

PROSPECTUS

July 17, 2007

PYME VALENCIA 1 FONDO DE TITULIZACIÓN DE ACTIVOS

ISSUE OF ASSET-BACKED BONDS EUR 865,300,000

Series A1	EUR 180,000,000	AAA/Aaa
Series A2	EUR 574,800,000	AAA/Aaa
Series B	EUR 47,600,000	A/A3
Series C	EUR 34,000,000	BBB/Baa3
Series D	EUR 13,600,000	BB/Ba3
Series E	EUR 15,300,000	CC/C

Backed by loans assigned and serviced by



Lead Managers



Underwriters and Placement Agents

BANCAJA

DEUTSCHE BANK

RBS

BANCO PASTOR

BBVA

Paying Agent

BANCAJA

Fund established and managed by



Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores
on July 19, 2007

Material Event concerning

PYME VALENCIA 1 Fondo de Titulización de Activos

As provided for in the Offering Circular or Prospectus for **PYME VALENCIA 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 July 14, 2016, SOCIÉTÉ GÉNÉRALE Sucursal en España (“**SGSE**”) has been designated Bond Paying Agent in lieu of BARCLAYS BANK PLC, Sucursal en España (“**BARCLAYS**”).

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

	Moody’s	Fitch
Short-term	P-1	F1
Long-term	A2	A

Madrid, July 15, 2016

José Luis Casillas González
Attorney-in-fact

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Material Event concerning

PYME VALENCIA 1 Fondo de Titulización de Activos

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **PYME VALENCIA 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>3.4.7.2 Building Block</p>	<p>Bond Issue Paying Agent.</p> <p>Paragraph two section (iv) is replaced with the following wording:</p> <p>“(iv) On each Bond Payment Date, paying interest and, as the case may be, repaying principal on the Bonds through Iberclear, after deducting the total return on investments interim tax amount to be withheld by the Management Company, on behalf of the Fund, in accordance with applicable tax laws.</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>Paragraph three of this section, containing references to the actions to be taken in the event of the Paying Agent’s credit ratings being downgraded, is replaced with the following wording:</p> <p>“Both upon a breach by the Paying Agent of its obligations under this Agreement and in the event that the rating of the Paying Agent’s short-term unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below F2 or P-1 respectively by Fitch and Moody’s, the Management Company shall within not more than thirty (30) days from the time of the occurrence of such circumstance, do either of the following:</p> <p>(i) obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as F2 and P-1 respectively by Fitch and Moody’s, an unconditional and irrevocable first demand guarantee securing for the Fund, merely upon the Management Company so requesting, the commitments made by the Paying Agent for such time as the Paying Agent remains downgraded below F2 or P-1; or</p> <p>(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 F2 and P-1 respectively by Fitch and Moody’s, to take its place before terminating the Paying Agent Agreement, or, as the case may be, under a new paying agent agreement, and subject to prior notice being served on the Rating Agencies.</p>

Section	Description
	<p>The Paying Agent 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.</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 Paying Agent 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 Priority of Payments or, as the case may be, the Liquidation Priority of Payments. If the Paying Agent should be replaced, the Management Company shall be entitled to change the fee payable to the replacement institution, which may differ from the set fee."</p>

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

Mario Masiá Vicente
General Manager

**Material Event
concerning**

PYME VALENCIA 1 FONDO DE TITULIZACIÓN DE ACTIVOS

Pursuant to Chapter III, section 4.1.4, of the Prospectus for **PYME VALENCIA 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 February 4, 2009, an amendment was made to the Guaranteed Interest Rate Account (Treasury Account) Agreement entered into by the Fund.
- Accordingly, the following section of the Fund’s Prospectus should read as follows:

Section	Description
V.3.1	<p>Guaranteed Interest Rate Account (Treasury Account) Agreement.</p> <p>As set out in the material event dated February 4, 2009, on February 3, 2009 the Fund’s Treasury Account was transferred to Banco Popular Español S.A., and the latter was subrogated to the Guaranteed Interest Rate Account (Treasury Account) Agreement entered into with Bancaja, which was novated and amended but not terminated.</p> <p>Accordingly, in paragraph two of this section, concerning the annual nominal interest rate of the Treasury Account, the reference to “on each of the Fund Determination Dates (the fourth (4th) Business Day preceding each Payment Date)” is replaced with “on each of March 17, June 17, September 17 and December 17 of each year”.</p>

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

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

Mario Masiá Vicente
General Manager

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

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

RISK FACTORS

1

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

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

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

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

b) Forced substitution of the Management Company.

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

c) Limitation of actions against the Management Company.

Bondholders and all other ordinary creditors of the Fund shall have no recourse whatsoever against the Fund Management Company other than as derived from a breach of its duties or inobservance of the provisions of the Deed of Constitution and of this Prospectus.

d) Applicability of the Bankruptcy Act

Both BANCO DE VALENCIA and the Management Company may be declared bankrupt.

There is no case law allowing it to be known how the courts construe the rules contained in Bankruptcy Act 22/2003, July 9 (the "**Bankruptcy Act**"), which entered into force on September 1, 2004. The most widespread construction, however, is that, in accordance with Additional Provision 2 of Act 22/2003, the insolvency specialities of Additional Provision 5 of Act 3/1994 remain in force, wherefore, if there is no fraud in the transfer of the Mortgage Loan rights or issue of the Pass-Through Certificates, the rights assigned to the Fund shall not be included in the assets of the estate in the event of a creditors' meeting being decreed for the Originator. In any event, even if the least widespread construction of the Bankruptcy Act should succeed, and because the credit securitisation refers to the part of the ordinary business activity of credit institutions, transfer of the Mortgage Loan rights to the Fund and issue of the Pass-Through Certificates could only be reversed in the event of the Originator being decreed to be insolvent if that was made within two (2) years preceding such decree and the receivers prove that transfer was not at arm's length.

In the event of a creditors' meeting being decreed for the Originator, the Fund, acting through the Management Company, shall have a right of separation with respect to the Loans transferred. This right of separation would not however necessarily extend to the monies received by the Originator, as Servicer, and kept on behalf of the Fund before the date on which a creditors' meeting is decreed because, given their fungible nature, the monies might be earmarked for the outcome of the insolvency proceedings, based on the most widespread construction of article 80 of Act 22/2003.

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 this reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors or the insurers with which the Obligors may have taken out the damage insurance contracts, if any, attaching to the Mortgage Loans underlying the Pass-Through Certificates, if any) of the transfer to the Fund of the outstanding Loans, and that the payments derived therefrom will only be

effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors and third-party guarantors and insurers, if any, within five (5) Business Days of receiving the request and in the event of insolvency or liquidation of the Servicer, the Management Company itself shall notify Obligors and third-party guarantors and insurers, if any, directly or, as the case may be, through a new Servicer it shall have designated.

In addition, and for the same purpose of mitigating the aforesaid risk, certain means are in place for mitigating that risk, which are described in sections 3.4.4.1 (Treasury Account), 3.4.5 (Collection by the Fund of payments in respect of the assets) and 3.7.1(5) (Collection management) of the Building Block to the Securities Note.

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.

The structure of the asset securitisation transaction contemplated does not, failing a breach by the parties, allow for the existence of cash amounts which may be included in the Management Company's estate, because Fund income amounts shall be paid, on the terms provided for in this Prospectus, into the accounts opened in the Fund's name by the Management Company (which is involved in opening those accounts as its authorised representative), and the Fund would therefore have a right of separation in that connection, on the terms provided for in articles 80 and 81 of the Bankruptcy Act.

Notwithstanding the above, bankruptcy of any of the parties involved (whether BANCO DE VALENCIA, the Management Company or any other counterparty institution of the Fund) could affect their contractual relationships with the Fund.

2 Risks derived from the securities.

a) Liquidity

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

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

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

b) Yield.

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

c) Duration.

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

d) Late-payment interest.

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

e) Subordination of the Bonds.

Series B Bond interest payment and principal repayment is deferred with respect to Class A (Series A1 and A2) Bonds, Series C Bond interest payment and principal repayment is in turn deferred with respect to Class A (Series A1 and A2) and Series B Bonds, Series D Bond interest payment and principal repayment is in turn deferred with respect to Class A (Series A1 and A2), Series B and C Bonds, whereas Series E Bond interest payment and principal repayment is in turn deferred with respect to Class A (Series A1 and A2), Series B, C and D Bonds. However, there is no certainty that these subordination rules will protect Series A1, A2, B, C and D 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.

f) Deferment of interest.

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

Class A (A1 and A2) Bond interest is not subject to these deferment rules.

g) Bond Rating.

The credit risk of the Bonds issued by the Fund has been assessed by the following rating agencies: Fitch Ratings España S.A. and Moody's Investors Service España S.A.

The rating agencies may revise, suspend or withdraw the final ratings assigned at any time, based on any information that may come to their 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.

h) Fulfilment of formal obligations by investors not resident in Spain.

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 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 (in the case of investors acting in Spain without a permanent establishment and provided that they are not obtained through countries or territories statutorily considered to be tax havens).

Notwithstanding the above, in order for the above withholding exclusion to be effective, it is necessary for those investors to satisfy certain formal obligations, currently provided for in the Order of December 22, 1999 and in Royal Decree 2281/1998, October 23, amended by Royal Decree 1778/2004, 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 Fund is not provided, through the Paying Agent, with the relevant certificates of the Bond clearing institution and custodian), returns on the Bonds shall be subject to a withholding that is currently set at 18%.

The tax implications described above are based on the laws in force at the time of issue 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.

3 Risks derived from the assets backing the issue.

a) Risk of default on the Loans.

Bondholders shall bear the risk of default on the securitised Loans.

BANCO DE VALENCIA, as Originator, shall have no liability whatsoever for the Obligors' default of principal, interest or any other amount they may owe under the Loans. Under article 348 of the Commercial Code, BANCO DE VALENCIA is liable to the Fund exclusively for the existence and lawfulness of the Loans, and for the personality with which the assignment and the issue of Pass-Through Certificates are made. BANCO DE VALENCIA 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 Loan rights or the Pass-Through Certificates, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution or redemption of Loans or Pass-Through Certificates failing to conform, upon the Fund being established, to the representations given in section 2.2.8 of the Building Block.

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

b) Limited Hedging.

A high level of delinquency of the Loans might reduce or indeed exhaust the limited hedging against Loan portfolio losses that Series A1, A2, B, C and D Bonds distinctly have as a result of the existence of the credit enhancement transactions described in section 3.4.2 of the Building Block.

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

c) Loan prepayment risk.

There will be a prepayment of the Loans and an early amortisation of the Pass-Through Certificates pooled in the Fund when the Obligors prepay the portion of principal pending repayment on the Loans, or in the event that BANCO DE VALENCIA should be substituted in the relevant Loans by any other financial institution licensed to do so, or in any other event having the same effect.

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

d) Geographical concentration.

The number of selected loans as at June 19, 2007 from which the securitised assets shall be derived, which have been granted to obligors domiciled in the Valencian Community, is 2,562 (67.67% of the total loans), and their outstanding principal amounts to EUR 568,552,506.85 (62.33% of the total), as detailed in section 2.2.2.k) of the Building Block.

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

SECURITIES REGISTRATION DOCUMENT

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

1. PERSONS RESPONSIBLE

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

Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the "**Management Company**"), the company sponsoring PYME VALENCIA 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 on May 29, 2007.

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 contents.

2. STATUTORY AUDITORS

2.1 Fund's Auditors.

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

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

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

2.2 Accounting policies used by the Fund.

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

The expenses of setting up the Fund and issue and admission of the Bonds will be subject to straight-line depreciation during the months elapsing since the establishment of the Fund until May 31, 2012, inclusive.

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

3. RISK FACTORS

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

4. INFORMATION ABOUT THE ISSUER

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

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

4.2 Legal and commercial name of the issuer.

The issuer's name is "PYME VALENCIA 1 FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

- PYME VALENCIA 1 FTA
- PYME VALENCIA 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 Comisión Nacional del Mercado de Valores (*National Securities Market Commission*) (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 incorporation and existence of the issuer.

4.4.1 Date of establishment of the Fund.

The Management Company and BANCO DE VALENCIA, Originator, shall proceed to execute on July 20, 2007 a public deed whereby PYME VALENCIA 1 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANCO DE VALENCIA will assign to the Fund Non-Mortgage Loans and Mortgage Loans, the latter by issuing Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds (the "**Deed of Constitution**"), on the terms provided in article 6 of Royal Decree 926/1998.

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

The Deed of Constitution may not be altered other than in exceptional events, provided that 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 Agencies, and provided that such changes are not detrimental to the rating assigned to the Bonds by the Rating Agencies. The Deed of Constitution can also be corrected as requested by the CNMV.

4.4.2 Existence of the Fund.

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

The Fund shall be in existence until March 23, 2040 or the following Business Day if that is not a Business Day, the Final Maturity Date of the Bond Issue, unless there should previously have been an Early Liquidation as set forth in section 4.4.3 of this Registration Document or any of the events laid down in section 4.4.4 of this Registration Document should occur.

4.4.3 Early Liquidation of the Fund.

4.4.3.1 Following notice served on the CNMV, the Management Company shall be entitled to proceed to 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 Loans yet to be repaid is less than ten (10) percent of the initial Outstanding Balance of the Loans upon the Fund being established, and provided that the payment obligations derived from the Series A1, A2, B, C and D Bonds yet to be repaid may be honoured and settled in full in the Liquidation Priority of Payments.

Payment obligations derived from the Series A1, A2, B, C and D Bonds on the date of Early Liquidation of the Fund shall at all events be deemed to be the Outstanding Principal Balance of those 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, or the statutory term to do so or otherwise four months should elapse without a new management company being designated in accordance with the provisions of section 3.7.1.3 of the Building Block.
- (iv) When a default occurs indicating a major permanent imbalance in relation to any of the Bonds issued or that it is about to occur.
- (v) Upon the lapse of thirty-six (36) months from the date of the last maturity of the Loans, even if amounts are still due and payable.

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

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

4.4.3.3 In order for the Fund, through its Management Company, to proceed to 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 Loans remaining in the Fund at a reasonable market price, initially not less than the sum of the principal still outstanding plus interest accrued and not paid on the remaining Loans, subject to the provisions of paragraph (iv) below if that price cannot be achieved.
- (ii) Proceed to terminate such agreements as are not necessary for the Fund liquidation procedure.
- (iii) Be entitled to arrange for a credit facility, which shall be fully allocated to early amortisation of the outstanding Series A1, A2, B, C and D Bonds, the financial cost of which (interest and fees and expenses, if any) shall not exceed the average Nominal Interest Rate of Series A1, A2, B, C and D then outstanding weighted by the Outstanding Principal Balance of each Series A1, A2, B, C and D.

The financial expenses due shall be paid and credit facility principal shall be repaid in accordance with the Liquidation Priority of Payments of the Fund.

- (iv) Finally, both due to the preceding actions falling short and the existence of Loans or other remaining assets of the Fund, the Management Company shall proceed to sell them and shall therefore invite a bid from at least five (5) entities who may, in its view, give a market value. The Management Company shall be bound to accept the best bid received for the Loans and for the assets on offer. In order to set the market value, the Management Company may secure such valuation reports as it shall deem necessary.

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

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

4.4.4 Termination of the Fund.

The Fund shall terminate in any of the following events:

- (i) Upon the Loans pooled therein being fully amortised.
- (ii) Upon the Bonds issued being fully amortised.
- (iii) When the Early Liquidation procedure established in section 4.4.3 above is over.
- (iv) Upon final liquidation of the Fund on the Final Maturity Date on March 23, 2040 or the following Business Day if that is not a Business Day.
- (v) Upon the establishment of the Fund terminating in the event that the Rating Agencies should not confirm any of the assigned provisional ratings as final ratings by the start of the Subscription Period. In this event, the Management Company shall terminate the establishment of the Fund, the assignment of the Loans to the Fund and the Bond issue.

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

In the event that there should be any remainder upon the Fund being liquidated and after making all payments to the various creditors by distributing the Liquidation Available Funds in the set Liquidation Priority of Payments, that remainder shall be for the Originator on the liquidation terms established by the Management Company. If that remainder is not a liquid amount, since relating to Loans that are pending the outcome of legal or notarial proceedings instituted as a result of default by the Loan Obligor, both their continuation and the proceeds of their termination shall be for the Originator.

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 Fund's Loans and remaining assets have been liquidated and the Fund's 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.

Pursuant to article 1.1 of Royal Decree 926/1998, the Fund has no legal personality, and Securitisation Fund Management Companies are entrusted with establishing, managing and being the authorised representative of those funds, and, as managers of third-party portfolios, with representing and enforcing the interests of the holders of the securities issued by the Funds they manage and of all their 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 in accordance with the legal system provided for by (i) Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies ("**Royal Decree 926/1998**") and implementing regulations, (ii) Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7 ("**Act 19/1992**"), failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) Act 3/1994, April 14, adapting Spanish law in regard to credit institutions to the Second Banking Co-ordination Directive and introducing other changes relating to the financial system ("**Act 3/1994**"), (iv) 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, (v) Commission Regulation (EC) No. 809/2004, April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, 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; of article 5.10 of Act 19/1992; of article 7.1.h) of the Consolidation of the Corporation Tax Act approved by Legislative Royal Decree 4/2004, March 5; of article 20.One.18 of Value Added Tax Act 37/1992, December 28; of article 59.k of the Corporation Tax Regulations approved by Royal Decree 1777/2004, July 30; of 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; and of additional provision five of Act 3/1994, April 14, the following are the characteristics of the current tax system of the Fund:

- (i) The establishment of the Fund is exempt from the "corporate transactions" item of Capital Transfer and Documents Under Seal Tax.

- (ii) Bond issue, subscription, transfer and amortisation is exempt from payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (iii) The Fund is subject to the general Corporation Tax system, the taxable income being determined 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 32.5%, effective from 1st January 2007, and will be reduced to 30% for tax periods starting on 1st January 2008, and subject to common rules regarding tax credit, set-off of losses and other substantial constituent elements of the tax.
- (iv) The management and custody services provided by the Management Company to the Fund shall be exempt from Value Added Tax.
- (v) Transfer of the receivables to the Fund is a transaction subject to and exempt from Value Added Tax.
- (vi) 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 2281/1998.

4.6 Issuer's authorised and issued capital.

Not applicable.

5. BUSINESS OVERVIEW

5.1 Brief description of the issuer's principal activities.

The Fund's activity is to subscribe for the Pass-Through Certificates and acquire a set of receivables under bilateral loans owned by BANCO DE VALENCIA, S.A. (the "**Loans**") granted to non-financial small and medium-sized enterprises (legal persons) ("**SMEs**", as defined internally by BANCO DE VALENCIA - annual turnover not in excess of EUR fifty million (50,000,000.00)-) domiciled in Spain (the "**Obligors**") and to issue asset-backed bonds (the "**Asset-Backed Bonds**" or the "**Bonds**") designed to finance the acquisition of the Loans, the underwritten placement of which is targeted at qualified investors.

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

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

The Mortgage Loan receivables shall be assigned to the Fund upon BANCO DE VALENCIA issuing and the Fund subscribing for Pass-Through Certificates subject to the provisions of Act 2/1981 and additional provision five of Act 3/1994 as worded by article 18 of Act 44/2002, on the terms provided for in section 3.3 of this Building Block.

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

The Non-Mortgage Loan receivables shall be directly assigned to the Fund upon being sold by BANCO DE VALENCIA and acquired by the Fund, on the terms provided for in section 3.3 of this Building Block.

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

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

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

5.2 Global overview of the parties to the securitisation program.

- EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (“EUROPEA DE TITULIZACIÓN”) is the Management Company that will establish, manage and be the authorised representative of the Fund.

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).

- BANCO DE VALENCIA is the originator of the Loan receivables to be assigned to the Fund upon being established, and shall be the Fund's counterparty under the Start-Up Loan, Financial Swap, Guaranteed Interest Rate Account (Treasury Account), Loan Servicing and Pass-Through Certificate Custody and Financial Intermediation Agreements. Moreover, BANCO DE VALENCIA shall be the Series E Bond subscriber under the Bond Issue Underwriting, Placement and Subscription Agreement.

BANCO DE VALENCIA is a bank incorporated in Spain and entered in the Companies Register of Valencia at volume 3,175, book 489, folio 1, sheet V-6912 and in the Bank of Spain's Special Register of Banks and Bankers, its bank number being 0093.

VAT REG. No.: A46002036 Business Activity Code No.: 65121

Registered office: Pintor Sorolla numbers 2 and 4, 46002 Valencia (Spain).

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

	Fitch Ratings	Moody's Ratings
Short-term	F1 (June 2007)	P-1 (April 2007)
Long-term	A (June 2006)	A2 (April 2007)

- CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA (“BANCAJA”) shall be a Bond Issue Lead Manager and a Series A1, A2, B, C and D Bond Underwriter and Placement Agent.

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

In addition, BANCAJA shall be the Fund's counterparty in the Bond Paying Agent Agreement.

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

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

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

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

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

	Fitch Ratings	Moody's Ratings	S&P Ratings
Short-term	F1 (June 2007)	P-1 (April 2007)	A-1 (June 2006)
Long-term	A+ (August 2006)	A1 (April 2007)	A+ (June 2006)

- DEUTSCHE BANK AG ("**DEUTSCHE BANK**") shall be a Lead Manager and a Series A1, A2, B, C and D Bond Underwriter and Placement Agent.

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

DEUTSCHE BANK is a German credit institution, with place of business at Taunusanlage, 12, D-60325, Frankfurt am Main. In addition, DEUTSCHE BANK is registered with the Bank of Spain as a Community credit institution, operating in Spain without an establishment.

DEUTSCHE BANK, as a Community credit institution, is operating in Spain under the rules governing the freedom to provide services.

- THE ROYAL BANK OF SCOTLAND PLC ("**RBS**") shall be a Lead Manager and a Series A1, A2, B, C and D Bond Underwriter and Placement Agent.

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

RBS is a bank with registered office at Edinburgh (United Kingdom), registered under number SC090312 and operating from its establishment in the United Kingdom at 135 Bishopsgate, London EC2M 3UR. In addition, RBS is registered with the Bank of Spain as a Community credit institution under code number 1477, operating in Spain with an establishment, and is also registered with the CNMV.

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

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

VAT REG. No.: A-15000128

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

- BANCO BILBAO VIZCAYA ARGENTARIA S.A. ("**BBVA**") shall be one of the Series A1, A2, B, C and D Bond Underwriters and Placement Agents.

BBVA is a bank incorporated in Spain and entered in the Bank of Spain's Special Register of Banks and Bankers under number 3, its bank number being 0182.

VAT REG. No.: A-48265169 Business Activity Code No.: 65121

Registered office: Plaza de San Nicolás number 4, 48005 Bilbao (Spain)

Principal places of business: Paseo de la Castellana number 81, 28046 Madrid

Gran Vía number 1, 48001 Bilbao

Paseo de Recoletos number 10, 28001 Madrid

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

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

VAT REG. No.: A-58090655

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

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

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

VAT REG. No.: A-80448475

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

- The firm CLIFFORD CHANCE, S.L. (“**CLIFFORD CHANCE**”), 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-80603319

Registered Office: Paseo de la Castellana number 110, 28046 Madrid (Spain)

- Deloitte S.L. (“**Deloitte**”) has issued the audit report on certain characteristics and attributes of a sample of all the selected loans of BANCO DE VALENCIA from which the Loans will be taken to be assigned to the Fund upon being established.

Deloitte is entered in the Official Register of Auditors (ROAC) of Spain under number S0692.

VAT Reg. Number: B-79104469

Registered Office: Plaza Pablo Ruiz Picasso s/n (Torre Picasso) 28020 Madrid (Spain)

BANCAJA has a direct 38.33% interest and an indirect 38.401% interest in the share capital of BANCO DE VALENCIA.

DEUTSCHE BANK AG is affiliated to the same Group as Deutsche Bank, S.A. and Deutsche Bank Credit, S.A. and the latter in turn jointly hold a 1.5316% interest in the share capital of EUROPEA DE TITULIZACIÓN.

BANCO PASTOR has a 0.77% interest in the Management Company’s share capital.

BANCO BILBAO VIZCAYA ARGENTARIA S.A. has an 82.97% interest in the share capital of EUROPEA DE TITULIZACIÓN.

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

6. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

The Management Company, EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, shall be responsible for 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.

6.1 Incorporation and registration at the Companies Register.

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

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

6.2 Audit.

The annual accounts of EUROPEA DE TITULIZACIÓN for the years ended on December 31, 2006, 2005 and 2004 have been audited by Deloitte.

The audit reports on the annual accounts for the years 2006, 2005 and 2004 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 managed 72 securitisation funds as at the registration date of this Registration Document, 21 being mortgage securitisation funds and 51 being asset securitisation funds.

The following table itemises the 72 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances as at June 30, 2007.

Securitisation Fund	Establishment	Initial	Issue	Bonds	Issue	Bonds	Bond Issue
		Bond Issue	Balance 30.06.2007	Δ%	Balance 31.12.2006	Δ%	Balance 31.12.2005
		EUR	EUR	Δ%	EUR	Δ%	EUR
TOTAL		77,990,696,652.96	56,302,056,415.75	35.3%	41,622,450,971.95	28.11%	32,490,363,122.22
Mortgage (FTH)		13,591,546,652.96	6,975,755,097.73	3.5%	6,739,243,850.52	4.08%	6,475,261,178.18
Bankinter 14 FTH	19.03.2007	964,000,000.00	949,900,115.74				
Bankinter 12 FTH	06.03.2006	1,200,000,000.00	1,045,951,850.08	-8.1%	1,200,000,000.00		
Valencia Hipotecario 2 FTH	07.12.2005	950,000,000.00	763,197,885.95	-8.1%	830,584,559.95	-12.6%	950,000,000.00
Bankinter 11 FTH	28.11.2005	900,000,000.00	776,776,002.24	-13.7%	900,000,000.00	0.0%	900,000,000.00
Bankinter 7 FTH	18.02.2004	490,000,000.00	288,523,613.14	-7.1%	310,601,446.96	-12.9%	356,717,443.60
Bankinter 5 FTH	16.12.2002	710,000,000.00	362,375,884.79	-8.1%	394,326,433.24	-15.3%	465,770,758.79
BZ Hipotecario 4 FTH	27.11.2002	313,400,000.00	120,290,829.30	-10.0%	133,590,667.48	-21.8%	170,910,609.60
Rural Hipotecario IV FTH	14.11.2002	520,000,000.00	231,317,830.22	-8.6%	253,138,797.81	-18.7%	311,312,202.68
Bancaja 4 FTH	05.11.2002	1,000,000,000.00	384,311,611.20	-9.9%	426,542,491.90	-19.6%	530,288,384.35
Bankinter 4 FTH	24.09.2002	1,025,000,000.00	542,977,160.31	-8.7%	594,725,493.56	-14.5%	695,988,565.76

Securitisation Fund	Establishment	Initial	Issue	Bonds	Issue	Bonds	Bond Issue
		Bond Issue	Balance 30.06.2007		Balance 31.12.2006		Balance 31.12.2005
		EUR	EUR	Δ%	EUR	Δ%	EUR
Rural Hipotecario III FTH	14.05.2002	325,000,000.00	136,515,082.60	-9.7%	151,223,912.92	-17.3%	182,884,293.55
Bankinter 3 FTH	22.10.2001	1,322,500,000.00	577,079,024.60	-9.3%	636,195,596.86	-15.4%	752,104,867.20
BZ Hipotecario 3 FTH	23.07.2001	310,000,000.00	93,868,716.98	-10.4%	104,762,637.42	-20.2%	131,343,594.55
Rural Hipotecario II FTH	29.05.2001	235,000,000.00	78,061,406.80	-10.5%	87,231,827.20	-19.8%	108,722,959.00
BZ Hipotecario 2 FTH	28.04.2000	285,000,000.00	53,535,575.22	-12.2%	61,003,530.94	-23.1%	79,335,648.86
Rural Hipotecario I FTH	22.02.2000	200,000,000.00	46,579,297.34	-11.9%	52,894,964.42	-23.0%	68,686,186.28
Bankinter 2 FTH	25.10.1999	320,000,000.00	102,571,767.76	-9.6%	113,458,270.94	-17.1%	136,877,163.99
Bankinter 1 FTH	12.05.1999	600,000,000.00	131,525,114.16	-12.1%	149,656,739.58	-20.6%	188,428,409.46
BZ Hipotecario 1 FTH	16.04.1999	350,000,000.00	55,984,308.50	-12.6%	64,073,530.22	-24.7%	85,068,186.20
Hipotecario 2 FTH	04.12.1998	1,051,771,182.67	189,338,769.80	-13.3%	218,421,786.82	-23.4%	285,097,903.72
Bancaja 2 FTH	23.10.1998	240,404,841.75	45,073,251.00	0.0%	45,073,251.00	-24.8%	59,937,667.99
Bancaja 1 FTH (*)	18.07.1997	120,202,420.88	liquidated	-100.0%	11,737,911.30	-25.6%	15,786,332.60
BBV-MBS I FTH	30.11.1995	90,151,815.66	liquidated				
Hipotecario 1 FTH	20.09.1993	69,116,392.00	liquidated				
(*) Liquidated early on 15.03.2007							
Asset (FTA)		64,399,150,000.00	49,326,301,318.02	41.4%	34,883,207,121.43	34.1%	26,015,101,944.04
Bancaja 11 FTA	16/07/2006	2,022,900,000.00	-				
BBVA Leasing 1 FTA	25/06/2007	2,500,000,000.00	2,500,000,000.00				
BBVA-6 FTPYME FTA	11/06/2007	1,500,000,000.00	1,500,000,000.00				
BBVA Finanzia Autos 1 FTA	30/04/2007	800,000,000.00	800,000,000.00				
MBS Bancaja 4 FTA	27/04/2007	1,873,100,000.00	1,873,100,000.00				
Rural Hipotecario IX FTA	28/03/2007	1,515,000,000.00	1,491,741,260.00				
BBVA RMBS 2 FTA	26/03/2007	5,000,000,000.00	4,862,807,745.00				
BBVA RMBS 1 FTA	19.02.2007	2,500,000,000.00	2,404,953,880.00				
Bancaja 10 FTA	26.01.2007	2,631,000,000.00	2,528,139,522.00				
BBVA Consumo 2 FTA	27.11.2006	1,500,000,000.00	1,500,000,000.00	0.0%	1,500,000,000.00		
Ruralpyme 2 FTPYME FTA	24.11.2006	617,050,000.00	556,962,868.60	-9.7%	617,050,000.00		
Bankinter 13 FTA	20.11.2006	1,570,000,000.00	1,570,000,000.00	0.0%	1,570,000,000.00		
Valencia Hipotecario 3 FTA	15.11.2006	911,000,000.00	829,152,938.00	-9.0%	911,000,000.00		
BBVA-5 FTPYME FTA	23.10.2006	1,900,000,000.00	1,589,527,868.80	-16.3%	1,900,000,000.00		
PYME Bancaja 5 FTA	02.10.2006	1,178,800,000.00	927,382,886.00	-21.3%	1,178,800,000.00		
Bankinter 2 PYME FTA	26.06.2006	800,000,000.00	800,000,000.00	0.0%	800,000,000.00		
Consumo Bancaja 1 FTA	26.06.2006	612,900,000.00	612,900,000.00	0.0%	612,900,000.00		
Rural Hipotecario VIII FTA	26.05.2006	1,311,700,000.00	1,311,700,000.00	0.0%	1,311,700,000.00		
BBVA Consumo 1 FTA	08.05.2006	1,500,000,000.00	1,500,000,000.00	0.0%	1,500,000,000.00		
MBS BANCAJA 3 FTA	03.04.2006	810,000,000.00	631,991,227.20	-10.1%	703,043,514.80		
Bancaja 9 FTA	02.02.2006	2,022,600,000.00	1,586,620,790.00	-9.1%	1,744,997,380.00		
BBVA Autos 2 FTA	12.12.2005	1,000,000,000.00	1,000,000,000.00	0.0%	1,000,000,000.00	0.0%	1,000,000,000.00
Edt FTPYME Pastor 3 FTA	05.12.2005	520,000,000.00	277,367,808.11	-27.2%	380,805,675.83	-26.8%	520,000,000.00
Rural Hipotecario Global I FTA	18.11.2005	1,078,000,000.00	857,791,039.24	-8.0%	932,164,120.79	-13.5%	1,078,000,000.00
FTPYME Bancaja 4 FTA	07.11.2005	1,524,000,000.00	791,534,403.86	-19.8%	986,887,779.41	-35.2%	1,524,000,000.00
BBVA 4 PYME FTA	26.09.2005	1,250,000,000.00	684,987,421.28	-45.2%	1,250,000,000.00	0.0%	1,250,000,000.00
Bankinter 10 FTA	27.06.2005	1,740,000,000.00	1,366,964,257.12	-6.8%	1,466,558,997.10	-15.7%	1,740,000,000.00
MBS Bancaja 2 FTA	27.06.2005	809,200,000.00	524,698,635.12	-10.3%	585,069,193.36	-21.5%	745,472,663.52
BBVA Hipotecario 3 FTA	13.06.2005	1,450,000,000.00	932,364,036.64	-10.6%	1,042,844,698.00	-21.1%	1,321,621,631.30
Rural Hipotecario VII FTA	29.04.2005	1,100,000,000.00	784,690,774.67	-8.1%	853,742,668.37	-14.8%	1,002,428,919.05
Bancaja 8 FTA	22.04.2005	1,680,100,000.00	1,123,616,855.79	-10.4%	1,253,797,200.56	-18.6%	1,539,361,229.38
Bankinter 9 FTA	14.02.2005	1,035,000,000.00	801,535,810.30	-6.9%	860,813,028.16	-16.8%	1,035,000,000.00
BBVA-3 FTPYME FTA	29.11.2004	1,000,000,000.00	492,849,714.01	-16.4%	589,349,210.82	-41.1%	1,000,000,000.00
Ruralpyme 1 FTPYME FTA	23.11.2004	214,000,000.00	113,762,757.67	-14.4%	132,892,833.40	-23.2%	173,024,296.72
BBVA Autos 1 FTA	25.10.2004	1,000,000,000.00	712,865,920.00	-20.6%	897,434,960.00	-10.3%	1,000,000,000.00
FTPYME Bancaja 3 FTA	11.10.2004	900,000,000.00	290,018,400.14	-22.7%	375,133,008.09	-58.3%	900,000,000.00
Bancaja 7 FTA	12.07.2004	1,900,000,000.00	1,072,484,205.10	-9.9%	1,190,508,554.06	-32.0%	1,750,000,000.00
Rural Hipotecario VI FTA	07.07.2004	950,000,000.00	597,996,752.73	-8.2%	651,118,829.40	-16.7%	781,477,860.25
MBS Bancaja 1 FTA	17.05.2004	690,000,000.00	326,094,928.50	-11.6%	369,020,564.16	-46.5%	690,000,000.00
Valencia H 1 FTA	23.04.2004	472,000,000.00	289,136,754.05	-8.8%	316,993,112.58	-14.6%	371,107,375.09
Bankinter 8 FTA	03.03.2004	1,070,000,000.00	665,811,799.82	-7.3%	718,061,846.93	-14.3%	837,970,768.01
Bancaja 6 FTA	03.12.2003	2,080,000,000.00	965,232,953.36	-10.4%	1,077,852,239.88	-21.3%	1,369,610,139.04
Rural Hipotecario V FTA	28.10.2003	695,000,000.00	382,025,519.36	-8.1%	415,711,778.28	-16.8%	499,528,194.12
Bankinter 6 FTA	25.09.2003	1,350,000,000.00	836,560,177.96	-7.5%	904,534,542.77	-13.3%	1,043,250,162.72
FTPYME Bancaja 2 FTA	19.09.2003	500,000,000.00	157,935,499.39	-16.9%	190,138,306.78	-29.7%	270,480,639.80
Bancaja 5 FTA	14.04.2003	1,000,000,000.00	430,339,049.65	-10.1%	478,827,993.55	-20.7%	604,031,954.00
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	253,502,106.30	-0.8%	255,514,370.40	-2.1%	260,899,034.40
BBVA-2 FTPYME ICO	01.12.2000	900,000,000.00	127,350,344.97	-27.2%	175,048,960.77	-42.9%	306,595,443.42
BCL Municipios I FTA	21.06.2000	1,205,000,000.00	418,307,630.00	-8.9%	459,377,520.00	-22.9%	595,672,530.00
BBVA-1 FTA	24.02.2000	1,112,800,000.00	150,594,777.28	-25.7%	202,614,233.18	-28.8%	284,669,103.22

6.4 Share capital and equity.

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

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

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

<i>(EUR)</i>	31.12.2006	$\Delta\%$	31.12.2005	$\Delta\%$	31.12.2004
Equity *	3,095,298.97	0.00%	3,095,298.97	0.00%	3,095,298.97
Capital	1,803,037.50	0.00%	1,803,037.50	0.00%	1,803,037.50
Reserves	1,292,261.47	0.00%	1,292,261.47	0.00%	1,292,261.47
<i>Legal</i>	360,607.50	0.00%	360,607.50	0.00%	360,607.50
<i>Voluntary</i>	931,653.97	0.00%	931,653.97	0.00%	931,653.97
Year's profit	2,004,500.15	12.02%	1,789,429.69	0.14%	1,786,915.94

* Does not include year's profit

6.5 Existence or not of shareholdings in other companies.

There are no shareholdings in any other company.

6.6 Administrative, management and supervisory bodies.

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

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

Board of Directors

The Board of Directors has the following membership:

Chairman:	Mr Roberto Vicario Montoya (*) (**)
Vice-Chairman:	Mr Pedro María Urresti Laca (**)(1)
Directors:	Mr Ignacio Aldonza Goicoechea (**)
	Mr Luis Bach Gómez (*) (**)
	Mr Jon Bilbao Vidaurrazaga (**)(1)
	Mr José M ^a . Castellón Leal on behalf of Barclays Bank, S.A.
	Mr Ignacio Echevarría Soriano (**)
	Ms Ana Fernández Manrique (*) (**)
	Mr Thierry Loiseau on behalf of BNP Paribas España, S.A.
	Mr Mario Masiá Vicente (*)
	Mr Arturo Miranda Martín on behalf of J.P. Morgan España, S.A. (*)
	Mr Vicente Ortueta Monfort (**)(1)
	Ms Carmen Pérez de Muniaín Marzana (**)
	Mr José Miguel Raboso Díaz on behalf of Citibank España, S.A. (*)
	Mr Justo de Rufino Portillo (*) (**)(1)
	Mr Jorge Sáenz de Miera on behalf of Deutsche Bank Credit, S.A.
	Mr Borja Uriarte Villalonga on behalf of Bankinter, S.A.

Non-Director Secretary: Ms Belén Rico Arévalo

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

(**) Proprietary Directors for BBVA

(1) The appointment of Mr Pedro María Urresti Laca, Mr Jon Bilbao Vidaurrazaga, Mr Justo de Rufino Portillo and Mr Vicente Ortueta Monfort as Directors made at the General Shareholders' Meeting held on June 29, 2007 is yet to be notified to the CNMV and entered in the Companies Register.

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

General Manager.

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

6.7 Principal activities of the persons referred to in section 6.1.6 above, performed outside the Management Company where these are significant with respect to the Fund.

Roberto Vicario Montoya, Pedro María Urresti Laca, Ignacio Aldonza Goicoechea, Luis Bach Gómez, Jon Bilbao Vidaurrazaga, Ana Fernández Manrique, Vicente Ortueta Monfort, Carmen Pérez de Muniaín Marzana, Justo de Rufino Portillo and Ignacio Echevarría Soriano are currently members of staff of BBVA, in turn a Series A1, A2, B, C and D Underwriter and Placement Agent.

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

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

6.9 Litigation in the Management Company.

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

7. MAJOR SHAREHOLDERS

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

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

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

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

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

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

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

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

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

Not applicable.

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

Not applicable.

8.3 Legal and arbitration proceedings.

Not applicable.

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

Not applicable.

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

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

No statement or report is included.

9.2 Information sourced from a third party.

No information is included.

10. DOCUMENTS ON DISPLAY

10.1 Documents on display.

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

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

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

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

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

In addition, the documents listed in a) to j), excepting the document referred to in paragraph d) above, may be obtained at the CNMV.

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

SECURITIES NOTE

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

1 PERSONS RESPONSIBLE

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

- 1.1.1 Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, the company sponsoring PYME VALENCIA 1 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note (including the Building Block).

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 on May 29, 2007.

- 1.1.2 Mr Benito Castillo Navarro, duly authorised for these presents, for and on behalf of CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA, Lead Manager of the Bond Issue by PYME VALENCIA 1 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note.

Mr Benito Castillo Navarro is acting as attorney-in-fact for the Lead Manager BANCAJA under a power of attorney executed before Valencia Notary Public Mr Antonio Beasus Codes on May 5, 1992, his document number 974.

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

2 RISK FACTORS

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

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

3 KEY INFORMATION

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

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

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

- c) BANCO DE VALENCIA is the Originator.
- d) BANCAJA, DEUTSCHE BANK and RBS are involved as Lead Managers and Series A1, A2, B, C and D Bond Underwriters and Placement Agents, and shall be the institutions in charge of keeping the Series A1, A2, B, C and D Bond subscription orders book (*joint book runners*).
- e) BANCO PASTOR and BBVA are involved as Series A1, A2, B, C and D Bond Underwriters and Placement Agents.
- f) BANCO DE VALENCIA shall fully subscribe for Series E Bonds and shall be the Fund's counterparty under the Guaranteed Interest Rate Account (Treasury Account), Start-Up Loan, Financial Swap, Loan Servicing and Pass-Through Certificate Custody and Financial Intermediation Agreements.
- g) BANCAJA is involved as Paying Agent of the Bond Issue.

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

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 eight hundred and sixty-five million three hundred thousand (865,300,000.00), and comprises four Bond Classes, distributed into six Series as follows:

- a) Class A comprising two Series having a face amount of EUR seven hundred and fifty-four million eight hundred thousand (754,800,000.00) (either "**Class A**" or the "**Class A Bonds**"):
 - i) Series A1 having a total face amount of EUR one hundred and eighty million (180,000,000.00) comprising one thousand eight hundred (1,800) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A1**" or the "**Series A1 Bonds**").
 - ii) Series A2 having a total face amount of EUR five hundred and seventy-four million eight hundred thousand (574,800,000.00) comprising five thousand seven hundred and forty-eight (5,748) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A2**" or the "**Series A2 Bonds**").
- b) Class B comprising a single Series B having a total face amount of EUR forty-seven million six hundred thousand (47,600,000.00) comprising four hundred and seventy-six (476) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series B**" or the "**Series B Bonds**").
- c) Class C comprising a single Series C having a total face amount of EUR thirty-four million (34,000,000.00) comprising three hundred and forty (340) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series C**" or the "**Series C Bonds**").
- d) Class D comprising a single Series D having a total face amount of EUR thirteen million six hundred thousand (13,600,000.00) comprising one hundred and thirty-six (136) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series D**" or the "**Series D Bonds**").

- e) Class E comprising a single Series E having a total face amount of EUR fifteen million three hundred thousand (15,300,000.00) comprising one hundred and fifty-three (153) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either “**Series E**” or the “**Series E Bonds**”).

4.1.2 Bond issue price.

The Bonds are issued at 100 percent of their face value. The issue price of each Bond in each of Series A1, A2, B, C and D 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 issue of the Bonds shall be borne by the Fund.

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

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

Series A1, A2, B, C and D Bonds shall be underwritten and placed by CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA (“**BANCAJA**”), DEUTSCHE BANK AG (“**DEUTSCHE BANK**”) and THE ROYAL BANK OF SCOTLAND PLC (“**RBS**”) as Lead Managers and Underwriters and Placement Agents, and BANCO PASTOR S.A. (“**BANCO PASTOR**”) and BANCO BILBAO VIZCAYA ARGENTARIA S.A. (“**BBVA**”) as Underwriters and Placement Agents, and BANCO DE VALENCIA as Series E Bond subscriber, under the Bond Issue Management, Underwriting, Placement and Subscription Agreement to be entered into by the Management Company for and on behalf of the Fund.

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

The commitment by each Underwriter and Placement Agent in regard to their several involvement in underwriting placement of Series A1, A2, B, C and D Bonds shall be set out in the Bond Issue Management, Underwriting and Placement Agreement.

The following is the commitment by each Underwriter and Placement Agent in regard to their several involvement in underwriting placement of the Bonds in each Series:

Underwriter and Placement Agent	Face amount underwritten in each Series (EUR)				
	Series A1 Bonds	Series A2 Bonds	Series B Bonds	Series C Bonds	Series D Bonds
BANCAJA	60,000,000.00	179,900,000.00	15,900,000.00	11,300,000.00	4,500,000.00
DEUTSCHE BANK	60,000,000.00	180,000,000.00	15,800,000.00	11,400,000.00	4,500,000.00
RBS	60,000,000.00	179,900,000.00	15,900,000.00	11,300,000.00	4,600,000.00
BANCO PASTOR	0.00	10,000,000.00	0.00	0.00	0.00
BBVA	0.00	25,000,000.00	0.00	0.00	0.00
Total	180,000,000.00	574,800,000.00	47,600,000.00	34,000,000.00	13,600,000.00

The Underwriters and Placement Agents of each Series shall altogether receive from the Fund an underwriting and placement fee on the face amount of the Bonds in the relevant Series.

2. Subscription for and payment of Series E Bonds.

Subscription for all of Series E Bonds shall be carried out exclusively by BANCO DE VALENCIA under the Management, Underwriting, Placement and Subscription Agreement.

BANCO DE VALENCIA shall receive no remuneration whatsoever for subscribing for the Series E Bonds.

3. BANCAJA, DEUTSCHE BANK and RBS shall be involved as Lead Managers in the Bond Issue. They shall not be howsoever remunerated for managing the Bond Issue.

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

4.2 Description of the type and class of the securities.

The Bonds legally qualify as marketable fixed-income securities with an explicit yield and are subject to the system prescribed in Securities Market Act 24/1988, July 28, and implementing regulations.

4.3 Legislation under which the securities have been created.

The establishment of the Fund and the Bond Issue are subject to Spanish Law and in particular are carried out in accordance with the legal system provided for by (i) Royal Decree 926/1998 and implementing regulations, (ii) Act 19/1992 failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) the Securities Market Act, (iv) Commission Regulation (EC) No. 809/2004 of April 29, 2004, (v) 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, 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 Class A (Series A1 and A2) Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

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

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

Series E Bond interest payment and principal repayment is deferred with respect to Class A (Series A1 and A2), Series B, Series C and Series D 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 A1 and A2 Bonds is (i) fourth (4th) 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) fifth (5th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series B Bonds is (i) fifth (5th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be ninth (9th), and (ii) seventh (7th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series C Bonds is (i) sixth (6th) 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 tenth (10th), and (ii) ninth (9th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series D Bonds is (i) seventh (7th) 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 eleventh (11th), and (ii) eleventh (11th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series E Bonds is (i) thirteenth (13th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, and (ii) fourteenth (14th) 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 Series A1, A2, B, C and D Bonds as a whole without distinction between Series is eighth (8th) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block.

Bond principal repayment shall take place in accordance with the rules for Distribution of Available Funds for Amortisation contained in section 4.9.3.6 of this Securities Note.

Series A1 and A2 Bond principal repayment is sixth (6th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Series B Bond principal repayment is eighth (8th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Series C Bond principal repayment is tenth (10th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

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

Series E Bond principal repayment is (i) fourteenth (14th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, and (ii) fifteenth (15th) 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.

4.7.1 General.

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

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

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

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

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

4.8 Nominal interest rate and provisions relating to interest payable.

4.8.1 Bond nominal interest rate.

The Bonds in each Series shall, from the Closing Date until they mature fully, accrue a yearly nominal interest, variable and payable quarterly, which shall be the result of applying the policies established hereinafter for each 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, July 26, 2007, inclusive, and the first Payment Date, September 24, 2007, because September 23, 2007 is not a Business Day, exclusive.

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

4.8.1.2 **Nominal Interest Rate.**

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

- (i) the Reference Rate, as established in the following section, and
- (ii) a margin for each Series as follows:
 - **Series A1:** margin not more than 0.25%, inclusive.
 - **Series A2:** margin not more than 0.40%, inclusive.
 - **Series B:** margin not more than 0.85%, inclusive.
 - **Series C:** margin not more than 1.80%, inclusive.
 - **Series D:** margin not more than 3.50%, inclusive.
 - **Series E:** 4.00% margin.

The margin applicable to each Series, expressed as a percentage, shall be determined with one accord among the Lead Managers, and may not exceed the maximum margins established in the preceding paragraph for each Series and notified in writing to the Management Company, by 10am (CET) on the day of the Subscription Period (July 23, 2007).

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

- **Series A1:** 0.25% margin.
- **Series A2:** 0.40% margin.
- **Series B:** 0.85% margin.
- **Series C:** 1.80% margin.
- **Series D:** 3.50% margin.

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

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

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

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

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

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be two- (2-) month Euribor, fixed at 11am (CET) on the third Business Day preceding the Closing Date, which is the day of the Subscription Period, bearing in mind the number of days in the first Interest Accrual Period.

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 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 interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable two- (2-) 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 third Business Day preceding the Closing Date.

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

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

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

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

4.8.1.4 **Interest Rate Fixing Date.**

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

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

The nominal interest rates determined for each Bond Series for 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 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 shall 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 September 24, 2007, because September 23, 2007 is not a Business Day, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, July 26, 2007, inclusive, and September 24, 2007, because September 23, 2007 is not a Business Day, exclusive.

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

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

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

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

In the event that on a Payment Date the Fund should be unable to make full or partial payment of interest accrued on the Bonds in any Series, in the Priority of Payments, the amounts that Bondholders should not have received shall be accumulated on the following Payment Date to interest on that Series which, 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 March 23, 2040, the Final Maturity Date, or the following Business Day if that is not a Business Day.

The Bond issue shall be serviced through the Paying Agent, to which end the Management Company shall, for and on behalf of the Fund, enter into the Paying Agent Agreement with BANCAJA, as established 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 A1 Bonds.

Series A1 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 A1, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.5 and 4.9.3.6 below, prorated between the Bonds in Series A1 proper by reducing the face amount of each Series A1 Bond.

The first partial amortisation of Series A1 Bonds shall occur on the first Payment Date, September 24, 2007, because September 23, 2007 is not a Business Day.

Final amortisation of Series A1 Bonds shall occur on the Final Maturity Date (March 23, 2040 or the following Business Day if that is not a Business Day), notwithstanding their 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 A2 Bonds.

Series A2 Bonds 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 A2, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.5 and 4.9.3.6 below, prorated between the Bonds in Series A2 proper by reducing the face amount of each Series A2 Bond.

The first partial amortisation of Series A2 Bonds shall occur once the Series A1 Bonds have been fully amortised. However, even if Series A1 has not been fully amortised, in the event that the circumstances for Pro Rata Amortisation of Class A occur, Series A2 Bonds shall be amortised pro rata to the Series A1 Bonds, all in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A2 Bonds shall occur on the Final Maturity Date (March 23, 2040 or the following Business Day if that is not a Business Day), notwithstanding their 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 B Bonds.

Series B 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 B in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.5 and 4.9.3.6 below, 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 the Series A1 and A2 Bonds have been fully amortised. However, even if Series A1 and A2 have not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B on the Payment Date on which the Conditions for

Pro Rata Amortisation are satisfied for Series B in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series B to the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D Bonds remains at 11.20%, or higher percentage closest thereto.

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (March 23, 2040 or the following Business Day if that is not a Business Day), notwithstanding their 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.

4.9.2.4 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 sections 4.9.3.5 and 4.9.3.6 below, 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 the Series A1, A2 and B Bonds have been fully amortised. However, even if Series A1, A2 and B have not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series C on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series C in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series C to the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D Bonds remains at 8.00%, or higher percentage closest thereto.

Final amortisation of Series C Bonds shall occur on the Final Maturity Date (March 23, 2040 or the following Business Day if that is not a Business Day), notwithstanding their 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.

4.9.2.5 Amortisation of Series D Bonds.

Series D 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 D in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.5 and 4.9.3.6 below, prorated between the Bonds in Series D proper by reducing the face amount of each Series D Bond.

The first partial amortisation of Series D Bonds shall occur once the Series A1, A2, B and C Bonds have been fully amortised. However, even if Series A1, A2, B and C have not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series D on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series D in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series D to the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D Bonds remains at 3.20%, or higher percentage closest thereto.

Final amortisation of Series D Bonds shall occur on the Final Maturity Date (March 23, 2040 or the following Business Day if that is not a Business Day), notwithstanding their 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.

4.9.2.6 **Amortisation of Series E Bonds.**

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

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

"2. 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 the following amounts:

- (i) EUR fifteen million three hundred thousand (15,300,000.00).
 - (ii) The higher of:
 - a) 3.60% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D.
 - b) EUR seven million six hundred and fifty thousand (7,650,000.00).
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 Loans is greater than 1.00% of the Outstanding Balance of Non-Doubtful Loans.
 - ii) That the Cash Reserve could not be provisioned up to the Required Cash Reserve amount on that Payment Date.
 - iii) That three (3) years have not elapsed since the date of establishment of the Fund."

Final amortisation of Series E Bonds shall occur on the Final Maturity Date (March 23, 2040 or the following Business Day if that is not a Business Day), notwithstanding 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 Series A1, A2, B, C and D Bonds.**

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 Series A1, A2, B, C and D Bonds on each Payment Date other than the Final Maturity Date or the date of Early Liquidation of the Fund on the specific amortisation terms for each Series established in sections 4.9.2.1 to 4.9.2.4 of this Securities Note and on the terms described hereinafter in this section common to Series A1, A2, B, C and D.

4.9.3.1 **Determination Dates and Determination Periods.**

These will be the dates falling on the fourth (4th) Business Day preceding each Payment Date on which the Management Company on behalf of the Fund will make all necessary calculations to distribute or withhold the Available Funds and the Available Funds for Amortisation which the Fund shall dispose of on the relevant Payment Date, in the Priority of Payments. The first Determination Date shall be September 18, 2007.

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

- (i) the duration of the first Determination Period shall be equal to the days elapsed between the date of establishment of the Fund, inclusive, and the first Determination Date, September 18, 2007, inclusive, and
- (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which Early Liquidation of the Fund concludes, as provided for in section 4.4.4.3 of the Registration Document, on which the Loans and the assets remaining in the Fund have been liquidated and all Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date but including the last date.

4.9.3.2 Outstanding Principal Balance of the Bonds.

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

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

4.9.3.3 Outstanding Balance of the Loans.

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

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

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

Doubtful Loans shall be deemed to be Loans that are delinquent on a given date with a period of arrears equal to or greater than 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 Loans shall be deemed to be Loans that are not deemed to be Doubtful Loans on a given date.

4.9.3.4 Series A1, A2, B, C and D Amortisation Withholding on each Payment Date.

On each Payment Date, the Available Funds shall be used in eighth (8th) place in the priority of payments for withholding the amount altogether designed for amortising the Bonds and without distinguishing among those Series (“**Amortisation Withholding**”), in an amount equal to the positive difference, if any, on the Determination Date preceding the relevant Payment Date, between (i) the Outstanding Principal Balance of Series A1, A2, B, C and D Bonds, and (ii) the sum of the Outstanding Balance of Non-Doubtful Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied of the Available Funds to the Amortisation Withholding shall be included in the Available Funds for Amortisation to be applied in accordance with the rules for Distribution of Available Funds for Amortisation established hereinafter in section 4.9.3.6 below.

4.9.3.5 Available Funds for Amortisation on each Payment Date.

The available funds for amortisation on each Payment Date (the “**Available Funds for Amortisation**”) shall be the Amortisation Withholding amount actually applied in eighth (8th) place of the Available Funds on the relevant Payment Date.

4.9.3.6 Distribution of Available Funds for Amortisation.

The Available Funds for Amortisation shall be applied on each Payment Date to amortising each Series in accordance with the following rules (“**Distribution of Available Funds for Amortisation**”):

1. The Available Funds for Amortisation shall be sequentially applied firstly to amortising Class A (Series A1 and A2) until fully amortised, as provided for in rule 2 below, secondly to amortising Series B until fully amortised, thirdly to amortising Series C until fully amortised and fourthly to amortising Series D until fully amortised, notwithstanding the provisions of rule 3 below for pro rata amortisation of the different Series.

2. The amounts of the Available Funds for Amortisation applied to amortising Class A (Series A1 and A2), both under rule 1 above and under rule 3 below, shall be applied as follows:

2.1 Ordinary application in the following order:

1. Repayment of Series A1 Bond principal.
2. Repayment of Series A2 Bond principal once the Series A1 Bonds have been fully amortised.

2.2 Exceptional pro rata application of Class A (“**Pro Rata Amortisation of Class A**”): if Series A1 has not been fully amortised the application priority of paragraph 2.1 above shall be stopped in the event that on the Determination Date preceding the relevant Payment Date the ratio of (i) the Outstanding Balance of Non-Delinquent Loans, plus the Loan principal repayment income amount received during the Determination Period preceding the relevant Payment Date, to (ii) the sum of the Outstanding Principal Balance of Class A, is less than or equal to 1.05.

In that event, on the relevant Payment Date, the amount of the Available Funds for Amortisation applied to amortising Class A (Series A1 and A2) shall be distributed to amortising Series A1 and A2 as follows:

- (a) It shall be prorated directly in proportion to (i) the Outstanding Principal Balance of Series A1, and (ii) the Outstanding Principal Balance of Series A2.
- (b) The amount assigned to Series A1 under paragraph (a) above shall be applied to amortising Series A1 Bonds.
- (c) The amount assigned to Series A2 shall be applied to amortising Series A2 Bonds.

3. There shall be no exception and, even if Class A (Series A1 and A2) have not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B and/or Series C and/or Series D on the Payment Dates on which the following circumstances are all satisfied (“**Conditions for Pro Rata Amortisation**”) with respect to each of these Series, as the case may be:

- a) In order to amortise Series B and, as the case may be, Series C and, as the case may be, Series D:
 - i) that the Pro Rata Amortisation of Class A does not apply,
 - ii) that the Required Cash Reserve amount shall have been fully provisioned on the relevant Payment Date; and
 - iii) that on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of Non-Doubtful Loans is equal to or greater than 10 percent of the face amount of the initial Outstanding Balance upon the Fund being established.
- b) Additionally, in order to amortise Series B, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series B is equal to or greater than 11.20% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D Bonds, and

- ii) the Outstanding Balance of Delinquent Loans does not exceed 1.25% of the Outstanding Balance of Non-Doubtful Loans.
- c) Additionally, in order to amortise Series C, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series C is equal to or greater than 8.00% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D Bonds, and
 - ii) the Outstanding Balance of Delinquent Loans does not exceed 1.00% of the Outstanding Balance of Non-Doubtful Loans.
- d) Additionally, in order to amortise Series D, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series D is equal to or greater than 3.20% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D Bonds, and
 - ii) the Outstanding Balance of Delinquent Loans does not exceed 0.75% of the Outstanding Balance of Non-Doubtful Loans.

In the event that amortisation of Series B and, as the case may be, of Series C and, as the case may be, of Series D should apply on a Payment Date because the Conditions for Pro Rata Amortisation of Series B and of Series C and of Series D are respectively satisfied, the Available Funds for Amortisation shall also be applied to amortising Series B and, as the case may be, to amortising Series C and, as the case may be, to amortising Series D, in such a way that the ratio of the Outstanding Principal Balance of Series B or, as the case may be, the Outstanding Principal Balance of Series C or, as the case may be, the Outstanding Principal Balance of Series D to the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D respectively remains at 11.20%, 8.00% and 3.20%, or higher percentages closest thereto.

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

Notwithstanding the Fund's obligation, through its Management Company, to proceed to final amortisation of the Bonds on the Final Maturity Date or amortisation of each Series before the Final Maturity Date, the Management Company shall, after first notifying the CNMV, be authorised to proceed, as the case may be, to Early Liquidation of the Fund and consequently 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 is on March 23, 2040 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 take place subject to the Liquidation Priority of Payments.

4.10 **Indication of yield.**

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

- i) The repayment schedule and system of each Loan established in the relevant agreements.
- 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 Bonds are amortised, and therefore their average life and duration.

- iii) The floating interest rates which shall apply to most Loans, resulting in the repayment amount on every instalment 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: 4.83% weighted average interest rate as of June 19, 2007 of the portfolio of selected loans which has been used for calculating the repayment instalments and interest of each of the selected loans;
- Loan portfolio delinquency: 0.42% of the Outstanding Balance of the Loans, with 100% recoveries within 15 months of becoming delinquent;
- Loan portfolio doubtfuls rated as bad debts: 0%;
- that the Loan prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is July 26, 2007;
- that there is no extension of the term of any of the loans.

The actual adjusted life and the yield or return on the Bonds will also depend on their floating rate. The following nominal interest rates are assumed for each Series for the first Interest Accrual Period, resulting from 2-month Euribor (4.127%) on July 12, 2007 and in the event that the applicable margins should be the maximum margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A1 Bonds	Series A2 Bonds	Series B Bonds	Series C Bonds	Series D Bonds	Series E Bonds
Nominal interest rate	4.377%	4.527%	4.977%	5.927%	7.627%	8.127%

For subsequent Interest Accrual Periods, the floating interest rate of the Bonds in each Series is assumed to be constant as follows, resulting from 3-month Euribor (4.209%) on July 12, 2007 and in the event that the applicable margins should be the maximum margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A1 Bonds	Series A2 Bonds	Series B Bonds	Series C Bonds	Series D Bonds	Series E Bonds
Nominal interest rate	4.459%	4.609%	5.059%	6.009%	7.709%	8.209%

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 Loans is less than 10% of their initial Outstanding Balance upon the Fund being established, the average life, return (IRR) for the Bond subscriber, duration and final maturity of the Bonds for different CPRs, would be as follows:

% CPR:	16%	18%	20%	22%	24%
	Series A1 Bonds				
Average life (years)	0.49	0.48	0.46	0.45	0.44
IRR	4.572%	4.571%	4.571%	4.570%	4.569%
Duration (years)	0.46	0.45	0.44	0.43	0.42
Final maturity	24 03 2008	24 03 2008	24 03 2008	24 03 2008	24 03 2008
(in years)	0.66	0.66	0.66	0.66	0.66

% CPR:	16%	18%	20%	22%	24%
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Series A2 Bonds					
Average life (years)	2.71	2.54	2.42	2.27	2.16
IRR	4.751%	4.750%	4.750%	4.750%	4.749%
Duration (years)	2.39	2.25	2.15	2.03	1.94
Final maturity	23 09 2013	25 03 2013	24 12 2012	25 06 2012	23 03 2012
(in years)	6.17	5.67	5.42	4.92	4.66

Series B Bonds					
Average life (years)	3.82	3.56	3.38	3.16	3.00
IRR	6.180%	6.177%	6.174%	6.171%	6.168%
Duration (years)	3.18	3.00	2.86	2.70	2.57
Final maturity	23 09 2013	25 03 2013	24 12 2012	25 06 2012	23 03 2012
(in years)	6.17	5.67	5.42	4.92	4.66

Series C Bonds					
Average life (years)	3.82	3.56	3.38	3.16	3.00
IRR	7.953%	7.947%	7.942%	7.936%	7.931%
Duration (years)	3.03	2.87	2.74	2.59	2.47
Final maturity	23 09 2013	25 03 2013	24 12 2012	25 06 2012	23 03 2012
(in years)	6.17	5.67	5.42	4.92	4.66

Series D Bonds					
Average life (years)	3.82	3.56	3.38	3.16	3.00
IRR	8.045%	8.045%	8.045%	8.045%	8.045%
Duration (years)	3.02	2.85	2.73	2.58	2.46
Final maturity	23 09 2013	25 03 2013	24 12 2012	25 06 2012	23 03 2012
(in years)	6.17	5.67	5.42	4.92	4.66

Series E Bonds					
Average life (years)	4.30	3.98	3.80	3.51	3.33
IRR	8.584%	8.584%	8.583%	8.583%	8.583%
Duration (years)	3.27	3.08	2.96	2.77	2.66
Final maturity	23 09 2013	25 03 2013	24 12 2012	25 06 2012	23 03 2012
(in years)	6.17	5.67	5.42	4.92	4.66

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

- Whereas CPRs are assumed to be constant respectively at 18%, 20% and 22% throughout the life of the Bond Issue, as explained above actual prepayment changes continually.
- The Outstanding Principal Balance of the Bonds on each Payment Date and hence interest payable on each such dates shall depend on the actual Loan prepayment, delinquency and default rates.
- Whereas Bond nominal interest rates are assumed to be constant for each Series from the second Interest Accrual Period, the interest rate in all the Series is known to be variable.
- The assumed values referred to at the beginning of this section are at all events taken for granted.
- It is assumed that the Management Company will exercise the Early Liquidation of the Fund and thereby the Early Amortisation of the Bond Issue option when the Outstanding Balance of the Loans is less than 10% of the Initial Outstanding Balance upon the Fund being set up, as provided in section 4.4.3 of the Registration Document.
- In this scenario, Pro Rata Amortisation of Class A does not apply and the Conditions for Pro Rata Amortisation of Series B, C and D do.

- These are all reasonable assumptions based on the historical performance of loans granted by BANCO DE VALENCIA to SMEs.

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

FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 18%

Payment Date	Series A1 Bonds			Series A2 Bonds			Series B Bonds			Series C Bonds			Series D Bonds			Series E Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	2,143.62	102,143.62	100,000.00	11,875.06	111,875.06	100,000.00	21,541.07	121,541.07	100,000.00	27,558.89	127,558.89	100,000.00	27,842.22	127,842.22	100,000.00	33,144.86	133,144.86
26/07/2007																		
24/09/2007	15,857.89	729.50	16,587.39	0.00	754.50	754.50	0.00	829.50	829.50	0.00	987.83	987.83	0.00	1,271.17	1,271.17	0.00	1,354.50	1,354.50
24/12/2007	42,822.72	948.40	43,771.11	0.00	1,165.05	1,165.05	0.00	1,518.94	1,518.94	0.00	1,948.66	1,948.66	0.00	1,948.66	1,948.66	0.00	2,075.05	2,075.05
24/03/2008	41,319.40	465.73	41,785.12	2,156.39	1,165.05	3,321.45	0.00	1,518.94	1,518.94	0.00	1,948.66	1,948.66	0.00	1,948.66	1,948.66	0.00	2,075.05	2,075.05
23/06/2008	0.00	0.00	0.00	13,807.27	1,139.93	14,947.20	0.00	1,518.94	1,518.94	0.00	1,948.66	1,948.66	0.00	1,948.66	1,948.66	0.00	2,075.05	2,075.05
23/09/2008	0.00	0.00	0.00	11,942.81	989.83	12,932.64	0.00	1,535.63	1,535.63	0.00	1,970.08	1,970.08	0.00	1,970.08	1,970.08	0.00	2,097.86	2,097.86
23/12/2008	0.00	0.00	0.00	9,895.13	839.93	10,735.05	0.00	1,518.94	1,518.94	0.00	1,948.66	1,948.66	0.00	1,948.66	1,948.66	0.00	2,075.05	2,075.05
23/03/2009	0.00	0.00	0.00	8,749.52	716.68	9,466.20	6,845.31	1,502.25	8,347.56	6,845.31	1,927.25	8,772.56	6,845.31	1,927.25	8,772.56	6,845.31	2,052.25	8,897.56
23/06/2009	0.00	0.00	0.00	5,192.28	629.55	5,821.83	9,049.48	1,430.51	10,480.00	9,049.48	1,835.22	10,884.70	9,049.48	1,835.22	10,884.70	9,049.48	1,954.25	11,003.74
23/09/2009	0.00	0.00	0.00	6,196.83	568.39	6,765.22	10,800.30	1,291.55	12,091.84	10,800.30	1,656.94	12,457.23	10,800.30	1,656.94	12,457.23	10,800.30	1,764.41	12,564.70
23/12/2009	0.00	0.00	0.00	4,769.14	490.02	5,259.16	8,312.01	1,113.46	9,425.47	8,312.01	1,428.47	9,740.47	8,312.01	1,428.47	9,740.47	8,312.01	1,521.12	9,833.12
23/03/2010	0.00	0.00	0.00	3,754.09	429.68	4,183.77	6,542.91	976.36	7,519.27	6,542.91	1,252.58	7,795.49	6,542.91	1,252.58	7,795.49	6,542.91	1,333.82	7,876.73
23/06/2010	0.00	0.00	0.00	2,921.10	395.01	3,316.11	5,091.12	897.58	5,988.69	5,091.12	1,151.51	6,242.63	5,091.12	1,151.51	6,242.63	5,091.12	1,226.20	6,317.31
23/09/2010	0.00	0.00	0.00	2,909.12	360.61	3,269.72	5,070.22	819.40	5,889.62	5,070.22	1,051.21	6,121.43	5,070.22	1,051.21	6,121.43	3,358.87	1,119.39	4,478.26
23/12/2010	0.00	0.00	0.00	2,432.88	322.79	2,755.68	4,240.21	733.48	4,973.69	4,240.21	940.98	5,181.19	4,240.21	940.98	5,181.19	0.00	1,037.53	1,037.53
23/03/2011	0.00	0.00	0.00	2,138.68	291.21	2,429.89	3,727.45	661.72	4,389.16	3,727.45	848.92	4,576.37	3,727.45	848.92	4,576.37	0.00	1,026.13	1,026.13
23/06/2011	0.00	0.00	0.00	1,966.63	272.49	2,239.12	3,427.58	619.18	4,046.77	3,427.58	794.35	4,221.94	3,427.58	794.35	4,221.94	0.00	1,048.93	1,048.93
23/09/2011	0.00	0.00	0.00	1,820.15	249.33	2,069.48	3,172.29	566.55	3,738.84	3,172.29	726.83	3,899.12	3,172.29	726.83	3,899.12	0.00	1,048.93	1,048.93
23/12/2011	0.00	0.00	0.00	1,807.66	225.41	2,033.07	3,150.53	512.20	3,662.73	3,150.53	657.11	3,807.64	3,150.53	657.11	3,807.64	0.00	1,037.53	1,037.53
23/03/2012	0.00	0.00	0.00	1,453.65	204.35	1,658.00	2,533.53	464.35	2,997.88	2,533.53	595.72	3,129.25	2,533.53	595.72	3,129.25	0.00	1,037.53	1,037.53
25/06/2012	0.00	0.00	0.00	1,364.96	193.60	1,558.55	2,378.95	439.91	2,818.85	2,378.95	564.36	2,943.31	2,378.95	564.36	2,943.31	0.00	1,071.73	1,071.73
24/09/2012	0.00	0.00	0.00	1,247.74	171.52	1,419.26	2,174.66	389.73	2,564.39	2,174.66	499.99	2,674.65	2,174.66	499.99	2,674.65	0.00	1,037.53	1,037.53
24/12/2012	0.00	0.00	0.00	1,187.98	156.98	1,344.96	2,070.51	356.70	2,427.21	2,070.51	457.61	2,528.12	2,070.51	457.61	2,528.12	0.00	1,037.53	1,037.53
25/03/2013	0.00	0.00	0.00	12,286.00	143.14	12,429.14	21,412.95	325.25	21,738.20	21,412.95	417.27	21,830.22	21,412.95	417.27	21,830.22	50,000.00	1,037.53	51,037.53

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

Payment Date	Series A1 Bonds			Series A2 Bonds			Series B Bonds			Series C Bonds			Series D Bonds			Series E Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	2,086.87	102,086.87	100,000.00	11,277.50	111,277.50	100,000.00	20,421.46	120,421.46	100,000.00	26,122.53	126,122.53	100,000.00	26,405.86	126,405.86	100,000.00	31,644.33	131,644.33
26/07/2007																		
24/09/2007	17,156.15	729.50	17,885.65	0.00	754.50	754.50	0.00	829.50	829.50	0.00	987.83	987.83	0.00	1,271.17	1,271.17	0.00	1,354.50	1,354.50
24/12/2007	45,261.11	933.76	46,194.87	0.00	1,165.05	1,165.05	0.00	1,518.94	1,518.94	0.00	1,948.66	1,948.66	0.00	1,948.66	1,948.66	0.00	2,075.05	2,075.05
24/03/2008	37,582.74	423.61	38,006.35	3,899.21	1,165.05	5,064.26	0.00	1,518.94	1,518.94	0.00	1,948.66	1,948.66	0.00	1,948.66	1,948.66	0.00	2,075.05	2,075.05
23/06/2008	0.00	0.00	0.00	14,222.95	1,119.62	15,342.57	0.00	1,518.94	1,518.94	0.00	1,948.66	1,948.66	0.00	1,948.66	1,948.66	0.00	2,075.05	2,075.05
23/09/2008	0.00	0.00	0.00	12,233.35	964.40	13,197.75	0.00	1,535.63	1,535.63	0.00	1,970.08	1,970.08	0.00	1,970.08	1,970.08	0.00	2,097.86	2,097.86
23/12/2008	0.00	0.00	0.00	10,099.46	811.40	10,910.86	0.00	1,518.94	1,518.94	0.00	1,948.66	1,948.66	0.00	1,948.66	1,948.66	0.00	2,075.05	2,075.05
23/03/2009	0.00	0.00	0.00	8,219.09	686.11	8,905.20	10,545.33	1,502.25	12,047.58	10,545.33	1,927.25	12,472.58	10,545.33	1,927.25	12,472.58	10,545.33	2,052.25	12,597.58
23/06/2009	0.00	0.00	0.00	5,278.84	604.55	5,883.39	9,200.36	1,373.70	10,574.06	9,200.36	1,762.33	10,962.69	9,200.36	1,762.33	10,962.69	9,200.36	1,876.63	11,076.99
23/09/2009	0.00	0.00	0.00	6,169.36	542.37	6,711.73	10,752.43	1,232.41	11,984.84	10,752.43	1,581.07	12,333.50	10,752.43	1,581.07	12,333.50	10,752.43	1,683.62	12,436.05
23/12/2009	0.00	0.00	0.00	4,743.98	464.60	5,208.58	8,268.16	1,055.69	9,323.86	8,268.16	1,354.36	9,622.52	8,268.16	1,354.36	9,622.52	8,268.16	1,442.20	9,710.36
23/03/2010	0.00	0.00	0.00	3,732.60	404.83	4,137.43	6,505.45	919.88	7,425.34	6,505.45	1,180.13	7,685.58	6,505.45	1,180.13	7,685.58	6,505.45	1,256.67	7,762.12
23/06/2010	0.00	0.00	0.00	2,915.68	369.86	3,285.54	5,081.67	840.43	5,922.09	5,081.67	1,078.19	6,159.86	5,081.67	1,078.19	6,159.86	4,728.27	1,148.12	5,876.39
23/09/2010	0.00	0.00	0.00	2,869.36	335.52	3,204.88	5,000.93	762.39	5,763.32	5,000.93	978.08	5,979.01	5,000.93	978.08	5,979.01	0.00	1,048.93	1,048.93
23/12/2010	0.00	0.00	0.00	2,395.05	298.44	2,693.49	4,174.27	678.14	4,852.41	4,174.27	869.99	5,044.26	4,174.27	869.99	5,044.26	0.00	1,037.53	1,037.53
23/03/2011	0.00	0.00	0.00	2,095.89	267.56	2,363.45	3,652.87	607.98	4,260.85	3,652.87	779.99	4,432.86	3,652.87	779.99	4,432.86	0.00	1,026.13	1,026.13
23/06/2011	0.00	0.00	0.00	1,917.34	248.82	2,166.16	3,341.68	565.40	3,907.08	3,341.68	725.35	4,067.03	3,341.68	725.35	4,067.03	0.00	1,048.93	1,048.93
23/09/2011	0.00	0.00	0.00	1,761.98	226.24	1,988.22	3,070.91	514.08	3,584.99	3,070.91	659.52	3,730.43	3,070.91	659.52	3,730.43	0.00	1,048.93	1,048.93
23/12/2011	0.00	0.00	0.00	1,728.61	203.25	1,931.86	3,012.75	461.85	3,474.60	3,012.75	592.51	3,605.26	3,012.75	592.51	3,605.26	0.00	1,037.53	1,037.53
23/03/2012	0.00	0.00	0.00	1,392.14	183.11	1,575.25	2,426.33	416.09	2,842.41	2,426.33	533.80	2,960.13	2,426.33	533.80	2,960.13	0.00	1,037.53	1,037.53
25/06/2012	0.00	0.00	0.00	1,297.87	172.40	1,470.26	2,262.02	391.73	2,653.75	2,262.02	502.56	2,764.58	2,262.02	502.56	2,764.58	0.00	1,071.73	1,071.73
24/09/2012	0.00	0.00	0.00	1,179.06	151.77	1,330.83	2,054.95	344.87	2,399.82	2,054.95	442.44	2,497.39	2,054.95	442.44	2,497.39	0.00	1,037.53	1,037.53
24/12/2012	0.00	0.00	0.00	11,848.19	138.04	11,986.22	20,649.90	313.66	20,963.56	20,649.90	402.40	21,052.30	20,649.90	402.40	21,052.30	50,000.00	1,037.53	51,037.53

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FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 22%

Payment Date	Series A1 Bonds			Series A2 Bonds			Series B Bonds			Series C Bonds			Series D Bonds			Series E Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	2,029.12	102,029.12	100,000.00	10,589.22	110,589.22	100,000.00	19,083.40	119,083.40	100,000.00	24,405.92	124,405.92	100,000.00	24,689.25	124,689.25	100,000.00	29,175.17	129,175.17
26/07/2007																		
24/09/2007	18,483.45	729.50	19,212.95	0.00	754.50	754.50	0.00	829.50	829.50	0.00	987.83	987.83	0.00	1,271.17	1,271.17	0.00	1,354.50	1,354.50
24/12/2007	47,729.96	918.80	48,648.76	0.00	1,165.05	1,165.05	0.00	1,518.94	1,518.94	0.00	1,948.66	1,948.66	0.00	1,948.66	1,948.66	0.00	2,075.05	2,075.05
24/03/2008	33,786.59	380.82	34,167.41	5,658.51	1,165.05	6,823.56	0.00	1,518.94	1,518.94	0.00	1,948.66	1,948.66	0.00	1,948.66	1,948.66	0.00	2,075.05	2,075.05
23/06/2008	0.00	0.00	0.00	14,628.51	1,099.13	15,727.64	0.00	1,518.94	1,518.94	0.00	1,948.66	1,948.66	0.00	1,948.66	1,948.66	0.00	2,075.05	2,075.05
23/09/2008	0.00	0.00	0.00	12,508.91	938.90	13,447.82	0.00	1,535.63	1,535.63	0.00	1,970.08	1,970.08	0.00	1,970.08	1,970.08	0.00	2,097.86	2,097.86
23/12/2008	0.00	0.00	0.00	10,183.57	782.96	10,966.53	620.42	1,518.94	2,139.36	620.42	1,948.66	2,569.09	620.42	1,948.66	2,569.09	620.42	2,075.05	2,695.48
23/03/2009	0.00	0.00	0.00	7,783.42	657.02	8,440.44	13,565.52	1,492.93	15,058.45	13,565.52	1,915.29	15,480.81	13,565.52	1,915.29	15,480.81	13,565.52	2,039.52	15,605.04
23/06/2009	0.00	0.00	0.00	5,350.18	579.94	5,930.12	9,324.68	1,317.79	10,642.47	9,324.68	1,690.60	11,015.29	9,324.68	1,690.60	11,015.29	9,324.68	1,800.25	11,124.94
23/09/2009	0.00	0.00	0.00	6,128.76	516.92	6,645.69	10,681.66	1,174.60	11,856.26	10,681.66	1,506.90	12,188.56	10,681.66	1,506.90	12,188.56	10,681.66	1,604.64	12,286.30
23/12/2009	0.00	0.00	0.00	4,706.25	439.90	5,146.15	8,202.40	999.58	9,201.98	8,202.40	1,282.37	9,484.77	8,202.40	1,282.37	9,484.77	8,202.40	1,365.54	9,567.94
23/03/2010	0.00	0.00	0.00	3,698.96	380.84	4,079.80	6,446.83	865.38	7,312.20	6,446.83	1,110.20	7,557.03	6,446.83	1,110.20	7,557.03	6,446.83	1,182.20	7,629.03
23/06/2010	0.00	0.00	0.00	2,897.48	345.74	3,243.22	5,049.94	785.61	5,835.55	5,049.94	1,007.86	6,057.81	5,049.94	1,007.86	6,057.81	1,158.48	1,073.23	2,231.71
23/09/2010	0.00	0.00	0.00	2,818.76	311.61	3,130.37	4,912.75	708.06	5,620.80	4,912.75	908.37	5,821.12	4,912.75	908.37	5,821.12	0.00	1,048.93	1,048.93
23/12/2010	0.00	0.00	0.00	2,346.97	275.38	2,622.35	4,090.47	625.74	4,716.21	4,090.47	802.77	4,893.24	4,090.47	802.77	4,893.24	0.00	1,037.53	1,037.53
23/03/2011	0.00	0.00	0.00	2,043.85	245.31	2,289.16	3,562.18	557.41	4,119.59	3,562.18	715.11	4,277.29	3,562.18	715.11	4,277.29	0.00	1,026.13	1,026.13
23/06/2011	0.00	0.00	0.00	1,859.59	226.69	2,086.27	3,241.02	515.10	3,756.12	3,241.02	660.83	3,901.85	3,241.02	660.83	3,901.85	0.00	1,048.93	1,048.93
23/09/2011	0.00	0.00	0.00	1,696.68	204.79	1,901.47	2,957.11	465.33	3,422.44	2,957.11	596.98	3,554.08	2,957.11	596.98	3,554.08	0.00	1,048.93	1,048.93
23/12/2011	0.00	0.00	0.00	1,645.00	182.79	1,827.79	2,867.03	415.35	3,282.38	2,867.03	532.86	3,399.89	2,867.03	532.86	3,399.89	0.00	1,037.53	1,037.53
23/03/2012	0.00	0.00	0.00	1,325.55	163.63	1,489.17	2,310.26	371.81	2,682.07	2,310.26	476.99	2,787.26	2,310.26	476.99	2,787.26	0.00	1,037.53	1,037.53
25/06/2012	0.00	0.00	0.00	12,719.06	153.07	12,872.13	22,167.72	347.82	22,515.54	22,167.72	446.22	22,613.94	22,167.72	446.22	22,613.94	50,000.00	1,071.73	51,071.73

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 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:

The Executive Committee of the Board of Directors of EUROPEA DE TITULIZACIÓN resolved on May 29, 2007 that:

- i) PYME VALENCIA 1 FONDO DE TITULIZACIÓN DE ACTIVOS be set up in accordance with the legal system for which provision is made in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and all other legal and statutory provisions in force and applicable from time to time.
- ii) Receivables owned by and recorded in the assets of BANCO DE VALENCIA derived from loans with real estate mortgage security, with security other than a real estate mortgage and/or without special security granted to finance Spanish enterprises or sole traders.
- iii) The Bonds be issued by the Fund.

Resolution to assign the Loans:

At a meeting held on May 18, 2007, The Board of Directors of BANCO DE VALENCIA resolved that the assignment of rights to loans, credits and other assets owned by BANCO DE VALENCIA be authorised and that any of the certificates provided for in the mortgage market laws be issued thereon, as the case may be, to be assigned to and/or subscribed for by the Fund.

b) Registration by the CNMV.

The establishment of the Fund and issue of the Bonds are subject to the condition precedent of this Prospectus and all other supporting documents being 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 BANCO DE VALENCIA, Originator, shall proceed to execute on July 20, 2007 a public deed whereby PYME VALENCIA 1 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANCO DE VALENCIA will assign to the Fund Non-Mortgage Loan and Mortgage Loan receivables by issuing Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds, on the terms provided in article 6 of Royal Decree 926/1998.

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

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

4.13 Issue date of the securities.

The Bond issue date shall be July 20, 2007.

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

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

Series E bonds shall be fully subscribed for by BANCO DE VALENCIA.

Tranches.

Each of the Series consists of one tranche only.

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

The Series A1, A2, B, C and D Bond subscription period (the “**Subscription Period**”) shall begin at 1pm (CET) on July 23, 2007 and end at 2pm (CET) on the same day.

4.13.3 Series A1, A2, B, C and D Bond payment method and dates.

The investors to whom Series A1, A2, B, C and D Bonds are allocated shall pay the relevant Underwriter and Placement Agent, by 1pm (CET) on July 26, 2007 (the “**Closing Date**”), for same day value, the relevant issue price for each Bond allocated for subscription.

4.14 Restrictions on the free transferability of the securities.

There are no restrictions on the free transferability of the Bonds. They may be freely transferred by any means admissible at Law and in accordance with the rules of the AIAF market where they will be admitted to trading. A transfer in the accounts (book entry) will convey the ownership of each Bond. The effects of entering 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, in accordance with the Annotated List of Regulated Markets and Additional Provisions under the Investment Services Directive 93/22, published in the Official Journal of the European Communities on May 12, 2005. The Management Company undertakes that definitive admission to trading will be achieved not later than one month after the Closing Date.

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

In the event that, by the end of the one-month period referred to in the first paragraph of this section, the Bonds should not be 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.

5.2 Paying agents and depository agents.

5.2.1 Paying Agent of the Bond Issue.

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

The Management Company shall, for and on behalf of the Fund, enter with BANCAJA into a paying agent agreement to service the 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 for setting up the Fund and issue and admission to trading of the Bond Issue are EUR one million one hundred and ninety-eight thousand (1,198,000.00). These expenses include, inter alia, the initial Management Company fee, notary's, rating and legal advice fees, CNMV fees, AIAF and Iberclear fees for including the Bonds in the register of book entries, underwriting and placement fees, 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.

CLIFFORD CHANCE, an independent law firm, has provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.

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

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

Not applicable.

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

Deloitte have audited the selected loans on the terms set forth in section 2.2 of the Building Block and have audited the Management Company's and BANCO DE VALENCIA's annual accounts for the years ended December 31, 2006, 2005 and 2004.

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 BANCO DE VALENCIA, as Originator, as to the truthfulness of the characteristics of BANCO DE VALENCIA as Originator of the Loans, given in section 2.2.8 of the Building Block, and of the remaining information on BANCO DE VALENCIA and the Loans given in this Prospectus.

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

The Management Company confirms that the information from BANCO DE VALENCIA on the Loans 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 BANCO DE VALENCIA, 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.

On July 17, 2007, Fitch and Moody's assigned the following provisional ratings to each Bond Series, and expect to assign the same final ratings by the start of the Bond Subscription Period.

Bond Series	Fitch Ratings	Moody's Ratings
Series A1	AAA	Aaa
Series A2	AAA	Aaa
Series B	A	A3
Series C	BBB	Baa3
Series D	BB	Ba3
Series E	CC	C

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

Rating considerations.

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

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

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

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

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

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

The Rating Agencies may revise, suspend or withdraw the final ratings assigned at any time, based on any information that may come to their notice. Those events, which shall not constitute early liquidation events of the Fund, shall forthwith be notified to both the CNMV and 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 Loan receivables which BANCO DE VALENCIA shall assign to the Fund upon being established and their outstanding principal shall be equal to or slightly above EUR eight hundred and fifty million (850,000,000.00), the face value amount of Series A1, A2, B, C and D Bonds.

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

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

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

Upon the occurrence of a (i) substantial alteration or permanent 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, upon being established, shall exclusively consist of receivables owned by BANCO DE VALENCIA derived from bilateral loans granted by BANCO DE VALENCIA to non-financial small and medium-sized enterprises (legal persons) (SMEs, as defined internally by BANCO DE VALENCIA -annual turnover not in excess of EUR fifty million (50,000,000.00)-) domiciled in Spain.

The portfolio of selected loans from which the Loans will be taken, in order for part of their rights to be assigned to the Fund upon being established or in respect of which the Pass-Through Certificates shall be issued, comprises 3,786 loans, their outstanding principal as of June 19, 2007 being EUR 912,124,622.32 and their overdue principal being EUR 683,779.31.

Audit of the assets securitised through the Fund.

The most significant characteristics of the selected loans have been audited by Deloitte.

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 and mortgage arrangement, nature of the loan and the borrower, title, identification of the borrower, loan transfer, SME accreditation, initial loan date, loan maturity date, initial loan amount, current loan balance, reference rate or benchmark index, interest rate spread, interest rate applied, arrears in payment, insolvency status, and additionally for loans with real estate mortgage security, mortgage security, address of the mortgaged property or mortgaged properties, appraisal value and damage insurance. Selected loans in respect of which errors are detected in verifying the sample shall not be assigned to the Fund by BANCO DE VALENCIA.

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

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

The securitised assets are governed by Spanish Law.

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

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

The following table gives the concentration of the ten obligors weighing most in the portfolio of selected loans as of June 19, 2007.

Loan portfolio as of 19.06.2007				
Classification by Obligor				
	Loans		Outstanding principal	
		%	(EUR)	%
Obligor 1	1	0.03	11,564,065.01	1.27
Obligor 2	1	0.03	11,500,000.00	1.26
Obligor 3	4	0.11	11,039,645.72	1.21
Obligor 4	6	0.16	10,238,000.00	1.12
Obligor 5	1	0.03	10,000,000.00	1.10
Obligor 6	1	0.03	10,000,000.00	1.10
Obligor 7	3	0.08	8,750,000.00	0.96
Obligor 8	1	0.03	8,278,415.26	0.91
Obligor 9	1	0.03	8,000,000.00	0.88
Obligor 10	1	0.03	7,200,000.00	0.79
Rest: 3,162 Obligors	3,766	99.47	815,554,496.33	89.41
Total Obligors: 3,172	3,786	100.00	912,124,622.32	100.00

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

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

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

Loan portfolio as of 19.06.2007					
Classification by economic activity sectors					
CNAE		Loans		Outstanding principal	
			%	(EUR)	%
CA	Extracting energy products	78	2.06	22,763,584.09	2.50
CB	Extracting other minerals except energy products.	86	2.27	25,553,179.35	2.80
DA	Food products, drinks and tobacco industry.	80	2.11	11,345,410.98	1.24
DB	Textile and textile manufacture industry.	74	1.95	10,979,713.92	1.20
DC	Leather and footwear industry.	23	0.61	2,503,201.79	0.27
DD	Wood and cork industry.	82	2.17	7,764,939.66	0.85
DE	Paper industry; publishing, graphic arts and reproduction of recorded media.	59	1.56	12,710,958.69	1.39
DF	Oil refinery and nuclear fuel processing.	1	0.03	107,197.04	0.01
DG	Chemical industry.	54	1.43	9,670,886.46	1.06
DH	Manufacture of rubber products and plastic materials industry.	37	0.98	4,010,265.12	0.44
DI	Other non-metallic mineral products industries.	102	2.69	26,846,527.64	2.94
DJ	Metallurgy and manufacture of metallic products.	100	2.64	12,877,345.96	1.41
DK	Building of machinery and mechanical equipment industry.	46	1.22	6,583,047.99	0.72
DL	Electrical, electronic and optical material and equipment industry.	28	0.74	1,155,258.32	0.13
DM	Manufacture of transport material.	8	0.21	260,963.21	0.03
DN	Other manufacturing industries.	90	2.38	9,496,985.83	1.04
EE	Production and distribution of electric power, gas and water.	13	0.34	2,048,439.56	0.22
FF	Building.	787	20.79	223,510,297.74	24.50
GG	Retail trade; repair of motor vehicles, motorcycles and mopeds and personal and household items.	621	16.40	74,537,800.13	8.17
HH	Catering trade.	140	3.70	25,972,833.42	2.85
II	Transport, storage and communications.	201	5.31	23,534,303.35	2.58
JJ	Financial intermediation.	16	0.42	3,179,404.60	0.35
KK	Real estate and rental activities; business services.	894	23.61	362,513,270.75	39.74
LL	Government, defence and social security.	2	0.05	90,052.15	0.01
MM	Education.	12	0.32	1,481,407.34	0.16
NN	Health and veterinary activities, social services.	59	1.56	11,920,542.54	1.31
OO	Other social activities and services provided to the community; personal services.	93	2.46	18,706,804.69	2.05
Total		3,786	100.00	912,124,622.32	100.00

c) Information regarding selected loan collaterals.

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

Loan portfolio as of 19.06.2007 Classification by type of security				
	Loans		Outstanding Principal	
		%	(EUR)	%
Loans with real estate mortgage security *	1,513	39.96	665,804,734.23	72.99
Loans with other security interests **	51	1.35	3,501,949.22	0.38
Personal loans **	2,222	58.69	242,817,938.87	26.62
Total	3,786	100.00	912,124,622.32	100.00

* May in addition include third-party personal guarantees and/or security interests, as the case may be,

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

d) Information regarding selected loan origination date.

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

Loan portfolio as of 19.06.2007 Classification by loan origination date				
Date interval	Loans		Outstanding principal	
		%	(EUR)	%
01/01/2003 to 30/06/2003	274	7.24	41,470,925.91	4.55
01/07/2003 to 31/12/2003	224	5.92	35,439,529.86	3.89
01/01/2004 to 30/06/2004	392	10.35	47,597,244.78	5.22
01/07/2004 to 31/12/2004	415	10.96	95,061,911.26	10.42
01/01/2005 to 30/06/2005	487	12.86	88,950,158.44	9.75
01/07/2005 to 31/12/2005	513	13.55	166,330,662.46	18.24
01/01/2006 to 30/06/2006	693	18.30	179,004,328.09	19.62
01/07/2006 to 31/12/2006	788	20.81	258,269,861.52	28.32
Total	3,786	100.00	912,124,622.32	100.00
	20.78	Months	Weighted average age	
	53.49	Months	Maximum age	
	5.65	Months	Minimum age	

e) Information regarding selected loan principal.

The following table gives the distribution of the outstanding loan principal as at June 19, 2007 in EUR 250,000 intervals, and the average, minimum and maximum amount. No details are given of intervals with no contents.

Loan portfolio as of 19.06.2007 Classification by outstanding principal				
Principal interval (EUR)	Loans		Outstanding principal	
	No.	%	(EUR)	%
0.00 - 249,999.99	3,097	81.80	186,037,710.38	20.40
250,000.00 - 499,999.99	306	8.08	106,481,966.95	11.67
500,000.00 - 749,999.99	118	3.12	72,478,822.46	7.95
750,000.00 - 999,999.99	58	1.53	49,353,806.49	5.41
1,000,000.00 - 1,249,999.99	46	1.22	50,823,544.50	5.57
1,250,000.00 - 1,499,999.99	41	1.08	56,597,468.32	6.21
1,500,000.00 - 1,749,999.99	19	0.50	30,798,178.67	3.38
1,750,000.00 - 1,999,999.99	16	0.42	29,963,165.73	3.28

Loan portfolio as of 19.06.2007				
Classification by outstanding principal				
Principal interval (EUR)	Loans		Outstanding principal	
	No.	%	(EUR)	%
2,000,000.00 - 2,249,999.99	14	0.37	29,157,272.94	3.20
2,250,000.00 - 2,499,999.99	7	0.18	16,453,373.42	1.80
2,500,000.00 - 2,749,999.99	10	0.26	25,963,236.70	2.85
2,750,000.00 - 2,999,999.99	9	0.24	25,553,219.39	2.80
3,000,000.00 - 3,249,999.99	7	0.18	21,231,879.07	2.33
3,250,000.00 - 3,499,999.99	2	0.05	6,612,468.36	0.72
3,500,000.00 - 3,749,999.99	2	0.05	7,035,350.00	0.77
3,750,000.00 - 3,999,999.99	8	0.21	31,362,792.28	3.44
4,000,000.00 - 4,249,999.99	5	0.13	20,392,780.14	2.24
4,250,000.00 - 4,499,999.99	2	0.05	8,550,000.00	0.94
5,000,000.00 - 5,249,999.99	4	0.11	20,200,000.00	2.21
5,250,000.00 - 5,499,999.99	3	0.08	16,163,441.20	1.77
6,000,000.00 - 6,249,999.99	3	0.08	18,145,390.00	1.99
6,500,000.00 - 6,749,999.99	1	0.03	6,726,275.05	0.74
7,000,000.00 - 7,249,999.99	1	0.03	7,200,000.00	0.79
8,000,000.00 - 8,249,999.99	1	0.03	8,000,000.00	0.88
8,250,000.00 - 8,499,999.99	1	0.03	8,278,415.26	0.91
9,500,000.00 - 9,749,999.99	1	0.03	9,500,000.00	1.04
10,000,000.00 - 10,249,999.99	2	0.05	20,000,000.00	2.19
11,500,000.00 - 11,749,999.99	2	0.05	23,064,065.01	2.53
Total	3,786	100.00	912,124,622.32	100.00
Average principal:			240,920.40	
Minimum principal:			292.74	
Maximum principal:			11,564,065.01	

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

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

Loan portfolio as of 19.06.2007				
Classification by Interest rate benchmark index				
Benchmark Index	Loans		Outstanding principal	
		%	(EUR)	%
Fixed interest rate	1,114	29.42	40,292,605.01	4.42
Floating interest rate	2,672	70.58	871,832,017.31	95.58
6-MONTH EURIBOR/MIBOR	140	3.70	35,908,242.76	3.94
1-YEAR EURIBOR/MIBOR *	2,532	66.88	835,923,774.55	91.65
Total	3,786	100.00	912,124,622.32	100.00

* The EURIBOR and MIBOR indices have been grouped because their respective values are similar and they are financially comparable for the purpose of the financial transaction structure.

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

The following table gives the distribution of the selected loans by 0.50% nominal interest rate intervals applicable as at June 19, 2007, and their average, minimum and maximum values.

Loan portfolio as of 19.06.2007					
Classification by applicable nominal interest rate					
Interest Rate % Interval	Loans		Outstanding principal		% Interest Rate*
	No.	%	(EUR)	%	
2.50 - 2.99	3	0.08	455,772.62	0.05	2.87
3.00 - 3.49	22	0.58	1,119,246.47	0.12	3.27
3.50 - 3.99	68	1.80	12,088,316.62	1.33	3.81
4.00 - 4.49	487	12.86	203,464,342.92	22.31	4.31
4.50 - 4.99	1,069	28.24	388,856,267.11	42.63	4.75
5.00 - 5.49	878	23.19	232,966,907.08	25.54	5.19
5.50 - 5.99	532	14.05	57,509,509.73	6.31	5.63
6.00 - 6.49	296	7.82	8,960,855.67	0.98	6.15
6.50 - 6.99	249	6.58	4,221,658.44	0.46	6.63
7.00 - 7.49	102	2.69	1,594,438.98	0.17	7.08
7.50 - 7.99	58	1.53	651,178.07	0.07	7.57
8.00 - 8.49	15	0.40	138,790.39	0.02	8.07
8.50 - 8.99	4	0.11	59,587.24	0.01	8.54
9.00 - 9.49	1	0.03	20,591.47	0.00	9.00
9.50 - 9.99	2	0.05	17,159.51	0.00	9.72
Total	3,786	100.00	912,124,622.32	100.00	
Weighted average:					4.83 %
Simple average:					5.23 %
Minimum:					2.84 %
Maximum:					9.75 %

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

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

Part of the selected floating-rate loans have had a minimum nominal interest rate floor set for applicable nominal interest rate variability. The minimum nominal interest rates applicable to the selected loans as at June 19, 2007 range between 1.00% and 3.00%.

The following table gives the distribution of loans by 1.00% minimum nominal interest rate intervals applicable for determining the nominal interest rate of the loans. No details are given of intervals with no contents.

Loan portfolio as of 19.06.2007					
Classification by applicable minimum nominal interest rates					
Minimum % Interest Rate Interval	Loans		Outstanding principal		Minimum % Int. Rate*
	No.	%	EUR	%	
1.00 - 1.99	25	0.66	4,489,832.87	0.49	1.00
2.00 - 2.99	293	7.74	98,477,015.64	10.80	2.00
3.00 - 3.99	2	0.05	2,292,893.82	0.25	3.00
No minimum applicable NIR	3,466	91.55	806,864,879.99	88.46	-
Total	3,786	100.00	912,124,622.32	100.00	

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

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

Part of the selected floating-rate loans have had a maximum nominal interest rate ceiling set for applicable nominal interest rate variability. The maximum nominal interest rates applicable to the selected loans as at June 19, 2007 range between 15.00% and 29.00%.

The following table gives the distribution of loans by 1.00% maximum nominal interest rate intervals applicable for determining the nominal interest rate of the loans. No details are given of intervals with no contents.

Loan portfolio as of 19.06.2007					
Classification by applicable maximum nominal interest rates					
Maximum % Interest Rate Interval	Loans		Outstanding principal (EUR)		Maximum % Int. Rate*
		%		%	
15.00 - 15.99	308	8.14	102,531,075.65	11.24	15.00
16.00 - 16.99	1	0.03	657,195.69	0.07	16.00
17.00 - 17.99	1	0.03	17,216.04	0.00	17.00
20.00 - 20.99	2	0.05	796,340.57	0.09	20.00
25.00 - 25.99	4	0.11	538,445.47	0.06	25.00
29.00 - 29.99	1	0.03	76,783.35	0.01	29.00
No maximum applicable NIR	3,469	91.63	807,507,565.55	88.53	-
Total	3,786	100.00	912,124,622.32	100.00	

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

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

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

Loan portfolio as of 19.06.2007						
Classification by final repayment date						
Final Repayment Year	Loans		Outstanding principal (EUR)		Residual Life w.a. *	
		%		%	Months	Date
2007	219	5.78	39,071,250.28	4.28	4.85	14/11/2007
2008	726	19.18	148,745,816.30	16.31	12.48	3/07/2008
2009	644	17.01	105,611,395.40	11.58	24.74	11/07/2009
2010	390	10.30	40,232,430.92	4.41	36.82	14/07/2010
2011	420	11.09	55,113,053.93	6.04	49.28	28/07/2011
2012	51	1.35	23,249,611.15	2.55	58.93	17/05/2012
2013	127	3.35	34,924,397.80	3.83	71.79	12/06/2013
2014	62	1.64	37,467,811.11	4.11	85.30	28/07/2014
2015	103	2.72	40,447,020.31	4.43	95.82	13/06/2015
2016	102	2.69	41,603,815.97	4.56	109.79	12/08/2016
2017	53	1.40	31,851,665.94	3.49	120.03	19/06/2017
2018	111	2.93	50,832,910.47	5.57	131.33	29/05/2018
2019	94	2.48	24,430,295.57	2.68	145.44	2/08/2019
2020	121	3.20	58,355,657.21	6.40	156.67	9/07/2020
2021	166	4.38	51,603,274.72	5.66	167.33	29/05/2021
2022	23	0.61	15,476,699.46	1.70	179.01	20/05/2022
2023	52	1.37	13,906,937.91	1.52	190.99	19/05/2023
2024	43	1.14	9,692,873.04	1.06	204.39	30/06/2024
2025	62	1.64	25,179,520.74	2.76	218.09	21/08/2025
2026	70	1.85	26,662,797.38	2.92	225.86	15/04/2026
2027	9	0.24	6,190,932.71	0.68	234.65	7/01/2027
2028	6	0.16	749,377.42	0.08	251.12	23/05/2028
2029	16	0.42	3,022,577.86	0.33	264.83	14/07/2029
2030	23	0.61	4,879,569.56	0.53	276.27	27/06/2030

Loan portfolio as of 19.06.2007						
Classification by final repayment date						
Final Repayment Year	Loans		Outstanding principal		Residual Life w.a. *	
		%	(EUR)	%	Months	Date
2031	50	1.32	10,315,231.22	1.13	289.13	23/07/2031
2032	8	0.21	3,009,962.81	0.33	297.02	19/03/2032
2035	11	0.29	2,676,563.21	0.29	334.19	25/04/2035
2036	23	0.61	6,585,371.92	0.72	348.88	15/07/2036
2037	1	0.03	235,800.00	0.03	354.60	5/01/2037
Total	3,786	100.00	912,124,622.32	100.00		
	Weighted average:				94.36	30/04/2015
	Simple average:				72.67	9/07/2013
	Minimum:				0.26	27/06/2007
	Maximum:				354.60	5/01/2037

* Residual life to final maturity date (months and date) stands for averages weighted by the outstanding principal of loans with final maturity in the relevant year.

k) Information regarding geographical distribution by Autonomous Communities.

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

Loan portfolio as of 19.06.2007				
Classification by Autonomous Communities				
	Loans		Outstanding principal	
		%	(EUR)	%
Andalusia	163	4.31	37,657,196.31	4.13
Aragón	76	2.01	21,936,897.21	2.41
Asturies	1	0.03	119,206.74	0.01
Balearic Isles	27	0.71	16,482,831.91	1.81
Canary Islands	1	0.03	31,905.36	0.00
Castile La Mancha	18	0.48	5,942,044.96	0.65
Castile-León	2	0.05	74,675.48	0.01
Catalonia	121	3.20	51,443,761.86	5.64
Valencian Community	2,562	67.67	568,552,506.85	62.33
La Rioja	11	0.29	3,623,268.02	0.40
Madrid	195	5.15	64,297,431.75	7.05
Murcia	593	15.66	140,251,800.66	15.38
Navarre	12	0.32	1,283,665.66	0.14
Basque Country	4	0.11	427,429.55	0.05
Total	3,786	100.00	912,124,622.32	100.00

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

The following table gives the number of loans, the outstanding principal and the overdue principal on selected loans in regard to which there was any delay in payment of instalments due as at June 19, 2007.

Arrears in payment of instalments due as of 19.06.2007				
Day Interval	Loans	Outstanding principal	Overdue principal	
				% o/ total outstanding principal
In good standing	3,598	890,231,130.710		
1 to 15 days	121	15,442,112.260	504,047.140	0.055
16 to 30 days	44	3,402,057.430	110,994.640	0.012
31 to 60 days	23	3,049,321.920	68,737.530	0.008
Total	3,786	912,124,622.32	683,779.31	0.075

As described in section 2.2.8 (2) of the Building Block, none of the Loans that will finally be assigned to the Fund upon being established shall have payments that are more than one (1) month overdue on their assignment date.

m) Loan to value ratio or level of collateralisation.

The selected loans with real estate mortgage security as of June 19, 2007 are 1,513 and their outstanding principal amounts to EUR 665,804,734.23, and the collaterals are all registered as senior collaterals or, as the case may be, junior collaterals as a result of debts originated by previous mortgages for which BANCO DE VALENCIA has documents proving economic repayment but are yet to be struck off the register.

The ratio, expressed as a percentage, of the initial outstanding principal as of June 19, 2007 to the appraisal value of the selected mortgage loan mortgaged properties was comprised between 0.02% and 189.19%, and the average ratio weighted by the outstanding principal of each mortgage loan is 63.72%.

The following table gives the distribution of the mortgage loans by 10.00% intervals of that ratio.

Mortgage loan portfolio as of 19.06.2007					
Classification by loan to value ratio					
Ratio Intervals	Loans		Outstanding principal (EUR)		(%) Loan to Value*
		%		%	
0.01 - 10.00	27	1.78	6,481,919.70	0.97	5.09
10.01 - 20.00	47	3.11	17,015,968.69	2.56	15.54
20.01 - 30.00	75	4.96	23,334,396.89	3.50	24.81
30.01 - 40.00	135	8.92	38,542,395.96	5.79	35.76
40.01 - 50.00	207	13.68	66,641,058.59	10.01	46.04
50.01 - 60.00	316	20.89	138,178,367.90	20.75	55.57
60.01 - 70.00	371	24.52	167,339,303.26	25.13	65.61
70.01 - 80.00	248	16.39	115,183,475.40	17.30	74.51
80.01 - 90.00	35	2.31	24,314,883.57	3.65	86.08
90.01 - 100.00	27	1.78	25,733,249.62	3.86	96.07
100.01 - 110.00	11	0.73	20,190,155.07	3.03	106.62
110.01 - 120.00	8	0.53	8,036,096.37	1.21	113.63
120.01 - 130.00	1	0.07	104,610.15	0.02	121.06
130.01 - 140.00	2	0.13	9,682,257.30	1.45	131.63
150.01 - 160.00	1	0.07	113,339.95	0.02	158.29
180.01 - 190.00	2	0.13	4,913,255.81	0.74	188.74
Total	1,513	100.00	665,804,734.23	100.00	
Weighted Average:					63.72 %
Simple Average:					56.70 %
Minimum:					0.02 %
Maximum:					189.19 %

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

There is no overcollateralisation in the Fund since the outstanding Loan principal that BANCO DE VALENCIA shall assign to the Fund upon being set up shall be equal to or slightly above EUR eight hundred and fifty million (850,000,000.00), the face value amount of Series A1, A2, B, C and D Bonds.

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

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

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

The Mortgage Loans were originated in a public deed subject to the Mortgage Act, February 8, 1946, Mortgage Market Regulation Act 2/1981, March 25, and ancillary laws.

The Mortgage Loan receivables shall be assigned to the Fund upon BANCO DE VALENCIA issuing and the Fund subscribing for Pass-Through Certificates subject to the provisions of Act 2/1981 and additional provision five of Act 3/1994 as worded by article 18 of Act 44/2002, on the terms provided for in section 3.3 of this Building Block.

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

The Non-Mortgage Loan receivables shall be directly assigned to the Fund upon being sold by BANCO DE VALENCIA 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.

Final maturity date of the selected loans lies between June 27, 2007 and January 5, 2037.

2.2.5 Amount of the assets.

The Fund shall be set up with the Pass-Through Certificates and the Non-Mortgage Loan rights and their outstanding principal shall be equal to or slightly above EUR eight hundred and fifty million (850,000,000.00), the face value amount of Series A1, A2, B, C and D Bonds.

The portfolio of selected loans from which the Loans will be taken, as at the date on which the Fund is established, comprises 3,786 loans, their outstanding principal as of June 19, 2007 being EUR 912,124,622.32 and their overdue principal being EUR 683,779.31.

BANCO DE VALENCIA shall choose from the selected loans (i) loans that are in good standing or with no payments that are more than one (1) month overdue and (ii) with an aggregate outstanding principal amount for each obligor from lowest to highest up to an outstanding principal equal to or slightly above EUR eight hundred and fifty million (850,000,000.00).

2.2.6 Loan to value ratio or level of collateralisation.

The loan to value ratio or level of collateralisation ratio is given in section 2.2.2 m) of this Building Block.

2.2.7 Method of creation of the assets.

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

All enterprise risk transactions must be dealt with by Risks Management (Electronic File), which passes them to the relevant approval body empowered or authorised to do so. The client file is completed with photocopies of accounting documents, property checks, alerts panel search, Experian, appraisals, etc. Proposals that are still manually supported are submitted to the body duly authorised to decide.

Risks are analysed and decided by the following committees:

NAME	MEMBERS	FREQUENCY	POWERS
EXECUTIVE COMMITTEE	Directors members of the Executive Committee.	Fortnightly	Client/group risks amounts >€5,000,000 are reported. Also risks with Directors, and firms associated with them regardless of amount.
RISKS COMMITTEE GENERAL MANAGER'S OFFICE	Managing Director Business Deputy General Manager Marketing Deputy General Manager Risks Deputy General Manager	Weekly	Individual risk or risk group >€5,000,000 Risks with Directors or firms associated with them regardless of amount.
INVESTMENTS COMMITTEE	Risks Deputy General Manager Analysts	Three times weekly	Individual risk or Risk group up to €5,000,000 and from €700,000
RISKS COMMITTEE	Risks Officer and Analysts	Daily	Individual risk or Risk group up to €700,000.
MORTGAGE UNIT RISKS COMMITTEE (MU)	General Manager, Business Area Deputy General Manager Deputy Manager, Business General Manager's Office Mortgage Unit Risks Supervisor	Twice weekly	Individual risk or Risk group up to €5,000,000 and from €3,000,000 Residential property developers and purchase of land.
MORTGAGE UNIT COMMITTEE	Deputy Manager, Business General Manager's Office Mortgage Unit Commercial Manager Mortgage Unit Technical Manager Mortgage Unit Risks Supervisor	Twice weekly	Individual risk or Risk group up to €3,000,000 Residential property developers and purchase of land.
GENERAL MANAGER'S OFFICE RISKS COMMITTEE, MURCIA-ALMERÍA T.U.	M.A. T.U. General Manager M.A. T.U. Marketing Manager Risks Supervisor Analysts	Weekly	Individual risk or Risk group up to €1,800,000
INVESTMENTS COMMITTEE MURCIA ALMERÍA T.U.	M.A. T.U. Risks Supervisor Analysts	Daily	Individual risk or Risk group up to €450,000
AREA RISKS COMMITTEE	Area Manager Area Attorney	At least twice weekly	Depending on types. Up to €722,000.
BRANCH RISKS COMMITTEE	Director, Attorney, Controller. Additionally, Account Manager, Client Manager	At least twice weekly	Up to €153,000 depending on types.

Risk transactions are submitted to be analysed and decided by the relevant body, based on the different scaling of amounts for which each body is empowered.

Risk proposal decisions may be supported in two ways:

- **MANUALLY SUPPORTED:** Finance lease transactions, official body agreement loans, mortgage loan extensions, guarantees and import/export documentary credits, import/export financing, payables discounting
- **ELECTRONIC FILE:** business ratings, financing advance payment of invoices, credit policies, personal loans, consumer loans, mortgage loans and cards.

Where the client is an individual, the following tools are used:

- PCP (Private Client Positioning) - Each client is assigned maximum instalment and limits to be taken on in risk transactions. A transaction may first be PCP-assessed and if not accepted, it may be scored. PCP reports may be: accepted, doubtful or not accepted.
- SCORING - A tool automatically scoring transactions. The analysis is threefold:
 1. **Payment Intention:** (demographic, social, economic variables)
 2. **Payment Capacity:** Compares the transaction instalment to the savings of the parties involved, considering income and expenditure
 3. **Credit Policies:** the parties involved and the transaction are set against Banco de Valencia's credit policies.

The RATING tool is used in the case of legal persons.

Analysis and clearance is MANUALLY SUPPORTED or by means of an ELECTRONIC FILE, as noted before. The electronic file includes the rating information assigned to the enterprises involved, and the powers to report on the decision are discriminated according to enterprise credit quality. The ratings do not affect price-approval powers, but they do affect powers involving amount or risk (in force from 1st January 2007).

For ratings of 6 or above, the amounts for which Branches and Areas are empowered rise by 50%. For ratings of 2 or below, the powers of branches are eliminated and approval shall be given by Area.

As for the documentation and information sources for risk applications to be processed, a distinction has to be made between individuals and legal persons.

In the case of individuals, the documentation and information sources are basically the following: search for borrowings and cash position at the bank, client activity report, use of the transaction, personal income tax, signed statement of assets, branch rating of each of the assets declared, salary payments, employment contract, CIRBE and Experian searches, Alerts Panel search, land registry property checks, appraisal of the asset to be mortgaged and such information as shall be deemed useful in order for the transaction to be better assessed.

In the case of legal persons, the following is the documentation and information required: borrowings and cash position, consolidated in the case of a business group, client activity report, Corporation Tax, audited annual accounts, corporate report, shareholders, statement of tangible fixed assets, CIRBE, Experian and Informa searches, land registry property checks, appraisal of real estate, sale and purchase agreements of real estate to be financed, information on guarantors, etc.

Strategy for preparing the rating systems in line with Basle II.

Creating statistical credit rating models for enterprises is part of the BIS II Project, this being one of the tasks to be done by BANCO DE VALENCIA in order to successfully adapt to the IRB approach of the New Basel Capital Accord.

The BIS II Implementation Management Plan at BANCO DE VALENCIA lays down the task of implementing the Rating models in the systems. Provision is made for 3 models:

- Enterprise Rating (turnover up to €100 million)
- Wholesaler Rating (turnover in excess of €100 million)
- Developer Rating

BIS II PORTFOLIOS		RATING MODELS	
SMEs & Enterprises	ENTERPRISE Rating	Micro Enterprises (sales < €0.5 million)	
		Small Enterprises (sales between €0.5 and €2 million)	
		Medium-Sized and Large Enterprises (sales between €2 & €100 million)	
	WHOLESALE Rating	Very Large Industrial Enterprises (sales > €100 million)	

Enterprise Rating provides for three distinct typologies or segments: Micro Enterprises, Small Enterprises and Medium-Sized and Large Enterprises. The model scores all variables analysed. All points are added to score the default probability. That default probability is converted to a single scale with values ranging between 1 (worst rating) and 10 (highest rating), so that it may be compared to the scores of other enterprises and different models.

The Enterprise Rating model is an internal model built with historical information on the performance of the enterprises of BANCO DE VALENCIA in relation to delinquency.

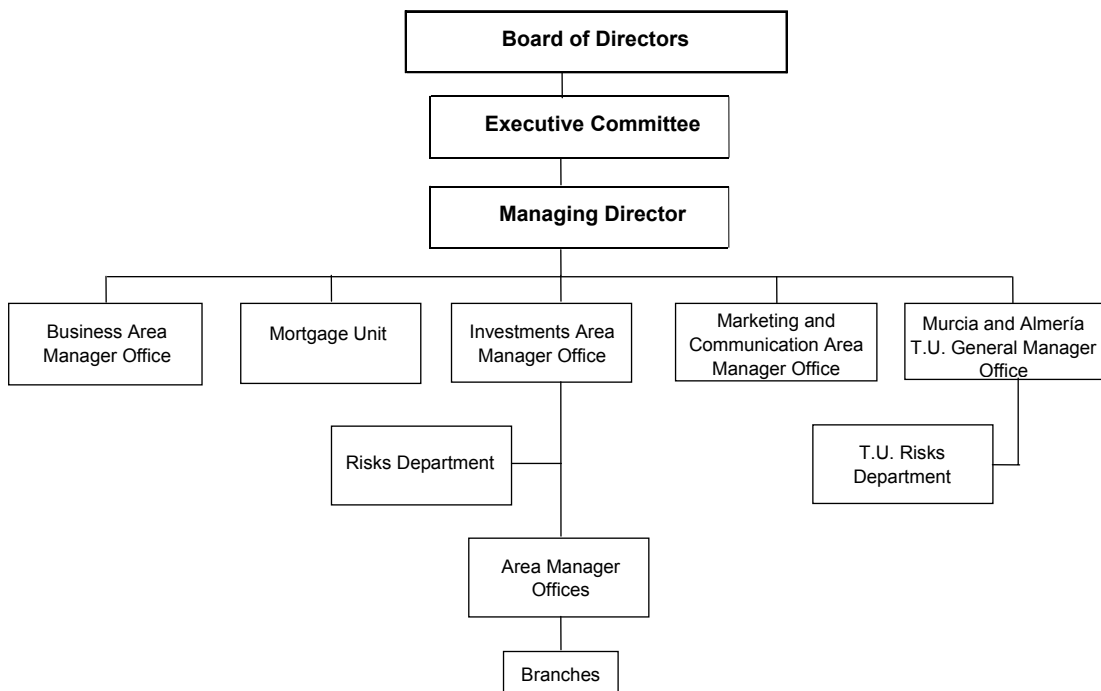
It rates Enterprises turning over up to €100 million. Real Estate Developers and financial and public sector enterprises are excluded.

There are three distinct SEGMENTS based on turnover:

Micro enterprises:	€0 a €500.000
Small enterprises:	€500,000 to €2,000,000
Medium-Sized & Large Enterprises:	€2,000,000 to €100,000,000

The model is made up of three analysis modules: Financial (client's financial position), Qualitative (report prepared by the management, market position, market of operation) and Operating (internal information on past performance with BANCO DE VALENCIA).

Risk empowerment diagram.



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

Representations of the Originator.

BANCO DE VALENCIA shall, as holder of the Loan rights as at the date on which the Fund is established and as issuer of the Pass-Through Certificates, represent as follows to the Fund, the Management Company and the other Underwriters and Placement Agents in the Deed of Constitution.

1. In relation to BANCO DE VALENCIA.

- (1) That it is a credit institution duly incorporated in accordance with the laws in force for the time being, entered in the Companies Register and the Bank of Spain's Register of Credit Institutions, and is authorised to grant loans to SMEs and operate in the mortgage market.
- (2) That neither at today's date nor at any time since it was incorporated has it been decreed to be insolvent, bankrupt or in suspension of payments, nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.
- (3) That it has obtained all necessary authorisations, including those required of its corporate bodies and, as the case may be, third parties who may be affected by the assignment of the Loans, to assign the Loan receivables to the Fund and issue the Pass-Through Certificates, to validly execute the Fund Deed of Constitution, the agreements relating to the establishment of the Fund and to fulfil the undertakings made.
- (4) That it has audited annual accounts for the last three years ended as of December 31, 2006, 2005 and 2004 which have been filed with the CNMV and with the Companies Register. The audit reports on the annual accounts for those years have no provisos.

2. In relation to the Loans.

- (1) That the Loans have all been duly originated in a public document, being either a public deed or a loan agreement, and that BANCO DE VALENCIA keeps a first copy of the public deed or the valid loan agreement at the Management Company's disposal, as the case may be.
- (2) That in order to be assigned to the Fund upon being established, BANCO DE VALENCIA shall choose from the selected loans (i) loans that are in good standing or with no payments that are more than one (1) month overdue and (ii) with an aggregate outstanding principal amount for each obligor from lowest to highest up to an outstanding principal equal to or slightly above EUR eight hundred and fifty million (850,000,000.00).
- (3) That the Loans all exist and are valid and enforceable in accordance with the applicable laws.
- (4) That it holds legal and beneficial title to all the Loans, clear of any liens and claims, and there is no obstacle whatsoever for the Loans to be assigned. In this sense, the respective agreements, public deed or public document supporting the Loans contain no clauses preventing their assignment or requiring any authorisation or notice for such assignment to be made.
- (5) That the Loans are all denominated in euros and payable exclusively in euros.
- (6) That the Loan Obligors all are non-financial small and medium-sized enterprises (legal persons) (SMEs, as defined internally by BANCO DE VALENCIA -annual turnover not in excess of EUR fifty million (50,000,000.00)-) domiciled in Spain.
- (7) That it has strictly adhered to the policies for granting credit in force from time to time in granting all the Loans and in accepting, as the case may be, the subrogation of subsequent borrowers to the initial borrower's position, and in this connection the policies for granting credits and loans to enterprises currently in force are given in section 2.2.7 of the Building Block to the Prospectus.
- (8) That it is not aware of the existence of any lawsuits whatsoever in relation to the Loans that might be detrimental to their validity and enforceability.

- (9) That the Loans are clearly identified in the information system of BANCO DE VALENCIA as from being granted or subrogated to BANCO DE VALENCIA and are serviced, analysed and monitored by BANCO DE VALENCIA in accordance with the usual set procedures.
- (10) That upon the Fund being established, it has not come to BANCO DE VALENCIA's notice that any of the Loan Obligors has been decreed to be insolvent, bankrupt or in suspension of payments.
- (11) That upon the Fund being established, the sum of the Outstanding Balance of the Loans of a same Obligor is not in excess of 1.37% of the Outstanding Balance of the Loans.
- (12) That the Loan security arrangements, if any, are valid and enforceable in accordance with the applicable laws, and BANCO DE VALENCIA is not aware of the existence of any circumstance which might prevent the security arrangements from being enforced.
- (13) That upon the Fund being established, it is not aware of having received any notice whatsoever of total prepayment of the Loans.
- (14) That none of the Loans has a final maturity date extending beyond January 5, 2037.
- (15) That it is not aware that the Obligors may howsoever object to paying any amount relating to the Loans.
- (16) That upon the Fund being established, at least one instalment has matured on each Loan and is not overdue.
- (17) That nobody has a pre-emptive right over the Fund, as holder of the Loan receivables.
- (18) That both the granting of the Loan receivables and their assignment to the Fund and all aspects related thereto are ordinary actions in the course of business of BANCO DE VALENCIA and are at arm's length.
- (19) That after being granted or subrogated to BANCO DE VALENCIA the Loans have been serviced and are still being serviced by BANCO DE VALENCIA in accordance with its set customary procedures.
- (20) That the data and information relating to the loans selected to be assigned to the Fund given in section 2.2.2 of the Building Block to the Prospectus, fairly present their status on the relevant date and are accurate.
- (21) That the capital or principal of all the Loans has been fully drawn down by the Obligor.
- (22) That based on its internal records, none of the Loans are in the nature of financing granted to real estate developers for building or renovating homes and/or business or industrial properties designed to be sold, or finance lease transactions.
- (23) That the Loans all stand as a valid and binding payment obligation for the relevant Obligor and are enforceable on their own terms.
- (24) That the Loan payment obligations are all satisfied by directly debiting an account opened at BANCO DE VALENCIA.
- (25) That none of the Loans have clauses allowing deferment of periodic interest payment and principal repayment, other than the principal repayment exclusion period there may be at the origination date of each Loan.
- (26) That none of the Loans are an extension or rearrangement of previous loans in arrears.

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

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

2.2.9 Substitution of the securitised assets.

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

1. In the event of prepayment of the Loans upon the relevant Loan capital being prepaid, there will be no substitution of the Loans.
2. In the event that during the full term of the Loans it should be found that any of them fail to conform to the representations given in section 2.2.8 above upon the Fund being established, BANCO DE VALENCIA agrees, subject to the Management Company's consent, to proceed forthwith to remedy and, if that is not possible, substitute or, as the case may be, redeem the affected Loans not substituted, by automatically terminating the assignment of the affected Loan receivables and, as the case may be, cancelling the relevant Pass-Through Certificate, subject to the following rules:
 - (i) The party becoming acquainted with the existence of a latent defect, be it the Originator or the Management Company, shall advise the other party of that circumstance in writing. The Originator shall have a period of not more than fifteen (15) Business Days from said notice to remedy that circumstance if it may be so remedied or proceed to a substitution of the affected Loans, notifying the Management Company of the characteristics of the loans intended to be assigned to take their stead, which shall fulfil the representations given in section 2.2.8 above and be of the same kind as to residual term, interest rate and outstanding principal value as the affected Loans and also credit quality in terms of ratio of outstanding principal to the appraisal value of the mortgaged property or properties of the Mortgage Loans to be replaced, in order for the financial balance of the Fund not to be affected by such substitution, nor indeed the rating of the Bonds in connection with the provisions of section 7.5 of the Securities Note. Once the Management Company has checked the appropriateness of the substitute loan or loans, and after advising the Originator expressly of loans suitable for such substitution, such substitution shall be made by terminating the assignment of the affected Loans and, as the case may be, cancelling the relevant Pass-Through Certificate, and simultaneously assigning the new substitute loans and, as the case may be, issuing the new substitute pass-through certificates.

The substitution shall be recorded in a public deed subject to the same formalities established for the assignment of the Loans upon the Fund being established, in accordance with the specific characteristics of the new loans assigned. The Management Company shall provide the CNMV, the undertaking in charge of the Bond accounting record and the Rating Agencies with a copy of the public deed.
 - (ii) In the event that there should be no substitution of the affected Loans in accordance with rule 1 above, the assignment of the affected Loans not substituted shall be terminated and, as the case may be, the relevant Pass-Through Certificate will be cancelled. That termination shall take place by a repayment in cash to the Fund by the Originator of the outstanding principal of the affected Loans not substituted, interest accrued and not paid, calculated until the repayment date, and any other amount owing to the Fund under those Loans.
 - (iii) In the event of paragraphs (i) and (ii) above occurring, BANCO DE VALENCIA shall be vested in all the rights attaching to those Loans accruing from the date of substitution or repayment to the Fund or accrued and not due, and overdue amounts on that same date.
3. In particular, the amendment by the Originator during the life of the Loans of their terms without regard to the limits established in the special laws applicable and, in particular, to the terms agreed between the Fund, represented by the Management Company, and the Originator in this Prospectus, in the Deed of Constitution and in the Servicing Agreement, which would therefore be an absolutely exceptional amendment, would constitute a unilateral breach by the 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 Loans, 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 each and every replacement or redemption of Loans resulting from a breach by the Originator.

2.2.10 Relevant insurance policies relating to the assets.

That the public deeds originating the Mortgage Loans provide that until the latter are fully repaid the Obligor is bound to have the mortgaged properties insured against the risk of fire and other damages during the contract term, at least satisfying the minimum requirements laid down by the mortgage market laws in force for the time being, assigning to BANCO DE VALENCIA the insured capital and other indemnities payable by the Insurer.

No details are included regarding concentration of the insurers because the current status of the insurance policies taken out by the corporate obligors and their data are not supported or updated in the Originator's computer records. Nevertheless, given that the mortgage loans are part of the selected loans as a whole and the geographic distribution, as detailed in sections 2.2.2.c) and k) of this Building Block, any possible concentration of insurers has not been considered significant for the transaction.

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

Not applicable.

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

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

2.3 Actively managed assets backing the issue.

Not applicable.

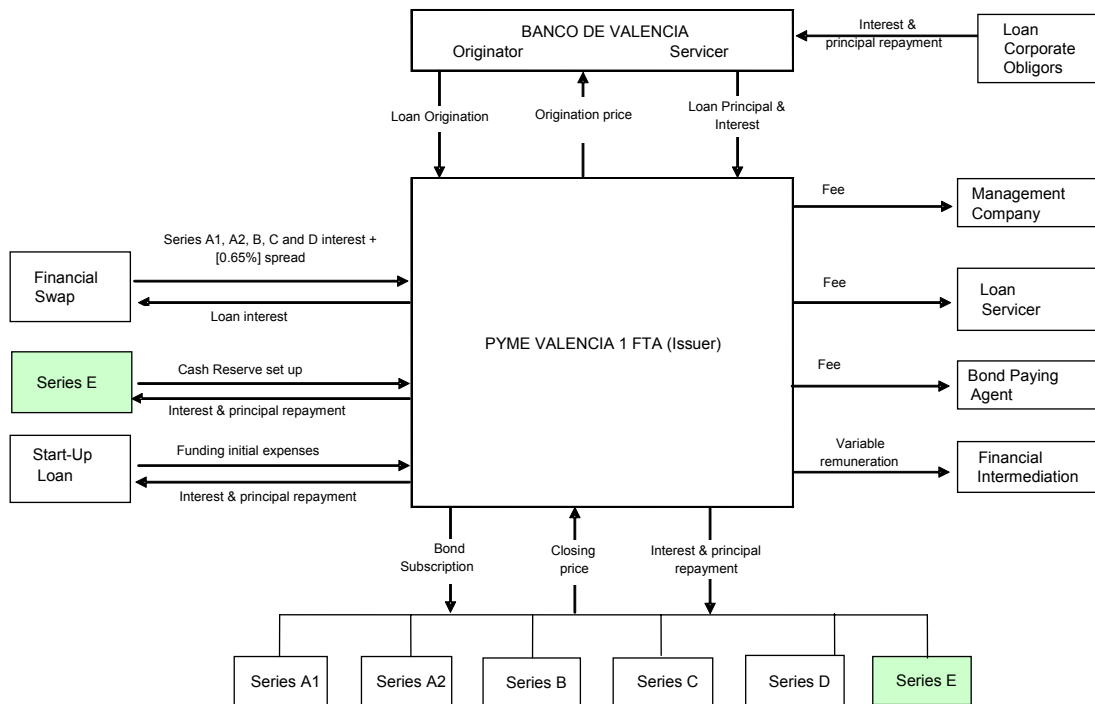
2.4 Where the issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.

Not applicable.

3. STRUCTURE AND CASH FLOW

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

Transaction structure diagram.



Initial balance sheet of the Fund.

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

ASSETS		LIABILITIES	
Fixed Assets	851,300,000.00	Bond Issue	865,300,000.00
Loans (adjustment excess to EUR 102,000.00)	850,102,000.00	Series A1 Bonds	180,000,000.00
Set-up, issue and admission expenses*	1,198,000.00	Series A2 Bonds	574,800,000.00
		Series B Bonds	47,600,000.00
		Series C Bonds	34,000,000.00
		Series D Bonds	13,600,000.00
		Series E Bonds	15,300,000.00
Current assets	to be determined	Other long-term liabilities	1,300,000.00
Treasury Account*	15,300,000.00	Start-Up Loan	1,300,000.00
Accrued interest receivable**	to be determined		
		Short-term creditors	to be determined
		Loan interest accrued **	to be determined
Total assets	866,600,000.00	Total liabilities	866,600,000.00
MEMORANDUM ACCOUNTS			
Cash Reserve	15,300,000.00		
Financial Swap collections	0.00		
Financial Swap payments	0.00		

(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 1,198,000.00 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.
- (ii) BANCO DE VALENCIA is the originator of the Loans to be assigned to the Fund upon being established and shall fully subscribe for Series E Bonds.

In addition, BANCO DE VALENCIA shall be the Fund's counterparty under the Guaranteed Interest Rate Account (Treasury Account), Start-Up Loan, Financial Swap, Loan Servicing and Financial Intermediation Agreements.
- (iii) BANCAJA shall be a Lead Manager and a Series A1, A2, B, C and D Bond Underwriter and Placement Agent, was involved in structuring the financial terms of the Fund and the Bond Issue and shall, together with DEUTSCHE BANK and RBS, be one of the Series A1, A2, B, C and D Bond subscription book runners.
- (iv) DEUTSCHE BANK and RBS shall be Lead Managers and Series A1, A2, B, C and D Bond Underwriters and Placement Agents and shall, together with BANCAJA, be the Series A1, A2, B, C and D Bond subscription book runners.
- (v) BANCO PASTOR and BBVA shall be Series A1, A2, B, C and D Bond Underwriters and Placement Agents.
- (vi) CLIFFORD CHANCE, an independent law firm, has provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.
- (vii) Deloitte has audited the most significant characteristics of a sample of the selected loans of BANCO DE VALENCIA.
- (viii) Fitch and Moody's are the Rating Agencies that have assigned the rating to each Bond Issue Series.
- (ix) BANCAJA is involved as Bond Issue Paying Agent.

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

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

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

3.3.1 Perfecting the assignment of the Loan receivables to the Fund.

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

- (i) The assignment of the Mortgage Loan receivables shall be perfected upon BANCO DE VALENCIA issuing and the Fund subscribing for pass-through certificates (the “**Pass-Through Certificates**”) as established by Act 2/1981 and by additional provision five of Act 3/1994, as worded by article 18 of Financial System Reform Measures Act 44/2002, November 22 (“**Act 44/2002**”).

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

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

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

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

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

Given that subscription for and holding of the Pass-Through Certificates is restricted to institutional or professional investors and that the Fund is an institutional investor and that the Fund has subscribed for the Pass-Through Certificates, for the purposes of paragraph two of article 64.6 of Royal Decree 685/1982, the issue of the Pass-Through Certificates shall not be subject to a marginal note on each entry of the mortgage underlying each of the Mortgage Loans in the Land Registry.

- (ii) The Non-Mortgage Loan receivables shall be assigned directly without any underlying security being issued by means of their sale by BANCO DE VALENCIA and acquisition by the Fund.

The assignment by BANCO DE VALENCIA to the Fund of the Loan receivables shall not be notified to either Obligors or third-party guarantors or the insurers with which the Obligors may have taken out the damage insurance contracts, if any, attaching to the Mortgage Loans underlying the Pass-Through Certificates. Where the Loans have other security interests or third-party personal guarantees other than a real estate mortgage, the assignment will not be initially notified either to the custodian of the assets, where that is an undertaking other than the Servicer, or to the Obligors' guarantors. Where the Loans have security interests in which the custodian of the assets is the Servicer proper, the same shall be deemed to have received notice of the transfer in the Deed of Constitution.

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

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

3.3.2 Loan assignment terms.

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

In accordance with article 348 of the Commercial Code and 1529 of the Civil Code, the Originator will be liable to the Fund for the existence and lawfulness of the Loans, and for the personality with which the assignment is made, but shall not be liable for the solvency of the Obligors.

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

2. The assignment of Loan receivables shall be made for all the outstanding principal on the assignment date, which shall be the date of establishment of the Fund, on each Loan assigned.

Overdue principal and interest, if any, on each loan on the assignment date shall not be assigned to the Fund.

3. The Fund shall have rights in and to the Loans from the date on which they are assigned and the Fund is established and the Pass-Through Certificates are issued. Specifically, without limitation and for illustrative purposes only, the assignment and issue of the Pass-Through Certificates shall confer on the Fund the following rights in relation to each Loan:

- a) To receive all outstanding Loan capital or principal repayment amounts accrued on the assignment date.

- b) To receive all Loan principal ordinary interest amounts accrued. Ordinary interest will also include interest accrued and not due on each Loan from the last interest settlement date, on or before the assignment date.
 - c) To receive all late-payment interest amounts on the Loans.
 - d) To receive any other amounts, assets, securities or rights received as payment of the Fund's rights to Loan principal, interest or expenses, either in the form of the auction sale price or amount determined by a court decision or notarial procedure in enforcing the mortgage or non-mortgage securities, on the sale or utilisation of properties, assets or securities awarded or, upon foreclosing, in the administration or interim possession of the properties, assets or securities in foreclosure proceedings.
 - e) To receive all possible rights or compensations on the Loans accruing for the Originator and derived therefrom, including those derived from the insurance contracts, if any, attached to the Mortgage Loans which are also assigned to the Fund, and those derived from any right collateral to the Loans, excluding the fees established for each Loan, which shall remain to the benefit of the Originator.
4. In the event of prepayment of the Loans upon a full or partial repayment of the principal, there will be no direct substitution of the affected Loans.
 5. The rights of the Fund resulting from the Loans shall be linked to the payments made by the Obligors and are therefore directly affected by the evolution, late payments, prepayments or any other incident in connection therewith.
 6. The Fund shall defray any and all expenses or costs resulting for the Originator derived from recovery actions in the event of a breach by the Obligors of their obligations, including enforcement proceedings against the same.
 7. In the event of renegotiation consented to by the Management Company, for and on behalf of the Fund, of the Loans, or their due dates, the change in the terms shall affect the Fund.
 8. Until the execution of the Deed of Constitution, BANCO DE VALENCIA shall be the beneficiary of the damage insurance contracts taken out by the Obligors in relation to the properties mortgaged as security for the Mortgage Loans, up to the insured amount.

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

3.3.3 Loan receivable sale or assignment price.

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

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

1. The part of the assignment price consisting of the face value of the capital of all the Loan receivables, item (i) of paragraph one, shall be paid on the Closing Date of the Bond Issue, for same day value, upon the subscription for the Bond Issue being paid up, by means of instructions given by the Management Company to BANCO DE VALENCIA to debit the Treasury Account opened in the Fund's name. BANCO DE VALENCIA shall receive no interest on the deferment of payment until the Closing Date.

2. The part of the price consisting of interest accrued on each Loan, item (ii) of paragraph one, shall be paid by the Fund on each collection date falling on the earlier of the first interest settlement date of each Loan or the date on which they are paid by the Obligor, after the Loan assignment date, and will not be subject to the Priority of Payments.

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

3.4 Explanation of the flow of funds.

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

Loan amounts received by the Fund will be paid by the Servicer into the Fund's Treasury Account on the seventh day after the date on which they are received by the Servicer or the following business day if that is not a business day, and for value on the seventh calendar day after the date on which they were received by the Servicer. Therefore, the Fund shall be receiving almost daily income into the Treasury Account on the amounts received from the Loans.

The weighted average interest rate of the loans selected as of June 19, 2007, as detailed in section 2.2.2.g) of this Building Block, is 4.83%, which is above the 4.69% weighted average interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note. Nevertheless, the Financial Swap mitigates the interest rate risk occurring in the Fund because the Loans are subject to fixed and floating interest with different benchmark indices and different reset and settlement periods at the floating interest established for the Bonds based on 3-month Euribor and with quarterly accrual and settlement periods.

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

3.4.2 Information on any credit enhancement.

3.4.2.1 Description of the credit enhancement.

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

- (i) Cash Reserve set up out of the payment for Series E Bonds.
Mitigates the credit risk derived from Loan delinquency and default.
- (ii) Financial Swap:
Mitigates the interest rate risk occurring in the Fund because the Loans have fixed and floating interest rates with different benchmark indices and reset and settlement periods differing from the floating interest established for the Bonds based on 3-month Euribor with quarterly accrual and settlement periods.
- (iii) Treasury Account.
Partly mitigates the loss of return on the liquidity of the Fund due to the timing difference between income received daily on the Loans and until interest payment and principal repayment on the Bonds occurs on the next succeeding Payment Date.
- (iv) Subordination and deferment in interest payment and principal repayment between the Bonds in the different Series, derived from their place in the application of the Available Funds as well as the rules for Distribution of Available Funds for Amortisation in the Priority of Payments, or in the application of the Liquidation Available Funds in the Liquidation Priority of Payments, are a means for distinctly hedging the different Series.

3.4.2.2 Cash Reserve.

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

The characteristics of the Cash Reserve shall be as follows:

Cash Reserve amount.

1. The Cash Reserve shall be set up on the Closing Date in an initial amount equal to EUR fifteen million three hundred thousand (15,300,000.00) (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 with 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 the following amounts:

- (i) EUR fifteen million three hundred thousand (15,300,000.00).
- (ii) The higher of:
 - b) 3.60% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D Bonds.
 - b) EUR seven million six hundred and fifty thousand (7,650,000.00).
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 Loans is equal to or greater than 1.00% of the Outstanding Balance of Non-Doubtful Loans.
 - ii) That the Cash Reserve could not be provisioned up to the Required Cash Reserve amount on the relevant Payment Date.
 - ii) That three (3) 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 debt finance.

3.4.3.1 Start-Up Loan.

The Management Company shall, for and on behalf of the Fund, enter with BANCO DE VALENCIA into a commercial loan agreement amounting to EUR one million three hundred thousand (1,300,000.00) (the “**Start-Up Loan Agreement**”). The Start-Up Loan amount shall be delivered on the Closing Date and be allocated to financing the expenses of setting up the Fund and issue and admission of the Bonds, and partly financing acquisition of the Loans at the difference between the total face capital of the assignment of the Loans and the face amount of Series A1, A2, B, C and D Bonds.

The Start-Up Loan 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. Interest shall be settled and be payable on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each interest accrual period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall be September 24, 2007, because September 23, 2007 is not a Business Day. Interest will be payable on the relevant Payment Date provided that the Fund has sufficient liquidity in the Fund Priority of Payments or in the Liquidation Priority of Payments, as the case may be.

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

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

- (i) The portion of Start-Up Loan principal actually used to finance the Fund set-up and Bond issue and admission expenses shall be repaid in twenty (20) consecutive quarterly instalments in an equal amount, on each Payment Date, the first of which shall be the first Payment Date, September 24, 2007, because September 23, 2007 is not a Business Day, and the following until the Payment Date falling on June 23, 2012, inclusive.
- (ii) The portion of Start-Up Loan principal used to finance partially subscription for the Pass-Through Certificates and the portion not used, if any, shall be repaid on the first Payment Date, September 24, 2007, because September 23, 2007 is not a Business Day.

All Start-Up Loan amounts due and not paid because of a shortfall of Available Funds shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments. Payment of amounts not paid on preceding Payment Dates shall take precedence over amounts falling due under the Start-Up Loan on that Payment Date, satisfying in the first place overdue interest and secondly principal repayment, in the Priority of Payments or 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 of the Prospectus Registration Document. In that event, the Start-Up Loan shall be used to pay the expenses of setting up the Fund and issue of the Bonds and all other obligations undertaken by the Management Company, for and on behalf of the Fund, originated upon the Fund being established and which are due and payable, and principal repayment shall be deferred and subordinated to satisfaction of those obligations, out of the Fund's remaining resources.

3.4.3.2 Subordination of Series B, Series C, Series D and Series E Bonds.

Series B Bond interest payment and principal repayment is deferred with respect to Class A (Series A1 and A2) Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

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

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

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

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.

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 BANCO DE VALENCIA shall enter into a Guaranteed Interest Rate Account (Treasury Account) Agreement whereby BANCO DE VALENCIA 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 BANCO DE VALENCIA, in the name of the Fund by the Management Company, which amounts shall mostly consist of the following items:

- (i) cash amount received upon subscription for the Bond Issue being paid up;
- (ii) Loan principal repaid and interest collected;
- (iii) any other Loan amounts received payable to the Fund;
- (iv) the Cash Reserve amount from time to time;
- (v) Start-Up Loan principal drawn down;
- (vi) Financial Swap amounts paid to the Fund;
- (vii) the amounts of the returns obtained on Treasury Account balances; and
- (viii) the amounts of interim withholdings on the return on investments to be effected on each relevant Payment Date on the Bond interest paid by the Fund, until due for payment to the Tax Administration.

BANCO DE VALENCIA 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 Reference Rate determined for each Interest Accrual Period substantially matching each Treasury Account interest accrual period. Interest shall be settled on the date of expiration of each interest accrual period on each of the Fund Determination Dates (the fourth (4th) Business Day preceding 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 accrual period shall comprise the days elapsed between the date of establishment of the Fund and the first settlement date, September 18, 2007.

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

- a) Obtaining from an institution with short-term, unsecured and unsubordinated debt obligations rated at least as high as F1 and P-1 respectively by Fitch and Moody’s a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BANCO DE VALENCIA of its obligation to repay the amounts deposited in the Treasury Account, for such time as BANCO DE VALENCIA remains downgraded below F1 or P-1.
- b) Transferring the Fund’s Treasury Account to an institution with short-term, unsecured and unsubordinated debt obligations rated at least as high as F1 and P-1 respectively by Fitch and Moody’s, arranging the highest possible yield for its balances, which may differ from that arranged with BANCO DE VALENCIA under this Agreement.
- c) If options a) and b) above are not possible, obtaining from BANCO DE VALENCIA 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 this Agreement.

- d) Moreover, 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 obligations debt rated respectively by Fitch and Moody's at least as high as F1, for periods of less than 30 days, or F1+, for longer periods, and P-1, including short-term securities issued by the Spanish State, in which case the yield obtained could also differ from that obtained initially with BANCO DE VALENCIA under this Agreement.
- e) In events b) or d), the Management Company shall subsequently transfer the balances back to BANCO DE VALENCIA under the Guaranteed Interest Rate Account (Treasury Account) Agreement, in the event that BANCO DE VALENCIA's short-term, unsecured and unsubordinated debt obligations should subsequently be upgraded back to F1 and P-1 respectively by Fitch and Moody's.

All costs, expenses and taxes incurred in connection with putting in place any of the options described above shall be borne by BANCO DE VALENCIA or any entity taking its stead.

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

The Servicer shall manage collection of all amounts payable by the Obligors under the Loans, and any other item including under the damage insurance contracts of the mortgaged properties securing the Mortgage Loans. The Servicer shall use every effort in order for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Loans.

The Loan amounts received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh day after the day on which they were received by the Servicer, or the following business day if that is not a business day, and 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 banking 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 F2 or P-1 respectively by Fitch and Moody's, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be previously paid into the Treasury Account which may indeed be on the day next succeeding the day on which they were received by the Servicer. In the event that the Servicer's short-term, unsecured and unsubordinated debt obligations should be rated F2 by Fitch, the Loan amounts received by the Servicer shall be paid to the Fund crediting the Treasury Account no later than the second 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 the event that the rating of the Servicer's long-term, unsecured and unsubordinated debt obligations should be downgraded below Baa3 by Moody's, the Loan amounts received by the Servicer shall be paid to the Fund crediting the Treasury Account on the first 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 addition, should the rating of the Servicer's short-term, unsecured and unsubordinated debt obligations be downgraded below F2 by Fitch, the Servicer shall make a cash deposit in favour of the Fund at a sum in line with Fitch's criteria described in its report "*Commingling Risk in Structured Finance Transactions: Servicer and Account Bank Criteria*" dated June 9, 2004 or Fitch document or report hereafter taking its stead.

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

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

3.4.6 Order of priority of payments made by the issuer.

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

The source and application of the amounts available for the Fund on the Bond Issue Closing Date shall be as follows:

- 1. Source:** the Fund shall have the following funds:
 - a) Bond subscription payment.
 - b) Drawdown of Start-Up Loan principal.
- 2. Application:** in turn, the Fund will apply the funds described above to the following payments:
 - a) Payment of the price for acquiring the Non-Mortgage Loans and subscribing for the Pass-Through Certificates at their face value.
 - b) Payment of the Fund set-up and Bond issue and admission expenses.
 - c) Setting up the Initial Cash Reserve.

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

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

3.4.6.2.1 Available Funds: source and application.

1. Source.

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

- a) Loan principal repayment income received during the Determination Period preceding the relevant Payment Date.
- b) Loan ordinary and late-payment interest income received during the Determination Period preceding the relevant Payment Date.
- c) The return received on amounts credited to the Treasury Account.
- d) The Cash Reserve amount on the Determination Date preceding the relevant Payment Date.
- e) Net amounts, if any, received by the Fund under the Financial Swap Agreement and, in the event of termination of the Agreement, the settlement payment amount payable by the Fund's counterparty (Party B).
- f) Any other amounts received by the Fund during the Determination Period preceding the relevant Payment Date, including those resulting from the sale or utilisation of assets, securities or rights awarded to the Fund.

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

2. Application.

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

1. Payment of the Fund's properly supported taxes and ordinary⁽¹⁾ and extraordinary⁽²⁾ expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.
2. Payment to the Servicer of the fee established in the Servicing Agreement.
3. Payment of the net amount, if any, payable by the Fund under the Financial Swap Agreement and, only in the event of termination of that Agreement following a breach by the Fund or because the Fund is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amount payable by the Fund.

4. Payment of interest due on the Series A1 and Series A2 Bonds.

5. Payment of interest due on the Series B Bonds unless this payment is deferred to 9th place in the priority of payments.

This payment shall be deferred to 9th place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Loans, to be reckoned at the amount of the Outstanding Balance as of the date of classification of the Doubtful Loan, since the Fund was established is in excess of 12.00% of the initial Outstanding Balance of the Loans upon the Fund being established and provided that Series A1 and Series A2 Bonds have not been and are not to be fully amortised on the relevant Payment Date.

6. Payment of interest due on the Series C Bonds unless this payment is deferred to 10th place in the priority of payments.

This payment shall be deferred to 10th place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Loans, to be reckoned at the amount of the Outstanding Balance as of the date of classification of the Doubtful Loan, since the Fund was established is in excess of 10.00% of the initial Outstanding Balance of the Loans upon the Fund being established and provided that Series A1, Series A2 and Series B Bonds have not been and are not to be fully amortised on the relevant Payment Date.

7. Payment of interest due on the Series D Bonds unless this payment is deferred to 11th place in the priority of payments.

This payment shall be deferred to 11th place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Loans, to be reckoned at the amount of the Outstanding Balance as of the date of classification of the Doubtful Loan, since the Fund was established is in excess of 8.00% of the initial Outstanding Balance of the Loans upon the Fund being established and provided that Series A1, Series A2, Series B and Series C Bonds have not been and are not to be fully amortised on the relevant Payment Date.

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

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 in sections 4.9.3.5 and 4.9.3.6 of the Securities Note.

9. Payment of interest due on the Series B Bonds when this payment is deferred from 5th place in the priority of payments as established therein.
10. Payment of interest due on the Series C Bonds when this payment is deferred from 6th place in the priority of payments as established therein.
11. Payment of interest due on the Series D Bonds when this payment is deferred from 7th place in the priority of payments as established therein.
12. Withholding of an amount sufficient for the Required Cash Reserve amount to be maintained.
13. Payment of interest due on the Series E Bonds.
14. Amortisation of Series E Bonds.

Partial amortisation of Series E Bonds shall occur on each Payment Date in an amount equal to the positive difference existing between the Outstanding Principal Balance of Series E on the Determination Date preceding the relevant Payment Date and the Required Cash Reserve amount on the relevant Payment Date in accordance with the provisions of section 3.4.2.2 of this Building Block.
15. Payment of the settlement payment amount payable by the Fund under the Financial Swap Agreements other than in the events provided for in 3rd place above.
16. Payment of Start-Up Loan interest due.
17. Repayment of Start-Up Loan principal to the extent repaid.
18. Payment of the Financial Intermediation Margin.

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

- (1) The following shall be considered ordinary expenses of the Fund:
- a) Any expenses deriving from mandatory administrative verifications, registrations and authorisations.
 - b) Rating Agency fees for monitoring and maintaining the rating of the Bonds.
 - c) Expenses relating to keeping the Bond accounting record representing the Bonds by means of book entries, admission to trading in organised secondary markets and maintaining all of the foregoing.
 - d) Expenses of auditing the annual accounts.
 - e) Bond amortisation expenses.
 - f) Expenses deriving from announcements and notices relating to the Fund and/or the Bonds.

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 EUR two hundred and forty thousand (240,000.00). Because most of those expenses are directly related to the Outstanding Principal Balance of Series A1, A2, B, C and D Bonds and the Outstanding Balance of the Loans and those balances 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 their 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 expenses of setting up the Fund and issue and admission of the Bonds in excess of the Start-Up Loan principal.

- e) In general, any other extraordinary expenses required borne by the Fund or by the Management Company for and on behalf of the Fund.

3.4.6.2.2 Available Funds for Amortisation: source and application.

1. Source.

The Available Funds for Amortisation on each Payment Date shall be the Amortisation Withholding amount actually applied in eighth (8th) place of the Available Funds on the relevant Payment Date.

2. Distribution of Available Funds for Amortisation between each Series.

The rules for Distribution of Available Funds for Amortisation are given in section 4.9.3.6 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 available funds to the following items (the "**Liquidation Available Funds**"): (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Loans and the remaining assets, and (iii) the amount drawn under the credit facility arranged and exclusively used for final amortisation of Series A1, A2, B, C and D 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 Loan amounts reimbursable to the Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.
3. Payment to the Servicer of the fee established in the Servicing Agreement.
4. Payment of amounts due, if any, on the net amount payable by the Fund upon termination of the Financial Swaps and, only in the event of termination of those Agreements following a breach by the Fund or because the Fund is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amount payable by the Fund.
5. Payment of interest due on the Series A1 and Series A2 Bonds.
6. Repayment of Series A1 and Series A2 Bond principal.
7. Payment of interest due on the Series B Bonds.
8. Repayment of Series B Bond principal.
9. Payment of interest due on the Series C Bonds.
10. Repayment of Series C Bond principal.
11. Payment of interest due on the Series D Bonds.
12. Repayment of Series D Bond principal.
13. In the event of the credit facility being arranged as provided for in section 4.4.3.3.(iii) of the Registration Document, payment of the financial expenses accrued and repayment of principal of the credit facility arranged.

14. Payment of interest due on the Series E Bonds.
15. Repayment of Series E Bond principal.
16. Payment of the settlement payment amount payable by the Fund under the Financial Swap Agreement other than in the events provided for in 4th place above.
17. Payment of Start-Up Loan interest due.
18. Repayment of Start-Up Loan principal.
19. 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 Loans and the rating assigned to each Bond Series.

The Originator shall be entitled to receive from the Fund a variable subordinated remuneration (the "**Financial Intermediation Margin**") which shall be determined and shall accrue upon the expiration of every quarterly accrual period comprising, other than for the first period, the three calendar months preceding each Payment Date, in an amount equal to the positive difference, if any, between the income and expenditure accrued by the Fund, including losses, if any, brought forward from previous years, with reference to its accounts and before the close of the months of February, May, August, and November. Exceptionally, the first period shall be comprised between the date on which the Fund is established and August 31, 2007, inclusive, which is the last day of the month preceding the first Payment Date, September 24, 2007, because September 23, 2007 is not a Business Day.

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.

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 accrued not paid shall accumulate without any penalty whatsoever on the Financial Intermediation Margin accrued, as the case may be, in the following quarterly period in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments. The Financial Intermediation Margin amounts not paid on preceding Payment Dates shall be paid with priority over the amount payable on the relevant Payment Date.

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

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

3.4.7.1 Financial Swap.

The Management Company shall, for and on behalf of the Fund, enter with BANCO DE VALENCIA, into a financial swap agreement (the “**Financial Swap Agreement**” or the “**Financial Swap**”), based on the Spanish Banking Association’s standard Master Financial Transaction Agreement (CMOF), the most relevant characteristics of which are described below.

Under the Financial Swap Agreement, the Fund will make payments to BANCO DE VALENCIA calculated on the Loan reference rate, and in consideration BANCO DE VALENCIA will make payments to the Fund calculated on the weighted average Nominal Interest Rate of Series A1, A2, B, C and D Bonds and other items, the foregoing as described hereinafter.

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

Party B : BANCO DE VALENCIA.

1. Settlement dates.

The settlement dates shall fall on the Bond Payment Dates, i.e. on March 23, June 23, September 23 and December 23 in every year, or the next succeeding Business Day if any of these dates is not a Business Day. The first settlement date shall be September 24, 2007, because September 23, 2007 is not a Business Day.

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

2. Settlement periods.

Party A:

The Party A settlement periods shall be the exact number of days elapsed between two consecutive Determination Dates, not including the first but including the last date. Exceptionally, a) the length of the first Party A settlement period shall be equivalent to the exact number of days elapsed between the date of establishment of the Fund, inclusive, and September 18, 2007, the first Determination Date, inclusive, and b) the length of the last Party A settlement period shall be equivalent to the exact number of days elapsed between the Determination Date preceding the date on which the Financial Swap Agreement terminates, exclusive, and the date on which termination occurs, inclusive.

Party B:

The Party B settlement periods shall be the exact number of days elapsed between two consecutive settlement dates, including the first but not including the last date. Exceptionally, a) the length of the first Party B settlement period shall be equivalent to the exact number of days elapsed between the Bond Issue Closing Date, inclusive, and September 24, 2007, because September 23, 2007 is not a Business Day, exclusive, and b) the length of the last Party B settlement period shall be equivalent to the exact number of days elapsed between the Payment Date preceding the date on which the Financial Swap Agreement terminates, inclusive, and the date on which termination occurs, exclusive.

3. Face Amount.

This shall be on each settlement date the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D Bonds on the Determination Date next preceding the relevant settlement date. Exceptionally, the Face Amount on the first settlement date shall be the face amount of the Series A1, A2, B, C and D Bonds issued.

4. Party A amounts payable.

This shall be on each settlement date the result of applying the Party A Interest Rate, determined for the next preceding Party A settlement period, to the Face Amount according to the number of days in the Party A settlement period and based on a three-hundred-and-sixty- (360-) day year.

4.1 Party A Interest Rate.

For each Party A settlement period, this shall be the annual interest rate resulting from dividing (i) the sum of the total interest amount received on the Loans and paid into the Fund during the Party A settlement period, minus the accrued interest amount under the assignment of the Loans, if any, paid to the Fund during the same Party A settlement period, by (ii) the Face Amount, multiplied by the result of dividing 360 by the number of days in the Party A settlement period.

5. Party B amounts payable.

On each settlement date, this shall be the result of adding (i) the amount resulting from applying the Party B Interest Rate determined for the Party B settlement period falling due, to the Face Amount according to the number of days in the Party B settlement period falling due, based on a three-hundred-and-sixty- (360-) day year, and (ii) the amount on the relevant settlement date of the fee accrued under the Servicing Agreement or, in the event of replacement, under a new servicing agreement.

5.1 Party B Interest Rate.

For each Party B settlement period, this shall be the annual interest rate resulting from adding (i) the Nominal Interest Rate applicable to each Series A1, A2, B, C and D determined for the then-current Interest Accrual Period coinciding with each Party B settlement period, weighted by the Outstanding Principal Balance of each Series A1, A2, B, C and D during the then-current Interest Accrual Period, and (ii) 0.65 percent.

6. Maturity Date.

This shall be the earlier of the dates on which any of events (i) to (iv) listed for termination of the Fund occurs in accordance with the provisions of section 4.4.4 of the Registration Document.

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

It shall also be determined that if on a Payment Date Party B should not pay the full amount payable to the Fund (Party A), the Management Company, for and on behalf of the Fund, may choose to terminate the Financial Swap Agreement. In that event, Party B shall accept the obligation to pay the settlement amount established in the Financial Swap Agreement. Should the settlement amount under the Financial Swap Agreement be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments.

Subject to the above, other than in an event of permanent financial imbalance of the Fund, the Management Company shall endeavour, for and on behalf of the Fund, to enter into a new financial swap agreement on terms substantially identical with the Financial Swap Agreement.

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

(i) Fitch Criteria

If either the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) or any credit support provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as A (or its equivalent) by Fitch or the short-term debt obligations of Party B (or its successor) or any credit support provider from time to time in respect of Party B cease to be rated at least as high as F1 (or its equivalent) by Fitch (both Fitch's "Required Ratings") and, as a result of such cessation, the then current rating of the Bonds is downgraded or placed under review for possible downgrade by Fitch (an "Initial Fitch

Rating Event”) then Party B will, on a reasonable efforts basis within 30 days of the occurrence of such Initial Fitch Rating Event, at its own cost, either:

- (A) put in place a collateral agreement in favour of Party A in an amount making Party A receive confirmation from Fitch that with such collateral the Bond rating would be unaffected;
- (B) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party satisfactory to Party A and that confirmation is received from Fitch that with such collateral the Bond rating would be unaffected;
- (C) obtain a third party credit support document guaranteeing its rights and obligations with respect to the Financial Swap Agreement satisfactory to Party A and that confirmation is received from Fitch that with such collateral the Bond rating would be unaffected; or
- (D) take such other action as Party B may agree with Fitch as will result in the rating of the Bonds following the taking of such action being maintained at the Fitch Rating.

If any of (i)(B), (i)(C) or (i) (D) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party B pursuant to (i)(A) will be retransferred to Party B and Party B will not be required to transfer any additional collateral.

(ii) Fitch Criteria (continued)

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

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

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

The market value for Fitch's purposes shall be calculated in line with Fitch's criteria set out in its report "Counterparty Risk in Structured Finance: Swap Criteria", dated September 13, 2004, or Fitch document or report hereafter taking its stead, Party B to propose a formula for estimating the Financial Swap market value, within fifteen (15) days after the loss of the A rating by Party B.

(iii) Fitch Criteria (continued)

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

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

All and any costs, expenses and taxes incurred in connection with the compliance with the foregoing obligations shall be borne by Party B.

(iv) Moody's Criteria

Party B shall irrevocably agree as follows under the Financial Swap Agreement:

- (i) If at any time during the life of the Bond Issue neither Party B nor any of its Credit Support Providers has the First Required Rating Threshold ("First Rating Default"), then Party B shall within thirty (30) Business Days of the occurrence of that circumstance, do one of the following:
 - a) Obtain a Replacement with the First Required Rating Threshold (or a Replacement with a Credit Support Provider having the First Required Rating Threshold).
 - b) Obtain a Credit Support Provider with the First Required Rating Threshold,
 - c) Post collateral in the form of cash or securities in favour of the Fund with an institution with short-term, unsecured and unsubordinated debt obligations rated P-1 by Moody's, as set out in the Credit Support Annex.

- (ii) If at any time during the life of the Bond Issue neither Party B nor any of its Credit Support Providers has the Second Required Rating Threshold (“Second Rating Default”), then Party B shall, on a best efforts basis and as soon as possible (A) obtain a Credit Support Provider with the Second Required Rating Threshold, or (B) obtain a Replacement with the Second Required Rating Threshold, (or a Replacement with a Credit Support Provider having the Second Required Rating Threshold).

While none of the actions specified above have been taken, Party B shall, within thirty (30) Business Days of the occurrence of the Second Rating Default, post collateral in the form of cash or securities in favour of the Fund with an institution with short-term, unsecured and unsubordinated debt obligations rated at least P-1 by Moody’s, as set out in the Credit Support Annex.

Party B’s obligations under (iv) (i) and (iv) (ii) above, and the Termination events deriving therefrom, shall only apply during such time as the events respectively prompting the First Required Rating Default or the Second Required Rating Default are in place. The collateral transferred by Party B pursuant to (iv) (i) and (iv) (ii) above will be retransferred to Party B upon cessation of the causes resulting in the First Rating Default or the Second Rating Default, respectively.

All costs, expenses and taxes incurred in connection with fulfilment of the preceding obligations shall be payable by Party B.

In the above connection, “Credit Support Provider” shall mean an institution providing an unconditional, irrevocable and first demand guarantee with respect to present and future obligations of Party B (the “Guarantee”), and provided that (A) a law firm provides a legal opinion confirming that none of the payments made by that institution to Party A under the Guarantee results in any requirement for deduction or withholding for or on account of any tax; or (B) the Guarantee determines that, if there is any such deduction or withholding, the payment made by that institution shall be increased by whatever amount is necessary in order for the net payment received by Party A to be equal to such other amount as Party A would have received had there been no such deduction or withholding; and “Replacement” shall mean any institution taking over the contractual position of Party B under the Financial Swap Agreement or entering into a new swap agreement with Party A, on terms substantially identical with the Financial Swap Agreement (which shall be confirmed by Party A, on a best efforts basis), and provided that (A) a law firm provides a legal opinion confirming that none of the payments made by that institution to Party A under the Guarantee results in any requirement for deduction or withholding for or on account of any tax; or (B) the Guarantee determines that, if there is any such deduction or withholding, the payment made by that institution shall be increased by whatever amount is necessary in order for the net payment received by Party A to be equal to such other amount as Party A would have received had there been no such deduction or withholding. That institution shall thereafter, to all intents and purposes, be considered Party B under the Financial Swap Agreement or in the new swap agreement to be entered into.

An entity shall have the “First Required Rating Threshold” (A) in the event that the short-term, unsecured and unsubordinated debt obligations of that entity are rated P-1 by Moody’s and its long-term, unsecured and unsubordinated debt obligations are rated at least as high as A2 by Moody’s, and (B) in the event that the short-term, unsecured and unsubordinated debt obligations of that entity are not rated by Moody’s, if its long-term, unsecured and unsubordinated debt obligations are rated at least as high as A1 by Moody’s.

An entity shall have the “Second Required Rating Threshold” (A) in the event that the short-term, unsecured and unsubordinated debt obligations of that entity are rated P-2 by Moody’s and its long-term, unsecured and unsubordinated debt obligations are rated at least as high as A3 by Moody’s, y (B) in the event that the short-term, unsecured and unsubordinated debt obligations of that entity are not rated by Moody’s, if its long-term, unsecured and unsubordinated debt obligations are rated at least as high as A3 by Moody’s.

9. The occurrence, as the case may be, of an early termination of the Financial Swap Agreement will not in itself be an Early Amortisation event of the Bond Issue and an Early Liquidation event of the Fund referred to in sections 4.4.3 of the Registration Document and 4.9.4 of the Securities Note, unless in conjunction with other events or circumstances related to the net asset value of the Fund, its financial balance should be materially or permanently altered.

All matters, discrepancies, lawsuits and claims deriving from the Financial Swap Agreement shall be referred for arbitration to the Chamber of Commerce of Madrid.

Party B agrees not to take any action whatsoever holding Party A liable.

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

3.4.7.2 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) Paying to the Fund by 3pm (CET) on the Closing Date, by crediting the Treasury Account, for same day value, the aggregate amount of the subscription for the Series A1, A2, B, C and D Bonds received from the other Underwriters and Placement Agents as provided for in the Bond Issue Management, Underwriting, Placement and Subscription Agreement plus the face amount of the Bonds placed and subscribed for, as the case may be, on its own account, as Underwriter and Placement Agent.
- (ii) Paying each Underwriter and Placement Agent on the Closing Date, as directed by the Management Company, the Series A1, A2, B, C and D Bond underwriting and placement fee amount they shall each have earned, after they have in turn paid it the face amount of the Bonds they shall each have placed and subscribed for, as the case may be, on their own account up to their respective underwriting commitment.
- (iii) Handing to the Management Company Series A1, A2, B, C and D Bond placement dissemination control information based on information provided in that connection by the Underwriters and Placement Agents, using for that purpose the form duly established by the CNMV.
- (iv) On each Bond Payment Date, paying 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 behalf of the Fund, in accordance with applicable tax laws. Once the Paying Agent proves to the Management Company and the holder of the Treasury Account that a debit entry has been duly made in its account for the relevant amounts payable on that Payment Date, the Management Company shall credit to the Paying Agent the total Bond principal repayment and interest payment amount.
- (v) On each Interest Rate Fixing Date, notifying the Management Company of the Reference Rate determined to be used as the basis for the Nominal Interest Rate applicable to each Bond Series to be calculated.

In the event that the rating of BANCAJA's short-term, unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below F1 and P-1 respectively by Fitch and Moody's, the Management Company shall within not more than thirty (30) Business Days from the time of the occurrence of any such circumstances revoke the appointment of BANCAJA as Paying Agent and thereupon designate another institution with short-term, unsecured and unsubordinated debt obligations rated at least as high as F1 and P-1 respectively by Fitch and Moody's, to take its place before terminating the Paying Agent Agreement or, as the case may be, under a new paying agent agreement, and subject to prior notice being given to the Rating Agencies. Should BANCAJA be replaced as Paying Agent, the Management Company shall be entitled to change the fee payable to the substitute institution, which may be higher than that established with BANCAJA under the Paying Agent Agreement. All costs,

expenses and taxes incurred in connection with replacement of the Paying Agent shall be borne by the replaced institution.

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 the agreement, a fee of 0.03%, inclusive of taxes as the case may be, on the interest and principal repayment amount applied to the Bonds in each Series on the relevant Payment Date. This fee shall be paid on the same Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments.

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

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

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

The originator and assignor of the securitised Loans is BANCO DE VALENCIA, S.A.

Registered office: Pintor Sorolla numbers 2 and 4, 46002 Valencia (Spain).

Significant economic activities of BANCO DE VALENCIA.

BANCO DE VALENCIA, 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, global custody, asset management and broking in major cash, capital and currency markets.

The following is selected financial information at the end of the year 2006 and how it compares to the previous year.

	2006	Variation (%)	2005
BALANCE SHEET (EUR thousand)			
Equity	837,191	12.14	746,526
External funds	12,128,183	27.30	9,527,342
Gross credit investment	14,182,542	29.76	10,930,180
Total assets	15,863,908	29.66	12,234,922
PROFIT & LOSS ACCOUNT (EUR thousand)			
Pre-tax profit	169,546	19.82	141,497
Net profit	113,362	18.48	95,683
RELEVANT RATIOS (%)			
ROA	1.25	4.17	1.2
ROE	15.48	6.91	14.48
Efficiency ratio	37.28	-6.85	40.02
Capital ratio	10.31	-2.37	10.56
Delinquency rate	0.42	-6.67	0.45
Delinquency coverage rate	448.29	-0.61	451.04
DATA PER SHARE AND MARKET VALUE			
Book value	9.27	6.80	8.68
Closing price	38.05	46.35	26
Net earnings per share	1.1	15.79	0.95
PER	34.55	25.96	27.43
Stock-exchange capitalisation	3,917,174	49.27	2,624,166
Number of shareholders	29,553	-1.07	29,873

	2006	Variation (%)	2005
ADDITIONAL INFORMATION			
Branches	427	10.05	388
Employees	2,043	9.49	1,866

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 the 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 this Prospectus. Moreover, making all appropriate decisions in the event of the establishment of the Fund terminating.
- (iii) Complying with its formal, documentary and reporting duties to the CNMV, the Rating Agencies and any other supervisory body.
- (iv) Appointing and, as the case may be, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts.
- (v) Providing Bondholders, the CNMV and the Rating Agencies with all such information and notices as may be prescribed by the laws in force for the time being and specifically as established in the Deed of Constitution and in this Prospectus.
- (vi) Complying with the calculation duties provided for and taking the actions laid down in this Prospectus and in the various Fund transaction agreements or in such others as the Management Company may enter into in due course for and on behalf of the Fund.

- (vii) The Management Company may extend or amend the agreements entered into on behalf of the Fund, and substitute, as the case may be, each of the Fund service providers on the terms provided for in each agreement, and indeed, if necessary, enter into additional agreements, including a credit facility agreement in the event of Early Liquidation of the Fund, and amend the Deed of Constitution, provided that circumstances preventing the foregoing in accordance with the laws and regulations in force from time to time do not occur. In any event, those actions shall require that the Management Company notify and first secure the authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agencies, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agencies. The Deed of Constitution or the agreements may also be corrected upon a request by the CNMV.
- (viii) Exercising the rights attaching to the ownership of the Non-Mortgage Loans and the Pass-Through Certificates acquired by the Fund and, in general, carrying out all such acts of administration and disposition as may be required for properly managing and 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 Loans and on the terms of their respective agreements communicated by the Originator, and that the Loan amounts receivable are provided by the Servicer to the Fund within the time-periods and on the terms provided for under the Servicing Agreement.
- (x) Determining on each Interest Rate Fixing Date and for each Interest Accrual Period thereafter, the Nominal Interest Rate to be applied for each Bond Series and calculating and settling the accrued interest amounts payable on each Payment Date.
- (xi) Calculating and determining on each Determination Date the principal to be amortised and repaid on each Bond Series on the relevant Payment Date.
- (xii) Determining the interest rate applicable to each of the relevant borrowing, lending and hedge transactions and calculating and settling the interest and fee amounts receivable and payable by the Fund under the same, and the fees payable for the various financial services arranged for.
- (xiii) Taking the actions for which provision is made in relation to the debt ratings or the financial position of the Fund counterparties in the financial and service provision agreements listed in section 3.2 of this Building Block.
- (xiv) Watching that the amounts credited to the Treasury Account return the yield set in the respective agreements.
- (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 duties to manage and be the authorised representative of 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 those duties and applying for the appropriate authorisation.

- (ii) The CNMV's substitution authorisation shall be subject to meeting of the following requirements:
 - (a) The substituted Management Company's delivery of the accounting records and data files to the new management company. That delivery will only be taken to have been made when the new management company is able to fully take over its function and that circumstance is notified to the CNMV.
 - (b) The rating accorded to the securities should not fall as a result of the proposed substitution.
- (iii) The Management Company may in no event resign its duties until and unless all requirements and formalities have been complied with in order for its substitute to take over its duties.
- (iv) The substitution expenses originated shall be borne by the resigning Management Company and may in no event be passed on to the Fund.
- (v) The substitution shall be published within fifteen days by means of a notice inserted in two nationwide newspapers and in the bulletin of the organised secondary market where the Bonds issued by the Fund are listed. Furthermore, the Management Company shall notify the Rating Agencies of that substitution.

Forced substitution.

- (i) In the event that the Management Company should be adjudged insolvent, it shall find a substitute management company, in accordance with the provisions of the foregoing section.
- (ii) In the event for which provision is made in the preceding section, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, there shall be an early liquidation of the Fund and an amortisation of the Bonds issued by the same and of the loans, in accordance with the provisions of this Prospectus.

The Management Company agrees to execute such public and private documents as may be necessary for it to be substituted by another management company, in accordance with the system for which provision is made in the preceding paragraphs of this section. The substitute management company shall be substituted in the Management Company's rights and duties under this Prospectus. Furthermore, the Management Company shall hand to the substitute management company such accounting records and data files as it may have to hand in connection with the Fund.

3.7.1.4 Subcontracting.

The Management Company shall be entitled to subcontract or subdelegate to solvent and reputable third parties the provision of any of the services it has to provide as the manager and authorised representative of the Fund, as established in this Prospectus, provided that the subcontractor or delegated party waives the right to take any action holding the Fund liable. In any event, subcontracting or delegating any service (i) may not result in an additional cost or expense for the Fund, (ii) shall have to be legally possible, (iii) shall not result in the rating accorded to each Bond Series being downgraded, and (iv) shall be notified to the CNMV and, where statutorily required, first be authorised by the CNMV. Notwithstanding any subcontracting or subdelegation, the Management Company shall not be exonerated or released, under that subcontract or subdelegation, from any of the liabilities undertaken in this Prospectus which may legally be attributed or ascribed to it.

3.7.1.5 Management Company's remuneration.

In consideration of the functions to be discharged by the Management Company, the Fund will pay it a management fee consisting of:

- (i) An initial fee which shall accrue upon the Fund being established and be payable on the Closing Date.
- (ii) A periodic fee on the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D, 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. The periodic fee amount on each Payment Date may not be lower than the minimum amount determined. The minimum amount shall be cumulatively reset in the same proportion, from the year 2008, inclusive, and be effective as of January 1 of each year.

If on a Payment Date the Fund should not have sufficient liquidity to settle the above-mentioned fee, the amount due shall accrue interest equal to the Bond Reference Rate, payable on the following Payment Date, in the Priority of Payments.

3.7.2 Servicing and custody of the securitised assets.

BANCO DE VALENCIA, Originator, as established in article 2.2.b) of Royal Decree 926/1998, and for the Pass-Through Certificates as established in article 61.3 of Royal Decree 685/1982, shall continue as attorney for the Management Company to be responsible for servicing and managing the Loans, and relations between BANCO DE VALENCIA and the Fund, represented by the Management Company, shall be governed by the Loan Servicing and Pass-Through Certificate Custody Agreement (the “**Servicing Agreement**”) in relation to custody and servicing of the Loans and custody of the Pass-Through Certificates.

BANCO DE VALENCIA (the “**Servicer**” in that Agreement) shall accept the appointment received from the Management Company and thereby agrees as follows:

- (i) To service and manage the Loans acquired by the Fund subject to the system terms and ordinary servicing and management procedures established in the Servicing Agreement.
- (ii) To continue servicing the Loans, devoting the same time and efforts to them as it would devote and use to service its own loans and in any event on the terms for which provision is made in the Servicing Agreement.
- (iii) That the procedures it applies and will apply to service and manage the Loans are and will continue to be in accordance with the laws and statutory regulations in force applicable thereto.
- (iv) To full faithfully observe the instructions issued by the Management Company.
- (v) To pay the Fund damages 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 instructions.

In any event, the Servicer waives the privileges and authorities conferred on it by law as the manager of collections for the Fund, as servicer of the Loans, and as custodian of the relevant agreements, and in particular those for which provision is made in articles 1730 and 1780 of the Civil Code and 276 of the Commercial Code.

3.7.2.1 Ordinary system and procedures for servicing and managing the Loans.

1. Custody of deeds, agreements, documents and files.

The Servicer shall keep all deeds, agreements, documents and data files relating to the Loans in 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 claim a Loan, or any other competent authority should so require informing the Management Company.

The Servicer shall allow the Management Company or the auditors of the Fund duly authorised thereby reasonable access at all times to said deeds, agreements, documents and files. Furthermore, whenever it is required to do so by the Management Company, it shall provide within two (2) Business Days of that request and free of charge, a copy or photocopy of any of such deeds, agreements and documents.

2. Collection management.

The Servicer shall continue managing collection of all Loan amounts payable by the Obligors and any other item including under the insurance contracts of the mortgaged properties securing the Mortgage Loans. The Servicer shall use all reasonable efforts for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Loans.

Loan amounts received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh day after the day on which they were received by the Servicer, or the following business day if that is not a business day, and 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 banking 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 F2 or P-1 respectively by Fitch and Moody's, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be previously paid into the Treasury Account which may indeed be on the day next succeeding the day on which they were received by the Servicer. In addition, should the rating of the Servicer's short-term, unsecured and unsubordinated debt obligations be downgraded below F2 by Fitch, the Servicer shall make a cash deposit in favour of the Fund at a sum in line with Fitch's criteria described in its report "*Commingling Risk in Structured Finance Transactions: Servicer and Account Bank Criteria*" dated June 9, 2004 or Fitch document or report hereafter taking its stead.

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

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

3. Fixing the interest rate.

In the case of floating-rate Loans, the Servicer shall continue fixing the interest rates applicable in each interest period as established in the respective Loan agreements, submitting such communications and notices as may be established therein.

4. Information.

The Servicer shall regularly communicate to the Management Company the information 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, and actions for payment in the event of late payment, legal actions and auction of real estate or 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 request, and in particular the documents required for the Management Company, as the case may be, to bring legal actions.

5. Loan subrogation.

The Servicer shall be authorised to permit substitutions in the position of the Obligor under the Loan agreements, exclusively where the characteristics of the new Obligor are similar to those of the former Obligor and those characteristics observe the lending policies described in section 2.2.7 of this Building Block, and further provided that the expenses derived from that change are fully borne by the Obligors. The Management Company may fully or partially limit this authority of the Servicer or set conditions therefor, in the event that those substitutions might adversely affect the ratings accorded to the Bonds by the Rating Agencies.

In relation to Mortgage Loans, the mortgagor may apply for subrogation to the Servicer in connection with the Mortgage Loans pursuant to Act 2/1994. Subrogation of a new creditor under the Mortgage Loan and the ensuing payment of the amount due shall, as the case may be, result in prepayment of the Mortgage Loan and early amortisation of the respective Pass-Through Certificate.

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

The Servicer may not voluntarily cancel the Loans or their security arrangements for any reason other than payment of the Loan, relinquish or settle in regard thereto, forgive the Loans in full or in part or extend the same, or in general do anything that may diminish the legal effectiveness or economic value of the Loans or of the security arrangements, without prejudice to its heeding requests by Obligors using the same efforts and procedure as if they were own loans.

Notwithstanding the above, the Management Company, as manager of third-party portfolios and having regard to Obligors' requests to the Servicer directly or under Act 2/1994, may instruct or first authorise the Servicer to agree with the Obligor, subject to the terms and conditions for which provision is made in this section, for a novation changing the relevant Loan, either by an interest rate renegotiation or by an extension of the maturity period, provided in the case of Mortgage Loans that those novations are not detrimental to their ranking as a senior mortgage.

Without prejudice to the provisions hereinafter, any novation changing a Loan subscribed by the Servicer shall be made exclusively with the prior consent of the Management Company, on behalf of the Fund, and the Servicer agrees to seek such consent from the Management Company as soon as it is aware that an Obligor has requested a change. The Management Company may nevertheless initially authorise the Servicer to entertain and accept Loan interest rate and term renegotiations, without requiring the prior consent of the Management Company, subject to the following general enabling requirements:

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

Loan interest rate may be renegotiated subject to the following rules and limitations:

1. The Servicer may under no circumstances entertain of its own accord, without being requested to do so by the Obligor, renegotiations of the fixed rate or the margin applicable for determining the floating rate ("**Interest Rate Renegotiation**") which may result in the interest rate applicable to a Loan decreasing. In any event, any Loan Interest Rate Renegotiation shall be taken on and settled bearing in mind the Fund's interests and the Servicer shall, without encouraging Interest Rate Renegotiation, act in relation to such Interest Rate Renegotiation bearing in mind the Fund's interests at all times.
2. 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 a fixed- or floating-rate Loan is being renegotiated) shall be deemed to be the interest rate offered by the Servicer on the Spanish market for loans granted to finance SMEs, the amounts and terms being substantially similar to the renegotiated Loan.
3. 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 4.00%.
4. 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 65 basis points.

b) Extending the period of maturity.

The final maturity or final repayment date of the Loans may be deferred ("**extending the term**") subject to the following rules and limitations:

- (i) The Servicer may in no case entertain of its own accord, i.e. without being requested to do so by the Obligor, a change in the final maturity date of the Loan which may result in an

extension thereof. The Servicer, without encouraging an extension of the term, shall act in relation to such extension bearing in mind the Fund's interests at all times.

- (ii) The aggregate of the capital or principal assigned to the Fund of the Loans with respect to which the maturity date is extended may not exceed 10% of the face amount of the Series A1, A2, B, C and D Bonds.
- (iii) The term of a specific Loan may be extended provided that the following requirements are met:
 - a) That the same Loan capital or principal repayment instalment frequency is at all events maintained or increased and the same repayment system is maintained.
 - b) That the new final maturity or final repayment date does not extend beyond January 5, 2037.

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

If there should be any renegotiation of the interest rate of a Loan or its due dates, the Servicer shall forthwith notify the Management Company of the terms resulting from each renegotiation. Such notice shall be made through the software or data file provided for the terms of the Loans to be updated.

In the event of a renegotiation of the interest rate of the Loans or their due dates, consented to by the Management Company, for and on behalf of the Fund, the change in the terms shall affect the Fund.

The contractual documents supporting the novation of the renegotiated Loans will be kept by the Servicer, in accordance with the provisions of paragraph 2 of this section.

7. Action against Obligor in the event of default on the Loans.

Actions in the event of late payment.

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

In the event of default by the Obligor of the payment obligations, the Servicer shall put in place the actions described in the Servicing Agreement, taking for that purpose the steps it would ordinarily take if they were its own portfolio loans and in accordance with standard banking usage and practice for collecting overdue amounts, and shall be bound to advance such expenses as may be necessary for those actions to be taken, without prejudice to its right to be reimbursed by the Fund. Needless to say, these actions include all such legal and other actions as the Servicer may deem necessary to claim and collect the amounts due by the Obligors or their guarantors.

Legal actions.

The Servicer, using its fiduciary title to the Loans or using the power referred to in the following paragraph, shall take all relevant actions against Obligors failing to meet their payment obligations derived from the Loans and against guarantors, if any. Such an action shall be brought using the appropriate court enforcement procedures prescribed in articles 517 et seq. of the Civil Procedure Act.

In the above connection and for the purposes prescribed in articles 581.2 and 686.2 of the Civil Procedure Act, and in the event that this should be necessary, the Management Company shall confer in the Deed of Constitution as full and extensive a power of attorney as may be required at Law on BANCO DE VALENCIA in order that the latter may, acting through any of its attorneys properly empowered for those purposes, on the Management Company's instructions, for and on behalf of the Fund, or in its own name but for the Management Company as the authorised representative of the Fund, demand by any judicial or other means the Obligor of any of the Loans and guarantors, if any, to pay the debt and take legal action against the same, in addition to other authorities required to discharge its duties as Servicer. These authorities may be extended and amended in another deed if necessary or appropriate.

The Servicer shall generally commence the relevant legal proceedings, if, for a period of six (6) months, a Loan Obligor having failed to honour his payment obligations should not resume payments to the Servicer and the latter, with the Management Company's consent, should not obtain a payment commitment satisfactory to the Fund's interests. The Servicer shall in any event forthwith proceed to file an executive action if the Management Company, acting for the Fund, and after analysing the specific circumstances of the case, should deem this necessary.

If six (6) months should elapse from the oldest default without the Obligor having resumed payments or the Servicer, with the Management Company's consent, securing a payment commitment satisfactory to the Fund's interests, and the Servicer should fail to file the recovery action without there being proper reasons therefor, the Management Company may, on behalf of the Fund, proceed directly to commence the appropriate legal proceedings to fully claim the debt.

In the event that the proceedings commenced by the Servicer should be stopped without there being proper reasons therefor, the Management Company may, as the case may be, on behalf of the Fund, take over from the latter and continue with the legal proceedings.

In addition to the Servicer's legal actions against Obligors as provided for above in this section, the Management Company, for the Fund, may also take action against Obligors who are in breach of their Loan payment obligations and against guarantors, if any. That action shall be brought observing the formalities for the relevant legal procedure in accordance with the provisions of the Civil Procedure Act, satisfying, as the case may be, the requirements as to right of action allowing that to be done.

If this should be legally required, and for the purposes prescribed in the Civil Procedure Act, BANCO DE VALENCIA 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 BANCO DE VALENCIA, to demand through a notary public any Loan Obligor and third-party guarantors, if any, to pay the debt.

1. In regard to the Mortgage Loans, in the event of default by any Obligor, the Management Company, acting for and on behalf of the Fund, shall have the following remedies provided for mortgage participation certificates in article 66 of Royal Decree 685/1982, which also apply to the pass-through certificates:
 - (i) To demand the Servicer to apply for foreclosure.
 - (ii) To take part on an equal standing with BANCO DE VALENCIA, as issuer of the Pass-Through Certificates, in the foreclosure the latter shall have instituted against the Obligor, intervening to that end in any foreclosure proceedings commenced by the former and to share in the proceeds of the auction pro rata to its respective percentage of the foreclosed Mortgage Loan.
 - (iii) If the Servicer should fail to take that action within sixty (60) calendar days of a notice served through a Notary demanding payment of the debt, the Management Company, for and on behalf of the Fund, shall be secondarily entitled to bring the foreclosure action on the Mortgage Loan for both principal and interest.
 - (iv) In the event that the proceedings instituted by the Servicer should come to a standstill, the Fund, duly represented by the Management Company, may be subrogated in the position of the former and continue the foreclosure proceedings, without the above period having to elapse.

In the events provided in paragraphs (iii) and (iv), the Management Company, for and on behalf of the Fund, may apply to the Judge or Notary with jurisdiction to commence or continue with the respective foreclosure proceedings, attaching to the application the original Pass-Through Certificate, the notice served through a Notary Public provided for in section (iii) above and an office certificate as to the registration and subsistence of the mortgage. The Servicer shall be bound to issue a certification of the balance outstanding on the Mortgage Loan.

The Management Company, for and on behalf of the Fund as holder of the Pass-Through Certificates, may also take part on an equal standing with BANCO DE VALENCIA in the foreclosure proceedings and may in this sense, on the terms for which provision is made in the Civil Procedure Act, request the award of the mortgaged property as payment of the Mortgage Loan. The Management Company shall proceed, directly or through the Servicer, to sell the property awarded within the shortest possible space of time and at arm's length.

2. In the event of default by the Obligor (or third-party guarantors, if any) of Non-Mortgage Loan payment obligations, the Management Company, acting for the Fund shall have an executive action against those Obligors (and third-party guarantors, if any), taking the steps provided for such proceedings in the Civil Procedure Act (articles 517.4 and 517.5).

In the event of default by the Obligor (or third-party guarantors, if any) of payment obligations of Loans secured with pledges, the Management Company, acting for the Fund, shall avail of an action to enforce those pledges, after entering, as the case may be, the assignment of the respective Loan in the relevant register. In particular, in the case of Loans secured with a money pledge, and subject to delivery, as the case may be, of the bank-book, passbook, receipt or public deed supporting the pledged credit right or entry or recording therein or in the relevant originals, protocols or records concerning transfer of the pledge, the enforcement means provided for in the agreement proper, in the Civil Procedure Act and in the Civil Code (article 1872).

The description of the above actions and procedures shall not imply a waiver by the Servicer or the Management Company of any other legal or other actions or procedures whatsoever available against the Obligors or any guarantors or other third parties, if any, to recover the amounts due or keep in place or enforce the Loan security arrangements.

The Servicer agrees to promptly advise of payment demands, legal actions and all and any other circumstances affecting collection of overdue Loans amounts. Furthermore, the Servicer will provide the Management Company with all such documents as the latter may request in relation to said Loans and in particular the documents required for the Management Company to take legal actions, as the case may be.

8. Damage insurance for properties mortgaged under the Mortgage Loans.

The Servicer shall not take or fail to take any action resulting in cancellation of any fire or damage insurance policy covering the properties mortgaged under the Mortgage Loans or reducing the amount payable in any claim thereunder. The Servicer shall use all reasonable efforts and in any event use the rights conferred under the insurance policies or the Mortgage Loans in order to keep those policies in full force and effect in relation to each Mortgage Loan and the respective mortgaged property.

Whenever the Servicer receives notice of non-payment of policy premiums by any Obligor the Servicer may demand the Obligor to pay the same and indeed take out fire and damage insurance on the Obligor's behalf where it is able to do so under the Mortgage Loan deed, advancing payment of the premiums, without prejudice to being reimbursed by the Obligor for amounts so paid.

In the event of a claim, each Servicer shall coordinate actions for collecting compensations derived from the property damage insurance policies on the terms and conditions of the Mortgage Loans and the actual policies, paying the amounts received to the Fund.

9. Set-off.

In the exceptional event that any of the Obligors under the Loans should have a liquid credit right, due and payable vis-à-vis the Servicer, and because the assignment is made without the Obligor being aware, any of the Loans should be fully or partially set-off against that credit, the Servicer shall proceed to pay to the Fund the amount set off plus accrued interest which would have been payable to the Fund until the date on which payment is made, calculated on the terms applicable to the relevant Loan.

10. Subcontracting.

The Servicer may subcontract any of the services it may have agreed to provide under the Servicing Agreement other than those that may not be so delegated in accordance with the laws in force for the time being. That subcontracting may in no event result in an additional cost or expense for the Fund or the Management Company, and may not result in the rating assigned to each Bond Series by the Rating Agencies being adversely reviewed. Notwithstanding any subcontracting or subdelegation, the Servicer shall not be excused or released under that subcontract or subdelegation from any of the liabilities undertaken in the Servicing Agreement which may legally be attributed or ascribed to it.

11. Auction of real estate and assets.

The Servicer agrees to notify the Management Company of the places, dates, terms and valuation of the real estate mortgaged as security for the Mortgage Loans and of the assets attached as security for the Loans, auctions scheduled, and proposed action and bid, in suitable advance in order that the Management Company may put in place such actions as it shall see fit and submit instructions on the subject to the Servicer in suitable time.

The Servicer agrees to attend auctions of real estate and assets, but shall thereat abide at all times by the instructions it shall have received from the Management Company, and shall therefore only tender a bid or apply for the award of the real estate or the asset to the Fund, fulfilling the instructions received from the Management Company.

In the event of real estate or other assets being awarded to the Fund, the Management Company shall proceed, directly or through the Servicer, to sell the same within the shortest possible space of time and at arm's length and the Servicer shall actively assist in expediting their disposal.

3.7.2.2 Term and substitution.

The services shall be provided by the Servicer until all the obligations undertaken by the Servicer as Originator of the Loans acquired by the Fund terminate, once all the Loans have been repaid, or when the liquidation of the Fund concludes after it terminates, without prejudice to a possible early revocation of its appointment under the Servicing Agreement.

In the event of insolvency of the Servicer or of administration by the Bank of Spain or in the event of a breach by the Servicer of the obligations imposed on the Servicer under the Servicing Agreement or in the event of the Servicer's credit rating falling or being lost or its financial circumstances changing to an extent that may be detrimental to or place the financial structure of the Fund or Bondholders' rights and interests at risk, the Management Company shall, in addition to demanding the Servicer to fulfil the obligations laid down in the Servicing Agreement, proceed to put in place, where this is legally possible, inter alia and after notifying the Rating Agencies, any of the following actions in order for the rating assigned to the Bonds by the Rating Agencies not to be adversely affected: (i) demanding the Servicer to subcontract or subdelegate to another institution the performance of the obligations and undertakings made in the Servicing Agreement; (ii) having another institution with a sufficient credit rating and quality secure all or part of the Servicer's obligations; (iii) setting up a deposit in cash or securities in favour of the Fund in an amount sufficient to secure all or part of the Servicer's obligations in order for there to be no detriment to the rating given to the Bonds by the Rating Agencies, and (iv) terminating the Servicing Agreement, in which case the Management Company shall previously designate a new Servicer having a sufficient credit quality and accepting the obligations contained in the Servicing Agreement or, as the case may be, in a new servicing agreement. Any additional expense or cost derived from those previous actions shall be covered by the Servicer and at no event by the Fund or the Management Company. In the event of insolvency of the Servicer, only (iv) above shall be valid. Any additional expense or cost derived from the aforesaid actions shall be covered by the Servicer and at no event by the Fund or the Management Company.

Furthermore, in the event of insolvency, or indications thereof, administration by the Bank of Spain, liquidation or substitution of the Servicer or because the Management Company deems this reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors or the insurers with which the Obligors may have taken out the damage insurance contracts, if any, attaching to the Mortgage Loans underlying the Pass-Through Certificates, if any) of the transfer to the Fund of the outstanding Loans, and that the payments derived therefrom will only be effective as a

discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors and third-party guarantors and insurers, if any, within five (5) Business Days of receiving the request and in the event of insolvency or liquidation of the Servicer, the Management Company itself shall notify Obligors and third-party guarantors and insurers, if any, directly or, as the case may be, through a new Servicer it shall have designated.

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

Upon early termination of the Servicing Agreement, the outgoing Servicer shall provide the new Servicer, on demand by the Management Company and as determined thereby, with the necessary documents and data files it may have in order for the new Servicer to carry on the relevant activities.

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

3.7.2.3 Liability of the Servicer and indemnity.

The Servicer shall at no time have any liability whatsoever in relation to the Management Company's obligations as manager of the Fund and manager of Bondholders' interests, nor in relation to the Obligors' obligations derived from the Loans, without prejudice to the liabilities undertaken thereby as Originator of the Loans acquired by the Fund.

The Servicer takes on the obligation to indemnify the Fund or its Management Company for any damage, loss or expense resulting for the same on account of any breach by the Servicer of its obligations to service, manage and report on the Loans and custody the Pass-Through Certificates, established under the Servicing Agreement, or in the event of breach of the provisions of paragraph 3 of section 2.2.9 of the Building Block.

The Management Company shall, for and on behalf of the Fund, have recourse against the Servicer where the breach of the obligation to pay any and all principal repayment and interest and other amounts paid by the Obligors under the Loans corresponding to the Fund does not result from default by the Obligors and is attributable to the Servicer.

Upon the Loans terminating, the Fund shall, through its Management Company, retain a right of action against the Servicer until fulfilment of its obligations.

Neither Bondholders nor any other creditor of the Fund shall have any direct right of action whatsoever against the Servicer; that action shall lie with the Management Company, as the representative of the Fund, who shall have that action on the terms described in this section.

3.7.2.4 Servicer's remuneration.

In consideration of the custody, servicing and management of the Loans and custody of the documents representing the Pass-Through Certificates, the Servicer shall be entitled to receive in arrears on each Payment Date during the term of the Servicing Agreement, a servicing fee equal to 0.01% per annum, inclusive of VAT if there is no exemption, which shall accrue on the exact number of days elapsed in each Determination Period preceding the Payment Date and on the mean daily Outstanding Balance of the Loans serviced during that Determination Period. If BANCO DE VALENCIA 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 BANCO DE VALENCIA. The servicing fee will be paid on the relevant Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

If the Fund should, through its Management Company, due to a shortage of liquidity in the Fund Priority of Payments, fail to pay on a Payment Date the full fee due to the Servicer, the overdue amounts shall accumulate without any penalty whatsoever on the fee payable on the following Payment Dates, until fully paid.

Furthermore, on each Payment Date, the Servicer shall be entitled to reimbursement of all Loan servicing and management expenses of an exceptional nature incurred, such as in connection with legal and/or recovery actions, including procedural expenses and costs, or managing and overseeing the sale of assets or properties 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.

BANCO DE VALENCIA is the Fund's counterparty in the transactions listed below. The details relating to BANCO DE VALENCIA and its activities are respectively given in section 5.2 of the Securities Note and in section 3.5 of this Building Block.

- (i) Treasury Account:
Guaranteed Interest Rate Account (Treasury Account) Agreement
Description in section 3.4.4.1 of this Building Block.
- (ii) Start-Up Loan:
Start-Up Loan Agreement
Description in section 3.4.3.2 of this Building Block.
- (iii) Financial Swap:
Financial Swap Agreement
Description in section 3.4.7.1 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) 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 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 ratio of such Outstanding Principal Balances to the initial face amount of each Bond.
- iv) Obligors' Loan 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 Loan principal prepayment rates shall be maintained and making all other assumptions as provided in section 4.10 of the Securities Note.

The foregoing notices shall be made in accordance with the provisions of section 4.1.3 below and will also be notified to the CNMV, the Paying Agent, AIAF and Iberclear, not less than one (1) Business Day before each Payment Date.

b) Information referred to each Payment Date:

In relation to the Loans on the Determination Date preceding the Payment Date:

- 1. Outstanding Balance.
- 2. Interest and principal amount of instalments in arrears.
- 3. Interest rate and, if the interest floats, benchmark indices of the Loans.
- 4. Dates of maturity of the Loans.
- 5. Outstanding Balance of Doubtful Loans and cumulative amount of Doubtful Loans 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 final margins applicable for determining the Nominal Interest Rate for each Series and the Nominal Interest Rate determined for each Bond Series for the first Interest Accrual Period.
- 2. Other:

Any relevant event occurring in relation to the Loans, the Bonds, the Fund and the Management Company proper, which may materially influence trading of the Bonds and, in general, any relevant change in the Fund's assets or liabilities, change in the Deed of Constitution, or in the event of termination of the establishment of the Fund or a decision in due course to proceed to 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 a publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or by a publication in an extensively circulated business and financial or general newspaper in Spain. The Management Company or the Paying Agent may additionally disseminate that information or other information of interest to Bondholders through dissemination channels and systems typical of financial markets, such as Reuters, Bridge Telerate, Bloomberg or any other similarly characterised means.

2. Extraordinary notices.

Extraordinary notices shall be given by publication in an extensively circulated business and financial or general newspaper in Spain, and those notices shall be deemed to be given on the date of that publication, any Business Day or other calendar day (as established in this Prospectus) being valid for such notices.

Exceptionally, the final margins applicable for determining the Nominal Interest Rate for each Series and the Nominal Interest Rate determined for the Bonds in each Series for the first Interest Accrual Period shall be notified in writing by the Management Company by the start of the Subscription Period to the Underwriters and Placement Agents in order to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

3. Notices and other information.

The Management Company may provide Bondholders with notices and other information of interest to them through its own Internet pages or other similarly characterised teletransmission means.

4.1.4 Information to the CNMV.

The Management Company shall proceed to advise the CNMV of the periodic and extraordinary notices and information given in accordance with the provisions of the preceding sections, and of such other information as the CNMV may require of it or by the laws in force from time to time, irrespective of the above.

4.1.5 Information to the Rating Agencies.

The Management Company shall provide the Rating Agencies with periodic information as to the position of the Fund and the performance of the Loans in order that they may monitor the rating of the Bonds and extraordinary notices. The Management Company shall also provide that information when it is reasonably required to do so and, in any event, whenever there is a significant change in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company or in the interested parties.

Mario Masiá Vicente, for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN and as General Manager signs this Prospectus at Madrid, on July 17, 2007.

GLOSSARY OF DEFINITIONS

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

“**Act 2/1981**” shall mean Mortgage Market Regulation Act 2/1981, March 25.

“**Act 2/1994**” shall mean Mortgage Loan Subrogation and Amendment Act 2/1994, March 30.

“**Act 3/1994**” shall mean Act 3/1994, April 14, adapting Spanish laws in the matter of credit institutions to the Second Banking Coordination Directive and introducing other changes in relation to the financial system.

“**Act 44/2002**” shall mean Financial System Reform Measures Act 44/2002, November 22.

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

“**Amortisation Withholding**” shall mean, on each Payment Date, the positive difference, if any, on the Determination Date preceding the relevant Payment Date, between (i) the Outstanding Principal Balance of Series A1, A2, B, C and D Bonds, and (ii) the Outstanding Balance of Non-Doubtful Loans.

“**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 applied in 8th place 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.

“**BANCO DE VALENCIA**” shall mean BANCO DE VALENCIA, S.A.

“**BANCO PASTOR**” shall mean BANCO PASTOR S.A..

“**BBVA**” shall mean BANCO BILBAO VIZCAYA ARGENTARIA S.A..

“**Bond Issue Management, Underwriting, Placement and Subscription Agreement**” shall mean the Bond Issue management, underwriting and placement agreement entered into between the Management Company, for and on behalf of the Fund, and BANCAJA, DEUTSCHE BANK and RBS as Lead Managers and Series A1, A2, B, C and D Bond Underwriters and Placement Agents, and BANCO PASTOR and BBVA as Series A1, A2, B, C and D Bond Underwriters and Placement Agents, and BANCO DE VALENCIA as Series E Bond subscriber.

“**Bond Issue**” shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR eight hundred and sixty-five million three hundred thousand (865,300,000.00), consisting of eight thousand six hundred and fifty-three (8,653) Bonds comprised of six Series (Series A1, Series A2, Series B, Series C, Series D and Series E).

“**Bond Paying Agent Agreement**” shall mean the Bond paying agent agreement entered into by the Management Company, for and on behalf of the Fund, and BANCAJA, as Paying Agent.

“**Bonds**” shall mean the Class A Bonds (consisting of Series A1 and A2), the Series B Bonds, the Series C Bonds, the Series D Bonds and the Series E 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 calendar (Trans European Automated Real-Time Gross Settlement Express Transfer System).

“**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”.

“**Class A Bonds**” shall mean the Series A1 and A2 Bonds issued by the Fund having a total face amount of EUR seven hundred and fifty-four million eight hundred thousand (754,800,000.00).

“**Class A**” shall mean the Class A (comprising Series A1 and A2) Bonds issued by the Fund.

“**Closing Date**” shall mean July 26, 2007, 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*).

“**Conditions for Pro Rata Amortisation**” shall mean the conditions set down in section 4.9.3.6 of the Securities Note for amortisation of Series B and/or C and/or D.

“**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 BANCO DE VALENCIA to the Fund of Non-Mortgage Loans and Mortgage Loans by issuing Pass-Through Certificates, and issue by the Fund of the Asset-Backed Bonds.

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

“**Deloitte**” shall mean Deloitte S.L.

“**Determination Dates**” shall mean the dates falling on the fourth (4th) 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 the date of establishment of the Fund, inclusive, and the first Determination Date, September 18, 2007, inclusive, and (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which Early Liquidation of the Fund concludes, as provided for in section 4.4.4.3 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.

“**DEUTSCHE BANK**” shall mean DEUTSCHE BANK AG.

“**Distribution of Available Funds for Amortisation**” shall mean the rules for applying the Available Funds for Amortisation between each Series on each Payment Date established in section 4.9.3.6 of the Securities Note.

“**Doubtful Loans**” shall mean Loans that are delinquent on a given date with a period of arrears equal to or greater than 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 and subject to the requirements established in section 4.4.3 of the Registration Document.

“Early Liquidation Events” shall mean the events contained in section 4.4.3 of the Registration Document where the Management Company, following notice duly served on the CNMV, is entitled to proceed to early liquidation of the Fund.

“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.

“Euribor” shall mean the Euro Interbank Offered Rate which is the term interbank deposit offered rate in euros calculated as the daily average of the quotations supplied for fifteen maturity terms by a panel consisting of 57 Banks, from among the most active banks in the Euro zone. The rate is quoted based on a count of the actual days to maturity and a 360-day year, and is fixed at 11am (CET), accurate to three decimal places.

“Final Maturity Date” shall mean the final Bond amortisation date, i.e. March 23, 2040 or the following Business Day if that is not a Business Day.

“Financial Intermediation Agreement” shall mean the agreement designed to remunerate BANCO DE VALENCIA for the financial intermediation process carried out, enabling the financial transformation defining the Fund’s activity, the assignment to the Fund of the Loans and the rating assigned to each Bond Series, entered into between the Management Company, for and on behalf of the Fund, and BANCO DE VALENCIA.

“Financial Swap Agreement” shall mean the financial swap agreement to be entered into based on the standard (CMOF) Master Financial Transaction Agreement between the Management Company, acting for and on behalf of the Fund, and BANCO DE VALENCIA.

“Fitch” shall mean both Fitch Ratings España, S.A. and Fitch Ratings Limited, the holding company to which Fitch Ratings España, S.A. is affiliated.

“Fund” shall mean PYME VALENCIA 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 BANCO DE VALENCIA.

“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 out of the payment for subscription for the Series E Bonds at EUR fifteen million three hundred thousand (15,300,000.00).

“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.

“Lead Managers” shall mean BANCAJA, DEUTSCHE BANK and RBS.

“Liquidation Available Funds” shall mean, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or upon Early Liquidation, the amounts to be allocated to meeting the Fund’s payment or withholding obligations, as follows: (i) the Available Funds, and (ii) the amounts obtained by the Fund from time to time upon disposing of the Loans and of the assets remaining.

“Liquidation Priority of Payments” shall mean the priority of the Fund’s payment or withholding obligations for applying the Liquidation Available Funds on the Final Maturity Date or upon Early Liquidation of the Fund.

“Loan Servicing and Pass-Through Certificate Custody Agreement” shall mean the Loan custody and servicing and Pass-Through Certificate supporting document custody agreement entered into between the Management Company, acting for and on behalf of the Fund, and BANCO DE VALENCIA, as Servicer.

“Loans” shall mean the bilateral loans owned by BANCO DE VALENCIA granted to non-financial small and medium-sized enterprises (legal persons) (SMEs, as defined internally by BANCO DE VALENCIA -annual turnover not in excess of EUR fifty million (50,000,000.00)-) domiciled in Spain, assigned by BANCO DE VALENCIA to the Fund upon being established.

In this Prospectus the term “Loans” shall be used to refer collectively to the Non-Mortgage Loans and the Mortgage Loans or the Pass-Through Certificates perfecting their assignment.

“Management Company” shall mean EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.

“Moody’s” shall mean both Moody’s Investors Service España, S.A. and Moody’s Investors Service Limited, the holding company to which Moody’s Investors Service España, S.A. is affiliated.

“Mortgage Loans” shall mean the Loans with real estate mortgage security assigned by BANCO DE VALENCIA to the Fund upon BANCO DE VALENCIA issuing and the Fund subscribing for the Pass-Through Certificates.

“Nominal Interest Rate” shall mean the nominal interest rate, variable quarterly and payable quarterly, applicable to each Series and determined for each Interest Accrual Period, which shall be the result of adding (i) the Reference Rate and (ii) a margin for each Series as detailed in section 4.8.1.2 of the Securities Note.

“Non-Delinquent Loans” shall mean Loans that are not deemed to be Delinquent Loans on a given date, also excluding Doubtful Loans.

“Non-Doubtful Loans” shall mean Loans that are not deemed to be Doubtful Loans on a given date.

“Non-Mortgage Loans” shall mean Loans without special security, secured by pledging money and/or units in investment funds or with third-party personal guarantees, assigned by BANCO DE VALENCIA to the Fund upon being sold by BANCO DE VALENCIA and acquired by the Fund.

“Obligors” shall mean the borrowers (non-financial small and medium-sized enterprises domiciled in Spain) of the Loans.

“Originator” shall mean BANCO DE VALENCIA, originator of the Loan receivables.

“Outstanding Balance of the Loans” shall mean the sum of outstanding capital or principal and overdue capital or principal not paid into the Fund for each and every one of the Loans.

“Outstanding Principal Balance of Class A” shall mean the sum of the Outstanding Principal Balance of Series A1 and A2 making up Class A.

“Outstanding Principal Balance of the Bond Issue” shall mean the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D making up the Bond Issue.

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

“Pass-Through Certificates” shall mean the pass-through certificates issued by BANCO DE VALENCIA in accordance with article 18 of Act 44/2002, and subscribed for by the Fund.

“Paying Agent” shall mean the firm servicing the Bonds. The Paying Agent shall be BANCAJA (or any 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 September 24, 2007, because September 23, 2007 is not a Business Day.

“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.

“Rating Agencies” shall mean Fitch Ratings España, S.A. and Moody’s Investors Service España, S.A.

“RBS” shall mean THE ROYAL BANK OF SCOTLAND PLC.

“Reference Rate” shall mean, other than for the first Interest Accrual Period, three- (3-) month Euribor fixed 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 two- (2-) month Euribor, fixed at 11am (CET) on the third 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.

“Regulation (EC) No. 809/2004” shall mean Commission Regulation (EC) No. 809/2004, April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

“Required Cash Reserve” shall mean, on each Payment Date, the lower of the following amounts: (i) EUR fifteen million three hundred thousand (15,300,000.00) and (ii) the higher of a) 3.60% of the Outstanding Principal Balance of the Bond Issue and b) a sum of EUR seven million six hundred and fifty thousand (7,650,000.00).

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

“Royal Decree 1310/2005” shall mean Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose.

“Royal Decree 685/1982” shall mean Royal Decree 685/1982, March 17, implementing certain aspects of Mortgage Market Regulation Act 2/1981, and Royal Decree 1289/1991, August 2, amending certain of the previous Royal Decree’s articles.

“Royal Decree 926/1998” shall mean Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies.

“Securities Market Act” shall mean Securities Market Act 24/1988, July 28, amended by Act 37/1998, November 16, and Act 44/2002, November 22, and Royal Decree Law 5/2005, March 11, among other amendments.

“Series A1 Bonds” shall mean the Series A1 Bonds issued by the Fund having a total face amount of EUR one hundred and eighty million (180,000,000.00) comprising one thousand eight hundred (1,800) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A1, A2, B, C and D Underwriters and Placement Agents” shall mean BANCAJA, DEUTSCHE BANK, RBS, BANCO PASTOR and BBVA.

“Series A1” shall mean the Series A1 Bonds issued by the Fund.

“Series A2 Bonds” shall mean the Series A2 Bonds issued by the Fund having a total face amount of EUR five hundred and seventy-four million eight hundred thousand (574,800,000.00) comprising five thousand seven hundred and forty-eight (5,748) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A2” shall mean the Series A2 Bonds issued by the Fund.

“Series B Bonds” shall mean the Series B Bonds issued by the Fund having a total face amount of EUR forty-seven million six hundred thousand (47,600,000.00) comprising four hundred and seventy-six (476) Bonds having a unit face value of EUR one hundred thousand (100,000).

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

“Series C Bonds” shall mean the Series C Bonds issued by the Fund having a total face amount of EUR thirty-four million (34,000,000.00) comprising three hundred and forty (340) Bonds having a unit face value of EUR one hundred thousand (100,000).

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

“Series D Bonds” shall mean the Series D Bonds issued by the Fund having a total face amount of EUR thirteen million six hundred thousand (13,600,000.00) comprising one hundred and thirty-six (136) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series D” shall mean the Series D Bonds issued by the Fund.

“Series E Bonds” shall mean the Series E Bonds issued by the Fund having a total face amount of EUR fifteen million three hundred thousand (15,300,000.00) comprising one hundred and fifty-three (153) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series E” shall mean the Series E Bonds issued by the Fund.

“Servicer” shall mean the institution in charge of custody and servicing of the Loans and custody of the certificates representing the Pass-Through Certificates under the Loan Servicing and Pass-Through Custody Agreement, i.e. BANCO DE VALENCIA (or any other institution taking its stead as Servicer).

“Servicing Agreement” shall mean the Loan Servicing and Pass-Through Certificate Custody Agreement.

“SMEs” shall mean small and medium-sized enterprises (legal persons) as defined internally by BANCO DE VALENCIA -annual turnover not in excess of EUR fifty million (50,000,000.00).

“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 BANCO DE VALENCIA, for a sum of EUR one million three hundred thousand (1,300,000.00).

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

“Subscription Period” shall mean the Bond subscription period comprised between 1pm (CET) and 2pm (CET) on July 23, 2007.

“Treasury Account” shall mean the financial account in euros opened at BANCO DE VALENCIA 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.