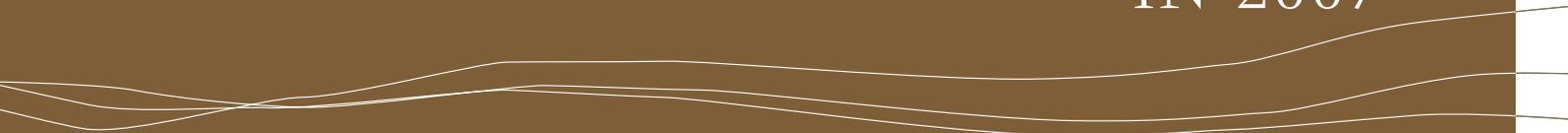


REPORT ON THE WORK
OF THE AUDIT COMMITTEE
IN 2007

The title text is positioned in the upper right quadrant of the page. Below it, there are several thin, white, wavy lines that span across the width of the page, creating a decorative horizontal element.

I. Introduction

This report on the duties and activities of the Audit Committee of Corporación Financiera Alba, S.A. has been prepared in accordance with current recommendations on good governance of listed companies, in particular the recommendations of the Aldama Committee, in its report (the "Aldama Report") published on January 8, 2003, and the Unified Code on Good Corporate Governance (Documento Unificado de Recomendaciones de Gobierno Corporativo) passed by the National Securities Market Commission (CNMV) on May 22, 2006.

The Audit Committee was created by the Board of Directors on March 29, 2000, following the recommendations of the "Olivencia Code".

Subsequently, Law 44/2002 of November 22 on Financial System Reform Measures (the "Finance Law") made it compulsory for listed companies to have an Audit Committee.

In compliance with the Finance Law, Corporación Financiera Alba, S.A. amended its Articles of Association and its Board of Directors Regulations and defined the Audit Committee's powers and procedures as described below.

II. Functions of the Audit Committee

In accordance with Additional Provision 18a of the Securities Market Law, brought into effect by Law 44/2002 of November 22 on Financial System Reform Measures, Article 47 of the Articles of Association of Corporación Financiera Alba, S.A. attributes to the Audit Committee the following functions, notwithstanding any other functions that may be assigned to it by the Board of Directors:

- Report to the General Meeting on matters within its remit raised by shareholders.
- Submit a proposal to the Board of Directors for the appointment of the external auditors, for approval by the shareholders in General Meeting.

- Oversee the internal audit function, if any.
- Report on the Company's financial reporting and internal control systems.
- Conduct relations with the external auditors to gather information on matters liable to affect the external auditors' independence and any other matters arising from the auditing of the Company's accounts, and make any other disclosures required under auditing rules and regulations.

III. Membership

The Audit Committee is a Board committee and so is made up of directors. A majority of the members must be non-executive directors appointed by the Board of Directors and the Chair must be chosen from among these non-executive directors. By law and under the Company's Articles of Association, the Chair is replaced every four years and may be re-elected after one year out of office.

Because of the new legal provisions concerning the Audit Committee and the amendments to the Company's Articles of Association and Board Regulations, at its meeting on May 22, 2003 the Board of Directors renewed the membership of the Committee, reappointing the same people who previously sat on the Audit and Compliance Committee.

In May 2007, after four years in the post, the Chair of the Audit Committee stood down (staying on as a member of the Committee) and a new Chair was appointed, as stipulated by the Finance Law and the Articles of Association.

The members of the Audit Committee during 2007 were: Mr. Alfredo Lafita Pardo as Chairman; Mr. Enrique Piñel López, Mr. Manuel Soto Serrano and Mr. Francisco Verdú Pons as members; and Mr. José Ramón del Caño Palop as Secretary. The Chairman and Mr. Soto are independent directors and the other two members are proprietary directors.

IV. Functioning and activities

The Committee's internal functioning is regulated by Article 47 of the Company's Articles of Association and Articles 29 to 34 of the Board Regulations, governing meetings, notices, quorums, adoption of resolutions, minutes, relations with the Company's Board of Directors and management, and authority to request information on any aspect of the Company and seek advice from outside experts.

During 2007, the Audit Committee met six times. The matters discussed at these meetings, on which the Committee had all the necessary information and documentation, were:

- Review of periodic financial reports for submission to the CNMV
- External audit of the annual accounts
- Risk identification and internal control system
- Legal and regulatory compliance

a) Review of periodic financial reports.

The Audit Committee analyzed, prior to submission, the quarterly and half-yearly financial information that the Company submits to the CNMV for public disclosure and the complementary brochures that the Company publishes.

This was done with the collaboration of the Company's financial director, who is responsible for preparing said information and who explained to the Committee the accounting procedures followed and the decisions and criteria adopted.

The Committee approved the reports and brochures, subject to the inclusion of certain suggestions it had made.

In one of its meetings the Committee examined the financial statements prior to their submission to the Board of Directors for authorization.

b) External audit of the annual accounts and relations with the external auditors.

The meeting just mentioned was attended by the external auditors, who reported in depth on the audit work, the main issues raised and the criteria used. The auditors detected no significant risks in the Company and considered the Company's internal audit to be effective. Accordingly, their opinion on the Company's financial statements was unqualified. In carrying out their task, the independent auditors were assisted by the Company's officers. At the same time, the plan for the audit for financial year 2007 was explained.

Because of the change of auditor decided in 2004, the current auditor has been appointed for fiscal years 2005, 2006 and 2007. In 2007, therefore, no renewal or change of auditor was considered.

c) Risk identification and internal risk control system.

Internal control is the responsibility of the finance director and is governed by a set of operating rules. These rules are set out in the "Operations Handbook". The rules relate, among other things, to investments and divestments, budgets and expense control, consolidation, IT systems, administrative controls and file keeping.

The Audit Committee has authority in this matter and determines whether the Company has the necessary organization, staff and processes to identify and monitor its main operational, financial and legal risks. It is also empowered to investigate any aspect of the risk identification and internal control system, as it sees fit. In 2004 the Company commissioned the independent auditors to carry out an in-depth review of the Company's internal control system and of the "Operations Handbook" in particular. The auditors' opinion was that the Company's internal control system was satisfactory. The auditors were commissioned to carry out another review in 2008.

No material incident was detected in this regard during 2007.

d) Legal and regulatory compliance.

As required by Article 26.c) of the Board Regulations, the Audit Committee provides the following, more detailed information on the Company's compliance with legal requirements and internal company regulations.

First, the Committee confirms that the Company has the necessary organization to guarantee compliance with applicable law. Specifically, it has a legal department, a tax department and a finance department, each of which, in its area of competence, works to ensure that current (external and internal) regulations are respected. In addition, the Board Regulations charge the Secretary with a duty to ensure that the Company acts, in form and substance, within the law, respecting both statutory obligations and company procedures and rules of governance.

One of the Audit Committee's tasks is to make sure the Company has an effective system of internal supervision to guarantee compliance with applicable laws and regulations and to verify that the necessary procedures are in place to ensure that managers and employees comply with internal regulations. Audit Committee meetings are attended by the Company's finance director, who is responsible for internal control and reports to the Committee on this matter.

As mentioned previously, the Company has a set of operational rules ("Operations Handbook") that provide criteria for internal control.

Bearing all this in mind, the Committee considers that the Company has the necessary organizational resources and rules to ensure compliance with applicable internal and external regulations.

In relation to this area of responsibility, the Audit Committee also examined the draft Annual Corporate Governance Report, which was subsequently ratified by the Board of Directors, and the Report of the Internal Code of Conduct monitoring body.

Furthermore, the Committee examined all the documents relating to the adaptation to the new corporate governance recommendations (Unified Code on Good Corporate Governance, approved by the CNMV on May 22, 2006). The Committee issued a favourable opinion on: (i) the amendments to the General Meeting and Board Regulations; (ii) the orientation program for new directors; (iii) the directors' remuneration policy; (iv) the risk management and control policy; and (v) the amendment of the Internal Code of Conduct to establish a procedure for confidential reporting of irregularities.

In relation to compliance, the Committee examined related-party transactions. During the year, five transactions with significant shareholders were examined to verify whether they had been carried out under market conditions. In all cases the finding was favourable.

Lastly, the Committee monitored the functioning of the Company's web site, which is fully compliant with current regulations.

In view of all the above, the Committee considers the Company to be in compliance with all applicable statutory requirements and recommendations with respect to corporate governance.

Madrid, February 21, 2008