,896
Allowance released	(778)	(551)	(1,880)
	1,711	**5,583**	**5,016**
Cancellations for use in sales, corrections and other variations	(3,164)	(607)	(9,328)
Balances at year-end	**7,670**	**9,123**	**4,147**

11. INVESTMENTS IN NON-GROUP COMPANIES

This caption in the accompanying consolidated balance sheets includes the holdings in companies which do not form a decision-making unit but have a lasting relationship with the Group and are intended to contribute to its business activities, as defined in Article 185.2 of the Corporations Law and in Bank of Spain Circular 4/1991, and in which significant management influence is exercised ("associated companies"). In general, the minimum ownership percentage in these companies is 20% if unlisted, and 3% if listed. Also included are investments representing lower percentages of ownership that may be accredited if they make a lasting contribution to the Institution's activity, as well as notable influence in the management of same. All these companies are classified as "Associated companies".

All the holdings included in this caption of the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001 are securities expressed in euros.

The detail of the balances of this caption in the accompanying consolidated balance sheets, by listing status, is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Listed	39,563	34,089	20,025
Unlisted	81,488	65,543	42,923
	121,051	99,632	62,948
Less –Security price fluctuation allowance	–	(138)	(155)
	121,051	**99,494**	**62,793**

The variations in this caption of the accompanying consolidated balance sheets in 2003, 2002 and 2001, disregarding the security price fluctuation allowance, were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Balances at the beginning of the year	99,632	62,948	48,136
Additions	42,362	41,332	15,912
Retirements	(3,309)	(293)	(1,398)
Other variations	(10,053)*	–	1,843
Variations in value due to equity method, consolidation adjustments and other variations	(7,581)	(4,355)	(1,545)
Balances at year-end	**121,051**	**99,632**	**62,948**

(*) This amount includes €2,304 thousand corresponding to assignments to the "Available-for-sale portfolio – Structural Investment" caption classified in the "Common Stock and Other Securities" caption of the accompanying consolidated balance sheets as of December 31, 2003. It also includes €8,226 thousand relating to the assignment of the cost of its holding in Metrovacesa (formerly Bami, S.A.) to the "Common Stock and Other Securities" caption as a result of the reduction in the Group's holding in the aforementioned company.

The additions in 2003 indicated in the table of changes above include three capital increases corresponding to successive capital increase agreements adopted by the Shareholders' Meetings of Zoco Inversiones, S.L., on March 21, October 20 and December 12, 2003 in the amounts of € 15,093, € 1,402 and € 296 thousand, respectively; these capital increases were made by means of non-monetary contributions of holdings owned by the Institution in different companies within its available-for-sale portfolio. These contributions were made at the net book value recorded by the Institution, and recorded by the acquirer company in the same amount.

Additionally, the incorporation of Parking Zoco Córdoba, S.L. was executed in a public deed. The shares fully subscribed and paid up by the Parent Company of the Group amounted to € 2,569 thousand and corresponds to 56.96% of the capital stock of the incorporated company.

In 2002 the Group participated in the capital increases carried out by Centros Residenciales Sanyres Sur, S.L., the cost of which amounted to € 17,907 thousand. The underlying book value of this holding amounted to €17,164 thousand. Accordingly, the Institution recorded goodwill amounting to €743 thousand, amortizable over a period of 5 years. The Group also acquired shares in Sol Meliá, S.A. and Obrascón Huarte Laín, S.A., valued at €8,893 and €3,229 thousand, respectively, and which generated goodwill as a result of the purchase in the amounts of €2,353 and €276 thousand, respectively (see Note 14).

In February 2001 the Group purchased shares in Bami, S.A. corresponding to 3% of the latter's capital stock, with a market value of €6,975 thousand. The underlying book value of this holding amounted to €5,641 thousand, for which the Institution recorded goodwill amounting to €1,334 thousand, amortizable over a period of 5 years. The amortization corresponding to 2002 and 2001 is recorded in the "Consolidation Goodwill" caption in the amounts of €266 and €245 thousand, respectively (see Note 14). Subsequently, the Group acquired shares for the value of € 778 thousand, hence the total value of the acquisition as of December 31, 2001, amounted to €7,753 thousand. On April 24, 2002, the Institution participated in the capital increase agreed by the aforementioned company, with a cost of €473 thousand. In 2003, the Group transferred the full net book value of this holding to the "Equity Securities - Common Stock and Other Securities" caption (see Note 10), since the holding at 2003 year-end was less than 3% and it did not exercise a significant influence on the management of that company.

In 2001, the Group sold 6,600 shares in Sistemas Inmobiliarios del Sur, S.L., with a book value recorded at cost of €1,941 thousand and recorded in the "Gains on group transactions - Gains on disposal of shareholdings in entities accounted for by the equity method" account.

The variations in 2003, 2002 and 2001 in the balances of the "Security Price Fluctuation Allowance" account were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Balances at the beginning of the year	138	155	81
Net period provision-			
Provision charged to surplus	–	47	–
Allowance released	–	(64)	–
	–	(17)	–
Cancellations for application in sales, corrections and other variations	(138)*	–	74
Balances at year-end	**–**	**138**	**155**

(*) This amount corresponds to the total security fluctuation allowance assigned to the "Equity Securities - Structural Investment" caption of the "Common Stocks and Other Securities" caption of the accompanying consolidated balance sheets as of December 31, 2003.

The detail of the companies included under this caption as of December 31, 2003, 2002 and 2001, after considering the corresponding security price fluctuation allowances for non-consolidated companies, is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Fomento de Iniciativas Cordobesas, S.A. – FICOR	48	701	840
Ibérico de Bellota, S.A.	548	576	589
Arenal Sur 21, S.A.	7,732	6,358	6,421
Sistemas Inmobiliarios del Sur, S.L. – SIS	4,630	2,325	2,324
Corporación Industrial Córdoba Este, S.A. – CINCORES	1,616	1,582	1,584
Promotora Inmobiliaria-PRASUR, S.A.	21,101	16,071	13,553
Materiales Vegetales Avanzados, S.A. – MAVASA	37	74	89
Diario de Córdoba, S.A.	1,458	1,487	1,246
Diario de Jaén, S.A.	107	32	28
Iniciativas de Publicaciones e Impresión, S.L.	1,938	1,801	1,574
Quesería de la Sierra Subbética, S.L.	75	78	57
Corporación Industrial Córdoba Norte, S.A. – CINCONOR	570	554	537
Grupo de Comunicación del Sur, S.L.	176	122	184
Corporación Industrial Córdoba Sur, S.A. – CINCOSUR	707	646	667
Equipamientos Urbanos del Sur, S.L. – URBASUR	424	233	166
Servicios Asistenciales Geriátricos del Sur, S.L.	424	233	166
Euromedia Central de Compras y Planificación, S.A.	424	233	166
Andalucía Económica, S.A.	489	503	220

	Thousands of Euros		
	2003	2002	2001
Telefónica Cable Andalucía, S.A.	–	–	229
Consorcio Andaluz de Contenidos, S.A.	–	–	47
Andalucía 21, F.C.R.	–	1,803	1,803
SOS Cuétara, S. A. (formerly Koipe, S.A.)	13,092	12,554	13,399
Promotora Inmobiliaria Sarasur, S.A.	7,343	4,971	5,965
Grupo Cordobés de Informática Multimedia, S.L.	2	2	3
Corporación Industrial Córdoba Occidental, S.A. – CINCOROC	695	680	616
Auxiliar de Gestión Patrimonial, S.A.- AUGESPA	14	6	1
Plastienvase, S.A.	2,247	2,170	2,012
La Rambla Alfarera y Ceramista, S.L.	123	103	207
Vitalia Écija, S.L.	430	293	148
Actividades y Cauces del Sur, S.A.L.	320	93	69
Libros en la Red, S.L.	–	–	7
Centros Residenciales Sanyres Sur, S.L.	21,769	18,597	376
Sanyres Sur, S.L.	1,175	937	36
Bami, S.A.	–	8,160	6,626
Euro 6000, S.A.	–	73	73
Certum Control Técnico de la Edificación, S.A.	–	215	9
Ahorro Corporación, S.A.	–	866	866
Empresas Constructoras Asociadas del Sur 10, S.A.	68	9	–
Tavex Algodonera	1,307	571	–
Uralita, S.A.	2,010	2,321	–
Obrascón Huarte Laín, S.A.	3,072	2,938	–
Sol Meliá, S.A.	4,966	6,225	–
Selwo Estepona, S.L.	2	1	–
XXI Perchel, S. L.	1	1	–
Grupo Inmobiliario Cañada XXI, S. L.	1	1	–
Promar 21, S.L.	–	1.143	–
Aparcamientos Gran Capitán, AIE	–	8	–
Tubacex, S.A.	1,323	1,320	–
Andalucía Capital Desarrollo, F.C.R.	–	150	–
Ucoaviación, S. L.	135	–	–
Serco Enrique García Barrionuevo Servicio de Consultorías, S. L.	66	–	–
Rofisur 2003, S. L.	1	–	–
Parking Zoco Córdoba, S. L.	2,573	–	–
Open Minds, S. L.	79	–	–
GPS y Alameda Urbanos, S. L.	1	–	–
GPS Alhaurín Málaga, S. L.	2	–	–
GPS Mairena del Soto, .S L.	2	–	–
GPS Pedregalejo, S. L.	2	–	–
Gabialsur 2006, S. L.	6	–	–
Gestora del Nuevo Polígono Industrial, S. A.	2,442	–	–
Papeles y Cartones de Europa, S. A. - EUROPAC	1,722	–	–
Cortefiel, S. A.	2,627	–	–
Ecourbe Gestión, S. L.	29	–	–
Corporación Mapfre, S. A.	8,353	–	–
Acosta Grupo Inmobiliario, S. L.	2	–	–
Transportes Azkar, S. A.	1,090	–	–
	121.051	**99.494**	**62.793**

Other relevant information on these companies is included in Exhibit II.

12. INVESTMENTS IN GROUP COMPANIES

This caption in the accompanying consolidated balance sheets reflects the investments in subsidiaries not included in the consolidable Group because their business activities are not directly related with those of the Group. These companies are accounted for by the equity method (see Note 3).

All the holdings included in this caption of the accompanying consolidated balance sheets correspond to unlisted securities and are expressed in euros.

In 2003, and in order to reorganize the structure of the CajaSur Group and optimize the processes for controlling its financial investments and future strategies, certain Group companies were grouped together that the Institution maintained in different captions of its equity securities portfolio within the company Grupo de Empresas Cajasur, S.L., 100% owned by the parent company Cajasur.

On December 31, 2002, the sole shareholder of Corporación Empresarial CajaSur, S.A., a company in which the Institution indirectly had a 100% holding, approved the full spin-off of the company, which was dissolved but not wound up, with full division of its net worth, which was transferred to the companies Grupo de Empresas CajaSur, S.L. (sole-shareholder of the aforementioned company), Cerix Global Hispania, S.L. and Corporación Empresarial CajaSur, S.L.. The values applied to the spun-off assets and liabilities were equivalent to the corresponding net values recorded in the books of the transferor company. Although the aforementioned agreement considers that the accounting effects of the aforementioned total spin-off took effect as from August 1, 2002, since the entry in the Mercantile Register corresponding to the incorporation of these two companies was dated February 19, 2003 (effective spin-off date), in the valuation of the Institution's shares in the Group company consideration was not given to the transaction described above, which had no effect on the Institution's net worth in 2003, once the spin-off had materialized.

The detail of the companies included in this caption and of the net value per Group books of the holdings as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
CajaSur, Entidad de Seguros y Reaseguros, S.A.	16,860	16,328	14,470
CajaSur Renting, S.A.	919	509	320
Gestión de Tributos del Sur, S.A.	50	51	46
Agencia de Viajes Sur'92, S.A.	442	387	–
Tienda de Calidad, S.L.	413	495	382
Libros en la Red, S.L.	14	–	–
Ciencia, Tecnología e Innovación, S. L.	307	109	–
GEC Quermes, S. A.	60	–	–
	19,065	**17,879**	**15,218**

Other relevant information on the abovementioned companies is included in Exhibit II.

The variations in 2003, 2002 and 2001 in the balances of this caption in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros
Balance as of December 31, 2000	13,556
Additions	–
Consolidation adjustments and other variations	1,662
Balance at December 31, 2001	**15,218**
Additions	846
Consolidation adjustments and other variations	1,815
Balance at December 31, 2002	**17,879**
Additions	70
Consolidation adjustments and other variations	1,116
Balance at December 31, 2003	**19,065**

13. INTANGIBLE ASSETS

The variations in the "Intangible Assets" accounts in 2003, 2002 and 2001 and the corresponding amounts of accumulated amortization were as follows (see Note 4-f):

	Thousands of Euros			
	Incorporation and Start-up Expenses	**Other Deferred Charges**	**Other Intangible Assets**	**Total**
Revalued and updated cost-				
Balance at December 31, 2000	7,497	5,437	–	12,934
Additions	251	3,188	1,406	4,845
Retirements or reductions	(8)	(33)	–	(41)
Transfers (Note 15)	511	–	–	511
Balance at December 31, 2001	**8,251**	**8,592**	**1,406**	**18,249**
Additions	236	1,826	104	2,166
Retirements or reductions	(6)	(15)	(1,406)	(1,427)
Transfers (Note 15)	420	–	–	420
Balance at December 31, 2002	**8,901**	**10,403**	**104**	**19,408**
Additions	1,638	3,486	–	5,124
Retirements or reductions	–	–	(20)	(20)
Transfers (Note 15)	80	–	–	80
Balance at December 31, 2003	**10,619**	**13,889**	**84**	**24,592**
Accumulated amortization-				
Balance at December 31, 2000	(3,353)	(3,426)	–	(6,779)
Provisions (Note 4-f)	(1,542)	(1,376)	(19)	(2,937)
Retirements or reductions	–	–	–	–
Transfers (Note 15)	18	–	–	18
Balance at December 31, 2001	**(4,877)**	**(4,802)**	**(19)**	**(9,698)**
Provisions (Note 4-f)	(1,645)	(2,010)	–	(3,655)
Retirements or reductions	–	–	19	21
Transfers (Note 15)	23	–	–	23
Balance at December 31, 2002	**(6,497)**	**(6,812)**	**–**	**(13,309)**
Provisions (Note 4-f)	(1,135)	(2,220)	(2)	(3,357)
Retirements or reductions	–	–	–	–
Transfers (Note 15)	10	–	–	10
Balance at December 31, 2003	**(7,622)**	**(9,032)**	**(2)**	**(16,656)**
Net balance at December 31, 2001	**3,374**	**3,790**	**1,387**	**8,551**
Net balance at December 31, 2002	**2,404**	**3,591**	**104**	**6,099**
Net balance at December 31, 2003	**2,997**	**4,857**	**82**	**7,936**

14. CONSOLIDATION GOODWILL AND NEGATIVE CONSOLIDATION DIFFERENCE

The detail, by company, of the balances of the "Consolidation Goodwill" caption in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
Companies accounted for by the equity method-			
Koipe, S.A.	–	430	3,013
Bami, S.A. (*)	–	823	1,089
Plastienvase, S.A.	2,079	2,373	2,666
Tubacex, S.A.	53	84	–
Obrascón Huarte Laín, S.A.	255	269	–
Sol Meliá, S.A.	2,189	2,265	–
Promar 21, S.L. (*)	–	1,474	–
Sanyres Sur, S. L.	–	1,043	–
Centros Residenciales Sanyres Sur, S.L.	–	743	–
Uralita, S. A.	47	–	–
Cortefiel, S. A.	172	–	–
Ecourbe Gestión, S. L.	339	–	–
Transportes Azkar, S. A.	437	–	–
Corporación Mapfre, S. A.	1,706	–	–
Total	**7,277**	**9,504**	**6,768**

(*) Companies outside the scope of consolidation in 2003.

The variations in 2003, 2002 and 2001 in the balances of this caption in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros		
	2003	2002	2001
Balances at the beginning of the year	9,504	6,768	5,595
Additions	2,890	6,130	4,297
Amortization (Note 4-m)	(1,050)	(3,394)	(3,124)
Companies outside the scope of consolidation and Other variations (*)	(4,067)	–	–
Balance at year-end	**7,277**	**9,504**	**6,768**

(*) This includes €823 and €1,474 thousand corresponding to unamortized goodwill as of December 31, 2002, of the Companies Metrovacesa, S.A. (formerly Bami, S.A.) and Promar 21, S.L., respectively, after both companies were excluded from the scope of consolidation and assigned to the "Common Stocks and Equity Securities" caption.

The detail of the balances of the "Negative Consolidation Difference" caption in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
Tavex Algodonera, S. A.	185	42	–
Uralita, S. A.	–	134	–
Papeles y Cartones de Europa, S. A.	253	–	–
Euromedia Central de Compras y Planificación, S. A.	12	–	–
Balances at year-end	**450**	**176**	**–**

The variations in 2003, 2002 and 2001 in the balances of this caption in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros		
	2003	2002	2001
Balances at the beginning of the year	176	–	–
Additions	414	176	–
Amortization (Note 4 m) (*)	(140)	–	–
Balances at year-end	**450**	**176**	**–**

(*) This total amount of this balance corresponds to the reinvestment of the negative consolidation differences of Uralita, S.A., to offset losses incurred by the aforementioned company in 2003.

15. PROPERTY AND EQUIPMENT

The variations in 2003, 2002 and 2001 in the balances of the "Property and Equipment" accounts and in the related accumulated depreciation and allowance were as follows:

	Thousands of Euros					
	Assigned to Financial Activities			Assigned to Community Welfare Projects (Note 27)		
	Land and Buildings for Own Use	Other Property	Furniture, Fixtures and Others	Property	Furniture and Fixtures	Total
Revalued and updated cost-						
Balance at December 31, 2000	80,179	92,034	114,355	9,726	3,743	300,037
Additions	163	22,655	9,315	2,822	–	34,955
Retirements or reductions	(270)	(39,115)	(366)	–	–	(39,751)
Transfers (Note 13)	5,935	(8,207)	1,761	(148)	148	(511)
Balance at December 31, 2001	86,007	67,367	125,065	12,400	3,891	294,730
Additions	388	20,799	5,683	1,074	–	27,944
Retirements or reductions	(696)	(29,444)	(2,821)	(6,810)	(49)	(39,820)
Transfers (Note 13)	9,255	(10,965)	1,290	(155)	155	(420)
Balance at December 31, 2002	94,954	47,757	129,217	6,509	3,997	282,434
Additions	212	55,532	8,960	230	–	64,934
Retirements or reductions	(1,260)	(23,993)	(14,840)	–	–	(40,093)
Transfers (Note 13)	5,506	(8,749)	3,163	(48)	48	(80)
Balance at December 31, 2003	**99,412**	**70,547**	**126,500**	**6,691**	**4,045**	**307,195**
Accumulated depreciation-						
Balance at December 31, 2000	(12,437)	(901)	(67,656)	(1,493)	(1,304)	(83,791)
Provisions	(1,501)	(60)	(9,090)	(180)	(54)	(10,885)
Retirements and reductions	63	4	228	–	–	295
Transfers (Note 13)	(8)	15	(25)	9	(9)	(18)
Balance at December 31, 2001	(13,883)	(942)	(76,543)	(1,664)	(1,367)	(94,399)
Provisions	(1,681)	(69)	(9,218)	(201)	(64)	(11,233)
Retirements and reductions	118	35	2,767	271	5	3,196
Transfers (Note 13)	(5)	13	(31)	4	(4)	(23)
Balance at December 31, 2002	(15,451)	(963)	(83,025)	(1,590)	(1,430)	(102,459)
Provisions	(1,701)	(82)	(8,459)	(109)	(56)	(10,407)
Retirements and reductions	291	26	14,642	–	–	14,959
Transfers (Note 13)	(35)	51	(26)	1	(1)	(10)
Balance at December 31, 2003	**(16,896)**	**(968)**	**(76,868)**	**(1,698)**	**(1,487)**	**(97,917)**

	Thousands of Euros					
	Assigned to Financial Activities			Assigned to Community Welfare Projects (Note 27)		
	Land and Buildings for Own Use	Other Property	Furniture, Fixtures and Others	Property	Furniture and Fixtures	Total
Allowance for property and equipment-						
Balance at December 31, 2000	–	(25,400)	–	–	–	(25,400)
Provisions with a charge to surplus (*)	–	(4,436)	–	–	–	(4,436)
Releases (*)	–	7,303	–	–	–	7,303
Transfers from Credit Loss Allowance (Note 8)	–	(1,063)	–	–	–	(1,063)
Amounts used	–	987	–	–	–	987
Balance at December 31, 2001	–	(22,609)	–	–	–	(22,609)
Provisions with a charge to surplus (*)	–	(2,274)	–	–	–	(2,274)
Releases (*)	–	7,754	–	–	–	7,754
Transfers from Credit Loss Allowance (Note 8)	–	(4,245)	–	–	–	(4,245)
Amounts used	–	1,292	–	–	–	1,292
Balance at December 31, 2002	–	(20,082)	–	–	–	(20,082)
Provisions with a charge to surplus (*)	–	(2,937)	–	–	–	(2,937)
Releases (*)	–	7,282	–	–	–	7,282
Transfers from Credit Loss Allowance (Note 8)	–	(1,331)	–	–	–	(1,331)
Amounts used	–	1,254	–	–	–	1,254
Balance at December 31, 2003	**–**	**(15,814)**	**–**	**–**	**–**	**(15,814)**
Net balance at December 31, 2001	**72,124**	**43,816**	**48,522**	**10,736**	**2,524**	**177,722**
Net balance at December 31, 2002	**79,503**	**26,712**	**46,192**	**4,919**	**2,567**	**159,893**
Net balance at December 31, 2003	**82,516**	**53,765**	**49,632**	**4,993**	**2,558**	**193,464**

(*) The net release for this item is recorded in the "Extraordinary Income" caption of the accompanying consolidated statements of income and expenses (Note 31).

On May 16, 2003, the Institution signed a sale-purchase agreement for the procurement of a Multi-Purpose Pavilion in order to be built in the Jewelers' Park in Cordoba, and valued at €19,597 thousand (including Value Added Tax). The cost recorded for the aforementioned premises as of December 31, 2003, amounted to €21,324 thousand, which has been recorded in the additions section of the "Other Property – Assigned to financial activities" in the previous table. This amount includes the installations and other costs that may be activated and covered directly by the Institution.

At their meeting of November 14, 2003, the Board of Directors approved a project to use the abovementioned premises for the social, cultural and economic development of the city, assigning it to the Institution's Community Welfare and Cultural Programme, with the exception of the parking spaces, the acquisition cost of which amounted to €7,700 thousand.

These will be assigned to the Community Welfare Project over five years. This project was approved by the General Assembly of the Institution on December 27, 2003.

On December 12, 2003, the Institution notified the Ministry of Economy and Finance of the abovementioned project. As at the date of presentation of these financial statements, the terms and conditions of the abovementioned agreement were pending approval by the Ministry of Economy and Finance. In the opinion of the Directors of the Institution, the agreement adopted by the General Assembly complies with the requirements established by the Order of the Ministry of Economy and Finance of June 19, 1979, establishing the regulations governing the Community Welfare Work of Savings Banks, and they consider that it will be approved by the aforementioned Ministry in terms of both its assignation to the Community Welfare Project and to the corresponding period of assignment. The Directors also consider that income generated in the future will enable sufficient donations to be made to the Community Welfare Project in order to cover the transfer of the aforementioned premises within the envisaged deadlines.

A net surplus of €2,484 thousand was obtained for property and equipment retirements in 2003; this amount is recorded in the "Extraordinary Surplus" caption of the accompanying statement of income and expenses for the year (see Note 31).

Of the total property and equipment retirements performed in 2003, approximately €11,687 thousand relate to plots of land that have been sold by the Institution to Prasur, S.A. (a company in which the Group owns 50% of the capital stock – see Exhibit II). These sales were performed at the net book value of the aforementioned property. On December 30, 2002, the Group sold the building located in Calle Montera, number 16, Madrid, for the amount of €5,000 thousand and which was recorded for a net book value of €434 thousand. Moreover, on October 23, 2002, the Institution donated to the Antonio Gala Foundation the property assigned to the Community Welfare Project and located in Calle Ambrosio de Morales, number 20, Cordoba, recorded for a net book value of € 6,539 thousand. This donation was charged to the Community Welfare Project Allowance (see Note 27). The total amount of retirements yielded an income from fixed asset disposals amounting to €8,068 thousand, which was recorded in the "Extraordinary Income" caption of the accompanying consolidated statement of income and expenses as of December 31, 2002 (see Note 31).

Of the total amount of property and equipment retirements in 2001, approximately €7,757 and €30,985 thousand corresponded to plots of land sold to Edamar, S.A. and Promotora inmobiliaria Prasur, S.A., respectively, and these were retired at book value. Net income obtained from fixed asset disposals accounted for €7,168 thousand of total retirements (see Note 31).

On December 31, 1996, CajaSur updated its property and equipment pursuant to Royal Decree-Law 7/1996, of June 7, charging a single levy of 3% (previously the Institution had availed itself of other legislation governing tangible asset revaluations). The revaluation performed in 1996 was carried out by applying the maximum coefficient authorized by the aforementioned Royal Decree-Law.

The net increase in the value resulting from the revaluation operations will be offset in the remaining tax periods in order to complete the useful life of the revalued net worth items.

The breakdown of the revalued cost, net of accumulated depreciation, of the "Other Property - Assigned to Financial Activities" caption as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Land lots and rural property	216	216	12,069*
Construction in progress (**)	42,576	12,569	13,213
Buildings rented out	5,344	7,132	7,800
Other	2,065	2,238	1,957
Foreclosed properties	19,378	24,639	31,386
Allowance for property and equipment	(15,814)	(20,082)	(22,609)
	53,765	**26,712**	**43,816**

(*) Land for sale. At December 31, 2001, the Institution held €11,687 thousand corresponding to call options issued on this land (Note 29).

(**) This balance includes an amount of €21,324 thousand corresponding to the cost activated by the Multi-Purpose Pavilion in construction at the "Jewelers' Park" in Cordoba and for which a project has already been drafted and is pending approval by the Ministry of Economy and Finance, for assignment of part of same to the Institution's Community Welfare Project over a period of five years.

Based on the existing allowances and on the in-house valuations of foreclosed real estate held by the Institution, no losses are expected to be incurred in the realization of this real estate, taking into consideration its net book value and probable realizable value.

16. OTHER ASSETS

The detail of the balances of this caption in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001is as follows:

	Thousands of Euros		
	2003	2002	2001
Tax receivables:			
Prepaid income tax (Note 28)	67,635	64,857	60,040
Corporate Income Tax payments and prepayments (Note 28)	15,856	14,650	10,339
Other tax receivables	605	278	20
Checks drawn on credit institutions	27,025	58,145	30,327
Transactions in transit	–	–	2,689
Cash guarantees provided	718	799	426
Financed transactions pending settlement	63	–	–
Items to be adjusted for futures hedging transactions	19,976	19,163	642
Rights on property under financial lease contracts	2,399	2,392	2,437
Clearing corporation	358	244	417
Other items	(*) 10,929	(*) 20,861	3,434
	145,564	**181,389**	**110,771**

(*) The balance sheets at December 31, 2003 and 2002 include €4,026 and €8,805 thousand, respectively, corresponding to dividends accrued by holders of preferred shares issued by CajaSur Eurocapital Finance Limited (see Note 2).

17. ACCRUAL ACCOUNTS

The breakdown of the balances of these captions on the asset and liability sides of the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
Assets:			
Prepaid interest on funds taken at a discount	32,880	35,833	34,123
Prepaid expenses	1,758	823	839
Deferred financial expenses	931	170	135
Other accruals	4,595	3,935	4,513
	40,164	**40,761**	**39,610**
Liabilities:			
Unearned revenues on transactions taken at a discount	6,595	6,994	7,277
Unmatured accrued costs on funds not taken at a discount	41,429	36,008	34,928
Unmatured accrued expenses	6,283	9,006	7,686
Other accruals	1,368	1,638	2,003
	55,675	**53,646**	**51,894**

18. CUSTOMER DEPOSITS

The detail of the balances of this caption in the accompanying consolidated balance sheets, by currency and sector, is as follows:

	Thousands of Euros		
	2003	2002	2001
By currency:			
In euros	7.494.227	6.695.136	5.947.551
In foreign currencies	3.924	3.428	5.440
	7.498.151	**6.698.564**	**5.952.991**
By sector:			
Public Authorities (*)	104.721	88.649	127.300
Other residents-			
Demand deposits	1.858.030	1.685.874	1.383.986
Savings deposits	1.726.111	1.593.789	1.461.006
Time deposits	3.259.711	2.818.746	2.541.990
Assets sold under repurchase agreement (Note 6)	467.938	426.753	365.289
	7.311.790	6.525.162	5.752.271
Non-residents (**)	81.640	84.753	73.420
	7.498.151	**6.698.564**	**5.952.991**

(*) These balances include €151, €1,196 and €32,965 thousands corresponding to assets sold under repurchase agreements as of December 31, 2003, 2002 and 2001, respectively (Note 6).

(**) These balances include €342 and €516 thousand corresponding to assets sold under repurchase agreements as of December 31, 2002 and 2001, respectively (Note 6).

The Institution has issued several single mortgage bonds, which are governed by Mortgage Market Regulation Law 2/1981, of 25 March, and implementing provisions. As required by this legislation, the issues are backed by a sufficient amount of mortgage loans meeting the legal requirements for this purpose. The details and features of the issues outstanding as of December 31, 2003, are as follows:

						Credit rating obtained	
Issue date	Subscriber	Assignee	Amount (Euros)	Maturity Date	Interest Rate	Moody's	Standard & Poor's and Fitch Ibca
18-04-01	Ahorro Corporación, S.V.B.	AyT Cédulas Cajas, F.T.A.	150,234,000	18-04-11	5.2578%	Aaa	AAA
26-06-02	Ahorro Corporación, S.V.B.	AyT Cédulas Cajas III, F.T.A.	160,000,000	26-06-12	5.2582%	Aaa	AAA
10-09-02	Ahorro Corporación, S.V.B.	AyT 10 Financiación Inversiones, F.T.A.	14,000,000	10-09-14	1-year Euribor + 0.12%	Aaa	AAA
11-03-03	Ahorro Corporación, S.V.B.	AyT Cédulas Cajas IV, F.T.A.	200,000,000	13-03-13	4.0071%	Aaa	AAA

Additionally, on October 22, 2003 the Institution issued a single territorial bond ("cédula territorial") of €100,000 thousand under a joint programme with other savings banks. This bond was subscribed by Ahorro Corporación Financiera, S.V.B., S.A. and subsequently assigned to AyT Cédulas Territoriales Cajas I, Fondo de Titulización de Activos. This issue is governed by Law 44/2002 of November 22, on Financial System Reform Measures. As required by this legislation, the issue is backed by a sufficient amount of loans meeting the legal requirements for this purpose. The bond matures on October 22, 2008 (unless the business day stipulated in the single territorial bond issued changes) and bears fixed annual interest of six-month Euribor plus six basis points. The credit risk rating assigned by Moody's to this issue was Aaa, and AAA by Standard & Poor's and Fitch Ibca.

The amounts corresponding to the mortgage bond issues described in the preceding paragraphs are included in the "Customer Deposits – Time Deposits" account as of December 31, 2003, 2002 and 2001, in the foregoing table.

The breakdown, by term to maturity, of the balances of the "Savings Deposits - Time" and "Other Deposits – Time" captions of the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Savings deposits -Time			
Up to 3 months	1,869,131	1,241,626	1,210,063
3 months to 1 year	350,921	948,700	858,714
1 year to 5 years	432,918	334,149	349,293
Over 5 years	639,335	332,846	163,279
	3,292,305	**2,857,321**	**2,581,349**
Other deposits -Time			
Up to 3 months	428,089	413,675	398,691
3 months to 1 year	40,000	14,616	78
1 to 5 years	–	–	–
Over 5 years	–	–	–
	468,089	**428,291**	**398,769**

19. MARKETABLE DEBT SECURITIES

The balances of this caption in the accompanying consolidated balance sheets at December 31, 2003 and 2002 correspond to international variable interest debt securities issued by CajaSur International Finance, Ltd., a company with registered office in the Cayman Islands, and CajaSur International Finance, B.V., domiciled in the Netherlands, both 100% owned by the Institution. These debt security issues are encompassed within the "Cajas Españolas de Ahorros Multi-Caja Euromedium Term Notes Programme" and are unconditionally and irrevocably guaranteed by the Institution. The detail of the debt securities current as of December 31, 2003, is as follows:

Issuer	Issue date	Amount (Euros)	Maturity Date	Interest rate
CajaSur International Finance, Ltd.	December 4, 2002	150,000,000	June 7, 2004	3-month Euribor +0.22%
CajaSur International Finance, Ltd.	May 7, 2003	300,000,000	November 8, 2004	3-month Euribor +0.20%
CajaSur International Finance, B.V.	November 25, 2003	200,000,000	November 25, 2005	3-month Euribor 0.175%

20. OTHER LIABILITIES

The detail of this caption in the accompanying consolidated balance sheets December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros		
	2003	2002	2001
Debentures payable	14,560	15,160	9,263
Transactions in transit	619	138	136
Items to be adjusted for future hedging transactions	4,180	13,507	4,215
Property and equipment assigned to Community Welfare Projects (Note 27)	7,603	7,538	13,311
Community Welfare Projects reserve (Note 27)	11,272	8,960	9,489
Deferred taxes (Note 28	5,313	5,614	5,279
Tax collection accounts	87,378	86,375	76,084
Special accounts	52	151	–
Surplus lock-in allowance	5,713	2,949	2,186
Other payment obligations	893	1,281	9,650
	137,583	**141,673**	**129,613**

The variations in the balance of the "Surplus Lock-in Allowance" account in 2003, 2002, and 2001, were as follows:

	Thousands of Euros		
	2003	2002	2001
Balance at the beginning of the year	2,949	2,186	1,340
Provisions charged to surplus for the year	3,595	1,621	1,468
Releases	(831)	(858)	(622)
	(*) 2,764	(*) 763	846
Balance at year-end	**5,713**	**2,949**	**2,186**

(*) Of these amounts, the provision and net recovery to the surplus lock-in allowance from the sale of assets with deferred payment as of December 31, 2003 and 2002, amounted to €2,756 and €128 thousand, respectively.

21. PROVISIONS FOR CONTINGENCIES AND EXPENSES

The detail of this caption in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros		
	2003	2002	2001
Pension allowance	3,093	2,809	2,792
Other provisions	38,988	24,767	16,998
	42,081	**27,576**	**19,790**

Pension allowance-

This caption of the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001 includes the in-house pension allowance and similar obligations, regulated by Bank of Spain Circular 5/2000, of September 19 (see Note 4-i).

	Thousands of Euros		
	2003	2002	2001
Balance at the beginning of the year	2,809	2,792	2,362
Provisions to in-house pension allowance (Note 31)	393	223	469
Cost allocable to the allowance (Note 31)	–	65	100
Payments to pensioners	(109)	(271)	(119)
Recoveries (Note 31)	–	–	(20)
Balance at year-end	**3,093**	**2,809**	**2,792**

Other provisions-

The variations in the "Other Provisions" caption of the accompanying consolidated balance sheets in 2003, 2002 and 2001, were as follows:

	Thousands of Euros			
	Allowance for Contingent Liabilities	Others	Provisions for Future Transactions	Total
Balance as at December 31, 2000	3,251	5,984	282	9,517
Provisions charged to surplus for the year	2,287	8,315	–	10,602
Allowance released	(247)	(2,555)	(83)	(2,885)
Amounts used	–	(236)	–	(236)
Balance at December 31, 2001	**5,291**	**11,508**	**199**	**16,998**
Provisions charged to surplus for the year	1,650	12,128	–	13,778
Allowance released	(199)	(4,443)	(199)	(4,841)
Amounts used	–	(1,168)	–	(1,168)
Balance at December 31, 2002	**6,742**	**18,025**	**–**	**24,767**
Provisions charged to surplus for the year	2,003	15,607	–	17,610
Allowance released	(12)	(2,285)	–	(2,297)
Amounts used and other variations	–	(1,092)	–	(1,092)
Balance at December 31, 2003	**8,733**	**30,255**	**–**	**38,988**

The balances of the "Other" caption as of December 31, 2003, 2002 and 2001 relate to provisions to cover risks and contingencies not covered by specific allowances.

22. GENERAL RISK ALLOWANCE

The variations in 2003, 2002 and 2001 in this caption of the accompanying consolidated balance sheets were as follows:

	Thousands of Euros		
	Provision for Acelerated Depreciation Royal Decree Law 2/85	Other Allowances	Total
Balance at December 31, 2000	473	3,606	4,079
Transfer to "Reserves" for amortization in the year	(29)	–	(29)
Balance at December 31, 2001	**444**	**3,606**	**4,050**
Transfer to "Reserves" for amortization in the year	(58)	–	(58)
Balance at December 31, 2002	**386**	**3,606**	**3,992**
Transfer to "Reserves" for amortization in the year	(151)	–	(151)
Balance at December 31, 2003	**235**	**3,606**	**3,841**

According to the evaluations of the Institution's equity as of December 31, 2003, 2002 and 2001, the total amount of the reserves appearing in the accompanying consolidated balance sheets must be increased by the balance of the reserve corresponding to the "Provision for Accelerated Depreciation Royal Decree-Law 2/1985" account, after deduction of the corresponding amount of deferred tax, estimated at €85, €138 and €158 thousand, respectively (see Note 2).

Similarly, according to the evaluation of the Institution's equity as of December 31, 2003, 2002, and 2001, the amount of reserves shown in the accompanying consolidated balance sheets should be increased by the full amount of the "Other reserves" account in the amount of €3,06 thousand on each of these dates, the use of which is subject to prior authorization from the Bank of Spain (see Note 2).

23. SUBORDINATED DEBT

The detail of the balances of this caption in the accompanying balance sheets as of December 31, 2003, 2002 and 2001, is as follows:

	Issue Date	Thousands of Euros		
		2003	2002	2001
First Issue of Subordinated Debt securities relating to "Cajasur"	12/03	60,000	–	–
Second Issue of Subordinated Debt securities relating to "Cajasur"	12/03	150,000	–	–
		210,000	**–**	**–**

First issue of subordinated debt securities relating to Caja de Ahorros y Monte de Piedad de Córdoba-

1. Number of securities: 120,000 securities.
2. Par value of securities: 500 euros.
3. Nominal interest: The nominal interest rate for the first six months will be equivalent to 3.25% per year; 3-month Euribor plus 20 basic points will be applied in successive quarterly periods.
4. Coupon payment: quarterly in arrears.

5. Redemption: The debentures were to be redeemed on December 1, 2003, at no expense to the holder, at par value, i.e. at 500 euros per debenture, plus the corresponding coupon.

   The Entity reserves the right to take early redemption of the entire issue five years after the closing date of issue or disbursement, either by reducing the nominal value of outstanding debentures by equal fifths from December 1, 2009 through 2013, or by full redemption of same on December 1, 2008, always with prior authorization from the Bank of Spain.

Second issue of subordinated debt securities relating to Caja de Ahorros y Monte de Piedad de Córdoba-

1. Number of securities: 1,500 bearer securities.
2. Par value of the securities: 100,000 euros.
3. Nominal interest: 3-month Euribor variable interest plus 90 basis points. As from the fifth year from the date of payment and until maturity of the issue, the interest rate will be 3-month Euribor plus 140 basis points.
4. Coupon payment: quarterly in arrears.
5. Redemption: at par value on December 5, 2013, with the option of taking early redemption after five years have elapsed, with prior authorization from the Bank of Spain. If this issue is not redeemed on that date, the Entity will increase the interest rate applicable to each period during the rest of the issue period by 50 basis points.

24. MINORITY INTERESTS

This caption in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, includes the equity of minority interests in the consolidated companies.

	Thousands of Euros		
	2003	**2002**	**2001**
Minority interests:			
Comerciantes Reunidos del Sur, S.A. CREUSA	392	428	430
CajaSur Eurocapital Finance, Ltd.	150,068	150,011	150,000
Balance at year-end	**150,460**	**150,439**	**150,430**
Consolidated surplus for the year:			
Comerciantes Reunidos del Sur, S.A. CREUSA	(38)	(40)	(31)
CajaSur Eurocapital Finance, Ltd. (*)	3,997	8,781	11
Balance at year-end	**3,959**	**8,741**	**(20)**

(*) As of December 31, 2003 and 2002, this includes €4,026 and €8,805 thousand, respectively, corresponding to dividends accrued by subscribers of preferred shares issued by the company CajaSur Eurocapital Finance Limited, which in 2001 were recorded in the "Interest and similar expenses – Other Interest expenses" caption of the statement of income and expenses (see Note 31).

The "Minority Interests" caption as of December 31, 2003, 2002 and 2001 includes a balance of €150,000 thousand relating to cash paid by the subscribers of preferred shares issued by CajaSur Eurocapital Finance Limited on December 29, 2000.

The Institution guarantees payment of the undistributed accrued dividends on these preferred shares under certain conditions. These dividends were equal to 5.87% of each share (600 euros) per year through December 30, 2002, and to Euribor plus a spread of 0.25% thereafter. The full amount corresponding to this issue is deposited within the Institution. The preferred shares are jointly and irrevocably guaranteed by the Institution and rank, for debt seniority purposes, above the participation units which might be issued by the latter; on an equal footing with the obligations assumed by the Institution with respect to other preferred share issues of any of its subsidiaries; and below all the Institution's general and subordinated creditors.

CajaSur Eurocapital Finance Limited was formed on October 17, 2000, and has its registered office in the Cayman Islands. Its capital consists of 10,000 common shares of US$ 1 (€11,600.93 par value each) and of preferred nonvoting shares totaling €150 million. All the common shares, and therefore the voting rights, were owned by the Institution.

As of December 31, 2003, the minority shareholders owned 5.23% and 99.99% of the capital stock of Creusa and CajaSur Eurocapital Finance, Ltd., respectively.

As of December 31, 2002, the minority shareholders owned 5.80% and 99.99% of the capital stock of Creusa and CajaSur Eurocapital Finance, Ltd., respectively.

As of December 31, 2001, the minority shareholders owned 5.87% and 99.99% of the capital stock of Creusa and CajaSur Eurocapital Finance, Ltd., respectively.

25. RESERVES AND REVALUATION RESERVES

The detail of the balance of the "Reserves" caption and of the variations therein in 2003, 2002 and 2001 is as follows:

	Thousands of Euros	
	Fixed Asset Revaluation Reserves	General Reserves
Balances at December 31, 2000	14,865	383,581
Distribution of 2000 net surplus	–	38,346
Transfer to general reserves from the "Provision for Accelerated Depreciation Royal Decree Law 2/1985"	–	29
Application of reserves for fixed asset disposals	(28)	28
Consolidation adjustments affecting the reserves of the Group's Parent Institution and other	–	(824)
Balance at December 31, (Note 2)	**14,837**	**421,160**
Distribution of 2001 net surplus	–	28,347
Transfer to general reserves from the "Provision for Accelerated Depreciation Royal Decree Law 2/1985"	–	58
Application of reserves for fixed asset disposals	(200)	200
Consolidation adjustments affecting the reserves of the Group's Parent Institution and other	–	(4,111)
Balance at December 31, 2002 (Note 2)	**14,637**	**445,654**
Distribution of 2001 net surplus	–	28,632
Transfer to general reserves from the "Provision for Accelerated Depreciation Royal Decree Law 2/1985"	–	151
Application of reserves for fixed asset disposals	(508)	508
Consolidation adjustments affecting the reserves of the Group's Parent Institution and other	–	(1,717)
Balance at December 31, 2003 (Note 2)	**14,129**	**476,662**

The appropriation to the "Reserves" caption will be calculated as stipulated in Law 13/1985 and other legal provisions regarding the minimum equity level to be maintained by financial institutions.

Savings banks are required, in any case, to allocate at least 50% of their net surplus to reserves or to allowances not assignable to specific assets.

Fixed asset revaluation reserves-

As mentioned earlier, the Institution revalued its assets pursuant to various legal provisions. The detail of the reserves arising from the application of these provisions and of the use thereof is as follows:

	Thousands of Euros
Net revaluation of property and equipment and securities portfolio	10,884
Revaluation of fixed assets resulting from the merger process	11,606
Revaluation Royal Decree-Law 7/1996	15,297
Plus –Increase of revaluation of merger pursuant to Royal Decree-Law 7/1996	1,599
Less – Use of revaluation accounts pursuant to current legislation (to general reserves and write-downs)	(24,549)
Balance at December 31, 2001	**14,837**
Less - Use of revaluation accounts pursuant to current legislation	(200)
Balance at December 31, 2002	**14,637**
Less - Use of revaluation accounts pursuant to current legislation	(508)
Balance at December 31, 2003	**14,129**

The asset revaluations are not subject to corporate income tax unless the related amounts are distributed or used in a manner not permitted under current legislation. For tax purposes these accounts are classified as reserves.

Revaluation reserve Royal Decree-Law 7/1996, of June 7 –

Pursuant to Article 15.1 of Royal Decree 2607/1997, of December 20, from the date on which the tax authorities have checked and approved the balance recorded in the "Revaluation Reserve, Royal Decree-Law 7/1996" account, the balance of the aforementioned account can be used to eliminate recorded book losses or increase the endowment fund established for incorporation purposes.

On December 18, 1997, the Tax Authorities issued a report, which was not contested by CajaSur, indicating the adjustment of the single revaluation charge paid by the Institution and of the items, activities and other circumstances relating to the levying of the aforementioned tax. Therefore, as from 1998 the Institution may use the balance of the "Revaluation Reserve, Royal Decree-Law 7/1996" account for either of the two purposes referred to in Article 15.1 above.

From January 1, 2007, the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realized. The surplus shall be deemed to have been realized in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or retired from the accounting records.

If this balance were used in a manner other than as provided in Royal Decree-Law 7/1996, it would be subject to tax.

26. LOSSES AT CONSOLIDATED COMPANIES AND RESERVES AT CONSOLIDATED COMPANIES

The detail, by company, of the “Losses at Consolidated Companies” and “Reserves at Consolidated Companies” captions in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros					
	2003		2002		2001	
	Prior Years' Losses at Consolidated Companies	Reserves at Consolidated Companies	Prior Years' Losses at Consolidated Companies	Reserves at Consolidated Companies	Prior Years' Losses at Consolidated Companies	Reserves at Consolidated Companies
Fully or proportionally consolidated companies:						
Corporación Empresarial CajaSur, S.A.	–	–	–	6,063	–	4,027
Asesoría y Consultoría, S.A.	–	510	–	380	–	398
Cibernos Sur, S.A.	–	321	–	292	–	266
Comerciantes Reunidos del Sur, S.A.	–	570	–	439	–	401
CajaSur Gestión, S.G.I.I.C., S.A.	–	119	1	–	25	–
Grupo de Empresas CajaSur, S.L.	–	7,947	–	50	–	–
Adamante Inversiones, S.R.L.	–	96	11	–	–	–
CajaSur International Finance Limited	–	6	1	–	–	–
Corporación Empresarial CajaSur, S. L.	–	1,138	–	–	–	–
Cerix Global, S. L.	–	602	–	–	–	–
Zoco Inversiones, S. L.	–	321	–	–	–	–
	–	**11,630**	**13**	**7,224**	**25**	**5,092**
Companies accounted for by the equity method:						
CajaSur, Entidad de Seguros y Reaseguros, S.A.	–	8,663	–	7,123	–	5,775
Corporación Industrial Córdoba Este, S.A.	–	101	–	66	–	56
Agencia de Viajes Sur ‘92, S.A.	182	–	123	–	175	–
Iniciativas Subbéticas, S.A.	24	–	24	–	24	–
Andalucía Económica, S.A.	–	40	–	26		8
Materiales Vegetales Avanzados, S.A.	51	–	51	–	42	–
Queserías de la Sierra Subbética, S.L.	–	30	–	17	–	4
Diario Córdoba, S.A.	–	292	–	257	–	236
Diario Jaén, S.A.	90	–	94	–	–	22
Iniciativas de Publicaciones e Impresión, S.L.	–	929	–	917	–	705
Prasur, S.A.	–	5,932	–	3,356	–	1,757
Grupo de Comunicación del Sur, S.L.	64	–	83	–	89	–
Urbasur, S.L.	–	78	141	–	218	–
SOS Cuétara, S. A. (formerly Koipe, S.A.)	–	3,443	–	3,175	–	3,994
Corporación Industrial Córdoba Norte, S.A.	–	37	–	25	–	20
Corporación Industrial Córdoba Sur, S.A.	–	38	–	23	–	18
Auxiliar de Gestión Patrimonial, S.A.- AUGESPA	4	–	10	–	12	–
Fomento de Iniciativas Cordobesas, S.A.- FICOR	–	175	–	220	–	470
Tienda de Calidad, S.L.	–	134	–	119	22	–
Sistemas Inmobiliarios del Sur, S.L.	17	–	1,741	–	1,741	–
CajaSur Renting, S.A.	–	75	204	–	355	–
Promotora Inmobiliaria SaraSur, S.A.	303	–	1,007	–	31	–

	Thousands of Euros					
	2003		2002		2001	
	Prior Years' Losses at Consolidated Companies	Reserves at Consolidated Companies	Prior Years' Losses at Consolidated Companies	Reserves at Consolidated Companies	Prior Years' Losses at Consolidated Companies	Reserves at Consolidated Companies
Uralita, S.A.	191	–	48	–	–	–
Euromedia Central de Compras y Planificación, S.A.	52	–	–	45	–	27
Corporación Industrial Córdoba Occidental, S.A.	–	42	–	20	–	14
Ibérico de Bellota, S.A.	225	–	230	–	283	–
Arenal Sur 21, S.A.	209	–	237	–	56	–
La Rambla Alfarera y Ceramista, S.L.	153	–	54	–	1	–
Libros en la Red, S.L.	14	–	12	–	1	–
Servicios Asistenciales Geriátricos del Sur, S.L.	23	–	13	–	8	–
Pabellón de México, S.L.	172	–	156	–	96	–
Vitalia Ecija, S.L.	1	–	7	–	2	–
Plastienvase, S.A.	–	123	–	84	32	–
Bami, S.A.	–	–	–	1,270	86	–
Obrascón Huarte Laín, S.A.	169	–	154	–	–	–
Gestión de Tributos del Sur, S.A.	–	3	3	–	–	–
Sol Meliá, S.A.	1,728	–	426	–	–	–
Ciencia, Tecnología e Innovación, S.L.	13	–	–	8	–	–
Aparcamientos Gran Capitán, A.I.E.	65	–	9	–	–	–
Actividades y Cauces del Sur, S.A.L.	–	68	6	–	–	–
Sanyres Sur, S.L.	22	–	20	–	–	–
Centros Residenciales Sanyres Sur, S.L.	53	–	14	–	–	–
Empresas Constructoras Asociadas del Sur, S.A. ECASUR, 10	26	–	84	–	–	–
Selwo Estepona, S. L.	–	1	–	–	–	–
Corporación Mapfre, S.A.	588	–	–	–	–	–
Tavex Algodonera, S. A.	58	–	–	–	–	–
Tubacex, S. A.	73	–	–	–	–	–
Cortefiel, S. A.	116	–	–	–	–	–
Transportes Azkar, S. A.	55	–	–	–	–	–
	4,741	**20,204**	**4,951**	**16,751**	**3,274**	**13,106**
	4,741	**31,834**	**4,964**	**23,975**	**3,299**	**18,198**

The variation in the reserves, net losses at consolidated companies in 2003, 2002 and 2001, were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Balances at the beginning of the year	19,011	14,899	9,599
Application of previous year's surplus	3,412	4,125	3,983
Adjustments for net equity variations	796	(1,102)	305
Other consolidation adjustments	3,874	1,089	1,012
Balances at year-end	**27,093**	**19,011**	**14,899**

27. COMMUNITY WELFARE PROJECT RESERVE

In accordance with the balance sheet presentation rules, the assets and liabilities relating to CajaSur's community welfare projects are classified under the following captions:

Item	Balance Sheet Caption
Property and Equipment assigned to Community Welfare Projects	Property and equipment
Other assets assigned to Community Welfare Projects	Loans and credits
Community Welfare Projects reserve (other liabilities less maintenance expenses)	Other liabilities

Of the Community Welfare Project reserve recorded under the "Other Liabilities" caption in CajaSur's balance sheet (see Note 20), the portion financing the buildings assigned to these projects forms part of CajaSur's equity. This amounted to €4,993, €4,919 and €10,736 thousand as of December 31, 2003, 2002 and 2001, respectively.

The detail of the Community Welfare Project reserve balance included in the 2003, 2002 and 2001 consolidated financial statements is as follows:

	Thousands of Euros Property and equipment assigned to Community Social Welfare projects			
Assets Community Welfare Projects Reserve	**Buildings (Note 15)**	**Furniture and fixtures (Note 15)**	**Loans and credit**	**Total (Note 20)**
Cost	12,400	3,891	51	16,342
Accumulated Depreciation	(1,664)	(1,367)	-	(3,031)
Net Value at December 31, 2001	**10,736**	**2,524**	**51**	**13,311**
Cost	6,509	3,997	52	10,558
Accumulated Depreciation	(1,590)	(1,430)	-	(3,020)
Net Value at December 31, 2002	**4,919**	**2,567**	**52**	**7,538**
Cost	6,691	4,045	52	10,788
Accumulated Depreciation	(1,698)	(1,487)	-	(3,185)
Net Value at December 31, 2003	**4,993**	**2,558**	**52**	**7,603**

Liabilities Community Welfare Project Reserve	Thousands of Euros **2003**	**2002**	**2001**
Provision and reserve arising from revaluation assigned assets	35,771	32,753	37,256
Other liabilities	3,756	1,606	2,443
Maintenance expenses	(20,839)	(18,010)	(17,012)
Surpluses	187	149	113
Total (Note 20)	**18,875**	(*) **16,498**	**22,800**

(*) In 2002 €6,810 and €271 thousand were retired from the Community Welfare Project reserve, corresponding to the cost and accumulated depreciation, respectively, of a building assigned to the Community Welfare Projects and which was donated to the "Antonio Gala Foundation" (See Note 15).

The expense for depreciation of fixed assets, which is calculated by the same methods as those used for CajaSur's other fixed assets, totaled €165, €265 and €234 thousand as of December 31, 2003, 2002 and 2001, respectively (see Note 15).

The "Other Liabilities" item relates to the obligations payable in connection with Community Welfare Projects.

The variations in CajaSur's Community Welfare Projects Reserve, prior to settlement of 2003, 2002 and 2001 maintenance expenses, were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Balances at year-end	32,753	37,256	32,410
Provision to the reserve based on appropriation of prior years' surplus	21,035	19,232	19,833
Prior year's maintenance expenses	(18,010)	(17,012)	(15,020)
Other variations	(7)	(6,723)	33
Balance at year-end	**35,771**	**32,753**	**37,256**

28. TAX MATTERS

The balances of the "Other Liabilities" caption in the accompanying consolidated balance sheets include the liability for applicable taxes, including the provision for each year's corporate income tax.

The Corporate Tax withholdings charged and paid by the Institution and its Group are recorded in the "Other Assets" caption of the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001 (see Note 16).

The tax withholdings and payments on account recorded on the abovementioned dates amounted to €15,856, €14,650 and €10,339 thousand, respectively, and are deducted from the amount of Corporate Income Tax for the corresponding years.

As regards tax inspections relating to the period between 1990 and 1993 corresponding to the absorbed company Caja Provincial de Ahorros de Córdoba and the period between 1990 and 1994 corresponding to the company Monte de Piedad y Caja de Ahorros de Córdoba, in 1998 the Entity was notified of the corresponding administrative reports concerning tax payments. These tax payments were the object of an economic-administrative appeal lodged with the Central Economic and Administrative Tribunal, which issued a decision in 2001 on the appeals corresponding to Caja Provincial de Ahorros de Córdoba, fully accepting the claim in respect of Corporate Income Tax and partially accepting the claim relating to Personal Income Tax. Moreover, in 2002, the Central Economic and Administrative Tribunal accepted fully the claims presented by Monte de Piedad y Caja de Ahorros de Córdoba.

On June 22, 2000, the Institution received notification of the initiation of tax inspections relating to Corporate Income Tax payments for the period from 1995 through 1998, and other taxes applicable to the Institution for the period from 1996 through 1998. On January 24, 2002, the Tax Inspection Authorities issued reports on the different taxes that had been inspected. The uncontested reports entailed an overall tax debt on the part of the Entity amounting to €579 thousand, which was paid that year. The reports challenged by the Institution, and which indicated a tax debt payable by the Institution amounting to €27 thousand, was the object of an appeal lodged by the latter with the Central Economic and Administrative Tribunal on July 10, 2002.

After completion of the abovementioned tax inspections, the Institution has the last four years open for review by the tax authorities for the main taxes applicable to it.

In general the other Group companies have all their transactions from inception or for the last four years, as applicable, open for review by the tax authorities for all the main taxes applicable to them.

CajaSur and certain consolidated companies availed themselves of the tax benefits relating to Corporate Income Tax refunds and deductions envisaged in regulations governing the aforementioned tax.

In 2001, and for the first time, the Institution took tax credit for reinvestment of extraordinary income as permitted by the Third Transitional Provision of Law 24/2001, of December 27, on Tax, Administrative, Labor and Social Security Measures. The tax credit was applied to €14,684 thousand of income in 2001 and at December 31, 2002, all the amounts obtained from the property and equipment disposals had been deinvested.

In 2002 the Entidad took tax credit for reinvestment of extraordinary income as permitted by the Third Transitional Provision of Law 24/2001, of December 27, on Tax, Administrative, Labor and Social Security Measures. The tax credit was applied to €4,947 thousand of income in 2001 and at December 31, 2003, all the amounts obtained from the property and equipment disposals had been deinvested.

The reconciliation of the 2003, 2002 and 2001 aggregate consolidated surplus per books to the taxable base for corporate income tax purposes is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Aggregate surplus per books before taxes	86,188	81,664	65,551
Net Increases (Decreases) due to permanent differences			
Increases	13,306	8,042	9,017
Decreases	(21,035)	(20,539)	(19,724)
	(7,729)	(12,497)	(10,707)
Net Increases (Decreases) due to timing differences-			
Increases	19,669	14,618	16,780
Decreases	(979)	(270)	(12,822)
	18,690	14,348	3,958
Taxable base	**97,149**	**83,515**	**58,802**

Due to the differences between accounting tax criteria, the tax on surplus per books does not match the amount payable to the tax authorities as calculated in the tax return. Accordingly, the Institution records prepaid taxes if the tax paid exceeds the accrued tax, or a deferred tax if the accrued corporate income tax exceeds the tax payable.

The only items included as prepaid taxes are those that will foreseeably be recovered within 10 years from the date when they were recorded as assets, together with the provision made to the Statistical Allowance to cover credit losses, pursuant to the ruling handed down on June 6, 2000 by the Managing Director of the Bank of Spain.

The variations in 2003, 2002 and 2001 in the “Other assets – Prepaid Corporate Income Tax” caption (see Note 16) is as follows:

	Thousands of Euros
Balance at December 31, 2000	61,254
Increases	9,857
Decreases	(11,071)
Balance at December 31, 2001	**60,040**
Increases	13,568
Decreases-	(8,751)
Balance at December 31, 2002	**64,857**
Increases	17,380
Decreases-	(14,602)
Balance at December 31, 2003	**67,635**

The variations in the same years in the “Other liabilities – Prepaid Corporate Income Tax” caption (see Note 20), is as follows:

	Thousands of Euros
Balance at December 31, 2000	6,395
Increases	2,373
Decreases	(3,489)
Balance at December 31, 2001	**5,279**
Increases	543
Decreases	(208)
Balance at December 31, 2002	**5,614**
Increases	16
Decreases	(317)
Balance at December 31, 2003	**5,313**

The difference between the aggregate surplus per books in the foregoing detail and the 2003, 2002 and 2001 consolidated surplus shown in the accompanying consolidated balance sheet is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Aggregate surplus per books before taxes	86,188	81,664	65,551
Consolidation adjustments	17,265	7,301	1,050
Surplus per books before taxes per accompanying consolidated statements of income and expenses	**103,453**	**88,965**	**66,601**

The varying interpretations that can be made of the tax regulations applicable to the operations of financial institutions give rise to certain contingent tax liabilities that cannot be objectively quantified. However, the directors consider that the possibility of any contingent liabilities which are not covered by the provisions recorded becoming actual liabilities is remote, and that, in any case, the resulting tax debt, if any, would not materially affect the accompanying consolidated financial statements.

29. MEMORANDUM ACCOUNTS AND OTHER OFF-BALANCE-SHEET ITEMS

The main commitments and contingencies which arose in the normal course of 2003, 2002 and 2001 banking operations were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Contingent liabilities-			
Assets assigned to different obligations	15	15	15
Guarantees and sureties	391,972	330,162	252,718
Other contingent liabilities	3,618	4,358	5,579
	395,605	**334,535**	**258,312**
Commitments-			
Balances drawable by third parties	927,531	806,270	585,220
Other commitments	71,526	43,550	72,791
	999,057	**849,820**	**658,011**
Total	**1,394,662**	**1,184,355**	**916,323**

Unmatured futures transactions as of December 31, 2003, 2002 and 2001 are detailed below.

	Thousands of Euros		
Item	**2003**	**2002**	**2001**
Unmatured foreign currency purchases and sales - (a)			
Purchases	2,712	4,634	–
Sales	13,559	17,698	15,545
Financial futures on securities and interest rates- (b)			
On securities			
Purchased	276	272	720
Sold	56,226	9,914	–
Options - (b)			
On securities			
Purchased	16,575	–	–
Written	731	4,641	24,622
On interest rates			
Purchased	–	3,000	3,000
Written	18,389	7,210	6,010
Other interest-rate transactions -			
Financial swaps (c)	709,723	384,247	64,846
Call options issued on fixed assets (d)	665	51	(*) 13,093
Total	**818,856**	**431,667**	**127,836**

(a) As of December 31, 2003, 2002 and 2001, €16,271, €22,332 and €15,545 thousand, respectively, of unmatured foreign currency purchase and sale transactions were hedging transactions.

(b) As of December 31, 2003, 2002 and 2001, €87,487, €19,027 and €28,342 thousand, respectively, of the financial futures and options transactions were hedging transactions.

(c) As of December 31, 2003, 2002 and 2001, €708,460, €812,564 and €64,846 thousand, respectively, of other interest rate transactions were hedging transactions.

(d) Of this amount, €11,687 thousand correspond to purchase options issued on land as of December 31, 2001 (Note 15).

The notional amounts of these transactions do not necessarily reflect the volume of credit risk or of other economic risks inherent therein assumed by the Group, since the net position in these financial instruments is the result of offsetting and/or combining them. The hedging transactions were performed for the purpose of covering the effects of fluctuations in interest rates, exchange rates or market prices. Any estimated potential loss on futures transactions at year-end is adequately provisioned or offset with estimated potential gains on transactions of the same nature (see Note 4-j).

Of the future transactions formalized as of December 31, 2003, 2002 and 2001, an amount of €79,601, €27,095 and €20,456 thousand mature or matured during 2004, 2003 and 2002, respectively.

30. OPERATIONS WITH NON-CONSOLIDATED COMPANIES AND ASSOCIATED SUBSIDIARIES

The detail of the balances and most significant transactions concluded by the Group at year-end in 2003, 2002 and 2001 with non-consolidated and associated subsidiaries were as follows:

Non-consolidated subsidiaries

	Thousands of Euros		
	2003	**2002**	**2001**
Loans and credits	95,413	57,584	33,655
Accrual accounts (asset side)	439	531	–
Accrual accounts (liability side)	–	9	2
Customer deposits	36,798	64,115	52,734
Interest income	4,567	2,889	333
Interest expense	1,446	1,785	3,462
Fees collected	2,862	2,138	2,479

Associated companies

	Thousands of Euros		
	2003	**2002**	**2001**
Loans and credits	417,045	288,584	189,164
Customer deposits	44,582	63,469	38,314
Interest income	11,201	6,880	8,734
Interest expense	272	584	325
Contingent liabilities and commitments	182,414	91,666	70,107

31. STATEMENTS OF INCOME AND EXPENSES

Relevant information relating to the accompanying consolidated statements of income and expenses is as follows:

a) Geographical distribution-

The revenues from financial operations which, as mentioned in Note 1, relate to the Institution's core business activity, were obtained mainly in the Autonomous Community of Andalusia, and also in the Autonomous Communities of Castilla-La Mancha, Catalonia, Extremadura, Madrid, Murcia and Valencia, where the Group has all its branch offices and the companies have their business centers.

b) Types of transactions-

The detail, by type of transaction, of the balances of certain captions in the accompanying consolidated statements of income and expenses is as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Interest income:			
Fixed-income securities portfolio	20,412	22,920	27,510
Items to be adjusted for hedging transactions	(259)	(304)	(370)
	20,153	22,616	27,140
Bank of Spain	2,804	3,249	3,951
Due from credit institutions	11,807	15,846	15,748
From tax credits	10,843	13,581	16,675
From loans and credits	364,230	345,752	325,042
Doubtful assets	4,239	4,624	3,782
Items to be adjusted for hedging transactions	–	9,487	420
Other financial instruments	–	–	3
	414,076	**415,155**	**392,761**
Fees collected:			
Commitment fees	1,340	1,110	1,039
Contingent liabilities	5,866	4,316	3,659
Foreign currency and note exchange	41	65	312
Collection and payment services	37,109	34,171	25,084
Securities services	776	722	527
Marketing of non-banking financial products	6,478	6,010	5,900
Other transactions	4,356	3,605	2,423
	55,966	**49,999**	**38,944**
Gains (losses) on financial transactions:			
Sales and write-downs of investment securities	2,184	(5,733)	(21,902)
Futures transactions	329	90	(964)
Exchange gains	1,211	294	491
	3,724	**(5,349)**	**(22,375)**
Extraordinary income:			
Recoveries from the in-house pension fund (Notes 4-i and 21)	–	–	20
Net gains on disposal of fixed assets (*)	6,829	13,676	10,035
Prior years' income	3,776	3,252	2,684
Other items	6,613	2,921	3,022
	17,218	**19,849**	**15,761**

(*) As of December 31, 2003, 2002 and 2001 the amounts of €2,484, €8,068 and €7,168 thousand, respectively, relate to net income in sales of various fixed asset items. The remaining amount corresponds to net releases of the fixed asset hedging and surplus lock-in allowances for fixed asset sales with deferred payment (Notes 15 and 20).

	Thousands of Euros		
	2003	2002	2001
Interest expense:			
Bank of Spain	–	–	–
Due to credit institutions	17,922	17,446	19,552
Due to creditors, marketable securities and subordinated debt	130,848	122,357	126,365
Corrections to hedging transaction costs	(9,240)	7,606	305
Cost allocable to recorded pension allowance (Note 21)	–	65	100
Other interest expenses	130	478	(*) 8,870
	139,660	**147,952**	**155,192**
Fees paid-			
Fee assigned to other entities and correspondent banks	6,316	5,975	5,147
Other fees	320	269	471
	6,636	**6,244**	**5,618**
Extraordinary loss-			
Net provision to other specific allowances (Notes 20 and 21)	16,086	8,576	6,607
Net loss on disposal of fixed assets	55	133	98
Accumulated losses	1,320	859	692
Extraordinary contributions to in-house pension funds (Note 21)	–	–	31
Pension payments	61	70	85
Other items	1,085	891	570
	18,607	**10,529**	**8,083**

(*) As of December 31, 2001, this includes an amount of €8,799 thousand, corresponding to dividends paid by CajaSur Eurocapital Finance Limited to the owners of preferential stock issued by the aforementioned company. In 2003 and 2002 the aforementioned dividends amounted to €4,026 and €8,805 thousand, respectively, and are recorded in the "Consolidated Surplus for the year – Attributed to Minority Interests" caption of the accompanying statements of income and expenses as of December 31, 2003 and 2002 (see Note 2 and 24).

c) General administrative expenses - Personnel expenses-

The breakdown of the balances in this caption in the accompanying consolidated statements of income and expenses in 2003, 2002 and 2001 is as follows:

	Thousands of Euros		
	2003	2002	2001
Wages and salaries	89,428	86,367	78,055
Social security costs	21,545	20,216	17,964
Provisions to in-house pension funds (Note 21)	393	323	428
Contributions to external pension funds	6,289	5,762	7,424
Other expenses	4,879	5,444	5,809
	122,534	**118,012**	**109,690**

As of December 31, 2003, 2002 and 2001 the "Contributions to External Pension Funds" caption includes € 909, €1,170, and €1,193 thousand, respectively, relating to premiums paid to Caser, Compañía de Seguros y Reaseguros, S.A. to guarantee the payment of premiums corresponding to employees or to their beneficiaries in the event of death of spouse or death of parent, and permanent or severe disability.

The detail, by professional category, of the average number of employees engaged in the Institution's financial activities as of December 31, 2003 and 2002, is as follows:

	Average Number of Employees		
	2003	2002	2001
Chairperson and general managers	10	8	6
Graduates	12	11	9
Managers	710	678	641
Officers	626	633	612
Clerical staff	991	876	858
Assistants and messengers	21	22	24
Computer staff	38	39	41
Employees engaged in sundry tasks	13	13	11
	2,421	**2,280**	**2,202**

d) General administrative expenses – Other administrative expenses

The detail of the balances of this caption in the accompanying consolidated statements of income and expenses is as follows:

	Thousands of Euros		
	2003	2002	2001
Property, facilities and materials	13,629	13,046	12,933
Computer equipment and communications	19,288	17,801	18,031
Advertising and publicity	7,826	10,174	6,660
Lawyers and legal matters	681	1,245	1,318
Technical reports	2,166	3,556	1,968
Surveillance and cash courier services	4,162	4,896	3,455
Levies and taxes	2,331	1,914	1,717
Other general expenses	9,361	9,245	8,705
	59,444	**61,877**	**54,787**

The fees for financial audit services provided to the Group by the auditor amounted to €183 thousand in 2003. Additionally, the fees for other professional services provided to the Group by the principal auditor in 2003 amounted to €205 thousand.

e) Directors' compensation and other benefits-

The Institution's directors earned a total of €1,205 thousand in 2003. This amount related to the following items: wages, per diems, and transport and other fees incurred by directors to attend the meetings of the Board of Directors, Executive Committee, Delegate Committees of the Board, General Assembly and specific Acts of representation.

The different amounts of accrued remuneration and pension payments to Board members in 2003 amounted to €33.5 thousand. The liabilities for commitments to directors in relation to deferred remuneration and pension contributions were covered in their entirety. Unvested commitments accrued and not drawn by the members of the governing bodies as of December 31, 2003, amounted to €217 thousand. Moreover, the amount corresponding to allowances recognized for executive members of the governing bodies as of December 31, 2003, amounted to €3,126 thousand.

There are no other pension or life insurance commitments additional to those mentioned above to current or former directors.

Advances and loans granted to all the directors and repayable as of December 31, 2003 amounted to €381 thousand. The annual interest rate on these loans ranged from 2.25% to 8.75% in 2003.

32. THE VIMPYCA FOUNDATION, ENTIDAD BENÉFICA DE CONSTRUCCIÓN

In November 1968, the Board of Directors of Monte de Piedad y Caja de Ahorros de Córdoba set up a not-for-profit construction company (FUNDACIÓN VIMPYCA, Entidad Benéfica de Construcción) within the scope of legal provisions in force at the time, and which was registered with the Special Register of Charitable Organizations of the Ministry of Public Works and Urban Planning under number 325.

This entity, pursuant to existing legislation and its own bylaws, is a legally-incorporated and independent company with no capital stock. In the event of liquidation, remaining assets, less any liabilities, accordingly, would be reinvested in the community welfare project reserve of Caja de Ahorros y Monte de Piedad de Córdoba. According to the latest available consolidated financial statements, duly audited, for the year ended December 31, 2002, the net worth value of this Entity amounted to € 18,283 thousand.

The risks maintained by the Institution with this Entity as of December 31, 2003, 2002 and 2001, were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Guarantees provided	1,738	1,990	1,664
Trade loans	117	58	7
Mortgage loans (pending subrogation)	13,213	1,935	1,288
Other credits	–	2,933	2,044
	15,068	**6,916**	**5,003**

33. CONSTRUCTORA DE VIVIENDAS DE LA CAJA DE AHORROS Y MONTE DE PIEDAD DE CÓRDOBA

In February 1965 Caja Provincial de Ahorros de Córdoba set up a not-for-profit construction company ("Constructora de Viviendas de la Caja Provincial de Ahorros de Córdoba", whose name was changed in January 1995 to "Constructora de Viviendas de la Caja de Ahorros y Monte de Piedad de Córdoba"), within the scope of legal provisions in force at the time, and which was registered with the Special Register of Not-for-profit Organizations of the Ministry of Public Works and Urban Planning under number 272.

This entity, pursuant to existing legislation and its own bylaws, is a legally-incorporated and independent company. In the event of liquidation, remaining assets, less any liabilities, accordingly, would be reinvested in the Viana Foundation, or, otherwise, in the community welfare project reserve of Caja de Ahorros y Monte de Piedad de Córdoba. According to the latest available consolidated financial statements, duly audited, for the year ended December 31, 2002, the net worth value of this Entity amounted to € 4,561 thousand.

The risks maintained by the Institution with this Entity as of December 31, 2003, 2002 and 2001, were as follows:

	Thousands of Euros		
	2003	**2002**	**2001**
Guarantees provided	294	580	1,172
Trade loans	114	99	205
Mortgage loans (pending subrogation)	4,671	7,416	7,118
	5,079	**8,095**	**8,495**

34. CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Following are the 2003, 2002 and 2001 consolidated statements of changes in financial position:

Application of Funds	2003	2002	2001
Loans and credits (net increase)	1,186,327	1,206,367	416,304
Short-term equity securities (net increase)	25,413	7,095	–
Lendings, less financing, at Bank of Spain and credit and savings Institutions (net variation)	303,959	–	496,268
Fixed-income securities (net variation)	77,779	40,106	–
Minority interests	–	–	23
Purchases of long-term investments:			
Purchase of investments in non-Group Companies	35,967	39,638	22,096
Purchase of property and equipment and intangible assets	65,137	20,094	39,759
Other asset items less liability items (net variation)	4,492	99,588	–
Funds Applied	**1,699,074**	**1,412,888**	**974,450**

(Thousands of Euros)

Source of Funds	2003	2002	2001
Funds from operations-			
Surplus for the year	76,494	68,117	50,891
Add –Depreciation and Amortization	14,939	15,855	14,282
Net provision to credit loss allowance	56,067	48,389	31,011
Net provision to security price fluctuation allowance	1,713	5,566	5,016
Net provisions to special allowances and pension allowance	12,134	3,256	4,205
Amortization of consolidation goodwill	1,050	3,394	3,124
Less –Gains on sales investment and fixed assets	(2,429)	(7,935)	(9,015)
Reversal of negativa consolidation differences	(140)	–	–
	159,828	136,642	99,514
Lending, less financing, at Bank of Spain and credit and savings institutions (net variation)	–	342,261	–
Creditos (net increase)	799,587	745,573	633,324
Fixed income securities (net variation)	–	–	107,621
Short-term equity securities (net decrease)	–	–	44,831
Marketable debt securities (net increase)	500,000	150,000	–
Issues of subordinated debt securities	210,000	–	–
Minority Interests	21	29	–
Other asset intems less liabitilies	–	–	40,277
Sales of long-term investments-			
Sales of investments in companies	3,309	293	3,340
Sales of property and equipment and intangible assets	26,329	38,090	45,543
Funds Obtained	**1,699,074**	**1,412,888**	**974,450**

Exhibit I
FULLY AND PROPORTIONALLY CONSOLIDATED COMPANIES

			Thousands of Euros					
Company Name and Line of Business	Address	% Direct Ownership of CajaSur	Capital Stock	Reserves	Income (Loss) for the Year	Net Cost of CajaSur's Ownership	Dividends for the Year	Loans Drawn Down & Guarantees
CajaSur Eurocapital Finance Limited Issuance of Securities	South Church Street PO Box 309 George Town. Islas Caimán	0.01	150,011	68	9	8	–	–
Cibernos Sur, S.A. Information processing	Avda. Profesor Arnold J. Toymbee, parcela 44. Polígono de Chinales. Cordoba	50.00	60	287	(499)	30	–	1,441
Comerciantes Reunidos del Sur, S.A. - CREUSA Financial credit institution	Plaza de las Tendillas, 1. Cordoba	94.77	6,580	933	650	6,988	–	6,125
Asesoría y Consultoría, S.A. - ACONSA Computer services	Plaza del Escudo, 3 14008 Cordoba	96.00	61	516	224	67	–	20
CajaSur Gestión, S.G. I.I.C., S.A. Management of Lending Institutions	C/ Montera, 16. Madrid	100.00	1,202	137	79	1,202	–	–
CajaSur International Finance Limited Issuance of Securities	South Church Street PO Box 309 George Town. Islas Caimán	100.00	1	6	18	–	–	–
Grupo de Empresas CajaSur, S.L. Holding company	Avda. Gran Capitán, 11-13 - 5.ª Cordoba	100.00	204,374	8,368	1,116	204,374	–	50
Corporación Empresarial CajaSur, S.L. Investment in marketable securities and financial entities	Avda. del Brillante, 21 Cordoba	100.00	27,392	(169)	335	27,765	–	–
Cerix Global Hispania, S.L. Holding company	Avda. Gran Capitán, 11-13 - 5.ª Cordoba	100.00	5,857	(4)	292	5,857	–	1,314
Grupo Internacional Finance B.V. Holding company	Strawinskylaan, 3105, 7th floor 1077 ZX Amsterdan (Netherlands)	100.00	18	–	(4)	18	–	–
Adamante Inversiones, SRL (P) Portfolio company	Paseo de la Castellana, 89 Madrid	20.00	74,553	(1,697)	(7,334)	14,911	–	–
Zoco Inversiones, S.R.L.(P) Portfolio company	Paseo de la Castellana, 89 - 10 pl. 28046 Madrid	25.00	73,379	(3)	1,160	18,345	–	–

(P) Proportionally consolidated company.

Note: The information is the latest available (actual or estimated) at the date of preparation of these notes to consolidated financial statements.

Exhibit II.1
COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

			Thousands of Euros			
Company Name and Line of Business	Address	% Direct Ownership of CajaSur	Paid-in Capital Stock	Reserves	Income (Loss) for the Year	Loans Drawn Down and Guarantees
Parking Zoco Córdoba, S.L. Public Parking Operator	C/. José María Martorell, s/n. Cordoba	56.96	4,150	–	6	790

Note: The information is the latest available (actual or estimated) at the date of preparation of these notes to consolidated financial statements.

Exhibit II.2
COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Company Name and Line of Business	Address	% Direct Ownership of CajaSur	Thousands of Euros			
			Paid-in Capital Stock	Reserves	Income (Loss) for the Year	Loans Drawn Down and Guarantees
GRUPO DE EMPRESAS CAJASUR, S.L.						
Agencia de Viajes Sur' 92, S.A. (SG) Travel agency	C/. Concepción, 13. Cordoba	100.00	600	(182)	24	68
Ciencia, Tecnología e Innovación, S.L. (SG) Information Technology and training	Campus de Rabanales Edif. Leonardo Da Vinci. Cordoba	70.00	601	(237)	75	3
Grupo Inmobiliario Cañada XXI, S.L. Real Estate Development	Ctra. de las Ermitas, 4. Cordoba	30.00	3	–	–	31,100
Selwo Estepona, S.L. Real Estate Development	Ctra. de las Ermitas, 4. Cordoba	40.04	3	–	1	6,173
Perchel, S.L. Real Estate Development	Ctra. de las Ermitas, 4. Cordoba	30.00	3	–	–	33,405
Auxiliar de Gestión Patrimonial, S.A.- AUGESPA Customer debt collection management	C/. Historiador Díaz del Moral, 2 Cordoba	20.00	60	(19)	30	–
Sistemas Inmobiliarios del Sur, S.L. Real Estate Promotion, construction and property sales	Ronda de los Tejares, 18-20 Cordoba	47.98	9,616	(1,176)	1,210	8,572
CajaSur Renting, S.A. (SG) Vehicle leasing	Avda. del Brillante, 21 Cordoba	85.00	601	88	392	98,152
CajaSur, Entidad de Seguros y Reaseguros, S.A. (SG) Insurance	Gran Capitán, 11 Cordoba	89.84	12,231	9,134	3,508	–
Promotora Inmobiliaria Prasur, S. A. Real Estate Developer	Avda. Gran Capitán, 2. Cordoba	50.00	18,030	11,864	14,712	78,635
Promotora Inmobiliaria Sarasur, S.A. Real Estate Development	Plaza de Colón, n.º 10. Cordoba	50.00	12,020	(605)	3,271	88,277

(SG) Non-consolidable Group Company.
Note: The information is the latest available (actual or estimated) at the date of preparation of these notes to consolidated financial statements.

Company Name and Line of Business	Address	% Direct Ownership of CajaSur	Thousands of Euros: Paid-in Capital Stock	Reserves	Income (Loss) for the Year	Loans Drawn Down and Guarantees
Arenal Sur 21, S.A. Real Estate Development	Carretera Palma del Río, km. 4. Cordoba	50.00	13,250	(418)	2,633	110,587
Vitalia Écija, S.L. Assistance and care for the elderly	C/. Costa, 2 - 50001 Zaragoza	50.00	601	(2)	260	3,156
Servicios Asistenciales Geriátricos del Sur, S. L. Assistance and care for the elderly	Avda. del Brillante, 21. Cordoba	50.00	1,082	(46)	(58)	2,633
Sos Cuétara, S. A. Elaboration and Marketing of Food Product	Paseo de la Castellana, 51 Madrid	5.80	137,673	23,616	12,928	22,826
Gestora del nuevo Polígono industrial, S.A. Real Estate Development	Palacio Consistorial Plaza de Santa Marina, s/n. Jaén	30.00	8,301	–	(161)	–
G.P.S. Alameda Urbanos, S.L. Real Estate Development	Avda. de los Molinos, n. 7, Local, Pasaje Cordoba	50.00	3	–	–	4,029
G.P.S. Mairena del Soto, S.L. Real Estate Development	Avda. de los Molinos, n. 7, Local, Pasaje Cordoba	50.00	3	–	–	3,300
G.P.S. Pedregalejo Real Estate Development	Avda. de los Molinos, n. 7, Local, Pasaje Cordoba	50.00	3	–	–	3,935
Ecourbe gestión, S.L. Urban Planning Services	Ronda de los Tejares, 32, 1. D Cordoba	33.33	60	(20)	48	–
Gabialsur 2006, S.L. Real Estate Development	C/. Reyes Católicos, 18, 1-A Cordoba	50.00	12	–	–	17,791
Rofisur 2003, S.L. Real Estate Development	C/. Reyes Católicos, 18, 1-A Cordoba	50.00	3	–	–	4,537
G.P.S. Alahurín Málaga, S.L. Real Estate Development	Avda. de los Molinos, n. 7, Local, Pasaje Cordoba	50.00	3	–	–	6,111
Acosta Grupo Inmobiliario, S.L. Real Estate Development	Avda. de la Arruzafa, 21 Cordoba	50.00	3	–	–	–

(SG) Non-consolidable Group Company.
Note: The information is the latest available (actual or estimated) at the date of preparation of these notes to consolidated financial statements.

Company Name and Line of Business	Address	% Direct Ownership of CajaSur	Thousands of Euros			
			Pain-in Capital Stock	Reserves	Income (Loss) for the Year	Loans Drawn Down and Guarantees
Serco Enrique Barrionuevo Servicio de Consultoría, S. L. Consultancy and Counselling	Ronda del Pantriste, 24. Torremolinos (Málaga)	20.00	601	(217)	–	–
Gestión de Tributos del Sur, S.A. (*) Tax management	Avda. Profesor Arnold J Toynbee, 44 Pol. de Chinales. Cordoba	80.00	60	4	(1)	–
GEC Quermes, S.A. Real Estate Development	Avda. Gran Capitán, 11-13, 5.ª Planta Cordoba	100.00	60	–	–	–
Centros Residenciales Sanyres Sur, S.L. Assistance and treatment for old people	Avda. Gran Capitán, 2. Cordoba	33.00	66,718	(173)	(628)	27,089
Sanyres Sur, S. L. Assistance and treatment for old people	Avda. Gran Capitán, 2. Cordoba	33.00	5,934	(68)	(2,370)	673
CORPORACIÓN EMPRESARIAL CAJASUR, S.L.						
Tienda de Calidad, S.L. (SG) Catalogue sales	Avda. Conde de Vallellano, 4 Cordoba	99.93	90	134	189	–
Libros en la Red, S.L. (SG) Sale of digitalized books	C/. Libertador Hidalgo y Costilla, 9 Cordoba	85.00	30	(7)	(6)	–
Ibérico de Bellota, S. A. Producer of meat products	Polígono Industrial, s/n. Villanueva de Cordoba	25.00	1,469	700	24	824
Empresas Constructoras Asociadas del Sur-10, S.A. Construction. Public works tenders	Avda. del Brillante, 21 Cordoba	20.00	563	(134)	(90)	1,822
Aparcamientos Gran Capitán, A.I.E. Parking Operator	Avda. Gran Vía Parque, 27 Cordoba	33.33	227	(197)	(30)	482
Corporación Industrial Córdoba Occidental, S.A. Promotion of Industrial Parks	Avda. Reyes Católicos, 4. Cordoba	48.90	1,229	86	106	–
Corporación Industrial Córdoba- Sur, S.A. Promotion of Industrial Parks	Avda. Reyes Católicos, 4. Cordoba	46.19	1,301	83	147	–

(SG) Non-consolidable Group Company.
(*) The group owns 20% of this company through Sociedad Cibernos, SUR, S.A.
Note: The information is the latest available (actual or estimated) at the date of preparation of these notes to consolidated financial statements.

Company Name and Line of Business	Address	% Direct Ownership of CajaSur	Thousands of Euros: Paid-in Capital Stock	Reserves	Income (Loss) for the Year	Loans Drawn Down and Guarantees
Corporación Industrial Córdoba Este, S.A. Promotion of Industrial Parks	Avda. Reyes Católicos, 4. Cordoba	46,67	3,005	236	222	–
Corporación Industrial Córdoba-Norte, S.A. Promotion of Industrial Parks	Avda. Reyes Católicos, 4. Cordoba	32,63	1,570	115	61	727
Materiales Vegetales Avanzados, S.A. –MAVASA Agricultural development	Avda. del Brillante, 21. Cordoba	22,73	371	(125)	(82)	36
La Rambla Alfarera y Ceramista, S.L. Retailing of ceramic products	Polígono Los Alfares La Rambla - Cordoba	46,81	750	(339)	(149)	402
Plastienvase, S.A. Manufacture of plastic packaging and containers	Polígono de Chinales, parcela 58 Cordoba	20,00	4,898	5,078	1,258	1,380
Fomento de Iniciativas Cordobesas S.C.R. S.A. Financial agency	Avda. del Brillante, 21 Cordoba	38,49	64	70	(8)	–
Queserías de la Sierra Subbética, S. L. Cheese manufacture	Ctra. Zuheros -Baena, s/n. Zuheros - Cordoba	29,00	150	103	7	71
Open Minds, S.L. Language teaching	Plaza Colón, 13 Cordoba	35,00	250	(57)	31	–
Ucoaviación, S.L. Other teaching activities and on-going training	Campo Universitario de Rabanales Ctra. Nac. IV, km. 396. Cordoba	22.50	600	–	–	–
Actividades y Cauces del Sur, S.A.L. Construction and maintainence of water supply	C/. Esmeralda, 4 Cordoba	24.97	525	272	485	–
Iniciativas Subbéticas, S.A. ERDF Fund administration	C/Horno, 50. Zuheros (Cordoba)	20.00	120	(120)	–	–

(SG) Non-consolidable Group Company.
Note: The information is the latest available (actual or estimated) at the date of preparation of these notes to consolidated financial statements.

Company Name and Line of Business	Address	% Direct Ownership of CajaSur	Thousands of Euros: Paid-in Capital Stock	Reserves	Income (Loss) for the Year	Loans Drawn Down and Guarantees
CERIX GLOBAL HISPANIA, S. L.						
Euromedia Central de Compras y Planificación, S.A. Purchase and distribution of advertising media	Avda. de la Constitución, 7. Seville	45.87	597	(192)	(35)	2,039
Grupo Cordobés Informática Multimedia, S. L Software-multimedia desing	Lindo, 2. Cordoba	35.00	6	1	(2)	–
Equipamientos Urbanos del Sur, S. L. Advertising media	M.ª Cristina, 13, 3.º. Cordoba	30.00	1,082	261	69	61
Andalucía Económica, S.A. Economics publications	Reyes Católicos, 19. Seville	30.04	242	134	67	–
Grupo de Comunicación del Sur, S. L. Advertising	Blanco Belmonte, 4. Cordoba	25.00	30	556	118	1,871
Diario Córdoba, S.A. Newspaper publisher	C/. Ing. Juan de la Cierva, 18 Cordoba	31.03	123	3,740	836	2,315
Diario Jaén, S.A. Newspaper publisher	C/. Torredonjimeno, 1 Pol. Los Olivares, Jaén	25.69	214	(52)	256	1
Iniciativas de publicaciones e impresión, S.L. Printing of magazines and newspapers	C/. Ing. Iribarren, s/n. Polg. de la Torrecilla, Cordoba	31.00	60	4,918	1,273	3,664
Pabellón de Méjico, S.L. Radio and Television activities	Avda. de los Descubrimientos. Pabellón de México. Isla de la Cartuja. Seville	26.9	1,897	(685)	(1,212)	114
ZOCO INVERSIONES, S.R.L.						
Corporación Mapfre Marketing of Insurance Products	Paseo de Recoletos, 25 Madrid	3.00	90,782	856,398	141,288	–
Cortefiel Textile manufacture and retail	Avda. del Llano Castellano, 51 Madrid	3.00	11,732	270,963	9,764	–

(SG) Non-consolidable Group Company.
Note: The information is the latest available (actual or estimated) at the date of preparation of these notes to consolidated financial statements.

Company Name and Line of Business	Address	% Direct Ownership of CajaSur	Thousands of Euros			
			Paid-in Capital Stock	Reserves	Income (Loss) for the Year	Loans Drawn Down and Guarantees
Papeles y Cartones de Europa, S. A. Manufacture of paper and cardboard products	Carretera de Burgos a Portugal, km. 96 Duenas (Palencia)	5.4	71,509	52,460	11,086	–
Transportes Azkar Transport	C/. Hiribarren, 32. Lazkao (Guipuzcoa)	3.09	12,150	114,938	18,580	–
Tubacex, S.A. Piping manufacture	C/. Tres Cruces, 8 01400 Llodio (Álava)	3.08	59,840	107,073	6,044	–
Tavex Algodonera, S.A. Preparation and winding of textile fibres	C/. Gaviria, 2 Bergara (Guipuzcoa)	5.04	28,053	63,791	7,505	–
ADAMANTE INVERSIONES, S.R.L.						
Uralita, S.A. Manufacture of concrete, plaster and cement	C/. Mejía Lequerica, 10 28004 Madrid	3.05	142,200	240,029	(41,931)	–
Sol Meliá, S.A. Hotels	Polg. Son Castello. C/. Gremio Toneleros, 24 Palma de Mallorca (Balearic Islands)	3.08	36,955	704,609	38,139	–
Obrascon Huarte Lain, S.A. Construction	C/. Gobelas, 35-37 28023 Madrid	3.07	53,726	390,840	48,547	7,062

(SG) Non-consolidable Group Company.

Note: The information is the latest available (actual or estimated) at the date of preparation of these notes to consolidated financial statements.

Exhibit IV
COMMON STOCKS AND OTHER EQUITY SECURITIES.
As of December 31, 2003

		Thousands of Euros				
Company	% of Ownership	Capital Stock or Equivalent	Reserves	Income (Loss) for the year	Net Book Value	Dividends for the Year
Unlisted-						
Geolit	4.22	3,786	(23)	(192)	145	–
Spanish Confederation of Savings Banks (CECA)	2.04	30,051	333,992	28,192	613	55
Listed-						
Metrovacesa, S.A.	2.01	86,158	148,170	203,186	25,619	879
Other listed equity securities (*)					18,827	1,250
Other equity securities(**)					40,382	206
Total					**85,586**	**2,390**

(*) This corresponds to the net book value and dividends of the companies CEA II in the amounts of €16,520 and €1,000 thousands and Santander Finance Limited in the amounts of €2,307 and €144 thousands, respectively.
(**) This corresponds to all unlisted and listed Common Stock and other equity securities valued at less than €600 thousand and €1,800 thousands, respectively. This amount includes the investment allowances referred to in Note 9.
Note: The information is the latest available (actual or estimated) at the date of preparation of theses notes to consolidated financial statements.

CAJA DE AHORROS Y MONTE DE PIEDAD DE CÓRDOBA -CAJASUR AND SUBSIDIARIES COMPOSING THE CAJASUR GROUP

Consolidated Management Report for 2003

Economic context and evolution of business

From a macroeconomic perspective, the year 2003 began with continued caution prompted by the economic uncertainty and geopolitical tension that had persisted from the previous year. In this context, the leading central banks continued to apply expansive monetary policies that lead to reductions in official rates, the Federal Reserve lowering its rate from 1.25 % to 1 % and the European Central Bank dropped the ECB rate from 2.75 % to 2 %. As a result, interest rates hit all-time low levels.

However, worldwide prospects for economic recovery gradually improved during the second half of the year, fuelled mainly by the greater dynamism of the US economy, making the outlook for the coming year moderately optimistic.

In 2003 the Spanish economy grew above the EMU average, with accelerated growth that allowed it to end the year with a growth rate of 2.4 %, enabling it to increase its differential with respect to the rest of its Community partners by two percentage points.

Domestic demand has been the driving force behind the economy, thanks to the strength of private consumption and the continued dynamism of investment in construction, although growth in this sector is already slowing down.

Balance Sheets

In difficult circumstances for the banking sector, due mainly to growing competition and rising interest rates, which placed further downward pressure on business revenues, CajaSur ended the year satisfactorily with an acceptable balance between the growth of its line of business and necessary revenues and creditworthiness.

At year-end 2003, the CajaSur Group was formed by the parent company, Caja de Ahorros y Monte de Piedad de Córdoba and seventy-eight dependant subsidiaries, eighteen more than last year. Ten of these companies were fully consolidated, two proportionally consolidated and the remaining six were consolidated by the equity method.

As of December 31, 2003, total assets recorded in the balance sheets amounted to €10,143.7 million, €1,782.5 million more than at year-end twelve months earlier, and representing an increase of 21.3 %, outpacing the average growth reported by savings banks at national and autonomous community level.

The maintenance of lending demand, mainly for mortgage loans, was the main factor driving business, favored by low interest rates, greater economic activity and rising housing prices.

As of December 31, 2003, the loans and credits portfolio presented a balance net of provisions amounting to €7,743.5 million, up 17.1% and €1,129.7 million on the previous year.

In terms of lending to the resident private sector, it is worth highlighting secured mortgage loans, mainly used to purchase homes, and which presented an inter-annual variation of 18.1%. These represented the main growth factor behind credit investment in 2003.

It is also worth noting that this strong growth in credit investment was accompanied by a reduction in the bad debt ratio, which reached an all-time low of 1.07%, while credit loss allowances increased by more than 29%, subsequently raising coverage to almost 220%.

The “Equity Securities Portfolio” balance increased by 33.3% in the year to total €225.7 million. It is worth highlighting that in 2003 the reorganization of the CajaSur Group concluded. This was aimed at optimizing the control of its investments and entailed the grouping, under Grupo de Empresas CajaSur, S.L., of a company wholly owned by CajaSur, of certain companies that were previously recorded in separate captions of the equity securities account; detailed information on this is offered in the notes to financial statements.

The balance of the “Government Debt Securities” caption at year-end amounted to €332.6 million, of which €10.6 million were classified as trading portfolio investments, €89.6 million as held-to-maturity investment portfolio and €232.4 million as available-for-sale portfolio, all comprising registered debt securities. The balance of the “Debentures and Other Fixed-Income Securities” account at year-end totaled €216.8 million, representing net annual increase of €31.8 million and corresponding almost entirely to the purchase of securities issued by non-resident credit entities and other securities from the non-resident private sector.

The strong demand for lending made it necessary to complement traditional sources of financing, prompting the Entity to have an increasingly active presence in wholesale markets. The total volume of customer funds recorded in the balance sheets at year-end, and which included customer deposits, marketable debt securities and subordinated debt financing, amounted to €8,358.2 million, representing the capture of funds worth €1,510 million in the year.

This growth in customer deposits contributed to this evolution with an increase of €800 million, including €300 million relating to the issue of two unique “cédulas” or bonds, one mortgage bond and one territorial bond, in the amounts of €200 million and €100 million, respectively.

The “Marketable Debt Securities” caption includes €500 million relating to new funds obtained from two issues of euronotes for the value of €300 million and €200 million, respectively, encompassed within the EMTN programme coordinated by CECA (Spanish Confederation of Savings Banks).

There were also two issues of subordinated debt during the year, computable as equity for solvency purposes, and jointly amounting to €210 million.

Results

In terms of management, net interest revenue increased by 3.8% due to the increase in revenues and efficient management of income and expenses compensated for falling interest rates that prevailed during the year.

Net fees totaled €49.3 million, up 12.7% with respect to December 2002, with significant growth in fees obtained from insurance premiums and contingent liabilities, as well as those deriving from collection and payment services.

Financial transactions yielded €3.7 million in income, reversing the trend of losses of the last two years and yielding net ordinary revenues of €335.3 million, 8.1% more than last year.

General administration expenses at year-end amounted to €182 million, a modest increase of just 1.2 %. The item of greatest weight –personnel expenses– increased by 3.8% to €122.5 million and other administrative expenses were reduced by 3.9 %. This important effort on the part of the Entity to contain operating expenses in 2003 lead to a substantial improvement in efficiency and the obtainment of operating revenues of €142.6 million, 21.1% higher than one year ago.

Net income generated by companies accounted for by the equity method totaled €13.6 million, more than double their contribution in the previous year. The most significant contributions were made by Prasur, Seguros CajaSur and Sarasur.

In terms of the “Provisions” caption, net credit loss allowances amounted to €50.4 million, €9.3 million more than last year, due to precautionary measures taken through the recording of an additional provision to the statistical allowance to cover credit losses. These larger provisions enabled the Entity to increase its coverage for bad debts with respect to the previous year from 175% to 220% at year-end 2003.

As a result of the foregoing, income before taxes was placed at €103.5 million, 16.3 % more than in 2002. Net income attributable to the CajaSur Group, net of Corporate Income Tax, amounted to €72.5 million, up 22.2% with respect to the figure at the end of 2002.

Risk Management

CajaSur manages different risks (credit, market, interest rate, liquidity, operational risks, etc.) that affect it as a consequence of the activities developed by the Entity's different lines of business.

In order to manage these risks, CajaSur has established a set of principles and measures specifically for this purpose.

Firstly, ultimate responsibility for the management of risks falls upon the Board of Directors. It establishes the risk levels to be addressed through the establishment of limits and internal powers, ensures that they are complied with, and expressly authorizes the main risk operations, either directly or through the Executive Committee, which reports to it.

A system of Committees has been established to ensure the adequate management of the different risks:

the Risk Management Committee has been established to manage credit risk;

the Assets and Liabilities Committee has been established to manage market, interest rate, liquidity and other structural risks.

The risks function is independent of the business units, which assume the risk, thus achieving sufficient independence and autonomy to ensure the adequate control of the different risks.

The Entity continues to strive to improve and optimize the systems for measuring and controlling each financial risk that affects it, in order to ensure that these risks are managed as efficiently as possible, and by weighing up the profitability of a given operation and the corresponding risk. For this reason, the Entity is participating in a project promoted by CECA (Spanish Confederation of Savings Banks) and involving all Spanish savings banks, aimed at adapting the sector to the recommendations and future regulations established in the Basle II Accord.

Credit risk:

Credit risk management aims to identify, evaluate, control and monitor this type of risk.

All the different operations are performed in compliance with Bank of Spain regulations and recommendations governing the concentration of risks, grouping these into economic groups and monitoring the most significant risks on a regular basis.

In order to manage this type of risk, a number of Committees have been established with different levels of competence according to the level of risk each may manage. Nevertheless, it is the Risk Management Committee, formed by Senior Management staff, which is responsible for managing these types of risks, analyzing and supervising all the operations that entail the assumption of any significant risks and reporting directly to the Board of Directors or the Executive Committee supervised by the board.

As part of the organizational structure, the Entity has established a number of areas and committees whose task it is to manage credit risk in terms of both the assumption of risk and the monitoring and control of lending activity.

During the risk assumption process, the Entity uses differentiated circuits according to the type of risk to be authorized. For the individual customer segment, it has implemented automatic transaction scoring systems for specific types of risks (loans to consumers and mortgages for purchasing homes).

It also has a qualified team of risk analysts, who analyze each risk in depth when the level of risk to be assumed is significant. A system of powers has been established for the authorization of transactions according to the type of risk to be assumed, starting at the actual office through the territorial departments, committees, single-person bodies at central services, the executive credit committee, the investments committee, through to the Risk Management Committee, which presents a proposal on transactions to both the Executive Committee and the Board of Directors.

The distribution, by usage, of the gross credit risk with resident sector customers as of December 31, 2003, was as follows:

SECTORIZATION OF PRIVATE SECTOR CREDIT
As of December 31, 2003

Uses	Thousands of €	Percentage
Loans and credits used to finance production activities	5,220,214	69%
Loans and credits used to finance household expenditure	2,094,024	28%
Loans and credits used to finance institutional expenditure on a not-for-profit basis to support households	138,057	2%
Other loans and credits (unclassified)	97,655	1%
TOTAL	**7,549,950**	**100%**

Market risk:

The Entity's strategy for managing market risk is regulated by a series of limits approved by the Assets and Liabilities Committee and the Board of Directors, and which establish the volumes, products and maximum admissible periods, avoiding unintentional concentrations of risks.

This type of risk management is characterized by the relative lack of importance attributed to trading portfolio investment. For negotiation purposes, the Board of Directors has very limited powers in this regard, hence these are also insignificant.

The methods applied in 2003 to measure market risk were the Risk Value for the equity securities portfolio, using a confidence level of 95% and a time horizon of 10 days for negotiation and 22 days for investment. Additionally, for the fixed-income securities portfolio, sensitivity was measured according to basis point variations, 100 basis points for investment and 25 basis points for trading portfolio investment.

However, pursuant to Bank of Spain Circular 5/2003, in 2004 we started to use a VaR (Value-at-Risk) confidence level of 99%.

The risk that CajaSur maintains as of December 31, 2003 in its investment securities portfolio is detailed in the following table:

MEASUREMENT OF MARKET RISK AS OF 31.12.03
Thousands of Euros

Renta fija	**Market Value**	**Sensitivity p.b.**
Maturity:		
Spot	159,712	–
Investment:		
Spot	392,945	5.247 (100 pb)
Coverage derivates (notional)		
swap's	11,800	
futures	-40,343	
option (puts)	16,575	
Negotiable:		
Spot	10,585	40 (25 pb)
Futures	-4,525	

Equity Securities	**Market Value**	**VaR**
Investment:	30,637	686
Spot	42,767	1,166
Hedging futures	-12,131	1,049
Negotiable:	**1,699**	**126.49**
Spot	1,423	101
Futures	276	27

In order to manage market risk in 2003, the Entity used different types of derivative instruments to cover positions maintained in its portfolio. The instruments used were stock index options, swaps and futures; the results were used to offset those obtained with spot positions.

Derivate Transactions:

Apart from the derivates included in the investment securities portfolio, CajaSur uses this type of financial instrument in hedging transactions of equity positions.

Derivate transactions, disregarding those mentioned previously, consisted mainly of the provision of coverage for customer deposits and the contracting of swaps on interest rates in order to cover the interest rate risk in authorized financing transactions. The selected counter-items in these transactions were expressly authorized for each transaction, with all the entities involved having been awarded an excellent credit rating.

Interest Rate Risk:

The interest rate risk may be defined as the likelihood of variations in interests rates negatively affecting the Entity's financial position, either because these variations affect its financial margin or because they affect its economic worth. Therefore, this risk arises due to the imbalance in terms of volume and maturity between assets and liabilities that mature or repreciate, and due to the different intensity with which interest rate variations affect the aforementioned assets and liabilities.

The year 2003 was marked by a drop in reference interest rates, which fell to record minimums (the Federal Reserve rate to 1% and the Central European Bank rate to 2%). In this scenario, the management of interest rate risk became especially important due to the impact that this might have on the Entity's financial margin and creditworthiness.

At CajaSur, the body responsible for managing interest risk is the Assets and Liabilities Committee (COAP). This committee is formed by the leading managers of the different divisions of the Entity. It establishes and implements the specific action guidelines for managing interest rate risks in accordance with the established objectives.

To achieve this, it calculates the Entity's exposure to interest rate risk by analyzing sensitivity gaps and measuring the impact on its statement of income and expenses and economic value in the event of different interest rate variations, in order to ensure that the positions maintained are favorable with respect to the envisaged evolution of interest rates.

In order to avoid excessive exposure that might jeopardize the Entity's profitability or creditworthiness should these forecasts prove to be incorrect, the Board of Directors has defined the maximum risk limits that may be assumed, limiting the impact on the financial margin in the event of adverse variations of one per cent in interest rates, and in the economic value restricting the maximum consumption of equity by interest rate risk.

In order to maintain balance sheet exposure at appropriate levels of risk, the Entity establishes coverage by contracting derivates, mainly OTCs (IRS interest rates).

The following table presents the structure of the balance sheet by sensitivity gaps (maturities and repreciation periods) for the corresponding assets, liabilities and hedging transactions off-balance sheets as of December 31, 2003.

STATIC SENSITIVITY GAP AS OF 31.12.03
(Thousands of €uros)

	Sensitive balances					
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 12 months	Sensitive total
ASSETS SENSITIVE TO INTEREST-RATE RISK:						
Monetary Market	741,205	181,329	42,066	5,784	17,309	987,693
Lending Market	1,027,932	1,617,252	2,034,057	1,306,351	1,126,653	7,112,245
Securities Market	46,869	66,409	22,285	77,377	325,716	538,656
1. TOTAL SENSITIVE ASSETS	**1,816,006**	**1.864.990**	**2,098,408**	**1,389,512**	**1,469,678**	**8,638,594**
% of total sensitive assets	21.02%	21.59%	24.29%	16.08%	17.01%	100.00%
% of total assets	17.55%	18.03%	20.28%	13.43%	14.21%	83.50%
LIABILITIES SENSITIVE TO INTEREST-RATE RISK:						
Monetary Market	329,050	302,549	142,519	11,000	1,824	786,942
Deposits Market	1,073,671	1,979,424	879,377	565,719	3,517,522	8,015,713
Debt securities Market	0	0	0	0	0	0
2. TOTAL SENSITIVE LIABILITIES	**1,402,721**	**2,281,973**	**1,021,896**	**576,719**	**3,519,346**	**8,802,655**
% of total sensitive liabilities	15.94%	25.92%	11.61%	6.55%	39.98%	100.00%
% of total liabilities	13.69%	22.06%	9.88%	5.57%	34.02%	85.08%
SENSITIVITY MEASUREMENTS:						
3. Difference between Assets-Liabilities in each period	413,285	-416,983	1,076,512	812,793	-2,049,668	-164,061
% total assets	3.99%	4.03%	10.41%	7.86%	19.81%	1.59%
4. Accumulated difference between Assets-Liabilities	413,285	-3,698	1,072,814	1,885,607	-164, 061	-328,122
% total assets	3.99%	0.04%	10.37%	18.23%	1.59%	3.17%
5. Coverage index (1)	131.92%	83.28%	209.24%	245.51%	42.55%	100.00%

(1) Coverage index = % of sensitive assets divided by sensitive liabilities in each period.

Liquidity Risk:

Liquidity risk may be defined as the difficulties experienced by an entity in releasing or accessing liquid assets, in the sufficient amount and at an acceptable cost, in order to comply with its payment commitments.

CajaSur closely monitors liquidity risk in order to guarantee that the Entity fulfils its payment commitments at reasonable prices and to enable it to execute its business plans with stable sources of financing.

The Entity's Board of Directors has defined a series of limits aimed at guaranteeing, at all times, adequate levels of liquidity in order to respond to the demands of depositors:

It has established a basic liquidity limit, guaranteeing a reasonable level of liquidity over the period of one week at all times. This defines the volume of liquid assets that the Entity must maintain in order to cover withdrawals of funds by customers.

It has also established a strategic or balance liquidity limit to guarantee that assets realizable at one month cover all accounts payable liabilities within that deadline.

The Entity has also drawn up a Liquidity Contingencies Plan, which has been approved by the Board of Directors.

For management purposes it analyses liquidity gaps, considering the corresponding maturing assets and liabilities in each maturity band.

The aim of liquidity risk management is not to try to compensate fully the gaps in each period, but rather to manage the positions in a manner that guarantees compliance with all payment obligations and at reasonable costs.

Exchange Rate Risk

The Entity pursues a policy of not assuming exchange risks by covering positions taken or rendered in the case of transactions entered into in the other direction. The residual currency risk is insignificant.

CAJA DE AHORROS Y MONTE DE PIEDAD DE CÓRDOBA -CAJASUR AND SUBSIDIARIES COMPOSING THE «CAJASUR» GROUP

At its meeting today, the Board of Directors of Caja Ahorros y Monte de Piedad de Córdoba -CajaSur prepared and approved the consolidated financial statements of the CajaSur Group for the year ended December 31, 2003, and the 2003 Consolidated Management Report, written on the obverse of sheets of Series OH, Class 8 stamped paper, €0.03 each, numbered sequentially from 1699176 through 1699267, and the latter of the same class numbered from 1699268 through 1699269, pursuant to current legislation.

Cordoba, March 31, 2004

Miguel Castillejo Gorráiz
Chairman

Alonso García Molano
Honorary Chairman

Juan Arias Gómez
Founding Deputy Chairman

Luis Miguel Martín Rubio
Deputy Chairman

Juan Moreno Gutiérrez
Director

Alfonso Carrillo Aguilar
Director

Valeriano Orden Palomino
Director

Francisco Cárdenas Martínez
Director

Emilio López Monsalvete
Director

Francisco Martínez Saco
Director

Álvaro Romero Ferrero
Director

Luis Martín Luna
Director

José Antonio Nieto Ballesteros
Director

Carmelo Salas Tavira
Director

Manuel Jesús Aguilera Ramos
Secretary

Designed by:
IMPRENTA SAN PABLO, S. L. - CORDOBA (Spain)
Sor Ángela de la Cruz, 12 - Telephone 957 283 306
Book number: CO. 1.167/2004