

PROSPECTUS

September 28, 2006

PYME BANCAJA 5 FONDO DE TITULIZACIÓN DE ACTIVOS

ISSUE OF ASSET-BACKED BONDS EUR 1,180,500,000/1,178,200,000

Series A1	EUR 260,000,000	AAA/Aaa
Series A2	EUR 185,000,000	AAA/Aaa
Series A3	EUR 618,200,000	AAA/Aaa
Series B	EUR 62,700,000	A/A2
Series C	EUR 24,100,000	BBB/Baa3
Series D	EUR 30,500,000/28,200,000	CCC/C

Backed by loans assigned and serviced by



Lead Managers



CORPORATE & INVESTMENT BANK



LEHMAN BROTHERS

Underwriters and Placement Agents

Bancaja

**IXIS Corporate &
Investment Bank**

JPMorgan

Lehman Brothers

Banco Pastor

DZ Bank AG

Paying Agent

BANCAJA

Fund established and managed by



Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores

Material Event concerning

PYME BANCAJA 5 Fondo de Titulización de Activos

As provided for in the Prospectus for **PYME BANCAJA 5 Fondo de Titulización de Activos** (the "**Fund**") notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On November 19, 2015 the Fund's Treasury Account is to be effectively transferred to CITIBANK INTERNATIONAL LTD, Sucursal en España ("**CITI**"), following the signature, on November 12, 2015, of a new Guaranteed Interest Rate Account (Treasury Account) Agreement by the Management Company, for and on behalf of the Fund, CITI and BANKIA, S.A. and the relevant notice to BARCLAYS BANK, PLC Sucursal en España, as the former provider of the Fund's Treasury Account.

The ratings for CITIBANK INTERNATIONAL LTD's short- and long-term unsecured and unsubordinated debt obligations assigned by the Rating Agencies are currently as follows:

	Fitch	Moody's
Short-term	F1	P-1
Long-term	A	A1

- In addition, BNP PARIBAS SECURITIES SERVICES, Sucursal en España ("**BNP Paribas**") has been designated Bond Paying Agent, following the signature of a new Paying Agent Agreement by the Management Company, for and on behalf of the Fund, BNP Paribas and BANKIA, S.A. and the relevant cancellation agreement signed with BARCLAYS BANK, PLC Sucursal en España, as the former Paying Agent, effective as of November 19, 2015.

The ratings for BNP PARIBAS SECURITIES SERVICES' short- and long-term unsecured and unsubordinated debt obligations assigned by the Rating Agencies are currently as follows:

	Fitch	Moody's
Short-term	F1	P-1
Long-term	A+	A1

- As a result of the new Agreements referred to above, the following sections of the Fund Prospectus shall henceforth read as follows:

Section	Description
3.4.4.1 Building Block Paragraphs 2 et seq. (Treasury Account)	CITIBANK INTERNATIONAL LTD, Sucursal en España (" CITI "), guarantees for the Fund, through its Management Company and in relation to amounts credited to the Treasury Account, an annual nominal interest rate, floating quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which based on the duration of that period, applicable for each interest accrual period, shall be as defined in 5.2 below, on the positive final daily balances in each period in the Treasury Account. The nominal interest rate applicable to each interest accrual period shall be the higher of (i) zero percent (0.00%); and (ii) the Euribor rate currently calculated and

Section	Description
	distributed by the financial information system Global Rate Set Systems Ltd (GRSS) under a European Money Markets Institute (EMMI) mandate and three- (3-) month EURIBOR ACI, set at 11am (CET) on the second Business Day preceding the first day of each interest accrual period (the "Guaranteed Interest Rate"). Interest shall be settled on February 8, May 8, August 8 and November 8 of each year and be calculated based on: (i) the exact number of days in each interest accrual period, and (ii) a three-hundred-and-sixty (360-) day year. The first interest accrual period shall comprise the days elapsed between November 19, 2015 and February 8, 2016. CITI agrees with the Management Company to keep the Guaranteed Interest Rate for a period of three (3) years from November 19, 2015. However, after three (3) months have elapsed from that date, CITI may on each interest settlement and payment date establish a new Guaranteed Interest Rate, (the "New Guaranteed Interest Rate") which shall replace the rate theretofore in place. The Management Company shall have 1 month after receiving the notice from CITI to, following an agreement with BANKIA, accept the New Guaranteed Interest Rate or not. If the Management Company should not accept the New Guaranteed Interest Rate established by CITI, the Management Company may replace CITI as the Treasury Account provider and CITI will transfer the amount credited to the Treasury Account and the interest accrued to the new Treasury Account opened in the Fund's name to be designated by the Management Company following an agreement with BANKIA. In the above connection, BANKIA shall propose the new institution to which the Treasury Account is to be transferred to the Management Company. The costs resulting from that replacement, if any, shall be borne by BANKIA. In any case, three months after the New Guaranteed Interest Rate being notified, whether it is accepted by the Management Company or not, following an agreement with BANKIA as to the New Guaranteed Interest Rate and, as the case may be, transfer of the amount credited to the Treasury Account, the interest rate applicable to the Treasury Account shall be the New Guaranteed Interest Rate. In the event that the short-term unsecured and unsubordinated debt obligations of CITIBANK INTERNATIONAL LTD should be downgraded below P-1 or F-1 respectively by Moody's and Fitch, the Management Company shall, following an agreement with BANKIA, within not more than thirty (30) days from the occurrence of that event, after notifying the Rating Agencies, do one of the following in order to allow a suitable level of security to be maintained with respect to the commitments derived from this Agreement in order for there to be no detriment to the rating given to the Bonds by the Rating Agencies: a) Obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and F1 respectively by Moody's and Fitch, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by CITI of its obligation to repay the amounts credited to the Treasury Account, for such time as CITIBANK INTERNATIONAL LTD's debt obligations remain downgraded below P-1 or F1. b) Transfer the Fund's Treasury Account to an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and F1 respectively by Moody's and Fitch, and arranging a yield for its balances, which may differ from that arranged with CITI under this Agreement.

Section	Description
	c) If a) and b) above are not possible, obtaining from CITI or a third party collateral security in favour of the Fund on financial assets with a credit quality of not less than that of Spanish State Government Debt (<i>Deuda Pública del Estado Español</i>), in an amount sufficient to guarantee the commitments established in the Agreement. d) In addition, if transferring the Treasury Account should not be feasible on the above terms, the Management Company may invest the balances for not more than quarterly periods in short-term fixed-income assets in Euros issued by institutions with ratings at least as high as F1 (for periods of less than 30 days or F1+ for longer periods) and P-1 for short-term unsecured and unsubordinated debt obligations respectively by Fitch and Moody's, including short-term securities issued by the Spanish State, in which case the yield could also differ from that obtained with the Treasury Account. All costs incurred in connection with putting in place and arranging the above options shall be borne by BANKIA, irrevocably agreeing to indemnify CITI against any expenses, liabilities or (economic or any other) losses arising out of the Treasury Account Agreement, the Deed of Constitution and/or the Prospectus, as a result of the downgrade on the terms herein laid down of CITI's credit rating, other than in the event of negligence or wilful misconduct. BANKIA shall agree, forthwith upon a credit rating downgrade of the Treasury Account Provider, or upon the Management Company, following an agreement with BANKIA, rejecting the New Guaranteed Interest Rate or deciding to transfer the Treasury Account to a third party or upon the Agreement being cancelled by CITI, all in accordance with the Treasury Account Agreement, to use commercially reasonable efforts in order that the Management Company may take one of the remedial actions described above.
5.2.1 Securities Note Paragraphs 4 et seq. (Bond Issue Paying Agent)	Both upon a breach by BNP PARIBAS SECURITIES SERVICES, Sucursal en España ("BNP Paribas") of the obligations under this Agreement, and in the event that the rating of the unsecured and unsubordinated debt obligations of BNP Paribas Securities Services should, at any time during the life of the Bond Issue, be downgraded below F2 or P-1, respectively by Fitch and Moody's, the Management Company shall, following an agreement with BANKIA, within not more than thirty (30) days from the occurrence of any such events do one of the following: (i) revoke BNP Paribas' designation as Paying Agent, or (ii) do such other things as may allow a suitable level of security to be maintained with respect to the commitments derived from this Agreement in order for there to be no detriment to the ratings given to the Bonds by the Rating Agencies; and subject to prior notice to the Rating Agencies. BANKIA shall agree to use commercially reasonable efforts in order that the Management Company may do one of (i) or (ii) above. Notwithstanding the above, the Management Company shall not be able to revoke the designation of BNP Paribas as Paying Agent until November 12, 2016. In addition, BNP Paribas may decline to carry on discharging its duties from November 12, 2016.

Section	Description
	In consideration of the services to be provided by the Paying Agent, the Fund shall pay it during the term of the Agreement a fee of 0.01% (inclusive of taxes), on the total interest payment and principal repayment amount distributed by the Paying Agent, as instructed by the Management Company, to Bondholders on each Bond Payment Date, payable on the same Payment Date, which shall be payable on each Payment Date and shall be paid provided that the Fund has sufficient liquidity in the Fund's Priority of Payments or, as the case may be, in the Liquidation Priority of Payments. In the event that the Fund, through the Management Company, due to the absence of sufficient liquidity on a Payment Date in the Priority of Payments of the Fund, should fail to pay the full fee, overdue amounts shall be accumulated without any penalty whatsoever to the fee falling due on the next Payment Date, unless that absence of liquidity should continue, in which case the amounts due shall build up until the Payment Date on which they are paid.

Madrid, November 17, 2015

Mario Masiá Vicente
General Manager

**Material Event
concerning**

PYME BANCAJA 5 Fondo de Titulización de Activos

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **PYME BANCAJA 5 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- As set out in the material event dated August 10, 2009, Banco Cooperativo Español S.A. was designated Bond Paying Agent on August 7, 2009 by entering into an Agreement to be subrogated to and novating and amending but not terminating the Bond Paying Agent Agreement.
- Accordingly, the following section of the Fund’s Prospectus should read as follows:

Section	Description
5.2.1 Securities Note	Bond Issue Paying Agent. A further paragraph is added to paragraph three section (iv), setting out the obligations accepted by the Paying Agent, with the following wording: “(iv) (...) ” The Management Company shall, on the Business Day preceding each Payment Date, pay out of the Treasury Account, into an account opened in the name of the Fund at the Paying Agent, the total Bond interest payment and principal repayment amount for each Series. The return on investments interim tax amounts to be withheld on each Payment Date on Bond interest in accordance with the applicable statutory provisions, shall remain credited to the Fund’s account at the Paying Agent until the date on which the Management Company has to actually pay the same to the Tax Administration.” In paragraph four of this section, containing references to the actions to be taken in the event of the Paying Agent’s credit ratings being downgraded, the term “F1” with reference to Fitch’s short-term debt ratings is replaced with “F2”. A new paragraph is added after this last paragraph, with the following wording: “BANCAJA shall agree, upon the Management Company’s request and provided that its short-term unsecured and unsubordinated debt obligations are rated at least as high as F2 and P-1 respectively by Fitch and Moody’s, to be subrogated to this Paying Agent Agreement as Paying Agent.” Paragraph five of this section, concerning the Paying Agent’s compensation, is replaced with the following wording: “In consideration of the services to be provided by the Paying Agent, the Fund shall pay it on each Payment Date during the term of this Agreement, a fixed fee which shall be payable provided that the Fund has sufficient liquidity and in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments.”

Issued to serve and avail as required by law, at Madrid, on December 29, 2009.

Mario Masiá Vicente
General Manager

**Material Event
concerning**

PYME BANCAJA 5 FONDO DE TITULIZACIÓN DE ACTIVOS

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **PYME BANCAJA 5 Fondo de Titulización de Activos** (the "Fund") notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- As set out in the material event dated February 4, 2009, an amendment was made to the Guaranteed Interest Rate Account (Treasury Account) Agreement entered into by the Fund.
- Accordingly, the following sections of the Fund's Prospectus should read as follows:

Section	Description
3.4.4.1 Building Block	Treasury Account. As set out in the material event dated February 4, 2009, on February 3, 2009 the Fund's Treasury Account was transferred to the Confederation of Spanish Savings Banks ("CECA"), and the latter was subrogated to the Guaranteed Interest Rate Account (Treasury Account) Agreement entered into with Bancaja, which was novated and amended but not terminated. Accordingly, paragraph three of this section shall be deemed to have been amended as follows: (i) Treasury Account Interest Rate. The Treasury Account annual nominal interest rate floats daily and is equal to the euro overnight interbank deposit average rate, published daily by the Bank of Spain, minus 0.35 percentage points. (ii) Interest compensation payable by Bancaja. BANCAJA has irrevocably agreed (in order to compensate the Fund for the difference between the new Treasury Account interest rate at CECA and the interest rate which the Fund had been receiving on the Treasury Account at BANCAJA) to pay to the Fund an amount equivalent to the positive difference, if any, between (i) the daily interest which would have been due to the Fund on the daily Treasury Account balance calculated at the nominal interest rate under the original Treasury Account Agreement (i.e., the Bond Reference Rate) and (ii) the daily interest due on the daily balance in the new Treasury Account opened at CECA at the new nominal interest rate set (such amount, hereinafter, the "interest compensation"). The amounts due for settlement by BANCAJA shall be calculated by the Management Company for the Fund and be notified and duly justified to BANCAJA, upon each accrual period maturing, to be paid on the next succeeding business day. (iii) CECA first demand guarantee. CECA (guarantor) issued a first demand guarantee to the Fund (beneficiary) whereby CECA will pay on first demand by the Management Company, acting for and on behalf of the Fund, any amount resulting from the payment obligations taken on by BANCAJA (principal) under the interest compensation undertaking described above up to a maximum amount of EUR six hundred thousand (600,000.00), such amount being the result of applying the maximum historic spread, at the signature of the subrogation Agreement, between the different settlement interest rates described above on an estimate of the maximum Treasury Account balance remaining constant during an interest accrual period.

Section	Description
	Accordingly, and specifically, the obligation supported by the first demand guarantee is timely payment by BANCAJA of its obligation to pay to the Fund the resultant amounts as set out in the preceding paragraph of this clause (hereinafter, the “Guaranteed Obligation”). The guarantee is given by CECA jointly and severally and expressly and irrevocably waiving the benefits of order and discussion. The request to pay the resultant amount may be made fully or partially, and in the latter event the guarantee given shall subsist until expiry. The guarantee shall remain in force until the earlier of: (i) the date on which the ratings of the short-term unsecured and unsubordinated debt obligations of CECA are downgraded below F1 and P-1, respectively by Fitch and Moody’s; or (ii) the date on which the short-term unsecured and unsubordinated debt obligations of BANCAJA (principal) are again rated (at least as high as) F1 and P-1, respectively by Fitch and Moody’s; or (iii) the date on which CECA no longer provides the Treasury Account; or (iv) when liquidation of the Fund concludes, upon the Fund being wound up.

- In relation to the material event notified on December 26, 2008, concerning the downgrade by Fitch Ratings of Bancaja’s short-term credit rating to F2 from F1, and specifically to the Bond Paying Agent Agreement to which Bancaja is a counterparty as Paying Agent, for the record because Bancaja’s continuity as Paying Agent with the aforesaid F2 credit rating does not adversely affect the ratings assigned to each Bond Series by Fitch Ratings, the actions provided for in the event of the short-term debt obligations being downgraded below F1 were not taken and the terms of that Agreement shall be amended to include F2 as the minimum short-term rating required for the Paying Agent to continue in accordance with Fitch Ratings’ current criteria.

Issued to serve and avail as required by law, at Madrid, on May 29, 2009.

Mario Masiá Vicente
General Manager

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This document is a prospectus (the “**Prospectus**”) registered at the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*), as provided for in Commission Regulation (EC) No. 809/2004 of April 29, 2004 (“**Regulation 809/2004**”), and comprises:

1. A description of the major risk factors linked to the issuer, the securities and the assets backing the issue (the “**Risk Factors**”);
2. An asset-backed securities registration document, prepared using the outline provided in Annex VII to Regulation 809/2004 (the “**Registration Document**”);
3. A securities note, prepared using the outline provided in Annex XIII to Regulation 809/2004 (the “**Securities Note**”);
4. A Securities Note building block, prepared using the block provided in Annex VIII to Regulation 809/2004 (the “**Building Block**”); and
5. A glossary of definitions.

RISK FACTORS

1 Risks derived from the issuer's legal nature and operations.

a) Nature of the Fund and obligations of the Management Company.

The Fund is a separate closed-end fund devoid of legal personality and is managed by a management company, in accordance with Royal Decree 926/1998. The Fund shall be liable only for its obligations to its creditors with its assets.

The Management Company shall discharge for the Fund the functions attributed to it in Royal Decree 926/1998, and enforce Bondholders' interests as the manager of third-party portfolios. There shall be no syndicate of bondholders. Therefore, the capacity to enforce Bondholders' interests shall depend on the Management Company's means.

b) Forced substitution of the Management Company.

In accordance with article 19 of Royal Decree 926/1998, where the Management Company is adjudged insolvent, it shall find a substitute management company. In any such event, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, there shall be an early liquidation of the Fund and an early amortisation of the securities issued by the same.

c) Limitation of actions against the Management Company.

Bondholders and all other ordinary creditors of the Fund shall have no recourse whatsoever against the Fund Management Company other than as derived from a breach of its duties or inobservance of the provisions of the Deed of Constitution and of this Prospectus. Those actions shall be resolved in the relevant ordinary declaratory proceedings, depending on the claimed amount.

d) Applicability of the Bankruptcy Act

There is no case law allowing it to be known how the courts construe the rules contained in Bankruptcy Act 22/2003 (the "**Bankruptcy Act**"). Notwithstanding the above, the most widespread construction by authority, in accordance with Additional Provision Two of the Bankruptcy Act, is that the insolvency specialities of Additional Provision Five of Act 3/1994 remain in force, wherefore, if there is no fraudulent origination, then in the event of insolvency of BANCAJA as Originator of the Loans, the assets of the Fund, with the exception of money, if any, because it is fungible, in the bankruptcy estate of BANCAJA shall be the property of and pass to the Fund, on the terms of articles 80 and 81 of the Bankruptcy Act.

Subject to the above, both this Prospectus and the Deed of Constitution provide for certain means in order to mitigate the aforesaid effects in relation to money, because it is a fungible asset.

In this sense, in order to mitigate the consequences that an insolvency decree of the Originator could have in this connection on the Fund's rights, in particular, for the purposes of article 1527 of the Civil Code and because the transfer by BANCAJA to the Fund of the Loans shall not be notified to the Obligors, paragraph 3.3.1 of the Building Block provides that, in the event of insolvency, or indications thereof, of administration by the Bank of Spain, of liquidation or of substitution of the Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the Servicer to notify Obligors and third-party guarantors, if any, of the transfer to the Fund of the outstanding Loans, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors within five (5) Business Days of receiving the request and in the event of the Servicer becoming insolvent, the Management Company itself shall directly or, as the case may be, through a new Servicer it shall have designated, notify Obligors and third-party guarantors, if any.

Similarly, and for the same purposes of mitigating the aforesaid risk, provision has been made for certain means which are described in sections 3.4.4.1 (Treasury Account), 3.4.5 (Collection by the Fund of payments in respect of the assets) and 3.7.2.1.2 (Collection management) of the Building Block.

In the event of bankruptcy of the Management Company, it must be replaced by another management company in accordance with the provisions of article 19 of Royal Decree 926/1998.

The structure of the envisaged asset securitisation transaction does not, other than in the event of a breach by the parties, allow the existence of any cash amounts that could be included in the Management Company's estate because the Fund's income shall, on the terms provided for in this Prospectus, be paid into the accounts opened in the name of the Fund by the Management Company (that is involved in opening those accounts not only as a simple attorney for the Fund but as the Fund's authorised representative), and the Fund would therefore in that regard have a right of separation on the terms provided for in articles 80 and 81 of the Bankruptcy Act.

Subject to the above, insolvency of any of the parties involved (whether BANCAJA, the Management Company or any other of the Fund's counterparties) could affect its contractual relations with the Fund.

2 Risks derived from the securities.

a) Liquidity

There is no assurance that the Bonds will be traded on the market with a minimum frequency or volume.

There is no undertaking that any institution will be involved in secondary trading, giving the Bonds liquidity by offering consideration.

Moreover, the Fund may in no event repurchase the Bonds from Bondholders. Nevertheless, the Bonds may be fully subject to early amortisation in the event of Early Liquidation of the Fund, on the terms laid down in section 4.4.3 of the Registration Document.

b) Yield.

Calculation of the yield (internal rate of return) of the Bonds in each Series contained in section 4.10 of the Securities Note is subject to future market interest rates, given the floating nature of the Nominal Interest Rate of each Series.

c) Duration.

Calculation of the average life and duration of the Bonds in each Series contained in section 4.10 of the Securities Note is subject to fulfilment of Loan repayment and to assumed Loan prepayment rates that may not be fulfilled. Loan repayment performance is influenced by a number of economic and social factors such as market interest rates, the Obligors' financial circumstances and the general level of economic activity, preventing their predictability.

d) Late-payment interest.

Late interest payment or principal repayment to Bondholders in any of the Series shall under no circumstances result in late-payment interest accruing to their favour.

3 Risks derived from the assets backing the issue.

a) Risk of default on the Loans.

Bondholders shall bear the risk of default on the Loans pooled in the Fund.

BANCAJA, as Originator, shall have no liability whatsoever for the Obligors' default of principal, interest or any other amount they may owe under the Loans. Under article 348 of the Commercial Code, BANCAJA is liable to the Fund for the existence and lawfulness of the Loans, on the terms and

conditions declared in the Deed of Constitution and in this Prospectus, and for the personality with which the assignment is made. BANCAJA will have no liability whatsoever to directly or indirectly guarantee that the transaction will be properly performed nor give any guarantees or security, nor indeed agree to repurchase the Loans, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution or redemption of Loans or Pass-Through Certificates failing to conform, upon the Fund being established, to the representations given in section 2.2.8 of the Building Block.

The Bonds issued by the Fund neither represent nor constitute an obligation of BANCAJA or the Management Company. No other guarantees have been granted by any public or private organisation whatsoever, including BANCAJA, the Management Company and any of their affiliated or associated companies.

b) Limited Hedging.

A high level of delinquency of the Loans might reduce or indeed exhaust the limited hedging against Loan portfolio losses that the Bonds in each Series distinctly have as a result of the existence of the credit enhancement transactions described in section 3.4.2 of the Building Block.

The degree of subordination in interest payment and principal repayment between the Bonds in the different Series derived from the Priority of Payments and the Liquidation Priority of Payments of the Fund is a mechanism for distinctly hedging the different Series, respectively.

c) Loan prepayment risk.

There will be a prepayment of the Loans pooled in the Fund when the Obligors prepay the portion of principal pending repayment on the Loans, or in the event that BANCAJA should be substituted in the relevant Loans by any other financial institution licensed to do so, or in any other event having the same effect.

That prepayment risk shall pass quarterly on each Payment Date to Bondholders by the partial amortisation of the Bonds, in accordance with the amortisation conditions of each Series contained in section 4.9.2 of the Securities Note.

d) Geographical concentration.

The number of selected loans to be assigned to the Fund upon being established with obligors who are residents of the Valencian Community is 2,036 (64.09% of the total loans), and their outstanding principal amounts to EUR 649,007,459.11 (50.86% of the total), as detailed in section 2.2.2.I) of the Building Block.

Given this concentration level, any circumstance whatsoever having a substantial negative effect on the Valencian Community could affect payments of the Loans backing the Fund's Issue of Asset-Backed Bonds.

This is a Certified Translation into English of the Spanish Prospectus. No document other than the Spanish Prospectus registered by the Comisión Nacional del Mercado de Valores may have any legal effect whatsoever or be taken into account with respect to the Bond Issue.

ASSET-BACKED SECURITIES REGISTRATION DOCUMENT

(Annex VII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)

1. PERSONS RESPONSIBLE

1.1 Persons responsible for the information given in the Registration Document.

Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the “**Management Company**”), the company sponsoring PYME BANCAJA 5 FONDO DE TITULIZACIÓN DE ACTIVOS (the “**Fund**” and/or the “**Issuer**”), takes responsibility for the contents of this Registration Document.

Mr Mario Masiá Vicente is acting as General Manager of the Management Company using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, and expressly for establishing the Fund pursuant to authorities conferred by the Board of Directors’ Executive Committee at its meeting held on July 18, 2006.

1.2 Declaration by those responsible for the contents of the Registration Document.

Mr Mario Masiá Vicente declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. STATUTORY AUDITORS

2.1 Fund’s Auditors.

In accordance with the provisions of section 4.4.2 of this Registration Document, the Fund has no historical financial information.

The Fund’s annual accounts shall be audited and reviewed every year by statutory auditors. The Fund’s annual accounts and their audit report shall be filed with the Companies Register.

The Management Company shall proceed to designate, for periods of not more than three (3) years, the statutory auditor who is for that period of time to audit the Fund’s annual accounts, reporting that appointment to the CNMV. The designation of an auditor for a given period shall not preclude the designation of that auditor for subsequent periods, observing in any event the laws in force on the subject.

2.2 Accounting policies used by the Fund.

Income and expenditure will be accounted for by the Fund in accordance with the accruals principle, i.e. in accordance with the actual flow represented by such income and expenditure, irrespective of when they are collected and paid.

The expenses of setting up the Fund and issuing the Bonds will be subject to a straight-line depreciation during the months elapsing since the establishment of the Fund until October 31, 2009, inclusive.

The Fund’s fiscal year shall match a calendar year. However, the first fiscal year will exceptionally begin on the date of establishment of the Fund and the last fiscal year will end on the date on which the Fund terminates.

3. RISK FACTORS

The risk factors linked to the issuer are described in section 1 of Risk Factors of this Prospectus.

4. INFORMATION ABOUT THE ISSUER

4.1 Statement that the issuer has been established as a securitisation fund.

The Issuer is an asset securitisation fund to be established in accordance with Spanish laws.

4.2 Legal and commercial name of the issuer.

The issuer's name is "PYME BANCAJA 5 FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

- PYME BANCAJA 5 FTA
- PYME BANCAJA 5 F.T.A.

4.3 Place of registration of the issuer and registration number.

The place of registration of the Fund is in Spain at the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*) (the "**CNMV**"). The Fund was entered in the Official Registers of the CNMV on September 28, 2006.

Companies Register

For the record, neither the establishment of the Fund nor the Bonds issued backed by its assets shall be entered in the Companies Register, in pursuance of the facultative authority for which provision is made in article 5.4 of Royal Decree 926/1998.

4.4 Date of establishment and existence of the issuer.

4.4.1 Date of establishment of the Fund.

The Management Company and BANCAJA, Originator of the Loans, shall proceed to execute on October 2, 2006 a public deed whereby PYME BANCAJA 5 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANCAJA will assign to the Fund Non-Mortgage Loans and Mortgage Loans, the latter by means of the issue of Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds (the "**Deed of Constitution**"), on the terms provided in article 6 of Royal Decree 926/1998.

The Management Company represents that the contents of the Deed of Constitution shall match the draft Deed of Constitution it has submitted to the CNMV and the terms of the Deed of Constitution shall at no event contradict, change, alter or invalidate the contents of this Prospectus.

The Deed of Constitution may not be altered other than in exceptional events, provided that is permitted under the laws in force and subject to such statutory requirements as may be established. In any event, those actions shall require that the Management Company first notify and secure the prior authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agencies, and provided that such changes are not detrimental to the rating assigned to the Bonds by the Rating Agencies or Bondholders' interests. The amendment of the Deed of Constitution shall be notified by the Management Company to the CNMV and the Rating Agencies. The Deed of Constitution can also be corrected as requested by the CNMV.

4.4.2 Existence of the Fund.

The Fund shall commence its operations on the date of execution of the Deed of Constitution.

The Fund shall be in existence until February 14, 2039 or the following Business Day if that is not a Business Day, the Final Maturity Date of the Bond Issue, unless there should previously have been an Early Liquidation as set forth in section 4.4.3 of this Registration Document or any of the events laid down in section 4.4.4 of this Registration Document should occur.

4.4.3 Early Liquidation of the Fund.

4.4.3.1 Following notice served on the CNMV, the Management Company shall be entitled to proceed to an early liquidation ("**Early Liquidation**") of the Fund and thereby an early amortisation of the entire Bond Issue ("**Early Amortisation**"), in any of the following events ("**Early Liquidation Events**"):

- (i) When the amount of the Outstanding Balance of the Loans yet to be repaid is less than ten (10) percent of the initial Outstanding Balance of the Loans upon the Fund being established, and provided that the payment obligations derived from the Bonds in each Series yet to be repaid may be honoured and settled in full in the Liquidation Priority of Payments.

Payment obligations derived from the Bonds in each Series on the date of Early Liquidation of the Fund shall at all events be deemed to be the Outstanding Principal Balance of the Series on that date plus interest accrued and not paid until that date, which amounts shall be deemed to be due and payable on that date to all statutory intents and purposes.

- (ii) Where, in any event or circumstance whatsoever unrelated to the Fund's operations, a substantial alteration occurs or the financial balance of the Fund required by article 11.b) of Royal Decree 926/1998 is permanently damaged. This event includes such circumstances as the existence of any change in the law or supplementary implementing regulations, the establishment of withholding obligations or other situations which might permanently affect the financial balance of the Fund.
- (iii) In the event that the Management Company should be adjudged insolvent, or the statutory term to do so or otherwise four months should elapse without a new management company being designated in accordance with the provisions of section 3.7.1.3 of the Building Block.
- (iv) When a default occurs indicating a major permanent imbalance in relation to any of the Bonds issued or that it is about to occur.
- (v) Upon the lapse of thirty (30) months from the date of the last maturity of the Loans, even if amounts are still due and payable.

4.4.3.2 The following requirements shall have to be satisfied to proceed to that Early Liquidation of the Fund:

- (i) That Bondholders be given not less than fifteen (15) Business Days' notice, as prescribed in section 4.1.3.2 of the Building Block, of the Management Company's resolution to proceed to an Early Liquidation of the Fund.
- (ii) That the Management Company previously advise the CNMV and the Rating Agencies of that notice.
- (iii) The notice of the Management Company's resolution to proceed to an Early Liquidation of the Fund shall contain a description of (i) the event or events for which an Early Liquidation of the Fund is effected, (ii) the liquidation procedure, and (iii) the manner in which the payment obligations derived from the Bonds are to be honoured and settled in the Liquidation Priority of Payments.

4.4.3.3 In order for the Fund, through its Management Company, to proceed to an Early Liquidation of the Fund and an Early Amortisation of the Bond Issue, the Management Company, for and on behalf of the Fund:

- (i) Notwithstanding the provisions of paragraph (iv) below, shall proceed to sell the Loans remaining in the Fund for a price of not less than the sum of the principal still outstanding plus interest accrued and not paid on the relevant Loans.
- (ii) Shall proceed to terminate such agreements as are not necessary for the Fund liquidation procedure.

- (iii) Shall be entitled to arrange for a credit facility, which shall be fully and immediately allocated to the early amortisation of Series A1, A2, A3, B and C Bonds then outstanding, the financial cost of which (interest and fees and expenses, if any) may not be in excess of the average Nominal Interest Rate of Series A1, A2, A3, B and C yet to be repaid weighted by the Outstanding Principal Balance of each of those Series. The financial expenses due shall be paid and the credit facility shall be repaid in accordance with the Liquidation Priority of Payments of the Fund.
- (iv) Finally, both due to an insufficiency of the preceding actions and the existence of Loans or other remaining assets of the Fund, the Management Company shall proceed to sell them and shall therefore invite a bid from at least five (5) entities who may, in its view, give a market value. The Management Company shall be bound to accept the best bid received for the Loans and for the assets on offer. In order to set the market value, the Management Company may secure such valuation reports as it shall deem necessary.

In events (i), (iii) and (iv) above, the Originator shall have a pre-emptive right and will therefore have priority over third parties to acquire the Loans or other remaining assets still on the assets of the Fund, and/or may grant to the Fund the credit facility designed for the early amortisation of the outstanding Series A1, A2, A3, B and C Bonds. The Management Company shall therefore send the Originator a list of the assets and of third-party bids received, and the latter may use that right for all of the Loans and other assets offered by the Management Company or the credit facility within five (5) Business Days of receiving said notice, and provided that its bid is at least equal to the best of the third-party bids.

- 4.4.3.4 The Management Company shall forthwith apply all the proceeds from the sale of the Fund's assets to paying the various items, in such manner, amount and order as shall be requisite in the Liquidation Priority of Payments, other than the amounts, if any, drawn under the credit facility arranged for early amortisation of Series A1, A2, A3, B and C Bonds yet to be repaid, which shall be fully applied to early amortisation of these Series.

4.4.4 Termination of the Fund.

The Fund shall terminate in any of the following events:

- (i) Upon the Loans pooled therein being fully amortised.
- (ii) Upon the Bonds issued being fully amortised.
- (iii) When the Early Liquidation procedure established in section 4.4.3 above is over.
- (iv) Upon the final liquidation of the Fund on the Final Maturity Date on February 14, 2039 or the following Business Day if that is not a Business Day.
- (v) Upon the establishment of the Fund terminating in the event that the Rating Agencies should not confirm any of the assigned provisional ratings as final ratings by the start of the Subscription Period. In this event, the Management Company shall terminate the establishment of the Fund, the assignment of the Loans to the Fund and the Bond issue.

Termination of the establishment of the Fund shall be notified to the CNMV as soon as such is confirmed, and shall be publicised by means of the procedure specified in section 4.1.3.2 of the Building Block. Within not more than one month after the occurrence of the event of termination, the Management Company shall execute a statutory declaration before a notary public declaring that the Fund's obligations have been settled and terminated and that the Fund has terminated. Notwithstanding the above, the Fund Management Company shall defray the expenses of setting up the Fund payable with the Start-Up Loan, the agreement for which shall not be terminated but shall rather be cancelled after those amounts are settled, principal repayment being subordinated to fulfilment of all other obligations undertaken by the Management Company, acting for and on behalf of the Fund.

In the event that there should be any remainder upon the Fund being liquidated and after making all payments to the various creditors by distributing the Liquidation Available Funds in the set Liquidation Priority of Payments, that remainder shall be for the Originator on the liquidation terms established by the Management Company. If that remainder is not a liquid amount, since relating to Loans that are pending

the outcome of legal or notarial proceedings instituted as a result of default by the Loan Obligor, both their continuation and the proceeds of their termination shall be for the Originator.

Upon a period of six (6) months elapsing from liquidation of the Fund's remaining assets and distribution of the Liquidation Available Funds, the Management Company shall execute a statutory declaration before a notary public declaring (i) that the Fund has terminated, and the events prompting its termination, (ii) how Bondholders and the CNMV were notified, and (iii) how the Liquidation Available Funds were distributed in the Liquidation Priority of Payments; notice of this shall be given in a nation-wide newspaper and all other appropriate administrative procedures will be observed. The Management Company will submit that statutory declaration to the CNMV.

4.5 Domicile, legal form and legislation applicable to the issuer.

In accordance with the provisions of article 1.1 of Royal Decree 926/1998, the Fund has no own legal personality and the Management Companies is entrusted with establishing, managing and legally representing those funds, and, as manager of third-party portfolios, with representing and enforcing the interests of the holders of the securities issued by the Fund and of all its other ordinary creditors.

The Fund shall have the same domicile as the Management Company:

- Street: Lagasca number 120
- Town: Madrid
- Post Code: 28006
- Country: Spain
- Telephone: (34) 91 411 84 67

The establishment of the Fund is subject to Spanish Law and in particular is carried out pursuant to the legal system provided for by (i) Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies ("**Royal Decree 926/1998**") and implementing regulations, (ii) Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7 ("**Act 19/1992**"), failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) Act 3/1994, April 14, adapting Spanish law in regard to credit institutions to the Second Banking Co-ordination Directive and introducing other changes relating to the financial system ("**Act 3/1994**"), and (iv) all other legal and statutory provisions in force and applicable from time to time.

4.5.1 Tax system of the Fund.

In accordance with the provisions of article 1.2 of Royal Decree 926/1998; article 5.10 of Act 19/1992; article 7.1.h) of Legislative Royal Decree 4/2004, March 5, approving the Consolidation of the Corporation Tax Act; additional provision two of Act 13/1985, May 25, as worded by Act 19/2003 and Act 23/2005; article 20.One.18 of Value Added Tax Act 37/1992, December 28; article 59.k of Royal Decree 1777/2004, July 30, approving the Corporation Tax Regulations; article 45.I.B).15 of Legislative Royal Decree 1/1993, September 24, approving the Consolidation of the Capital Transfer and Documents Under Seal Tax; and additional provision five of Act 3/1994, the following are the characteristics of the current tax system of the Fund:

- (i) The establishment of the Fund is exempt from the "corporate transactions" item of Capital Transfer and Documents Under Seal Tax.
- (ii) Bond issue, subscription, transfer and amortisation is exempt from payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (iii) The Fund is subject to the general Corporation Tax system, determining the taxable income in accordance with the provisions of Title IV of the Corporation Tax Act, applying the general rate in force from time to time, which currently stands at 35%.
- (iv) As for returns on the Loans, including the Pass-Through Certificates, or other credit rights constituting Fund income, there shall be no Corporation Tax withholding or interim payment obligation.

- (v) The Fund management and custody services shall be exempt from Value Added Tax.
- (vi) The transfer of the Loans to the Fund is a transaction subject to and exempt from Value Added Tax.

4.6 Issuer's authorised and issued capital.

Not applicable.

5. BUSINESS OVERVIEW

5.1 Brief description of the issuer's principal activities.

The Fund's activity is to acquire a set of loans owned by CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA (the "**Loans**") granted to non-financial small and medium-sized enterprises (SMEs, as defined in section 2.2 of the Building Block) domiciled in Spain (the "**Obligors**") and to issue asset-backed bonds (the "**Asset-Backed Bonds**" or the "**Bonds**") designed to finance the acquisition of the Loans and set up the Initial Cash Reserve, the underwritten placement of which is targeted at qualified investors.

The selected loans may be classified based on their collaterals into:

- (i) Loans with real estate mortgage security, and with the additional security, if any, specified in paragraph (ii) below, originated in a public deed (the "**Mortgage Loans**").

The Mortgage Loans shall be assigned to the Fund upon BANCAJA issuing and the Fund subscribing for Pass-Through Certificates subject to the provisions of Act 2/1981, implemented by Royal Decree 685/1982, March 17, and additional provision five of Act 3/1994 as worded by article 18 of Act 44/2002, on the terms provided for in section 3.3 of this Building Block.

- (ii) Loans without special security, secured by means of cash pledges and/or third-party personal guarantees (certified loan document), originated in a public document, which are enforceable (Civil Procedure Act article 517) (the "**Non-Mortgage Loans**").

The Non-Mortgage Loans shall be directly assigned to the Fund upon the sale by BANCAJA and acquisition by the Fund of the credit rights derived from the same under the Deed of Constitution, on the terms provided for in section 3.3 of this Building Block.

In this Registration Document and elsewhere in the Prospectus the term "Loans" shall be used to refer collectively to the Non-Mortgage Loans and the Mortgage Loans or the Pass-Through Certificates perfecting their assignment.

Interest and repayment income on the Loans received by the Fund shall be allocated quarterly on each payment date to interest payment and principal repayment on the Bonds issued on the specific terms of each of the series (the "**Series**") making up the issue of Bonds and in the order of priority established for Fund payments.

Moreover, the Fund, represented by the Management Company, arranges a number of financial and service transactions in order to consolidate the financial structure of the Fund, enhance the safety or regularity in payment of the Bonds, cover timing differences between the scheduled principal and interest flows on the Loans and the Bonds, and, generally, enable the financial transformation carried out in respect of the Fund's assets between the financial characteristics of the Loans and the financial characteristics of each Bond Series.

5.2

Global overview of the parties to the securitisation program.

- EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (“**EUROPEA DE TITULIZACIÓN**”) is the Management Company that will establish, manage and legally represent the Fund and was involved in structuring the financial terms of the Fund and the Bond Issue.

EUROPEA DE TITULIZACIÓN is a securitisation fund management company incorporated in Spain and entered in the CNMV's special register under number 2.

VAT REG. No.: A-805144 66 Business Activity Code No.: 6713

Registered office: calle Lagasca number 120, 28006 Madrid (Spain).

- CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA (“**BANCAJA**”) is the originator of the Loans to be acquired by the Fund, shall be a Lead Manager of the Bond Issue, a Series A1, A2, A3, B and C Bond Underwriter and Placement Agent, shall fully subscribe for Series D Bonds, and also takes responsibility for the contents of the Securities Note.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, BANCAJA has structured the financial terms of the Fund and the Bond Issue and will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii) liaising with potential investors and being a Series A1, A2, A3, B and C Bond subscription book runner, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

Moreover, BANCAJA shall be counterparty to the Fund in the Guaranteed Interest Rate Account (Treasury Account), Start-Up Loan, Loan Servicing, Financial Intermediation and Bond Paying Agent Agreements.

BANCAJA is a Savings Bank incorporated in Spain and entered in the Companies Register of Castellón at volume 532, book 99 of the General Section, sheet CS-2749, folio 1, entry 1, and in the Bank of Spain's Special Register of Savings Banks under number 49, its code number being 2077.

VAT REG. No.: G-46/002804 Business Activity Code No.: 65122

Registered office: Caballeros number 2, 12001 Castellón (Spain).

Principal place of business: Pintor Sorolla number 8, 46002 Valencia.

Ratings for the short- and long-term unsecured and unsubordinated debt obligations of BANCAJA assigned by the rating agencies:

	Fitch Ratings	Moody's Ratings	S&P Ratings
Short-term	F1 (July 2005)	P-1 (July 9, 1997)	A-1 (June 21, 2006)
Long-term	A+ (July 2005)	A1 (July 9, 1997)	A+ (June 21, 2006)

- IXIS CORPORATE & INVESTMENT BANK (“**IXIS CIB**”) shall be a Lead Manager of the Bond Issue and a Series A1, A2, A3, B and C Bond Underwriter and Placement Agent.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, IXIS CIB will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii) liaising with potential investors and being a Series A1, A2, A3, B and C Bond subscription book runner, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

IXIS CIB is a bank incorporated and registered in France which is also registered with the Bank of Spain as a Community credit institution operating in Spain without an establishment.

IXIS CIB, as a Community credit institution, operates in Spain under the rules governing the freedom to provide services.

VAT REG. No.: FR66340 706 4007

Registered office: 47 quai d'Austerlitz, 75658 Paris cedex 13 (France)

- J.P. MORGAN SECURITIES LTD. (“**JPMORGAN**”) shall be a Lead Manager of the Bond Issue and a Series A1, A2, A3, B and C Bond Underwriter and Placement Agent.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, JPMORGAN will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii) liaising with potential investors and being a Series A1, A2, A3, B and C Bond subscription book runner, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

JPMORGAN is a limited liability company incorporated in the United Kingdom and entered in the companies register of England and Wales under number 2711006. Moreover, JPMORGAN is registered with the CNMV as a European Economic Area Investment Services Company using the Freedom to Provide Services under registration number 107 dated 05.01.1996.

VAT REG. No.: GB 397 2498 93

Registered office: 125 London Wall, EC2Y 5AJ London (United Kingdom)

- J.P. MORGAN CHASE BANK, N.A. London Branch (“**JPMORGAN CHASE**”) shall be the Fund’s counterparty in the Interest Swap Agreements.

JPMORGAN CHASE is the branch in England and Wales of the US J.P. MORGAN CHASE BANK, N.A., whose Main Office is at 1111 Polaris Parkway, Columbus, Ohio 43271, its London branch being at 125 London Wall, London EC2Y 5AJ, United Kingdom, and registered as a branch in England and Wales under branch number BR000746.

Ratings for the short- and long-term unsecured and unsubordinated debt obligations of JPMORGAN CHASE assigned by the rating agencies:

	Fitch Ratings	Moody’s Ratings	S&P Ratings
Short-term	F1+ (June 16, 2006)	P-1 (June 15, 2005)	A-1+ (May 3, 2006)
Long-term	A+ (June 16, 2006)	Aa2 (June 15, 2005)	AA- (May 3, 2006)

- LEHMAN BROTHERS INTERNATIONAL (EUROPE) (“**LEHMAN BROTHERS**”) shall be a Lead Manager of the Bond Issue and a Series A1, A2, A3, B and C Bond Underwriter and Placement Agent.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, LEHMAN BROTHERS will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii) liaising with potential investors and being a Series A1, A2, A3, B and C Bond subscription book runner, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

LEHMAN BROTHERS is an investment services company incorporated and registered in the United Kingdom which is also registered with the National Securities Market Commission as a European Economic Space investment services company under the rules governing the freedom to provide services.

VAT REG. No.: GB446931528

Registered office: 25 Bank Street, London, E14 5LE (United Kingdom)

- BANCO PASTOR, S.A. (“**BANCO PASTOR**”) shall be one of the Series A1, A2, A3, B and C Bond Underwriters and Placement Agents.

BANCO PASTOR is a bank incorporated in Spain entered in the Companies Register of Corunna at volume 91, book 3, section 3, folio 107, sheet 33, entry 1, and in the Bank of Spain’s Special Register of Banks and Bankers under number R-2, its code number being 0072.

VAT REG. No.: A-15000128

Registered office: Cantón Pequeño, 1, 15003 Corunna (Spain).

- DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main ("**DZ BANK AG**") shall be one of the Series A1, A2, A3, B and C Bond Underwriters and Placement Agents.

DZ BANK AG is a bank incorporated and registered in Germany entered in the German Trade Register under number 46561 and with registered office in Germany at Platz der Republik 60265 Frankfurt am Main. Moreover, DZ BANK AG is registered with the Bank of Spain as a Community credit institution operating in Spain without an establishment.

- Fitch Ratings España, S.A. is one of the two rating agencies (collectively, the "**Rating Agencies**") of each Series in the Bond Issue.

Fitch Ratings España, S.A. is a Spanish company licensed as a rating agency by the CNMV, which is part of and operates in accordance with the methodology, standards and quality control of Fitch Ratings Limited (each of them "**Fitch**" without distinction).

VAT REG. No.: A-58090655

Registered Office: Paseo de Gracia number 85, 7th floor, 08008 Barcelona (Spain)

- Moody's Investors Service España, S.A. is one of the two Rating Agencies of each Series in the Bond Issue.

Moody's Investors Service España, S.A. is a Spanish company licensed as a rating agency by the CNMV, and is affiliated to and operates in accordance with the methodology, standards and quality control of Moody's Investors Service Limited (each of them "**Moody's**" without distinction).

VAT REG. No.: A-80448475

Registered Office: Bárbara de Braganza number 2, 28004 Madrid (Spain)

- The law firm J&A Garrigues S.L. ("**GARRIGUES**"), as independent adviser, has provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.

VAT Reg. Number: B-81709081

Registered Office: Calle Hermosilla number 3, 28001 Madrid (Spain)

- Ernst & Young S.L. ("**Ernst & Young**") has issued the audit report on certain characteristics and attributes of a sample of all the selected loans of BANCAJA from which the Loans will be taken to be assigned to the Fund upon being established.

Ernst & Young is entered in the Official Register of Auditors (ROAC) of Spain under number S0530.

VAT Reg. Number: B-7890506

Registered Office: Plaza Pablo Ruiz Picasso number 1 28020 Madrid (Spain)

J.P. MORGAN SECURITIES LTD. and J.P. MORGAN CHASE BANK N.A. London Branch are part of the same Group as J.P. MORGAN ESPAÑA, S.A., and the latter in turn has a 4.00 percent interest in the Management Company's share capital.

BANCO PASTOR has a 0.77 percent interest in the Management Company's share capital.

No other direct or indirect ownership or controlling interest whatsoever is known to exist between the above-mentioned legal persons involved in the securitisation transaction.

6. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

The Management Company, EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, shall be responsible for the management and legal representation of the Fund on the terms set in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and other applicable laws, and on the terms of the Deed of Constitution.

6.1 Incorporation and registration at the Companies Register.

EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN was incorporated in a public deed executed on January 19, 1993 before Madrid Notary Public Mr Roberto Blanquer Uberos, his document number 117, with the prior authorisation of the Economy and Finance Ministry, given on December 17, 1992, and entered in the Companies Register of Madrid at volume 5,461, book 0, folio 49, section 8, sheet M-89355, entry 1, on March 11, 1993; the company was re-registered as a Securitisation Fund Management Company in accordance with the provisions of chapter II and in the single transitional provision of Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies, pursuant to an authorisation granted by a Ministerial Order dated October 4, 1999 and in a deed executed on October 25, 1999 before Madrid Notary Public Mr Luis Felipe Rivas Recio, his document number 3,289, which was entered under number 33 of the sheet opened for the Company in said Companies Register.

EUROPEA DE TITULIZACIÓN has perpetual existence, other than upon the occurrence of any of the events of dissolution provided by the laws and the articles of association.

6.2 Audit.

The annual accounts of EUROPEA DE TITULIZACIÓN for the years ended on December 31, 2005, 2004 and 2003 have been audited by the firm Deloitte S.L., with place of business at Madrid, and entered in the Official Register of Auditors (ROAC) under number S0692.

The audit reports on the annual accounts for the years 2005, 2004 and 2003 have no provisos.

6.3 Principal activities.

The exclusive objects of EUROPEA DE TITULIZACIÓN are to establish, manage and legally represent both asset securitisation funds and mortgage securitisation funds.

EUROPEA DE TITULIZACIÓN manages 57 securitisation funds as at the registration date of this Registration Document, 21 being mortgage securitisation funds and 36 being asset securitisation funds.

The following table itemises the 57 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances.

Securitisation Fund	Establishment	Bond Issue Initially	Bond Issue Balance 31.08.2006	Bond Issue	Bond Issue Balance 31.12.2005	Bond Issue	Bond Issue Balance 31.12.2004
		EUR	EUR	Δ%	EUR	Δ%	EUR
TOTAL		51,030,746,652.96	35,799,624,099.51	10.2%	32,490,363,122.22	49.44%	21,742,066,167.51
Mortgage (FTH)		12,627,546,652.96	7,015,737,564.53	8.3%	6,475,261,178.18	14.32%	5,664,315,494.43
Bankinter 12 FTH	06.03.2006	1,200,000,000.00	1,200,000,000.00				
Valencia Hipotecario 2 FTH	07.12.2005	950,000,000.00	861,442,257.85	-9.3%	950,000,000.00		
Bankinter 11 FTH	28.11.2005	900,000,000.00	900,000,000.00	0.0%	900,000,000.00		
Bankinter 7 FTH	18.02.2004	490,000,000.00	331,864,859.62	-7.0%	356,717,443.60	-19.5%	443,242,308.18
Bankinter 5 FTH	16.12.2002	710,000,000.00	408,240,616.78	-12.4%	465,770,758.79	-18.1%	568,496,104.12
BZ Hipotecario 4 FTH	27.11.2002	313,400,000.00	140,725,772.38	-17.7%	170,910,609.60	-20.4%	214,702,964.80
Rural Hipotecario IV FTH	14.11.2002	520,000,000.00	264,657,421.32	-15.0%	311,312,202.68	-18.7%	383,066,455.30
Bancaja 4 FTH	05.11.2002	1,000,000,000.00	472,823,041.30	-10.8%	530,288,384.35	-21.7%	676,910,165.65
Bankinter 4 FTH	24.09.2002	1,025,000,000.00	613,969,175.84	-11.8%	695,988,565.76	-13.6%	805,537,009.40
Rural Hipotecario III FTH	14.05.2002	325,000,000.00	164,983,819.69	-9.8%	182,884,293.55	-17.5%	221,756,180.86
Bankinter 3 FTH	22.10.2001	1,322,500,000.00	659,373,206.28	-12.3%	752,104,867.20	-14.8%	882,775,463.04
BZ Hipotecario 3 FTH	23.07.2001	310,000,000.00	109,667,529.62	-16.5%	131,343,594.55	-20.2%	164,493,197.56
Rural Hipotecario II FTH	29.05.2001	235,000,000.00	91,948,172.80	-15.4%	108,722,959.00	-19.6%	135,215,972.80
BZ Hipotecario 2 FTH	28.04.2000	285,000,000.00	64,459,847.58	-18.8%	79,335,648.86	-24.0%	104,365,347.64
Rural Hipotecario I FTH	22.02.2000	200,000,000.00	56,092,663.88	-18.3%	68,686,186.28	-20.5%	86,384,087.06
Bankinter 2 FTH	25.10.1999	320,000,000.00	113,458,270.94	-17.1%	136,877,163.99	-16.5%	163,903,710.50
Bankinter 1 FTH	12.05.1999	600,000,000.00	167,091,605.88	-11.3%	188,428,409.46	-19.3%	233,577,234.54
BZ Hipotecario 1 FTH	16.04.1999	350,000,000.00	73,183,630.94	-14.0%	85,068,186.20	-22.9%	110,269,777.88
Hipotecario 2 FTH	04.12.1998	1,051,771,182.67	248,299,767.84	-12.9%	285,097,903.72	-21.5%	363,220,856.66
Bancaja 2 FTH	23.10.1998	240,404,841.75	59,937,667.99	0.0%	59,937,667.99	-22.4%	77,225,834.66
Bancaja 1 FTH	18.07.1997	120,202,420.88	13,518,236.00	-14.4%	15,786,332.60	-25.8%	21,266,914.30
BBV-MBS I FTH	30.11.1995	90,151,815.66	liquidated		0.00	-100.00%	7,905,909.48
Hipotecario 1 FTH	20.09.1993	69,116,392.00	liquidated				

Securitisation Fund	Establishment	Bond Issue Initially	Bond Issue		Bond Issue		Bond Issue
		EUR	Balance 31.08.2006	EUR	Δ%	Balance 31.12.2005	EUR
							Balance 31.12.2004
							EUR
Asset (FTA)		38,403,200,000.00	28,783,886,534.98	10.6%	26,015,101,944.04	61.8%	16,077,750,673.08
Bankinter 2 PYME FTA	26.06.2006	800,000,000.00					
Consumo Bancaja 1 FTA	26.06.2006	612,900,000.00					
Rural Hipotecario VIII FTA	26.05.2006	1,311,700,000.00					
BBVA Consumo 1 FTA	08.05.2006	1,500,000,000.00					
MBS Bancaja 3 FTA	03.04.2006	776,424,610.00					
Bancaja 9 FTA	02.02.2006	1,898,511,540.00					
BBVA Autos 2 FTA	12.12.2005	1,000,000,000.00	0.0%	0.0%	1,000,000,000.00		
EdT FTPYME Pastor 3 FTA	05.12.2005	426,410,500.49	-18.0%	-7.6%	520,000,000.00		
Rural Hipotecario Global I FTA	18.11.2005	968,101,776.88	-10.2%	-6.4%	1,078,000,000.00		
FTPYME Bancaja 4 FTA	07.11.2005	1,098,601,607.26	-27.9%	-18.7%	1,524,000,000.00		
BBVA 4 PYME FTA	26.09.2005	1,250,000,000.00	0.0%	0.0%	1,250,000,000.00		
Bankinter 10 FTA	27.06.2005	1,740,000,000.00	0.0%	0.0%	1,740,000,000.00		
MBS Bancaja 2 FTA	27.06.2005	616,537,933.20	-17.3%	-12.3%	745,472,663.52		
BBVA Hipotecario 3 FTA	13.06.2005	1,094,247,315.45	-17.2%	-11.0%	1,321,621,631.30		
Rural Hipotecario VII FTA	29.04.2005	919,456,867.24	-8.3%	-8.3%	1,002,428,919.05		
Bancaja 8 FTA	22.04.2005	1,313,180,843.06	-14.7%	-9.9%	1,539,361,229.38		
Bankinter 9 FTA	14.02.2005	888,446,866.46	-14.2%	0.0%	1,035,000,000.00		
BBVA-3 FTPYME FTA	29.11.2004	638,287,812.90	-36.2%	-29.7%	1,000,000,000.00	0.0%	1,000,000,000.00
Ruralpyme 1 FTPYME FTA	23.11.2004	151,070,115.22	-12.7%	-12.7%	173,024,296.72	-19.1%	214,000,000.00
BBVA Autos 1 FTA	25.10.2004	1,000,000,000.00	0.0%	0.0%	1,000,000,000.00	0.0%	1,000,000,000.00
FTPYME Bancaja 3 FTA	11.10.2004	482,474,678.54	-46.4%	-46.4%	900,000,000.00	0.0%	900,000,000.00
Bancaja 7 FTA	12.07.2004	1,244,980,790.90	-28.9%	-24.9%	1,750,000,000.00	-7.9%	1,900,000,000.00
Rural Hipotecario VI FTA	07.07.2004	679,503,658.70	-13.0%	-8.7%	781,477,860.25	-14.9%	918,039,044.03
MBS Bancaja 1 FTA	17.05.2004	390,122,268.90	-43.5%	-39.6%	690,000,000.00	0.0%	690,000,000.00
Valencia H 1 FTA	23.04.2004	328,207,962.38	-11.6%	-7.7%	371,107,375.09	-14.9%	436,154,049.09
Bankinter 8 FTA	03.03.2004	769,816,286.09	-8.1%	-8.1%	837,970,768.01	-14.1%	976,014,308.21
Bancaja 6 FTA	03.12.2003	1,129,024,080.60	-17.6%	-12.1%	1,369,610,139.04	-34.2%	2,080,000,000.00
Rural Hipotecario V FTA	28.10.2003	452,625,154.04	-9.4%	-9.4%	499,528,194.12	-15.5%	591,221,073.84
Bankinter 6 FTA	25.09.2003	933,178,418.38	-10.6%	-7.3%	1,043,250,162.72	-12.4%	1,191,555,147.63
FTPYME Bancaja 2 FTA	19.09.2003	207,534,828.23	-23.3%	-16.6%	270,480,639.80	-44.0%	483,139,909.38
Bancaja 5 FTA	14.04.2003	501,855,116.60	-16.9%	-11.7%	604,031,954.00	-20.4%	758,585,912.95
Bancaja 3 FTA	29.07.2002	520,900,000.00	0.0%	0.0%	520,900,000.00	0.0%	520,900,000.00
FTPYME Bancaja 1 FTA	04.03.2002	256,575,033.00	-1.7%	-1.1%	260,899,034.40	-56.5%	600,000,000.00
BBVA-2 FTPYME ICO	01.12.2000	199,202,429.34	-35.0%	-24.5%	306,595,443.42	-39.7%	508,081,398.75
BCL Municipios I FTA	21.06.2000	480,690,220.00	-19.3%	-12.3%	595,672,530.00	-26.9%	815,121,170.00
BBVA-1 FTA	24.02.2000	203,317,821.12	-28.6%	-2.0%	284,669,103.22	-42.5%	494,938,659.20

6.4 Share capital and equity.

The wholly subscribed for, paid-up share capital amounts to one million eight hundred and three thousand and thirty-seven euros and fifty eurocents (EUR 1,803,037.50) represented by 2,500 registered shares, all in the same class, correlatively numbered from 1 to 2,500, both inclusive, wholly subscribed for and paid up, and divided into two series:

- Series A comprising 1,250 shares, numbers 1 to 1,250, both inclusive, having a unit face value of EUR 276.17.
- Series B comprising 1,250 shares, numbers 1,251 to 2,500, both inclusive, having a unit face value of EUR 1,166.26.

The shares are all in the same class and confer identical political and economic rights.

(EUR)	30.06.2006	Δ%	31.12.2005	Δ%	31.12.2004	Δ%	31.12.2003
Equity *	3,095,298.97	0.00%	3,095,298.97	0.00%	3,095,298.97	0.03%	3,094,300.50
Capital	1,803,037.50	0.00%	1,803,037.50	0.00%	1,803,037.50	0.00%	1,803,037.50
Reserves	1,292,261.47	0.00%	1,292,261.47	0.00%	1,292,261.47	0.08%	1,291,263.00
Legal	360,607.50	0.00%	360,607.50	0.00%	360,607.50	0.28%	359,609.03
Voluntary	931,653.97	0.00%	931,653.97	0.00%	931,653.97	0.00%	931,653.97
Year's profit	1,053,399.33		1,789,429.69	0.14%	1,786,915.94	0.84%	1,772,026.40

* Does not include year's profit

6.5 Existence or not of shareholdings in other companies.

There are no shareholdings in any other company.

6.6 Administrative, management and supervisory bodies.

The government and management of the Management Company are entrusted under the Articles of Association to the General Shareholders' Meeting and the Board of Directors. Their duties and authorities are as prescribed for those bodies in the Public Limited Companies Act and in Royal Decree 926/1998, in relation to the objects.

As provided for in the Articles of Association, the Board of Directors has delegated to an Executive Committee all its authorities that may be delegated by law and in accordance with the articles, including to resolve to set up Asset Securitisation Funds. There is also a General Manager vested with extensive authorities within the organisation and vis-à-vis third parties.

Board of Directors

The Board of Directors has the following membership:

Chairman: Mr Roberto Vicario Montoya ^(*)

Vice-Chairman: ⁽¹⁾

Directors: ⁽¹⁾

- Mr Ignacio Aldonza Goicoechea
- Mr Luis Bach Gómez ^(*)
- Mr José M^a. Castellón Leal on behalf of Barclays Bank, S.A. ^(*)
- Mr Ignacio Echevarría Soriano ⁽²⁾
- Ms Ana Fernández Manrique ^(*)
- Mr Juan Gortázar Sánchez-Torres
- Mr Mario Masiá Vicente ^(*)
- Mr Arturo Miranda Martín on behalf of J.P. Morgan España, S.A. ^{(*) (3)}
- Ms Carmen Pérez de Muniaín Marzana ^(*)
- Mr Jesús del Pino Durán
- Mr José Miguel Raboso Díaz on behalf of Citibank España, S.A
- Mr Jorge Sáenz de Miera on behalf of Deutsche Bank Credit, S.A.
- Mr José Manuel Tamayo Pérez
- Mr Borja Uriarte Villalonga on behalf of Bankinter, S. A.
- BNP Paribas España, S.A. ⁽²⁾

Non-Director Secretary: Ms Belén Rico Arévalo

(*) Member of the Board of Directors' Executive Committee.

(1) Mr Carlos Pertejo Muñoz's resignation as Vice-Chairman and member of the Board of Directors in a letter dated May 23, 2006 and Banco Cooperativo Español, S.A.'s resignation as a member of the Board of Directors made at the General Shareholders' Meeting held on June 30, 2006 are yet to be notified to the CNMV and entered in the Companies Register.

(2) Mr Ignacio Echevarría Soriano's and BNP Paribas España, S.A.'s appointment as members of the Board of Directors made at the General Shareholders' Meeting held on June 30, 2006 is yet to be notified to the CNMV and entered in the Companies Register.

(3) The change of individual representative of the member of the Board of Directors J.P. Morgan España, S.A., respectively made at the General Shareholders' Meeting and at the Board of Directors' meeting held on June 30, 2006 is yet to be notified to the CNMV and entered in the Companies Register.

The business address of the directors of EUROPEA DE TITULIZACIÓN is for these purposes at Madrid, calle Lagasca number 120.

General Manager.

The General Manager of the Management Company is Mr Mario Masiá Vicente.

6.7 Principal activities of the persons referred to in section 6.6 above, performed outside the Management Company where these are significant with respect to the Fund.

Mr Arturo Miranda Martín is currently a member of staff of J.P. MORGAN SECURITIES LTD., the firm involved in the securitisation transaction as Lead Manager and Series A1, A2, A3, B and C Bond Underwriter and Placement Agent, and which is part of the same Group as J.P. MORGAN CHASE BANK, N.A. London Branch, the undertaking involved in the securitisation transaction as a counterparty in the Interest Swap Agreements.

6.8 Lenders of the Management Company in excess of 10 percent.

The Management Company has received no loan or credit from any person or institution whatsoever.

6.9 Litigation in the Management Company.

The Management Company is not involved in any event in the nature of insolvency or in any litigation or actions which might affect its economic and financial position or, in the future, its capacity to discharge its Fund management and administration duties.

7. MAJOR SHAREHOLDERS

7.1 Statement as to whether the Management Company is directly or indirectly owned or controlled.

The ownership of shares in the Management Company is distributed among the companies listed below, specifying the percentage holding of each one:

Name of shareholder company	Holding * (%)
Banco Bilbao Vizcaya Argentaria, S.A.	82.9703
J.P. Morgan España, S.A.	4.0000
Caja de Ahorros del Mediterráneo	1.5420
Bankinter, S.A.	1.5317
Barclays Bank, S.A.	1.5317
Citibank España, S.A.	1.5317
Deutsche Bank Credit, S.A.	0.7658
Deutsche Bank, S.A.E.	0.7658
Banco Cooperativo Español, S.A.	0.7658
Banco Pastor, S.A.	0.7658
Banco de la Pequeña y Mediana Empresa, S.A.	0.7658
Banco Sabadell, S.A.	0.7658
Banco Urquijo, S.A.	0.7658
BNP Paribas España, S.A.	0.7658
Caja de Ahorros y Monte de Piedad de Madrid	0.3829
Caja de Ahorros de Salamanca y Soria - Caja Duero	0.3829
	100.0000

For the purposes of Commercial Code article 42, EUROPEA DE TITULIZACIÓN is a member of Banco Bilbao Vizcaya Argentaria Group.

EUROPEA DE TITULIZACIÓN has established an Internal Code of Conduct in fulfilment of the provisions of Chapter II of Royal Decree 629/1993, May 3, on operating standards in securities markets and mandatory registrations, which has been notified to the CNMV.

8. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION, AND PROFITS AND LOSSES

8.1 Statement as to commencement of operations and financial statements as at the date of the Registration Document.

In accordance with the provisions of section 4.4.2 of this Registration Document, the Fund's operations shall commence on the date of execution of the Deed of Constitution and therefore no financial statement has been prepared as of the date of this Registration Document.

8.2 Historical financial information where an issuer has commenced operations and financial statements have been prepared.

Not applicable.

8.2 bis Historical financial information for issues of securities having a denomination per unit of at least EUR 50,000.

Not applicable.

8.3 Legal and arbitration proceedings.

Not applicable.

8.4 Material adverse change in the issuer's financial position.

Not applicable.

9. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

9.1 Statement or report attributed to a person as an expert.

No statement or report is included.

9.2 Information sourced from a third party.

No information is included.

10. DOCUMENTS ON DISPLAY

10.1 Documents on display.

If necessary, the following documents or copies thereof may be inspected during the period of validity of this Registration Document:

- a) the Deed of Constitution of the Fund and the supplementary public deed determining the face amount of Series D;
- b) the transcripts of the Management Company's and the Originator's corporate resolutions;
- c) this Prospectus;
- d) the agreements to be entered into by the Management Company for and on behalf of the Fund;
- e) the audit report on certain characteristics and attributes of a sample of all selected BANCAJA loans from which the Loans will be taken to be assigned to the Fund upon being established;

- f) the letters from the Rating Agencies notifying the ratings assigned to each of the Series in the Bond Issue;
- g) the letters from the Lead Managers of the Bond Issue;
- h) the letter from the Originator;
- i) the letter from BANCAJA whereby this bank takes responsibility, with the Management Company, for the Securities Note;
- j) the notarial certificate of payment of the Bond Issue, once the Bond Issue is paid up;
- k) the Management Company's annual accounts and the relevant audit reports; and
- l) the articles of association and memorandum of association of the Management Company.

Those documents may be physically obtained at the registered office of EUROPEA DE TITULIZACIÓN at Madrid, calle Lagasca number 120.

Moreover, the Prospectus can also be accessed at the website of EUROPEA DE TITULIZACIÓN at www.edt-sg.com and of AIAF at www.aiaf.es, and is available to investors interested in the offer at the registered offices of the Underwriters and Placement Agents.

The Deed of Constitution of the Fund may be physically accessed at the place of business of Iberclear in Madrid, Plaza de la Lealtad number 1.

In addition, the documents listed in a) to j) may be obtained at the CNMV.

This is a Certified Translation into English of the Spanish Prospectus. No document other than the Spanish Prospectus registered by the Comisión Nacional del Mercado de Valores may have any legal effect whatsoever or be taken into account with respect to the Bond Issue.

SECURITIES NOTE

(Annex XIII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)

1 PERSONS RESPONSIBLE

1.1 Persons responsible for the information given in the Securities Note.

- 1.1.1 Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, the company sponsoring PYME BANCAJA 5 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note.

Mr Mario Masiá Vicente is acting as General Manager of the Management Company using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, and expressly for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee at its meeting held on July 18, 2006.

- 1.1.2 Mr Benito Castillo Navarro, duly authorised for these presents, acting for and on behalf of BANCAJA, Lead Manager of the Bond Issue by PYME BANCAJA 5 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note.

Mr Benito Castillo Navarro is acting as attorney for BANCAJA using the authorities conferred by BANCAJA in a power of attorney executed as a deed before Valencia Notary Public Mr Antonio Beasus Codes on May 5, 1992, his document number 974, and in pursuance of a deed publicly recording corporate resolutions of the Board of Directors held on June 28, 2006, executed before Valencia Notary Public Mr José Luis López Rodríguez on July 19, 2006, his document number 2,514.

1.2 Declaration by those responsible for the Securities Note.

- 1.2.1 Mr Mario Masiá Vicente declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.
- 1.2.2 Mr Benito Castillo Navarro declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

2 RISK FACTORS

The risk factors linked to the securities are described in section 2 of Risk Factors of this Prospectus.

The risk factors linked to the assets backing the issue are described in section 3 of Risk Factors of this Prospectus.

3 KEY INFORMATION

3.1 Interest of natural and legal persons involved in the offer.

The identity of the legal persons involved in the offer and direct or indirect shareholdings or controlling interest between them are detailed in section 5.2 of the Registration Document. Their interest as persons involved in the offer of the Bond Issue are as follows:

- a) EUROPEA DE TITULIZACIÓN is the Fund Management Company.
- b) BANCAJA has structured the financial terms of the Fund and the Bond Issue.

- c) BANCAJA is the Originator of the Loans to be pooled in the Fund.
- d) BANCAJA, IXIS CIB, JPMORGAN and LEHMAN BROTHERS are involved as Lead Managers of the Bond Issue.
- e) BANCAJA, IXIS CIB, JPMORGAN and LEHMAN BROTHERS shall be the Underwriters and Placement agents in charge of keeping the Series A1, A2, A3, B and C Bond subscription orders book (*joint book runners*).
- f) BANCAJA shall fully subscribe for Series D Bonds.
- g) BANCAJA, IXIS CIB, JPMORGAN, LEHMAN BROTHERS, BANCO PASTOR and DZ BANK AG are involved as Series A1, A2, A3, B and C Underwriters and Placement Agents.
- h) BANCAJA is involved as Paying Agent of the Bond Issue.
- i) JPMORGAN CHASE is involved as the Fund's counterparty in the Interest Swap Agreements.

The Management Company is not aware of the existence of any other significant link or economic interest between the aforesaid institutions involved in the Bond Issue, other than what is strictly professional derived from their involvement as detailed in this section and in section 3.2 of the Building Block, saving as set out in sections 5.2 and 6.7 of the Registration Document.

4 INFORMATION CONCERNING THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING.

4.1 Total amount of the securities and underwriting.

4.1.1 Total amount of the securities.

The issue of Asset-Backed Bonds (the "**Bond Issue**") is comprised of four Bond Classes, distributed into six Series as follows:

- a) Class A comprising three Series having a face amount of EUR one billion sixty-three million two hundred thousand (1,063,200,000.00) (either "**Class A**" or the "**Class A Bonds**"):
 - i) Series A1 having a total face amount of EUR two hundred and sixty million (260,000,000.00) comprising two thousand six hundred (2,600) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A1**" or the "**Series A1 Bonds**").
 - ii) Series A2 having a total face amount of EUR one hundred and eighty-five million (185,000,000.00) comprising one thousand eight hundred and fifty (1,850) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A2**" or the "**Series A2 Bonds**").
 - iii) Series A3 having a total face amount of EUR six hundred and eighteen million two hundred thousand (618,200,000.00) comprising six thousand one hundred and eighty-two (6,182) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A3**" or the "**Series A3 Bonds**").
- b) Class B comprising a single Series B having a total face amount of EUR sixty-two million seven hundred thousand (62,700,000.00) comprising six hundred and twenty-seven (627) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series B**" or the "**Series B Bonds**").
- c) Class C comprising a single Series C having a total face amount of EUR twenty-four million one hundred thousand (24,100,000.00) comprising two hundred and forty-one (241) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series C**" or the "**Series C Bonds**").

- d) Class D comprising a single Series D having a total face amount comprised between EUR twenty-eight million two hundred thousand (28,200,000.00) and thirty million five hundred thousand (30,500,000.00) comprising Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either “**Series D**” or the “**Series D Bonds**”).

The total face amount of and consequently the number of Bonds in Series D shall be determined by the Management Company by 10am (CET time) on the day of the Subscription Period, based on (i) the average margin applicable to the Party B interest rate in each Interest Swap Agreement (Yearly), (Six-Monthly), (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, in accordance with the provisions of section 3.4.7.1 of the Building Block, and (ii) as established below.

Weighted average margin applicable to the Party B interest rate in the Interest Swap Agreements for the first calculation period

Between -0.210% and -0.161%	Between -0.160% and -0.121%	Between -0.120% and -0.071%	Between -0.070% and 0.000%
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Total face amount of Series D	€30,500,000.00	€29,900,000.00	€28,800,000.00	€28,200,000.00
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The total face amount of and consequently the number of Bonds in Series D determined in due course shall be notified by the Management Company by the start of the Subscription Period to the Lead Managers and to the Underwriters and Placement Agents of Series A1, A2, A3, B and C, to be in turn reported by the latter to investors interested in subscribing for the Bonds in these Series. Moreover, the Management Company will also notify this to the CNMV as information in addition to this Prospectus, and to the Rating Agencies. This shall also be set down in a public deed supplementing the Deed of Constitution to be executed by the Management Company by the start of the Subscription Period.

Subscribing for or holding Bonds in one Series does not imply subscribing for or holding Bonds in the other Series.

4.1.2 Bond issue price.

The Bonds are issued at 100 percent of their face value. The issue price of the Bonds in each Series shall be EUR one hundred thousand (100,000) per Bond, clear of taxes and subscription costs for the subscriber through the Fund.

The expenses and taxes attaching to the Bond issue shall be borne by the Fund.

4.1.3 Underwriting placement of Series A1, A2, A3, B and C Bonds and subscription for Series D Bonds.

The Bond Issue shall be underwritten and placed by CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA (“**BANCAJA**”), IXIS CORPORATE & INVESTMENT BANK (“**IXIS CIB**”), J.P. MORGAN SECURITIES LTD. (“**JPMORGAN**”) and LEHMAN BROTHERS INTERNATIONAL (EUROPE) (“**LEHMAN BROTHERS**”) as Bond Issue Lead Managers and Series A1, A2, A3, B and C Bond Underwriters and Placement Agents and by BANCO PASTOR, S.A. (“**BANCO PASTOR**”) and DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (“**DZ BANK AG**”) as Series A1, A2, A3, B and C Bond Underwriters and Placement Agents and BANCAJA as Series D Bond subscriber under the Bond Issue Management, Underwriting, Placement and Subscription Agreement to be entered into by the Management Company for and on behalf of the Fund.

1. Underwriting and placement of Series A1, A2, A3, B and C Bonds.

The Underwriters and Placement Agents of the Series A1, A2, A3, B and C Bonds shall take on the obligations laid down in the Management, Underwriting, Placement and Subscription Agreement, which are broadly the following: 1) securing placement by a third-party subscription for Series A1, A2, A3, B and C Bonds; 2) an undertaking to subscribe on their own account for Bonds not subscribed for by third parties during the Subscription Period, up to the amounts of their respective joint underwriting

commitments, notwithstanding which BANCAJA may be bound to underwrite all of the Series A1, A2, A3, B and C Bonds in certain circumstances provided for to that end; 3) payment by the Underwriters and Placement Agents IXIS CIB, JPMORGAN, LEHMAN BROTHERS, BANCO PASTOR and DZ BANK AG to the Paying Agent, by 2pm (CET time) on the Closing Date, for same day value, of the face amount of the Series A1, A2, A3, B and C Bonds they shall each have placed and subscribed for on their own account, as the case may be, up to their respective joint underwriting commitments, whereupon the Paying Agent shall proceed to pay to the Fund, by 3pm (CET time), for same day value, the amount received from the other Underwriters and Placement Agents and the face amount of the Series A1, A2, A3, B and C Bonds it shall have placed as Underwriter and Placement Agent and subscribed for, as the case may be, on its own account up to its respective joint underwriting commitment; 4) an undertaking to pay late-payment interest covenanted in the agreement in the event of late payment of amounts due; 5) providing subscribers with a document proving subscription; 6) providing the Paying Agent with Series A, B and C Bond placement dissemination information; and 7) all other aspects governing underwriting and placement, in accordance with the Management, Underwriting, Placement and Subscription Agreement.

The following is the commitment by each Underwriter and Placement Agent in regard to their involvement in underwriting placement of Series A1, A2, A3, B and C Bonds:

Underwriter and Placement Agent	Face amount underwritten in each Series (EUR)				
	Series A1 Bonds	Series A2 Bonds	Series A3 Bonds	Series B Bonds	Series C Bonds
BANCAJA	50,700,000.00	36,000,000.00	120,400,000.00	12,200,000.00	4,700,000.00
IXIS CIB	50,700,000.00	36,000,000.00	120,400,000.00	12,200,000.00	4,700,000.00
JPMORGAN	107,900,000.00	77,000,000.00	233,000,000.00	26,100,000.00	10,000,000.00
LEHMAN BROTHERS	50,700,000.00	36,000,000.00	120,400,000.00	12,200,000.00	4,700,000.00
BANCO PASTOR	0.00	0.00	4,000,000.00	0.00	0.00
DZ BANK AG	0.00	0.00	20,000,000.00	0.00	0.00
Total	260,000,000.00	185,000,000.00	618,200,000.00	62,700,000.00	24,100,000.00

Notwithstanding the above, the Underwriters and Placement Agents shall be released from their underwriting commitment and BANCAJA shall have to underwrite all of Series A1, A2, A3, B and C Bonds in the event that, by 1pm (CET time) on the day before the Closing Date, IXIS CIB, JPMORGAN and LEHMAN BROTHERS should give the Management Company and BANCAJA written notice of the decision made with one accord to terminate the underwriting commitment upon the occurrence of any of the following circumstances for which provision is made in this connection in the Bond Issue Management, Underwriting, Placement and Subscription Agreement: (i) the occurrence of serious military or terrorist disorders or changes in the political, economic or financial or market circumstances at home or abroad, to an extent preventing or considerably hindering the offering or placement of Series A1, A2, A3, B and C Bonds; (ii) breach by the Management Company, on behalf of the Fund, or BANCAJA of any of their respective obligations or any representation made by either of them, of significance for placement of Series A1, A2, A3, B and C Bonds, should be false; or (iii) the occurrence of a major adverse change in the (financial or other) position of the Fund or of BANCAJA which is significant within the context of the Bond Issue.

In the event that IXIS CIB, JPMORGAN and LEHMAN BROTHERS should decide to terminate the underwriting commitment, any of the remaining Underwriters and Placement Agents may keep the underwriting commitment provided for each of them, merely by so advising the Management Company and BANCAJA in writing by 1pm (CET time) on the day preceding the Closing Date, and BANCAJA shall be bound to underwrite all the Series A1, A2, A3, B, C and D Bonds not underwritten by the Underwriters and Placement Agents upon being released from their underwriting commitment.

The Underwriters and Placement Agents of each Series A1, A2, A3, B and C shall altogether receive from the Fund an underwriting and placement fee on the face amount of the Bonds in the relevant Series ranging between 0.02% and 0.08%, both inclusive.

The underwriting and placement fee applicable on the face amount of the Bonds in each of Series A1, A2, A3, B and C shall be determined with one accord by the Lead Managers and notified in writing to the Management Company by 10am (CET time) on the day of the Subscription Period (October 3,

2006). Failing an agreement between the Lead Managers, the Management Company shall fix the underwriting and placement fee for the Series in respect of which there was no agreement at a 0.05% fee.

The underwriting and placement fee applicable to the Bonds in each of Series A1, A2, A3, B and C fixed shall be notified by the Management Company by the start of the Subscription Period to the Underwriters and Placement Agents and to the CNMV.

The Paying Agent shall pay each Series A1, A2, A3, B and C Underwriter and Placement Agent on the Closing Date the underwriting and placement fee amount they shall each have accrued, after they have in turn paid to the Fund the face amount of Series A1, A2, A3, B and C Bonds they shall each have placed and subscribed for on their own account, as the case may be, up to their respective joint underwriting commitments.

BANCAJA, IXIS CIB, JPMORGAN and LEHMAN BROTHERS shall receive no remuneration for their involvement as Bond Issue Lead Managers.

2. Series D Bond subscription and payment.

Subscription for all of Series D Bonds shall be carried out exclusively by BANCAJA under the Management, Underwriting, Placement and Subscription Agreement taking on the obligations therein contained in relation to subscription for Series D Bonds, which are broadly the following: 1) an undertaking to subscribe on its own account for Series D Bonds; 2) payment to the Fund by 3pm (CET time) on the Closing Date, for same day value, of the Series D Bond subscription amount; 3) an undertaking to pay late-payment interest covenanted in the agreement in the event of late payment of the amounts due; and 4) all other aspects governing subscription for Series D Bonds.

BANCAJA shall receive no remuneration whatsoever for subscribing for Series D Bonds.

The Management, Underwriting, Placement and Subscription Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period.

4.2 Description of the type and class of the securities.

The Bonds legally qualify as marketable fixed-income securities with an explicit yield and are subject to the system prescribed in the Securities Market Act and implementing regulations.

4.3 Legislation under which the securities have been created.

The establishment of the Fund and the Bond Issue are subject to Spanish Law and in particular are carried out in accordance with the legal system provided for by (i) Royal Decree 926/1998 and implementing regulations, (ii) Act 19/1992 failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) the Securities Market Act, (iv) Royal Decree 1310/2005, (v) Commission Regulation (EC) No. 809/2004 of April 29, 2004, and (v) all other legal and statutory provisions in force and applicable from time to time.

The Deed of Constitution, the Bond issue and the agreements relating to transactions for hedging financial risks and provision of services on the Fund's behalf shall be subject to Spanish Law and shall be governed by and construed in accordance with Spanish laws, with the exception of the Interest Swap Agreements, which shall be subject to the laws of England and Wales.

4.4 Indication as to whether the securities are in registered or bearer form and whether the securities are in certificated or book-entry form.

The Bonds issued by the Fund will be exclusively represented by means of book entries, and will become such Bonds when entered at Iberclear, the institution in charge of the accounting record, in accordance with article 11 of Royal Decree 116/1992. In this connection, and for the record, the Deed of Constitution shall have the effects prescribed by article 6 of the Securities Market Act.

Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A. ("Iberclear"), with place of business at Plaza de la Lealtad, no. 1, Madrid, shall be the institution designated in the Deed of Constitution to account for the Bonds in order for the Bonds to be cleared and settled in accordance with the operating rules regarding securities listed on the AIAF and represented by means of book entries, established now or henceforth by Iberclear or AIAF.

Bondholders shall be identified as such when entered in the accounting record kept by the members of Iberclear.

4.5 Currency of the issue.

The Bonds shall be denominated in Euros.

4.6 Ranking of the securities.

Interest payment and principal repayment on Series B Bonds is deferred with respect to Class A (Series A1, A2 and A3) Bonds, saving the provisions of section 4.9.3.5 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A1, A2, A3, B and C principal, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Interest payment and principal repayment on Series C Bonds is deferred with respect to Class A (Series A1, A2 and A3) and Series B Bonds, saving the provisions of section 4.9.3.5 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A1, A2, A3, B and C principal, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Interest payment and principal repayment on Series D Bonds is deferred with respect to Class A (Series A1, A2 and A3), Series B and Series C Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

4.6.1 Simple reference to the order number of Bond interest payment in each Series in the Fund priority of payments.

Payment of interest accrued by Series A1, A2 and A3 Bonds is (i) third (3rd) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block, and (ii) fourth (4th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series B Bonds is (i) fourth (4th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be seventh (7th), and (ii) sixth (6th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series C Bonds is (i) fifth (5th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be eighth (8th), and (ii) eighth (8th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series D Bonds is (i) tenth (10th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, and (ii) eleventh (11th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

4.6.2 Simple reference to the order number of Bond principal repayment in each Series in the Fund priority of payments.

The Amortisation Withholding amount designed for amortising the Series A1, A2, A3, B and C Bonds as a whole without distinction between those Series is sixth (6th) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block. Repayment of Series D Bond principal is eleventh (11th) in the application of Available Funds in the Priority of Payments.

Repayment of Series A1, A2, A3, B and C Bond principal shall take place in accordance with the rules for Distribution of Available Funds for Amortisation contained in section 4.9.3.5 of this Securities Note.

Repayment of Series A1, A2 and A3 Bond principal is fifth (5th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Repayment of Series B Bond principal is seventh (7th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Repayment of Series C Bond principal is ninth (9th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Repayment of Series D Bond principal is twelfth (12th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

4.7 Description of the rights attached to the securities.

The economic and financial rights for Bondholders associated with acquiring and holding the Bonds shall be as derived from the terms as to interest rate, yields and redemption terms on which they are to be issued and given in sections 4.8 and 4.9 of this Securities Note. In accordance with the laws in force for the time being, the Bonds subject of this Securities Note shall vest the investor acquiring the same in no present and/or future political rights in and to the Fund.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against Loan Obligors who may have defaulted on their payment obligations or against the Originator. Any such rights shall lie with the Management Company, representing the Fund.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against the Fund or against the Management Company in the event of non-payment of amounts due by the Fund resulting from the existence of default or prepayment of the Loans, a breach by the Originator of its obligations or by the counterparties to the transactions entered into for and on behalf of the Fund, or shortfall of the financial hedging transactions for servicing the Bonds in each Series.

Bondholders and all other creditors of the Fund shall have no recourse against the Management Company other than as derived from a breach of its duties or inobservance of the provisions of this Prospectus and the Deed of Constitution. Those actions shall be resolved in the relevant ordinary declaratory proceedings depending on the amount claimed.

All matters, disagreements, actions and claims deriving from the Management Company's establishment, administration and legal representation of PYME BANCAJA 5 FONDO DE TITULIZACIÓN DE ACTIVOS and the Bond Issue by the same shall be heard and ruled upon by the competent Spanish Courts and Tribunals.

4.8 Nominal interest rate and provisions relating to interest payable.

4.8.1 Bond nominal interest rate.

The Bonds in each Series shall, from the Closing Date until they mature fully, accrue a yearly nominal interest, variable and payable quarterly, which shall be the result of applying the policies established hereinafter for each of the Series.

The resultant yearly nominal interest rate (hereinafter the “**Nominal Interest Rate**”) for each Series shall be payable quarterly in arrears on each Payment Date on the Outstanding Principal Balance of the Bonds in each Series on the preceding Payment Date, provided that the Fund has sufficient liquidity in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.

Withholdings, interim payments, contributions and taxes established or to be established in the future on Bond principal, interest or returns shall be borne exclusively by Bondholders, and their amount, if any, shall be deducted by the Management Company, for and on behalf of the Fund, or through the Paying Agent, as provided by law.

4.8.1.1 Interest accrual.

For interest accrual purposes, the duration of each Bond Series shall be divided into successive interest accrual periods (“**Interest Accrual Periods**”) comprising the exact number of days elapsed between every two consecutive Payment Dates, each Interest Accrual Period including the beginning Payment Date but not including the ending Payment Date. Exceptionally, the duration of the first Interest Accrual Period shall be equivalent to the exact number of days elapsed between the Closing Date, October 5, 2006, inclusive, and the first Payment Date, February 14, 2007, exclusive.

The Nominal Interest Rate shall accrue on the exact number of days in each Interest Accrual Period for which it was determined, calculated based upon a 360-day year.

4.8.1.2 Nominal Interest Rate.

The Nominal Interest Rate applicable to the Bonds in each Series and determined for each Interest Accrual Period shall be the result of adding:

- (i) the Reference Rate, as established in the following section, and
- (ii) a margin for each Series as follows:

- **Series A1:** margin ranging between 0.02% and 0.10%, both inclusive.
- **Series A2:** margin ranging between 0.06% and 0.15%, both inclusive.
- **Series A3:** margin ranging between 0.10% and 0.22%, both inclusive.
- **Series B:** margin ranging between 0.28% and 0.50%, both inclusive.
- **Series C:** margin ranging between 0.50% and 0.85%, both inclusive.
- **Series D:** 4.00% margin.

The margin applicable to each Series, expressed as a percentage, shall be determined with one accord among the Lead Managers by 10am (CET time) on the day of the Subscription Period (October 3, 2006).

Failing an agreement among the Lead Managers, the Management Company shall fix the specific margin for the Series in respect of which no margin was agreed, as follows:

- **Series A1:** 0.06% margin.
- **Series A2:** 0.11% margin.
- **Series A3:** 0.16% margin.
- **Series B:** 0.39% margin.

- **Series C:** 0.68% margin.

The final margins applicable to each of Series A1, A2, A3, B and C fixed shall be notified by the Management Company by the start of the Subscription Period to the Underwriters and Placement Agents to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the CNMV as information in addition to this Prospectus. The final margin applicable to each Bond Series A1, A2, A3, B and C shall be set down by the Management Company on the notarial certificate recording subscription for and payment of the Bond Issue.

The resultant Nominal Interest Rate shall be expressed as a percentage rounded to the nearest thousandth of a whole number or rounded up to the nearest one where the differences of rounding up or down to the nearest thousandths are identical.

4.8.1.3 **Reference Rate and determining the same.**

The reference rate ("**Reference Rate**") for determining the Nominal Interest Rate applicable to each Bond Series is as follows:

- Other than for the first Interest Accrual Period, three- (3-) month Euribor, "Euro Interbank Offered Rate", calculated and distributed by the BRIDGE financial information system under an FBE ("Federation Bancaire de l'Union Europeene") mandate, fixed at 11am (CET or "Central European Time") on the Interest Rate Fixing Date described below, which is currently published on electronic pages EURIBOR01 supplied by Reuters, and 248 supplied by Dow Jones Markets (Bridge Telerate), or any other page taking their stead in providing these services.

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be the result of a straight-line interpolation between four- (4-) month Euribor and five- (5-) month Euribor, fixed at 11am (CET time) on the second Business Day preceding the Closing Date, which is the day of the Subscription Period, bearing in mind the number of days in the first Interest Accrual Period. The Reference Rate for the first Interest Accrual Period shall be calculated in accordance with the following formula:

$$IR = [(D-120)/30] \times E5 + [1 - ((D-120)/30)] \times E4$$

Where:

- IR = Reference Rate for the first Interest Accrual Period.
- D = Number of days in the first Interest Accrual Period.
- E4 = Four- (4-) month Euribor.
- E5 = Five- (5-) month Euribor.

Euribor definitions approved by the FBE and the Financial Markets Association (ACI) supplementing the current definition of Euribor shall be considered included for the purpose of the Euribor Reference Rate without having to amend these Reference Rate terms or have the Management Company notify Bondholders.

- In the event that the Euribor rate established in paragraph (i) above should not be available or be impossible to obtain, the substitute Reference Rate shall be the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable three- (3-) month deposit transactions in euros in an amount equivalent to the Outstanding Principal Balance of the Bond Issue, declared by four (4) prime banks in the Euro zone, following a simultaneous request to each of their headquarters by the Paying Agent after and around 11am (CET time) on the Interest Rate Fixing Date.

Exceptionally, the substitute Reference Rate for the first Interest Accrual Period shall be the rate resulting from the straight-line interpolation between the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable four- (4-) month deposit transactions in euros and the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable five- (5-) month deposit transactions in euros, both in an amount equivalent to the face amount of the Bond Issue, declared by the banks as provided for in paragraph one above, following a simultaneous request to each of their headquarters by the Paying Agent after and around 11am (CET time) on the second Business Day preceding the Closing Date.

The substitute Reference Rate shall be expressed as a percentage rounded to the nearest thousandth of a percentage point or rounded up to the nearest point where the differences of rounding up or down to the nearest thousandths are identical.

Should it be impossible to apply the above substitute Reference Rate, upon the failure by any or several of the banks to provide written quotations as provided for in paragraphs one and two of this section, the interest rate resulting from applying the simple arithmetic mean of the interest rates declared by at least two of the other banks shall be applicable.

- iii) If the rates established in paragraphs i) and ii) above should not be available or be impossible to obtain, the last Reference Rate or substitute Reference Rate applied to the next preceding Interest Accrual Period shall apply, and so on for successive Interest Accrual Periods whilst matters remain the same.

On each Interest Rate Fixing Date, the Paying Agent shall notify the Management Company of the Reference Rate determined in accordance with paragraphs i) and ii) above. The Management Company shall keep the listings and supporting documents on which the Paying Agent shall notify it the Reference Rate determined.

4.8.1.4 **Interest Rate Fixing Date.**

The Management Company shall, for and on behalf of the Fund, determine the Nominal Interest Rate applicable to each Bond Series for every Interest Accrual Period as provided for in sections 4.8.1.2 and 4.8.1.3 above, on the second Business Day preceding each Payment Date (the "**Interest Rate Fixing Date**"), and it will apply for the following Interest Accrual Period.

Exceptionally, the Management Company shall determine the Nominal Interest Rate of the Bonds in each Series for the first Interest Accrual Period as provided for in sections 4.8.1.2 and 4.8.1.3 above, on the second Business Day preceding the Closing Date, which is the day of the Subscription Period, and shall notify the same in writing on the same day to the Underwriters and Placement Agents in order for them to report this to investors interested in subscribing for the Bonds. The Management Company will also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

The nominal interest rates determined for each Bond Series for successive Interest Accrual Periods shall be communicated to Bondholders within the deadline and in the manner for which provision is made in section 4.1.1.a) of the Building Block.

4.8.1.5 **Formula for calculating interest.**

Interest settlement for each Series, payable on each Payment Date for each Interest Accrual Period, shall be calculated for each Series in accordance with the following formula:

$$I = P \times \frac{R}{100} \times \frac{d}{360}$$

Where:

I = Interest payable on a given Payment Date, rounded up to the nearest eurocent..

P = Outstanding Principal Balance of the Series on the Determination Date preceding that Payment Date.

R = Nominal Interest Rate of the Series expressed as a yearly percentage.

d = Exact number of days in each Interest Accrual Period.

Informative table on the evolution of the reference rate to be used.

For merely illustrative purposes, below are details of the three- (3-) month Euribor rates published on certain dates over the last two years, which, other than the first date, would have matched the second Business Day preceding the 14th of each month, which is the Payment Date, published on the EURIBOR01 electronic page supplied by Reuters, and the Nominal Interest Rate that would have been applicable to each Bond Series, in the event that the applicable margins should be the average margins in the range established for each Series, in accordance with section 4.8.1.2 of this Securities Note (0.06% for Series A1, 0.105% for Series A2, 0.16% for Series A3, 0.39% for Series B, 0.675% for Series C and 4.00% for Series D):

Dates	3-month Euribor	Series A1 Bonds	Series A2 Bonds	Series A3 Bonds	Series B Bonds	Series C Bonds	Series D Bonds
22 September 2006	3.376	3.436	3.481	3.536	3.766	4.051	7.376
12 September 2006	3.351	3.411	3.456	3.511	3.741	4.026	7.351
10 August 2006	3.215	3.275	3.320	3.375	3.605	3.890	7.215
12 July 2006	3.083	3.143	3.188	3.243	3.473	3.758	7.083
12 June 2006	2.953	3.013	3.058	3.113	3.343	3.628	6.953
11 May 2006	2.879	2.939	2.984	3.039	3.269	3.554	6.879
12 April 2006	2.764	2.824	2.869	2.924	3.154	3.439	6.764
10 March 2006	2.698	2.758	2.803	2.858	3.088	3.373	6.698
10 February 2006	2.592	2.652	2.697	2.752	2.982	3.267	6.592
12 January 2006	2.514	2.574	2.619	2.674	2.904	3.189	6.514
12 December 2005	2.454	2.514	2.559	2.614	2.844	3.129	6.454
10 November 2005	2.324	2.384	2.429	2.484	2.714	2.999	6.324
12 October 2005	2.186	2.246	2.291	2.346	2.576	2.861	6.186
12 September 2005	2.134	2.194	2.239	2.294	2.524	2.809	6.134
11 August 2005	2.134	2.194	2.239	2.294	2.524	2.809	6.134
12 July 2005	2.117	2.177	2.222	2.277	2.507	2.792	6.117
10 June 2005	2.114	2.174	2.219	2.274	2.504	2.789	6.114
12 May 2005	2.126	2.186	2.231	2.286	2.516	2.801	6.126
12 April 2005	2.140	2.200	2.245	2.300	2.530	2.815	6.140
10 March 2005	2.134	2.194	2.239	2.294	2.524	2.809	6.134
10 February 2005	2.140	2.200	2.245	2.300	2.530	2.815	6.140
12 January 2005	2.145	2.205	2.250	2.305	2.535	2.820	6.145
10 December 2004	2.173	2.233	2.278	2.333	2.563	2.848	6.173
11 November 2004	2.172	2.232	2.277	2.332	2.562	2.847	6.172

4.8.2 Dates, place, institutions and procedure for paying interest.

Interest on the Bonds in all the Series will be paid until they are finally amortised by Interest Accrual Periods in arrears on February 14, May 14, August 14 and November 14 in each year, or the following Business Day if any of those is not a Business Day (each of those dates, a "**Payment Date**"), and interest for the then-current Interest Accrual Period will accrue until said first Business Day, not inclusive, on the terms established in section 4.8.1.2 of this Securities Note.

The first interest Payment Date for the Bonds in each Series shall be February 14, 2007, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, October 5, 2006, inclusive, and February 14, 2007, exclusive.

In this Bond Issue, business days ("**Business Days**") shall be deemed to be all days other than a:

- public holiday in the city of Madrid, or
- non-business day in the TARGET calendar (Trans European Automated Real-Time Gross Settlement Express Transfer System).

Both interest resulting for Bondholders in each Series and the amount, if any, of interest accrued and not paid, shall be notified to Bondholders as described in section 4.1.1.a) of the Building Block, at least one (1) calendar day in advance of each Payment Date.

Bond interest accrued shall be paid on each Payment Date provided that the Fund has sufficient liquidity to do so in the Priority of Payments or Liquidation Priority of Payments, as the case may be.

In the event that on a Payment Date the Fund should be unable to make full or partial payment of interest accrued on the Bonds in any Series, in the Priority of Payments, the amounts that Bondholders should not have received shall be accumulated on the following Payment Date to interest on the Series proper that, as the case may be, should be paid on that same Payment Date, and will be paid in the Priority of Payments and applied by order of maturity if it should be impossible once again not to pay the same fully due to a shortage of Available Funds.

Overdue interest amounts shall not earn additional or late-payment interest and shall not be accumulated to the Outstanding Principal Balance of the Bonds in the relevant Series.

The Fund, through its Management Company, may not defer Bond interest payment beyond February 14, 2039, the Final Maturity Date, or the following Business Day if that is not a Business Day.

The Bond issue shall be serviced through the Paying Agent, to which end the Management Company shall, for and on behalf of the Fund, enter into the Paying Agent Agreement with BANCAJA set out in section 5.2.1 of this Securities Note.

4.9 Maturity date and amortisation of the securities.

4.9.1 Bond redemption price.

The redemption price of the Bonds in each Series shall be EUR one hundred thousand (100,000) per Bond, equivalent to 100 percent of their face value, payable as established in section 4.9.2 below.

Each and every one of the Bonds in a same Series shall be amortised on each Payment Date, as the case may be, in an equal amount by reducing the face amount of each of the Bonds.

4.9.2 Characteristics specific to the amortisation of each Bond Series.

4.9.2.1 Amortisation of Series A1 Bonds.

Series A1 Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series A1, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.4 and 4.9.3.5 below, pro rated between the Bonds in Series A1 proper by reducing the face amount of each Series A1 Bond.

The first partial amortisation of Series A1 Bonds shall occur on the first Payment Date (February 14, 2007).

Final amortisation of Series A1 Bonds shall occur on the Final Maturity Date (February 14, 2039 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.2 Amortisation of Series A2 Bonds.

Series A2 Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series A2, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.4 and 4.9.3.5 below, pro rated between the Bonds in Series A2 proper by reducing the face amount of each Series A2 Bond.

The first partial amortisation of Series A2 Bonds shall occur on the Payment Date on which the Series A1 Bonds have been fully amortised. However, in the event that the circumstances for Pro Rata Amortisation of Class A occur, Series A2 Bonds shall be amortised pro rata to the Series A1 and the Series A3 Bonds, in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A2 Bonds shall occur on the Final Maturity Date (February 14, 2039 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.3 Amortisation of Series A3 Bonds.

Series A3 Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series A3, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.4 and 4.9.3.5 below, pro rated between the Bonds in Series A3 proper by reducing the face amount of each Series A3 Bond.

The first partial amortisation of Series A3 Bonds shall occur on the Payment Date on which Series A1 and A2 Bonds have been fully amortised. However, in the event that the circumstances for Pro Rata Amortisation of Class A occur, Series A3 Bonds shall be amortised pro rata to the Series A1 and the Series A2 Bonds, in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A3 Bonds shall occur on the Final Maturity Date (February 14, 2039 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.4 Amortisation of Series B Bonds.

Series B Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series B in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.4 and 4.9.3.5 below, pro rated between the Bonds in Series B proper by reducing the face amount of each Series B Bond.

The first partial amortisation of Series B Bonds shall occur once the Class A (Series A1, A2 and A3) Bonds have been fully amortised. However, even if Class A (Series A1, A2 and A3) has not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series B in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series B to the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C is kept at 10.904%, or higher percentage closest thereto.

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (February 14, 2039 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.5 Amortisation of Series C Bonds.

Series C Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series C in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.4 and 4.9.3.5 below, pro rated between the Bonds in Series C proper by reducing the face amount of each Series C Bond.

The first partial amortisation of Series C Bonds shall occur once the Class A (Series A1, A2 and A3) and the Series B Bonds have been fully amortised. However, even if Class A (Series A1, A2 and A3) and Series B have not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series C on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series C in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series C to the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C is kept at 4.191%, or higher percentage closest thereto.

Final amortisation of Series C Bonds shall occur on the Final Maturity Date (February 14, 2039 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.6 Amortisation of Series D Bonds.

Series D Bond principal shall be amortised by partial amortisation on each Payment Date based on the amortisation rules established hereinafter and until their total face amount has been fully amortised, in an amount equal to the Available Funds applied on each Payment Date to amortising Series D, in accordance with the Priority of Payments.

Partial amortisation of Series D Bonds shall occur on each Payment Date in an amount equal to the positive difference existing between the Outstanding Principal Balance of Series D on the Determination Date preceding the relevant Payment Date and the Required Cash Reserve amount on the relevant Payment Date, in accordance with the provisions of section 3.4.2.2 of the Building Block transcribed hereinafter.

"2. The Initial Cash Reserve and the Required Cash Reserve amount shall be determined by the Management Company by 10am (CET time) on the day of the Subscription Period, based on (i) the average margin applicable to the Party B interest rate in each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, in accordance with the provisions of section 3.4.7.1 of the Building Block, and (ii) as established below.

Weighted average margin applicable to the Party B interest rate in the Interest Swap Agreements for the first calculation period				
	Between -0.210% and -0.161%	Between -0.160% and -0.121%	Between -0.120% and -0.071%	Between -0.070% and 0.000%
Initial Cash Reserve	€30,500,000.00	€29,900,000.00	€28,800,000.00	€28,200,000.00
Required Cash Reserve shall be the lower of the following amounts:				
(i) The Initial Cash Reserve amount	€30,500,000.00	€29,900,000.00	€28,800,000.00	€28,200,000.00
(ii) The higher of:				
a) The amount resulting from applying the percentage specified to the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C	5.304%	5.200%	5.008%	4.904%
b) The following amount	€15,250,000.00	€14,450,000.00	€14,400,000.00	€14,100,000.00

3. Notwithstanding the above, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Required Cash Reserve amount on the preceding Payment Date whenever any of the following circumstances concur on the Payment Date:

- That, on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of Delinquent Loans is greater than 1.00% of the Outstanding Balance of Non-Doubtful Loans.
- That the Cash Reserve could not provisioned up to the Required Cash Reserve amount on the relevant Payment Date.
- That two (2) years have not elapsed since the date of establishment of the Fund."

Final amortisation of Series D Bonds shall occur on the Final Maturity Date (February 14, 2039 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 of this Securities Note, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date, in the Liquidation Priority of Payments.

4.9.3 Partial amortisation of the Series A1, A2, A3, B and C Bonds.

Irrespective of the Final Maturity Date and subject to the Early Amortisation of the Bond Issue in the event of Early Liquidation of the Fund, the Fund shall, through its Management Company, proceed to a partial amortisation of the Series A1, A2, A3, B and C Bonds on each Payment Date other than the Final Maturity Date or when there is an Early Liquidation of the Fund in accordance with the specific amortisation terms for each Series established in sections 4.9.2.1 to 4.9.2.5 of this Securities Note and on the terms described hereinafter in this section common to Series A1, A2, A3, B and C.

4.9.3.1 Determination Dates and Determination Periods.

These will be the dates falling on the fourth (4th) Business Day preceding each Payment Date on which the Management Company on behalf of the Fund will make all necessary calculations to distribute or withhold the Available Funds and the Available Funds for Amortisation which the Fund shall dispose of on the relevant Payment Date, in the Priority of Payments. The first Determination Date shall be February 8, 2007.

Determination Periods shall be periods comprising the exact number of days elapsed between every two consecutive Determination Dates, each Determination Period excluding the beginning Determination Date and including the ending Determination Date. Exceptionally:

- (i) the duration of the first Determination Period shall be equal to the days elapsed between date of establishment of the Fund, inclusive, and the first Determination Date, February 8, 2007, inclusive, and
- (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which the Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the Loans and the assets remaining in the Fund have been liquidated and all the Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date but including the last date.

4.9.3.2 Outstanding Principal Balance of the Bonds.

The Outstanding Principal Balance of a Series shall be the sum of the principal pending repayment (outstanding balance) on a given date of all the Bonds in that Series.

By addition, the Outstanding Principal Balance of Class A shall be the sum of the Outstanding Principal Balance of Series A1, A2 and A3 making up Class A. Moreover, the Outstanding Principal Balance of the Bond Issue shall be the sum of the Outstanding Principal Balance of all six Series A1, A2, A3, B, C and D making up the Bond Issue.

4.9.3.3 Outstanding Balance of the Loans.

The Outstanding Balance of a Loan shall be the sum of the capital or principal not yet due and the capital or principal due and not paid into the Fund on the specific Loan on a given date.

The Outstanding Balance of the Loans on a date shall be the sum of the Outstanding Balance of each and every one of the Loans on that date.

Delinquent Loans shall be deemed to be Loans that are delinquent on a given date with an arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Loans. Non-Delinquent Loans shall be deemed to be Loans that are not deemed to be Delinquent Loans on a given date, also excluding Doubtful Loans.

Doubtful Loans shall be deemed to be Loans that are delinquent on a given date with a period of arrears equal to or greater than eighteen (18) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment. Non-Doubtful Loans shall be deemed to be Loans that are not deemed to be Doubtful Loans on a given date.

4.9.3.4 **Amortisation Withholding, Available Funds for Amortisation and Amortisation Deficiency on each Payment Date.**

On each Payment Date, the Available Funds shall be used in sixth (6th) place in the priority of payments, in accordance with the Priority of Payments, for withholding the amount designed for amortising Series A1, A2, A3, B and C Bonds as a whole, without distinguishing between those Series ("**Amortisation Withholding**"), in an amount equal to the positive difference, if any, on the Determination Date preceding the relevant Payment Date, between (i) the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C, and (ii) the Outstanding Balance of Non-Doubtful Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied of the Available Funds to the Amortisation Withholding shall make up the Available Funds for Amortisation and be applied in accordance with the rules for Distribution of Available Funds for Amortisation established hereinafter in section 4.9.3.5 below.

On each Payment Date, the amount to be allocated to amortising Series A1, A2, A3, B and C Bond principal (the "**Available Funds for Amortisation**") shall be the Amortisation Withholding amount actually applied of the Available Funds in sixth (6th) place of the Priority of Payments on the relevant Payment Date.

The amortisation deficiency (the "**Amortisation Deficiency**") on a Payment Date shall be the positive difference, if any, between (i) the Amortisation Withholding amount, and (ii) the amount of the Available Funds actually applied to Amortisation Withholding.

4.9.3.5 **Distribution of Available Funds for Amortisation on each Payment Date.**

The Available Funds for Amortisation shall be applied on each Payment Date to amortising Series A1, A2, A3, B and C, in accordance with the following rules ("**Distribution of Available Funds for Amortisation**"):

1. The Available Funds for Amortisation shall be sequentially applied firstly to amortising Class A (Series A1, A2 and A3) until fully amortised, secondly to amortising Series B until fully amortised and thirdly to amortising Series C, subject to the provisions of rules 3 and 4 below for pro rata amortisation of the different Series.
2. The Available Funds for Amortisation applied to amortising Class A (Series A1, A2 and A3), both under rule 1 above and under rules 3 and 4 below, shall be applied as follows:
 - 2.1 Ordinary application in the following order:
 1. Repayment of Series A1 Bond principal.
 2. Repayment of Series A2 Bond principal once the Series A1 Bonds have been fully amortised.
 3. Repayment of Series A3 Bond principal once the Series A1 and A2 Bonds have been fully amortised.
 - 2.2 Exceptional pro rata application of Class A ("**Pro Rata Amortisation of Class A**") if Series A1 and/or Series A2 has not been fully amortised: the application priority of paragraph 2.1 above shall be stopped if on the Determination Date preceding the relevant Payment Date the ratio of (i) the Outstanding Balance of Non-Delinquent Loans, increased by the Loan principal repayment income amount received during the Determination Period preceding the relevant Payment Date, to (ii) the sum of the Outstanding Principal Balance of Class A is less than or equal to 1.

In that event, on the relevant Payment Date the amount of the Available Funds for Amortisation applied to amortising Class A (Series A1, A2 and A3) shall be applied to amortising Series A1 and to amortising Series A2 and to amortising Series A3, and shall be prorated among the same directly in proportion to (i) the Outstanding Principal Balance of Series A1, (ii) the Outstanding Principal Balance of Series A2, and (iii) the Outstanding Principal Balance of Series A3 on the Determination Date preceding the relevant Payment Date.

3. However, even if Class A (Series A1, A2 and A3) has not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B and Series C on the Payment Dates on which all of the following circumstances are satisfied ("**Conditions for Pro Rata Amortisation**") in relation to each of these Series:
 - a) In order to amortise Series B, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series B is equal to or greater than 10.904% of the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C, and
 - ii) the Outstanding Balance of Delinquent Loans does not exceed 1.25% of the Outstanding Balance of Non-Doubtful Loans.
 - b) In order to amortise Series C, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series C is equal to or greater than 4.191% of the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C, and
 - ii) the Outstanding Balance of Delinquent Loans does not exceed 1.00% of the Outstanding Balance of Non-Doubtful Loans.
 - c) In addition, in order to amortise Series B and as the case may be Series C:
 - i) that the Required Cash Reserve amount shall have been fully provisioned on the preceding Payment Date, and
 - ii) that on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of the Loans is equal to or greater than 10 percent of the initial Outstanding Balance upon the Fund being established.
4. In the event that the amortisation of Series B and as the case of Series C should apply on a Payment Date as provided for in rule 3 above, the Available Funds for Amortisation shall also be applied to amortising Series B and as the case may be Series C in such a way that the ratio of (i) the Outstanding Principal Balance of Series B or of Series C to (ii) the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C is respectively kept at the ratio of 10.904% or at 4.191%, or higher percentages closest thereto.

4.9.4 **Early Amortisation of the Bond Issue.**

Subject to the Fund's obligation, through its Management Company, to proceed to final amortisation of the Bonds on the Final Maturity Date or amortisation of each Series before the Final Maturity Date, the Management Company shall, after first notifying the CNMV, be authorised to proceed, as the case may be, to an Early Liquidation of the Fund and hence an Early Amortisation of the entire Bond Issue in the Early Liquidation Events and subject to the requirements established in section 4.4.3 of the Registration Document and subject to the Liquidation Priority of Payments.

4.9.5 **Final Maturity Date.**

The Final Maturity Date and consequently the final amortisation of the Bonds is February 14, 2039 or the following Business Day if that is not a Business Day, without prejudice to the Management Company, for and on behalf of the Fund, and in accordance with the provisions of sections 4.9.2 to 4.9.4 of this Securities Note, proceeding to amortise any or all the Series in the Bond Issue before the Final Maturity Date. Final amortisation of the Bonds on the Final Maturity Date shall be made subject to the Liquidation Priority of Payments.

4.10 Indication of yield.

The average life, yield, term and final maturity of the Bonds in each Series depend on several factors, most significant among which are the following:

- i) The repayment schedule and system of each Loan established in the relevant loan document.
- ii) The Obligors' capacity to prepay the Loans in whole or in part and the aggregate prepayment pace throughout the life of the Fund. In this sense, Loan prepayments by Obligors, subject to continual changes, and estimated in this Prospectus using several performance assumptions of the future effective constant annual early amortisation or prepayment rate (hereinafter also "CPR"), are very significant and shall directly affect the pace at which the Bonds are amortised, and therefore their average life and duration.
- iii) The floating interest rates which shall apply to the Loans resulting in the repayment amount on every instalment differing.
- iv) The Obligors' delinquency and default in payment of Loan instalments.

The following assumed values have been used for the above-mentioned factors in calculating the tables contained in this section:

- Loan interest rate: 3.89% weighted average interest rate as of August 31, 2006 of the portfolio of selected loans which has been used for calculating the repayment instalments and interest of each of the selected loans;
- Loan portfolio delinquency: 0.54% of the Outstanding Balance of the Loans, with 100% recoveries within 15 months of becoming delinquent;
- Loan portfolio doubtfuls rated as bad debts: 0%;
- that the Loan prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is October 5, 2006;
- that there is no Amortisation Deficiency, and
- that there is no extension of the term of any of the loans.

The actual adjusted life and the yield or return on the Bonds will also depend on their floating rate. The following nominal interest rates are assumed for each Series for the first Interest Accrual Period, resulting from the straight-line interpolation bearing in mind the number of days in the First Interest Accrual Period between 4-month Euribor (3.452%) and 5-month Euribor (3.506%) on September 22, 2006 and in the event that the applicable margins should be the average margins in the range established for each Series in accordance with section 4.8.1.2 of this Securities Note (0.06% for Series A1, 0.105% for Series A2, 0.16% for Series A3, 0.39% for Series B, 0.675% for Series C and 4.00% for Series D):

	Series A1 Bonds	Series A2 Bonds	Series A3 Bonds	Series B Bonds	Series C Bonds	Series D Bonds
Nominal interest rate	3.530%	3.575%	3.630%	3.860%	4.145%	7.470%

For successive Interest Accrual Periods, the floating interest rate of the Bonds in each Series is assumed to be constant as follows, resulting from 3-month Euribor (3.376%) on September 22, 2006 and in the event that the applicable margins should be the same detailed in the preceding paragraph:

	Series A1 Bonds	Series A2 Bonds	Series A3 Bonds	Series B Bonds	Series C Bonds	Series D Bonds
Nominal interest rate	3.436%	3.481%	3.536%	3.766%	4.051%	7.376%

4.10.1 Estimated average life, yield or return, duration and final maturity of the Bonds.

Assuming that the Management Company shall exercise the Early Liquidation of the Fund and Early Amortisation of the Bond Issue option provided in section 4.4.3.1.(i) of the Registration Document when the Outstanding Balance of the Loans is less than 10% of their initial Outstanding Balance upon the Fund being established, the average life, return (IRR) for the Bond subscriber, duration and final maturity of the Bonds for different CPRs, would be as follows:

% CPR:	16.00%	18.00%	20.00%	22.00%	24.00%
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Series A1 Bonds					
Average life (years)	0.57	0.55	0.53	0.50	0.48
IRR	3.588%	3.590%	3.592%	3.595%	3.598%
Duration (years)	0.54	0.52	0.50	0.48	0.46
Final maturity	14 08 2007	14 08 2007	14 08 2007	14 08 2007	14 08 2007
(in years)	0.86	0.86	0.86	0.86	0.86

Series A2 Bonds					
Average life (years)	1.07	1.02	0.99	0.97	0.94
IRR	3.610%	3.610%	3.610%	3.610%	3.610%
Duration (years)	1.02	0.97	0.94	0.92	0.90
Final maturity	14 02 2008	14 02 2008	14 11 2007	14 11 2007	14 11 2007
(in years)	1.36	1.36	1.11	1.11	1.11

Series A3 Bonds					
Average life (years)	2.88	2.71	2.58	2.47	2.35
IRR	3.647%	3.647%	3.647%	3.647%	3.647%
Duration (years)	2.62	2.48	2.37	2.27	2.17
Final maturity	14 02 2012	15 08 2011	16 05 2011	14 02 2011	15 11 2010
(in years)	5.36	4.86	4.61	4.36	4.12

Series B Bonds					
Average life (years)	3.28	3.08	2.95	2.78	2.66
IRR	3.885%	3.885%	3.885%	3.885%	3.885%
Duration (years)	2.96	2.79	2.68	2.54	2.43
Final maturity	14 02 2012	15 08 2011	16 05 2011	14 02 2011	15 11 2010
(in years)	5.36	4.86	4.61	4.36	4.12

Series C Bonds					
Average life (years)	3.28	3.08	2.95	2.78	2.66
IRR	4.182%	4.182%	4.182%	4.182%	4.182%
Duration (years)	2.93	2.77	2.66	2.52	2.42
Final maturity	14 02 2012	15 08 2011	16 05 2011	14 02 2011	15 11 2010
(in years)	5.36	4.86	4.61	4.36	4.12

Series D Bonds					
Average life (years)	3.82	3.55	3.41	3.27	3.13
IRR	7.699%	7.699%	7.699%	7.699%	7.699%
Duration (years)	3.05	2.88	2.78	2.69	2.60
Final maturity	14 02 2012	15 08 2011	16 05 2011	14 02 2011	15 11 2010
(in years)	5.36	4.86	4.61	4.36	4.12

These figures have been calculated using the following formula:

Average life of the Bonds: for each Series, average of the time periods between the Closing Date and each Payment Date, using for weighting purposes the weights the principal to be repaid on each Payment Date has on the total face amount of the Series, in accordance with the following expression:

$$V = \frac{\sum (P \times d)}{T} \times \frac{1}{365}$$

Where:

- V = Average life in each Bond Series issued expressed in years.
- P = Principal to be repaid in each Bond Series on each Payment Date, in accordance with the estimated amount to be amortised in each Bond Series, as provided for in section 4.9.2 of this Securities Note.
- d = Number of days elapsed between the Closing Date and the Payment Date at issue.
- T = Total face amount in EUR in each Bond Series.

Internal rate of return (IRR): for each Series, interest rate equalling the restatement at present value of the total amortisation and interest amounts received on each Payment Date with the face value of the Bond.

$$N = \sum_{i=1}^n A_i (1+r)^{-(nd/365)}$$

Where:

- N = face value of the Bond in each Series.
- r = IRR expressed as an annual rate, per unit.
- A_i = (A₁ A_n). Total interest principal repayment and interest amounts to be received in each Series on each Payment Date.
- nd = Number of days comprised between the Closing Date of the issue and each of the n Payment Dates, not inclusive, during the life of the Bond.

Duration of the Bonds (adjusted Macaulay formula): for each Series, measure of Bond price sensitivity with respect to changes in yield.

$$D = \frac{\sum_{j=1}^n (a_j \times VA_j)}{PE} \times \frac{1}{(1+i)}$$

Where:

- D = Duration in each Bond Series expressed in years.
- a_j = Time elapsed (in years) between the Closing Date and each of the n Payment Dates at issue.
- VA_j = Present value of each of the estimated amounts comprising principal repayment and gross interest, payable on each of the n Payment Dates discounted at the actual interest rate (IRR) in every Series.
- PE = Issue price in every Bond Series.
- i = Actual interest rate (IRR) in every Series, per unit.

The Management Company expressly states that the servicing tables described hereinafter for each Series are merely theoretical and given for illustrative purposes, and represent no payment obligation whatsoever, on the basis that:

- Whereas CPRs are assumed to be constant respectively at 18.00%, 20.00% and 22.00% throughout the life of the Bond Issue, as explained above actual prepayment changes continually.
- The Outstanding Principal Balance of the Bonds on each Payment Date and hence interest payable on each such dates shall depend on the actual Loan prepayment, delinquency and default rates.

- Whereas Bond nominal interest rates are assumed to be constant for each Series from the second Interest Accrual Period, the interest rate in all the Series is known to be variable.
- The assumed values referred to at the beginning of this section are at all events taken for granted.
- It is assumed that the Management Company will exercise the Early Liquidation of the Fund and thereby proceed to an Early Amortisation of the Bond Issue option when the Outstanding Balance of the Loans is less than 10% of the Initial Outstanding Balance upon the Fund being set up, as provided in section 4.4.3.1.(i) of the Registration Document.
- In this scenario, Pro Rata Amortisation of Class A does not apply and the Conditions for Pro Rata Amortisation do.
- It is assumed that the face amount of Series D shall be determined at EUR 28,800,000.00.

FLows for Every Bond without Withholding for the Holder
(Amounts in EUR)
CPR = 18%

Payment Date	Series A1 Bonds			Series A2 Bonds			Series A3(G) Bonds			Series B Bonds			Series C Bonds
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment
TOTALS:	100,000.00	1,936.43	101,936.43	100,000.00	3,637.35	103,637.35	100,000.00	9,743.27	109,743.27	100,000.00	11,808.26	111,808.26	100,000.00
05-Oct-06													
14-Feb-07	42,013.90	1,294.33	43,308.23	0.00	1,310.83	1,310.83	0.00	1,331.00	1,331.00	0.00	1,415.33	1,415.33	0.00
14-May-07	40,957.24	492.57	41,449.81	0.00	860.58	860.58	0.00	874.18	874.18	0.00	931.04	931.04	0.00
14-Aug-07	17,028.85	149.53	17,178.38	38,572.47	889.59	39,462.06	0.00	903.64	903.64	0.00	962.42	962.42	0.00
14-Nov-07	0.00	0.00	0.00	58,066.17	546.45	58,612.62	0.00	903.64	903.64	0.00	962.42	962.42	0.00
14-Feb-08	0.00	0.00	0.00	3,361.36	29.90	3,391.26	16,662.46	903.64	17,566.10	0.00	962.42	962.42	0.00
14-May-08	0.00	0.00	0.00	0.00	0.00	0.00	13,927.18	736.70	14,663.88	0.00	941.50	941.50	0.00
14-Aug-08	0.00	0.00	0.00	0.00	0.00	0.00	8,344.28	627.22	8,971.50	22,673.37	962.42	23,635.79	22,673.11
14-Nov-08	0.00	0.00	0.00	0.00	0.00	0.00	7,129.87	551.82	7,681.69	9,028.40	744.21	9,772.61	9,028.43
16-Feb-09	0.00	0.00	0.00	0.00	0.00	0.00	9,532.79	497.99	10,030.78	12,071.17	671.61	12,742.78	12,071.21
14-May-09	0.00	0.00	0.00	0.00	0.00	0.00	9,012.09	379.44	9,391.53	11,411.81	511.73	11,923.54	11,411.85
14-Aug-09	0.00	0.00	0.00	0.00	0.00	0.00	3,457.21	319.81	3,777.02	4,377.79	431.31	4,809.10	4,377.80
16-Nov-09	0.00	0.00	0.00	0.00	0.00	0.00	2,739.19	294.84	3,034.03	3,468.58	397.64	3,866.22	3,468.59
15-Feb-10	0.00	0.00	0.00	0.00	0.00	0.00	2,510.02	260.95	2,770.97	3,178.39	351.93	3,530.32	3,178.40
14-May-10	0.00	0.00	0.00	0.00	0.00	0.00	2,239.11	230.65	2,469.76	2,835.33	311.07	3,146.40	2,835.34
16-Aug-10	0.00	0.00	0.00	0.00	0.00	0.00	2,105.86	225.71	2,331.57	2,666.60	304.40	2,971.00	2,666.61
15-Nov-10	0.00	0.00	0.00	0.00	0.00	0.00	1,917.00	199.68	2,116.68	2,427.45	269.30	2,696.75	2,427.46
14-Feb-11	0.00	0.00	0.00	0.00	0.00	0.00	1,734.56	182.54	1,917.10	2,196.43	246.19	2,442.62	2,196.44
16-May-11	0.00	0.00	0.00	0.00	0.00	0.00	1,595.65	167.04	1,762.69	2,020.54	225.28	2,245.82	2,020.54
15-Aug-11	0.01	0.00	0.01	0.00	0.00	0.00	17,092.73	152.78	17,245.51	21,644.14	206.04	21,850.18	21,644.22

FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 20%

Payment Date	Series A1 Bonds			Series A2 Bonds			Series A3(G) Bonds			Series B Bonds			Ser
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment
TOTALS:	100,000.00	1,863.44	101,863.44	100,000.00	3,526.54	103,526.54	100,000.00	9,288.84	109,288.84	100,000.00	11,298.86	111,298.86	100,000.00
05-Oct-06													
14-Feb-07	45,301.79	1,294.33	46,596.12	0.00	1,310.83	1,310.83	0.00	1,331.00	1,331.00	0.00	1,415.33	1,415.33	0.00
14-May-07	42,800.98	464.64	43,265.62	0.00	860.58	860.58	0.00	874.18	874.18	0.00	931.04	931.04	0.00
14-Aug-07	11,897.23	104.47	12,001.70	47,668.08	889.59	48,557.67	0.00	903.64	903.64	0.00	962.42	962.42	0.00
14-Nov-07	0.00	0.00	0.00	52,331.92	465.54	52,797.46	2,077.68	903.64	2,981.32	0.00	962.42	962.42	0.00
14-Feb-08	0.00	0.00	0.00	0.00	0.00	0.00	17,804.80	884.87	18,689.67	0.00	962.42	962.42	0.00
14-May-08	0.00	0.00	0.00	0.00	0.00	0.00	13,973.84	708.24	14,682.08	0.00	941.50	941.50	0.00
14-Aug-08	0.00	0.00	0.00	0.00	0.00	0.00	7,844.01	597.70	8,441.71	26,176.41	962.42	27,138.83	26,176.16
14-Nov-08	0.00	0.00	0.00	0.00	0.00	0.00	7,134.34	526.82	7,661.16	9,034.06	710.49	9,744.55	9,034.09
16-Feb-09	0.00	0.00	0.00	0.00	0.00	0.00	9,317.19	472.40	9,789.59	11,798.15	637.10	12,435.25	11,798.19
14-May-09	0.00	0.00	0.00	0.00	0.00	0.00	8,706.04	357.61	9,063.65	11,024.27	482.28	11,506.55	11,024.31
14-Aug-09	0.00	0.00	0.00	0.00	0.00	0.00	3,426.41	299.49	3,725.90	4,338.79	403.90	4,742.69	4,338.81
16-Nov-09	0.00	0.00	0.00	0.00	0.00	0.00	2,719.80	274.36	2,994.16	3,444.03	370.02	3,814.05	3,444.04
15-Feb-10	0.00	0.00	0.00	0.00	0.00	0.00	2,476.16	241.30	2,717.46	3,135.51	325.42	3,460.93	3,135.52
14-May-10	0.00	0.00	0.00	0.00	0.00	0.00	2,194.21	211.94	2,406.15	2,778.48	285.83	3,064.31	2,778.49
16-Aug-10	0.00	0.00	0.00	0.00	0.00	0.00	2,051.63	206.13	2,257.76	2,597.94	277.99	2,875.93	2,597.94
15-Nov-10	0.00	0.00	0.00	0.00	0.00	0.00	1,856.24	181.21	2,037.45	2,350.51	244.39	2,594.90	2,350.52
14-Feb-11	0.00	0.00	0.00	0.00	0.00	0.00	1,670.17	164.62	1,834.79	2,114.90	222.01	2,336.91	2,114.91
16-May-11	0.00	0.00	0.00	0.00	0.00	0.00	16,747.48	149.69	16,897.17	21,206.95	201.88	21,408.83	21,207.02

FLows for Every Bond without Withholding for the Holder
(Amounts in EUR)
CPR = 22%

Payment Date	Series A1 Bonds			Series A2 Bonds			Series A3(G) Bonds			Series B Bonds			Series C Bonds
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment
TOTALS:	100,000.00	1,789.50	101,789.50	100,000.00	3,445.30	103,445.30	100,000.00	8,878.28	108,878.28	100,000.00	10,664.35	110,664.35	100,000.00
05-Oct-06													
14-Feb-07	48,644.92	1,294.33	49,939.25	0.00	1,310.83	1,310.83	0.00	1,331.00	1,331.00	0.00	1,415.33	1,415.33	0.00
14-May-07	44,643.38	436.24	45,079.62	0.00	860.58	860.58	0.00	874.18	874.18	0.00	931.04	931.04	0.00
14-Aug-07	6,711.70	58.93	6,770.63	56,799.96	889.59	57,689.55	0.00	903.64	903.64	0.00	962.42	962.42	0.00
14-Nov-07	0.00	0.00	0.00	43,200.04	384.30	43,584.34	5,153.53	903.64	6,057.17	0.00	962.42	962.42	0.00
14-Feb-08	0.00	0.00	0.00	0.00	0.00	0.00	17,919.94	857.07	18,777.01	0.00	962.42	962.42	0.00
14-May-08	0.00	0.00	0.00	0.00	0.00	0.00	11,577.50	680.03	12,257.53	17,249.97	941.50	18,191.47	17,249.69
14-Aug-08	0.00	0.00	0.00	0.00	0.00	0.00	9,755.76	590.52	10,346.28	12,353.50	796.40	13,149.90	12,353.55
14-Nov-08	0.00	0.00	0.00	0.00	0.00	0.00	7,121.28	502.37	7,623.65	9,017.52	677.51	9,695.03	9,017.55
16-Feb-09	0.00	0.00	0.00	0.00	0.00	0.00	9,091.27	447.54	9,538.81	11,512.08	603.57	12,115.65	11,512.12
14-May-09	0.00	0.00	0.00	0.00	0.00	0.00	8,396.53	336.52	8,733.05	10,632.34	453.85	11,086.19	10,632.37
14-Aug-09	0.00	0.00	0.00	0.00	0.00	0.00	3,383.26	279.99	3,663.25	4,284.15	377.60	4,661.75	4,284.16
16-Nov-09	0.00	0.00	0.00	0.00	0.00	0.00	2,687.97	254.84	2,942.81	3,403.72	343.68	3,747.40	3,403.73
15-Feb-10	0.00	0.00	0.00	0.00	0.00	0.00	2,431.03	222.68	2,653.71	3,078.36	300.31	3,378.67	3,078.37
14-May-10	0.00	0.00	0.00	0.00	0.00	0.00	2,139.66	194.32	2,333.98	2,709.40	262.07	2,971.47	2,709.41
16-Aug-10	0.00	0.00	0.00	0.00	0.00	0.00	1,988.60	187.82	2,176.42	2,518.12	253.30	2,771.42	2,518.13
15-Nov-10	0.00	0.00	0.00	0.00	0.00	0.00	1,787.91	164.05	1,951.96	2,263.99	221.24	2,485.23	2,264.00
14-Feb-11	0.00	0.00	0.00	0.00	0.00	0.00	16,565.76	148.07	16,713.83	20,976.85	199.69	21,176.54	20,976.92

4.11 Representation of security holders.

No syndicate of bondholders will be set up for the securities included in this Bond Issue.

On the terms provided for in article 12.1 of Royal Decree 926/1998, it is the Management Company's duty, as the manager of third-party portfolios, to represent and enforce the interests of the holders of the Bonds issued by the Fund and of all its other ordinary creditors. Consequently, the Management Company shall make its actions conditional on their protection and observe the provisions established for that purpose from time to time.

4.12 Resolutions, authorisations and approvals for issuing the securities.

a) Corporate resolutions.

Resolution to set up the Fund and issue the Bonds:

At its meeting of July 18, 2006, the Executive Committee of the Board of Directors of EUROPEA DE TITULIZACIÓN resolved that:

- i) PYME BANCAJA 5 FONDO DE TITULIZACIÓN DE ACTIVOS be set up in accordance with the legal system for which provision is made in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and all other legal and statutory provisions in force and applicable from time to time.
- ii) Credit rights assigned by BANCAJA derived from loans with real estate mortgage security, with security other than a real estate mortgage and/or without special security granted to finance non-financial Spanish enterprises (or sole traders).
- iii) The Bonds be issued by the Fund.

Resolution to assign the Loans:

At a meeting held on June 28, 2006, the Board of Directors of BANCAJA resolved that the assignment of loans with real estate mortgage security, with security other than a real estate mortgage and/or without special security (or any other credit assets whatsoever) granted by BANCAJA to finance non-financial Spanish enterprises (or sole traders) to a closed-end Asset Securitisation Fund purposely set up to pool those assets therein be authorised.

b) Registration by the CNMV.

The establishment of the Fund and issue of the Bonds are subject to the condition precedent of the entry in the Official Registers of the CNMV of this Prospectus and all other supporting documents, in accordance with the provisions of article 5 of Royal Decree 926/1998.

This Prospectus regarding the establishment of the Fund and issue of the Bonds has been entered in the CNMV's Official Registers on September 28, 2006.

c) Execution of the Fund public deed of constitution.

Upon the CNMV registering this Prospectus, the Management Company and BANCAJA, Originator of the Loans, shall proceed to execute on October 2, 2006 a public deed whereby PYME BANCAJA 5 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANCAJA will assign to the Fund Non-Mortgage Loans and Mortgage Loans, the latter by means of the issue of Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds, on the terms provided in article 6 of Royal Decree 926/1998.

The Management Company represents that the contents of the Deed of Constitution shall match the draft Deed of Constitution it has submitted to the CNMV and the terms of the Deed of Constitution shall at no event contradict, change, alter or invalidate the contents of this Prospectus.

The Management Company shall submit a copy of the Deed of Constitution to the CNMV to be entered in the Official Registers before the Bond Subscription Period begins.

d) Execution of the supplementary public deed with the face amount of Series D.

The Management Company shall, before the Subscription Period begins, execute a supplementary public deed recording the total face amount of Series D and the number of Bonds making it up, as provided for in section 4.9.2.6 of this Securities Note.

4.13 Issue date of the securities.

The Bond issue date shall be October 2, 2006.

4.13.1 Potential investors to whom the Series A1, A2, A3, B and C Bonds are offered

Placement of the Bonds in each of Series A1, A2, A3, B and C of the Bond Issue is targeted at qualified investors, and therefore, in accordance with the Securities Market Act and applicable implementing regulations, the Bond offering shall not be considered a public offering.

Tranches.

Each of the Series consists of one tranche only.

4.13.2 Series A1, A2, A3, B and C Bond subscription or acquisition date or period.

The Series A1, A2, A3, B and C Bond subscription period (the “**Subscription Period**”) shall begin at 1pm (CET time) on October 3, 2006 and end at 2pm (CET time) on the same day.

4.13.3 Where and with whom may Series A1, A2, A3, B and C Bond subscription or acquisition be processed?

In order to be taken into account, Series A1, A2, A3, B and C Bond subscription proposals shall be made during the Subscription Period established in the preceding section, with BANCAJA, IXIS CIB, JPMORGAN, LEHMAN BROTHERS, BANCO PASTOR and DZ BANK AG, as Underwriters and Placement Agents, and observing the procedures established hereinafter in the following sections.

Subscription for Series D Bonds shall be carried out exclusively by BANCAJA.

Subscribing for or holding Bonds in one Series does not imply subscribing for or holding Bonds in any of the other Series.

4.13.4 Placement and allocation of the Series A1, A2, A3, B and C Bonds.

The Underwriters and Placement Agents shall freely proceed to accept or turn down the Series A1, A2, A3, B and C Bond subscription proposals received, making sure in any event that there is no discriminatory treatment between similarly characterised proposals. The Underwriters and Placement Agents may nevertheless give priority to proposals of those of their customers as they shall deem fit or appropriate, and indeed subscribe for their own account, for themselves or for companies in their group, for Bonds in each of Series A1, A2, A3, B and C.

Each Underwriter and Placement Agent agrees to subscribe in its own name, at the close of the Subscription Period, for such amount of Series A1, A2, A3, B and C Bonds as may be necessary to complete the figure of their joint underwriting commitment as determined in the Bond Issue Management, Underwriting, Placement and Subscription Agreement.

4.13.5 Series A1, A2, A3, B and C Bond subscription payment method and dates.

The investors to whom the Series A1, A2, A3, B and C Bonds are allocated shall pay the relevant Underwriter and Placement Agent, by 1pm (CET time) on October 5, 2006 (the “**Closing Date**”), for same day value, the relevant issue price for each Bond allocated for subscription.

4.14 Restrictions on the free transferability of the securities.

There are no restrictions on the free transferability of the Bonds. They may be freely transferred by any means admissible at Law and in accordance with the rules of the AIAF market where they will be traded. A transfer in the accounts (book entry) will convey the ownership of each Bond. The effects of entering the conveyance to the transferee in the accounting record shall be the same as handing over the certificates and the transfer shall thereupon be enforceable on third parties.

5 ADMISSION TO TRADING AND DEALING ARRANGEMENTS.

5.1 Market where the securities will be traded.

In fulfilment of the provisions of article 2.3 of Royal Decree 926/1998, the Management Company shall, upon the Bonds having been paid up, apply for this Bond Issue to be listed on AIAF Mercado de Renta Fija ("**AIAF**"), which is a qualified official secondary securities market pursuant to transitional provision six of Act 37/1998, November 16, amending the Securities Market Act, and a Regulated Market, as contained in the Annotated List of Regulated Markets and Additional Provisions under the Investment Services Directive (93/22), published in the Official Journal of the European Communities on May 12, 2005. The Management Company undertakes that definitive listing will be achieved not later than one month after the Closing Date.

The Management Company expressly represents that it is aware of the requirements and terms that must be observed for the securities to be eligible to be listed, remain listed and be excluded from listing on the AIAF, in accordance with the laws in force and the requirements of its governing bodies, and the Fund agrees through its Management Company to observe the same.

In the event that, by the end of the one-month period referred to in the first paragraph of this section, the Bonds should not be so listed on the AIAF, the Management Company shall forthwith proceed to notify Bondholders thereof, moreover advising of the reasons resulting in such breach, using the extraordinary notice procedure provided for in section 4.1.2 of the Building Block. This shall be without prejudice to the Management Company being held to be contractually liable, as the case may be.

5.2 Paying agents and depository agents.

5.2.1 Paying Agent of the Bond Issue.

The Bond Issue will be serviced through BANCAJA as Paying Agent. Payment of interest and repayments shall be notified to Bondholders in the events and in such advance as may be provided for each case in section 4.1.1 of the Building Block. Interest and amortisation shall be paid to Bondholders by the relevant members and to the latter in turn by Iberclear, the institution responsible for the accounting record.

The Management Company shall, for and on behalf of the Fund, enter with BANCAJA into a paying agent agreement to service the Bonds issued by the Fund (the "**Paying Agent Agreement**").

The obligations to be taken on by BANCAJA (the "**Paying Agent**") under this Paying Agent Agreement are summarily as follows:

- (i) Paying the Fund by 3pm (CET time) on the Closing Date, by crediting the Treasury Account, for same day value, the aggregate amount of the subscription for the Bond Issue received from the other Underwriters and Placement Agents as provided for in the Bond Issue Management, Underwriting, Placement and Subscription Agreement plus the face amount of the Bonds placed and subscribed for, as the case may be, on its own account (including the total face amount of Series D), as Underwriter and Placement Agent.
- (ii) Paying each Underwriter and Placement Agent on the Closing Date, as directed by the Management Company, the Series A1, A2, A3, B and C underwriting and placement fee amount they shall each have earned, after they have in turn paid it the face amount of the Bonds they shall each have placed and subscribed for, as the case may be, on their own account up to their respective underwriting commitments.

- (iii) Handing to the Management Company Bond Issue placement dissemination information based on the Series A1, A2, A3, B and C Bond information provided in that connection by the Underwriters and Placement Agents, using for that purpose the form duly established by the CNMV.
- (iv) On each of the Bond Payment Dates, paying interest and, as the case may be, repaying Bond principal, after deducting the total amount of the interim tax withholding for return on investments to be made in accordance with applicable tax laws.
- (v) On each Interest Rate Fixing Date, notifying the Management Company of the Reference Rate determined to be used as the basis for the Management Company to calculate the Nominal Interest Rate applicable to each Bond Series.

In the event that the rating of the short-term, unsecured and unsubordinated debt of BANCAJA should, at any time during the life of the Bond Issue, fall below F1 or P-1 respectively in Fitch's and Moody's rating scales, the Management Company shall within not more than thirty (30) Business Days from the time of the occurrence of any such circumstances, after notifying the Rating Agencies, put in place any of the following: (i) revoke the appointment of BANCAJA as Paying Agent, and thereupon designate another institution having a credit rating for its short-term, unsecured and unsubordinated debt of at least F1 and P-1 respectively in Fitch's and Moody's rating scales, to take its place before terminating the Paying Agent Agreement, or under a new paying agent agreement, if any, or (ii) put in place any other actions allowing a suitable level of security to be maintained with respect to the commitments derived from this Agreement in order for there to be no detriment to the Bond rating given by the Rating Agencies. Should BANCAJA be replaced as Paying Agent, the Management Company shall be entitled to change the fee payable to the substitute institution, which may be higher than that established with BANCAJA under the Paying Agent Agreement.

In consideration of the services provided by the Paying Agent, the Fund shall pay it a 0.01% fee, inclusive of taxes, if any, on the amount to be distributed to Bondholders on each Bond Payment Date during the term of the Paying Agent Agreement, payable on the same Payment Date, provided that the Fund has sufficient liquidity and in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments.

In the event that the Fund should not have sufficient liquidity to pay said full fee, then the amounts accrued and not paid shall be accumulated without any penalty whatsoever to the fee falling due on the following Payment Date, unless that absence of liquidity should continue, in which case the amounts due shall build up until fully paid on the Payment Date on which they are settled.

The Paying Agent Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period or in the event of termination of the Bond Management, Underwriting and Placement Agreement.

6 EXPENSE OF THE OFFERING AND ADMISSION TO TRADING.

The following are the expected expenses deriving from setting up the Fund and issuing and listing the Bond issue:

	EUR
• Initial Management Company fee	70,000.00
• Notary's, audit, rating and legal advice fees	395,337.46
• CNMV fees (registering Prospectus and supervising Bond admission to trading)	48,033.00
• AIAF and Iberclear fees for including the Bonds in the register of book entries	55,680.00
• Underwriting and placement fees *	920,000.00
• Translation, printing and other expenses	8,687.82
Total expenses	1,182,658.28

* In the event that the fee percentages applicable should be the highest percentage within the ranges set for each Series in section 4.1 of this Securities Note.

7 ADDITIONAL INFORMATION.

7.1 Statement of the capacity in which the advisors connected with the issue mentioned in the Securities Note have acted.

GARRIGUES, as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.

BANCAJA has structured the financial terms of the Fund and of the Bond Issue.

7.2 Other information in the Securities Note which has been audited or reviewed by auditors.

Not applicable.

7.3 Statement or report attributed to a person as an expert.

ERNST & YOUNG have audited the selected loans on the terms set forth in section 2.2 of the Building Block and have audited BANCAJA's annual accounts for the years ended December 31, 2004 and 2003.

7.4 Information sourced from a third party.

Within its duties to verify the information contained in this Prospectus, the Management Company has received confirmation from BANCAJA as to the truthfulness of the characteristics of BANCAJA as Originator of the Loans and of the Pass-Through Certificates and the Mortgage Loans given in section 2.2.8 of the Building Block, and of the remaining information on BANCAJA and the selected loans from which the Loans will be taken given in this Prospectus.

In the Deed of Constitution of the Fund, BANCAJA shall reaffirm to the Management Company the fulfilment of those characteristics on the date on which the Fund is established.

The Management Company confirms that the information from BANCAJA on the selected loans from which the Loans will be taken has been accurately reproduced and, to the best of its knowledge and ability to determine based on that information provided by BANCAJA, no fact has been omitted which might result in the information reproduced being inaccurate or deceptive.

7.5 Credit ratings assigned to the securities by rating agencies.

Fitch and Moody's, on September 26, 2006, have assigned the following provisional ratings to each Bond Series, and expect to assign the same final ratings by the start of the Bond Subscription Period.

Bond Series	Fitch Ratings	Moody's Ratings
Series A1	AAA	Aaa
Series A2	AAA	Aaa
Series A3	AAA	Aaa
Series B	A	A2
Series C	BBB	Baa3
Series D	CCC	C

If the Rating Agencies should not confirm any of the assigned provisional ratings as final by the start of the Subscription Period, this circumstance would forthwith be notified to the CNMV and be publicised in the manner for which provision is made in section 4.1.2.2 of the Building Block. Furthermore, this circumstance would result in the establishment of the Fund, the Bond Issue and the assignment of the Non-Mortgage Loans and the issue of and subscription for the Pass-Through Certificates terminating, as provided for in section 4.4.4.(v) of the Registration Document.

Rating considerations.

The ratings assigned to each Bond Series by Fitch measure the Fund's capacity for timely payment of interest and payment of Bond principal throughout the life of the transaction and at all events before the Final Maturity Date, on the terms stipulated in this Prospectus. The structure allows Series B and C interest payment to be deferred in certain circumstances. This implies that those Series might not receive interest on some Payment Dates if the deferment circumstances occur, without that being a default on payment of those Bonds.

The ratings assigned to each Bond Series by Moody's measure the expected loss before the Final Maturity Date. In Moody's opinion, the structure allows prompt interest and principal payment during the life of the transaction and, in any event, before the Final Maturity Date for Series A1, A2, A3, B and C, and interest and principal payment before the Final Maturity Date for Series D.

The Rating Agencies' ratings are not an assessment of the likelihood of obligors prepaying principal, nor indeed of the extent to which such prepayments differ from what was originally forecast. The ratings are not by any means a rating of the level of actuarial performance.

The ratings assigned, and any review or suspension of the ratings:

- (i) are assigned by the Rating Agencies based on manifold information received with respect to which they give no assurance, nor even as to their accuracy or wholeness, wherefore the Rating Agencies may in no event be deemed to be responsible therefor; and
- (ii) are not and cannot therefore be howsoever construed as an invitation, recommendation or encouragement for investors to proceed to carry out any transaction whatsoever on the Bonds and, in particular, acquire, keep, charge or sell those Bonds.

The Rating Agencies may review, suspend or withdraw the final ratings assigned at any time, based on any information that may come to their notice. Those events, which shall not constitute early liquidation events of the Fund, shall forthwith be notified to both the CNMV and the Bondholders, in accordance with the provisions of section 4.1 of the Building Block.

In carrying on the rating and monitoring process, the Rating Agencies rely on the accuracy and wholeness of the information provided by BANCAJA, the Management Company, the auditors of the selected loans, and lawyers.

ASSET-BACKED SECURITIES NOTE BUILDING BLOCK

(Annex VIII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)

1. SECURITIES

1.1 Minimum denomination of the issue.

The Fund shall be set up with the Loans which BANCAJA shall assign to the Fund upon being established and their total outstanding principal or capital shall be equal to or slightly above EUR one billion one hundred and fifty million (1,150,000,000.00), the face value amount of Series A1, A2, A3, B and C Bonds.

Additionally, the Fund will issue a Bond Series D, having a total face amount comprised between EUR twenty-eight million two hundred thousand (28,200,000.00) and thirty million five hundred thousand (30,500,000.00), which amount shall be used for setting up the Initial Cash Reserve and shall be paid into the Treasury Account.

1.2 Confirmation that the information relating to an undertaking or obligor not involved in the issue has been accurately reproduced.

Not applicable.

2. UNDERLYING ASSETS

2.1 Confirmation that the securitised assets have capacity to produce funds to service any payments due and payable on the securities.

The Management Company confirms that, based on their contractual characteristics, the flows of principal, interest and any other amounts generated by the securitised Loans allow the payments due and payable on the Bonds issued to be satisfied.

Nevertheless, in order to cover for potential defaults on payment by the Obligor of the securitised Loans, a number of credit enhancement transactions have been arranged allowing the amounts payable on the Bonds in each Series to be covered to a different extent and mitigating interest risk due to the different terms of the interest clauses of the Loans and of the Bonds in each Series. In exceptional circumstances, the enhancement transactions could actually fall short. The credit enhancement transactions are described in sections 3.4.2, 3.4.3, 3.4.4 and 3.4.7 of this Building Block.

Not all the Bonds issued have the same risk of default given the credit ratings assigned by the Rating Agencies to the Bonds in each Series, detailed in section 7.5 of the Securities Note.

Upon the occurrence of a (i) substantial alteration or permanent financial imbalance of the Fund due to any event or circumstance whatsoever unrelated to the Fund's operations or (ii) default indicating a serious permanent imbalance in relation to any of the Bonds issued or suggesting that it will occur, the Management Company may proceed with an Early Liquidation of the Fund and thereby an Early Amortisation of the Bond Issue on the terms laid down in section 4.4.3 of the Registration Document.

The contents of the preceding paragraphs are provided by the Management Company based on the Originator's representations given in section 2.2.8 of the Building Block in relation to the Loans, the Pass-Through Certificates and the Mortgage Loans, and to the Originator proper, on the information supplied by the Originator and on the audit report on the portfolio of selected loans that will mostly be assigned to the Fund.

2.2 Assets backing the issue.

The credit rights to be pooled in the Fund, represented by the Management Company, upon being established, shall exclusively consist of credit rights owned by BANCAJA derived from loans granted by BANCAJA to non-financial small and medium-sized enterprises ("**SMEs**", based on internal policies established by BANCAJA) domiciled in Spain.

Based on the internal policies set by BANCAJA, SMEs shall be enterprises having a yearly turnover below EUR 50 million.

The portfolio of selected loans from which the Loans to be assigned to the Fund upon being established will be taken comprises 3,177 loans, the outstanding principal of which as of August 31, 2006 amounted to EUR 1,276,186,875.07 and the overdue principal amounted to EUR 414,628.96.

Audit of the assets securitised through the Fund.

The most significant characteristics of the selected loans have been audited by Ernst & Young.

That audit was made using sampling techniques consisting of analysing a number of transactions fewer (sample) than the full selection of loans (population), allowing a conclusion to be arrived at regarding that population. The verification deals with a number of both quantitative and qualitative attributes regarding the sample transactions and specifically regarding: loan origination, nature of the loan and the obligor, title, identification of the obligor, loan transfer, SME accreditation, initial loan date, loan maturity date, initial loan amount, current loan balance (outstanding principal), reference rate or benchmark index, interest rate spread, interest rate applied, arrears in payment, insolvency status, and additionally for loans with mortgage security, mortgage security, address of the mortgaged property or properties and appraisal value. Loans in respect of which errors are detected in verifying the sample shall not be assigned to the Fund by BANCAJA.

The audit results shall be set out in a report prepared by Ernst & Young, which is one of the documents on display as determined in section 10 of the Registration Document.

2.2.1 Legal jurisdiction by which the pool of assets is governed.

The securitised assets are governed by Spanish Law.

2.2.2 Description of the general characteristics of the obligors and the economic environment, as well as global statistical data referred to the securitised assets.

a) Information as to number and distribution of the obligors of the selected loans.

The following table gives the concentration of the ten obligors weighing most in the portfolio of selected loans as of August 31, 2006.

Loan portfolio as of 31.08.2006				
Classification by Obligor				
	Loans		Outstanding principal	
		%	(EUR)	%
Obligor 1	4	0.12590	9,110,248.99	0.713865
Obligor 2	2	0.06295	8,343,339.95	0.653771
Obligor 3	3	0.09443	8,048,883.26	0.630698
Obligor 4	3	0.09443	7,697,592.16	0.603171
Obligor 5	2	0.06295	6,768,460.53	0.530366
Obligor 6	3	0.09443	6,057,900.00	0.474688
Obligor 7	3	0.09443	5,945,000.00	0.465841
Obligor 8	2	0.06295	5,861,000.00	0.459259
Obligor 9	2	0.06295	5,540,000.00	0.434106
Obligor 10	2	0.06295	5,242,526.70	0.410796
Rest: 2.617 Obligor	3,151	99.18162	1,207,571,923.48	94.62344
Total 2.627 obligors	3,177	100.00	1,276,186,875.07	100.00

The outstanding principal of each obligor is the result of the sum of the outstanding principal of each of the selected loans granted to the obligor proper.

b) Information on the obligors' economic activity by economic activity sectors in accordance with the Spanish Business Activity Code (CNAE).

The following table shows the distribution of the selected loans based on the corporate obligors' CNAE activity.

Loan portfolio as of 31.08.2006					
Classification by economic activity sectors					
CNAE		Loans %		Outstanding principal (EUR) %	
CA	Extracting energy products	34	1.07	10,711,169.64	0.84
CB	Extracting other minerals except Energy Products.	33	1.04	6,673,765.21	0.52
DA	Food products, drinks and tobacco industry.	63	1.98	12,017,133.85	0.94
DB	Textile and textile manufacture industry.	28	0.88	12,878,080.21	1.01
DC	Leather and footwear industry.	9	0.28	1,214,857.64	0.10
DD	Wood and cork industry.	36	1.13	4,625,787.31	0.36
DE	Paper industry; publishing, graphic arts and reproduction of recorded media.	44	1.38	12,846,143.21	1.01
DG	Chemical industry.	11	0.35	3,484,828.55	0.27
DH	Manufacture of rubber products and plastic materials industry.	33	1.04	7,490,236.90	0.59
DI	Other non-metallic mineral products industries.	89	2.80	31,265,678.51	2.45
DJ	Metallurgy and Manufacture of Metallic Products.	33	1.04	6,827,410.42	0.53
DK	Building of machinery and mechanical equipment industry.	20	0.63	5,550,089.04	0.43
DL	Electrical, Electronic and Optical Material and Equipment Industry.	14	0.44	4,586,047.74	0.36
DM	Manufacture of Transport Material.	3	0.09	922,205.83	0.07
DN	Other manufacturing industries.	56	1.76	8,408,793.16	0.66
EE	Production and distribution of electric power, gas and water.	7	0.22	3,698,204.13	0.29
FF	Building.	399	12.56	155,313,076.44	12.17
GG	Retail trade; repair of motor vehicles, motorcycles and mopeds and personal and household items.	335	10.54	66,089,976.96	5.18
HH	Catering trade.	189	5.95	50,331,734.31	3.94
II	Transport, Storage and Communications.	137	4.31	24,064,486.42	1.89
JJ	Financial Intermediation.	15	0.47	8,303,281.47	0.65
KK	Real Estate and Rental Activities; Business Services.	1,402	44.13	786,321,141.16	61.61
MM	Education.	29	0.91	6,756,880.55	0.53
NN	Health and Veterinary Activities, Social Services.	52	1.64	27,009,374.08	2.12
OO	Other social activities and services provided to the Community; Personal Services.	106	3.34	18,796,492.33	1.47
Total		3,177	100.00	1,276,186,875.07	100.00

c) Information regarding selected loan collaterals.

The following table gives the distribution of the selected loans having regard to their collaterals.

Loan portfolio as of 31.08.2006 Classification by type of security				
	Loans		Outstanding Principal	
		%	(EUR)	%
Loans with real estate mortgage security *	1,084	34.12	976,962,725.41	76.55
Loans with third-party personal guarantee	1,590	50.05	188,574,300.63	14.78
Loans with security interests (cash pledges) **	98	3.08	13,054,759.64	1.02
Loans without special security	405	12.75	97,595,089.39	7.65
Total	3,177	100.00	1,276,186,875.07	100.00

* May in addition include third-party personal bonds, as the case may be, and/or security interests (cash pledges)

** May in addition include third-party personal bonds, as the case may be

d) Information regarding selected loan origination date.

The following table shows the distribution of the selected loans according to the origination date by six-monthly intervals, and the average, minimum and maximum age.

Loan portfolio as of 31.08.2006 Classification by loan origination date				
Date interval	Loans		Outstanding principal	
		%	(EUR)	%
01/01/2001 to 30/06/2001	5	0.16	4,670,194.01	0.37
01/07/2001 to 31/12/2001	4	0.13	8,561,706.89	0.67
01/01/2002 to 30/06/2002	17	0.54	8,282,830.22	0.65
01/07/2002 to 31/12/2002	16	0.50	4,794,858.30	0.38
01/01/2003 to 30/06/2003	54	1.70	6,560,448.85	0.51
01/07/2003 to 31/12/2003	86	2.71	15,309,480.48	1.20
01/01/2004 to 30/06/2004	162	5.10	35,405,992.23	2.77
01/07/2004 to 31/12/2004	209	6.58	47,233,515.96	3.70
01/01/2005 to 30/06/2005	478	15.05	225,259,216.36	17.65
01/07/2005 to 31/12/2005	1,121	35.28	459,008,967.07	35.97
01/01/2006 to 30/06/2006	1,025	32.26	461,099,664.70	36.13
Total	3,177	100.00	1,276,186,875.07	100.00
	12.16	Months	Weighted average age	
	65.10	Months	Maximum age	
	4.11	Months	Minimum age	

e) Information regarding selected loan principal.

The following table gives the distribution of the outstanding loan principal as at August 31, 2006 in EUR 100,000 intervals, and the average, minimum and maximum amount. No details are given of intervals with no contents.

Loan portfolio as of 31.08.2006 Classification by outstanding principal				
Principal interval (EUR)	Loans		Outstanding principal	
	No.	%	(EUR)	%
0.00 - 99,999.99	1,689	53.16	57,590,533.59	4.51
100,000.00 - 199,999.99	323	10.17	47,079,085.05	3.69
200,000.00 - 299,999.99	194	6.11	47,637,829.67	3.73
300,000.00 - 399,999.99	131	4.12	45,434,438.61	3.56
400,000.00 - 499,999.99	85	2.68	38,117,493.08	2.99

Loan portfolio as of 31.08.2006				
Classification by outstanding principal				
Principal interval (EUR)	Loans		Outstanding principal	
	No.	%	(EUR)	%
500,000.00 - 599,999.99	87	2.74	47,711,889.37	3.74
600,000.00 - 699,999.99	56	1.76	35,691,303.88	2.80
700,000.00 - 799,999.99	62	1.95	46,278,471.98	3.63
800,000.00 - 899,999.99	42	1.32	35,617,449.58	2.79
900,000.00 - 999,999.99	39	1.23	36,852,280.48	2.89
1,000,000.00 - 1,099,999.99	54	1.70	56,412,270.43	4.42
1,100,000.00 - 1,199,999.99	43	1.35	49,150,682.46	3.85
1,200,000.00 - 1,299,999.99	52	1.64	64,030,963.73	5.02
1,300,000.00 - 1,399,999.99	40	1.26	53,776,701.71	4.21
1,400,000.00 - 1,499,999.99	28	0.88	40,531,686.64	3.18
1,500,000.00 - 1,599,999.99	34	1.07	51,933,029.15	4.07
1,600,000.00 - 1,699,999.99	28	0.88	46,004,296.84	3.60
1,700,000.00 - 1,799,999.99	20	0.63	34,835,689.11	2.73
1,800,000.00 - 1,899,999.99	19	0.60	35,056,084.22	2.75
1,900,000.00 - 1,999,999.99	17	0.54	32,880,506.59	2.58
2,000,000.00 - 2,099,999.99	16	0.50	32,381,882.04	2.54
2,100,000.00 - 2,199,999.99	14	0.44	30,163,793.48	2.36
2,200,000.00 - 2,299,999.99	15	0.47	33,414,042.68	2.62
2,300,000.00 - 2,399,999.99	17	0.54	39,666,152.55	3.11
2,400,000.00 - 2,499,999.99	10	0.31	24,356,214.26	1.91
2,500,000.00 - 2,599,999.99	1	0.03	2,500,000.00	0.20
2,600,000.00 - 2,699,999.99	8	0.25	21,087,983.01	1.65
2,700,000.00 - 2,799,999.99	4	0.13	10,901,153.31	0.85
2,800,000.00 - 2,899,999.99	5	0.16	14,281,243.43	1.12
2,900,000.00 - 2,999,999.99	2	0.06	5,931,302.57	0.46
3,000,000.00 - 3,099,999.99	8	0.25	24,096,980.11	1.89
3,100,000.00 - 3,199,999.99	4	0.13	13,036,849.06	1.02
3,200,000.00 - 3,299,999.99	3	0.09	10,122,685.71	0.79
3,300,000.00 - 3,399,999.99	2	0.06	6,890,720.28	0.54
3,400,000.00 - 3,499,999.99	2	0.06	7,109,502.48	0.56
3,500,000.00 - 3,599,999.99	4	0.13	14,543,518.19	1.14
3,600,000.00 - 3,699,999.99	2	0.06	7,476,749.69	0.59
3,700,000.00 - 3,799,999.99	4	0.13	15,334,652.19	1.20
3,800,000.00 - 3,899,999.99	2	0.06	8,282,084.94	0.65
4,100,000.00 - 4,199,999.99	1	0.03	4,308,469.12	0.34
4,200,000.00 - 4,299,999.99	2	0.06	9,068,000.00	0.71
4,300,000.00 - 4,399,999.99	2	0.06	9,261,000.00	0.73
4,500,000.00 - 4,599,999.99	1	0.03	4,773,837.47	0.37
4,600,000.00 - 4,699,999.99	2	0.06	9,675,372.33	0.76
4,800,000.00 - 4,899,999.99	1	0.03	4,900,000.00	0.38
4,900,000.00 - 4,999,999.99	2	0.06	10,000,000.00	0.78
Total	3,177	100.00	1,276,186,875.07	100.00
Average principal:			401,695.59	
Minimum principal:			1,635.88	
Maximum principal:			5,000,000.00	

f) Information regarding the nature of the reference rate and benchmark indices applicable for determining the floating interest rates applicable to the selected loans.

The selected loans are floating-rate loans. The following table gives the distribution of the loans according to benchmark indices applicable to the loans for determining the nominal interest rate.

Loan portfolio as of 31.08.2006				
Classification by Interest rate benchmark index				
Benchmark Index	Loans		Outstanding principal	
		%	(EUR)	%
12-MONTH EURIBOR	2,597	81.74	866,076,186.32	67.86
3-MONTH EURIBOR	580	18.26	410,110,688.75	32.14
Total	3,177	100.00	1,276,186,875.07	100.00

g) Information regarding selected loan reference rate reset period.

The following table gives the distribution of the selected loans based on their loan reference rate reset period.

Loan portfolio as of 31.08.2006				
Classification by reference rate reset period				
Interest rate reset period	Loans		Outstanding principal	
		%	(EUR)	%
YEARLY	2,211	69.59	666,092,963.97	52.19
SIX-MONTHLY	328	10.32	124,836,558.57	9.78
QUARTERLY	638	20.08	485,257,352.53	38.02
Total	3,177	100.00	1,276,186,875.07	100.00

h) Information regarding applicable nominal interest rates: selected loan maximum, minimum and average rates.

The following table gives the distribution of the selected loans by 0.50% nominal interest rate intervals applicable as at August 31, 2006, and their average, minimum and maximum values.

Loan portfolio as of 31.08.2006					
Classification by applicable nominal interest rate					
Interest Rate % Interval	Loans		Outstanding principal		% Interest Rate*
		%	(EUR)	%	
2.50 - 2.99	75	2.36	43,515,106.90	3.41	2.86
3.00 - 3.49	237	7.46	193,162,450.49	15.14	3.30
3.50 - 3.99	719	22.63	568,516,333.06	44.55	3.76
4.00 - 4.49	619	19.48	349,069,143.56	27.35	4.17
4.50 - 4.99	366	11.52	73,462,660.40	5.76	4.66
5.00 - 5.49	435	13.69	26,466,523.80	2.07	5.20
5.50 - 5.99	422	13.28	13,667,128.44	1.07	5.71
6.00 - 6.49	226	7.11	6,136,567.88	0.48	6.19
6.50 - 6.99	60	1.89	1,813,941.27	0.14	6.69
7.00 - 7.49	12	0.38	278,439.68	0.02	7.10
7.50 - 7.99	5	0.16	84,235.75	0.01	7.78
8.50 - 8.99	1	0.03	14,343.84	0.00	8.61
Total	3,177	100.00	1,276,186,875.07	100.00	
Weighted average:					3.89 %
Simple average:					4.61 %
Minimum:					2.60 %
Maximum:					8.61 %

*Average nominal interest rate of the interval weighted by the outstanding principal.

i) Information regarding minimum nominal interest rates applicable to the selected loans.

None of the selected loans have had a minimum nominal interest rate floor set for applicable nominal interest rate variability.

j) Information regarding the maximum nominal interest rates applicable to the selected loans.

None of the selected loans have had a maximum nominal interest rate ceiling set for applicable nominal interest rate variability.

k) Information regarding final maturity date of the selected loans.

The following table gives the distribution of the selected loans according to final maturity date by annual intervals, and the weighted average residual life and the first and last final maturity dates.

Loan portfolio as of 31.08.2006						
Classification by final repayment date						
Final Repayment Year	Loans		Outstanding principal		Residual Life*	
		%	(EUR)	%	Months	Date
2007	389	12.24	259,586,680.17	20.34	10.78	25/07/2007
2008	536	16.87	241,039,278.74	18.89	21.82	25/06/2008
2009	482	15.17	157,376,172.10	12.33	31.12	4/04/2009
2010	524	16.49	48,329,159.42	3.79	47.42	13/08/2010
2011	374	11.77	57,276,121.69	4.49	56.86	28/05/2011
2012	177	5.57	30,204,745.84	2.37	71.77	24/08/2012
2013	111	3.49	23,487,064.98	1.84	79.45	14/04/2013
2014	20	0.63	10,913,907.95	0.86	92.74	24/05/2014
2015	45	1.42	37,248,307.88	2.92	107.31	10/08/2015
2016	35	1.10	27,686,132.26	2.17	116.08	3/05/2016
2017	17	0.54	22,244,607.22	1.74	129.50	16/06/2017
2018	27	0.85	41,924,065.05	3.29	142.11	4/07/2018
2019	29	0.91	20,431,419.19	1.60	154.96	31/07/2019
2020	123	3.87	113,987,911.27	8.93	167.35	11/08/2020
2021	74	2.33	62,191,424.27	4.87	174.19	7/03/2021
2022	11	0.35	8,628,638.74	0.68	187.82	26/04/2022
2023	7	0.22	5,685,643.29	0.45	205.88	27/10/2023
2024	15	0.47	8,111,338.45	0.64	211.51	16/04/2024
2025	66	2.08	40,357,242.23	3.16	225.92	29/06/2025
2026	38	1.20	29,166,484.88	2.29	235.31	10/04/2026
2027	9	0.28	5,259,840.76	0.41	248.79	26/05/2027
2028	9	0.28	6,397,322.11	0.50	261.79	24/06/2028
2029	3	0.09	996,160.78	0.08	272.72	23/05/2029
2030	10	0.31	2,642,103.86	0.21	284.57	18/05/2030
2031	2	0.06	1,756,449.44	0.14	294.46	16/03/2031
2032	1	0.03	192,000.00	0.02	307.91	28/04/2032
2034	1	0.03	1,082,369.85	0.08	332.48	16/05/2034
2035	42	1.32	11,984,282.65	0.94	349.49	16/10/2035
Total	3,177	100.00	1,276,186,875.07	100.00		
Weighted average:					80.16	6/05/2013
Simple average:					65.51	15/02/2012
Minimum:					4.07	02/01/2007
Maximum:					351.97	30/12/2035
* Residual life to final maturity date (months and date) stands for averages weighted by the outstanding principal of loans with final maturity in the relevant year.						

l) Information regarding geographical distribution by Autonomous Communities.

The following table gives loan distribution by Autonomous Communities according to the location of the corporate obligors' place of business.

Loan portfolio as of 31.08.2006				
Classification by Autonomous Communities				
	Loans		Outstanding principal	
		%	(EUR)	%
Andalusia	128	4.03	100,610,654.25	7.88
Aragón	40	1.26	25,489,065.56	2.00
Asturies	5	0.16	7,490,068.88	0.59
Balearic Isles	95	2.99	39,725,815.80	3.11
Canary Islands	51	1.61	14,168,978.64	1.11
Cantabria	4	0.13	4,239,072.06	0.33
Catalonia	289	9.10	115,858,847.96	9.08
Basque Country	22	0.69	5,622,489.49	0.44
Extremadura	5	0.16	3,982,727.77	0.31
Galicia	44	1.38	10,001,332.11	0.78
Castile-León	43	1.35	16,861,908.14	1.32
Madrid	271	8.53	214,589,482.03	16.81
Castile La Mancha	98	3.08	32,117,370.10	2.52
Murcia	32	1.01	25,155,640.24	1.97
Navarre	9	0.28	10,874,104.45	0.85
La Rioja	5	0.16	391,858.48	0.03
Valencian Community	2,036	64.09	649,007,459.11	50.86
Total	3,177	100.00	1,276,186,875.07	100.00

m) Information regarding delays, if any, in collecting selected loan interest or principal instalments and amount, if any, of the current principal of loans delayed in excess of 30, 60 and 90 days.

The following table gives the number of loans, the outstanding principal and the overdue principal on selected loans in regard to which there was any delay in payment of amounts due as at August 31, 2006.

Arrears in payment of instalments due as of 31.08.2006				
Day Interval	Loans	Outstanding Principal	Overdue Principal	
				% o/ Total Outstanding Principal
1 to 15 days	125	33,494,042.39	136,003.46	0.0107
16 to 30 days	62	12,963,095.31	82,972.98	0.0065
31 to 60 days	47	9,493,581.03	135,635.00	0.0106
61 to 90 days	14	1,848,119.61	60,017.52	0.0047
Total	222	64,314,080.75	414,628.96	0.0325

In accordance with BANCAJA's representation in section 2.2.8.2.(25) of the Building Block, none of the Loans that will finally be assigned to the Fund upon being established shall have any payments more than one (1) month overdue on their assignment date.

n) Loan to value ratio or level of collateralisation.

The selected loans with real estate mortgage security as of August 31, 2006 are 1,084 and their outstanding principal amounts to EUR 976,962,725.41, and the mortgages are all registered as senior mortgages or, as the case may be, as junior mortgages although BANCAJA has documents supporting cancellation of the debts originated by previous mortgages, which are however yet to be struck off the register.

The ratio, expressed as a percentage, of the initial outstanding principal as of August 31, 2006 to the appraisal value of the mortgaged properties of the selected mortgage loans was comprised between 6.59% and 99.87%, and the average ratio weighted by the outstanding principal of each mortgage loan is 63.75%.

The following table gives the distribution of the mortgage loans by 5.00% intervals of that ratio.

Mortgage loan portfolio as of 31.08.2006					
Classification by loan to value ratio					
Ratio Intervals	Loans		Outstanding principal		(%) Loan to Value*
		%	(EUR)	%	
5.01 - 10.00	3	0.28	2,728,036.64	0.28	8.23
10.01 - 15.00	5	0.46	3,707,652.59	0.38	13.49
15.01 - 20.00	7	0.65	4,395,238.39	0.45	16.65
20.01 - 25.00	3	0.28	3,911,994.20	0.40	21.24
25.01 - 30.00	10	0.92	11,584,300.44	1.19	28.20
30.01 - 35.00	20	1.85	20,371,667.04	2.09	32.43
35.01 - 40.00	23	2.12	28,694,305.33	2.94	37.56
40.01 - 45.00	29	2.68	29,731,078.34	3.04	42.41
45.01 - 50.00	35	3.23	35,463,655.45	3.63	48.17
50.01 - 55.00	71	6.55	54,154,011.42	5.54	52.95
55.01 - 60.00	93	8.58	84,370,418.32	8.64	57.96
60.01 - 65.00	102	9.41	78,662,204.52	8.05	63.02
65.01 - 70.00	432	39.85	420,810,458.19	43.07	69.01
70.01 - 75.00	103	9.50	79,342,898.69	8.12	71.38
75.01 - 80.00	121	11.16	89,875,440.56	9.20	77.73
80.01 - 85.00	6	0.55	8,707,823.24	0.89	81.56
85.01 - 90.00	9	0.83	8,268,988.11	0.85	87.67
90.01 - 95.00	3	0.28	2,538,609.88	0.26	92.59
95.01 - 100.00	9	0.83	9,643,944.06	0.99	97.85
Total	1,084	100.00	976,962,725.41	100.00	
Weighted Average:					63.75 %
Simple Average:					64.13 %
Minimum:					6.59 %
Maximum:					99.87 %

*Loan to Value Ratio are averages weighted by the initial principal.

There is no overcollateralisation in the Fund since the total Loan principal or capital that BANCAJA shall assign to the Fund upon being set up shall be equal to or slightly above EUR one billion one hundred and fifty million (1,150,000,000.00), the face value amount of Series A1, A2, A3, B and C Bonds.

2.2.3 Legal nature of the pool of assets to be securitised.

The Loans may be classified based on their collaterals into:

- (i) Loans with real estate mortgage security and with additional security, if any, as specified in section (ii) below, originated in a public deed (the Mortgage Loans).

The Mortgage Loans shall be assigned to the Fund upon BANCAJA issuing and the Fund subscribing for Pass-Through Certificates subject to the provisions of Act 2/1981, implemented by Royal Decree 685/1982, March 17, and additional provision five of Act 3/1994 as worded by article 18 of Act 44/2002, on the terms provided for in section 3.3 of the Building Block.

- (ii) Loans with no special guarantee, secured by cash pledges and/or with third-party personal guarantees, originated in a public document (certified loan document), which are enforceable (Civil Procedure Act article 517) (the Non-Mortgage Loans).

The Non-Mortgage Loans shall be directly assigned to the Fund upon the sale by BANCAJA and acquisition by the Fund of the credit rights derived from the same under the Deed of Constitution, on the terms provided for in section 3.3 of the Building Block.

2.2.4 Expiry or maturity date(s) of the assets.

The selected loans each have a final maturity date without prejudice to periodic partial repayment instalments, on the specific terms applicable to each of them.

Obligors may at any time during the life of the loans prepay all or part of the outstanding capital, in which case the accrual of interest on the part prepaid will cease as of the date on which repayment occurs.

Final maturity date of the selected loans lies between January 2, 2007 and December 30, 2035, as specified in section 2.2.2.k) of this Building Block.

2.2.5 Amount of the assets.

The Fund shall be set up with the Loans which BANCAJA shall assign to the Fund upon being established and their total principal or capital shall be equal to or slightly above EUR one billion one hundred and fifty million (1,150,000,000.00), the face value amount of Series A1, A2, A3, B and C Bonds.

The portfolio of selected loans from which the Loans to be assigned to the Fund upon being established will be taken comprises 3,177 loans, the outstanding principal of which as of August 31, 2006 amounted to EUR 1,276,186,875.07 and the overdue principal amounted to EUR 414,628.96.

In order to be assigned to the Fund upon being established, BANCAJA shall choose the selected loans with an aggregate outstanding principal amount for each obligor from lowest to highest up to a total principal or capital equal to or slightly above EUR one billion one hundred and fifty million (1,150,000,000.00).

2.2.6 Loan to value ratio or level of collateralisation.

The loan to value ratio or level of collateralisation ratio is given in section 2.2.2.n).

2.2.7 Method of creation of the assets.

The loans selected for assignment to the Fund have been granted by BANCAJA following its usual credit risk analysis and assessment procedures for lending to small and medium-sized enterprises. The procedures currently in place at BANCAJA are described below:

1. SME lending model used

BANCAJA's model is based on a modular design mainly intended to objectify insofar as possible the different sides there are to a business, and to include elements which, being intangible, cannot be objectively parametrised. The following aspects are contemplated by BANCAJA: (i) SME economic and financial position, (ii) commercial structure, (iii) production structure, (iv) organisational structure, (v) credit history (alert signs) and (vi) subjectivisation, should it be necessary to consider any factor not measured with the preceding.

Conceptually, the model fits into what could be termed an expert analysis system in which the different aspects of a firm to be globally valued are first determined and then individually dissected by studying and quantifying what BANCAJA believes are their most representative parameters, assigning each one a first assessment. Next, after being objectively quantified, an "evolutionary" rate is applied based on the changes of the various magnitudes over time, on the ground that it is often more representative to determine how a business is progressing than the absolute values proper that may be obtained at a given point in time.

BANCAJA's risk analysis takes into account the customer's global risk with BANCAJA. In so doing the concept of UER/Group is used, taking two or more enterprises/individuals to make up a Group, for risk

purposes, where common shareholders stand for more than 25% of the share capital or they have a common management (that is, when despite not having a direct interest, management is controlled). Based on a broader judgment, two or more individuals/enterprises will make up a single Group where they have common or cross collaterals and where downturn of one of them can affect the normal development of the other(s).

An enterprise can belong in more than one economic Group depending on the policies established by BANCAJA's risks department.

Economic groups are managed by means of an application integrated in TL4 (an IT tool for all daily operations), which moreover dumps summary information onto the CIN (Information Centre), and permits Groups to be composed and maintained, providing integrated information on Asset positions and CIRBE. The information at the Information Centre gives end-of-month details at time of generation of the information, providing both risk figures and a breakdown by group components, giving the Group's global position global as of that date for the different sinking periods.

2. Empowerment.

BANCAJA has structured a loan approval empowerment system based on BANCAJA's total risk with each "Economic Risk Unit" (UER). The branches specialising in Enterprises and Promoters in the Valencian Community Business Area do not look to the Business Unit when a transaction exceeds their risk approval authority, and the application is submitted directly to the Risks Department, where the credit risk is analysed for submission to the relevant Risks Committee. National Business Area branches have an intermediate step in which branches look to the relevant Business Unit, which will submit the application to the Risks Department.

Management Bodies <i>More than 3% of BANCAJA's equity</i>		
General <i>Up to 3% of BANCAJA's equity</i>	Manager	Risks Committee
Business Area <i>Up to €9,000,000</i>		
Business Unit <i>Up to €3,000,000</i>		
Branches		
External Network <i>Up to €1,800,000</i>	Traditional Network <i>Retail banking Up to €1,800,000</i>	<i>Specialised banking Up to €3,000,000</i>

Table: Simplified outline of empowerment at BANCAJA

Risks are approved at the various levels depending on the extent of authority, and that is done by means of the "APA" (asset product authorisation) application. The main object of this application is providing BANCAJA with efficient control and management tools enhancing asset management and providing an assurance that all risks booked were previously authorised at the appropriate level. In essence, the system sees to it that the need for there to be an authorisation is tied to the booking of asset products, and ensures that risk authorisations are issued by whoever has authority to do so.

For every application, the system creates a case file recording the details of the risk to be taken with a customer, automatically assigning a file number uniquely identifying the same. Upon completion of the transaction, an asset account is linked to the file and the system prevents the asset account opened from having risk characteristics or terms different from those approved.

The managers of each Business Area and the Risks Department manager are on the Management Risks Committee that meets weekly to review applications with an UER in excess of EUR 9 million. This Committee is authorised for approving loans with UER of up to 3% of BANCAJA's equity. For higher risks, the Committee draws up and submits a proposal to BANCAJA's management bodies.

2.2.8 Indication of representations and collaterals given to the issuer relating to the assets.

Representations of the Originator.

BANCAJA shall, as holder of the Loans until assigned to the Fund and as issuer of the Pass-Through Certificates, represent as follows to the Fund, the Management Company and to the other Underwriters and Placement Agents in the Deed of Constitution.

1. In relation to BANCAJA.

- (1) That it is a credit institution duly incorporated in accordance with the laws in force for the time being, entered in the Companies Register and the Bank of Spain's Register of Credit Institutions, and is authorised to grant loans to SMEs and operate in the mortgage market.
- (2) That neither at today's date nor at any time since it was incorporated has BANCAJA been decreed to be insolvent, bankrupt or in suspension of payments, nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.
- (3) That it has obtained all necessary authorisations, including those required of its corporate bodies and, as the case may be, third parties who may be affected by the assignment of the Loans, to assign the Loans to the Fund and issue the Pass-Through Certificates, to validly execute the Fund Deed of Constitution, the agreements relating to the establishment of the Fund and to fulfil the undertakings made.
- (4) That it has audited annual accounts for the last three years ended as of December 31, 2005, 2004 and 2003, with a favourable opinion and without any provisos by the auditors in those years, which have been filed with the CNMV and with the Companies Register.

2. In relation to the Loans.

- (1) That the Loans have all been duly originated in a public document, being either a public deed (always in the case of Mortgage Loans) or a loan agreement, and that BANCAJA keeps a first copy of the public deed or the valid loan agreement at the Management Company's disposal, as the case may be.
- (2) That in order to be assigned to the Fund upon being established, BANCAJA shall choose the selected loans with an aggregate outstanding principal amount for each obligor from lowest to highest up to a total principal or capital equal to or slightly above EUR one billion one hundred and fifty million (1,150,000,000.00).
- (3) That the Loans all exist and are valid and enforceable in accordance with the applicable laws, and all applicable statutory provisions have also been observed in originating the same.
- (4) That it holds legal and beneficial title to all the Loans, clear of any liens and claims, and there is no obstacle whatsoever for the Loans to be assigned. In this sense, the respective deed or agreement supporting the Loans contain no clauses preventing their assignment or requiring any authorisation or notice for such assignment to be made.
- (5) That the Loans are all denominated in euros and payable exclusively in euros.
- (6) That Obligors under the Loans are non-financial small and medium-sized enterprises (legal persons) (SMEs as defined in section 2.2 of the Building Block of the Prospectus) domiciled in Spain.
- (7) That it has strictly adhered to the policies for granting credit in force from time to time in granting all the Loans and in accepting, as the case may be, the subrogation of subsequent borrowers to the initial borrower's position, and in this connection the policies for granting credits and loans to enterprises currently in force are given in section 2.2.7 of the Building Block to the Prospectus.
- (8) That it is not aware of the existence of any lawsuits whatsoever in relation to the Loans that might be detrimental to their validity and enforceability.

- (9) That the Loans are clearly identified in the information system of BANCAJA as from being granted or subrogated to BANCAJA and have been and are being serviced, analysed and monitored by BANCAJA in accordance with the usual set procedures, and the Loan deeds and agreements are duly filed in the archives of the various branches and offices of BANCAJA appropriate therefor, at the disposal of the Management Company, for and on the Fund's behalf.
- (10) That upon the Fund being established, it has not come to BANCAJA's notice that any of the Loan Obligors has been decreed to be insolvent.
- (11) That upon the Fund being established, the sum of the Outstanding Balance of the Loans of a same Obligor is not in excess of 0.793% of the Outstanding Balance of the Loans.
- (12) That the Loan security arrangements, if any, are valid and enforceable in accordance with the applicable laws, and BANCAJA is not aware of the existence of any circumstance which might prevent the security arrangements from being enforced.
- (13) That upon the Fund being established, it is not aware of having received any notice whatsoever of total prepayment of the Loans.
- (14) That none of the Loans has a final maturity date extending beyond December 30, 2035.
- (15) That it is not aware that the Obligors may howsoever object to paying any amount relating to the Loans.
- (16) That upon the Fund being established, at least one interest payment has matured on each Loan.
- (17) That nobody has a pre-emptive right over the Fund, as holder of the Loans.
- (18) That both the grant of the Loans and their assignment to the Fund and all aspects related thereto are ordinary actions in the course of business of BANCAJA and are at arm's length.
- (19) That the data and information relating to the loans selected to be assigned to the Fund given in section 2.2.2 of the Building Block to the Prospectus, fairly present their status on the relevant date and are accurate, and include no information or omissions which might be misleading for investors.
- (20) That the capital or principal of all the Loans has been fully drawn down.
- (21) That based on its internal records, none of the Loans are in the nature of financing granted to real estate developers for building or renovating homes and/or business or industrial properties designed to be sold, or finance lease transactions.
- (22) That the Loans all stand as a valid and binding payment obligation for the relevant Obligor and are enforceable on their own terms.
- (23) That the Loan payment obligations are all satisfied by directly debiting an account opened at BANCAJA.
- (24) That none of the Loans have clauses allowing deferment of periodic interest payment and principal repayment, other than the principal payment exclusion there may be as of the date of origination of each Loan.
- (25) That on the Loan assignment date, none of the Loans has any payments that are more than one (1) month overdue.
- (26) That upon the Fund being established none of the Loans has any clauses establishing interest rate floors or ceilings capping the interest rate amount applicable to the Loan.

- (27) That no clause in the public documents originating the Loans has been amended as concerns the details and information regarding the terms of the selected loans provided by BANCAJA to the Management Company.

3. In relation to the Pass-Through Certificates and the Mortgage Loans.

- (1) That the particulars of the Mortgage Loans and the Pass-Through Certificates, represented in a multiple registered certificate, accurately reflect their current status and are true and complete.
- (2) That the Pass-Through Certificates are issued in accordance with the contents of additional provision five of Act 3/1994, as worded by article 18 of Act 44/2002, and other applicable laws.
- (3) That the Mortgage Loans are all secured with a senior real estate mortgage on the legal and beneficial ownership of each and every one of the mortgaged properties, or, as the case may be, with junior mortgages although BANCAJA has documents supporting cancellation of the debts originated by previous mortgages, which are however yet to be struck off the register.
- (4) That the Mortgage Loans are all originated in a public deed, and the mortgages are all duly established and entered in the relevant Land Registries. The entry of the mortgaged properties is in force and has not been howsoever objected to and is subject to no limitation whatsoever taking precedence over the mortgage, in accordance with the applicable laws.
- (5) That the Mortgage Loans do not have any of the characteristics of credits excluded or restricted by article 32 of Royal Decree 685/1982.
- (6) That the mortgages are established on properties wholly legally and beneficially owned by the respective mortgagor, and BANCAJA is not aware of the existence of litigation over the ownership of those properties which might detract from the mortgages.
- (7) That the mortgaged properties underlying the Mortgage Loans are not ineligible as assets excluded for standing as security under article 31.1.d) of Royal Decree 685/1982.
- (8) That all the mortgaged real properties (i) are located in Spain, (ii) have been appraised by duly qualified institutions approved by BANCAJA, evidence of which appraisal has been provided in the form of an appropriate certificate, and (iii) in the case of real properties relating to constructions in general, building work has been completed.
- (9) That the Mortgage Loans are not perfected in registered, negotiable or bearer securities, other than the Pass-Through Certificates hereby issued for subscription by the Fund.
- (10) That the Mortgage Loans are not earmarked for any issue whatsoever of mortgage bonds, mortgage certificates or pass-through certificates, other than the issue of the Pass-Through Certificates.
- (11) That it is not aware of any circumstance which might prevent foreclosure of the mortgage security.
- (12) That nobody has a preferred right over the Fund in and to the Mortgage Loans, as holder of the Pass-Through Certificates.
- (13) That the Pass-Through Certificates shall be issued for the same term remaining until maturity of and at the same interest rate as each of the underlying Mortgage Loans.

2.2.9 Substitution of the securitised assets.

Set rules for substituting Loans or Pass-Through Certificates or otherwise repayment to the Fund.

1. In the event of prepayment of the Loans upon the relevant Loan capital being prepaid, there will be no substitution of the Loans.

2. In the event that during the full term of the Loans it should be found that any of them fail to conform to the representations given in section 2.2.8 above upon the Fund being established, BANCAJA agrees, subject to the Management Company's consent, to proceed forthwith to remedy and, if that is not possible, substitute or, as the case may be, redeem the affected Loans not substituted, by automatically terminating the assignment of the affected Loans and, as the case may be, cancelling the relevant Pass-Through Certificate, subject to the following rules:

- (i) The party becoming acquainted with the existence of a latent defect, be it the Originator or the Management Company, shall advise the other party of that circumstance in writing. The Originator shall have a period of not more than fifteen (15) Business Days from said notice to remedy that circumstance if it may be so remedied or proceed to a substitution of the affected Loans, notifying the Management Company of the characteristics of the loans intended to be assigned to take their stead, which shall fulfil the representations given in section 2.2.8 above and be of the same kind as to residual term, interest rate and outstanding principal value as the affected Loans and also credit quality in terms of guarantees and, as the case may be, mortgage ranking and ratio of outstanding principal to the appraisal value of the mortgaged property or properties of the Mortgage Loans to be replaced, in order for the financial balance of the Fund not to be affected by such substitution, nor indeed the rating of the Bonds in connection with the provisions of section 7.5 of the Securities Note. Once the Management Company has checked the appropriateness of the substitute loan or loans, and after advising the Originator expressly of loans suitable for such substitution, such substitution shall be made by terminating the assignment of the affected Loans and, as the case may be, cancelling the relevant Pass-Through Certificate, and simultaneously assigning the new substitute loans and, as the case may be, issuing the new substitute pass-through certificates.

The substitution shall be recorded in a public deed subject to the same formalities established for the assignment of the Loans upon the Fund being established, in accordance with the specific characteristics of the new loans assigned. The Management Company shall provide the CNMV, the undertaking in charge of the Bond accounting record and the Rating Agencies with a copy of the public deed.

- (ii) In the event that there should be no substitution of the affected Loans in accordance with rule (i) above, the assignment of the affected Loans not substituted shall be terminated and, as the case may be, the relevant Pass-Through Certificate will be cancelled. That termination shall take place by a repayment in cash to the Fund by the Originator of the outstanding principal of the affected Loans not substituted, interest accrued and not paid, calculated until the repayment date, and any other amount owing to the Fund under those Loans.
- (iii) In the event of paragraphs (i) and (ii) above occurring, BANCAJA shall be vested in all the rights attaching to those Loans accruing from the date of substitution or repayment to the Fund or accrued and not due, and overdue amounts on that same date.
3. In particular, the amendment by the Servicer during the life of the Loans of their terms without regard to the limits established in the special laws applicable and, in particular, to the terms agreed between the Fund, represented by the Management Company, and the Originator in this Prospectus, in the Deed of Constitution and in the Servicing Agreement, which would therefore be an absolutely exceptional amendment, would constitute a unilateral breach by the Servicer of its duties which should not be borne by the Fund or by the Management Company.

Upon any such breach occurring, the Fund may, through the Management Company: (i) demand payment of the relevant damages and losses and (ii) request replacement or repayment of the affected Loans, in accordance with the procedure provided for in paragraph 2 above of this section, which shall not result in the Servicer guaranteeing that the transaction will be successfully completed, but only the requisite redress of the effects resulting from the breach of its duties, in accordance with article 1124 of the Civil Code.

The expenses originated by the actions to remedy the Originator's breach shall be borne by the Originator and cannot be charged to the Fund or the Management Company. The Management Company shall forthwith notify the CNMV of each and every replacement or redemption of Loans resulting from a breach by the Originator.

2.2.10 Relevant insurance policies relating to the assets.

The public deeds originating the Mortgage Loans provide that until and unless the same are fully repaid the Obligor shall be bound to have taken out damage insurance for a value equal to or above the value set in the appraisal made for granting the Mortgage Loan, and to pay the relevant premiums, assigning to BANCAJA the insured capital or other indemnities payable by the Insurer.

No details are included regarding concentration of the insurers because the current status of the insurance policies taken out by the corporate obligors and their data are not supported or updated in the Originator's computer records. Nevertheless, any possible concentration of insurers has not been considered significant for the transaction.

2.2.11 Information relating to the obligors where the securitised assets comprise obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more of the assets, or where an obligor accounts for a material portion of the assets.

Not applicable.

2.2.12 Details of the relationship, if it is material to the issue, between the issuer, guarantor and obligor.

There are no relationships between the Fund, the Originator, the Management Company and other parties involved in the transaction other than as set forth in sections 5.2 and 6.7 of the Registration Document and in section 3.2 of this Building Block.

2.2.13 Where the assets comprise fixed income securities, a description of the principal terms.

Not applicable.

2.2.14 Where the assets comprise equity securities, a description of the principal terms.

Not applicable.

2.2.15 If the assets comprise equity securities that are not traded on a regulated or equivalent market, where they represent more than ten (10) per cent of the securitised assets, a description of the principal terms.

Not applicable.

2.2.16 Valuation reports relating to the property and cash flow/income streams where a material portion of the assets are secured on real property.

The appraisal values of the properties securing the selected mortgage loans correspond to appraisals made by appraisers for the purpose of granting and arranging the selected mortgage loans.

2.3 Actively managed assets backing the issue.

Not applicable.

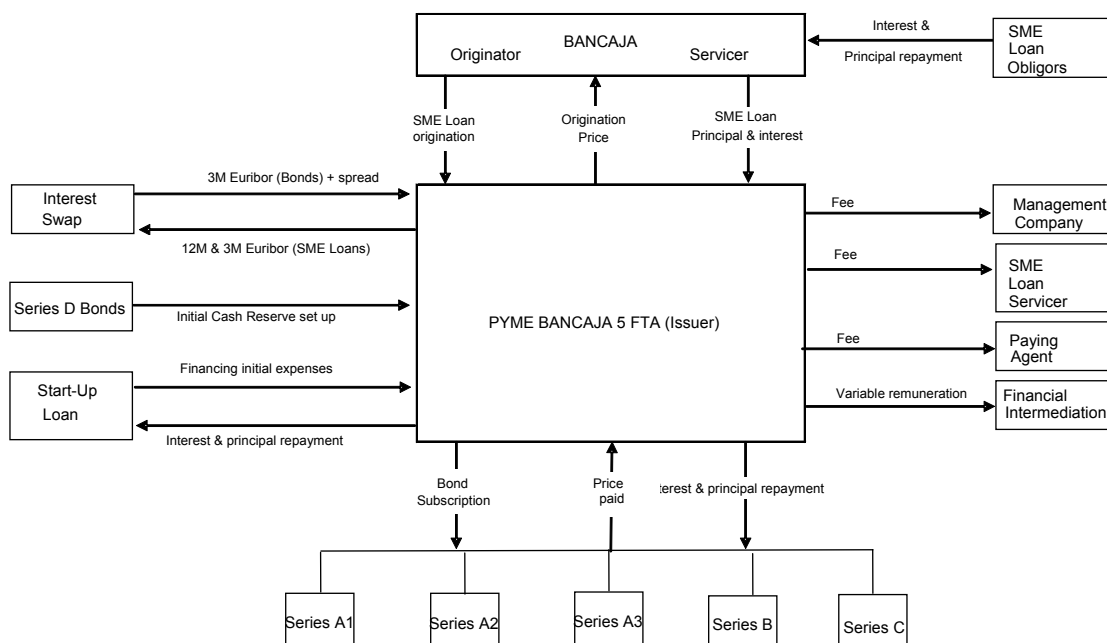
2.4 Where the issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.

Not applicable.

3. STRUCTURE AND CASH FLOW

3.1 Description of the structure of the transaction, including if necessary, a diagram.

Transaction structure diagram.



Initial balance sheet of the Fund.

The balance sheet of the Fund on the Closing Date will be as follows:

ASSETS		LIABILITIES	
Fixed Assets	1,151,650,000.00	Bond Issue	1,178,800,000.00
Loans	1,150,152,261.72	Series A1 Bonds	260,000,000.00
(adjustment excess to EUR 152,261.72)		Series A2 Bonds	185,000,000.00
		Series A3 Bonds	618,200,000.00
		Series B Bonds	62,700,000.00
		Series C Bonds	24,100,000.00
		Series D Bonds	28,800,000.00
Set-up, issue and admission expenses*	1,497,738.28	Other long-term liabilities	5,150,000.00
		Start-Up Loan	5,150,000.00
Current assets	to be determined	Short-term creditors	to be determined
Treasury Account*	32,300,000.00	Loan interest accrued **	To be determined
Accrued interest receivable**	To be determined		
Total assets	1,183,950,000.00	Total liabilities	1,183,950,000.00
MEMORANDUM ACCOUNTS			
Cash Reserve	28,800,000.00		
Interest Swap collections	0.00		
Interest Swap payments	0.00		

(Amounts in EUR)

* Assuming that all Fund set-up and Bond issue admission expenses are met on the Closing Date and that they amount to EUR 1,182,658.28 as detailed in section 6 of the Securities Note.

** As set forth in section 3.3.3 of this Building Block.

*** Assuming that the face amount of Series D and the Initial Cash Reserve shall be determined at €28,800,000.00, their amount being in any event comprised between €28,200,000.00 and €30,500,000.00 in accordance with sections 4.9.2.6 of the Securities Note and 3.4.2.2 of the Building Block.

3.2 Description of the entities participating in the issue and of the functions to be performed by them.

- (i) EUROPEA DE TITULIZACIÓN is the Management Company that will establish, manage and legally represent the Fund and takes responsibility for the contents of the Prospectus.
- (ii) BANCAJA is the originator of the Loans to be assigned to the Fund upon being established, shall be a Lead Manager and Series A1, A2, A3, B and C Bond Underwriter and Placement Agent, shall fully subscribe for Series D Bonds, has structured the financial terms of the Fund and the Bond Issue and shall be counterparty to the Fund in the Guaranteed Interest Rate Account (Treasury Account), Start-Up Loan, Loan Servicing, Financial Intermediation and Bond Paying Agent Agreements.
- (iii) BANCAJA, IXIS CIB, JPMORGAN and LEHMAN BROTHERS shall be Lead Managers and Series A1, A2, A3, B and C Bond Underwriters and Placement Agents and shall be the Bond subscription book runners.
- (iv) BANCO PASTOR and DZ BANK AG shall be Series A1, A2, A3, B and C Bond Underwriters and Placement Agents.
- (v) JPMORGAN CHASE shall be the Fund's counterparty in the Interest Swap Agreements.
- (vi) GARRIGUES, as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.
- (vii) Ernst & Young have audited the selected loans of BANCAJA.
- (viii) Fitch and Moody's are the Rating Agencies that have assigned the rating to each Bond Issue Series.

The description of the institutions referred to in the preceding paragraphs is given in section 5.2 of the Registration Document.

The Management Company represents that the summary descriptions of those agreements, given in the relevant sections, include the most substantial and relevant information on each agreement, duly reflect their contents and that no information has been omitted which might affect the contents of the Prospectus.

3.3 Description of the method and date of the sale, transfer, novation or assignment of the assets or of any rights and/or obligations in the assets to the issuer.

3.3.1 Perfecting the assignment of the Loans to the Fund.

The Management Company, for and on behalf of the Fund, and BANCAJA as Originator, shall in the Deed of Constitution perfect the agreement assigning the Loans to the Fund, effective from that same date, as follows:

- (i) The assignment of the Mortgage Loans shall be perfected by means of the issue by BANCAJA of and the subscription by the Fund for pass-through certificates (the "**Pass-Through Certificates**") as established by Act 2/1981 and by additional provision five of Act 3/1994, as worded by article 18 of Financial System Reform Measures Act 44/2002, November 22 ("**Act 44/2002**").

The Pass-Through Certificates shall be represented by means of a multiple registered certificate which shall contain the minimum data provided for pass-through certificates in article 64 of Royal Decree 685/1982, March 17, implementing certain aspects of Mortgage Market Regulation Act 2/1981 ("**Royal Decree 685/1982**"), and specifically the registration particulars of the mortgaged properties securing the Mortgage Loans.

The Pass-Through Certificates may be transferred by a written statement on the very certificate and, in general, by any of the means admitted by Law. The transfer of the Pass-Through Certificate and the new holder's address shall be notified by the transferee to the issuer. They may only be acquired or held by institutional investors, and may not be acquired by the unspecialised public.

Both in the event that any Pass-Through Certificate should be substituted, as prescribed in section 2.2.9.2 of this Building Block, and in the event that the Management Company, acting for and on behalf of the Fund, should proceed to foreclose a Mortgage Loan, as prescribed in section 3.7.2.1.7 of this Building Block, and moreover if there should be an Early Liquidation of the Fund, in the events and on the terms of section 4.4.3 of the Registration Document, and said Pass-Through Certificates have to be sold, BANCAJA agrees to split, as the case may be, any multiple certificate into such individual or multiple certificates as may be necessary, or to substitute or exchange the same for the above purposes.

The multiple certificate representing the Pass-Through Certificates and the multiple or individual certificates, if any, into which the same is split shall be deposited at BANCAJA, and relations between the Fund and BANCAJA shall be governed by the Loan Servicing and Pass-Through Certificate Custody Agreement to be entered into between BANCAJA and the Management Company for and on behalf of the Fund. That deposit shall be made for the benefit of the Fund and therefore BANCAJA shall custody the certificates representing the Pass-Through Certificates deposited, on the Management Company's instructions.

BANCAJA, as the issuer, shall keep a special book in which it shall enter the Pass-Through Certificates issued and the changes of address notified by the Pass-Through Certificate holders, also including therein (i) Mortgage Loan origination and maturity dates, amount and settlement method; and (ii) the registration particulars of the mortgages securing the Mortgage Loans.

Given that the Fund is an institutional investor and that the Fund has subscribed for the Pass-Through Certificates, for the purposes of paragraph two of article 64.1.6 of Royal Decree 685/1982, the issue of the Pass-Through Certificates shall not be subject to a marginal note on each entry of the mortgage underlying each of the Mortgage Loans in the Land Registry.

- (ii) The Non-Mortgage Loans shall be assigned directly without any underlying security being issued by means of the sale by BANCAJA and acquisition by the Fund of the credit rights derived from the same.

The assignment by BANCAJA to the Fund of the Loans shall not be notified to either Obligors or third-party guarantors. In Loans with security interests other than a mortgage (pledge of deposits at BANCAJA in all cases), BANCAJA, as deposit take, shall accept notice in the Deed of Constitution.

However, in the event of insolvency, or indications thereof, of administration by the Bank of Spain, of liquidation or of substitution of the Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors, if any), of the transfer to the Fund of the outstanding Loans, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors and third-party guarantors, if any, within five (5) Business Days of receiving the request and in the event of the Servicer becoming insolvent, the Management Company itself shall directly or, as the case may be, through a new Servicer it shall have designated, notify Obligors and third-party guarantors, if any.

Similarly and in the same events, the Management Company may request the Servicer to do such things and satisfy such formalities as may be necessary, including third-party notices and entries in the relevant accounting records, in order to guarantee maximum enforceability of the assignment of the Loans and collaterals with respect to third parties, all on the terms given in section 3.7.2.1.7 of this Building Block.

3.3.2 Loan assignment terms.

1. The Loans will be fully and unconditionally assigned for the entire term remaining from the date on which the Fund is established, until maturity of each Loan.

In accordance with article 348 of the Commercial Code and 1529 of the Civil Code, the Originator will be liable to the Fund for the existence and lawfulness of the Loans on the terms and conditions

declared in the Deed of Constitution and in this Prospectus, and for the personality with which the assignment is made, but shall not be liable for the solvency of the Obligors.

The Originator shall not bear the risk of default on the Loans and shall therefore have no liability whatsoever for default by the Obligors of principal, interest or any other amount whatsoever they may owe under the Loans, and shall not be answerable either for the enforceability of the securities collateral thereto. It will not be howsoever liable either to directly or indirectly guarantee that the transaction will be properly performed, nor give any guarantees or security, nor indeed agree to repurchase or substitute the Loans, saving as provided for in section 2.2.9 of this Building Block.

2. The assignment of each Loan shall be made for all the outstanding principal pending repayment on the assignment date, which shall be the date of establishment of the Fund, and for all ordinary interest on each Loan assigned.
3. The Fund shall have rights in and to the Loans from the date on which they are assigned and the Fund is established. Specifically, without limitation and for illustrative purposes only, the assignment shall confer on the Fund the following rights in relation to each Loan:
 - a) To receive all Loan capital or principal repayment amounts accrued.
 - b) To receive all Loan principal ordinary interest amounts accrued. Ordinary interest will also include interest accrued and not due on each Loan from the last interest settlement date, on or before the assignment date, and overdue interest on that same date.
 - c) To receive all late-payment interest amounts on the Loans.
 - d) To receive any other amounts, assets or rights received as payment of Loan principal, interest or expenses, either in the form of the auction sale price or amount determined by a court decision or notarial procedure in enforcing the mortgage or non-mortgage securities, on the sale or utilisation of properties or assets awarded or, upon foreclosing, in the administration or interim possession of the properties or assets in foreclosure proceedings.
 - e) To receive all possible rights or compensations on the Loans accruing for the Originator and derived therefrom, including those derived from the insurance contracts, if any, attached to the Mortgage Loans which are also assigned to the Fund, and those derived from any right collateral to the Loans, excluding the fees established for each Loan, which shall remain to the benefit of the Originator.
4. In the event of prepayment of the Loans upon a full or partial repayment of the principal, there will be no direct substitution of the affected Loans.
5. The rights of the Fund resulting from the Loans shall be linked to the payments made by the Obligors and are therefore directly affected by the evolution, late payments, prepayments or any other incident in connection therewith.
6. The Fund shall defray any and all expenses or costs resulting for the Originator derived from recovery actions in the event of a breach by the Obligors of their obligations, including enforcement proceedings against the same.
7. In the event of renegotiation consented to by the Management Company, for and on behalf of the Fund, of the Loans, or their due dates, the change in the terms shall affect the Fund, subject to the provisions of section 2.2.9 of this Building Block, relating to Loan substitution.
8. Until the execution of the Deed of Constitution, BANCAJA shall be the beneficiary of the damage insurance contracts taken out by the Obligors in relation to the properties mortgaged as security for the Mortgage Loans, up to the insured amount.

BANCAJA shall thereupon perfect the assignment attached to the issue of the Pass-Through Certificates of the rights BANCAJA has as the beneficiary of those damage insurance contracts taken out by the Obligors. As the holder of the Pass-Through Certificates, the Fund shall be entitled to all the amounts BANCAJA would have received in this connection.

3.3.3 Loan sale or assignment price.

The sale or assignment price of the Loans shall be at par. The aggregate price payable by the Fund represented by the Management Company to BANCAJA for the assignment of the Loans shall be an amount equivalent to the sum of (i) the face value of the capital or principal outstanding on each Loan, and (ii) interest accrued and not due and overdue interest, as the case may be, on each of the Loans on the assignment date (the “**accrued interest**”).

The Management Company shall pay the total Loan assignment price on behalf of the Fund as follows:

1. The part of the assignment price consisting of the face value of the capital of all the Loans, item (i) of paragraph one, shall be paid by the Fund on the Closing Date of the Bond Issue, for same day value, upon the subscription for the Bond Issue being paid up. BANCAJA shall receive no interest on the deferment of payment until the Closing Date.
2. The part of the price consisting of interest accrued on each Loan, item (ii) of paragraph one, shall be paid by the Fund on each collection date falling on the earlier of the Fund collection date falling on the first interest settlement date on each Loan or the date on which they are paid by the Obligor, after the Loan assignment date, and will not be subject to the Fund Priority of Payments.

If the establishment of the Fund and hence the assignment of the Loans should terminate, in accordance with the provisions of section 4.4.4.(v) of the Registration Document, (i) the Fund's obligation to pay the total Loan transfer price shall terminate, and (ii) the Management Company shall be obliged to restore to BANCAJA any rights whatsoever accrued for the Fund upon the Loans being assigned.

3.4 Explanation of the flow of funds.

3.4.1 How the cash flow from the assets will meet the issuer's obligations to holders of the securities.

The amounts received by the Fund derived from the Loans will be paid by the Servicer into the Fund's Treasury Account on the seventh day after the date on which they are received by the Servicer or the following business day if that is not a business day, for same day value. In this connection, business days shall be taken to be all those that are business days in the Savings Bank sector in the city of Valencia.

The weighted average interest rate of the loans selected as of August 31, 2006, as detailed in section 2.2.2.h) of this Building Block, is 3.89%, which is above the 3.70% weighted average interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note. Nevertheless, the Interest Swap Agreements mitigate the interest rate risk occurring in the Fund because the Loans are subject to floating interest with different benchmark indices and different review and settlement periods at the floating interest established for the Bonds based on 3-month Euribor and with quarterly accrual and settlement periods.

Quarterly on each Payment Date Bondholders will be paid interest accrued and principal repayment on the Bonds in each Series on the terms set for each of them and in the Priority of Payments given in section 3.4.6.2 of this Building Block.

3.4.2 Information on any credit enhancement.

3.4.2.1 Description of the credit enhancement.

The following credit enhancement transactions are incorporated to the financial structure of the Fund:

- (i) Cash Reserve set up upon the Series D Bonds being paid.
Mitigates the credit risk derived from delinquency and default on the Loans.
- (ii) Interest Swaps.
Partly mitigate the interest rate risk (base risk) occurring in the Fund because the Loans have floating interest rates with different benchmark indices and review and settlement periods differing from the floating interest established for the Bonds based on 3-month Euribor with quarterly accrual and settlement periods.

(iii) Treasury Account.

Partly mitigates the loss of return on the liquidity of the Fund due to the timing difference between income received daily on the Loans and until interest payment and principal repayment on the Bonds occurs on the next succeeding Payment Date.

(iv) Subordination and deferment in interest payment and principal repayment between the Bonds in the different Series, derived from their place in the application of the Available Funds as well as the rules for Distribution of Available Funds for Amortisation in the Priority of Payments, or in the application of the Liquidation Available Funds in the Liquidation Priority of Payments, are a means for distinctly hedging the different Series.

3.4.2.2 Cash Reserve.

The Management Company shall set up a cash reserve (the “**Cash Reserve**”) on the Closing Date upon the Series D Bonds being paid and shall subsequently, on each Payment Date, keep the Required Cash Reserve amount provisioned in the Fund Priority of Payments.

The characteristics of the Cash Reserve shall be as follows:

Cash Reserve amount.

1. The Cash Reserve shall be set up on the Closing Date in an initial amount as established hereinafter (the “**Initial Cash Reserve**”). Subsequently to being set up, on each Payment Date, the Cash Reserve shall be provisioned up to the required Cash Reserve on each Payment Date established hereinafter (the “**Required Cash Reserve**”) with the Available Funds in the Priority of Payments of the Fund.
2. The Initial Cash Reserve and the Required Cash Reserve amount shall be determined by the Management Company by 10am (CET time) on the day of the Subscription Period, based on (i) the average margin applicable to the Party B interest rate in each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, in accordance with the provisions of section 3.4.7.1 of the Building Block, and (ii) as established below.

Weighted average margin applicable to the Party B interest rate in the Interest Swap Agreements for the first calculation period				
	Between -0.210% and -0.161%	Between -0.160% and -0.121%	Between -0.120% and -0.071%	Between -0.070% and 0.000%
Initial Cash Reserve	€30,500,000.00	€29,900,000.00	€28,800,000.00	€28,200,000.00
Required Cash Reserve shall be the lower of the following amounts:				
(i) The Initial Cash Reserve amount	€30,500,000.00	€29,900,000.00	€28,800,000.00	€28,200,000.00
(ii) The higher of:				
a) The amount resulting from applying the percentage specified to the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C	5.304%	5.200%	5.008%	4.904%
b) The following amount	€15,250,000.00	€14,450,000.00	€14,400,000.00	€14,100,000.00

The Initial Cash Reserve and the Required Cash Reserve amount to be determined on each Payment Date, shall be notified by the Management Company by the start of the Subscription Period to the Lead Managers and to the Underwriters and Placement Agents, to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the CNMV as information in addition to this Prospectus, and to the Rating Agencies. This shall also be set down in a public deed

supplementing the Deed of Constitution to be executed by the Management Company by the start of the Subscription Period.

3. Notwithstanding the above, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Required Cash Reserve amount on the preceding Payment Date whenever any of the following circumstances concur on the Payment Date:
- i) That, on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of Delinquent Loans is greater than 1.00% of the Outstanding Balance of Non-Doubtful Loans.
 - ii) That the Cash Reserve could not be provisioned up to the Required Cash Reserve amount on the relevant Payment Date.
 - iii) That two (2) years have not elapsed since the date of establishment of the Fund.

Yield.

The Cash Reserve amount shall remain credited to the Treasury Account, and will be remunerated on the terms of the Guaranteed Interest Rate Account (Treasury Account) Agreement.

Application.

The Cash Reserve shall be applied on each Payment Date to satisfying Fund payment obligations in the Priority of Payments and in the Liquidation Priority of Payments.

3.4.3 Details of any subordinated finance.

3.4.3.1 Start-Up Loan.

The Management Company shall, for and on behalf of the Fund, enter with BANCAJA into a commercial loan agreement amounting to EUR five million one hundred and fifty thousand (5,150,000.00) (the “**Start-Up Loan Agreement**”). The Start-Up Loan amount shall be delivered on the Closing Date and be allocated to financing the expenses of setting up the Fund and issue and admission of the Bonds, partly financing acquisition of the Loans in an amount equal to the difference between their total capital and the total face amount of Series A1, A2, A3, B and C, and covering the timing difference existing between collection of Loan interest and payment of Bond interest on the first Payment Date.

Outstanding Start-Up Loan principal will accrue a floating annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Reference Rate determined for the Bonds, and (ii) a 2.00% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments. Interest shall be settled and payable on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall be February 14, 2007.

Interest accrued and not paid on a Payment Date shall not be accumulated to the Start-Up Loan principal nor earn late-payment interest.

Start-Up Loan Principal will be repaid quarterly on each Payment Date as follows:

- (i) The portion of Start-Up Loan principal actually used to finance the Fund set-up and Bond issue and admission expenses and cover the timing difference existing between collection of Loan interest and payment of Bond interest on the first Payment Date shall be repaid in twelve (12) consecutive quarterly instalments in an equal amount, on each Payment Date, the first of which shall be the first Payment Date, February 14, 2007, and the following until the Payment Date falling on November 16, 2009, inclusive.
- (ii) The portion of Start-Up Loan principal used to partly finance acquisition of the Loans and not used, if any, shall be repaid on the first Payment Date, February 14, 2007.

All Start-Up Loan amounts due and not paid to BANCAJA because of a shortfall of Available Funds shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments. Payment of amounts not paid on preceding Payment Dates shall take precedence over amounts falling due under the Start-Up Loan on that Payment Date, satisfying in the first place overdue interest and secondly principal repayment, in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments..

The Start-Up Loan Agreement shall not be terminated upon the establishment of the Fund being terminated in the event that the Rating Agencies should fail to confirm any of the provisional ratings assigned as final by the start of the Subscription Period in accordance with the provisions of section 4.4.4.(v) of the Prospectus Registration Document. In that event, the Start-Up Loan shall be used to pay the expenses of setting up the Fund and issue and admission of the Bonds and all other obligations undertaken by the Management Company, for and on behalf of the Fund, originated upon the Fund being established and which are due and payable, and the repayment of principal shall be deferred and subordinated to satisfaction of those obligations, using the Fund's remaining assets.

3.4.3.2 Subordination of Series B, C and D Bonds.

Interest payment and principal repayment on Series B Bonds is deferred with respect to Class A (Series A1, A2 and A3) Bonds, saving the provisions of section 4.9.3.5 of the Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A1, A2, A3, B and C principal, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Interest payment and principal repayment on Series C Bonds is deferred with respect to Class A (Series A1, A2 and A3) and Series B Bonds, saving the provisions of section 4.9.3.5 of the Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A1, A2, A3, B and C principal, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Interest payment and principal repayment on Series D Bonds is deferred with respect to Class A (Series A1, A2 and A3), Series B and Series C Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Sections 4.6.1 and 4.6.2 of the Securities Note detail the order numbers of Bond interest payment and principal repayment in each Series in the priority of payments of the Fund.

3.4.4 Investment parameters for the investment of temporary liquidity surpluses and parties responsible for such investment.

3.4.4.1 Treasury Account.

The Management Company, for and on behalf of the Fund, and BANCAJA shall enter into a Guaranteed Interest Rate Account (Treasury Account) Agreement whereby BANCAJA will guarantee a certain variable yield on the amounts paid by the Fund through its Management Company into a financial account. The Guaranteed Interest Rate Account (Treasury Account) Agreement shall specifically determine that all amounts received by the Fund will be paid into a financial account in euros (the "**Treasury Account**") opened at BANCAJA, in the name of the Fund by the Management Company, which amounts shall mostly consist of the following items:

- (i) cash amount received upon subscription for the Bond Issue being paid up;
- (ii) Loan principal repaid and interest collected;
- (iii) any other amounts owing to the Fund received on the Loans and upon sale or utilisation of properties or assets awarded or under administration or interim possession in foreclosure proceedings;
- (iv) the Cash Reserve amount from time to time;
- (v) Start-Up Loan principal drawn down;
- (vi) Interest Swap Agreement amounts paid to the Fund;
- (vii) the amounts of the returns obtained on Treasury Account balances; and

- (viii) the amounts of interim withholdings on the return on investments to be effected on each relevant Payment Date on the Bond interest paid by the Fund, until due for payment to the Tax Administration.

BANCAJA shall pay an annual nominal interest rate, variable quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each interest accrual period (differing from the Interest Accrual Period established for the Bonds) to the positive daily balances if any on the Treasury Account, equal to the Bond Reference Rate determined for each Bond Interest Accrual Period substantially matching each Treasury Account interest period. Interest shall be settled on the expiration date of each interest accrual period, on each settlement date, on February 8, May 8, August 8 and November 8 and shall be calculated based on: (i) the exact number of days in each interest accrual period, and (ii) a three-hundred-and-sixty (360-) day year. The first interest accrual period shall comprise the days elapsed between the date of establishment of the Fund and the first settlement date, February 8, 2007.

In the event that the rating of the short-term, unsecured and unsubordinated debt of BANCAJA should, at any time during the life of the Bonds, fall below F1 or P-1 respectively in Fitch's and Moody's rating scales, the Management Company shall within not more than thirty (30) days from the time of the occurrence of any such circumstances put in place, after notifying the Rating Agencies, any of the options described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from the Guaranteed Interest Rate Account (Treasury Account) Agreement in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

- a) Obtaining from an institution having a credit rating for its short-term, unsecured and unsubordinated debt of at least F1 and P-1 respectively in Fitch's and Moody's rating scales a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BANCAJA of its obligation to repay the amounts deposited in the Treasury Account, during the time over which the loss of the F1 or P-1 ratings is maintained by BANCAJA.
- b) Transferring the Treasury Account to an institution whose short-term, unsecured and unsubordinated debt has a rating of at least F1 and P-1 respectively in Fitch's and Moody's, arranging the highest possible yield for its balances, which may differ from that arranged with BANCAJA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- c) If options a) and b) above are not possible, obtaining from BANCAJA or a third party collateral security in favour of the Fund on financial assets with a credit quality of not less than that of Spanish State Government Debt (*Deuda Pública del Estado Español*) on the Closing Date and similar liquidity, in an amount sufficient to guarantee the commitments established in the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- d) Moreover, if the above options should not be feasible on the set terms, the Management Company may invest the balances for periods not extending beyond the following Payment Date, in short-term fixed-income assets in euros issued by institutions having ratings of at least F1 (for periods of less than 30 days or F1+ for longer periods) and P-1 for unsecured and unsubordinated short-term debt respectively in Fitch's and Moody's rating scales, including short-term securities issued by the Spanish State, in which case the yield obtained could also differ from that obtained initially with BANCAJA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- e) In both events b) and d), the Management Company may subsequently transfer the balances back to BANCAJA under the Guaranteed Interest Rate Account (Treasury Account) Agreement, in the event that BANCAJA's short-term, unsecured and unsubordinated debt should again attain the F1 and P-1 ratings respectively in Fitch's and Moody's rating scales.

All costs, expenses and taxes incurred in connection with putting in place and arranging the above shall be borne by BANCAJA.

3.4.5 Collection by the Fund of payments in respect of the assets.

The Servicer shall manage collection of all Loan amounts payable by the Obligors. The Servicer shall use every effort in order for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Loans.

The Loan amounts received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh day after the day on which they were received by the Servicer, or the following business day if that is not a business day, for same day value. In this connection, business days shall be taken to be all those that are business days in the savings bank sector in the city of Valencia.

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt should fall below F2 or P-1 respectively in Fitch's and Moody's rating scales, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be previously paid into the Treasury Account which may indeed be on the day next succeeding the day on which they were received by the Servicer. In addition, should the rating of the Servicer's short-term unsecured and unsubordinated debt be downgraded below F2 by Fitch, the Servicer shall make a cash deposit in favour of the Fund at an institution whose short-term unsecured and unsubordinated debt is rated P-1 by Moody's and at a sum in line with Fitch's criteria described in its report "*Commingle Risk in Structured Finance Transactions: Servicer and Account Bank Criteria*" dated June 9, 2004 or document or report by Fitch replacing the above in the future.

The Management Company may issue the same instructions in the event that the Servicer's short-term unsecured and unsubordinated debt should not be rated by Fitch or by Moody's.

The Servicer may at no event pay any amount whatsoever to the Fund not previously received from the Obligors as payment for the Loans.

3.4.6 Order of priority of payments made by the issuer.

3.4.6.1 Source and application of funds on the Bond Closing Date and until the first Payment Date, exclusive.

The source of the amounts available to the Fund on the Closing Date and their application until the first Payment Date, exclusive, shall be as follows:

1. Source: the Fund shall have the following funds:

- a) Bond subscription payment.
- b) Drawdown of Start-Up Loan principal. The portion of Start-Up Loan principal not used and the portion allotted to covering the timing difference existing between collection of Loan interest and payment of Bond interest on the first Payment Date, shall remain credited to the Treasury Account until the first Payment Date.

2. Application: in turn, the Fund will apply the funds described above to the following payments:

- a) Payment of the price for acquiring the Non-Mortgage Loans and subscribing for the Pass-Through Certificates at their face value.
- b) Payment of the Fund set-up and Bond issue and admission expenses.
- c) Setting up the Initial Cash Reserve.

3.4.6.2 Source and application of funds from the first Payment Date, inclusive, until the last Payment Date or liquidation of the Fund, exclusive. Priority of Payments.

On each Payment Date, other than the Final Maturity Date or when the Early Liquidation of the Fund occurs, the Management Company shall proceed successively to apply the Available Funds and the Available Funds for Amortisation in accordance with the order of priority of payments given hereinafter for each of them (the "**Priority of Payments**").

3.4.6.2.1 Available Funds: source and application.

1. Source.

The available funds on each Payment Date (the “**Available Funds**”) to meet the payment or withholding obligations listed in section 2 below shall be the following amounts credited to the Treasury Account:

- a) Loan principal repayment income received during the Determination Period preceding the relevant Payment Date.
- b) Loan ordinary and late-payment interest received during the Determination Period preceding the relevant Payment Date.
- c) The return received on amounts credited to the Treasury Account.
- d) The Cash Reserve amount on the Determination Date preceding the relevant Payment Date.
- e) Net amounts, if any, received by the Fund under the Interest Swap Agreements and, in the event of termination of these Agreements, the settlement payment amounts payable by the Fund's counterparty (Party B).
- f) Any other amounts received by the Fund during the Determination Period preceding the relevant Payment Date, including the Loan amounts resulting from the sale or utilisation of assets or rights awarded to the Fund.
- g) The remainder upon the Start-Up Loan being drawn down to the relevant extent for covering on the first Payment Date the timing difference existing between collection of Loan interest and payment of Bond interest and to the extent not used.

Income under items a), b) and f) above received by the Fund and credited to the Treasury Account from the Determination Date, exclusive, preceding the Payment Date for the latter, shall not be included in the Available Funds on the relevant Payment Date, and that amount shall remain credited to the Treasury Account, to be included in the Available Funds on the following Payment Date.

2. Application: Priority of Payments.

The Available Funds shall be applied on each Payment Date to meeting payment or withholding obligations falling due on each Payment Date in the following priority of payments, irrespective of the time of accrual, other than the application established in the 1st place, which may be made at any time as and when due:

1. Payment of the Fund's properly supported taxes and ordinary⁽¹⁾ and extraordinary⁽²⁾ expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and Loan amounts reimbursable to the Servicer, provided they are all properly supported, and the servicing fee in the event that BANCAJA should be substituted as Servicer, shall be made to the Servicer under the Servicing Agreement in this priority.
2. Payment of the net amounts, if any, payable by the Fund under the Interest Swap Agreements and, only in the event of termination of these Agreements following a breach by the Fund or because the latter is the party affected by any termination event, payment of the settlement payment amounts to be settled by the Fund.
3. Payment of interest due on the Series A1, Series A2 and Series A3 Bonds.
4. Payment of interest due on the Series B Bonds unless this payment is deferred to 7th place in the priority of payments.

If the Class A (Series A1, A2 and A3) Bonds have not been or are not to be fully amortised on the relevant Payment Date, this payment shall be deferred to 7th place below if on the relevant Payment Date, upon calculating the application in 6th place below, this application to be taken into account in that connection, there is to be an Amortisation Deficiency in an amount in excess of the sum of (i) eighty-five percent (85.00%) of the Outstanding Principal Balance of Series B and (ii) one hundred percent (100.00%) of the sum of the Outstanding Principal Balance of Series C.

5. Payment of interest due on the Series C Bonds unless this payment is deferred to 8th place in the priority of payments.

If the Class A (Series A1, A2 and A3) and the Series B Bonds have not been or are not to be fully amortised on the relevant Payment Date, this payment shall be deferred to 8th place below if on the relevant Payment Date, upon calculating the application in 6th place below, this application to be taken into account in that connection, there is to be an Amortisation Deficiency in an amount in excess of in excess of eighty-five percent (85.00%) of the Outstanding Principal Balance of Series C.

6. Series A1, A2, A3, B and C Bond principal Amortisation Withholding in an amount equivalent to the positive difference existing on the Determination Date preceding the relevant Payment Date between (i) the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C Bonds and (ii) the Outstanding Balance of Non-Doubtful Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied to Series A1, A2, A3, B and C Bond principal Amortisation Withholding shall make up the Available Funds for Amortisation which shall be applied in accordance with the rules for Distribution of Available Funds for Amortisation established in section 4.9.3.5 of the Securities Note.

7. Payment of interest due on the Series B Bonds when this payment is deferred from 4th place in the priority of payments as established therein.
8. Payment of interest due on the Series C Bonds when this payment is deferred from 5th place in the priority of payments as established therein.
9. Withholding of an amount sufficient for the Required Cash Reserve amount to be kept duly provisioned.
10. Payment of interest due on the Series D Bonds.
11. Amortisation of Series D Bonds.

Partial amortisation of Series D Bonds shall occur on each Payment Date in an amount equal to the positive difference existing between the Outstanding Principal Balance of Series D on the Determination Date preceding the relevant Payment Date and the Required Cash Reserve amount on the relevant Payment Date in accordance with the provisions of section 3.4.2.2 of this Building Block.

12. Payment of the settlement payment amounts, if any, payable by the Fund under the Interest Swap Agreements other than in the events provided for in 2nd place above.
13. Payment of interest due on the Start-Up Loan.
14. Repayment of Start-Up Loan principal in the amortised amount.
15. Payment to BANCAJA of the fee established under the Servicing Agreement.

In the event that any other institution should replace BANCAJA as Servicer of the Loans, payment of the servicing fee accrued by the other institution, to wit the new servicer, shall take the place of paragraph 1 above, along with the other payments included therein.

16. Payment of the Financial Intermediation Margin.

When accounts payable for different items exist in a same priority order number on the Payment Date and the Available Funds are not sufficient to settle the amounts due under all of them, the application of the remaining Available Funds shall be prorated among the amounts payable under each such item, and the amount applied to each item shall be distributed in the priority in which the accounts payable fall due.

- (1) The following shall be considered ordinary expenses of the Fund:
 - a) Any expenses deriving from mandatory administrative verifications, registrations and authorisations.
 - b) Rating Agency fees for monitoring and maintaining the rating of the Bonds.
 - c) Expenses relating to keeping the Bond accounting record representing the Bonds by means of book entries, admission to trading in organised secondary markets and maintaining all of the foregoing.
 - d) Expenses of auditing the annual accounts.
 - e) Bond amortisation expenses.
 - f) Expenses deriving from announcements and notices relating to the Fund and/or the Bonds.
- (2) The following shall be considered extraordinary expenses of the Fund:
 - a) Expenses, if any, deriving from preparing and perfecting an amendment of the Deed of Constitution and of the agreements, and from entering into additional agreements.
 - b) Expenses required to enforce Loans and deriving from any recovery actions required.
 - c) Extraordinary expenses of audits and legal advice.
 - d) The remaining amount, if any, of the initial expenses of setting up the Fund and issue and admission of the Bonds in excess of the Start-Up Loan principal.
 - e) In general, any other extraordinary expenses required borne by the Fund or by the Management Company for and on behalf of the Fund.

3.4.6.2.2 Available Funds for Amortisation: source and application.

The make-up of the Available Funds for Amortisation and their application under the rules for Distribution of Available Funds for Amortisation are respectively given in sections 4.9.3.4 and 4.9.3.5 of the Securities Note.

3.4.6.3 Fund Liquidation Priority of Payments.

The Management Company shall proceed to liquidate the Fund upon the Fund being liquidated on the Final Maturity Date or when there is an Early Liquidation in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document, by applying the available funds to the following items (the **"Liquidation Available Funds"**): (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Loans and the remaining assets and, as the case may be, (iii) the amount drawn under the credit facility arranged and exclusively used for final amortisation of Series A1, A2, A3, B and C Bonds then outstanding, in accordance with the provisions of section 4.4.3.3.(iii) of the Registration Document, in the following order of priority of payments (the **"Liquidation Priority of Payments"**):

1. Reserve to meet the final tax, administrative or advertising termination and liquidation expenses.
2. Payment of the Fund's properly supported taxes and ordinary and extraordinary expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicer in relation to the Loans, provided they are all properly supported, and the servicing fee if BANCAJA shall have been replaced as Servicer shall be made to the Servicer under the Servicing Agreement in this priority.
3. Payment of amounts, if any, due upon termination of the Interest Swap Agreements and, only in the event of termination of those Agreements following a breach by the Fund or because the Fund is the party affected by any termination event, payment of the settlement payment amounts payable by the Fund.
4. Payment of interest due on the Series A1, Series A2 and Series A3 Bonds.

5. Repayment of Series A1, Series A2 and Series A3 Bond principal.
6. Payment of interest due on the Series B Bonds.
7. Repayment of Series B Bond principal.
8. Payment of interest due on the Series C Bonds.
9. Repayment of Series C Bond principal.
10. In the event of the credit facility being arranged for early amortisation of Series A1, A2, A3, B and C Bonds then outstanding as provided for in section 4.4.3.3.(iii) of the Registration Document, payment of financial expenses accrued and repayment of principal drawn on the credit facility arranged.
11. Payment of interest due on the Series D Bonds.
12. Repayment of Series D Bond principal.
13. Payment of the settlement payment amounts, if any, payable by the Fund under the Interest Swap Agreements other than in the events provided for in 3rd place above (i.e., in the event of termination of these Agreements following a breach by the Fund's counterparty or because the Fund is the party affected by any termination event).
14. Payment of Start-Up Loan interest due.
15. Repayment of Start-Up Loan principal
16. Payment to BANCAJA of the fee established under the Servicing Agreement.

In the event that any other institution should replace BANCAJA as Servicer of the Loans, payment of the servicing fee accrued by the other institution, to wit the new Servicer, shall take the place of paragraph 1 above, along with the other payments included therein.

17. Payment of the Financial Intermediation Margin.

Where receivables for different items exist in a same priority order number on the Final Maturity Date or when there is an Early Liquidation and the Liquidation Available Funds are not sufficient to settle the amounts due under all of them, the application of the remaining Liquidation Available Funds shall be prorated among the amounts payable under each such item, and the amount applied to each item shall be distributed in the priority in which the accounts payable fall due.

3.4.6.4 Financial Intermediation Margin.

The Management Company shall, for and on behalf of the Fund, enter with the Originator into a Financial Intermediation Agreement designed to remunerate the Originator for the financial intermediation process carried out, enabling the financial transformation defining the Fund's activity, the subscription by the Fund for the Loans and the rating assigned to each Bond Series.

The Originator shall be entitled to receive from the Fund a variable subordinated remuneration (the "**Financial Intermediation Margin**") which shall be determined and accrue upon the expiration of every quarterly period, comprising, other than for the first period, the three calendar months next preceding each Payment Date, in an amount equal to the positive difference, if any, between the income and expenditure, including losses brought forward from previous years, if any, accrued by the Fund with reference to its accounts and before the close of the months of January, April, July and October.

The Financial Intermediation Margin accrued at the close of the months of January, April, July and October shall be settled on the Payment Date next succeeding the last day of each of said months, provided that the Fund has sufficient liquidity in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments of the Fund.

Exceptionally, the first accrual period of the Financial Intermediation Margin shall be comprised between the date on which the Fund is established and January 31, 2007, both inclusive, which is the last day of the month preceding the first Payment Date. The first settlement date of the Financial Intermediation Margin shall be on the first Payment Date, February 14, 2007.

If the Fund should not have sufficient liquidity on a Payment Date in the Priority of Payments to pay the full Financial Intermediation Margin, the amount not paid shall accumulate without any penalty whatsoever on the Financial Intermediation Margin accrued, as the case may be, in the following quarterly period and shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments. The Financial Intermediation Margin amounts not paid on preceding Payment Dates shall be paid with priority over the amount payable on the relevant Payment Date.

The Financial Intermediation Agreement shall be fully terminated in the event that the Rating Agencies should not confirm any of the provisional ratings assigned to each Bond Series as final by the start of the Subscription Period.

3.4.7 Other arrangements upon which payments of interest and principal to investors are dependent.

3.4.7.1 Interest Swaps.

The Management Company shall, for and on behalf of the Fund, enter with JPMORGAN CHASE into three floating interest rate swap agreements (the “**Interest Swap Agreements**” or the “**Interest Swaps**”) which shall be entered into based on the standard 1992 ISDA Master Agreement (Multicurrency-Cross Border) and the 2000 definitions (ISDA 2000 Definitions) of the International Swap Dealers Association, Inc. (“**ISDA**”) (the “**Master Agreement**”), the most relevant characteristics of which are described below.

The three Interest Swap Agreements shall be entered into under the Master Agreement. The first agreement shall contain a floating interest rate swap agreement whereby the Fund and JPMORGAN CHASE shall make each other payments calculated on the Outstanding Balance of Non-Doubtful Loans whose interest rate is revised annually, respectively applying the 12-month Euribor rate and the Reference Rate determined for the Bonds, the foregoing as described in the following subparagraphs (the “**Interest Swap Agreement (Annual)**”). The second agreement shall contain a floating interest rate swap agreement whereby the Fund and JPMORGAN CHASE shall make each other payments calculated on the Outstanding Balance of Non-Doubtful Loans whose interest rate is revised six-monthly, respectively applying the 12-month Euribor rate and the Reference Rate determined for the Bonds, the foregoing as described in the following subparagraphs (the “**Interest Swap Agreement (Six-Monthly)**”). The third agreement shall contain a floating interest rate swap agreement whereby the Fund and JPMORGAN CHASE shall make each other payments calculated on the Outstanding Balance of Non-Doubtful Loans whose interest rate is revised quarterly, respectively applying the 3-month Euribor rate and the Reference Rate determined for the Bonds, the foregoing as described in the following subparagraphs (the “**Interest Swap Agreement (Quarterly)**”).

The Interest Swap Agreement shall expire on the earlier of the following Payment Dates:

- (i) the Final Maturity Date ; or
- (ii) the date on which Early Liquidation of the Fund ends in accordance with section 4.4.4 of the Registration Document when the Fund's Loans, Pass-Through Certificates and remaining assets have been liquidated and the Liquidation Available Funds have all been distributed, in the Fund Liquidation Priority of Payments.

Party A : The Fund, represented by the Management Company.

Party B : JPMORGAN CHASE

1. Payment Dates.

The Payment Dates shall be: February 14, May 14, August 14 and November 14 in every year or the next succeeding Business Day if any of those is not a Business Day. The first Payment Date shall be February 14, 2007.

The variable amounts payable by Party A and by Party B for each calculation period shall be netted and be paid by the paying Party to the receiving Party on the Payment Date after the end of the Party A calculation period.

2. Calculation dates.

The calculation dates shall fall on the Determination Dates, i.e. the dates falling on the fourth (4th) Business Day preceding each Payment Date.

2.1 Calculation periods.

Party A

The Party A calculation periods shall be the exact number of days elapsed between two consecutive calculation dates, including the beginning but not including the ending date. Exceptionally, the length of the first calculation period shall be equivalent to the exact number of days elapsed between the date on which the Fund is established (inclusive) and February 8, 2007 the first Determination Date (inclusive).

Party A

The Party B calculation periods shall be the exact number of days elapsed between two consecutive Payment Dates, including the beginning but not including the ending date. Exceptionally, the length of the first calculation period shall be equivalent to the exact number of days elapsed between the Bond Issue Closing Date (inclusive) and February 14, 2007 (exclusive).

3. Party A subperiod calculation dates.

The Party A subperiod calculation dates shall be the fourth (4th) Business Day preceding the 14th of each month or, if any of those is not a Business Day, the next succeeding Business Day. The first Party A subperiod calculation date shall be October 9, 2006.

3.1 Party A calculation subperiods.

The Party A calculation subperiods shall be the exact number of days elapsed between two consecutive Party A subperiod calculation dates, not including the beginning but including the ending date. Exceptionally, the length of the first Party A calculation subperiod shall be equivalent to the exact number of days elapsed between the date on which the Fund is established (inclusive) and October 9, 2006 (inclusive).

4. Interest Swap Agreement (Annual).

4.1 Notional Amount (Annual) for Party A and for Party B.

This shall be for every calculation period the Outstanding Balance of Non-Doubtful Loans with an annual interest rate revision on the Determination Date preceding the first day of the then-current Party B calculation period. Exceptionally, the Notional Amount (Annual) for the first calculation period shall be the Outstanding Balance of Non-Doubtful Loans with an annual interest rate revision on the date on which the Fund is established.

4.2 Variable amount payable by Party A (Annual).

This shall be on each Payment Date and for each calculation period the amount determined in accordance with the following formula:

$$CVPA_{\text{period}} = \sum_{\text{subperiod}=1}^{\text{subperiod}=3} \frac{IN(A)_{\text{period}} \times \%TIPA(A)_{\text{subperiod}} \times D_{\text{subperiod}}}{B}$$

B

where:

CVP_{Aperiod} = Variable amount payable by Party A (Annual) for the relevant calculation period.

IN_{(A)period} = Notional Amount (Annual) for the relevant calculation period.

%TIP_{A(A)subperiod} = Party A Interest Rate (Annual), expressed as a percentage, determined for the relevant Party A calculation subperiod

D_{subperiod} = Number of relevant Party A calculation subperiod days.

B= 36,000 (thirty-six thousand).

4.2.1 Party A Interest Rate (Annual).

This shall be for each Party A calculation subperiod the result of the weighted addition of the twelve (12) 12-month Euribor fixed on twelve (12) Reference Dates (Annual) from the fourth to the fifteenth, both inclusive, preceding the month of the relevant Party A calculation subperiod ending date and calculated as follows: (0.1149 x January 12-month Euribor) + (0.0978 x February 12-month Euribor) + (0.0847 x March 12-month Euribor) + (0.0995 x April 12-month Euribor) + (0.0805 x May 12-month Euribor) + (0.0517 x June 12-month Euribor) + (0.0771 x July 12-month Euribor) + (0.0645 x August 12-month Euribor) + (0.0736 x September 12-month Euribor) + (0.1005 x October 12-month Euribor) + (0.0770 x November 12-month Euribor) + (0.0782 x December 12-month Euribor).

12-month Euribor is the EURIBOR rate, "Euro InterBank Offered Rate" Euribor, calculated and distributed by the BRIDGE financial information system under an FBE ("Federation Bancaire de l'Union Europeene") mandate, with a twelve- (12-) month maturity, fixed at 11am (CET time "Central European Time"), which is currently published on electronic page 248 supplied by Dow Jones Markets (Bridge Telerate), or any other page taking their stead in providing these services

4.2.2 Reference Dates (Annual).

These shall fall on the 15th of each month or the following Business Day if any of those is not a Business Day. The first Reference Date (Annual) shall be July 15, 2005. The Reference Dates (Annual) for calculating the Party A Interest Rate (Annual) applicable to the first Party A calculation subperiod shall be the twelve (12) Reference Dates (Annual) from July 15, 2005 to June 15, 2006.

4.3 Variable amount payable by Party B (Annual).

This shall be on each Payment Date and for each calculation period the amount determined by applying the following formula:

$$CVP_{Bperiod} = \frac{IN_{(A)period} \times \%TIP_{Bperiod} \times D_{period}}{B}$$

where:

CVP_{Bperiod} = Variable amount payable by Party B (Annual) for the relevant calculation period.

IN_{(A)period} = Notional Amount (Annual) for the relevant calculation period.

%TIP_{Bperiod} = Party B interest rate (Annual), expressed as a percentage, determined for the relevant calculation period.

D_{period} = Number of relevant Party B calculation period days.

B= 36,000 (thirty-six thousand).

4.3.1 Party B Interest Rate (Annual).

This shall be for each calculation period the interest rate, expressed as a percentage, resulting from adding (i) the Reference Rate determined for the Bonds for the Interest Accrual Period coinciding with the relevant Party B calculation period (ii) and a margin ranging between -0.25% and 0.25%, both inclusive, to be determined by Party B and notified in writing to the Management Company by 10am (CET time) on the day of the Subscription Period.

In any event, the average margin applicable to the Party B interest rate under each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, determined by Party B by 10am (CET time) on the day of the Subscription Period, shall be greater than or equal to -0.210% and less than or equal to 0.000%.

The final margin applicable to the Party B interest rate to have been set shall in turn be notified by the Management Company by the start of the Subscription Period to the CNMV as information in addition to this Prospectus and to the Rating Agencies. The final margin applicable to the Party B interest rate shall be set down on the notarial certificate recording payment of the Bond Issue.

5. Interest Swap Agreement (Six-Monthly)

5.1 Notional Amount (Six-Monthly) for Party A and for Party B.

This shall be for every calculation period the Outstanding Balance of Non-Doubtful Loans with a six-monthly interest rate revision on the Determination Date preceding the first day of the then-current Party B calculation period. Exceptionally, the Notional Amount (Six-Monthly) for the first calculation period shall be the Outstanding Balance of Non-Doubtful Loans with a six-monthly interest rate revision upon the Fund being established.

5.2 Variable amount payable by Party A (Six-Monthly).

This shall be on each Payment Date and for each calculation period the amount determined in accordance with the following formula:

$$CVP_{Aperiod} = \sum_{subperiod=1}^{subperiod=3} \frac{IN(S)_{period} \times \%TIPA(S)_{subperiod} \times D_{subperiod}}{B}$$

where:

$CVP_{Aperiod}$ = Variable amount payable by Party A (Six-Monthly) for the relevant calculation period.

$IN(S)_{period}$ = Notional Amount (Six-Monthly) for the relevant calculation period.

$\%TIPA(S)_{subperiod}$ = Party A Interest Rate (Six-Monthly), expressed as a percentage, determined for the relevant Party A calculation subperiod.

$D_{subperiod}$ = Number of relevant Party A calculation subperiod days.

B = 36,000 (thirty-six thousand).

5.2.1 Party A Interest Rate (Six-Monthly).

This shall be for each Party A calculation subperiod the result of the weighted addition of the six (6) 12-month Euribor fixed on six (6) Reference Dates (Six-Monthly) from the fourth to the ninth, both inclusive, preceding the month of the relevant Party A calculation subperiod ending date and calculated as follows: (0.3761 x January 12-month Euribor) + (0.1520 x February 12-month Euribor) + (0.1400 x March 12-month Euribor) + (0.1504 x April 12-month Euribor) + (0.0876 x May 12-month Euribor) + (0.0939 x June 12-month Euribor) + (0.3761 x July 12-month Euribor) + (0.1520 x August 12-month Euribor) + (0.1400 x September 12-month Euribor) + (0.1504 x October 12-month Euribor) + (0.0876 x November 12-month Euribor) + (0.0939 x December 12-month Euribor).

12-month Euribor is the EURIBOR rate, "Euro InterBank Offered Rate" Euribor, calculated and distributed by the BRIDGE financial information system under an FBE ("Federation Bancaire de l'Union Europeene") mandate, with a twelve- (12-) month maturity, fixed at 11am (CET time "Central European Time"), which is currently published on electronic page 248 supplied by Dow Jones Markets (Bridge Telerate), or any other page taking their stead in providing these services

5.2.2 Reference Dates (Six-Monthly).

These shall fall on the 15th of each month or the following Business Day if any of those is not a Business Day. The first Reference Date (Six-Monthly) shall be January 15, 2006. The Reference Dates (Six-Monthly) for calculating the Party A Interest Rate (Six-Monthly) applicable to the first

calculation subperiod shall be the six (6) Reference Dates (Six-Monthly) from January 15, 2006 to June 15, 2006.

5.3 Variable amount payable by Party B (Six-Monthly).

This shall be on each Payment Date and for each calculation period the amount determined by applying the following formula:

$$CVPB_{period} = \frac{IN(S)_{period} \times \%TIPB_{period} \times D_{period}}{B}$$

where:

$CVPB_{period}$ = Variable amount payable by Party B (Six-Monthly) for the relevant calculation period.

$IN(S)_{period}$ = Notional Amount (Six-Monthly) for the relevant calculation period.

$\%TIPB_{period}$ = Party B interest rate (Six-Monthly), expressed as a percentage, determined for the relevant calculation period.

D_{period} = Number of relevant Party B calculation period days.

B = 36,000 (thirty-six thousand).

5.3.1 Party B Interest Rate (Six-Monthly).

This shall be for each calculation period the interest rate, expressed as a percentage, resulting from adding (i) the Reference Rate determined for the Bonds for the Interest Accrual Period coinciding with the relevant Party B calculation period (ii) and a margin ranging between -0.25% and 0.25%, both inclusive, to be determined by Party B and notified in writing to the Management Company by 10am (CET time) on the day of the Subscription Period.

In any event, the average margin applicable to the Party B interest rate under each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, determined by Party B by 10am (CET time) on the day of the Subscription Period, shall be greater than or equal to -0.210% and less than or equal to 0.000%.

The final margin applicable to the Party B interest rate to have been set shall in turn be notified by the Management Company by the start of the Subscription Period to the CNMV as information in addition to this Prospectus and to the Rating Agencies. The final margin applicable to the Party B interest rate shall be set down on the notarial certificate recording payment of the Bond Issue.

6. Interest Swap Agreement (Quarterly)

6.1 Notional Amount (Quarterly) for Party A and for Party B.

This shall be for every calculation period the Outstanding Balance of Non-Doubtful Loans with a quarterly interest rate revision on the Determination Date preceding the first day of the then-current Party B calculation period. Exceptionally, the Notional Amount (Quarterly) for the first calculation period shall be the Outstanding Balance of Non-Doubtful Loans with a quarterly interest rate revision upon the Fund being established.

6.2 Variable amount payable by Party A (Quarterly).

This shall be on each Payment Date and for each calculation period the amount determined in accordance with the following formula:

$$CVPA_{period} = \frac{\sum_{subperiod=1}^{subperiod=3} IN(Q)_{period} \times \%TIPA(Q)_{subperiod} \times D_{subperiod}}{B}$$

where:

$CVPA_{period}$ = Variable amount payable by Party A (Quarterly) for the relevant calculation period.

IN(Q)period = Notional Amount (Quarterly) for the relevant calculation period.

%TIPA(Q)subperiod = Party A Interest Rate (Quarterly), expressed as a percentage, determined for the relevant Party A calculation subperiod.

Dsubperiod = Number of relevant Party A calculation subperiod days.

B= 36,000 (thirty-six thousand).

6.2.1 Party A Interest Rate (Quarterly).

This shall be for each Party A calculation subperiod the result of the weighted addition of the three (3) 3-month Euribor fixed on three (3) Reference Dates (Quarterly) from the second to the fourth, both inclusive, preceding the month of the relevant Party A calculation subperiod final date and calculated as follows: (0.3965 x January 3-month Euribor) + (0.2549 x February 3-month Euribor) + (0.3486 x March 3-month Euribor) + (0.3965 x April 3-month Euribor) + (0.2549 x May 3-month Euribor) + (0.3486 x June 3-month Euribor) + (0.3965 x July 3-month Euribor) + (0.2549 x August 3-month Euribor) + (0.3486 x September 3-month Euribor) + (0.3965 x October 3-month Euribor) + (0.2549 x November 3-month Euribor) + (0.3486 x December 3-month Euribor).

3-month Euribor is the EURIBOR rate, "Euro InterBank Offered Rate" Euribor, calculated and distributed by the BRIDGE financial information system under an FBE ("Federation Bancaire de l'Union Europeene") mandate, with a three- (3-) month maturity, fixed at 11am (CET time "Central European Time"), which is currently published on electronic page 248 supplied by Dow Jones Markets (Bridge Telerate), or any other page taking their stead in providing these services

6.2.2 Reference Dates (Quarterly).

These shall fall on the 15th of each month or the following Business Day if any of those is not a Business Day. The first Reference Date (Quarterly) shall be June 15, 2006. The Reference Dates (Quarterly) for calculating the Party A Interest Rate (Quarterly) applicable to the first calculation subperiod shall be the three (3) Reference Dates (Quarterly) from June 15, 2006 to August 15, 2006.

6.3 Variable amount payable by Party B (Quarterly).

This shall be on each Payment Date and for each calculation period the amount determined by applying the following formula:

$$\text{CVPBperiod} = \frac{\text{IN(Q)period} \times \% \text{TIPBperiod} \times \text{Dperiod}}{\text{B}}$$

where:

CVPBperiod = Variable amount payable by Party B (Quarterly) for the relevant calculation period.

IN(Q)period = Notional Amount (Quarterly) for the relevant calculation period.

%TIPBperiod = Party B interest rate (Quarterly), expressed as a percentage, determined for the relevant calculation period.

Dperiod = Number of relevant calculation period days.

B= 36,000 (thirty-six thousand).

6.3.1 Party B Interest Rate (Quarterly).

This shall be for each calculation period the interest rate, expressed as a percentage, resulting from adding (i) the Reference Rate determined for the Bonds for the Interest Accrual Period coinciding with the relevant Party B calculation period (ii) and a margin ranging between -0.25% and 0.25%, both inclusive, to be determined by Party B and notified in writing to the Management Company by 10am (CET time) on the day of the Subscription Period.

In any event, the average margin applicable to the Party B interest rate under each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first

calculation period, determined by Party B by 10am (CET time) on the day of the Subscription Period, shall be greater than or equal to -0.210% and less than or equal to 0.000%.

The final margin applicable to the Party B interest rate to have been set shall in turn be notified by the Management Company by the start of the Subscription Period to the CNMV as information in addition to this Prospectus and to the Rating Agencies. The final margin applicable to the Party B interest rate shall be set down on the notarial certificate recording payment of the Bond Issue.

7. Events of default particular to the Interest Swap Agreements.

If on a Payment Date of any Interest Swap Agreement the Fund (Party A) should not have sufficient liquidity to make payment of the full net amount, if any, payable to Party B, under either Interest Swap Agreement, the portion of this net amount not paid shall be settled on the following Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments. Should such event of non-payment under either Interest Swap Agreement occur on two consecutive Payment Dates, Party B may choose to terminate the Interest Swap Agreements (Termination). In this event, the Fund (Party A) shall accept the obligation to pay the settlement amount established to which it is bound on the terms of the relevant Interest Swap Agreements, the foregoing in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments. Should the settlement amount under the relevant Interest Swap Agreement be a payment obligation for Party B and not for the Fund (Party A), Party B shall take over the obligation to pay the settlement amount provided for in the relevant Interest Swap Agreement.

Similarly, if on a Payment Date of either Interest Swap Agreement Party B should not make payment of the full amount payable to the Fund (Party A), under either Interest Swap Agreement, the Management Company, for and on behalf of the Fund, may choose to terminate the relevant Interest Swap Agreement (Termination). In that event, Party B shall accept the obligation to pay the settlement amount established in the relevant Interest Swap Agreement. Should the settlement amount under the relevant Interest Swap Agreement be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments.

Without prejudice to the foregoing, other than in an event of permanent financial imbalance of the Fund, the Management Company shall endeavour, for and on behalf of the Fund, to enter into a new interest swap agreement on terms substantially identical with the terminated Interest Swap Agreement.

8. Actions in the event of change in the rating of Party B.

(i) Fitch Criteria

If either the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) or any Credit Support Provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as A (or its equivalent) by Fitch or the short-term debt obligations of Party B (or its successor) or any Credit Support Provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as F1 (or its equivalent) by Fitch (both Fitch's "Required Ratings") and, as a result of such cessation, the then current rating of the Bonds is downgraded or placed under review for possible downgrade by Fitch (an "**Initial Fitch Rating Event**") then Party B will, on a reasonable efforts basis within 30 days of the occurrence of such Initial Fitch Rating Event, at its own cost, either:

- (A) put in place a collateral agreement ("Eligible Credit Support") in favour of Party A based on the terms of the Credit Support Annex (*Credit Support Annex* as defined in the Interest Swap Agreements) which shall be amended by the Parties on the signature date of the Interest Swap Agreements ("Approved Credit Support Document") based on the 1995 ISDA Credit Support Annex documentation (ISDA Credit Support Annex), subject to English law, in an amount making Party A receive confirmation from Fitch that with such collateral the Bond rating would be unaffected ;

- (B) transfer all of its rights and obligations with respect to the Interest Swap Agreements to a replacement third party satisfactory to Party A (whose consent, not to be unreasonably withheld, will be given if Fitch confirms that such transfer would maintain the rating of the Bonds by Fitch at, or restore the rating of the Bonds by Fitch to, the level it would have been at immediately prior to such Initial Fitch Rating Event);
- (C) obtain a third party credit support document ("Third Party Credit Support Document") guaranteeing its rights and obligations with respect to the Interest Swap Agreements satisfactory to Party A (whose consent, not to be unreasonably withheld, will be given if Fitch confirms that such guarantee would maintain the rating of the Bonds at, or restore the rating of the Bonds to, the level it would have been at immediately prior to such Initial Fitch Rating Event); or
- (D) take such other action satisfactory to Party A as Party B may agree with Fitch as will result in the rating of the Bonds following the taking of such action being maintained at, or restored to, the level it would have been at immediately prior to such Initial Fitch Rating Event.

If any of (i)(B), (i)(C) or (i) (D) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party B pursuant to (i)(A) will be retransferred to Party B and Party B will not be required to transfer any additional collateral and the Threshold for Party B, as set out in the agreed Credit Support Annex, shall revert to infinity.

(ii) Fitch Criteria (continued)

If either the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) or any Credit Support Provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as BBB+ (or its equivalent) by Fitch or the short-term debt obligations of Party B (or its successor) or any Credit Support Provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as F2 (or its equivalent) by Fitch and, as a result of such cessation, the then current rating of the Bonds is downgraded or placed under review for possible downgrade by Fitch (a "**First Subsequent Fitch Rating Event**") then Party B will, within 30 days of the occurrence of such First Subsequent Fitch Rating Event, either:

- (A) put in place a collateral agreement to Party A based on the terms of the Credit Support Annex as the same is amended by the Parties on the date of the Interest Swap Agreements as described in paragraph (i)(A) above and provide any collateral required to be provided thereunder, provided that in either case the mark-to-market calculations and the correct and timely posting of collateral thereunder are verified monthly by an independent third party (with the costs of such independent verification being borne by Party B); or
- (B) on a reasonable efforts basis, with preference over option (ii) (A) above and at its own cost, attempt either to:
 1. transfer all of its rights and obligations with respect to the Interest Swap Agreements to a replacement third party satisfactory to Party A (whose consent, not to be unreasonably withheld, will be given if Fitch confirms that such transfer would maintain the rating of the Bonds by Fitch at, or restore the rating of the Bonds by Fitch to, the level it would have been at immediately prior to such First Subsequent Fitch Rating Event);
 2. obtain a third party credit support document guaranteeing its rights and obligations with respect to the Interest Swap Agreements satisfactory to Party A (whose consent, not to be unreasonably withheld, will be given if Fitch confirms that such guarantee would maintain the rating of the Bonds at, or restore the rating of the Bonds to, the level it would have been at immediately prior to such First Subsequent Fitch Rating Event); or

3. take such other action satisfactory to Party A as Party B may agree with Fitch as will result in the rating of the Bonds following the taking of such action being maintained at, or restored to, the level it would have been at immediately prior to such First Subsequent Fitch Rating Event.

If any of paragraphs (ii)(B)(1), (2) or (3) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party B pursuant to a collateral agreement put in place in accordance with paragraph (i) (A) above or paragraph (ii) (A) will be retransferred to Party B and Party B will not be required to transfer any additional collateral.

(iii) Fitch Criteria (continued)

If either the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) or any Credit Support Provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as BBB (or its equivalent) by Fitch or the short-term debt obligations of Party B (or its successor) or any Credit Support Provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as F3 (or its equivalent) by Fitch and, as a result of such cessation, the then current rating of the Bonds is downgraded or placed under review for possible downgrade by Fitch (a **"Second Subsequent Fitch Rating Event"**) then Party B will, on a reasonable efforts basis within 30 days of the occurrence of such Second Subsequent Fitch Rating Event, at its own cost, attempt either to:

- (A) transfer all of its rights and obligations with respect to the Interest Swap Agreements to a replacement third party satisfactory to Party A (whose consent, not to be unreasonably withheld, will be given if Fitch confirms that such transfer would maintain the rating of the Bonds by Fitch at, or restore the rating of the Bonds by Fitch to, the level it would have been at immediately prior to such Second Subsequent Fitch Rating Event);
- (B) obtain a third party credit support document guaranteeing its rights and obligations with respect to the Interest Swap Agreements satisfactory to Party A (whose consent, not to be unreasonably withheld, will be given if Fitch confirms that such guarantee would maintain the rating of the Bonds at, or restore the rating of the Bonds to, the level it would have been at immediately prior to such Second Subsequent Fitch Rating Event); or
- (C) take such other action satisfactory to Party A as Party B may agree with Fitch as will result in the rating of the Bonds following the taking of such action being maintained at, or restored to, the level it would have been at immediately prior to such Second Subsequent Fitch Rating Event.

Pending compliance with any of paragraphs (iii)(A), (B) or (C) above, Party B will continue to comply with the terms of any collateral agreement. If any of paragraphs (iii)(A), (B) or (C) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party B under such a mark-to-market collateral agreement will be retransferred to Party B and Party B will not be required to transfer any additional collateral.

Any failure by Party B to transfer its position ((iii) (A)) or to provide third party credit support ((iii) (B)) as per paragraph (iii) (C) shall be an Additional Termination Event with respect to Party B Party B being the sole Affected Party and all the Interest Swap Agreements being Affected Transactions. Subject to the above, Party A shall only set the Early Termination Date under the Additional Termination Event if Party A shows that it has been able to find a new counterparty interested in taking part in a transaction, on economic and legal terms as close as reasonably possible (which Party A shall determine as it shall see fit) to the transactions terminated with Party B.

("Additional Termination Event" is a concept defined in the ISDA master agreement for the Interest Swap Agreements granting the Parties the possibility of terminating the relevant Interest Swap Agreements.)

All the confirmations of the ratings of the Bonds to be requested to Fitch, in accordance with paragraphs (i)(A), (i)(B), (ii)(B)(1), (ii)(B)(2), (iii)(A) and (iii)(B) above shall be requested by Party A.

(iv) Moody's Criteria

In the event that:

- (1) (a) the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) cease to be rated at least as high as A1 by Moody's; or

(b) the short-term, unsecured and unsubordinated debt obligations of Party B (or its successor) cease to be rated at least as high as P-1 by Moody's,

(both, Moody's "Required Ratings"), and
- (2) if relevant, the long term, unsecured and unsubordinated debt obligations of any Credit Support Provider of Party B cease to be rated as high as A1 by Moody's or its short-term, unsecured and unsubordinated debt obligations cease to be rated as high as P-1 by Moody's,

such cessation being a "**Downgrade Event**", then Party B will within 30 days and at its own cost, do one of the following:

- (A) transfer all of its rights and obligations with respect to the Interest Swap Agreements to a replacement third party with the Required Ratings providing that such transfer does not result in any requirement for deduction or withholding for or on account of any Tax; or
- (B) procure another person with the Required Ratings to become co-obligor in respect of the obligations of Party B under the Interest Swap Agreements providing that such does not result in any requirement for deduction or withholding for or on account of any Tax; or
- (C) post collateral ("Eligible Credit Support") to Party A as per the Agreed Credit Support Annex ("Approved Credit Support Document") which shall be credited to an account whose arranger short-term, unsecured and unsubordinated debt obligations it is at least of P-1 by Moody's rating.

If any of (iv)(A) or (iv)(B) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party B pursuant to (iv)(C) will be retransferred to Party B and Party B will not be required to transfer any additional collateral and the Threshold for Party B, as set out in the Credit Support Annex, shall revert to infinity.

(v) Moody's Criteria (continued) ("Second Downgrade Event")

In the event:

- (1) (a) that the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) and, if relevant, any Credit Support Provider of Party B, cease to be rated at least as high as A3 by Moody's; or

(b) that the short-term, unsecured and unsubordinated debt obligations of Party B (or its successor) and, if relevant, any Credit Support Provider of Party B, cease to be rated at least as high as P-2 by Moody's, or
- (2) of the retirement of all the ratings granted to Party B by Moody's

such being a "**Second Downgrade Event**", then Party B will, as soon as reasonably practicable, on a best efforts basis, in any case within 30 days of the Second Downgrade Event and at its own cost, do one of A or B below:

- (A) transfer all of its rights and obligations with respect to the Interest Swap Agreements to a replacement third party with the Required Ratings providing that such transfer does not result in any requirement for deduction or withholding for or on account of any Tax; or
- (B) procure another person with the Required Ratings to become co-obligor in respect of the obligations of Party B under the Interest Swap Agreements providing that such does not result in any requirement for deduction or withholding for or on account of any Tax.
- (C) And, additionally, within 10 days of the occurrence of such Second Downgrade Event under item (v), if Party B has taken none of the actions specified in (v)(A) or (B) above, Party B shall post collateral as per Moody's Criteria, in an account whose arranger short-term, unsecured and unsubordinated debt obligations it is at least of P-1 by Moody's rating, set out in the Agreed Credit Support Annex and provided that Party B shall continue, on a best efforts basis, to make all reasonable attempts to take the actions specified in (v)(A) or (B) above.

If any of (v)(A) or (v)(B) are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party B pursuant to (iv)(C) or (v)(C) will be retransferred to Party B and Party B will not be required to transfer any additional collateral and the Threshold for Party B, as set out in the Agreed Credit Support Annex, shall revert to infinity.

- (vi) Any failure by Party B to transfer its position (as per (iv) (A) or (v) (A)) or to provide third party credit support (as per (iv) (B) or (v) (B)) (Third Party Credit Support) or to post collateral (as per (iv) (C)) shall be an Additional Termination Event, which shall be taken to have occurred within 30 days of that downgrade, with respect to Party B, Party B being the sole Affected Party and all the Interest Swap Agreements between the Parties being Affected Transactions. Subject to the above, Party A shall only determine the Early Termination Date under the Additional Termination Event if Party A shows that it has been able to find a new counterparty interested in taking part in a transaction, on economic and legal terms as close as reasonably possible (which Party A shall determine as it shall see fit) to the transactions terminated with Party B.

Any failure by Party B to post collateral (as per (v) (C)) shall be an Event of Default with respect to Party B, Party B being the sole Defaulting Party..

("Event of Default" is a concept defined in the ISDA master agreement for the Interest Swap Agreements granting the Non-Defaulting Party the possibility of terminating the relevant Interest Swap Agreement.)

In all Termination events, Party B shall accept the obligation to pay the settlement amount provided for in the relevant Interest Swap Agreement. Should the settlement amount under the relevant Interest Swap Agreement be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments.

- (vii) If more than one of the ratings criteria applies to Party B, the measures adopted by Party B shall satisfy the ratings criteria established above by both Fitch and Moody's .

All costs, expenses and taxes incurred in connection with fulfilment of the preceding obligations shall be payable by Party B.

9. Other characteristics of the Interest Swap Agreements.

9.1 Additional Termination Events:

With respect to Party A and Party B: where (a) there is default on payment of Class A Bond interest and (b) the Management Company notifies, in accordance with the provisions of section 4.4.3 of the Registration Document, the Early Liquidation of the Fund in the Early Liquidation Event established in section 4.4.3.1.(iv) of the Registration Document. In this connection, both Parties shall be Affected Parties, although for the purposes of calculating the settlement amount, Party A shall be the sole affected party.

("Additional Termination Event" is a concept defined in the ISDA master agreement for the Interest Swap Agreements which shall result in the relevant Interest Swap Agreement being terminated if the Management Company, for and on behalf of the Fund (Party A), or Party B should decide this in the event established in the preceding paragraph.)

In that termination event, Party B shall accept the obligation to pay the settlement amount provided for in the relevant Interest Swap Agreement. Should the settlement amount under the relevant Interest Swap Agreement be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.

- 9.2 Party B may only assign all its rights and obligations under the Interest Swap Agreements, subject to Party A's consent, to a third party whose credit ratings for its unsubordinated and unsecured debt obligations are equal to or in excess of A-1 and A for its long-term debt obligations respectively by Moody's and Fitch, and P-1 and F1 for its short-term debt obligations respectively by Moody's and Fitch, subject to notice to the Rating Agencies and to the CNMV.
- 9.3 The Interest Swap Agreements shall be submitted to the laws of England and Wales.
- 9.4 The Interest Swap Agreements shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each of the Series as final by the start of the Subscription Period.
- 9.5 The occurrence, as the case may be, of the Termination of any of the Interest Swap Agreements will not in itself be an Early Amortisation event of the Bond Issue and an Early Liquidation event of the Fund referred to in sections 4.9.4 of the Securities Notes and 4.4.3 of the Registration Document, unless in conjunction with other events or circumstances related to the net asset value of the Fund, its financial balance should be materially or permanently altered.

3.5 Name, address and significant business activities of the originator of the securitised assets.

The originator and assignor of the Loans securitised is CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA.

Registered office: Caballeros, 2, 12001 Castellón (Spain).

Principal place of business: Pintor Sorolla, 8, 46002 Valencia (Spain).

Significant economic activities of BANCAJA.

BANCAJA, a financial Group, is mainly in the banking business though it has interests in the field of insurance, unit trust and pension fund management, stock broking, real estate development, asset management and broking in major treasury, capital and currency markets.

The following is selected financial information as at June 30, 2006, December 31, 2005 and June 30, 2005 and how the information as at the first date compares to information as at the last date. Only the financial information as at December 31, 2005 has been audited. The information was prepared in accordance with Bank of Spain Circular 4/2004.

	30.06.2006 (A)	31.12.2005 (B)	30.06.2005 (C)	Year-On-Year Change Amount	Δ% (A)/(C)
BALANCE SHEET (EUR thousand)					
Total Assets	71,912,111	49,898,838	58,946,567	12,965,544	22.00
Total Assets exsecuritisation	74,963,518	54,178,530	62,749,845	12,213,673	19.46
Average Total Assets	67,559,843	42,420,069	53,120,174	14,439,669	27.18
Gross Customer Credit	57,526,170	36,334,716	42,904,615	14,621,555	34.08
Gross Customer Credit exsecuritisation	60,577,577	40,614,408	46,707,893	13,869,684	29.69
Funds Managed	67,662,963	44,667,650	54,922,478	12,740,485	23.20
Balance Sheet External Funds	56,797,129	36,267,390	45,473,449	11,323,680	24.90
Other Funds Managed ⁽¹⁾	10,865,834	8,400,260	9,449,029	1,416,805	14.99
Turnover ⁽²⁾	125,189,133	81,002,366	97,827,093	27,362,040	27.97
Turnover exsecuritisation	128,240,540	85,282,058	101,630,371	26,610,169	26.18
Equity	2,485,321	2,040,143	2,162,143	323,178	14.95
Average Equity	2,393,027	1,918,104	2,087,122	305,905	14.66
PROFIT AND LOSS ACCOUNT (EUR thousand)					
Intermediation margin	585,868	837,367	470,356	115,512	24.56
Ordinary margin	758,050	1,155,829	642,485	115,565	17.99
Operating margin	455,848	620,710	358,292	97,556	27.23
Pre-tax profit	306,895	449,274	252,913	53,982	21.34
After-tax profit	222,851	331,316	177,201	45,650	25.76
Net Profit attributed to the Group	183,909	283,206	145,871	38,038	26.08
RATIOS					
Non Performing Loans Ratio	0.54%	0.54%	0.53%	0.01	1.89
Coverage Ratio	358.71%	389.96%	359.36%	-0.65	-0.18
Strict Efficiency Ratio ⁽³⁾	42.65%	48.63%	46.92%	-4.27	-9.10
Efficiency Ratio	39.15%	44.82%	43.17%	-4.02	-9.31
Capital Ratio ⁽⁴⁾	13.34%	12.01%	14.61%	-1.27	-8.69
Tier I ⁽⁴⁾	6.93%	7.91%	8.11%	-1.18	-14.55
Core Capital ⁽⁵⁾	5.20%	6.69%	5.88%	-0.68	-11.56
ROE	15.37%	14.76%	13.98%	1.39	9.94
ROA	0.66%	0.78%	0.67%	-0.01	-1.49
BRANCHES AND EMPLOYEES					
Branches ⁽⁶⁾	1,449	1,299	1,393	56	4.02
Employees ⁽⁶⁾	7,441	6,789	7,117	324	4.55

(1) Investment Trusts + Pension Schemes and Technical Insurance Reserves + Asset Management

(2) Comprises Credit Investment and Funds Managed.

(3) Equivalent to Efficiency Ratio plus amortisation and depreciation.

(4) Determined in accordance with Bank of Spain Circular 5/93, amended by circular 3/05.

(5) Capital + Reserves / Weighted Assets

(6) Branches and employees related to the ordinary business; excludes representative offices in Milan and Shanghai.

3.6 Return on and/or repayment of the securities linked to others which are not assets of the issuer.

Not applicable.

3.7 Administrator, calculation agent or equivalent.

3.7.1 Management, administration and representation of the Fund and of the holders of the securities.

The Management Company, EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, shall be responsible for the management and legal representation of the Fund, on the terms set in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and other applicable laws, and on the terms of the Deed of Constitution.

The Management Company shall discharge for the Fund the functions attributed to it in Royal Decree 926/1998.

It is also the Management Company's duty, as the manager of third-party portfolios, to represent and enforce the interests of the holders of the Bonds issued by the Fund and of all its other ordinary creditors. Consequently, the Management Company shall make its actions conditional on their protection and observe the provisions established for that purpose from time to time. Bondholders and all other ordinary creditors of the Fund shall have no recourse against the Fund Management Company, other than for a breach of its duties or failure to observe the provisions of the Deed of Constitution and the Prospectus.

3.7.1.2 Administration and representation of the Fund.

The Management Company's obligations and actions in fulfilment of its duty to manage and legally represent the Fund are the following, for illustrative purposes only and without prejudice to any other actions provided in this Prospectus:

- (i) Keeping the Fund's accounts duly separate from the Management Company's own, rendering accounts and satisfying tax and any other statutory obligations of the Fund.
- (ii) Making such decisions as may be appropriate in connection with the liquidation of the Fund, including the decision to proceed to an Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in accordance with the provisions of this Prospectus. Moreover, making all appropriate decisions in the event of the establishment of the Fund terminating.
- (iii) Complying with its formal, documentary and reporting duties to the CNMV, the Rating Agencies and any other supervisory body.
- (iv) Appointing and, as the case may be, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts.
- (v) Providing Bondholders, the CNMV and the Rating Agencies with all such information and notices as may be prescribed by the laws in force for the time being and specifically as established in the Deed of Constitution and in this Prospectus.
- (vi) Complying with the calculation duties provided for and taking the actions laid down in this Prospectus and in the various Fund transaction agreements or in such others as the Management Company may enter into in due course for and on behalf of the Fund.
- (vii) The Management Company may extend or amend the agreements entered into on behalf of the Fund, and substitute, as the case may be, each of the Fund service providers on the terms provided for in each agreement, and indeed, if necessary, enter into additional agreements, including a credit facility agreement in the event of Early Liquidation of the Fund, and amend the Deed of Constitution, provided that circumstances preventing the foregoing in accordance with the laws and regulations in force from time to time do not occur. In any event, those actions shall require that the Management Company notify and first secure the authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agencies, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agencies or Bondholders' interests. The Deed of Constitution or the agreements may also be corrected upon a request by the CNMV.
- (viii) Exercising the rights attaching to the ownership of the Non-Mortgage Loans and the Pass-Through Certificates acquired by the Fund and, in general, carrying out all such acts of administration and disposition as may be required for properly managing and legally representing the Fund.

- (ix) Checking that the income amount actually received by the Fund matches the amounts that must be received by the Fund, on the terms of assignment of the Loans and on the terms of their respective agreements communicated by the Originator, and that the Loan amounts receivable are provided by the Servicer to the Fund within the time-periods and on the terms provided for under the Servicing Agreement.
- (x) Determining on each Interest Rate Fixing Date and for each Interest Accrual Period thereafter, the Nominal Interest Rate to be applied for each Bond Series and calculating and settling the accrued interest amounts payable on each Payment Date.
- (xi) Calculating and determining on each Determination Date the principal to be amortised and repaid on each Bond Series on the relevant Payment Date.
- (xii) Determining the interest rate applicable to each of the relevant borrowing, lending and hedge transactions and calculating and settling the interest and fee amounts receivable and payable by the Fund under the same, and the fees payable for the various financial services arranged for.
- (xiii) Taking the actions for which provision is made in relation to the debt ratings or the financial position of the Fund counterparties in the financial and service provision agreements listed in section 3.2 of this Building Block.
- (xiv) Watching that the amounts credited to the Treasury Account return the yield set in the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- (xv) Calculating the Available Funds, the Available Funds for Amortisation, the Liquidation Available Funds and the payment or withholding obligations to be complied with, and applying the same in the Priority of Payments or the Liquidation Priority of Payments, as the case may be.
- (xvi) Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the Bonds.

3.7.1.3 Resignation and substitution of the Management Company.

The Management Company shall be substituted in managing and representing the Fund, in accordance with articles 18 and 19 of Royal Decree 926/1998 set forth hereinafter and with subsequent rules statutorily established in that connection.

Resignation.

- (i) The Management Company may resign its management and legal representation function with respect to all or part of the funds managed whenever it deems this fit, applying to be substituted in a letter addressed to the CNMV, including a designation of the substitute management company. That letter shall enclose a letter from the new management company, declaring its willingness to take over that function and applying for the appropriate authorisation.
- (ii) The CNMV's substitution authorisation shall be subject to meeting of the following requirements:
 - (a) The substituted Management Company's delivery of the accounting records and data files to the new management company. That delivery will only be taken to have been made when the new management company is able to fully take over its function and that circumstance is notified to the CNMV.
 - (b) The rating accorded to the securities by the Rating Agencies should not fall as a result of the proposed substitution.
- (iii) The Management Company may in no event resign its duties until and unless all requirements and formalities have been complied with in order for its substitute to take over its duties.
- (iv) The substitution expenses originated shall be borne by the resigning Management Company and may in no event be passed on to the Fund.

- (v) The substitution shall be published within fifteen days by means of a notice inserted in two nationwide newspapers and in the bulletin of the organised secondary market where the Bonds issued by the Fund are listed. Furthermore, the Management Company shall notify the Rating Agencies of that substitution.

Forced substitution.

- (i) In the event that the Management Company should be adjudged insolvent, it shall find a substitute management company, in accordance with the provisions of the foregoing section.
- (ii) In the event for which provision is made in the preceding section, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, there shall be an early liquidation of the Fund and an amortisation of the Bonds issued by the same and of the loans, in accordance with the provisions of this Prospectus.

The Management Company agrees to execute such public and private documents as may be necessary for it to be substituted by another management company, in accordance with the system for which provision is made in the preceding paragraphs of this section. The substitute management company shall be substituted in the Management Company's rights and duties under this Prospectus. Furthermore, the Management Company shall hand to the substitute management company such accounting records and data files as it may have to hand in connection with the Fund.

3.7.1.4 Subcontracting.

The Management Company shall be entitled to subcontract or subdelegate to solvent and reputable third parties the provision of any of the services it has to provide as the manager and authorised representative of the Fund, as established in this Prospectus, provided that the subcontractor or delegated party waives the right to take any action holding the Fund liable. In any event, subcontracting or delegating any service (i) may not result in an additional cost or expense for the Fund, (ii) shall have to be legally possible, (iii) shall not result in the rating accorded to each of the Bond Series by the Rating Agencies being adversely reviewed, and (iv) shall be notified to the CNMV and, where statutorily required, first be authorised by the CNMV. Notwithstanding any subcontracting or subdelegation, the Management Company shall not be exonerated or released, under that subcontract or subdelegation, from any of the liabilities undertaken in this Prospectus which may legally be attributed or ascribed to it.

3.7.1.5 Management Company's remuneration.

In consideration of the functions to be discharged by the Management Company, the Fund will pay it a management fee consisting of:

- (i) An initial fee amounting to EUR seventy thousand (70,000.00) which shall accrue upon the Fund being established and be payable on the Closing Date.
- (ii) A periodic fee, accruing daily from the date on which the Fund is established until it terminates, and shall be settled and paid by Interest Accrual Periods in arrears on each Payment Date subject to the Priority of Payments or, as the case may be, the Liquidation Priority of Payments.

The periodic fee on each Payment Date shall be equal to the result of adding the following fixed part and variable part.

- a) Variable part of 0.0125% per annum on the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C on the Determination Date preceding the relevant Payment Date and calculated on the exact number of days elapsed in each Interest Accrual Period ending on the Payment Date and based on a 360-day year.

The variable amount payable on a given Payment Date shall be calculated in accordance with the following formula:

$$IV = B \times \frac{0.0125}{100} \times \frac{d}{360}$$

where :

IV = Variable amount payable on a given Payment Date.

B = Sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C, on the Determination Date preceding the relevant Payment Date.

d = Number of days elapsed during the relevant Interest Accrual Period.

b) Fixed amount of EUR seven thousand five hundred (7,500.00) on each Payment Date.

In any event, the amount of this periodic fee on each Payment Date may not be greater than EUR thirty-three thousand seven hundred and fifty (33,750.00).

Exceptionally, the periodic fee for the first Payment Date shall accrue from the date on which the Fund is established and be calculated on the exact number of days elapsed based on the following formula:

$$IC = 33,750 \times \frac{d}{90}$$

where :

IC = Periodic fee amount payable on the first Payment Date.

d = Number of days elapsed from the date on which the Fund is established until the first Payment Date.

If on a Payment Date the Fund should not have sufficient liquidity to settle the periodic fee in full in accordance with the Priority of Payments, the amount due not paid shall accrue interest equal to the Bond Reference Rate, and shall be paid with the relevant fee payable on the following Payment Date, unless that absence of liquidity should continue, in which case the amounts due and interest thereon shall build up on the following Payment Dates until paid in full..

3.7.2 Servicing and custody of the securitised assets.

BANCAJA, Originator of the Loans to be acquired by the Fund, as established in article 2.2.b) of Royal Decree 926/1998, shall continue as attorney for the Management Company to be responsible for servicing and managing the Loans, and the relations between BANCAJA and the Fund, represented by the Management Company, shall be governed by the Loan Servicing Agreement (the “**Servicing Agreement**”) in relation to custody and servicing of the Loans.

BANCAJA (the “**Servicer**” in that Agreement) shall accept the appointment received from the Management Company and thereby agrees as follows:

- (i) To service and manage the Loans acquired by the Fund subject to the system terms and ordinary servicing and management procedures established in the Servicing Agreement.
- (ii) To continue servicing the Loans, devoting the same time and efforts to them as it would devote and use to service its own loans and in any event on the terms for which provision is made in the Servicing Agreement.
- (iii) That the procedures it applies and will apply to service and manage the Loans are and will continue to be in accordance with the laws and statutory regulations in force applicable thereto.
- (iv) To full faithfully observe the instructions issued by the Management Company.
- (v) To pay the Fund damages resulting from a breach of the obligations undertaken, although the Servicer shall not be liable for actions put in place on the Management Company’s specific instructions.

In any event, the Servicer waives the privileges and authorities conferred on it by law as the manager of collections for the Fund and as servicer of the Loans, and custodian of the relevant agreements, and in

particular those for which provision is made in articles 1730 and 1780 of the Civil Code and 276 of the Commercial Code.

3.7.2.1 Ordinary system and procedures for servicing and managing the Mortgage Loans.

1. Custody of deeds, agreements, documents and files.

The Servicer shall keep all deeds, agreements, documents and data files relating to the Loans and, if any, the damage insurance policies of the mortgage properties securing the Mortgage Loans and shall not give up their possession, custody or control other than with the Management Company's prior written consent for it to do so, unless a document should be required to institute proceedings to claim a Loan, or any other competent authority should so require informing the Management Company.

The Servicer shall allow the Management Company or the auditors of the Fund duly authorised thereby reasonable access at all times to said deeds, agreements, documents and files. Furthermore, whenever it is required to do so by the Management Company, it shall provide within two (2) Business Days of that request and clear of expenses, a copy or photocopy of any of such deeds, loan agreements and documents.

2. Collection management.

The Servicer shall continue managing collection of all amounts payable by the Obligors under the Loans and any other item including under the insurance contracts of the mortgaged properties securing the Mortgage Loans. The Servicer shall use all reasonable efforts for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Loans.

The amounts received by the Servicer derived from the Loans corresponding to the Fund shall be paid by the Servicer into the Fund's Treasury Account on the seventh day after the date on which they were received by the Servicer, or the following business day, for same day value, if that is not a business day. In this connection, business days shall be taken to be all those that are business days in the savings bank sector in the capital city of Valencia.

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt should fall below F2 or P-1 respectively in Fitch's and Moody's rating scales, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be previously paid into the Treasury Account which may indeed be on the day next succeeding the day on which they were received by the Servicer. In addition, should the rating of the Servicer's short-term unsecured and unsubordinated debt be downgraded below F2 by Fitch, the Servicer shall make a cash deposit in favour of the Fund at an institution whose short-term unsecured and unsubordinated debt is rated P-1 by Moody's and at a sum in line with Fitch's criteria described in its report "*Commingle Risk in Structured Finance Transactions: Servicer and Account Bank Criteria*" dated June 9, 2004 or document or report by Fitch replacing the above in the future.

The Management Company may issue the same instructions in the event that the Servicer's short-term unsecured and unsubordinated debt should not be rated by Fitch or Moody's.

The Servicer may in no event pay any amount whatsoever to the Fund not previously received from the Obligors as payment for the Loans.

3. Fixing the interest rate.

Because the Loans have a floating rate, the Servicer shall continue fixing the interest rates applicable in each interest period as established in the respective Loan agreements, submitting such communications and notices as may be established therein.

4. Information.

The Servicer shall regularly communicate to the Management Company the information relating to the individual characteristics of each Loan, to fulfilment by the Obligors of their obligations under the Loans, to delinquency status and ensuing changes in the characteristics of the Loans, and to actions to

demand payment in the event of late payment, court actions and auction of properties or assets, the foregoing using the procedures and timing established in the Servicing Agreement.

Furthermore, the Servicer shall prepare and hand to the Management Company such additional information relating to the Loans or the rights attaching thereto as the Management Company may reasonably request, and in particular the documents required for the Management Company, as the case may be, to bring legal actions.

5. Loan subrogation.

The Servicer shall be authorised to permit substitutions in the position of the Obligor under the Loan agreements, exclusively where the characteristics of the new Obligor are similar to those of the former Obligor and those characteristics observe the lending policies described in section 2.2.7 of this Building Block, and further provided that the expenses derived from that change are fully borne by the Obligors. The Management Company may fully or partially limit this authority of the Servicer or set conditions therefor, in the event that those substitutions might adversely affect the ratings accorded to the Bonds by the Rating Agencies.

In relation to Mortgage Loans, the mortgagor may apply for subrogation to the Servicer in connection with the Mortgage Loans pursuant to Act 2/1994. Subrogation of a new creditor under the Mortgage Loan and the ensuing payment of the amount due shall, as the case may be, result in prepayment of the Mortgage Loan and early amortisation of the respective Pass-Through Certificate.

6. Authorities and actions in relation to Loan renegotiation procedures.

The Servicer may not voluntarily cancel the Loans or their security arrangements for any reason other than payment of the Loan, relinquish or settle in regard thereto, forgive the Loans in full or in part or extend the same, or in general do anything that may diminish the legal effectiveness or economic value of the Loans or of the security arrangements, without prejudice to its heeding requests by Obligors using the same efforts and procedure as if they were own loans. In particular, the Servicer shall not impose clauses limiting the interest rate amount applicable to the Loans.

Notwithstanding the above, the Management Company, as manager of third-party portfolios and having regard to Obligors' requests to the Servicer directly or under Act 2/1994, may instruct or first authorise the Servicer to agree with the Obligor, subject to the terms and conditions for which provision is made in this section, for a novation changing the relevant Loan, either by a renegotiation of the margin applicable for determining the interest rate or by an extension of the maturity period, provided in the case of Mortgage Loans that those novations are not detrimental to mortgage ranking.

Without prejudice to the provisions hereinafter, any novation changing a Loan subscribed by the Servicer shall be made exclusively with the prior consent of the Management Company, on behalf of the Fund, and the Servicer agrees to seek such consent from the Management Company as soon as it is aware that an Obligor has requested a change. The Management Company may nevertheless initially authorise the Servicer to entertain and accept renegotiations of the margin applicable for determining the interest rate and extending the maturity period of the Loans, without requiring the prior consent of the Management Company, subject to the following general enabling requirements:

a) Renegotiating the margin applicable for determining the interest rate.

1. The Servicer may under no circumstance entertain on its own account and without being so requested by the Obligor, renegotiations of the margin applicable for determining the interest rate ("**Interest Rate Renegotiation**") which may result in a decrease in the interest rate applicable to a Loan. In any event, any Loan Interest Rate Renegotiation shall be taken on and resolved bearing in mind the interests of the Fund and the Servicer shall, without encouraging an Interest Rate Renegotiation, act in relation to such Interest Rate Renegotiation bearing in mind the Fund's interests at all times.
2. Subject to the provisions of paragraph 3 below, the Servicer shall in renegotiating the margin applicable for determining the Loan interest rate observe that the new interest rate terms are at arm's length and no different from those applied by the Servicer proper in renegotiating or granting its floating-rate loans. In this connection, arm's length interest rate shall be deemed to

be the interest rate offered by the Servicer on the Spanish market for loans granted to SMEs with amounts and terms substantially similar to the Loan being renegotiated.

3. Interest Rate Renegotiation of a Loan shall in no event be made to a fixed rate and may not be made either if previously or as a result of the renegotiation the average margin or spread weighted by the outstanding principal of the Loans over their respective benchmark indices is below 80 basic points.

The Management Company may, on the Fund's behalf, cancel, suspend or change at any time during the term of the Agreement the Servicer's Interest Rate Renegotiation enabling requirements previously determined.

b) Extending the period of maturity.

The final maturity or final amortisation date of the Loans may be extended or deferred ("**extending the term**") subject to the following rules and limitations:

- (i) The Servicer may in no case entertain on its own account, i.e. without it being so requested by the Obligor, a change in the final maturity date of the Loan which may result in an extension thereof. The Servicer, without encouraging an extension of the term, shall act in relation to such extension bearing in mind at all times the Fund's interests.
- (ii) The aggregate of the capital or principal assigned to the Fund of the Loans with respect to which the maturity date is extended may not exceed 10% of the initial Outstanding Balance of the Loans upon the Fund being established.
- (iii) The term of a specific Loan may be extended provided that the following requirements are met:
 - a) That the same recurrence in settlement of interest and repayment of capital or principal of the Loans and the same repayment system are at all events maintained.
 - b) That the new final maturity or final amortisation date does not extend beyond December 30, 2035.

The Management Company may, on the Fund's behalf, at any time during the term of the Servicing Agreement, cancel or suspend or amend the Servicer's power to extend the term.

If there should be any renegotiation of the interest rate of a Loan or its due dates, the Servicer shall forthwith notify the Management Company of the terms resulting from each renegotiation. Such notice shall be made through the software or data file provided for the terms of the Loans to be updated.

In the event of a renegotiation of the interest rate of the Loans or their due dates, consented to by the Management Company, for and on behalf of the Fund, the change in the terms shall affect the Fund.

The contractual documents supporting the novation of the renegotiated Loans will be kept by the Servicer, in accordance with the provisions of paragraph 1 of this section.

7. Action against Obligors in the event of default on the Loans.

Actions in the event of late payment.

The Servicer shall use the same efforts and procedure for claiming overdue amounts on the Loans as for the rest of its portfolio loans.

In the event of default by the Obligor of the payment obligations, the Servicer shall put in place the actions described in the Servicing Agreement, taking for that purpose the steps it would ordinarily take if they were its own portfolio loans and in accordance with standard banking usage and practice for collecting overdue amounts, and shall be bound to advance such expenses as may be necessary for those actions to be taken, without prejudice to its right to be reimbursed by the Fund. Needless to say,

these actions include all such legal and other actions as the Servicer may deem necessary to claim and collect the amounts due by the Obligors or their guarantors.

Legal actions.

The Servicer, using its fiduciary title to the Loans or using the power referred to in the following paragraph, shall take all relevant actions against Obligors failing to meet their payment obligations derived from the Loans and against third-party guarantors, if any. Such an action shall be brought using the appropriate court enforcement procedures prescribed in articles 517 et seq. of the Civil Procedure Act.

In the above connection and for the purposes prescribed in articles 581.2 and 686.2 of the Civil Procedure Act, and in the event that this should be necessary, the Management Company shall confer in the Deed of Constitution as full and extensive a power of attorney as may be required at Law on BANCAJA in order that the latter may, acting through any of its attorneys properly empowered for those purposes, on the Management Company's instructions, for and on behalf of the Fund, or in its own name but for the Management Company as the authorised representative of the Fund, demand by any judicial or other means the Obligor of any of the Loans and third-party guarantors, if any, to pay the debt and take legal action against the same, in addition to other authorities required to discharge its duties as Servicer. These authorities may be extended and amended in another deed if necessary or appropriate.

The Servicer shall generally commence the relevant legal proceedings, if, for a period of six (6) months, a Loan Obligor having failed to honour his payment obligations should not resume payments to the Servicer and the latter, with the Management Company's consent, should not obtain a payment commitment satisfactory to the Fund's interests. The Servicer shall in any event forthwith proceed to file a legal action if the Management Company, acting for the Fund, and after analysing the specific circumstances of the case, should deem this necessary.

If six (6) months should elapse from the oldest default without the Obligor having resumed payments or the Servicer, with the Management Company's consent, securing a payment commitment satisfactory to the Fund's interests, and the Servicer should fail to file the recovery action without there being proper reasons therefor, the Management Company may, on behalf of the Fund, proceed directly to commence the appropriate legal proceedings to fully claim the debt.

In the event that the proceedings commenced by the Servicer should be stopped without there being proper reasons therefor, the Management Company may, as the case may be, on behalf of the Fund, take over from the latter and continue with the legal proceedings.

In addition to the Servicer's legal actions against Obligors as provided for above in this section, the Management Company, for the Fund, may also take action against Obligors who are in breach of their Loan payment obligations. That action shall be brought observing the formalities for the relevant legal procedure in accordance with the provisions of the Civil Procedure Act, satisfying, as the case may be, the requirements as to right of action allowing that to be done.

If this should be legally required, and for the purposes prescribed in the Civil Procedure Act, BANCAJA shall confer in the Deed of Constitution as full and extensive an irrevocable power of attorney as may be required at Law in order for the Management Company, acting for and on behalf of the Fund, to demand through a notary public any Loan Obligor and third-party guarantors, if any, to pay the debt.

1. In regard to the Mortgage Loans, in the event of default by any Obligor, the Management Company, acting for and on behalf of the Fund, shall have the following remedies provided for mortgage certificates in article 66 of Royal Decree 685/1982, which also apply to the pass-through certificates:
 - (i) To demand the Servicer to apply for foreclosure.
 - (ii) To take part on an equal standing with BANCAJA, as issuer of the Pass-Through Certificates, in the foreclosure the latter shall have instituted against the Obligor, intervening to that end in any foreclosure proceedings commenced by the former.

- (iii) If the Servicer should fail to take that action within sixty (60) calendar days of a notice served through a Notary demanding payment of the debt, the Management Company, for and on behalf of the Fund, shall be secondarily entitled to bring the foreclosure action on the Mortgage Loan for both principal and interest.
- (iv) In the event that the proceedings instituted by the Servicer should come to a standstill, the Fund, duly represented by the Management Company, may be subrogated in the position of the former and continue the foreclosure proceedings, without the above period having to elapse.

In the events provided in paragraphs (iii) and (iv), the Management Company, for and on behalf of the Fund, may apply to the Judge or Notary with jurisdiction to commence or continue with the respective foreclosure proceedings, attaching to the application the original Pass-Through Certificate, the notice served through a Notary Public provided for in section (iii) above and an office certificate as to the registration and subsistence of the mortgage. The Servicer shall be bound to issue a certification of the balance outstanding on the Mortgage Loan.

The Management Company, for and on behalf of the Fund as holder of the Pass-Through Certificates, may also take part with equal rights with BANCAJA in the foreclosure proceedings and may in this sense, on the terms for which provision is made in the Civil Procedure Act, request the award of the mortgaged property as payment of the Mortgage Loan. The Management Company shall proceed, directly or through the Servicer, to sell the property awarded within the shortest possible space of time and at arm's length.

Whereas some of the Mortgage Loans backing the Pass-Through Certificates may have valid entries in the registry regarding the properties mortgaged under the Mortgage Loans in respect of mortgages pre-dating the mortgage under that Mortgage Loan, as represented by BANCAJA in section 2.2.8.3.(3) of this Building Block, the loans subject of those valid mortgages have been fully repaid.

Therefore, those Mortgage Loans will not for registration purposes have a senior mortgage but a mortgage ranking junior to those entered in the registry. Notwithstanding this, the loans subject of the previous mortgages have been fully repaid.

The Servicer shall, in events of mortgage foreclosure, where the Land Registry contains entries regarding the real estate secured with the mortgage under which action is taken in respect of mortgages senior to the latter mortgage which however have been repaid, previously to or upon the action being brought, do all such things as shall be appropriate at law and in court in order for the Registry to match the legal reality outside the Registry. In the event that the relevant documents are available, then the procedure shall be as provided for in article 40 and in Title IV of the Mortgage Act and otherwise the procedure shall be as provided for in article 209 of that Act.

- 2. In the event of default by the Obligor (or third-party guarantors, if any) of Non-Mortgage Loan payment obligations, the Management Company, acting for the Fund, shall have an executive action against those Obligors (and third-party guarantors, if any), taking the steps provided for such proceedings in the Civil Procedure Act (articles 517.4 and 517.5).
- 3. In the event of default by the Obligor (or third-party guarantors, if any) of payment obligations of Loans secured with a cash pledge, the Management Company, acting for the Fund, shall have the enforcement means provided for in the agreement proper, in the Civil Procedure Act and in the Civil Code (article 1872) and, if agreed, the enforcement means provided for in Royal Decree-Law 5/2005, subject to delivery, as the case may be, of the bank-book, passbook, receipt or public deed supporting the pledged credit right or entry or recording therein or in the relevant originals, protocols or records concerning transfer of the pledge.

The description of the above actions and procedures shall not imply a waiver by the Servicer or the Management Company of any other legal or other actions or procedures whatsoever available against the Obligors or any guarantors or other third parties, if any, to recover the amounts due or keep in place or enforce the Loan security arrangements.

The Servicer agrees to promptly advise of payment demands, legal actions and all and any other circumstances affecting collection of overdue amounts on the Loans. Furthermore, the Servicer will provide the Management Company with all such documents as the latter may request in relation to said Loans and in particular the documents required for the Management Company to take legal actions, as the case may be.

8. Damage insurance for properties mortgaged under the Mortgage Loans.

The Servicer shall not take or fail to take any action resulting in cancellation of any property damage insurance policy covering the properties mortgaged under the Mortgage Loans or reducing the amount payable in any claim thereunder. The Servicer shall use all reasonable efforts and in any event use the rights conferred under the insurance policies or the Mortgage Loans.

Whenever the Servicer receives notice of non-payment of policy premiums by any Obligor the Servicer may demand the Obligor to pay the same and indeed take out fire and damage insurance on the Obligor's behalf where it is able to do so under the Mortgage Loan deed ultimately or on behalf of the Fund, advancing payment of the premiums, without prejudice to being reimbursed by the Fund for amounts so paid.

In the event of a claim, each Servicer shall coordinate actions for collecting compensations derived from the property damage insurance policies on the terms and conditions of the Mortgage Loans and the actual policies, paying the amounts received to the Fund.

9. Set-off.

In the exceptional event that any of the Obligors under the Loans should have a liquid credit right, due and payable vis-à-vis the Servicer, and because the assignment is made without the Obligor being aware, any of the Loans should be fully or partially set-off against that credit, the Servicer shall proceed to pay to the Fund the amount set off plus accrued interest which would have been payable to the Fund until the date on which the payment is made, calculated on the terms applicable to the relevant Loan.

10. Subcontracting.

The Servicer may subcontract any of the services it may have agreed to provide under the Servicing Agreement other than those that may not be so delegated in accordance with the laws in force for the time being. That subcontracting may in no event result in an additional cost or expense for the Fund or the Management Company, and may not result in the rating assigned to each Bond Series by the Rating Agencies being adversely reviewed. Notwithstanding any subcontracting or subdelegation, the Servicer shall not be excused or released under that subcontract or subdelegation from any of the liabilities undertaken in the Servicing Agreement which may legally be attributed or ascribed to it.

11. Auction of real estate and assets.

The Servicer agrees to notify the Management Company of the places, dates, terms and valuation of the real estate mortgaged as security for the Mortgage Loans and of the assets attached as security for the Loans, auctions scheduled, and proposed action and bid, in suitable advance in order that the Management Company may put in place such actions as it shall see fit and submit instructions on the subject to the Servicer in suitable time.

The Servicer agrees to attend auctions of real estate and assets, but shall thereat abide at all times by the instructions it shall have received from the Management Company, and shall therefore only tender a bid or apply for the award of the real estate or the asset to the Fund, fulfilling the instructions received from the Management Company.

In the event of real estate or other assets being awarded to the Fund, the Management Company shall proceed, directly or through the Servicer, to sell the same within the shortest possible space of time and at arm's length and the Servicer shall actively assist in expediting their disposal.

3.7.2.2 Term and substitution.

The services shall be provided by the Servicer until all the obligations undertaken by the Servicer as Originator of the Loans acquired by the Fund terminate, once all the Loans have been repaid, or when the liquidation of the Fund concludes after it terminates, without prejudice to the possible early revocation of its appointment under the Servicing Agreement.

In the event of insolvency of the Servicer, administration by the Bank of Spain, breach by the Servicer of the obligations imposed on the Servicer under the Servicing Agreement or the Servicer's credit rating falling or being lost or its financial circumstances should change to an extent that may be detrimental to or place the financial structure of the Fund or Bondholders' rights and interests at risk, the Management Company shall, in addition to demanding the Servicer to fulfil the obligations laid down in the Servicing Agreement, proceed to put in place, where this is legally possible, inter alia and after notifying the Rating Agencies, any of the following actions in order for the rating assigned to the Bonds by the Rating Agencies not to be adversely affected: (i) demanding the Servicer to subcontract or subdelegate to another institution the performance of the obligations and undertakings made in the Servicing Agreement; (ii) having another institution with a sufficient credit rating and quality secure all or part of the Servicer's obligations; and (iii) terminating the Servicing Agreement, in which case the Management Company shall previously designate a new Servicer having a sufficient credit quality and accepting the obligations contained in the Servicing Agreement or, as the case may be, in a new servicing agreement. Any additional expense or cost derived from those previous actions shall be covered by the Servicer and at no event by the Fund or the Management Company. In the event of insolvency of the Servicer, only (iii) above shall be possible.

Furthermore, in the event of insolvency, or indications thereof, administration by the Bank of Spain, liquidation or substitution of the Servicer or because the Management Company deems this reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors, if any) of the transfer to the Fund of the outstanding Mortgage Loans, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors and third-party guarantors, if any, within five (5) Business Days of receiving the request and in the event of insolvency or liquidation of the Servicer, the Management Company itself shall notify Obligors and third-party guarantors, if any, directly or through a new Servicer it shall have designated.

Furthermore, and in the same events, the Management Company may request the Servicer to do such things and satisfy such formalities as may be necessary, including third-party notices and entries in the relevant accounting records, in order to guarantee maximum efficiency of the assignment of Loans and ancillary guarantees with respect to third parties, all on the terms given in section 3.7.2.1.7 of the Building Block.

Upon the early termination of the Servicing Agreement, the outgoing Servicer shall provide the new Servicer, on demand by the Management Company and as determined thereby, with the necessary documents and data files it may have in order for the new Servicer to carry on the relevant activities.

The Servicing Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period.

3.7.2.3 Liability of the Servicer and indemnity.

The Servicer shall at no time have any liability whatsoever in relation to the obligations of the Management Company as manager of the Fund and manager of Bondholders' interests, nor in relation to the obligations of the Obligors derived from the Loans, without prejudice to the liabilities undertaken thereby as Originator of the Loans acquired by the Fund.

The Servicer takes on the obligation to indemnify the Fund or its Management Company for any damage, loss or expense resulting for the same on account of any breach by the Servicer of its obligations to custody, service and report on the Loans and custody the Pass-Through Certificates, established under the Servicing Agreement, or in the event of breach of the provisions of paragraph 3 of section 2.2.9 of this Building Block.

The Management Company shall, for and on behalf of the Fund, have action against the Servicer where the breach of the obligation to pay any and all principal repayment and interest and other amounts paid by the Obligors under the Loans corresponding to the Fund does not result from default by the Obligors and is attributable to the Servicer.

Upon the Loans terminating, the Fund shall, through its Management Company, retain a right of action against the Servicer until fulfilment of its obligations.

Neither Bondholders nor any other creditor of the Fund shall have any direct right of action whatsoever against the Servicer; that action shall lie with the Management Company, as the representative of the Fund, who shall have that action on the terms described in this section.

3.7.2.4 Servicer's remuneration.

In consideration of the custody, servicing and management of the Loans and custody of the documents representing the Pass-Through Certificates, the Servicer shall be entitled to receive in arrears on each Payment Date during the term of the Servicing Agreement, a servicing fee equal to 0.01% per annum, inclusive of VAT if there is no exemption, which shall accrue on the exact number of days elapsed in each Determination Period preceding the Payment Date and on the mean daily Outstanding Balance of the Loans serviced during that Determination Period. If BANCAJA should be replaced in that servicing task, the Management Company will be entitled to change the above percentage fee for the new Servicer, which may be in excess of that agreed with BANCAJA. The servicing fee will be paid on the relevant Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

If the Fund should, through its Management Company, due to a shortage of liquidity in the Fund Priority of Payments, fail to pay on a Payment Date the full fee due to the Servicer, the overdue amounts shall accumulate without any penalty whatsoever on the fee payable on the following Payment Dates, until fully paid.

Furthermore, on each Payment Date, the Servicer shall be entitled to reimbursement of all Loan servicing and management expenses of an exceptional nature incurred, such as in connection with legal and/or recovery actions, including procedural expenses and costs, or managing and overseeing the sale of assets or properties, if any, awarded to the Fund, after first justifying the same. Those expenses will be paid whenever the Fund has sufficient liquidity and in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

3.8 Name, address and brief description of any swap, credit, liquidity or account counterparties.

BANCAJA is the Fund's counterparty in the transactions listed below. The details relating to BANCAJA and its activities are respectively given in section 5.2 of the Securities Note and in section 3.5 of this Building Block.

- (i) Treasury Account:
Guaranteed Interest Rate Account (Treasury Account) Agreement
Description in section 3.4.4.1 of this Building Block.
- (ii) Start-Up Loan:
Start-Up Loan Agreement
Description in section 3.4.3.1 of this Building Block.
- (iii) Financial Intermediation:
Financial Intermediation Agreement
Description in section 3.4.6.4 of this Building Block.

JPMORGAN CHASE is the Fund's counterparty in the transactions referred to below. The details relating to JPMORGAN CHASE and its activities are given in section 5.2 of the Registration Document.

- (i) Interest Swaps:
 - Interest Swap Agreement (Annual)
 - Interest Swap Agreement (Six-Monthly)
 - Interest Swap Agreement (Quarterly)
 - Description in section 3.4.7.1 of this Building Block.

4. POST-ISSUANCE REPORTING

4.1 Obligations and deadlines set to publicise and submit to the CNMV the periodic information on the economic and financial status of the Fund.

As part of its Fund management and administration duty, the Management Company agrees to submit as promptly as possible or by the deadlines given, the information described hereinafter and such additional information as may be reasonably required of it.

4.1.1 Ordinary information.

The Management Company agrees to give the notices detailed below, observing the recurrence provided in each case.

a) Notices to Bondholders referred to each Payment Date.

1. Within the period comprised between the Interest Rate Fixing Date and not more than two (2) Business Days after each Payment Date, it shall proceed to notify Bondholders of the Nominal Interest Rate resulting for each Bond Series, and for the Interest Accrual Period after that Payment Date.
2. Quarterly, at least one (1) calendar day in advance of each Payment Date, it shall proceed to notify Bondholders of the following information:
 - i) Interest resulting from the Bonds in each Series, along with the amortisation of the Bonds.
 - ii) Furthermore, and if appropriate, interest and amortisation amounts accrued thereby and not settled due to a shortfall of Available Funds, in accordance with the rules of the Fund Priority of Payments.
 - iii) The Outstanding Principal Balances of the Bonds in each Series, after the amortisation to be settled on each Payment Date, and the percentages such Outstanding Principal Balances represent on the initial face amount of each Bond.
 - iv) Obligors' Loan principal prepayment rate during the three calendar months preceding the Payment Date.
 - v) The average residual life of the Bonds in each Series estimated assuming that Loan principal prepayment rates shall be maintained and making all other assumptions as provided in section 4.10 of the Securities Note.

The foregoing notices shall be made in accordance with the provisions of section 4.1.3.1 below and will also be notified to the CNMV, the Paying Agent, AIAF and Iberclear, not less than one (1) Business Day before each Payment Date.

b) Information referred to each Payment Date:

In relation to the Loans on the Determination Date preceding the Payment Date:

1. Outstanding Balance.
2. Interest and principal amount of instalments in arrears.

3. Loan interest rate.
4. Dates of maturity of the Loans.

In relation to the economic and financial position of the Fund:

1. Report on the source and subsequent application of the Available Funds and the Available Funds for Amortisation in accordance with the Priority of Payments of the Fund.

This information shall be submitted to the CNMV.

c) Annually, in relation to the Fund's Annual Accounts:

Annual Accounts (balance sheet, profit & loss account and management report) and audit report within four (4) months of the close of each fiscal year, which shall also be filed with the CNMV.

4.1.2 Extraordinary notices.

The following shall be the subject of an extraordinary notice:

1. The face amount of Series D, the Cash Reserve amount, the final margins applicable for determining the Nominal Interest Rate of Series A1, A2, A3, B and C and the Nominal Interest Rate determined for each Bond Series for the first Interest Accrual Period.
2. Other:

Any relevant event occurring in relation to the Loans, the Bonds, the Fund and the Management Company proper, which may materially influence trading of the Bonds and, in general, any relevant change in the Fund's assets or liabilities, change in the Deed of Constitution, or in the event of termination of the establishment of the Fund or a decision in due course to proceed to an Early Liquidation of the Fund and an Early Amortisation of the Bond Issue in any of the events provided in this Prospectus. In the latter event, the Management Company shall send to the CNMV the notarial certificate of termination of the Fund and the liquidation procedure followed will be as referred to in section 4.4.4 of the Registration Document.

4.1.3 Procedure to notify Bondholders.

Notices to Bondholders to be made by the Management Company in accordance with the above, in regard to the Fund, shall be given as follows:

1. Ordinary notices.

Ordinary notices shall be given by a publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or by a publication in an extensively circulated business and financial or general newspaper in Spain. The Management Company or the Paying Agent may additionally disseminate that information or other information of interest to Bondholders through dissemination channels and systems typical of financial markets, such as Reuters, Bridge Telerate, Bloomberg or any other similarly characterised means.

2. Extraordinary notices.

Extraordinary notices shall be given by publication in an extensively circulated business and financial or general newspaper in Spain, and those notices shall be deemed to be given on the date of that publication, any Business or other calendar day (as established in this Prospectus) being valid for such notices.

Exceptionally, the face amount of Series D, the Cash Reserve amount, the final margins applicable for determining the Nominal Interest Rate of Series A1, A2, A3, B and C and the Nominal Interest Rate determined for the Bonds in each Series for the first Interest Accrual Period shall be notified in writing by the Management Company by the start of the Subscription Period to the Underwriters and Placement Agents in order to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

3. Notices and other information.

The Management Company may provide Bondholders with notices and other information of interest to them through its own Internet pages or other similarly characterised teletransmission means.

4.1.4 Information to the CNMV.

The Management Company shall proceed to advise the CNMV of the periodic and extraordinary notices and information given in accordance with the provisions of the preceding sections, and of such other information as the CNMV may require of it or by the laws in force from time to time, irrespective of the above.

4.1.5 Information to the Rating Agencies.

The Management Company shall provide the Rating Agencies with periodic information as to the position of the Fund and the performance of the Loans in order that they may monitor the rating of the Bonds and extraordinary notices. The Management Company shall also provide that information when it is reasonably required to do so and, in any event, whenever there is a significant change in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company or in the interested parties.

Mario Masiá Vicente, for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN and as General Manager signs this Prospectus at Madrid, on September 28, 2006.

GLOSSARY OF DEFINITIONS

“Act 19/1992” shall mean Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7.

“Act 2/1981” shall mean Mortgage Market Regulation Act 2/1981, March 25.

“Act 2/1994” shall mean Mortgage Loan Subrogation and Amendment Act 2/1994, March 30.

“Act 3/1994” shall mean Act 3/1994, April 14, adapting Spanish laws in the matter of credit institutions to the Second Banking Coordination Directive and introducing other changes in relation to the financial system.

“Act 44/2002” shall mean Financial System Reform Measures Act 44/2002, November 22.

“AIAF” shall mean AIAF Fixed-Income Market (*AIAF Mercado de Renta Fija*).

“Amortisation Deficiency” shall mean, on a Payment Date, the positive difference, if any, between (i) the Amortisation Withholding amount, and (ii) the amount of the Available Funds actually applied to Amortisation Withholding.

“Amortisation Withholding” shall mean, on each Payment Date, the positive difference if any on the Determination Date preceding the relevant Payment Date between (i) the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C Bonds, and (ii) the Outstanding Balance of Non-Doubtful Loans

“Available Funds for Amortisation” shall mean the amount to be allocated to Series A1, A2, A3, B and C Bond amortisation on each Payment Date and shall be the Amortisation Withholding amount actually applied in sixth (6th) place of the Available Funds on the relevant Payment Date in accordance with the Priority of Payments.

“Available Funds” shall mean, in relation to the Priority of Payments and on each Payment Date, the amounts to be allocated to meeting the Fund’s payment or withholding obligations, which shall have been paid into the Treasury Account, as established in section 3.4.6.2.1 of the Building Block.

“BANCAJA” shall mean CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA

“BANCO PASTOR” shall mean BANCO PASTOR, S.A..

“Bond Issue Management, Underwriting, Placement and Subscription Agreement” shall mean the Bond Issue management, underwriting and placement agreement entered into between the Management Company, for and on behalf of the Fund, and BANCAJA, IXIS CIB, JPMORGAN and LEHMAN BROTHERS as Lead Managers and Series A1, A2, A3, B and C Underwriters and Placement Agents, and BANCO PASTOR and DZ BANK AG as Series A1, A2, A3, B and C Underwriters and Placement Agents and BANCAJA as subscriber for all the Series D Bonds.

“Bond Issue” shall mean the issue of asset-backed bonds issued by the Fund having a face value between EUR one billion one hundred and seventy-eight million two hundred thousand (1,178,200,000.00) and one billion one hundred and eighty million five hundred thousand (1,180,500,000.00), comprised of six Series (Series A1, Series A2, Series A3, Series B, Series C and Series D).

“Bond Paying Agent Agreement” shall mean the Bond paying agent agreement entered into by the Management Company, for and on behalf of the Fund, and BANCAJA, as Paying Agent.

“Bonds” shall mean the Class A Bonds (consisting of Series A1, A2 and A3), the Series B Bonds, the Series C Bonds and the Series D Bonds issued by the Fund.

“Business Day” shall mean any day other than a public holiday in the city of Madrid or non-business day in the TARGET (Trans European Automated Real-Time Gross Settlement Express Transfer System).

“Cash Reserve” shall mean the Initial Cash Reserve set up on the Closing Date with the payment for subscribing for Series D and subsequently provisioned up to the Required Cash Reserve amount.

“CET” shall mean “Central European Time”.

“Class A Bonds” shall mean the Series A1, A2 and A3 Bonds issued by the Fund having a total face amount of EUR one billion sixty-three million two hundred thousand (1,063,200,000.00).

“Class A” shall mean the Class A (Series A1, A2 and A3) Bonds issued by the Fund.

“Closing Date” shall mean October 5, 2006, the date on which the cash amount of the subscription for the Bonds shall be paid up and the face value of the Pass-Through Certificates subscribed for and of the Non-Mortgage Loans acquired by the Fund shall be paid.

“CNMV” shall mean National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

“Conditions for Pro Rata Amortisation” shall mean the conditions set down in section 4.9.3.5 of the Securities Note for amortisation of Series A1 and/or A2 and/or A3 and/or B and/or C.

“CPR” shall mean the effective constant annual early amortisation or prepayment rate at which average lives and durations of the Bonds are estimated in this Prospectus.

“Deed of Constitution” shall mean the public deed recording the establishment of the Fund, assignment by BANCAJA to the Fund of Non-Mortgage Loans and Mortgage Loans by means of the issue of Pass-Through Certificates, and issue by the Fund of the Asset-Backed Bonds.

“Delinquent Loans” shall mean Loans that are delinquent on a given date with an arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Loans.

“Determination Dates” shall mean the dates falling on the fourth (4th) Business Day preceding each Payment Date.

“Determination Period” shall mean the periods comprising the exact number of days elapsed between every two consecutive Determination Dates, each Determination Period excluding the beginning Determination Date and including the ending Determination Date. Exceptionally:

- (i) the duration of the first Determination Period shall be equal to the days elapsed between date of establishment of the Fund, inclusive, and the first Determination Date, February 8, 2007, inclusive, and
- (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which the Early Liquidation of the Fund concludes, as provided for in section 4.4.4 of the Registration Document, on which the Loans and the assets remaining in the Fund have been liquidated and all the Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date but including the last date.

“Distribution of Available Funds for Amortisation” shall mean the rules for applying the Available Funds for Amortisation between each Series on each Payment Date established in section 4.9.3.5 of the Securities Note.

“Doubtful Loans” shall mean Loans that are delinquent on a given date with a period of arrears equal to or greater than eighteen (18) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment based on indications or information obtained by the Servicer.

“DZ BANK AG” shall mean DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main.

“Early Amortisation” shall mean Bond amortisation on a date preceding the Final Maturity Date in the Early Liquidation Events of the Fund and subject to the requirements established in section 4.4.3 of the Registration Document.

“Early Liquidation Events” shall mean the events contained in section 4.4.3 of the Registration Document where the Management Company, following notice duly served on the CNMV, is entitled to proceed to an Early Liquidation of the Fund.

“Early Liquidation of the Fund” shall mean the liquidation of the Fund and thereby an early amortisation of the Bond Issue on a date preceding the Final Maturity Date, in the events and subject to the procedure established in section 4.4.3 of the Registration Document.

“Ernst & Young” shall mean Ernst & Young S.L.

“Euribor” shall mean the Euro Interbank Offered Rate which is the term interbank deposit offered rate in euros calculated as the daily average of the quotations supplied for fifteen maturity terms by a panel consisting of 57 Banks, from among the most active banks in the Euro zone. The rate is quoted based on a count of the actual days to maturity and a 360-day year, and is fixed at 11am (CET time), accurate to three decimal places.

“Final Maturity Date” shall mean the final Bond amortisation date, i.e. February 14, 2039 or the following Business Day if that is not a Business Day.

“Financial Intermediation Agreement” shall mean the financial intermediation agreement entered into between the Management Company, for and on the Fund’s behalf, and BANCAJA.

“Financial Intermediation Margin” shall mean, under the Financial Intermediation Agreement, the variable subordinated remuneration which shall accrue upon the expiration of every quarterly period, comprising, other than for the first period, the three calendar months preceding each Payment Date, in an amount equal to the positive difference, if any, between the income and expenditure, including losses brought forward from previous years, if any, accrued by the Fund with reference to its accounts and before the close of the months of January, April, July and October, these being the last month in each quarterly period.

“Fitch” shall mean both Fitch Ratings España, S.A. and Fitch Ratings Limited, the holding company to which Fitch Ratings España, S.A. is affiliated.

“Fund” shall mean PYME BANCAJA 5 FONDO DE TITULIZACIÓN DE ACTIVOS.

“Guaranteed Interest Rate Account (Treasury Account) Agreement” shall mean the guaranteed interest rate account (Treasury Account) agreement entered into by the Management Company, for and on behalf of the Fund, and BANCAJA.

“Iberclear” shall mean Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.

“Initial Cash Reserve” shall mean the initial Cash Reserve amount to be determined by the Management Company by 10am (CET time) on the day of the Subscription Period, based on (i) the average margin applicable to the Party B interest rate in each Interest Swap Agreement, weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly), between the following amounts: EUR 30,500,000.00, EUR 29,900,000.00, EUR 28,800,000.00 and EUR 28,200,000.00.

“Interest Accrual Period” shall mean the days elapsed between every two consecutive Payment Dates, including the beginning Payment Date, but not including the ending Payment Date. The first Interest Accrual Period shall begin on the Closing Date, inclusive, and end on the first Payment Date, exclusive.

“Interest Rate Fixing Date” shall mean the second Business Day preceding each Payment Date.

“Interest Swap Agreement (Annual)” shall mean the floating interest rate swap agreement whereby the Fund and JPMORGAN CHASE shall make each other payments calculated on the Outstanding Balance of Non-Doubtful Loans whose interest rate is revised annually, respectively applying the 12-month Euribor rate and the Reference Rate determined for the Bonds, adding a margin.

“Interest Swap Agreement (Quarterly)” shall mean the floating interest rate swap agreement whereby the Fund and JPMORGAN CHASE shall make each other payments calculated on the Outstanding Balance of Non-Doubtful Loans whose interest rate is revised quarterly, respectively applying the 3-month Euribor rate and the Reference Rate determined for the Bonds, adding a margin.

“Interest Swap Agreement (Six-Monthly)” shall mean the floating interest rate swap agreement whereby the Fund and JPMORGAN CHASE shall make each other payments calculated on the Outstanding Balance of Non-Doubtful Loans whose interest rate is revised six-monthly, respectively applying the 12-month Euribor rate and the Reference Rate determined for the Bonds, adding a margin.

“Interest Swap Agreements” shall mean the three floating interest rate swap agreements (Interest Swap Agreement (Annual), Interest Swap Agreement (Six-Monthly) and Interest Swap Agreement (Quarterly)), to be entered into based on the standard 1992 ISDA Master Agreement (ISDA Master Agreement – Multicurrency - Cross Border) and the 2000 definitions (ISDA 2000 Definitions) entered into between the Management Company, acting for and on behalf of the Fund, and JPMORGAN CHASE.

“IRR” shall mean internal rate of return as defined in section 4.10.1 of the Securities Note.

“Issuer” shall mean BANCAJA.

“IXIS CIB” shall mean IXIS CORPORATE & INVESTMENT BANK.

“JPMORGAN CHASE” shall mean J.P. MORGAN CHASE BANK, N.A. London Branch.

“JPMORGAN” shall mean J.P. MORGAN SECURITIES LTD.

“Lead Managers” shall mean BANCAJA, JPMORGAN and LEHMAN BROTHERS.

“LEHMAN BROTHERS” shall mean LEHMAN BROTHERS INTERNATIONAL (EUROPE).

“Liquidation Available Funds” shall mean, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or when there is an Early Liquidation of the Fund, the amounts to be allocated to meeting the Fund's payment or withholding obligations, as follows: (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Loans, of the Pass-Through Certificates and of the assets remaining and, as the case may be, (iii) the amount drawn under the credit facility arranged and exclusively used for amortisation of the Series A1, A2, A3, B and C Bonds then outstanding, in accordance with the provisions of section 4.4.3.3.(iii) of the Registration Document.

“Liquidation Priority of Payments” shall mean the priority of the Fund's payment or withholding obligations for applying the Liquidation Available Funds on the Final Maturity Date or when there is an Early Liquidation of the Fund.

“Loan Servicing and Pass-Through Certificate Custody Agreement” shall mean the Loan servicing and custody and Pass-Through Certificate supporting document custody agreement entered into between the Management Company, acting for and on behalf of the Fund, and BANCAJA, as Servicer.

“Loans” shall mean the loans owned by BANCAJA granted to non-financial small and medium-sized enterprises (legal persons) (SMEs, as defined in section 2.2 of the Building Block) domiciled in Spain, assigned by BANCAJA to the Fund upon being established.

In this Prospectus the term “Loans” shall be used to refer collectively to the Non-Mortgage Loans and the Mortgage Loans or the Pass-Through Certificates perfecting their assignment.

“Management Company” shall mean EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.

“Moody's” shall mean both Moody's Investors Service España, S.A. and Moody's Investors Service Ltd., the holding company to which Moody's Investors Service España, S.A. is affiliated.

“Mortgage Loans” shall mean the Loans with real estate mortgage security assigned by BANCAJA to the Fund by means of the issue by BANCAJA of and subscription by the Fund for the Pass-Through Certificates.

“Nominal Interest Rate” shall mean the nominal interest rate, variable quarterly and payable quarterly, applicable to each Series and determined for each Interest Accrual Period, which shall be the result of adding (i) the Reference Rate and (ii) a margin for each Series as detailed in section 4.8.1.2 of the Securities Note.

“Non-Delinquent Loans” shall mean Mortgage Loans that are not deemed to be Delinquent Loans on a given date, also excluding Doubtful Loans.

“Non-Doubtful Loans” shall mean Mortgage Loans that are not deemed to be Doubtful Loans on a given date.

“Non-Mortgage Loans” shall mean Loans without special security secured by cash pledges and/or with third-party personal guarantees, assigned by BANCAJA to the Fund upon being sold by BANCAJA and acquired by the Fund.

“Obligors” shall mean the borrowers of the Loans, which are small and medium-sized enterprises (legal persons) (SMEs, as defined in section 2.2 of the Building Block).

“Originator” shall mean BANCAJA, originator of the Loans.

“Outstanding Balance of the Loans” shall mean the sum of outstanding capital or principal and overdue capital or principal not paid into the Fund for each and every one of the Loans.

“Outstanding Principal Balance of Class A” shall mean the sum of the Outstanding Principal Balance of Series A1, A2 and A3 making up Class A.

“Outstanding Principal Balance of the Bond Issue” shall mean the sum of the Outstanding Principal Balance of Series A1, A2, A3, B, C and D making up the Bond Issue.

“Outstanding Principal Balance of the Series” shall mean the sum of the outstanding principal to be repaid (outstanding balance) on a given date on all the Bonds making up the Series.

“Pass-Through Certificates” shall mean the pass-through certificates issued on Mortgage Loans by BANCAJA in accordance with article 18 of Act 44/2002, and subscribed for by the Fund.

“Paying Agent” shall mean the firm servicing the Bonds. The Paying Agent shall be BANCAJA (or any replacement institution).

“Payment Date” shall mean February 14, May 14, August 14 and November 14 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be February 14, 2007.

“Priority of Payments” shall mean the priority for applying the Fund’s payment or withholding obligations both for applying the Available Funds and for distribution of Available Funds for Amortisation from the first Payment Date until the last Payment Date or Fund liquidation date, exclusive.

“Rating Agencies” shall mean Fitch Ratings España, S.A. and Moody’s Investors Service España, S.A.

“Reference Rate” shall mean, other than for the first Interest Accrual Period, three- (3-) month Euribor fixed at 11am (CET time) on the Interest Rate Fixing Date, or, if this Euribor rate should not be available or be impossible to obtain, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note. The Reference Rate for the first Interest Accrual Period shall mean the rate resulting from a straight-line interpolation, taking into account the number of days in the first Interest Accrual Period, between four- (4-) month Euribor and five- (5-) month Euribor, fixed at 11am (CET time) on the second Business Day preceding the Closing Date, or, upon the failure or impossibility to obtain these Euribor rates, the substitute rates for which provision is made in section 4.8.1.3.(ii) of the Securities Note.

“Required Cash Reserve” shall mean shall mean the Required Cash Reserve amount on each Payment Date to be determined by the Management Company by 10am (CET time) on the day of the Subscription Period, based on (i) the average margin applicable to the Party B interest rate in each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, in accordance with the provisions of section 3.4.7.1 of the Building Block, and (ii) as established below.

Weighted average margin applicable to the Party B interest rate in the Interest Swap Agreements for the first calculation period			
Between -0.210% and -0.161%	Between -0.160% and -0.121%	Between -0.120% and -0.071%	Between -0.070% and 0.000%

Initial Cash Reserve	€30,500,000.00	€29,900,000.00	€28,800,000.00	€28,200,000.00
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Required Cash Reserve shall be the lower of the following amounts:

(i) The Initial Cash Reserve amount	€30,500,000.00	€29,900,000.00	€28,800,000.00	€28,200,000.00
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(ii) The higher of:

a) The amount resulting from applying the percentage specified to the sum of the Outstanding Principal Balance of Series A1, A2, A3, B and C	5.304%	5.200%	5.008%	4.904%
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b) The following amount	€15,250,000.00	€14,450,000.00	€14,400,000.00	€14,100,000.00
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Notwithstanding the above, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Required Cash Reserve amount on the preceding Payment Date whenever any of the circumstances provided for in section 3.4.2.2 of the Building Block concur on the Payment Date.

“Royal Decree 116/1992” shall mean Book Entries and Stock Exchange Transaction Clearing and Settlement Royal Decree 116/1992, February 14.

“Royal Decree 1310/2005” shall mean Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose.

“Royal Decree 685/1982” shall mean Royal Decree 685/1982, March 17, implementing certain aspects of Mortgage Market Regulation Act 2/1981, and Royal Decree 1289/1991, August 2, amending certain of the previous Royal Decree’s articles.

“Royal Decree 926/1998” shall mean Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies.

“Royal Decree Law 5/2005” shall mean Royal Decree-Law 5/2005, March 11, on urgent measures for boosting productivity and improving public contracting.

“Securities Market Act” shall mean Securities Market Act 24/1988, July 28, amended by Act 37/1998, November 16, and Act 44/2002, November 22, and Royal Decree-Law 5/2005, March 11, among other amendments.

“Series A1 Bonds” shall mean the Series A1 Bonds issued by the Fund having a total face amount of EUR two hundred and sixty million (260,000,000.00) comprising two thousand six hundred (2,600) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A1” shall mean the Series A1 Bonds issued by the Fund.

“Series A2 Bonds” shall mean the Series A2 Bonds issued by the Fund having a total face amount of EUR one hundred and eighty-five million (185,000,000.00) comprising one thousand eight hundred and fifty (1,850) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A2” shall mean the Series A2 Bonds issued by the Fund.

“Series A3 Bonds” shall mean the Series A3 Bonds issued by the Fund having a total face amount of EUR six hundred and eighteen million two hundred thousand (618,200,000.00) comprising six thousand one hundred and eighty-two (6,182) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A3” shall mean the Series A3 Bonds issued by the Fund.

“Series B Bonds” shall mean the Series B Bonds issued by the Fund having a total face amount of EUR sixty-two million seven hundred thousand (62,700,000.00) comprising six hundred and twenty-seven (627) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series B” shall mean the Series B Bonds issued by the Fund.

“Series C Bonds” shall mean the Series C Bonds issued by the Fund having a total face amount of EUR twenty-four million one hundred thousand (24,100,000.00) comprising two hundred and forty-one (241) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series C” shall mean the Series C Bonds issued by the Fund.

“Series D Bonds” shall mean the Series D Bonds issued by the Fund having a total face amount comprised between EUR twenty-eight million two hundred thousand (28,200,000.00) and thirty million five hundred thousand (30,500,000.00) comprising Bonds having a unit face value of EUR one hundred thousand (100,000), to be determined by the Management Company by 10am (CET time) on the day of the Subscription Period, as provided for in section 4.1.e) of the Securities Note

“Series D” shall mean the Series D Bonds issued by the Fund.

“Servicer” shall mean the institution in charge of custody and servicing of the Mortgage Loans and custody of the certificates representing the Pass-Through Certificates under the Mortgage Loan Servicing and Pass-Through Custody Agreement, i.e. BANCAJA (or any replacement institution).

“Servicing Agreement” shall mean the Mortgage Loan Servicing and Pass-Through Certificate Custody Agreement.

“SMEs” shall mean small and medium-sized enterprises (legal persons), as defined in section 2.2 of the Building Block, which are the Obligors or borrowers of the Loans.

“Start-Up Loan Agreement” shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BANCAJA, for a sum of EUR five million one hundred and fifty thousand (5,150,000.00).

“Start-Up Loan” shall mean the loan granted by BANCAJA to the Fund, in accordance with the provisions of the Start-Up Loan Agreement.

“Subscription Period” shall mean the Bond subscription period comprised between 1pm (CET time) and 2pm (CET time) on October 3, 2006.

“Treasury Account” shall mean the financial account in euros opened at BANCAJA in the Fund’s name, in accordance with the provisions of the Guaranteed Interest Rate Account (Treasury Account) Agreement, through which the Fund will make and receive payments.

“Underwriters and Placement Agents” shall mean BANCAJA, IXIS CIB, JPMORGAN, LEHMAN BROTHERS, BANCO PASTOR and DZ BANK AG.