

PROSPECTUS

October 2008

PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS

ISSUE OF ASSET-BACKED BONDS EUR 1,100,000,000

Series A	EUR 837,600,000	Aaa
Series B	EUR 119,400,000	A3
Series C	EUR 143,000,000	Baa3

Backed by loans assigned and serviced by



Lead Manager and Subscriber



Paying Agent

BANCAJA

Fund established and managed by



Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores
on October 2, 2008

**Material Event
concerning**

PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS

Pursuant to the Prospectus for **PYME BANCAJA 7 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On May 25, 2012, this Management Company notified Material Event reporting that the Rating Agency Moody’s Investors Service (“**Moody’s**”) had, on May 17, 2012, downgraded the credit ratings assigned to BANCO POPULAR ESPAÑOL, S.A. (“**BANCO POPULAR**”) and BANCO COOPERATIVO ESPAÑOL, S.A. (“**BANCO COOPERATIVO**”), which circumstance was reported because BANCO POPULAR was the Fund’s counterparty under the Guaranteed Interest Rate Account (Treasury Account) Agreement and BANCO COOPERATIVO was the Fund’s counterparty under the Paying Agent Agreement.
- As of October 29, 2012, the Fund’s Treasury Account was transferred from BANCO POPULAR to BANCO SANTANDER, S.A. (“**SANTANDER**”) which bank was subrogated to the Guaranteed Interest Rate Account (Treasury Account) Agreement by signing the relevant subrogation agreement amending but not terminating the same.

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

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

	Moody’s
Short-term	P-2
Long-term	Baa2

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

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

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

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

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

Mario Masiá Vicente
General Manager

Material Event
concerning

PYME BANCAJA 7 Fondo de Titulización de Activos

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **PYME BANCAJA 7 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>A new additional paragraph is added to paragraph two section (i), containing references to the actions to be taken in the event of the Paying Agent’s credit ratings being downgraded, with the following wording:</p> <p>“(i) (...)</p> <p>The Management Company shall, on the Business Day preceding each Payment Date, pay out of the Treasury Account, into an account opened in the name of the Fund at the Paying Agent, the total Bond interest payment and principal repayment amount for each Series. The return on investments interim tax amounts to be withheld on each Payment Date on Bond interest in accordance with the applicable statutory provisions, shall remain credited to the Fund’s account at the Paying Agent until the date on which the Management Company has to actually pay the same to the Tax Administration.”</p> <p>A new paragraph is added after paragraph four, with the following wording:</p> <p>“BANCAJA shall agree, upon the Management Company’s request and provided that its short-term unsecured and unsubordinated debt obligations are rated at least as high as F2 and P-1 respectively by Fitch and Moody’s, to be subrogated to this Agreement as Paying Agent.”</p> <p>Paragraph five of this section, concerning the Paying Agent’s compensation, is replaced with the following wording:</p> <p>“In consideration of the services to be provided by the Paying Agent, the Fund shall pay it on each Payment Date during the term of this Agreement, a fixed fee which shall be payable provided that the Fund has sufficient liquidity and in the Fund Priority of Payments or, as the case may be, the Liquidation Priority of Payments.”</p>

Issued to serve and avail as required by law, at Madrid, on December 31, 2009.

Mario Masiá Vicente
General Manager

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

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

RISK FACTORS

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

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

PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS (the “**Fund**” and/or the “**Issuer**”) is a separate fund devoid of legal personality and is managed by a management company, EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the “**Management Company**”), in accordance with Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies (“**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, which include enforcing Bondholders’ interests as the manager of third-party portfolios. There shall be no syndicate of bondholders. Therefore, the capacity to enforce Bondholders’ interests shall depend on the Management Company’s means.

b) Forced substitution of the Management Company.

In accordance with article 19 of Royal Decree 926/1998, where the Management Company is adjudged insolvent or has its licence to act as a securitisation fund management company revoked by the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*) (the “**CNMV**”), it shall find a substitute management company. In any such event, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, the Fund shall be liquidated early and the Bonds issued by the same shall be redeemed, in accordance with the provisions of the Deed of Constitution and of this Prospectus.

c) Limitation of actions against the Management Company.

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 recourse may be used by 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 Loan default or prepayment, a breach by the Originator of its obligations or by the counterparties to the transactions entered into for and on behalf of the Fund, or shortfall of the financial hedging transactions for servicing the Bonds in each Series.

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

d) Applicability of the Bankruptcy Act

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

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

Notwithstanding that, in the event that the public deed of constitution should be deemed to satisfy the requirements set in Additional Provision 3 of Act 1/1999, the Originator’s assignment to the Fund of the

Non-Mortgage Loan receivables could be liable to be rescinded in accordance with the general system provided for under article 71 of the Bankruptcy Act. However, that same article 71 specifically provides under paragraph 5 that transactions made at arm's length in the Originator's ordinary course of business cannot be rescinded under any circumstances. There is no case law on the subject.

In the event of insolvency of the Management Company, it must be replaced by another management company as provided for in b) above and in articles 18 and 19 of Royal Decree 926/1998. In the event of the Management Company being decreed to be insolvent, the assets owned by the Fund in the Management Company's power which it is not entitled to use, tender as security or withhold -other than money because it is fungible- and which are part of the estate shall be considered to be the Fund's property and be handed by the receivers to the Fund. Failing a breach by the parties, the structure of the asset securitisation transaction envisaged does not 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 the Deed of Constitution and in the Prospectus, into the accounts opened in the Fund's name by the Management Company (which shall be involved in opening those accounts as the Fund's authorised representative and not just as a mere attorney-in-fact for the Fund, and the Fund would therefore have a right of separation in that respect, on the terms provided for in articles 80 and 81 of the Bankruptcy Act).

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

2 Risks derived from the securities.

a) Issue Price.

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

b) Liquidity.

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

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

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

c) Yield.

Calculation of the yield (internal rate of return) of the Bonds in each Series contained in section 4.10 of the Securities Note is subject, inter alia, to assumed Loan prepayment and delinquency rates that may not be fulfilled, and to future market interest rates, given the floating nature of the Nominal Interest Rate of each Series.

d) Duration.

Calculation of the average life and duration of the Bonds in each Series contained in section 4.10 of the Securities Note is subject to fulfilment of 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.

e) 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.

f) Subordination of the Bonds.

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds. Series C Bond interest payment and principal repayment is in turn deferred with respect to Series A and Series B Bonds. However, there is no certainty that these subordination rules will protect Series A, B and C Bondholders from the risk of loss.

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

g) Deferment of interest.

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

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

h) Bond Rating.

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

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

These ratings are not and cannot therefore be howsoever construed as an invitation, recommendation or encouragement for investors to proceed to carry out any transaction whatsoever on the Bonds and, in particular, acquire, keep, charge or sell those Bonds.

i) Ratings not confirmed.

The Rating Agency's failure to confirm the provisional ratings given to the Bonds by 1pm (CET) on October 6, 2008 shall be an event of termination of the establishment of the Fund and the Bond Issue.

3 Risks derived from the assets backing the issue.

a) Risk of default on the Loans.

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

BANCAJA, as Originator, shall have no liability whatsoever for the Obligors' default of principal, interest or any other amount they may owe under the Loans. Under article 348 of the Commercial Code, BANCAJA would be liable to the Fund for the existence and lawfulness of the Loans, on the terms and conditions declared in the Deed of Constitution and in this Prospectus, and for the personality with which the issue of the Mortgage Loan Pass-Through Certificates and the assignment of the Non-Mortgage Loan receivables is made. BANCAJA will have no liability whatsoever to directly or indirectly guarantee that the transaction will be properly performed nor give any guarantees or security, nor indeed agree to repurchase the Non-Mortgage Loan receivables or the Pass-Through Certificates, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution or redemption of Non-Mortgage Loan receivables 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.

b) Limited Liability.

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

c) Limited Hedging.

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

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

d) Loan prepayment risk.

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

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

e) Geographical concentration.

The number of selected loans at August 31, 2008 to be assigned to the Fund upon being established with obligors domiciled in the Valencian Community is 2,008 (48.57% of the total loans), and their outstanding principal amounts to EUR 599,165,956.04 (47.10% of the total), as detailed in section 2.2.2.m) 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.

f) Sector concentration.

The number of selected loans at August 31, 2008 to be assigned to the Fund upon being established with obligors whose business (Spanish Business Activity Code *CNAE*) is comprised within the building and real estate sector is 2,463 (59.58% of the total), and their outstanding principal amounts to EUR 857,268,451.85 (67.39% of the total), as detailed in section 2.2.2.b) of the Building Block. Out of these 2,463 loans, there are 1,135 loans with obligors based in the Valencian Community (56.52% in the Valencian Community), and their outstanding principal as of that date amounts to EUR 384,928,708.04 (64.24% in the Valencian Community).

Given these concentration levels, any circumstance whatsoever having a substantial adverse effect on the building and real estate businesses could affect payments of the Loans backing the Bond Issue.

g) Selected loan origination date concentration.

Selected portfolio selected loans originated in the years 2006, 2007 and 2008 account for 87.75%, in terms of outstanding principal, of the total selected portfolio. The weighted average age of the portfolio is 21.06 months at August 31, 2008, the selected portfolio selection date.

SECURITIES REGISTRATION DOCUMENT

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

1. PERSONS RESPONSIBLE

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

Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the “**Management Company**”), the company sponsoring PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS (the “**Fund**” and/or the “**Issuer**”), takes responsibility for the contents of this Registration Document.

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

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

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

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

2.2 Accounting policies used by the Fund.

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

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

3. RISK FACTORS

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

4. INFORMATION ABOUT THE ISSUER

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

The Issuer is a closed-end asset securitisation fund to be established in accordance with Spanish laws.

4.2 Legal and commercial name of the issuer.

The issuer's name is "PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

- PYME BANCAJA 7 FTA
- PYME BANCAJA 7 F.T.A.

4.3 Place of registration of the issuer and registration number.

The place of registration of the Fund is in Spain at the CNMV. The Fund has been entered in the Official Registers of the CNMV.

Companies Register

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

4.4 Date of incorporation and existence of the issuer.

4.4.1 Date of establishment of the Fund.

The Management Company and BANCAJA, as Originator of the Loan receivables, shall proceed to execute on October 3, 2008 a public deed whereby PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANCAJA will assign to the Fund Non-Mortgage Loan receivables and Mortgage Loan receivables, 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, notwithstanding the need to complete the respective details and amounts on the Non-Mortgage Loan receivables and on the Mortgage Loan Pass-Through Certificates to be respectively issued and subscribed for under the Deed of Constitution.

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 Agency, and provided that such changes are not detrimental to the rating assigned to the Bonds by the Rating Agency. The Deed of Constitution can also be corrected as requested by the CNMV.

4.4.2 Existence of the Fund.

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

The Fund shall be in existence until December 24, 2050 or the following Business Day if that is not a Business Day, the Final Maturity Date, 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 (the "**Early Liquidation Events**"):

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

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

- (ii) Where, in any event or circumstance whatsoever unrelated to the Fund's operations, a substantial alteration occurs or the financial balance of the Fund required by article 11.b) of Royal Decree 926/1998 is permanently damaged. This event includes such circumstances as the existence of any change in the law or supplementary implementing regulations, the establishment of withholding obligations or other situations which might permanently affect the financial balance of the Fund.
- (iii) Mandatorily, in the event that the Management Company should be adjudged insolvent and/or have its licence to operate as a securitisation fund management company revoked by the CNMV, and the statutory term to do so or otherwise four months should elapse without a new management company being designated in accordance with the provisions of section 3.7.1.3 of the Building Block.
- (iv) If within less than one (1) year since the Fund was established the Management Company should have the express consent and acceptance of all the Bondholders and all the counterparties to the agreements in force with the Fund, as regards both payment of amounts resulting from, and the procedure for, such Early Liquidation.
- (v) When a default occurs indicating a major permanent imbalance in relation to any of the Bonds issued or that it is about to occur.
- (vi) Upon the lapse of 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 Agency 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 triggering Early Liquidation of the Fund, (ii) the liquidation procedure, and (iii) how the Bond payment obligations are to be honoured and settled in the Liquidation Priority of Payments.

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

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

- (iii) Be entitled to arrange for a credit facility with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, or a loan, which shall be fully allocated to early amortisation of the Bonds in the outstanding Series. Financial expenses due shall be paid and credit facility or loan principal shall be repaid in accordance with the Liquidation Priority of Payments.
- (iv) Finally, both due to the preceding actions falling short and the existence of Loan receivables or other remaining assets of the Fund, the Management Company shall proceed to sell them and shall therefore invite a bid from at least five (5) entities who may, in its view, give a reasonable market value. The Management Company shall be bound to accept the best bid received for the Loans and 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 Loan receivables or other remaining assets still on the assets of the Fund, and/or may grant to the Fund the credit facility or loan designed for early amortisation of the Bonds in the outstanding Series. The Management Company shall therefore send the Originator a list of the assets and of third-party bids received, if any, and the latter may use that right for all of the Loans or other assets offered by the Management Company or the credit facility or the loan within ten (10) Business Days of receiving said notice, and provided that (i) its bid is at least equal to the best of the third-party bids, if any, and (ii) the Originator proves to the Management Company that the exercise of the pre-emptive right was subject to its usual credit revision and approval procedures and establishing therein that the exercise of that right is not designed to implicitly support securitisation.

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

4.4.4 Termination of the Fund.

The Fund shall terminate in any case, after the relevant legal procedure is carried out and concluded, in the following events:

- (i) Upon the Loans pooled therein being fully repaid.
- (ii) Upon the Bonds issued being fully amortised.
- (iii) When the Early Liquidation procedure established in section 4.4.3 above is over.
- (iv) At all events, upon final liquidation of the Fund on the Final Maturity Date on December 24, 2050 or the following Business Day if that is not a Business Day.
- (v) Upon the establishment of the Fund terminating in the event that the Rating Agency should not confirm any of the assigned provisional ratings as final ratings by 1pm (CET) on October 6, 2008. In this event, the Management Company shall terminate the establishment of the Fund, the assignment of the Non-Mortgage Loan receivables, the issue of and subscription for the Pass-Through Certificates and the Bond issue.

In that case, termination of the establishment of the Fund shall be notified to the CNMV as soon as such is confirmed, and shall be publicised by means of the procedure specified in section 4.1.3.2 of the Building Block. Within not more than one month after the occurrence of the event of termination, the Management Company shall execute a statutory declaration before a notary public declaring that the Fund's obligations have been settled and terminated and that the Fund has terminated. Notwithstanding the above, the Fund Management Company shall defray the expenses of setting up the Fund and issue and admission of the Bonds payable with the Start-Up Loan, and the Start-Up Loan agreement shall not be terminated but shall rather be cancelled after those amounts are settled,

principal repayment being subordinated to fulfilment of all other obligations undertaken by the Management Company, acting for and on behalf of the Fund.

In the event that there should be any remainder upon the Fund being liquidated and after making all payments to the various creditors by distributing the Liquidation Available Funds in the 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 the Management Company is entrusted with establishing, managing and being the authorised representative of the same, and, as manager of third-party portfolios, with representing and enforcing the interests of the holders of the Bonds issued by the Fund it manages and of all its other ordinary creditors.

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

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

The establishment of the Fund is subject to Spanish Law and in particular is carried out 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 financial system changes ("**Act 3/1994**"), as currently worded, (iv) Securities Market Act 24/1998, July 28, as currently worded (the "**Securities Market Act**"), (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 ("**Royal Decree 1310/2005**"), (vi) 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 (vii) all other legal and statutory provisions in force and applicable from time to time.

4.5.1 Tax system of the Fund.

In accordance with the provisions of article 1.2 of Royal Decree 926/1998, article 5.10 of Act 19/1992, article 7.1.h) of the Consolidation of the Corporation Tax Act, approved by Legislative Royal Decree 4/2004, March 5, article 20.One.18 of Value Added Tax Act 37/1992, December 28, article 59.k of the Corporation Tax Regulations, approved by Royal Decree 1777/2004, July 30, article 45.I.B).15 of the Consolidation of the Capital Transfer and Documents Under Seal Tax Act, approved by Legislative Royal Decree 1/1993, September 24, additional provision five of Act 3/1994, April 14, and Personal Income Tax Act 35/2006, November 28, partly amending the Corporation, Non-Resident Income and Wealth Tax Acts, the most relevant characteristics of the current tax system, for each tax, of the Fund are mainly as follows:

- (i) The establishment of the Fund is exempt from the “corporate transactions” item of Capital Transfer and Documents Under Seal Tax.
- (ii) Bond issue, subscription, transfer and amortisation are exempt from payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (iii) The Fund is liable to pay Corporation Tax, determining the taxable income in accordance with the provisions of Title IV of the Corporation Tax Act, applying the general rate in force from time to time, which currently stands at 30%, and subject to common rules regarding tax credit, set-off of losses and other substantial constituent elements of the tax.
- (iv) As for returns on the Loans, including the Pass-Through Certificates, loans or other receivables constituting Fund income, there will be no Corporation Tax withholding or interim payment obligation.
- (v) The management and custody services provided to the Fund shall be exempt from Value Added Tax.
- (vi) The assignment of the Non-Mortgage Loan receivables to the Fund and the Fund’s issue of and subscription for Pass Through Certificates are transactions subject to and exempt from Value Added Tax.
- (vii) Fulfilment of the reporting duties established by Additional Provision Two of Financial Intermediary Investment Ratios, Equity and Reporting Duties Act 13/1985 shall apply to the Fund.

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

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

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

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

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

- (viii) Interest Swap Agreement payments received by the Fund shall pay tax based on the Corporation Tax rules and shall not be subject to a withholding on account.

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 pass-through certificates issued on mortgage loans and to acquire a number of receivables on non-mortgage loans (both types of loans, the "**Loans**") owned by CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA granted to non-financial small and medium-sized enterprises (legal persons) ("**SMEs**", based on the Originator's internal rating criteria - annual turnover less than or equal to EUR 50 million-) domiciled in Spain (the "**Obligors**"), and to issue asset-backed bonds (the "**Asset-Backed Bonds**" or the "**Bonds**") the subscription for which is designed to finance acquisition of the Loan receivables.

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 BANCAJA 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 they are currently worded, on the terms provided for in section 3.3 of this Building Block.

- (ii) Loans without special security 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 BANCAJA 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 the assignment of the latter's receivables.

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

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

5.2 Global overview of the parties to the securitisation program.

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

- CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA (“**BANCAJA**”) is the originator of the Loan receivables to be assigned to the Fund upon being established and shall be the Lead Manager and the Subscriber of the Bond Issue and also takes responsibility for the contents of this Securities Note.

Out of the functions and activities that lead managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, BANCAJA has structured the financial terms of the Fund and the Bond Issue. In addition, it discharges the functions of article 35.3 of the same Royal Decree.

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

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

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

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

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

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

	Fitch Ratings	Moody’s Ratings	S&P Ratings
Short-term	F1 (August 2008)	P-1 (August 2008)	A-2 (September 2008)
Long-term	A (August 2008)	A2 (August 2008)	A- (September 2008)
Outlook	Stable	Stable	Negative

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

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

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

	Fitch Ratings	Moody’s Ratings	S&P Ratings
Short-term	F1+ (September 2008)	P-1 (September 2008)	A-1+ (June 2008)
Long-term	AA- (September 2008)	Aaa (September 2008)	AA (June 2008)
Outlook	Stable	Negative	Negative

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

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

VAT REG. No.: A-80448475

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

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

VAT Reg. Number: B-81709081

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

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

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

VAT Reg. Number: B-7890506

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

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

6. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

The Management Company, EUROPEA DE TITULIZACIÓN, shall be responsible for managing and being the Fund's authorised representative on the terms set in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and other applicable laws, and on the terms of the Deed of Constitution and this Prospectus.

6.1 Incorporation and registration at the Companies Register.

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

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

6.2 Audit.

The annual accounts of EUROPEA DE TITULIZACIÓN for the years ended on December 31, 2007, 2006 and 2005 have been audited by Deloitte S.L. and have no provisos.

6.3 Principal activities.

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

EUROPEA DE TITULIZACIÓN manages 92 securitisation funds at the registration date of this Prospectus, 22 being mortgage securitisation funds and 70 being asset securitisation funds.

The following table itemises the 92 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances at August 31, 2008.

Securitisation Fund	Establishment	Initial Bond Issue		Bond Issue Balance 31.08.2008		Bond Issue Balance 31.12.2007		Bond Issue Balance 31.12.2006
		EUR		EUR	Δ%	EUR	Δ%	EUR
TOTAL		112,205,296,652.96		78,891,911,664.20	14.4%	68,990,485,268.28	65.75%	41,622,450,971.95
Mortgage (FTH)		15,117,046,652.96		7,356,176,125.20	-8.4%	8,032,640,378.73	19.19%	6,739,243,850.52
Bankinter 15 FTH	08.10.2007	1,525,500,000.00		1,426,248,568.50	-6.5%	1,525,500,000.00		
Bankinter 14 FTH	19.03.2007	964,000,000.00		856,749,948.07	-5.9%	910,605,771.09		
Bankinter 12 FTH	06.03.2006	1,200,000,000.00		933,785,957.28	-5.6%	989,229,621.92	-17.6%	1,200,000,000.00
Valencia Hipotecario 2 FTH	07.12.2005	950,000,000.00		648,697,838.65	-9.2%	714,150,188.05	-14.0%	830,584,559.95
Bankinter 11 FTH	28.11.2005	900,000,000.00		677,638,780.88	-8.3%	739,129,526.88	-17.9%	900,000,000.00
Bankinter 7 FTH	18.02.2004	490,000,000.00		253,588,615.98	-6.0%	269,780,744.80	-13.1%	310,601,446.96
Bankinter 5 FTH	16.12.2002	710,000,000.00		299,079,738.99	-11.6%	338,235,796.10	-14.2%	394,326,433.24
BZ Hipotecario 4 FTH	27.11.2002	313,400,000.00		95,847,933.68	-12.2%	109,224,548.96	-18.2%	133,590,667.48
Rural Hipotecario IV FTH	14.11.2002	520,000,000.00		191,016,038.03	-10.4%	213,157,220.89	-15.8%	253,138,797.81
Bancaja 4 FTH	05.11.2002	1,000,000,000.00		326,198,565.95	-7.9%	354,117,610.15	-17.0%	426,542,491.90
Bankinter 4 FTH	24.09.2002	1,025,000,000.00		449,767,261.18	-11.1%	505,642,125.86	-15.0%	594,725,493.56
Rural Hipotecario III FTH	14.05.2002	325,000,000.00		114,851,456.20	-8.2%	125,077,501.09	-17.3%	151,223,912.92
Bankinter 3 FTH	22.10.2001	1,322,500,000.00		468,827,096.81	-12.2%	533,845,866.60	-16.1%	636,195,596.86
BZ Hipotecario 3 FTH	23.07.2001	310,000,000.00		73,366,849.14	-13.1%	84,455,223.08	-19.4%	104,762,637.42
Rural Hipotecario II FTH	29.05.2001	235,000,000.00		60,935,882.80	-13.9%	70,792,127.80	-18.8%	87,231,827.20
BZ Hipotecario 2 FTH	28.04.2000	285,000,000.00		40,591,160.18	-14.3%	47,380,418.96	-22.3%	61,003,530.94
Rural Hipotecario I FTH	22.02.2000	200,000,000.00		34,598,295.02	-16.3%	41,327,704.16	-21.9%	52,894,964.42
Bankinter 2 FTH	25.10.1999	320,000,000.00		78,041,823.55	-16.7%	93,704,625.41	-17.4%	113,458,270.94
Bankinter 1 FTH	12.05.1999	600,000,000.00		105,512,721.18	-11.0%	118,501,046.04	-20.8%	149,656,739.58
BZ Hipotecario 1 FTH	16.04.1999	350,000,000.00		42,867,824.86	-13.3%	49,438,391.72	-22.8%	64,073,530.22
Hipotecario 2 FTH	04.12.1998	1,051,771,182.67		144,500,333.28	-12.9%	165,880,884.18	-24.1%	218,421,786.82
Bancaja 2 FTH	23.10.1998	240,404,841.75		33,463,434.99	0.0%	33,463,434.99	-25.8%	45,073,251.00
Bancaja 1 FTH	18.07.1997	120,202,420.88		liquidated		0.00	-100.0%	11,737,911.30
BBV-MBS I FTH	30.11.1995	90,151,815.66		liquidated				
Hipotecario 1 FTH	20.09.1993	69,116,392.00		liquidated				
Asset (FTA)		97,088,250,000.00		71,535,735,539.00	17.4%	60,957,844,889.55	74.7%	34,883,207,121.43
Bankinter 4 FTPYME FTA	15.09.2008	400,000,000.00						
BBVA-8 FTPYME FTA	21.07.2008	1,100,000,000.00		1,100,000,000.00				
Rural Hipotecario X FTA	25.06.2008	1,880,000,000.00		1,856,614,123.20				
Bankinter Leasing 1 FTA	23.06.2008	400,000,000.00		400,000,000.00				
Bankinter 17 FTA	09.06.2008	1,000,000,000.00		1,000,000,000.00				
BBVA RMBS 5 FTA	26.05.2008	5,000,000,000.00		5,000,000,000.00				
MBS Bancaja 5 FTA	08.05.2008	1,850,000,000.00		1,802,145,840.82				
BBVA Consumo 3 FTA	14.04.2008	975,000,000.00		975,000,000.00				
Bancaja 12 FTA	09.04.2008	2,100,000,000.00		2,060,266,372.48				
Bankinter 16 FTA	10.03.2008	2,043,000,000.00		2,003,411,377.20				
BBVA-7 FTGENCAT FTA	11.02.2008	250,000,000.00		226,936,288.00				
Valencia Hipotecario 4 FTA	21.12.2007	978,500,000.00		935,933,459.34	-4.4%	978,500,000.00		
Ruralpyme 3 FTA	19.12.2007	830,000,000.00		741,033,890.48	-10.7%	830,000,000.00		
BBVA RMBS 4 FTA	19.11.2007	4,900,000,000.00		4,560,683,332.00	-6.9%	4,900,000,000.00		
Bankinter 3 FTPYME FTA	12.11.2007	617,400,000.00		547,313,040.00	-11.4%	617,400,000.00		
BBVA Empresas 1 FTA	05.11.2007	1,450,000,000.00		1,162,395,200.00	-19.8%	1,450,000,000.00		
FTPYME Bancaja 6 FTA	26.09.2007	1,027,000,000.00		847,400,399.86	-13.0%	973,986,053.81		
BBVA RMBS 3 FTA	23.07.2007	3,000,000,000.00		2,789,597,160.00	-4.9%	2,933,975,280.00		
PYME Valencia 1 FTA	20.07.2007	865,300,000.00		635,292,170.08	-17.3%	768,500,284.00		
Bancaja 11 FTA	16.07.2007	2,022,900,000.00		1,862,239,032.00	-5.8%	1,977,845,666.00		
BBVA Leasing 1 FTA	25.06.2007	2,500,000,000.00		2,500,000,000.00	0.0%	2,500,000,000.00		
BBVA-6 FTPYME FTA	11.06.2007	1,500,000,000.00		1,157,945,630.07	-12.1%	1,317,554,103.99		
BBVA Finanzia Autos 1 FTA	30.04.2007	800,000,000.00		800,000,000.00	0.0%	800,000,000.00		
MBS Bancaja 4 FTA	27.04.2007	1,873,100,000.00		1,573,100,000.00	-8.9%	1,727,599,220.00		
Rural Hipotecario IX FTA	28.03.2007	1,515,000,000.00		1,293,615,410.32	-7.7%	1,401,597,880.00		
BBVA RMBS 2 FTA	26.03.2007	5,000,000,000.00		4,349,516,570.00	-5.2%	4,587,025,405.00		

Securitisation Fund	Establishment	Initial Bond Issue EUR	Bond Issue Balance 31.08.2008		Bond Issue Balance 31.12.2007		Bond Issue Balance 31.12.2006 EUR
			EUR	Δ%	EUR	Δ%	
BBVA RMBS 1 FTA	19.02.2007	2,500,000,000.00	2,159,082,560.00	-4.9%	2,270,879,040.00		
Bancaja 10 FTA	26.01.2007	2,631,000,000.00	2,232,994,770.00	-6.2%	2,381,068,878.00		
BBVA Consumo 2 FTA	27.11.2006	1,500,000,000.00	1,500,000,000.00	0.0%	1,500,000,000.00	0.0%	1,500,000,000.00
Ruralpyme 2 FTPYME FTA	24.11.2006	617,050,000.00	425,661,532.40	-14.9%	500,199,171.30	-18.9%	617,050,000.00
Bankinter 13 FTA	20.11.2006	1,570,000,000.00	1,320,499,050.18	-15.9%	1,570,000,000.00	0.0%	1,570,000,000.00
Valencia Hipotecario 3 FTA	15.11.2006	911,000,000.00	737,904,712.17	-5.3%	778,999,823.33	-14.5%	911,000,000.00
BBVA-5 FTPYME FTA	23.10.2006	1,900,000,000.00	1,150,325,064.48	-15.1%	1,354,988,445.36	-28.7%	1,900,000,000.00
PYME Bancaja 5 FTA	02.10.2006	1,178,800,000.00	532,978,595.48	-27.2%	732,026,693.30	-37.9%	1,178,800,000.00
Bankinter 2 PYME FTA	26.06.2006	800,000,000.00	517,406,611.40	-14.1%	602,635,264.80	-24.7%	800,000,000.00
Consumo Bancaja 1 FTA	26.06.2006	612,900,000.00	483,239,606.85	-21.2%	612,900,000.00	0.0%	612,900,000.00
Rural Hipotecario VIII FTA	26.05.2006	1,311,700,000.00	984,475,052.48	-9.1%	1,082,823,864.72	-17.4%	1,311,700,000.00
BBVA Consumo 1 FTA	08.05.2006	1,500,000,000.00	1,330,240,963.50	-11.3%	1,500,000,000.00	0.0%	1,500,000,000.00
MBS BANCAJA 3 FTA	03.04.2006	810,000,000.00	540,360,064.00	-6.3%	576,853,171.20	-17.9%	703,043,514.80
Bancaja 9 FTA	02.02.2006	2,022,600,000.00	1,385,186,090.00	-5.7%	1,468,344,310.00	-15.9%	1,744,997,380.00
BBVA Autos 2 FTA	12.12.2005	1,000,000,000.00	760,176,714.25	-24.0%	1,000,000,000.00	0.0%	1,000,000,000.00
EdT FTPYME Pastor 3 FTA	05.12.2005	520,000,000.00	183,333,020.46	-21.2%	232,785,467.78	-38.9%	380,805,675.83
Rural Hipotecario Global I FTA	18.11.2005	1,078,000,000.00	719,299,571.77	-9.6%	795,789,260.08	-14.6%	932,164,120.79
FTPYME Bancaja 4 FTA	07.11.2005	1,524,000,000.00	392,900,020.00	-36.1%	614,803,420.00	-37.7%	986,887,779.41
BBVA-4 PYME FTA	26.09.2005	1,250,000,000.00	399,519,743.46	-27.5%	550,956,981.29	-55.9%	1,250,000,000.00
Bankinter 10 FTA	27.06.2005	1,740,000,000.00	1,198,202,840.46	-6.3%	1,278,975,488.94	-12.8%	1,466,558,997.10
MBS Bancaja 2 FTA	27.06.2005	809,200,000.00	419,336,038.08	-12.1%	476,949,943.28	-18.5%	585,069,193.36
BBVA Hipotecario 3 FTA	13.06.2005	1,450,000,000.00	681,661,216.66	-18.4%	835,495,733.83	-19.9%	1,042,844,698.00
Rural Hipotecario VII FTA	29.04.2005	1,100,000,000.00	689,196,152.12	-6.3%	735,608,293.92	-13.8%	853,742,668.37
Bancaja 8 FTA	22.04.2005	1,680,100,000.00	931,274,448.05	-9.3%	1,026,987,917.65	-18.1%	1,253,797,200.56
Bankinter 9 FTA	14.02.2005	1,035,000,000.00	682,213,025.56	-9.1%	750,388,699.40	-12.8%	860,813,028.16
BBVA-3 FTPYME FTA	29.11.2004	1,000,000,000.00	297,585,675.97	-28.0%	413,334,243.11	-29.9%	589,349,210.82
Ruralpyme 1 FTPYME FTA	23.11.2004	214,000,000.00	84,753,825.48	-14.8%	99,469,641.03	-25.2%	132,892,833.40
BBVA Autos 1 FTA	25.10.2004	1,000,000,000.00	440,053,375.00	-22.0%	564,298,650.00	-37.1%	897,434,960.00
FTPYME Bancaja 3 FTA	11.10.2004	900,000,000.00	209,770,335.18	-16.0%	249,775,984.80	-33.4%	375,133,008.09
Bancaja 7 FTA	12.07.2004	1,900,000,000.00	890,706,543.02	-10.1%	990,445,484.28	-16.8%	1,190,508,554.06
Rural Hipotecario VI FTA	07.07.2004	950,000,000.00	503,563,990.23	-9.2%	554,652,864.75	-14.8%	651,118,829.40
MBS Bancaja 1 FTA	17.05.2004	690,000,000.00	248,900,617.51	-14.7%	291,929,875.34	-20.9%	369,020,564.16
Valencia H 1 FTA	23.04.2004	472,000,000.00	239,753,344.59	-10.8%	268,739,092.92	-15.2%	316,993,112.58
Bankinter 8 FTA	03.03.2004	1,070,000,000.00	583,183,404.23	-6.7%	625,104,837.56	-12.9%	718,061,846.93
Bancaja 6 FTA	03.12.2003	2,080,000,000.00	775,084,212.24	-11.0%	870,772,845.80	-19.2%	1,077,852,239.88
Rural Hipotecario V FTA	28.10.2003	695,000,000.00	328,721,610.70	-7.7%	356,056,225.36	-14.4%	415,711,778.28
Bankinter 6 FTA	25.09.2003	1,350,000,000.00	708,967,687.70	-9.5%	783,705,979.58	-13.4%	904,534,542.77
FTPYME Bancaja 2 FTA	19.09.2003	500,000,000.00	108,599,821.76	-19.9%	135,575,823.37	-28.7%	190,138,306.78
Bancaja 5 FTA	14.04.2003	1,000,000,000.00	352,913,670.45	-11.0%	396,415,664.95	-17.2%	478,827,993.55
Bancaja 3 FTA	29.07.2002	520,900,000.00	520,900,000.00	0.0%	520,900,000.00	0.0%	520,900,000.00
FTPYME Bancaja 1 FTA	04.03.2002	600,000,000.00	249,908,544.00	-0.8%	252,024,264.00	-1.4%	255,514,370.40
BBVA-2 FTPYME-ICO	01.12.2000	900,000,000.00	63,261,475.20	-35.1%	97,443,577.80	-44.3%	175,048,960.77
BCL Municipios I FTA	21.06.2000	1,205,000,000.00	314,289,200.00	-17.0%	378,681,480.00	-17.6%	459,377,520.00
BBVA-1 FTA	24.02.2000	1,112,800,000.00	76,911,446.08	-32.6%	114,074,593.92	-43.7%	202,614,233.18

6.4 Share capital and equity.

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

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

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

(EUR)	31.12.2007	Δ%	31.12.2006	Δ%	31.12.2005
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	3,065,805.98	52.95%	2,004,500.15	12.02%	1,789,429.69

* Does not include year's profit

6.5 Existence or not of shareholdings in other companies.

There are no shareholdings in any other company.

6.6 Administrative, management and supervisory bodies.

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

As provided for in the Articles of Association, the Board of Directors has delegated to an Executive Committee all its authorities that may be delegated by law and in accordance with the articles, including resolving to set up 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 (**)
Directors:	Mr Ignacio Echevarría Soriano (**)
	Ms Ana Fernández Manrique (*) (**)
	Mr Mario Masiá Vicente (*)
	Mr Justo de Rufino Portillo (*) (**)
	Mr Borja Uriarte Villalonga on behalf of Bankinter, S.A. Banco Cooperativo Español, S.A. (1)

Non-Director Secretary: Ms Belén Rico Arévalo

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

(**) Proprietary Directors for BBVA.

(1) The appointment of Banco Cooperativo as Director at the General Shareholders' Meeting held on June 27, 2008 is yet to be notified to the CNMV and entered in the Companies Register.

(2) The resignation of Mr Ignacio Aldonza Goicoechea, Mr Luis Bach Gómez, Mr Jon Bilbao Vidaurrazaga, Mr Vicente J. de Ortueta Monfort, Ms Carmen Pérez de Muniaín Marzana, BNP Paribas España S.A., Citibank España S.A. and Deutsche Bank Credit S.A. and the removal of J.P. Morgan España S.A. as members of the Board of Directors made in June 2008 are yet to be notified to the CNMV and entered in the Companies Register.

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

General Manager.

The Management Company's General Manager is Mr Mario Masiá Vicente.

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

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

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

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

6.9 Litigation in the Management Company.

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 at the time of registration of this Registration Document.

7. MAJOR SHAREHOLDERS

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

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

Name of shareholder company	Holding (%)
Banco Bilbao Vizcaya Argentaria, S.A.	84.4560
J.P. Morgan España, S.A.	4.0000
Bankinter, S.A.	1.5623
Caja de Ahorros del Mediterráneo	1.5420
Banco Sabadell, S.A.	1.5317
Citibank España, S.A.	1.5317
Banco Cooperativo Español, S.A.	0.7812
Deutsche Bank Credit, S.A.	0.7658
Deutsche Bank, S.A.E.	0.7658
Banco Pastor, S.A.	0.7658
Banco de la Pequeña y Mediana Empresa, S.A.	0.7658
BNP Paribas España, S.A.	0.7658
Caja de Ahorros y Monte de Piedad de Madrid	0.3829
Caja de Ahorros de Salamanca y Soria - Caja Duero	0.3829
	100.0000

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

EUROPEA DE TITULIZACIÓN has established an Internal Code of Conduct in fulfilment of the provisions of Chapter 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 the Fund has no financial statement as at the date of this Registration Document.

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

Not applicable.

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

Not applicable.

8.3 Legal and arbitration proceedings.

Not applicable.

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

Not applicable.

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

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

No statement or report is included.

9.2 Information sourced from a third party.

No information is included.

10. DOCUMENTS ON DISPLAY

10.1 Documents on display.

If necessary, the following documents or copies thereof shall be on display during the period of validity of this Registration Document:

- a) the Deed of Constitution of the Fund;
- b) the transcripts of the Management Company's and the Originator's corporate resolutions;
- c) this Prospectus;
- d) the agreements to be entered into by the Management Company for and on behalf of the Fund;
- e) the audit report on certain features and attributes of a sample of all selected BANCAJA loans from which the Loans will be taken to be assigned to the Fund upon being established;
- f) the Rating Agency's letters notifying the provisional and final 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 are physically on display at the registered office of EUROPEA DE TITULIZACIÓN at Madrid, calle Lagasca number 120.

Moreover, the Prospectus can also be accessed at the website of EUROPEA DE TITULIZACIÓN, at www.edt-sg.com, of AIAF at www.aiaf.es, and of the CNMV at www.cnmv.es.

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

In addition, the documents listed in a) to k), saving those referred to in d) above, are on display 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.

Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, the company sponsoring PYME BANCAJA 7 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 the Management Company's General Manager using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, and specifically for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee on July 18, 2008.

Mr Miguel Ángel Soria Navarro, duly authorised for these presents, acting for and on behalf of BANCAJA, Lead Manager of the Bond Issue by PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note (including the Building Block).

Mr Miguel Ángel Soria Navarro is acting as attorney for BANCAJA using the authorities conferred by BANCAJA in a power of attorney executed as a deed before Valencia Notary Public Mr José Luis Pavía Sanz on July 7, 2004, his document number 1908, and pursuant to a resolution of the Board of Directors held on April 30, 2008.

1.2 Declaration by those responsible for the Securities Note.

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.

Mr Miguel Ángel Soria Navarro declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note (including the Building Block) is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its contents.

2 RISK FACTORS

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

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

The risk factors linked to the assets backing the Bond Issue are described in paragraph 3 of the preceding Risk Factors section 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 or connection between them are detailed in section 5.2 of the Registration Document. Their interest as persons involved in the offer of the Bond Issue are as follows:

- a) EUROPEA DE TITULIZACIÓN is the Fund Management Company.
- b) BANCAJA has structured the financial terms of the Fund and the Bond Issue.
- c) BANCAJA is the Originator of the Loan receivables to be pooled in the Fund.
- d) BANCAJA is involved as Lead Manager and Subscriber of the Bond Issue.
- e) BANCAJA is involved as Bond Issue Paying Agent and shall be the Fund's counterparty under the Guaranteed Interest Rate Account (Treasury Account), Start-Up Loan, Subordinated Loan, Loan Servicing and Pass-Through Certificate Custody and Financial Intermediation Agreements.
- f) Ernst & Young has audited certain features and attributes of a sample of all of BANCAJA's selected loans from which the Loans will be taken to be assigned to the Fund upon being established.
- g) Moody's is the Rating Agency that has rated each Bond Series.
- h) GARRIGUES have provided legal advice for establishing the Fund and issuing the Bonds and have reviewed the tax implications thereof.

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

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

4.1 Total amount of the securities and underwriting.

4.1.1 Total amount of the securities.

The total face value amount of the issue of Asset-Backed Bonds (the "**Bond Issue**") is EUR one billion one hundred million (1,100,000,000.00) consisting of eleven thousand (11,000) Bonds denominated in euros and distributed into three Series as follows:

- a) Series A having a total face amount of EUR eight hundred and thirty-seven million six hundred thousand (837,600,000.00) comprising eight thousand three hundred and seventy-six (8,376) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A**" or "**Series A Bonds**").
- b) Series B having a total face amount of EUR one hundred and nineteen million four hundred thousand (119,400,000.00) comprising one thousand one hundred and ninety-four (1,194) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series B**" or "**Series B Bonds**").
- c) Series C having a total face amount of EUR one hundred and forty-three million (143,000,000.00) comprising one thousand four hundred and thirty (1,430) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series C**" or "**Series C Bonds**").

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 Series shall be EUR one hundred thousand (100,000) per Bond, clear of taxes and subscription costs for the subscriber through the Fund.

The expenses and taxes 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 Subscription for the Bond Issue.

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

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

BANCAJA shall be involved as Lead Manager in the Bond Issue and shall not be remunerated for managing the Bond Issue.

The Bond Issue Management and Subscription Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on October 6, 2008 or in the events provided for by the laws in force for the time being.

4.2 Description of the type and class of the securities.

The Bonds legally qualify as marketable fixed-income securities with an explicit yield and are subject to the system prescribed in Securities Market Act 24/1998, July 28, 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 and applicable implementing rules and regulations, (iv) Commission Regulation (EC) No. 809/2004, April 29, 2004, (v) Royal Decree 1310/2005, and (vi) all other legal and statutory provisions in force and applicable from time to time.

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

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

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

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

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

4.5 Currency of the issue.

The Bonds shall be denominated in Euros.

4.6 Ranking of the securities.

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds, saving the provisions of section 4.9.3.6 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A, B and C principal, 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 Series A and Series B Bonds, saving the provisions of section 4.9.3.6 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A, B and C principal, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

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

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

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

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

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 A, B and C Bonds as a whole without distinction between those Series is sixth (6th) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block.

Series A, B and C 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 A Bond principal repayment is fifth (5th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

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

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

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

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against 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 Loan default or prepayment, a breach by the Originator of its obligations or by the counterparties to the transactions entered into for and on behalf of the Fund, or shortfall of the financial hedging transactions for servicing the Bonds in each Series.

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

All matters, disagreements, actions and claims deriving from the Management Company establishing the Fund, managing and being the authorised representative of the Fund and from 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 yearly nominal interest, floating 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 on 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, October 7, 2008, inclusive, and the first Payment Date, December 24, 2008, exclusive.

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

4.8.1.2 **Nominal Interest Rate.**

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

- (i) the Reference Rate, as established in the following section, and
- (ii) a margin for each Series as follows:
 - **Series A:** 0.30% margin.
 - **Series B:** 0.60% margin.
 - **Series C:** 1.20% margin.

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

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

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

- i) 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 Européenne*") mandate, fixed at 11am (CET or "Central European Time") on the Interest Rate Fixing Date described below, which is currently published on electronic pages EURIBOR01 supplied by Reuters, and 248 supplied by Dow Jones Markets (Bridge Telerate), or any other page taking their stead in providing these services.

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be the result of a straight-line interpolation between two- (2-) month Euribor and three- (3-) month Euribor, fixed at 11am (CET) on the Business Day preceding the Closing Date, bearing in mind the number of days in the first Interest Accrual Period. The Reference Rate for the first Interest Accrual Period shall be calculated in accordance with the following formula:

$$IR = [(D-60)/30] \times E3 + [1 - ((D-60)/30)] \times E2$$

Where:

IR = Reference Rate for the first Interest Accrual Period.

D = Number of days in the first Interest Accrual Period.

E3 = Three- (3-) month Euribor.

E2 = Two- (2-) month Euribor.

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

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

Exceptionally, the substitute Reference Rate for the first Interest Accrual Period shall be the rate resulting from a straight-line interpolation between 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 and 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, both in an amount equivalent to the face amount of the Bond Issue, declared by the banks as provided for in the preceding paragraph, following a simultaneous request to each of their headquarters by the Paying Agent as soon as possible after 11am (CET) on the Business Day preceding the Closing Date.

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

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

- iii) If the rates established in 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. For the first Interest Accrual Period, that interpolation would be made taking the latest two- (2-) month Euribor and three- (3-) month Euribor available immediately before 11am (CET) on the Interest Rate Fixing Date, calculated and distributed as described in i) above.

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

4.8.1.4 **Interest Rate Fixing Date.**

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

Exceptionally, the Management Company shall determine the Nominal Interest Rate of the Bonds in each Series for the first Interest Accrual Period as provided for in sections 4.8.1.2 and 4.8.1.3 above, on the Business Day preceding the Closing Date, and shall notify the same in writing on the same day to the Subscriber, 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 on the Determination Date preceding that Payment Date.

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

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

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

Interest on the Bonds in each Series shall be paid until finally amortised by Interest Accrual Periods in arrears on March 24, June 24, September 24 and December 24 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 December 24, 2008, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, October 7, 2008, inclusive, and December 24, 2008, 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*) or TARGET 2 calendar (when the same enters into force).

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 in the relevant Series.

The Fund, through its Management Company, may not defer Bond interest payment beyond December 24, 2050, 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 A Bonds.

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

The first partial amortisation of Series A Bonds shall occur on the first Payment Date, December 24, 2008.

Final amortisation of Series A Bonds shall occur on the Final Maturity Date (December 24, 2050 or the following Business Day if that is not a Business Day), notwithstanding their possible full amortisation before that date due to the partial amortisation for which provision is made or because the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.2 Amortisation of Series B Bonds.

Series B Bond principal shall be amortised by partial amortisation on each Payment Date after Bond amortisation begins 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 section 4.9.3.5 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 Series A Bonds have been fully amortised. However, even if Series A has not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series B in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series B to the sum of the Outstanding Principal Balance of the Bond Issue remains at 21.709%, or higher percentage closest thereto.

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (December 24, 2050 or the following Business Day if that is not a Business Day), notwithstanding their possible full amortisation before that date due to the partial amortisation for which provision is made or because the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.3 Amortisation of Series C Bonds.

Series C Bond principal shall be amortised by partial amortisation on each Payment Date after Bond amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series C in accordance with the rules for Distribution of Available Funds for Amortisation given in section 4.9.3.5 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 Series A and Series B Bonds have been fully amortised. However, even if Series A and Series B have not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series C on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series C in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series C to the sum of the Outstanding Principal Balance of the Bond Issue remains at 26.000%, or higher percentage closest thereto.

Final amortisation of Series C Bonds shall occur on the Final Maturity Date (December 24, 2050 or the following Business Day if that is not a Business Day), notwithstanding their possible full amortisation before that date due to the partial amortisation for which provision is made or because the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to Early Amortisation of the Bond Issue before the Final Maturity Date.

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

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

4.9.3.1 **Determination Dates and Determination Periods.**

The determination dates (the “**Determination Dates**”) will be the dates falling on the fourth (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 December 18, 2008.

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, December 18, 2008, 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, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date but including the last date.

4.9.3.2 **Outstanding Principal Balance of the Bonds.**

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

By addition, the outstanding principal balance of the Bond Issue (the “**Outstanding Principal Balance of the Bond Issue**”) shall be the sum of the Outstanding Principal Balance of all three Series A, B and C making up the Bond Issue.

4.9.3.3 **Outstanding Balance of the Loans.**

The outstanding balance (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 at a date.

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

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

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

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

On each Payment Date, the Available Funds shall be used in sixth (6th) place in the order of priority for withholding the amount altogether designed for amortising the Bonds and without distinguishing among the various Series ("**Amortisation Withholding**"), in an amount equal to the positive difference, if any, at the Determination Date preceding the relevant Payment Date, between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Loans.

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

4.9.3.6 **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 Series A, secondly to amortising Series B until fully amortised and thirdly to amortising Series C until fully amortised, notwithstanding the provisions of rule 2 below for pro rata amortisation of those Series.
2. There shall be no exception and, even if Series A has not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B and, as the case may be, Series C on the Payment Dates on which the following circumstances are all satisfied with respect to amortisation of Series B and, as the case may be, Series C ("**Conditions for Pro Rata Amortisation**"):
 - a) In order to amortise Series B, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series B is equal to or greater than 21.709% of the Outstanding Principal Balance of the Bond Issue, and
 - ii) the Outstanding Balance of Delinquent Loans does not exceed 1.25% of the Outstanding Balance of Non-Doubtful Loans.
 - b) In order to amortise Series C, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series C is equal to or greater than 26.000% of the Outstanding Principal Balance of the Bond Issue, and
 - ii) the Outstanding Balance of Delinquent Loans does not exceed 1.00% of the Outstanding Balance of Non-Doubtful Loans.
 - c) Additionally, in order to amortise Series B and, as the case may be, Series C:
 - i) that the Required Cash Reserve amount is to be fully provisioned on the relevant Payment Date; and
 - ii) that on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of the Loans is equal to or greater than 10 percent of the face amount of the initial Outstanding Balance upon the Fund being established.

In the event that amortisation of Series B and, as the case may be, of Series C should apply on a Payment Date because the Conditions for Pro Rata Amortisation of Series B and of Series C 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, in such a way that the ratio of the Outstanding Principal Balance of Series B and, as the case may be, the Outstanding Principal Balance of Series

C to the Outstanding Principal Balance of the Bond Issue respectively remain at 21.709% and 26.000%, 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 December 24, 2050 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 the 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: 5.62% weighted average interest rate at August 31, 2008 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: 1.82% of the Outstanding Balance of the Loans, 1.45% being recovered (79.67% of the aggregate Outstanding Balance of Loans falling in arrears), with 100% recoveries within 18 months of becoming delinquent, and the remaining 0.37% becoming doubtful from March 2010, with 90% recoveries within 18 months of becoming doubtful;
- that the Loan prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is October 7, 2008; and
- that there is no extension of the term of any of the selected loans.

The actual adjusted life and the yield or return on the Bonds will also depend on their floating rate. The nominal interest rates are assumed constant for each Series for different Interest Accrual Periods, as follows, resulting from a straight-line interpolation bearing in mind the number of days in the First Interest Accrual Period between 2-month Euribor (5.079%) and 3-month Euribor (5.237%) at September 29, 2008 and the margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	5.474%	5.774%	6.374%

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 (5.237%) at September 29, 2008 and the margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	5.537%	5.837%	6.437%

The weighted average interest rate of the mortgage loans selected at August 31, 2008, as detailed in section 2.2.2.i) of this Building Block, is 5.62%, which is the same as the 5.62% weighted average nominal interest rate of the Bonds that has been presumed for hypothetical purposes for the first Interest Accrual Period. This state of affairs shall gradually be corrected as the Loans (annual, six-monthly and quarterly reset periods) reset their respective interest rates and include recent Euribor rate rises in the past months.

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, based on the performance over the past three months of similarly characterised loans previously securitised by BANCAJA, would be as follows:

% CPR:	10.00%	12.00%	14.00%	16.00%	18.00%
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Series A Bonds					
Average life (years)	1.81	1.67	1.56	1.46	1.38
IRR	5.635%	5.635%	5.635%	5.635%	5.635%
Duration (years)	1.60	1.49	1.40	1.32	1.25
Final maturity	24 03 2014	24 09 2013	25 03 2013	24 09 2012	25 06 2012
(in years)	5.46	4.97	4.47	3.97	3.72

Series B Bonds					
Average life (years)	6.72	6.09	5.56	5.10	4.70
IRR	6.048%	6.048%	6.048%	6.048%	6.048%
Duration (years)	5.26	4.85	4.49	4.18	3.89
Final maturity	26 12 2016	24 03 2016	24 09 2015	24 12 2014	24 06 2014
(in years)	8.22	7.47	6.97	6.22	5.72

Series C Bonds					
Average life (years)	9.11	8.36	7.83	7.11	6.60
IRR	6.226%	6.226%	6.226%	6.226%	6.226%
Duration (years)	6.77	6.33	6.01	5.56	5.24
Final maturity	25 12 2017	24 03 2017	26 09 2016	24 12 2015	24 06 2015
(in years)	9.22	8.47	7.98	7.22	6.72

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 12.00%, 14.00% and 16.00% throughout the life of the Bond Issue, as explained above actual prepayment changes continually.
- The Outstanding Principal Balance of the Bonds on each Payment Date and hence interest payable on each such dates shall depend on the actual Loan prepayment, delinquency and default rates.
- Whereas Bond nominal interest rates are assumed to be constant for each Series from the second Interest Accrual Period, the interest rate in all Series is known to float.
- The assumed values referred to at the beginning of this section 4.10 are at all events taken for granted.
- It is assumed that the Management Company will exercise the Early Liquidation 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, the Conditions for Pro Rata Amortisation of Series B and C do not apply.
- These are all reasonable assumptions based on the historical performance of SME loans granted and securitised by BANCAJA.

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 12%**

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	9,371.42	109,371.42	100,000.00	36,046.53	136,046.53	100,000.00	54,534.11	154,534.11
07/10/2008									
24/12/2008	4,979.17	1,185.99	6,165.16	0.00	1,250.99	1,250.99	0.00	1,380.99	1,380.99
24/03/2009	13,418.39	1,315.33	14,733.72	0.00	1,459.25	1,459.25	0.00	1,609.25	1,609.25
24/06/2009	13,048.25	1,154.68	14,202.94	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/09/2009	10,257.15	970.05	11,227.20	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/12/2009	8,473.86	815.94	9,289.80	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/03/2010	8,495.52	689.68	9,185.20	0.00	1,459.25	1,459.25	0.00	1,609.25	1,609.25
24/06/2010	8,102.84	584.79	8,687.64	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/09/2010	4,313.01	470.13	4,783.14	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/12/2010	4,362.18	404.66	4,766.84	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/03/2011	3,082.72	339.83	3,422.55	0.00	1,459.25	1,459.25	0.00	1,609.25	1,609.25
24/06/2011	2,883.33	303.76	3,187.09	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
26/09/2011	2,728.70	268.68	2,997.38	0.00	1,524.11	1,524.11	0.00	1,680.77	1,680.77
26/12/2011	2,601.34	221.91	2,823.25	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
26/03/2012	2,400.46	185.50	2,585.96	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
25/06/2012	2,331.46	151.90	2,483.36	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/09/2012	2,184.69	119.27	2,303.96	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/12/2012	2,048.74	88.69	2,137.44	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
25/03/2013	1,915.31	60.02	1,975.33	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/06/2013	1,850.20	33.21	1,883.41	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/09/2013	522.66	7.40	530.06	8,585.71	1,491.68	10,077.38	0.00	1,645.01	1,645.01
24/12/2013	0.00	0.00	0.00	11,717.86	1,348.78	13,066.64	0.00	1,627.13	1,627.13
24/03/2014	0.00	0.00	0.00	11,047.90	1,162.97	12,210.87	0.00	1,609.25	1,609.25
24/06/2014	0.00	0.00	0.00	10,807.63	1,024.01	11,831.65	0.00	1,645.01	1,645.01
24/09/2014	0.00	0.00	0.00	10,078.40	862.80	10,941.20	0.00	1,645.01	1,645.01
24/12/2014	0.00	0.00	0.00	9,492.74	704.72	10,197.46	0.00	1,627.13	1,627.13
24/03/2015	0.00	0.00	0.00	8,923.46	558.45	9,481.91	0.00	1,609.25	1,609.25
24/06/2015	0.00	0.00	0.00	8,595.02	437.75	9,032.77	0.00	1,645.01	1,645.01
24/09/2015	0.00	0.00	0.00	8,186.25	309.54	8,495.79	0.00	1,645.01	1,645.01
24/12/2015	0.00	0.00	0.00	7,819.89	185.39	8,005.29	0.00	1,627.13	1,627.13
24/03/2016	0.00	0.00	0.00	4,745.13	70.01	4,815.14	2,250.56	1,627.13	3,877.69
24/06/2016	0.00	0.00	0.00	0.00	0.00	0.00	5,949.53	1,607.99	7,557.52
26/09/2016	0.00	0.00	0.00	0.00	0.00	0.00	5,650.71	1,542.95	7,193.66
26/12/2016	0.00	0.00	0.00	0.00	0.00	0.00	5,399.09	1,401.76	6,800.85
24/03/2017	0.00	0.00	0.00	0.00	0.00	0.00	80,750.11	1,270.59	82,020.70

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 14%**

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	8,741.92	108,741.92	100,000.00	32,864.73	132,864.73	100,000.00	51,067.99	151,067.99
07/10/2008									
24/12/2008	5,435.61	1,185.99	6,621.60	0.00	1,250.99	1,250.99	0.00	1,380.99	1,380.99
24/03/2009	14,008.81	1,309.01	15,317.82	0.00	1,459.25	1,459.25	0.00	1,609.25	1,609.25
24/06/2009	13,500.23	1,139.87	14,640.10	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/09/2009	10,608.94	948.84	11,557.78	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/12/2009	8,745.15	790.04	9,535.19	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/03/2010	8,663.86	660.30	9,324.16	0.00	1,459.25	1,459.25	0.00	1,609.25	1,609.25
24/06/2010	8,208.67	552.38	8,761.05	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/09/2010	4,495.22	436.23	4,931.45	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/12/2010	4,488.95	368.57	4,857.52	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/03/2011	3,223.14	302.38	3,525.52	0.00	1,459.25	1,459.25	0.00	1,609.25	1,609.25
24/06/2011	3,005.16	263.50	3,268.66	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
26/09/2011	2,827.36	225.78	3,053.14	0.00	1,524.11	1,524.11	0.00	1,680.77	1,680.77
26/12/2011	2,675.13	179.00	2,854.13	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
26/03/2012	2,457.75	141.56	2,599.31	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
25/06/2012	2,369.78	107.16	2,476.93	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/09/2012	2,208.72	73.99	2,282.71	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/12/2012	2,058.90	43.07	2,101.97	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
25/03/2013	1,018.61	14.26	1,032.87	6,280.84	1,475.46	7,756.31	0.00	1,627.13	1,627.13
24/06/2013	0.00	0.00	0.00	12,895.19	1,382.79	14,277.98	0.00	1,627.13	1,627.13
24/09/2013	0.00	0.00	0.00	12,103.36	1,205.63	13,308.99	0.00	1,645.01	1,645.01
24/12/2013	0.00	0.00	0.00	11,484.86	1,013.95	12,498.81	0.00	1,627.13	1,627.13
24/03/2014	0.00	0.00	0.00	10,757.45	835.21	11,592.66	0.00	1,609.25	1,609.25
24/06/2014	0.00	0.00	0.00	10,448.80	693.31	11,142.10	0.00	1,645.01	1,645.01
24/09/2014	0.00	0.00	0.00	9,696.32	537.44	10,233.76	0.00	1,645.01	1,645.01
24/12/2014	0.00	0.00	0.00	9,073.12	388.54	9,461.66	0.00	1,627.13	1,627.13
24/03/2015	0.00	0.00	0.00	8,474.69	251.87	8,726.56	0.00	1,609.25	1,609.25
24/06/2015	0.00	0.00	0.00	8,115.70	131.05	8,246.75	0.00	1,645.01	1,645.01
24/09/2015	0.00	0.00	0.00	669.68	9.99	679.67	5,850.91	1,645.01	7,495.92
24/12/2015	0.00	0.00	0.00	0.00	0.00	0.00	6,074.82	1,531.93	7,606.75
24/03/2016	0.00	0.00	0.00	0.00	0.00	0.00	5,741.05	1,433.08	7,174.14
24/06/2016	0.00	0.00	0.00	0.00	0.00	0.00	5,462.10	1,354.39	6,816.50
26/09/2016	0.00	0.00	0.00	0.00	0.00	0.00	76,871.11	1,292.03	78,163.14

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 16%**

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	8,202.11	108,202.11	100,000.00	30,164.11	130,164.11	100,000.00	46,378.51	146,378.51
07/10/2008									
24/12/2008	5,901.05	1,185.99	7,087.04	0.00	1,250.99	1,250.99	0.00	1,380.99	1,380.99
24/03/2009	14,604.64	1,302.56	15,907.21	0.00	1,459.25	1,459.25	0.00	1,609.25	1,609.25
24/06/2009	13,949.28	1,124.85	15,074.14	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/09/2009	10,952.24	927.47	11,879.71	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/12/2009	9,004.30	764.10	9,768.40	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/03/2010	8,818.07	631.06	9,449.13	0.00	1,459.25	1,459.25	0.00	1,609.25	1,609.25
24/06/2010	8,299.45	520.31	8,819.75	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/09/2010	4,659.88	402.87	5,062.75	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
24/12/2010	4,597.70	333.27	4,930.97	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/03/2011	3,343.93	265.96	3,609.89	0.00	1,459.25	1,459.25	0.00	1,609.25	1,609.25
24/06/2011	3,106.21	224.55	3,330.76	0.00	1,491.68	1,491.68	0.00	1,645.01	1,645.01
26/09/2011	2,904.92	184.53	3,089.45	0.00	1,524.11	1,524.11	0.00	1,680.77	1,680.77
26/12/2011	2,728.19	137.98	2,866.17	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
26/03/2012	2,494.57	99.80	2,594.36	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
25/06/2012	2,388.02	64.88	2,452.90	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/09/2012	2,213.33	31.46	2,244.79	0.00	1,475.46	1,475.46	0.00	1,627.13	1,627.13
24/12/2012	34.21	0.48	34.69	14,145.53	1,475.46	15,620.99	0.00	1,627.13	1,627.13
25/03/2013	0.00	0.00	0.00	13,295.30	1,266.75	14,562.05	0.00	1,627.13	1,627.13
24/06/2013	0.00	0.00	0.00	12,693.75	1,070.58	13,764.33	0.00	1,627.13	1,627.13
24/09/2013	0.00	0.00	0.00	11,844.43	893.00	12,737.43	0.00	1,645.01	1,645.01
24/12/2013	0.00	0.00	0.00	11,153.19	708.53	11,861.72	0.00	1,627.13	1,627.13
24/03/2014	0.00	0.00	0.00	10,378.35	537.99	10,916.35	0.00	1,609.25	1,609.25
24/06/2014	0.00	0.00	0.00	10,009.60	395.14	10,404.74	0.00	1,645.01	1,645.01
24/09/2014	0.00	0.00	0.00	9,240.91	245.83	9,486.74	0.00	1,645.01	1,645.01
24/12/2014	0.00	0.00	0.00	7,238.94	106.81	7,345.75	1,128.29	1,627.13	2,755.42
24/03/2015	0.00	0.00	0.00	0.00	0.00	0.00	6,656.56	1,591.09	8,247.65
24/06/2015	0.00	0.00	0.00	0.00	0.00	0.00	6,336.92	1,516.95	7,853.87
24/09/2015	0.00	0.00	0.00	0.00	0.00	0.00	5,953.61	1,412.71	7,366.32
24/12/2015	0.00	0.00	0.00	0.00	0.00	0.00	79,924.62	1,300.48	81,225.09

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 July 18, 2008 that:

- i) PYME BANCAJA 7 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 BANCAJA derived from loans with real estate mortgage security, with security other than a real estate mortgage and/or without special security granted to enterprises (legal persons and, as the case may be, sole traders) domiciled in Spain, be pooled in the Fund.
- iii) The Bonds be issued by the Fund.

Resolution to assign the Loan receivables:

At a meeting held on April 30, 2008, the Board of Directors of BANCAJA resolved that the assignment of rights on loans with real estate mortgage security (by issuing pass-through certificates), loans with security other than a real estate mortgage, or loans without security (or any other type of credit assets) granted by BANCAJA to sole traders and/or enterprises, which could be considered, as the case may be, small and medium-sized enterprises, to a closed-end Asset Securitisation Fund set up ad hoc to pool those assets therein, be authorised.

b) Registration by the CNMV.

The condition precedent for the Fund to be established and for the Bonds to be issued is that this Prospectus and all other supporting documents be entered in the Official Registers of the CNMV, in accordance with the provisions of article 5.1.e) of Royal Decree 926/1998.

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

c) Execution of the Fund public deed of constitution.

Upon the CNMV registering this Prospectus, the Management Company and BANCAJA, as Originator of the Loan receivables, shall proceed to execute on October 3, 2008 a public deed whereby PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANCAJA will assign to the Fund Non-Mortgage Loan receivables and Mortgage Loan receivables by issuing Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds, on the terms provided for in article 6 of Royal Decree 926/1998.

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

The Management Company shall submit a copy of the Deed of Constitution to the CNMV to be entered in the Official Registers by October 7, 2008.

4.13 Issue date of the securities.

The Bond issue date shall be October 3, 2008.

4.13.1 Potential investors to whom the Bonds are offered.

The Bond Issue shall be fully subscribed for by BANCAJA.

4.13.2 Bond Issue subscription payment method and dates.

The Subscriber shall subscribe for the Bond Issue on October 6, 2008 and pay to the Fund by 2pm (CET) on October 7, 2008 (the “**Closing Date**”), for same day value, the issue price at the face value of all the Bonds subscribed for.

4.14 Restrictions on the free transferability of the securities.

There are no restrictions on the free transferability of the Bonds. They may be freely transferred by any means admissible at Law and in accordance with the rules of the AIAF market where they will be 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, as contained in the Annotated Presentation of Regulated Markets and Additional Provisions under the Investment Services Directive 93/22, published in the Official Journal of the European Communities on March 1, 2008. The Management Company undertakes to do all such things as may be necessary in order that definitive admission to trading is achieved not later than one month after the Closing Date.

The Management Company expressly represents that it is aware of the requirements and terms that must be observed for the securities to be eligible to be listed, remain listed and be excluded from listing on 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 AIAF, the Management Company shall forthwith proceed to notify Bondholders thereof, moreover advising of the reasons resulting in such breach, using the extraordinary notice procedure provided for in section 4.1.2 of the Building Block. This shall be without prejudice to the Management Company being held to be contractually liable, as the case may be, if it is exclusively at fault for the delay.

5.2 Paying agent and depository agents.

5.2.1 Bond Issue Paying Agent.

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

The Management Company shall, for and on behalf of the Fund, enter with BANCAJA into a paying agent agreement to service the Bond Issue, the most significant terms of which are given in section 3.4.7.2 of the Building Block.

6 EXPENSE OF THE OFFERING AND OF ADMISSION TO TRADING.

The expected expenses for setting up the Fund and issue and admission to trading of the Bond Issue are EUR five hundred and seventy-five thousand (575,000.00). These expenses include, inter alia, the initial Management Company fee, notary's fees, rating and legal advice fees, audit expenses, CNMV fees, AIAF and Iberclear fees, and Prospectus translation and printing expenses.

7 ADDITIONAL INFORMATION.

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

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

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

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

Not applicable.

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

Ernst & Young have audited the selected loans on the terms set forth in section 2.2 of the Building Block.

7.4 Information sourced from a third party.

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

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

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

7.5 Credit ratings assigned to the securities by rating agencies.

On October 1, 2008, Moody's assigned the following provisional ratings to each Bond Series, and expects to assign the same final ratings by 1pm (CET) on October 6, 2008 to the Bonds.

Bond Series	Moody's Ratings
Series A	Aaa
Series B	A3
Series C	Baa3

If the Rating Agency should not confirm any of the assigned provisional ratings as final by 1pm (CET) on October 6, 2008, this circumstance would forthwith be notified to the CNMV and be publicised in the manner for which provision is made in section 4.1.2.2 of the Building Block. Furthermore, this circumstance would result in the establishment of the Fund, the Bond Issue and the assignment of Loan receivables terminating, as provided for in section 4.4.4.(iv) of the Registration Document.

Rating considerations.

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

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

The Rating Agency's ratings are not an assessment of the likelihood of obligors prepaying capital, 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 Agency based on manifold information received with respect to which it can give no assurance, nor even as to their accuracy or wholeness, wherefore the Rating Agency may in no event be deemed to be responsible therefor; and
- (ii) are not and cannot therefore be howsoever construed as an invitation, recommendation or encouragement for investors to proceed to carry out any transaction whatsoever on the Bonds and, in particular, acquire, keep, charge or sell those Bonds.

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

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

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

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

ASSET-BACKED SECURITIES 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 Mortgage Loan Pass-Through Certificates and the Non-Mortgage Loan receivables which BANCAJA shall assign to the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR one billion one hundred million (1,100,000,000.00), the face value amount of the Bond Issue.

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

Not applicable.

2. UNDERLYING ASSETS

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

In accordance with the information supplied by the Originator, the Management Company confirms that, based on 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 payment defaults by securitised Loan Obligors, 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 basis 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 to meet payments on the Bonds or to other creditors of the Fund. 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. Hence the different credit ratings assigned by the Rating Agency to the Bonds in each Series, detailed in section 7.5 of the Securities Note.

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

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

2.2 Assets backing the issue.

The receivables to be pooled in the Fund, represented by the Management Company, upon being established, shall be exclusively receivables owned by BANCAJA deriving from Loans granted by BANCAJA to non-financial small and medium-sized enterprises (legal persons) (SMEs, based on the Originator's internal rating criteria -annual turnover less than or equal to EUR 50 million-) domiciled in Spain.

The portfolio of selected loans from which the Loans will be taken in order to be assigned to the Fund upon being established comprises 4,134 loans, their outstanding principal at August 31, 2008 being EUR 1,272,026,269.33 and the overdue principal being EUR 781,186.77.

Audit of the assets securitised through the Fund.

Ernst & Young have audited the most significant features of the selected loans.

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

The audit results shall be set out in a report prepared by Ernst & Young, 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 selected loan obligors.

The following table gives the concentration of the ten obligors weighing most in the portfolio of selected loans at August 31, 2008.

Loan portfolio at 31.08.2008				
Classification by Obligor				
	Loans		Outstanding principal	
		%	(EUR)	%
Obligor 1	2	0.05	8,700,000.00	0.68
Obligor 2	2	0.05	6,826,410.80	0.54
Obligor 3	1	0.02	5,600,000.00	0.44
Obligor 4	2	0.05	5,000,000.00	0.39
Obligor 5	3	0.07	4,916,334.64	0.39
Obligor 6	1	0.02	4,673,838.49	0.37
Obligor 7	1	0.02	4,630,000.00	0.36
Obligor 8	1	0.02	4,601,355.63	0.36
Obligor 9	1	0.02	4,590,000.00	0.36
Obligor 10	1	0.02	4,512,000.00	0.35
Rest: 3,515 Obligators	4,119	99.64	1,217,976,329.	95.75
Total Obligators: 3,525	4,134	100.00	1,272,026,269.33	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 at 31.08.2008					
Classification by economic activity sectors					
CNAE		Loans		Outstanding principal	
			%	(EUR)	%
01	Agriculture, stockbreeding, hunting and related service activities	70	1.69	18,587,586.66	1.46
02	Silviculture, forestry and related service activities.	2	0.05	307,127.30	0.02
05	Fishing, aquiculture and related service activities.	6	0.15	5,312,789.16	0.42
14	Extracting non-metallic and non-energetic minerals.	6	0.15	3,106,692.90	0.24
15	Food products and drinks industry.	50	1.21	11,890,789.18	0.93
17	Textile manufacture and textile products.	23	0.56	6,361,199.69	0.50
18	Clothing and fur industry.	8	0.19	2,123,121.49	0.17
19	Preparing, tanning and finishing leather. Manufacturing morocco leather and travel goods. Harness, saddlery and footwear goods.	12	0.29	4,029,450.45	0.32
20	Wood and cork industry, excepting furniture, basketwork and wickerwork.	15	0.36	5,285,465.75	0.42
21	Paper industry.	4	0.10	950,735.76	0.07
22	Publishing, graphic arts and reproduction of recorded media.	15	0.36	4,060,122.40	0.32
23	Coke processing, oil refining and processing of nuclear fuels.	1	0.02	540,895.14	0.04
24	Chemical industry.	11	0.27	1,785,013.72	0.14
25	Manufacture of rubber products and plastic materials.	10	0.24	4,604,333.27	0.36
26	Manufacture of other non-metallic mineral products.	42	1.02	18,583,412.70	1.46
27	Metallurgy.	16	0.39	4,636,970.93	0.36
28	Manufacture of metallic products, other than machinery and equipment.	15	0.36	4,666,288.63	0.37
29	Building of machinery and mechanical equipment industry.	14	0.34	3,122,810.12	0.25
31	Manufacture of machinery and electrical material.	6	0.15	2,549,626.86	0.20
34	Manufacture of motor vehicles, trailers and semi-trailers.	3	0.07	1,298,923.02	0.10
36	Manufacture of furniture. Other manufacturing industries.	24	0.58	5,257,789.72	0.41
37	Recycling.	2	0.05	536,006.53	0.04
40	Production and distribution of electric power, gas, steam and hot water.	9	0.22	4,571,672.89	0.36
41	Collecting, treating and distributing water.	1	0.02	116,114.18	0.01
45	Building.	397	9.60	102,837,473.95	8.08
50	Sale, maintenance and repair of motor vehicles, motorcycles and mopeds; retail sale of fuel for motor vehicles.	48	1.16	6,980,708.54	0.55
51	Wholesale and trade intermediaries, excepting motor vehicles and motorcycles.	101	2.44	37,171,885.41	2.92
52	Retail trade, excepting sale of motor vehicles, motorcycles and mopeds; repair of personal chattels and household items.	77	1.86	17,387,312.77	1.37
55	Catering trade.	149	3.60	47,172,615.21	3.71
60	Land transport; Pipeline transport.	47	1.14	8,969,663.73	0.71
62	Air and space transport.	1	0.02	125,862.15	0.01
63	Transport-related activities. Travel agency activities.	20	0.48	7,028,749.40	0.55
64	Post and telecommunications.	6	0.15	1,138,731.38	0.09
65	Financial broking, excepting insurance and pension schemes.	2	0.05	1,022,224.53	0.08
66	Insurance and pension schemes, excepting social security.	6	0.15	919,116.90	0.07
67	Activities ancillary to financial broking.	5	0.12	2,176,929.94	0.17
70	Real estate activities.	2,066	49.98	754,430,977.90	59.31
71	Rental of machinery and unmanned equipment, personal chattels and household items.	38	0.92	6,714,176.16	0.53
72	Computer-related activities.	31	0.75	5,760,378.57	0.45
74	Other business activities	567	13.72	109,270,178.40	8.59
80	Education.	22	0.53	6,234,548.20	0.49
85	Health and veterinary activities, social services.	49	1.19	19,215,305.25	1.51
90	Public sanitation activities.	7	0.17	2,414,838.78	0.19
91	Associative activities.	12	0.29	1,595,433.79	0.13
92	Recreational, cultural and sporting activities.	54	1.31	8,769,632.34	0.69
93	Sundry personal service activities.	64	1.55	10,404,587.58	0.82
Total		4,134	100.00	1,272,026,269.33	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 at 31.08.2008				
Classification by type of security				
	Loans		Outstanding Principal	
		%	(EUR)	%
Loans with real estate mortgage security *	3,634	87.91	1,170,685,195.54	92.03
Loans with third-party personal guarantee	345	8.35	63,419,815.09	4.99
Loans without special security	155	3.75	37,921,258.70	2.98
Total	4,134	100.00	1,272,026,269.33	100.00

* May in addition include third-party personal guarantees.

d) Information regarding selected loan origination date.

The following table gives the distribution of the selected loans based on origination date by six-monthly intervals, excepting the last interval, and the average, minimum and maximum age.

Loan portfolio at 31.08.2008				
Classification by loan origination date				
Date interval	Loans		Outstanding principal	
		%	(EUR)	%
01/01/2000 to 30/06/2000	1	0.02	31,617.95	0.00
01/01/2001 to 30/06/2001	5	0.12	454,194.08	0.04
01/07/2001 to 31/12/2001	13	0.31	1,345,502.52	0.11
01/01/2002 to 30/06/2002	10	0.24	1,535,631.66	0.12
01/07/2002 to 31/12/2002	18	0.44	5,198,200.98	0.41
01/01/2003 to 30/06/2003	48	1.16	5,835,932.09	0.46
01/07/2003 to 31/12/2003	67	1.62	9,725,085.64	0.76
01/01/2004 to 30/06/2004	112	2.71	15,978,042.54	1.26
01/07/2004 to 31/12/2004	107	2.59	15,833,551.02	1.24
01/01/2005 to 30/06/2005	201	4.86	40,814,728.11	3.21
01/07/2005 to 31/12/2005	298	7.21	58,963,730.36	4.64
01/01/2006 to 30/06/2006	449	10.86	126,800,587.89	9.97
01/07/2006 to 31/12/2006	671	16.23	241,234,802.97	18.96
01/01/2007 to 30/06/2007	1,036	25.06	450,567,524.50	35.42
01/07/2007 to 31/12/2007	941	22.76	267,519,590.71	21.03
01/01/2008 to 28/03/2008	157	3.80	30,187,546.31	2.37
Total	4,134	100.00	1,272,026,269.33	100.00
	21.06	Months	Weighted average age	
	98.56	Months	Maximum age	
	5.13	Months	Minimum age	

e) Information regarding selected loan principal repayment exclusion period.

The following table gives the selected loan distribution according to expiration of the loan principal repayment exclusion period. No details are given of intervals with no contents.

Loan portfolio at 31.08.2008				
Classification by principal repayment exclusion period				
Expiration of the principal exclusion period	Loans		Outstanding principal	
	No.	%	(EUR)	%
No Exclusion	3,993	96.59	1,197,850,199.61	94.17
01/07/2008 to 30/09/2008	17	0.41	7,308,653.94	0.57
01/10/2008 to 31/12/2008	28	0.68	10,699,925.16	0.84
01/01/2009 to 31/03/2009	24	0.58	16,274,862.00	1.28

Loan portfolio at 31.08.2008				
Classification by principal repayment exclusion period				
Expiration of the principal exclusion period	Loans		Outstanding principal	
	No.	%	(EUR)	%
01/04/2009 to 30/06/2009	19	0.46	11,512,525.93	0.91
01/07/2009 to 30/09/2009	28	0.68	15,111,652.95	1.19
01/10/2009 to 31/12/2009	14	0.34	9,248,914.00	0.73
01/01/2010 to 31/03/2010	6	0.15	2,349,826.00	0.18
01/10/2010 to 31/12/2010	2	0.05	770,000.00	0.06
01/01/2012 to 31/03/2012	1	0.02	432,825.55	0.03
01/07/2012 to 30/09/2012	1	0.02	386,670.50	0.03
01/04/2016 to 30/06/2016	1	0.02	80,213.69	0.01
Total	4,134	100.00	1,272,026,269.33	100.00

f) Information regarding selected loan principal.

The following table gives the distribution of the outstanding loan principal at August 31, 2008 by EUR 250,000 intervals, and the average, minimum and maximum amount. No details are given of intervals with no contents.

Loan portfolio at 31.08.2008				
Classification by outstanding principal				
Principal interval (EUR)	Loans		Outstanding principal (EUR)	
	No.	%	(EUR)	%
0.00 - 249,999.99	2,873	69.50	338,759,571.89	26.63
250,000.00 - 499,999.99	689	16.67	236,329,153.68	18.58
500,000.00 - 749,999.99	226	5.47	136,638,283.31	10.74
750,000.00 - 999,999.99	136	3.29	115,228,475.45	9.06
1,000,000.00 - 1,249,999.99	41	0.99	46,147,709.15	3.63
1,250,000.00 - 1,499,999.99	35	0.85	46,314,523.23	3.64
1,500,000.00 - 1,749,999.99	28	0.68	44,961,039.28	3.53
1,750,000.00 - 1,999,999.99	19	0.46	35,939,245.87	2.83
2,000,000.00 - 2,249,999.99	17	0.41	35,822,914.72	2.82
2,250,000.00 - 2,499,999.99	10	0.24	23,497,525.57	1.85
2,500,000.00 - 2,749,999.99	11	0.27	28,702,464.42	2.26
2,750,000.00 - 2,999,999.99	6	0.15	16,921,052.61	1.33
3,000,000.00 - 3,249,999.99	6	0.15	18,597,817.43	1.46
3,250,000.00 - 3,499,999.99	3	0.07	10,182,166.67	0.80
3,500,000.00 - 3,749,999.99	13	0.31	46,253,509.38	3.64
3,750,000.00 - 3,999,999.99	2	0.05	7,557,000.00	0.59
4,000,000.00 - 4,249,999.99	7	0.17	29,058,622.55	2.28
4,250,000.00 - 4,499,999.99	4	0.10	17,508,000.00	1.38
4,500,000.00 - 4,749,999.99	7	0.17	32,007,194.12	2.52
5,500,000.00 - 5,749,999.99	1	0.02	5,600,000.00	0.44
Total	4,134	100.00	1,272,026,269.33	100.00
Average principal:			307,698.66	
Minimum principal:			4,357.97	
Maximum principal:			5,600,000.00	

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

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

Loan portfolio at 31.08.2008				
Classification by Interest rate benchmark index				
Benchmark Index	Loans		Outstanding principal	Margin over index*
		%	(EUR)	%
1-YEAR EURIBOR	3,794	91.78	1,001,201,156.37	78.71
3-MONTH EURIBOR	340	8.22	270,825,112.96	21.29
Total	4,134	100.00	1,272,026,269.33	100.00

h) Information regarding nominal interest rate reset frequency applicable to the selected loans.

The following table gives the distribution of the selected loans based on loan nominal interest rate reset frequency.

Loan portfolio at 31.08.2008				
Classification by nominal interest rate reset frequency				
Frequency	Loans		Outstanding principal	
		%	(EUR)	%
YEARLY	3,068	74.21	773,734,942.31	60.83
SIX-MONTHLY	636	15.38	168,171,049.26	13.22
QUARTERLY	430	10.40	330,120,277.76	25.95
Total	4,134	100.00	1,272,026,269.33	100.00

i) 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 at August 31, 2008, and their average, minimum and maximum values.

Loan portfolio at 31.08.2008					
Classification by applicable nominal interest rate					
Interest Rate % Interval	Loans		Outstanding principal	% Interest Rate*	
		%	(EUR)	%	
4.50 - 4.99	51	1.23	21,736,665.22	1.71	4.89
5.00 - 5.49	1,389	33.60	472,868,275.79	37.17	5.29
5.50 - 5.99	1,850	44.75	616,632,058.22	48.48	5.71
6.00 - 6.49	502	12.14	123,917,520.42	9.74	6.19
6.50 - 6.99	170	4.11	25,585,774.72	2.01	6.73
7.00 - 7.49	90	2.18	8,760,653.33	0.69	7.15
7.50 - 7.99	68	1.64	2,108,890.05	0.17	7.69
8.00 - 8.49	13	0.31	404,438.64	0.03	8.11
8.50 - 8.99	1	0.02	11,992.94	0.00	8.82
Total	4,134	100.00	1,272,026,269.33	100.00	
	Weighted average:				5.62 %
	Simple average:				5.73 %
	Minimum:				4.65 %
	Maximum:				8.82 %

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

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

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

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

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

l) 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 at 31.08.2008						
Classification by final repayment date						
Final Repayment Year	Loans		Outstanding principal		Residual Life w.a. *	
		%	(EUR)	%	Months	Date
2008	45	1.09	43,859,320.00	3.45	3.13	4/12/2008
2009	339	8.20	282,205,380.18	22.19	9.59	19/06/2009
2010	197	4.77	120,898,637.38	9.50	20.15	6/05/2010
2011	101	2.44	12,554,545.07	0.99	33.60	20/06/2011
2012	146	3.53	25,488,530.82	2.00	47.36	12/08/2012
2013	92	2.23	20,505,621.37	1.61	57.25	9/06/2013
2014	86	2.08	28,214,450.76	2.22	70.72	24/07/2014
2015	72	1.74	13,840,234.60	1.09	80.72	24/05/2015
2016	79	1.91	18,166,317.97	1.43	93.10	4/06/2016
2017	125	3.02	37,647,573.24	2.96	106.18	7/07/2017
2018	80	1.94	24,199,075.86	1.90	117.37	12/06/2018
2019	135	3.27	26,541,135.62	2.09	130.61	20/07/2019
2020	217	5.25	40,596,403.07	3.19	143.15	5/08/2020
2021	391	9.46	85,155,256.33	6.69	154.41	14/07/2021
2022	652	15.77	179,619,527.84	14.12	165.63	20/06/2022
2023	49	1.19	12,427,501.09	0.98	176.84	28/05/2023
2024	78	1.89	14,541,114.21	1.14	189.63	20/06/2024
2025	145	3.51	30,980,712.14	2.44	201.75	24/06/2025
2026	281	6.80	56,872,175.02	4.47	214.41	14/07/2026
2027	414	10.01	94,681,427.68	7.44	225.60	20/06/2027
2028	23	0.56	6,995,259.93	0.55	238.03	2/07/2028
2029	24	0.58	6,160,718.62	0.48	250.24	9/07/2029
2030	32	0.77	5,629,965.90	0.44	262.02	2/07/2030
2031	71	1.72	14,870,329.90	1.17	274.71	24/07/2031
2032	128	3.10	30,986,038.86	2.44	285.33	11/06/2032
2033	8	0.19	2,831,234.91	0.22	296.68	22/05/2033
2034	13	0.31	2,788,832.12	0.22	309.46	15/06/2034
2035	29	0.70	6,167,928.10	0.48	324.47	15/09/2035
2036	33	0.80	9,499,466.02	0.75	335.00	1/08/2036
2037	42	1.02	13,541,427.21	1.06	345.45	15/06/2037
2038	1	0.02	1,272,090.00	0.10	360.21	7/09/2038
2039	1	0.02	90,000.00	0.01	365.17	5/02/2039
2040	1	0.02	72,904.71	0.01	383.57	18/08/2040
2042	1	0.02	739,219.76	0.06	409.95	30/10/2042
2043	1	0.02	650,435.48	0.05	415.11	5/04/2043
2046	1	0.02	691,014.58	0.05	457.13	5/10/2046
2047	1	0.02	44,462.98	0.00	464.10	5/05/2047
Total	4,134	100.00	1,272,026,269.33	100.00		
	Weighted average:				115.77	25/04/2018
	Simple average:				147.22	31/10/2020
	Minimum:				2.10	03/11/2008
	Maximum:				464.10	05/05/2047

* 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.

m) 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 at 31.08.2008				
Classification by Autonomous Communities				
	Loans		Outstanding principal	
		%	(EUR)	%
Andalusia	227	5.49	71,024,746.98	5.58
Aragón	71	1.72	16,942,239.76	1.33
Asturies	1	0.02	161,643.83	0.01
Balearic Isles	122	2.95	47,085,644.00	3.70
Canary Islands	115	2.78	35,064,852.16	2.76
Cantabria	6	0.15	1,247,841.96	0.10
Castile La Mancha	164	3.97	42,918,787.20	3.37
Castile-León	72	1.74	32,666,669.76	2.57
Catalonia	515	12.46	171,540,967.00	13.49
Valencian Community *	2,008	48.57	599,165,956.04	47.10
Extremadura	14	0.34	8,797,548.26	0.69
Galicia	47	1.14	18,168,444.11	1.43
La Rioja	6	0.15	1,344,844.53	0.11
Madrid	667	16.13	192,076,255.54	15.10
Melilla	2	0.05	51,096.81	0.00
Murcia	58	1.40	24,200,635.58	1.90
Navarre	7	0.17	2,658,012.11	0.21
Basque Country	32	0.77	6,910,083.70	0.54
Total	4,134	100.00	1,272,026,269.33	100.00

* 1,135 loans with an outstanding principal of EUR 384,928,708.04 are loans to enterprises with a CNAE in the building or real estate business.

n) Information regarding delays, if any, in collecting selected loan interest or principal instalments and amount, if any, of the current principal of loans more than 30, 60 and 90 days overdue.

The following table gives the number of loans, the outstanding principal and the overdue principal on selected loans in regard to which there was any delay in payment of amounts due at August 31, 2008.

Arrears in payment of instalments due at 31.08.2008				
Interval Days	Loans	Outstanding principal	Overdue principal	
				% on Total Outstanding Principal
In good standing	3,577	1,054,418,497.55		
1 to 15 days	198	65,234,973.18	200,977.70	0.0158
16 to 30 days	170	73,785,253.17	175,147.51	0.0138
31 to 60 days	126	53,325,755.35	273,259.91	0.0215
61 to 90 days	63	25,261,790.08	131,801.65	0.0104
Total	4,134	1,272,026,269.33	781,186.77	

In accordance with BANCAJA's representation in section 2.2.8.2.(2) of the Building Block, none of the Loans that will finally be assigned to the Fund upon being established shall have any payments more than one (1) month overdue on their assignment date. The amount of loans with overdue payments at the assignment date shall not exceed 12.00% of the face value of the Bond Issue.

o) Loan to value ratio or level of collateralisation.

There are 3,634 selected loans with real estate mortgage security at August 31, 2008 and their outstanding principal amounts to EUR 1,170,685,195.54, and the mortgages are all registered as senior mortgages or, as the case may be, as junior mortgages although BANCAJA has documents supporting cancellation of the debts originated by previous mortgages, which are however yet to be struck off the register, and therefore for calculation purposes the mortgages are all considered to rank senior.

The ratio, expressed as a percentage, of the initial outstanding principal at August 31, 2008 to the appraisal value of the selected mortgage loan mortgaged properties was comprised between 1.34% and 99.95%, the average ratio weighted by the outstanding principal of each mortgage loan being 62.51%.

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

Mortgage loan portfolio at 31.08.2008					
Classification by loan to value ratio					
Ratio Intervals	Loans		Outstanding principal (EUR)		(%) Loan to Value*
		%		%	
0.01 - 5.00	4	0.11	186,882.19	0.02	3.38
5.01 - 10.00	12	0.33	1,594,676.42	0.14	9.18
10.01 - 15.00	30	0.83	4,931,137.97	0.42	12.47
15.01 - 20.00	29	0.80	4,479,986.39	0.38	17.47
20.01 - 25.00	55	1.51	16,546,000.56	1.41	23.06
25.01 - 30.00	75	2.06	19,353,457.53	1.65	27.39
30.01 - 35.00	90	2.48	18,723,175.48	1.60	32.90
35.01 - 40.00	117	3.22	23,373,688.68	2.00	37.84
40.01 - 45.00	146	4.02	29,588,363.25	2.53	42.76
45.01 - 50.00	218	6.00	51,715,705.30	4.42	47.62
50.01 - 55.00	338	9.30	77,508,749.85	6.62	52.56
55.01 - 60.00	395	10.87	114,967,998.37	9.82	57.58
60.01 - 65.00	489	13.46	147,256,656.48	12.58	62.73
65.01 - 70.00	776	21.35	413,540,159.22	35.32	68.58
70.01 - 75.00	418	11.50	135,127,172.22	11.54	72.04
75.01 - 80.00	367	10.10	93,190,923.03	7.96	77.26
80.01 - 85.00	26	0.72	6,084,727.32	0.52	82.29
85.01 - 90.00	24	0.66	4,842,339.73	0.41	87.69
90.01 - 95.00	16	0.44	2,927,274.86	0.25	92.66
95.01 - 100.00	9	0.25	4,746,120.69	0.41	97.89
Total	3,634	100.00	1,170,685,195.54	100.00	
Weighted Average:					62.51 %
Simple Average:					59.80 %
Minimum:					1.34 %
Maximum:					99.95 %

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

There is no overcollateralisation in the Fund since the total Loan receivables principal or capital that BANCAJA shall assign to the Fund upon being set up shall be equal to or slightly above EUR one billion one hundred million (1,100,000,000.00), the face value amount of the Bond Issue.

2.2.3 Legal nature of the pool of assets.

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, as currently worded, and ancillary laws.

The Mortgage Loan receivables shall be assigned to the Fund upon BANCAJA issuing and the Fund subscribing for Pass-Through Certificates subject to the provisions of Act 2/1981 and additional provision five of Act 3/1994, as they are currently worded, on the terms provided for in section 3.3 of this Building Block.

- (ii) Loans with no special guarantee 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 BANCAJA and acquired by the Fund, on the terms provided for in section 3.3 of this Building Block.

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

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

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

The final maturity date of the selected loans lies between November 3, 2008 and May 5, 2047.

2.2.5 Amount of the assets.

The Fund shall be set up with the Loan receivables which BANCAJA will assign to the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR one billion one hundred million (1,100,000,000.00), the face value amount of the Bond Issue.

The portfolio of selected loans from which the Loans will be taken to be assigned to the Fund upon being established comprises 4,134 loans, their outstanding principal at August 31, 2008 being EUR 1,272,026,269.33 and the overdue principal being EUR 781,186.77.

In order to be assigned to the Fund upon being established, BANCAJA shall choose from the selected loans (i) loans that are in good standing or that have 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 balance equal to or slightly above EUR one billion one hundred million (1,100,000,000.00). The amount of loans with overdue payments shall not exceed 12.00% of the face value of the Bond Issue at the assignment date.

2.2.6 Loan to value ratio or level of collateralisation.

The loan to value ratio or level of collateralisation ratio of the mortgage loans is given in section 2.2.2 o) of this Building Block.

2.2.7 Method of creation of the assets.

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

1. SME lending model used

BANCAJA's model is based on a modular design mainly intended to objectify insofar as possible the different sides there are to a business, and to include elements which, being intangible, cannot be objectively parametrised. The following aspects are contemplated by BANCAJA: (i) SME economic and financial position, (ii) commercial structure, (iii) production structure, (iv) organisational structure, (v)

credit history (alert signs) and (vi) subjectivisation, should it be necessary to consider any factor not measured with the preceding.

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

BANCAJA's risk analysis takes into account the customer's global risk with BANCAJA. In so doing the concept of UER/Group is used, taking two or more enterprises/individuals to make up a Group, for risk purposes, where common shareholders stand for more than 25% of the share capital or they have a common management (that is, when despite not having a direct interest, management is controlled). Based on a broader judgment, two or more individuals/enterprises will make up a single Group where they have common or cross collaterals and where downturn of one of them can affect the normal development of the other(s).

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

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

2. Supporting documents.

These are intended to ensure, upon each transaction being granted, the prospects and possibilities of collection.

In compliance with the requirements of the Organic Data Protection Act, it should be borne in mind that personal data capture should either be covered by a contract application, pre-contract arrangement or risk proposal, or be necessary to monitor valid transactions.

NECESSARY TO ANALYSE THE TRANSACTION			
Document	Household economies		Business economies
	Employee	Self-employed	
Salary	X	X	
Income and/or Wealth Tax Return	X	X	
Official / Audited (as appropriate) Financial Statements			X
Part payments		X	
Corporation Tax			X
VAT / Canaries General Indirect Tax (IGIC) income		X	X
Form 347: Declaration of Clients & Suppliers		X	X
Investments: Economic return plan			X
Investments: Project & specification			X
Confidential Asset Statement	X	X	X
RAI / Experian Report	X	X	X
CIRBE search authorisation	X	X	X

Further documents are additionally requested, depending on the nature of the transaction, as set out in the following table.

DEPENDING ON THE NATURE OF THE TRANSACTION	
Transaction type	Document
Mortgage security for purchasing residential properties	Fire Insurance Policy including an assignment clause in favour of the Bank
	Title deed of the asset to be mortgaged (deed)
	Simple Transcript or Certified Transcript issued by the Registry regarding ownership and liens
	Appraisal of the asset to be mortgaged
Transactions through partner firms	Letter introducing the borrower
Transactions secured with pledges	Special Bond Documents or Clauses
	Proof that the deposit account is blocked
Transactions with Mutual Guarantee Company guarantee	Mutual Guarantee Company file, with the borrower's economic details and document certifying that the guarantee has been granted

3. Empowerment.

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

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

Table: Simplified outline of empowerment at BANCAJA

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

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

The managers of each Business Area and the Risks Department manager are on the Management Risks Committee that meets weekly to review applications with an UER in excess of EUR 9 million.

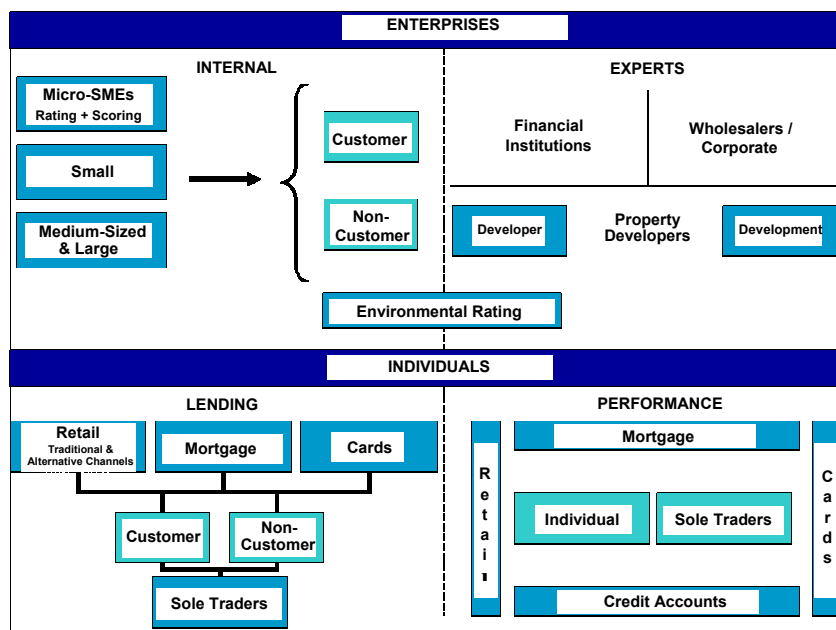
This Committee is authorised for approving loans with UER of up to 3% of BANCAJA's equity. For higher risks, the Committee draws up and submits a proposal to BANCAJA's management bodies.

3.1. Risk Acceptance

BANCAJA Group has a decentralised lending system in place based on a clear definition of policies and procedures at each stage of the risk process -admission, approval, monitoring and, where appropriate, recovery-, as well as an appropriate empowerment system.

This system allows our customers' needs to be efficiently met, in terms of turnaround time and quality, and it is noteworthy that branches and Business and Territorial Units have a high degree of autonomy.

The process for accepting and rating customers/transactions at BANCAJA has the benefit of a complete map of internal rating and scoring tools, which homogeneously include the different risk variables that are relevant to evaluating transactions depending on the customer segment at issue.



These instruments are fully built into the analysis and decision-making stages, and hence into the approval of transactions, and the appropriate model is used depending on the business segment at issue. These internal models are moreover in line with the best practices established in the new regulatory framework.

Use of these tools allows each customer/transaction to be assigned a consistent, homogenous default probability, and the probable or expected loss on each transaction is in addition calculated in advance, which calculation is of the essence to find the 'risk premium' for the transaction and include the same as an activity cost factor in the price.

The strategy applied to currently developing and maintaining the Map of Models is governed by the decision to use internal models based on the application of multivariate statistical analysis techniques widely used in the sector, covering to the fullest extent possible BANCAJA's entire portfolio and keeping reasonable levels of results, in terms of predictive power and discriminating capacity, stability, etc.

3.1.1. Rating Tools

BANCAJA has since 1995 been using credit risk measurement systems (ratings) for management. Rating models have played an essential role in the credit policies applied ever since.

Initial models were internally-built expert ratings based on knowledge and performance of BANCAJA's internal portfolio.

These ratings covered the portfolio of industrial enterprises and therefore excluded from their analysis the financial institution, developer and Public sector segments.

Those ratings were regularly adjusted and revised, until in the year 2006 the current map of business models was implemented throughout the business network.

The new Ratings in place result in an optimum measurement of the credit risk and greater efficiency and effectiveness in decision-making within the acceptance circuit.

Map of Rating Models

The following are the main features of the current ratings map:

□ Enterprise Ratings - Industrial

Internally-developed ratings based on historical information on, and performance of, BANCAJA's internal portfolio.

The structure comprises three information modules: financial statements, qualitative evaluation and recent operations.

Three segments have been defined based on Enterprise turnover.

□ Enterprise Ratings - Wholesalers

These are sector replication models, developed at the Spanish Savings Bank Confederation (CECA), with the involvement of different Savings Banks, based on a corporate sample.

Based on financial, sector, country rating and other information, the aim is to find a pattern allowing the associated external rating to be replicated. In addition, the default probability is gauged using that rating and the external rating agency's historic delinquency series.

Two segments have been defined based on the relevant sector:

- Industrial and sales
- Financial institutions

□ Property Developer Ratings

An expert model designed to rate property developers who are already investees and those applying for new financing. The magnitudes and data used and their weights have been arrived at using expert advice in analysing this activity and the results have been validated comparing the ratings set by the model and those allocated by experts, for a representative sample of developers and developments.

This rating system is structured into several modules quantifying the customer's risk profile based on quantitative and qualitative developer valuations, and moreover on feasibility valuations for each of the developments and the progress of sales on each one.

□ Micro-SME Scoring

Micro-SME and sole trader scoring was developed and implemented during 2007 to supplement enterprise rating. The main benefit of scoring over rating is an optimised level of automated decision-making within the transaction acceptance process for this segment and an optimum measurement of the customer/product risk profile and not just of the customer customer/product.

This model both analyses the associated borrower/transaction credit risk and quantifies the highest borrowing which the customer can take on globally, and by product line.

□ **Environmental Rating**

In line with the aim of improving BANCAJA's customers' environmental performance, progress was made during 2007 in designing and implementing an environmental rating, built into the credit policies and pricing process.

This rating weighs up the level of environmental risk associated with business economy customers and has been built in as another financial risk variable into decision-making in the acceptance of credit transactions and in the pricing process.

The main object of environmental rating is measuring and evaluating the potential environmental risk attached to a business activity and an enterprise's capacity to minimise this risk and face up to the ensuing liabilities, in order for the financial risk taken on by the bank not to be materially affected, this being the ultimate aim of the bank's credit policy, in turn encouraging an enhanced environmental responsibility and the development and dissemination of environmentally friendly technologies.

In other words, the aim is to improve the non-financial factors usually evaluated and the environmental risk is linked to the credit policies.

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

Representations of the Originator.

BANCAJA shall at the date of establishment of the Fund, as holder of the Loans until assigned to the Fund and as issuer of the Pass-Through Certificates, represent as follows to the Fund and the Management Company in the Deed of Constitution.

1. In relation to BANCAJA.

- (1) That BANCAJA is a credit institution duly incorporated in accordance with the laws in force for the time being, entered in the Companies Register and the Bank of Spain's Register of Credit Institutions, and is authorised to grant loans to SMEs and operate in the mortgage market.
- (2) That neither at today's date nor at any time since it was incorporated has BANCAJA been decreed to be insolvent (or formerly 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 BANCAJA 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 BANCAJA has audited annual accounts for the last three years ended December 31, 2007, 2006 and 2005 which have been filed with the CNMV and with the Companies Register, and they 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 BANCAJA keeps a first copy of the public deed or the valid loan agreement at the Management Company's disposal, as the case may be.
- (2) That in order to be assigned to the Fund upon being established, BANCAJA shall choose from the selected loans (i) loans that are in good standing or that have 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 balance equal to or slightly above EUR one billion one hundred million (1,100,000,000.00). The amount of loans with overdue payments shall not exceed 12.00% of the face value of the Bond Issue at the assignment date.

- (3) That all the Loans exist and are valid and enforceable in accordance with the applicable laws.
- (4) That BANCAJA 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 public document, deed or agreement supporting the Loans contain no clauses preventing their assignment or requiring any authorisation or notice for such assignment to be made.
- (5) That the Loans are all denominated in euros and payable exclusively in euros.
- (6) That the Loan Obligors all are non-financial small and medium-sized enterprises (legal persons) (SMEs, based on the Originator's internal rating criteria -annual turnover less than or equal to EUR 50 million-) 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 Prospectus Building Block.
- (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 BANCAJA's information system as from being granted or subrogated to BANCAJA and are serviced, analysed and monitored by BANCAJA in accordance with the usual set procedures.
- (10) That, upon the Fund being established, no Loan Obligor has been decreed to be insolvent, or, before the entry into force of the Bankruptcy Act, 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 0.80% of the Outstanding Balance of the Loans.
- (12) That the Loan security arrangements, if any, are valid and enforceable in accordance with the applicable laws, and BANCAJA is not aware of the existence of any circumstance which might prevent the security arrangements from being enforced.
- (13) That upon the Fund being established, it is not aware of having received any notice whatsoever of total prepayment of the Loans.
- (14) That none of the Loans has a final maturity date extending beyond May 5, 2047.
- (15) That it is not aware that the Obligors may howsoever object to paying any Loan amount.
- (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 assigned.
- (18) That both the grant of the Loans and the assignment of the Loan receivables to the Fund and all aspects related thereto are ordinary actions in the course of business of BANCAJA and are at arm's length.
- (19) That after being granted or subrogated to BANCAJA the Loans have been serviced and are still being serviced by BANCAJA 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 BANCAJA is not aware that any Loan Obligor holds any credit right against BANCAJA whereby that Obligor might be entitled to a set-off which might adversely affect the rights conferred by the Loans.
- (24) That the Loans all stand as a valid and binding payment obligation for the relevant Obligor and are enforceable on their own terms.
- (25) That the Loan payment obligations are all satisfied by directly debiting an account opened at BANCAJA.
- (26) 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.
- (27) That none of the Obligors is a BANCAJA group member.
- (28) That none of the Loans are an extension or reinstatement of earlier 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 currently worded.
- (3) That the Mortgage Loans are all secured with a senior real estate mortgage, or, as the case may be, ranking junior although BANCAJA has documents regarding cancellation of debts originated by previous mortgages, even though their registration cancellation procedure is pending, on the legal and beneficial ownership of each and every one of the mortgaged properties, and the same are not subject to restrictions as to disposal, conditions subsequent or any other limitation of 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 BANCAJA is not aware of the existence of litigation over the ownership of those properties which might detract from the mortgages.
- (7) That the mortgaged properties underlying the Mortgage Loans are not ineligible as assets excluded for standing as security under article 31.1.d) of Royal Decree 685/1982.
- (8) That all the mortgaged real properties (i) are located in Spain, (ii) have been appraised by duly qualified institutions approved by BANCAJA, evidence of which appraisal has been provided in the form of an appropriate certificate, and (iii) in the case of real properties consisting of constructions in general, building work has been completed.
- (9) That the outstanding principal value of each Mortgage Loan does not exceed 100 percent of the appraisal value of the properties mortgaged as security for the relevant Mortgage Loan.

- (10) That the public deeds originating the Mortgage Loans provide that the relevant mortgagor shall have to have taken out damage insurance covering at least the risk of fire and ruin for a value at least as high as the value set in the appraisal made for granting the Mortgage Loan, and to pay the relevant premiums.
- (11) 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.
- (12) 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.
- (13) That it is not aware of any circumstance which might prevent foreclosure of the mortgage security.
- (14) That nobody has a preferred right over the Fund in and to the Mortgage Loans, as holder of the Pass-Through Certificates.
- (15) 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 Non-Mortgage Loan receivables or of the relevant Pass-Through Certificates.
2. In the event that during the full term of the Loans it should be found that any of them fail to conform to the representations given in section 2.2.8 above upon the Fund being established, BANCAJA agrees, subject to the Management Company's consent, to proceed forthwith to remedy and, if that is not possible, substitute or, as the case may be, redeem the affected Loans not substituted, by automatically terminating the assignment of the affected Loan receivables and, as the case may be, cancelling the relevant Pass-Through Certificate, subject to the following rules:
 - (i) The party learning of the existence of a Loan in that circumstance, be it the Originator or the Management Company, shall advise the other party thereof. 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 proposed to be assigned to take their stead, which shall fulfil the representations given in section 2.2.8 above and be homogenous as to residual term, security, payment frequency, interest rate reset frequency, interest rate and outstanding principal value as the affected Loans and also credit quality in terms BANCAJA's internal rating of the Obligor and, as the case may be, 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 eligibility of the substitute loan or loans, and after advising the Originator expressly of loans eligible 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 loans and, as the case may be, issuing the new substitute pass-through certificates.

Substitution shall be recorded in a public deed subject to the same formalities established for the assignment of the Loan receivables 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 Agency with a copy of the public deed.

- (ii) In the event that there should be no substitution of the affected Loans in accordance with rule (i) above, the assignment of the affected Loans not substituted shall be terminated and, as the case may be, the relevant Pass-Through Certificate will be cancelled. That termination shall take place by a repayment in cash to the Fund by the Originator of the outstanding principal of the affected Loans not substituted, interest accrued and not paid, calculated until the repayment date, and any other amount owing to the Fund under those Loans.
 - (iii) In the event of (i) and (ii) above occurring, BANCAJA shall be vested in all the rights attaching to those Loans accruing from the date of substitution or repayment to the Fund or accrued and not due, and overdue amounts on that same date.
3. In particular, the amendment by the 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 Loan replacement on the terms of the procedure provided for in paragraph 2 above.

2.2.10 Relevant insurance policies relating to the securitised assets.

The public deeds originating the Mortgage Loans provide that the relevant mortgagor shall have to have taken out damage insurance covering at least the risk of fire and ruin for a value at least as high as the value set in the appraisal made for granting the mortgage loan, and to pay the relevant premiums.

No details are included regarding concentration of the insurers because the current status of the insurance policies taken out by the obligors and their data is not fully supported or updated in the Originator's computer records. Nevertheless, any possible concentration of insurers has not been considered significant for the credit enhancement 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 section 5.2 of the Registration Document and in section 3.2 of this Building Block.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

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

2.3 Actively managed assets backing the issue.

Not applicable.

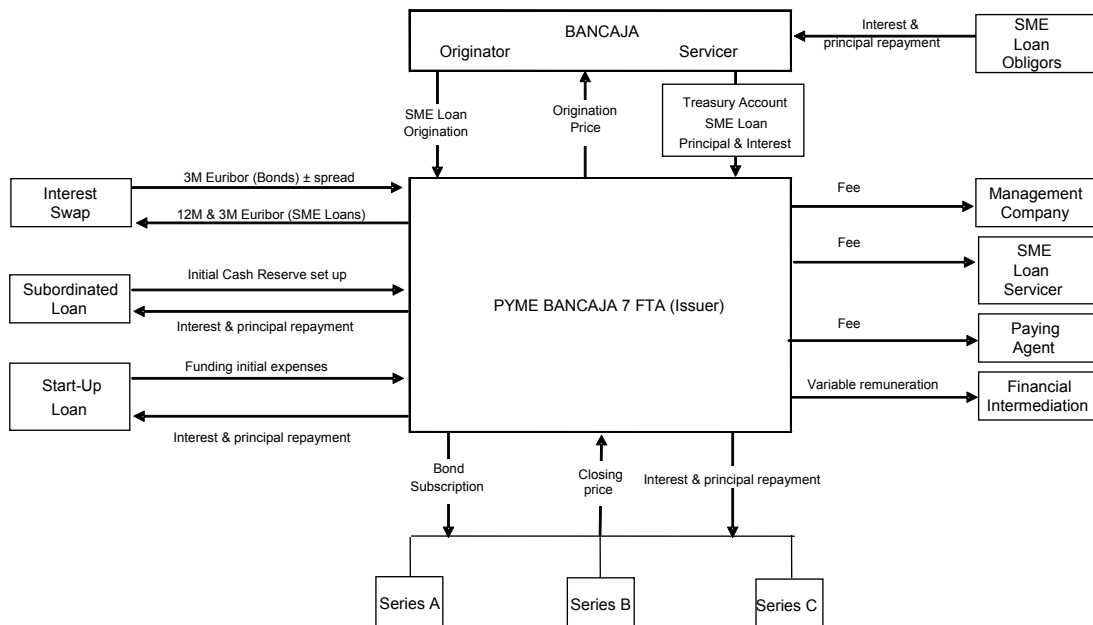
2.4 Where the issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.

Not applicable.

3. STRUCTURE AND CASH FLOW

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

Transaction structure diagram.



Initial balance sheet of the Fund.

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

ASSETS		LIABILITIES	
Fixed Assets	1,100,725,000.00	Bond Issue	1,100,000,000.00
Loans (adjustment excess to EUR 150,000.00)	1,100,150,000.00	Series A Bonds	837,600,000.00
Set-up, issue and admission expenses*	575,000.00	Series B Bonds	119,400,000.00
		Series C Bonds	143,000,000.00
Current assets	to be determined	Other long-term liabilities	228,850,000.00
Treasury Account*	228,125,000.00	Start-Up Loan	5,000,000.00
Accrued interest receivable**	to be determined	Subordinated Loan	223,850,000.00
		Short-term creditors	To be determined
		Loan interest accrued **	to be determined
Total assets	1,328,850,000.00	Total liabilities	1,328,850,000.00
MEMORANDUM ACCOUNTS			
Cash Reserve	223,850,000.00		
Interest Swap collections	0.00		
Interest 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 as set out in section 6 of the Securities Note and that they amount to EUR 575,000.00.

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

*** Assuming that the Initial Cash Reserve and Subordinated Loan amount shall be determined at EUR 223,850,000.00, the amount being in any event comprised between EUR 222,750,000.00 and EUR 225,500,000.00 in accordance with section 3.4.2.2 of the Building Block.

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

(i) EUROPEA DE TITULIZACIÓN is the Management Company that will establish, manage and be the authorised representative of the Fund.

(ii) BANCAJA is the originator of the Loan receivables to be assigned to the Fund upon being established, shall be the Lead Manager and the Subscriber of the Bond Issue, and has structured the financial terms of the Fund and of the Bond Issue.

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

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

(iv) Ernst & Young have audited the most significant features of a sample of BANCAJA's selected loans.

(v) Moody's is the Rating Agency that has assigned the rating to each Bond Issue Series.

(vi) JPMORGAN CHASE is the Fund's counterparty under the Interest Swap Agreements.

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 of this Prospectus, which it shall enter into for and on behalf of the Fund, include the most substantial and relevant information on each agreement, duly reflect their contents and that no information has been omitted which might affect the contents of the Prospectus.

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

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

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

- (i) The assignment of the Mortgage Loan receivables shall be perfected upon BANCAJA 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 they are currently worded.

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, upon Early Liquidation of the Fund, in the events and on the terms of section 4.4.3 of the Registration Document, said Pass-Through Certificates have to be sold, BANCAJA agrees to split, as the case may be, any multiple certificate into such individual or multiple certificates as may be necessary, or to substitute or exchange the same for the above purposes.

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

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

Given that subscription for and holding of the Pass-Through Certificates is restricted to institutional or professional investors, 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 BANCAJA and acquisition by the Fund.

The assignment by BANCAJA to the Fund of the Loan receivables shall not be notified to either Obligor or third-party guarantors or the insurers with which Obligors may have taken out the damage insurance contracts, if any, of the properties mortgaged by the Mortgage Loans underlying the Pass-Through Certificates. Where the Loans have other third-party personal guarantees other than a real estate mortgage, the assignment will not be initially notified 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, administration by the Bank of Spain, liquidation or substitution of the Servicer, of the rating of the Servicer's long-term unsecured and unsubordinated debt obligations being downgraded below Ba2 by Moody's or because the Management Company deems it reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors and mortgaged property 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 mortgaged property 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 mortgaged property 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 records, in order to guarantee maximum enforceability of the assignment of the Loan receivables 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 receivables assignment terms.

1. The Non-Mortgage Loan receivables will be assigned and the Pass-Through Certificates will be subscribed for fully and unconditionally 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 Obligors' solvency.

The Originator shall not bear the risk of default on the Loans and shall therefore have no liability whatsoever for the Obligors' default 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 pending repayment on the assignment date, which shall be the date of establishment of the Fund, and for all ordinary interest on each Loan assigned.
3. The Fund shall have rights in and to the Loans from the date on which they are assigned and the Fund is established. Specifically, without limitation and for illustrative purposes only, the assignment shall confer on the Fund the following rights in relation to each Loan:
 - a) To receive all Loan capital or principal repayment amounts accrued.
 - b) To receive all Loan principal ordinary interest amounts accrued. Ordinary interest will also include interest accrued and not due on each Loan from the last interest settlement date, on or before the assignment date, and overdue interest, if any, on that same date.
 - c) To receive all late-payment interest amounts on the Loans.

- d) To receive any other amounts, properties, assets, securities or rights received as payment of Loan principal, interest or expenses, either in the form of the auction sale price or amount determined by a court decision or notarial procedure in enforcing the mortgage or non-mortgage securities, on the sale or utilisation of properties, 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 Loan rights or indemnities accruing for the Originator under the same, including those derived from the insurance contracts, if any, attached to the properties mortgaged by 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 Fund's rights resulting from the Loans shall be linked to the payments made by the Obligor and shall therefore be 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 Obligor 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, BANCAJA shall be the beneficiary of the damage insurance contracts taken out by the Obligor in relation to the properties mortgaged as security for the Mortgage Loans, up to the insured amount.

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

3.3.3 Loan receivables sale or assignment price.

The price for selling the Non-Mortgage Loan receivables and subscribing for the Pass-Through Certificates shall be at par with the outstanding capital or principal. The aggregate price payable by the Fund represented by the Management Company to BANCAJA for the assignment of the Loan receivables shall be an amount equivalent to the sum of (i) the face value of the capital or principal outstanding on each Loan, and (ii) ordinary interest accrued and not due and overdue interest, if any, on each Loan at the assignment date (the "**accrued interest**").

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

1. The part of the assignment price consisting of the face value of the capital of all the Loans, item (i) of paragraph one of this section, shall be paid by the Fund on the Closing Date of the Bond Issue, for same day value, upon the subscription for the Bond Issue being paid up, by means of instructions given by the Management Company to BANCAJA to debit the Treasury Account opened in the Fund's name. BANCAJA shall receive no interest on the deferment of payment until the Closing Date.
2. The part of the price consisting of interest accrued on each Loan, item (ii) of paragraph one of this section, for the first interest settlement date of each Loan, shall be paid by the Fund on each collection date, as described in section 3.4.1 below. Payment of accrued interest shall be made without regard to the Fund Priority of Payments.

If the establishment of the Fund and hence the assignment of the Loan receivables should terminate, in accordance with the provisions of section 4.4.4.(v) of the Registration Document, (i) the Fund's obligation to pay the total Loan receivables assignment price shall terminate, and (ii) the Management Company shall be obliged to restore to BANCAJA any rights whatsoever accrued for the Fund upon the Loan receivables 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 due to and 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, for same day value (in this connection, business days shall be taken to be all those that are business days in the Savings Bank sector in the city of Valencia). Therefore, the Fund shall be receiving almost daily income into the Treasury Account on the Loan amounts received.

The weighted average interest rate of the loans selected at August 31, 2008, as detailed in section 2.2.2.i) of this Building Block, is 5.62%, which is the same as the 5.62% weighted average nominal interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note. This state of affairs shall gradually be corrected as the Loans (annual, six-monthly and quarterly reset periods) reset their respective interest rates and include recent Euribor rate rises in the past months. The Interest Swaps mitigate the interest rate risk (base risk) occurring in the Fund because the Loans are subject to floating interest with benchmark indices and reset and settlement periods differing from 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 by fully drawing down the Subordinated Loan amount.
Mitigates the Series A, B and C credit risk derived from Loan delinquency and default.
- (ii) Interest Swaps:
Mitigate the interest rate risk (base risk) occurring in the Fund because the Loans are subject to floating interest with 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 by drawing fully the Subordinated Loan principal and shall subsequently, on each Payment Date, keep the Required Cash Reserve amount provisioned in the Priority of Payments.

The characteristics of the Cash Reserve shall be as follows:

Cash Reserve amount.

1. The Cash Reserve shall be set up on the Closing Date in an initial amount as established hereinafter (the “**Initial Cash Reserve**”). Subsequently to being set up, on each Payment Date, the Cash Reserve shall be provisioned up to the required Cash Reserve amount on each Payment Date as established hereinafter (the “**Required Cash Reserve**”) out of the Available Funds in the Priority of Payments.
2. The Initial Cash Reserve and the Required Cash Reserve amount shall be determined by the Management Company by 1pm (CET) on October 6, 2008, based on (i) the average margin applicable to the Party B interest rate in each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, in accordance with the provisions of section 3.4.7.1 of the Building Block, and (ii) as set out in the following table:

Weighted average margin applicable to the Party B interest rate in the Interest Swap Agreements for the first calculation period		
Between -0.100% and -0.051% both inclusive	Between -0.050% and -0.021% both inclusive	Between -0.020% and 0.070% both inclusive

Initial Cash Reserve	€225,500,000.00	223,850,000.00	€222,750,000.00
Required Cash Reserve shall be the lower of the following:			
(i) The Initial Cash Reserve amount	€225,500,000.00	223,850,000.00	€222,750,000.00
(ii) The higher of:			
a) The amount resulting from applying the percentage specified to the Outstanding Principal Balance of the Bond Issue	41.00%	40.70%	40.50%
b) The following amount	€112,750,000.00	€111,925,000.00	€111,375,000.00

The Initial Cash Reserve and the Required Cash Reserve amount to be determined on each Payment Date shall be notified by the Management Company by 1pm (CET) on October 6, 2008 to the Bond Issue Subscriber. Moreover, the Management Company will also notify this to the CNMV, as information in addition to this Prospectus, and to the Rating Agency. This shall also be specified in the notarial certificate recording subscription for and payment of the Bond Issue.

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 Subordinated Loan.

The Management Company shall on the date on which the Fund is established, for and on behalf of the Fund, enter with BANCAJA into an agreement whereby BANCAJA shall grant to the Fund a commercial subordinated loan totalling between EUR two hundred and twenty-two million seven hundred and fifty thousand (222,750,000.00) and EUR two hundred and twenty-five million five hundred thousand (225,500,000.00) (the “**Subordinated Loan Agreement**”). The Subordinated Loan amount shall be delivered on the Closing Date and be applied to setting up the Initial Cash Reserve on the terms for which provision is made in section 3.4.2.2 of this Building Block, although granting of the Loan by no means guarantees performance of the securitised Loans.

The Subordinated Loan amount shall be determined by the Management Company by 1pm (CET) on October 6, 2008, based on the average margin applicable to the Party B interest rate in each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, in accordance with the provisions of section 3.4.7.1 of the Building Block, and as set out in the following table:

	Weighted average margin applicable to the Party B interest rate in the Interest Swap Agreements for the first calculation period		
	Between -0.100% and -0.051% both inclusive	Between -0.050% and -0.021% both inclusive	Between -0.020% and 0.070% both inclusive
Subordinated Loan amount	€225,500,000.00	223,850,000.00	€222,750,000.00

The Management Company shall notify the Subordinated Loan amount, upon being determined, to the Subscriber, to the CNMV, as information in addition to this Prospectus, and to the Rating Agency. The Management Company shall also specify this in the notarial certificate recording subscription for and payment of the Bond Issue.

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

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

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

Outstanding Subordinated Loan principal shall earn floating annual nominal interest, determined quarterly in each Interest Accrual Period, which shall be the result of adding: (i) the Reference Rate determined for the Bonds, and (ii) a 1.50% margin. This interest will be payable only if the Fund should have sufficient

liquidity in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments. Interest shall be settled and be payable on the expiration date of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall fall on December 24, 2008.

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

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

The Subordinated Loan Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on October 6, 2008.

3.4.3.2 Start-Up Loan.

The Management Company shall on the date on which the Fund is established, for and on behalf of the Fund, enter with BANCAJA into a commercial loan agreement amounting to EUR five million (5,000,000.00) (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, to partly financing assignment of the Loan receivables at the difference between the total face capital of the Loan receivables and the total face amount of the Bond Issue, and to covering the timing difference existing between Loan interest collection and Bond interest payment on the first Payment Date.

Outstanding Start-Up Loan principal will accrue floating annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Reference Rate determined for the Bonds, and (ii) a 2.00% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments. Interest shall be settled and be payable on the expiration date of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period, and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall be December 24, 2008.

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

Start-Up Loan principal will be repaid quarterly, on each Payment Date, in twenty (20) consecutive quarterly instalments in an equal amount, on each Payment Date, the first of which shall be the first Payment Date, December 24, 2008, and the following until the Payment Date falling on September 24, 2013, inclusive.

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

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

3.4.3.3 Subordination of Series B and Series C Bonds.

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds, saving the provisions of section 4.9.3.5 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A, B and C principal, 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 Series A and Series B Bonds, saving the provisions of section 4.9.3.5 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A, B and C principal, 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 of the Fund.

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

3.4.4.1 Treasury Account.

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

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

BANCAJA shall pay an annual nominal interest rate, variable quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each interest accrual period (differing from the Interest Accrual Period established for the Bonds) to the positive daily balances if any on the Treasury Account, equal to the Bond Reference Rate determined for each Bond Interest Accrual Period substantially matching each Treasury Account interest period. Interest shall be settled on the expiration date of each interest accrual period, on each settlement date, on March 18, June 18, September 18 and December 18 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, December 18, 2008.

In the event that the rating of the short-term unsecured and unsubordinated debt obligations of BANCAJA or the institution in which the Treasury Account is opened (the “**Treasury Account Provider**”) should, at any time during the life of the Bond Issue, be downgraded below P-1 by Moody’s, the Management

Company shall within not more than thirty (30) days from the time of the occurrence of that circumstance put in place, after notifying the Rating Agency, any of the options described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from the Guaranteed Interest Rate Account (Treasury Account) Agreement in order for the rating given to the Bonds by the Rating Agency not to be adversely affected:

- a) Obtaining from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's an unconditional and irrevocable first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by the Treasury Account Provider of its obligation to repay the amounts credited to the Treasury Account, for such time as the Treasury Account Provider remains downgraded below P-1.
- b) Transferring the Treasury Account to an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, and arranging the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- c) If a) and b) above are not possible, obtaining from the Treasury Account Provider or a third party collateral security in favour of the Fund on financial assets with a credit quality not lower than that of Spanish State Government Debt (*Deuda Pública del Estado Español*) on the Closing Date, in an amount sufficient to guarantee the commitments established in the Guaranteed Interest Rate Account (Treasury Account) Agreement.

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

All costs, expenses and taxes incurred in connection with doing and arranging the above shall be borne by the Treasury Account Provider.

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

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

The Servicer shall manage collection of all Loan amounts payable by the Obligors, and any other item including under the mortgaged property damage insurance contracts 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.

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

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt obligations should be downgraded below P-1 by Moody's, or that the Servicer's credit quality could result in the ratings given by the Rating Agency to each Bond Series being downgraded, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be paid into 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.

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 Moody's.

The Servicer shall 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.
- c) Drawdown of Subordinated 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 Loan receivables 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 upon Early Liquidation of the Fund, 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 at the Determination Date preceding the relevant Payment Date.
- e) Net amounts, if any, received by the Fund under the Interest Swap Agreements and, in the event of termination of these Agreements, the settlement payment 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 real estate, assets, securities or rights awarded to the Fund.
- g) The remainder upon the Start-Up Loan being drawn down to the relevant extent for covering on the first Payment Date the timing difference existing between Loan interest collection and Bond interest payment and to the extent not used.

Income under a), b) and f) above received by the Fund and credited to the Treasury Account from the Determination Date, exclusive, preceding the relevant Payment Date until 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 Loan amounts reimbursable to the Servicer, provided they are all properly supported, and the servicing fee in the event that BANCAJA should be substituted as Servicer, shall be made to the Servicer under the Servicing Agreement in this priority.
2. Payment of net amount, if any, payable by the Fund under the Interest Swap Agreements and, only in the event of termination of these Agreements following a breach by the Fund or because the latter is the party affected by any termination event, payment of the settlement payment amounts payable by the Fund.
3. Payment of interest due on Series A.
4. Payment of interest due on Series B Bonds unless this payment is deferred to 7th place in the order of priority.

This payment shall be deferred to 7th place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Loans, the latter reckoned at the amount of the Outstanding Balance as at the classification date of the Doubtful Loan, since the Fund was established is in excess of 50.00% of the initial Outstanding Balance of the Loans upon the Fund being established and provided that Series A Bonds have not been and are not to be fully amortised on the relevant Payment Date.

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

This payment shall be deferred to 8th place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Loans, the latter reckoned at the amount of the Outstanding Balance as at the classification date of the Doubtful Loan, since the Fund was established is in excess of 32.50% of the initial Outstanding Balance of the Loans upon the Fund being established and provided that Series A and Series B Bonds have not been and are not to be fully amortised on the relevant Payment Date.

6. Amortisation withholding in an amount equivalent to the positive difference existing at the Determination Date preceding the relevant Payment Date between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful 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.

7. Payment of interest due on Series B Bonds when this payment is deferred from 4th place in the order of priority as established therein.

8. Payment of interest due on Series C Bonds when this payment is deferred from 5th place in the order of priority as established therein.
9. Withholding of an amount sufficient for the Required Cash Reserve amount to be maintained.
10. Payment of the settlement payment amounts, if any, payable by the Fund under the Interest Swap Agreements other than in the events provided for in 2nd place above.
11. Payment of Subordinated Loan interest due.
12. Repayment of Subordinated Loan principal to the extent amortised.
13. Payment of Start-Up Loan interest due.
14. Repayment of Start-Up Loan principal to the extent amortised.
15. Payment to BANCAJA of the fee established under the Servicing Agreement.
In the event that any other institution should replace BANCAJA as Loan Servicer, payment of the servicing fee accrued by the other institution, to wit the new servicer, shall take the place of paragraph 1 above, along with the other payments included therein.
16. Payment of the Financial Intermediation Margin.

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

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

The Fund's ordinary expenses in its first year, including the management fee due to the Management Company and those derived from the Paying Agent Agreement, are estimated at approximately EUR two hundred thousand (200,000.00). Because most of those expenses are directly related to the Outstanding Principal Balance of the Bond Issue and that balance shall fall throughout the life of the Fund, the Fund's ordinary expenses will also fall as time goes by.

- (2) The following shall be considered extraordinary expenses of the Fund:
- a) Expenses, if any, deriving from preparing and perfecting an amendment of the Deed of Constitution and of the agreements, and from entering into additional agreements.
 - b) Expenses required to enforce Loans and 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 or not determined among ordinary expenses borne by the Fund or by the Management Company for and on behalf of the Fund.

3.4.6.2.2 Available Funds for Amortisation: source and application.

1. Source.

The Available Funds for Amortisation on each Payment Date shall be the Amortisation Withholding amount actually applied in sixth (6th) place of the order of priority 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 of the Securities Note.

3.4.6.3 Fund Liquidation Priority of Payments.

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

1. Reserve to meet the final tax, administrative or advertising termination and liquidation expenses.
2. Payment of the Fund's properly supported taxes and ordinary and extraordinary expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicer in relation to the Loans, provided they are all properly supported, and the servicing fee if BANCAJA shall have been replaced as Servicer, shall be made to the Servicer under the Servicing Agreement in this priority.
3. Payment of amounts, if any, due upon termination of the Interest Swap Agreements and, only in the event of termination of these Agreements following a breach by the Fund or because the Fund is the party affected by any termination event, payment of the settlement payment amounts payable by the Fund.
4. Payment of interest due on Series A Bonds.
5. Repayment of Series A Bond principal.
6. Payment of interest due on Series B Bonds.
7. Repayment of Series B Bond principal.
8. Payment of interest due on Series C Bonds.
9. Repayment of Series C Bond principal.
10. In the event of the credit facility or a loan 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 or the loan arranged.
11. Payment of the settlement payment amounts, if any, payable by the Fund under the Interest Swap Agreements other than in the events provided for in 3rd place above (i.e., in the event of termination of these Agreements following a breach by the Fund's counterparty or because the Fund is the party affected by any termination event).
12. Payment of Subordinated Loan interest due.

13. Repayment of Subordinated Loan principal.
14. Payment of Start-Up Loan interest due.
15. Repayment of Start-Up Loan principal.
16. Payment to BANCAJA of the fee established under the Servicing Agreement.

In the event that any other institution should replace BANCAJA as Loan Servicer, payment of the servicing fee accrued by the other institution, to wit the new Servicer, shall take the place of paragraph 2 above, along with the other payments included therein.

17. 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 thereby 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 accrue upon expiration of every quarterly period, comprising, other than for the first period, the three calendar months next preceding each Payment Date, in an amount equal to the positive difference, if any, between income and expenditure, including losses brought forward from previous years, if any, accrued by the Fund with reference to its accounts and before the close of the months of February, May, August and November.

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

Exceptionally, the first Financial Intermediation Margin accrual period shall be comprised between the date on which the Fund is established and November 30, 2008, both inclusive, this being the last day of the month preceding the first Payment Date. The first Financial Intermediation Margin settlement date shall be the first Payment Date, December 24, 2008.

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

The Financial Intermediation Agreement shall be fully terminated in the event that the Rating Agency should not confirm any of the provisional ratings assigned to each Bond Series as final by 1pm (CET) on October 6, 2008.

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

3.4.7.1 Interest Swaps.

The Management Company shall, for and on behalf of the Fund, enter with JPMORGAN CHASE into three floating interest rate swap agreements (the “**Interest Swap Agreements**” or the “**Interest Swaps**”) which shall be entered into based on the standard 2002 ISDA Master Agreement (Multicurrency-Cross Border) and the 2006 definitions (ISDA 2006 Definitions) of the International Swap Dealers Association, Inc. (“ISDA”) (the “**Master Agreement**”), the most relevant characteristics of which are described below.

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

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

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

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

Party B : JPMORGAN CHASE

1. Payment Dates.

The Payment Dates shall be March 24, June 24, September 24 and December 24 in every year or the next succeeding Business Day if any of those is not a Business Day. The first Payment Date shall be December 24, 2008.

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

2. Calculation dates.

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

2.1 Calculation periods.

Party A

The Party A calculation periods shall be the exact number of days elapsed between two consecutive calculation dates (which shall fall on the Determination Dates, as set out in paragraph 2 below), not including the beginning but including the ending date. Exceptionally, the length of the first calculation period shall be equivalent to the exact number of days elapsed between the date on which the Fund is established (inclusive) and December 18, 2008 the first Determination Date (inclusive).

Party B

The Party B calculation periods shall be the exact number of days elapsed between two consecutive Payment Dates, including the beginning but not including the ending date. Exceptionally, the length of the first calculation period shall be equivalent to the exact number of days elapsed between the Bond Issue Closing Date (inclusive) and December 24, 2008 (exclusive).

3. Party A subperiod calculation dates.

The Party A subperiod calculation dates shall be the fourth (4th) Business Day preceding the 24th of each month or, if any of those is not a Business Day, the next succeeding Business Day. The first Party A subperiod calculation date shall be October 20, 2008.

3.1 Party A calculation subperiods.

The Party A calculation subperiods shall be the exact number of days elapsed between two consecutive Party A subperiod calculation dates, not including the beginning but including the ending date. Exceptionally, the length of the first Party A calculation subperiod shall be equivalent to the exact number of days elapsed between the date on which the Fund is established (inclusive) and October 20, 2008 (inclusive).

4. Interest Swap Agreement (Annual).

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

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

4.2 Variable amount payable by Party A (Annual).

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

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

where:

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

$n = 3$, for all calculation periods, excepting the last one to be determined.

$IN(A)_{\text{period}}$ = Notional Amount (Annual) for the relevant calculation period.

$\%TIPA(A)_{\text{subperiod}}$ = Party A Interest Rate (Annual), expressed as a percentage, determined for the relevant Party A calculation subperiod

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

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

4.2.1 Party A Interest Rate (Annual).

This shall be for each Party A calculation subperiod the result of the weighted addition of the twelve (12) 12-month Euribor fixed on twelve (12) Reference Dates (Annual) from the third to the fourteenth, both inclusive, preceding the month of the relevant Party A calculation subperiod ending date and calculated as follows: (0.0812 x January 12-month Euribor) + (0.0746 x February 12-month Euribor) + (0.1190 x March 12-month Euribor) + (0.0882 x April 12-month Euribor) + (0.1127 x May 12-month Euribor) + (0.0491 x June 12-month Euribor) + (0.0631 x July 12-month Euribor) + (0.0762 x August 12-month Euribor) + (0.0679 x September 12-month Euribor) + (0.0909 x October 12-month Euribor) + (0.0912 x November 12-month Euribor) + (0.0859 x December 12-month Euribor).

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

4.2.2 Reference Dates (Annual).

These shall fall on the 15th of each month or the following Business Day if any of those is not a Business Day. The first Reference Date (Annual) shall be August 15, 2007. The Reference Dates (Annual) for calculating the Party A Interest Rate (Annual) applicable to the first Party A calculation subperiod shall be the twelve (12) Reference Dates (Annual) from August 15, 2007 to July 15, 2008.

4.3 Variable amount payable by Party B (Annual).

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

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

where:

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

IN(A)period = Notional Amount (Annual) for the relevant calculation period.

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

Dperiod = Number of relevant Party B calculation period days.

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

4.3.1 Party B Interest Rate (Annual).

This shall be for each calculation period the interest rate, expressed as a percentage, resulting from adding (i) the Reference Rate determined for the Bonds for the Interest Accrual Period coinciding with the relevant Party B calculation period and (ii) a margin ranging between -0.20% and 0.20%, both inclusive, to be determined by Party B and notified in writing to the Management Company by 10am (CET) on October 6, 2008.

In any event, the average margin applicable to the Party B interest rate under each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, determined by Party B by 10am (CET) on October 6, 2008, shall be greater than or equal to -0.100% and less than or equal to 0.070%.

The final margin applicable to the Party B interest rate to have been set shall in turn be notified by the Management Company on October 6, 2008, to the CNMV and to the Rating Agency. The final margin applicable to the Party B interest rate shall be set down on the notarial certificate recording payment of the Bond Issue.

5. Interest Swap Agreement (Six-Monthly)

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

This shall be for every calculation period the Outstanding Balance of Non-Doubtful Loans having their interest rate reset six-monthly at the Determination Date preceding the first day of the then-current Party B calculation period. Exceptionally, the Notional Amount (Six-Monthly) for the first calculation period shall be the Outstanding Balance of Non-Doubtful Loans having their interest rate reset six-monthly at the date on which the Fund is established.

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

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

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

where:

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

$n = 3$, for all calculation periods, excepting the last one to be determined.

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

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

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

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

5.2.1 Party A Interest Rate (Six-Monthly).

This shall be for each Party A calculation subperiod the result of the weighted addition of the six (6) 12-month Euribor fixed on six (6) Reference Dates (Six-Monthly) from the third to the eighth, both inclusive, preceding the month of the relevant Party A calculation subperiod ending date and calculated as follows: (0.1296 x January 12-month Euribor) + (0.1824 x February 12-month Euribor) + (0.1896 x March 12-month Euribor) + (0.1524 x April 12-month Euribor) + (0.1470 x May 12-month Euribor) + (0.1990 x June 12-month Euribor) + (0.1296 x July 12-month Euribor) + (0.1824 x August 12-month Euribor) + (0.1896 x September 12-month Euribor) + (0.1524 x October 12-month Euribor) + (0.1470 x November 12-month Euribor) + (0.1990 x December 12-month Euribor).

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

5.2.2 Reference Dates (Six-Monthly).

These shall fall on the 15th of each month or the following Business Day if any of those is not a Business Day. The first Reference Date (Six-Monthly) shall be February 15, 2008. The Reference Dates (Six-Monthly) for calculating the Party A Interest Rate (Six-Monthly) applicable to the first calculation subperiod shall be the six (6) Reference Dates (Six-Monthly) from February 15, 2008 to July 15, 2008.

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

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

$$CVP_{B\text{period}} = \frac{IN(S)_{\text{period}} \times \%TIP_{B\text{period}} \times D_{\text{period}}}{B}$$

where:

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

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

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

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

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

5.3.1 Party B Interest Rate (Six-Monthly).

This shall be for each calculation period the interest rate, expressed as a percentage, resulting from adding (i) the Reference Rate determined for the Bonds for the Interest Accrual Period coinciding with the relevant Party B calculation period and (ii) a margin ranging between -0.20% and 0.20%, both inclusive, to be determined by Party B and notified in writing to the Management Company by 10am (CET) on October 6, 2008.

In any event, the average margin applicable to the Party B interest rate under each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, determined by Party B by 10am (CET) on October 6, 2008, shall be greater than or equal to -0.100% and less than or equal to 0.070%.

The final margin applicable to the Party B interest rate to have been set shall in turn be notified by the Management Company on October 6, 2008, to the CNMV and to the Rating Agency. The final margin applicable to the Party B interest rate shall be set down on the notarial certificate recording payment of the Bond Issue.

6. Interest Swap Agreement (Quarterly)

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

This shall be for every calculation period the Outstanding Balance of Non-Doubtful Loans having their interest rate reset quarterly at the Determination Date preceding the first day of the then-current Party B calculation period. Exceptionally, the Notional Amount (Quarterly) for the first calculation period shall be the Outstanding Balance of Non-Doubtful Loans having their interest rate reset quarterly at the date on which the Fund is established.

6.2 Variable amount payable by Party A (Quarterly).

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

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

where:

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

$n = 3$, for all calculation periods, excepting the last one to be determined.

$IN(Q)_{\text{period}}$ = Notional Amount (Quarterly) for the relevant calculation period.

$\%TIPA(Q)_{\text{subperiod}}$ = Party A Interest Rate (Quarterly), expressed as a percentage, determined for the relevant Party A calculation subperiod.

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

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

6.2.1 Party A Interest Rate (Quarterly).

This shall be for each Party A calculation subperiod the result of the weighted addition of the three (3) 3-month Euribor fixed on three (3) Reference Dates (Quarterly) from the second to the fourth, both inclusive, preceding the month of the relevant Party A calculation subperiod ending date and calculated as follows: (0.2304 x January 3-month Euribor) + (0.4106 x February 3-month Euribor) + (0.3590 x March 3-month Euribor) + (0.2304 x April 3-month Euribor) + (0.4106 x May 3-month Euribor) + (0.3590 x June 3-month Euribor) + (0.2304 x July 3-month Euribor) + (0.4106 x August 3-month Euribor) + (0.3590 x September 3-month Euribor) + (0.2304 x October 3-month Euribor) + (0.4106 x November 3-month Euribor) + (0.3590 x December 3-month Euribor).

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

6.2.2 Reference Dates (Quarterly).

These shall fall on the 15th of each month or the following Business Day if any of those is not a Business Day. The first Reference Date (Quarterly) shall be June 15, 2008. The Reference Dates (Quarterly) for calculating the Party A Interest Rate (Quarterly) applicable to the first calculation subperiod shall be the three (3) Reference Dates (Quarterly) from June 15, 2008 to August 15, 2008.

6.3 Variable amount payable by Party B (Quarterly).

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

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

where:

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

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

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

Dperiod = Number of relevant Party B calculation period days.

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

6.3.1 Party B Interest Rate (Quarterly).

This shall be for each calculation period the interest rate, expressed as a percentage, resulting from adding (i) the Reference Rate determined for the Bonds for the Interest Accrual Period coinciding with the relevant Party B calculation period and (ii) a margin ranging between -0.20% and 0.20%, both inclusive, to be determined by Party B and notified in writing to the Management Company by 10am (CET) on October 6, 2008.

In any event, the average margin applicable to the Party B interest rate under each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, determined by Party B by 10am (CET) on October 6, 2008, shall be greater than or equal to -0.100% and less than or equal to 0.070%.

The final margin applicable to the Party B interest rate to have been set shall in turn be notified by the Management Company by 1pm (CET) on October 6, 2008, to the CNMV and to the Rating Agency. The final margin applicable to the Party B interest rate shall be set down on the notarial certificate recording payment of the Bond Issue.

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

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

Agreement be a payment obligation for Party B and not for the Fund (Party A), Party B shall take over the obligation to pay the settlement amount provided for in the relevant Interest Swap Agreement.

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

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

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

Party B shall irrevocably agree as follows under the Interest Swap Agreements:

- (1) 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, on the terms of the Credit Support Annex.
- (2) 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, on the terms of the Credit Support Annex.

Party B's obligations under (1) and (2) 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 (1) and (2) 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 under the Interest Swap Agreements (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 Interest Swap Agreements or entering into a new swap agreement with Party A, on terms substantially identical with the Interest Swap Agreements (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 results in any requirement for deduction or withholding for or on account of any tax; or (B) 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 Interest Swap Agreements 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, 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 A3 by Moody’s.

9. Other characteristics of the Interest Swap Agreements.

- 9.1 In the event of termination, in the events set out and defined in the Interest Swap Agreements, Party B shall accept the obligation to pay the settlement amount provided for in the relevant Interest Swap Agreements. Should the settlement amount under the relevant Interest Swap Agreements be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.
- 9.2 Party B may only assign all its rights and obligations under the Interest Swap Agreements, subject to Party A’s written consent, to a third party with a credit rating equal to Moody’s First Required Rating Threshold, subject to notice to the Rating Agency.
- 9.3 The occurrence, as the case may be, of Termination of the Interest Swap Agreements will not in itself be an Early Amortisation event of the Bond Issue and an Early Liquidation event of the Fund referred to in sections 4.9.4 of the Securities Notes and 4.4.3 of the Registration Document, unless in conjunction with other events or circumstances related to the net asset value of the Fund, its financial balance should be materially or permanently altered.

3.4.7.2 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) On each Bond Payment Date, paying Bond interest and, as the case may be, repaying Bond principal through Iberclear, after deducting the total amount of the interim tax withholding for return on

investments to be made by the Management Company, on the Fund's behalf, in accordance with applicable tax laws.

- (ii) On each Interest Rate Fixing Date, notifying the Management Company of the Reference Rate determined to be used as the basis for the Management Company to calculate the Nominal Interest Rate applicable to each Bond Series.

In the event that the rating of BANCAJA's short-term unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below P-1 by Moody's, the Management Company shall within not more than thirty (30) days, from the time of the occurrence of any such circumstance, do any of the following: (i) obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, an unconditional and irrevocable first demand guarantee securing payment to the Fund, merely upon the Management Company so requesting, of the commitments made by the Paying Agent, for such time as the Paying Agent remains downgraded below P-1, or (ii) revoke the designation of BANCAJA as Paying Agent and thereupon designate another institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's to take its place before terminating the Paying Agent Agreement, or, as the case may be, under a new payment agent agreement, and subject to prior notice being served on the Rating Agency. Should BANCAJA be replaced as Paying Agent, the Management Company shall be entitled to change the fee payable to the substitute institution, which may be higher than that established with BANCAJA under the Paying Agent Agreement. All Paying Agent substitution costs, expenses and taxes incurred shall be borne by the substituted institution.

BANCAJA shall agree, forthwith upon its credit rating being downgraded, to use commercially reasonable efforts in order that the Management Company may replace it as Paying Agent.

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

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

The Paying Agent Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on October 6, 2008.

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

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

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

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

Significant economic activities of BANCAJA.

BANCAJA, a financial Group, is mainly in the banking business though it has interests in the field of insurance, unit trust and pension fund management, stock broking, real estate development, asset management and broking in major cash, capital and currency markets.

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

	30.06.2008	31.12.2007 (A)	31.12.2006 (B)	Year-On-Year Change $\Delta\% ((A)-(B))/(B)$
BALANCE SHEET (EUR thousand)				
Total Assets	103,783,148	99,584,939	79,471,486	25.31
Total Assets exsecuritisation	105,836,345	101,827,868	82,353,426	23.65
Average Total Assets	101,101,449	92,804,946	71,678,859	29.47
Gross Customer Credit	84,018,698	81,315,622	67,174,096	21.05
Gross Customer Credit exsecuritisation	86,071,895	83,558,551	69,522,209	20.19
Funds Managed	90,863,150	92,962,631	78,261,115	18.79
Balance Sheet External Funds	80,573,485	80,100,267	65,581,588	22.14
Other Funds Managed ⁽¹⁾	10,289,665	12,862,364	12,679,527	1.44
Turnover	174,881,848	174,278,253	145,007,145	20.19
Turnover exsecuritisation	176,935,045	176,521,182	147,783,324	19.45
Equity	3,664,794	3,564,295	3,092,019	15.27
PROFIT AND LOSS ACCOUNT (EUR thousand)				
Intermediation margin	724,633	1,399,420	1,197,782	16.83
Ordinary margin	958,211	1,876,688	2,124,679	-11.67
Operating margin	586,753	1,205,120	1,526,209	-21.04
Pre-tax profit	364,253	774,281	1,246,232	-37.87
After-tax profit	311,172	603,964	866,916	-30.33
Net Profit attributed to the Group	230,471	491,170	796,009	-38.30
RATIOS				
Delinquency Rate	1.82%	0.85%	0.53%	60.38
Delinquency Coverage Ratio	111.87%	230.43%	350.26%	-34.20
Strict Efficiency Ratio ⁽²⁾	-	39.08%	30.97%	26.19
Efficiency Ratio	38.34%	35.95%	28.52%	26.05
Capital Ratio	12.00%	12.95%	13.07%	-0.92
TIER I	7.77%	8.16%	7.40%	10.27
Core Capital	6.36%	6.66%	5.60%	18.93
ROE ⁽³⁾	12.87%	14.72%	31.78%	-53.68
ROA ⁽⁴⁾	0.62%	0.65%	1.21%	-46.28
BRANCHES AND EMPLOYEES				
Branches ⁽⁵⁾	1,589	1,561	1,482	5.33
Employees ⁽⁵⁾	8,272	8,079	7,578	6.61

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

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

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

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

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

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, 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 the deed of constitution of the Fund and this Prospectus. Moreover, making all appropriate decisions in the event of the establishment of the Fund terminating.
- (iii) Complying with its formal, documentary and reporting duties to the CNMV, the Rating Agency and any other supervisory body.
- (iv) Appointing and, as the case may be, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts.
- (v) Providing Bondholders, the CNMV and the Rating Agency with all such information and notices as may be prescribed by the laws in force for the time being and specifically as established in this Prospectus.
- (vi) Complying with the calculation duties provided for and taking the actions laid down in the Fund Deed of Constitution and 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 or loan agreement in the event of Early Liquidation of the Fund, and amend the Deed of Constitution, provided that circumstances preventing the foregoing in accordance with the laws and regulations in force from time to time do not occur. In any event, those actions shall require that the Management Company notify and first secure the authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agency, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agency. The Deed of Constitution or the agreements may also be corrected upon a request by the CNMV.
- (viii) Exercising the rights attaching to the ownership of the Non-Mortgage Loan receivables 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 Loan income amount actually received by the Fund matches the amounts that must be received by the Fund, on the terms of assignment of the Loan receivables 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 Agreement.
- (xv) Calculating the Available Funds, the Available Funds for Amortisation, the Liquidation Available Funds and the payment or withholding obligations to be complied with, and applying the same in the Priority of Payments or the Liquidation Priority of Payments, as the case may be.
- (xvi) Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the Bonds.

3.7.1.3 Resignation and substitution of the Management Company.

The Management Company shall be substituted in managing and representing the Fund, in accordance with articles 18 and 19 of Royal Decree 926/1998 set forth hereinafter and with subsequent rules statutorily established in that connection.

Resignation.

- (i) The Management Company may resign its 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 Bonds by the Rating Agency should not fall as a result of the proposed substitution.
- (iii) The Management Company may in no event resign its duties until and unless all requirements and formalities have been complied with in order for its substitute to take over its duties.
- (iv) The substitution expenses originated shall be borne by the resigning Management Company and may in no event be passed on to the Fund.
- (v) The substitution shall be published within fifteen days by means of a notice inserted in two nationwide newspapers and in the bulletin of the organised secondary market where the Bonds issued by the Fund are listed. Furthermore, the Management Company shall notify the Rating Agency of that substitution.

Forced substitution.

- (i) In the event that the Management Company should be adjudged insolvent or have its licence to act as a securitisation fund management company revoked by the CNMV, it shall find a substitute management company, in accordance with the provisions of the foregoing section.

- (ii) In the event for which provision is made in the preceding section, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, the Fund shall be liquidated early, the Bonds issued by the same shall be redeemed and the loans shall be repaid, in accordance with the provisions of this Prospectus and of the Deed of Constitution.

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

3.7.1.4 Subcontracting.

The Management Company shall be entitled to subcontract or subdelegate to solvent and reputable third parties the provision of any of the services it has to provide as the manager and authorised representative of the Fund, as established in this Prospectus, provided that the subcontractor or delegated party waives the right to take any action holding the Fund liable. In any event, subcontracting or delegating any service (i) may not result in an additional cost or expense for the Fund, (ii) shall have to be legally possible, (iii) shall not result in the rating accorded to each Bond Series by the Rating Agency being downgraded, and (iv) shall be notified to the CNMV and, where statutorily required, 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 which shall accrue daily from the establishment of the Fund until it terminates and shall be settled and paid by Interest Accrual Periods in arrears on each Payment Date subject to the Priority of Payments or, as the case may be, the Liquidation Priority of Payments, consisting of (i) a fixed amount and (ii) a variable part on the Outstanding Principal Balance of the Bond Issue at the Determination Date preceding the relevant Payment Date.

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

3.7.2 Servicing and custody of the securitised assets.

BANCAJA, Originator of the Loan receivables to be assigned to the Fund, 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 BANCAJA 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 Certificate supporting documents.

BANCAJA (the "**Servicer**" in that Agreement) shall accept the appointment received from the Management Company and thereby agrees as follows:

- (i) To service and manage the Loans 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 Pass-Through Certificates, 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 Loan deeds, agreements, documents and data files 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 such deeds, agreements, documents and files. The Servicer shall, in addition, whenever it is asked to do so by the Management Company, 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 mortgaged property insurance contracts 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 owing to the Fund shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh day after the date on which they were received by the Servicer, or the following business day, for same day value, if that is not a business day. In this connection, business days shall be taken to be all those that are business days in the savings bank sector in the capital city of Valencia.

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt obligations should be downgraded below P-1 by Moody's, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be paid into 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.

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 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.

Because the Loan interest rate floats, 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 Obligor 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 new Obligor's characteristics are not less creditworthy than 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 Obligor. 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 Agency.

In relation to the Mortgage Loans, a mortgagor may apply to the Servicer for subrogation under 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, ranking or economic value of the Loans or of the security arrangements, without prejudice to its heeding requests by Obligor 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 Obligor's 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 Management Company's prior consent, subject to the following general enabling requirements:

a) Renegotiating the margin applicable for determining the interest rate.

1. The Servicer may under no circumstance entertain on its own account and without being so requested by the Obligor, renegotiations of the margin applicable for determining the interest rate ("**Interest Rate Renegotiation**") which may result in a decrease in the interest rate

applicable to a Loan. In any event, any Loan Interest Rate Renegotiation shall be taken on and resolved bearing in mind the interests of the Fund and the Servicer shall, without encouraging an Interest Rate Renegotiation, act in relation to such Interest Rate Renegotiation bearing in mind the Fund's interests at all times.

2. Subject to the provisions of paragraph 3 below, the Servicer shall in every Interest Rate Renegotiation observe that the new interest rate terms are at arm's length and no different from those applied by the Servicer proper in renegotiating or granting its floating-rate loans. In this connection, arm's length interest rate shall be deemed to be the interest rate offered by the Servicer on the Spanish market for loans granted to SMEs with amounts and terms substantially similar to the Loan being renegotiated.
3. Interest Rate Renegotiation of a Loan shall in no event be made to a fixed rate or a benchmark index other than the applicable index and may not be made either if previously or as a result of the renegotiation the average margin or spread weighted by the outstanding principal of the Loans over their respective benchmark indices is below 80 basis points.

The Management Company may, on the Fund's behalf, cancel, suspend or change at any time during the term of the Agreement the Servicer's Interest Rate Renegotiation enabling requirements previously determined.

b) Extending the period of maturity.

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

- (i) The Servicer may in no case entertain on its own account, i.e. without it being so requested by the Obligor, a change in the final maturity date of the Loan which may result in an extension thereof. The Servicer shall, without encouraging an extension of the term, 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 initial Outstanding Balance of the Loans upon the Fund being established.
- (iii) The term of a specific Loan may be extended provided that the following requirements are met:
 - a) That the same Loan interest settlement and capital or principal repayment frequency and the same repayment system are at all events maintained.
 - b) That the new final maturity or final amortisation date does not extend beyond May 5, 2047.

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 margin applicable for determining 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 margin applicable for determining 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 Loan amounts it applies for the rest of its portfolio loans.

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

Legal actions.

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

In the above connection and for the purposes prescribed in articles 581.2 and 686.2 of the Civil Procedure Act, and in the event that this should be necessary, the Management Company shall confer in the Deed of Constitution as full and extensive a power of attorney as may be required at Law on BANCAJA in order that the latter may, acting through any of its attorneys properly empowered for those purposes, on the Management Company's instructions, for and on behalf of the Fund, or in its own name but for the Management Company as the Fund's authorised representative, demand in or out of court that any Loan Obligor and guarantors, if any, 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, BANCAJA shall confer in the Deed of Constitution as full and extensive an irrevocable power of attorney as may be required at Law in order for the Management Company, acting for and on behalf of the Fund, to demand through a notary public any Loan Obligor and third-party guarantors, if any, to pay the debt.

1. As for 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 the Servicer, as issuer of the Pass-Through Certificates, in the foreclosure the latter shall have instituted against the Obligor, intervening to that end in any foreclosure proceedings commenced by the former.
 - (iii) If the Servicer should fail to take that action within sixty (60) calendar days of a notice served through a Notary demanding payment of the debt, the Management Company shall, for and on behalf of the Fund, be secondarily entitled to apply for Mortgage Loan foreclosure claiming 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 BANCAJA in the foreclosure proceedings and may in this sense, on the terms for which provision is made in the Civil Procedure Act, request the award of the mortgaged property as Mortgage Loan payment. 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).

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 Loan 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 and 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, the 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 Loan Obligor should have a liquid credit right, due and payable vis-à-vis the Servicer, and because the assignment is made without the Obligor being aware, any Loan should be fully or partially set-off against that credit, the Servicer shall remedy that circumstance or, if it cannot be remedied, 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 Agency being downgraded. Notwithstanding any subcontracting or subdelegation, the Servicer shall not be excused or released under that subcontract or subdelegation from any of the liabilities undertaken in the Servicing Agreement which may legally be attributed or ascribed to it.

11. Auction of real property and other 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 and chattel property, 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 property or 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 assigned to 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 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, in the event of the rating of the Servicer's long-term unsecured and unsubordinated debt obligations being downgraded below Ba2 by Moody's or of the Servicer's credit rating being lost or of 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, where this is legally possible, inter alia and after notifying the Rating Agency, to do any of the following in order for the rating assigned to the Bonds by the Rating Agency not to be adversely affected: (i) demand the Servicer to subcontract or subdelegate to

another institution the performance of the obligations and undertakings accepted in the Servicing Agreement; (ii) have another institution with sufficient credit rating and quality secure all or part of the Servicer's obligations; (iii) post collateral in the form of 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 Agency, and (iv) terminate the Servicing Agreement, in which case the Management Company shall previously designate a new Servicer with sufficient credit quality and accepting the obligations contained in the Servicing Agreement or, as the case may be, in a new servicing agreement. In the event of insolvency of the Servicer, only (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 and the Mortgage Loan mortgaged property insurers, if any) of the transfer to the Fund of the outstanding Loan receivables, and that the payments thereunder will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors and third-party guarantors and mortgaged property 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 mortgaged property 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 Loan receivables and ancillary guarantees with respect to third parties, all on the terms given in section 3.7.2.1.7 of this 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 Agency should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on October 6, 2008.

3.7.2.3 Liability of the Servicer and indemnity.

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

The Servicer agrees 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 this 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 Loan amounts owing to the Fund paid by the Obligors does not result from the Obligors' default and is attributable to the Servicer.

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

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

3.7.2.4 Servicer's remuneration.

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

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

Furthermore, on each Payment Date, the Servicer shall be entitled to reimbursement of all Loan servicing and management expenses of an exceptional nature incurred, such as in connection with legal and/or recovery actions, including procedural expenses and costs, or managing and overseeing the sale of assets or properties, if any, awarded to the Fund, after first justifying the same. Those expenses will be paid whenever the Fund has sufficient liquidity and in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

3.8 Name, address and brief description of any swap, credit, liquidity or account counterparties.

BANCAJA is the Fund's counterparty under the transactions listed below. The details relating to BANCAJA and its activities are respectively given in section 5.2 of the Registration Document and in section 3.5 of this Building Block.

- (i) Treasury Account:
Guaranteed Interest Rate Account (Treasury Account) Agreement
Description in section 3.4.4.1 of this Building Block.
- (ii) Subordinated Loan:
Subordinated Loan Agreement
Description in section 3.4.3.1 of this Building Block.
- (iii) Start-Up Loan:
Start-Up Loan Agreement
Description in section 3.4.3.2 of this Building Block.
- (iv) Financial Intermediation:
Financial Intermediation Agreement
Description in section 3.4.6.4 of this Building Block.

JPMORGAN CHASE is the Fund's counterparty in the transactions referred to below. The details relating to JPMORGAN CHASE and its activities are given in section 5.2 of the Registration Document.

(i) Interest Swaps:

Interest Swap Agreement (Annual)

Interest Swap Agreement (Six-Monthly)

Interest Swap Agreement (Quarterly)

Description in section 3.4.7.1 of this Building Block.

4. POST-ISSUANCE REPORTING

4.1 Obligations and deadlines set to publicise and submit to the CNMV the periodic information on the economic and financial status of the Fund.

As part of its Fund management and administration duty, the Management Company agrees to submit as promptly as possible or by the deadlines given, the information described hereinafter and such additional information as may be reasonably required of it.

4.1.1 Ordinary information.

The Management Company agrees to give the notices detailed below, observing the recurrence provided in each case.

a) Notices to Bondholders referred to each Payment Date.

1. Within the period comprised between the Interest Rate Fixing Date and not more than two (2) Business Days after each Payment Date, it shall proceed to notify Bondholders of the Nominal Interest Rate resulting for each Bond Series 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. Loan maturity dates.
5. Outstanding Balance of Doubtful Loans and cumulative amount of Doubtful Loans from the date of establishment of the Fund.

In relation to the Fund's economic and financial position:

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 Subordinated Loan amount, the Cash Reserve amount, the Nominal Interest Rate determined for each Bond Series for the first Interest Accrual Period and the final margin applicable to the Party B interest rate in each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly).
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 publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or by publication in an extensively circulated business and financial or general newspaper in Spain. The Management Company or the Paying Agent may additionally disseminate that information or other information of interest to Bondholders through dissemination channels and systems typical of financial markets, such as Reuters, Bridge Telerate, Bloomberg or any other similarly characterised means.

2. Extraordinary notices.

Unless otherwise provided in the Deed of Constitution and in the Prospectus, extraordinary notices shall be given by publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or by publication in an extensively circulated business

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

Exceptionally, the Subordinated Loan amount, the Cash Reserve amount 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 1pm on October 6, 2008 to the Subscriber, the CNMV, the Paying Agent, AIAF and Iberclear. The final margin applicable to the Party B interest rate in each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly) shall be notified to the CNMV and the Rating Agency.

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 or the laws in force from time to time may require of it, irrespective of the above.

4.1.5 Information to the Rating Agency.

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

Mario Masiá Vicente, as General Manager for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN signs this Prospectus at Madrid, on September 30, 2008.

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, as currently worded.

“**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, as currently worded.

“**AIAF**” shall mean 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 sum of the Outstanding Principal Balance of the Bond Issue, 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 which shall be the Amortisation Withholding amount actually applied in sixth (6th) place in the order of priority for application of the Available Funds on the relevant Payment Date.

“**Available Funds**” shall mean, in relation to the Priority of Payments and on each Payment Date, the amounts to be allocated to meeting the Fund’s payment or withholding obligations, which shall have been credited to the Treasury Account, as established in section 3.4.6.2.1 of the Building Block.

“**BANCAJA**” shall mean CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA

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

“**Bond Issue**” shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR one billion one hundred million (1,100,000,000.00), comprised of three Series (Series A, Series B and Series C).

“**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**” or “**Asset-Backed Bonds**” shall mean Series A Bonds, Series B Bonds and Series C Bonds issued by the Fund.

“**Business Day**” shall mean any day other than a public holiday in the city of Madrid or non-business day in the TARGET 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”.

“**Closing Date**” shall mean October 7, 2008, the date on which the cash amount for subscribing 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 A and/or B and/or C Bonds.

“CPR” shall mean the effective constant annual early amortisation or prepayment rate at which average lives and durations of the Bonds are estimated in this Prospectus.

“Deed of Constitution” shall mean the public deed recording the establishment of the Fund, assignment by BANCAJA to the Fund of Non-Mortgage Loan receivables and Mortgage Loans, the latter by issuing Pass-Through Certificates, and issue by the Fund of the Asset-Backed Bonds.

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

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

“Determination Period” shall mean the 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, December 18, 2008, 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.

“Distribution of Available Funds for Amortisation” shall mean the rules for applying the Available Funds for Amortisation between Series A, B and C on each Payment Date established in section 4.9.3.5 of the Securities Note.

“Doubtful Loans” shall mean Loans that are delinquent at a date with a period of arrears equal to or greater than eighteen (18) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment based on indications or information obtained from the Servicer.

“Early Amortisation” shall mean Bond amortisation on a date preceding the Final Maturity Date in the Early Liquidation Events of the Fund in accordance with and subject to the requirements established in section 4.4.3 of the Registration Document.

“Early Liquidation Events” shall mean the events contained in section 4.4.3 of the Registration Document in which 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.

“Ernst & Young” shall mean Ernst & Young S.L.

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

“Final Maturity Date” shall mean the final Bond amortisation date, i.e. December 24, 2050 or the following Business Day if that is not a Business Day.

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

“Fund” shall mean PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS.

“Guaranteed Interest Rate Account (Treasury Account) Agreement” shall mean the guaranteed interest rate account (Treasury Account) agreement entered into by the Management Company, for and on behalf of the Fund, and BANCAJA.

“Iberclear” shall mean Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A.

“Initial Cash Reserve” shall mean the initial Cash Reserve amount to be determined by the Management Company by 1pm (CET) on October 6, 2008 based on the average margin applicable to the Party B interest rate in each Interest Swap Agreement, weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly), between the following amounts: EUR 225,500,000.00, 223,850,000.00 and EUR 222,750,000.00.

“Interest Accrual Period” shall mean the days elapsed between every two consecutive Payment Dates, including the beginning Payment Date, but not including the ending Payment Date. The first Interest Accrual Period shall begin on the Closing Date, inclusive, and end on the first Payment Date, exclusive.

“Interest Rate Fixing Date” shall mean the second Business Day preceding each Payment Date.

“Interest Swap Agreement (Annual)” shall mean the floating interest rate swap agreement whereby the Fund and JPMORGAN CHASE shall make each other payments calculated on the Outstanding Balance of Non-Doubtful Mortgage Loans having their interest rate reset annually, respectively applying the 12-month Euribor rate and the Reference Rate determined for the Bonds, adding a margin.

“Interest Swap Agreement (Quarterly)” shall mean the floating interest rate swap agreement whereby the Fund and JPMORGAN CHASE shall make each other payments calculated on the Outstanding Balance of Non-Doubtful Mortgage Loans having their interest rate reset quarterly, respectively applying the 3-month Euribor rate and the Reference Rate determined for the Bonds, adding a margin.

“Interest Swap Agreement (Six-Monthly)” shall mean the floating interest rate swap agreement whereby the Fund and JPMORGAN CHASE shall make each other payments calculated on the Outstanding Balance of Non-Doubtful Mortgage Loans having their interest rate reset six-monthly, respectively applying the 12-month Euribor rate and the Reference Rate determined for the Bonds, adding a margin.

“Interest Swap Agreements” shall mean the three floating interest rate swap agreements (Interest Swap Agreement (Annual), Interest Swap Agreement (Six-Monthly) and Interest Swap Agreement (Quarterly)), to be entered into based on the standard 2002 ISDA Master Agreement (ISDA Master Agreement - Multicurrency - Cross Border) and the 2006 definitions (ISDA 2006 Definitions) entered into between the Management Company, acting for and on behalf of the Fund, and JPMORGAN CHASE.

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

“JPMORGAN CHASE” shall mean J.P. MORGAN CHASE BANK, N.A., LONDON BRANCH.

“Lead Manager” shall mean BANCAJA.

“Liquidation Available Funds” shall mean, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or upon Early Liquidation, the following amounts to be allocated to meeting the Fund’s payment or withholding obligations: (i) the Available Funds, and (ii) the amounts obtained by the Fund from time to time upon disposing of the Loan receivables and of the assets remaining, and, as the case may be, (iii) the amount drawn under the credit facility or the loan arranged and exclusively used for amortisation of the Bonds in the Series then outstanding.

“Liquidation Priority of Payments” shall mean the order of priority in which the Available Funds and the Available Funds for Amortisation will be applied to meeting 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, management 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 BANCAJA, as Servicer.

“Loans” shall mean the loans owned by BANCAJA granted to non-financial small and medium-sized enterprises (legal persons) (SMEs, based on the Originator’s internal rating criteria -annual turnover less than or equal to EUR 50 million-) domiciled in Spain, their receivables being assigned by BANCAJA to the Fund upon being established.

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

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

“Mortgage Loans” shall mean the Loans with real estate mortgage security whose receivables are assigned by BANCAJA to the Fund upon BANCAJA issuing and the Fund subscribing for 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 at a date are not deemed to be either Delinquent Loans or Doubtful Loans.

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

“Non-Mortgage Loans” shall mean Loans without special security and/or with third-party personal guarantees, whose receivables are assigned by BANCAJA to the Fund upon being sold by BANCAJA and acquired by the Fund.

“Obligors” shall mean the borrowers (non-financial small and medium-sized enterprises -legal persons- (“SMEs”, based on the Originator’s internal rating criteria -annual turnover less than or equal to EUR 50 million-) domiciled in Spain).

“Originator” shall mean BANCAJA, 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 the Bond Issue” shall mean the sum of the Outstanding Principal Balance of Series A, B and C making up the Bond Issue.

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

“**Pass-Through Certificates**” shall mean the pass-through certificates issued on the Mortgage Loans by BANCAJA, 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 24, June 24, September 24 and December 24 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be December 24, 2008.

“**Priority of Payments**” shall mean the order of priority in which the Available Funds and the Available Funds for Amortisation will be applied to meeting the Fund’s payment or withholding obligations from the first Payment Date until the last Payment Date or liquidation of the Fund, exclusive.

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

“**Reference Rate**” shall mean, other than for the first Interest Accrual Period, three- (3-) month Euribor fixed at 11am (CET) on the Interest Rate Fixing Date, or, if this Euribor rate should not be available or be impossible to obtain, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note. The Reference Rate for the first Interest Accrual Period shall mean the rate resulting from a straight-line interpolation, taking into account the number of days in the first Interest Accrual Period, between two- (2-) month Euribor and three- (3-) month Euribor, fixed at 11am (CET) on the Business Day preceding the Closing Date, or, upon the failure or impossibility to obtain these Euribor rates, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note.

“**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, as currently worded.

“**Required Cash Reserve**” shall mean the Required Cash Reserve amount on each Payment Date to be determined by the Management Company, based on (i) the average margin applicable to the Party B interest rate in each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, in accordance with the provisions of section 3.4.7.1 of the Securities Note Building Block, and (ii) as set out below:

	Weighted average margin applicable to the Party B interest rate in the Interest Swap Agreements for the first calculation period		
	Between -0.100% and -0.051% both inclusive	Between -0.050% and -0.021% both inclusive	Between -0.020% and 0.070% both inclusive
Initial Cash Reserve	€225,500,000.00	223,850,000.00	€222,750,000.00
Required Cash Reserve shall be the lower of the following:			
(i) The Initial Cash Reserve amount	€225,500,000.00	223,850,000.00	€222,750,000.00
(ii) The higher of:			
a) The amount resulting from applying the percentage specified to the Outstanding Principal Balance of the Bond Issue	41.00%	40.70%	40.50%
b) The following amount	€112,750,000.00	€111,925,000.00	€111,375,000.00

Notwithstanding the above, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Required Cash Reserve amount on the preceding Payment Date whenever any of the circumstances provided for in section 3.4.2.2 of the Building Block concur on the Payment Date.

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

“**Royal Decree 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, as currently worded.

“**Series A Bonds**” shall mean Series A Bonds issued by the Fund having a total face amount of EUR eight hundred and thirty-seven million six hundred thousand (837,600,000.00) comprising eight thousand three hundred and seventy-six (8,376) Bonds having a unit face value of EUR one hundred thousand (100,000).

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

“**Series B Bonds**” shall mean Series B Bonds issued by the Fund having a total face amount of EUR one hundred and nineteen million four hundred thousand (119,400,000.00) comprising one thousand one hundred and ninety-four (1,194) Bonds having a unit face value of EUR one hundred thousand (100,000).

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

“**Series C Bonds**” shall mean Series C Bonds issued by the Fund having a total face amount of EUR one hundred and forty-three million (143,000,000.00) comprising one thousand four hundred and thirty (1,430) Bonds having a unit face value of EUR one hundred thousand (100,000).

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

“**Servicer**” shall mean the institution in charge of custody and servicing of the Loans and custody of the Pass-Through Certificate supporting documents under the Loan Servicing and Pass-Through Custody Agreement, i.e. BANCAJA (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) based on the Originator’s internal rating criteria -annual turnover less than or equal to EUR 50 million-.

“**Start-Up Loan Agreement**” shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BANCAJA, for a sum of EUR five million (5,000,000.00).

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

“**Subordinated Loan Agreement**” shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BANCAJA, totalling between EUR two hundred and twenty-two million seven hundred and fifty thousand (222,750,000.00) and EUR two hundred and twenty-five million five hundred thousand (225,500,000.00).

The Subordinated Loan amount shall be determined by the Management Company by 1pm (CET) on October 6, 2008, based on the average margin applicable to the Party B interest rate in each Interest Swap Agreement (Annual), (Six-Monthly) and (Quarterly), respectively weighted by the Notional Amount (Annual), the Notional Amount (Six-Monthly) and the Notional Amount (Quarterly) for the first calculation period, in accordance with the provisions of section 3.4.7.1 of the Building Block, and as set out in the following table:

Weighted average margin applicable to the Party B interest rate in the Interest Swap Agreements for the first calculation period		
Between -0.100% and -0.051% both inclusive	Between -0.050% and -0.021% both inclusive	Between -0.020% and 0.070% both inclusive
Subordinated Loan amount	€225,500,000.00	223,850,000.00
		€222,750,000.00

“**Subscriber**” shall mean BANCAJA.

“**Treasury Account**” shall mean the financial account in euros opened at BANCAJA in the Fund’s name, in accordance with the provisions of the Guaranteed Interest Rate Account (Treasury Account) Agreement, through which the Fund will make and receive payments.

PYME BANCAJA 7 FONDO DE TITULIZACION DE ACTIVOS

FIRST SUPPLEMENT TO THE PROSPECTUS ENTERED ON OCTOBER 2, 2008

This supplement to the Prospectus (the "**Supplement**") has been prepared in accordance with article 22 of Royal Decree 1310/2005 and should be read jointly with the Prospectus entered on October 2, 2008.

The Supplement has been registered by the CNMV on October 9, 2008.

1. The Fund

We refer to the Prospectus dated September 30, 2008 concerning the establishment of the Fund "PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS" and the issue of Asset-Backed Bonds by the same, duly entered in the Official Registers of the Comisión Nacional del Mercado de Valores (*National Securities Market Commission-CNMV*) on October 2, 2008 (the "**Prospectus**").

Mr Mario Masiá Vicente, the Management Company's General Manager using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, and specifically acting for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee on July 18, 2008, takes responsibility for the contents of the Supplement and declares that this information is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

Mr Miguel Ángel Soria Navarro, duly authorised for these presents, acting for and on behalf of BANCAJA, Lead Manager of the Bond Issue by PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Supplement and declares that such information is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

Mr Miguel Ángel Soria Navarro is acting as attorney for BANCAJA using the authorities conferred by BANCAJA in a power of attorney executed as a deed before Valencia Notary Public Mr José Luis Pavía Sanz on July 7, 2004, his document number 1908, and pursuant to a resolution of the Board of Directors held on April 30, 2008.

2. Executing the Deed of Constitution, carrying out the Bond Issue and subscribing for the Bonds.

The public deed recording the establishment of PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS, assignment by BANCAJA to the Fund of Non-Mortgage Loan receivables and Mortgage Loan receivables, the latter by issuing Pass-Through Certificates, and the issue by the Fund of the Asset-Backed Bonds (the "**Deed of Constitution**"), on the terms provided in article 6 of Royal Decree 926/1998, shall be executed on October 10, 2008.

Pursuant to sections 4.4.1 of the Registration Document and 4.12 of the Prospectus Securities Note, the execution of the Deed of Constitution was to occur on October 3, 2008.

The Bond issue date is to be October 10, 2008. Pursuant to section 4.13 of the Prospectus Securities Note, the Bond Issue date was to be October 3, 2008.

The Subscriber is to subscribe for the Bond Issue on October 13, 2008. Pursuant to section 4.13.2 of the Prospectus Securities Note, the date for Bond Issue subscription by the Subscriber was to be October 6, 2008.

3. Closing Date.

The date on which the Subscriber is to subscribe for the Bond Issue and pay to the Fund the issue price at the face value of all the Bonds subscribed for, by 2pm (CET), for same day value, is to be October 14, 2008 (the “Closing Date”).

Pursuant to sections 4.8.1.1, 4.8.2, 4.10 and 4.13.2 of the Prospectus Securities Note and the definition of Closing Date in the Prospectus Glossary of Definitions, the Closing Date was to be October 7, 2008.

4. Confirmation of the provisional ratings assigned to the Bonds.

The Rating Agency’s failure to confirm the provisional ratings given to the Bonds by 1pm (CET) on October 13, 2008 shall be an event of termination of the establishment of the Fund and the Bond Issue

That circumstance also affects termination of the Bond Issue Management and Subscription, Subordinated Loan, Financial Intermediation Margin, Interest Swap, Paying Agent and Servicing Agreements.

Therefore, in Prospectus sections 2 i) of Risk Factors, 4.4.4 (v) of the Registration Document, 4.13 and 7.5 of the Securities Note and 3.4.3.1, 3.4.6.4, 3.4.7.1, 3.4.7.2 and 3.7.2.2 of the Securities Note Building Block, “by 1pm (CET) on October 6, 2008” is replaced with “by 1pm (CET) on October 13, 2008”.

5. Nominal interest rates for the Interest Accrual Periods.

Section 4.10 of the Prospectus Securities Note read as follows:

“The actual adjusted life and the yield or return on the Bonds will also depend on their floating rate. The nominal interest rates are assumed constant for each Series for different Interest Accrual Periods, as follows, resulting from a straight-line interpolation bearing in mind the number of days in the First Interest Accrual Period between 2-month Euribor (5.079%) and 3-month Euribor (5.237%) at September 29, 2008 and the margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	5.474%	5.774%	6.374%

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 (5.237%) at September 29, 2008 and the margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	5.537%	5.837%	6.437%

The weighted average interest rate of the mortgage loans selected at August 31, 2008, as detailed in section 2.2.2.i) of this Building Block, is 5.62%, which is the same as the 5.62% weighted average nominal interest rate of the Bonds that has been presumed for hypothetical purposes for the first Interest Accrual Period. This state of affairs shall gradually be corrected as the Loans (annual, six-monthly and quarterly reset periods) reset their respective interest rates and include recent Euribor rate rises in the past months.”

These paragraphs of section 4.10 of the Prospectus Securities Note are replaced with the following:

“The actual adjusted life and the yield or return on the Bonds will also depend on their floating rate. The nominal interest rates are assumed constant for each Series for different Interest Accrual Periods, as follows, resulting from a straight-line interpolation bearing in mind the number of days in the First Interest Accrual Period between 2-

month Euribor (5.230%) and 3-month Euribor (5.377%) at October 7, 2008 and the margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	5.584%	5.884%	6.484%

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 (5.377%) at October 7, 2008 and the margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	5.677%	5.977%	6.577%

The weighted average interest rate of the mortgage loans selected at August 31, 2008, as detailed in section 2.2.2.i) of this Building Block, is 5.62%, which is less than the 5.73% weighted average nominal interest rate of the Bonds that has been presumed for hypothetical purposes for the first Interest Accrual Period. This state of affairs shall gradually be corrected as the Loans (annual, six-monthly and quarterly reset periods) reset their respective interest rates and include recent Euribor rate rises in the past months.”

6. 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 Prospectus 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, based on the performance over the past three months of similarly characterised loans previously securitised by BANCAJA, set out in section 4.10.1 of the Securities Note, are replaced with the following:

% CPR:	10.00%	12.00%	14.00%	16.00%	18.00%
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Series A Bonds					
Average life (years)	1.79	1.65	1.54	1.44	1.36
IRR	5.871%	5.870%	5.869%	5.869%	5.868%
Duration (years)	1.57	1.46	1.37	1.29	1.23
Final maturity	24 03 2014	24 09 2013	25 03 2013	24 12 2012	25 06 2012
(in years)	5.44	4.95	4.45	3.95	3.70

Series B Bonds					
Average life (years)	6.70	6.07	5.54	5.08	4.68
IRR	6.195%	6.195%	6.195%	6.195%	6.195%
Duration (years)	5.22	4.82	4.46	4.15	3.86
Final maturity	26 12 2016	24 03 2016	24 09 2015	24 12 2014	24 06 2014
(in years)	8.21	7.45	6.95	6.20	5.70

Series C Bonds					
Average life (years)	9.09	8.34	7.81	7.09	6.58
IRR	6.834%	6.834%	6.834%	6.834%	6.834%
Duration (years)	6.45	6.05	5.75	5.34	5.04
Final maturity	25 12 2017	24 03 2017	26 09 2016	24 12 2015	24 06 2015
(in years)	9.20	8.45	7.96	7.20	6.70

The servicing tables for each Series set out in section 4.10.1 of the Prospectus Securities Note are replaced with the following, and the remaining assumptions mentioned therein hold true:

FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 12%

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	9,493.66	109,493.66	100,000.00	36,790.54	136,790.54	100,000.00	55,587.93	155,587.93
14/10/2008									
24/12/2008	4,979.17	1,101.27	6,080.44	0.00	1,160.44	1,160.44	0.00	1,278.77	1,278.77
24/03/2009	13,418.39	1,348.58	14,766.97	0.00	1,494.25	1,494.25	0.00	1,644.25	1,644.25
24/06/2009	13,048.25	1,183.88	14,232.13	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/09/2009	10,257.15	994.58	11,251.72	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/12/2009	8,473.86	836.57	9,310.43	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/03/2010	8,495.52	707.12	9,202.64	0.00	1,494.25	1,494.25	0.00	1,644.25	1,644.25
24/06/2010	8,102.84	599.58	8,702.42	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/09/2010	4,313.01	482.02	4,795.03	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/12/2010	4,362.18	414.89	4,777.07	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/03/2011	3,082.72	348.42	3,431.14	0.00	1,494.25	1,494.25	0.00	1,644.25	1,644.25
24/06/2011	2,883.33	311.44	3,194.77	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
26/09/2011	2,728.70	275.47	3,004.17	0.00	1,560.66	1,560.66	0.00	1,717.33	1,717.33
26/12/2011	2,601.34	227.52	2,828.87	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
26/03/2012	2,400.46	190.19	2,590.66	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
25/06/2012	2,331.46	155.74	2,487.20	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/09/2012	2,184.69	122.29	2,306.97	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/12/2012	2,048.74	90.94	2,139.68	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
25/03/2013	1,915.31	61.54	1,976.85	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/06/2013	1,850.20	34.05	1,884.25	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/09/2013	522.66	7.58	530.25	8,585.71	1,527.46	10,113.16	0.00	1,680.79	1,680.79
24/12/2013	0.00	0.00	0.00	11,717.86	1,381.14	13,098.99	0.00	1,662.52	1,662.52
24/03/2014	0.00	0.00	0.00	11,047.90	1,190.86	12,238.77	0.00	1,644.25	1,644.25
24/06/2014	0.00	0.00	0.00	10,807.63	1,048.58	11,856.21	0.00	1,680.79	1,680.79
24/09/2014	0.00	0.00	0.00	10,078.40	883.49	10,961.89	0.00	1,680.79	1,680.79
24/12/2014	0.00	0.00	0.00	9,492.74	721.62	10,214.36	0.00	1,662.52	1,662.52
24/03/2015	0.00	0.00	0.00	8,923.46	571.85	9,495.31	0.00	1,644.25	1,644.25
24/06/2015	0.00	0.00	0.00	8,595.02	448.25	9,043.27	0.00	1,680.79	1,680.79
24/09/2015	0.00	0.00	0.00	8,186.25	316.97	8,503.22	0.00	1,680.79	1,680.79
24/12/2015	0.00	0.00	0.00	7,819.89	189.84	8,009.73	0.00	1,662.52	1,662.52
24/03/2016	0.00	0.00	0.00	4,745.13	71.69	4,816.82	2,250.56	1,662.52	3,913.08
24/06/2016	0.00	0.00	0.00	0.00	0.00	0.00	5,949.53	1,642.96	7,592.50
26/09/2016	0.00	0.00	0.00	0.00	0.00	0.00	5,650.71	1,576.51	7,227.22
26/12/2016	0.00	0.00	0.00	0.00	0.00	0.00	5,399.09	1,432.25	6,831.33
24/03/2017	0.00	0.00	0.00	0.00	0.00	0.00	80,750.11	1,298.23	82,048.34

FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 14%

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	8,848.25	108,848.25	100,000.00	33,532.42	133,532.42	100,000.00	52,046.42	152,046.42
14/10/2008									
24/12/2008	5,435.61	1,101.27	6,536.88	0.00	1,160.44	1,160.44	0.00	1,278.77	1,278.77
24/03/2009	14,008.81	1,342.11	15,350.92	0.00	1,494.25	1,494.25	0.00	1,644.25	1,644.25
24/06/2009	13,500.23	1,168.69	14,668.92	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/09/2009	10,608.94	972.83	11,581.77	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/12/2009	8,745.15	810.02	9,555.17	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/03/2010	8,663.86	677.00	9,340.86	0.00	1,494.25	1,494.25	0.00	1,644.25	1,644.25
24/06/2010	8,208.67	566.35	8,775.02	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/09/2010	4,495.22	447.26	4,942.48	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/12/2010	4,488.95	377.89	4,866.84	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/03/2011	3,223.14	310.03	3,533.17	0.00	1,494.25	1,494.25	0.00	1,644.25	1,644.25
24/06/2011	3,005.16	270.16	3,275.32	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
26/09/2011	2,827.36	231.48	3,058.85	0.00	1,560.66	1,560.66	0.00	1,717.33	1,717.33
26/12/2011	2,675.13	183.52	2,858.65	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
26/03/2012	2,457.75	145.13	2,602.89	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
25/06/2012	2,369.78	109.87	2,479.64	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/09/2012	2,208.72	75.86	2,284.58	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/12/2012	2,058.90	44.16	2,103.06	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
25/03/2013	1,018.61	14.62	1,033.23	6,280.84	1,510.85	7,791.70	0.00	1,662.52	1,662.52
24/06/2013	0.00	0.00	0.00	12,895.19	1,415.96	14,311.15	0.00	1,662.52	1,662.52
24/09/2013	0.00	0.00	0.00	12,103.36	1,234.55	13,337.91	0.00	1,680.79	1,680.79
24/12/2013	0.00	0.00	0.00	11,484.86	1,038.27	12,523.13	0.00	1,662.52	1,662.52
24/03/2014	0.00	0.00	0.00	10,757.45	855.25	11,612.69	0.00	1,644.25	1,644.25
24/06/2014	0.00	0.00	0.00	10,448.80	709.94	11,158.73	0.00	1,680.79	1,680.79
24/09/2014	0.00	0.00	0.00	9,696.32	550.33	10,246.65	0.00	1,680.79	1,680.79
24/12/2014	0.00	0.00	0.00	9,073.12	397.86	9,470.97	0.00	1,662.52	1,662.52
24/03/2015	0.00	0.00	0.00	8,474.69	257.91	8,732.60	0.00	1,644.25	1,644.25
24/06/2015	0.00	0.00	0.00	8,115.70	134.19	8,249.89	0.00	1,680.79	1,680.79
24/09/2015	0.00	0.00	0.00	669.68	10.23	679.91	5,850.91	1,680.79	7,531.70
24/12/2015	0.00	0.00	0.00	0.00	0.00	0.00	6,074.82	1,565.25	7,640.07
24/03/2016	0.00	0.00	0.00	0.00	0.00	0.00	5,741.05	1,464.25	7,205.30
24/06/2016	0.00	0.00	0.00	0.00	0.00	0.00	5,462.10	1,383.85	6,845.95
26/09/2016	0.00	0.00	0.00	0.00	0.00	0.00	76,871.11	1,320.13	78,191.24

FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 16%

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	8,294.79	108,294.79	100,000.00	30,767.04	130,767.04	100,000.00	47,254.96	147,254.96
14/10/2008									
24/12/2008	5,901.05	1,101.27	7,002.32	0.00	1,160.44	1,160.44	0.00	1,278.77	1,278.77
24/03/2009	14,604.64	1,335.50	15,940.14	0.00	1,494.25	1,494.25	0.00	1,644.25	1,644.25
24/06/2009	13,949.28	1,153.29	15,102.58	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/09/2009	10,952.24	950.92	11,903.16	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/12/2009	9,004.30	783.42	9,787.72	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/03/2010	8,818.07	647.01	9,465.08	0.00	1,494.25	1,494.25	0.00	1,644.25	1,644.25
24/06/2010	8,299.45	533.46	8,832.91	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/09/2010	4,659.88	413.05	5,072.93	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
24/12/2010	4,597.70	341.69	4,939.40	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/03/2011	3,343.93	272.69	3,616.62	0.00	1,494.25	1,494.25	0.00	1,644.25	1,644.25
24/06/2011	3,106.21	230.23	3,336.44	0.00	1,527.46	1,527.46	0.00	1,680.79	1,680.79
26/09/2011	2,904.92	189.19	3,094.12	0.00	1,560.66	1,560.66	0.00	1,717.33	1,717.33
26/12/2011	2,728.19	141.47	2,869.66	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
26/03/2012	2,494.57	102.32	2,596.89	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
25/06/2012	2,388.02	66.52	2,454.54	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/09/2012	2,213.33	32.25	2,245.59	0.00	1,510.85	1,510.85	0.00	1,662.52	1,662.52
24/12/2012	34.21	0.49	34.70	14,145.53	1,510.85	15,656.38	0.00	1,662.52	1,662.52
25/03/2013	0.00	0.00	0.00	13,295.30	1,297.13	14,592.43	0.00	1,662.52	1,662.52
24/06/2013	0.00	0.00	0.00	12,693.75	1,096.26	13,790.01	0.00	1,662.52	1,662.52
24/09/2013	0.00	0.00	0.00	11,844.43	914.42	12,758.85	0.00	1,680.79	1,680.79
24/12/2013	0.00	0.00	0.00	11,153.19	725.53	11,878.71	0.00	1,662.52	1,662.52
24/03/2014	0.00	0.00	0.00	10,378.35	550.90	10,929.25	0.00	1,644.25	1,644.25
24/06/2014	0.00	0.00	0.00	10,009.60	404.61	10,414.22	0.00	1,680.79	1,680.79
24/09/2014	0.00	0.00	0.00	9,240.91	251.72	9,492.63	0.00	1,680.79	1,680.79
24/12/2014	0.00	0.00	0.00	7,238.94	109.37	7,348.31	1,128.29	1,662.52	2,790.81
24/03/2015	0.00	0.00	0.00	0.00	0.00	0.00	6,656.56	1,625.70	8,282.25
24/06/2015	0.00	0.00	0.00	0.00	0.00	0.00	6,336.92	1,549.94	7,886.87
24/09/2015	0.00	0.00	0.00	0.00	0.00	0.00	5,953.61	1,443.43	7,397.04
24/12/2015	0.00	0.00	0.00	0.00	0.00	0.00	79,924.62	1,328.76	81,253.38

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

Section 3.4.1 of the Prospectus Securities Note Building Block read as follows:

"The weighted average interest rate of the loans selected at August 31, 2008, as detailed in section 2.2.2.i) of this Building Block, is 5.62%, which is the same as the 5.62% weighted average nominal interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note. This state of affairs shall gradually be corrected as the Loans (annual, six-monthly and quarterly reset periods) reset their respective interest rates and include recent Euribor rate rises in the past months. The Interest Swaps mitigate the interest rate risk (base risk) occurring in the Fund because the Loans are subject to floating interest with benchmark indices and reset and settlement periods differing from the floating interest established for the Bonds based on 3-month Euribor and with quarterly accrual and settlement periods."

This paragraph is replaced with the following:

"The weighted average interest rate of the loans selected at August 31, 2008, as detailed in section 2.2.2.i) of this Building Block, is 5.62%, which is less than the 5.73% weighted average nominal interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note. This state of affairs shall gradually be corrected as the Loans (annual, six-monthly and quarterly reset periods) reset their respective interest rates and include recent Euribor rate rises in the past months. The Interest Swaps mitigate the interest rate risk (base risk) occurring in the Fund because the Loans are subject to floating interest with

benchmark indices and reset and settlement periods differing from the floating interest established for the Bonds based on 3-month Euribor and with quarterly accrual and settlement periods.”

8. Determining and notifying the Initial Cash Reserve and the Required Cash Reserve, and Subordinated Loan amount.

The Initial Cash Reserve and the Required Cash Reserve amount shall be determined by the Management Company by 1pm (CET) on October 13, 2008. The Initial Cash Reserve and the Required Cash Reserve amount to be determined on each Payment Date shall be notified by the Management Company by 1pm (CET) on October 13, 2008 to the Bond Issue Subscriber.

The Subordinated Loan amount shall be determined by the Management Company by 1pm (CET) on October 13, 2008.

In sections 3.4.2.2 and 3.4.3.1 of the Prospectus Securities Note Building Block and the Subordinated Loan Agreement and Initial Cash Reserve definitions in the Prospectus Glossary of Definitions, “by 1pm (CET) on October 6, 2008” is replaced with “by 1pm (CET) on October 13, 2008”.

9. Interest Swaps.

9.1 Termination of the Interest Swap Agreements.

Section 3.4.7.1 of the Prospectus Securities Note Building Block read as follows:

“The Interest Swap Agreements shall expire on the earlier of the following Payment Dates: (i) the Final Maturity Date; or (ii) the date on which Early Liquidation of the Fund ends in accordance with section 4.4.4 of the Registration Document when the Loan receivables and the Fund’s remaining assets have been liquidated and the Liquidation Available Funds have all been distributed, in the Fund Liquidation Priority of Payments.”

This paragraph is replaced with the following:

“The Interest Swap Agreements shall expire, as provided for in those Interest Swap Agreements, on the earlier of the following dates:

- (i) the Final Maturity Date; or
- (ii) upon the Loans pooled in the Fund being fully repaid; or
- (iii) upon the Bonds issued being fully amortised for reasons other than those provided for in paragraphs (ii) to (v) of section 4.4.3.1 of the Registration Document.”

9.2 Party B Interest Rate.

In subsections 4.3.1, 5.3.1 and 6.3.1 of section 3.4.7.1 of the Securities Note Building Block, “October 6, 2008” is replaced with “October 13, 2008”

9.3 Other characteristics of the Interest Swap Agreements.

Subsection 9.1 of section 3.4.7.1 of the Securities Note Building Block is to be worded as follows:

“In the event of termination, in the events set out and defined in the Interest Swap Agreements (which include the failure by Party B to consent in writing in the event of the Fund Deed of Constitution being amended and provided that such amendment should adversely and negatively affect the amount, priority or time of the payments, if any, to be made by Party A to Party B and full amortisation of the Bonds issued for the reasons provided for in paragraphs (ii) to (v) of section 4.4.3.1 of the Registration Document), Party B shall accept the obligation to pay the settlement amount provided for in the relevant Interest Swap Agreements. Should the settlement amount under the relevant Interest Swap Agreements be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.”

10. Extraordinary notices.

Exceptionally, the Subordinated Loan amount, the Cash Reserve amount 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 1pm on October 13, 2008 to the Subscriber, the CNMV, the Paying Agent, AIAF and Iberclear.

Pursuant to section 4.1.3 of the Prospectus Securities Note Building Block, the notice date was October 6, 2008.

11. Rating of the Bonds.

Moody's Investors Service España, S.A. confirmed on October 8, 2008 the provisional ratings assigned to the Bonds detailed in section 7.5. of the Prospectus Securities Note.

The rest of the Prospectus remains unchanged in all respects.

NOW, THEREFORE, A REQUEST IS MADE that this Supplement to the Prospectus concerning the establishment of PYME BANCAJA 7 FONDO DE TITULIZACIÓN DE ACTIVOS registered on October 2, 2008 be taken to have been submitted and be filed in the Registers of the Comisión Nacional del Mercado de Valores.

Mario Masiá Vicente, as General Manager for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, signs this Supplement to the Prospectus at Madrid, on October 8, 2008.