

PROSPECTUS

December 2008

# FINANCIACIÓN BANCAJA 1 FONDO DE TITULIZACIÓN DE ACTIVOS

ISSUE OF ASSET-BACKED BONDS  
EUR 550,000,000

Series A	EUR 456,500,000	Aaa
Series B	EUR 22,000,000	Aa3
Series C	EUR 71,500,000	Baa3

Backed by receivables assigned and serviced by



*Lead Managers*



J.P.Morgan

*Subscriber*



*Paying Agent*

**Bancaja**

*Fund established and managed by*



Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores  
on December 18, 2008

**Material Event**  
**concerning**

**FINANCIACIÓN BANCAJA 1 FONDO DE TITULIZACIÓN DE ACTIVOS**

Pursuant to the Prospectus for **FINANCIACIÓN BANCAJA 1 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On May 25, 2012, this Management Company notified Material Event reporting that the Rating Agency Moody’s Investors Service (“**Moody’s**”) had, on May 17, 2012, downgraded the credit ratings assigned to Confederación Española de Cajas de Ahorro, S.A. (“**CECA**”) and BANCO COOPERATIVO ESPAÑOL, S.A. (“**BANCO COOPERATIVO**”), which circumstance was reported because CECA was the Fund’s counterparty under the Guaranteed Interest Rate Account (Treasury Account) Agreement and BANCO COOPERATIVO was the Fund’s counterparty under the Paying Agent Agreement.
- Effective as of October 25, 2012, the Fund’s Treasury Account was transferred from CECA to BANCO SANTANDER, S.A. (“**SANTANDER**”) which bank was subrogated to the Guaranteed Interest Rate Account (Treasury Account) Agreement by signing the relevant subrogation agreement amending but not terminating the same on October 24, 2012.

On October 24, SANTANDER was designated Bond Paying Agent to replace BANCO COOPERATIVO, by duly signing the relevant subrogation agreement amending but not terminating the same.

The ratings for SANTANDER’s short- and long-term unsecured and unsubordinated debt obligations assigned by the Rating Agency are currently as follows:

	<b>Moody’s</b>
<b>Short-term</b>	P-2
<b>Long-term</b>	Baa2

- In addition, the Management Company, for and on behalf of the Fund, BANKIA, S.A. (“**BANKIA**”), as the only holder of all the Bonds issued by the Fund, and SANTANDER, as the new counterparty, have agreed to amend the Guaranteed Interest Rate Account (Treasury Account) and Paying Agent Agreements. Following the amendments, the following sections of the Fund Prospectus shall read as follows.

<b>Section</b>	<b>Description</b>
<b>3.4.4.1 Building Block Paragraphs 3 et seq. (Treasury Account)</b>	In the event that the rating of the long-term unsecured and unsubordinated debt obligations of the institution in which the Treasury Account is opened (the “Treasury Account Provider”) should, at any time during the life of the Bond Issue, be downgraded below Baa3 in the long-term by Moody’s, or that the rating of its long-term unsecured and unsubordinated debt obligations should, at any time during the life of Series A Bonds, be downgraded below BBB by S&P, the Management Company shall, following an agreement with BANKIA, within not more than thirty (30) calendar days from the time of the occurrence of the downgrade below Baa3, or within not more than sixty (60) calendar days (extendable by a further thirty (30) calendar days provided that S&P is notified in writing of the adoption of any action valid for S&P) from the time of the occurrence of the downgrade below BBB, as the case may be, do one of the following, allowing a suitable level of guarantee to be maintained with respect to the Treasury Account Provider’s commitments under the Guaranteed Interest Rate Account (Treasury Account) Agreement in order for the rating given to the Bonds by the Rating

Section	Description
	<p>Agencies not to be adversely affected:</p> <p>a) Obtain from an institution with long-term unsecured and unsubordinated debt obligations rated at least as high as Baa3 by Moody's and/or, if Series A remains outstanding, with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB by S&amp;P, an unconditional, irrevocable and first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by the Treasury Account Provider of its obligation to repay the amounts credited to the Treasury Account, for such time as the Treasury Account Provider's debt obligations remain downgraded below Baa3 and/or BBB.</p> <p>b) Transfer the Treasury Account to an institution with long-term unsecured and unsubordinated debt obligations rated at least as high as Baa3 by Moody's and, if Series A remains outstanding, with long-term debt obligations rated at least as high as BBB by S&amp;P, arranging the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.</p> <p>Notwithstanding the above provisions, if BANKIA should, solely for the purpose of Series A Bonds still being eligible collateral in European Central Bank monetary policy operations, notify the Management Company in writing that the Treasury Account Provider's credit ratings must be higher than those provided for above (the "Treasury Account Provider's New Minimum Ratings"), the Management Company shall, following an agreement with BANKIA, after receiving the aforementioned notice from BANKIA, do one of the above, albeit with reference to the New Minimum Ratings to have been notified by BANKIA to the Management Company, in the event that the Treasury Account Provider's ratings should be below the New Minimum Ratings.</p> <p>The Treasury Account Provider's New Minimum Ratings required upon request by BANKIA shall not be binding until satisfactory notice thereof is served by the Management Company on the Rating Agencies. In addition, the measures, if any, applied or to be applied to meet the Treasury Account Provider's New Minimum Ratings shall be communicated.</p> <p>Once New Minimum Ratings have been notified, no further New Minimum Ratings may be adopted.</p> <p>All costs, expenses and taxes incurred in connection with doing and arranging the above shall be borne by BANKIA.</p> <p>BANKIA agrees, upon the Treasury Account Provider's credit rating being downgraded, to use commercially reasonable efforts in order that the Management Company may do one of a) or b) above, with the minimum ratings required therein or adapted, as the case may be, to the New Minimum Ratings.</p> <p>BANKIA agrees, upon the Management Company's request and provided that its unsecured and unsubordinated debt obligations have the minimum ratings required above or, as the case may be, the New Minimum Ratings, to provide the Treasury Account by taking over as Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement or, as the case may be, under a new agreement.</p>
<p><b>3.4.7.2 Building Block Paragraphs 3 to 6 (Paying Agent</b></p>	<p>In the event that the rating of the Paying Agent's unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below Baa3 in the long-term by Moody's or that the rating of its long-term unsecured and unsubordinated debt obligations should, at any time during the life of Series A Bonds, be</p>

Section	Description
<p><b>Agreement)</b></p>	<p>downgraded below BBB by S&amp;P, the Management Company shall, following an agreement with BANKIA, within not more than thirty (30) calendar days from the time of the occurrence of the downgrade below Baa3 or within not more than sixty (60) calendar days from the time of the occurrence of the downgrade below BBB, after notifying the Rating Agencies, do one of the following:</p> <p>a) Obtain from an institution with long-term unsecured and unsubordinated debt obligations rated at least as high as Baa3 by Moody's and/or, if Series A Bonds remain outstanding, with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB by S&amp;P, an unconditional and irrevocable first demand guarantee securing for the Fund, merely upon the Management Company so requesting, payment of the Paying Agent's commitments for such time as the ratings of the Paying Agent's debt obligations remain downgraded below Baa3 and/or BBB as aforesaid.</p> <p>b) Revoke the Paying Agent's designation and thereupon designate another institution with long-term unsecured and unsubordinated debt obligations rated at least as high as Baa3 by Moody's and, if Series A Bonds remain outstanding, with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB by S&amp;P, to take its place before terminating the Paying Agent Agreement, or, as the case may be, under a new paying agent agreement.</p> <p>Notwithstanding the above provisions, if BANKIA should, solely for the purpose of Series A Bonds still being eligible collateral in European Central Bank monetary policy operations, notify the Management Company in writing that the Paying Agent's credit ratings must be higher than those provided for above (the "Paying Agent's New Minimum Ratings"), the Management Company shall, following an agreement with BANKIA, after receiving the aforementioned notice from BANKIA, do one of the above, albeit with reference to the New Minimum Ratings to have been notified by BANKIA to the Management Company, in the event that the Paying Agent's ratings should be below the New Minimum Ratings.</p> <p>The Paying Agent's New Minimum Ratings required upon request by BANKIA shall not be binding until satisfactory notice thereof is served by the Management Company on the Rating Agencies. In addition, the measures, if any, applied or to be applied to meet the Paying Agent's New Minimum Ratings shall be communicated.</p> <p>Once New Minimum Ratings have been notified, no further New Minimum Ratings may be adopted.</p> <p>All costs, expenses and taxes incurred in connection with doing and arranging the above shall be borne by BANKIA.</p> <p>BANKIA agrees, forthwith upon the credit rating of the Paying Agent's debt obligations being downgraded, to use commercially reasonable efforts in order that the Management Company may do one of a) or b) above, with the minimum ratings required therein or adapted, as the case may be, to the New Minimum Ratings.</p>

Issued to serve and avail as required by law, at Madrid on November 2, 2012.

Mario Masiá Vicente  
General Manager



**Material Event**  
**concerning**

**FINANCIACIÓN BANCAJA 1 Fondo de Titulización de Activos**

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **FINANCIACIÓN BANCAJA 1 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
<p><b>3.4.7.1 Building Block</b></p>	<p><b>Bond Issue Paying Agent.</b></p> <p>A new additional paragraph is added to paragraph two section (i), containing references to the actions to be taken in the event of the Paying Agent’s credit ratings being downgraded, with the following wording:</p> <p>“(i) (...)</p> <p>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.”</p> <p>A new paragraph is added after paragraph four, with the following wording:</p> <p>“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 Agreement as Paying Agent.”</p> <p>Paragraph five of this section, concerning the Paying Agent’s compensation, is replaced with the following wording:</p> <p>“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 Fund Priority of Payments or, as the case may be, the Liquidation Priority of Payments.”</p>

Issued to serve and avail as required by law, at Madrid, on December 31, 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**”).
5. A glossary of definitions (the “**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.

FINANCIACIÓN BANCAJA 1 FONDO DE TITULIZACIÓN DE ACTIVOS (the “**Fund**” and/or the “**Issuer**”) is a separate closed-end fund devoid of legal personality and, in accordance with Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies (“**Royal Decree 926/1998**”), is managed by a management company, EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the “**Management Company**”). 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, which include enforcing 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 or has its licence to operate as a securitisation fund management company revoked by the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*) (the “**CNMV**”), 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 early liquidation of the Fund and early amortisation of the Bonds issued by the same, as provided for in the Deed of Constitution and in this Prospectus.

#### c) Limitation of actions.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against Obligors of the Receivables 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 Receivables, 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 ordinary creditors of the Fund shall have no recourse against the Fund 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 claimed amount.

#### d) Applicability of the Bankruptcy Act

Both CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA (“**BANCAJA**” or the “**Originator**”) and the Fund Management Company may be declared insolvent.

Pursuant to Additional Provision 5 of Act 3/1994, April 14, adapting Spanish laws in the matter of Credit Institutions to the Second Banking Coordination Directive, the Originator’s assignment to the Fund of the Receivables can only be rescinded or contested as provided for in article 71 of the Bankruptcy Act by the receivers, who shall have to prove the existence of fraud.

Notwithstanding that, in the event that the public deed of constitution should be deemed to satisfy the requirements set in Additional Provision 3 of Act 1/1999, the assignment of the Receivables to the Fund could be liable to be rescinded in accordance with the general system provided for under article

71 of the Bankruptcy Act. However, that same article 71 specifically provides under paragraph 5 that transactions made at arm's length in the Originator's ordinary course of business cannot be rescinded under any circumstances.

In the event of insolvency 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.

Notwithstanding all of the above, the insolvency of any party involved (be that BANCAJA, the Management Company or any other Fund counterparty institution) may in any event affect its contractual relations with the Fund.

## **2 Risks derived from the securities.**

### **a) Issue Price.**

The Bond Issue is made with the intention of being fully subscribed for by the Originator in order to have liquid assets available which may be used as security for Eurosystem transactions or be sold, and, consequently, the terms of the Bond Issue are not an estimate of the prices at which those instruments could be sold in the secondary market or of the Eurosystem's valuations in due course for the purpose of using them as security instruments in its lending transactions to the banking system.

### **b) Liquidity.**

As set out in the preceding paragraph, the Originator intends to fully subscribe for the Bond Issue, but this shall not howsoever preclude a potential subsequent sale thereof. Therefore, until the Bonds are fully or partially disposed of, or even when that occurs, 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.

### **c) 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, inter alia, to assumed Receivables prepayment and delinquency rates that may not be fulfilled, and to future market interest rates, given the floating nature of the Nominal Interest Rate of each Series.

### **d) 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 Receivables repayment and, inter alia, to assumed Receivables prepayment rates that may not be fulfilled. Receivables 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.

### **e) 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.

**f) Subordination of the Bonds.**

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds, whereas Series C Bond interest payment and principal repayment is in turn deferred with respect to Series A and Series B Bonds. There is however no assurance whatsoever that these subordination rules shall protect Series A, B and C Bondholders from the risk of loss.

The subordination rules among the different Series are established in the Priority of Payments and in the Liquidation Priority of Payments of the Fund in accordance with section 3.4.6 of the Building Block.

**g) Deferment of interest.**

This Prospectus and the other supplementary documents relating to the Bonds provide for deferment of Series B and C Bond interest payment in the event of the circumstances provided for in section 3.4.6.2.1.2 of the Building Block occurring.

Series A Bond interest is not subject to these deferment rules.

**h) Bond Rating.**

The credit risk of the Bonds issued by the Fund has been assessed by the rating agency Moody's Investors Service España S.A. (the "**Rating Agency**").

The Rating Agency may revise, suspend or withdraw the final ratings assigned at any time, based on any information that may come to its notice.

These ratings 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.

**i) Ratings not confirmed.**

The Rating Agency's failure to confirm the provisional ratings given to the Bonds by 1pm (CET) on December 23, 2008 shall be an event of termination of the establishment of the Fund and the Bond Issue.

**3 Risks derived from the assets backing the issue.**

**a) Risk of default on the Receivables.**

Bondholders shall bear the risk of default on the Receivables 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 Receivables. Under article 348 of the Commercial Code and 1529 of the Civil Code, BANCAJA will be liable to the Fund for the existence and lawfulness of the Loans and for the personality with which the assignment is to be 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 Receivables, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution or redemption of Receivables failing to conform, on the assignment date, to the representations given in section 2.2.8 of the Building Block.

**b) Limited Liability.**

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

**c) Limited Hedging.**

A high level of delinquency of the Receivables might reduce or indeed exhaust the limited hedging against losses on the Receivables 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.

**d) Receivables prepayment risk.**

There will be a prepayment of the Receivables pooled in the Fund, when Obligors prepay the portion of the capital then outstanding on the Receivables.

That prepayment risk shall pass quarterly on each Payment Date to Bondholders by the partial amortisation of the Bonds, in accordance with the terms for amortising each Series and the rules for Distribution of Available Funds for Amortisation, contained in sections 4.9.2 and 4.9.3.5 of the Securities Note.

**e) Geographical concentration.**

There are 57,267 selected loans (76.80% of the total loans) to be assigned to the Fund upon being established with obligors domiciled in the Valencian Community, and their outstanding principal amounts to EUR 474,292,484.79 (76.32% 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 Receivables backing the Fund's Issue of Asset-Backed Bonds.

**f) Concentration on the selected mortgage loan origination date.**

The selected portfolio selected loans originated in the years 2007 and 2008 account for 77.22%, in terms of outstanding principal, of the total selected portfolio. The weighted average age of the portfolio is 17.49 months at November 30, 2008, the selected portfolio selection date.

**g) Loan portfolio assumptions.**

The assumptions made in this Prospectus regarding prepayment, delinquency, default and other rates are merely theoretical and for the sake of illustration only, which means that those assumptions may in any event differ from the actual rates in the future.

## **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 FINANCIACIÓN BANCAJA 1 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 November 18, 2008.

#### **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 and the CNMV.

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. The Management Company shall duly notify the CNMV of such designation.

#### **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 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 paragraph 1 of the preceding section 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 a closed-end 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 "FINANCIACIÓN BANCAJA 1 FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

- FINANCIACIÓN BANCAJA 1 FTA
- FINANCIACIÓN BANCAJA 1 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 CNMV. The Fund has been entered in the Official Registers of the CNMV.

##### ***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, as Originator, shall proceed to execute on December 22, 2008 a public deed whereby FINANCIACIÓN BANCAJA 1 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANCAJA will assign the Receivables to the Fund, 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 or amended other than in exceptional events, provided that there are no circumstances preventing that in accordance with the laws and regulations in force from time to time. 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 Agency, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agency. 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 December 23, 2025 or the following Business Day if that is not a Business Day, the Final Maturity Date of the Bond Issue, other than in the event of Early Liquidation before then as set forth in section 4.4.3 of this Registration Document or if 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 early liquidation (“**Early Liquidation**”) of the Fund and thereby 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 Receivables yet to be repaid is less than ten (10) percent of the Outstanding Balance of the Receivables upon the Fund being established, and provided that payment obligations derived from the Bonds in each Series may be honoured and settled in full in the Liquidation Priority of Payments.

The payment obligations derived from the Bonds in each series on the Early Liquidation date 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) Mandatorily, in the event that the Management Company should be adjudged insolvent and/or have its licence to operate as a securitisation fund management company revoked by the CNMV, and 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 to this Prospectus.
- (iv) If within at least one (1) year since the Fund was established the Management Company should have the express consent and acceptance of all Bondholders and all counterparties to the agreements in force with the Fund, as regards both payment of amounts resulting from, and the procedure for, such Early Liquidation.
- (v) When a default occurs indicating a major permanent imbalance in relation to any of the Bonds issued or that it is about to occur.
- (vi) Upon the lapse of eighteen (18) months from the date of the last maturity of the Receivables, 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 Early Liquidation of the Fund.
- (ii) That the Management Company previously advise the CNMV and the Rating Agency thereof.
- (iii) The notice of the Management Company’s resolution to proceed to Early Liquidation of the Fund shall contain a description of (i) the event or events triggering Early Liquidation of the Fund, (ii) the liquidation procedure, and (iii) the manner in which Bond payment obligations 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 Early Liquidation of the Fund and Early Amortisation of the Bond Issue, the Management Company shall, for and on behalf of the Fund:

- (i) Proceed to sell the Receivables remaining in the Fund at a reasonable mark-to-market price, initially not less than the sum of the principal still outstanding plus interest accrued and not paid on the relevant Receivables, subject to the provisions of paragraph (iv) below.
- (ii) Proceed to terminate such agreements as are not necessary for the Fund liquidation procedure.

- (iii) Be entitled to arrange for a credit facility, with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, or a loan which shall be fully allocated to early amortisation of the Bonds in the Series then outstanding. Financial expenses due shall be paid and credit facility or loan principal shall be repaid in accordance with the Liquidation Priority of Payments.
- (iv) Finally, both due to the preceding actions falling short and the existence of Receivables 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 which may, in its view, give a reasonable market value. The Management Company shall be bound to accept the best bid received for the Receivables and for the assets on offer. In order to set the reasonable market value, the Management Company may secure such valuation reports as it shall deem necessary.

For (i), (iii) and (iv) above, the Originator shall have a right of first refusal and will therefore have priority over third parties to acquire the Receivables or other assets still on the assets of the Fund, and/or may grant to the Fund the credit facility or the loan designed for Early Amortisation of the Bonds in the Series then outstanding. The Management Company shall therefore send the Originator a list of the assets and of third-party bids received, if any, and the latter may use that right for all Receivables or other remaining assets offered by the Management Company or the credit facility or the loan within ten (10) Business Days of receiving said notice, and provided that (i) its bid is at least equal to the best of the third-party bids, if any, and (ii) the Originator proves to the Management Company that the exercise of the pre-emptive right was subject to its usual credit revision and approval procedures and establishing therein that the exercise of that right is not designed to implicitly support securitisation.

- 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 or the loan arranged for Early Amortisation of the Bonds in the Series then outstanding, which shall be applied to meeting the payment obligations of the Bonds in those Series.

#### **4.4.4 Termination of the Fund.**

The Fund shall terminate in any case in the following events:

- (i) Upon the Receivables pooled therein being fully repaid.
- (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 final liquidation of the Fund on the Final Maturity Date on December 23, 2025 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 Agency should not confirm any of the assigned provisional ratings as final ratings by 1pm (CET) on December 23, 2008. In this event, the Management Company shall terminate the establishment of the Fund, the assignment the Receivables to the Fund and the Bond issue.

In this case, 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 Fund set-up and Bond Issue expenses payable with the Start-Up Loan, and the Start-Up Loan agreement 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 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 Receivables that are pending the outcome of court or notarial proceedings instituted as a result of default by the Obligor of the Receivable, both their continuation and the proceeds of their termination shall be for the Originator.

In any event, the Management Company, acting for and on behalf of the Fund, shall not proceed to terminate the Fund and strike it off the relevant administrative registers until the Receivables and the remaining assets of the Fund have been liquidated and the Liquidation Available Funds have been distributed, in the Liquidation Priority of Payments.

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 Company is entrusted with establishing, managing and being the authorised representative of the same, 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 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 ("**Act 3/1994**"), (iv) the Securities Market Act, as currently worded, in regard to supervision, inspection and sanctions thereof, (v) Regulation 809/2004, and (vi) 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 the Consolidation of the Corporation Tax Act, approved by Legislative Royal Decree 4/2004, March 5, article 20.One.18 of Value Added Tax Act 37/1992, December 28, article 59.k of the Corporation Tax Regulations, approved by Royal Decree 1777/2004, July 30, article 45.I.B).15 of the Consolidation of the Capital Transfer and Documents Under Seal Tax Act, approved by Legislative Royal Decree 1/1993, September 24, additional provision five of Act 3/1994, April 14, and Personal Income Tax Act 35/2006, November 28, partly amending the Corporation, Non-Resident Income and Wealth Tax Acts, the most relevant characteristics of the current tax system, for each tax, of the Fund are mainly as follows:

- (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 are exempt from payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (iii) The Fund is liable to pay Corporation Tax, 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 30%, and subject to common rules regarding tax credit, set-off of losses and other substantial constituent elements of the tax.
- (iv) As for returns on the Receivables, loans or other receivables constituting Fund income, there is no Corporation Tax withholding or interim payment obligation.
- (v) The management and custody services provided by the Management Company to the Fund shall be exempt from Value Added Tax.
- (vi) The assignment of the Receivables to the Fund is a transaction subject to and exempt from Value Added Tax.
- (vii) Fulfilment of the reporting duties established by Additional Provision Two of Financial Intermediary Investment Ratios, Equity and Reporting Duties Act 13/1985 shall apply to the Fund.

The procedure to satisfy those reporting duties was implemented by Royal Decree 1065/2007, July 27, establishing reporting duties with respect to preferred stock and other debt instruments and certain income obtained by individuals resident in the European Union (“**Royal Decree 1065/2007**”).

In accordance with Spanish laws for the time being in force, returns on the Bonds obtained by an investor who is not a resident of Spain shall, for tax purposes, be either (i) exempt from a withholding on account of Non-Resident Income Tax (in the case of investors acting through a permanent establishment), or (ii) exempt on the same terms established for returns on public debt.

Notwithstanding the above, in order for the aforementioned withholding exclusion to be effective, those investors needs must satisfy certain formal obligations, currently laid down (i) in the Order of December 22, 1999, in the case of non-residents acting with respect to the Bonds through a permanent establishment in Spain, and (ii) in Royal Decree 1065/2007, in the case of non-residents not acting, with respect to the Bonds, through a permanent establishment in Spain and satisfying the terms and requirements referred to above, though specific laws may be passed for securitisation funds in the future.

Where pursuant to the abovementioned laws the exemption right is not satisfactorily established (that is to say, proof is not produced that the non-resident investor is not acting through a tax haven or the Management Company is not provided, through the Paying Agent, with the relevant certificates), returns on the Bonds shall be subject to withholding, currently set at 18%.

The tax implications described above are based on the laws in force at the time of issue of this Prospectus and do not purport to be comprehensive. Consequently, they should not be considered in lieu of the requisite tax advice suited to each investor’s particular situation.

#### **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 (i) to acquire a number of receivables owned by BANCAJA derived from loans granted to individuals resident in Spain (the "**Obligors**") to finance the purchase of chattels, vehicles or securities, the alteration, renovation or purchase of real properties, refinancing, pre-operating and start-up, operating and current expenses, and other retail expenses (the "**Loans**"), assigned by BANCAJA to the Fund (the "**Receivables**"), and (ii) to issue asset-backed bonds (either the "**Asset-Backed Bonds**" or the "**Bonds**"), designed to finance the acquisition of the Receivables.

Receivables interest and repayment income received by the Fund shall be allocated quarterly on each Payment Date to interest payment and principal repayment on the Asset-Backed Bonds on the specific terms of each series (the "**Series**") making up the issue of Asset-Backed Bonds and in the Priority of Payments established for Fund payments.

Moreover, the Fund, represented by the Management Company, shall arrange 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 Receivables and the Bonds, and, generally, enable the financial transformation carried out in respect of the Fund's assets between the financial characteristics of the Receivables 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 be the authorised representative of the Fund and takes responsibility for the contents of the Prospectus.

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 Receivables to be acquired by the Fund upon being established and shall be a Lead Manager of the Bond Issue, the Subscriber of the Bond Issue 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, jointly with J.P. MORGAN as its only function, structured the financial terms of the Fund and the Bond Issue.

In addition, it shall take on the functions of article 35.3 of the same Royal Decree.

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

BANCAJA is a Savings Bank incorporated in Spain and entered in the Companies Register of Castellón at volume 532, General Section book 99, 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: Cardenal Benlloch number 67, 46021 Valencia.

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

	<b>Moody's Ratings</b>
<b>Short-term</b>	P-1 (August 2008)
<b>Long-term</b>	A2 (August 2008)
<b>Outlook</b>	Stable

- J.P. MORGAN SECURITIES LTD. (“**J.P. MORGAN**”) shall be a Lead Manager of the Bond Issue.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, J.P. MORGAN’s only function, jointly with BANCAJA, has been to structure the financial terms of the Fund and of the Bond Issue.

J.P. MORGAN is a limited liability company incorporated in the United Kingdom and entered in the companies register of England and Wales under number 2711006. In addition, J.P. MORGAN 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.: 268/8163038906

Registered office: 125 London Wall, EC2Y 5AJ London (United Kingdom)
- Moody’s Investors Service España, S.A. is the Rating Agency 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 (both of them “**Moody’s**” without distinction).

VAT REG. No.: A-80448475

Registered Office: Bárbara de Braganza number 2, 28004 Madrid (Spain)
- The firm J&A Garrigues S.L.P. (“**GARRIGUES**”), an independent law firm, 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 audited BANCAJA’s selected mortgage.

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. is affiliated to the same Group as J.P. MORGAN ESPAÑA, S.A., and the latter in turn has a 4.00% 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, shall be responsible for managing and being the authorised representative 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 and this Prospectus.

## 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 of 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, 2007, 2006 and 2005 have been audited by the firm Deloitte S.L., entered in the Official Register of Auditors (ROAC) of Spain under number S0692.

The audit reports on the annual accounts for the years 2007, 2006 and 2005 have no provisos.

## 6.3 Principal activities.

The exclusive objects of EUROPEA DE TITULIZACIÓN are to establish, manage and be the authorised representative of both asset securitisation funds and mortgage securitisation funds.

EUROPEA DE TITULIZACIÓN manages 97 securitisation funds at December 16, 2008, 22 being mortgage securitisation funds and 75 being asset securitisation funds.

The following table itemises the 97 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances at November 30, 2008.

Securitisation Fund	Establishment	Initial Bond Issue EUR	Bond Issue Balance 30.11.2008		Bond Issue Balance 31.12.2007		Bond Issue Balance 31.12.2006 EUR
			EUR	Δ%	EUR	Δ%	
<b>TOTAL</b>		<b>131,195,296,652.96</b>	<b>92,739,759,484.08</b>	<b>34.4%</b>	<b>68,990,485,268.28</b>	<b>65.75%</b>	<b>41,622,450,971.95</b>
<b>Mortgage (FTH)</b>		<b>15,117,046,652.96</b>	<b>7,133,605,691.43</b>	<b>-11.2%</b>	<b>8,032,640,378.73</b>	<b>19.19%</b>	<b>6,739,243,850.52</b>
Bankinter 15 FTH	08.10.2007	1,525,500,000.00	1,395,112,380.00	-8.5%	1,525,500,000.00		
Bankinter 14 FTH	19.03.2007	964,000,000.00	852,023,323.32	-6.4%	910,605,771.09		
Bankinter 12 FTH	06.03.2006	1,200,000,000.00	909,090,764.16	-8.1%	989,229,621.92	-17.6%	1,200,000,000.00
Valencia Hipotecario 2 FTH	07.12.2005	950,000,000.00	630,751,948.45	-11.7%	714,150,188.05	-14.0%	830,584,559.95
Bankinter 11 FTH	28.11.2005	900,000,000.00	660,398,419.92	-10.7%	739,129,526.88	-17.9%	900,000,000.00
Bankinter 7 FTH	18.02.2004	490,000,000.00	246,265,242.02	-8.7%	269,780,744.80	-13.1%	310,601,446.96
Bankinter 5 FTH	16.12.2002	710,000,000.00	289,676,798.81	-14.4%	338,235,796.10	-14.2%	394,326,433.24
BZ Hipotecario 4 FTH	27.11.2002	313,400,000.00	92,465,223.44	-15.3%	109,224,548.96	-18.2%	133,590,667.48
Rural Hipotecario IV FTH	14.11.2002	520,000,000.00	185,213,314.44	-13.1%	213,157,220.89	-15.8%	253,138,797.81
Bancaja 4 FTH	05.11.2002	1,000,000,000.00	313,577,833.20	-11.4%	354,117,610.15	-17.0%	426,542,491.90
Bankinter 4 FTH	24.09.2002	1,025,000,000.00	432,999,671.58	-14.4%	505,642,125.86	-15.0%	594,725,493.56
Rural Hipotecario III FTH	14.05.2002	325,000,000.00	109,785,200.68	-12.2%	125,077,501.09	-17.3%	151,223,912.92
Bankinter 3 FTH	22.10.2001	1,322,500,000.00	451,287,203.74	-15.5%	533,845,866.60	-16.1%	636,195,596.86
BZ Hipotecario 3 FTH	23.07.2001	310,000,000.00	70,236,608.06	-16.8%	84,455,223.08	-19.4%	104,762,637.42
Rural Hipotecario II FTH	29.05.2001	235,000,000.00	58,205,527.00	-17.8%	70,792,127.80	-18.8%	87,231,827.20
BZ Hipotecario 2 FTH	28.04.2000	285,000,000.00	38,645,672.22	-18.4%	47,380,418.96	-22.3%	61,003,530.94
Rural Hipotecario I FTH	22.02.2000	200,000,000.00	32,562,907.76	-21.2%	41,327,704.16	-21.9%	52,894,964.42
Bankinter 2 FTH	25.10.1999	320,000,000.00	78,041,823.55	-16.7%	93,704,625.41	-17.4%	113,458,270.94
Bankinter 1 FTH	12.05.1999	600,000,000.00	94,625,851.08	-20.1%	118,501,046.04	-20.8%	149,656,739.58
BZ Hipotecario 1 FTH	16.04.1999	350,000,000.00	40,329,239.08	-18.4%	49,438,391.72	-22.8%	64,073,530.22





Securitisation Fund	Establishment	Initial Bond Issue EUR	Bond Issue Balance 30.11.2008		Bond Issue Balance 31.12.2007		Bond Issue Balance 31.12.2006 EUR
			EUR	Δ%	EUR	Δ%	
Bancaja 6 FTA	03.12.2003	2,080,000,000.00	749,696,558.52	-13.9%	870,772,845.80	-19.2%	1,077,852,239.88
Rural Hipotecario V FTA	28.10.2003	695,000,000.00	318,586,956.06	-10.5%	356,056,225.36	-14.4%	415,711,778.28
Bankinter 6 FTA	25.09.2003	1,350,000,000.00	689,596,864.79	-12.0%	783,705,979.58	-13.4%	904,534,542.77
FTPYME Bancaja 2 FTA	19.09.2003	500,000,000.00	100,471,032.89	-25.9%	135,575,823.37	-28.7%	190,138,306.78
Bancaja 5 FTA	14.04.2003	1,000,000,000.00	341,277,231.90	-13.9%	396,415,664.95	-17.2%	478,827,993.55
Bancaja 3 FTA	29.07.2002	520,900,000.00	520,900,000.00	0.0%	520,900,000.00	0.0%	520,900,000.00
FTPYME Bancaja 1 FTA	04.03.2002	600,000,000.00	64,005,795.00	-74.6%	252,024,264.00	-1.4%	255,514,370.40
BBVA-2 FTPYME-ICO	01.12.2000	900,000,000.00	54,615,458.88	-44.0%	97,443,577.80	-44.3%	175,048,960.77
BCL Municipios I FTA	21.06.2000	1,205,000,000.00	295,005,440.00	-22.1%	378,681,480.00	-17.6%	459,377,520.00
BBVA-1 FTA	24.02.2000	1,112,800,000.00	76,510,839.04	-32.9%	114,074,593.92	-43.7%	202,614,233.18

#### 6.4 Share capital and equity.

The Management Company's 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)	30.09.2008	Δ%	31.12.2007	Δ%	31.12.2006
<b>Equity *</b>	<b>6,161,104.95</b>	<b>99.05%</b>	<b>3,095,298.97</b>	<b>0.00%</b>	<b>3,095,298.97</b>
Capital	1,803,037.50	0.00%	1,803,037.50	0.00%	1,803,037.50
Reserves	4,358,067.45	237.24%	1,292,261.47	0.00%	1,292,261.47
<i>Legal</i>	360,607.50	0.00%	360,607.50	0.00%	360,607.50
<i>Voluntary</i>	3,997,459.95	329.07%	931,653.97	0.00%	931,653.97
<b>Year's profit</b>	<b>3,070,845.15</b>	<b>0.16%</b>	<b>3,065,805.98</b>	<b>52.95%</b>	<b>1,789,429.69</b>

\* 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.

Under the Articles of Association, the General Shareholders' Meeting and the Board of Directors are entrusted with governing and managing the Management Company. 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 resolving to set up 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:

<b>Chairman:</b>	Mr Roberto Vicario Montoya <sup>(*)</sup> <sup>(**)</sup>
<b>Vice-Chairman:</b>	Mr Pedro María Urresti Laca <sup>(**)</sup>
<b>Directors:</b>	Mr Ignacio Echevarría Soriano <sup>(**)</sup> Ms Ana Fernández Manrique <sup>(*)</sup> <sup>(**)</sup> Mr Mario Masiá Vicente <sup>(*)</sup> Mr Justo de Rufino Portillo <sup>(*)</sup> <sup>(**)</sup> Mr Borja Uriarte Villalonga on behalf of Bankinter, S.A. Banco Cooperativo Español, S.A. <sup>(1)</sup>
<b>Non-Director Secretary:</b>	Ms Belén Rico Arévalo

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

(\*\*) Proprietary Directors for BBVA.

(1) The appointment of Banco Cooperativo S.A. as Director at the General Shareholders' Meeting held on June 27, 2008 is yet to be accepted by Banco Cooperativo S.A. and therefore 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 Management Company's General Manager 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.

None of the persons referred to in the preceding section performs any activities relevant to the Fund outside the Management Company.

### 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.

As at the registration date of this Prospectus 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 as at the registration date of this Registration Document.

## 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:

<b>Name of shareholder company</b>	<b>Holding (%)</b>
Banco Bilbao Vizcaya Argentaria, S.A.	85.9880
J.P. Morgan España, S.A.	4.0000
Bankinter, S.A.	1.5623
Caja de Ahorros del Mediterráneo	1.5420
Banco Sabadell, S.A.	1.5317
Citibank España, S.A.	1.5317
Banco Cooperativo Español, S.A.	0.7812
Banco Pastor, S.A.	0.7658
Banco de la Pequeña y Mediana Empresa, 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 III of Royal Decree 217/2008, February 15, on the legal system of investment services companies and other undertakings providing investment services and partially amending the implementing Regulations of Undertakings for Collective Investment Act 35/2003, November 4, approved by Royal Decree 1309/2005, November 4, 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 of the issuer 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 drawn up as at 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 shall be on display during the period of validity of this Registration Document:

- a) the Deed of Constitution of the Fund;
- b) the transcripts of the Management Company's and the Originator's corporate resolutions;
- c) this Prospectus;
- d) the audit report on certain features and attributes of a sample of all selected loans from which the Receivables will be taken in order to be assigned to the Fund upon being established;
- e) the Rating Agency's letters notifying the provisional and final ratings assigned to each Series in the Bond Issue;
- f) the letter from BANCAJA taking responsibility, with the Management Company, for the Securities Note;
- g) the notarial certificate of payment of the Bond Issue, once the Bond Issue is paid up;
- h) the Management Company's annual accounts and the relevant audit reports; and
- i) the Management Company's articles of association and memorandum of association.

Those documents are physically on display 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](http://www.edt-sg.com) and of the CNMV at [www.cnmv.es](http://www.cnmv.es).

The Deed of Constitution of the Fund is physically on display at the place of business of Iberclear in Madrid, Plaza de la Lealtad number 1.

In addition, the documents listed in a) to g) are on display at the CNMV.

## **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 FINANCIACIÓN BANCAJA 1 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note (including the Building Block).

Mr Mario Masiá Vicente, the Management Company's General Manager using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, is expressly acting for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee at a meeting held on November 18, 2008.

- 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 FINANCIACIÓN BANCAJA 1 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note (including the Building Block).

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 expressly for establishing the Fund using the authorities conferred by BANCAJA's management body in a deed notarising corporate resolutions dated October 29, 2008, executed before Valencia Notary Public Mr José Vicente Chornet Chalver on November 7, 2008, his document number 1425.

##### **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 (including the Building Block) 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 (including the Building Block) 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 Bond Issue is made with the intention of being fully subscribed for by the Originator in order to have liquid assets available which may be used as security for Eurosystem transactions or be sold, and, consequently, the terms of the Bond Issue are not an estimate of the prices at which those instruments could be sold in the secondary market or of the Eurosystem's valuations in due course for the purpose of using them as security instruments in its lending transactions to the banking system.

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

The risk factors linked to the assets backing the issue are described in paragraph 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 is the Originator of the Receivables to be pooled in the Fund and shall be the Subscriber of the Bond Issue.
- c) BANCAJA and J.P. MORGAN are involved as Lead Managers of the Bond Issue and have structured the financial terms of the Fund and the Bond Issue.
- d) BANCAJA is involved as Paying Agent of the Bond Issue and shall be the Fund's counterparty under the Guaranteed Interest Rate Account (Treasury Account), Start-Up Loan, Subordinated Loan, Receivables Servicing and Financial Intermediation Agreements.
- e) Ernst & Young has audited certain features and attributes of a sample of all of BANCAJA's selected loans from which the Receivables will be taken to be assigned to the Fund upon being established.
- f) GARRIGUES have been involved as transaction legal advisers.
- g) Moody's is the Rating Agency that has rated each Bond Series.

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 5.2 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 total face value amount of the issue of Asset-Backed Bonds (the "**Bond Issue**") is EUR five hundred and fifty million (550,000,000.00), consisting of five thousand five hundred (5,500) Bonds denominated in euros and comprised of three Series, as follows:

- i) Series A having a total face amount of EUR four hundred and fifty-six million five hundred thousand (456,500,000.00) comprising four thousand five hundred and sixty-five (4,565) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A**" or "**Series A Bonds**").
- ii) Series B having a total face amount of EUR twenty-two million (22,000,000.00) comprising two hundred and twenty (220) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series B**" or "**Series B Bonds**").
- iii) Series C having a total face amount of EUR seventy-one million five hundred thousand (71,500,000.00) comprising seven hundred and fifteen (715) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series C**" or "**Series C Bonds**").

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 of Series A, B and C 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 inherent in the Bond issue shall be borne by the Fund.

#### **4.1.3 Subscription for the Bond Issue.**

The entire Bond Issue shall be exclusively subscribed for by BANCAJA (the “**Subscriber**”) under the management and subscription agreement (the “**Management and Subscription Agreement**”) to be entered into by the Management Company for and on behalf of the Fund.

BANCAJA shall receive no fee whatsoever for subscribing for Bond Issue.

BANCAJA shall receive no fee whatsoever for managing the Bond Issue. J.P. MORGAN shall receive a fee for structuring the financial terms of the Fund and the Bond Issue.

The Management and Subscription Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on December 23, 2008 or in the events provided for by the laws in force for the time being.

#### **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 Securities Market Act 24/1998, July 28 (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) Act 3/1994, (iv) the Securities Market Act, as currently worded, in regard to supervision, inspection and sanctions thereof, (v) Regulation 809/2004, and (vi) all other legal and statutory provisions in force and applicable from time to time.

#### **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 admitted to trading 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.**

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Series C Bond interest payment and principal repayment is deferred with respect to Series A and Series B Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

##### **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 A Bonds is (i) second (2<sup>nd</sup>) 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) third (3<sup>rd</sup>) 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) third (3<sup>rd</sup>) 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 sixth (6<sup>th</sup>), and (ii) fifth (5<sup>th</sup>) 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) fourth (4<sup>th</sup>) 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 (7<sup>th</sup>), and (ii) seventh (7<sup>th</sup>) 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 Bonds as a whole without distinction between those Series is fifth (5<sup>th</sup>) 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 Bond principal shall take place in accordance with the rules for Distribution of Available Funds for Amortisation contained in section 4.9.3.1.5 of this Securities Note and in section 3.4.6.2.2.2 of the Building Block.

Repayment of Series A Bond principal is fourth (4<sup>th</sup>) 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 sixth (6<sup>th</sup>) 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 eighth (8<sup>th</sup>) 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, for each Series, 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 Obligor of the Receivables 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 Receivables default or prepayment, 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 breaches of its duties or inobservance of the provisions of this Prospectus and of 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 arising out of the Management Company establishing the Fund, managing and being the authorised representative of the Fund and the Bond Issue by the same shall be heard and ruled upon by the competent Spanish Courts and Tribunals, waiving any other forum the parties might avail of.

#### **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 yearly nominal interest, variable and payable quarterly, which shall be the result of applying the policies established hereinafter for each 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 at the preceding Determination 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, December 24, 2008, inclusive, and the first Payment Date, March 23, 2009, 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 A:** 0.30% margin.
- **Series B:** 0.60% margin.
- **Series C:** 1.20% margin.

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:

i) Three- (3-) month Euribor, "Euro Interbank Offered Rate", calculated and distributed by the BRIDGE financial information system under an FBE ("Fédération Bancaire de l'Union Européene") mandate, set at 11am (CET or "Central European Time") on the Interest Rate Fixing Date described below, which is currently published on electronic page EURIBOR01 supplied by Reuters or any other page taking its stead in providing these services.

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be three- (3-) month Euribor, set at 11am (CET) on the Business Day preceding the Closing Date.

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.

ii) 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 as soon as possible after 11am (CET) on the Interest Rate Fixing Date.

Exceptionally, the substitute Reference Rate for the first Interest Accrual Period shall be the 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 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 as soon as possible after 11am (CET) on the 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 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 subsequent Interest Accrual Periods whilst matters remain the same. For the first Interest Accrual Period, that would be three- (3-) month Euribor available immediately before 11am (CET) on the Business Day preceding the Closing Date, calculated and distributed as described in i) above.

On each Interest Rate Fixing Date, the Paying Agent shall notify the Management Company of the Reference Rate determined in accordance with paragraphs i), ii) and iii) 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 Business Day preceding the Closing Date, and shall notify the same in writing by 1pm (CET) on the same day to the Subscriber. 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 subsequent 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 Bonds in the Series at 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.

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

Interest on the Bonds in all Series will be paid until they are finally amortised by Interest Accrual Periods in arrears on March 23, June 23, September 23 and December 23 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 March 23, 2009, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, December 24, 2008, inclusive, and March 23, 2009, 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 2 calendar.

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, unpaid interest amounts 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 shortfall 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.

The Fund, through its Management Company, may not defer Bond interest payment beyond December 23, 2025, 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 a Paying Agent Agreement with BANCAJA, as provided for 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 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 A Bonds.**

Series A Bond principal shall be amortised by partial amortisation on each Payment Date after Bond amortisation begins, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series A, in accordance with the rules for Distribution of Available Funds for Amortisation given in section 4.9.3.5, prorated between the Bonds in Series A proper by reducing the face amount of each Series A Bond.

The first partial amortisation of Series A Bonds shall occur on the first Payment Date (March 23, 2009).

Final amortisation of Series A Bonds shall occur on the Final Maturity Date (December 23, 2025 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 Early Amortisation of the Bond Issue before the Final Maturity Date.

###### **4.9.2.2 Amortisation of Series B Bonds.**

Series B Bond principal shall be amortised by partial amortisation on each Payment Date after Bond amortisation begins, 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 section 4.9.3.5, prorated 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 Series A Bonds have been fully amortised.

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (December 23, 2025 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 Early Amortisation of the Bond Issue before the Final Maturity Date.

#### 4.9.2.3 **Amortisation of Series C Bonds.**

Series C Bond principal shall be amortised by partial amortisation on each Payment Date after Bond 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 section 4.9.3.5, prorated 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 Series A and Series B Bonds have been fully amortised.

Final amortisation of Series C Bonds shall occur on the Final Maturity Date (December 23, 2025 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 Early Amortisation of the Bond Issue before the Final Maturity Date.

#### 4.9.3 **Partial amortisation of the Bonds in each Series.**

Irrespective of the Final Maturity Date and subject to Early Amortisation of the Bond Issue in the event of Early Liquidation of the Fund, the Fund shall, through its Management Company, proceed to partial amortisation of the Bonds in each Series on each Payment Date other than the Final Maturity Date or upon Early Liquidation of the Fund on the specific amortisation terms for each Series established in sections 4.9.2.1 to 4.9.2.3 of this Securities Note and on the terms described hereinafter in this section common to all three Series.

##### 4.9.3.1 **Determination Dates and Determination Periods.**

The determination dates (the “**Determination Dates**”) will be the dates falling on the fourth (4<sup>th</sup>) 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 March 17, 2009.

The determination periods (the “**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 the date of establishment of the Fund, inclusive, and the first Determination Date, March 17, 2009, 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 Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the Receivables 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 (the “**Outstanding Principal Balance**”) of a Series shall be the sum of the principal pending repayment (outstanding balance) at a date of all the Bonds in that Series.

By addition, the Outstanding Principal Balance of the Bond Issue shall be the sum of the Outstanding Principal Balance of all three Series A, B and C making up the Bond Issue.

#### 4.9.3.3 **Outstanding Balance of the Receivables.**

The outstanding balance (the “**Outstanding Balance**”) of a Receivable 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 relevant Loan at a date.

The outstanding balance of the Receivables (the “**Outstanding Balance of the Receivables**”) at a date shall be the sum of the Outstanding Balance of each and every one of the Receivables at that date.

Delinquent Receivables (the “**Delinquent Receivables**”) shall be deemed to be Receivables that are delinquent with a period of arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Receivables. Non-delinquent Receivables (the “**Non-Delinquent Receivables**”) shall be deemed to be Receivables that at a date are not deemed to be either Delinquent Receivables or Doubtful Receivables.

Doubtful Receivables (the “**Doubtful Receivables**”) shall be deemed to be Receivables that are delinquent with a period of arrears equal to or greater than twelve (12) 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 received from the Servicer. Non-doubtful Receivables (the “**Non-Doubtful Receivables**”) shall be deemed to be Receivables that are not deemed to be Doubtful Receivables at a date.

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

On each Payment Date, the Available Funds shall be used in fifth (5<sup>th</sup>) place in the order of priority of payments for withholding the amount altogether allocated to amortising the Bonds, without distinguishing between the various 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 Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Receivables.

Depending on the liquidity existing on each Payment Date, the amount actually applied of the Available Funds to Amortisation Withholding shall make up the available funds for amortisation (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.

#### 4.9.3.5 **Distribution of Available Funds for Amortisation.**

The Available Funds for Amortisation shall be applied on each Payment Date to amortising each Series (“**Distribution of Available Funds for Amortisation**”) sequentially, firstly to amortising Series A until fully amortised, secondly to amortising Series B until fully amortised, and thirdly to amortising Series C until fully amortised.

#### 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 partial 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 Early Liquidation of the Fund and hence 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 final amortisation of the Bonds shall be on December 23, 2025 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) Each Loan repayment schedule and system as established in the relevant contracts.
- 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) Changes in Loan interest rates resulting in every instalment repayment amount differing.
- iv) The Obligors' delinquency 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: 7.96% weighted average interest rate as at November 30, 2008 of the portfolio of selected loans which has been used for calculating the repayment and interest instalments of each of the selected loans;
- Receivables portfolio delinquency: 2.94% of the Outstanding Balance of the Receivables -BANCAJA's delinquency rate at September 30, 2008 and the only delinquency figure available for BANCAJA-, 1.64% being recovered (55.78% of the aggregate Outstanding Balance of Receivables falling in arrears), with 100% recoveries within 12 months of becoming delinquent, and the remaining 1.30% becoming doubtful from December 2009, with 80% recoveries within 18 months of becoming doubtful;
- that the Receivables prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is December 24, 2008; and
- that there is no extension of the term of any of the selected loans.

The actual adjusted life and the yield or return on the Bonds will also depend on their floating rate. The floating nominal interest rate of the Bonds in each Series is assumed to be constant as follows, resulting from 3-month Euribor (3.243%) as at December 15, 2008 and the margins applicable for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A Bonds	Series B Bonds	Series C Bonds
<b>Nominal interest rate</b>	3.543%	3.843%	4.443%

##### 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 of the Registration Document when the Outstanding Balance of the Receivables is less than 10% of their initial Outstanding Balance upon the Fund being established, the average life, return (Internal Rate of Return - IRR) for the Bond subscriber, duration and final maturity of the Bonds for different CPRs, based on the performance in recent months of similarly characterised loans previously securitised by BANCAJA, would be as follows:



<b>% CPR:</b>	<b>8.00%</b>	<b>10.00%</b>	<b>12.00%</b>	<b>14.00%</b>	<b>16.00%</b>
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<b>Series A Bonds</b>					
<b>Average life (years)</b>	1.64	1.57	1.52	1.46	1.41
<b>IRR</b>	3.641%	3.641%	3.641%	3.641%	3.641%
<b>Duration (years)</b>	1.52	1.47	1.42	1.37	1.32
<b>Final maturity</b>	24 09 2012	25 06 2012	25 06 2012	25 06 2012	23 03 2012
<b>(in years)</b>	3.75	3.50	3.50	3.50	3.25

<b>Series B Bonds</b>					
<b>Average life (years)</b>	3.89	3.80	3.66	3.58	3.44
<b>IRR</b>	3.954%	3.954%	3.954%	3.954%	3.954%
<b>Duration (years)</b>	3.49	3.42	3.30	3.23	3.12
<b>Final maturity</b>	24 12 2012	24 12 2012	24 09 2012	24 09 2012	24 09 2012
<b>(in years)</b>	4.00	4.00	3.75	3.75	3.75

<b>Series C Bonds</b>					
<b>Average life (years)</b>	4.45	4.23	4.20	3.98	3.96
<b>IRR</b>	4.581%	4.581%	4.581%	4.581%	4.581%
<b>Duration (years)</b>	3.88	3.70	3.69	3.51	3.49
<b>Final maturity</b>	24 06 2013	25 03 2013	25 03 2013	24 12 2012	24 12 2012
<b>(in years)</b>	4.50	4.25	4.25	4.00	4.00

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 10.00%, 12.00% and 14.00%, 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 Receivables 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 float.
- The assumed values referred to at the beginning of this section 4.10 are at all events taken for granted.
- It is assumed that the Management Company will exercise the Early Liquidation option of the Fund and thereby proceed to Early Amortisation of the Bond Issue when the Outstanding Balance of the Receivables is less than 10% of the initial Outstanding Balance upon the Fund being set up, as provided in section 4.4.3 of the Registration Document.
- These are all reasonable assumptions based on the historical performance of similarly characterised loans granted by BANCAJA to individuals, excepting the figure for the Receivables portfolio delinquency rate, which is based on BANCAJA's delinquency rate at September 30, 2008.

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER  
(AMOUNTS IN EUR)  
CPR = 10.00%**

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal	Gross	Total	Principal	Gross	Total	Principal	Gross	Total
	Repayment	Interest	Flow	Repayment	Interest	Flow	Repayment	Interest	Flow
<b>TOTALS</b>	100,000.00	5,655.82	105,655.82	100,000.00	14,821.01	114,821.01	100,000.00	19,037.81	119,037.81
24/12/2008									
23/03/2009	8,488.46	875.91	9,364.37	0.00	950.08	950.08	0.00	1,098.41	1,098.41
23/06/2009	10,752.17	828.58	11,580.74	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/09/2009	9,985.51	731.22	10,716.73	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/12/2009	9,276.72	633.84	9,910.56	0.00	971.43	971.43	0.00	1,123.09	1,123.09
23/03/2010	8,931.76	544.71	9,476.47	0.00	960.75	960.75	0.00	1,110.75	1,110.75
23/06/2010	8,478.73	475.94	8,954.67	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/09/2010	7,611.39	399.18	8,010.56	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/12/2010	6,933.28	326.67	7,259.95	0.00	971.43	971.43	0.00	1,123.09	1,123.09
23/03/2011	6,366.02	261.67	6,627.69	0.00	960.75	960.75	0.00	1,110.75	1,110.75
23/06/2011	5,777.11	209.84	5,986.95	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/09/2011	5,144.15	157.54	5,301.69	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/12/2011	4,588.43	109.75	4,698.18	0.00	971.43	971.43	0.00	1,123.09	1,123.09
23/03/2012	4,174.08	68.66	4,242.74	0.00	971.43	971.43	0.00	1,123.09	1,123.09
25/06/2012	3,492.20	32.31	3,524.50	5,713.58	1,003.45	6,717.03	0.00	1,160.12	1,160.12
24/09/2012	0.00	0.00	0.00	68,370.00	915.92	69,285.93	0.00	1,123.09	1,123.09
24/12/2012	0.00	0.00	0.00	25,916.42	251.76	26,168.18	10,368.88	1,123.09	11,491.97
25/03/2013	0.00	0.00	0.00	0.00	0.00	0.00	89,631.12	1,006.64	90,637.76

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER  
(AMOUNTS IN EUR)  
CPR = 12.00%**

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal	Gross	Total	Principal	Gross	Total	Principal	Gross	Total
	Repayment	Interest	Flow	Repayment	Interest	Flow	Repayment	Interest	Flow
<b>TOTALS</b>	100,000.00	5,453.52	105,453.52	100,000.00	14,259.90	114,259.90	100,000.00	18,941.31	118,941.31
24/12/2008									
23/03/2009	8,971.71	875.91	9,847.62	0.00	950.08	950.08	0.00	1,098.41	1,098.41
23/06/2009	11,268.06	824.20	12,092.26	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/09/2009	10,387.20	722.18	11,109.38	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/12/2009	9,572.25	621.30	10,193.55	0.00	971.43	971.43	0.00	1,123.09	1,123.09
23/03/2010	9,147.57	529.69	9,677.26	0.00	960.75	960.75	0.00	1,110.75	1,110.75
23/06/2010	8,622.31	458.63	9,080.94	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/09/2010	7,689.90	380.56	8,070.46	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/12/2010	6,950.98	307.56	7,258.53	0.00	971.43	971.43	0.00	1,123.09	1,123.09
23/03/2011	6,330.76	242.61	6,573.37	0.00	960.75	960.75	0.00	1,110.75	1,110.75
23/06/2011	5,707.84	190.68	5,898.52	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/09/2011	5,047.41	139.00	5,186.40	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/12/2011	4,468.54	92.28	4,560.82	0.00	971.43	971.43	0.00	1,123.09	1,123.09
23/03/2012	4,032.83	52.26	4,085.09	0.00	971.43	971.43	0.00	1,123.09	1,123.09
25/06/2012	1,802.65	16.68	1,819.33	37,558.11	1,003.45	38,561.56	0.00	1,160.12	1,160.12
24/09/2012	0.00	0.00	0.00	62,441.89	606.58	63,048.47	814.95	1,123.09	1,938.05
24/12/2012	0.00	0.00	0.00	0.00	0.00	0.00	17,331.38	1,113.94	18,445.31
25/03/2013	0.00	0.00	0.00	0.00	0.00	0.00	81,853.67	919.29	82,772.96

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 14.00%**

Payment Date	Series A 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
<b>TOTALS</b>	100,000.00	5,255.30	105,255.30	100,000.00	13,967.83	113,967.83	100,000.00	17,929.38	117,929.38
24/12/2008									
23/03/2009	9,463.86	875.91	10,339.77	0.00	950.08	950.08	0.00	1,098.41	1,098.41
23/06/2009	11,787.49	819.74	12,607.24	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/09/2009	10,785.58	713.02	11,498.59	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/12/2009	9,859.78	608.67	10,468.45	0.00	971.43	971.43	0.00	1,123.09	1,123.09
23/03/2010	9,352.85	514.65	9,867.50	0.00	960.75	960.75	0.00	1,110.75	1,110.75
23/06/2010	8,753.45	441.40	9,194.86	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/09/2010	7,755.36	362.15	8,117.51	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/12/2010	6,956.20	288.75	7,244.96	0.00	971.43	971.43	0.00	1,123.09	1,123.09
23/03/2011	6,284.44	223.97	6,508.40	0.00	960.75	960.75	0.00	1,110.75	1,110.75
23/06/2011	5,628.81	172.04	5,800.85	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/09/2011	4,942.79	121.08	5,063.87	0.00	982.10	982.10	0.00	1,135.43	1,135.43
23/12/2011	4,343.06	75.49	4,418.55	0.00	971.43	971.43	0.00	1,123.09	1,123.09
23/03/2012	3,888.43	36.60	3,925.02	0.00	971.43	971.43	0.00	1,123.09	1,123.09
25/06/2012	197.91	1.83	199.74	67,624.87	1,003.45	68,628.32	0.00	1,160.12	1,160.12
24/09/2012	0.00	0.00	0.00	32,375.13	314.50	32,689.63	9,064.15	1,123.09	10,187.24
24/12/2012	0.00	0.00	0.00	0.00	0.00	0.00	90,935.85	1,021.29	91,957.15

#### 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 a meeting held on November 18, 2008, the Executive Committee of the Board of Directors of EUROPEA DE TITULIZACIÓN resolved that:

- i) An Asset Securitisation Fund 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) Receivables assigned by BANCAJA derived from loans granted to individuals be pooled in the Fund.
- iii) The Bonds be issued by the Fund.

###### **Resolution to assign the Receivables:**

At a meeting held on October 29, 2008, BANCAJA's Board of Directors resolved that the assignment of loans with personal guarantee, granted by BANCAJA to individuals, to a closed or an open-end Asset Securitisation Fund, set up ad hoc for pooling those assets therein, for a total maximum amount of EUR seven hundred million (700,000,000.00) be authorised.

**b) Registration by the CNMV.**

There is a condition precedent for the Fund to be established and the Bonds to be issued that this Prospectus and all other supporting documents be entered in the Official Registers of the CNMV, in accordance with the provisions of article 5.1.e) 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.

**c) Execution of the Fund public deed of constitution.**

Upon the CNMV registering this Prospectus, the Management Company and BANCAJA, as Originator of the Receivables, shall proceed to execute on December 22, 2008 a public deed whereby FINANCIACIÓN BANCAJA 1 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANCAJA will assign the Receivables to the Fund, 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 by 1pm (CET) on December 24, 2008.

**4.13 Issue date of the securities.**

The Bond issue shall be on December 22, 2008.

**4.13.1 Potential investors to whom the Series A, B and C Bonds are offered.**

The Bond Issue shall be fully subscribed for by BANCAJA.

**4.13.2 Bond Issue subscription payment method and dates.**

The Subscriber shall subscribe for the Bond Issue on December 23, 2008 and pay to the Fund by 2pm (CET) on December 24, 2008 (the "**Closing Date**"), for same day value, the issue price at the face value of all the Bonds subscribed for.

**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 Presentation of Regulated Markets and Additional Provisions under the Investment Services Directive 93/22, published in the Official Journal of the European Communities on November 4, 2008. The Management Company undertakes to do all such things as may be necessary in order that definitive admission to trading is 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 admitted to trading 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, if it is exclusively at fault for the delay.

## **5.2 Paying agents and depository agents.**

### **5.2.1 Bond Issue Paying Agent.**

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 Bond Issue, the most significant terms of which are given in section 3.4.7.2 of the Building Block.

## **6 EXPENSE OF THE OFFERING AND OF ADMISSION TO TRADING.**

The expected expenses deriving from setting up the Fund and issue and admission to trading of the Bond Issue are EUR four hundred and eighty-two thousand seven hundred and seventy-one (482,771.00). These expenses include, inter alia, the initial Management Company fee, notary's fees, audit, rating and legal advice fees, CNMV fees, AIAF and Iberclear fees for including the Bonds in the register of book entries, and Prospectus translation and printing expenses.

## **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 have reviewed the tax implications thereof.

BANCAJA and J.P. MORGAN have 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 has audited the selected loans on the terms set forth in section 2.2 of the Building Block.

### **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 Originator, as to the truthfulness of the characteristics of BANCAJA as Originator, of the Loans and of the Receivables, given in section 2.2.8 of the Building Block, and of the remaining information on BANCAJA and on the selected loans from which the Receivables 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 sourced from BANCAJA on the selected loans from which the Receivables will be taken and on the Originator proper 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.**

Moody's has, on December 16, 2008, assigned the following provisional ratings to each Bond Series, and expects to assign the same final ratings by 1pm (CET) on December 23, 2008.

<b>Bond Series</b>	<b>Moody's Ratings</b>
Series A	Aaa
Series B	Aa3
Series C	Baa3

If the Rating Agency should not confirm any of the assigned provisional ratings as final by 1pm (CET) on December 23, 2008, 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 Receivables terminating, as provided for in section 4.4.4.(v) of the Registration Document.

#### **Rating considerations.**

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 timely interest and principal payment throughout the life of the transaction and, in any event, before the Final Maturity Date. Moody's ratings only measure credit risks inherent in the transaction; other risk types which may materially impact investors' return are not measured.

The Rating Agency's 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 revision or suspension of the ratings:

- (i) are assigned by the Rating Agency based on manifold information received with respect to which it can give no assurance, nor even as to their accuracy or wholeness, wherefore the Rating Agency 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.

In carrying on the rating and monitoring process, the Rating Agency relies on the accuracy and wholeness of the information provided by BANCAJA, the Management Company, Ernst & Young, as auditor of certain features and attributes of a sample of the selected loans, and GARRIGUES, as independent legal advisers.

The ratings take into account the structure of the Bond Issue, the legal aspects thereof and of the issuing Fund, the characteristics of the loans selected to be assigned to the Fund and the regularity and continuity of the operating flows.

The Rating Agency may revise, suspend or withdraw the final ratings assigned at any time, based on any information that may come to its notice. Those events, which shall not constitute early liquidation events of

the Fund, shall forthwith be notified to both the CNMV and Bondholders, in accordance with the provisions of section 4.1 of the Building Block.

## **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 Receivables to be assigned by BANCAJA to the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR five hundred and fifty million (550,000,000.00), the face value amount of the Bonds in the Bond Issue.

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

In accordance with the information supplied by the Originator, the Management Company confirms that, based on the contractual characteristics of the relevant Loans, the flows of principal, interest and any other amounts generated by the securitised Receivables allow the payments due and payable on the Bonds issued to be satisfied.

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

Not all the Bonds issued have the same risk of default. Hence the different credit ratings assigned by the Rating Agency 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 to Early Liquidation of the Fund and thereby Early Amortisation of the Bond Issue on the terms laid down in section 4.4.3 of the Registration Document.

#### **2.2 Assets backing the issue.**

The Receivables to be pooled in the Fund, represented by the Management Company, shall exclusively consist of Receivables owned by and shown on the assets of BANCAJA derived from Loans granted to individuals resident in Spain to finance the purchase of chattels, vehicles or securities, the alteration, renovation or purchase of real properties, refinancing, pre-operating and start-up, operating and current expenses, and other retail expenses.

The requirements to be met by the Receivables to be assigned to the Fund and the characteristics of the Receivables are described hereinafter in this section in accordance with the provisions of the Deed of Constitution.



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

The securitised assets are governed by Spanish Law.

As BANCAJA has represented, most of the Loans are originated in a loan agreement certified by a commissioner for oaths whereas others are originated in a private agreement. Part of the Loans granted before July 4, 2007 and originated in a private agreement, include among their terms a clause making provision for the borrower Obligor to issue a non-negotiable blank promissory note, for delivery to BANCAJA, and expressly authorising BANCAJA, upon final or early termination, as the case may be, to complete the same with such amount as may result from the addition of a number of items in order to stand as an enforceable instrument for BANCAJA in the event of a breach by the Obligor of the terms agreed in the relevant Loan.

None of the selected portfolio loans from which the Receivables will be taken to be assigned to the Fund include a reservation of title clause to BANCAJA among the articles of the loan origination document.

Upon the secured main obligation falling due, whether by expiration of its term or early termination, and the borrower Obligor failing to comply with the payment obligations, BANCAJA shall be authorised to complete the promissory note as provided for among the parties, and shall be entitled to present the same for collection, applying, as the case may be, the proceeds therefrom to total or partial payment of the Loan, in accordance with articles 12 and 96 of Exchange and Cheque Act 19/1985.

In loans secured by means of a bill, the buyer of the assets or services, and their guarantors, could, in accordance with the provisions of article 12 of Consumer Credit Act 7/1995, March 23, raise against the Fund any claims deriving from the buyer's relations with their supplier, provided that the circumstances laid down in article 15.1.a, b and c of that Act occur, namely (i) that the assets or services purchase agreement and the loan agreement were entered into with a different supplier, (ii) that a previous exclusive arrangement was entered into between the lender and the assets or services supplier for acquiring the assets or services, and (iii) the borrower shall have taken out the loan by applying that arrangement.

### **2.2.2 Description of the general characteristics of the obligors, as well as global statistical data referred to the securitised assets.**

The Deed of Constitution shall perfect the agreement between the Management Company, for and on behalf of the Fund, and BANCAJA to assign to the Fund an as yet indeterminate number of Receivables whose total principal or capital shall be at least as high as EUR five hundred and fifty million (550,000,000.00).

The Deed of Constitution shall itemise each of the Receivables assigned to the Fund, providing the main features allowing them to be identified.

The selected loan portfolio from which the Receivables shall be taken comprises 74,565 loans, their outstanding principal at November 30, 2008 being EUR 621,451,521.11 and the overdue principal being EUR 1,856,999.84.

#### ***Audit of the selected assets securitised through the Fund upon being established.***

Ernst & Young have audited the most outstanding features of the selected loans from which the Receivables will be taken.

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 borrower, purpose of the loan, lending policy, identification of the obligor, loan origination date, loan maturity date, initial loan amount, current loan balance, reference rate or benchmark index, interest rate spread, interest rate applied, security, arrears in payment and loan transfer. Selected 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, this being one of the documents on display established in section 10 of the Registration Document.

**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 selected loan obligors.**

Selected loan obligors are individuals. The following table gives the concentration of the ten obligors weighing most in the selected loan portfolio at November 30, 2008.

Selected loan portfolio at 30.11.2008				
Classification by obligor				
	Loans		Outstanding principal	
		%	(EUR)	%
Obligor 1	2	0.003	257,987.08	0.042
Obligor 2	3	0.004	237,122.25	0.038
Obligor 3	2	0.003	221,233.43	0.036
Obligor 4	2	0.003	203,717.34	0.033
Obligor 5	3	0.004	201,645.65	0.032
Obligor 6	1	0.001	197,618.48	0.032
Obligor 7	1	0.001	195,000.00	0.031
Obligor 8	1	0.001	193,716.99	0.031
Obligor 9	1	0.001	191,987.06	0.031
Obligor 10	3	0.004	191,243.21	0.031
Rest: 72,443 Obligors	74,546	99.975	619,360,249.62	99.663
<b>Total obligors: 72,453</b>	<b>74,565</b>	<b>100.00</b>	<b>621,451,521.11</b>	<b>100.00</b>

The outstanding principal of each obligor is the result of adding the outstanding principal of each selected loan granted to a same obligor.

**b) Information regarding selected mortgage loan purpose.**

The following table gives the distribution of the selected mortgage loans according to their purpose.

Selected loan portfolio at 30.11.2008				
Classification by mortgage loan purpose				
	Loans		Outstanding principal	
		%	(EUR)	%
Purchase of chattels	3,849	5.16	19,682,463.50	3.17
Purchase of securities	55	0.07	567,682.08	0.09
Purchase of vehicles	27,186	36.46	230,178,863.31	37.04
Pre-operating and start-up expenses	1,581	2.12	22,291,828.03	3.59
Operating, current and other expenses	2,453	3.29	38,727,936.26	6.23
Other retail expenses *	24,637	33.04	149,263,395.89	24.02
Refinancing	3,900	5.23	38,131,317.22	6.14
Alteration, renovation or purchase of real properties	10,904	14.62	122,608,034.82	19.73
<b>Total</b>	<b>74,565</b>	<b>100.00</b>	<b>621,451,521.11</b>	<b>100.00</b>

\* There are no further details on this item.

Out of all the selected loans 14.46% are personally guaranteed by third parties (guarantors or sureties) whereas 5.70% of all the selected loans are guaranteed by means of a money pledge.

**c) Information regarding selected loan origination date.**

The following table gives the selected loan distribution according to the origination date by six-monthly intervals, excepting the last interval, and the average, minimum and maximum age. No details are given of intervals with no contents.

Selected loan portfolio at 30.11.2008				
Classification by loan origination date				
Date interval	Loans		Outstanding principal	
		%	(EUR)	%
01/01/1989 to 30/06/1989	1	0.001	995.16	0.000
01/07/1989 to 31/12/1989	2	0.003	3,061.57	0.000
01/01/1990 to 30/06/1990	3	0.004	14,593.70	0.002
01/07/1991 to 31/12/1991	7	0.009	53,939.28	0.009
01/01/2000 to 30/06/2000	4	0.005	48,257.60	0.008
01/07/2000 to 31/12/2000	8	0.011	23,576.90	0.004
01/01/2001 to 30/06/2001	15	0.020	220,064.43	0.035
01/07/2001 to 31/12/2001	31	0.042	342,687.62	0.055
01/01/2002 to 30/06/2002	146	0.196	973,094.55	0.157
01/07/2002 to 31/12/2002	161	0.216	1,866,026.59	0.300
01/01/2003 to 30/06/2003	251	0.337	2,019,396.24	0.325
01/07/2003 to 31/12/2003	316	0.424	3,451,336.40	0.555
01/01/2004 to 30/06/2004	827	1.109	5,559,032.44	0.895
01/07/2004 to 31/12/2004	1,057	1.418	9,457,191.01	1.522
01/01/2005 to 30/06/2005	1,541	2.067	15,955,025.68	2.567
01/07/2005 to 31/12/2005	1,844	2.473	21,028,324.63	3.384
01/01/2006 to 30/06/2006	3,728	5.000	34,493,595.07	5.550
01/07/2006 to 31/12/2006	6,801	9.121	46,059,769.94	7.412
01/01/2007 to 30/06/2007	15,692	21.045	103,481,176.44	16.652
01/07/2007 to 31/12/2007	16,144	21.651	117,412,766.76	18.893
01/01/2008 to 30/06/2008	17,863	23.956	175,379,484.77	28.221
01/07/2008 to 30/09/2008	8,123	10.894	83,608,124.33	13.454
<b>Total</b>	<b>74,565</b>	<b>100.00</b>	<b>621,451,521.11</b>	<b>100.00</b>
	<b>17.49</b>	<b>Months</b>	<b>Weighted average age</b>	
	<b>237.17</b>	<b>Months</b>	<b>Maximum age</b>	
	<b>2.01</b>	<b>Months</b>	<b>Minimum age</b>	

d) Information regarding selected loan principal.

The following table gives the outstanding loan principal distribution at November 30, 2008 by EUR 10,000 intervals, and the average, minimum and maximum amount.

Selected loan portfolio at 30.11.2008				
Classification by outstanding principal				
Principal interval (EUR)	Loans		Outstanding principal	
	No.	%	(EUR)	%
0.00 - 9,999.99	54,641	73.28	236,401,546.09	38.04
10,000.00 - 19,999.99	14,409	19.32	200,289,304.72	32.23
20,000.00 - 29,999.99	3,581	4.80	86,712,955.82	13.95
30,000.00 - 39,999.99	933	1.25	32,143,210.31	5.17
40,000.00 - 49,999.99	418	0.56	18,497,328.19	2.98
50,000.00 - 59,999.99	197	0.26	10,782,934.17	1.74
60,000.00 - 69,999.99	89	0.12	5,766,138.25	0.93
70,000.00 - 79,999.99	67	0.09	4,998,202.85	0.80
80,000.00 - 89,999.99	61	0.08	5,164,514.28	0.83
90,000.00 - 99,999.99	33	0.04	3,134,698.97	0.50
100,000.00 - 109,999.99	36	0.05	3,735,795.02	0.60
110,000.00 - 119,999.99	28	0.04	3,216,298.64	0.52
120,000.00 - 129,999.99	19	0.03	2,367,550.04	0.38
130,000.00 - 139,999.99	11	0.01	1,491,592.29	0.24

Selected loan portfolio at 30.11.2008				
Classification by outstanding principal				
Principal interval (EUR)	Loans		Outstanding principal	
	No.	%	(EUR)	%
140,000.00 - 149,999.99	16	0.02	2,323,989.92	0.37
150,000.00 - 159,999.99	5	0.01	764,002.27	0.12
160,000.00 - 169,999.99	11	0.01	1,812,927.68	0.29
170,000.00 - 179,999.99	4	0.01	696,125.48	0.11
180,000.00 - 189,999.99	1	0.00	183,015.00	0.03
190,000.00 - 199,999.99	5	0.01	969,391.12	0.16
<b>Total</b>	<b>74,565</b>	<b>100.00</b>	<b>621,451,521.11</b>	<b>100.00</b>
	<b>Average principal:</b>		<b>8,334.36</b>	
	<b>Minimum principal:</b>		<b>107.16</b>	
	<b>Maximum principal:</b>		<b>197,618.48</b>	

**e) Information regarding benchmark indices applicable for determining the floating interest rates applicable to the selected loans.**

The selected loans are all fixed- or floating-rate loans. The following table gives the loan distribution according to the fixed or floating rate and the benchmark indices applicable to the floating-rate loans for determining the nominal interest rate.

Loan portfolio at 30.11.2008					
Classification by Interest rate benchmark index					
Benchmark index	Loans		Outstanding principal (EUR)	% Margin	
	No.	%		%	%
Fixed rate	48,696	65.31	343,867,326.32	55.33	
Floating rate	25,869	34.69	277,584,194.79	44.67	3.16
1-YEAR EURIBOR	25,570	34.29	274,591,557.45	44.19	3.17
3-MONTH EURIBOR	299	0.40	2,992,637.34	0.48	2.63
<b>Total</b>	<b>6,020</b>	<b>100.00</b>	<b>1,460,646,808.15</b>	<b>100.00</b>	

**f) Information regarding selected loan instalment frequency.**

The following table gives the selected loan distribution based on mortgage loan instalment frequency.

Loan portfolio at 30.11.2008				
Classification by instalment frequency				
Instalment frequency	Loans		Outstanding principal (EUR)	% Margin
	No.	%		
Monthly	74,100	99.38	611,363,593.66	98.38
Quarterly	218	0.29	5,162,914.97	0.83
Six-monthly	247	0.33	4,925,012.48	0.79
<b>Total</b>	<b>74,565</b>	<b>100.00</b>	<b>621,451,521.11</b>	<b>100.00</b>

**g) Information regarding selected loan principal repayment exclusion period.**

The following table gives the selected loan distribution according to loan principal repayment exclusion period expiry by six-monthly intervals, excepting the last one. Selected loan principal repayment exclusion instalments comprise interest only.

Loan portfolio at 30.11.2008				
Classification by principal repayment exclusion period				
Repayment exclusion period expiry	Loans		Outstanding principal	
		%	(EUR)	%
No Exclusión	74,242	99.57	614,176,720.61	98.83
01/10/2008 to 31/12/2008	52	0.07	1,014,533.25	0.16
01/01/2009 to 31/03/2009	53	0.07	1,178,011.73	0.19
01/04/2009 to 30/06/2009	115	0.15	2,437,212.42	0.39
01/07/2009 to 30/09/2009	31	0.04	493,256.25	0.08
01/10/2009 to 31/12/2009	25	0.03	573,530.70	0.09
01/01/2010 to 31/03/2010	31	0.04	961,400.15	0.15
01/04/2010 to 30/06/2010	9	0.01	314,000.00	0.05
01/07/2010 to 26/09/2010	7	0.01	302,856.00	0.05
<b>Total</b>	<b>74,565</b>	<b>100.00</b>	<b>621,451,521.11</b>	<b>100.00</b>

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

The selected loans are both fixed- and floating-rate loans. The following table gives the selected loan distribution by 0.50% nominal interest rate intervals applicable at November 30, 2008, and their average, minimum and maximum values.

Selected loan portfolio at 30.11.2008					
Classification by applicable nominal interest rate					
Interest Rate % Interval	Loans		Outstanding principal		% Interest Rate*
		%	(EUR)	%	
4.50 - 4.99	149	0.20	2,225,253.63	0.36	4.77
5.00 - 5.49	423	0.57	11,606,628.77	1.87	5.25
5.50 - 5.99	2,173	2.91	25,733,948.59	4.14	5.77
6.00 - 6.49	1,681	2.25	22,480,354.28	3.62	6.23
6.50 - 6.99	7,843	10.52	79,096,127.19	12.73	6.72
7.00 - 7.49	5,437	7.29	50,852,550.90	8.18	7.17
7.50 - 7.99	17,252	23.14	147,695,406.92	23.77	7.70
8.00 - 8.49	7,488	10.04	73,061,851.94	11.76	8.20
8.50 - 8.99	10,832	14.53	89,194,669.22	14.35	8.71
9.00 - 9.49	7,942	10.65	58,531,593.37	9.42	9.19
9.50 - 9.99	5,130	6.88	36,779,314.50	5.92	9.68
10.00 - 10.49	1,536	2.06	9,332,647.94	1.50	10.19
10.50 - 10.99	238	0.32	1,021,653.80	0.16	10.63
11.00 - 11.49	177	0.24	864,480.69	0.14	11.07
11.50 - 11.99	362	0.49	1,157,060.90	0.19	11.62
12.00 - 12.49	1,180	1.58	2,200,781.51	0.35	12.24
12.50 - 12.99	1,965	2.64	4,124,063.64	0.66	12.69
13.00 - 13.49	1,284	1.72	3,044,806.99	0.49	13.20
13.50 - 13.99	395	0.53	1,174,534.29	0.19	13.60
14.00 - 14.49	76	0.10	119,217.13	0.02	14.01
14.50 - 14.99	1	0.00	2,076.70	0.00	14.50
15.00 - 15.49	256	0.34	472,750.58	0.08	15.00
17.00 - 17.49	1	0.00	4,305.25	0.00	17.00
18.00 - 18.49	744	1.00	675,442.38	0.11	18.00
<b>Total</b>	<b>74,565</b>	<b>100.00</b>	<b>621,451,521.11</b>	<b>100.00</b>	
<b>Weighted average:</b>					<b>7.96 %</b>
<b>Simple average:</b>					<b>8.49 %</b>
<b>Minimum:</b>					<b>4.50 %</b>
<b>Maximum:</b>					<b>18.00 %</b>

\*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 floating-rate 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 floating-rate loans have had a maximum nominal interest rate ceiling set for applicable nominal interest rate variability.

**k) Information regarding selected loan final maturity date.**

The following table gives the selected loan distribution according to final maturity date by annual intervals, and the weighted average residual life and the first and last final maturity dates. No details are given of years with no contents.

Selected loan portfolio at 30.11.2008 Classification by final repayment date						
Final Repayment Year	Loans		Outstanding principal		Residual Life wa*	
		%	(EUR)	%	Months	Date
2009	9,752	13.08	19,448,795.79	3.13	8.25	8/08/2009
2010	15,226	20.42	61,813,327.06	9.95	19.30	10/07/2010
2011	14,033	18.82	92,149,617.05	14.83	30.79	25/06/2011
2012	12,804	17.17	113,423,884.63	18.25	43.10	4/07/2012
2013	10,804	14.49	131,232,372.55	21.12	54.18	6/06/2013
2014	6,038	8.10	84,985,690.86	13.68	66.62	20/06/2014
2015	4,650	6.24	84,424,720.06	13.59	77.54	18/05/2015
2016	364	0.49	8,059,938.50	1.30	90.02	1/06/2016
2017	424	0.57	9,598,388.68	1.54	103.30	10/07/2017
2018	364	0.49	8,132,614.76	1.31	113.41	14/05/2018
2019	17	0.02	1,296,310.35	0.21	128.18	7/08/2019
2020	24	0.03	1,505,430.91	0.24	138.68	21/06/2020
2021	23	0.03	1,788,261.33	0.29	150.33	11/06/2021
2022	20	0.03	1,682,112.77	0.27	162.30	10/06/2022
2023	22	0.03	1,910,055.81	0.31	173.10	5/05/2023
<b>Total</b>	<b>74,565</b>	<b>100.00</b>	<b>621,451,521.11</b>	<b>100.00</b>		
	<b>Weighted average:</b>				<b>51.95</b>	<b>30/03/2013</b>
	<b>Simple average:</b>				<b>37.79</b>	<b>24/01/2012</b>
	<b>Minimum:</b>				<b>1.05</b>	<b>01/01/2009</b>
	<b>Maximum:</b>				<b>178.30</b>	<b>10/10/2023</b>

\* Residual life at the 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 obligors' address.

Selected loan portfolio at 30.11.2008 Classification by Autonomous Communities				
	Loans		Outstanding principal	
		%	(EUR)	%
Andalusia	2,068	2.77	16,144,316.63	2.60
Aragón	414	0.56	3,958,087.96	0.64
Asturies	188	0.25	1,479,877.74	0.24
Cantabria	106	0.14	917,875.59	0.15
Castile La Mancha	2,595	3.48	23,237,524.89	3.74

<b>Selected loan portfolio at 30.11.2008</b>				
<b>Classification by Autonomous Communities</b>				
	<b>Loans</b>		<b>Outstanding principal</b>	
		<b>%</b>	<b>(EUR)</b>	<b>%</b>
Castile-León	553	0.74	6,067,728.63	0.98
Catalonia	3,535	4.74	31,611,349.02	5.09
Ceuta	8	0.01	52,308.04	0.01
Valencian Community	57,267	76.80	474,292,484.79	76.32
Extremadura	137	0.18	962,807.08	0.15
Galicia	748	1.00	6,093,201.95	0.98
Balearic Isles	1,298	1.74	10,794,357.70	1.74
Canary Islands	1,222	1.64	9,182,125.27	1.48
La Rioja	94	0.13	1,241,517.99	0.20
Madrid	3,476	4.66	27,923,968.22	4.49
Melilla	8	0.01	28,414.23	0.00
Murcia	524	0.70	4,457,647.17	0.72
Navarre	78	0.10	576,296.25	0.09
Basque Country	246	0.33	2,429,631.96	0.39
<b>Total</b>	<b>74,565</b>	<b>100.00</b>	<b>621,451,521.11</b>	<b>100.00</b>

Valencia is the province with the highest concentration in terms of outstanding principal, at 54.38% of all the selected portfolio.

**m) Information regarding any arrears in collecting selected loan interest or principal instalments and current principal amount, if any, of loans that are more than 30, 60 and 90 days in arrears.**

The following table gives the number of loans, the outstanding principal and the overdue principal on selected loans with any arrears in payment of amounts due at November 30, 2008.

<b>Arrears in payment of instalments due at 30.11.2008</b>					
<b>Interval Days</b>	<b>Loans</b>	<b>Outstanding principal</b>		<b>Overdue principal</b>	
		<b>(EUR)</b>	<b>%</b>	<b>(EUR)</b>	<b>% on Total outstanding principal</b>
In good standing	66,921	561,180,444.36	90.30	0.00	
1 to 15 days	2,380	19,672,276.67	3.17	426,392.86	0.0686
16 to 30 days	2,654	20,050,520.50	3.23	411,720.49	0.0663
31 to 60 days	1,820	15,054,087.53	2.42	643,287.15	0.1035
61 to 90 days	790	5,494,192.05	0.88	375,599.34	0.0604
<b>Total</b>	<b>74,565</b>	<b>621,451,521.11</b>	<b>100.00</b>	<b>1,856,999.84</b>	<b>0.2988</b>

As represented by BANCAJA in section 2.2.8.2.(13) of the Building Block, none of the Loans that will finally be assigned to the Fund upon being established shall have any payments that are more than thirty (30) days overdue on their assignment date.

**2.2.3 Legal nature of the pool of assets.**

The selected loans to be securitised through the Fund may be classified based on their collaterals into:

- (i) Loans without special security.
- (ii) Loans exclusively secured with third-party personal bonds (guarantors and/or sureties) or guaranteed by means of a money pledge, originated in a public document and enforceable (Civil Procedure Act article 517).

The Loan receivables shall be directly assigned to the Fund, upon being sold by BANCAJA and acquired by the Fund, on the terms provided for in section 3.3 of this 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.

The final maturity date of the loans selected to be assigned to the Fund upon being established lies between January 1, 2009 and October 10, 2023.

#### **2.2.5 Amount of the assets.**

The Fund shall be set up with the Receivables which BANCAJA shall assign to the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR five hundred and fifty million (550,000,000.00).

The selected loan portfolio from which the Receivables shall be taken comprises 74,565 loans, their outstanding principal at November 30, 2008 being EUR 621,451,521.11 and the overdue principal being EUR 1,856,999.84.

#### **2.2.6 Loan to value ratio or level of collateralisation.**

The selected loans have no real estate mortgage security and the information as to the loan to value ratio does not therefore apply.

There is no overcollateralisation in the Fund since the Outstanding Balance of Receivables assigned on the date on which the Fund is set up shall be equal to or slightly above EUR five hundred and fifty million (550,000,000.00), the face value amount of the Bonds in the Bond Issue.

#### **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 individuals without mortgage security. The procedures currently in place at BANCAJA are described below:

##### **1. Private individual lending model used**

Lending to private individuals is governed by BANCAJA's credit policy, defined as the criteria, measures and procedures altogether designed for management as a whole to allow a quality credit portfolio to be obtained, minimising the insolvency risk. The main solvency risk component is the repayment capacity.

The Risks management draws up the Basic analysis policies for approving lending transactions, based on a positive repayment capacity for the transaction and the existence of a suitable level of cover and profitability, which shall be specified having regard to the client's particular characteristics, transaction type, amount and term applied for. General policies are the same for any type of lending transaction, but the analysis and tools used differ according to the segment in which the client belongs.

BANCAJA's model relies on an electronic private individual file, which supports customer particulars, to be analysed by the scoring models. These models analyse client payment history through statistical methods.

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).



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). Risks are approved on the committees at the various levels depending on the extent of authority.

<b>Management Bodies</b> <i>More than 3% of BANCAJA's equity</i>		
<b>General Manager Risks Committee</b> <i>Up to 3% of BANCAJA's equity</i>		
<b>Business Area</b> <i>Up to €9,000,000</i>		
<b>Business Unit</b> <i>Up to €3,000,000</i>		
<b>Branches</b>		
<b>External Network</b> <i>Up to €480,000</i>	<b>Traditional Network</b> <i>Up to €400,000</i>	<b>Specialised banking</b> <i>Up to €361,000</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 Area manager are on the Management Risks Committee. This Committee meets weekly to review applications with an UER in excess of €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.

### *Origination*

Origination is a key, determinant factor within the risk process, inasmuch as it provides the contractual framework supporting future legal actions if any deriving therefrom. The transaction must be approved by the relevant approval level, and it is the duty of whoever represents BANCAJA in signing the relevant agreements, deeds, etc. to check that they conform to the decision made by the Approval Committee. A lending policy at BANCAJA is not to enter into transactions exceeding, upon origination, the value of the assets or services to be financed therewith.

In transactions originated through Branches, loan agreements, guarantees, deeds, etc. must always be attested to by a commissioner for oaths. Exceptionally, as the Branch Manager shall deem appropriate, this requirement shall be omitted for personal loans not in excess of €10,000. In transactions involving a higher amount, the authorisation of the relevant higher level shall be required (Business/Risks Unit).

In personal loans not attested to for a term of up to 5 years, a promissory note may be completed in order for an enforcement action to be available. This operation ceased to be applied from July 4, 2007.

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

The Management Company reproduces below the representations and warranties BANCAJA, as holder of the Loans until assigned to the Fund and as Originator, shall give and make to the Management Company, on the Fund's behalf, in the Deed of Constitution of the Fund in relation to the Originator proper and to the Receivables.

##### **1. In relation to BANCAJA.**

- (1) That BANCAJA is a credit institution duly incorporated in Spain in accordance with the laws in force for the time being, entered in the Companies Register and in the Bank of Spain's Register of Credit Institutions.
- (2) That neither at today's date nor at any time since it was incorporated has BANCAJA been decreed insolvent, in bankruptcy or suspension of payments, nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.
- (3) That BANCAJA has obtained all necessary authorisations, including those required of its corporate bodies and third parties, if any, affected by the assignment of the Receivables to the Fund, to validly be present at the execution of the Deed of Constitution and at the signature of the subsequent assignment agreements, the agreements relating to the establishment of the Fund and to fulfil the undertakings made.
- (4) That BANCAJA has audited annual accounts for the last three years ending on December 31, 2007, 2006 and 2005 with a favourable opinion given without any provisos by the auditors in said years and they have been filed with the CNMV and the Companies Register.

##### **2. In relation to the Loans and to their Receivables assigned to the Fund.**

- (1) That the Loans exist and are valid and enforceable in accordance with the applicable laws.
- (2) That BANCAJA is the legal and beneficial owner, without limitation, of all the Loans, free and clear of all and any liens and claims.
- (3) That the details of the Loans given in the schedules to the Deed of Constitution shall accurately and fully reflect the status of those Loans at the assignment date.
- (4) That most Loans are not secured with any security interest whatsoever but are personal Loans and the Obligor or Obligors shall be liable for fulfilling the same with all their current or future assets. Some of them are also secured by means of a guarantee given by a person other than the Obligor or Obligors or by pledging money.
- (5) That the Loans are duly supported and part of them are originated in a loan agreement certified by a commissioner for oaths, whereas others are originated in a private agreement.
- (6) That the agreements or private documents supporting the Loans contain no clauses preventing their assignment or requiring any authorisation or communication for the Loan to be assigned.
- (7) That the Loan Obligors are all individuals resident in Spain and are not employees, managers or officers of BANCAJA.

- (8) That the Loans have been granted by BANCAJA to finance the purchase of chattels, vehicles or securities, the alteration, renovation or purchase of real properties, refinancing, pre-operating and start-up, operating and current expenses, and other retail expenses for individuals resident in Spain.
- (9) That on the date of assignment to the Fund, BANCAJA is not aware of any Obligor having been declared insolvent.
- (10) That the Loans are all denominated and payable exclusively in euros and their capital or principal has been fully drawn down.
- (11) That none of the Loans have clauses allowing deferment of periodic interest payment or principal repayment other than the principal repayment exclusion there may be at each Loan assignment date.
- (12) That all the Receivables payment obligations are satisfied by directly debiting a bank account.
- (13) That on the date of assignment to the Fund, none of the Loans have any payments more than thirty (30) days overdue.
- (14) That the Loans were granted by BANCAJA in the ordinary course of its business following its usual credit risk analysis and valuation procedures described in section 2.2.7 of this Building Block.
- (15) That the agreements or private documents originating the Loans, including the promissory notes, have all been duly filed in BANCAJA archives suitable therefor, and are at the Management Company's disposal, for and on behalf of the Fund, and the Loans are all clearly identified both in data files and by means of their agreements or private documents.
- (16) That the outstanding capital balance of each of the Receivables is equivalent to the capital figure for which the Receivable is assigned to the Fund.
- (17) That the final maturity date of the Loans is at no event after October 10, 2023.
- (18) That after being granted, the Loans have been serviced and are still being serviced by BANCAJA in accordance with its set customary procedures.
- (19) That BANCAJA has no knowledge of the existence of any litigation whatsoever in relation to the Loans which may detract from their validity or their enforceability or may result in the application of Civil Code article 1535.
- (20) That on the assignment date, at least one (1) instalment has fallen due on each Loan and is not overdue.
- (21) That the information on the Loans and the Receivables given in the Prospectus is strictly true.
- (22) That nobody has a preferred right over the Fund as holder of the Loans.
- (23) That BANCAJA has received from the Obligors no notice whatsoever of full or partial repayment of the Loans.
- (24) That the Loans have not matured before, and do not finally mature on, the date of assignment to the Fund.
- (25) That Loan interest and repayment instalment frequency is monthly, quarterly or six-monthly.
- (26) That the Loan principal repayment system is a repayment system with periodic instalments such as the French method or an equal, constant repayment instalments method.

- (27) That BANCAJA is not aware of any Loan Obligor holding any credit right against BANCAJA whereby the Obligor may be entitled to a set-off adversely affecting the rights vested in the Fund upon the Loans being assigned.
- (28) That the Loans are not finance lease transactions.
- (29) That the floating-rate Loans do not benefit from a lower margin as a result of the Obligor using other financial products or services of BANCAJA, with respect to the margin applicable on the relevant assignment date (notwithstanding a possible renegotiation thereof as provided for in section 3.7.2.1.6.a) of this Building Block).
- (30) That none of the Loans contains clauses providing for interest rate caps limiting the interest rate amount applicable to the Loan.

## **2.2.9 Substitution of the securitised assets.**

### **Set rules for substituting the Receivables or otherwise repayment to the Fund.**

1. In the event of prepayment of the Receivables due to prepayment of the relevant Loan capital, there will be no substitution of the Receivables affected thereby.
2. In the event that it should be observed throughout the life of the Receivables that any of them failed to conform to the characteristics given in section 2.2.8 above upon the Fund being set up, the Originator agrees, subject to the Management Company's consent, to proceed forthwith to remedy and, if that is not possible, replace or redeem the affected Receivables not replaced by automatically terminating the assignment of the affected Receivables, subject to the following rules:
  - a) The party learning of the existence of a non-conforming Receivable, whether the Originator or the Management Company, shall notify the other party of this circumstance. BANCAJA shall have not more than fifteen (15) Business Days from said notice to proceed to remedy that circumstance if it may be remedied or in order to proceed to a substitution thereof.
  - b) The substitution shall be made for the outstanding capital plus interest accrued and not paid and any amount owing to the Fund until that date on the relevant substituted Receivable.

In order to proceed to the substitution, the Originator shall notify the Management Company of the characteristics of the Loan or Loans it proposes to assign satisfying the features given in section 2.2.8.2 of this Building Block and homogeneously characterised as to purpose, term, interest rate and outstanding principal balance. Once the Management Company has checked that the substitute loan or loans are eligible and expressly stated to the Originator that the loans to be assigned are eligible, the Originator shall proceed to terminate the assignment of the affected Receivable and assign the new or new replacement Receivables.

Receivables shall be substituted in a public deed and a copy of the public deed shall be delivered to the CNMV, the institution in charge of the Bond accounting record and the Rating Agency.

- c) In the event that any Receivable should not be substituted on the terms set in rule b) of this section, the Originator shall proceed to automatically terminate the assignment of the affected Receivable not replaced. That termination shall take place by repaying to the Fund in cash the outstanding principal, interest accrued and not settled, and any other amount owing to the Fund until that date on the relevant Receivable, which shall be paid into the Treasury Account.
  - d) In the event of termination of the assignment of the Receivables due to both replacement and repayment, the Originator shall be vested in all the rights attaching to those Receivables accruing from the termination date or accrued and not due, and overdue amounts at that same date.
3. In particular, the amendment by the Originator during the life of the Receivables 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 Originator 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 Receivables, in accordance with the procedure provided for in paragraph 2 above of this section, which shall not result in the Originator 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 notify the CNMV of replacements of Receivables on the terms of procedure provided for in paragraph 2 b) of this section.

**2.2.10 Relevant insurance policies relating to the assets.**

Not applicable.

**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.**

Not applicable.

**2.3 Actively managed assets backing the issue.**

Not applicable.

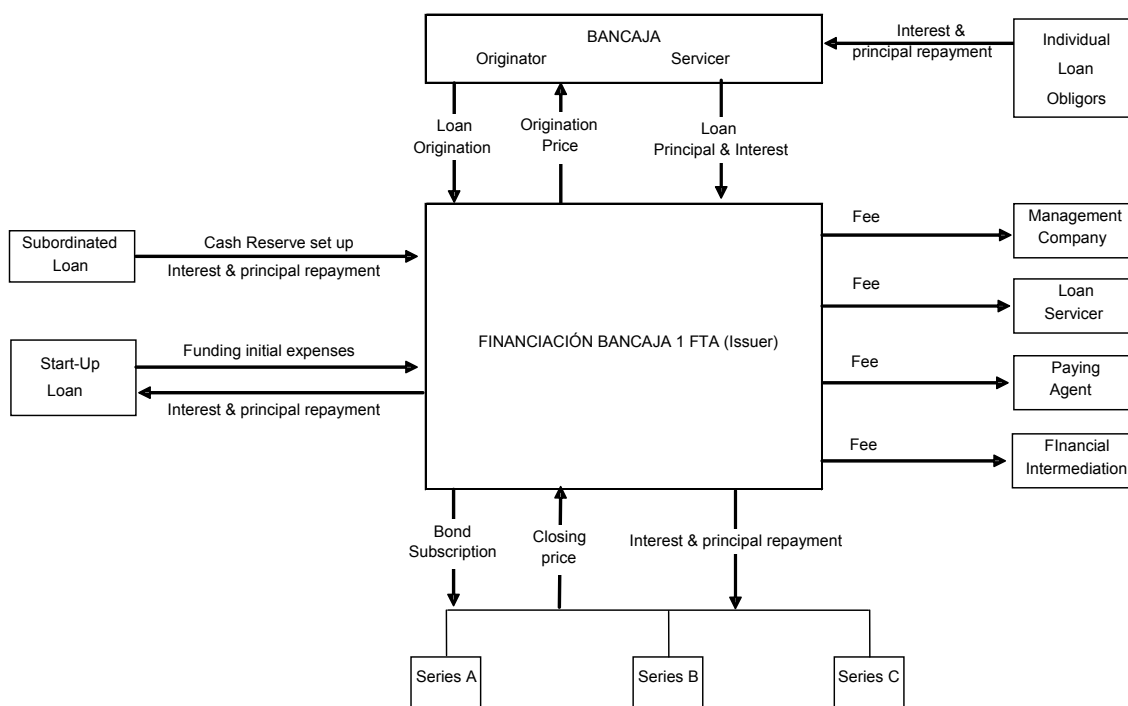
**2.4 Where the issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.**

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	
<b>Fixed Assets</b>	<b>550,600,000.00</b>	<b>Bond Issue</b>	<b>550,000,000.00</b>
Receivables	550,117,229.00	Series A Bonds	456,500,000.00
(adjustment excess to EUR 117,229.00)		Series B Bonds	22,000,000.00
Set-up, issue and admission expenses*	482,771.00	Series C Bonds	71,500,000.00
<b>Current assets</b>	<b>to be determined</b>	<b>Other long-term liabilities</b>	<b>68,700,000.00</b>
Treasury Account*	68,100,000.00	Start-Up Loan	2,700,000.00
Accrued interest receivable**	to be determined	Subordinated Loan	66,000,000.00
		<b>Short-term creditors</b>	<b>to be determined</b>
		Receivables interest accrued **	to be determined
<b>Total assets</b>	<b>618,700,000.00</b>	<b>Total liabilities</b>	<b>618,700,000.00</b>
<b>MEMORANDUM ACCOUNTS</b>			
Cash Reserve	66,000,000.00		

(Amounts in EUR)

\* Assuming that all Fund set-up and Bond issue and admission expenses are met on the Closing Date and that they amount to EUR 482,771.00 as detailed in section 6 of the Securities Note.

\*\* As set forth in section 3.3.3 of this 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 be the authorised representative of the Fund and takes responsibility for the contents of the Prospectus.
- (ii) BANCAJA is the originator of the Receivables to be acquired by the Fund, has structured the financial terms of the Fund and the Bond Issue, shall be the Subscriber of the Bond Issue, shall be a Lead Manager of the Bond Issue and also takes responsibility for the contents of the Securities Note.

In addition, BANCAJA shall be the Fund's counterparty under the Guaranteed Interest Rate Account (Treasury Account), Start-Up Loan, Subordinated Loan, Receivables Servicing, Bond Paying Agent and Financial Intermediation Agreements.

- (iii) J.P. MORGAN shall be a Lead Manager and has, jointly with BANCAJA, structured the financial terms of the Fund and the Bond Issue.
- (iv) GARRIGUES, an independent law firm, has provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.
- (v) Ernst & Young has audited certain features and attributes of a sample of all of BANCAJA's selected loans from which the Receivables will be taken to be assigned to the Fund upon being established.
- (vi) Moody's is the Rating Agency that has rated each Bond Series.

The description of the institutions referred to in paragraphs (i) to (vi) above 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 of this Prospectus, which it shall enter into for and on behalf of the Fund, 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 Receivables.**

The Management Company, for and on behalf of the Fund, and BANCAJA, shall in the Deed of Constitution perfect the agreement assigning Receivables to the Fund, effective from the actual date on which the Fund is established.

Obligors shall not be notified of BANCAJA's assignment of the Receivables to the Fund. However, 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 it reasonably justified, the Management Company may demand the Servicer to notify Obligors and guarantors, if any, of the transfer to the Fund of the Receivables then outstanding, 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 guarantors, if any.

#### **3.3.2 Receivables assignment terms.**

1. The Receivables will be fully and unconditionally assigned for the entire term remaining until maturity of each Loan.
2. The Originator shall be liable to the Fund for the existence and lawfulness of the Receivables to the same extent laid down in articles 348 of the Commercial Code and 1529 of the Civil Code.

3. The Originator shall not bear the risk of default on the Receivables and shall therefore have no liability whatsoever for the Obligors' default of principal, interest or any other amount they may owe under the Loans, nor will it be liable for the enforceability of personal guarantees collateral thereto or the accessibility or effects, if any, of exchange proceedings. The Originator will moreover have no liability whatsoever to directly or indirectly guarantee that the transaction will be successfully completed, nor give any guarantees or security, nor indeed agree to replace or repurchase the Receivables, other than as provided in section 2.2.9 of this Building Block.
4. Each Receivable shall be assigned for all the outstanding capital pending repayment at the assignment date and for all ordinary and late-payment interest on each Loan assigned.

Specifically, for illustration, without limitation, the assignment of the Receivables shall confer on the Fund the following rights in relation to each Loan and all rights derived from any right collateral to the Loan:

- (i) To receive all Loan capital or principal repayment amounts accrued.
- (ii) To receive all Loan capital ordinary interest amounts accrued.
- (iii) To receive all Loan late-payment interest amounts accrued.
- (iv) To receive any other amounts, assets or rights received as payment of Loan principal, interest or expenses.
- (v) To receive all possible Loan rights or compensations accruing for the Originator and derived from the Loans, including those derived from any right collateral to the Loans, excluding any fees that may be established for each Loan, which shall remain for the benefit of the Originator.
- (vi) To receive all amounts, assets, securities or rights recovered as payment of Loan principal, interest or expenses upon enforcing the promissory notes, if any.

The aforementioned rights will all accrue for the Fund from the date of assignment of the Receivables. Interest shall moreover include interest accrued and not due since the last interest settlement date on each Loan, on or before the assignment date, and overdue interest, if any, as of that same date.

The assignment of the Receivables shall, in respect of Loans whose terms make provision for their issue, entail an assignment of the blank promissory notes to the Fund, as provided for in articles 24 and 96 of Exchange and Cheque Act 19/1985, and the Fund shall be entitled to have BANCAJA hand over the promissory note.

Returns on the Receivables constituting Fund income shall not be subject to withholding of Corporation Tax as established in Royal Decree 1777/2004, July 30, approving the Corporation Tax Regulations.

5. The Fund's rights under the Receivables shall be linked to the Obligors' payments and shall therefore be directly affected by the evolution, late payments, prepayments or any other occurrence relating to the Loans.
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.
8. BANCAJA shall, as Originator of the Receivables, be entitled to receive from the Obligor fees, including prepayment or early cancellation fees or any other right which cannot be made part of the debt to be claimed from the Obligor in the event of default on the Loans.



### **3.3.3 Receivable sale or assignment price.**

The sale or assignment price of the Receivables shall be at par with the face value of the Loan capital. The aggregate amount payable by the Fund for the assignment of the Receivables shall be an amount equivalent to the sum of (i) the face value of the capital or principal outstanding on each Loan, and (ii) ordinary interest accrued and not due and overdue interest, if any, on each Loan at the assignment date (the “**accrued interest**”).

The Management Company shall pay the total Receivable assignment amount on behalf of the Fund as follows:

1. The part of the price consisting of the face value of the capital of all the Loans, item (i) of paragraph one of this section, shall be paid by the Fund on the Bond Closing Date, for same day value, upon the subscription for the Bond Issue being paid up, by means of instructions given by the Management Company to BANCAJA to debit the relevant amount to the Treasury Account opened in the Fund’s name. 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 of this section, shall be paid by the Fund on each collection date falling, as described in section 3.4.1 below, on the first interest settlement date of each Loan. Payment of accrued interest shall not be made subject to the Priority of Payments.

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

## **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.**

Amounts received by the Fund under the securitised Receivables will be paid by the Servicer into the 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 at November 30, 2008, as detailed in section 2.2.2.h) of this Building Block, is 7.96%, which is above the 3.76% weighted average nominal interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note.

Quarterly on each Payment Date Bondholders will be paid interest accrued and principal will be repaid 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 by drawing down the Subordinated Loan.  
Mitigates the credit risk derived from Receivables delinquency and default.
- (ii) Treasury Account.  
Partly mitigates the loss of return on the liquidity of the Fund due to the timing difference between income received on the Receivables until payment of Bond interest and repayment of Bond principal.

- (iii) 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 by drawing fully the Subordinated Loan principal 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 amount equal to EUR sixty-six million (66,000,000.00) (the “**Initial Cash Reserve**”).
2. Subsequently to being set up, on each Payment Date, the Cash Reserve shall be provisioned up to the Required Cash Reserve amount established hereinafter out of the Available Funds in the Priority of Payments of the Fund.

The required Cash Reserve amount on each Payment Date (the “**Required Cash Reserve**”) shall be the lower of:

- (i) EUR sixty-six million (66,000,000.00).
  - (ii) The higher of:
    - a) 24.00% of the Outstanding Principal Balance of the Bond Issue.
    - b) EUR thirty-three million (33,000,000.00).
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:
    - i) That on the Determination Date preceding the relevant Payment Date the amount of the Outstanding Balance of Delinquent Receivables is greater than 1.00% of the Outstanding Balance of Non-Doubtful Receivables.
    - 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 Subordinated Loan.**

The Management Company shall on the date of establishment of the Fund, for and on behalf of the Fund, enter with BANCAJA into an agreement whereby BANCAJA shall grant to the Fund a commercial subordinated loan (the “**Subordinated Loan**”) totalling EUR sixty-six million (66,000,000.00) (the “**Subordinated Loan Agreement**”). The Subordinated Loan amount shall be delivered on the Closing Date and be applied to setting up the Initial Cash Reserve on the terms for which provision is made in section 3.4.2.2 of this Building Block, although granting of the Loan by no means guarantees performance of the securitised Loans.

Subordinated Loan principal shall be repaid on each Payment Date in an amount equal to the positive difference existing between the outstanding Subordinated Loan principal on the Determination Date preceding the relevant Payment Date and the Required Cash Reserve amount on the relevant Payment Date, and in the application priority established for that event in the application of Available Funds in the Priority of Payments.

In the event that the Fund should not have sufficient liquidity to proceed to the relevant Subordinated Loan repayment on a Payment Date, in the Priority of Payments, the portion of principal not repaid shall be repaid on the next succeeding Payment Date along with the amount, if any, that should be repaid on that same Payment Date, until it is fully repaid.

The Subordinated Loan shall at all events be finally due on the Final Maturity Date or, as the case may be, on the date on which the Management Company proceeds to Early Liquidation subject to the Liquidation Priority of Payments of the Fund.

Outstanding Subordinated Loan principal shall earn floating annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Bond Reference Rate determined for each Interest Accrual Period, and (ii) a 1.50% 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, the Liquidation Priority of Payments, as appropriate. Interest shall be settled and be payable on the expiry date 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 March 23, 2009.

Interest accrued and not paid on a Payment Date shall not be accumulated to Subordinated Loan principal and shall not earn late-payment interest.

All Subordinated 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 Subordinated Loan amounts falling due on that Payment Date, in the Priority of Payments or the Liquidation Priority of Payments, as the case may be.

The Subordinated Loan 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 1pm (CET) on December 23, 2008.

#### **3.4.3.2 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 two million seven hundred thousand (2,700,000.00) (the “**Start-Up Loan Agreement**”). The Start-Up Loan amount shall be delivered on the Closing Date and be allocated to financing the Fund set-up and Bond issue and admission expenses, partly financing acquisition of the Receivables at the difference between their amount and the face amount of the Bond Issue and covering the timing difference existing between collection of Receivables interest and payment of Bond interest on the first Payment Date.

Outstanding Start-Up Loan principal will earn annual nominal floating 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 Liquidation Priority of Payments, as the case may be. Interest shall be settled and be payable on the expiry date 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 March 23, 2009.

Interest accrued and not paid on a Payment Date will not be accumulated to Start-Up Loan principal and will not accrue late-payment interest.

Start-Up Loan principal will be repaid quarterly on each Payment Date in fourteen (14) consecutive quarterly instalments in an equal amount, on each Payment Date, the first of which shall be the first Payment Date, March 23, 2009, and the following until the Payment Date falling on June 23, 2012, inclusive.

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 Start-Up Loan amounts falling due on that Payment Date, in the Priority of Payments or Liquidation Priority of Payments, as the case may be.

The Start-Up Loan Agreement shall not be terminated in the event of the Fund being terminated, 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 Fund set-up and Bond issue expenses 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 principal repayment shall be deferred and subordinated to satisfaction of those obligations, out of the Fund's remaining resources.

#### **3.4.3.3 Subordination of Series B and C Bonds.**

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Series C Bond interest payment and principal repayment is deferred with respect to Series A and Series B 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) Receivables principal repaid and interest collected;
- (iii) any other amounts owing to the Fund upon the assignment of the Receivables;
- (iv) Subordinated Loan drawn down and the Cash Reserve amount from time to time;

- (v) Start-Up Loan principal drawn down;
- (vi) the amounts of the returns obtained on actual Treasury Account balances; and
- (vii) the amounts, if any, 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 expiry date of each interest accrual period on each settlement date, on March 17, June 17, September 17 and December 17 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, March 17, 2009.

In the event that the rating of short-term unsecured and unsubordinated debt obligations of BANCAJA or of the institution in which the Treasury Account is opened (the “**Treasury Account Provider**”) should, at any time during the life of the Bond Issue, be downgraded below P-1 by Moody’s, the Management Company shall within not more than thirty (30) days from the time of the occurrence of such circumstance, after notifying the Rating Agency, put in place 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:

- a) Obtaining from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody’s a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by the Treasury Account Provider of its obligation to repay the amounts credited to the Treasury Account, for such time as the Treasury Account Provider remains downgraded below P-1.
- b) Transferring the Treasury Account to an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody’s, arranging the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- c) If a) and b) above are not possible, obtaining from the Treasury Account Provider 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, in an amount sufficient to guarantee the commitments established in the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- d) In addition, if the above options are not possible on the terms provided for, 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 with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody’s, including short-term securities issued by the Spanish State, in which case the yield obtained could also differ from that obtained initially with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

In the event of b) or d) occurring and that BANCAJA’s short-term unsecured and unsubordinated debt obligations should subsequently be upgraded back to P-1 by Moody’s, the Management Company shall subsequently transfer the balances back to BANCAJA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

All costs, expenses and taxes incurred in connection with putting in place and arranging the above options shall be borne by BANCAJA or, as the case may be, the substitute Treasury Account Provider.

BANCAJA shall agree, forthwith upon its credit rating being downgraded, to use commercially reasonable efforts in order that the Management Company may adopt any of (a), (b) and (c) above.

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

The Servicer shall manage collection of all Receivables 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.

Amounts received by the Fund under the Receivables 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 obligations should be downgraded below P-1 by Moody's or that the Servicer's short-term unsecured and unsubordinated debt obligations should not be rated by Moody's, the Receivables amounts received by the Service shall be paid to the Fund by crediting the Treasury Account on the first day after the day on which they were received by the Servicer.

In the event of the Servicer's long-term credit rating being downgraded below Baa3 by Moody's, the Servicer will make a cash deposit for the benefit of the Fund with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, or arrange an unconditional irrevocable credit facility upon the Management Company's first demand with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's.

The deposit amount or the maximum limit of the credit facility arranged shall be equivalent to the estimated aggregate amount of Loan repayment and interest instalments during the month with the highest collection of repayment and interest instalments from the date of downgrade below Baa3 by Moody's, in the event that the Loan delinquency rate should be 0.00% and the CPR should be 10.00%.

The Fund may only draw on that deposit or liquidity facility the amounts it shall not receive, if any, owing to the Fund and received by the Servicer under the Loans.

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

### **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 for 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.
- c) Drawdown of Subordinated Loan principal.

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

- a) Paying the price for acquiring the Receivables at their face value.
- b) Paying 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 upon Early Liquidation of the Fund, the Management Company shall proceed successively to apply the Available Funds and the Available Funds for Amortisation and in 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, identified as such by the Management Company (based on information received from the Servicer concerning the items applied):

- a) Receivables principal repayment income received during the Determination Period preceding the relevant Payment Date.
- b) Receivables 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 at the Determination Date preceding the relevant Payment Date.
- e) Any other amounts received by the Fund during the Determination Period preceding the relevant Payment Date, including those resulting from the Receivables on the sale or utilisation of assets or rights awarded to the Fund.
- f) 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 Receivables interest and payment of Bond interest.

Income under a), b) and e) above received by the Fund and credited to the Treasury Account between the Determination Date, exclusive, preceding the relevant Payment Date and 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.**

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 order of priority, irrespective of the time of accrual, other than the application established in the 1<sup>st</sup> place, which may be made at any time as and when due:

1. Payment of the Fund’s properly supported taxes and ordinary<sup>(1)</sup> and extraordinary<sup>(2)</sup> 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 Receivables 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 interest due on Series A Bonds.
3. Payment of interest due on Series B Bonds unless this payment is deferred to 6<sup>th</sup> place in the order of priority.

This payment shall be deferred to 6<sup>th</sup> place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Receivables since the Fund was established, reckoned at the amount of the Outstanding Balance at the Doubtful Receivable classification date, is in excess of 22.32% of the initial Outstanding Balance of the Receivables upon the Fund being established and provided that Series A Bonds have not been and are not to be fully amortised on the relevant Payment Date.

4. Payment of interest due on Series C Bonds unless this payment is deferred to 7<sup>th</sup> place in the order of priority.

This payment shall be deferred to 7<sup>th</sup> place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Receivables since the Fund was established, reckoned at the amount of the Outstanding Balance at the Doubtful Receivable classification date, is in excess of 15.81% of the initial Outstanding Balance of the Receivables upon the Fund being established and provided that Series A and Series B Bonds have not been and are not to be fully amortised on the relevant Payment Date.

5. Amortisation withholding in an amount equivalent to the positive difference existing at the Determination Date preceding the relevant Payment Date between:

- (i) the Outstanding Principal Balance of the Bond Issue, and
- (ii) the Outstanding Balance of Non-Doubtful Receivables.

Depending on the liquidity existing on each Payment Date, the amount actually applied to Amortisation Withholding shall be included among the Available Funds for Amortisation to be applied in accordance with the rules for Distribution of Available Funds for Amortisation established hereinafter in section 3.4.6.2.2.

6. Payment of interest due on Series B Bonds when this payment is deferred from 3<sup>rd</sup> place in the order of priority as established therein.
7. Payment of interest due on Series C Bonds when this payment is deferred from 4<sup>th</sup> place in the order of priority as established therein.
8. Withholding of an amount sufficient for the Required Cash Reserve amount to be maintained.
9. Payment of Subordinated Loan interest due.
10. Repayment of Subordinated Loan principal to the extent amortised.
11. Payment of Start-Up Loan interest due.
12. Repayment of Start-Up Loan principal to the extent amortised.
13. Payment to BANCAJA of the fee established under the Servicing Agreement.

In the event that any other institution should replace BANCAJA as Receivables Servicer, 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.

14. 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, other than payment of the Fund set-up and Bond issue and admission expenses.
  - 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, 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.

The Fund's ordinary expenses in its first year, including the management fee due to the Management Company and those derived from the Paying Agent Agreement, are estimated at approximately EUR one hundred and forty thousand (140,000.00). Because most of those expenses are directly related to the Outstanding Principal Balance of the Bond Issue and that balance shall fall throughout the life of the Fund, the Fund's ordinary expenses will also fall as time goes by.

- (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 collaterals and deriving from any recovery actions required.
  - c) Extraordinary expenses of audits and legal advice.
  - d) The remaining amount, if any, of the initial Fund set-up and Bond issue and admission expenses in excess of the Start-Up Loan principal.
  - e) In general, any other required extraordinary expenses 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.

##### 1. Source.

The Available Funds for Amortisation on each Payment Date shall be the Amortisation Withholding amount actually applied in fifth (5<sup>th</sup>) place in the application of the Available Funds on the relevant Payment Date.

##### 2. Distribution of Available Funds for Amortisation.

The rules for Distribution of Available Funds for Amortisation are given in section 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 upon Early Liquidation in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document, by applying the following available funds (the "**Liquidation Available Funds**"): (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Receivables and the remaining assets, and, as the case may be, (iii) the drawdown under the credit facility or the loan arranged and exclusively used for final amortisation of the 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 Receivables amounts reimbursable to the Servicer, provided they are all properly supported, and the servicing fee if BANCAJA is replaced as Servicer, shall be made to the Servicer under the Servicing Agreement in this priority.

3. Payment of interest due on Series A Bonds.
4. Repayment of Series A Bond principal.
5. Payment of interest due on Series B Bonds.
6. Repayment of Series B Bond principal.
7. Payment of interest due on Series C Bonds.
8. Repayment of Series C Bond principal.
9. In the event of the credit facility or the loan being arranged for early amortisation of the Bond Series then outstanding as provided for in section 4.4.3.3.(iii) of the Registration Document, payment of financial costs accrued and repayment of principal on the credit facility or the loan arranged.
10. Payment of Subordinated Loan interest due.
11. Repayment of Subordinated Loan principal.
12. Payment of Start-Up Loan interest due.
13. Repayment of Start-Up Loan principal.
14. Payment to BANCAJA of the fee established under the Servicing Agreement.

In the event that any other institution should replace BANCAJA as Receivables Servicer, 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.
15. Payment of the Financial Intermediation Margin.

When accounts payable for different items exist in a same priority order number on the Final Maturity Date or upon 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 assignment to the Fund of the Receivables 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 expiry 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 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 February, May, August and November.

The Financial Intermediation Margin accrued at the close of the months of February, May, August and November 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 for the Financial Intermediation Margin shall be comprised between the date on which the Fund is established and February 28, 2009, both inclusive, which is the last day of

the calendar month preceding the first Payment Date. The first settlement date of the Financial Intermediation Margin shall be on the first Payment Date, March 23, 2009.

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. 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 Agency should not confirm any of the provisional ratings assigned to each Bond Series as final by 1pm (CET) on December 23, 2008.

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

#### **3.4.7.1 Bond Issue Paying Agent.**

The Management Company shall, for and on behalf of the Fund, enter with BANCAJA into a paying agent agreement to service the Bond Issue (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) On each Bond Payment Date, paying Bond interest and, as the case may be, repaying Bond principal through Iberclear, after deducting the total amount of the interim tax withholding for return on investments to be made by the Management Company, on the Fund's behalf, in accordance with applicable tax laws.
- (ii) 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 Paying Agent's short-term unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below P-1 by Moody's, the Management Company shall within not more than thirty (30) days, from the time of the occurrence of such circumstance, do any of the following: (i) obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, an unconditional and irrevocable first demand guarantee securing payment to the Fund, merely upon the Management Company so requesting, of the commitments made by the Paying Agent, for such time as the Paying Agent remains downgraded below P-1, or (ii) revoke the Paying Agent's designation and thereupon designate another institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's to take its place before terminating the Paying Agent Agreement, or, as the case may be, under a new payment agent agreement, and subject to prior notice being served on the Rating Agency. 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. All Paying Agent substitution costs, expenses and taxes incurred shall be borne by the substituted institution.

BANCAJA shall agree, forthwith upon its credit rating being downgraded, to use commercially reasonable efforts in order that the Management Company may do either of (i) or (ii) above.

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, in the Priority of Payments, 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, in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

The Paying Agent Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on December 23, 2008.

### 3.5 Name, address and significant business activities of the originator of the securitised assets.

The originator and assignor of the Receivables securitised is CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA.

Registered office: Caballeros number 2, 12001 Castellón.

Principal place of business: Cardenal Benlloch number 67, 46021 Valencia.

#### 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 cash, capital and currency markets.

The following is consolidated financial information at September 30, 2008, at December 31, 2007 and at December 31, 2006 and how the latter two dates compare. Both the financial information at December 31, 2007 and the financial information at December 31, 2006 have been audited. The information has been prepared in accordance with Bank of Spain Circular 4/2004.

	30.09.2008	31.12.2007 (A)	31.12.2006 (B)	Year-On-Year Change $\Delta\% ((A)-(B))/(B)$
<b>BALANCE SHEET (EUR thousand)</b>				
Total Assets	103,530,901	99,584,939	79,577,247	25.14
Total Assets exsecuritisation	105,500,745	101,827,868	82,353,426	23.65
Average Total Assets	101,863,749	92,804,946	71,678,859	29.47
Gross Customer Credit	84,679,988	81,315,622	66,746,030	21.83
Gross Customer Credit exsecuritisation	86,649,832	83,558,551	69,522,209	20.19
Funds Managed	88,597,183	92,962,631	78,261,115	18.79
Balance Sheet External Funds	79,144,713	80,100,267	65,581,588	22.14
Other Funds Managed <sup>(1)</sup>	9,452,470	12,862,364	12,679,527	1.44
Turnover	173,277,171	174,278,253	145,007,145	20.19
Turnover exsecuritisation	175,247,015	176,521,182	147,783,324	19.45
Equity	3,753,118	3,564,295	3,092,019	15.27
<b>PROFIT AND LOSS ACCOUNT (EUR thousand)</b>				
Intermediation margin	1,066,580	1,399,420	1,197,782	16.83
Ordinary margin	1,397,925	1,876,688	2,124,679	-11.67
Operating margin	831,447	1,205,120	1,526,209	-21.04
Pre-tax profit	554,615	774,281	1,246,232	-37.87
After-tax profit	468,947	603,964	866,916	-30.33
Net Profit attributed to the Group	348,137	491,170	796,009	-38.30

	30.09.2008	31.12.2007 (A)	31.12.2006 (B)	Year-On-Year Change $\Delta\% ((A)-(B))/(B)$
<b>RATIOS</b>				
Delinquency Rate	2.94%	0.85%	0.53%	60.38
Delinquency Coverage Ratio	65.90%	230.43%	350.20%	-34.20
Strict Efficiency Ratio <sup>(2)</sup>	-	39.08%	30.97%	26.19
Efficiency Ratio	39.92%	35.95%	28.52%	26.05
Capital Ratio	11.09%	12.95%	13.07%	-0.92
TIER I <sup>(6)</sup>	7.45%	8.16%	7.40%	10.27
Core Capital <sup>(6)</sup>	6.04%	6.66%	5.60%	18.93
ROE <sup>(3)</sup>	12.81%	14.72%	31.78%	-53.68
ROA <sup>(4)</sup>	0.61%	0.65%	1.21%	-46.28
<b>BRANCHES AND EMPLOYEES</b>				
Branches <sup>(5)</sup>	1,591	1,561	1,482	5.33
Employees <sup>(5)</sup>	8,271	8,079	7,578	6.61

(1) Investment Trusts, Pension Schemes, Technical Insurance Reserves and Asset Management.

(2) Equivalent to Efficiency Ratio plus amortisation and depreciation.

(3) Yearly profit attributed to the Group/Average Equity.

(4) Yearly profit after tax/ Average Total Assets.

(5) Branches and employees related to the banking business; excludes representation offices.

(6) Data at 30/09/2008 determined in accordance with BIS II regulations.

### 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 managing and being the authorised representative 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 be the authorised representative of 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 liquidation of the Fund, including the decision to proceed to Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in

accordance with the provisions of the Deed of Constitution of the Fund and 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 Agency 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 Agency 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, 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 or a loan 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 Agency, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agency. 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 Receivables acquired by the Fund and, in general, carrying out all such acts of administration and disposition as may be required for properly managing and being the authorised representative of 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 Receivables and on the terms of their respective agreements, and that the Receivables 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 mentioned in section 3.2 of this Building Block.
- (xiv) Watching that the amounts credited to the Treasury Account return the yield set in the 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 authorised representative duties 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 Bonds by the Rating Agency 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 Agency of that substitution.

#### *Forced substitution.*

- (i) In the event that the Management Company should be adjudged insolvent or have its licence to act as a securitisation fund management company revoked by the CNMV, 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 early liquidation of the Fund and amortisation of the Bonds issued by the same and of the loans, in accordance with the provisions of this Prospectus and of the Deed of Constitution.

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 the Deed of Constitution of the Fund and 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 Bond Series by the Rating Agency being downgraded, and (iv) shall be notified to the CNMV and, where statutorily required, will 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 the Deed of Constitution of the Fund and in this Prospectus which may be legally 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 which shall accrue upon the Fund being established and be payable on the Closing Date.
- (ii) A periodic fee which shall accrue daily from the establishment of the Fund 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, consisting of (i) a fixed amount and (ii) a variable part on the Outstanding Principal Balance of the Bond Issue at the Determination Date preceding the relevant Payment Date.

If on a Payment Date, in the Priority of Payments, the Fund should not have sufficient liquidity to settle the above-mentioned fee, the amount due shall accrue interest at the Bond Reference Rate, payable on the following Payment Date for the relevant Interest Accrual Period. The unpaid amount and interest due shall build up for payment on the fee payable on the following Payment Date, unless that absence of liquidity should continue, in which case the amounts due shall build up until fully paid, in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

#### 3.7.2 Servicing and custody of the securitised assets.

BANCAJA, Originator of the Receivables 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 relations between BANCAJA and the Fund, represented by the Management Company, shall be governed by the Receivables 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 underlying the Receivables 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 for servicing and management of 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 and losses 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 contracts, 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 custody of the Receivables.**

#### **1. Custody of policies, private agreements, documents and files.**

The Servicer shall keep all Loan policies, private agreements, documents and data files under safe custody 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 enforce a Loan, or any competent authority should so require and after first informing the Management Company.

The Servicer shall allow the Management Company or the Fund's auditors duly authorised thereby reasonable access at all times to the aforesaid policies, private agreements, documents and records. 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 loan policies, private agreements and documents.

#### **2. Collection management.**

The Servicer shall continue managing collection of all amounts payable by the Obligors under the Loans, including both principal and interest and any other item. The Servicer shall use its best efforts in order for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Loans.

Loan amounts received by the Servicer due to the Fund shall be paid by the Servicer in full 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 if that is not a business day, for same day value, in accordance with the set terms and conditions. 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 obligations should be downgraded below P-1 by Moody's or that the Servicer's short-term unsecured and unsubordinated debt obligations should not be rated by Moody's, the Receivables amounts received by the Service shall be paid to the Fund on the first day after the day on which they were received by the Servicer.

In the event of the Servicer's long-term credit rating being downgraded below Baa3 by Moody's, the Servicer will make a cash deposit for the benefit of the Fund with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, or arrange an unconditional irrevocable credit facility upon the Management Company's first demand with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's.

The deposit amount or the maximum limit of the credit facility arranged shall be equivalent to the estimated aggregate amount of Loan repayment and interest instalments during the month with the highest collection of repayment and interest instalments from the date of downgrade below Baa3 by Moody's, in the event that the Loan delinquency rate should be 0.00% and the CPR should be 10.00%.

The Fund, represented by the Management Company, may only draw on that deposit or liquidity facility the amounts it shall not receive, if any, owing to the Fund and received by the Servicer under the Loans.

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

### **3. Fixing the interest rate.**

Because part of the Loans are floating-rate loans, the Servicer shall continue fixing the interest rates applicable to those Loans in each interest period as established in the respective Loan agreements, submitting such communications and notices as may be established therein in that connection.

### **4. Information.**

The Servicer shall regularly communicate to the Management Company the information concerning the individual characteristics of each Loan, fulfilment by the Obligors of their obligations under the Loans, delinquency status, changes in the characteristics of the Loans, proceedings demanding payment in the event of arrears, legal actions and actions for auction of assets, the foregoing subject to the procedures and with the frequency established in the Servicing Agreement.

Furthermore, the Servicer shall prepare and hand to the Management Company such additional information concerning 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 subrogations to the Obligor's position under the Loan agreements, exclusively where the new obligor's characteristics are not less creditworthy than those of the former obligor and the same 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 there might be consequences detrimental to the rating accorded to the Bonds by the Rating Agency.

### **6. Authorities and actions in relation to Loan renegotiation procedures.**

The Servicer may not voluntarily forgive the Loans in full or in part or extend the same, or in general do anything that may dilute the legal enforceability or economic value of the Loans, without prejudice to its proceeding to heed requests by Obligors using the same efforts and procedure as if the loans should not have been assigned. In particular, the Servicer shall not impose clauses limiting the interest rate amount applicable to the Loans.

Notwithstanding the above, the Management Company may previously, as manager of third-party funds, issue instructions to or authorise the Servicer to agree with the Obligor such terms and conditions as it shall see fit for a novation changing the relevant Loans.

The Loans may only be the subject of renegotiation in the events and subject to the requirements established in sections a) and b) below:

#### **a) Renegotiating the fixed rate or the margin applicable for determining the floating rate.**

1. The Servicer may under no circumstance entertain on its own account without a request being made by the Obligor renegotiations of the fixed rate or the margin applicable for determining the floating 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 undertaken and settled bearing in mind the Fund's interests and the Servicer shall, without encouraging Interest Rate Renegotiation, act in relation to such Renegotiation bearing in mind the Fund's interests at all times.
2. Without prejudice to the provisions hereinafter, any Interest Rate Renegotiation 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 an Interest Rate Renegotiation. The Management Company shall nevertheless initially authorise the Servicer to entertain and

accept Interest Rate Renegotiation of the Loans, requested by the Obligors, without requiring the Management Company's prior consent, subject to the following requirements:

- a) The Servicer shall observe in each Interest Rate Renegotiation that the new terms are at arm's length and no different from those applied by the Servicer proper in renegotiating or granting its fixed- or floating-rate loans, depending on whether the renegotiated Loan is a fixed- or a floating-rate loan. In this connection, arm's length interest rate (fixed or floating depending on whether the renegotiated Loan is a fixed- or a floating-rate loan) shall be deemed to be the interest rate offered by the Servicer on the Spanish market for retail loans granted to individuals, the amounts and terms being substantially similar to the renegotiated Loan.
  - b) The fixed interest rate of a Loan shall under no circumstances be renegotiated down in the event that the average interest rate of all fixed-rate Loans weighted by the outstanding principal of each fixed-rate Loan is below 7.00%.
  - c) Interest Rate Renegotiation of a floating-rate Loan shall in no event be made to a fixed rate and the applicable margin may not be reduced 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 index is below 300 basis points.
3. The Management Company may at any time during the term of the Agreement, on behalf of the Fund, cancel, suspend or change the requirements for the Servicer's authorisation for Interest Rate Renegotiation which it may previously have determined for the Servicer.

**b) Extending the period of maturity.**

Final maturity or the final amortisation date of the Loans may be extended (hereinafter "**extending the term**") subject to the criteria established in this section.

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 of that date. The Servicer shall, without encouraging an extension of the term, act in relation to such extension bearing in mind at all times the Fund's interests, and subject to the following rules and limitations:

- (i) 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 10.00% of the initial Outstanding Balance of the Receivables upon the Fund being established.
- (ii) The term of a specific Loan may be extended provided that the following requirements are met:
  - a) That the same recurrence in Loan interest settlement and capital or principal repayment and the same repayment system and the same interest rate reset recurrence is at all events maintained.
  - b) That the new final maturity or final amortisation date does not extend beyond October 10, 2023.

The Management Company may at any time during the term of the Servicing Agreement, on the Fund's behalf, cancel or suspend the Servicer's authorisation to extend the term.

If there should be any Interest Rate Renegotiation of a Loan or renegotiation of 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 Interest Rate Renegotiation of a Loan or renegotiation of its due dates, consented to by the Management Company, the change in the terms shall affect the Fund.

The contractual documents supporting Loan novation will be kept by the Servicer, in accordance with the provisions of paragraph 1 of this section.

## **7. Action against the Obligors in the event of default on the Loans.**

### ***Actions in the event of late payment.***

The Servicer shall use the same efforts and the same procedure for claiming overdue amounts on the Loans applied to the rest of its portfolio loans.

In the event of Obligor's default of the payment obligations, the Servicer shall do the things 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 things include all such court and out-of-court actions as the Servicer may deem necessary to claim and collect the amounts due by the Obligors.

### ***Legal actions.***

The Servicer, under the Servicing Agreement or using the power referred to in the following paragraph, shall take all relevant actions against Obligors failing to meet their Loan payment obligations and against guarantors, if any. Such an action shall be brought using the appropriate court enforcement procedures, which may be enforcement or exchange proceedings or, as the case may be, by means of the appropriate declaratory proceedings.

For the above purposes and in relation to Loans originated by means of a loan agreement certified by a commissioner for oaths, and for the purposes of the provisions of articles 581.2 and 686.2 of the Civil Procedure Act and if 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 duly empowered to do so, as instructed by the Management Company, for and on behalf of the latter, or in its own name albeit on behalf of the Management Company as the authorised representative of the Fund, demand by any judicial or other means any Loan Obligor and 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 or amended in another deed where appropriate.

In relation to Loans originated in a private agreement with a non-negotiable blank promissory note, the Management Company shall, acting for the Fund, confer in the Deed of Constitution powers on BANCAJA in order for the latter to take action in its own name, albeit on behalf of the Fund, in recovering the amounts due by the Obligor, as the case may be, by entering the necessary details for enforcing such promissory note.

The Servicer shall as a general rule commence the relevant legal proceedings if, for a period of six (6) months, a Loan Obligor in default of payment obligations should fail to resume payments or the Servicer, and the latter with the Management Company's consent, should fail to obtain a payment undertaking satisfactory to the Fund's interests. In order for actions for payment to be swifter, the Management Company may generally confer authorisations on the Servicer on such terms and subject to such limits as shall be deemed fit.

If more than six (6) months should have elapsed from the oldest default without the Obligor resuming payments or without a debt restructuring agreement, and the Servicer should delay bringing of the relevant action in each case without due cause, the Management Company shall, acting for the Fund, directly proceed to commence the appropriate legal proceedings to claim the debt in full. Moreover, in the event that the proceedings instituted by the Servicer should come to a standstill without due cause, the Management Company may, acting for the Fund, take over the position of the former and continue the legal proceedings, duly notifying the relevant Obligor and guarantors, if any.

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 BANCAJA, to demand through a notary public any Loan Obligor to pay the debt.

In addition, BANCAJA shall in the Deed of Constitution confer powers to the fullest extent required by Law in order that the Management Company, acting for the Fund, may notify assignment to any Loan Obligors and guarantors, if any, whenever it deems this appropriate.

Additionally, the Servicer will provide the Management Company with all such Loan documents as the latter may request and in particular the documents required for the Management Company to take legal actions, as the case may be.

#### **8. Set-off.**

In the event that any Loan Obligor 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 Loans should be fully or partially set-off against that credit, the Servicer shall remedy such circumstance or, if it cannot be remedied, the Servicer shall proceed to pay to the Fund the amount set off plus the accrued interest which would have been payable to the Fund until the date on which payment is made, calculated on the terms applicable to the relevant Loan.

#### **9. 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 Agency being downgraded. 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.

#### **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 Receivables terminate, once all the Loans underlying the Receivables acquired by the Fund 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 a breach by the Servicer of the obligations imposed on the Servicer under the Servicing Agreement, in the event of insolvency or in the event of the Servicer's credit rating falling or being lost 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 proceed, in addition to demanding the Servicer to fulfill the obligations laid down in the Servicing Agreement, where this is legally possible, inter alia and after notifying the Rating Agency, to do any of the following in order for the rating assigned to the Bonds by the Rating Agency not to be adversely affected: (i) demand the Servicer to subcontract or subdelegate to another institution the performance of the obligations and undertakings made in the Servicing Agreement; (ii) have another institution with a sufficient credit rating and quality secure all or part of the Servicer's obligations; and (iii) terminate the Servicing Agreement, in which case the Management Company shall previously designate a new Servicer having sufficient credit quality and accepting the obligations contained in the Servicing Agreement or, as the case may be, in a new servicing agreement. In the event of insolvency of the Servicer, only (iii) above shall be valid. Any additional expense or cost derived from the above actions shall be covered by the Servicer and in no case by the Fund or the Management Company.

Notwithstanding the above provisions, in the event of the rating of the Servicer's long-term unsecured and unsubordinated debt obligations being downgraded below Baa3 by Moody's, the Servicer agrees within not more than 60 calendar days from the aforesaid downgrade to enter into a replacement undertaking with another institution in order for the latter to discharge the responsibilities for which provision is made in the Servicing Agreement with respect to the Receivables serviced by the Servicer, merely upon request by the Management Company if required to do so and provided that such action is not detrimental to the Rating Agency's rating assigned to the Bonds.

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, at its cost, to notify Obligors and guarantors, if any, of the transfer to the Fund of the outstanding Loans, and that payments thereunder 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 insolvency or liquidation of the Servicer, the Management Company itself shall notify Obligors and guarantors, if any, directly or, as the case may be, through a new Servicer it shall have designated.

Upon 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 Agency should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on December 23, 2008.

### **3.7.2.3 Liability of the Servicer and indemnity.**

The Servicer shall at no time have any liability whatsoever in relation to the Management Company's obligations as Fund manager and manager of Bondholders' interests, nor in relation to the Obligors' obligations under the Loans, without prejudice to the liabilities undertaken thereby in the Deed of Constitution of the Fund 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 service, manage and report on the Loans, established under the Servicing Agreement, or in the event of breach as provided for in paragraph 3 of section 2.2.9 of this Building Block.

The Management Company shall, for and on behalf of the Fund, be entitled to take 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 owing to the Fund does not result from the Obligors' default 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 Fund's representative, who shall have that action on the terms described in this section.

### **3.7.2.4 Servicer's remuneration.**

In consideration of Loan custody, servicing and management, 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 Receivables 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 liquidity shortfall in the Fund Priority of Payments, fail to pay on a Payment Date the full fee due to the Servicer, overdue amounts shall build up 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

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 under 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) Subordinated Loan:  
Subordinated Loan Agreement  
Description in section 3.4.3.1 of this Building Block.
- (iii) Start-Up Loan:  
Start-Up Loan Agreement  
Description in section 3.4.3.2 of this Building Block.
- (iv) Financial Intermediation:  
Financial Intermediation Agreement  
Description in section 3.4.6.4 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) Ordinary 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 ratios of such Outstanding Principal Balances to the initial face amount of each Bond.
- iv) Obligors' Receivables principal prepayment rate during the calendar quarter preceding the Payment Date.
- v) The average residual life of the Bonds in each Series estimated assuming that Receivables 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 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 to be submitted to the CNMV referred to each Payment Date:**

In relation to the Receivables:

- 1. Outstanding Balance.
- 2. Interest and principal amount of instalments in arrears.
- 3. Interest rate of the Receivables.
- 4. Receivables maturity dates.
- 5. Outstanding Balance of Doubtful Receivables and cumulative Outstanding Balance of Doubtful Receivables from the date of establishment of the Fund.

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.

**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 Nominal Interest Rate determined for each Bond Series for the first Interest Accrual Period.
- 2. Other:

Any relevant event occurring in relation to the Receivables, 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 Early Liquidation of the Fund and 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 publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or by 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.

Unless otherwise provided for in the Deed of Constitution and in the Prospectus, extraordinary notices shall be given by publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or 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 Day or other calendar day (as established in this Prospectus) being valid for such notices.

Exceptionally, 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 1pm (CET) on December 23, 2008 to the Subscriber. In addition, the Management Company shall 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 Agency.**

The Management Company shall provide the Rating Agency with periodic information as to the position of the Fund and the performance of the Receivables 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, as General Manager for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, signs this Prospectus at Madrid, on December 16, 2008.**

## GLOSSARY OF DEFINITIONS

“**Act 19/1992**” shall mean Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7.

“**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, as currently worded.

“**AIAF**” shall mean AIAF Fixed-Income Market (*AIAF Mercado de Renta Fija*).

“**Amortisation Withholding**” shall mean, on each Payment Date, the positive difference, if any, at the Determination Date preceding the relevant Payment Date, between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Receivables.

“**Available Funds for Amortisation**” shall mean the amount to be allocated to Bond amortisation on each Payment Date and shall be the Amortisation Withholding amount actually applied in fifth (5<sup>th</sup>) place in the application of the Available Funds on the relevant Payment Date.

“**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.

“**Bond Issue Management and Subscription Agreement**” shall mean the Bond Issue management and subscription agreement entered into between the Management Company, for and on behalf of the Fund, and BANCAJA and J.P. MORGAN as Lead Managers, and BANCAJA as Subscriber.

“**Bond Issue**” shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR five hundred and fifty million (550,000,000.00) comprised of three Series (Series A, Series B and Series C).

“**Bonds**” shall mean Series A Bonds, Series B Bonds and Series C 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 2 calendar.

“**Cash Reserve**” shall mean the Initial Cash Reserve set up on the Closing Date and subsequently provisioned up to the Required Cash Reserve amount.

“**CET**” shall mean “Central European Time”.

“**Closing Date**” shall mean December 24, 2008, the date on which the cash amount of the subscription for the Bonds shall be paid up.

“**CNMV**” shall mean National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

“**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 of the Receivables, and issue by the Fund of the Asset-Backed Bonds.

“**Delinquent Receivables**” shall mean Receivables that are delinquent at a date with a period of arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Receivables.

**“Determination Dates”** shall mean the dates falling on the fourth (4<sup>th</sup>) Business Day preceding each Payment Date.

**“Determination Period”** shall mean 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, March 17, 2009, 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 Early Liquidation of the Fund concludes, as provided for in section 4.4.3.4 of the Registration Document, on which the assets remaining in the Fund have all been liquidated and the Liquidation Available Funds have all 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 sections 4.9.3.1.5 of the Securities Note and 3.4.6.2.2.2 of the Building Block.

**“Doubtful Receivables”** shall mean Receivables that at a date are delinquent with a period of arrears equal to or greater than twelve (12) 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.

**“Early Amortisation”** shall mean Bond amortisation on a date preceding the Final Maturity Date in the Early Liquidation Events of the Fund in accordance with 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 4.4.3.1 of the Registration Document where the Management Company, following notice duly served on the CNMV, is entitled to proceed to early liquidation of the Fund on a Payment Date.

**“Early Liquidation of the Fund”** shall mean liquidation of the Fund and thereby 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 43 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 set at 11am (CET), accurate to three decimal places.

**“Final Maturity Date”** shall mean the final Bond amortisation date, i.e. December 23, 2025 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 behalf of the Fund, and BANCAJA.

**“Financial Intermediation Margin”** shall mean, under the Financial Intermediation Agreement, the variable subordinated remuneration which shall accrue upon expiry 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 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 February, May, August and November.

**“Fund”** shall mean FINANCIACIÓN BANCAJA 1 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 Cash Reserve set up on the Closing Date by drawing down the Subordinated Loan amounting to EUR sixty-six million (66,000,000.00).

**“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.

**“IRR”** shall mean internal rate of return as defined in section 4.10.1 of the Securities Note.

**“J.P. MORGAN”** shall mean J.P. Morgan Securities Ltd.

**“Lead Managers”** shall mean BANCAJA and J.P. MORGAN.

**“Liquidation Available Funds”** shall mean, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or upon Early Liquidation, the following amounts to be allocated to meeting the Fund’s payment or withholding obligations: (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Receivables and of the assets remaining, and, as the case may be, (iii) the drawdown under the credit facility or the loan arranged and exclusively used for final amortisation of the outstanding Bonds, in accordance with the provisions of section 4.4.3.3 (iii) of the Registration Document.

**“Liquidation Priority of Payments”** shall mean the order in which the Liquidation Available Funds shall be applied to meet the payment or withholding obligations on the Final Maturity Date or upon Early Liquidation of the Fund.

**“Loan Servicing Agreement”** shall mean the Loan custody and servicing 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 individuals resident in Spain to finance the purchase of chattels, vehicles or securities, the alteration, renovation or purchase of real properties, refinancing, pre-operating and start-up, operating and current expenses, and other retail expenses, which are assigned to the Fund.

**“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 Limited, the holding company to which Moody’s Investors Service España, S.A. is affiliated.

**“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 Receivables”** shall mean Receivables that at a date are not deemed to be either Delinquent Receivables or Doubtful Receivables.

**“Non-Doubtful Receivables”** shall mean Receivables that at a date are not deemed to be Doubtful Receivables.

**“Obligors”** shall mean the Receivables borrowers.

**“Originator”** shall mean BANCAJA, originator of the Receivables.

**“Outstanding Balance of the Receivables”** 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 Receivables.

**“Outstanding Principal Balance of the Bond Issue”** shall mean at a date the sum of the Outstanding Principal Balance of Series A, B and C making up the Bond Issue.

**“Outstanding Principal Balance of the Series”** shall mean the sum of the outstanding principal to be repaid (outstanding balance) at a given date on all the Bonds making up the Series.

**“Paying Agent”** shall mean the firm servicing the Bonds. The Paying Agent shall be BANCAJA (or any other institution taking its stead as Paying Agent).

**“Payment Date”** shall mean March 23, June 23, September 23 and December 23 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be March 23, 2009.

**“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 Agency”** shall mean Moody’s Investors Service España, S.A.

**“Receivables”** shall mean the receivables assigned by BANCAJA to the Fund derived from loans owned by and shown on the assets of BANCAJA granted to individuals resident in Spain to finance the purchase of chattels, vehicles or securities, the alteration, renovation or purchase of real properties, refinancing, pre-operating and start-up, operating and current expenses, and other retail expenses.

**“Reference Rate”** shall mean, other than for the first Interest Accrual Period, three- (3-) month Euribor set at 11am (CET) 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 three- (3-) month Euribor, set at 11am (CET) on the 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 of the Securities Note.

**“Required Cash Reserve”** shall mean, on each Payment Date, the lower of: (i) EUR sixty-six million (66,000,000.00) and (ii) the higher of a) 24.00% of the Outstanding Principal Balance of the Bond Issue and b) a sum of EUR thirty-three million (33,000,000.00).

**“Royal Decree 116/1992”** shall mean Book Entries and Stock Exchange Transaction Clearing and Settlement Royal Decree 116/1992, February 14, as currently worded.

**“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 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, Act 44/2002, November 22, and Royal Decree Law 5/2005, March 11, among other amendments.

**“Series A Bonds”** shall mean Series A Bonds issued by the Fund having a total face amount of EUR four hundred and fifty-six million five hundred thousand (456,500,000.00) comprising four thousand five hundred and sixty-five (4,565) Bonds having a unit face value of EUR one hundred thousand (100,000).

**“Series A”** shall mean Series A Bonds issued by the Fund.

**“Series B Bonds”** shall mean Series B Bonds issued by the Fund having a total face amount of EUR twenty-two million (22,000,000.00) comprising two hundred and twenty (220) Bonds having a unit face value of EUR one hundred thousand (100,000).

**“Series B”** shall mean Series B Bonds issued by the Fund.

**“Series C Bonds”** shall mean Series C Bonds issued by the Fund having a total face amount of EUR seventy-one million five hundred thousand (71,500,000.00) comprising seven hundred and fifteen (715) Bonds having a unit face value of EUR one hundred thousand (100,000).

**“Series C”** shall mean Series C Bonds issued by the Fund.

**“Servicer”** shall mean the institution in charge of custody and servicing of the Receivables under the Loan Servicing Agreement, i.e. BANCAJA (or any other institution taking its stead as Servicer).

**“Servicing Agreement”** shall mean the Loan Servicing Agreement.

**“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, totalling EUR two million seven hundred thousand (2,700,000.00).

**“Start-Up Loan”** shall mean the loan granted by BANCAJA to the Fund, in accordance with the provisions of the Start-Up Loan Agreement.

**“Subordinated Loan Agreement”** shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BANCAJA, totalling EUR sixty-six million (66,000,000.00).

**“Subordinated Loan”** shall mean the loan granted by BANCAJA to the Fund, in accordance with the provisions of the Subordinated Loan Agreement.

**“Subscriber”** shall mean BANCAJA.

**“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.