

MORTGAGE-BACKED SECURITIES

600,000,000 Euros

Series A:	577,200,000 euros	EURIBOR	+	0.24%
Series B:	15,300,000 euros	EURIBOR	+	0.60%
Series C:	3,600,000 euros	EURIBOR	+	1.20%
Series D:	3,900,000 euros	EURIBOR	+	3.75%

mortgage loans originated by

Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (Ibercaja)

Fondo de Titulización arranged and serviced by

Titulización de Activos S.G.F.T., S.A.



Paying Agent

Instituto de Crédito Oficial

Lead Managers

Ibercaja Bear Stearns

Joint Lead Managers

EBN Banco Caja Castilla La Mancha

Underwriters

Bear Stearns International Ltd.

Ibercaja

EBN Banco

Caja Castilla La Mancha

Royal Bank of Scotland

"TDA IBERCAJA 1, FONDO DE TITULIZACIÓN DE ACTIVOS"

1. Name of the Fund

The name of the Fund will be "TDA IBERCAJA 1, *Fondo de Titulización de Activos*", hereon TDA IBERCAJA 1 or "the Fund". The Fund will be established pursuant to the provisions of Royal Decree 926/1998, May 14th. The Fund is regulated in accordance with (i) the Fund Regulations, (ii) Royal Decree 926/1998, and any dispositions that might develop, (iii) Law 19/1992, July 7th, *Régimen de Sociedades y Fondos de Inversión y sobre Fondos de Titulización Hipotecaria*, in respect to aspects not covered by Royal Decree 926/1998 when applicable, (iv) Law 24/1988, July 28th, of *Mercado de Valores*, and its modifications, in respect of supervision, inspection, sanctions, and on everything else that is applicable, and (v) any other current applicable legal regulations.

2. Sociedad Gestora

"TDA IBERCAJA 1, *Fondo de Titulización de Activos*" will be arranged by "TITULIZACIÓN DE ACTIVOS, SGFT, S.A." as *Sociedad Gestora* empowered to such effect and, hence, to exercise the management and legal representation of the Fund, in accordance with Royal Decree 926/1998, May 14th, by which the *Fondos de Titulización de Activos* and *Sociedades Gestoras de Fondos de Titulización* are regulated.

3. Securities issued

Series	Amount (Euros)	%	Amortization	Moody's	S&P
A	577,200,000	96.2	Pass-through	Aaa	AAA
B	15,300,000	2.55	Pass-through	A2	A
C	3,600,000	0.60	Pass-through	Baa2	BBB
D	3,900,000	0.65	Pass-through	Bal	BB

Duration	5% CPR	10% CPR	15% CPR
A Bond	6.43	4.90	3.85
B Bond	9.91	7.86	6.29
C Bond	9.51	7.60	6.12
D Bond	8.05	6.62	5.45

This information has been elaborated with the assumptions detailed in Chapter II.12. of this Prospectus.

"Pass-through" is a term commonly accepted by the market to indicate that the amortization of the Bonds is parallel to the amortization of the assets endorsing the Bonds. In any event, the exact terms of the amortization conditions must be consulted in section II.11. of this Prospectus.

"Call" is a term commonly accepted by the market to indicate an early liquidation of the Fund.

3.1. Amount, price and interest rate of the Bonds

The aggregate amount of the issue will be 600,000,000 Euros constituted by 6,000 Bonds distributed in four Series represented as book entries of 100,000 Euros each. The price of issue of the Bonds will be 100,000 Euros, that is, 100% of their nominal value.

Series A Bonds will consist of 5,772 Bonds, which will accrue an annual variable interest rate, paid every quarter on each Payment Date, resulting from adding (i) the 3-month EURIBOR interest rate determined in section II.10.1. of this Prospectus, plus (ii) a margin of 0.24%.

Series B Bonds will consist of 153 Bonds, which will accrue an annual variable interest rate, paid every quarter on each Payment Date, resulting from adding (i) the 3-month EURIBOR interest rate determined in section II.10.1. of this Prospectus, plus (ii) a margin of 0.60%.

Series C Bonds will consist of 36 Bonds, which will accrue an annual variable interest rate, paid every quarter on each Payment Date, resulting from adding (i) the 3-month EURIBOR interest rate determined in section II.10.1. of this Prospectus, plus (ii) a margin of 1.20%.

Series D Bonds will consist of 39 Bonds, which will accrue an annual variable interest rate, paid every quarter on each Payment Date, resulting from adding (i) the 3-month EURIBOR interest rate determined in section II.10.1. of this Prospectus, plus (ii) a margin of 3.75%.

In any case, interest will be paid at the end of each quarter, calculated on an actual days over a 360 day basis.

Default Interest: in the event of non-payment to the Bondholders, the amounts matured and not received by the Bondholders will not incur default interest.

3.2. Amortization of the Bonds

The redemption value of each Bond will be 100,000 Euros, equivalent to its nominal value.

The amortization of all the Series of Bonds will be subject to the amortization characteristics of the Mortgage Loans, said amortization will be transferred on a quarterly basis from the first Payment Date in accordance with the terms established in section II.11 of this Prospectus.

Initially, the amortization of the Series B to D Bonds will be subordinated to the A Series, in sequence, both in principal and interest, as is established in section II.11.

Subsequently, when the credit enhancement of the subordinated classes that is, the relation between the Outstanding Nominal Balance of the subordinated Bonds of the B through D Series jointly, and the Outstanding Nominal Balance of all the Bonds, represent twice the relationship between the Outstanding Nominal Balance of the subordinated Bonds of the B through D Series jointly, and the Outstanding Nominal Balance of all the Bonds on the Date of Constitution, the amortization of the Bonds of all Series will take place pro rata, in the terms established in section II.11.3. of this Prospectus.

Nevertheless, in the event of the early liquidation of the Fund, as described in section III.10. of this Prospectus, the amortization will take place entirely in a single payment on the date of the liquidation of the Fund.

3.3. Maturity of the Bonds

The Bonds will mature on the date on which they have been redeemed in full or on the Date of the Liquidation of the Fund (the Payment Date immediately following the 30 months after the last regular maturity of the mortgage loans), July 26th, 2035.

The final redemption date of any of the Mortgage Loans grouped in the portfolio to be securitized will be December 31st, 2032.

4. Mortgage Share Certificates and Mortgage Transfer Certificates integrating the assets of the Fund

The assets of the Fund will include the Mortgage Share Certificates (hereon, **Shares**) and Mortgage Transfer Certificates (hereon, **Certificates**) issued by *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja* (hereon, *Ibercaja*) from loans granted for the acquisition, construction or restoration of a residential property in Spain, as a first mortgage over a property valued by an Appraisal Agency. Some of the loans derive from subrogations of promoter loans.

Among the Mortgage Loans there is a subset in which the Outstanding Nominal Balance does not exceed, on the date of the issue of the corresponding Mortgage Share Certificates, 80% of the appraised value of the mortgaged property guaranteed (hereon, **Mortgage Loans 1**). The Mortgage Loans 1 will represent, on the Date of the Constitution of the Fund, an outstanding total principal of, approximately, 442,631,673.71 Euros.

The remaining Mortgage Loans are loans in which the Outstanding Nominal Balance exceeds, on the date of the issue of the corresponding Mortgage Transfer Certificates, 80% of the appraised value of the mortgaged property guaranteed (hereon, **Mortgage Loans 2**). The Outstanding Nominal Balance of the Mortgage Loans 2 will not exceed, in any case, 100% of the appraised value of the mortgaged properties. The Mortgage Loans 2 will represent, on the Date of the Constitution of the Fund, an outstanding total principal of, approximately, 157,368,326.28 Euros.

The Mortgage Share Certificates and the Mortgage Transfer Certificates are jointly named **Shares and Certificates**.

Each Share and Certificate refers to 100% of the outstanding principal of each one of the Mortgage Loans, and accrue an interest rate equal to the nominal interest rate accrued at any given time by the corresponding Mortgage Loan.

The Mortgage Loans have a variable interest rate, with revision periods every semester or year.

As holder of the Shares and Certificates, the Fund will hold the rights acknowledged by current applicable legislation and rights inherent in the Shares and Certificates. Together with the payments made by the debtors of the Mortgage Loans, the Fund will receive any other payment received by the Seller, as servicer of the Mortgage Loans, including those derived from any ancillary rights to the Mortgage Loans such as compensation arising from insurance policies, payments made by possible guarantors, etc., with the exception of penalty interest, fees due for the recovery of unpaid amounts, as well as subrogation fees, amortization and prepayment fees, together with any other commission corresponding to the Seller of the Shares and Certificates.

The Mortgage Loans have been originated by the Seller from its customers following standard market analysis and credit criteria, and are managed in accordance with standard management procedures for this kind of operation.

Some data, relevant to the loan portfolio to be sold, and dated August 31st, 2003, is included in the following tables. The data results from a selection of mortgage loans extracted from the 10,594 mortgage loans integrating the audited portfolio referred to in the audit report mentioned in Chapter I of this Prospectus, and which had a balance of 654,531,450.7 Euros.

General Information regarding the loans:

Distribution according to type of current interest rate:

CURRENT RATE	NUMBER	CURRENT BALANCE (Euros)	CURRENT BALANCE %	WEIGHTED CURRENT RATE BY CURRENT BALANCE
2.00-3.00	169	14,764,706.62	2.46	2.87
3.00-4.00	3,063	220,281,630.56	36.71	3.48
4.00-5.00	6,380	355,120,481.85	59.19	4.28
5.00-6.00	127	6,101,079.82	1.02	5.12
6.00-7.00	66	3,732,101.14	0.62	6.33
TOTAL	9,805	599,999,999.99	100	3.97

Distribution according type of reference interest rate:

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REFERENCE RATE	NUMBER	CURRENT BALANCE (Euros)	CURRENT BALANCE %	WEIGHTED MARGIN OVER CURRENT BALANCE
EURIBOR	4,567	331,516,894.3	55.25	0.850
IRPH	4,916	253,531,317.28	42.26	0.130
MIBOR	322	14,951,788.41	2.49	1.140
TOTAL	9,805	599,999,999.99	100	

Distribution according to current balance/appraisal value ratio:

CB/AV %	NUM.	CURRENT BALANCE (EUROS)	CURRENT BALANCE %
25.00-30.00	37	1,635,996.80	0.27
30.00-35.00	297	11,841,661.01	1.97
35.00-40.00	363	16,059,796.12	2.68
40.00-45.00	441	21,951,869.77	3.66
45.00-50.00	479	24,492,341.25	4.08
50.00-55.00	649	33,912,983.17	5.65
55.00-60.00	793	44,306,462.95	7.38
60.00-65.00	924	53,932,422.97	8.99
65.00-70.00	1,089	63,297,705.17	10.55
70.00-75.00	1,238	77,352,833.40	12.89
75.00-80.00	1,315	93,847,601.10	15.64
80.00-85.00	875	58,453,833.13	9.74
85.00-90.00	958	66,940,766.53	11.16
90.00-95.00	347	31,973,726.62	5.33
	9,805	599,999,999.99	100

Further information regarding the Shares and Certificates grouped in the Fund may be found in Chapter IV of this Prospectus.

5. Priority of Payments

As a general rule, and in accordance with section V.4.2. of this Prospectus, income received by the Fund will be applied on each Payment Date to the following concepts, establishing as priority rule in the event of insufficient funds, in the following order of payments:

- (i) Expenses and taxes of the Fund.
- (ii) Management fees to the *Sociedad Gestora*.
- (iii) Payment of the Net Amount of the Swap Contract, in the event the contract is not liquidated.
- (iv) Payment of the interest on the Series A Bonds.
- (v) a) Payment of the interest on the Series B Bonds; b) in the event that 1) the Outstanding Nominal Balance of the non-defaulted Shares and Certificates with non-payments equal or above 90 days is higher than 16% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates, and 2) the A Bonds are not fully amortized, the payment of interest is delayed and takes position (ix) in this priority order. This delay will be irreversible, and will be applied to the remaining Payment Dates, in the event that the non-defaulted Shares and Certificates with non-payments equal or above 90 days are above 19% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates.
- (vi) a) Payment of the interest of the Series C Bonds; b) in the event that 1) the Outstanding Nominal Balance of the non-defaulted Shares and Certificates with non-payments equal or above 90 days is higher than 10% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates, and 2) the B Bonds are not fully amortized, the payment of interest is delayed and takes position (x) in this priority order. This delay will be irreversible, and will be applied to the

remaining Payment Dates, in the event that the non-defaulted Shares and Certificates with non-payments equal or above 90 days are above 15% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates.

- (vii) a) Payment of the interest of the Series D Bonds; b) in the event that 1) the Outstanding Nominal Balance of the non-defaulted Shares and Certificates with non-payments equal or above 90 days is higher than 10% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates, and 2) the C Bonds are not fully amortized, the payment of interest is delayed and takes position (xi) in this priority order. This delay will be irreversible, and will be applied to the remaining Payment Dates, in the event that the non-defaulted Shares and Certificates with non-payments equal or above 90 days are above 12% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates.
- (viii) Amortization of the principal of the Series A Bonds.
- (ix) Interest of the B Bonds following delay.
- (x) Interest of the C Bonds following delay.
- (xi) Interest of the D Bonds following delay.
- (xii) Amortization of the B Bonds without prejudice to section II.11.3.
- (xiii) Amortization of the C Bonds without prejudice to section II.11.3.
- (xiv) Amortization of the D Bonds without prejudice to section II.11.3.
- (xv) Replenishment of the Reserve Fund up to a minimum level, except in the Early Liquidation of the Fund when the Reserve Fund will not be replenished.
- (xvi) If applicable, following the liquidation of the Swap Contract, the liquidation payment due to the Fund.
- (xvii) Interest accrued by the Initial Expenses Loan.
- (xviii) Interest accrued by the Subordinated Loan.
- (xix) Fixed Remuneration of the Participative Loan.
- (xx) Amortization of the principal of the Initial Expenses Loan.
- (xxi) Amortization of the principal of the Subordinated Loan.
- (xxii) Amortization of the Participative Loan.
- (xxiii) Variable remuneration of the Participative Loan.

6. Credit Enhancement affecting the Bonds

A number of financial mechanisms have been incorporated to provide credit enhancement and liquidity support to the Bonds. Such features are:

- Reserve Fund, described in section V.3.4.: with an initial amount of 4,800,000 Euros, which will be deposited in the Reinvestment Account and will be maintained at a Minimum Level, which varies depending on the arrears of the portfolio of the Mortgage Loans.
- Subordination of the Series B, C and D Bonds. Initially, the Series B through D Bonds will be subordinated to the A Series.
- Fund's Account and Reinvestment Account at a guaranteed variable interest rate, described in section V.3.5. of the Prospectus.
- Financial Interest Swap Contract, described in section V.3.7. of this Prospectus.

To summarize, the structure of the Fund and its credit enhancements can be described in the following manner:

Initial Balance of the Fund

Assets	Liabilities
Mortgage Share Certificates (AV ≤ 80%)	Series A Bonds
Mortgage Transfer Certificates (AV > 80%)	Series B Bonds
	Series C Bonds
	Series D Bonds
Activated Initial Expenses	Initial Expenses Loan
Treasury (Reserve Fund)	Participative Loan (for the Reserve Fund)
Available Subordinated Loan	Remaining Subordinated Loan
Swap Contract	Swap Contract

7. Rating of the Bonds

On the Date of Constitution there will be a preliminary rating of (Aaa) for the A Bonds, a preliminary rating of (A2) for the B Bonds, a preliminary rating of (Baa2) for the C Bonds and a preliminary rating of (Bal) for the Series B Bonds, assigned by *Moody's Investors Service España, S.A.*

Equally, on the Date of Constitution there is a preliminary rating of (AAA) for the A Bonds, a preliminary rating of (A) for the B Bonds, a preliminary rating of (BBB) for the C Bonds and a preliminary rating of (BB) for the Series B Bonds, assigned by Standard & Poor's.

8. Dates of Payment and Notification

Payment Dates to the Bondholders: January 26th, April 26th, July 26th, and October 26th, of every year or, if such day is not a Business Day, the immediately following Business Day. The first Payment Date will take place on January 26th, 2004.

Dates of Notification of the amounts of redemption of the principal of the Bonds corresponding to the immediately following Payment Date: January 24th, April 24th, July 24th and October 24th, of each year, or, if such day is not a Business Day, the immediately previous Business Day.

9. Early Liquidation (Call) and final maturity of the Fund

By virtue of the agreement established in the Fund Regulations and this Prospectus, the *Sociedad Gestora* is entitled to carry out the early liquidation of the Fund when the Outstanding Nominal Balance of the Shares and Certificates is less than 10% of the initial balance, provided that the sale of the assets and any other Available Resource of the Fund allows for the total discharge of all outstanding obligations to the Bondholders and always in accordance with the priority order of payments of section V.4. of this Prospectus, and, when necessary, after all the authorizations from the relevant entities have been obtained. The Fund shall be terminated in the following cases, notifying the *CNMV* and the Rating Agencies in such events:

- (i) When the Shares and Certificates have been totally amortised, included the scenario regulated in section III.6. of this Prospectus, in the event of the modification of the fiscal regime severely affecting the financial balance of the Fund and in accordance with its requisites. In the event that all the Shares and Certificates have matured and there are outstanding amounts and payment obligations with the Bondholders, the Fund will be extinguished on the Payment Date immediately following thirty months from the maturity of the last Mortgage Loan grouped in the Fund, that is July 26th, 2035.
- (ii) When the Bonds issued are totally amortised.

- (iii) When, in the opinion of the *Sociedad Gestora*, exceptional circumstances arise which render impossible, or extremely difficult, the financial survival of the Fund. In this event, the *Sociedad Gestora*, after notifying the CNMV, will proceed to liquidate the Fund in accordance with the rules established in section V.4.2. of this Prospectus.
- (iv) In the event foreseen in Article 19 of Royal Decree 926/1998, that establishes the obligation to liquidate the Fund in the event that four months after the forced substitution of the *Sociedad Gestora*, due to insolvency proceedings or bankruptcy, no other *Sociedad Gestora* has been found to manage the Fund.
- (v) When a non-payment that indicates serious and permanent imbalance of the securities issued occurs, or is expected. In this event the *Sociedad Gestora*, following notification to the CNMV, will proceed to liquidate the Fund in accordance with the rules established in section V.4.2. of this Prospectus.

10. Listing of the Bonds

The Bonds are expected to be listed on the "*AIAF Mercado de Renta Fija*", an official security secondary market created by the *Asociación de Intermediarios de Activos Financieros*.

11. Registry

The entity in charge of the accounting registry of the Bonds will be the *Servicio de Compensación y Liquidación de Valores, S.A.* or the entity which replaces it, which will clear transactions effected in relation to the Bonds.

12. Financial Agent

The financial service of the Bonds will be conducted through *Instituto de Crédito Oficial (ICO)*.

13. Additional Information

Illustrative Character of the Information:

The information in the tables contained in this Prospectus regarding interest rates, amortization of principal, average lives, yields, and especially the information contained in the Financial Service Table is provided only on an illustrative basis, and the stated amounts do not represent concrete payment obligations by the Fund to third parties on the corresponding dates or periods to which they refer. The data has been calculated under assumptions of interest, default, recovery and prepayment rates that are subject to continuous change; therefore, any investor interested in knowing the expected payment scheduled on any particular date should request the pertinent information from the institutions authorized to distribute it, which are listed in this Prospectus. As stated in section III.5. of this Prospectus, the *Sociedad Gestora* commits itself to make the information relating thereto available to the general public.

Risk of non-payment of the Mortgage Share Certificates and Mortgage Transfer Certificates:

Bondholders shall bear the risk of non-payment of the Shares and Certificates grouped in the Fund, taking into account the protection afforded by the credit enhancement mechanisms.

The Seller will not assume any responsibility for non-payment by the mortgage debtors, be it of principal, interest or any other amount due by virtue of the Mortgage Loans. The Seller will not, under any circumstances, assume any responsibility in guaranteeing, either directly or indirectly, the success of the operation, nor will it give guarantees or warranties, nor enter into agreements for Shares and Certificates' repurchasing, neither in virtue of the Fund Regulations nor in that of any other pact or contract. All of the above is without prejudice to the responsibilities of the Seller in respect of the Loan Contracts (Initial

Expenses Loan, Subordinated Loan and Participative Loan), the Swap Contract, and the compromise described in Clauses 9 and 10 of the Fund Regulations, described in section IV.2. of this Prospectus.

Risk of prepayment of the Mortgage Share Certificates and Mortgage Transfer Certificates:

The Shares and Certificates grouped in the Fund are subject to prepayment when the debtors of the mortgage loans reimburse the amount of the outstanding principal of said loan.

Recourse in case of non-payment by the mortgage debtors:

In the event of non-payment of any amount due to the Bondholders, the Bondholders will have recourse only against the *Sociedad Gestora* and only in the event that the *Sociedad Gestora* is in breach of one of its obligations described under the Fund Regulations and in this Prospectus. The *Sociedad Gestora* is the only authorized representative of the Fund *vis-à-vis* third parties and in any legal proceedings, in accordance with the law.

The obligations of the Seller and the rest of the participants in the operation are limited to those arising from the corresponding contracts relating to the Fund; the relevant obligations are described in this Prospectus.

Nature of this Prospectus:

A prerequisite for the issue of the Bonds is its registration at the Official Register of the *Comisión Nacional del Mercado de Valores*, pursuant to Art. 26 and following of Law 24/1988, of July 28th, (*Ley del Mercado de Valores*) in its current wording. This Prospectus has been registered at the Official Register of the *Comisión Nacional del Mercado de Valores* on October 7th, 2003, in accordance with Circular 2/1994 of March 16th of the *Comisión Nacional del Mercado de Valores*.

The registration of the Prospectus by the *Comisión Nacional del Mercado de Valores* does not imply a recommendation to purchase the securities nor a view of any kind towards the solvency of the Fund or the yield of the issue.

The *Sociedad Gestora* is responsible to the holders of the Bonds for the information contained in the Prospectus. The present Prospectus does not constitute an offer for subscription, purchase or sale of the Bonds in jurisdictions in which such an offer is not in accordance with applicable law or to persons to whom their personal law does not authorise such offer.

14. Participants

Seller: Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (Ibercaja).

Sociedad Gestora: Titulización de Activos, SGFT, S. A.

Custodian and Financial Agent: *Instituto de Crédito Oficial (ICO)*.

Placement Directors: Bear Stearns International Limited and *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (Ibercaja)*.

Placement Co-directors: *Sociedad Española de Banca de Negocios Probanca, S.A.* (EBN Banco) and *Caja Castilla La Mancha*.

Underwriters: Bear Stearns International Limited, *Sociedad Española de Banca de Negocios Probanca, S.A.* (EBN Banco), *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (Ibercaja)*, *Caja Castilla La Mancha* and Royal Bank of Scotland.

Design and Structure: Bear Stearns International Limited.

Legal Advisor: Garrigues, Abogados y Asesores Tributarios.

Auditors: Pricewaterhouse Cooper Auditores, S.L.

CHAPTER I	1
I.1	Persons Assuming Responsibility for the Contents of the Prospectus
I.1.1.	Individuals Assuming Responsibility on Behalf of the <i>Sociedad Gestora</i> for the Contents of the Prospectus.
I.2	Supervising Entities
I.2.1.	Reference to the Inscription of the Issue in the Official Register of the <i>Comisión Nacional del Mercado de Valores</i> .
I.3	Audit Reports
CHAPTER II	3
II.1	Information on Requirements and Required Prior Agreements
II.1.1.	Agreements of the Board of Directors, Granting of the Public Deed and any other Requirements that may be mandatory in accordance with Applicable Law
II.1.2.	Listing and Liquidity of the Bonds
II.2	Prior Administrative Authorization
II.3	Evaluation of the Inherent Risk of the Bonds
II.4	Nature and Name of the Bonds Issued
II.4.1.	Different Periodicity between the Flow of Income and Payments of the Fund
II.4.2.	Priority of Payments
II.4.3.	Other Risk Considerations
II.4.3.1.	Risk of non-payment of the Shares and Certificates
II.4.3.2.	Risk of prepayment of the Shares and Certificates
II.4.3.3.	Other Considerations
II.5	Form and Representation and Accounting Registry
II.6	Amount of the Issue, in Nominal Euros, Number of Bonds and Amount of Each Bond
II.7	Effective and Nominal Amount of Each Security
II.8	Commissions and Related Expenses required to be borne by Investors when Subscribing for the Securities Issued by the Fund
II.9	Commissions to be charged to Bondholders
II.10	Interest of the Bonds
II.10.1.	Nominal Interest
II.10.2.	Dates, Place and Procedure for the Payment of the coupons
II.11	Amortization of the Bonds
II.11.1.	Redemption Price
II.11.2.	General Rules for the Amortization of the Bonds
II.11.3.	Exceptional Rules for the Amortization of the Bonds
II.11.4.	Maturity of the Bonds issued
II.11.5.	Examples of Amortization of the Bonds Issued
II.12	Financial Service of the Fund
II.13	Net Effective Interest Rate for the Bondholder (Yield)
II.14	Effective Interest Rate Expected for the Seller
II.15	Special Guarantees on the Mortgage Share Certificates and Mortgage Transfer Certificates
II.16	Transfer of the Bonds
II.17	Admission to Listing
II.18	Applications to Subscribe or Purchase Securities
II.18.1.	Potential Subscribers
II.18.2.	Legal Consideration of the Bonds to be Issued
II.18.3.	Period of Subscription for the Bonds
II.18.4.	Applications to Subscribe for the Bonds
II.18.5.	Form and Date of Payment
II.18.6.	Form and Terms of Delivery of the Bonds to the Subscribers
II.19	Placement and Allotment of the Bonds
II.19.1.	Placement Entities
II.19.2.	Placement Directors
II.19.3.	Underwriting of the Issue
II.19.4.	<i>Pro Rata</i> Assignment
II.20	Form and Term of the First Recording
II.21	Applicable Spanish Law and Competent Courts in Case of Legal Proceedings
II.22	Taxation on the Returns Derived from the Bonds
II.23	Purpose of the Operation
II.24	Secondary Contracting
II.25	Persons or Entities having taken part in the Design or Consulting of the Establishment of the Fund, or in Any Relevant Information Contained in the Prospectus
II.25.1.	Enumeration of the persons

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II.25.2.	Declarations of the Issuer	32
II.25.3.	Declaration of the Seller	33
CHAPTER III		34
III.1	Legal Information and Purpose of the Creation of the Fund	34
III.2	Name, Establishment and Registration of the Fund	34
III.3	Management and Representation of the Fund and the Bondholders	34
III.3.1.	Functions and Responsibilities of the <i>Sociedad Gestora</i>	34
III.3.2.	Payment to the <i>Sociedad Gestora</i>	35
III.4	Net Worth of the Fund	36
III.4.1.	Description of the Assets of the Fund	37
III.4.2.	Description of the Liabilities of the Fund	37
III.4.3.	Expenses	37
III.4.4.	Resources of the Fund	38
III.5	Formulation and Approval of the Annual Accounts and Other Accounting Documentation of the Fund. Name of the Appointed Auditors	38
III.5.1.	Formulations and Approval of the Annual Accounts and Management Report	38
III.5.2.	Publication and Transmittal to the CNMV of Periodic Information on the Economic and Financial Situation of the Fund	38
III.5.3.	Obligation to Give Notice of Relevant Facts	40
III.6	Taxation of the Fund	40
III.7	Modifications to the Fund Regulations	41
III.8	Replacement of the Participants	41
III.9	Subcontracting of the Participants	43
III.10	Early Liquidation and Termination of the Fund	43
III.11	Rights of the Seller in the Liquidation of the Fund	44
CHAPTER IV		45
IV.1	Mortgage Share Certificates and Mortgage Transfer Certificates Grouped in the Fund	45
IV.2	Servicing of the Mortgage Loans	48
IV.2.1.	General Compromises of the Seller as administrator	48
IV.2.2.	Administration Services of the Mortgage Loans	49
IV.2.3.	Subcontracting	50
IV.2.4.	Substitution of the Seller by the <i>Sociedad Gestora</i> , as administrator of the Shares and Certificates	50
IV.2.5.	Modifications to the Mortgage Loans	51
IV.3	Mechanisms for Granting the Mortgage Loans	52
IV.3.1.	Historical Information on the Portfolio of Mortgage Loans	53
IV.4	Declarations and guarantees in respect of the Seller, the Mortgage Share Certificates and the Mortgage Transfer Certificates and the Mortgage Loans	53
IV.4.1.	With respect to the Seller	53
IV.4.2.	With respect to the Shares and Certificates	54
IV.4.3.	With respect to the Mortgage Loans derived from the portfolio of Shares and Certificates grouped in the Fund	54
CHAPTER V		66
V.1.	Initial Balance of the Fund, Table of Assumptions and Estimated Behaviour of the Financial Flows of the Fund.	66
V.1.1.	Assumptions	66
V.1.2.	Table of the Income and Expenses of the Fund	69
V.1.3.	Calendar of the Fund	73
V.2	Accounting of the Fund	73
V.3	Other Financial Operations and Credit Enhancement	74
V.3.1.	Subordinated Loan	74
V.3.2.	Initial Expenses Loan	75
V.3.3.	Participative Loan	75
V.3.4.	Reserve Fund	76
V.3.5.	Deposit of the Resources of the Fund	77
V.3.5.1.	Reinvestment Account	77
V.3.5.2.	Fund's Account	78
V.3.6.	Technical Advance	79
V.3.7.	Financial Interest Swap Contract	79
V.3.7.1.	Liquidation Dates	79
V.3.7.2.	Liquidation Periods	79
V.3.7.3.	Amounts to be paid by Party A	80
V.3.7.4.	Amounts to be Paid by Party B	80
V.3.7.5.	Swap Contract breaches	80
V.3.7.6.	Rating modifications assumptions	80
V.3.7.7.	Maturity of the Contract	81

This prospectus is a translation into English of the original "Folleto Informativo" drafted in Spanish language and registered with the "Comisión Nacional del Mercado de Valores" (the Spanish Securities Market Commission, "CNMV") on October, 7th, 2003. The "Folleto Informativo" drafted in the Spanish language is the only official document, and no document other than the "Folleto Informativo" shall have any legal effect or be relied upon with regard to the Note Issue.

V.4	Rules of Priority of Allocation of Funds	81
V.4.1.	On the Date of the Establishment of the Fund and Issue of the Bonds	81
V.4.2.	From the Date of the Establishment of the Fund until the Total repayment of the Bonds	82
CHAPTER VI		85
VI.1	Relating to the Company, Except for its Capital	85
VI.1.1.	Registered Office	85
VI.1.2.	Establishment and Registration in the <i>Registro Mercantil</i>	85
VI.1.3.	Corporate Purpose	85
VI.1.4.	Place in Which the Documents Cited in the Prospectus, or any Further Documents Deriving Therefrom, May be Consulted.	85
VI.2	Relating to the Share Capital	86
VI.2.1.	Nominal Amount Subscribed and Disbursed	86
VI.2.2.	Classes of Shares	86
VI.2.3.	Evolution of the Capital Over the Past Three years	86
VI.3	Data Relative to Holdings	86
VI.3.1.	Participation in Other Companies	86
VI.3.2.	Corporate Groups to which the Company Belongs	86
VI.3.3.	Significant Shareholders	86
VI.4	Board of Directors and General Meeting	87
VI.4.1.	Board of Directors	87
VI.4.2.	Chief Executive Officer	87
VI.5	Interests in the Company Held by Persons that are Members of the Representative Bodies	87
VI.6	Identification of the Persons or Entities Lending to the <i>Sociedad Gestora</i> , and Holding More than 10% of the Debts Thereof, Quantifying Such Interest in Each Case	87
VI.7	Existence of Lawsuits and Legal Proceedings that Might Affect the Economic and Financial Situation of the <i>Sociedad Gestora</i>	87
CHAPTER VII		88
VII.1	Recent and Significant Trends of the Mortgage Market in General and of the Mortgage Loans and Bond Markets in Particular	88
VII.2	Implications Derived from those Trends Mentioned in the Previous Section	88

ANNEX: DEFINITIONS

Annexes mentioned in the Prospectus have not been translated and are not included. They are available in Spanish upon request to the *Sociedad Gestora*, and can be found in the Spanish version of the Prospectus.

CHAPTER I

PERSONS ASSUMING RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS AND SUPERVISING ENTITIES

I.1 Persons Assuming Responsibility for the Contents of the Prospectus

I.1.1. Individuals Assuming Responsibility on Behalf of the *Sociedad Gestora* for the Contents of the Prospectus.

D. Ramón Pérez Hernández, as Director General of *TITULIZACION DE ACTIVOS, SGFT, S.A.*, and in accordance with the agreement of the Board of Directors of the *Sociedad Gestora* held on June 9th, 2003, assumes responsibility on behalf of the *Sociedad Gestora* for the contents of the Prospectus. D. Ramón Pérez Hernández in such capacity confirms the accuracy of the contents of the Prospectus and that there are no omissions of relevant data or any other matters that would make the information provided herein misleading.

The registered office of *TITULIZACION DE ACTIVOS, SGFT, S.A.* is located at 26, Calle Almagro, Madrid, and its Fiscal Identification Code (CIF) is A-80352750. It has been registered with the number 3 in the Special Register of *Sociedades Gestoras de Fondos de Titulización* of the *Comisión Nacional del Mercado de Valores*.

I.2 Supervising Entities

I.2.1. Reference to the Inscription of the Issue in the Official Register of the *Comisión Nacional del Mercado de Valores*.

The Prospectus has been recorded in the Official Register of the *Comisión Nacional del Mercado de Valores* on October 7th, 2003.

The registration of the Prospectus by the *Comisión Nacional del Mercado de Valores* does not imply any recommendation to subscribe for the securities, nor a view of any kind on the solvency of the Fund or the yield of the issue.

I.3 Audit Reports

The Board of Directors of the *Sociedad Gestora* during its meeting of June 9th, 2003, appointed Pricewaterhouse Cooper Auditores S.L., registered in the R.O.A.C. with number S-0204 as auditors of the Fund. The Board of Directors of the *Sociedad Gestora* will inform the *Comisión Nacional del Mercado de Valores* of any change in the designation of the auditors.

Annex 4 includes the Audit Report on the issue of Mortgage Share Certificates and Mortgage Transfer Certificates to be grouped in the Fund carried out by Pricewaterhouse Cooper Auditores S.L. for *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja*, in accordance with Article 5 of Royal Decree 926/1998 of May 14th.

Such Audit Report has been made using sampling techniques that constitute a commonly accepted procedures to verify the registers held at entities in relation to a group of items ("population"), and allow the inference of said population by an analysis of a number of items ("sample") smaller than the total group. The level of confidence indicates the probability that the real number of items with deviations

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from an existing trend of population does not exceed a predetermined limit ("precision"). The size of the sample and the confidence level chosen determine that, in the event of errors not being found in the sample, a maximum error level is inferred for the population, always other than zero.

In the event that new errors are detected in the rest of the population which have not been initially detected by the auditors for the rest of the population not included in the sample, the corresponding Shares and Certificates shall be replaced in accordance with section IV.1. of the Prospectus.

The *Sociedad Gestora* declares that all the Mortgage Loans backing Shares and Certificates grouped in the Fund, their characteristics described in section IV.4. of the Prospectus, have been selected from the portfolios to which the audit report applies.

CHAPTER II

INFORMATION RELATING TO THE SECURITIES ISSUED

II.1 Information on Requirements and Required Prior Agreements

II.1.1. Agreements of the Board of Directors, Granting of the Public Deed and any other Requirements that may be mandatory in accordance with Applicable Law

The issue and subscription of the Mortgage Share Certificates and Mortgage Transfer Certificates and the constitution of the Fund have been authorised by the agreements adopted by the Board of Directors of the *Sociedad Gestora*, in a meeting held on June 9th, 2003 and by the Board of Directors of *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja*, on July 24th, 2003. These agreements are included as Annexes 1 and 2 of this Prospectus.

The *Sociedad Gestora* is qualified to arrange *Fondos de Titulización*, and, accordingly, to administer and legally represent them, pursuant to Royal Decree 926/1998, of May 14th, by which *Fondos de Titulización de Activos* and *Sociedades Gestoras de Fondos de Titulización* are regulated.

The deed containing the Fund Regulations will be drawn up prior to the beginning of the Subscription Period for the Bonds.

Pursuant to Royal Decree 926/1998 of May 14th, neither the Fund nor the securities issued by it will be registered in the *Registro Mercantil* (Commercial Register).

II.1.2. Listing and Liquidity of the Bonds

This issue is expected to be listed on the AIAF Fixed Income Market, an organised secondary securities market, created by the *Asociación de Intermediarios de Activos Financieros*.

The entity in charge of establishing records of the accounts through which the Bonds are held will be the *Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores* or the entity which replaces it, which will clear transactions effected in relation to the Bonds. Such tasks shall be carried out directly by the *Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores* or the entity which replaces it, through its associated entities.

II.2 Prior Administrative Authorization

No prior administrative authorization is necessary.

II.3 Evaluation of the Inherent Risk of the Bonds

The *Sociedad Gestora* in its capacity as founder and legal representative of the Fund, and the Seller, as seller of the Shares and Certificates, have agreed to request Moody's Investors Service España, S.A. and Standard & Poor's, S.A., to assign ratings to each one of the Series of Bonds, in accordance with art. 5 of Royal Decree 926/1998 of May 14th.

On the Date of Constitution, the following preliminary ratings will be assigned by the Rating Agencies:

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	Moody's	S&P
Series A Bonds	Aaa	AAA
Series B Bonds	A2	A
Series C Bonds	Baa2	BBB
Series D Bonds	Bal	BB

The Rating Agencies were commissioned to perform an evaluation of the Bonds and provide the rating thereof.

The rating, by definition, constitutes the opinion of the Rating Agencies as to the level of credit risk (late payment and default) to which the Bonds are subject. Accordingly, this involves an assessment of the likelihood that Bondholders will receive payments of interest due to them on the expected dates.

Moody's assessment takes into account the structure of the Bond issue, the legal aspects of the Bonds, the characteristics of the Fund, the nature and characteristics of the mortgage loans and the regularity and continuity of the flow of funds in the operation.

The rating assigned by Moody's does not constitute an assessment of the probability that the mortgage debtors will prepay or amortise the principal, nor is it an assessment of the extent to which such payments may differ from the original expectations. The rating does not in any way imply an assessment of the likely yield of the Bonds.

The rating assigned by Moody's for this transaction is an opinion on the capacity of the Fund to pay interest and principal during the life of the transaction, and in any event, to pay interest and principal before its legal maturity, on July 26th, 2035.

In order to make its assessment, Moody's has relied upon the statements made by the participants in the transaction, by its auditors and lawyers, and by other experts concerning the accuracy and completeness of the information provided in connection with the rating and its subsequent monitoring.

The rating assigned by Moody's upon the creation of the Fund is subject to revision, suspension or withdrawal at any time, on the basis of any information of which it becomes aware. The initial rating, as well as any revision or suspension:

- Is formulated by Moody's on the basis of a considerable amount of information received, and in respect of which Moody's gives no assurance as regards accuracy or completeness so that Moody's shall not in any manner be considered liable.
- Does not constitute and cannot, accordingly, be interpreted in any manner as a recommendation or encouragement to Bondholders to proceed to effect any transaction in respect of the Bonds, and in particular, to buy, hold, retain, pledge or sell the Bonds.
- And neither does it reflect the market conditions, or the possible needs of any particular investor.

Standard & Poor's rating, regarding credit risk, is an opinion on the Bonds' capacity to comply with the periodic payments of interest and principal throughout the life of the operation.

Standard & Poor's rating is based on the quality of the Shares and Certificates grouped in the Fund, on the available credit enhancement and the legal and financial aspects of the Bonds' issue.

The rating assigned by Standard & Poor's does not constitute an assessment of the probability that the debtors will prepay or amortize the principal of the Shares and Certificates. The rating does not in any way comprise an assessment of the likely level of the yield for the investors.

In order to make its assessment, Standard & Poor's has relied upon the statements made by the participants in the transaction, by its auditors and lawyers, and by other experts concerning the accuracy

and completeness of the information provided in connection with the rating and its subsequent monitoring.

The rating assigned by Standard & Poor's upon the creation of the Fund is subject to revision, suspension or withdrawal at any time, on the basis of any information of which they become aware. The initial rating, together with any revision or withdrawal.

The rating assigned by Standard & Poor's does not constitute a recommendation to buy, sell or retain the securities.

The absence of confirmation prior to the beginning of the subscription period of the provisional ratings assigned to the Bonds (Series A, B, C and D) by the Rating Agencies, will constitute grounds for the dissolution of the Fund and the Bonds.

The documents in which the Rating Agencies grant the rating to the Bonds are included as Annex 3 of the Prospectus.

II.4 Nature and Name of the Bonds Issued

The aggregate amount of the issue is 600,000,000 Euros, divided into 6,000 Bonds in four Series (A, B, C and D).

Series	Amount (Euros)	%	Amortization	Moody's	S&P
A	577,200,000	96.20	Pass-through	Aaa	AAA
B	15,300,000	2.55	Pass-through	A2	A
C	3,600,000	0.60	Pass-through	Baaa2	BBB
D	3,900,000	0.65	Pass-through	Bal	BB

The Bonds are regulated by Royal Decree 926/1998, benefiting from their nature as fixed income securities that are homogeneous, standardised, and therefore negotiable in organised security markets.

II.4.1. Different Periodicity between the Flow of Income and Payments of the Fund

The financial service of the Bonds is effected from the flow of income of the Shares and Certificates. The Fund receives such income on a monthly basis and makes its payments on a quarterly basis, such income being invested in the Fund's Account and Reinvestment Account during the interim period between receipt and payment, as specified in section V.3.5. of the Prospectus. Credit enhancement mechanisms are available, which cover up to a certain limit the risk of insufficiency of resources of the Fund and which have been taken into consideration by the Rating Agencies for the purpose of assigning the rating to the issue described in section II.3. of the Prospectus.

II.4.2. Priority of Payments

Payment of interest and principal on the Bonds to the Bondholders are subject to the priority of payments of the Fund as described in section V.4.2. of the Prospectus.

II.4.3. Other Risk Considerations

II.4.3.1. Risk of non-payment of the Shares and Certificates

Bondholders shall bear the risk of non-payment of the Shares and Certificates grouped in the Fund, taking into account the protection offered by the credit enhancement mechanisms.

The Seller does not assume any liability whatsoever for the non-payment by the Mortgage debtors, of either principal, interest or any other amount that may be due in respect of the Mortgage Loans. The seller does not, under any other manner whatsoever, assume any responsibility for guaranteeing, either directly or indirectly, the performance of the Fund or give guarantees or warranties, or enter into any repurchase agreements for the Shares and Certificates, whether by virtue of the Fund Regulations or any other pact or contract. All of the above without prejudice to the responsibility of the Seller in respect of the Loan Contracts (Initial Expenses Loan, Subordinated Loan and Participative Loan), the Swap Contract or the compromises described in Clause 9 and 10 of the Fund Regulations, included in section IV.2. of the Prospectus.

II.4.3.2. Risk of prepayment of the Shares and Certificates

The Shares and Certificates grouped in the Fund may be subject to prepayment when the borrowers of the underlying Mortgage Loans prepay the outstanding principal.

The risk entailed by said prepayment will be transferred quarterly, on each Payment Date, to the Bondholders in accordance with the rules of amortization described in section II.11. of the Prospectus.

II.4.3.3. Other Considerations

Limited Protection: An investment in the Bonds may be affected, among other things, by a downturn in general economic conditions which may adversely affect the payments of the Mortgage Loans which support the Fund. Sufficiently high defaults could reduce, or even eliminate, the protection of the Bonds against losses in the Mortgage Loan portfolio, which is provided through the credit enhancements described in section V.3. of the Prospectus.

Limited Responsibility: The Bonds issued by the Fund do not represent an obligation of the *Sociedad Gestora* or of the Seller. The cash flows available to cover payment obligations arising from the Bonds is insured or guaranteed only in the specific circumstance and to the limited extent cited in the Prospectus. With the exception of these guarantees, no other guarantees are granted by any public or private entity, including the Seller, *Titulización de Activos*, or any other company affiliated to these entities, or in which they have holdings. The Shares and Certificates representing the Mortgage Loans and rights they entail, constitute the sole source of income for the Fund and, therefore, the sole source of payments to the holders of its liabilities.

Limited Liquidity: There is no guarantee that a secondary market with a minimum frequency and liquidity will develop for the Bonds.

In addition, in no case may the Bonds be repurchased by the Fund from the Bondholders, although early amortization of the Bonds in their entirety is possible, in the event of the early liquidation of the Fund, when the Outstanding Nominal Balance of the Shares plus the Certificates pending amortization, is less than 10% of the initial balance of all of the Bonds, under the terms set out in section III.10. of the Prospectus.

Yield: The rate of prepayment of the Mortgage Loans may be influenced by a variety of geographic, economic and social factors, such as the age of the debtors, seasonality, market interest rates and unemployment.

The calculation of the yield, average life and duration of the Bonds involves assumptions regarding prepayment rates that may not occur.

Additional Interest: The existence of delays in the payment of interest or principal to the Bondholders shall in no case result in additional interest in their favour.

Legal Aspects: As of the Date of Constitution, the Seller will grant a number of warranties and guarantees on the characteristics of the Mortgage Loans and the Shares and Certificates concerning the existence of the Mortgage Loans and any guarantees relating thereto, if any, as well as the absence of any obstacle to the issue of the Shares and Certificates, and their conformity with the characteristics of the Mortgage Loans set out in the Regulations and in the Prospectus. However, the Seller does not guarantee the credit of the debtors of the Mortgage Loans. In addition, such guarantees do not enable Bondholders to exercise against the Seller any right, which they may have against the Fund; the *Sociedad Gestora* is the only authorised representative of the Bondholders in relation with third parties and in any legal proceedings related to the Fund in accordance with article 12 (1) of Royal Decree 926/1998 and in article 6 paragraph 2 of Law 19/1992.

In accordance with the Fund Regulations and the Prospectus, the Seller has undertaken to act, as regards the servicing of the shared Loans, using the same care as when dealing with any other Loan in its portfolio.

II.5 Form and Representation and Accounting Registry

The Bonds will be represented as book entries, in accordance with Royal Decree 926/1998 and they will be constituted as such by virtue of their inscription in the corresponding accounting registry.

The Bondholders shall be identified as such (on their behalf or with third parties) in the registry maintained by the *Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A.* (hereon, IBERCLEAR) or the entity which replaces it, which will be responsible for maintaining the accounting registry of the Bonds in accordance with the Fund Regulations, in such a way that the clearing and payments of the Bonds is effected in accordance with the rules established or that may be established in the future by IBERCLEAR, or the entity which replaces it, for securities admitted to listing on the AIAF Market and represented as book entries.

II.6 Amount of the Issue, in Nominal Euros, Number of Bonds and Amount of Each Bond

The aggregate amount of the issue of Bonds will be 600,000,000 Euros; the Bonds will be represented as book entries each with a nominal value of 100,000 Euros. 6,000 Bonds in four Series will be issued.

A Series: 5,772 A Bonds, for a total amount of 577,200,000 Euros.

B Series: 153 B Bonds, for a total amount of 15,300,000 Euros.

C Series: 36 C Bonds, for a total amount of 3,600,000 Euros.

D Series: 39 D Bonds, for a total amount of 3,900,000 Euros.

II.7 Effective and Nominal Amount of Each Security

The price of issue of each Bond will be 100,000.00 Euros, that is, 100% of its nominal value.

The redemption price of each Bond will be 100,000.00 Euros equivalent to its nominal value.

The Bonds of both Series are denominated in Euros. The Fund will make all payments derived from the Bonds' issue in Euros.

II.8 Commissions and Related Expenses required to be borne by Investors when Subscribing for the Securities Issued by the Fund

The aforementioned price of issue shall be free of taxes and subscription expenses for the investor.

II.9 Commissions to be charged to Bondholders

Registration fees for the *Registro Central de IBERCLEAR* will be at the expense of the Fund, and will be non-transferable to the Bondholder.

Furthermore, entities part of IBERCLEAR will be able to establish, in accordance with current legislation, the commissions and expenses due by the holder of the Bonds for the concept of administration of the securities as they freely determine, and which have been notified to the Bank of Spain and/or the CNMV as supervising body.

II.10 Interest of the Bonds

II.10.1. Nominal Interest

Interest payments to the Bondholders will be made, in relation to the other payment obligations of the Fund, according to the priority order described in section V.4.2. of the Prospectus. Interest for all series will accrue on the basis of Interest Accrual Periods. Each Interest Accrual Period will be the period between two Payment Dates, including the first day and excluding the last day of such period. The first accrual period will start on the Closing Date (including that date) and will end on the first Payment Date, January 26th, 2004 (excluding that date).

All the Bonds issued will bear, from the Closing Date until their final maturity, a variable annual interest rate, paid quarterly on each Payment Date on the Outstanding Nominal Balance of each Bond.

The applicable interest rate for each one of the Series of Bonds during each Accrual Period will be the sum of (i) the Reference Interest Rate, determined in the manner established in the following section, equal for all Series and rounded to the nearest thousandth of a percentage point, taking into account that, in the case that the amount rounded up or down is identical, such rounding will be effected upwards, plus (ii) the margin applicable to each Series of Bonds, as is established below.

Reference Interest Rate: The Reference Interest Rate for the determination of the applicable interest rate for the Bonds of both Series will be the 3-month EURIBOR, or a substitute if necessary, and will be determined as follows. EURIBOR is the market's reference interest rate for the Euro.

Determination of the Reference Interest Rate for the Bonds: The determination of EURIBOR will conform to the rules described in this section.

On each Determination Date, the *Sociedad Gestora* will determine the Reference Interest Rate equal to the EURIBOR, as follows:

- (i) The three-month EURIBOR rate which appears on the REUTERS' screen, EURIBOR= page at 11:00 am C.E.T. (Central European Time) on the Determination Date. "REUTERS' screen, EURIBOR= page" is the page that reflects the contents of page "EURIBOR=" on the REUTERS MONITOR MONEY RATES SERVICE (or any other page that might replace it in this service).
- (ii) In absence of the rates indicated in part (i) the average shall be that of the three-month EURIBOR rate on the Determination Date which appears on "TELERATE" screen (TELERATE SPAIN, S.A.), page 248, (or any other page that might replace it in this service) at 11:00 am C.E.T..
- (iii) In absence of the rates indicated in parts (i) and (ii) the average shall be that of the London three-month interbank interest rates for Euro-denominated deposit operations declared, simultaneously, on the Determination Date by the following institutions (the rate will be requested simultaneously to these entities):
 - Banco Santander Central Hispano (London office)
 - JP Morgan Chase & Co. (London)
 - Barclays Bank (London)
 - Confederación Española de Cajas de Ahorros (London office)

In the event that one of the above institutions do not supply quotes, the applicable rate shall be the average of the rates declared by at least two of the remaining institutions.

- (iv) In the event that the rates cannot be determined by the above mentioned procedures (i), (ii), and (iii), the applicable rate shall be that which was applicable for the previous Interest Accrual Period.

The *Sociedad Gestora* will keep copy of REUTERS or TELERATE's pages, or in its case, the supplied quotes of the institutions mentioned in part (iii), as evidence of the type of EURIBOR established.

Determination Date of the Reference Interest Rate and the Interest Rate of the Bonds: The Determination Date for the Reference Interest Rate for each accrual period will be the second Business Day before the Payment Date which marks the start of the corresponding Interest Accrual Period. For the first Interest Accrual Period the Determination Date for the Reference Interest Rate will be October 10th, 2003.

Once the Reference Interest Rate for the Bonds has been determined, and on the same Determination Date, the *Sociedad Gestora* will calculate and determine for each Series of Bond the applicable interest rate for the following Interest Accrual Period.

Margin to be applied to the Reference Interest Rate for each one of the Series of Bonds:

The margin to be applied to the Interest Rate, determined in the previous paragraph, to calculate the interest rate to be accrued during each Interest Accrual Period for the Series A Bonds will be 0.24%.

The margin to be applied to the Interest Rate, determined in the previous paragraph, to calculate the interest rate to be accrued during each Interest Accrual Period for the Series B Bonds will be 0.60%.

The margin to be applied to the Interest Rate, determined in the previous paragraph, to calculate the interest rate to be accrued during each Interest Accrual Period for the Series C Bonds will be 1.20%.

The margin to be applied to the Interest Rate, determined in the previous paragraph, to calculate the interest rate to be accrued during each Interest Accrual Period for the Series D Bonds will be 3.75%.

Formula to calculate the interest of the Bonds: Interest accrued on the Bonds of both Series for each Interest Accrual Period will be calculated by the *Sociedad Gestora* according to the following formula:

$$I_i = N_i * r_i * \frac{n_i}{360}$$

where:

N_i is the Outstanding Balance of the Bond at the beginning of the Interest Accrual Period.

I_i is the total amount of interest accrued on the Bond during the Interest Accrual Period.

r_i is the Bond's interest rate on an annual basis, calculated as the sum of the EURIBOR Reference Interest Rate for the relevant Interest Accrual Period plus the margin established.

n_i is the number of days in the Interest Accrual Period.

Example of interest calculations for the Series A, B, C and D Bonds: applying the following margins to each Series.

Reference EURIBOR 2.133%
Rounded EURIBOR 2.133%

			Margin	Interest Rate
A Bond Applicable rate	2.133%	+	0.240%=	2.373%
B Bond Applicable rate	2.133%	+	0.600%=	2.733%
C Bond Applicable rate	2.133%	+	1.200%=	3.333%
D Bond Applicable rate	2.133%	+	3.750%=	5.883%

Number of days in the Accrual Period: 90 days

Principal in Euros on which to calculate the interests of the Accrual Period: 100,000

			Euros
Interests accrued on an A Bond:	100,000 x 90/360	x 2.373%	= 593.25
Interests accrued on a B Bond:	100,000 x 90/360	x 2.733%	= 683.25
Interests accrued on a C Bond:	100,000 x 90/360	x 3.333%	= 833.25
Interests accrued on a D Bond:	100,000 x 90/360	x 5.883%	= 1,470.75

Performance of EURIBOR interest rates in past months: For informative purposes only, the following are 3-month EURIBOR rates appearing on the Reuters page EURIBOR=, on the indicated dates:

THREE-MONTH EURIBOR (EURIBOR= Reuters page)

Date	3M Euribor
29-09-03	2.133
26-09-03	2.132
25-09-03	2.133
24-09-03	2.135
23-09-03	2.138
22-09-03	2.141
19-09-03	2.149
18-09-03	2.150
17-09-03	2.151
16-09-03	2.150
15-09-03	2.151
12-09-03	2.152
11-09-03	2.152
10-09-03	2.152
09-09-03	2.153
08-09-03	2.157
05-09-03	2.159
04-09-03	2.161

II.10.2. Dates, Place and Procedure for the Payment of the coupons

Interest payments on the Bonds of all Series will be made quarterly on January 26th, April 26th, July 26th and October 26th of every year until the Bonds are completely amortised. In the case that one of such days is not a Business Day in Madrid, the interest for the quarter will be paid on the following Business Day. The first Payment Date of the Fund shall be January 26th, 2004.

In the event that on a Payment Date, and despite the mechanisms established for the protection of the rights of the Bondholders, the Available Resources of the Fund, defined further on, are not sufficient to satisfy all of the payment obligations of the Fund as specified in section V.4.2. of the Prospectus, the amount available for the payment of interest or principal will be distributed in accordance with the priority of allocations established in such section. In the case that the Available Resources are only sufficient to partially satisfy the obligations with the same priority of allocation, the amount available will be divided proportionately among the Bonds affected in proportion to their Outstanding Nominal Balances. The amounts not received by Bondholders on such date will be deemed as a pending payment and will be paid on the following Payment Date on which such payment is possible, without accruing additional interest. Amounts due but not paid to the Bondholders will be paid on the following Payment Date (if possible), with priority immediately before the payments due to the Bondholders of that same Series, for the Interest Accrual Period ending on such Payment Date. The priority of allocation of payments is set out in section V.4.2. of the Prospectus.

Withholding and other taxes, as well as any taxes that may be imposed in the future on the principal, interest, or returns of the Bonds will be the exclusive responsibility of the Bondholders and such amounts will be deducted, as appropriate, by the designated entity in the form legally established.

Payment will be made through the Financial Agent (*Instituto de Crédito Oficial*), and distributed through *IBERCLEAR*, or the entity replacing it, and its participating entities.

II.11 Amortization of the Bonds

II.11.1 Redemption Price

The redemption value of each Bond will be 100,000 Euros, equivalent to its nominal value, free of expenses and taxes for the Bondholder, to be paid progressively on every Payment Date as is established in the following sections.

II.11.2 General Rules for the Amortization of the Bonds

The amortization of the A, B, C and D Series of Bonds will take place pro rata among the Bonds of the Series due to be amortized (such payment in accordance with the following paragraphs), through a reduction of the nominal amount, until it is redeemed in full, on each Payment Date for an amount equal to the lesser of the following amounts:

- (a) the positive difference on such Payment Date, between the Outstanding Nominal Balance of the Bonds (prior to the amortization to be effected on that Payment Date) and the Outstanding Nominal Balance of the Non-defaulted Shares and Certificates corresponding to the last day of the month prior to the Payment Date, or
- (b) the Available Resources on that Payment Date, minus the amounts corresponding to the payments due on that Payment Date as defined in paragraphs (i) through (vii) of the priority order of payments in section V.4.2. of the Prospectus.

Any defaulted Shares and Certificates will result in the amortization of the Bonds on the Payment Date following the declared default, by an amount equivalent to their matured and non matured principal (therefore, Outstanding Nominal Balance of the Defaulted Shares and Certificates). For this amortization the Available Resources of the Fund will be used, following the payment of the liabilities preceding it in the priority order described in section V.4.2. of the Prospectus. In the event that there are no Available Resources to effect the payments, the corresponding amounts will remain outstanding until the immediately following Payment Date.

The amounts received as recovery from the defaulted Shares and Certificates will be added to the Available Resources of the Fund.

In the event of the early liquidation of the Fund in accordance with section III.10 of the Prospectus, the amortization of the Bonds will take place in a single payment on the date of the liquidation of the Fund.

The amortization of the B Bonds will begin when the A Bonds are fully amortized. The amortization of the C Bonds will begin when the A and B Bonds are fully amortized. The amortization of the D Bonds will begin once the A, B and C Bonds are fully amortized.

II.11.3 Exceptional Rules for the Amortization of the Bonds

Notwithstanding section II.11.2. above, the A, B, C and D Bonds will be amortized on a pro rata basis, in proportion to the Outstanding Nominal Balance of each Bond, excluding the necessity of amortizing the previous Series, for the amounts resulting from sections (a) and (b) above, and whenever there are available resources to do so in accordance with section V.4.2. of this Prospectus, when on a specific Payment Date, the credit enhancement of the subordinated classes, that is, the relation between the Outstanding Nominal Balance of the B, C and D Bonds, jointly, and the Outstanding Nominal Balance of the Bonds represents twice the relation between the Outstanding

Nominal Balance of the B, C and D Bonds, jointly, and the Outstanding Nominal Balance of all the Bonds on the Date of Constitution.

The amortization of all Series of Bonds will revert to section II.11.2. when, on a Payment Date, any of the following take place:

- (i) The Outstanding Nominal Balance of the non-defaulted Shares and Certificates with non-payments above 90 days is equal or above 2% of the Outstanding Nominal Balance of the Bonds.
- (ii) The Reserve Fund does not cover the Minimum Level established in section V.3.4. of this Prospectus.
- (iii) In the event that the *Sociedad Gestora* does not opt for the early liquidation of the Fund when the Outstanding Nominal Balance of the Shares and Certificates is below 10% of its Initial Balance.

II.11.4. Maturity of the Bonds issued

Amortization of the Bonds of all Series will take place on the Payment Date on which they are fully redeemed or on the date of the Liquidation of the Fund (on the Payment Date immediately following the 30 months elapsed since the last regular payment of the mortgage loans), July 26th, 2035.

The last scheduled amortization date of the Mortgage Loans grouped in the securitized portfolio will be December 31st, 2032.

II.11.5. Examples of Amortization of the Bonds Issued

Whilst the Series of Bonds maintain a subordinated sequence, on October 26th, 2006 it is expected that an amount of principal Series A Bonds will be redeemed. This redemption is expected to be equal to the pro rata distribution among each Bond of the Available Resources and always in accordance with the priority order established in section V.4.2. of this Prospectus. As a consequence, the following reduction of the nominal principal amount of every Series A Bond will take place; the amount will be equal to the pro rata distribution among each Series A Bond of (i) the amount received by the Seller from June 30th, 2006 to September 30th, 2006, as principal of the Non-Defaulted Shares and Certificates, in accordance with the amortization program for the Mortgage Loans, including the Technical Advance received on the Transfer Date prior to said Payment Date; plus (ii) the amount received by the Seller as Loan administrator, from June 30th, 2006 until September 30th, 2006, as pre-paid principal of the Shares and Certificates; plus the matured and non matured principal of the Shares and Certificates declared defaulted since the previous Payment Date (that is, the Outstanding Nominal Balance of the Defaulted Shares and Certificates). This amount will be the equivalent of the amount described in section (a) of section II.11.2. of this Prospectus.

In the event that on October 26th, 2008, all the Series of Bonds begin to amortize on a pro rata basis, an amount of the principal of the A, B, C and D Bonds will be amortized; this amount will be equal to the pro rata distribution among each Series of the Available Resources, always in accordance with the priority order established in section V.4.2. of this Prospectus. As a consequence, the following reduction of the nominal of each Series would take place, in an amount equal to the pro rata distribution among each Series of (i) the amount received by the Seller, from June 30th, 2008, until September 30th, 2008, as principal of the non-defaulted Shares and Certificates, as a result of the amortization regime of the Mortgage Loans, including the Technical Advance received the Transfer Date prior to said Payment Date, plus (ii), the amount received by the Seller, as Mortgage Loan servicer, from June 30th, 2008, until September 30th, 2008, as pre-paid principal of the Shares and

Certificates; plus the matured and non matured principal of the Shares and Certificates declared defaulted since the previous Payment Date (that is, the Outstanding Nominal Balance of the Defaulted Shares and Certificates). This amount will be equivalent to the amount described in point (a) of section II.11.2. of this Prospectus.

Publicity regarding Amounts to be paid and Entities responsible for the Financial Service of the Issue: *Instituto de Crédito Oficial* (ICO) will act as the Financial Agent. The payment of interest and principal will be announced in national newspapers or through other channels generally accepted in the market (AIAF, IBERCLEAR), which ensure the appropriate diffusion of the information, on a timely and adequate basis.

Dates of Notification of payments to be made by the Fund on each Payment Date will be every: January 24th, April 24th, July 24th and October 24th, of every year throughout the life of the Fund, or the Business Day immediately previous if such dates were not Business Days.

Periodic information to be provided by the Fund is described in section V.2.

Early Liquidation (Call) and Final Maturity of the Fund: By virtue of the agreement established in the Deed of Constitution of the Fund and in the Prospectus, the *Sociedad Gestora* is entitled to effect the early liquidation of the Fund, when the Outstanding Nominal Balance of the Shares and Certificates is less than 10% of the initial balance, provided that the sale of the assets of the Fund permits the total discharge of all outstanding obligations to the holders of the Bonds, all payments that are preferential in accordance with the rules described in section V.4. have been made, and there has been obtained, when necessary, all necessary authorisations from the relevant authorities. The Fund will be extinguished, and the CNMV and the Rating Agencies will be notified, in the following cases:

- (i) When the Shares and Certificates are totally amortised, including the scenario established in section III.6. of the Prospectus in the event of a modification in the tax regime severely affecting the financial balance of the Fund and when its requisites are met. In the event that all the Shares and Certificates have matured and that there remain outstanding amounts to be collected and to be paid to the Bondholders, the Fund will be extinguished on the Payment Date immediately following the 30 months after the maturity of the last Mortgage Loan grouped in the Fund, that is, July 26th, 2035.
- (ii) When the Bonds are totally amortised.
- (iii) When, in the opinion of the *Sociedad Gestora*, exceptional circumstances arise which render the financial survival of the Fund extremely difficult or impossible. In this event, the *Sociedad Gestora*, after notifying the CNMV, will proceed to liquidate the Fund in accordance with the rules established in section V.4.2. of the Prospectus.
- (iv) In the event foreseen in Article 19 of Royal Decree 926/1998, which sets out the obligation to undertake an early liquidation of the Fund in the event that, four months after an event that justifies the substitution of the *Sociedad Gestora* (insolvency proceedings or bankruptcy), no alternative *Sociedad Gestora* has been found to manage the Fund.
- (v) When a non-payment, indicative of serious and permanent imbalance of the securities issued, occurs or is expected. In this event, the *Sociedad Gestora*, after notifying the CNMV, will proceed to liquidate the Fund in accordance with the rules described in section V.4.2. of the Prospectus.

II.12 Financial Service of the Fund

The financial service of the Bonds will be effected through *Instituto de Crédito Oficial (ICO)*, an institution appointed as Financial Agent by virtue of the Financial Service Contract entered into by *Instituto de Crédito Oficial (ICO)* and the *Sociedad Gestora* on behalf of the Fund, according to which all payments to be made to Bondholders by the Fund will be made through the Financial Agent. The Bondholders will be notified of payments of both principal and interest in accordance with and within the time specified in section II.11.4. of the Prospectus.

The Average Life of the Bonds for different Rates of Prepayment (CPR), assuming the hypotheses described in section V.1.1 of the Prospectus, would be the following:

TDA IBERCAJA 1, FONDO DE TITULIZACION HIPOTECARIA				
Variations in the hypothesis established for the Financial Service of the Fund table				
EURIBOR 2.133%				
Prepayment Assumption		5% CPR	10% CPR	15% CPR
Series A Bond	Average Life (years)	7.43	5.52	4.26
	Yield	2.428%	2.428%	2.428%
Series B Bond	Average Life (years)	12.03	9.21	7.17
	Yield	2.800%	2.800%	2.800%
Series C Bond	Average Life (years)	12.03	9.21	7.17
	Yield	3.422%	3.422%	3.422%
Series D Bond	Average Life (years)	12.03	9.21	7.17
	Yield	6.099%	6.099%	6.099%
Early Liquidation of the Fund (Cleanup Call)		26/07/2019	26/10/2016	26/04/2014

The Average Life of the Bonds has been calculated using the following formula:

$$A = \frac{\sum_{n=1}^n (B_n * m_n)}{C} * \frac{1}{12}$$

where:

A= Average Life expressed in years.

B_n= Principal to be amortised on each Payment Date

m_n= Months between the Closing Date and each Payment Date.

n= 1,.....,n. Number of quarters (Payment Dates) in which the B_n amounts will be paid.

C= Total Amount of each Series in Euros.

Duration of the Bonds: The concept of duration, when applied to a fixed-income Bond, according to Macaulay's commonly used definition, is a measure of the sensitivity of the value of the asset in relation to the change of an index representative of yield observed in the market. In short, the duration is a measure of the risk of a change in the value of the Bond as a consequence of the change in the yield of its market references. Therefore, this risk measure has a different interpretation for variable rate bonds and fixed rate bonds.

If the Bonds (Series A, B, C and D) issued by the Fund are considered as fixed-rate securities for the entire life of the Bond, with a quarterly coupon indicated in the following table, the durations resulting from the application of the modified Macaulay formula, shown in years, corresponding to portfolio prepayment rates of 5%, 10% y 15% would be:

Duration	Coupons	5% CPR	10% CPR	15% CPR
Series A Bond	2.373%	6.43	4.90	3.85
Series B Bond	2.733%	9.91	7.86	6.29
Series C Bond	3.333%	9.51	7.60	6.12
Series D Bond	5.883%	8.05	6.62	5.45

Duration of the Bonds (modified Macaulay formula):

$$D = \frac{\sum_{n=1}^n (P_n * VA_n)}{PE} * \frac{1}{(1 + I)}$$

where:

D= Modified duration of the Bonds shown in years

P_n= Years between the Closing Date and each Payment Date

VA_n= Present Value of each of the amounts that investors will receive quarterly, principal and interest, discounted annually at the rate of return of the Bond (Bond Yield)

PE= Price of the Issue, 100,000 Euros.

I= Bond Yield

Nevertheless, when referring to duration, it must be taken into account that the A, B, C and D Bonds issued by the Fund are variable-rate, a characteristic that has the consequences explained below.

During the periods between interest rate revision dates, the market price of a variable-rate Bond will vary if market interest rates change. Nevertheless, its price always approximates par on a revision date, as, on that date, the cost of holding the Bond may be financed under market conditions similar, with respect to the Bond, to those at the purchase date. Nevertheless, the price may not equal par on such a date if certain conditions and characteristics (market reference, applicable margin, revision period, average life of the Bond, final amortization of the Bond, etc.) at that moment are valued differently by the market (better or worse) than the available investment alternatives. Except for this exception, however, it can be assumed that the price of a variable interest rate Bond is par on its interest rate revision dates.

As a consequence of the above, the duration of a variable-rate Bond must behave in a manner similar to a fixed-rate, zero-coupon Bond with maturity on the same date as the interest rate revision date of the variable-rate Bond. Therefore, on a given date, the approximate duration of Bonds A, B, C and D, with a period of revision of three months, can be assumed to be the remaining term until the next interest rate revision.

The value for duration mentioned in the above paragraph is the result of the application of the concept defined by Macaulay, but taking into consideration that changes in market interest rates will modify the flow of Bond payments which does not occur in the case of fixed-rate Bonds.

The prepayment risk of the Bond, that is, the uncertain character of the amounts amortised on each date of payment, will affect the duration of the Bond in a very different manner depending on whether its interest rate is fixed or variable. While the effect is very important in the case of a fixed-rate Bond, in which case the duration is highly dependent on the average life of the Bond, it is not as important in the case of a variable-rate Bond, since in this case the duration does not depend on the average life of the Bond but rather on the remaining term until the next modification of the interest rate.

II.13 Net Effective Interest Rate for the Bondholder (Yield)

The calculation of the yield of the Bonds for the Holder must take into account the purchase date and price of the Bond, the quarterly payment of the coupon and amortization payments in accordance with the expected schedule, together with a particular hypothesis of Prepayment Amortization Rates.

To illustrate, on the Closing Date, under the assumption of nominal interest rate for the Bonds listed in the following table, held constant for the life of the Fund and paid quarterly, a price of each Bond of 100% and using the table of theoretical amortization included in this same section, derived from the application of a prepayment assumption (10% constant) to the portfolio of Mortgage Loans, the yield of the Bonds for the Holder would be the following:

	Nominal Interest Rates %	Yield %
Series A Bond	2.373	2.428
Series B Bond	2.733	2.800
Series C Bond	3.333	3.422
Series D Bond	5.883	6.099

The formula used for the calculation is the following:

$$N = \sum_{n=1}^T a_n * (1 + I)^{-\left(\frac{d_n}{365}\right)}$$

where,

N= 100,000 Euros, the nominal value of the Bond.

I= Yield expressed as an annual rate, in percent.

d_n= Days between the Closing Date and each Payment Date.

a_n= a₁,.....,a_n. Total interest and principal amounts to be received by the investors on a quarterly basis.

n= 1,.....,T. Number of periods during which the amounts a_n will be paid.

This prospectus is a translation into English of the original "Folleto Informativo" drafted in Spanish language and registered with the "Comisión Nacional del Mercado de Valores" (the Spanish Securities Market Commission, "CNMV") on October, 7th, 2003. The "Folleto Informativo" drafted in the Spanish language is the only official document, and no document other than the "Folleto Informativo" shall have any legal effect or be relied upon with regard to the Note Issue.

IMPORTANT NOTE FOR THE INVESTOR

The information in the following tables is provided for illustrative purposes only, and the stated amounts do not represent concrete payment obligations by the Fund to third parties on the dates or periods to which they refer. The Data has been calculated on the basis of assumed constant rates of default and prepayments; these rates would be expected to vary continuously during the life of the Fund. Therefore, any investor who wishes to know the expected payment schedule on a particular date should request the pertinent information from the institutions authorised to distribute it, the Sociedad Gestora, the AIAF Market and the Comisión Nacional del Mercado de Valores. This information is also available through the Underwriters and others active in the secondary market. As stated in section III.5. of the Prospectus, the *Sociedad Gestora* commits itself to make this information available to the general public.

SERIES A BONDS						
Flows for each 100,000.00 EUROS without withholding from the bondholder						
(CPR= 5%)						
Payment Date	Amortization	Gross Interest	Total	% Initial Balance	% Remaining Balance	Remaining Balance
14/10/2003			-100.000,00			100.000,00
26/01/2004	2.249,75	685,53	2.935,28	2,25%	97,75%	97.750,25
26/04/2004	2.253,77	586,35	2.840,12	2,25%	95,50%	95.496,48
26/07/2004	2.243,88	572,83	2.816,70	2,24%	93,252,61	93.252,61
26/10/2004	2.215,92	565,51	2.781,43	2,22%	91,04%	91.036,69
26/01/2005	2.188,80	552,08	2.740,88	2,19%	88,85%	88.847,89
26/04/2005	2.156,01	527,09	2.683,10	2,16%	86,69%	86.691,87
26/07/2005	2.123,66	520,01	2.643,68	2,12%	84,57%	84.568,21
26/10/2005	2.095,37	512,85	2.608,22	2,10%	82,47%	82.472,84
26/01/2006	2.070,78	500,14	2.570,92	2,07%	80,40%	80.402,06
26/04/2006	2.039,21	476,99	2.516,20	2,04%	78,36%	78.362,85
26/07/2006	2.008,08	470,05	2.478,13	2,01%	76,35%	76.354,77
26/10/2006	1.977,37	463,04	2.440,41	1,98%	74,38%	74.377,39
26/01/2007	1.947,09	451,05	2.398,14	1,95%	72,43%	72.430,30
26/04/2007	1.917,21	429,69	2.346,91	1,92%	70,51%	70.513,09
26/07/2007	1.887,75	422,97	2.310,72	1,89%	68,63%	68.625,34
26/10/2007	1.858,69	416,17	2.274,86	1,86%	66,77%	66.766,64
26/01/2008	1.830,03	404,90	2.234,93	1,83%	64,94%	64.936,61
26/04/2008	1.801,76	389,52	2.191,28	1,80%	63,13%	63.134,85
26/07/2008	1.773,88	378,71	2.152,59	1,77%	61,36%	61.360,96
26/10/2008	1.746,39	372,11	2.118,50	1,75%	59,61%	59.614,58
26/01/2009	1.719,27	361,52	2.080,79	1,72%	57,90%	57.895,31
26/04/2009	1.692,52	343,46	2.035,99	1,69%	56,20%	56.202,78
26/07/2009	1.666,15	337,13	2.003,27	1,67%	54,54%	54.536,64
26/10/2009	1.640,13	330,73	1.970,86	1,64%	52,90%	52.896,51
26/01/2010	1.614,47	320,78	1.935,26	1,61%	51,28%	51.282,03
26/04/2010	1.589,17	304,23	1.893,40	1,59%	49,69%	49.692,86
26/07/2010	1.564,22	298,08	1.862,30	1,56%	48,13%	48.128,65
26/10/2010	1.539,61	291,87	1.831,48	1,54%	46,59%	46.589,04
26/01/2011	1.396,90	282,53	1.679,43	1,40%	45,19%	45.192,14
26/04/2011	1.374,84	268,10	1.642,94	1,37%	43,82%	43.817,31
26/07/2011	1.353,08	262,83	1.615,91	1,35%	42,46%	42.464,23
26/10/2011	1.331,62	257,52	1.589,14	1,33%	41,13%	41.132,61
26/01/2012	1.310,46	249,44	1.559,90	1,31%	39,82%	39.822,16
26/04/2012	1.289,59	238,87	1.528,46	1,29%	38,53%	38.532,57
26/07/2012	1.269,01	231,13	1.500,14	1,27%	37,26%	37.263,56
26/10/2012	1.248,72	225,98	1.474,69	1,25%	36,01%	36.014,84
26/01/2013	1.228,70	218,41	1.447,11	1,23%	34,79%	34.786,14
26/04/2013	1.208,97	206,37	1.415,34	1,21%	33,58%	33.577,17
26/07/2013	1.189,51	201,41	1.390,92	1,19%	32,39%	32.387,66
26/10/2013	1.170,32	196,41	1.366,73	1,17%	31,22%	31.217,34
26/01/2014	1.151,40	189,31	1.340,71	1,15%	30,07%	30.065,95
26/04/2014	1.132,74	178,37	1.311,10	1,13%	28,93%	28.933,21
26/07/2014	1.114,34	173,55	1.287,89	1,11%	27,82%	27.818,87
26/10/2014	1.096,19	168,70	1.264,90	1,10%	26,72%	26.722,68
26/01/2015	1.078,30	162,06	1.240,36	1,08%	25,64%	25.644,38
26/04/2015	1.060,66	152,14	1.212,80	1,06%	24,58%	24.583,71
26/07/2015	1.043,27	147,46	1.190,73	1,04%	23,54%	23.540,44
26/10/2015	1.025,28	142,76	1.168,04	1,03%	22,52%	22.515,16
26/01/2016	1.007,97	136,54	1.144,51	1,01%	21,51%	21.507,19
26/04/2016	991,32	129,01	1.120,33	0,99%	20,52%	20.515,87
26/07/2016	974,90	123,06	1.097,96	0,97%	19,54%	19.540,96
26/10/2016	958,71	118,50	1.077,21	0,96%	18,58%	18.582,25
26/01/2017	942,75	112,69	1.055,44	0,94%	17,64%	17.639,50
26/04/2017	927,01	104,65	1.031,66	0,93%	16,71%	16.712,49
26/07/2017	911,49	100,25	1.011,74	0,91%	15,80%	15.801,00
26/10/2017	895,14	95,82	990,96	0,90%	14,91%	14.905,87
26/01/2018	879,55	90,39	969,94	0,88%	14,03%	14.026,32
26/04/2018	864,71	83,21	947,92	0,86%	13,16%	13.161,61
26/07/2018	842,99	78,95	921,94	0,84%	12,32%	12.318,62
26/10/2018	825,71	74,70	900,41	0,83%	11,49%	11.492,91
26/01/2019	811,66	69,70	881,36	0,81%	10,68%	10.681,25
26/04/2019	794,79	63,37	858,15	0,79%	9,89%	9.886,47
26/07/2019	9.886,47	59,30	9.945,77	9,89%	0,00%	0,00
26/10/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2021	0,00	0,00	0,00	0,00%	0,00%	0,00
	100.000,00	17.878,88	117.878,88			

SERIES A BONDS						
Flows for each 100,000.00 EUROS without withholding from the bondholder						
(CPR= 10%)						
Payment Date	Amortization	Gross Interest	Total	% Initial Balance	% Remaining Balance	Remaining Balance
14/10/2003			-100.000			100.000,00
26/01/2004	3.615,16	685,53	4.300,70	3,62%	96,38%	96.384,84
26/04/2004	3.540,74	578,16	4.118,90	3,54%	92,84%	92.844,09
26/07/2004	3.454,25	556,92	4.011,17	3,45%	89,39%	89.389,84
26/10/2004	3.352,46	542,09	3.894,55	3,35%	86,04%	86.037,38
26/01/2005	3.253,92	521,76	3.775,68	3,25%	82,78%	82.783,46
26/04/2005	3.152,53	491,11	3.643,65	3,15%	79,63%	79.630,93
26/07/2005	3.054,09	477,66	3.531,75	3,05%	76,58%	76.576,84
26/10/2005	2.961,77	464,39	3.426,15	2,96%	73,62%	73.615,07
26/01/2006	2.875,01	446,43	3.321,43	2,88%	70,74%	70.740,06
26/04/2006	2.784,21	419,67	3.203,88	2,78%	67,96%	67.955,85
26/07/2006	2.696,08	407,63	3.103,71	2,70%	65,26%	65.259,77
26/10/2006	2.610,54	395,76	3.006,30	2,61%	62,65%	62.649,23
26/01/2007	2.527,51	379,93	2.907,43	2,53%	60,12%	60.121,72
26/04/2007	2.446,92	356,67	2.803,59	2,45%	57,67%	57.674,80
26/07/2007	2.368,71	345,96	2.714,67	2,37%	55,31%	55.306,09
26/10/2007	2.292,80	335,39	2.628,20	2,29%	53,01%	53.013,29
26/01/2008	2.219,14	321,49	2.540,63	2,22%	50,79%	50.794,15
26/04/2008	2.147,66	304,68	2.452,34	2,15%	48,65%	48.646,49
26/07/2008	2.078,29	291,80	2.370,09	2,08%	46,57%	46.568,20
26/10/2008	1.853,74	282,41	2.136,14	1,85%	44,71%	44.714,47
26/01/2009	1.793,53	271,16	2.064,70	1,79%	42,92%	42.920,93
26/04/2009	1.735,12	254,63	1.989,75	1,74%	41,19%	41.185,81
26/07/2009	1.678,45	247,05	1.925,50	1,68%	39,51%	39.507,36
26/10/2009	1.623,46	239,59	1.863,05	1,62%	37,88%	37.883,90
26/01/2010	1.570,12	229,74	1.799,86	1,57%	36,31%	36.313,78
26/04/2010	1.518,38	215,43	1.733,81	1,52%	34,80%	34.795,40
26/07/2010	1.468,18	208,72	1.676,90	1,47%	33,33%	33.327,22
26/10/2010	1.419,49	202,11	1.621,60	1,42%	31,91%	31.907,73
26/01/2011	1.372,26	193,50	1.565,76	1,37%	30,54%	30.535,46
26/04/2011	1.326,46	181,15	1.507,61	1,33%	29,21%	29.209,01
26/07/2011	1.282,03	175,21	1.457,24	1,28%	27,93%	27.926,97
26/10/2011	1.238,95	169,36	1.408,31	1,24%	26,69%	26.688,02
26/01/2012	1.197,17	161,85	1.359,02	1,20%	25,49%	25.490,85
26/04/2012	1.156,66	152,90	1.309,56	1,16%	24,33%	24.334,19
26/07/2012	1.117,37	145,97	1.263,34	1,12%	23,22%	23.216,82
26/10/2012	1.079,28	140,79	1.220,07	1,08%	22,14%	22.137,55
26/01/2013	1.042,35	134,25	1.176,59	1,04%	21,10%	21.095,20
26/04/2013	1.006,54	125,15	1.131,69	1,01%	20,09%	20.088,66
26/07/2013	971,83	120,50	1.092,33	0,97%	19,12%	19.116,84
26/10/2013	938,18	115,93	1.054,11	0,94%	18,18%	18.178,66
26/01/2014	905,56	110,24	1.015,80	0,91%	17,27%	17.273,10
26/04/2014	873,94	102,47	976,42	0,87%	16,40%	16.399,16
26/07/2014	843,30	98,37	941,67	0,84%	15,56%	15.555,85
26/10/2014	813,60	94,34	907,94	0,81%	14,74%	14.742,25
26/01/2015	784,82	89,40	874,22	0,78%	13,96%	13.957,43
26/04/2015	756,93	82,80	839,74	0,76%	13,20%	13.200,50
26/07/2015	729,91	79,18	809,09	0,73%	12,47%	12.470,59
26/10/2015	703,29	75,63	778,91	0,70%	11,77%	11.767,30
26/01/2016	677,73	71,36	749,09	0,68%	11,09%	11.089,57
26/04/2016	653,18	66,52	719,70	0,65%	10,44%	10.436,40
26/07/2016	629,40	62,60	692,00	0,63%	9,81%	9.807,00
26/10/2016	9.807,00	59,47	9.866,47	9,81%	0,00%	0,00
26/01/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2021	0,00	0,00	0,00	0,00%	0,00%	0,00
	100.000,00	13.282,79	113.282,79			

SERIES B BONDS

Flows for each 100,000.00 EUROS without withholding from the bondholder
(CPR= 5%)

Payment Date	Amortization	Gross Interest	Total	% Initial Balance	% Remaining Balance	Remaining Balance
14/10/2003			-100.000,00			100.000,00
26/01/2004	0,00	789,53	789,53	0,00%	100,00%	100.000,00
26/04/2004	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/07/2004	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2004	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/01/2005	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/04/2005	0,00	683,25	683,25	0,00%	100,00%	100.000,00
26/07/2005	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2005	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/01/2006	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/04/2006	0,00	683,25	683,25	0,00%	100,00%	100.000,00
26/07/2006	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2006	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/01/2007	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/04/2007	0,00	683,25	683,25	0,00%	100,00%	100.000,00
26/07/2007	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2007	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/01/2008	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/04/2008	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/07/2008	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2008	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/01/2009	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/04/2009	0,00	683,25	683,25	0,00%	100,00%	100.000,00
26/07/2009	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2009	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/01/2010	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/04/2010	0,00	683,25	683,25	0,00%	100,00%	100.000,00
26/07/2010	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2010	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/01/2011	2.998,34	698,43	3.696,78	3,00%	97,00%	97.001,66
26/04/2011	2.950,98	662,76	3.613,75	2,95%	94,05%	94.050,67
26/07/2011	2.904,28	649,74	3.554,02	2,90%	91,15%	91.146,39
26/10/2011	2.858,22	636,60	3.494,82	2,86%	88,29%	88.288,17
26/01/2012	2.812,80	616,63	3.429,43	2,81%	85,48%	85.475,37
26/04/2012	2.768,01	590,50	3.358,51	2,77%	82,71%	82.707,36
26/07/2012	2.723,84	571,38	3.295,21	2,72%	79,98%	79.983,53
26/10/2012	2.680,28	558,63	3.238,91	2,68%	77,30%	77.303,25
26/01/2013	2.637,32	539,91	3.177,23	2,64%	74,67%	74.665,93
26/04/2013	2.594,96	510,15	3.105,12	2,59%	72,07%	72.070,96
26/07/2013	2.553,19	497,90	3.051,09	2,55%	69,52%	69.517,77
26/10/2013	2.512,00	485,54	2.997,54	2,51%	67,01%	67.005,76
26/01/2014	2.471,39	467,99	2.939,38	2,47%	64,53%	64.534,38
26/04/2014	2.431,34	440,93	2.872,27	2,43%	62,10%	62.103,04
26/07/2014	2.391,84	429,03	2.820,88	2,39%	59,71%	59.711,20
26/10/2014	2.352,90	417,04	2.769,94	2,35%	57,36%	57.358,30
26/01/2015	2.314,50	400,61	2.715,11	2,31%	55,04%	55.043,80
26/04/2015	2.276,64	376,09	2.652,72	2,28%	52,77%	52.767,16
26/07/2015	2.239,30	364,54	2.603,84	2,24%	50,53%	50.527,86
26/10/2015	2.200,70	352,90	2.553,60	2,20%	48,33%	48.327,16
26/01/2016	2.163,54	337,53	2.501,08	2,16%	46,16%	46.163,62
26/04/2016	2.127,80	318,92	2.446,72	2,13%	44,04%	44.035,82
26/07/2016	2.092,55	304,22	2.396,77	2,09%	41,94%	41.943,27
26/10/2016	2.057,80	292,95	2.350,75	2,06%	39,89%	39.885,46
26/01/2017	2.023,54	278,57	2.302,12	2,02%	37,86%	37.861,92
26/04/2017	1.989,76	258,69	2.248,45	1,99%	35,87%	35.872,16
26/07/2017	1.956,45	247,82	2.204,27	1,96%	33,92%	33.915,71
26/10/2017	1.921,34	236,88	2.158,22	1,92%	31,99%	31.994,36
26/01/2018	1.887,89	223,46	2.111,35	1,89%	30,11%	30.106,48
26/04/2018	1.856,03	205,70	2.061,73	1,86%	28,25%	28.250,45
26/07/2018	1.809,42	195,17	2.004,58	1,81%	26,44%	26.441,03
26/10/2018	1.772,32	184,67	1.956,99	1,77%	24,67%	24.668,71
26/01/2019	1.742,17	172,29	1.914,46	1,74%	22,93%	22.926,54
26/04/2019	1.705,95	156,65	1.862,60	1,71%	21,22%	21.220,59
26/07/2019	21.220,59	146,60	21.367,19	21,22%	0,00%	0,00
26/10/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2021	0,00	0,00	0,00	0,00%	0,00%	0,00
	100.000,00	33.330,42	133.330,42			

SERIES B BONDS

Flows for each 100,000.00 EUROS without withholding from the bondholder
(CPR= 10%)

Payment Date	Amortization	Gross Interest	Total	% Initial Balance	% Remaining Balance	Remaining Balance
14/10/2003			-100.000			100.000,00
26/01/2004	0,00	789,53	789,53	0,00%	100,00%	100.000,00
26/04/2004	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/07/2004	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2004	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/01/2005	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/04/2005	0,00	683,25	683,25	0,00%	100,00%	100.000,00
26/07/2005	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2005	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/01/2006	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/04/2006	0,00	683,25	683,25	0,00%	100,00%	100.000,00
26/07/2006	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2006	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/01/2007	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/04/2007	0,00	683,25	683,25	0,00%	100,00%	100.000,00
26/07/2007	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2007	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/01/2008	0,00	698,43	698,43	0,00%	100,00%	100.000,00
26/04/2008	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/07/2008	0,00	690,84	690,84	0,00%	100,00%	100.000,00
26/10/2008	3.980,69	698,43	4.679,13	3,98%	96,02%	96.019,31
26/01/2009	3.851,41	670,63	4.522,04	3,85%	92,17%	92.167,89
26/04/2009	3.725,98	629,74	4.355,71	3,73%	88,44%	88.441,91
26/07/2009	3.604,28	610,99	4.215,27	3,60%	84,84%	84.837,64
26/10/2009	3.486,21	592,53	4.078,74	3,49%	81,35%	81.351,43
26/01/2010	3.371,66	568,19	3.939,85	3,37%	77,98%	77.979,77
26/04/2010	3.260,54	532,80	3.793,34	3,26%	74,72%	74.719,23
26/07/2010	3.152,75	516,19	3.668,95	3,15%	71,57%	71.566,47
26/10/2010	3.048,20	499,84	3.548,04	3,05%	68,52%	68.518,27
26/01/2011	2.946,78	478,55	3.425,34	2,95%	65,57%	65.571,49
26/04/2011	2.848,42	448,02	3.296,44	2,85%	62,72%	62.723,07
26/07/2011	2.753,03	433,32	3.186,34	2,75%	59,97%	59.970,04
26/10/2011	2.660,51	418,85	3.079,36	2,66%	57,31%	57.309,53
26/01/2012	2.570,79	400,27	2.971,06	2,57%	54,74%	54.738,74
26/04/2012	2.483,79	378,16	2.861,95	2,48%	52,25%	52.254,95
26/07/2012	2.399,43	361,00	2.760,42	2,40%	49,86%	49.855,53
26/10/2012	2.317,63	348,21	2.665,83	2,32%	47,54%	47.537,90
26/01/2013	2.238,32	332,02	2.570,34	2,24%	45,30%	45.299,58
26/04/2013	2.161,43	309,51	2.470,94	2,16%	43,14%	43.138,15
26/07/2013	2.086,89	298,02	2.384,91	2,09%	41,05%	41.051,26
26/10/2013	2.014,63	286,72	2.301,35	2,01%	39,04%	39.036,63
26/01/2014	1.944,59	272,64	2.217,23	1,94%	37,09%	37.092,04
26/04/2014	1.876,70	253,43	2.130,13	1,88%	35,22%	35.215,35
26/07/2014	1.810,89	243,28	2.054,18	1,81%	33,40%	33.404,45
26/10/2014	1.747,12	233,31	1.980,43	1,75%	31,66%	31.657,33
26/01/2015	1.685,32	221,11	1.906,42	1,69%	29,97%	29.972,02
26/04/2015	1.625,43	204,78	1.830,21	1,63%	28,35%	28.346,59
26/07/2015	1.567,40	195,83	1.763,23	1,57%	26,78%	26.779,19
26/10/2015	1.510,23	187,03	1.697,27	1,51%	25,27%	25.268,96
26/01/2016	1.455,34	176,49	1.631,83	1,46%	23,81%	23.813,62
26/04/2016	1.402,62	164,51	1.567,14	1,40%	22,41%	22.410,99
26/07/2016	1.351,56	154,82	1.506,38	1,35%	21,06%	21.059,43
26/10/2016	21.059,43	147,09	21.206,52	21,06%	0,00%	0,00
26/01/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2021	0,00	0,00	0,00	0,00%	0,00%	0,00
	100.000,00	25.528,96	125.528,96			

SERIES C BONDS

Flows for each 100,000.00 EUROS without withholding from the bondholder
(CPR= 5%)

Payment Date	Amortization	Gross Interest	Total	% Initial Balance	% Remaining Balance	Remaining Balance
14/10/2003			-100.000,00			100.000,00
26/01/2004	0,00	962,87	962,87	0,00%	100,00%	100.000,00
26/04/2004	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/07/2004	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2004	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/01/2005	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/04/2005	0,00	833,25	833,25	0,00%	100,00%	100.000,00
26/07/2005	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2005	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/01/2006	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/04/2006	0,00	833,25	833,25	0,00%	100,00%	100.000,00
26/07/2006	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2006	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/01/2007	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/04/2007	0,00	833,25	833,25	0,00%	100,00%	100.000,00
26/07/2007	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2007	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/01/2008	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/04/2008	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/07/2008	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2008	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/01/2009	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/04/2009	0,00	833,25	833,25	0,00%	100,00%	100.000,00
26/07/2009	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2009	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/01/2010	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/04/2010	0,00	833,25	833,25	0,00%	100,00%	100.000,00
26/07/2010	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2010	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/01/2011	2.998,34	851,77	3.850,11	3,00%	97,00%	97.001,66
26/04/2011	2.950,98	808,27	3.759,25	2,95%	94,05%	94.050,67
26/07/2011	2.904,28	792,38	3.696,66	2,90%	91,15%	91.146,39
26/10/2011	2.858,22	776,35	3.634,58	2,86%	88,29%	88.288,17
26/01/2012	2.812,80	752,01	3.564,81	2,81%	85,48%	85.475,37
26/04/2012	2.768,01	720,14	3.488,15	2,77%	82,71%	82.707,36
26/07/2012	2.723,84	696,82	3.420,65	2,72%	79,98%	79.983,53
26/10/2012	2.680,28	681,27	3.361,55	2,68%	77,30%	77.303,25
26/01/2013	2.637,32	658,44	3.295,77	2,64%	74,67%	74.665,93
26/04/2013	2.594,96	622,15	3.217,12	2,59%	72,07%	72.070,96
26/07/2013	2.553,19	607,20	3.160,40	2,55%	69,52%	69.517,77
26/10/2013	2.512,00	592,13	3.104,13	2,51%	67,01%	67.005,76
26/01/2014	2.471,39	570,73	3.042,12	2,47%	64,53%	64.534,38
26/04/2014	2.431,34	537,73	2.969,07	2,43%	62,10%	62.103,04
26/07/2014	2.391,84	523,22	2.915,07	2,39%	59,71%	59.711,20
26/10/2014	2.352,90	508,60	2.861,50	2,35%	57,36%	57.358,30
26/01/2015	2.314,50	488,56	2.803,06	2,31%	55,04%	55.043,80
26/04/2015	2.276,64	458,65	2.735,29	2,28%	52,77%	52.767,16
26/07/2015	2.239,30	444,57	2.683,87	2,24%	50,53%	50.527,86
26/10/2015	2.200,70	430,38	2.631,08	2,20%	48,33%	48.327,16
26/01/2016	2.163,54	411,63	2.575,18	2,16%	46,16%	46.163,62
26/04/2016	2.127,80	388,93	2.516,73	2,13%	44,04%	44.035,82
26/07/2016	2.092,55	371,01	2.463,56	2,09%	41,94%	41.943,27
26/10/2016	2.057,80	357,26	2.415,06	2,06%	39,89%	39.885,46
26/01/2017	2.023,54	339,73	2.363,27	2,02%	37,86%	37.861,92
26/04/2017	1.989,76	315,48	2.305,25	1,99%	35,87%	35.872,16
26/07/2017	1.956,45	302,23	2.258,68	1,96%	33,92%	33.915,71
26/10/2017	1.921,34	288,88	2.210,23	1,92%	31,99%	31.994,36
26/01/2018	1.887,89	272,52	2.160,40	1,89%	30,11%	30.106,48
26/04/2018	1.856,03	250,86	2.106,89	1,86%	28,25%	28.250,45
26/07/2018	1.809,42	238,01	2.047,43	1,81%	26,44%	26.441,03
26/10/2018	1.772,32	225,22	1.997,54	1,77%	24,67%	24.668,71
26/01/2019	1.742,17	210,12	1.952,29	1,74%	22,93%	22.926,54
26/04/2019	1.705,95	191,04	1.896,99	1,71%	21,22%	21.220,59
26/07/2019	21.220,59	178,79	21.399,37	21,22%	0,00%	0,00
26/10/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2021	0,00	0,00	0,00	0,00%	0,00%	0,00
	100.000,00	40.647,75	140.647,75			

SERIES C BONDS

Flows for each 100,000.00 EUROS without withholding from the bondholder
(CPR= 10%)

Payment Date	Amortization	Gross Interest	Total	% Initial Balance	% Remaining Balance	Remaining Balance
14/10/2003			-100.000			100.000,00
26/01/2004	0,00	962,87	962,87	0,00%	100,00%	100.000,00
26/04/2004	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/07/2004	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2004	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/01/2005	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/04/2005	0,00	833,25	833,25	0,00%	100,00%	100.000,00
26/07/2005	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2005	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/01/2006	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/04/2006	0,00	833,25	833,25	0,00%	100,00%	100.000,00
26/07/2006	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2006	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/01/2007	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/04/2007	0,00	833,25	833,25	0,00%	100,00%	100.000,00
26/07/2007	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2007	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/01/2008	0,00	851,77	851,77	0,00%	100,00%	100.000,00
26/04/2008	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/07/2008	0,00	842,51	842,51	0,00%	100,00%	100.000,00
26/10/2008	3.980,69	851,77	4.832,46	3,98%	96,02%	96.019,31
26/01/2009	3.851,41	817,86	4.669,27	3,85%	92,17%	92.167,89
26/04/2009	3.725,98	767,99	4.493,97	3,73%	88,44%	88.441,91
26/07/2009	3.604,28	745,13	4.349,41	3,60%	84,84%	84.837,64
26/10/2009	3.486,21	722,62	4.208,82	3,49%	81,35%	81.351,43
26/01/2010	3.371,66	692,92	4.064,59	3,37%	77,98%	77.979,77
26/04/2010	3.260,54	649,77	3.910,31	3,26%	74,72%	74.719,23
26/07/2010	3.152,75	629,52	3.782,27	3,15%	71,57%	71.566,47
26/10/2010	3.048,20	609,58	3.657,78	3,05%	68,52%	68.518,27
26/01/2011	2.946,78	583,62	3.530,40	2,95%	65,57%	65.571,49
26/04/2011	2.848,42	546,37	3.394,80	2,85%	62,72%	62.723,07
26/07/2011	2.753,03	528,45	3.281,47	2,75%	59,97%	59.970,04
26/10/2011	2.660,51	510,80	3.171,31	2,66%	57,31%	57.309,53
26/01/2012	2.570,79	488,14	3.058,93	2,57%	54,74%	54.738,74
26/04/2012	2.483,79	461,18	2.944,97	2,48%	52,25%	52.254,95
26/07/2012	2.399,43	440,25	2.839,68	2,40%	49,86%	49.855,53
26/10/2012	2.317,63	424,65	2.742,28	2,32%	47,54%	47.537,90
26/01/2013	2.238,32	404,91	2.643,23	2,24%	45,30%	45.299,58
26/04/2013	2.161,43	377,46	2.538,89	2,16%	43,14%	43.138,15
26/07/2013	2.086,89	363,44	2.450,33	2,09%	41,05%	41.051,26
26/10/2013	2.014,63	349,66	2.364,29	2,01%	39,04%	39.036,63
26/01/2014	1.944,59	332,50	2.277,09	1,94%	37,09%	37.092,04
26/04/2014	1.876,70	309,07	2.185,77	1,88%	35,22%	35.215,35
26/07/2014	1.810,89	296,69	2.107,59	1,81%	33,40%	33.404,45
26/10/2014	1.747,12	284,53	2.031,65	1,75%	31,66%	31.657,33
26/01/2015	1.685,32	269,65	1.954,96	1,69%	29,97%	29.972,02
26/04/2015	1.625,43	249,74	1.875,17	1,63%	28,35%	28.346,59
26/07/2015	1.567,40	238,82	1.806,22	1,57%	26,78%	26.779,19
26/10/2015	1.510,23	228,10	1.738,33	1,51%	25,27%	25.268,96
26/01/2016	1.455,34	215,23	1.670,57	1,46%	23,81%	23.813,62
26/04/2016	1.402,62	200,63	1.603,26	1,40%	22,41%	22.410,99
26/07/2016	1.351,56	188,81	1.540,37	1,35%	21,06%	21.059,43
26/10/2016	21.059,43	179,38	21.238,81	21,06%	0,00%	0,00
26/01/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2021	0,00	0,00	0,00	0,00%	0,00%	0,00
	100.000,00	31.133,56	131.133,56			

SERIES D BONDS						
Flows for each 100,000.00 EUROS without withholding from the bondholder						
(CPR= 5%)						
Payment Date	Amortization	Gross Interest	Total	% Initial Balance	% Remaining Balance	Remaining Balance
14/10/2003			-100.000,00			100.000,00
26/01/2004	0,00	1.699,53	1.699,53	0,00%	100,00%	100.000,00
26/04/2004	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/07/2004	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2004	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/01/2005	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/04/2005	0,00	1.470,75	1.470,75	0,00%	100,00%	100.000,00
26/07/2005	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2005	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/01/2006	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/04/2006	0,00	1.470,75	1.470,75	0,00%	100,00%	100.000,00
26/07/2006	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2006	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/01/2007	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/04/2007	0,00	1.470,75	1.470,75	0,00%	100,00%	100.000,00
26/07/2007	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2007	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/01/2008	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/04/2008	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/07/2008	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2008	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/01/2009	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/04/2009	0,00	1.470,75	1.470,75	0,00%	100,00%	100.000,00
26/07/2009	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2009	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/01/2010	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/04/2010	0,00	1.470,75	1.470,75	0,00%	100,00%	100.000,00
26/07/2010	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2010	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/01/2011	2.998,34	1.503,43	4.501,78	3,00%	97,00%	97.001,66
26/04/2011	1.950,98	1.426,65	4.377,64	2,95%	94,05%	94.050,67
26/07/2011	2.904,28	1.398,62	4.302,90	2,90%	91,15%	91.146,39
26/10/2011	2.858,22	1.370,33	4.228,55	2,86%	88,29%	88.288,17
26/01/2012	2.812,80	1.327,35	4.140,15	2,81%	85,48%	85.475,37
26/04/2012	2.768,01	1.271,10	4.039,11	2,77%	82,71%	82.707,36
26/07/2012	2.723,84	1.229,93	3.953,77	2,72%	79,98%	79.989,43
26/10/2012	2.680,28	1.202,50	3.882,78	2,68%	77,30%	77.303,25
26/01/2013	2.637,32	1.162,20	3.799,53	2,64%	74,67%	74.665,93
26/04/2013	2.594,96	1.098,15	3.693,11	2,59%	72,07%	72.070,96
26/07/2013	2.553,19	1.071,76	3.624,96	2,55%	69,52%	69.517,77
26/10/2013	2.512,00	1.045,15	3.557,16	2,51%	67,01%	67.005,76
26/01/2014	2.471,39	1.007,39	3.478,78	2,47%	64,53%	64.534,38
26/04/2014	2.431,34	949,14	3.380,48	2,43%	62,10%	62.103,04
26/07/2014	2.391,84	923,53	3.315,37	2,39%	59,71%	59.711,20
26/10/2014	2.352,90	897,72	3.250,62	2,35%	57,36%	57.358,30
26/01/2015	2.314,50	862,34	3.176,84	2,31%	55,04%	55.043,80
26/04/2015	2.276,64	809,56	3.086,19	2,28%	52,77%	52.767,16
26/07/2015	2.239,30	784,70	3.024,00	2,24%	50,53%	50.527,86
26/10/2015	2.200,70	759,65	2.960,35	2,20%	48,33%	48.327,16
26/01/2016	2.163,54	726,57	2.890,11	2,16%	46,16%	46.163,62
26/04/2016	2.127,80	686,50	2.814,29	2,13%	44,04%	44.035,82
26/07/2016	2.092,55	654,85	2.747,41	2,09%	41,94%	41.943,27
26/10/2016	2.057,80	630,59	2.688,39	2,06%	39,89%	39.885,46
26/01/2017	2.023,54	599,65	2.623,19	2,02%	37,86%	37.861,92
26/04/2017	1.989,76	556,85	2.546,62	1,99%	35,87%	35.872,16
26/07/2017	1.956,45	533,45	2.489,90	1,96%	33,92%	33.915,71
26/10/2017	1.921,34	509,90	2.431,24	1,92%	31,99%	31.994,36
26/01/2018	1.887,89	481,01	2.368,90	1,89%	30,11%	30.106,48
26/04/2018	1.856,03	442,79	2.298,82	1,86%	28,25%	28.250,45
26/07/2018	1.809,42	420,11	2.229,53	1,81%	26,44%	26.441,03
26/10/2018	1.772,32	397,52	2.169,84	1,77%	24,67%	24.668,71
26/01/2019	1.742,17	370,88	2.113,05	1,74%	22,93%	22.926,54
26/04/2019	1.705,95	337,19	2.043,14	1,71%	21,22%	21.220,59
26/07/2019	21.220,59	315,57	21.536,16	21,22%	0,00%	0,00
26/10/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2021	0,00	0,00	0,00	0,00%	0,00%	0,00
	100.000,00	71.746,38	171.746,38			

SERIES D BONDS						
Flows for each 100,000.00 EUROS without withholding from the bondholder						
(CPR= 10%)						
Payment Date	Amortization	Gross Interest	Total	% Initial Balance	% Remaining Balance	Remaining Balance
14/10/2003			-100.000			100.000,00
26/01/2004	0,00	1.699,53	1.699,53	0,00%	100,00%	100.000,00
26/04/2004	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/07/2004	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2004	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/01/2005	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/04/2005	0,00	1.470,75	1.470,75	0,00%	100,00%	100.000,00
26/07/2005	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2005	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/01/2006	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/04/2006	0,00	1.470,75	1.470,75	0,00%	100,00%	100.000,00
26/07/2006	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2006	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/01/2007	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/04/2007	0,00	1.470,75	1.470,75	0,00%	100,00%	100.000,00
26/07/2007	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2007	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/01/2008	0,00	1.503,43	1.503,43	0,00%	100,00%	100.000,00
26/04/2008	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/07/2008	0,00	1.487,09	1.487,09	0,00%	100,00%	100.000,00
26/10/2008	3.980,69	1.503,43	5.484,13	3,98%	96,02%	96.019,31
26/01/2009	3.851,41	1.443,59	5.295,00	3,85%	92,17%	92.167,89
26/04/2009	3.725,98	1.355,56	5.081,54	3,73%	88,44%	88.441,91
26/07/2009	3.604,28	1.315,21	4.919,49	3,60%	84,84%	84.837,64
26/10/2009	3.486,21	1.275,48	4.761,68	3,49%	81,35%	81.351,43
26/01/2010	3.371,66	1.223,06	4.594,73	3,37%	77,98%	77.979,77
26/04/2010	3.260,54	1.146,89	4.407,43	3,26%	74,72%	74.719,23
26/07/2010	3.152,75	1.111,14	4.263,90	3,15%	71,57%	71.566,47
26/10/2010	3.048,20	1.075,95	4.124,15	3,05%	68,52%	68.518,27
26/01/2011	2.946,78	1.030,13	3.976,91	2,95%	65,57%	65.571,49
26/04/2011	2.848,42	964,39	3.812,82	2,85%	62,72%	62.723,07
26/07/2011	2.753,03	932,75	3.685,78	2,75%	59,97%	59.970,04
26/10/2011	2.660,51	901,61	3.562,12	2,66%	57,31%	57.309,53
26/01/2012	2.570,79	861,61	3.432,40	2,57%	54,74%	54.738,74
26/04/2012	2.483,79	814,02	3.297,80	2,48%	52,25%	52.254,95
26/07/2012	2.399,43	777,08	3.176,50	2,40%	49,86%	49.855,53
26/10/2012	2.317,63	749,54	3.067,17	2,32%	47,54%	47.537,90
26/01/2013	2.238,32	714,70	2.953,02	2,24%	45,30%	45.299,58
26/04/2013	2.161,43	666,24	2.827,67	2,16%	43,14%	43.138,15
26/07/2013	2.086,89	641,50	2.728,39	2,09%	41,05%	41.051,26
26/10/2013	2.014,63	617,18	2.631,81	2,01%	39,04%	39.036,63
26/01/2014	1.944,59	586,89	2.531,48	1,94%	37,09%	37.092,04
26/04/2014	1.876,70	545,53	2.422,23	1,88%	35,22%	35.215,35
26/07/2014	1.810,89	523,68	2.334,58	1,81%	33,40%	33.404,45
26/10/2014	1.747,12	502,21	2.249,33	1,75%	31,66%	31.657,33
26/01/2015	1.685,32	475,95	2.161,26	1,69%	29,97%	29.972,02
26/04/2015	1.625,43	440,81	2.066,24	1,63%	28,35%	28.346,59
26/07/2015	1.567,40	421,54	1.988,94	1,57%	26,78%	26.779,19
26/10/2015	1.510,23	402,61	1.912,84	1,51%	25,27%	25.268,96
26/01/2016	1.455,34	379,90	1.835,24	1,46%	23,81%	23.813,62
26/04/2016	1.402,62	354,13	1.756,75	1,40%	22,41%	22.410,99
26/07/2016	1.351,56	333,27	1.684,83	1,35%	21,06%	21.059,43
26/10/2016	21.059,43	316,61	21.376,05	21,06%	0,00%	0,00
26/01/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2017	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2018	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2019	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/04/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/07/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/10/2020	0,00	0,00	0,00	0,00%	0,00%	0,00
26/01/2021	0,00	0,00	0,00	0,00%	0,00%	0,00
	100.000,00	54.953,11	154.953,11			

II.14 Effective Interest Rate Expected for the Seller

The effective interest rate has been calculated employing the same formula used for the calculation of the yield for the Bondholders, adding the initial and periodic costs of the Fund to the flow of payments which the Fund makes to the Bondholders, in accordance with the information contained in the table in section V.1. of the Prospectus.

The expected initial expenses are the following:

• Constitution Expenses	Euros
• CNMV Fees	55,517.58
(0.14‰ of the total issue and 0.03‰ of the total issue for the supervision of the admission process to listing)	
• AIAF Market Fees (0.05‰ + VAT)	34,800
• IBERCLEAR Fees (274 Euros for each Series of Bond + VAT)	1,271.36
• Rating Agencies, legal advisors' fees, publicity, printing, notary public and auditors	312,980
Subtotal	404,568.94
• Issue Expenses	
Underwriters Fees	690,150
Subtotal	690,150
TOTAL	1,094,718.94

Expenses resulting from the liquidation of the Fund will also be charged to the Fund.

The effective interest rate expected for the Seller, under the hypotheses stated in section 5.1.1. and with an assumed Constant Pre-payment Rate (CPR) of 10%, will be 2.586%

II.15 Special Guarantees on the Mortgage Share Certificates and Mortgage Transfer Certificates

The entities taking part in the operation do not grant any special guarantees on the Shares and Certificates grouped in the Fund nor on the Bonds issued, except the commitment of the Seller to proceed with the replacement, or repurchase, if replacement is not possible, of the Shares and Certificates which do not, after the Date of Constitution, meet the requirements included in Chapter IV of the Prospectus. This commitment is described in section IV.1. of the Prospectus.

II.16 Transfer of the Bonds

The Bonds can be freely transferred by any legal means. The title of each Bond shall be transmitted by accounting transfer. The recording in the accounting register of the transfer in favour of the buyer shall be deemed to have the same effect as the delivery of the title and, from that moment, such transfer will be

effective vis-à-vis third parties. In this manner, the party that may acquire through a purchase, the Bonds represented as book entries from a person that, as regards the entries in the accounts registry, appears to be lawfully entitled to transfer them, shall not be subject to any sort of recovery claim, unless such party acted in bad faith or with gross negligence at the time of acquisition.

II.17 Admission to Listing

The *Sociedad Gestora* will request the listing of the Issue in the AIAF fixed income market, an organised, secondary securities market, created by the *Asociación de Intermediarios de Activos Financieros*, with immediate effect from the Closing Date. The listing of the issue in the AIAF Market must be completed no later than 30 days after the Closing Date, once the corresponding authorizations have been obtained.

The *Sociedad Gestora* hereby declares that the requirements and conditions necessary for the admission, maintenance and exclusion of securities in the AIAF fixed income market in accordance with current legislation, and the requirements of its ruling body are understood by it; the *Sociedad Gestora*, on behalf of the Fund, will undertake their compliance.

In the event that the period of admission to listing is delayed beyond the stated date, the *Sociedad Gestora* undertakes to publish in a newspaper having national distribution, the reasons why the delay occurred together with the expected new date of the admission of the Bonds to listing; without prejudice to the eventual responsibility of the *Sociedad Gestora* in such delay.

Furthermore, the *Sociedad Gestora* will request the inclusion of the Bonds in IBERCLEAR, or the entity replacing it, so that their compensation and liquidation is effected in accordance with the rules of regulated securities included in the AIAF fixed income market, and are represented as established book entries or approved in the future by IBERCLEAR.

II.18 Applications to Subscribe or Purchase Securities

II.18.1. Potential Subscribers

As a result of the principal characteristics of the issue of the Bonds, their placement system, distribution and transfer, the Bonds may only be purchased by institutional investors. The Seller expects to underwrite and subscribe as an investor a percentage of the Bonds issued by the Fund.

Once the issue has been entirely placed and the Bonds are listed in the organised AIAF Market, the purchase of the Bonds will be possible through this market, in accordance with its usual practices.

Effects of the Subscription for the Bondholders: The subscription for the Bonds implies acceptance by each Bondholder of the terms of the Fund Regulations.

II.18.2. Legal Consideration of the Bonds to be Issued

The Bonds issued by the Fund have the following legal consideration for the purpose of subscription by certain investors:

- (i) in accordance with Royal Decree 2345/1996, of November 8th, and the Bank of Spain's circular of November 27th, 1998, *Sociedades de Garantía Recíproca* can purchase the Bonds;
- (ii) in accordance with Royal Decree 2486/1998, of November 20th, the Bonds to be issued by the Fund can be purchased by underwriting institutions in compliance with their obligations of technical provisions;

- (iii) in accordance with Royal Decree 1307/1988, of September 30th, the Bonds are suitable for purchase by pension funds;
- (iv) and in accordance with Royal Decree 1393/1990, of November 2nd, the Bonds may be purchased by *Instituciones de Inversión Colectiva* with the limitations set out by the specific rules of each type of fund.

II.18.3. Period of Subscription for the Bonds

The subscription period shall commence on October 13th, 2003 at 10:00 am and end on the Closing Date (October 14th, 2003) at 10:00 am.

II.18.4. Applications to Subscribe for the Bonds

The Underwriters, in accordance with the nature of the issue and the common practice of these markets, will place the underwritten bonds in a discretionary manner, in accordance with the Bond Subscription and Underwriting Contract between the *Sociedad Gestora* and the Underwriters; they will also make sure no discriminatory treatment occurs among petitions with similar characteristics, nevertheless, the underwriting entities will be entitled to grant priorities to those petitions from their clients they consider convenient.

II.18.5. Form and Date of Payment

On the Closing Date, each Underwriter will pay the Amount Underwritten to the account of the Fund TDA IBERCAJA 1 at the *Instituto de Crédito Oficial* (ICO), value that day. The Placement Director will urge the Underwriters to comply with such commitment.

Investors who have been allotted the Bonds must pay the Underwriters, prior to 10:00 am (Madrid time) on the Closing Date, value that day, the corresponding issue price for each Bond allotted.

The Closing Date will be on October 14th, 2003.

II.18.6. Form and Terms of Delivery of the Bonds to the Subscribers

The subscribers may request a written verification of the transfer of ownership of the Bonds subscribed from the Underwriter through which they have made the purchase, without prejudice to the fact that the ownership of the Bonds will be recorded in the accounting register of the Bonds, as the Bonds are represented in book-entry form.

II.19 Placement and Allotment of the Bonds

The present issue of the Securitization Bonds has two tranches, although the possibility of a redistribution exists:

- (i) Domestic Tranche: 10% of the total nominal of the Bonds, that is, 600 bonds for a nominal amount of 60,000,000 Euros.
- (ii) International Tranche: 90% of the total nominal of the Bonds, that is 5,400 Bonds for a nominal amount of 540,000,000 Euros.

The division in Series of the Domestic and International Tranches is as follows:

This prospectus is a translation into English of the original "Folleto Informativo" drafted in Spanish language and registered with the "Comisión Nacional del Mercado de Valores" (the Spanish Securities Market Commission, "CNMV") on October 7th, 2003. The "Folleto Informativo" drafted in the Spanish language is the only official document, and no document other than the "Folleto Informativo" shall have any legal effect or be relied upon with regard to the Note Issue.

		%	Amount (Euros)
A Bond	Domestic Tranche	9.53	55,000,000
	International Tranche	90.47	522,200,000
B Bond	Domestic Tranche	32.68	5,000,000
	International Tranche	67.32	10,300,000
C Bond	Domestic Tranche	0.00	0
	International Tranche	100.00	3,600,000
D Bond	Domestic Tranche	0.00	0
	International Tranche	100.00	3,900,000

II.19.1. Placement Entities

The entities included in this table have undertaken with the *Sociedad Gestora* to subscribe, directly or indirectly on behalf of others, the entire Bond Issue with charge to the Fund, in the terms established in the Bond Subscription and Underwriting Contract, corresponding to the Domestic Tranche the underwriting on behalf of Ibercaja, EBN and CCM, and on behalf of Bear Stearns International Ltd and Royal Bank of Scotland for the International Tranche.

	A Bond		B Bond		C Bond	D Bond		
Entity	Bonds	Amount	Bonds	Amount	Bond	Amount	Bonds	Amount
Bear Stearns International Limited	5,122	512,200,000	103	10,300,000	36	3,600,000	39	3,900,000
Ibercaja	250	25,000,000	50	5,000,000				
EBN	200	20,000,000						
CCM	100	10,000,000						
Royal Bank of Scotland	100	10,000,000						

II.19.2. Placement Directors

Placement Directors: Bear Stearns International Limited. A reproduction of the signed declaration by the persons with sufficient representation follows:

“D. Michel Péretié, in name and representation of Bear Stearns International Limited, with its registered office in One Canada Square, London E14 5AD, is appropriately empowered to such effect, and in relation to the constitution of the Fund TDA IBERCAJA 1, *Fondo de Titulización de Activos*, for an amount of 600,000,000 Euros, in accordance with section 20 of Royal Decree 291/1992, of March 27th, regarding issues and public offers of securities, modified by Royal Decree 2590/98, of December 7th,

DECLARES

That all the necessary verifications of the quality and the quantity of the information contained in the Prospectus have been made.

That, in accordance with such verifications, there are no circumstances that contradict or alter such information, and that said information does not omit any facts or significant data that may be of relevance to the investor.

That this declaration does not include the data subject to the audit report included in the Prospectus.

Signed in London, on September 26th, 2003”

Placement Director: *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja*. A reproduction of the signed declaration by the persons with sufficient representation follows:

"D. Victor Iglesias Ruiz, in name and representation of IBERCAJA, with its registered office in Zaragoza, Plaza Basilio Paraíso, nº2, is appropriately empowered to such effect, and in relation to the constitution of the Fund TDA IBERCAJA 1, *Fondo de Titulización de Activos*, for an amount of 600,000,000 Euros, in accordance with section 20 of Royal Decree 291/1992, of March 27th, regarding issues and public offers of securities, modified by Royal Decree 2590/98, of December 7th,

DECLARES

That all the necessary verifications of the quality and the quantity of the information contained in the Prospectus have been made.

That, in accordance with such verifications, there are no circumstances that contradict or alter such information, and that said information does not omit any facts or significant data that may be of relevance to the investor.

That this declaration does not include the data subject to the audit report included in the Prospectus.

Signed in Zaragoza, on October 3rd, 2003"

Placement Co-director: *Sociedad Española de Banca de Negocios Probanca, S.A. (EBN Banco)*. A reproduction of the signed declaration by the persons with sufficient representation follows:

"D. Francisco Javier Soriano Arosa, in name and representation of EBN Banco, with its registered office in Madrid, calle Almagro 46, is appropriately empowered to such effect, and in relation to the constitution of the Fund TDA IBERCAJA 1, *Fondo de Titulización de Activos*, for an amount of 600,000,000 Euros, in accordance with section 20 of Royal Decree 291/1992, of March 27th, regarding issues and public offers of securities, modified by Royal Decree 2590/98, of December 7th,

DECLARES

That all the necessary verifications of the quality and the quantity of the information contained in the Prospectus have been made.

That, in accordance with such verifications, there are no circumstances that contradict or alter such information, and that said information does not omit any facts or significant data that may be of relevance to the investor.

That this declaration does not include the data subject to the audit report included in the Prospectus.

Signed in Madrid, on October 3rd, 2003"

Placement Co-director: *Caja de Ahorros de Castilla La Mancha*. A reproduction of the signed declaration by the persons with sufficient representation follows:

"D. Santiago Bustos Bustos, in name and representation of CCM, with its registered office in Cuenca, Parque San Julián, nº20, is appropriately empowered to such effect, and in relation to the constitution of the Fund TDA IBERCAJA 1, *Fondo de Titulización de Activos*, for an amount of 600,000,000 Euros, in accordance with section 20 of Royal Decree 291/1992, of March 27th, regarding issues and public offers of securities, modified by Royal Decree 2590/98, of December 7th,

DECLARES

That all the necessary verifications of the quality and the quantity of the information contained in the Prospectus have been made.

That, in accordance with such verifications, there are no circumstances that contradict or alter such information, and that said information does not omit any facts or significant data that may be of relevance to the investor.

That this declaration does not include the data subject to the audit report included in the Prospectus.

Signed in Cuenca, on October 3rd, 2003”

The placement is entirely directed and co-directed, respectively, by Bear Stearns International Ltd, Ibercaja, EBN and CCM.

II.19.3. Underwriting of the Issue

The *Sociedad Gestora* will enter into Bond Subscription and Underwriting Contracts with the underwriters, which will undertake to subscribe or to secure, under their responsibility, subscribers for the Bonds, in the amounts mentioned in section II.19.1., and each of the institutions shall be responsible for the amount respectively underwritten. The placement of the Bonds will be carried out throughout the Subscription Period. Each Underwriter will make such placement, and the allocation underwritten by virtue of the Bond Subscription and Underwriting Contracts, on a free and discretionary basis, avoiding discriminatory treatments among offers with similar characteristics; nevertheless, the Underwriters will grant priorities to the offers from their clients, which they consider convenient.

Absence of confirmation prior to the beginning of the Subscription Period of the provisional ratings assigned to the Bonds by the Rating Agencies will constitute sufficient grounds to cancel the constitution of the Fund and the Issue of the Bonds.

On the Closing Date, prior to 11:00 am (Madrid time), each Underwriter will discharge the subscription obligations undertaken thereby by means of payment of the corresponding amount due to the account of the Fund at the *Instituto de Crédito Oficial* (ICO), measured on such date.

As a consideration for the obligations undertaken by the Underwriters, they will receive an underwriting and placement fee, which is included in the initial expenses of the Fund. Each Underwriter of the Bonds will receive, for each Bond, the commissions included in the following table, by virtue of the Underwriting Contract:

Series	Underwriting Commission.
A	0.10%
B	0.25%
C	0.45%
C	1.50%

II.19.4. Pro Rata Assignment

Not applicable.

II.20 Form and Term of the First Recording

The Bonds are securities represented as book entries, which will be constituted as such by virtue of their inscription in the corresponding accounting record, in accordance with Royal Decree 116/1992, and also, following the usual procedures and terms of the entity charged with the clearing and liquidation of the Bonds, IBERCLEAR, or the entity which substitutes it.

II.21 Applicable Spanish Law and Competent Courts in Case of Legal Proceedings

"TDA IBERCAJA 1, *Fondo de Titulización de Activos*" is established pursuant to Royal Decree 926/1998, of May 14th. The Fund TDA IBERCAJA 1 is regulated in accordance with (i) the Fund Regulations, (ii) said Royal Decree and any subsequent regulations, (iii) Law 19/1992, of July 7th regarding *Régimen de Sociedades y Fondos de Inversión Inmobiliaria y sobre Fondos de Titulización Hipotecaria*, regarding aspects not regulated by Royal Decree 926/1998 when applicable, (iv) Law 24/1988, of July 28th of *Mercado de Valores*, and modifications, regarding supervision, inspection and sanctioning and (v) any other legal regulations current at any time.

Any dispute related to the Fund which may arise during its operation or at the time of its liquidation, whether between the Bondholders or between them and the *Sociedad Gestora*, will be subject to the jurisdiction of the Spanish Courts and Tribunals, the parties having waived any other forum that might be applicable.

II.22 Taxation on the Returns Derived from the Bonds

A brief extract of the applicable fiscal regime for investment derived from the present offer is provided, to which effect only the current state legislation and the general aspects which could affect the investors must be taken into account: the investors must consider all their possible special tax circumstances and the rules of application of territory, together with the current legislation at the moment of subscription and the relevant tax returns.

a). Individuals or Corporations Resident in Spain

a.1. Impuesto sobre la Renta de las Personas Físicas (Spanish Individual Income Tax)

The returns obtained by Bondholders subject, as tax payers, to the *Impuesto Sobre la Renta de las Personas Físicas*, if purchased in the secondary market, in relation to interest and also to the transfer, refund or amortization of such interest, shall be considered as income on property investments arising from the assignment of personal capital to third parties as described in article 23.2. of Law 40/1998, of December 9th, of the *Impuesto Sobre la Renta de las Personas Físicas y Otras Normas Tributarias*.

For the Bond coupons, the entire property income will be determined by the gross amount of the interest received, including, the withholding for the *Impuesto sobre la Renta de las Personas Físicas* applied.

For the sale, reimbursement or amortization of the Bonds, the income will be calculated as the difference between the price of sale, minus the associated expenses, and the cost of the purchase, plus the expenses derived. Nevertheless, the negative income derived from the sale of the Bonds, when the purchaser acquires other homogeneous financial assets in the two months prior or following said purchase, will be included as the homogeneous financial assets are sold.

The resulting income will be reduced in 40% if the period is above 2 years.

To calculate the gross income of the property capital of the Bonds, administration and deposit expenses may be deducted, excepting those which correspond to the discretionary management of the portfolios.

Such incomes will be subject to withholding on account of the IRPF of its beneficiary, in accordance with Royal Decree 214/1999, of February 5th, by which the *Reglamento del Impuesto sobre la Renta de las Personas Físicas* is approved with regards to withholding and prepaid tax. With regards to the *Reglamento*, the following must be noted:

- Capital income derived from the transfer to third parties of private capital are subject, in general, to a 15% withholding rate.
- Nevertheless, there is no obligation to withhold the income derived from the transfer or refund of the financial assets with an explicit income that comply with the following requisites as is established in this issue:

1. They must be represented as book entries.

2. They must be negotiated in an official secondary market.

- The portion of the price, equivalent to interest accrued in the sale of financial assets undertaken within the 30 days immediately prior to the maturity of the coupon will be subject to withholding in the following circumstances:

1. The purchaser is a non-resident person or entity in Spain or is not affected by the *Impuesto de Sociedades*.

2. The income derived explicitly from the securities transferred are exempt from the obligation to withhold in relation with the purchaser.

a.2. Impuesto sobre Sociedades (Corporate Income Tax)

Bond income obtained by entities subject to the *Impuesto Sobre Sociedades* will apply the tax base of said *Impuesto* established by Title 4 of Law 43/1995, of December 27th, of the *Impuesto Sobre Sociedades*.

Aforementioned income will be subject to a withholding of the *Impuesto sobre Sociedades* of its perceiver, in accordance with Chapter 2 of Title 4 of Royal Decree 537/1997, of April 14th, by which the *Reglamento del Impuesto sobre Sociedades* is approved. This *Reglamento* among others, establishes that income from financial assets will be excluded from withholding, when they comply with the following – as is established in this issue- and in accordance with the procedure established by the Ministerial Order of December 22nd, 1999 (BOE of 29/12/99):

1. They must be represented as book entries.

2. They must be negotiated in a Spanish official secondary market.

b). Individuals or Corporations Not Resident in Spain

Income obtained by Bondholders subject, as tax payers, to the *Impuesto sobre la Renta de no Residentes*, both for interest and also for transfer, refund or amortization of such interest will be considered income obtained in Spain, with or without permanent establishment, in accordance to article 11 of Law 41/1998, of December 9th, of the *Impuesto sobre la Renta de no Residentes y Normas Tributarias*.

1. Income obtained through permanent establishment.

Bond income obtained through a permanent establishment in Spain will be taxed in accordance with the rules of Chapter 3 of the aforementioned Law 41/1998, without prejudice to what is established in the Treaties signed with Spain to avoid double taxation, which can determine the corresponding income or

the application of reduced rates. That income will be subject to withholding of the *Impuesto sobre la Renta de no Residentes* in the same situations and conditions which have been mentioned for tax payers subject to the *Impuesto sobre Sociedades* resident in Spain.

2. Income obtained through no permanent establishment.

Bond income obtained by persons or entities not resident in Spain and which function, to such effects, without permanent establishment, will be taxed in accordance to the rules in Chapter 4 of Law 41/1998, of which the following can be highlighted without prejudice to the Treaties to avoid double taxation signed with Spain which can determine that the corresponding income are not liable for tax or determine the application of reduced rates:

- The tax base will be applied to the total amount of the income obtained, calculated in accordance with the rules of Law 40/1998. In this case, those reductions established by said Law will not be applicable. In the case of a transfer, refund or amortization, expenses related to the purchase and transfer, sufficiently justified, will be taken into account for the calculation of the income. Taxation will take place separately for each total or partial income accrued subject to tax without any possible compensation between said income.

- The tax will be calculated applying the normal rate of 15% to the previous tax base.

Nevertheless, the income obtained from the Bonds related to this issue, by persons or entities that are not resident in Spain, and which function, to such effect, without permanent establishment, will be exempt if the beneficiary is a resident of a member state of the European Union.

Equally, income derived from the transfer of such shares in Spanish official secondary markets obtained by non-resident persons or entities without the intermediation of permanent establishments in Spain, will also be exempt. Said non-resident persons or entities must reside in a state, which has subscribed with Spain a Treaty to avoid double taxation with an exchange of information clause.

In no case will the exemptions mentioned in the previous two paragraphs be applicable. Income obtained from the Bonds will be subject to withholding to the *Impuesto sobre la Renta de No Residentes*, except when payment or exemption can be proved.

The amount of withholding will be equivalent to the *Impuesto* to be paid in each case, in accordance with the above criteria.

Furthermore, income derived from the sale or reimbursement of the Bonds will be excluded from withholding under the same assumptions established for subjects not affected by the *Impuesto sobre la Renta de las Personas Físicas*, without prejudice to their obligation to declare and pay the *Impuesto* in accordance with general rules.

In any event, the payment of the gross coupon by the Financial Agent will be subject to applicable legislation at any moment. Specifically, there is a current special procedure, approved by the *Orden del Ministerio de Economía y Hacienda (Ministry of Economy and Internal Revenue)* of April 13th, 2000, regarding the procedure to make effective withholdings to non-residents without permanent establishment with the tax rate for each case to exclude withholding, when during the payment procedure financial entities registered in Spain take part, entities that are depositories or administrators of the payment of said bonds' yields.

In accordance with this procedure, at the time of payment of the coupon, the Fund will withhold the general withholding rate of the *Impuesto* (currently 15%) and will transfer the liquid amount to the entities which are depositories. The entities which credit, following established procedure (for which they will produce the residency certificates issued by the corresponding fiscal authorities) the right to apply

reduced rates or the exemption from withholding for their clients will receive, immediately, for their payment, the amount withheld in excess.

In the event that the withholding exceeds the applicable Impuesto, those affected will request the return to the fiscal authorities.

c). Indirect taxes on the Transfer of the Bonds

The transfer of securities is exempt from the *Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados* and from the *Impuesto sobre el Valor Añadido*.

d). Impuesto de Patrimonio (Wealth Tax)

Holders of the Bonds on December 31st of each year that are subject to personal income tax and must suffer this tax, will declare the Bonds at their average trading value on the fourth quarter of each year.

Non-residents who are Bond holders on December 31st of each year will also be obliged to comply with the Wealth Tax by royal obligation, with the exception of that established in the Treaties to avoid double taxation. Nevertheless, residents of other member states of the European Union will be exempt if the income from their bonds is exempt from personal income tax as has been mentioned above.

e). Impuesto sobre Sucesiones (Succession Tax)

Transfer of Bonds due to death or donation in favour of individuals is subject to the general rules of the *Impuesto sobre Sucesiones y Donaciones*. In those cases in which the beneficiary is an institution, the income obtained will be taxed in accordance with the rules of the *Impuesto sobre Sociedades* or the *Impuesto sobre la Renta de No Residentes*, according to each case.

II.23 Purpose of the Operation

The amount of the issue of Bonds is entirely applied to the subscription of Shares and Certificates.

II.24 Secondary Contracting

There are no commitments with any entity to guarantee the liquidity of the Bonds in the secondary market.

II.25 Persons or Entities having taken part in the Design or Consulting of the Establishment of the Fund, or in Any Relevant Information Contained in the Prospectus

II.25.1. Enumeration of the persons

The structure and operation has been arranged by Bear Stearns International Limited.

Garrigues, Abogados y Asesores Tributarios, has provided the legal advice for the operation.

II.25.2. Declarations of the Issuer

Titulización de Activos, SGFT, S.A., declares itself to be unaware of the existence of any sort of legal, family or economic link whatsoever among the entities taking part in the Fund, and between those

entities and the holders of the loans incorporated in the Shares and Certificates acquired by the Fund, that might impair the Fund in general and those of the Bondholders in particular.

Notwithstanding the above, it is stated that among the shareholders of the Sociedad Gestora are Bear Stearns Spanish Securitization Corporation (10%) and *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja* (12.86%).

II.25.3. Declaration of the Seller

D. Victor Iglesias Ruiz, on behalf of *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja*, with its registered address in Zaragoza, Plaza Basilio Paraíso, 2, in respect of the constitution of TDA IBERCAJA 1, FONDO DE TITULIZACIÓN DE ACTIVOS,

DECLARES

That all the information in respect to the Mortgage Shares, the Shares and Certificates, mentioned in section IV. of the Prospectus, are accurate.

That all the previous declarations will be guaranteed to the *Sociedad Gestora* on behalf of the Fund mentioned in the Fund's Deed of Constitution.

That all necessary verifications have been made to establish the quality and quantity of the information contained in the Prospectus in relation to the entity and the Shares and Certificates, that will be acquired by the Fund, being the Mortgage Loans the object for the issue of the Shares and Certificates.

That, as a consequence of said verifications, no circumstances exist that contradict or alter such information included in the Prospectus and that the information does not omit significant facts or data that may be of relevance to the investor.

Signed in Zaragoza on September 25th, 2003.

The letter from the issuing entity is included in the Prospectus in Annex 7.

CHAPTER III

GENERAL INFORMATION RELATING TO THE FUND TDA IBERCAJA 1

III.1 Legal Information and Purpose of the Creation of the Fund

TDA IBERCAJA 1, *Fondo de Titulización de Activos* is regulated by Royal Decree 926/1998, of July 14th. The Fund is regulated in agreement with (i) the Fund Regulations, (ii) Royal Decree 926/1998 and subsequent dispositions, (iii) Law 19/1992 of July 7th, (*Régimen de Sociedades y Fondos de Inversión Inmobiliaria y sobre Fondos de Titulización Hipotecaria*), in those aspects not covered by Royal Decree 926/1998 when applicable, (iv) Law 24/1998, of July 28th, (*Mercado de Valores*) and its modifications, in respect to supervision, inspection and sanction and, (v) any other legal dispositions current at each time when applicable.

The sole purpose of the Fund is the transformation of a group Mortgage Loans through Shares and Certificates into bonds, homogeneous, standardised, and susceptible of being negotiated in organised security markets.

III.2 Name, Establishment and Registration of the Fund

A prerequisite for the establishment of the Fund and the issue of the Bonds is its registration in the Official Register of the CNMV, pursuant to article 5 (3) of Royal Decree 926/1998 May 14th.

Once the Prospectus has been registered at the *Comisión Nacional del Mercado de Valores*, and before the opening of the Subscription Period, the *Sociedad Gestora*, together with the Seller of the Shares and Certificates to be grouped in the Fund, will proceed to the establishment of the Fund Regulations under the terms set out in Law 19/1992.

The Deed will comply with article 6 of Law 24/1988 and will, therefore, be the Deed of issue of the Bonds and the Deed containing the representation of the Bonds as book entries.

The Regulations, pursuant to article 5 (4) of Royal Decree 926/1998, will not be subject to recording in the Commercial Register.

III.3 Management and Representation of the Fund and the Bondholders

III.3.1 Functions and Responsibilities of the *Sociedad Gestora*

"TDA IBERCAJA 1, *Fondo de Titulización de Activos*" has been arranged by "*Titulización de Activos, SGFT, S.A.*" as *Sociedad Gestora* empowered to such effect, and, therefore, to administer and legally represent the Fund TDA IBERCAJA 1, in accordance with the provisions of Royal Decree 926/1998, of May 14th, by which *Fondos de Titulización de Activos y las Sociedades Gestoras de Fondos de Titulización* are regulated.

The *Sociedad Gestora*, as manager of third-party business, will represent and defend the interests of the Bondholders.

Bondholders will have no legal recourse against the *Sociedad Gestora* except if the *Sociedad Gestora* is in breach of its obligations as set out in the Fund Regulations, this Prospectus and in applicable law.

The *Sociedad Gestora* will, in particular, be responsible for:

- (i) ensuring that the amount of the payments effectively received by the Fund corresponds to the amount contractually due to the Fund, in accordance with the relevant contracts from which such payments arise. If necessary, the *Sociedad Gestora* will exercise all judicial and extra-judicial actions necessary or convenient to enforce and protect the rights of the Fund and the Bondholders.
- (ii) applying any amount received by the Fund to the payment of the obligations thereof, in accordance with the provisions of the Fund Regulations and the Prospectus.
- (iii) extending or modifying any contract entered into on behalf of the Fund and necessary for its operation, in accordance with the provisions of the Fund Regulations and the Prospectus, and applicable law at any time.
- (iv) replacing all parties rendering services to the Fund, in accordance with the Fund Regulations and the Prospectus, provided that this is permitted by applicable law, that prior authorization from the relevant authorities is obtained if necessary, that notice is given to the Rating Agencies, and that the interests of the Bondholders are not impaired. In particular, in the event of breach of the duties of the Seller of the Mortgage Loans, the *Sociedad Gestora* will take all measures necessary to procure adequate servicing of the Mortgage Loans.
- (v) giving all necessary instructions to the Financial Agent in relation to the Fund's Account and to the Seller, in relation to the Reinvestment Account.
- (vi) giving all necessary instructions to the Financial Agent in relation to the payments to be made to the Bondholders and if necessary, to all other entities to which such payments should be made.
- (vii) determining and effecting the payments in relations to the principal and interest of the Loans (Initial Expenses, Subordinated and Participative Loans).
- (viii) appointing and, if necessary, replacing the Auditor, with the prior authorization of the *CNMV*.
- (ix) preparing and submitting to the relevant bodies all documents and information that must be submitted in accordance with applicable law, to the *CNMV* and to the Bondholders.
- (x) taking the appropriate decisions in relation to the liquidation of the Fund, including the decision of early liquidation, in accordance with the Fund Regulations and the Prospectus.
- (xi) determining the applicable interest rate of each Series of Bonds for each Interest Accrual Period.
- (xii) Determining the Net Amount of the Financial Swap Contract.

The *Sociedad Gestora* will make available to the public all documents and information necessary pursuant to the Regulations and the Prospectus.

III.3.2. Payment to the Sociedad Gestora

In compensation for its management services, the *Sociedad Gestora* will receive, on each Payment Date, a management remuneration which will accrue quarterly, of a maximum of 1/4 of 0.0310% of the Outstanding Nominal Balance of the Shares and Certificates on the previous Payment Date. Such commission will be understood in gross terms, including, therefore, any direct or indirect tax or

withholding that may be applicable thereto. Equally, the commission will not be less than 1/4 of 30,000 Euros on an annual basis. This amount will be updated at the beginning of each calendar year in accordance with the General Consumer Price Index published by the National Institute of Statistics, or its replacing entity.

III.4 Net Worth of the Fund

The Fund has been designed in such a way that its net worth is nil, in accordance with article 5 (1) of Law 19/1992, of July 7th, (*Régimen de Sociedades y Fondos de Inversión Inmobiliaria y sobre Fondos de Titulización Hipotecaria*) and Article 1 (2) of Royal Decree 926/1998, May 14th.

a) Upon its creation

Assets:

- (i) The nominal amount of the Shares and Certificates subscribed;
- (ii) The initial expenses paid;
- (iii) The balance of the Fund's Account and the Reinvestment Account.

Liabilities:

- (i) The nominal amount of the Bonds issued;
- (ii) The amount of the Initial Expenses Loan and the Participative Loan.

b) During the Life of the Fund

Assets:

- (i) The Outstanding Nominal Balance of the Shares and Certificates;
- (ii) The accrued and not yet collected principal and interest of the Shares and Certificates;
- (iii) The unamortized initial expenses;
- (iv) The resources invested in the Fund's Account at the Financial Agent and its corresponding accrued interests, and the resources invested at the Reinvestment Account and their corresponding accrued interests.

Liabilities:

- (i) The outstanding balance of the Bonds;
- (ii) The outstanding balance of the Initial Expenses Loan, the Subordinated Loan and the Participative Loan;
- (iii) The accrued and not yet paid principal, interest, commissions and other expenses;
- (iv) The gross Technical Advance received;
- (v) The accrued and not yet paid variable remuneration of the Participative Loan.

III.4.1. Description of the Assets of the Fund

The main assets of the Fund comprise the Mortgage Share Certificates and the Mortgage Transfer Certificates grouped therein. Detailed information can be found in section IV.1. of the Prospectus.

III.4.2. Description of the Liabilities of the Fund

From the Date of Constitution of the Fund and throughout its life, the liabilities of the Fund comprise the Bonds issued with security over the Fund, described in Chapter II, the Loans (Initial Expenses Loan, the Subordinated Loan and the Participative Loan), obtained from the Seller described in sections V.3.1., V.3.2. and V.3.3. and the interests, commissions and other charges accrued and not yet paid.

III.4.3. Expenses

The *Sociedad Gestora*, at the expense of the Fund, will pay all the expenses necessary for its operation, initial, ordinary and extraordinary periodical expenses accrued as a result of the operation, including expenses incurred as a result of the liquidation of the Fund.

a) Initial Expenses:

The Fund will pay the following expenses that stem from its establishment: fees of the *CNMV*, the AIAF Market admission fees, fees to *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores* or the entity which replaces it, fees to the Rating Agencies, notary public fees, legal advisors fees, commissions to be paid to the underwriters of the Bonds, audit expenses and printing and publicity costs.

b) Periodic Payments: The Fund will make the following payments:

- Payment to the *Sociedad Gestora* as described in section III.3.2. of the Prospectus.
- Commission to be paid to the Financial Agent. On each Payment Date, the Financial Agent will receive a commission of 3,000 quarterly Euros, plus 0.00324% (on an annual basis) of the Outstanding Nominal Balance of the Shares and the Certificates on each Payment Date, as payment for the deposit of the Shares and Certificates of the Fund, maintenance of the Fund's Account and as Financial Agent for the issue of the Bonds.
- Variable Remuneration of the Participative Loan. On each Payment Date, a variable payment for the concept of Variable Remuneration of the Participative Loan, calculated following the procedure described in Clause 14.5 of the Fund Regulations and in section V.3.3. of this Prospectus.
- Commission to be paid to the entities assuming the responsibility described in section III.8.
- Extraordinary expenses derived from the defence of the interests of the Bondholders.
- Expense of the audit of the Fund.
- Expenses derived from the publication of advertisements or the notifications related to the Fund and/or the Bonds.
- In its case, the maintenance expenses of the rating assigned by the Rating Agencies, in the terms initially established.

All of the payments are expressed in gross terms, including, therefore, any taxes which might apply. Moreover, any expenses incurred in the performance of their duties by any of the entities receiving such commissions will be paid by the respective entities.

III.4.4. Resources of the Fund

The Available Resources of the Fund, on each Payment Date, will be equal to the sum of:

- (i) The amounts deposited at the Reinvestment Account and the yields produced by such amounts, including the amount corresponding to the Reserve Fund.
- (ii) The balance of the Fund's Account opened at the Financial Agent, including the returns generated.
- (iii) Furthermore, if and when necessary, the proceeds of the Liquidation of the Fund's Assets originating from the Shares and Certificates.

III.5 Formulation and Approval of the Annual Accounts and Other Accounting Documentation of the Fund. Name of the Appointed Auditors

III.5.1. Formulations and Approval of the Annual Accounts and Management Report

The *Sociedad Gestora* shall submit the annual accounts of the Fund together with the audit report thereof to the *CNMV* within the four months following the closing of the business year of the Fund, which will coincide with the calendar year.

The Board of Directors of the *Sociedad Gestora*, held on June 9th, 2003, has appointed Pricewaterhouse Cooper Auditores S.L., as auditors of the Fund, registered in the R.O.A.C. under number S-0242. The Board of Directors of the *Sociedad Gestora* shall report to the *CNMV* any change that may be adopted with regard to the appointment of the auditors.

III.5.2. Publication and Transmittal to the CNMV of Periodic Information on the Economic and Financial Situation of the Fund

The *Sociedad Gestora* will make available to the public all documents and information required pursuant to the Regulations and the Prospectus.

Within the four months after the end of each accounting period, and together with the audited Annual Accounts of the Fund, the *Sociedad Gestora* will issue a report including:

- (i) An inventory of the portfolio of the Shares and Certificates grouped in the Fund, the balance of the Reinvestment Account and the Fund's Account, the balance sheet, the profit and loss account, and an annex specifying the applied accounting principles.
- (ii) The following information:
 - a) The Outstanding Nominal Balance of the Shares and Certificates.
 - b) The percentage of the Shares and Certificates subject to prepayment.
 - c) The changes in the rate of prepayment.

- d) The amount of Shares and Certificates which have been declared Defaulted (those for which the corresponding Mortgage Loans have a payment delay of 12 months or more or which have been declared defaulted in line with the definition of Loans of Doubtful Quality included in Circular 4/1991 of Bank of Spain) and the percentage of the total they represent.
- e) The average life of the portfolio of the Shares and Certificates.
- f) The average rate of the portfolio of Shares and Certificates.
- g) The outstanding balance of the Bonds.
- h) The percentage of outstanding Bonds.
- i) Amounts of interest, when applicable, from the Bonds accrued and not paid.
- j) The balance of the Fund's Account and the Reinvestment Account.
- k) The outstanding amount to be reimbursed of the Initial Expenses Loan, the Subordinated Loan, and the Participative Loan.
- l) A detailed analysis of the results of the Fund and of the factors contributing to such results.
- m) The amount and variations of expenses and management commissions originated during the accounting period.

Every three months, the *Sociedad Gestora* will issue a report including an inventory of the portfolio of the Shares and Certificates, the balance of the Reinvestment Account and the Fund's Account and the information described in points (a) through (h) above. In any case, this information will conform to the requirements established to such effect by the *Comisión Nacional del Mercado de Valores*.

Each month, the *Sociedad Gestora* will issue a report containing the information described in points a) through d) of the above section. Finally, in the seven business days following each Payment Date, the *Sociedad Gestora* will issue a certificate formalising the following information in respect of each Series of Bonds on the prior Payment Date:

- Initial principal amount.
- Matured Outstanding Nominal Balance amount.
- Matured amount of the Outstanding Nominal Balance not paid to the Bondholders due to lack of sufficient resources (and that does not accrue commissions arising from delinquent interest).
- Matured amount of the Outstanding Nominal Balance paid to the Bondholders.
- Remaining Outstanding Nominal Balance.
- Total interest accrued by the Bonds from the previous Payment Date.
- Interest accrued from the Closing Date and due on previous Payment Dates, which have not been paid (and that will not accrue additional interest).

A copy of said Certification will be deposited at the CNMV.

In addition, all public information described in this section will be available at the registered office of the *Sociedad Gestora*, at the Underwriters, in the headquarters of the AIAF Market, and at the register of the *CNMV*.

III.5.3. Obligation to Give Notice of Relevant Facts

The *Sociedad Gestora*, on behalf of the Fund, undertakes to report immediately to the *CNMV*, to the Rating Agencies and to the Bondholders, and throughout the life of the issue, any relevant event that may occur relating to the Shares and Certificates, to the Bonds, to the Fund and to the *Sociedad Gestora* itself, that might have major impact on the trading of the Bonds, and, in particular, the amount to be paid to the Bondholders, on every Payment Date, on account of principal and interest, as provided in sections II.10. and II.11. of the Prospectus, and, in general, any relevant modification of the assets or liabilities of the Fund.

III.6 Taxation of the Fund

A brief summary of the applicable tax regime of the Fund:

a) Mortgage Share Certificates and Mortgage Transfer Certificates

The yields from Shares and Certificates, loans or other rights of credit that constitute income to securitization funds, are exempt from any withholding in accordance with article 57.p of Royal Decree 537/1997, of April 14th.

The sale to the Fund of both Shares and Certificates constitutes a transaction subject and exempt from the *Impuesto sobre el Valor Añadido*, in accordance with Article 20 (1-18) of the Law which regulates such tax.

In the event that in the future any tax is established, direct or indirect, charges or withholdings on said payments, such expenses will be borne by the Seller and will be repaid to the Seller, if they are subsequently recovered by the Fund.

Notwithstanding the above, in the event that current tax legislation is modified and taxes, charges or withholdings on payments made to the Fund in respect of interest from the Shares and Certificates are applicable, if those taxes significantly affect the financial balance of the Fund, the Seller will be able to repurchase the Shares and Certificates issued by the Seller in accordance with the following conditions:

- (i) The repurchase will refer to the whole of the Shares and Certificates issued by the Seller.
- (ii) The Seller will communicate the decision to repurchase to the *Sociedad Gestora* with a minimum period of 30 days prior to the Transfer Date in which such repurchase will take place.
- (iii) The repurchase will take place on such Transfer Date.
- (iv) The price of the repurchase of the Shares and Certificates will be their Outstanding Nominal Balance, including those in default.
- (v) The exercise of the right to repurchase will be announced to the *CNMV* and the Rating Agencies.

If the Seller effects its right to repurchase this will result in the prepayment of the Bonds on the Payment Date following the date on which the payment for the repurchased Shares and Certificates takes place and that of the early liquidation of the Fund.

b) The Fund

Fondos de Titulización de Activos are subject to the *Impuesto sobre Sociedades*. The establishment of the Fund is exempt under the heading *Operaciones Societarias* of the *Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados* in accordance with article 5°.10 of Law 19/1992. Royal Decree 926/1998, establishes the application of rule of Law 19/1992 to the *Fondos de Titulización de Activos*.

c) Bondholders

(See section II.22 of the Prospectus).

d) *Sociedad Gestora*

The administration of the Fund by the *Sociedad Gestora* is exempt from the Value Added Tax.

III.7 Modifications to the Fund Regulations

The Fund Regulations may be modified on an exceptional basis, provided that such modifications are permitted by the applicable law. Additionally, such modifications may not negatively affect the rating assigned to the Bonds, nor prejudice the interest of the Bondholders. In any case, such modifications shall be previously authorised by the Rating Agencies. Any modification of the Fund Regulations will require the granting of the corresponding public modification deed and shall be notified to the CNMV to be published as relevant event or via registration of a Prospectus supplement.

III.8 Replacement of the Participants

Financial Agent and Seller

The *Sociedad Gestora* is entitled to replace the Financial Agent (in all or some of its maintenance duties of the Fund's Account, Payment Agency or Custodian of the Shares and Certificates) and the entity that undertake, on behalf of the Fund, services derived from the servicing of the Mortgage Loans; provided that it conforms with applicable law, and that authorization of the relevant authorities is given. The reason for the substitution must be serious and present serious prejudice to the interests of the Bondholders. Notice will be given regarding the substitution to the CNMV, the Rating Agencies and the Seller.

In the event that the rating of the Financial Agent assigned by the Rating Agencies is reduced to a rating for short term risk below P1 (Moody's) or A1 (S&P), the *Sociedad Gestora*, on behalf of the Fund, prior consultation with the Rating Agencies, and within 30 days of such reduction, must implement one or more of the following options which will allow the maintenance of an adequate level of guarantee with respect to the obligations derived from the Payment Agent, maintenance of the Fund's Account and deposit of the Shares and Certificates:

- (i) Obtain similar guarantees or commitments from one or more credit institutions with a rating above P1, following Moody's, or A-1 following Standard&Poor's, or another equivalent rating expressly recognised by the Rating Agencies, which guarantee the commitments assumed by the Financial Agent.
- (ii) Substitute the Financial Agent for another credit entity with a rating above P1, following Moody's, and A-1 Standard&Poor's, or another equivalent rating expressly accepted by the Rating Agencies to undertake, under the same conditions, the functions of the affected entity established in their contracts.

Furthermore, the Financial Agent may terminate the Financial Services Contract, by giving prior notification to the *Sociedad Gestora* of at least two months, in accordance with the terms of its appointment, provided (i) another entity of similar financial characteristics to ICO substitutes it, with a credit rating for short term risk at least equal to P1 following Moody's, or A-1 following Standard&Poor's, or another equivalent rating expressly recognised by the Rating Agencies, and accepted by the *Sociedad Gestora*, (ii) the CNMV and the Rating Agencies are notified and (iii) the rating assigned to the Bonds is not negatively affected. Such termination shall be without prejudice to the fact that the termination will not take place, except when authorised by the *Sociedad Gestora*, until two business days after the Payment Date that follows the notification of the termination.

In the event of a breach of the contractual obligations or as a result of a corporate, legal or judicial decision to liquidate, terminate or intervene in respect of any of the participants in this transaction, or any entity requests to be declared in a legal situation of suspension of payments or bankruptcy, or a request by a third party is admitted, the *Sociedad Gestora* will terminate the contracts that link them to the Fund whenever said termination is permitted. Once the contract has been terminated and legal legislation permits it, the new participant will be chosen by the *Sociedad Gestora*, once the appropriate administrative authorities have been consulted, and provided the rating of the Bonds issued by the Fund is not negatively affected. The Rating Agencies will be notified.

Waiver and Replacement of the *Sociedad Gestora*

The waiver and replacement of the *Sociedad Gestora* will be regulated as established in Royal Decree 926/1998 of May 14th, by which *Fondos de Titulización de Activos* are regulated or by the existing current legislation. The replacement of the *Sociedad Gestora* will be carried out in compliance with the following procedure, unless it is contrary to the relevant legal dispositions:

- (i) The *Sociedad Gestora* may renounce its role and voluntarily request its replacement via a written request to the CNMV. This request will include the document from the new *sociedad gestora* containing its authorization and which is inscribed in the special registers of the CNMV, where it declares itself prepared to accept such role and requests the corresponding authorization. The replacement of the *Sociedad Gestora* and the appointment of a new *sociedad gestora* must be approved by the CNMV. Under no circumstances the *Sociedad Gestora* may waive its functions before complying with the requests and requirements for the substitute to fully take over its functions in respect of the Fund. Neither will the *Sociedad Gestora* waive its responsibilities when, due to said replacement, the ratings granted to the Bonds issued by the Fund, are decreased. All the expenses generated by said substitution will be borne by the *Sociedad Gestora*, or, the new *sociedad gestora*;
- (ii) In the event that any of the circumstances described in number 1 of article 260 of *Ley de Sociedades Anónimas* occur, the *Sociedad Gestora* will be replaced. The occurrence of any of those circumstances will be notified by the *Sociedad Gestora* to the CNMV. In this event, the *Sociedad Gestora* will be obliged to comply with section (i) before it is replaced;
- (iii) In the event that the *Sociedad Gestora* is declared in suspension of payments or bankruptcy or its authorization is revoked, it will proceed to select a *sociedad gestora* to replace it. The substitution will take place less than four months after the date in which the event giving rise to the substitution took place. If the *Sociedad Gestora* does not find another *sociedad gestora* willing to take over the administration and representation of the Fund, or the CNMV does not consider the proposed entity adequate, the early liquidation of the Fund will take place and the Bonds will be amortized;
- (iv) The substitution of the *Sociedad Gestora* and the selection of the new *sociedad*, approved by the CNMV in accordance with the previous paragraphs, shall be authorized by the Rating Agencies and published in the Daily Bulletin of the AIAF Market. The *Sociedad Gestora* undertakes to

grant all the public and private documents necessary to effect its replacement in accordance with the previous sections. The replacing *sociedad gestora* will become subject to the rights and obligations, that in respect of the Prospectus, correspond to those of the *Sociedad Gestora*. Furthermore, the *Sociedad Gestora* will forward to the new *sociedad gestora* all the documents and accounting and computing registers relating to the Fund.

III.9 Subcontracting of the Participants

The entities taking part in the TDA IBERCAJA 1 transaction, pursuant to their corresponding contracts, are entitled to subcontract or delegate to third parties of recognised solvency and capacity, the performance of any of the agreed services, provided it is legally possible and (i) the *Sociedad Gestora* provides written agreement, (ii) the sub-contractor or delegate has a rating equal or above the rating required by the Rating Agencies, and whenever (iii) the sub-contractor or delegate has waived all rights of recourse against the Fund; they are also entitled to terminate such sub-contracts and/or delegations. In any case, such sub-contracting or delegation shall not imply any additional cost or expense for the Fund nor the *Sociedad Gestora*, nor affect the rating assigned to the Bonds by the Rating Agencies. Despite any sub-contract or delegation, the entities taking part in the operation shall be neither exonerated nor discharged from any of the responsibilities established in the corresponding contracts. Those subcontracted entities will comply with the rating level conditions established by the Rating Agencies in order to undertake this role.

III.10 Early Liquidation and Termination of the Fund

By virtue of the Fund Regulations and the Prospectus, the *Sociedad Gestora* is entitled to proceed to the early liquidation of the Fund TDA IBERCAJA 1 when the Outstanding Nominal Balance of the Shares and Certificates is less than 10% of the initial balance, provided the proceeds from the liquidation of the assets are sufficient to discharge the outstanding obligations to the Bondholders, and always in accordance with the priority order of payments described in section V.4. of the Prospectus, and that all necessary authorizations have been granted. The Fund will be terminated only in the following circumstances, and the *Comisión Nacional del Mercado de Valores* and the Rating Agencies will be informed of such event:

- (i) When the Shares and Certificates are totally amortised, including the assumption regulated in section III.6. of the Prospectus in the event of the modification of the tax regulations and the alteration of the financial balance of the Fund. In the event that all the Shares and Certificates have matured and there remain collection amounts and payments to be made to the Bondholders, the Fund will be extinguished on the Payment Date immediately after 30 months from the maturity of the last Mortgage Loan grouped in the Fund, that is, July 26th, 2035.
- (ii) When the Bonds issued are totally amortised.
- (iii) When, in the opinion of the *Sociedad Gestora*, exceptional circumstances occur which render impossible, or extremely difficult, the survival of the financial balance of the Fund. In this case, the *Sociedad Gestora*, after notifying the CNMV, will proceed to liquidate the Fund in accordance with the priority order described in section V.4.2. of the Prospectus.
- (iv) In the case set out in Article 19 of Royal Decree 926/1998, that establishes the obligation to undertake the early liquidation of the Fund in the event that four months after an event that justifies the substitution of the *Sociedad Gestora* (insolvency proceedings or bankruptcy), no alternative *Sociedad Gestora* has been found to manage the Fund.
- (v) When a non-payment of any of the securities issued, indicative of a serious and permanent imbalance, occurs or is expected to occur. In this event, the *Sociedad Gestora*, after notifying the

CNMV, will proceed to liquidate the Fund in accordance with the priority order described in section V.4.2. of the Prospectus.

If at the moment of the final liquidation of the Fund, outstanding obligations remain on behalf of the Fund towards any of the Bondholders, the *Sociedad Gestora* will designate an independent expert to determine the sale value of the Shares and Certificates left in the Fund at the time of liquidation. Under no circumstance the price of sale of the Shares and Certificates will be lower than the sale price determined by the expert. The designation of the independent expert will be notified to the CNMV and the Rating Agencies.

III.11 Rights of the Seller in the Liquidation of the Fund

In the event of the liquidation of the Fund, pending any outstanding amount of Shares and Certificates, the Seller will have a right to repurchase the Shares and Certificates issued and which belong to the Fund, corresponding to Mortgage Loans not paid at the moment of the liquidation, under the conditions and price established in the previous section. Such right does not imply, in any case, a pact or declaration of repurchase of the Shares and Certificates given by the Seller. In order to exercise such option the Seller will have 10 Business Days from the date in which the *Sociedad Gestora* will notify the conditions in which the sale of the Shares and Certificates will take place.

CHAPTER IV

INFORMATION RELATING TO THE ASSETS OF THE FUND

IV.1 Mortgage Share Certificates and Mortgage Transfer Certificates Grouped in the Fund

A. Mortgage Share Certificates and Mortgage Transfer Certificates. Conditions of Issue

The Shares and Certificates will be issued by the Seller and subscribed by the *Sociedad Gestora* on behalf of the Fund TDA IBERCAJA 1, by virtue of the Fund Regulations. The Shares and Certificates grouped in the Fund are represented in the two Multiple Deeds, one representing the entire issue of Mortgage Share Certificates, and the other representing the entire issue of Mortgage Transfer Certificates. The Shares and Certificates are issued for a total nominal value of 599,999,999.99 Euros, each Share and Certificate participated in 100% of the unamortized principal of each one of the Mortgage Loans, and accrue an interest rate equal to the nominal interest rate, at any time, on the corresponding Mortgage Loan.

The asset of TDA IBERCAJA 1 is integrated by Mortgage Share Certificates and Mortgage Transfer Certificates issued by *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja* over Mortgage Loans granted for the acquisition, construction or restoration of a home located on Spanish soil, with a first mortgage on a property appraised by an Appraising Company. Some of the Mortgage Loans derive from subrogations of promoter loans.

Among the Mortgage Loans there are Mortgage Loans in which the Outstanding Nominal Balance does not exceed, on the date of the issue of the corresponding Shares, 80% of the appraisal value of the properties mortgaged as a guarantee of the corresponding Mortgage Loan (hereon, Mortgage Loans 1). The Mortgage Loans 1 will represent, on the Date of the Constitution of the Fund, a total unamortized principal of 442,631,673.71 Euros approximately.

The remaining Mortgage Loans are loans in which the Outstanding Nominal Balance exceeds, on the date of issue of the corresponding Certificates, 80% of the value of the properties mortgaged as a guarantee of the corresponding Mortgage Loan (hereon, Mortgage Loans 2). The Outstanding Nominal Balance of the Mortgage Loans 2 will not exceed, in any event, 100% of the appraisal value of the mortgaged properties. The Mortgage Loans 2 will represent, on the Date of Constitution of the Fund, a total unamortized principal of 157,368,326.28 Euros approximately.

The aforementioned amounts are the result of a selection of mortgage loans from the portfolio audited by Pricewaterhouse Cooper Auditores S.L., comprising 10,594 loans with an outstanding nominal balance of 654,531,450.7 Euros on August 31st, 2003.

As holder of the Shares and Certificates, the Fund will hold the rights recognised in the applicable legislation and in the Shares and Certificates.

The *Sociedad Gestora* will adjust, on the Closing Date, the specific number of Shares and Certificates, in accordance with the substitutions occurred to that date, in accordance with the Fund Regulations and in section IV.4.3. of this Prospectus, as follows: the adjustment will be made on the Closing Date on the one hand, and on the other, Shares and/or Certificates will be substituted when (i) they have been fully amortized between the Date of the Constitution of the Fund and the Closing Date, or (ii) they remain unpaid on the Closing Date. They will be substituted for other Shares and Certificates with similar financial characteristics to those removed.

The effective sale of the Shares and Certificates will begin on the Closing Date and for the remaining term to maturity of the loans, with no repurchase agreement.

The Seller will not assume any liability whatsoever for the non-payment by the Mortgage debtors of principal, interest or any other amount that may be due by virtue of the Mortgage Loans. The Seller does not, under any circumstance, assume any responsibility in guaranteeing, either directly or indirectly, the payments to the Bondholders, nor will they give guarantees or warranties, nor enter into repurchase agreements for the Shares and Certificates nor by virtue of the fund Regulations or any other agreement or contract. The above is without prejudice to the responsibilities of the Seller with respect to that established in the Loan Contracts (Initial Expenses Loan, Subordinated Loan and the Participative Loan Contracts), the Swap Contract, and the compromise described in Clause 9 and 10 of the Fund Regulations, described in section IV.2. of the Prospectus.

B. Subscription of the Mortgage Share Certificates and the Mortgage Transfer Certificates

Price, Subscription and Payment of the Shares and Certificates: the *Sociedad Gestora* shall subscribe 100% of the Shares and Certificates on behalf of the Fund.

The price of the Shares and Certificates will be the nominal value thereof, and will be paid by the *Sociedad Gestora*, in the name of the Fund, to the Seller on the Closing Date, October 14th, 2003.

Taxation of the Shares and Certificates: Payments made to the Fund on account of the return of the Shares and Certificates will not be subject to withholding of any kind, in virtue of article 57 p of Royal Decree 537/1997 of April 14th.

In the event that in the future, direct or indirect, charges or expenses of said payments, are established, they will be paid by the Seller and will be reimbursed by the Fund in the event of their recovery.

Notwithstanding the above, in the event of the modification of the taxation regime and the establishment of taxes, fees or withholdings on the payments made by the Fund in respect of the interest of the Shares or the Certificates, which significantly affect the financial balance of the Fund, the Seller will have the right to repurchase them, in accordance with the following rules:

- (i) The repurchase will refer to the entire Shares and Certificates of the Fund.
- (ii) The decision to repurchase will be notified by the Seller to the *Sociedad Gestora*, at least 30 days prior to the Transfer Date in which the repurchase will take place.
- (iii) The repurchase will coincide with a Transfer Date.
- (iv) The price of repurchase of the assets will be the Outstanding Nominal Balance of the assets, including those in default.
- (v) The repurchase will be notified to the CNMV and the Rating Agencies.

In the event of the modification of the taxation regime referred to above, the Fund will be extinguished and liquidated, in accordance with section III.10. of the Prospectus.

Rights of the Fund from the Subscription of the Shares and Certificates: The Fund, as holder of the Shares and Certificates, shall have the rights recognised in the applicable legislation and in the Shares and Certificates. In particular, it will have the right to receive all the payments made by the Mortgage Loan debtors from the Closing Date onwards, on any account whatsoever, and any other payment arising from the Mortgage Loans, provided such payments correspond to the Shares and Certificates. The Shares and Certificates will begin to accrue interest from the Closing Date.

In addition to the payments made by the Mortgage Loan debtors, any other payment received by the Seller in relation to the Mortgage Loans, including those arising from any ancillary rights to the Mortgage Loans such as compensation derived from insurance policies, payments made by possible guarantors, etc., will correspond to the Fund, with the exception of commissions arising from delinquent interest, unpaid receipt claims, subrogation and prepayment, together with any other commission that may correspond to the Seller of the Shares and Certificates. The Seller will make necessary notifications so that the payments to the *Sociedad Gestora* are made. The Seller must undertake reasonable efforts to maintain to their full extent, the insurance policies in relation to the Mortgage Loans, and will be responsible for any damages to the Fund in the event the insurance policies have not been maintained. All of the above shall be without prejudice to the subordinated retrocession of the interests, in relation to the Variable Remuneration of the Participative Loan.

Notifications

The Seller will continue to administer the Mortgage Loans, in accordance with section IV.2. of the Prospectus. The *Sociedad Gestora* and the Seller have agreed not to notify the sale to the debtors of the Mortgage Loans.

Nevertheless, the Seller will grant all possible legal means to the *Sociedad Gestora* to notify the sale to the debtors of the Mortgage Loans when it considers necessary. In particular, the *Sociedad Gestora* will notify the sale to the debtors of the Mortgage Loans in the event of the substitution of the Seller as Mortgage Loan administrator, and in the event of a bankruptcy situation of the Seller, or the administrative or judicial intervention of the Seller.

The Seller will assume the notification expenses even in the event that such notification is made by the *Sociedad Gestora*.

C. Replacement of the Mortgage Share Certificates and the Mortgage Transfer Certificates

In the exceptional circumstances in which it may be discovered that, despite the declarations made by the Seller and its efforts to ensure compliance, a particular Mortgage Loan does not comply with the representations set out in section IV.4. of the Prospectus and in Clause 8 of the Fund Regulations, the Seller undertakes:

(A) To replace the corresponding Share and/or Certificate by another one with similar financial characteristics in terms of amount, term to maturity and interest rate, loan to value and characteristics of the mortgage property, and its borrower, and that is acceptable to the *Sociedad Gestora*, prior consultation with the Rating Agencies.

In any case, in the event of replacement of a Share and/or Certificate, the Seller must demonstrate that the Share and/or Certificate is in accordance with the conditions referred to in section IV.4. of the Prospectus.

The Seller, as soon as it becomes aware that a Share and/or Certificate issued does not correspond to the cited representations, will inform the *Sociedad Gestora* and indicate the Mortgage Loans that will be presented to replace the faulty ones. In the event that any of the Shares and Certificates are substituted in accordance with these provisions, the Seller will issue a new Multiple Deed, which will be substituted for the one provided in accordance with the Fund Regulations.

(B) In addition to the obligations assumed in paragraph (A), and in the exceptional cases in which, even though the Seller has fulfilled these obligations, the substitution is not possible because the available Mortgage Loans, for reasons not attributable to the Seller, are not similar to the securitized portfolio in terms of (i) amount, (ii) term to maturity, (iii) interest rate, (iv) characteristics of the borrower, or (v) characteristics of the mortgaged property, (vi) live balance/appraisal value ratio, and the lack of conformity of any of these elements with respect to the affected Share and/or Certificate is sufficiently

important that it affects adversely the legality or financial structure of the Fund and the rights and interests of the Bondholders, in the justified opinion of the *Sociedad Gestora*, which will so inform the Seller and the CNMV, the Seller will agree to reimburse the outstanding principal of the corresponding Share and/or Certificate and the interest accrued and unpaid to date.

The Seller agrees to formalize the substitution of the Shares and Certificates, certified in a notary document in the form and manner established by the *Sociedad Gestora*, and to provide the information on the substitutions established by the *Sociedad Gestora*. A copy of the notary document will be sent to the CNMV.

D. Custody of the Mortgage Share Certificates, Mortgage Transfer Certificates and other Fund Assets

On the Date of the Constitution of the Fund, the Seller will deliver the Multiple Deeds representing the Mortgage Share Certificates and Mortgage Transfer Certificates subscribed, to the *Sociedad Gestora*, which will proceed to deposit the Deeds with the Financial Agent, in accordance with the provisions of the Financial Service Contract.

IV.2 Servicing of the Mortgage Loans

In accordance with article 61 (3) of Royal Decree 685/1982, of March 17th, and in section 2.b) of Article 2 of Royal Decree 926/1998, the Seller undertakes to maintain the custody and servicing of the Mortgage Loans it has issued, remaining responsible to undertake whatever actions are necessary for the effective collection of the Mortgage Loans. In any case, the *Sociedad Gestora*, on behalf of the Fund, will undertake to exercise all powers that, in the case of default in the payment by the borrower, correspond to the holders of the Shares and Certificates in article 66 of Royal Decree 685/1982.

The Seller will be responsible for all taxes, direct or indirect, charges or expenses accrued and incurred by the Seller or those that must be passed on in relation to the provision of administration services for the Mortgage Loans, without prejudice to its right to receive reimbursement from the debtors or from the Fund in the event of its recovery.

IV.2.1. General Compromises of the Seller as administrator

The Seller, in relation to the Mortgage Loans it administers will declare to the *Sociedad Gestora* and the Fund that it will:

- (i) Take all necessary steps to ensure the performance of the Mortgage Loans, including judicial or extra-judicial proceedings.
- (ii) Take all necessary and indicated measures to maintain or execute the guarantees and other obligations arising from the Mortgage Loans.
- (iii) Take into account the interests of the Bondholders in their relations with the debtors and in the exercising of any discretionary power resulting from performance of the services specified in the Fund Regulations and in the Prospectus.
- (iv) Carry out all reasonable instructions from the *Sociedad Gestora*, in accordance with the Fund Regulations and the Prospectus.
- (v) Obtain and maintain in full force licenses, approvals, authorisations and consents that may be necessary for the implementation of its services.
- (vi) Have at its disposal sufficient equipment and staff to fulfil all of its duties.

The Seller, as administrator of the Mortgage Loans, will not be responsible for the debts of the *Sociedad Gestora* or the Fund, in relation to the Bonds, or the obligations of any debtor by virtue of any Credit Right.

Specifically, the Seller, as administrator of the Mortgage Loans will not be responsible for any loss, responsibility, claim or expense suffered or incurred by the *Sociedad Gestora* or the Fund as a result of the provision of services by the Seller as established in the Fund Regulations and in the Prospectus, except when such loss, responsibility, claim or expense is suffered or incurred as a result of a negligence or omission of the Seller in respect of the Shares and Certificates it administers, or any non-compliance of its obligations by virtue of the Fund Regulations and the Prospectus. In these events the Seller will pay the Fund or the *Sociedad Gestora* for the losses and damages suffered (and justified by the *Sociedad Gestora*) as a consequence of such negligence or non-compliance.

Without prejudice to the above, in the event that due to a negligence as loan administrator, the Seller receives payments related to the Mortgage Loans and derived from the Shares and Certificates after the dates in which they are due, it shall immediately transfer to the Fund, the amounts received in the corresponding account, in accordance with section IV.2.2. of the Prospectus and in Clause 10.3 of the Fund Regulations, and will not delay such payment to the following Transfer Date.

In any event, the Fund, through the *Sociedad Gestora* will be able to make use of the legal options available against the Seller in the event of non-compliance of its obligations, included in the contracts subscribed with the *Sociedad Gestora*.

IV.2.2. Administration Services of the Mortgage Loans

For the administration of the Mortgage Loans, the Seller will dedicate the same time and attention, and will effect the same level of accuracy, care and diligence as that dedicated to the administration of other mortgage loans, and in any case, will exert a reasonable level of accuracy, care and diligence when undertaking its functions.

The Seller, in respect of the Mortgage Loans it administers, will be authorised to modify the criteria for their administration, included in Annex 7 of the Fund Regulations, whenever the modifications do not negatively affect the administration of the Mortgage Loans, and the *Sociedad Gestora* is notified. The rating assigned to the Bonds by the Rating Agencies must not be negatively affected.

In particular, the Seller, as Mortgage Loan administrator, will fulfil all the activities described in Clause 10.3 and Annex 7 of the Fund Regulations, and which are summarised thus:

Custody of the deed, documents and files. The Seller, in respect of the Mortgage Loans it administers, will maintain all the deeds, documents and files relative to the Mortgage Loans and any other ancillary right of the Mortgage Loans, together with relevant documents, under safe custody, and will not relinquish the possession, custody or control, unless there is written authorization from the *Sociedad Gestora* in the name of the Fund; unless (a) it is in favour of a subcontractor or delegate elected following current legislation, or (b) it permits the Seller, as administrator of the Mortgage Loans, to initiate foreclosure of the Mortgage Loans.

Collection of Amounts. The Seller, as loan administrator, will continue to collect the amounts due by virtue of the Mortgage Loans or any other ancillary right, and will ensure that all the payments to be made by the debtors or other persons, by virtue of the Mortgage Loans or any other ancillary right, are collected, in accordance with the terms and conditions of said Mortgage Loans, on the applicable dates; the Seller will undertake all necessary actions for the success of said Mortgage Loans.

Payment of Amounts to the Fund. Payment by the Seller to the Fund of the amounts received from the Mortgage Loans will be undertaken as follows, as is described in Clause 10.3.3. of the Fund Regulations:

- Payments by the Seller will be made monthly on the 20th of each month, or if this is not a Business Day, on the immediately prior Business Day (Transfer Date) to the Reinvestment Account, or if applicable, the Fund's Account held by the Fund at the Financial Agent, in accordance with section V.3.5. of this Prospectus.
- The total amount due to the Fund by the Seller on each Transfer Date for Mortgage Loan Administration shall be (a) the Amount Collected, that is, the total amount collected by the Seller during the previous calendar month from the Mortgage Loans administered and which correspond to the Shares and Certificates; (b) minus the Technical Advance forwarded on the previous Transfer Date; (c) plus the Technical Advance corresponding to the current Transfer Date, as defined in section V.3.6. of this Prospectus.

In the event of a delay in the payments due by the debtors by virtue of the Mortgage Loans sold, the Seller, as loan administrator, will undertake all the measures a reasonable creditor operating in Spain would undertake, certifying that such actions do not affect the management of the Fund nor the rating assigned to the Bonds.

In general, and for the Shares and Certificates grouped in the Fund, the *Sociedad Gestora*, on behalf of the Fund, will exercise all the options established in Article 66 of Royal Decree 685/1982.

In the event of a competitive situation as established in section b) of Article 66 of Royal Decree 685/1982, the right of adjudication in payment will correspond to the Seller and the share of the final result will be effected as is described in the Article.

In the event that any of cases described in paragraphs c) and d) of the Article occur, and as a consequence the *Sociedad Gestora*, in the name of the Fund, is subrogated to the Seller in the procedure initiated by the Seller, or a foreclosure process is initiated, the *Sociedad Gestora* will proceed to sell the properties in the shortest possible time allowed under the market conditions at the time. The Seller will have the right of repurchase of the properties mortgaged as guarantees of the Mortgage Loans it administers and that are sold to the Fund, in the 10 business days following the date in which the *Sociedad Gestora* notifies the intention to sell the property. The right to repurchase will require that the Seller may purchase the properties under the same conditions as they were offered to the *Sociedad Gestora*.

All the options described in this section, in relation to the Shares and Certificates, will be carried out under the terms described in Title IV of Book III of Law 1/2000 *Enjuiciamiento Civil*.

IV.2.3. Subcontracting

The Seller, in respect of the Mortgage Loans it administers, is entitled to subcontract or delegate to third parties of recognised solvency and capacity, the performance of any of the agreed services, provided it is legally possible and (i) the *Sociedad Gestora*, on behalf of the Fund, provides written agreement, (ii) the sub-contractor or delegate has a rating equal or above the rating required by the Rating Agencies, and whenever (iii) the sub-contractor or delegate has waived all rights of recourse against the Fund.

In any case, such sub-contracting or delegation, or the termination of a contract, shall not imply any additional cost or expense for the Fund nor the *Sociedad Gestora*.

Despite any sub-contract or delegation, the Seller shall be neither exonerated nor discharged from any of the responsibilities established in the Fund Regulations.

IV.2.4. Substitution of the Seller by the *Sociedad Gestora*, as administrator of the Shares and Certificates

In the event that the *Sociedad Gestora* establishes the non-compliance of the Seller, as Mortgage Loan administrator, of the obligations set out in this section, or the occurrence of an event that, in the opinion of the *Sociedad Gestora*, implies damage or risk to the financial structure of the Fund or the rights and interests of the Bondholders, the *Sociedad Gestora* will, in accordance with current legislation, (i) substitute the Seller as administrator of the Shares and Certificates, or (ii) request the Seller to sub-contract or delegate the performance of said obligations to a person that, in the opinion of the *Sociedad Gestora*, has the technical capacity to undertake such functions. The *Sociedad Gestora* will take into account the proposals of the Seller on the designation of the substitute. The Seller must undertake such sub-contracting or delegation.

Furthermore, if a corporate, legal or judicial decision is taken on the liquidation, termination or intervention of the Seller, or the Seller requests to be declared in a legal situation of suspension of payments or bankruptcy, or a third party presents such a request, the *Sociedad Gestora* will substitute the Seller as administrator of the Mortgage Loans, if permitted by current legislation.

The new administrator of the Mortgage Loans will be designated by the *Sociedad Gestora*, once the corresponding administrative authorities have been consulted, and the rating assigned to the Bonds is not negatively affected. The designation will be notified to the Rating Agencies. The *Sociedad Gestora* will agree with the new administrator the amount to be received, with charge to the Fund.

If permitted by the current legislation, the Seller may request its substitution in the administration of the Mortgage Loans. The *Sociedad Gestora* will authorize the substitution if the Seller has found an entity to replace it and if the rating assigned to the Bonds by the Rating Agencies has not been negatively affected. The substitution will be notified to the Rating Agencies.

In the event of the substitution, the Seller will forward to the new administrator all the documents and computer files necessary to undertake its activities.

All the extraordinary expenses derived from the substitution of the Seller as administrator of the Mortgage Loans will be paid in accordance with the priority order set out in section V.4.2. of this Prospectus.

IV.2.5. Modifications to the Mortgage Loans

In accordance with article 25 of Royal Decree 685/1982 of March, 17th, the Seller is not entitled (without the consent of the *Sociedad Gestora*) to voluntarily cancel the Mortgages underlying the Shares and Certificates for any other reason other than payment of the Mortgage Loans, to waive or compound them, to make a novation of the Mortgage Loans, to remit or pardon them partially or in full, to prorogue them, extend them or, in general, carry out any act that might impair or decrease the rank, legal enforceability or economic value of the Mortgages or the Mortgage Loans except by the modifications outlined in the following paragraph.

The Seller, as Mortgage Loan administrator will, from the Date of the Constitution of the Fund, as long as the rating assigned to the Bonds is not impaired, the payments to the Fund are not affected in a negative way, and that notice is given to the *Sociedad Gestora* and by the latter to the Rating Agencies, be entitled to:

- (i) Permit subrogations of the Mortgage Loan contracts, provided that the characteristics of the new debtor are similar to those of the existing debtor and that these are consistent with the criteria contained in the Internal Memorandum On the Granting of Mortgage Loans by the Seller and included in Annex 8 of this Prospectus.

- (ii) Agree with the borrowers modifications in the rate of interest and final maturity of the Mortgage Loans, provided the commitments taken by the Seller by virtue of the obligations referred to in this section are complied with.

Modifications of the Interest Rate: In accordance with the Fund Regulations, in the event that the Seller agrees the modifications of the interest rates of a Mortgage Loan, and as a consequence the modification of its corresponding Share or Certificate, the aggregate interest accrued by the Mortgage Loan will still correspond to the Fund. That modification will not take place whenever the weighted interest rate of the portfolio of Mortgage Loans is below the Interest Reference rate of the Bonds plus the margin above 0.75%.

Additionally, in such case the Seller will pay the Fund, in respect of each Mortgage Loan with a modified interest, and during the life of such modification and on each Transfer Date, the difference (if negative) between (a) the interest accrued by the Mortgage Loan from the last Transfer Date and (b) the interest accrued by the Mortgage Loan during the same period applying to the principal an interest rate equal to the sum of (i) the Reference Interest Rate for the Bonds Issued by the Fund, as defined in section II.10.1., current at the beginning of the corresponding Interest Accrual Period, plus a margin of 0.75%.

Modifications to the Final Maturity of the Mortgage Loans: In accordance with the Fund Regulations, the Seller can modify the final date of maturity for the Mortgage Loans when the following conditions are met:

- (a) That, in all cases, the periodicity of the scheduled amortization payments of the Mortgage Loan's principal is maintained or reduced, maintaining their current amortization system.
- (b) That the new final maturity date of the loan is no later than December 31st, 2032.
- (c) That the Mortgage Loan to be modified has not suffered any delays in the payment of due instalments in the six months prior to the modification, and the Mortgage Loan is currently being paid.
- (d) That the expenses derived from the modification of the Mortgage Loans are borne by the Seller or the Mortgage Loan debtor and, in no case by the Fund.
- (e) The sum of the initial balance of the Mortgage Loans with an extended maturity term will not exceed 5% of the initial balance of the Mortgage Loans grouped in the Fund.
- (f) In no case will the Seller, as Loan administrator, decide without prior request from the Mortgage Loan Debtor, the modification of the final maturity date of the Mortgage Loan. The administrator will act, in relation to said modification, always taking into account the interests of the Fund.
- (g) The *Sociedad Gestora*, on behalf of the Fund, will, at any time during the life of the Fund, cancel or suspend the modification of the final maturity date on behalf of the Seller.

Except in the above cases, the modification of the Mortgage Loan will not affect the declarations and guarantees included in section IV.4. of the Prospectus.

In the event that there is a renegotiation of the interest rate of any Mortgage Loan, or the modification of its final maturity, the Seller, as Loan administrator, will immediately communicate to the *Sociedad Gestora* the result of the negotiations, without prejudice to this section of the Prospectus.

IV.3 Mechanisms for Granting the Mortgage Loans

The Mortgage Loans have been granted by the Seller for the purpose of financing with a Mortgage guarantee the acquisition, construction or rehabilitation of residences located in Spain. Some of the loans derive from subrogations of promoter loans. A first ranking mortgage on the full ownership of each and every property guarantees said loans.

On the Date of the Constitution, as declared by the Seller, there are no lawsuits of any kind whatsoever relating to the Mortgage Loans that could impair their validity.

The Mortgage Loans have been granted by the Seller in accordance with their usual procedures, which are described in Annex 7 of the Fund Regulations and Annex 8 of this Prospectus, Memorandum for the Granting of Mortgage Loans.

IV.3.1. Historical Information on the Portfolio of Mortgage Loans

The following tables show historical information on the Mortgage Credit portfolio of the Seller. Information is provided on the evolution of the amounts of the Mortgage Credit.

All the amounts are stated in thousands Euros and dated December 31st of each year.

IBERCAJA					
	1998	1999	2000	2001	2002
Total assets	10,591,062	12,147,333	13,850,794	15,920,123	16,868,088
Credit amount to Clients	6,396,476	7,423,481	8,883,278	10,460,312	12,330,647
Credit amount with Real Guarantee	4,489,275	5,288,324	6,336,165	7,662,664	9,259,450
Mortgage Loans	4,459,538	5,260,204	6,312,325	7,638,725	9,232,359
Home Mortgage Loans	3,939,767	4,825,405	5,652,188	6,663,078	8,062,809
Number of Home Mortgage Loans	95,225	113,106	123,265	135,034	147,222
Free Home Mortgage Credit (F.H.)	3,021,290	3,851,367	4,657,788	5,662,705	7,019,329
Number of Loans (F.H.)	67,340	84,313	94,637	106,139	118,103
Variable Rate Number of Loans	66,057	83,087	93,354	104,842	116,967
Variable Rate residual Principal	2,973,796	3,786,475	4,608,142	5,597,611	6,941,047
Number of defaulted loans < 90 days (not included in DQL)	6,229	7,726	11,526	12,375	12,599
Amount of defaulted loans < 90 days (not included in DQL)	283,122	373,470	621,220	697,892	779,865
Defaulted amount <90 days (not included in DQL)	3,445	3,811	7,810	7,217	7,166
Number of Doubtful Quality loans*	138	147	191	222	165
Amount of Doubtful Quality loans	14,131	12,082	13,029	10,026	13,349
Yearly provisions	6,871	1,960	1,646	3,801	3,529
Yearly recoveries	2,754	3,476	2,102	3,500	2,373
Delinquency	4,153	495	737	98	499
Prepayment amortization amount	91,149	93,387	112,452	140,062	157,083

* Doubtful Quality, according to Circular 4/1991 of Bank of Spain, Norma 10ª2

CNMV's Circular 2/94 of March 16th, establishes that this section will provide historical information regarding defaults, renegotiations and recoveries of outstanding balances, execution of mortgage guarantees, recovery of debt and prepayments.

IV.4 Declarations and guarantees in respect of the Seller, the Mortgage Share Certificates and the Mortgage Transfer Certificates and the Mortgage Loans

IV.4.1. With respect to the Seller

- 1) That it is a credit institution duly established in accordance with current legislation, is registered in the *Registro Mercantil* and is authorised to participate in the Mortgage Loan Market.
- 2) That it has not been declared insolvent, in temporary receivership or bankruptcy as of the date of the Prospectus or at any time since its establishment.

- 3) That it has obtained all of the required authorisations, both administrative and corporate, for the valid granting of the deed of constitution of the Fund and the commitments undertaken in such deed and the other agreements related to the establishment of the Fund.
- 4) That it has audited annual accounts (closed on December 31st of 2000, 2001 and 2002) for the last three business years with, at the least, a favourable opinion of the Auditors for the period ending on December 31st, 2002. The accounts have been deposited at the *Comisión Nacional del Mercado de Valores* and at the *Registro Mercantil*.
- 5) That it complies fully with the current data protection legislation.

IV.4.2. With respect to the Shares and Certificates

- 1) That the Shares and Certificates are issued in accordance with Law 2/1981, Law 44/2002, Royal Decree 685/1982 and other applicable legislation and satisfy all requirements established therein for the issue of mortgage share certificates and mortgage transfer certificates; and in particular that the issue of Shares and Certificates satisfies the provisions of articles 59 and 62 of Royal Decree 685/1982, with respect to the amount of *cédulas hipotecarias* issued by the Seller.
- 2) That the relevant representative body of the Seller has validly adopted all of the necessary agreements for the issue of the Shares and Certificates.

IV.4.3. With respect to the Mortgage Loans derived from the portfolio of Shares and Certificates grouped in the Fund

The Seller, as holder of its Mortgage Loans, declares and guarantees to the Fund, on the Date of Constitution of the Fund, in respect of the referred Mortgage Loans:

1. The existence, validity and executability of the Mortgage Loans in accordance with current legislation, and that all of the applicable legal provisions have been respected in the granting thereof.
2. That the Seller has the ownership title of the entirety of the Mortgage Loans, and there is no hindrance to the issue of the corresponding Shares and Certificates that represent the Mortgage Loans.
3. That the data relating to the Mortgage Loans included in Annex 4 of the Fund Regulations and in the Multiple Deeds, reflect the current situation on the Date of the Constitution of the Fund, as included in the computer files of such Mortgage Loans, and that such data is correct, complete and does not contain any error or misrepresentation. Further, any additional information on the characteristics of the Loan portfolio of the Seller contained in the Prospectus is correct and does not contain any error or misrepresentation.
4. Furthermore, it declares that all Mortgage Loans accrue variable interest rates without prejudice to the fact that, during an initial period, fixed rates might be agreed on.
5. That all of the Loans were granted for the purpose of financing with a Mortgage guarantee the acquisition, construction or rehabilitation of residences located in Spain. Some of the loans derive from subrogations of promoter loans.
6. That a first ranking mortgage on the full ownership of each and every property guarantees the Loans in question.

7. That all Mortgages are duly constituted and registered in the corresponding registries, their complete registration data mentioned in Annex 4 of the Fund Regulations and in the Multiple Deed. The registration of the properties is in force and unchallenged.
8. That the Mortgagees have full ownership of the entirety of the properties on which the Mortgages are constituted (properties which fulfil the requirements of article 27 of Royal Decree 685/1982), and the Seller is not aware of the existence of any lawsuit relating to the title of such properties.
9. That all mortgaged housing has been subject to previous appraisal by Appraising Companies duly registered by the Bank of Spain, and that the appraisals have been appropriately certified. Such appraisals fulfil all requirements established in the legislation applicable to the mortgage market.
10. The Outstanding Nominal Balance of each Mortgage Loan 1 does not exceed 80% of the appraisal value of the mortgaged properties in guarantee of each Mortgage Loan 1, on the date of the issue of the Mortgage Share Certificates.
11. The Outstanding Nominal Balance of each Mortgage Loan 2 does not exceed 100% of the appraisal value of the mortgaged properties in guarantee of each Mortgage Loan 2, on the date of the issue of the Mortgage Transfer Certificates.
12. That, in respect of the Mortgage Loans, the Seller is not aware of any reduction of more than 20% of the appraisal value of any of the properties.
13. That all properties subject to mortgage have full insurance coverage against the risk of damages, the insured amount covering at least the appraisal value of the dwelling (excluding the value of the land). IBERCAJA, has contracted with an insurance company a subsidiary insurance policy to guarantee the protection against damages in case it does not exist or is insufficient for the amounts insured for an amount of 17,000,000 Euros.
14. That the information submitted by the Seller regarding the insurance and any other ancillary rights related to the Mortgage Loans is complete and accurate, and is a faithful representation of reality, in accordance with the data of which the Seller is aware.
15. That the Seller is not aware of any breach in the full payment of the insurance premiums referred to in paragraphs (13) and (14).
16. That the Mortgage Loans fulfil the requirements of article 32 of Royal Decree 685/1982 and can accordingly back the issue of Shares and Certificates.
17. That the Mortgage Loans have been granted to individuals, and following market criteria.
18. That the criteria contained in the Memorandum On The Granting of Mortgage Loans, included as Annex 7 of the Fund Regulations and Annex 8 of this Prospectus, are those normally used by the Seller in the granting of Mortgage Loans, and that they are in compliance with the current relevant legislation.
19. That the criteria contained in the above-mentioned Memorandum On The Granting of Mortgage Loans have been duly followed.
20. That the Mortgage Loans are represented in public deeds.
21. That all the deeds referring to mortgages on dwellings and to the Mortgage Loans are duly deposited with the Seller, and are available to the *Sociedad Gestora*. All the Mortgage Loans are clearly

- identified, in computerised files as well as in their deeds, and they are subject to analysis and monitoring by the Seller.
22. That all Mortgage Loans are and have been serviced by the Seller in accordance with its usual procedures for the servicing of Mortgage Loans.
 23. That there are no lawsuits whatsoever related to the Mortgage Loans that might impair the validity thereof.
 24. That all the Mortgage Loans have no overdue payments.
 25. That the Seller, on the Date of the Constitution of the Fund, is not aware of the existence of any debtor, holding a credit right against the Seller, might file an exception of counterclaim against the latter, without prejudice to the fact that, if any of the debtors files a counterclaim, the Seller will notify the *Sociedad Gestora* and will pay the Fund the amount due, plus the damages suffered by the Fund, duly credited to the Seller.
 26. That, to date, no debtor can claim any exception or defence against the Seller as regards the payment of any amount related to the Mortgage Loans.
 27. That notice has not been given to the Seller referring to prepayment of the Mortgage Loans.
 28. That, to date, there are no circumstances that might jeopardise the execution of the Mortgage guarantees related to the Mortgage Loans.
 29. That, to date, no person has a right preferential to that of the Fund, as holder of the Shares and Certificates, as regards the collection of the amounts arising from the Mortgage Loans except preferential legal rights.
 30. That in respect of the portfolio provided by the Seller, the maximum risk level granted to a single mortgagee (defined as the sum of the live balances of all the Mortgage Loans granted to a single mortgagee by the Seller) does not exceed, on August 31st, 2003, 260,039.03 Euros.

Homogeneity of the Mortgage Loans

The mortgage loans backed by the Mortgage Share Certificates and the Mortgage Transfer Certificates grouped in the Fund have been originated by a Spanish credit entity with the purpose of financing the acquisition, construction and restoration of residences, following the standard market analysis and underwriting criteria; therefore the only differentiating element of such Mortgage Loans is the percentage financed over the appraisal value. Considering the above, all the Mortgage Loans grouped in the Fund can be considered homogeneous.

Selection of the Mortgage Loans

The selection of Mortgage Loans in this chapter, extracted from the 10,594 loans audited on August 31st, 2003, with a live balance on such date of 654,531,450.7 Euros, includes Mortgage Loans with current interest rates between 2.752% and 6.750% approximately, and with a remaining weighted average term to maturity of 229 months. All Mortgage Loans accrue interest at a variable rate without prejudice to the fact that during an initial period fixed rates may have been established.

The purpose of the Mortgage Loans underlying the Shares and Certificates is the acquisition and rehabilitation of homes by private individuals. Neither loans to promoters nor those destined to finance properties other than housing have been included in the selected portfolio. Some of the Mortgage Loans might include, as a guarantee, another type of property (parking lot, premises) that will always be

This prospectus is a translation into English of the original "Folleto Informativo" drafted in Spanish language and registered with the "Comisión Nacional del Mercado de Valores" (the Spanish Securities Market Commission, "CNMV") on October, 7th, 2003. The "Folleto Informativo" drafted in the Spanish language is the only official document, and no document other than the "Folleto Informativo" shall have any legal effect or be relied upon with regard to the Note Issue.

attached to the dwelling that constitutes the main guarantee of the Mortgage Loan. Some of the loans derive from subrogations of loans granted to promoters.

The selection does not include Mortgage Loans with overdue payments.

The following tables illustrate the distribution of the preliminary selected Mortgage Loans according to geographical location of the property, date of issue, current balance, interest rate, reference rate, remaining term to maturity and loan to value ratio. These tables have been elaborated with information current as of August 31st, 2003.

Information as of 31/8/03

PRELIMINARY LOAN SELECTION, TDA IBERCAJA 1 ISSUE

(Grouped by Issue Date)

ISSUE DATE	NUM	TOTAL CURRENT BALANCE EUROS	CURRENT BALANCE %	WEIGHTED AVERAGE INITIAL TERM (months)	WEIGHTED AVERAGE REMAINING TERM (months)	WEIGHTED AVERAGE CURRENT INTEREST RATE	Min. CURRENT INTEREST RATE	Max. CURRENT INTEREST RATE
1997	497	22.258.241,94	3,710	252,26	179,26	4,090	2,783	5,250
1998	1.551	73.491.587,48	12,250	246,48	184,93	4,160	2,764	5,300
1999	1.746	89.815.155,17	14,970	256,53	206,77	4,130	2,764	6,250
2000	1.893	112.956.065,02	18,830	260,18	222,34	4,190	2,764	6,750
2001	1.996	135.008.657,44	22,500	265,11	239,51	3,890	2,752	6,750
2002	2.122	166.470.292,94	27,750	276,97	262,55	3,720	2,754	6,000
TOTAL	9.805	599.999.999,99	100,00	263,43	228,85	3,970	2,752	6,750

Information as of 31/8/03

PRELIMINARY LOAN SELECTION, TDA IBERCAJA 1 ISSUE

(Grouped by Current Balance)

CURRENT BALANCE EUROS	NUM	TOTAL CURRENT BALANCE EUROS	CURRENT BALANCE %	WEIGHTED AVERAGE INITIAL TERM (months)	WEIGHTED AVERAGE REMAINING TERM (months)	WEIGHTED AVERAGE CURRENT INTEREST RATE	AVERAGE CURRENT BALANCE EUROS	Min. CURRENT INTEREST RATE	Max. CURRENT INTEREST RATE
15.000,00 - 30.000,00	865	23.152.789,44	3,86	207,52	159,16	4,220	26.766,23	3,000	6,500
30.000,00 - 45.000,00	2.500	93.957.295,95	15,66	229,67	184,28	4,140	37.582,92	2,764	6,750
45.000,00 - 60.000,00	2.347	122.961.286,95	20,49	253,12	212,63	4,070	52.390,83	2,754	6,750
60.000,00 - 75.000,00	1.559	104.818.917,28	17,47	269,84	234,83	4,000	67.234,71	2,764	6,750
75.000,00 - 90.000,00	1.086	88.781.824,64	14,80	279,09	249,60	3,890	81.751,22	2,764	6,500
90.000,00 - 105.000,00	618	59.736.524,72	9,96	281,87	255,97	3,840	96.661,04	2,754	6,500
105.000,00 - 120.000,00	361	40.255.484,88	6,71	286,53	262,43	3,840	111.511,04	2,764	6,500
120.000,00 - 135.000,00	210	26.632.187,28	4,44	291,53	266,33	3,810	126.819,94	2,764	6,500
135.000,00 - 150.000,00	143	20.363.502,36	3,39	287,94	266,10	3,740	142.402,11	2,861	5,750
150.000,00 - 165.000,00	64	10.011.964,00	1,67	285,85	261,20	3,740	156.436,94	2,764	4,500
165.000,00 - 180.000,00	32	5.556.013,32	0,93	298,46	279,13	3,610	173.625,42	2,752	4,440
180.000,00 - 195.000,00	20	3.772.209,17	0,63	256,88	227,09	3,590	188.610,46	2,952	4,750
TOTAL	9.805	599.999.999,99	100,00	263,43	228,85	3,970	61.193,27	2,752	6,750

PRELIMINARY LOAN SELECTION, TDA IBERCAJA 1 ISSUE

(Grouped by Remaining Term)

REMAINING TERM	NUM	TOTAL CURRENT BALANCE EUROS	CURRENT BALANCE %	WEIGHTED AVERAGE INITIAL TERM (months)	WEIGHTED AVERAGE REMAINING TERM (months)	WEIGHTED AVERAGE CURRENT INTEREST RATE	Min. CURRENT INTEREST RATE	Max. CURRENT INTEREST RATE
60,00 - 75,00	16	454.465,18	0,08	124,21	71,12	4,080	3,250	5,000
75,00 - 90,00	112	4.001.045,31	0,67	133,43	83,33	4,020	3,000	6,500
90,00 - 105,00	198	7.333.099,77	1,22	147,32	97,48	4,040	2,864	6,250
105,00 - 120,00	348	13.922.367,15	2,32	166,78	113,02	4,060	3,000	6,500
120,00 - 135,00	479	19.713.271,62	3,29	177,52	127,16	4,070	2,814	6,000
135,00 - 150,00	498	23.324.406,66	3,89	186,54	142,5	4,010	2,764	6,500
150,00 - 165,00	801	39.240.358,13	6,54	194,07	156,96	4,090	2,764	6,500
165,00 - 180,00	744	38.299.480,89	6,38	219,56	171,93	4,020	2,764	6,750
180,00 - 195,00	598	30.294.487,54	5,05	235,81	187,11	4,100	2,764	5,750
195,00 - 210,00	559	31.267.593,47	5,21	240,02	202,18	4,150	2,764	6,750
210,00 - 225,00	648	42.838.697,14	7,14	242,21	217,78	3,860	2,764	6,750
225,00 - 240,00	660	41.862.212,12	6,98	268,99	231,15	3,860	2,754	5,500
240,00 - 255,00	845	51.012.891,19	8,5	297,82	247,65	4,160	2,764	6,500
255,00 - 270,00	1.082	73.270.717,32	12,21	299,39	262,2	4,150	2,764	6,750
270,00 - 285,00	1.273	99.524.495,46	16,59	300,28	277,67	3,880	2,764	6,750
285,00 - 300,00	649	55.221.813,77	9,2	302,19	287,85	3,580	2,754	6,000
300,00 - 315,00	14	1.064.233,44	0,18	342,81	306,51	4,100	3,211	4,500
315,00 - 330,00	28	2.344.786,96	0,39	358,86	324,33	4,200	3,000	4,750
330,00 - 345,00	108	10.312.990,64	1,72	359,47	339,58	4,040	2,752	5,000
345,00 - 360,00	145	14.696.586,23	2,45	360,07	348,35	3,700	2,852	4,650
TOTAL	9.805	599.999.999,99	100	263,43	228,85	3,970	2,752	6,750

PRELIMINARY LOAN SELECTION, TDA IBERCAJA 1 ISSUE
(Grouped by Loan To Value Ratio)

LOAN TO VALUE RATIO	NUM	TOTAL CURRENT BALANCE EUROS	CURRENT BALANCE %	WEIGHTED AVERAGE INITIAL TERM (months)	WEIGHTED AVERAGE REMAINING TERM (months)	WEIGHTED AVERAGE CURRENT INTEREST RATE	WEIGHTED AVERAGE LOAN TO VALUE RATIO	Min. CURRENT INTEREST RATE	Max. CURRENT INTEREST RATE
25,00 - 30,00	37	1.635.996,80	0,27	219,65	182,7	3,890	28,48	3,000	4,750
30,00 - 35,00	297	11.841.661,01	1,97	208,47	172,21	3,980	32,72	2,764	6,750
35,00 - 40,00	363	16.059.796,12	2,68	214,54	178,6	3,940	37,57	2,754	6,750
40,00 - 45,00	441	21.951.869,77	3,66	228,96	193,21	3,890	42,58	2,764	6,500
45,00 - 50,00	479	24.492.341,25	4,08	231,16	196	3,900	47,61	2,764	6,500
50,00 - 55,00	649	33.912.983,17	5,65	238,02	201,21	3,930	52,54	2,754	6,750
55,00 - 60,00	793	44.306.462,95	7,38	244,22	208,67	3,940	57,59	2,764	6,750
60,00 - 65,00	924	53.932.422,97	8,99	249,16	210,91	3,970	62,65	2,764	6,750
65,00 - 70,00	1.089	63.297.705,17	10,55	253,07	214,63	4,000	67,6	2,764	6,500
70,00 - 75,00	1.238	77.352.833,40	12,89	267,93	233,47	3,970	72,59	2,764	6,750
75,00 - 80,00	1.315	93.847.601,10	15,64	280,5	251,99	3,900	77,25	2,752	6,500
80,00 - 85,00	875	58.453.833,13	9,74	281,5	244,56	4,060	82,41	2,764	6,750
85,00 - 90,00	958	66.940.766,53	11,16	292,65	256,4	4,080	87,48	2,764	6,500
90,00 - 95,00	347	31.973.726,62	5,33	301,95	277,25	4,000	92,07	2,764	5,000
TOTAL	9.805	599.999.999,99	100	263,43	228,85	3,970	69,35	2,752	6,750

PRELIMINARY LOAN SELECTION, TDA IBERCAJA 1 ISSUE

(Grouped by Current Interest Rate)

CURRENT INTEREST RATE	NUM	TOTAL CURRENT BALANCE EUROS	CURRENT BALANCE %	WEIGHTED AVERAGE INITIAL TERM (months)	WEIGHTED AVERAGE REMAINING TERM (months)	WEIGHTED AVERAGE CURRENT INTEREST RATE	Min. CURRENT INTEREST RATE	Max. CURRENT INTEREST RATE
2,00 - 3,00	169	14.764.706,62	2,46	278,2	260,02	2,870	2,752	2,997
3,00 - 4,00	3.063	220.281.630,56	36,71	267,43	241,81	3,480	3,000	3,996
4,00 - 5,00	6.380	355.120.481,85	59,19	260,51	219,84	4,280	4,000	4,950
5,00 - 6,00	127	6.101.079,82	1,02	256,04	210,53	5,120	5,000	5,750
6,00 - 7,00	66	3.732.101,14	0,62	259,32	226,86	6,330	6,000	6,750
TOTAL	9.805	599.999.999,99	100	263,43	228,85	3,970	2,752	6,750

PRELIMINARY LOAN SELECTION, TDA IBERCAJA 1 ISSUE

(Grouped by Reference Interest Rate)

REFERENCE INDEX	NUM	TOTAL CURRENT BALANCE EUROS	CURRENT BALANCE %	WEIGHTED AVERAGE INITIAL TERM (months)	WEIGHTED AVERAGE REMAINING TERM (months)	WEIGHTED AVERAGE CURRENT INTEREST RATE	WEIGHTED AVERAGE MARGIN	Min. CURRENT INTEREST RATE	Max. CURRENT INTEREST RATE
EURIBOR	4.567	331.516.894,30	55,25	268,18	243,37	3,710	0,850	2,752	6,750
0,00 - 0,50	81	7.131.156,12	1,19	269,37	248,62	3,240	0,340	2,754	4,500
0,50 - 1,00	2.666	208.284.876,22	34,71	269,6	246,37	3,610	0,750	2,752	6,750
1,00 - 1,50	1.755	112.987.554,80	18,83	266,04	238,36	3,920	1,070	3,014	6,750
1,50 - 2,00	65	3.113.307,16	0,52	248,12	212,79	4,240	1,500	3,514	5,145
IRPH	4.916	253.531.317,28	42,26	258,09	212,8	4,310	0,130	3,809	6,750
0,00 - 0,50	4.587	239.013.279,60	39,84	258,54	213,72	4,290	0,110	3,809	6,750
0,50 - 1,00	329	14.518.037,68	2,42	250,64	197,59	4,630	0,500	4,372	6,750
MIBOR	322	14.951.788,41	2,49	248,72	179,02	3,940	1,140	2,783	5,250
0,50 - 1,00	18	959.630,24	0,16	245,96	176,61	3,570	0,780	2,783	4,750
1,00 - 1,50	270	12.681.850,04	2,11	249,74	180	3,910	1,130	3,033	5,000
1,50 - 2,00	34	1.310.308,13	0,22	240,87	171,29	4,500	1,510	3,750	5,250
TOTAL	9.805	599.999.999,99	100	263,43	228,85	3,970	0,560	2,752	6,750

PRELIMINARY LOAN SELECTION, TDA IBERCAJA 1 ISSUE

(Grouped by Next of the Interest Period)

NEXT INTEREST RESET	NUM	TOTAL CURRENT BALANCE EUROS	CURRENT BALANCE %	WEIGHTED AVERAGE INITIAL TERM (months)	WEIGHTED AVERAGE REMAINING TERM (months)	WEIGHTED AVERAGE CURRENT INTEREST RATE	Min. CURRENT INTEREST RATE	Max. CURRENT INTEREST RATE
9/2003	1.143	64.948.224,19	10,82	258,79	220,33	4,380	3,304	6,750
10/2003	1.186	66.954.303,28	11,16	260,96	223,32	4,290	3,200	6,500
11/2003	1.257	73.301.789,79	12,22	262,65	226,01	4,130	3,247	6,750
12/2003	1.471	86.185.129,48	14,36	260,87	221,99	4,100	2,902	6,750
1/2004	1.154	67.882.892,23	11,31	262,26	224,69	3,980	2,914	6,750
2/2004	1.013	59.336.437,78	9,89	263,32	226,56	4,250	2,955	6,750
3/2004	419	30.521.056,73	5,09	268,56	242,76	3,510	2,754	6,750
4/2004	505	34.996.984,91	5,83	269,21	244,72	3,360	2,861	4,500
5/2004	483	35.815.554,48	5,97	269,15	243,87	3,350	2,897	6,750
6/2004	537	36.757.979,82	6,13	266,76	238,16	3,300	2,752	4,500
7/2004	306	19.997.346,15	3,33	262,87	227,68	3,110	2,764	6,250
8/2004	331	23.302.301,15	3,88	270,12	241,83	4,510	3,500	5,500
TOTAL	9.805	599.999.999,99	100	263,43	228,85	3,970	2,752	6,750

PRELIMINARY LOAN SELECTION, TDA IBERCAJA 1 ISSUE

(Grouped by Location OF THE Property)

PROPERTY PROVINCE	NUM	TOTAL CURRENT BALANCE EUROS	CURRENT BALANCE %	WEIGHTED AVERAGE INITIAL TERM (months)	WEIGHTED AVERAGE REMAINING TERM (months)	WEIGHTED AVERAGE CURRENT INTEREST RATE	Min. CURRENT INTEREST RATE	Max. CURRENT INTEREST RATE
ALBACETE	20	1.050.590,77	0,18	257,34	222,33	4,150	3,555	4,500
ALICANTE	200	11.508.375,56	1,92	257,78	231,34	3,860	2,861	6,500
ASTURIAS	37	2.303.378,27	0,38	269,69	250,38	3,420	2,911	4,395
AVILA	9	467.247,39	0,08	243,37	216,57	3,920	3,047	4,750
BALEARES	35	3.585.367,86	0,6	280,58	262,24	3,580	2,752	4,645
BARCELONA	631	47.774.569,40	7,96	301,45	264,86	4,160	2,764	6,500
BURGOS	88	6.604.206,67	1,1	287,15	258,37	3,540	2,911	6,000
CACERES	38	2.774.505,44	0,46	289,67	271,14	3,510	2,852	4,750
CADIZ	7	426.202,31	0,07	244,23	228,85	3,340	2,764	4,250
CANTABRIA	38	3.057.770,22	0,51	278,33	259,35	3,470	2,911	4,500
CASTELLON	213	11.859.031,35	1,98	257,17	219,29	4,040	2,914	6,750
CORDOBA	16	1.103.677,27	0,18	277,09	264,47	3,430	2,947	3,986
CUENCA	20	1.216.534,02	0,2	269,5	249,98	3,860	2,764	4,750
GERONA	28	2.045.101,12	0,34	286,01	249,43	3,930	2,947	4,750
GUADALAJARA	501	29.707.417,37	4,95	255,22	220,95	4,050	2,764	6,000
HUESCA	396	20.660.152,00	3,44	241,49	207,14	3,990	2,814	5,300
LA CORUÑA	43	3.489.979,76	0,58	286	266,28	3,590	2,852	4,345
LAS PALMAS	46	4.174.894,23	0,7	281,15	261,2	3,660	2,947	4,750
LEON	14	1.040.843,30	0,17	296,22	282,58	3,180	2,814	4,190
LERIDA	346	19.253.368,97	3,21	262	224,41	4,180	2,914	5,250
LOGROÑO	304	17.011.867,58	2,84	251,26	216,41	4,010	2,764	6,750
LUGO	1	36.060,00	0,01	360	349	4,470	4,474	4,474
MADRID	3.282	209.579.775,57	34,93	266,86	229,92	3,990	2,764	6,750
MURCIA	21	1.209.526,52	0,2	270,61	246,73	3,920	3,000	6,000
NAVARRA	143	9.965.194,88	1,66	274,89	244,94	3,730	2,764	6,250
ORENSE	7	484.028,21	0,08	312,86	300,95	3,300	3,004	3,517
PALENCIA	9	860.798,72	0,14	266,22	251,51	3,630	3,372	3,986
SEVILLA	38	2.707.369,79	0,45	276,35	259,08	3,650	3,000	4,750
SORIA	36	1.912.704,98	0,32	267,48	225,82	3,960	2,764	6,500
TARRAGONA	293	16.652.643,83	2,78	259,03	223,5	4,150	3,000	5,000
TERUEL	202	10.671.434,40	1,78	236,39	201,56	4,150	2,754	6,500
TOLEDO	91	5.734.488,46	0,96	262,65	232,17	3,940	3,002	6,250
VALENCIA	780	41.745.853,72	6,96	263,64	229,1	3,970	2,764	6,750
VALLADOLID	48	3.619.107,70	0,6	271,38	249,99	3,440	2,764	6,250
ZARAGOZA	1.824	103.705.932,35	17,28	244,99	210,39	3,920	2,754	6,750
TOTAL	9.805	599.999.999,99	100	263,43	228,85	3,970	2,752	6,750

CHAPTER V

FINANCIAL AND ECONOMIC INFORMATION RELATING TO THE FUND TDA IBERCAJA 1

V.1. Initial Balance of the Fund, Table of Assumptions and Estimated Behaviour of the Financial Flows of the Fund.

Initial Balance of the Fund

BALANCE OF THE FUND (upon its origin)
EUROS

ASSETS		LIABILITIES	
Initial Expenses Activated	1,094,718.94	Series A Bonds	577,200,000
Mortgage Share Certificates	442,631,673.71	Series B Bonds	15,300,000
Mortgage Transfer Certificates	157,368,326.28	Series C Bonds	3,600,000
Treasury		Series D Bonds	3,900,000
Reserve Fund	4,800,000	Initial Expenses Loan	1,094,718.94
Other resources	0.01	Participative Loan	4,800,000
TOTAL ASSETS	605,894,718.94	TOTAL LIABILITIES	605,894,718.94
Resources for unbalance	1,000,000	Subordinated Loan (available 23/01/04)	1,000,000
Swap		Swap	

V.1.1. Assumptions

The tables below refer to three of the possible assumptions, (constant prepayment rates of 5%, 10% and 15%) that, in respect of the income and payments made by the Fund, might occur during the life of the Fund and the Bonds issue.

For the calculation of the financial service table of the Fund, the data has been taken from the portfolio referred to in the previous Chapter as of August 31st, 2003.

In relation to the Shares and Certificates

- Volume of the Loan Portfolio from which the Mortgage Loans underlying the issue of Mortgage Share Certificates and Mortgage Transfer Certificates will be selected: 599,999,999.99 Euros.

Mortgage Share Certificates: 442,631,673.71 Euros

Mortgage Transfer Certificates: 157,368,326.28 Euros

- Interest Rate: the weighted average interest rate for the Shares and Certificates' portfolio is 3.970%, without prejudice to the revisions which will be established in accordance with the following paragraph.

- Weighted average remaining life of the Shares and Certificates contained in the portfolio: 228 months.
- The interest rate of the Mortgage Loans on each period: the current margin as of August 31st, 2003, is applied for each one of them to its own interest rate. From January 26th, 2004, it will be held constant, and its value is calculated: a) for the Mortgage Loans referred to MIBOR and EURIBOR, the value is equal to the reference of the Bonds; b) for Mortgage Loans with reference rates different from those above, the value is equal to the MIBOR established in accordance with a) plus 1%.
- Annual prepayment rate: assumption 5%, 10% and 15%.
- Shares and Certificates Default rate: 0.05% annually from October 2005, and 85% recoveries from the Defaulted Stock a year later.
- Annual percentage of Shares and Certificates with arrears other than Defaulted: 0%.

Bonds

- Total Amount: 600,000,000 Euros.
A Bonds: 577,200,000 Euros
B Bonds: 15,300,000 Euros
C Bonds: 3,600,000 Euros
D Bonds: 3,900,000 Euros
- Interest Rate: Variable annual interest to be paid quarterly. The Bond's interest rate is the result of the following sum: an EURIBOR rate of 2.133%, plus a margin of 0.240% for the A Bonds, a margin of 0.600% for the B Bonds, a margin of 1.200% for the C Bonds and a margin of 3.750% for the D Bonds.

Other Resources Deposited

The difference between the amount corresponding to the issue of the Bonds and the balance of the Shares and Certificates acquired by the Fund is included under the heading "Other Resources Deposited". This amount, 0.01 Euros in the previous balance, will be deposited at the Reinvestment Account until the first Payment Date, date in which it will be fully destined to the Bond's amortization.

Initial Expenses Loan

- Amount: 1,094,718.94 Euros. The amount is destined to the payment of the initial expenses of the Loan.
- Interest rate: the loan accrues a variable annual interest rate equal to the Reference Interest Rate of the Bonds during that period, plus a margin of 1.00%.
- Amortization: the amortization will take place in 20 consecutive and equal instalments, the first of which will take place on the first Payment Date (January 26th, 2004) and the rest on the following Payment Dates.

Subordinated Loan:

- Amount: 1,000,000 Euros. The amount of the Loan will be used by the *Sociedad Gestora* to cover the deficit of the Fund, on the first Payment Date, between the interest accrued and interest paid of the Shares and Certificates.
- Interest Rate: the Loan bears a variable annual interest rate equal to the Reference Interest Rate of the Bonds during such period plus a margin of 1.25%.
- Amortization: The amortization of the Loan will take place on each Payment Date by a reduction of the outstanding principal in relation to the need for resources to cover the difference between the accrual and payment of the interest of Shares and Certificates.

Participative Loan:

- Amount: 4,800,000 Euros. The amount of the Loan will be used to establish the Reserve Fund.
- Interest Rate: The remuneration of the Loan will have two components, a fixed one equal to the interests accrued by the Outstanding Nominal Balance of the loan applying an interest rate equal to the Reference Interest Rate of the Bond during such period, plus a margin of 1%. And another component of a variable nature which will be determined in accordance with section V.3.5. of the Prospectus.
- Amortization: Amortization of the Participative Loan will take place on each Payment Date for an amount equal to the amount in which the Minimum Level of the Reserve Fund is reduced on each Payment Date.

Financial Swap

The Fund will swap with *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja* the interest payments from the mortgage loans received on each liquidation period for an amount equal to the individual notional amount, as defined in section V.3.7.4., multiplied by the sum of the Reference Interest Rate of the Bond; plus a margin of 0.90%. The swap will be settled by net difference.

Reinvestment of the Flows: The flows received by the Fund (principal and interest of the Loan portfolios) will be reinvested, in the Reinvestment Account, at an interest rate equal to the interest reference rate of the Bonds.

Commissions: Payments to the *Sociedad Gestora*. On each Payment Date a payment of 1/4 of 0.0310% of the Outstanding Balance of the Shares and Certificates at the beginning of the Transfer Period, with a minimum of 1/4 of 30,000 €.

This prospectus is a translation into English of the original "Folleto Informativo" drafted in Spanish language and registered with the "Comisión Nacional del Mercado de Valores" (the Spanish Securities Market Commission, "CNMV") on October 7th, 2003. The "Folleto Informativo" drafted in the Spanish language is the only official document, and no document other than the "Folleto Informativo" shall have any legal effect or be relied upon with regard to the Note Issue.

V.1.2. Table of the Income and Expenses of the Fund

IMPORTANT NOTE FOR THE INVESTOR

The information in the following table is provided only on an illustrative basis, and the cited amounts do not represent concrete payment obligations by the Fund to third parties on the corresponding dates or periods to which they refer. The data have been calculated under assumptions of default and prepayment rates that are subject to continuous change; therefore, any investor interested in knowing the expected payment schedule on any particular date should request the pertinent information from the institutions authorised to distribute it, the *Sociedad Gestora*, the AIAF Market and the *Comisión Nacional del Mercado de Valores*. This information is also available through the Underwriters and others active in the secondary market of the Bonds. As stated in section V.2. of the Prospectus, the *Sociedad Gestora* commits itself to make the information relating thereto available to the general public. In addition, the interest rate of the Bonds used for purposes of the calculation in the following table of the financial service of the Fund might not coincide with the rate assigned two days prior to the Closing Date. The Financial Service Table is shown only on an illustrative basis since all payments of interest and principal of the Bonds, including its commission will only be made, from the Closing Date.

Assumptions	
CPR	5%
Call	10%

Bonds	Proportion	Coupon
A	96,20%	EURIBOR + 24 pb
B	2,55%	EURIBOR + 60 pb
C	0,60%	EURIBOR + 120 pb
D	0,65%	EURIBOR + 375 pb

"TDA IBERCAJA 1" ESTIMATED CASH-FLOWS

		Mortgage Shares and Certificates				Interest SWAP (2)		Reinvestment Interest		SERIES A BOND		SERIES B BOND		SERIES C BOND		SERIES D BOND		Expenses		Reserve Fund		Initial Expenses Loan		Subordinated Loan		Participative Loan		Defaults		RVPP	
Date	Portfolio Average Rate	Balance	Principal	Interest (1)			EURIBOR	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Initial+ Ongoing + Gestora	Balance	+Amort.-Disp.	Interest 1.00%	Amort.	Interest 1.25%	Amort.	Interest 1.00%	Amort.	New 0.05%	Recup 0.85		FTA*	
14/10/2003		600.000.000								-577.200.000		-15.300.000		-3.600.000		-3.900.000		1.094.719	4.800.000			1.094.719		-1.000.000		-4.800.000					
26/01/2004	3.716%	587.014.459	12.985.541	5.128.560	4.061.750	37.840	2.133%	12.985.541	3.956.898	0	120.799	0	34.663	0	66.282	69.333	4.800.000	0	10.699	54.736	87	742.648		43.444	0	0	0	0	0	0	
26/04/2004	3.367%	574.005.691	13.008.768	5.062.082	4.418.160	38.785	2.133%	13.008.768	3.384.393	0	105.699	0	30.330	0	57.997	58.701	4.800.000	0	8.893	54.736	2.038	257.352		38.014	0	0	0	0	458.792	0	
26/07/2004	3.212%	561.054.044	12.951.648	4.606.020	4.319.577	37.592	2.133%	12.951.648	3.306.361	0	105.699	0	30.330	0	57.997	57.401	4.800.000	0	8.425	54.736	0	0		38.014	0	0	0	0	698.206	0	
26/10/2004	3.172%	548.263.765	12.790.279	4.424.111	4.221.766	36.843	2.133%	12.790.279	3.264.152	0	106.860	0	30.664	0	58.634	56.105	4.800.000	0	8.045	54.736	0	0		38.431	0	0	0	0	640.982	0	
26/01/2005	3.112%	535.629.997	12.633.768	4.233.168	4.125.171	36.091	2.133%	12.633.768	3.186.587	0	106.860	0	30.664	0	58.634	54.826	4.800.000	0	7.571	54.736	0	0		38.431	0	0	0	0	622.952	0	
26/04/2005	3.112%	523.185.496	12.444.501	4.135.185	4.029.855	35.477	2.133%	12.444.501	3.042.364	0	104.537	0	29.997	0	57.359	53.563	4.800.000	0	6.944	54.736	0	0		37.596	0	0	0	0	678.236	0	
26/07/2005	3.112%	510.927.708	12.257.788	4.038.671	3.935.968	34.871	2.133%	12.257.788	3.001.521	0	105.699	0	30.330	0	57.997	52.319	4.800.000	0	6.553	54.736	0	0		38.014	0	0	0	0	623.672	0	
26/10/2005	3.112%	498.833.233	12.073.518	3.943.552	3.843.438	34.274	2.133%	12.094.476	2.960.169	0	106.860	0	30.664	0	58.634	51.093	4.800.000	0	6.152	54.736	0	0		38.431	0	0	0	0	550.016	0	
26/01/2006	3.112%	486.880.698	11.890.666	3.849.488	3.751.934	33.683	2.133%	11.952.534	2.886.824	0	106.860	0	30.664	0	58.634	49.883	4.800.000	0	5.679	54.736	0	0		38.431	0	0	0	0	492.036	0	
26/04/2006	3.112%	475.110.354	11.709.963	3.756.801	3.661.769	33.098	2.133%	11.770.345	2.753.159	0	104.537	0	29.997	0	57.359	48.688	4.800.000	0	5.092	54.736	0	0		37.596	0	0	0	0	543.321	0	
26/07/2006	3.111%	463.519.708	11.531.728	3.665.527	3.572.980	32.521	2.133%	11.590.645	2.713.146	0	105.699	0	30.330	0	57.997	47.511	4.800.000	0	4.681	54.736	0	0		38.014	0	0	0	0	494.470	0	
26/10/2006	3.111%	452.106.305	11.355.928	3.575.648	3.485.547	31.960	2.133%	11.413.404	2.672.671	0	106.860	0	30.664	0	58.634	46.352	4.800.000	0	4.259	54.736	0	0		38.431	0	0	0	0	445.237	17.814	
26/01/2007	3.111%	440.867.717	11.182.531	3.487.143	3.399.451	31.506	2.133%	11.238.588	2.603.457	0	106.860	0	30.664	0	58.634	45.211	4.800.000	0	3.786	54.736	0	0		38.431	0	0	0	0	52.588	485.711	
26/04/2007	3.111%	429.801.552	11.011.506	3.399.995	3.314.675	30.951	2.133%	11.066.165	2.480.187	0	104.537	0	29.997	0	57.359	44.087	4.800.000	0	3.241	54.736	0	0		37.596	0	0	0	0	51.325	530.553	
26/07/2007	3.111%	418.905.446	10.842.822	3.314.184	3.231.201	30.404	2.133%	10.896.104	2.441.365	0	105.699	0	30.330	0	57.997	42.980	4.800.000	0	2.808	54.736	0	0		38.014	0	0	0	0	50.080	484.474	
26/10/2007	3.111%	408.177.075	10.676.447	3.229.692	3.149.010	29.865	2.133%	10.728.374	2.402.115	0	106.860	0	30.664	0	58.634	41.891	4.800.000	0	2.366	54.736	0	0		38.431	0	0	0	0	51.927	48.855	
26/01/2008	3.110%	397.614.131	10.512.351	3.146.502	3.068.085	29.333	2.133%	10.562.943	2.337.055	0	106.860	0	30.664	0	58.634	40.818	4.800.000	0	1.893	54.736	0	0		38.431	0	0	0	0	50.592	47.648	
26/04/2008	3.110%	387.214.349	10.350.504	3.064.595	2.988.408	28.810	2.133%	10.399.783	2.248.291	0	105.699	0	30.330	0	57.997	39.761	4.800.000	0	1.404	54.736	0	0		38.014	0	0	0	0	49.278	46.460	
26/07/2008	3.110%	376.975.487	10.190.877	2.983.954	2.909.963	28.293	2.133%	10.238.862	2.185.909	0	105.699	0	30.330	0	57.997	38.721	4.800.000	0	936	54.736	0	0		38.014	0	0	0	0	47.985	45.290	
26/10/2008	3.110%	366.895.336	10.033.440	2.904.561	2.832.732	27.784	2.133%	10.080.151	2.147.838	0	106.860	0	30.664	0	58.634	37.698	4.800.000	0	473	54.736	0	0		38.431	0	0	0	0	46.711	44.138	
26/01/2009	3.110%	356.971.714	9.878.164	2.826.399	2.756.700	27.283	2.133%	9.923.621	2.086.709	0	106.860	0	30.664	0	58.634	36.690	4.800.000	0	0	0	0	0		38.431	0	0	0	0	45.457	43.003	
26/04/2009	3.109%	347.202.471	9.725.021	2.749.452	2.681.848	26.788	2.133%	9.769.244	1.982.474	0	104.537	0	29.997	0	57.359	35.697	4.800.000	0	0	0	0	0		37.596	0	0	0	0	44.223	41.887	
26/07/2009	3.109%	337.585.480	9.573.982	2.673.702	2.608.162	26.301	2.133%	9.616.990	1.945.901	0	105.699	0	30.330	0	57.997	34.720	4.800.000	0	0	0	0	0		38.014	0	0	0	0	43.008	40.787	
26/10/2009	3.109%	328.118.648	9.425.021	2.599.133	2.535.625	25.820	2.133%	9.466.833	1.908.964	0	106.860	0	30.664	0	58.634	33.759	4.800.000	0	0	0	0	0		38.431	0	0	0	0	41.812	39.704	
26/01/2010	3.109%	318.799.905	9.278.108	2.525.730	2.464.221	25.347	2.133%	9.318.743	1.851.554	0	106.860	0	30.664	0	58.634	32.812	4.800.000	0	0	0	0	0		38.431	0	0	0	0	40.635	38.639	
26/04/2010	3.108%	309.627.211	9.133.219	2.453.475	2.393.935	24.880	2.133%	9.172.694	1.756.019	0	104.537	0	29.997	0	57.359	31.880	4.800.000	0	0	0	0	0		37.596	0	0	0	0	39.475	37.590	
26/07/2010	3.108%	300.598.552	8.990.324	2.382.353	2.324.751	24.420	2.133%	9.028.659	1.720.509	0	105.699	0	30.330	0	57.997	30.963	4.800.000	0	0	0	0	0		38.014	0	0	0	0	38.335	36.557	
26/10/2010	3.108%	291.711.940	8.849.399	2.312.348	2.256.654	23.967	2.133%	8.866.611	1.684.663	0	106.860	0	30.664	0	58.634	30.060	4.667.391	132.609	0	0	0	0		38.431	132.609	37.212	35.540	329.637	37.212	35.540	
26/01/2011	3.107%	282.965.416	8.710.418	2.243.446	2.189.630	23.520	2.133%	8.062.902	1.630.772	106.860	107.940	30.664	116.935	58.634	29.171	4.527.447	139.944	0	0	0	0		37.370	139.944	36.107	34.539	318.112	36.107	34.539		
26/04/2011	3.107%	274.357.043	8.573.354	2.175.630	2.123.662	23.080	2.133%	7.935.548	1.547.487	451.501	101.403	106.235	29.098	115.088	55.639	28.297	4.389.713	137.734	0	0	0	0		35.461	137.734	35.019	33.554	317.374	35.019	33.554	
26/07/2011	3.107%	265.884.913	8.438.182	2.108.886	2.058.737	22.646	2.133%	7.809.955	1.517.08																						

Assumptions	
CPR	10%
Call	10%

Bonds	Proportion	Coupon
A	96.20%	EURIBOR + 24 pb
B	2.55%	EURIBOR + 60 pb
C	0.60%	EURIBOR + 120 pb
D	0.65%	EURIBOR + 375 pb

"TDA IBERCAJA 1" ESTIMATED CASH-FLOWS

		Mortgage Shares and Certificates						SERIES A BOND		SERIES B BOND		SERIES C BOND		SERIES D BOND		Expenses	Reserve Fund		Initial Expenses Loan		Subordinated Loan		Participative Loan		Defaults		
	Portfolio Average Rate	Balance	Principal	Interest (1)	Interest SWAP (2)	Reinvestment Interest	EURIBOR	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Initial+ Ongoing + Gestora	Balance	+Amort.- Disp.	Interest 1,00%	Amort.	Interest 1,25%	Amort.	Interest 1,00%	Amort.	New 0,05%	Recup 0,85	
14/10/2003		600.000.000						-577.200.000		-15.300.000		-3.600.000		-3.900.000		1.094.719	4.800.000			1.094.719		-1.000.000		-4.800.000			
26/01/2004	3,716%	579.133.283	20.866.717	5.103.561	4.041.574	54.806	2,133%	20.866.717	3.956.898	0	120.799	0	34.663	0	66.282	69.333	4.800.000	0	10.699	54.736	87	739.439	43.444	0	0	0	0
26/04/2004	3,367%	558.696.114	20.437.169	4.972.305	4.339.374	54.638	2,133%	20.437.169	3.337.119	0	105.699	0	30.330	0	57.997	57.913	4.800.000	0	8.893	54.736	2.064	260.561	38.014	0	0	0	440.686
26/07/2004	3,212%	538.758.177	19.937.937	4.463.247	4.185.590	52.382	2,133%	19.937.937	3.214.528	0	105.699	0	30.330	0	57.997	55.870	4.800.000	0	8.425	54.736	0	0	38.014	0	0	0	672.374
26/10/2004	3,172%	519.407.777	19.350.400	4.229.364	4.035.892	50.606	2,133%	19.350.400	3.128.942	0	106.860	0	30.664	0	58.634	53.876	4.800.000	0	8.045	54.736	0	0	38.431	0	0	0	606.309
26/01/2005	3,112%	500.626.139	18.781.638	3.992.461	3.890.605	48.870	2,133%	18.781.638	3.011.595	0	106.860	0	30.664	0	58.634	51.941	4.800.000	0	7.571	54.736	0	0	38.431	0	0	0	579.043
26/04/2005	3,112%	482.429.718	18.196.421	3.847.690	3.749.682	47.304	2,133%	18.196.421	2.834.704	0	104.537	0	29.997	0	57.359	50.063	4.800.000	0	6.944	54.736	0	0	37.596	0	0	0	521.051
26/07/2005	3,112%	464.801.518	17.628.199	3.707.434	3.613.154	45.785	2,133%	17.628.199	2.757.051	0	105.699	0	30.330	0	57.997	48.243	4.800.000	0	6.553	54.736	0	0	38.014	0	0	0	560.316
26/10/2005	3,112%	447.706.196	17.076.428	3.571.513	3.480.844	44.310	2,133%	17.095.322	2.680.445	0	106.860	0	30.664	0	58.634	46.480	4.800.000	0	6.152	54.736	0	0	38.431	0	18.894	0	483.857
26/01/2006	3,112%	431.111.655	16.539.262	3.439.516	3.352.351	42.875	2,133%	16.594.541	2.576.773	0	106.860	0	30.664	0	58.634	44.771	4.800.000	0	5.679	54.736	0	0	38.431	0	55.280	0	423.400
26/04/2006	3,112%	415.041.172	16.017.256	3.311.632	3.227.861	41.481	2,133%	16.070.483	2.422.309	0	104.537	0	29.997	0	57.359	43.111	4.800.000	0	5.092	54.736	0	0	37.596	0	53.227	0	461.378
26/07/2006	3,111%	399.479.383	15.510.550	3.187.792	3.107.306	40.129	2,133%	15.561.789	2.352.826	0	105.699	0	30.330	0	57.997	41.504	4.800.000	0	4.681	54.736	0	0	38.014	0	51.239	0	410.410
26/10/2006	3,111%	384.411.356	15.018.713	3.067.876	2.990.570	38.822	2,133%	15.068.027	2.284.309	0	106.860	0	30.664	0	58.634	39.948	4.800.000	0	4.259	54.736	0	0	38.431	0	49.314	16.060	378.297
26/01/2007	3,111%	369.822.579	14.541.326	2.951.770	2.877.541	37.645	2,133%	14.588.776	2.192.932	0	106.860	0	30.664	0	58.634	38.441	4.800.000	0	3.786	54.736	0	0	38.431	0	47.450	46.988	390.239
26/04/2007	3,111%	355.698.951	14.077.983	2.839.360	2.768.109	36.406	2,133%	14.123.628	2.058.711	0	104.537	0	29.997	0	57.359	36.982	4.800.000	0	3.241	54.736	0	0	37.596	0	45.646	45.243	420.953
26/07/2007	3,111%	342.026.766	13.628.287	2.730.539	2.662.170	35.204	2,133%	13.672.185	1.996.867	0	105.699	0	30.330	0	57.997	35.570	4.800.000	0	2.808	54.736	0	0	38.014	0	43.899	43.553	375.008
26/10/2007	3,111%	328.792.705	13.191.853	2.625.201	2.559.620	34.039	2,133%	13.234.060	1.935.898	0	106.860	0	30.664	0	58.634	34.203	4.800.000	0	2.366	54.736	0	0	38.431	0	42.208	41.917	331.576
26/01/2008	3,110%	315.983.827	12.768.307	2.523.243	2.460.358	32.908	2,133%	12.808.878	1.855.642	0	106.860	0	30.664	0	58.634	32.879	4.800.000	0	1.893	54.736	0	0	38.431	0	40.571	40.333	313.289
26/04/2008	3,110%	303.587.556	12.357.285	2.424.565	2.364.289	31.811	2,133%	12.396.271	1.758.639	0	105.699	0	30.330	0	57.997	31.598	4.800.000	0	1.404	54.736	0	0	38.014	0	38.987	38.799	317.496
26/07/2008	3,110%	291.591.671	11.958.432	2.329.069	2.271.317	30.748	2,133%	11.995.885	1.684.281	0	105.699	0	30.330	0	57.997	30.559	4.665.467	134.533	936	54.736	0	0	38.014	134.533	37.454	37.314	299.574
26/10/2008	3,110%	279.984.297	11.571.404	2.236.662	2.181.350	29.716	2,133%	10.699.776	1.630.042	609.046	106.860	143.305	30.664	155.247	58.634	29.159	4.479.749	185.718	473	54.736	0	0	37.354	185.718	35.970	35.876	263.050
26/01/2009	3,110%	268.753.896	11.195.867	2.147.252	2.094.300	28.716	2,133%	10.352.279	1.565.155	589.266	102.607	138.651	29.443	150.205	56.300	27.998	4.300.062	179.686	0	0	0	0	35.867	179.686	34.535	34.485	305.596
26/04/2009	3,109%	257.889.256	10.831.494	2.060.750	2.010.080	27.746	2,133%	10.015.117	1.469.715	570.075	96.350	134.135	27.648	145.313	52.867	26.875	4.200.000	100.062	0	0	0	0	33.680	100.062	33.146	33.139	330.683
26/07/2009	3,109%	247.379.485	10.477.969	1.977.069	1.928.605	26.805	2,133%	9.687.996	1.425.971	551.454	93.482	129.754	26.825	140.567	51.293	25.789	4.200.000	0	0	0	0	33.262	0	31.802	31.836	298.822	
26/10/2009	3,109%	237.213.999	10.134.983	1.896.125	1.849.794	25.893	2,133%	9.370.631	1.382.889	533.390	90.658	125.503	26.014	135.962	49.744	24.738	4.200.000	0	0	0	0	33.628	0	30.503	30.575	268.088	
26/01/2010	3,109%	227.382.515	9.802.239	1.817.837	1.773.567	25.009	2,133%	9.062.746	1.326.063	515.864	86.932	121.380	24.945	131.495	47.700	23.721	4.200.000	0	0	0	0	33.628	0	29.246	29.354	255.696	
26/04/2010	3,108%	217.875.041	9.479.443	1.742.125	1.699.848	24.151	2,133%	8.764.069	1.243.471	498.863	81.518	117.380	23.392	127.161	44.729	22.738	4.200.000	0	0	0	0	32.896	0	28.030	28.174	275.999	
26/07/2010	3,108%	206.681.873	9.166.314	1.668.912	1.628.560	23.320	2,133%	8.474.341	1.204.716	466.374	78.977	113.499	22.663	122.957	43.335	21.788	4.200.000	0	0	0	0	32.262	0	26.895	27.032	247.317	
26/10/2010	3,108%	199.793.580	8.862.575	1.598.123	1.559.631	22.514	2,133%	8.193.304	1.166.564	466.374	76.476	109.735	21.945	118.880	41.962	20.868	4.200.000	0	0	0	0	33.628	0	25.716	25.927	220.912	
26/01/2011	3,107%	191.201.001	8.567.960	1.529.686	1.492.991	21.733	2,133%	7.920.712	1.116.877	450.858	73.219	106.084	21.010	114.925	40.175	19.979	4.200.000	0	0	0	0	33.628	0	24.619	24.859	210.076	
26/04/2011	3,107%	182.895.237	8.282.207	1.463.529	1.428.571	20.976	2,133%	7.656.323	1.045.607	435.809	68.547	102.543	19.669	111.088	37.611	19.120	4.200.000	0	0	0	0	32.896	0	23.557	23.826	226.364	
26/07/2011	3,107%	174.867.643	8.005.064	1.399.584	1.366.303	20.242	2,133%	7.399.904	1.011.299	421.213	66.298	99.109	19.024	107.368	36.377	18.290	4.200.000	0	0	0	0	33.262	0	22.530	22.826	202.291	
26/10/2011	3,106%	167.109.820	7.736.285	1.337.785	1.306.122	19.531	2,133%	7.151.226	977.537	407.058	64.084	95.778	18.539	103.760	35.163	17.487	4.200.000	0	0	0	0	33.628	0	21.538	21.860	179.688	
26/01/2012	3,106%	159.613.612	7.475.629	1.278.066	1.247.967	18.841	2,133%	6.910.068	934.170	393.331	61.241	92.548	17.573	100.261	33.603	16.711	4.200.000	0									

Assumptions	
CPR	15%
Call	10%

Bonds	Proportion	Coupon
A	96,20%	EURIBOR + 24 pb
B	2,55%	EURIBOR + 60 pb
C	0,60%	EURIBOR + 120 pb
D	0,65%	EURIBOR + 375 pb

Mortgage Shares and Certificates				Interest		Reinvestment		SERIES A BOND			SERIES B BOND		SERIES C BOND		SERIES D BOND		Expenses	Reserve Fund		Initial Expenses Loan		Subordinated Loan		Participative Loan		Defaults		RVPP FTA*
Date	Portfolio Average Rate	Balance	Principal	Interest (1)	Interest SWAP (2)	Interest	EURIBOR	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Initial+ Ongoing + Gestora	Balance	+Amort. -Disp.	Interest 1,00%	Amort.	Interest 1,25%	Amort.	Interest 1,00%	Amort.	New 0,05%	
14/10/2003		600.000.000						-577.200.000		-15.300.000		-3.600.000		-3.900.000		1.094.719	4.800.000		1.094.719		-1.000.000		-4.800.000					
26/01/2004	3,716%	570.916.545	29.083.455	5.077.335	4.020.408	72.587	2,133%	29.083.455	3.956.898	0	120.799	0	34.663	0	66.282	69.333	4.800.000	0	10.699	54.736	87	736.054	43.444	0	0	0	0	0
26/04/2004	3,367%	542.955.027	27.961.518	4.879.198	4.257.673	70.779	2,133%	27.961.518	3.287.831	0	105.699	0	30.330	0	57.997	57.092	4.800.000	0	8.893	54.736	2.090	263.946	38.014	0	0	0	0	421.823
26/07/2004	3,212%	516.150.303	26.804.724	4.317.183	4.048.520	66.990	2,133%	26.804.724	3.120.107	0	105.699	0	30.330	0	57.997	54.296	4.800.000	0	8.425	54.736	0	0	38.014	0	0	0	0	645.907
26/10/2004	3,172%	490.551.790	25.598.514	4.032.857	3.848.338	63.770	2,133%	25.598.514	2.991.841	0	106.860	0	30.664	0	58.634	51.615	4.800.000	0	8.045	54.736	0	0	38.431	0	0	0	0	571.283
26/01/2005	3,112%	466.105.301	24.446.489	3.752.915	3.657.170	60.682	2,133%	24.446.489	2.836.603	0	106.860	0	30.664	0	58.634	49.055	4.800.000	0	7.571	54.736	0	0	38.431	0	0	0	0	535.298
26/04/2005	3,112%	442.790.890	23.314.411	3.565.515	3.474.695	57.844	2,133%	23.314.411	2.629.909	0	104.537	0	29.997	0	57.359	46.611	4.800.000	0	6.944	54.736	0	0	37.596	0	0	0	0	564.850
26/07/2005	3,112%	420.558.356	22.232.534	3.386.802	3.300.675	55.133	2,133%	22.232.534	2.519.280	0	105.699	0	30.330	0	57.997	44.279	4.800.000	0	6.553	54.736	0	0	38.014	0	0	0	0	498.920
26/10/2005	3,112%	399.342.792	21.198.630	3.216.347	3.134.694	52.542	2,133%	21.215.564	2.412.139	0	106.860	0	30.664	0	58.634	42.056	4.800.000	0	6.152	54.736	0	0	38.431	0	16.934	0	0	420.630
26/01/2006	3,112%	379.084.783	20.208.933	3.053.529	2.976.145	50.064	2,133%	20.258.009	2.283.481	0	106.860	0	30.664	0	58.634	39.934	4.800.000	0	5.679	54.736	0	0	38.431	0	49.076	0	0	358.714
26/04/2006	3,112%	359.775.521	19.262.679	2.898.283	2.824.968	47.694	2,133%	19.309.262	2.113.659	0	104.537	0	29.997	0	57.359	37.908	4.800.000	0	5.092	54.736	0	0	37.596	0	46.583	0	0	385.193
26/07/2006	3,111%	341.372.587	18.358.727	2.750.316	2.680.875	45.432	2,133%	18.402.934	2.021.320	0	105.699	0	30.330	0	57.997	35.978	4.800.000	0	4.681	54.736	0	0	38.014	0	44.207	0	0	333.347
26/10/2006	3,111%	323.835.402	17.495.243	2.609.302	2.543.551	43.276	2,133%	17.537.185	1.931.930	0	106.860	0	30.664	0	58.634	34.137	4.800.000	0	4.259	54.736	0	0	38.431	0	41.943	14.394	0	299.626
26/01/2007	3,111%	307.125.150	16.670.467	2.474.930	2.412.692	41.297	2,133%	16.710.252	1.825.579	0	106.860	0	30.664	0	58.634	32.384	4.800.000	0	3.786	54.736	0	0	38.431	0	39.785	41.715	0	304.846
26/04/2007	3,111%	291.204.703	15.882.718	2.346.902	2.288.009	39.322	2,133%	15.920.447	1.686.759	0	104.537	0	29.997	0	57.359	30.713	4.659.275	140.725	3.241	54.736	0	0	37.596	140.725	37.729	39.596	0	324.261
26/07/2007	3,111%	276.038.549	15.130.384	2.224.933	2.169.223	37.437	2,133%	13.978.713	1.610.003	796.835	105.699	187.491	30.330	203.115	57.997	29.120	4.416.617	242.658	2.808	54.736	0	0	36.899	242.658	35.770	37.576	0	280.873
26/10/2007	3,111%	261.592.723	14.411.922	2.108.749	2.056.069	35.637	2,133%	13.314.784	1.542.924	758.989	101.295	178.586	29.067	193.468	55.580	27.604	4.200.000	216.617	2.366	54.736	0	0	35.362	216.617	33.904	35.651	0	244.520
26/01/2008	3,110%	247.834.740	13.725.856	1.998.092	1.948.295	33.919	2,133%	12.680.796	1.462.179	722.849	99.994	170.082	27.545	184.256	52.672	26.159	4.200.000	0	1.893	54.736	0	0	33.628	0	32.127	33.817	0	229.099
26/04/2008	3,110%	234.733.534	13.070.772	1.892.710	1.845.656	32.280	2,133%	12.075.442	1.370.221	688.342	89.957	161.963	25.813	175.460	49.359	24.783	4.200.000	0	1.404	54.736	0	0	33.262	0	30.434	32.069	0	230.036
26/07/2008	3,110%	222.259.395	12.445.316	1.792.366	1.747.922	30.715	2,133%	11.497.471	1.297.787	655.396	85.201	154.211	24.449	167.062	46.750	23.473	4.200.000	0	936	54.736	0	0	33.262	0	28.823	30.405	0	213.623
26/10/2008	3,110%	210.383.914	11.848.193	1.696.831	1.654.869	29.221	2,133%	10.945.685	1.242.324	623.942	81.560	146.810	23.404	159.044	44.752	22.226	4.200.000	0	473	54.736	0	0	33.628	0	27.288	28.819	0	182.518
26/01/2009	3,110%	199.079.924	11.278.162	1.605.888	1.566.286	27.796	2,133%	10.418.939	1.175.946	593.916	77.202	139.745	22.153	151.390	42.361	21.038	4.200.000	0	0	0	0	33.628	0	25.828	27.308	0	223.234	
26/04/2009	3,109%	188.321.450	10.734.036	1.519.328	1.481.970	26.435	2,133%	9.916.134	1.088.571	565.254	71.466	133.001	20.507	144.084	39.213	19.908	4.200.000	0	0	0	0	32.896	0	24.437	25.869	0	237.275	
26/07/2009	3,109%	178.083.657	10.214.679	1.436.951	1.401.727	25.138	2,133%	9.436.221	1.041.186	537.897	68.355	126.564	19.615	137.111	37.506	18.832	4.200.000	0	0	0	0	33.262	0	23.114	24.499	0	209.495	
26/10/2009	3,109%	168.342.798	9.719.004	1.358.567	1.325.371	23.900	2,133%	8.978.194	995.403	511.788	65.349	120.421	18.752	130.456	35.857	17.808	4.200.000	0	0	0	0	33.628	0	21.855	23.195	0	183.814	
26/01/2010	3,109%	159.076.173	9.245.968	1.283.994	1.252.725	22.719	2,133%	8.541.091	940.956	486.872	61.775	114.558	17.726	124.105	33.896	16.834	4.200.000	0	0	0	0	33.628	0	20.657	21.954	0	171.926	
26/04/2010	3,108%	150.262.079	8.794.576	1.213.058	1.183.620	21.593	2,133%	8.123.990	869.830	463.096	57.105	108.964	16.386	118.044	31.334	15.908	4.200.000	0	0	0	0	32.896	0	19.518	20.772	0	183.006	
26/07/2010	3,108%	141.879.771	8.363.874	1.145.591	1.117.892	20.518	2,133%	7.726.011	830.764	440.409	54.541	103.626	15.650	112.261	29.926	15.026	4.200.000	0	0	0	0	33.262	0	18.434	19.647	0	160.454	
26/10/2010	3,108%	133.909.418	7.952.950	1.081.435	1.055.388	19.494	2,133%	7.346.310	793.040	418.765	52.064	98.533	14.940	106.744	28.567	14.188	4.200.000	0	0	0	0	33.628	0	17.403	18.577	0	139.628	
26/01/2011	3,107%	126.332.066	7.560.929	1.020.438	995.959	18.517	2,133%	6.984.080	748.490	398.117	49.139	93.675	14.101	101.481	26.963	13.391	4.200.000	0	0	0	0	33.628	0	16.423	17.559	0	129.901	
26/04/2011	3,107%	119.129.598	7.186.977	962.454	939.464	17.585	2,133%	6.638.548	690.785	378.420	45.351	89.040	13.013	96.460	24.884	12.633	4.200.000	0	0	0	0	32.896	0	15.492	16.590	0	138.584	
26/07/2011	3,107%	112.284.699	6.830.293	907.343	885.767	16.697	2,133%	6.308.975	659.640	359.633	43.241	84.620	12.408	91.671	23.728	11.913	4.200.000	0	0	0	0	33.262	0	14.606	15.669	0	120.337	
26/10/2011	3,106%	105.780.822	6.490.112	854.974	834.738	15.850	2,133%	5.994.653	627.618	341.716	41.204	80.404	11.823	87.104	22.608	11.228	4.200.000	0	0	0	0	33.628	0	13.765	14.793	0	103.507	
26/01/2012	3,106%	99.602.155	6.165.702	805.219	786.255	15.043	2,133%	5.694.906	591.264	324.629	38.817	76.383	11.139	82.749	21.299	10.578	4.200.000	0	0	0	0	33.628	0	12.965	13.960	0	95.568	
26/04/2012	3,105%	93.733.587	5.856.362	757.957	740.200	14.274	2,133%	5.409.086	550.677	308.337	36.153	72.550	10.374	78.596	19.837	9.960	4.200.000	0	0	0	0	33						

V.1.3. Calendar of the Fund

Date of Constitution: October 8th, 2003. Establishment of the Fund, Issue and Subscription of the Shares and Certificates and the Bonds.

Closing Date: October 14th, 2003. Disbursement of the Bonds and payment of the Shares and Certificates. Beginning of the accrual of interest on the Shares and Certificates and the Bonds.

Collection Period of the Seller, as Loan administrator: Calendar months. The amounts collected from the borrowers during each calendar month are transferred to the Fund.

Transfer Date of the Fund: 20th day of every calendar month. Transfer by the Seller, as Loan administrator, to the Reinvestment Account. In the event it is not a Business Day, the Transfer Date will be the immediately preceding Business Day.

Payment Dates of the Fund: January 26th, April 26th, July 26th and October 26th of every year during the life of the Fund, payment to the Bondholders, payment of interest on the Loans (Initial Expenses Loan, Subordinated Loan and Participative Loan), payment of commissions to the *Sociedad Gestora*, and repayment of the principal of the Loans (Initial Expenses Loan, Subordinated Loan, and Participative Loan). In the event that such date is not a Business Day, the Payment Date will be the immediately following Business Day.

Determination Date: The interest rate applicable for each accrual period for both Series of Bonds will be determined on the second Business Day prior to the Payment Date on which such accrual period begins. The first Determination Date will be October 10th, 2003.

Notification Date: January 24th, April 24th, July 24th, and October 24th of each year for the entire life of the Fund, or the immediately previous business days. Notification of the amounts to be paid on the Payment Date on account of principal and interest to the holders of the Bonds.

V.2. Accounting of the Fund

The Fund will account for income and expenses on an accrual basis.

a) Shares and Certificates are recorded as assets of the Fund in an amount equal to their nominal value.

Interest of the Shares and Certificates of the Fund are recorded in the profit and loss account on an accrual basis. Interest due, but unpaid, of the assets of the Fund are recorded as an asset on the balance sheet.

Matured interest and outstanding principal of the Shares and Certificates declared Defaulted is recorded as an asset, except when it can be proved that the mortgaged property is an insufficient guarantee for the Mortgage Loan.

b) Bonds issued: The Bonds are recorded as a liability on the balance sheet of the Fund, in an amount equal to their reimbursement value.

Interest payable by virtue of the Bonds is recorded in the profit and loss account on an accrual basis; the portion thereof which has accrued and is due is recorded following the accrual principal, and the part that has not matured, is recorded as a liability.

c) Reinvestment Account and Fund's Account: Liquidity accounts of the Fund held at the Financial Agent and the Seller with pre-established reinvestment mechanisms.

The amount of the accounts is recorded as an asset of the Fund, while the income and expenses of this account are part of the income and expenses of the Fund.

d) Operation Expenses, Commissions and Remuneration: All commissions and expenses are deductible during their accrual period.

e) Technical Advances: On every Transfer Date, the Technical Advance obtained on the preceding Transfer Date is considered as deductible from the payment corresponding to the Collection Period subject to payment, and a new Technical Advance, corresponding to the subsequent payment, can be requested.

f) Initial Expenses, Subordinated and Participative Loans: Interest of the Loans (Initial Expenses, Subordinated and Participative) will be accounted for in every period on an accrual basis.

Fiscal year: The accounting periods of the Fund shall commence on January 1st and end on December 31st of each year, except for the first accounting period, which will commence on the Closing Date and terminate on December 31st, 2003.

Result: The net result in each fiscal year must be nil.

V.3. Other Financial Operations and Credit Enhancement

V.3.1. Subordinated Loan

Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja will grant, in accordance with the Subordinated Loan Contract, a Subordinated Loan to the Fund (hereon, Subordinated Loan) for a total amount of 1,000,000 Euros.

The amount of the Subordinated Loan will be advanced on the business day prior to the first Payment Date to the Fund's Account opened at the Financial Agent.

This amount will be used by the *Sociedad Gestora* to cover the difference, on the first Payment Date, between the interest accrued and the interest paid of the Shares and Certificates.

The Subordinated Loan will accrue a variable interest rate equal to the Reference Interest Rate of the Bonds current at any time plus a margin of 1.25%. Payment of said interest will be subject to the priority order described in section V.4.2. of the Prospectus.

The amortization of the Subordinated Loan will take place on the date of the liquidation of the Fund. Nevertheless, the amortization of the Subordinated Loan on each Payment Date will not be fixed, and will be established by the *Sociedad Gestora* in accordance with the estimated need for resources to cover the balance between the accrual and payment of the Shares and Certificates by the Fund. On the first Payment Date, the Subordinated Loan will be amortised in the amount necessary to equal the Outstanding Nominal Balance of Subordinated Loan with the amount of the difference between the accrual and payment of the interests of the Shares and Certificates. Nevertheless, if between the accrual and collection of the interests of the Shares and Certificates the amount of the unbalance is null, the Subordinated Loan will be fully amortized.

The entirety of the amounts to be paid to the Seller on account of both interest accrued and amortization of principal accrued by the Subordinated Loan, will be subject to the priority order established in section V.4.2. of the Prospectus, and, in consequence, will only be paid to the Seller on any specific Payment Date, in the event that the Available Resources of the Fund on such Payment

Date are sufficient to meet the obligations of the Fund listed in sections (i) through (xvii) of said section in relation to interests and (i) through (xx) in relation to principal.

All amounts, that with respect to the above sections, are not paid to the Seller will be effected on the following Payment Dates in which the Available Resources allow for such a payment in accordance with the established priority order.

Those amounts owed to the Seller and not paid in respect to what is established in the aforementioned sections, will not accrue interest in concept of commissions arising from delinquent interest in its favour.

V.3.2. Initial Expenses Loan

Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja will grant, in accordance with the Initial Expenses Loan Contract, a Subordinated Loan to the Fund (hereon, Initial Expenses Loan) for a total amount of 1,094,718.94 Euros.

The amount of the Initial Expenses Loan will be advanced on the Closing Date to the Fund's Account opened at the Financial Agent.

The amount will be used by the *Sociedad Gestora* to pay the initial expenses of the Fund corresponding to the Bonds.

The Initial Expenses Loan will accrue a variable interest rate equal to the Reference Interest Rate of the Bonds current at any time plus a margin of 1.00%. Payment of said interest will be subject to the priority order described in section V.4.2. of the Prospectus.

The amortization of the principal of the Initial Expenses Loan will be made in 20 equal and consecutive instalments, the first of which will take place on the first Payment Date (January 26th, 2004) and the rest on the following Payment Dates, all in accordance with the priority order described in section V.4.2. of the Prospectus.

The entirety of the amounts to be paid to the Seller, on account of both interest accrued and amortization of principal accrued by the Initial Expenses Loan, will be subject to the priority order described in section V.4.2. of the Prospectus, and, in consequence, will only be paid to the Seller on any specific Payment Date, in the event that the Available Resources of the Fund on such Payment Date are sufficient to meet the obligations of the Fund listed in sections (i) through (xvi) of said section in relation to interests and (i) through (xix) in relation to principal.

All amounts that with respect to the above sections, are not paid to the Seller will be effected on the following Payment Dates in which the Available Resources allow for such a payment in accordance with the established priority order.

Those amounts owed to the Seller and not paid in respect to what is established in the aforementioned sections, will not accrue penalty interests in its favour.

V.3.3. Participative Loan

Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja will grant to the Fund, as is established in the Participative Loan Contract, a subordinated loan to the Fund (hereon, Participative Loan) destined for the initial establishment of the Reserve Fund, by the *Sociedad Gestora*

The total amount of the Participative Loan will be 4,800,000 Euros.

On the Closing Date the Seller will transfer the corresponding amount of the Participative Loan to the Reinvestment Account.

Amortization of the Participative Loan will be made on each Payment Date for an amount equal to the amount in which, on each Payment Date, the Minimum Level of the Reserve Fund is reduced, all in accordance with the priority of payments established in section V.4.2. of the Prospectus.

Due to the subordinated nature of the Participative Loan, in relation to the rest of the Fund's obligations, and that its reimbursement depends on the performance of the Shares and Certificates, and the evolution of the interest rates paid to the Bonds issued by the Fund, the remuneration of the Participative Loan will have two components, one known and another one variable and related to the evolution of the risks of the Fund:

(i) "Fixed Remuneration of Participative Loan": the Outstanding Nominal Balance of the Participative Loan will accrue interest calculated on the base of a variable interest rate equal to the reference interest rate of the Bond current at any time, in accordance with section II.10. of the Prospectus plus a margin of 1%.

(ii) "Variable Remuneration of Participative Loan", will be equal to the positive difference, in the case that there was any positive difference, between (i) the interest and other amounts received from the Shares and Certificates, grouped by Fund, plus the yields generated by the investments of the Fund, (ii) plus the net amount that derives from the swap contract, and (iii) the expenses (including taxes) of the Fund, and will be calculated in accordance with Clause 14.5. of the Fund Regulations.

V.3.4. Reserve Fund

The Reserve Fund will be established as coverage for possible losses due to the non-payment and default of the Shares and Certificates, and in order to allow the payments to be made by the Fund, in accordance with the priority order established in section V.4.2. of the Prospectus.

The Reserve Fund will be established on the Closing Date, with charge to the Participative Loan, for an amount of 4,800,000 Euros. The initial amount of the Reserve Fund will remain fixed for a period of three years after which, the amortization will begin following the criteria set out as follows.

On each Payment Date, the Reserve Fund will be replenished until the Minimum Level of the Reserve Fund is reached, with the resources that, on each Payment Date, are available to such effect, in accordance with the priority order described in section V.4.2. of the Prospectus.

The Minimum Level of the Reserve Fund will be the lesser of the following amounts:

- 0.8% of the sum of the initial nominal balance of the Bonds at issuance.
- 1.6% of the sum of the Outstanding Nominal Balance of the Bonds.

No reduction of the Minimum Level of the Reserve Fund will be made when one of the following situations takes place:

- 1) If the amounts payable by way of the amortization of the Bonds, on the current Payment Date, are less than the amount determined in paragraph (a) of section II.11.2. of the Prospectus.
- 2) The Outstanding Nominal Balance of the Shares and Certificates with arrears equal or above 90 days, is above 1% of the Outstanding Nominal Balance of the Shares and Certificates.

- 3) In the event that the *Sociedad Gestora* does not liquidate the fund when the Outstanding Nominal Balance of the Shares and Certificates is below 10% of its Initial Balance.

In no case will the Minimum Level of the Reserve Fund be inferior to 0.7% of the initial nominal balance of the Bond issue.

There will be no replenishment of the Reserve Fund on the Date of the Liquidation of the Fund.

The balance of the Reserve Fund will be deposited at the Reinvestment's Account and will benefit from the performance guarantees established in section V.3.5. of the Prospectus.

V.3.5. Deposit of the Resources of the Fund

V.3.5.1. Reinvestment Account

The Fund will have an account at the Seller, in accordance with *Contrato de Depósito a Tipo de Interés Garantizado*, into which shall be paid on each Transfer Date, all the amounts that the Fund were to receive from the Seller.

The Seller will undertake the services of management and maintenance of the aforesaid account, in accordance with regular banking practice. Expenses generated from the maintenance of said account will be assigned to the Seller, except when the expenses arise as a result of the negligence of the *Sociedad Gestora*.

The *Sociedad Gestora* will give the appropriate instructions for the necessary payments from the Reinvestment Account to meet the obligations of the Fund, through the Reinvestment Account maintained at the Financial Agent.

Positive balances of the Reinvestment Account will accrue an annual variable interest rate in favour of the Fund, equal to the Reference Interest Rate applicable to the Bonds, in the terms established in the *Contrato de Depósito a Tipo de Interés Garantizado*.

The balances of the Reinvestment Account will be maintained in cash.

In the event that the rating of the Seller is downgraded by the Rating Agencies, payment of amounts to the Fund will be as follows:

- (i) in the event that the rating of the Seller falls below P-1 following Moody's, or A-1 following Standard&Poor's, or their equivalent ratings, the Seller will transfer the amount collected from the Mortgage Loans it administers and which derive from the Shares and Certificates. This will take place on each Transfer Date, the 20th of each month, to:
 - an account in the Fund's name at an entity with a credit rating at least A-1 following Standard&Poor's, and/or P1 following Moody's, at an interest rate agreed with such entity; or, directly to the Reinvestment Account. The amounts paid to this account will be transferred to the Reinvestment Account on the Business Day prior to each Payment Date.
 - Notwithstanding the above, if in the term of 30 days the Seller presents a banking endorsement from a credit entity with a rating at least equal to P1 following Moody's, and A-1 following Standard&Poor's, or other expressly recognised by the Rating Agencies, guaranteeing the total availability of the amounts deposited in the Reinvestment Account, the Seller will be able to maintain the Reinvestment Account.

(ii) if the rating of the Seller is placed below A-2, or equivalent following Standard&Poor's, the Seller will have available an unrestricted banking endorsement from an entity with a rating at least equal to A-1, or equivalent following Standard&Poor's, and will commence to transfer, on a daily basis, the amount collected from the Mortgage Loans it administers and which correspond to the Shares and Certificates, to a Collection Account opened at the Seller in the name of the Fund. This account will be held at an entity with a credit rating of A-1 or the equivalent following Standard&Poor's and will accrue at an interest agreed with the entity. The amounts paid to the Collection Account will be transferred to the Fund's Account on the Business Day prior to each Payment Date.

All the extraordinary expenses derived, in its case, from the modification of the rating will be paid by the Seller.

On the date of the registration of the Prospectus in the Official Registers of the CNMV, the rating for the Seller is A-1 following Standard&Poor's and P1 following Moody's.

In both cases, the Seller will undertake to follow all the procedures set out by the *Sociedad Gestora*, facilitating the necessary information in time and form, for the development of the new tasks derived from the alteration of the rating, in such a way that this circumstance does not alter the management processes of the Fund by the *Sociedad Gestora*.

V.3.5.2. Fund's Account

The Fund will have at the Financial Agent, and in accordance with that established in the Financial Service Contract, a banking account in the name of the Fund (Fund's Account).

The Seller will transfer to the Fund's Account, on the business day prior to each Transfer Date, all the necessary amounts deposited at the Reinvestment Account following the instructions of the *Sociedad Gestora*.

The Fund's Account will not have a negative balance. The balances of the Fund's Account will be maintained in cash.

The amounts deposited in the Fund's Account will accrue a variable interest rate in favour of the Fund, based on the variable interest rate resulting from reducing the EURIBOR by a margin of 0.15%. The EURIBOR and the calculation method for the interest accrued by the Fund's Account will be determined in the Financial Service Contract.

In the event that the rating of the Financial Agent, given by the Rating Agencies for short term risk, is reduced to a rating below P1 following Moody's, or A-1 following Standard&Poor's, the *Sociedad Gestora* will, after prior consultation with the Rating Agencies, take one of the following decisions within the following 30 days, in order to maintain an adequate level of guarantee in respect of the compromises derived from the maintenance of the Fund's Account:

- (i) Obtain from a credit entity with a rating not inferior to P1 following Moody's, or A-1 following Standard&Poor's, or another equivalent rating expressly recognised by the Rating Agencies, a guarantee or obligation regarding the terms assumed by the Financial Agent.
- (ii) Replace the Financial Agent with another credit entity with a rating not inferior to P1 following Moody's, or A-1 following Standard&Poor's, or another equivalent rating expressly recognised by the Rating Agencies, that will assume, under the same conditions, the functions of the affected entity as described in its corresponding contract.

On the date of registration of this Prospectus in the Official Registers of the CNMV, the Financial Agent's rating assigned by Moody's is P1 and A-1 assigned by Standard&Poor's.

V.3.6. Technical Advance

Taking into account that some of the delays in the payments made by the borrowers have an interim or technical nature, and with the objective of avoiding that such delays have a negative impact on the flow of payments to the Bondholders, and taking into account that there is a lapse of 20 days between the end of the Collection Period and the Transfer Date on behalf of the Fund, and that the amounts collected by the Seller as Loan administrator are the property of the Fund, the *Sociedad Gestora*, on behalf of the Fund, will be entitled to receive on every Transfer Date an advance backed by such amounts.

The amount of the Technical Advance cannot exceed the amount collected by the Seller from the Mortgage Loans it administers, for any payment that the Fund will be entitled to as holder of the Shares and Certificates, from the end of the last Collection Period until the Transfer Date on which the Technical Advance is requested. It will be deposited in the Reinvestment Account.

The *Sociedad Gestora* will calculate the Technical Advance as an amount equal to the sum of the amounts matured and not yet collected payments by the Seller during the previous Transfer Period, for principal and interest from the Shares and Certificates issued by the Seller underlying the Defaulted Mortgage Loans on the Transfer Date on which the Technical Advance is requested, taking into account the limitations described in the previous paragraph. The Technical Advance will not be larger, in respect of each individual Mortgage Loan, to the interests and principal payable on the last instalment of such loan

On each Transfer Date, the Technical Advance delivered on the previous Transfer Date may be deducted from the amounts to be transferred, and a new Technical Advance corresponding to the following payment may be requested.

V.3.7. Financial Interest Swap Contract

The *Sociedad Gestora* will, on behalf of the Fund, sign with *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja* a Financial Interest Swap Contract (hereon Swap) described in this section, where:

Party A: The *Sociedad Gestora*, on behalf of the Fund.

Party B: *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja*.

V.3.7.1. Liquidation Dates

Liquidation Dates will coincide with the Payment Dates of the Bonds, that is January, April, July and October 26th of each year, or in the event that such dates are not Business Days, on the immediately following Business Day. The first Payment Date of the Fund shall be January 26th, 2004.

V.3.7.2. Liquidation Periods

Liquidation Periods will be the days elapsed between consecutive Liquidation Dates, including the first and excluding the last day of such period. Exceptionally, the first Liquidation Period will have a duration equivalent to the days elapsed between the Closing Date of the Bond's Issue (included) and January 26th, 2004 (excluded).

The net amount, in favour of the Fund, derived from the Swap Contract, will be invested in the Reinvestment Account.

V.3.7.3. Amounts to be paid by Party A

Sum of the interest collected until the last day of the month prior to the end of the current Liquidation Period, from all the Shares and Certificates.

V.3.7.4. Amounts to be Paid by Party B

On each Liquidation Date, Part B will pay the amount resulting from the application of the following rules:

- I. The Individual Ncional Amounts corresponding to each one of the Mortgage Loans from which interests has been collected, and received by the Fund on each Transfer Date, will be calculated, that is, until the last day of the month prior to the end of the current Liquidation Period. To such end the a) sums received by the Fund as interest of each of the Mortgage Loans will be divided among b) the interest rate of the current loan on the Transfer Date.
- II. The Individual Ncional Amounts will be added up. The result shall be the Liquidation Period Ncional Amount.
- III. Part B will pay an amount equivalent to multiplying the Liquidation Period Ncional Amount by the Interest Reference Rate of the Bonds for the current liquidation period plus a margin of 0.90%.

V.3.7.5. Swap Contract breaches

If, on a Liquidation Date, the Fund does not pay the amount due to *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja*, the Financial Interest Swap Contract could be terminated at its request. In the event of paying a liquidation amount, the Fund will assume, if applicable, the obligation to pay the amount established in the Financial Interest Swap Contract, and all in accordance with the priority order of payments. Without prejudice to the above, except in a situation of permanent alteration of the financial balance of the Fund, the *Sociedad Gestora*, on behalf of the Fund, will try to arrange a new financial interest swap contract.

If, on a Payment Date, *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja* does not honour its obligation to pay the total amount due to the Fund, the *Sociedad Gestora* may terminate the Swap Contract. In this event, *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja* will assume the obligation to pay the liquidation amount established in the contract. Furthermore, in this event, if the liquidation amount of the Contract corresponds to *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja*, and not the Fund, the payment will take place in accordance with the priority order of payments of the Fund.

The liquidation amount will be calculated by the *Sociedad Gestora*, as Swap calculation agent, based on the market value of the Financial Interest Swap Contract.

V.3.7.6. Rating modifications assumptions

In the event that the short term rating for senior unsecured debt by *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja*, falls bellow A-1 or equivalent short term rating for S&P, and/or A1 for long term risk, or equivalent rating for Moody's, *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja* will:

- 1) In the 30 business days from the day in which such circumstance was notified, obtain a banking endorsement in favour of the Fund, for the amount that satisfies the requirement of the Rating Agencies, borrowed from an entity with a short term rating for senior unsecured debt and not guaranteed equal to A-1 or equivalent rating for S&P, and P1 for short term, and A-1 for long term or equivalent rating for Moody's; and
- 2) Allow a third entity, with a short term rating for senior unsecured debt equal to A-1 or equivalent short term rating for Standard&Poor's, and P1 or equivalent short term rating for Moody's, and A-1 or equivalent long term rating for Moody's, assume its contractual position and substitute it; all in accordance with the terms and conditions established by the *Sociedad Gestora* and the Rating Agencies to maintain the ratings assigned to the Bonds.
- 3) Will constitute a deposit in favour of the Fund for an amount that satisfies the requirements of the Rating Agencies.

All costs, expenses and taxes will be borne by *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja*.

V.3.7.7. Maturity of the Contract

The Swap Contract will be terminated in the event that the Rating Agencies do not confirm as final, before the beginning of the Subscription Period, the ratings assigned on a provisional basis to all the Bonds.

The early termination of the Swap Contract will not constitute in itself an early amortization or the liquidation of the Fund, unless the termination occurs in conjunction with other events or circumstances related to the capital resources of the Fund, producing a substantial or permanent change affecting the financial survival of the Fund.

The maturity of the Swap Contract will take place on the date of the liquidation of the Fund.

V.4 Rules of Priority of Allocation of Funds

V.4.1. On the Date of the Establishment of the Fund and Issue of the Bonds

1. Origin:

On the Closing Date, the Fund will have funds available obtained from:

- (a) The issue and placement of the Bonds.
- (b) Funds received from the Initial Expenses Loan. The Funds received from the Subordinated Loan will be disbursed on the Business Day immediately prior to the first Payment Date of the Fund.
- (c) Funds received from the Participative Loan.

2. Allocation:

On the Closing Date, the Fund will apply the above-mentioned funds to the following payments:

- (a) Payments for the purchase of the Shares and Certificates grouped in the Fund.
- (b) Payment of the initial expenses of the fund, in accordance with section III.4.3. of the Prospectus.

(c) Creation of the Reserve Funds.

V.4.2. From the Date of the Establishment of the Fund until the Total repayment of the Bonds

1. Origin:

The funds available to the Fund on every Payment Date, which are intended for distribution to the Bondholders and for payment of the corresponding fees, arise from:

- (a) Current principal and interest amounts from the Shares and Certificates.
- (b) Technical Advance requested from the Seller and not yet reimbursed.
- (c) The balance of the Fund's Account and the Reinvestment Account.
- (d) If applicable, other amounts received from the borrowers for reasons other than current principal and interest of the Mortgaged Loans.
- (e) If applicable, the result of the liquidation of the assets of the Fund.
- (f) Net amounts obtained by virtue of the Swap Contract, as established in section V.3.7. of the Prospectus, or as a result of non-fulfilment, its liquidation.

2. Allocation:

In general, the Available Amounts of the Fund, as defined in section III.4.4. of the Prospectus will be applied on each Payment Date, to the following concepts, with the following priority of allocation in the event of insufficient funds:

- (i) Expenses and taxes.
Expenses to be charged to the Fund, extraordinary expenses originating from the defence of the interests of the Fund and taxes to be born by the Fund, together with extraordinary expenses originating from the defence of the interests of the holders of the A, B, C and D Bonds.
- (ii) Management commission of the *Sociedad Gestora*.
Management commission to be paid to the *Sociedad Gestora* in accordance with III.3.2. of the Prospectus.
- (iii) Payment to *Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja*, of the Net Amount to be Paid by Part A pursuant to the Swap Contract referred to in section V.3.7. of the Prospectus, except in the event of an early termination of the Swap Contract.
- (iv) Payment of Interest of the Series A Bonds.

Interest accrued by the Series A Bonds. In the event that the Available Resources of the Fund are insufficient, the resulting amount will be distributed among all of the Series A Bonds in proportion to their Outstanding Nominal Balance.
- (v) Payment of Interest of the Series B Bonds.

- a) Interest accrued by the Series B Bonds. In the event that the Available Resources of the Fund are insufficient, the resulting amount will be distributed among all the Series B Bonds, in proportion to their Outstanding Nominal Balance.
 - b) In the event that on a Payment Date 1) the Outstanding Nominal Balance of the Shares and Certificates on arrears equal or above 90 days is higher than 16% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates, and 2) that the Series A Bonds are not fully amortized, the payment of the interest will be postponed, taking position (ix) in this priority order. This delay will be irreversible, and applied to the remaining Payment Dates of the Fund, in the event that the non-defaulted Shares and Certificates with non-payments equal or above 90 days is above 19% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates.
- (vi) Payment of Interest of the Series C Bonds.
 - a) Interest accrued by the Series C Bonds. In the event that the Available Resources of the Fund are insufficient, the resulting amount will be distributed among all the Series C Bonds, in proportion to their Outstanding Nominal Balance.
 - b) In the event that, 1) the Outstanding Nominal Balance of the non-defaulted Shares and Certificates on arrears equal or above 90 days is higher than 10% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates, and 2) that the Series B Bonds are not fully amortized, the payment of the interest will be postponed, taking position (x) in this priority order. This delay will be irreversible, and applied to the remaining Payment Dates of the Fund, in the event that the non-defaulted Shares and Certificates with non-payments equal or above 90 days is above 15% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates.
- (vii) Payment of Interest of the Series D Bonds.
 - a) Interest accrued by the Series D Bonds. In the event that the Available Resources of the Fund are insufficient, the resulting amount will be distributed among all the Series D Bonds, in proportion to their Outstanding Nominal Balance.
 - b) In the event that, 1) the Outstanding Nominal Balance of the non-defaulted Shares and Certificates on arrears equal or above 90 days is higher than 10% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates, and 2) that the Series C Bonds are not fully amortized, the payment of the interest will be postponed, taking position (xi) in this priority order. This delay will be irreversible, and applied to the remaining Payment Dates of the Fund, in the event that the non-defaulted Shares and Certificates with non-payments equal or above 90 days is above 12% of the Outstanding Nominal Balance of the non-defaulted Shares and Certificates.
- (viii) Amortization of the principal of the Series A Bonds.

Amortization of the principal of Series A Bonds as established in section II.11. of the Prospectus.
- (ix) Interest of the B Bonds, following delay.
- (x) Interest of the C Bonds, following delay.
- (xi) Interest of the D Bonds, following delay.

(xii) Amortization of the principal of the Series B Bonds.

Amortization of the principal of Series B Bonds as established in section II.11. of the Prospectus, taking into account that the amortization of the B Bonds will not take place until the A Bonds are fully amortized, without prejudice to section II.11.3.

(xiii) Amortization of the principal of the Series C Bonds.

Amortization of the principal of Series C Bonds as established in section II.11. of the Prospectus, taking into account that the amortization of the C Bonds will not take place until the B Bonds are fully amortized, without prejudice to section II.11.3.

(xiv) Amortization of the principal of the Series D Bonds.

Amortization of the principal of Series D Bonds as established in section II.11. of the Prospectus, taking into account that the amortization of the D Bonds will not take place until the C Bonds are fully amortized, without prejudice to section II.11.3.

(xv) Replenishment of the Reserve Fund.

Replenishment, if applicable, of the Reserve Fund, until it achieves the Minimum Level of the Reserve Fund, except in the event of the Early Liquidation of the Fund in which there will be no replenishment.

(xvi) In the event of an early termination of the Swap Contract, liquidation payment corresponding to the Fund.

(xvii) Interest from the Initial Expenses Loan.

(xviii) Interest of the Subordinated Loan

(xix) Fixed Remuneration of the Participative Credit.

(xx) Amortization of the principal of the Initial Expenses Loan.

(xxi) Amortization of the principal of the Subordinated Loan.

(xxii) Amortization of the principal of the Participative Loan.

(xxiii) Variable Remuneration of the Participative Loan.

3. Other Rules

In the event that the Available Resources are not sufficient to pay some or all of the amounts mentioned in previous sections, the following rules will be applied:

- The Available Resources of the Fund will be applied to the concepts mentioned in the previous section, in accordance with the priority of allocation established, and *pro rata* for the owed amount among those who have an equal right to receive payment.
- The amounts that remain unpaid will be placed, on the following Payment Date, in a priority of allocation immediately prior to the related concept to which it refers
- The amounts owed by the Fund and not satisfied on their respective Payment Dates will not accrue additional interest.

CHAPTER VI

GENERAL INFORMATION RELATING TO THE *SOCIEDAD GESTORA*

VI.1 Relating to the Company, Except for its Capital

VI.1.1. Registered Office

Titulización de Activos, *Sociedad Gestora de Fondos de Titulización*, S.A., has its registered office at 26, Calle Almagro, Madrid.

VI.1.2. Establishment and Registration in the *Registro Mercantil*

Titulización de Activos, Sociedad Gestora de Fondos de Titulización S.A., is a Spanish Corporation (*Sociedad Anónima*), with Fiscal Identification Code (CIF) A-80352750, established on May 12th, 1992, by a deed drawn up before the Notary Public of Madrid D. Juan Romero-Girón Deleito, transformed into *Sociedad Gestora de Fondos de Titulización Hipotecaria*, on January 29th, 1993, in accordance with the provisions of article 6 of Law 19/1992 of July 7th, *Ley sobre Régimen de Sociedades y Fondos de Inversión Inmobiliaria y sobre Fondos de Titulización Hipotecaria*, by virtue of the authorization granted by Ministerial Order December 10th, 1992, and transformed into *Sociedad Gestora de Fondos de Titulización* by virtue of the authorization granted by Ministerial Order February 26th, 1999. Registered in the *Registro Mercantil* of Madrid, Volume 4280, Book 0, Page 183, Section 8, Sheet M-71066, Inscription number 5, on June 4th, 1993, and also registered in the *Registro Especial de Sociedades Gestoras de Fondos de Titulización Hipotecaria* of the *Comisión Nacional del Mercado de Valores*, under number 3.

VI.1.3. Corporate Purpose

The sole purpose of the company is the constitution, management and legal representation of *Fondos de Titulización de Activos* and *Fondos de Titulización Hipotecaria*, in accordance with Royal Decree 926/1998 of May 14th, by which the *Fondos de Titulización de Activos* and *Sociedades Gestoras de Fondos de Titulización* are regulated.

VI.1.4. Place in Which the Documents Cited in the Prospectus, or any Further Documents Deriving Therefrom, May be Consulted.

The *Sociedad Gestora* will make available, at its registered office at calle Almagro 26, Madrid, to the public all the documents and information required pursuant to the Fund Regulations and this Prospectus.

In addition, all the information of public character described in the Prospectus will be available at the registered office of the *Sociedad Gestora* and at the Official Register of the *Comisión Nacional del Mercado de Valores*.

VI.2 Relating to the Share Capital

VI.2.1. Nominal Amount Subscribed and Disbursed

The share capital of the *Sociedad Gestora* at the time of the registration of this Prospectus in the Official Registers of the CNMV is 903,000 Euros, entirely disbursed.

VI.2.2. Classes of Shares

All the 150,000 shares issued by the *Sociedad Gestora* until the registration in the Official Registers of the CNMV of this Prospectus are ordinary shares granting identical political and economical rights, and have a value of 6.02 Euros each one.

VI.2.3. Evolution of the Capital Over the Past Three years

The share capital of the company on the date of the inscription in the Official Registers of the CNMV of the Prospectus is 903,000 Euros entirely disbursed, following its conversion in said currency and the subsequent increase of capital with charge to the *Reservas Voluntarias* to round up the nominal value of each share, in accordance with the Shareholders Meeting held on March 29th, 2001.

VI.3 Data Relative to Holdings

VI.3.1. Participation in Other Companies

There is no participation of the *Sociedad Gestora* in any other company.

VI.3.2. Corporate Groups to which the Company Belongs

The *Sociedad Gestora* does not belong to any corporate group.

VI.3.3. Significant Shareholders

The shares of the *Sociedad Gestora* are distributed as follows:

	Percentage	Shares
Caja de Ahorros de Castilla La Mancha	12.86%	19,286
Caja de Ahorros de Zaragoza, Aragón y Rioja (Ibercaja)	12.86%	19,286
Caja de Ahorros del Mediterráneo	12.86%	19,286
Caja de Ahorros Municipal de Burgos	12.86%	19,286
Unicorp (Unicaja)	12.86%	19,286
Sociedad Española de Banca de Negocios, S.A.(EBN)	12.86%	19,286
Caja de Ahorros y Monte de Piedad de Madrid	12.86%	19,284
Bear Stearns Spanish Securitization Corporation	10.00%	15,000

VI.4 Board of Directors and General Meeting

VI.4.1. Board of Directors

The Board of Directors is integrated by:

D. Francisco Javier Soriano Arosa (President)

D. Horacio Mesonero Morales

D. Francisco Javier Sáiz Alonso

D. Víctor Iglesias Ruiz

Caja de Ahorros del Mediterráneo

D. Gumersindo Ruiz Bravo de Mansilla

D. José Carlos Contreras Gómez

Bear Stearns Spanish Securitization Corporation

Secretary not member of the Board: D. Luis Vereterra Gutiérrez-Maturana

VI.4.2. Chief Executive Officer

There is currently no Chief Executive Officer position at the *Sociedad Gestora*. Don Ramón Pérez Hernández holds the position of General Manager of the Company since the General Meeting held on March 21st, 2002.

VI.5 Interests in the Company Held by Persons that are Members of the Representative Bodies

Except for the shareholders of Caja de Ahorros del Mediterráneo and Bear Stearns Spanish Securitization Corporation, the persons that are members of the representative bodies are neither holders nor representatives, directly or indirectly, of any share or convertible Bond.

VI.6 Identification of the Persons or Entities Lending to the *Sociedad Gestora*, and Holding More than 10% of the Debts Thereof, Quantifying Such Interest in Each Case

There are none.

VI.7 Existence of Lawsuits and Legal Proceedings that Might Affect the Economic and Financial Situation of the *Sociedad Gestora*

At the date of the registration in the Official Registers of the CNMV of the Prospectus of the Fund TDA IBERCAJA 1, there are no lawsuits or legal proceedings that may affect the economic and financial situation thereof.

CHAPTER VII

MARKET CONSIDERATIONS

VII.1 Recent and Significant Trends of the Mortgage Market in General and of the Mortgage Loans and Bond Markets in Particular

In recent years credit assets with mortgage guarantees included in the balance sheet of Spanish credit entities have become the main protagonists of the Securitization processes of the Spanish financial system.

On the one hand, the existence of a critical mass with sufficient size within a subgroup of this type of mortgage assets has been critical: mortgage loans to private individuals to finance the acquisition, construction or restoration of properties. On the other, the contribution has come from the decisive way in which this type of financing has several homogeneous characteristics from a legal and financial point of view. The new legislation arising from the Ministerial Order of May 5th, 1994, regarding the transparency of the financial conditions of the mortgage loans, and its subsequent development in the Bank of Spain Circular 5/94 of July 22nd has been one of the elements that has strengthened this homogeneity.

Secondly, it is worth noting that in recent years the competition within the Spanish mortgage market has intensified, once private individuals and credit entities have assumed the tools outlined by Law 2/94 of March 30th, regarding subrogation and modification of the mortgage loans. The influence of the announced reform of taxation related to mortgage cancellation must also be taken into account; as it will inevitably influence the rates of mortgage prepayment.

Finally, the importance of Securitised Bonds must be highlighted in the context of new changes derived from the new mechanisms introduced by the Central European Bank in Economic Policy. Greater competition demands the improvement of those instruments, which allow access to cheaper sources of financing: instruments of issue, secondary markets, or generating techniques for a more efficient management of the entities' balance.

VII.2 Implications Derived from those Trends Mentioned in the Previous Section

The total amount of Mortgage Loans participated by the Shares and Certificates grouped in the Fund, carry a variable interest rate (some of the loans will have accrued during an initial period at a fixed rate); such rates are modified periodically by variations in the interest rates of the market. Therefore, it is less probable that a substantial modification of the Prepayment Rates of the portfolio will occur as a result of the changes in the level of the interest rate.

Notwithstanding the above, the average term and the duration of the Bond Issue referred to in the Prospectus could change in relation to those initially estimated in section II.11. in the event that the Rate of Prepayment of the Shares and Certificates, varies.

It is the opinion of the *Sociedad Gestora* that there is no historical public information at the moment regarding prepayment rates to be able to elaborate predictions in either a short or a long-term basis regarding the behaviour of the Prepayment Rates of the mortgage portfolios. Nevertheless, the *Sociedad Gestora* publishes monthly, through various channels including its web page (www.tda-sgft.com), the Prepayment Rates of each one of the Funds it manages. Additionally, it is the opinion of the *Sociedad Gestora* that in the coming years there will be relevant information available regarding the behaviour of Prepayment Rates. Nevertheless, it must be taken into account that the market, as indicated in the previous section, has suffered radical changes in recent years, and such event do not recommend, for the time being, the elaboration of predictions based on the extrapolation of available data from the last years;

This prospectus is a translation into English of the original "Folleto Informativo" drafted in Spanish language and registered with the "Comisión Nacional del Mercado de Valores" (the Spanish Securities Market Commission, "CNMV") on October, 7th, 2003. The "Folleto Informativo" drafted in the Spanish language is the only official document, and no document other than the "Folleto Informativo" shall have any legal effect or be relied upon with regard to the Note Issue.

furthermore this data is scarce and limited in scope and length, and it is not possible to assign them any meaningful value. In any event, those investors interested can consult the information that the *Sociedad Gestora* and other *sociedades gestoras* publish regularly on the Mortgage Backed Securities Funds that they manage.