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ADDITIONAL INFORMATION TO THE PROSPECTUS RELATED TO THE CONSTITUTION OF Cédulas Grupo Banco Popular 2, Fondo de Titulización de Activos

Related to the Prospectus regarding the constitution of “*Cédulas Grupo Banco Popular 2, Fondo de Titulización de Activos*” managed by *InterMoney Titulización, S.G.F.T., S.A.*, and inscribed in the Official Registers of the *Comisión Nacional del Mercado de Valores* on March 30th, 2006.

I. FIXING OF SPECIFIC AMOUNTS AND/OR PERCENTAGES.

Following the inscription of the Prospectus in the registers of the CNMV, the following amounts and/or percentages, which were not fixed in the Prospectus, have been added to the Deed of Constitution of the Fund:

- The annual fixed Nominal Interest Rate of the Bonds is 3.750%.
- The price of subscription of the Bonds is 99.687% of their face value.
- The fixed ordinary interest rate of the *Cédulas Hipotecarias* grouped in the Fund is 3.756%, resulting from adding a margin of 0.006% to the Nominal Interest Rate of the Bonds.
- The price of sale of the *Cédulas Hipotecarias* is 99.66345% of their face value.
- The underwriting fee is 0%.

II. INCLUSION OF NEW UNDERWRITERS.

In accordance with section 4.1.2 of the Securities Note, six new institutions have been included (together with the Underwriters listed in the Prospectus registered on March 30th, 2006) which have taken part as placement entities and underwriters of the Bond issue.

As a consequence, the amounts underwritten by each Underwriter have varied. The new amounts (different from those included in the Prospectus registered on March 30th, 2006) are the following:

Entity	No. Bonds	Nominal Amount
Citigroup	7,275	727,500,000
DZ Bank AG	7,275	727,500,000
HVB	7,275	727,500,000
IXIS	7,275	727,500,000
Barclays Bank Plc	150	15,000,000
Credit Suisse Securities (Europe) Ltd	150	15,000,000
Dresdner Bank	150	15,000,000
Morgan Stanley & Co. International Limited	150	15,000,000
Société Generale	150	15,000,000
SEB AG	150	15,000,000
Total	30,000	3,000,000,000

CÉDULAS GRUPO BANCO POPULAR 2 FONDO DE TITULIZACIÓN DE ACTIVOS

COVERED BONDS

3,000,000,000 € Aaa / AAA

Backed by Cédulas Hipotecarias issued by
Banco de Andalucía
Banco de Castilla
Banco de Crédito Balear
Banco de Galicia
Banco de Vasconia
Banco Popular Hipotecario
bancopopular-e.com

Seller

InterMoney Valores, Sociedad de Valores, S.A.

Lead Managers

Citigroup
HVB
DZ Bank
IXIS

Financial Agent

Banco Popular Español, S.A.

Fondo designed, arranged and managed by



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CÉDULAS GRUPO BANCO POPULAR 2

FONDO DE TITULIZACIÓN DE ACTIVOS

RISK FACTORS

1 RISKS DERIVED FROM THE LEGAL NATURE AND THE ACTIVITY OF THE ISSUER.

1.1 Nature of the *Fondo* and obligations of the *Sociedad Gestora* (Management Company).

The *Fondo* constitutes a separate worth with no legal personality in its own right that, in accordance with *Real Decreto 926/1998*, is managed by a management company for securitised funds.

The *Fondo* is established as a closed vehicle.

For the *Fondo*, the *Sociedad Gestora* (Management Company) will carry out the duties established in *Real Decreto 926/1998*, and also, as third party manager, the defence of the interests of the Bondholders in the absence of a Bondholders syndicate.

1.2 Forced substitution of the *Sociedad Gestora* (Management Company).

In accordance with article 19 of *Real Decreto 926/1998*, when the *Sociedad Gestora* (Management Company) enters bankruptcy proceedings it will locate another management company for securitised funds to replace it. In the event that four months have elapsed since the event that determined the substitution and no new management company willing to undertake the management has been found, the *Fondo* will be liquidated in advance and the securities it has issued will be amortised.

1.3 Limited action against the *Sociedad Gestora* (Management Company).

The Bondholders and other ordinary creditors of the *Fondo* will not enjoy the right of action against the *Sociedad Gestora* (Management Company) of the *Fondo*, other than as a result of its breach of duties or its disregard for what is established in the Deed of Incorporation and in this Prospectus.

1.4 Bankruptcy of the *Sociedad Gestora* (Management Company), the Seller or any of the Issuers.

The Seller, any of the Issuers and the *Sociedad Gestora* (Management Company) may be declared bankrupt and this could affect their contractual relations with the *Fondo*, in accordance with *Ley Concursal* (Bankruptcy Act).

In the event of the bankruptcy of the *Sociedad Gestora* (Management Company), it will be replaced by another management company, in accordance with article 19 of *Real Decreto 926/1998*. The structure of the present asset securitisation operation does not allow for, except when breached by the parties, the existence of cash to be included in

the *Sociedad Gestora* (Management Company)'s mass, as the amounts corresponding to the income of the *Fondo* must be transferred by the *Sociedad Gestora* (Management Company) (acting not only as leader of the *Fondo* when opening the accounts but also as its legal representative, therefore the *Fondo* will enjoy the right of total separation, in the terms set out in articles 80 and 81 of the Bankruptcy Act) to the accounts opened in the name of the *Fondo*.

In accordance with *Ley Concursal* (Bankruptcy Act), in the event of the bankruptcy of any of the Issuers, the *Fondo*, as holder of the *Cédulas Hipotecarias*, will enjoy the special privilege established in article 90.1.1, so that the amounts owed from principal and interest from the *Cédulas Hipotecarias* are paid from the mass, during the bankruptcy proceedings, and from the amounts transferred by each Issuer, and derived from the linked mortgages.

In accordance with article 80.1 of *Ley Concursal* (Bankruptcy Act), in the event of the bankruptcy of the Seller, the *Cédulas Hipotecarias* property of the *Fondo* and which are being held by the Seller, as custodian (section 3.7.2.2 of the Additional Building Block) and over which the Seller has no right of use, guarantee or withholding must be handed over by the bankruptcy administrator of the *Fondo* when requested by the *Sociedad Gestora*, on behalf of the *Fondo*.

Furthermore, the sale of the *Cédulas Hipotecarias* may be reimbursed only in the event of the action of reimbursement in which the existence of fraud in the sale can be proved, in accordance with *Disposición Adicional Quinta*, section 4 of *Ley 3/1994, de 14 de abril*.

1.5 Seller of the *Cédulas Hipotecarias*.

In any event, and in accordance with article 6.2.a) of *Real Decreto 926/1998*, the seller of the *Cédulas Hipotecarias*, as assets of the *Fondo* purchased initially, shall be the only full holder of the *Cédulas Hipotecarias* subscribed or purchased prior to their sale to the *Fondo*, in accordance with applicable legislation and will be included in its balance prior to such sale.

The Seller for the issue is *InterMoney Valores, Sociedad de Valores, S.A.*.

2 RISKS DERIVED FROM THE SECURITIES.

2.1 Limited liquidity.

The *Sociedad Gestora* (Management Company) will arrange a Placement Subscription, Underwriting and Liquidity Contract with the Underwriters.

The Underwriters jointly undertake to offer liquidity to the Bondholders in the terms covered by the Placement Subscription and Underwriting Contract, until the Legal Maturity Date, through the introduction of purchase and sale orders in the *Mercado AIAF de Renta Fija* (AIAF Fixed Income Market) and, accordingly, in other markets in which the issue is admitted. This undertaking by the Underwriters mitigates the risk of limited liquidity of the Bond issue.

2.2 Penalty Interest.

In the event of non-payment to the Bondholders, amounts matured that they have not received, both for principal and interest, will not accrued any penalty or additional interest.

2.3 Limited Hedging.

A Bond investment may be affected, among others, by a downturn in the general economic conditions that may have a negative effect on the payment of the *Cédulas Hipotecarias* backing the issue.

Nevertheless, both the collection of principal and interest of the *Cédulas Hipotecarias* are, in accordance with Article 12 of *Ley 2/1981*, specially guaranteed, without the need for registration, by a senior mortgage over all other mortgages registered at any time in favour of the Issuers, without prejudice to their universal worth responsibility. The *Fondo's* credit right, as holder of the *Cédulas Hipotecarias*, together with the abovementioned protection will also enjoy right of foreclosure to reclaim the payment from the Issuers; the *Fondo* will be, as a *Cédula Hipotecaria* holder, a privileged creditor as established by Article 1923.3 of the *Código Civil* (Civil Code) over any other creditor, for the total amount of mortgage loans registered to the Issuers.

2.4 Limited Responsibility.

Bonds issued by the *Fondo* do not represent an obligation of the *Sociedad Gestora* (Management Company) or the Seller. The flow of resources used to attend the obligations derived from each series of Bonds is ensured or guaranteed only by the specific circumstances and limitations set out in this Prospectus. With the exception of these guarantees, there are no others granted by public or private institutions, including the Issuers, the Seller, the *Sociedad Gestora* (Management Company) and any other entity affiliated or participated by any of the above. The *Cédulas Hipotecarias* backing each Bond issue and the rights they imply are the only sources of income of the *Fondo* and, therefore, of payments to the Bondholders.

3 RISKS DERIVED FROM THE ASSETS BACKING THE ISSUE.

3.1 Risk of non-payment of the *Cédulas Hipotecarias*.

The holders of series of Bonds issued by the *Fondo* will bear the risk of non-payment of the *Cédulas Hipotecarias* grouped in the *Fondo*.

The Seller, in accordance with article 348 of the *Código de Comercio* (Commercial Code), responds to the *Fondo* exclusively for the existence and legitimacy of the *Cédulas Hipotecarias* and of the personality under which it carries out the sale, but does not assume any responsibility for the Issuers' lack of payment. Neither will it assume, in any other form, responsibility in guaranteeing directly or indirectly the success of the transaction, nor will it grant guarantees or securities, nor enter into repurchase agreements of the *Cédulas Hipotecarias*, neither by virtue of the Deed or any other pact or agreement. This does not affect the responsibilities of the Seller in section 2.2.8 of the Additional Building Block.

3.2 Risk of early amortisation of the *Cédulas Hipotecarias*.

The *Cédulas Hipotecarias* grouped in the *Fondo* may be amortised in advance under extraordinary circumstances, in accordance with section 2.2.13.2.2 of the Additional Building Block, therefore their Internal Rate of Return, duration and Bond amortisation may experience variations in relation to the amounts initially predicted for each Payment Date.

CÉDULAS GRUPO BANCO POPULAR 2

FONDO DE TITULIZACIÓN DE ACTIVOS

REGISTRATION DOCUMENT FOR SECURITIES (ANNEX 7 OF THE CE 809/2004 REGULATIONS)

1 INDIVIDUALS RESPONSIBLE.

1.1 Individuals responsible for the information included in the Registration Document.

Mr José Antonio Trujillo del Valle, acting in the name and on behalf of INTERMONEY TITULIZACIÓN, SGFT, S.A. (the "*Sociedad Gestora*"), institution promoting CÉDULAS GRUPO BANCO POPULAR 2, FONDO DE TITULIZACIÓN DE ACTIVOS (the "*Fondo*"), assumes the responsibility of the contents of this Registration Document.

Mr José Antonio Trujillo del Valle acts as President of *INTERMONEY TITULIZACIÓN, SGFT, S.A.*, as a result of the agreement reached by the Board of Directors of the *Sociedad Gestora* (Management Company) on February 16, 2006.

1.2 Declaration of the individuals responsible for the Registration Document.

Mr José Antonio Trujillo del Valle, under the representation hereto held, declares that following reasonable diligence to guarantee it, the information included in this Registration Document is, to his knowledge, in accordance to the facts and does not incur in any omission that may affect its content.

2 ACCOUNT AUDITORS.

2.1 Auditors of the *Fondo*.

The *Fondo*, in accordance with section 4.4.2 of this Registration Document, will be established on the Date of Incorporation, and will initiate its activities on the Date of Incorporation. Therefore, there is no historical financial information.

The Board of Directors of the *Sociedad Gestora* (Management Company), in its meeting of February 16, 2006, has designated PriceWaterhouseCoopers Auditores S.L., inscribed in the Official Register of the Account Auditors (R.O.A.C.) with number S0242 and registered address at Paseo de la Castellana 43, Madrid and Fiscal Identity Code B-79031290, as auditors of the *Fondo* without specifying for how many accounting periods such designation is. The Board of Directors of the *Sociedad Gestora* (Management Company) will inform the *Comisión Nacional del Mercado de Valores* of any change which may occur in respect of the designation of the auditors.

2.2 Periods and Accounting principles used by the *Fondo*.

The accounting periods of the *Fondo* will begin on January 1 and end on December 31 of each year, except the first accounting period that will begin on the Date of

Incorporation and end on December 31, 2006, and the last period which will end on the Final Maturity Date of the *Fondo*, except in the event in which the life of the *Fondo* is extended until the Legal Maturity Date of the *Fondo* or the date of the early liquidation of the *Fondo*, in which case the latter shall be the final day of the last accounting period.

For the accounting information of the *Fondo* the principle of accrual will be followed.

3 RISK FACTORS.

Risk factors associated with the *Fondo* are described in section 1 "Risk Factors" of this Prospectus.

4 INFORMATION REGARDING THE ISSUER.

4.1 Declaration of the establishment of the issuer as *Fondo de Titulización de Activos*.

"*CÉDULAS GRUPO BANCO POPULAR 2, FONDO DE TITULIZACIÓN DE ACTIVOS*" is established in accordance with Spanish legislation as a closed Asset Securitisation Fund.

4.2 Legal name of the issuer.

The name of the *Fondo* is "CÉDULAS GRUPO BANCO POPULAR 2, FONDO DE TITULIZACIÓN DE ACTIVOS".

4.3 Registration of the issuer.

The incorporation of the *Fondo* and the issue of the Bonds require their prior registration and inscription in the Official Registers of the *Comisión Nacional del Mercado de Valores (CNMV)* in Spain, in accordance with Article 5 of *Real Decreto 926/1998*. This Prospectus has been inscribed in the Official Registers of the *Comisión Nacional del Mercado de Valores (CNMV)* on March 30, 2005.

Commercial Register

It is hereby stated that neither the incorporation of the *Fondo* or the Bonds issued from its assets will be inscribed in the Commercial Register, as a result of the faculty power included in article 5.4 of *Real Decreto 926/1998*.

4.4 Date of Incorporation and activity life of the issuer, if not indefinite.

4.4.1 Date of Incorporation of the *Fondo*.

Once this Prospectus has been registered by the *Comisión Nacional del Mercado de Valores (CNMV)*, the *Sociedad Gestora* (Management Company), together with the Seller and the Issuers of the *Cédulas Hipotecarias* to be grouped by the *Fondo*, will proceed to grant the Deed of Incorporation of the *Fondo* in the terms established by *Real Decreto 926/1998*. This will take place on the Date of the Incorporation of the *Fondo*, April 7, 2006.

The Deed of Incorporation will follow article 6 of *Ley 24/1988* and will be, therefore, the deeds of the issue of the Bonds and the deed stating the representation of the Bonds as book entries.

The *Sociedad Gestora* (Management Company) declares that the contents of the Deed of Incorporation will coincide with the Deed of Incorporation Project handed in at the *Comisión Nacional del Mercado de Valores (CNMV)*, and under no circumstance will the terms of the Deed of Incorporation contradict, modify, alter or invalidate the contents of this Prospectus.

The Deed of Incorporation may only be modified under exceptional circumstances and when in accordance with current legislation. These modifications will not, under any circumstance, derive in any damage to the rights of the Bondholders or the modification of their credit rating. The Rating Agencies and the *Comisión Nacional del Mercado de Valores (CNMV)* will be notified in advance of the contents of the modifications and authorisation from the *Comisión Nacional del Mercado de Valores (CNMV)* should be obtained, if necessary.

4.4.2 Length of Life of the *Fondo*.

The activity of the *Fondo* will begin on the day of the granting of the Deed of Incorporation.

The *Fondo* is constituted for a term beginning on the date of the granting of the Deed of Incorporation and ending on the date of the second anniversary of the Final Maturity Date of the *Fondo* except when the extinction and liquidation of the *Fondo* takes place prior to such date, in accordance with section 4.4.3 of this Registration Document.

4.4.3 Extinction of the *Fondo*.

The *Fondo* will be extinguished as a result of the causes established in *Real Decreto 926/1998* and *Ley 19/1992* and, in particular, by the following –notifying the *Comisión Nacional del Mercado de Valores (CNMV)* and the Rating Agencies in such event-, and applying, in any event, the Priority of Payments established in section 3.4.6.1 of the Additional Building Block:

- (i) When the *Cédulas Hipotecarias* are fully amortised, including when the taxation regime is modified and significantly affects the financial balance of the *Fondo*.
- (ii) When the Bonds are fully amortised.
- (iii) When, in the opinion of the *Sociedad Gestora* (Management Company), exceptional circumstances render impossible, or extremely difficult, the financial balance of the *Fondo*. This includes changes in current legislation or the establishment of new withholding obligations that may affect such balance;
- (iv) In the assumption set out in Article 19 of *Real Decreto 926/1998*, which establishes the obligation to liquidate the *Fondo* in advance if, following four months from the forced replacement of the *Sociedad Gestora* (Management Company) –following its bankruptcy declaration-, no other *Sociedad Gestora* (Management Company) has been found to replace it.
- (v) In the absence of confirmation, prior to the opening of the Subscription Period of the Bonds, of the provisional rating assigned to the Bonds by the Rating Agencies.

- (vi) On the Final Maturity Date of the *Fondo*, whenever the Available Resources of the *Fondo* are sufficient to cancel its obligations.
- (vii) In any event, the *Fondo* will be extinguished on the Legal Maturity Date, or if this date is not a Business Day, the *Fondo* will be extinguished on the following Business Day.

The Final Maturity Date of the *Fondo* shall be April 12, 2011 or if such day is not a Business Day, the following Business Day except on the extinction and liquidation of the *Fondo* prior to that date.

The Legal Maturity Date of the *Fondo* shall be the date of the second anniversary of the Final Maturity Date of the *Fondo* or if such date is not a Business Day, the following.

4.4.4 Liquidation of the *Fondo*.

The *Sociedad Gestora* (Management Company) will proceed to liquidate the *Fondo* in the event of any of the assumptions of the previous section 4.4.3, in accordance with such section, through the sale of assets and the cancellation of its liabilities, in accordance with the Priority of Payments established in section 3.4.6.1 of the Additional Building Block.

In the event that at the time of the final liquidation of the *Fondo* there are outstanding payments to any of the Bond holders, the *Sociedad Gestora* (Management Company) will endeavour to sell the *Cédulas Hipotecarias* at a price that equals its outstanding principal plus interest accrued and not paid. The *Sociedad Gestora* (Management Company) will offer the assets of the Fund to 5 financial institutions active in the sale and purchase of that type of assets (other than the Issuers of the *Cédulas Hipotecarias*), and will not sell the assets at a price lower than the best offer received.

If following the liquidation of the *Fondo* amounts remain from the sale of the assets, the *Sociedad Gestora* (Management Company) shall forward it to the Issuers through the Financial Agent, in proportion to the outstanding live balance of the *Cédulas Hipotecarias* each has issued and that have been amortised as a result of the liquidation of the *Fondo*.

Six months after the liquidation of the assets of the *Fondo* and the distribution of the Available Resources, the *Sociedad Gestora* (Management Company) will grant a notary deed, to be forwarded to the *Comisión Nacional del Mercado de Valores (CNMV)*, stating (i) the extinction of the *Fondo*, (ii) the causes that forced it, (iii) the procedure followed for the Liquidation, and (iv) the order of payments followed. This notification will be published in the Daily Bulletin of the *Mercado AIAF de Renta Fija* (AIAF Fixed Income Market) or through any other medium generally accepted in the market to comply with any remaining procedures.

If, in accordance with this section, the *Sociedad Gestora* (Management Company) has to proceed to the liquidation of the *Fondo* it will be carried out through the sale of the assets and the assignment of the appropriate resources to the cancellation of the liabilities of the *Fondo*, in accordance with the priority of payments established in section 3.4.6.1 of the Additional Building Block.

4.5 Address, legal personality and legislation applicable to the issuer.

CÉDULAS GRUPO BANCO POPULAR 2 Fondo de Titulización de Activos, in accordance with its constitutional rules, is constituted as an open *Fondo*, without legal personality in its own right and legally represented and managed by the *Sociedad Gestora* (Management Company).

The *Fondo* will have its registered address at the address of the *Sociedad Gestora* (Management Company), Plaza Pablo Ruiz Picasso s/n, Torre Picasso, planta 22, Madrid (Spain). The *Sociedad Gestora* (Management Company)'s telephone number is +34 91 432 64 88. Further contact details for the *Sociedad Gestora* (Management Company) and the *Fondo* can be found at www.imtitulizacion.com.

The *Fondo* is constituted and covered by Spanish legislation. The *Fondo* is regulated by (i) the Deed of Incorporation, (ii) *Real Decreto 926/1998, de 14 de Mayo*, and subsequent provisions which might develop, (iii) *Ley 19/1992, de 7 de julio, Ley de Régimen de Sociedades y Fondos de Inversión Inmobiliaria y sobre Fondos de Titulización Hipotecaria*, for applicable aspects not covered by *Real Decreto 926/1998*, and when applicable, (iv) *Ley 24/1998, de 28 de julio, Ley del Mercado de Valores* (Securities Market Act) in its current wording, covering supervision, inspection and sanctions, (v) *Ley 3/1994, de 14 de abril*, adapting Spanish legislation on credit institutions to the *Segunda Directiva de Coordinación Bancaria*, and (vi) any other legal and statutory provisions current at any given moment and which may be applicable.

Any dispute in relation to this Prospectus will be notified to the Courts and Tribunals of the city of Madrid; the Seller, Issuers, Bondholders and *Sociedad Gestora* (Management Company) renounce the possibility of attending any other forum that might correspond to them.

4.5.1 Taxation regime of the *Fondo*.

In accordance with article 1.2 of *Real Decreto 926/1998*; article 5.10 of *Ley 19/1992*; article 7.1.h) of *Real Decreto Legislativo 4/2004, de 5 de marzo, por el que se aprueba el Texto Refundido de la Ley sobre el Impuesto de Sociedades* (Corporate Tax Act); article 20.1.18 of *Ley 37/1992, de 28 de diciembre, Ley del Impuesto sobre el Valor Añadido* (Value Added Tax Act); article 59.k) of *Real Decreto 1777/2004, de 30 de julio*, approving the *Reglamento sobre el Impuesto de Sociedades* (Corporate Tax Regulations); article 45.I.B).15 of *Real Decreto 1/1993, de 24 de septiembre*, approving the New Text of the *Ley del Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados* (Stamp Tax Act), and the *Disposición Adicional Quinta* of *Ley 3/1994*, the specific characteristics of the current taxation regime for the *Fondo* are as follows:

- (i) Article 5.10 of *Ley 19/1992*, establishes that the constitution of the mortgage securitisation funds is exempt from the Stamp Tax heading "corporate operations", therefore predetermining its submission to such Tax.

For its part, article 16 of *Real Decreto Ley 3/1993, de medidas urgentes sobre materias presupuestarias, tributarias y financieras y de empleo*, entitled the Government to "extend the established regime for the securitisation of mortgage shares (...) to the securitisation of other loans and rights of credit", entitlement that was ratified and extended by *Disposición Adicional Quinta* of *Ley 3/1994*.

Furthermore, *Real Decreto 926/1998* states that asset securitisation funds, in aspects covered by this law, will be subject to the regulations included in the *Ley 19/1992* in respect of mortgage securitisation funds, when applicable, in relation to their specific nature.

Therefore, even if *Real Decreto 926/1998* does not specifically cover the taxation regime applicable to the asset securitisation funds, it is understood that the exemption from the aforementioned heading is also applicable to the constitution of asset securitisation funds (like the *Fondo*).

- (ii) The issue of the Bonds is exempt from Value Added Tax (article 20.1.18 of the *Ley del Impuesto sobre el Valor Añadido -VAT Act-*) and from the Stamp Tax (*Ley del Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos*, article 45-I.B, number 15 of the tax's new text).
- (iii) El *Fondo* is subject to *Impuesto de Sociedades* (Corporate Tax), and its tax base is determined in accordance with Title IV of the new text for the *Ley sobre el Impuesto de Sociedades* (Corporate Tax Act), by applying the general rate current at any given time, currently fixed at 35%.
- (iv) In relation to the returns from the *Cédulas Hipotecarias* that constitute income of the *Fondo*, there will be no obligation to withhold or to pay in the Corporate Tax.
- (v) The *Sociedad Gestora* (Management Company)'s services of management and custody rendered to the *Fondo* are exempt from Value Added Tax in accordance with article 20.1.18º. n) of the *Ley del Impuesto sobre el Valor Añadido* (VAT Act).
- (vi) The subsequent transfer of *Cédulas Hipotecarias* to the *Fondo*, established in the Deed, is an operation subject and exempt from the Value Added Tax and is not subject to Stamp Tax.

4.6 Capital agreed and issued by the issuer.

Not applicable.

5 DESCRIPTION OF THE SECURITISED FUND.

5.1 Main activity.

The sole purpose of the *Fondo* shall be the transformation of the grouped Assets into homogeneous and standardised fixed income securities and capable, therefore, of being traded in organised securities markets. The amount of the issue carried out by the *Fondo* is entirely destined to the purchase of the corresponding *Cédulas Hipotecarias* and the financing of the Issue Expenses.

The *Fondo* is constituted in order to securitise the credit rights derived from *cédulas hipotecarias* included in the balance of the Seller and that are defined in this Prospectus as *Cédulas Hipotecarias* or Assets.

5.2 General description of the participants in the securitisation programme.

- INTERMONEY TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A. (*InterMoney Titulización*) acts as Sociedad Gestora (Management Company) in the tasks of constitution, management and legal representation of the *Fondo*. InterMoney Titulización has also arranged the financial design of the operation.

InterMoney Titulización is a management company for securitisation funds established in Spain and registered in the Special Register for Management Companies for Securitisation Funds of the *Comisión Nacional del Mercado de Valores*, as number 10.

Registered address: Plaza Pablo Ruiz Picasso s/n, Torre Picasso, planta 22, 28020 Madrid (Spain).

C.I.F. (Company Tax Code): A-83774885

Further information can be found in section 6 of this Registration Document.

- URÍA MENÉNDEZ Y CIA, ABOGADOS, S.C. ("*Uría Menéndez*") have provided the legal assessment for the operation. Registered address: Calle Príncipe de Vergara, 187. Madrid.

C.I.F. (Company Tax Code): C-28563963

- INTERMONEY VALORES, SOCIEDAD DE VALORES, S.A. ("*InterMoney Valores*"), acts as Seller of the *Cédulas Hipotecarias* to the *Fondo* and as their custodian.

Registered Address: Plaza Pablo Ruiz Picasso 1, Torre Picasso, Planta 23, 28020 Madrid (Spain).

C.I.F. (Company Tax Code): A-82037458

- BANCO DE ANDALUCÍA, S.A. (*Banco de Andalucía*) shall be one of the issuers of the *Cédulas Hipotecarias* grouped in the assets of the *Fondo*. *Banco de Andalucía* is a financial institution constituted in Spain and inscribed in the Commercial Register of Seville, in volume 1,353, sheet 38, page number 17,982. It is equally registered at the Bank of Spain is 0004.

Registered Address: Calle Fernández y González 4, Seville.

C.I.F. (Company Tax Code): A-11600624.

The Rating Agencies have assigned the following ratings to the non-subordinated and unsecured short and long-term risk of *Banco de Andalucía*:

	RATINGS		
	Moody's	S&P	Fitch
Long Term	-	-	AA-
Short Term	-	-	F1+

Fitch has confirmed these ratings in April 2005.

- *BANCO DE CASTILLA, S.A. (Banco de Castilla)* shall be one of the issuers of the *Cédulas Hipotecarias* grouped in the assets of the *Fondo*. *Banco de Castilla* is a financial institution constituted in Spain and inscribed in the Commercial Register of Salamanca in volume 14, sheet 189, page number 76, and at the Bank of Spain with number 0082.

Registered Address: Plaza de los Bandos 10, Salamanca.

C.I.F. (Company Tax Code): A-37000163.

Banco de Castilla has no rating assigned by the Rating Agencies.

- *BANCO DE CRÉDITO BALEAR, S.A. (Banco de Crédito Popular)* shall be one of the issuers of the *Cédulas Hipotecarias* grouped in the assets of the *Fondo*. *Banco de Crédito Popular* is a financial institution constituted in Spain and inscribed in the Commercial Register of Baleares in volume 21, sheet 190, page number 875, and at the Bank of Spain with number 0024.

Registered Address: Plaça d'Espanya 1, Palma de Mallorca.

C.I.F. (Company Tax Code): A-07000136.

Banco de Crédito Balear has no ratings assigned by the Rating Agencies.

- *BANCO DE GALICIA, S.A. (Banco de Galicia)* shall be one of the issuers of the *Cédulas Hipotecarias* grouped in the assets of the *Fondo*. *Banco de Galicia* is a financial institution constituted in Spain and inscribed in the Commercial Register of Pontevedra in volume 2735, sheet 158, page number 2304, and at the Bank of Spain with number 0097.

Registered Address: Calle Policarpo Sanz 23, Vigo.

C.I.F. (Company Tax Code): A-36600229.

Banco de Galicia has no ratings assigned by the Rating Agencies.

- *BANCO DE VASCONIA, S.A. (Banco de Vasconia)* shall be one of the issuers of the *Cédulas Hipotecarias* grouped in the assets of the *Fondo*. *Banco de Vasconia* is a financial institution constituted in Spain and inscribed in the Commercial Register of Pamplona in volume 11, page number 2, and at the Bank of Spain with number 0095.

Registered Address: Plaza del Castillo 39, Pamplona.

C.I.F. (Company Tax Code): A-31000417.

Banco de Vasconia has no ratings assigned by the Rating Agencies.

- *BANCO POPULAR HIPOTECARIO, S.A. (Banco Popular Hipotecario)* shall be one of the issuers of the *Cédulas Hipotecarias* grouped in the assets of the *Fondo*. *Banco Popular Hipotecario* is a financial institution constituted in Spain and inscribed in the Commercial Register of Madrid in volume 1,326, sheet 70, page number 14,751, and its code number at the Bank of Spain is 0216.

Registered Address: Calle Labastida 11, Madrid.

C.I.F. (Company Tax Code): A-79223707.

Banco Popular Hipotecario has no ratings assigned by the Rating Agencies.

- *bancopopular-e, S.A (bancopopular-e.com)* shall be one of the issuers of the *Cédulas Hipotecarias* grouped in the assets of the *Fondo. bancopopular-e.com* is a financial institution constituted in Spain and inscribed in the Commercial Register of Madrid in volume 12,468, sheet 201, page number M-198, 598, and its code at the Bank of Spain is 0229.

Registered Address: Calle Velásquez 34 and Goya 35, Madrid.

C.I.F. (Company Tax Code): A-81831067.

bancopopular-e.com has no ratings assigned by the Rating Agencies.

- *BANCO POPULAR ESPAÑOL, S.A. (Banco Popular)* acts as Financial Agent and will therefore be the counterpart of the *Fondo* in the Financial Agency Agreement.

Banco Popular is a financial institution constituted in Spain and is inscribed in the Commercial Register of Madrid in volume 174, sheet 44, page 5458, inscription 1, and its code number at the Bank of Spain is 0075.

Registered Address: Calle Velásquez 34 and Goya 35, Madrid.

C.I.F. (Company Tax Code): A-28000727

The Rating Agencies have assigned the following ratings to the non-subordinated and unsecured short and long-term risk of *Banco Popular*:

	RATINGS		
	Moody's	S&P	Fitch
Long Term	Aa1	AA	AA
Short Term	P-1	A1+	F1+

S&P has confirmed these ratings in February 2006 and Fitch and Moody's have confirmed the ratings in April and August 2005, respectively.

- *CITIGROUP GLOBAL MARKETS LIMITED (CITIGROUP)* shall be one of the Underwriters of the Bond issue.

CITIGROUP is a bank constituted and registered in England and is also registered in the Bank of Spain as a credit institution from the European Union that operates in Spain with out establishment.

Registered address: Citigroup Centre, Canada Square, Canary Wharf, London, England.

C.I.F. (Company Tax Code): GB- 429625629.

- *DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK (DZ BANK)* shall be one of the Underwriters of the Bond Issue.

DZ BANK is a bank constituted and registered in Germany and is also registered in the Bank of Spain as a credit institution from the European Union operating in Spain without establishment.

Registered address: Platz der Republik, 60265 Frankfurt am Main, Germany.

C.I.F. (Company Tax Code) DE114103491.

- BAYERISCHE HYPO-UND VEREINSBANK AG, (HVB) shall be one of the Underwriters of the Bond Issue.

HVB is a bank constituted and registered in Germany and is also registered in the Bank of Spain as a credit institution from the European Union operating in Spain without establishment.

Registered address: Am Tucherpark 16, Munich, Germany.

C.I.F. (Company Tax Code) DE129273380

- IXIS CORPORATE & INVESTMENT BANK (IXIS) shall be one of the Underwriters of the Bond Issue.

IXIS is a bank constituted and registered in France and is also registered in the Bank of Spain as a credit institution from the European Union operating in Spain without establishment.

Registered address: 47 Quai d'Austerlitz, 75658 Paris Cedex 13

C.I.F. (Company Tax Code) FR66340 706 4007

- PriceWaterhouse Coopers Auditores, S.L. (PriceWaterhouseCoopers) acts as auditor of the *Fondo*. PriceWaterhouseCoopers is registered in the R.O.A.C. with the number S0242.

Registered Address: Paseo de la Castellana 43, Madrid.

C.I.F. (Company Tax Code): B-79031290.

- *Moody's Investors Service España, S.A.* and *Standard & Poor's España, S.A.*, intervene as Rating Agencies for the credit risk of the Bonds.

Moody's Investors Service España, S.A. is a Spanish public limited company with Company Tax Code A-80448475 and registered at Calle Bárbara de Braganza 2, Madrid.

Standard & Poor's España, S.A. is a Spanish public limited company with Company Tax Code A-90310824 and registered at Carrera de San Jerónimo 15, Madrid.

The *Sociedad Gestora* (Management Company) belongs to the group of companies *CIMD* (in the sense covered by article 4 of *Ley del Mercado de Valores*) the same group that owns the Seller, *InterMoney Valores*.

Grupo *CIMD* is constituted by the following companies:

- *Corretaje e Información Monetario y de Divisas, S.A.*
- *Corretaje e Información Monetario y de Divisas Agencia de Valores, S.A.*
- *InterMoney Valores Sociedad de Valores* Portuguese office.
- *InterMoney Valores Sociedad de Valores, S.A.*

- *InterMoney, S.A.*
- *InterMoney Gestión Sociedad Gestora de Instituciones de Inversión Colectiva, S.A.*
- *InterMoney Titulización Sociedad Gestora de Fondos de Titulización, S.A.*
- *InterMoney Energía S.A.*

Banco Popular has 5% of the shares of *Corretaje e Información Monetario y de Divisas, S.A.*, main shareholder of the remaining companies of *Grupo CIMD*.

Banco Popular has the following direct percentages in the Issuers:

Entity	% of shares
<i>Banco de Andalucía</i>	80.071
<i>Banco de Castilla</i>	95.156
<i>Banco de Crédito Balear</i>	64.471
<i>Banco de Galicia</i>	92.109
<i>Banco de Vasconia</i>	96.817
<i>Banco Popular Hipotecario *</i>	99.937
<i>bancopopular-e.com *</i>	99.99993

Banco Popular also has variable indirect shareholding in *Banco de Andalucía*, *Banco de Castilla*, *Banco de Crédito Balear*, *Banco de Galicia* and *Banco de Vasconia*. It also has a fixed indirect shareholding in *Banco Popular Hipotecario* and *bancopopular-e* of 0.063% and 0.00007%, respectively.

There is no information on the existence of any other direct or indirect property or of control between the aforementioned legal individuals taking part in the securitisation operation.

6 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES.

In accordance with *Real Decreto 926/1998*, Asset Securitisation Funds have no legal personality in their own right.

As a result of the above, the following information relates to *InterMoney Titulización, S.G.F.T., S.A.*, as *Sociedad Gestora* (Management Company) constituting, administering and representing *CÉDULAS GRUPO BANCO POPULAR 2, Fondo de Titulización de Activos*.

6.1 Incorporation and Inscription in the Commercial Register.

InterMoney Titulización, Sociedad Gestora de Fondos de Titulización S.A. was constituted through a public deed executed on October 16, 2003, in the presence of the Madrid Notary Public D. Antonio Huerta Trolez, protocol number 2572, and with prior

authorisation from the Ministry of Economy on October 6, 2003. It is registered in the Commercial Register of Madrid in Volume 19,277, Book 0, Sheet 127, Section 8, Page M-337707, inscription 1, on October 21, 2003, and in the Special Register for Management Companies for Securitisation Funds at the *Comisión Nacional del Mercado de Valores* (CNMV) with number 10.

The *Sociedad Gestora* (Management Company) has perpetual existence, with the exception of the occurrence of any of the causes for dissolution established by legal and statutory regulations.

6.2 Account auditing.

The annual accounts of *InterMoney Titulización* corresponding to the financial years ending on December 31, 2003 and 2004 have been audited by the firm Price Waterhouse Coopers S.L., with its address in Madrid, inscribed at the ROAC (Official Register for Account Auditors) with number S0242.

The annual accounts audit. Reports for 2003 and 2004 do not show exceptions.

6.3 Registered purpose.

In accordance with legal requirements, Article 2 of its Statutes states that: "The Company has the sole purpose of constituting, managing and legally representing both Asset Securitisation Funds and Mortgage Securitisation Funds". Furthermore, and in accordance with current applicable legislation, it will be responsible, as manager of third party business, for the representation and defence of the interests of the holders of the securities issued by the *Fondos* it manages and of all the other regular creditors of the *Fondos*.

InterMoney Titulización, on March 30, 2006, manages 16 securitisation funds of which 7 are securitisation funds for *cédulas hipotecarias*, 2 are mortgage securitisation funds and 7 are asset securitisation funds.

The following table details the 16 securitisation funds managed, indicating their Date of Incorporation and the nominal amount of the bonds it has issued and the outstanding balance of its principal.

Securitisation <i>Fondos</i>	Incorporation	Bond Issue	Bond Issue	Bond Issue
		Initial	Balance 31/12/2004	Balance 31/12/05
		Euros	Euros	Euros
Mortgage (FTH)		2,000,000,000.00	945,470,954.00	1,715,716,086.70
IM Pastor 3 FTH	09.06.2005	1,000,000,000.00	--	930,593,024.30
IM Pastor 2 FTH	23.06.2004	1,000,000,000.00	945,470,954.00	785,123,062.40
Assets (FTA)		16,121,100,000.00	7,908,650,674.14	12,969,795,832.83
INTERMONEY MASTER CÉDULAS, FTA / IM Cédulas M1	29.11.2005	1,655,000,000.00	--	1,655,000,000.00
IM CÉDULAS 7, FTA	28.03.2006	1,250,000,000.00	--	--
IM Cajamar 7, FTA	08.03.2006	1,215,600,000.00	--	--
IM Terrassa 1 FIGENCAT, FTA	28.11.2005	320,000,000.00	--	320,000,000.00
IM Ceres 2 Cajamar, FTA	25.11.2005	400,000,000.00	--	400,000,000.00
IM Cédulas 5 FTA	10.06.2005	1,250,000,000.00	--	1,250,000,000.00
IM Cédulas 4 FTA	08.03.2005	2,075,000,000.00	--	2,075,000,000.00
IM Banco Popular FTPYME 1 FTA	22.12.2004	2,000,000,000.00	2,000,000,000.00	1,626,887,011.04
IM FTPYME Sabadell 3 FTA	18.11.2004	600,000,000.00	600,000,000.00	502,290,508.80
IM Cédulas 3 FTA	16.11.2004	1,060,000,000.00	1,060,000,000.00	1,060,000,000.00
IM Cajamar 1 FTA	23.07.2004	370,000,000.00	365,271,362.14	304,042,175.69
IM Cédulas 2 FTA	07.06.2004	1,475,000,000.00	1,475,000,000.00	1,475,000,000.00
IM Ceres 1 Cajamar FTA	04.06.2004	450,500,000.00	408,379,312.00	301,576,137.30
IM Cédulas 1 Grupo Banco Popular FTA	05.02.2004	2,000,000,000.00	2,000,000,000.00	2,000,000,000.00
TOTAL		18,121,100,000.00	8,854,121,628.14	14,685,511,919.53

6.4 Share Capital.

The share capital of the *Sociedad Gestora* (Management Company) on the date of registration of this Prospectus is 1,000,000 Euros, entirely disbursed, represented as 100,000 registered shares with a nominal value of 10 Euros each.

All shares belong to the same class and series and enjoy equal rights.

The following are the *Sociedad Gestora's* own resources:

OWN RESOURCES	31/12/2003	31/12/2004	31/12/2005*
Share Capital	1,000	1,000	1,000
Legal Reserve	-	-	47.6
Voluntary Reserve	-	-	370.4
Negative results from previous years	-	(58)	0
Year results	(58)	476	342
TOTAL	942	1,418	1,760.5

Data in thousands of Euros

** Data pending audit

6.5 Existence of shareholdings in other companies.

There are no shareholdings of the *Sociedad Gestora* (Management Company) in any other companies.

6.6 Administration, management and supervisory bodies.

The government and management of the *Sociedad Gestora* (Management Company) have been entrusted statutorily to the General Shareholder's Meeting and the Board of Directors. Their duties and competences are those that correspond to these bodies in accordance to *Ley de Sociedades Anónimas* (Public Limited Companies Act) and *Real Decreto 926/1998*, in respect of its registered purpose.

Board of Directors:

The Board of Directors is made up of the following:

Mr José Antonio Trujillo del Valle (President)

Mrs Carmen Barrenechea Fernández

Mr Rafael Bunzl Csonka

Mr Iñigo Trincado Boville

Mr Juan Muñoz Achirica (Secretary of the Board)

All the managing directors have their professional address in Madrid, Torre Picasso planta 23, Plaza Pablo Ruiz Picasso s/n.

General Manager:

There is no General Manager.

6.7 Main activities of the individuals cited in section 6.6 above, and which are carried out outside the *Sociedad Gestora* (Management Company) if they are relevant to the *Fondo*.

The individuals designated as managing directors and the President of the *Sociedad Gestora* (Management Company) carry out the following activities outside of the Company:

Name	Position in other companies
D. Rafael Bunzl Csonka	General Manager of Grupo CIMD.
D. Iñigo Trincado Boville	General Manager of Grupo CIMD.
D. Juan Muñoz Achirica	Manger of the Department of Control at grupo CIMD.

6.8 Lenders to the *Sociedad Gestora* (Management Company) above 10%.

The *Sociedad Gestora* (Management Company) has not received any loan or credit from any individual or entity.

6.9 *Sociedad Gestora* (Management Company)'s lawsuits.

The *Sociedad Gestora* (Management Company) is not involved in any bankruptcy situation or in lawsuits and disputes that may affect its financial situation or, in the future, its ability to carry out its duties of management and administration of the *Fondo*.

7 SIGNIFICANT SHAREHOLDERS.

InterMoney Titulización, S.G.F.T., S.A. is part of the group of companies CIMD.

The distribution of shares in the *Sociedad Gestora* (Management Company) is the following:

	Percentage	No. Shares
<i>Corretaje e Información Monetaria y de Divisas, S.A.</i>	70%	70,000
Board Members, Directors and employees of the Company	30%	30,000

The total shares held by members of the Board of Directors amount to 20%.

8 FINANCIAL INFORMATION RELATED TO THE ASSETS AND RESPONSIBILITIES OF THE ISSUER, FINANCIAL SITUATION AND PROFIT AND LOSS.

8.1 Declaration regarding the initiation of transactions and financial statements of the issuer prior to the date of the Registration Document.

In accordance with section 4.4.2 of this Registration Document, the activity of the *Fondo* will begin on its Date of Incorporation; therefore no financial statement has been made to date.

8.2 Historical financial information required when an issuer has begun transactions and financial statements have been generated.

Not applicable.

8.2.bis. Historical financial information required for security issues with individual denomination equal or above 50,000 Euros.

Not applicable.

8.3 Court proceedings and arbitration.

Not applicable.

8.4 Relevant adverse changes in the financial situation of the issuer.

Not applicable.

9 INFORMATION ON THIRD PARTIES, DECLARATIONS FROM EXPERTS AND DECLARATIONS OF INTEREST.

9.1 Declaration or report attributed to an individual acting as expert.

No such declarations or reports are included.

9.2 Information from third parties.

Not applicable.

10 DOCUMENTS AVAILABLE FOR CONSULTATION.

10.1 Documents available for consultation.

The following documents (or a copy) will be available for public consultation for the duration of the Registration Document in the form stated:

- This Prospectus will be available to the public in hard copy at the registered address of the *Sociedad Gestora* (Management Company) and in electronic format on the web sites of the CNMV (www.cnmv.es), the *Sociedad Gestora* (www.imtitulizacion.com) and www.imcedulas.com. This Prospectus will be available to the public, free of charge, at the Underwriters. It can also be consulted at the *Comisión Nacional del Mercado de Valores*, Paseo de la Castellana 15, Madrid.
- The following will also be available for consultation at the registered address of the *Sociedad Gestora* (Management Company):
 - Deed of Incorporation of the *Fondo* (available during the entire life of the *Fondo*).
 - Liquidity Facility Contract, Financial Agency Contract, Custody Contract and Placement Subscription, Underwriting and Liquidity Facility of the Bonds Contract.
 - Agreements of the corresponding social bodies of the Issuers of the *Cédulas Hipotecarias*.
 - Agreement of the Board of the Seller.
 - Agreement of the Board of the *Sociedad Gestora* (Management Company).

- Certificates of the Issuers regarding assets and the report to be issued by the *Sociedad Gestora* (Management Company) in relation to the verification, ownership and conditions of such assets.
 - Letters from the Rating Agencies.
 - Declaration of the Seller.
 - Social statutes and Deed of Incorporation of the *Sociedad Gestora* (Management Company) and its annual audited accounts.
- The abovementioned information, except that related to the *Sociedad Gestora* (Management Company) may be consulted at the Register of the CNMV.
 - IBERCLEAR will equally hold, available to the Bondholders and members of the public, copies of the Deed of Incorporation.
 - The annual audited accounts of the *Fondo* shall be available to the public at the Commercial Register, the *Comisión Nacional del Mercado de Valores (CNMV)*, and, free of charge, both in hard copy and electronic format, at the *Sociedad Gestora* (Management Company), and the latter, also on its web site (www.imtitulizacion.com) and www.imcedulas.com.
 - The validity of the Registration Document is 12 months from the date of its publication.

CÉDULAS GRUPO BANCO POPULAR 2

FONDO DE TITULIZACIÓN DE ACTIVOS

SECURITIES NOTE (ANNEX 13 OF THE CE 809/2004 REGULATIONS)

1 INDIVIDUALS LIABLE.

1.1 Individuals liable for the information included in the Securities Note and the Additional Building Block.

Mr José Antonio Trujillo del Valle, acting in the name and on behalf of *INTERMONEY TITULIZACIÓN, SGFT, S.A.* (hereon, "*Sociedad Gestora* (Management Company)"), institution promoting *CÉDULAS GRUPO BANCO POPULAR 2, FONDO DE TITULIZACIÓN DE ACTIVOS* (hereon, "*Fondo*"), assumes the responsibility for the contents of this Securities Note and the Additional Building Block.

Mr José Antonio Trujillo del Valle acts as President of *INTERMONEY TITULIZACIÓN, SGFT, S.A.*, in virtue of the agreement of the Board of the *Sociedad Gestora* (Management Company) held on February 16, 2006.

1.2 Declaration of the individuals liable for the Securities Note.

Mr José Antonio Trujillo del Valle, hereto representative, declares that following reasonable diligence to guarantee it, the information contained in this Securities Note and Additional Building Block is, to his knowledge, in accordance with fact and does not omit anything that might affect its contents.

2 RISK FACTORS.

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

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

3 ESSENTIAL INFORMATION.

3.1 Interest of the individuals and legal entities taking part in the offer.

The identity of the legal entities taking part in the offer and the direct or indirect participation or the control amongst them, are detailed in section 5.2 of the Registration Document. The interest of said individuals as participants in the Initial Bond Issue offer is as follows:

- a) *InterMoney Titulización, SGFT, S.A.* is the *Sociedad Gestora* (Management Company) of the *Fondo* and has carried out the financial design of the Bond Issue.
- b) *Banco de Andalucía, Banco de Castilla, Banco de Crédito Balear, Banco de Galicia, Banco de Vasconia, Banco Popular Hipotecario* and *bancopopular-e.com* are the issuers of the *Cédulas Hipotecarias* grouped in the *Fondo*.
- c) *InterMoney Valores* is the Seller and custodian of the *Cédulas Hipotecarias* grouped in the *Fondo*.
- d) Citigroup, DZ Bank, HVB and IXIS take part as Underwriters of the Bond Issue and will be the placement entities in charge of the book of orders for the Bond subscription (joint bookrunners).
- e) *Banco Popular* acts as Financial Agent of the transaction.

The *Sociedad Gestora* (Management Company) is unaware of the existence of any other link or economic interest between these entities taking part in the Bond Issue, except the strictly professional one derived from such participation (detailed in this section and in section 3.2 of the Additional Building Block) and the one described in section 5.2 of the Registration Document between *Banco Popular* and *grupo CIMD*.

4 INFORMATION RELATING TO THE SECURITIES TO BE OFFERED AND ADMITTED TO LISTING.

4.1 Total amount of the securities.

4.1.1 Amount of the issue.

The amount of the Bond issue will total a nominal value of 3,000,000.000 Euros in a single Series of Bonds, constituted by 30,000 Bonds designated in Euros and represented as book entries with a nominal value of 100,000 Euros each.

4.1.2 Underwriting of the Bond placement.

The issue is directed to qualified investors, as is defined in article 39 of *Real Decreto 1310/2005, de 4 de noviembre*, that partially develops *Ley 24/1988, de 28 de Julio, del Mercado de Valores, en material de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*.

Bond Subscription

The institutions shown in the following table have undertaken with the *Sociedad Gestora* (Management Company) to subscribe, directly or through third parties, the entire amount of Bonds issued by the *Fondo*.

Underwriting Institution	Bonds	
	No	Amount
Citigroup	7,500	750,000,000
DZ Bank	7,500	750,000,000
HVB	7,500	750,000,000
IXIS	7,500	750,000,000
TOTAL	30,000	3,000,000,000

The *Sociedad Gestora* (Management Company) on the Date of the Incorporation of the *Fondo* will arrange a Placement Subscription and Underwriting and Liquidity Facility of the Bonds Contract, by which these institutions jointly agree to subscribe or obtain, under their responsibility, subscribers for the Bonds, in the amounts mentioned in the above table; each institution will be responsible for the amount they have underwritten. Placement of the Bonds will take place during the Subscription Period.

Absence of confirmation of any of the provisional ratings assigned to the Bonds by the Rating Agencies before the Subscription Period will constitute grounds for the termination of the incorporation of the *Fondo* and the issue of the Bonds.

The disbursement of the subscription compromises undertaken by each Underwriter will take place no later than 11 am, Madrid time, on the Closing Date, by means of each Underwriter's payment of the corresponding amount to the Treasury Account opened in the name of the *Fondo* at the Financial Agent, value that day.

As remuneration for this compromise assumed by the Underwriters, they will receive an underwriting and placement commission of between 0 and 20 basic points over the nominal value amount they have underwritten, amount included in the expenses of the issue of the *Fondo*. This commission will be determined prior to the Date of the Incorporation of the *Fondo*.

Notwithstanding the above table, it has been established that, prior to the Date of the Incorporation of the *Fondo*, the Underwriters and the *Sociedad Gestora* (Management Company) may agree on the addition of new Underwriters, in which case the amounts corresponding to the underwriting commissions in said table would be modified. These institutions must be authorised to carry out such services. In any event, the arrival of new Underwriters, together with the new distribution of the amounts of the corresponding underwriting agreements will be notified to the *Comisión Nacional del Mercado de Valores (CNMV)* so that it may be made public. Said institutions shall assume all the compromises and responsibilities covered by the Placement Subscription and Underwriting and Liquidity Facility Contract for the Bonds to be endorsed by all the Underwriters.

The amount paid by each Underwriter shall be the result of multiplying the number of Bonds they each have underwritten by the price of the issue once the underwriting and placement commission has been deducted.

4.2 Description of the type and class of securities.

The Bonds are legally defined as marketable fixed-income securities with an explicit return, and are subject to *Ley del Mercado de Valores* (Securities Market Act) and other legislation currently under development.

4.3 Legislation under which the securities are issued.

The legislation under which the bonds are issued is the following (i) *Real Decreto 926/1998* and subsequent resolutions that develop on it, (ii) *Ley 19/1992*, for aspects not covered by *Real Decreto 926/1998* and when applicable, (iii) *Ley del Mercado de Valores* (Securities Market Act), (iv) *Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*, (v) the CE regulation number 809/2004, April 29, 2004, and (vi) any other current legal resolutions and regulations that may be applied at any given time.

4.4 Description of the securities.

Bonds will be exclusively represented as book entries, in accordance with *Real Decreto 926/1998*, and will be constituted as such following their inscription in the corresponding accounting register. The Deed of Incorporation will comply with Article 6 of *Ley del Mercado de Valores* (Securities Market Act), in accordance with section 9 of article 5 of *Ley 19/1992*.

Bond holders will be identified as such (on their behalf or on behalf of third parties) when entered into the accounting registry kept by IBERCLEAR, designated to carry out the accounting registry of the Bonds in the Deeds of Incorporation, to clear and settle the Bonds in accordance with the operating rules established or to be established by IBERCLEAR for securities listed on the *Mercado AIAF de Renta Fija* (AIAF Fixed Income Market).

IBERCLEAR has its registered address in Madrid, at Calle Pedro Teixeira, number 8.

4.5 Securities' issue currency.

The Bonds shall be designated in Euros.

4.6 Classification of the securities according to subordination.

All the Bonds issued by the *Fondo* belong to the same series. There is no subordination among them.

4.6.1 Order of Payments established for the payment of interest of the Bonds.

The payment of interest accrued by the Bonds occupies position 2 in the application of the Available Resources to the Priority of Payments established in section 3.4.6.1 of the Additional Building Block.

4.6.2 Order of Payments established for the payments of principal reimbursement of the Bonds.

The amortisation of principal of the Bonds occupies position 3 in the application of the Available Resources to the Priority of Payments established in section 3.4.6.1 of the Additional Building Block.

4.7 Description of the rights linked to the securities and their procedure.

The financial rights of the Bond holders associated to the purchase and possession of the Bonds shall be those derived from the conditions of interest rate and amortisation with which they are issued and that are described in sections 4.8 and 4.9 of this Securities Note. Due to their nature the securities issued by the *Fondo* do not include political rights.

Payment will be made through the Financial Agent and IBERCLEAR and participating entities will distribute the amounts.

The Bondholders do not enjoy the right of direct action against the Issuers that are in breach of their obligations, or against the Seller; it is the *Sociedad Gestora* (Management Company) who, as representative of the *Fondo*, holds such right in accordance with Article 12 of *Real Decreto* 926/1998, May 14.

Neither the Bondholders nor the remaining creditors of the *Fondo* will have rights of action against the *Sociedad Gestora* (Management Company) other than the one derived from the breach of its obligations and, therefore, never as a consequence of the arrears or early amortisations of the assets grouped in the *Fondo*, or as a result of the counterparties' breach of the operations agreed in the name and on behalf of the *Fondo*, or as a result of insufficient financial operations to protect the financial service of the Bonds.

The *Fondo*, through the *Sociedad Gestora* (Management Company), will enjoy the right of executive action against the Issuers in breach of their payment obligations derived from the *Cédulas Hipotecarias*. This right will be exercised following the executive proceedings of articles 517 and following of *Ley de Enjuiciamiento Civil* (Civil Suit Act).

Without affecting the above, the *Fondo*, through the *Sociedad Gestora* (Management Company), will enjoy the right of declaratory action against the Issuers in breach of their payment obligations derived from the *Cédulas Hipotecarias*. This action must be carried out following the procedures for ordinary declaratory trial that correspond in accordance with the amount claimed.

4.8 Nominal interest rate and resolutions related to the payment of interest.

4.8.1 Nominal interest rate of the Bonds.

Bonds will accrue, from their Closing Date until their full amortisation, interest at an annual fixed interest rate on the outstanding principal balance of each Bond (the amount of principal that remains outstanding amortisation from each Bond). This rate shall be determined on the second Business Day prior to the Date of the Incorporation of the *Fondo*.

4.8.1.1 Interest accrual.

In respect of the accrual of interest and until the Date of the Regular Amortisation of the Bonds, each Bond issue will be understood as divided in interest accrual periods beginning on April 12th of each year (inclusive) until April 12th of the following year (excluded), except in the even of any of the assumptions of Early Amortisation described in section 4.9.2.2 of the Securities Note. The Accrual Period corresponding to the annual period in which the early amortisation of the Bonds takes place will be divided in two. A first accrual period until the date of early amortisation (excluded) and a second accrual period from such date (included) until the date in which the divided accrual period ended. In the event that more than one early amortisation takes places within one period, the accrual periods will be adjusted in accordance with the number of partial early amortisations that have taken place.

Whether April 12th of any year or the Date of Early Amortisation are a Business Day will not be taken into consideration when determining the Interest Accrual Periods.

Payment Dates for the Bonds for the interest accrued during each Interest Accrual Period shall be April 12th of each year, or the following Business Day, if such date is not a Business Day. The first Payment Date of the *Fondo* shall be April 12, 2007.

If on the Date of the Regular Amortisation of the Bonds any interest from the *Cédulas Hipotecarias* remains to be paid to the *Fondo*, Bond interest will be paid by the *Fondo*, as soon as the *Fondo* has available resources from the *Cédulas Hipotecarias*, and always in accordance with the priority order of payments described in section 3.4.6.1 of the Additional Building Block. If such day is not a Business Day, interest payment will take place on the following Business Day.

4.8.1.2 Nominal interest rate and its calculation.

The fixed annual interest rate of the Bonds will be determined on the second Business Day preceding the Date of the Incorporation of the *Fondo* by agreement between the Underwriters, rounding down to the lower 1/4 of a point the internal rate of return required of the transaction. The internal rate of return is the result of adding a margin to the average interest rate of the bids/offers in the 5-year Euribor IRS market appearing on Reuters' ICAPEURO screen at around 12 p.m. (C.E.T.) on the second Business Day before the Date of Incorporation of the *Fondo*. This margin will be established by common agreement by the Underwriters on the second Business Day prior to the Date of Incorporation and will oscillate between -5 and 20 basis points.

If the ICAPEURO screen is not available, the EURIRS Reuters' screen will be used.

Should an extraordinary situation occur where the IRS reference interest rate mentioned above would not be published in any of the screens established and no other alternative exists to collate the quoted market rates, accepted by all the Underwriters and the *Sociedad Gestora* (Management Company) on behalf of the *Fondo*, the determination date of the Bonds' interest rate will be postponed until such date where the rate is published again under the same conditions as established in this section. This situation may be delayed up to a maximum of two Business Days.

4.8.1.3 Formula to calculate the interest of the Bonds.

The *Sociedad Gestora* (Management Company) shall calculate the interest accrued by the Bonds during each Interest Accrual Period through the following formula:

$$I = P * (R/100)$$

Where:

I = total amount of interest accrued by the Bonds during the Interest Accrual Period.

P = outstanding principal balance of the Bonds at the beginning of the Interest Accrual Period.

R = Nominal interest rate of the Bonds in annual percentage.

Evolution of IRS rates:

To illustrate, here is a table with the evolution of the average rate among bids/offers in the 5-year EURIBOR IRS market (ICAPEURO Reuters' page):

Date	5-year IRS Bid offer Average Interest Rate
31-01-05	3.0590
28-02-05	3.2443
31-03-05	3.1472
30-04-05	2.9215
31-05-05	2.7810
30-06-05	2.6325
31-07-05	2.8029
31-08-05	2.6975
30-09-05	2.8430
31-10-05	3.1262
30-11-05	3.2185
31-12-05	3.2180
31-01-06	3.3855
28-02-06	3.4414
24-03-06	3,5857

4.8.2 Dates, place, institutions and procedure for the payment of coupons.

Interest accrued will be paid on each Payment Date or on the following Business Day, if such day is not a Business Day. The amount of the coupon of the Bonds shall be a fixed amount to pay on each Payment Date. The calculation of this fixed amount shall not depend on whether the Payment Date is or not a Business Day.

In any event, payment of interest for each series of Bonds will take place before the Legal Maturity Date of the series, without extinguishing the obligations of the *Fondo* in respect of that series.

Business Day shall mean any day which is not (i) Saturday, (ii) Sunday, (iii) TARGET holiday, or (iv) a holiday in the city of Madrid.

Notification of payments to be made by the *Fondo* on each Payment Date for each series of Bonds will take place annually on the date that coincides with the calendar month prior to the appropriate Payment Date, or the next Business Day if such date is not a Business Day. The *Sociedad Gestora* (Management Company) will carry out this notification through any means generally accepted by the market.

The Payment Date of the Bond issue shall be April 12th of every year. The first Payment Date will be April 12th, 2007.

Bond notification dates shall be March 12th of each year.

The Priority of Payments, described in section 3.4.6.1 of the Additional Building Block, places payment of interest in position number 2.

Existing withholdings, rates or taxes or to be established in the future, in relation to capital, interest or yield of these Bonds, shall be borne exclusively by the Bond holders and the amount will be deducted, when necessary, by the appropriate institution in the legally established procedure.

4.9 Date of maturity and amortisation of the securities.

4.9.1 Redemption Price.

The redemption price will be 100,000 Euros per Bond of each series, equal to its nominal value, free of expenses and taxes for the Bondholder and to be paid in a single payment on the Regular Amortisation Date of each series of Bonds, without prejudice to the Early Amortisation of the Bonds in accordance with the following section 4.9.2.2.

Exceptionally, in the event of a partial Early Amortisation of the Bonds, in the terms established in section 4.9.2.2 (through the reduction of the nominal value of the Bonds on a *pro rata* basis, such amount being paid to the Bondholders), the redemption price of the Bonds shall be equal to their nominal value following the reduction of its nominal value due from the partial Early Amortisation (and therefore less than the one mentioned above).

4.9.2 Amortisation of the Bonds.

4.9.2.1 Regular Amortisation of the Bonds.

The Regular amortisation of the Bonds (the “**Date of the Regular Amortisation of the Bonds**”) will take place in a single payment, for the value of amortisation and on the date determined in its Deed and in section 4.9.3 of this Securities Note, prior to the Legal Maturity Date of the *Fondo*, without extinguishing the obligations of the *Fondo* with the Bonds.

4.9.2.2 Early Amortisation.

Without prejudice to section 4.9.2.1 above, the *Sociedad Gestora* (Management Company) will proceed to the early amortisation of the Bonds, in full or partially, in the following situations:

4.9.2.2.1 Forced Early Amortisation of the Bonds.

The Bonds shall be amortised in advance (hereon, “**Early Amortisation of the Bonds**”), partially or in full, in the event of the Early Amortisation of the *Cédulas Hipotecarias* included in the *Fondo*, in accordance with section 2.2.13.2.2 of the Additional Building Block, on the date in which the Early Amortisation of the *Cédulas Hipotecarias* takes place and in the following terms:

- a) In the event of the Early Amortisation of the *Cédulas Hipotecarias* (i) as a result of regular interest default, (ii) due to the impossibility of replacement in the terms set out in section 2.2.9 of the Additional Building Block, or (iii) as a result of the legal early amortisation in accordance with article 60 of *Real Decreto* 685/1982, in the terms set out in section 2.2.13.2.2.1 of the Additional Building Block, the *Sociedad Gestora* (Management Company), on behalf of the *Fondo*, from the amount resulting from the Early Amortisation of the affected *Cédula Hipotecaria* (for principal and interest, regular and penalty) and as soon as the corresponding amount has been deposited in the Treasury Account and is available, it will proceed to partially amortise the Bonds through the *pro rata* reduction of its nominal value for an aggregate amount equivalent to the nominal value of the amortised *Cédula Hipotecaria*, using the resources obtained in accordance with the priority order of payments covered in 3.4.6.1 of the Additional Building Block, relating to such payment and other concepts. Said amounts shall be paid *pro rata* among to the affected Bondholders, once the amount is received by the *Sociedad Gestora* (Management Company) from the appropriate issuer, until the available limit for said amounts is reached and on the corresponding date (even if it does not coincide with a payment date of the affected Bonds, in the terms established in the Deed and in the corresponding Prospectus); and
- b) In the case of the extinction as a result of the early liquidation of the *Fondo*, in the situations and terms established in section 4.4.3 of the Registration Document, including the assumption of Early Amortisation as a result of a change in the taxation, the *Sociedad Gestora* (Management Company), on behalf of the *Fondo*, will proceed to fully amortise the Bonds.

In the event of the Early Amortisation of the Bonds in accordance with paragraph a) above, to the extent that the recovery of the amounts due by the issuer from the affected *Cédula Hipotecaria* may take place on subsequent dates and for different amounts, the process of the Early Amortisation of the Bonds shall be repeated with the subsequent amounts received from the *Fondo* until the aggregate amount of the *pro rata* reduction of the nominal value of the Bonds equals the nominal value of the *Cédula Hipotecaria* amortised in advance. In order to proceed to the payment of these amounts, the *Sociedad Gestora* (Management Company) will only be able to use the amounts recovered as a result of the foreclosure of the affected *Cédula Hipotecaria* or the payment of said *Cédula* by the corresponding issuer.

The *Sociedad Gestora* (Management Company) shall notify the Early Amortisation of the Bonds to the *Comisión Nacional del Mercado de Valores (CNMV)*, the rating agencies and the holders of such Bonds, in the form established in section 4.1.2 of said Additional Building Block, and if it is a full amortisation of such series of Bonds, the *Sociedad Gestora* (Management Company), once all the assets have been sold and the liabilities cancelled, will notify the *Comisión Nacional del Mercado de Valores (CNMV)* the appropriate amortisation.

4.9.3 Date of the Regular Amortisation of the Bonds.

The regular amortisation of the Bonds will take place in a single payment on the date of the 5th anniversary of its Closing Date (the, “**Date of the Regular Amortisation of the Bonds**”), April 12, 2011, or, if this day is not a Business Day, the next one, without prejudice to the *Sociedad Gestora* (Management Company), in representation and on behalf of the *Fondo*, and in accordance with section 4.9.2.2 of this Securities Note, proceeding to the amortisation of the Bond issue prior to the Regular Amortisation Date. In any event, the regular amortisation of the Bonds must take place prior to the Legal Maturity Date, without extinguishing the obligations of the *Fondo* with such series. The final amortisation of the Bonds on the Regular Amortisation Date shall follow the Priority of Payments.

4.10 Indication of the return.

For these calculations, the following assumptions have been made:

Cédulas:

- Nominal amount of the portfolio of the *Cédulas Hipotecarias*: 3,000,000,000 Euros.
- Price of the issue: 99.424%
- Interest rate: 3.506%
- Maturity of the *Cédulas Hipotecarias*: April 12, 2011.
- *Cédulas Hipotecarias'* default and penalty interest have not been taken into consideration.

Bonds:

- Total nominal amount: 3,000,000,000 Euros.
- Price of the issue: 99.524%
- Interest rate: nominal annual interest: 3.50%
- The early amortisation of the Bonds has not been considered.

A series of magnitudes related to the Bonds issued by the *Fondo* under the above assumptions follow.

4.10.1 Average life of the Bonds.

In accordance with the conditions of the issue the Average Life of the Bonds shall be 5 years.

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 in years of Bonds.

B_n = Principal to be amortised on each Payment Date

m_n = Months elapsed between the Closing Date and its corresponding Payment Date.

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

C = Total amount of the corresponding series of Bonds in Euros.

4.10.2 Duration of the Bonds.

The Duration of the Bonds shall be 4.51, taking account a 3.6057% IRR for the investor, a bond coupon of 3.50%, a 5 year term and a purchase price for the investor of 99.524%.

Duration of the Bonds (adjusted Macaulay formula):

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

Where:

D = Duration of the Bonds in years.

P_n = Time elapsed (years) between the Closing Date and each one of the Payment Dates.

VA_n = Current value of each total amount of principal and interest that the investors will receive annually, annually discounted at the effective interest rate (IRR).

PE = Price of the issue of the Bonds.

I = Annual effective interest rate (IRR).

4.10.3 Internal Rate of Return (IRR).

As an example, the IRR for the Bond investor is 3.6057%, taking into account the price of the purchase of the bond of 99.524% of its nominal value and the collection of coupon during 5 years is 3.50% and the 5-year amortisation.

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 = price of the Bond.

I = IRR expressed in an annual rate.

dn = Days elapsed between the Closing Date of the issue and each Payment Date.

a_n = a_1, \dots, a_n . Total amortisation amounts and/or interest to be received annually by the investors.

$n = 1, \dots, t$. Number of years in which the a_n amounts will be paid.

4.11 Representation of the holders of the securities.

No Bondholder syndicate is expected. The *Sociedad Gestora* (Management Company), as third party business manager, will represent and defend the interest of the Bondholders.

4.12 Resolutions, authorisations and approvals for the issue of securities and the incorporation of the *Fondo*.

a) CORPORATE AGREEMENTS

Agreements on the issue of *Cédulas Hipotecarias*

The deciding bodies of the Issuers of the *Cédulas Hipotecarias* have agreed their issue, in the terms included in the certificates, on the following dates. These certificates will be included as a document to be consulted:

- *Banco de Andalucía*. Board of Directors on February 14, 2006.
- *Banco de Castilla*. Board of Directors on February 14, 2006.
- *Banco de Crédito Balear*. Board of Directors on February 14, 2006.
- *Banco de Galicia*. Board of Directors on February 14, 2006.
- *Banco de Vasconia*. Board of Directors on February 14, 2006.
- *Banco Popular Hipotecario*. Board of Directors on February 20, 2006;
- *Bancopopular-e.com*. Board of Directors on February 15, 2006.

Agreement on the sale of the Assets

The Management Board of the seller, in its meeting of February 20, 2006, has agreed to subscribe the *Cédulas Hipotecarias* and sell them to the *Fondo*.

Agreement on the Incorporation of the *Fondo*

The Board of Directors of the *Sociedad Gestora* (Management Company), in its meeting of February 16, 2006, has agreed the incorporation of the *Fondo*, in accordance with the regime established in *Real Decreto 926/1998*, the purchase of the *Cédulas Hipotecarias* of the seller and the issue of Bonds with charge to the *Fondo*.

b) Comisión Nacional del Mercado de Valores (CNMV) REGISTRATION

The incorporation of the *Fondo* and the issue of the Bonds require the inscription of this Prospectus and other supporting documents at the Official Registers of the *Comisión Nacional del Mercado de Valores (CNMV)*, in accordance with article 5.1.e) of *Real Decreto 926/1998*.

This Prospectus of the incorporation of the *Fondo* and the issue of the Bonds has been registered at the Official Registers of the *Comisión Nacional del Mercado de Valores (CNMV)* on March 30, 2006.

c) GRANTING OF THE PUBLIC DEED ON THE INCORPORATION OF THE FONDO

Following the registration of the Prospectus by the *Comisión Nacional del Mercado de Valores (CNMV)*, the *Sociedad Gestora* (Management Company), the Seller and the Issuers will issue the Deed of Incorporation of the *Fondo*, for the sale and purchase of the *Cédulas Hipotecarias* and the issue of the Bonds and the remaining agreements arranged in this Prospectus will be subscribed.

The *Sociedad Gestora* (Management Company), in the name of the *Fondo*, declares that the contents of the Deed of Incorporation will coincide with the deed of incorporation draft sent to the *Comisión Nacional del Mercado de Valores (CNMV)*, and under no circumstance will the terms of the Deed of Incorporation contradict, modify, alter or invalidate the contents of this Prospectus.

The *Sociedad Gestora* (Management Company) will send a copy of the Deed to the *Comisión Nacional del Mercado de Valores (CNMV)* to be included in the public registers prior to the opening of the Subscription Period of the Bonds.

4.13 Date of issue of the securities.

The Date of Issue of the Bonds shall be the Closing Date of the *Fondo*, April 12, 2006.

4.13.1 Group of potential investors.

The issue is directed at qualified investors, as defined in article 39 of *Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*.

4.13.2 Subscription Period.

The subscription period for the Bonds will have a duration of one hour and will start at 11 am and end at 12 pm on April 11, 2006 (hereon, "**Subscription Period**").

Price of subscription of the Bonds

The price of subscription of the Bonds will be determined on the second Business Day prior to the Date of Incorporation of the *Fondo* discounting the flows (interest and principal) of the Bond with an internal rate of return equal to the result of adding a margin to the bid/offer average interest rate existing in the IRS (Interest Rate Swap)

market of the 5-year Euribor. As a consequence to the above procedure the Price of Subscription of the Bonds shall be below par. The average interest rate shall be the one appearing on Reuters' ICAPEURO screen around 12 p.m. (C.E.T.) on the second Business Day prior to the Date of the Incorporation of the *Fondo* (if this screen is not available, section 4.8.1.2 will be followed). The margin will be established by agreement between the Underwriters and will oscillate between -5 and 20 basic points.

4.13.3 Where to process the subscription.

Bond subscription requests shall be presented during the Subscription Period through the Underwriters, in accordance with the procedures established in the following sections.

4.13.4 Placement and allocation of the Bonds.

Subscription requests shall be presented through the Underwriters, and the Bonds of each Underwriter shall be allotted in accordance with their discretionary criteria, taking steps to avoid discriminatory treatment among applications with similar characteristics. Nevertheless, the Underwriters may give priority to the applications of those of their clients which they consider, objectively, more appropriate.

The Underwriters will subscribe in their name, at the end of the Subscription Period, the amount of Bonds necessary to complete the amount of their underwriting Contract as is determined by the Placement Subscription, Underwriting and Liquidity Facility Contract for the Bonds.

4.13.5 Form and dates for the disbursement.

The investors that are allotted Bonds shall pay the Underwriters, before 10 am, Madrid time, on the Closing Date, value that day, the subscription price for each allotted Bond.

Each Underwriter will pay its amount into the Treasury Account opened in the name of the *Fondo* at the Financial Agent, no later than 11 am, Madrid time, of the Closing Date, value that day.

The Closing Date of the issue of the Bonds shall be April 12, 2006.

4.14 Restrictions to the free transmission of securities.

The Bonds may be freely transferred by any legal procedure. Ownership of each Bond will be conveyed through an accounting transfer. Registering the sale in the accounting register will have the same effect for the buyer as the delivery of the deeds and will, thereupon, be enforceable on third parties. In this sense, the third party purchasing the bonds represented as book entries by obligation from an individual, legally entitled to do so according to accounting registry, will not be subject to claims unless at the time of sale acted in bad faith or with gross negligence.

5 AGREEMENTS FOR THE ADMISSION TO LISTING.

5.1 Market in which the securities will be traded.

Following Article 2.3 of *Real Decreto 926/1998*, the *Sociedad Gestora* (Management Company) will request, immediately after each Closing Date, the admission to listing of the Bonds at the *Mercado AIAF de Renta Fija* (AIAF Fixed Income Market), an official securities market. Each admission must be completed in the 30 days that follow the Closing Date.

The *Sociedad Gestora* (Management Company) hereby declares that it is aware of the requirements and conditions expected for the admission, permanence and removal of securities in the *Mercado AIAF de Renta Fija* (AIAF Fixed Income Market) established by current legislation and the requirements of its ruling bodies, and that it undertakes, on behalf of the *Fondo*, to comply with them.

If the admission to listing fails to comply with the term established, the *Sociedad Gestora* (Management Company) will immediately notify the Bondholders, together with the reasons for such breach, using the notification procedure described in section 4.1.2 of the Additional Building Block. All of the above without prejudice to the final contractual responsibility of the *Sociedad Gestora* (Management Company) if the reasons can be assigned to it.

Listing may be requested at other markets.

5.1.1 Liquidity Facility

The Underwriters will jointly agree to offer liquidity until the Date of the Legal Maturity of the *Fondo* or its early termination of the Placement Subscription, Underwriting and Liquidity Facility Contract for any reason, to the Bondholders in the terms set out in such contract, through the introduction of purchase and sale orders in the AIAF Market and, in its case, in any other markets where the issue is admitted to listing. For the issue of Bonds prices negotiated by each Underwriter will be final for individual purchase and sale orders for a maximum nominal value of 15,000,000 Euros, whenever the total maximum nominal value accumulated in the books does not exceed 500,000,000 Euros. The difference between the listed purchase and sale price will not exceed 0.015% in IRR terms, in the absence of extraordinary market situations that make it impossible. In any event, the difference will be no higher than 0.10% in terms of price.

The Underwriters are exonerated from their responsibilities in the event of the change of legal and/or economic circumstances of the *Fondo*, affecting the Bond issue, in which it is clearly determined that its solvency is decreased, or in the event of *force majeure* or an extraordinary alteration of the market conditions that render extremely difficult the delivery of this liquidity facility.

In any event, once said circumstances have disappeared, the affected Underwriters are obliged to resume their obligations.

Each Underwriter undertakes to list and notify prices daily by, at least, one of the following media:

- On its Bloomberg screen.
- On its Reuters screen.
- Through the SECA system (AIAF Standardised Listing System).

Additionally to the above, prices may be notified over the telephone.

The Underwriters will notify, with the regular occurrence required by the volume of trading, but at least once a month, volume, average prices and maturity, either through, their choice, the *Asociación de Intermediarios de Activos Financieros* or IBERCLEAR.

5.2 Payment Agent and custodians.

5.2.1 Payment Agent for the Bond issue.

Banco Popular Español, S.A. (hereon, “**Financial Agent**”) will attend the financial service of the Bond issues.

The *Sociedad Gestora* (Management Company), in representation and on behalf of the *Fondo*, will arrange with *Banco Popular* a Financial Agency Contract to carry out the financial service of the Bond issue.

In the event that the rating assigned to the Financial Agent by the Rating Agencies for short-term debt, is reduced below A-1 (S&P) or P1 (Moody’s), the Financial Agent will, to the satisfaction of the *Sociedad Gestora* (Management Company), on behalf of the *Fondo*, will undertake one of the following options in the 30 days which follow, prior notification to the Rating Agencies, in order to maintain an adequate level of guarantee in relation to the compromises inherent to the financial service of the bonds and the maintenance of the Treasury Account:

- (i) Obtain similar guarantees or compromises from a credit institution/s with a short-term rating not inferior to A-1 (S&P) and P-1 (Moody’s), or others explicitly recognised by the Rating Agencies, to guarantee the compromises undertaken by the Financial Agent, with the prior authorisation of the Rating Agencies and whenever the rating of the Bonds is not affected; or
- (ii) Substitute the Financial Agent with an entity or entities with a credit short-term rating not inferior to A-1 (S&P) and P-1 (Moody’s), or any others explicitly recognised by the Rating Agencies, to undertake, under the same conditions, the functions of the Financial Agent set out in the Financial Agency Contract.

As remuneration for the services rendered by the Financial Agency Contract, the Financial Agent will receive from the *Sociedad Gestora* (Management Company), an annual periodical commission for an amount of 14,000 Euros, to be paid on each Payment Date.

The Financial Agency Contract will be fully cancelled if the Rating Agencies fail to confirm the provisional ratings assigned to the Bonds prior to the beginning of the Subscription Period for the Bonds.

6 EXPENSES OF THE OFFER (INCORPORATION OF THE FONDO AND BOND ISSUE).

The expenses expected for the incorporation, issue and admission to listing are as follows:

- CNMV fees:	48,033.00
- AIAF Market fees:	52,200.00
- Iberclear fees:	580.00
- Rating Agencies; Legal Advice, press, printing, notary and initial commission of the <i>Sociedad Gestora</i> (Management Company), Liquidity Facility availability commission and Underwriting commissions:	2,899,187.00
Amount for the Issue Expenses:	3,000,000.00

7 ADDITIONAL INFORMATION.

7.1 Declaration regarding the capacity under which the advisers to the issue mentioned in the Securities Note have taken part.

Uría, Menéndez y Cia., Abogados, S.C., as independent advisor, has provided legal advice on the incorporation of the *Fondo* and the issue of the Bonds and has revised the declarations regarding the taxation of the *Fondo* that are included in section 4.5.1 of the Registration Document.

7.2 Other information in the Securities Note audited or revised by auditors.

Not applicable.

7.3 Declaration or report attributed to an individual acting as an expert.

Not applicable.

7.4 Information originating from third parties.

As part of its verification duties regarding the information included in this Prospectus, the *Sociedad Gestora* (Management Company) has received confirmation from the Issuers and the Seller on the accuracy of the characteristics of the institutions and the *Cédulas Hipotecarias*, included in section 2.2.8 of the Additional Building Block, and also regarding the remaining information of the Seller, the Issuers and the *Cédulas Hipotecarias* included in this Prospectus. In the Deed of Incorporation of the *Fondo*, the Seller and the Issuer ratify to the *Sociedad Gestora* (Management Company) the fulfilment of the characteristics on the Date of Incorporation.

The *Sociedad Gestora* (Management Company) confirms that the information originating from the Issuers and the Seller regarding the *Cédulas Hipotecarias* has been accurately reproduced and that, to its knowledge, it can determine from the information provided that no omission has taken place that may render this information inaccurate or misleading.

7.5 Ratings assigned to the Bonds by the Rating Agencies.

The *Sociedad Gestora* (Management Company), as founder and legal representative of the *Fondo*, and the Seller of the *Cédulas Hipotecarias* have agreed to request Bond ratings from *Moody's Investors Service España, S.A.*, (hereon, Moody's) and *Standard & Poor's España, S.A.*, (hereon, S&P), in accordance with Article 5 of *Real Decreto 926/1998*.

On the Date of registration of the Prospectus the preliminary rating for the Bonds is as follows:

<u>Moody's</u>	<u>S&P</u>
Aaa	AAA

The assignment of the Rating Agencies is the evaluation of the Bonds and their subsequent rating. In the absence of confirmation of the preliminary ratings prior to the opening of the Subscription Period for the Bonds, the incorporation of the *Fondo*, the sale of the *Cédulas Hipotecarias* and the issue of the Bonds will be terminated.

Rating scales assigned by Moody's and S&P

The rating scales for long-term debt used by the rating agencies are the following:

Moody's	S&P	Meaning
Aaa	AAA	Extremely high capacity to pay interest and return of principal
Aa	AA	Very strong capacity to pay interest and return of principal
A	A	Strong capacity to pay interest and return principal. Protection factors are considered adequate but are susceptible to worsen in the future
Baa	BBB	Interest and principal payment protection can be moderate, the payment capacity is considered adequate. Adverse trading conditions may force inadequate capacity to pay interest and principal
Ba	BB	Speculative degree. The future is not assured. Payment of interest and principal protection is very moderate
B	B	Payment of interest and principal guarantee may be small. Highly vulnerable to adverse trading conditions
Caa	CCC	Default identifies vulnerability. Continuity of payments dependent on favourable financial, economic and trading conditions
Ca	CC	Highly speculative
C	C	Current or imminent default
	D	Speculative securities. Their value may not exceed reimbursement price in the event of liquidation or reorganisation of the market

Moody's applies numerical modifiers 1, 2 and 3 to each rating category of long-term falling between Aa and Caa. Modifier 1 indicates figures in the highest range of the rating category, modifier 2 indicates mid range and modifier 3 the lowest range of each generic category.

S&P applies modifiers + or - to indicate the relative position of a rating within the main rating categories ranging from AA and CCC.

The rating scales for short-term debt assigned by the Rating Agencies are as follows:

Moody's	S&P	Meaning
P-1	F1	Highest rating indicating that the degree of collection at the given dates is very high. S&P adds a + when the guarantee is extreme
P-2	F2	Satisfactory capacity to attend the debt service, level of security not as high as in the above case
P-3	F3	Satisfactory payment capacity, greater vulnerability than in the above cases to adverse circumstance changes
No Prime	B	Normally implies sufficient capacity of payment, but adverse circumstances would seriously challenge the debt service
-	C	Assigned to short-term debt with a highly unlikely capacity to make payments
-	D	This rating is for default. This category is used when payment of interest or principal has not taken place on the agreed date, even if a period of grace has not yet expired

Rating Considerations

Moody's ratings for the Bond issue measure the loss expected before the Legal Maturity Date. The structure allows for the due payment of interest during the life of the issue and the payment of principal on its maturity, and in any event before the legal maturity of the operation in 2013, without extinguishing the obligations of the *Fondo* in respect of such series.

The ratings assigned by S&P constitute an opinion on the capacity of the issuer to pay regular periodical interest in accordance with this Prospectus and to reimburse principal during the life of the operation and, in any event, before the Date of the Legal Maturity of the *Fondo*. S&P's rating takes into consideration the structure of the Bond issue, its legal aspects and those of the *Fondo* that issues them, the characteristics of the *Cédulas Hipotecarias* and the regularity and continuity of the flows of the operation.

S&P's rating may be revised, suspended or removed at any time as a result of any information that may reach them. These situations, that do not constitute an event for the Early Amortisation of the bonds, shall be immediately notified to the CNMV and the Bondholders.

In order to carry out the rating process and monitoring, S&P relies on the accuracy of the information provided by the *Sociedad Gestora* (Management Company), the legal advisers and other experts.

CÉDULAS GRUPO BANCO POPULAR 2, FONDO DE TITULIZACIÓN DE ACTIVOS

ADDITIONAL BUILDING BLOCK TO THE SECURITIES NOTE (ANNEX 8 OF THE CE 809/2004 REGULATIONS)

1 SECURITIES.

1.1 Amount of the *Fondo*.

The *Fondo* will be constituted with the *Cédulas Hipotecarias* that *InterMoney Valores* will sell to the *Fondo* upon its incorporation and with a principal of 3,000,000,000 Euros, the total nominal value of the Bond Issue.

1.2 Confirmation that the information relating to a company or debtor taking part in the issue has been exactly reproduced.

The *Sociedad Gestora* (Management Company) declares that the information relating to the Issuers of the *Cédulas Hipotecarias* included in this document are an exact reproduction of the information sent by said issuers to the *Sociedad Gestora* (Management Company), and that to its knowledge, no fact has been omitted that might render this information inexact or misleading.

2 UNDERLYING ASSETS.

2.1 Confirmation of the securitised assets' capacity to produce the funds to be paid to the securities.

The *Sociedad Gestora* (Management Company) confirms that the flows of principal and interest generated by the assets to be securitised allow for the payments due to the bonds that are issued.

This declaration is made on the basis of the declarations made to the *Sociedad Gestora* (Management Company) by the Issuers and the Seller in relation to the *Cédulas Hipotecarias* which might be sold and which are covered in section 2.2.8 of the Additional Building Block, of all the information supplied by the Issuers of the *Cédulas Hipotecarias* to the *Sociedad Gestora* (Management Company) and the valuation resulting from the provisional ratings granted by the Rating Agencies.

2.2 Assets backing the issue.

The assets of the *Fondo* will be comprised of the credit rights derived from the individual *Cédulas Hipotecarias* issued by the institutions legally entitled to do so, in accordance with *Ley 2/1981* and *Real Decreto 685/1982*, or legislation current at any given time, represented by individual physical deeds, previously subscribed or purchased by the Seller and sold to the *Fondo* through the Deed of Incorporation, in the terms and conditions established in this section.

Once the *Fondo* has been constituted and until the Legal Maturity Date of the *Fondo*, the assets of the *Fondo* will be comprised, at any given time, by the balance of the Treasury Account and by the *Cédulas Hipotecarias* purchased by the *Fondo*.

In the event of the Early Amortisation of any of the *Cédulas Hipotecarias* included in the assets of the *Fondo* at any given time (irrespective of origin), none of the amortised *Cédulas Hipotecarias* will be replaced.

Identification of the *Cédulas Hipotecarias*

Banco de Andalucía, Banco de Castilla, Banco de Crédito Balear, Banco de Galicia, Banco de Vasconia, Banco Popular Hipotecario and *bancopopular-e.com* (jointly, the “**Issuers**”) will issue, on the Date of the Incorporation of the *Fondo*, 7 single *Cédulas Hipotecarias* identified as follows, together with their corresponding nominal values (the “*Cédulas Hipotecarias*”), in accordance with the agreements of their own ruling bodies:

ISSUER	Nominal Value (EUROS)
<i>Banco de Andalucía</i>	1,175,000,000
<i>Banco de Castilla</i>	550,000,000
<i>Banco de Crédito Balear</i>	175,000,000
<i>Banco de Galicia</i>	375,000,000
<i>Banco de Vasconia</i>	300,000,000
<i>Banco Popular Hipotecario</i>	300,000,000
<i>bancopopular-e.com</i>	120,000,000
TOTAL	3,000,000,000

The *Cédulas Hipotecarias* will be documented by individual deeds issued under *Ley 2/1981* and *Real Decreto 685/1982*.

2.2.1 Legal jurisdiction governing the group of assets.

Spanish Law governs the securitised assets.

2.2.2 General characteristics of the debtors and information on the portfolios backing the issue of *Cédulas Hipotecarias*.

2.2.2.1 General Characteristics of the Debtors.

The following are information tables for each Issuer of *Cédulas Hipotecarias* covering these aspects: (i) balance and profit and loss account, (ii) accountable net worth, (iii) own resources according to the Bank of Spain, (iv) information on the entire mortgage portfolio, eligible portfolio and issue of *cédulas hipotecarias* of each issuer and, (v) arrears and coverage information. (Data in thousands of Euros, except percentages and data related to the number of offices and employees). All the information indicated in sections (i) through (iii) that follows has been elaborated according to the Bank of Spain Circular 4/2004.

BANCO DE ANDALUCIA FINANCIAL INFORMATION (data in thousands of €)

PUBLIC BALANCE SHEET (thousands of euros)

	ON 31/12/2005 ⁽¹⁾	ON 31/12/2004
ASSETS		
CASH AND BALANCES WITH CENTRAL BANKS	156,772	147,104
FINANCIAL ASSETS HELD FOR TRADING	119	86
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
AVAILABLE FOR SALE FINANCIAL ASSETS	118,808	112,804
LOANS AND RECEIVABLES	9,030,063	7,272,355
HELD TO MATURITY INVESTMENTS	0	0
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	67,565	53,264
NON CURRENT ASSETS HELD FOR SALE	6,734	6,027
INVESTMENTS	361	361
Associates	0	0
Jointly controlled entities	361	361
Group entities	0	0
INSURANCE CONTRACTS LINKED TO PENSIONS	11,876	14,299
TANGIBLE ASSETS	64,689	64,569
INTANGIBLE ASSETS	167	140
Good will	0	0
Other intangible assets	167	140
TAX ASSETS	77,143	97,830
PREPAYMENTS AND ACCRUED INCOME	2,833	3,188
OTHER ASSETS	5,904	4,684
TOTAL ASSETS (thousands of euros)	9,543,034	7,776,711
LIABILITIES AND EQUITY		
FINANCIAL LIABILITIES HELD FOR TRADING	637	125
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH EQUITY	0	0
FINANCIAL LIABILITIES AT AMORTISED COST	8,551,688	6,880,018
Deposits from central banks	0	0
Deposits from credit institutions	1,668,330	1,063,991
Money market operation through counterparties	0	0
Deposits from other creditors	5,214,956	4,622,487
Debt certificates including bonds	1,593,484	1,106,399
Subordinated liabilities	0	0
Other financial liabilities	74,918	87,141
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	4,616	8,162
LIABILITIES ASSOCIATED WITH NON CURRENT ASSETS HELD FOR SALE	0	0
PROVISIONS	44,291	61,117
TAX LIABILITIES	25,946	2,896
ACCRUED EXPENSES AND DEFERRED INCOME	32,081	28,619
OTHER LIABILITIES	3,457	13,396
CAPITAL HAVING THE NATURE OF A FINANCIAL LIABILITY	0	0
TOTAL LIABILITIES	8,662,716	6,994,333
VALUATION ADJUSTMENTS	163	169
Available for sale financial assets	163	124
Financial liabilities at fair value through equity	0	0
Cash flow hedges	0	0
Hedges of net investments in foreign operations	0	0
Exchange differences	0	45
Non current assets held for sale	0	0
OWN FUNDS	880,155	782,209
Capital or endowment fund	16,297	16,297
Share premium	13	13
Reserves	742,215	689,215
Other equity instruments	0	0
Treasury shares	0	0
Non voting equity units and associated funds (Saving Banks)	0	0
Profit or loss the period	146,271	100,369
Dividends and remuneration	-24,641	-23,685
TOTAL EQUITY (thousands of euros)	880,318	782,378
TOTAL EQUITY AND LIABILITIES (thousands of euros)	9,543,034	7,776,711
MEMORANDUM ITEM		
CONTINGENT EXPOSURES	1,313,511	1,146,852
CONTINGENT COMMITMENTS	1,608,724	1,434,573

PUBLIC INCOME STATEMENT (thousands of euros)

INTEREST AND SIMILAR INCOME	406,985	343,914
INTEREST EXPENSE AND SIMILAR CHARGES	-123,941	-90,121
RETURN ON EQUITY INSTRUMENTS	635	569
NET INTEREST INCOME	283,679	254,362
FEE AND COMMISSION INCOME	96,685	89,672
FEE AND COMMISSION EXPENSE	-18,216	-16,386
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (net)	-1,133	1,264
EXCHANGE DIFFERENCES (net)	3,743	3,006
GROSS INCOME	364,758	331,918
OTHER OPERATING INCOME	9,965	8,791
PERSONNEL EXPENSES	-71,393	-71,289
OTHER GENERAL ADMINISTRATION EXPENSES	-37,231	-34,195
DEPRECIATION AND AMORTISATION	-8,130	-7,809
OTHER OPERATING EXPENSES	-5,733	-5,537
NET OPERATING INCOME	252,236	221,879
IMPAIRMENT LOSSES (net)	-43,177	-53,498
PROVISIONING EXPENSE (net)	13,638	-16,462
OTHER GAINS	3,272	5,193
OTHER LOSSES	-1,160	-3,787
PROFIT OR LOSS BEFORE TAX	224,809	153,325
INCOME TAX	-78,538	-52,956
MANDATORY TRANSFER TO WELFARE FUNDS	0	0
PROFIT OR LOSS FROM ORDINARY ACTIVITIES	146,271	100,369
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (net)	0	0
PROFIT OR LOSS FROM THE PERIOD	146,271	100,369
ROA (net profit / average total assets) %	1.66%	1.45%
ROE (net profit / average equity) %	17.57%	14.45%
OWN FUNDS AVERAGE	832,703	694,536

BREAKDOWN OF CONSOLIDATED EQUITY
Bank of Spain Regulation (thousands of euros)

Basic Equity	758,358	696,096
Equity 2nd category	0	0
TOTAL EQUITY	758,358	696,096
Equity rate	9.10%	9.95%

LOANS AND RECEIVABLES (thousands of euros)

Total mortgage Portfolio	5,847,908	4,441,569
Legally Apt Loans	4,419,950	3,242,632
Legally Apt Loans over Mortgage Loans	75.58%	73.01%
Cédulas Hipotecarias outstanding amount	800,000	800,000

ARREARS AND PROVISIONS (thousands of euros)

Credit risk exposure	10,250,475	8,271,063
Arrears	79,428	92,584
With mortgage guarantee	38,879	41,708
Other	40,549	50,876
Total provisions (I)	179,348	148,941
Ratios		
Arrears	0.77%	1.12%
Mortgage credit arrears	n.a.	n.a.
Ratio of provisions*	225.80%	160.87%
Ratio of provisions mortgage guarantees**	274.75%	205.92%

* Total Provisions (I) / Arrears

** Total Provisions (I) + Arrears with mortgage guarantee / Arrears

(1) Data as of 31/12/2005 pending to audit.

BANCO DE CASTILLA FINANCIAL INFORMATION (data in thousands of €)

PUBLIC BALANCE SHEET (thousands of euros)

	ON 31/12/2005 ⁽¹⁾	ON 31/12/2004
ASSETS		
CASH AND BALANCES WITH CENTRAL BANKS	55,855	67,172
FINANCIAL ASSETS HELD FOR TRADING	295	97
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
AVAILABLE FOR SALE FINANCIAL ASSETS	24,244	23,336
LOANS AND RECEIVABLES	4,025,923	3,350,974
HELD TO MATURITY INVESTMENTS	0	0
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	23,207	18,823
NON CURRENT ASSETS HELD FOR SALE	6,000	4,767
INVESTMENTS	270	270
Associates	0	0
Jointly controlled entities	270	270
Group entities	0	0
INSURANCE CONTRACTS LINKED TO PENSIONS	9,533	11,382
TANGIBLE ASSETS	29,158	29,870
INTANGIBLE ASSETS	111	94
Good will	0	0
Other intangible assets	111	94
TAX ASSETS	35,494	40,922
PREPAYMENTS AND ACCRUED INCOME	2,251	2,178
OTHER ASSETS	2,138	4,920
TOTAL ASSETS (thousands of euros)	4,214,479	3,554,805
LIABILITIES AND EQUITY		
FINANCIAL LIABILITIES HELD FOR TRADING	1,581	83
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH EQUITY	0	0
FINANCIAL LIABILITIES AT AMORTISED COST	3,720,627	3,100,601
Deposits from central banks	0	0
Deposits from credit institutions	1,183,578	599,446
Money market operation through counterparties	0	0
Deposits from other creditors	2,480,979	2,454,528
Debt certificates including bonds	33,051	13,544
Subordinated liabilities	0	0
Other financial liabilities	23,019	33,083
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	113	965
LIABILITIES ASSOCIATED WITH NON CURRENT ASSETS HELD FOR SALE	0	0
PROVISIONS	24,871	29,607
TAX LIABILITIES	10,277	402
ACCRUED EXPENSES AND DEFERRED INCOME	14,386	11,399
OTHER LIABILITIES	627	5,741
CAPITAL HAVING THE NATURE OF A FINANCIAL LIABILITY	0	0
TOTAL LIABILITIES	3,772,482	3,148,798
VALUATION ADJUSTMENTS	144	105
Available for sale financial assets	144	109
Financial liabilities at fair value through equity	0	0
Cash flow hedges	0	0
Hedges of net investments in foreign operations	0	0
Exchange differences	0	-4
Non current assets held for sale	0	0
OWN FUNDS	441,853	405,902
Capital or endowment fund	26,036	26,036
Share premium	0	0
Reserves	368,583	347,957
Other equity instruments	0	0
Treasury shares	0	0
Non voting equity units and associated funds (Saving Banks)	0	0
Profit or loss the period	58,863	43,191
Dividends and remuneration	-11,629	-11,282
TOTAL EQUITY (thousands of euros)	441,997	406,007
TOTAL EQUITY AND LIABILITIES (thousands of euros)	4,214,479	3,554,805
MEMORANDUM ITEM		
CONTINGENT EXPOSURES	538,288	410,746
CONTINGENT COMMITMENTS	851,989	758,693

PUBLIC INCOME STATEMENT (thousands of euros)

INTEREST AND SIMILAR INCOME	173,415	158,279
INTEREST EXPENSE AND SIMILAR CHARGES	-50,614	-39,565
RETURN ON EQUITY INSTRUMENTS	484	433
NET INTEREST INCOME	123,285	119,147
FEE AND COMMISSION INCOME	56,164	49,688
FEE AND COMMISSION EXPENSE	-14,970	-12,549
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (net)	-53	387
EXCHANGE DIFFERENCES (net)	1,211	748
GROSS INCOME	165,637	157,421
OTHER OPERATING INCOME	3,887	3,632
PERSONNEL EXPENSES	-39,059	-38,351
OTHER GENERAL ADMINISTRATION EXPENSES	-21,224	-19,370
DEPRECIATION AND AMORTISATION	-4,099	-3,981
OTHER OPERATING EXPENSES	-3,914	-3,861
NET OPERATING INCOME	101,228	95,490
IMPAIRMENT LOSSES (net)	-15,770	-23,146
PROVISIONING EXPENSE (net)	2,669	-8,044
OTHER GAINS	2,456	2,617
OTHER LOSSES	-468	-757
PROFIT OR LOSS BEFORE TAX	90,115	66,160
INCOME TAX	-31,252	-22,969
MANDATORY TRANSFER TO WELFARE FUNDS	0	0
PROFIT OR LOSS FROM ORDINARY ACTIVITIES	58,863	43,191
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (net)	0	0
PROFIT OR LOSS FROM THE PERIOD	58,863	43,191
ROA (net profit / average total assets) %	1.52%	1.31%
ROE (net profit / average equity) %	13.79%	11.74%
OWN FUNDS AVERAGE	426,802	367,762

BREAKDOWN OF CONSOLIDATED EQUITY**Bank of Spain Regulation (thousands of euros)**

Basic Equity	394,508	371,312
Equity 2nd category	0	0
TOTAL EQUITY	394,508	371,312
Equity rate	9.81%	10.90%

LOANS AND RECEIVABLES (thousands of euros)

Total mortgage Portfolio	2,281,860	1,919,472
Legally Apt Loans	1,438,133	1,209,403
Legally Apt Loans over Mortgage Loans	63.02%	63.01%
Cédulas Hipotecarias outstanding amount	275,000	275,000

ARREARS AND PROVISIONS (thousands of euros)

Credit risk exposure	4,582,470	3,770,893
Arrears	23,098	33,920
With mortgage guarantee	10,859	13,303
Other	12,239	20,617
Total provisions (I)	86,400	73,647
Ratios		
Arrears	0.50%	0.90%
Mortgage credit arrears	n.a.	n.a.
Ratio of provisions*	374.06%	217.12%
Ratio of provisions mortgage guarantees**	421.07%	256.34%

* Total Provisions (I) / Arrears

** Total Provisions (I) + Arrears with mortgage guarantee / Arrears

(1) Data as of 31/12/2005 pending to audit.

BANCO DE CREDITO BALEAR FINANCIAL INFORMATION (data in thousands of €)

PUBLIC BALANCE SHEET (thousands of euros)

	ON 31/12/2005 ⁽¹⁾	ON 31/12/2004
ASSETS		
CASH AND BALANCES WITH CENTRAL BANKS	29,797	32,607
FINANCIAL ASSETS HELD FOR TRADING	68	45
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
AVAILABLE FOR SALE FINANCIAL ASSETS	14,037	13,391
LOANS AND RECEIVABLES	1,584,947	1,355,217
HELD TO MATURITY INVESTMENTS	0	0
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	19,002	14,909
NON CURRENT ASSETS HELD FOR SALE	561	423
INVESTMENTS	90	90
Associates	0	0
Jointly controlled entities	90	90
Group entities	0	0
INSURANCE CONTRACTS LINKED TO PENSIONS	11,501	13,522
TANGIBLE ASSETS	19,496	20,009
INTANGIBLE ASSETS	57	48
Good will	0	0
Other intangible assets	57	48
TAX ASSETS	25,053	27,761
PREPAYMENTS AND ACCRUED INCOME	920	993
OTHER ASSETS	532	712
TOTAL ASSETS (thousands of euros)	1,706,061	1,479,727
LIABILITIES AND EQUITY		
FINANCIAL LIABILITIES HELD FOR TRADING	188	22
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH EQUITY	0	0
FINANCIAL LIABILITIES AT AMORTISED COST	1,497,604	1,286,792
Deposits from central banks	0	0
Deposits from credit institutions	422,551	286,886
Money market operation through counterparties	0	0
Deposits from other creditors	1,062,426	983,715
Debt certificates including bonds	3,791	3,673
Subordinated liabilities	0	0
Other financial liabilities	8,836	12,518
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	56	415
LIABILITIES ASSOCIATED WITH NON CURRENT ASSETS HELD FOR SALE	0	0
PROVISIONS	23,261	26,780
TAX LIABILITIES	4,011	285
ACCRUED EXPENSES AND DEFERRED INCOME	4,811	4,140
OTHER LIABILITIES	245	3,541
CAPITAL HAVING THE NATURE OF A FINANCIAL LIABILITY	0	0
TOTAL LIABILITIES	1,530,176	1,321,975
VALUATION ADJUSTMENTS	150	82
Available for sale financial assets	150	82
Financial liabilities at fair value through equity	0	0
Cash flow hedges	0	0
Hedges of net investments in foreign operations	0	0
Exchange differences	0	0
Non current assets held for sale	0	0
OWN FUNDS	175,735	157,670
Capital or endowment fund	10,572	10,572
Share premium	94	94
Reserves	141,731	127,102
Other equity instruments	0	0
Treasury shares	0	0
Non voting equity units and associated funds (Saving Banks)	0	0
Profit or loss the period	28,666	25,174
Dividends and remuneration	-5,328	-5,272
TOTAL EQUITY (thousands of euros)	175,885	157,752
TOTAL EQUITY AND LIABILITIES (thousands of euros)	1,706,061	1,479,727
MEMORANDUM ITEM		
CONTINGENT EXPOSURES	75,340	54,625
CONTINGENT COMMITMENTS	236,568	208,038

PUBLIC INCOME STATEMENT (thousands of euros)

INTEREST AND SIMILAR INCOME	78,553	70,484
INTEREST EXPENSE AND SIMILAR CHARGES	-21,977	-17,609
RETURN ON EQUITY INSTRUMENTS	183	160
NET INTEREST INCOME	56,759	53,035
FEE AND COMMISSION INCOME	27,517	26,665
FEE AND COMMISSION EXPENSE	-6,444	-6,013
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (net)	94	253
EXCHANGE DIFFERENCES (net)	1,778	904
GROSS INCOME	79,704	74,844
OTHER OPERATING INCOME	2,009	1,862
PERSONNEL EXPENSES	-19,361	-19,072
OTHER GENERAL ADMINISTRATION EXPENSES	-11,520	-11,040
DEPRECIATION AND AMORTISATION	-2,662	-2,403
OTHER OPERATING EXPENSES	-1,221	-1,215
NET OPERATING INCOME	46,949	42,976
IMPAIRMENT LOSSES (net)	-4,676	-5,050
PROVISIONING EXPENSE (net)	1,530	-3,887
OTHER GAINS	386	5,061
OTHER LOSSES	-530	-1,536
PROFIT OR LOSS BEFORE TAX	43,659	37,564
INCOME TAX	-14,993	-12,390
MANDATORY TRANSFER TO WELFARE FUNDS	0	0
PROFIT OR LOSS FROM ORDINARY ACTIVITIES	28,666	25,174
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (net)	0	0
PROFIT OR LOSS FROM THE PERIOD	28,666	25,174
ROA (net profit / average total assets) %	1.77%	1.83%
ROE (net profit / average equity) %	17.11%	19.52%
OWN FUNDS AVERAGE	167,513	128,997

BREAKDOWN OF CONSOLIDATED EQUITY**Bank of Spain Regulation (thousands of euros)**

Basic Equity	152,340	130,262
Equity 2nd category	0	0
TOTAL EQUITY	152,340	130,262
Equity rate	11.09%	10.97%

LOANS AND RECEIVABLES (thousands of euros)

Total mortgage Portfolio	1,134,351	975,093
Legally Apt Loans	881,642	757,218
Legally Apt Loans over Mortgage Loans	77.72%	77.66%
Cédulas Hipotecarias outstanding amount	225,000	225,000

ARREARS AND PROVISIONS (thousands of euros)

Credit risk exposure	1,655,149	1,414,324
Arrears	13,845	12,407
With mortgage guarantee	8,775	6,859
Other	5,070	5,548
Total provisions (I)	31,731	29,366
Ratios		
Arrears	0.84%	0.88%
Mortgage credit arrears	n.a.	n.a.
Ratio of provisions*	229.19%	236.69%
Ratio of provisions mortgage guarantees**	292.57%	291.97%

* Total Provisions (I) / Arrears

** Total Provisions (I) + Arrears with mortgage guarantee / Arrears

(1) Data as of 31/12/2005 pending to audit.

BANCO DE GALICIA FINANCIAL INFORMATION (data in thousands of €)

PUBLIC BALANCE SHEET (thousands of euros)

	ON 31/12/2005 ⁽¹⁾	ON 31/12/2004
ASSETS		
CASH AND BALANCES WITH CENTRAL BANKS	55,450	52,270
FINANCIAL ASSETS HELD FOR TRADING	787	76
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
AVAILABLE FOR SALE FINANCIAL ASSETS	24,560	24,318
LOANS AND RECEIVABLES	3,334,555	2,749,353
HELD TO MATURITY INVESTMENTS	0	0
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	21,209	16,776
NON CURRENT ASSETS HELD FOR SALE	3,517	3,930
INVESTMENTS	177	177
Associates	0	0
Jointly controlled entities	177	177
Group entities	0	0
INSURANCE CONTRACTS LINKED TO PENSIONS	8,631	9,897
TANGIBLE ASSETS	25,082	24,729
INTANGIBLE ASSETS	56	48
Good will	0	0
Other intangible assets	56	48
TAX ASSETS	28,346	29,457
PREPAYMENTS AND ACCRUED INCOME	1,509	1,716
OTHER ASSETS	1,413	2,572
TOTAL ASSETS (thousands of euros)	3,505,292	2,915,319
LIABILITIES AND EQUITY		
FINANCIAL LIABILITIES HELD FOR TRADING	2,109	65
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH EQUITY	0	0
FINANCIAL LIABILITIES AT AMORTISED COST	3,106,312	2,550,362
Deposits from central banks	0	0
Deposits from credit institutions	1,104,090	696,225
Money market operation through counterparties	0	0
Deposits from other creditors	1,864,427	1,747,093
Debt certificates including bonds	119,017	78,419
Subordinated liabilities	0	0
Other financial liabilities	18,778	28,625
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	310	1,219
LIABILITIES ASSOCIATED WITH NON CURRENT ASSETS HELD FOR SALE	0	0
PROVISIONS	16,707	18,566
TAX LIABILITIES	9,246	492
ACCRUED EXPENSES AND DEFERRED INCOME	13,791	10,665
OTHER LIABILITIES	648	5,970
CAPITAL HAVING THE NATURE OF A FINANCIAL LIABILITY	-	-
TOTAL LIABILITIES	3,149,123	2,587,339
VALUATION ADJUSTMENTS	349	148
Available for sale financial assets	349	143
Financial liabilities at fair value through equity	0	0
Cash flow hedges	0	0
Hedges of net investments in foreign operations	0	0
Exchange differences	0	5
Non current assets held for sale	0	0
OWN FUNDS	355,820	327,832
Capital or endowment fund	9,129	9,129
Share premium	2,539	2,539
Reserves	307,035	284,921
Other equity instruments	0	0
Treasury shares	0	0
Non voting equity units and associated funds (Saving Banks)	0	0
Profit or loss the period	46,367	40,372
Dividends and remuneration	-9,250	-9,129
TOTAL EQUITY (thousands of euros)	356,169	327,980
TOTAL EQUITY AND LIABILITIES (thousands of euros)	3,505,292	2,915,319
MEMORANDUM ITEM		
CONTINGENT EXPOSURES	493,836	407,743
CONTINGENT COMMITMENTS	848,199	727,233

PUBLIC INCOME STATEMENT (thousands of euros)

INTEREST AND SIMILAR INCOME	150,934	134,934
INTEREST EXPENSE AND SIMILAR CHARGES	-46,142	-35,111
RETURN ON EQUITY INSTRUMENTS	349	327
NET INTEREST INCOME	105,141	100,150
FEE AND COMMISSION INCOME	38,100	36,042
FEE AND COMMISSION EXPENSE	-7,396	-6,599
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (net)	-524	336
EXCHANGE DIFFERENCES (net)	956	834
GROSS INCOME	136,277	130,763
OTHER OPERATING INCOME	3,934	3,290
PERSONNEL EXPENSES	-31,717	-30,566
OTHER GENERAL ADMINISTRATION EXPENSES	-17,268	-16,336
DEPRECIATION AND AMORTISATION	-3,360	-3,056
OTHER OPERATING EXPENSES	-2,765	-2,787
NET OPERATING INCOME	85,101	81,308
IMPAIRMENT LOSSES (net)	-15,306	-16,976
PROVISIONING EXPENSE (net)	152	-3,074
OTHER GAINS	1,875	1,542
OTHER LOSSES	-717	-896
PROFIT OR LOSS BEFORE TAX	71,105	61,904
INCOME TAX	-24,738	-21,532
MANDATORY TRANSFER TO WELFARE FUNDS	-	-
PROFIT OR LOSS FROM ORDINARY ACTIVITIES	46,367	40,372
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (net)	-	-
PROFIT OR LOSS FROM THE PERIOD	46,367	40,372
ROA (net profit / average total assets) %	1.42%	1.49%
ROE (net profit / average equity) %	13.49%	13.74%
OWN FUNDS AVERAGE	343,590	293,733

BREAKDOWN OF CONSOLIDATED EQUITY**Bank of Spain Regulation (thousands of euros)**

Basic Equity	318,647	295,054
Equity 2nd category	0	0
TOTAL EQUITY	318,647	295,054
Equity rate	9.27%	10.38%

LOANS AND RECEIVABLES (thousands of euros)

Total mortgage Portfolio	1,828,519	1,387,473
Legally Apt Loans	1,069,122	838,876
Legally Apt Loans over Mortgage Loans	58.47%	60.46%
Cédulas Hipotecarias outstanding amount	250,000	250,000

ARREARS AND PROVISIONS (thousands of euros)

Credit risk exposure	3,828,097	3,138,996
Arrears	19,617	31,165
With mortgage guarantee	8,490	10,957
Other	11,127	20,208
Total provisions (I)	72,569	62,395

Ratios

Arrears	0.51%	0.99%
Mortgage credit arrears	n.a.	n.d.
Ratio of provisions*	369.93%	200.21%
Ratio of provisions mortgage guarantees**	413.21%	235.37%

* Total Provisions (I) / Arrears

** Total Provisions (I) + Arrears with mortgage guarantee / Arrears

(I) Data as of 31/12/2005 pending to audit.

BANCO DE VASCONIA FINANCIAL INFORMATION (data in thousands of €)

PUBLIC BALANCE SHEET (thousands of euros)	ON 31/12/2005 ⁽¹⁾	ON 31/12/2004
ASSETS		
CASH AND BALANCES WITH CENTRAL BANKS	35,908	37,804
FINANCIAL ASSETS HELD FOR TRADING	47	30
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
AVAILABLE FOR SALE FINANCIAL ASSETS	33,134	37,207
LOANS AND RECEIVABLES	3,157,778	2,476,489
HELD TO MATURITY INVESTMENTS	0	0
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	12,702	10,008
NON CURRENT ASSETS HELD FOR SALE	3,121	2,788
INVESTMENTS	180	180
Associates	0	0
Jointly controlled entities	180	180
Group entities	0	0
INSURANCE CONTRACTS LINKED TO PENSIONS	6,972	8,215
TANGIBLE ASSETS	20,269	20,969
INTANGIBLE ASSETS	56	48
Good will	0	0
Other intangible assets	56	48
TAX ASSETS	18,920	28,143
PREPAYMENTS AND ACCRUED INCOME	1,313	1,076
OTHER ASSETS	1,043	1,360
TOTAL ASSETS (thousands of euros)	3,291,443	2,624,317
LIABILITIES AND EQUITY		
FINANCIAL LIABILITIES HELD FOR TRADING	187	33
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH EQUITY	0	0
FINANCIAL LIABILITIES AT AMORTISED COST	3,056,391	2,413,460
Deposits from central banks	0	0
Deposits from credit institutions	1,515,814	1,008,681
Money market operation through counterparties	0	0
Deposits from other creditors	1,397,130	1,292,158
Debt certificates including bonds	87,223	63,300
Subordinated liabilities	0	0
Other financial liabilities	56,224	49,321
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	154	1,895
LIABILITIES ASSOCIATED WITH NON CURRENT ASSETS HELD FOR SALE	0	0
PROVISIONS	23,600	23,775
TAX LIABILITIES	8,196	1,337
ACCRUED EXPENSES AND DEFERRED INCOME	12,013	9,214
OTHER LIABILITIES	1,702	2,714
CAPITAL HAVING THE NATURE OF A FINANCIAL LIABILITY	0	0
TOTAL LIABILITIES	3,102,243	2,452,428
VALUATION ADJUSTMENTS		
Available for sale financial assets	177	357
Financial liabilities at fair value through equity	177	357
Cash flow hedges	0	0
Hedges of net investments in foreign operations	0	0
Exchange differences	0	0
Non current assets held for sale	0	0
OWN FUNDS	189,023	171,532
Capital or endowment fund	9,600	9,600
Share premium	511	511
Reserves	155,533	137,351
Other equity instruments	0	0
Treasury shares	0	0
Non voting equity units and associated funds (Saving Banks)	0	0
Profit or loss the period	29,395	29,958
Dividends and remuneration	-6,016	-5,888
TOTAL EQUITY (thousands of euros)	189,200	171,889
TOTAL EQUITY AND LIABILITIES (thousands of euros)	3,291,443	2,624,317
MEMORANDUM ITEM		
CONTINGENT EXPOSURES	596,146	395,977
CONTINGENT COMMITMENTS	779,132	648,359

PUBLIC INCOME STATEMENT (thousands of euros)

INTEREST AND SIMILAR INCOME	122,358	107,790
INTEREST EXPENSE AND SIMILAR CHARGES	-46,672	-36,790
RETURN ON EQUITY INSTRUMENTS	340	318
NET INTEREST INCOME	76,026	71,318
FEE AND COMMISSION INCOME	34,729	32,863
FEE AND COMMISSION EXPENSE	-6,887	-5,778
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (net)	-264	-52
EXCHANGE DIFFERENCES (net)	1,248	860
GROSS INCOME	104,852	99,211
OTHER OPERATING INCOME	1,958	1,780
PERSONNEL EXPENSES	-24,341	-23,787
OTHER GENERAL ADMINISTRATION EXPENSES	-14,519	-11,876
DEPRECIATION AND AMORTISATION	-2,677	-2,512
OTHER OPERATING EXPENSES	-1,965	-1,923
NET OPERATING INCOME	63,308	60,893
IMPAIRMENT LOSSES (net)	-20,236	-15,661
PROVISIONING EXPENSE (net)	-792	-206
OTHER GAINS	2,348	798
OTHER LOSSES	-686	-741
PROFIT OR LOSS BEFORE TAX	43,942	45,083
INCOME TAX	-14,547	-15,125
MANDATORY TRANSFER TO WELFARE FUNDS	0	0
PROFIT OR LOSS FROM ORDINARY ACTIVITIES	29,395	29,958
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (net)	0	0
PROFIT OR LOSS FROM THE PERIOD	29,395	29,958
ROA (net profit / average total assets) %	1.00%	1.22%
ROE (net profit / average equity) %	16.14%	19.94%
OWN FUNDS AVERAGE	182,106	150,265

**BREAKDOWN OF CONSOLIDATED EQUITY
Bank of Spain Regulation (thousands of euros)**

Basic Equity	165,588	150,227
Equity 2nd category	0	0
TOTAL EQUITY	165,588	150,227
Equity rate	4.84%	5.61%

LOANS AND RECEIVABLES (thousands of euros)

Total mortgage Portfolio	1,197,979	875,965
Legally Apt Loans	712,828	578,588
Legally Apt Loans over Mortgage Loans	59.50%	66.05%
Cédulas Hipotecarias outstanding amount	150,000	150,000

ARREARS AND PROVISIONS (thousands of euros)

Credit risk exposure	3,702,123	2,846,684
Arrears	23,062	24,777
With mortgage guarantee	8,840	6,863
Other	14,222	17,914
Total provisions (I)	76,719	60,659
Ratios		
Arrears	0.62%	0.87%
Mortgage credit arrears	n.a.	n.a.
Ratio of provisions*	332.66%	244.82%
Ratio of provisions mortgage guarantees**	371.00%	272.52%

* Total Provisions (I) / Arrears

** Total Provisions (I) + Arrears with mortgage guarantee / Arrears

(1) Data as of 31/12/2005 pending to audit.

BANCO POPULAR HIPOTECARIO FINANCIAL INFORMATION (data in thousands of €)

PUBLIC BALANCE SHEET (thousands of euros)	ON 31/12/2005 ⁽¹⁾	ON 31/12/2004
ASSETS		
CASH AND BALANCES WITH CENTRAL BANKS	125	630
FINANCIAL ASSETS HELD FOR TRADING	0	0
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
AVAILABLE FOR SALE FINANCIAL ASSETS	2,209	2,125
LOANS AND RECEIVABLES	2,305,035	1,926,805
HELD TO MATURITY INVESTMENTS	0	0
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	24,788	19,467
NON CURRENT ASSETS HELD FOR SALE	233	308
INVESTMENTS	0	0
Associates	0	0
Jointly controlled entities	0	0
Group entities	0	0
INSURANCE CONTRACTS LINKED TO PENSIONS	0	0
TANGIBLE ASSETS	207	239
INTANGIBLE ASSETS	0	0
Good will	0	0
Other intangible assets	0	0
TAX ASSETS	13,701	15,342
PREPAYMENTS AND ACCRUED INCOME	3	5
OTHER ASSETS	2,127	98
TOTAL ASSETS (thousands of euros)	2,348,428	1,965,019
LIABILITIES AND EQUITY		
FINANCIAL LIABILITIES HELD FOR TRADING	0	0
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH EQUITY	0	0
FINANCIAL LIABILITIES AT AMORTISED COST	2,153,436	1,783,011
Deposits from central banks	0	0
Deposits from credit institutions	1,814,379	1,438,014
Money market operation through counterparties	0	0
Deposits from other creditors	338,880	344,720
Debt certificates including bonds	0	0
Subordinated liabilities	0	0
Other financial liabilities	176	277
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	0	143
LIABILITIES ASSOCIATED WITH NON CURRENT ASSETS HELD FOR SALE	0	0
PROVISIONS	1,876	3,308
TAX LIABILITIES	2,952	0
ACCRUED EXPENSES AND DEFERRED INCOME	1,719	1,847
OTHER LIABILITIES	896	5,165
CAPITAL HAVING THE NATURE OF A FINANCIAL LIABILITY	0	0
TOTAL LIABILITIES	2,160,879	1,793,474
VALUATION ADJUSTMENTS	0	59
Available for sale financial assets	0	59
Financial liabilities at fair value through equity	0	0
Cash flow hedges	0	0
Hedges of net investments in foreign operations	0	0
Exchange differences	0	0
Non current assets held for sale	0	0
OWN FUNDS	187,549	171,486
Capital or endowment fund	84,250	84,250
Share premium	1,364	1,364
Reserves	85,872	76,878
Other equity instruments	0	0
Treasury shares	0	0
Non voting equity units and associated funds (Saving Banks)	0	0
Profit or loss the period	16,063	8,994
Dividends and remuneration	0	0
TOTAL EQUITY (thousands of euros)	187,549	171,545
TOTAL EQUITY AND LIABILITIES (thousands of euros)	2,348,428	1,965,019
MEMORANDUM ITEM		
CONTINGENT EXPOSURES	121,345	158,839
CONTINGENT COMMITMENTS	469,551	616,868

PUBLIC INCOME STATEMENT (thousands of euros)

INTEREST AND SIMILAR INCOME	75,529	67,303
INTEREST EXPENSE AND SIMILAR CHARGES	-45,126	-37,576
RETURN ON EQUITY INSTRUMENTS	-	0
NET INTEREST INCOME	30,403	29,727
FEE AND COMMISSION INCOME	2,738	3,360
FEE AND COMMISSION EXPENSE	-120	-287
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (net)	47	27
EXCHANGE DIFFERENCES (net)	-	-
GROSS INCOME	33,068	32,827
OTHER OPERATING INCOME	295	411
PERSONNEL EXPENSES	-1,257	-1,220
OTHER GENERAL ADMINISTRATION EXPENSES	-422	-603
DEPRECIATION AND AMORTISATION	-41	-54
OTHER OPERATING EXPENSES	-77	-50
NET OPERATING INCOME	31,566	31,311
IMPAIRMENT LOSSES (net)	-8,616	-17,805
PROVISIONING EXPENSE (net)	1,421	-68
OTHER GAINS	347	335
OTHER LOSSES	-1	-16
PROFIT OR LOSS BEFORE TAX	24,717	13,757
INCOME TAX	-8,653	-4,763
MANDATORY TRANSFER TO WELFARE FUNDS	-	0
PROFIT OR LOSS FROM ORDINARY ACTIVITIES	16,064	8,994
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (net)	-	0
PROFIT OR LOSS FROM THE PERIOD	16,064	8,994
ROA (net profit / average total assets) %	0.74%	0.49%
ROE (net profit / average equity) %	8.86%	6.31%
OWN FUNDS AVERAGE	181,360	142,479

BREAKDOWN OF CONSOLIDATED EQUITY
Bank of Spain Regulation (thousands of euros)

Basic Equity	171,486	151,881
Equity 2nd category	0	0
TOTAL EQUITY	171,486	151,881
Equity rate	7.21%	7.20%

LOANS AND RECEIVABLES (thousands of euros)

Total mortgage Portfolio	2,167,509	1,825,745
Legally Apt Loans	913,480	760,578
Legally Apt Loans over Mortgage Loans	42.14%	41.66%
Cédulas Hipotecarias outstanding amount	300,000	300,000

ARREARS AND PROVISIONS (thousands of euros)

Credit risk exposure	2,463,473	2,115,211
Arrears	27,953	9,691
With mortgage guarantee	23,374	3,435
Other	4,579	6,256
Total provisions (I)	42,091	34,963
Ratios		
Arrears	1.13%	0.46%
Mortgage credit arrears	n.a.	n.a.
Ratio of provisions*	150.58%	360.78%
Ratio of provisions mortgage guarantees**	234.20%	396.22%

* Total Provisions (I) / Arrears

** Total Provisions (I) + Arrears with mortgage guarantee / Arrears

(1) Data as of 31/12/2005 pending to audit.

PUBLIC BALANCE SHEET (thousands of euros)	ON 31/12/2005 ⁽¹⁾	ON 31/12/2004
ASSETS		
CASH AND BALANCES WITH CENTRAL BANKS	2,949	2,306
FINANCIAL ASSETS HELD FOR TRADING	1	0
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
AVAILABLE FOR SALE FINANCIAL ASSETS	2,212	2,130
LOANS AND RECEIVABLES	910,954	690,839
HELD TO MATURITY INVESTMENTS	0	0
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	1	1
NON CURRENT ASSETS HELD FOR SALE	0	0
INVESTMENTS	0	0
Associates	0	0
Jointly controlled entities	0	361
Group entities	0	0
INSURANCE CONTRACTS LINKED TO PENSIONS	0	0
TANGIBLE ASSETS	990	991
INTANGIBLE ASSETS	56	50
Good will	0	0
Other intangible assets	56	0
TAX ASSETS	3,655	3,806
PREPAYMENTS AND ACCRUED INCOME	174	48
OTHER ASSETS	270	400
TOTAL ASSETS (thousands of euros)	921,262	700,571
LIABILITIES AND EQUITY		
FINANCIAL LIABILITIES HELD FOR TRADING	0	0
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH EQUITY	0	0
FINANCIAL LIABILITIES AT AMORTISED COST	868,300	661,035
Deposits from central banks	0	0
Deposits from credit institutions	645,623	461,561
Money market operation through counterparties	0	0
Deposits from other creditors	22,129	196,183
Debt certificates including bonds	0	0
Subordinated liabilities	0	0
Other financial liabilities	548	3,291
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	0	0
HEDGING DERIVATIVES	179	143
LIABILITIES ASSOCIATED WITH NON CURRENT ASSETS HELD FOR SALE	0	0
PROVISIONS	32	8
TAX LIABILITIES	2,084	0
ACCRUED EXPENSES AND DEFERRED INCOME	2,164	1,350
OTHER LIABILITIES	435	488
CAPITAL HAVING THE NATURE OF A FINANCIAL LIABILITY	0	0
TOTAL LIABILITIES	873,194	663,024
VALUATION ADJUSTMENTS	0	59
Available for sale financial assets	0	59
Financial liabilities at fair value through equity	0	0
Cash flow hedges	0	0
Hedges of net investments in foreign operations	0	0
Exchange differences	0	0
Non current assets held for sale	0	0
OWN FUNDS	48,068	37,488
Capital or endowment fund	31,000	31,000
Share premium	3,606	3,606
Reserves	2,882	-2,809
Other equity instruments	0	0
Treasury shares	0	0
Non voting equity units and associated funds (Saving Banks)	0	0
Profit or loss the period	10,580	5,691
Dividends and remuneration	0	0
TOTAL EQUITY (thousands of euros)	48,068	37,547
TOTAL EQUITY AND LIABILITIES (thousands of euros)	921,262	700,571
MEMORANDUM ITEM	105	59
CONTINGENT EXPOSURES	1,796,549	1,145,744
CONTINGENT COMMITMENTS		

PUBLIC INCOME STATEMENT (thousands of euros)

INTEREST AND SIMILAR INCOME	66,530	43,352
INTEREST EXPENSE AND SIMILAR CHARGES	-17,462	-12,851
RETURN ON EQUITY INSTRUMENTS	-	-
NET INTEREST INCOME	49,068	30,501
FEE AND COMMISSION INCOME	8,926	5,710
FEE AND COMMISSION EXPENSE	-9,626	-6,509
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (net)	60	-32
EXCHANGE DIFFERENCES (net)	15	137
GROSS INCOME	48,443	29,807
OTHER OPERATING INCOME	467	662
PERSONNEL EXPENSES	-2,870	-2,469
OTHER GENERAL ADMINISTRATION EXPENSES	-18,242	-6,156
DEPRECIATION AND AMORTISATION	-212	-230
OTHER OPERATING EXPENSES	-148	-141
NET OPERATING INCOME	27,438	21,473
IMPAIRMENT LOSSES (net)	-10,937	-12,556
PROVISIONING EXPENSE (net)	-29	-7
OTHER GAINS	48	15
OTHER LOSSES	-274	-137
PROFIT OR LOSS BEFORE TAX	16,246	8,788
INCOME TAX	-5,666	-3,097
MANDATORY TRANSFER TO WELFARE FUNDS	-	-
PROFIT OR LOSS FROM ORDINARY ACTIVITIES	10,580	5,691
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (net)	-	-
PROFIT OR LOSS FROM THE PERIOD	10,580	5,691
ROA (net profit / average total assets) %	1.31%	0.99%
ROE (net profit / average equity) %	24.78%	23.84%
OWN FUNDS AVERAGE	42,702	23,869

**BREAKDOWN OF CONSOLIDATED EQUITY
Bank of Spain Regulation (thousands of euros)**

Basic Equity	37,432	31,696
Equity 2nd category	0	0
TOTAL EQUITY	37,432	31,696
Equity rate	4.80%	5.20%

LOANS AND RECEIVABLES (thousands of euros)

Total mortgage Portfolio	383,963	263,972
Legally Apt Loans	249,256	166,933
Legally Apt Loans over Mortgage Loans	64.92%	63.24%
Cédulas Hipotecarias outstanding amount	-	-

ARREARS AND PROVISIONS (thousands of euros)

Credit risk exposure	936,442	695,165
Arrears	32,489	17,455
With mortgage guarantee	0	0
Other	32,489	17,455
Total provisions (I)	26,463	18,025
Ratios		
Arrears	3.47%	2.51%
Mortgage credit arrears	n.a.	n.a.
Ratio of provisions*	81.45%	103.27%
Ratio of provisions mortgage guarantees**	81.45%	103.27%

* Total Provisions (I) / Arrears

** Total Provisions (I) + Arrears with mortgage guarantee / Arrears

(1) Data as of 31/12/2005 pending to audit.

2.2.3 Legal nature of the securitised assets.

The *Cédulas Hipotecarias*, initially subscribed by the Seller and sold to the *Fondo*, constituting the assets are documented through singular nominal deeds issued under cover of *Ley 2/1981, de 25 de marzo*, regulating the Mortgage Market (hereon, "**Ley 2/1981**") and in its Development Regulations approved by *Real Decreto 685/1982, de 17 de marzo*, (hereon, "**Real Decreto 685/1982**").

Both the collection of principal and interest from the *Cédulas Hipotecarias* will be especially guaranteed, in accordance with article 12 of *Ley 2/1981*, without the need to register their inscription, by a senior mortgage over all others that are inscribed at any given time in favour of the Issuers, without prejudice to their universal net worth responsibility.

The credit right of the *Fondo*, as holder of the *Cédulas Hipotecarias*, against the Issuers, besides being guaranteed as has been described in the previous paragraph, will also enjoy the execution to reclaim the payment from the Issuers, and the *Fondo*, as holder of the *Cédulas Hipotecarias*, is a privileged individual creditor, with the preferences established in number 3 of article 1923 of the *Código Civil* (Civil Code), against any other creditor in relation to all the mortgage loans inscribed in favour of the Issuers.

In accordance with *Ley Concursal* (Bankruptcy Act), in the event of bankruptcy of any of the Issuers, the *Fondo*, as holder of the *Cédulas Hipotecarias*, will enjoy a special privilege established in article 90.1.1º, in such a way that the amounts due from the principal and interest of the *Cédulas Hipotecarias* shall be paid from the mass, during the bankruptcy proceedings, and from the amounts handed over by each of the Issuers, as a result of the binding mortgages.

2.2.4 Date or dates of the maturity or cancellation of the assets.

The assets of *CÉDULAS GRUPO BANCO POPULAR 2, Fondo de Titulización de Activos* will be initially comprised of credit rights derived from 7 individual *cédulas hipotecarias* issued by each one of the Issuers and with a 5-year maturity.

The Regular Date of Amortisation of the *Cédulas Hipotecarias* grouped in the *Fondo* is April 12, 2011.

During the life of the *Fondo* the assets shall include, at any given time, the balance of the *Cédulas Hipotecarias* and the balance of the Treasury Account.

2.2.5 Amount of the Assets.

The Issuers will issue *Cédulas Hipotecarias* to be grouped in the *Fondo* for the following nominal amounts:

INITIAL ISSUER	Nominal Value (EUROS)
<i>Banco de Andalucía</i>	1,175,000,000
<i>Banco de Castilla</i>	550,000,000
<i>Banco de Crédito Balear</i>	175,000,000
<i>Banco de Galicia</i>	375,000,000
<i>Banco de Vasconia</i>	300,000,000
<i>Banco Popular Hipotecario</i>	300,000,000
<i>bancopopular-e.com</i>	120,000,000
TOTAL	3,000,000,000

Such *Cédulas Hipotecarias* back the Bond issue.

2.2.6 Balance / Appraisal Value Ratio or level of collateral.

Capital and interest of the *cédulas* will be especially guaranteed by the senior mortgage to guarantee all mortgages inscribed in favour of the Issuers, without prejudice to their universal worth responsibility. Nevertheless, only those mortgage loans that comply with *Ley 2/1981* from the entire mortgage loan portfolio (Total Mortgage Portfolio) of the Issuers are valid in order to define the limits of the issue of *Cédulas Hipotecarias* (Eligible Portfolio). Valid loans used to calculate the maximum amount of the issue of *Cédulas Hipotecarias* only constitute a section of the total mortgage loan portfolios. The issuers will not have issued and outstanding *cédulas hipotecarias* for an amount higher than 90% of the portfolio valid to back their issue.

The information on the Total Mortgage Portfolio and the Eligible Portfolio of each Issuer is included in the tables of section 2.2.2 of this Additional Building Block.

2.2.7 Asset creation method.

Not applicable to the issue of *cédulas*.

2.2.8 Declarations and guarantees given to the *Fondo* in relation to the assets.

The *Sociedad Gestora* (Management Company) reproduces here the declarations and guarantees that the Seller and the Issuers have made in relation to the *Cédulas Hipotecarias* and that they will also declare on the Date of the Incorporation of the *Fondo* to the *Sociedad Gestora* (Management Company) as its representative.

Declarations of the Seller:

- a) That it is a financial entity rightly constituted in accordance with current legislation, it is registered in the Commercial Register;
- b) That neither on the Date of Incorporation or at any time since its incorporation, has it been insolvent, in payment suspension or bankrupt;

- c) That its social bodies have made all the agreements necessary to sell the *Cédulas Hipotecarias* to the *Fondo*, in accordance with its statutes and current applicable legislation related to these declarations, and to grant the Deed of Incorporation, the compromises it assumes and any other Contract related with the *Fondo's* incorporation or the sale of *cédulas hipotecarias*;
- d) That the *Cédulas Hipotecarias* exist and that, prior to the sale to the *Fondo*, it rightfully holds them, that they may be freely sold in accordance to all applicable legislation and there is no impediment to sell them to the *Fondo*;
- e) That the *Cédulas Hipotecarias* have been issued by the Issuers and subscribed by the Seller;
- f) That it has audited accounts for 2002, 2003 and 2004 and that, at least the latter has received a favourable opinion from the auditors, and that these accounts have been deposited at the *Comisión Nacional del Mercado de Valores (CNMV)* and the Commercial Register;
- g) That the sale of *Cédulas Hipotecarias* to the *Fondo* does not breach current legislation;
- h) That it is not aware that any Issuer is involved in bankruptcy proceedings;
- i) That it is aware of and accepts all terms of the entire contents of the Deeds and, in particular, irrevocably assumes all the obligations and compromises derived from them.

In respect of each Issuer:

- a) That it is a credit entity rightfully constituted in accordance with current legislation, that it is registered in the Commercial Register and that it is authorised to operate in the Mortgage Market.
- b) That neither at the date of issue nor at least since the date included in the Issuer's Certificates included as Annex 6 of the Deed of Incorporation has it been insolvent, in suspension of payments, bankrupt or in receivership.
- c) That it fulfils requisites established in *Ley 13/1992, de 1 de junio*, in relation to own resources and the supervision by financial institutions, Bank of Spain Circular 3/2005, de 30 de junio, modifying Circular 5/1993, de 26 de marzo, (in its current wording) in relation to determination and control of own resources of credit institutions and other applicable legislation.
- d) That its social bodies have approved all the agreements necessary for the issue of the *Cédula Hipotecaria* in accordance with their own statutes and current applicable legislation in order to make these declarations and to validly undertake all the obligations and compromises derived from the Deed.
- e) That the mortgage loans covering the *Cédula Hipotecaria* comply with the requisites and conditions established by *Ley 2/1981, de 25 de marzo, Ley de Regulación del Mercado Hipotecario* (Mortgage Market Regulations Act), and *Real Decreto 685/1982, de 17 de marzo* and other applicable legislation.

- f) That the *Cédula Hipotecaria* issued is valid and complies with the *Ley 2/1981* and *Real Decreto 685/1982* and other applicable legislation and complies with all their requisites.
- g) That the *Cédula Hipotecaria* each has issued is not subject to any kind of withholding and that it may be freely sold in accordance with applicable legislation, and there is no impediment for it to be sold to the *Fondo*.
- h) That on the date of the granting of the Deed payments due, both for principal and interest, from the *Cédula Hipotecaria* are not subject to withholding or deduction of any kind.
- i) That the data related to the *Cédula Hipotecaria* they have issued and are included in the Deed of Incorporation and this Prospectus are correct and complete.
- j) That the *Cédula Hipotecaria* is represented by a single nominal deed.
- k) That no person has preferential rights over the rightful owner of the credit rights included in the *Cédulas Hipotecarias*, for the collection of amounts derived from it.
- l) That the *Cédula Hipotecaria* constitutes a valid obligation of payment, that it is compulsory and can be executed in its own terms (except when affected by bankruptcy proceedings).
- m) That it is not aware of the existence of any legal proceedings or any other circumstance related to the *Cédula Hipotecaria* it has issued, that may affect the validity or its claim, and that there are no exceptions to oppose the payment of the *Cédula Hipotecaria*.
- n) That it is not aware of any circumstance that might stop the execution of the *Cédula Hipotecaria* in accordance with applicable law.
- o) That it is aware and accepts all terms included in the Deed and, in particular, irrevocably assumes the obligations and compromises derived from them, considering itself notified of the sale of its *Cédula Hipotecaria* to the *Fondo*.
- p) That it has audited accounts for 2002, 2003 and 2004, with a favourable opinion from the auditors on, at least, the last audit report (except *Banco de Andalucía*, *Banco de Castilla*, *Banco de Crédito Balear*, *Banco de Galicia* and *Banco de Vasconia*, that present exceptions that do not damage their funds nor the assets being securitised), and that these annual accounts have been deposited at the CNMV and the *Registro Mercantil*.

2.2.9 Rules of replacement of the *Cédulas Hipotecarias*.

In the exceptional event that, following the date of sale to the *Fondo* and despite the declarations of the Issuers and included in section 2.2.8 above, it is detected that any of the *Cédulas Hipotecarias* does not adjust to such declarations on the Date of Sale or it has hidden faults, the *Sociedad Gestora* (Management Company) will notify the appropriate Issuer and the Seller so that it may correct the situation, including the replacement of the *Cédula Hipotecaria*, in the 7 days following such notification, by another with similar financial characteristics, which is acceptable to the *Sociedad Gestora* (Management Company) prior consultation with the Rating Agencies that have taken place in the rating of the securitised bonds issued by the *Fondo*. In the event of replacement, the

Issuer must prove to the *Sociedad Gestora* (Management Company) that the replacing *Cédula Hipotecaria* conforms to the declarations included in section 2.2.8 of this Additional Building Block, and must provide the information on the new *Cédula Hipotecaria* that the *Sociedad Gestora* (Management Company) considers necessary; the *Sociedad Gestora* (Management Company) will notify the replacement to the *Comisión Nacional del Mercado de Valores (CNMV)* and the affected bondholders.

If it is not possible to redress the situation in the terms established or it is not possible to do so, the Issuer will amortise the *Cédula Hipotecaria* in advance and will return its nominal value to the *Fondo*, plus the interest accrued.

The *Sociedad Gestora* (Management Company), on behalf of the *Fondo*, and from the amount obtained from the Early Amortisation of the affected *Cédula Hipotecaria* (for principal, regular and penalty interest), and as soon as the amount is deposited in the Treasury Account and is available, will partially amortise the Bonds of the corresponding series issued as a result of the *Fondo's* purchase of the affected *Cédula Hipotecaria*, through the *pro rata* reduction of their nominal amount, for an aggregated amount equivalent to the nominal value of the amortised *Cédula Hipotecaria*, and always applying the resources obtained from the priority order of payments set out in section 3.4.6.1 of this Additional Building Block, related to such payment and the remaining concepts.

Once the *Sociedad Gestora* (Management Company) receives the amount, the resulting amounts will be paid to the Bondholders of the affected Bond issue *pro rata*, in the name and on behalf of the *Fondo*, even though it does not coincide with a Payment Date, and until the limit available for such amounts.

In any event, and without prejudice to other compensation rights available to the *Fondo* and the Sellers (under the Deed of Incorporation and Prospectus), each one of the Issuers undertakes to protect the *Fondo* and the Sellers from any responsibilities derived from the existence of hidden faults in the *Cédula Hipotecaria* each has issued. Furthermore, to avoid possible prejudice to the financial balance of the *Fondo*, the corresponding Issuer will pay expenses originated for the *Fondo*, resulting from the replacement of the *Cédula Hipotecaria* it has issued.

2.2.10 Relevant insurance policies related to the securitised assets.

Not applicable.

2.2.11 Information related to the debtors when the securitised assets include obligations from five or less debtors that are legal entities, or if a single debtor represents 20% or more of the assets, or if a debtor entails a significant part of the assets.

The percentage of participation of each Issuer of *Cédulas Hipotecarias* on the Date of Incorporation of the *Fondo* is the following:

ISSUERS	Nominal Value	%
<i>Banco de Andalucía</i>	1,175	39.17
<i>Banco de Castilla</i>	550	18,33
<i>Banco de Crédito Balear</i>	175	5.83
<i>Banco de Galicia</i>	375	12.50
<i>Banco de Vasconia</i>	300	10.00
<i>Banco Popular Hipotecario</i>	300	10.00
<i>Bancopopular-e.com</i>	125	4.17
TOTAL		100.00

* Amounts in millions of Euros.

Banco de Andalucía, its data included in section 5.2 of the Registration Document, is the only Issuer with more than 20% of the assets sold to the *Fondo*, has securities listed in the AIAF Market.

2.2.12 Details of the relationship, if relevant to the issue, between the issuer, the guarantor and the debtor.

There is no relationship between the *Fondo*, the Seller of the *Cédulas Hipotecarias*, the Issuers, the *Sociedad Gestora* (Management Company) and other participants in the transaction other than those covered by sections 5.2 of the Registration Document.

2.2.13 If the assets include fixed income securities, description of the main conditions.

Financial characteristics of the *Cédulas Hipotecarias*.

The assets of *CÉDULAS GRUPO BANCO POPULAR 2, FONDO DE TITULIZACIÓN DE ACTIVOS* will be initially made up of the credit rights derived from 7 *Cédulas Hipotecarias*, issued individually by each Issuer, below their nominal value, with a maturity of 5 years and with an regular fixed interest rate to be established on the second Business Day before the Date of the Incorporation of the *Fondo*. The interest rate of the *Cédulas Hipotecarias* will be calculated by adding to the annual Nominal Interest Rate of the Bonds a margin of 0.006% (0.6 basis point), as a margin providing the necessary resources to cover the periodical expenses of the *Fondo*. Said interest rate will not be higher than 6%, in accordance with the certificate agreements of the issue of *Cédulas Hipotecarias*.

2.2.13.1 Interest of the *Cédulas Hipotecarias*.

2.2.13.1.1 Regular interest of the *Cédulas Hipotecarias*.

The *Cédulas Hipotecarias* will accrue, from the Closing Date until the Date of Regular Amortisation of the *Cédulas Hipotecarias* (with independence from the occurrence of the early amortisation of the *Cédulas Hipotecarias*), regular interest at the fixed interest rate determined on the second Business Day prior to the Date of Incorporation.

The interest rate of the *Cédulas Hipotecarias* will be calculated adding to the annual Nominal Interest Rate of the Bonds a margin of 0.06% (0.6 basic point) and will not exceed 6%, in accordance with the certificates of the agreements of the issue of the *Cédulas Hipotecarias*.

In respect to the accrual of regular interest and until the Date of Regular Amortisation of the *Cédulas Hipotecarias*, or any other prior one in which its nominal value has been fully amortised, the issue of the *Cédulas Hipotecarias* will be divided in interest accrual periods, beginning on April 12th of each year (inclusive) and ending on April 12th of the following year (excluded), except in the event of any of the Early Amortisation Assumptions of the *Cédulas Hipotecarias*, in which case the accrual period will extend from the last April 12th (inclusive) until the Date of the Early Amortisation of the *Cédulas Hipotecarias* (excluded); from this date on (included) the nominal value pending amortisation will accrue regular interest daily until the Date of the Regular Amortisation of the *Cédulas Hipotecarias* or any previous date in which its value has been fully amortised. Whether or not April 12th of any year or the Date of the Early Amortisation of the *Cédulas Hipotecarias* is a Business Day will not affect the determination of the Interest Accrual Periods.

Regular ordinary interest of the *Cédulas Hipotecarias* accrued during each Interest Accrual Period will be paid on April 10th of each year or, (the “**Collection Dates**”) if any such dates are not Business Days, the immediately prior Business Day, and on the Date of the Early Amortisation of the *Cédulas Hipotecarias*, when applicable.

In any event, and except in the event of the Early Amortisation of the *Cédulas Hipotecarias*, the Issuers will transfer the amounts of regular interest from the *Cédulas Hipotecarias* in such a way that between the Collection Dates and the Payment Dates of the Bonds at least 2 Business Days elapse.

In the event that an Issuer is in breach of its regular interest payment obligations, and without prejudice to the possible Early Amortisation of the affected *Cédula Hipotecaria*, the Issuer in question shall notify the *Sociedad Gestora* (Management Company) of the date in which the payment will be made at least 2 Business Days before such transfer.

2.2.13.1.2 Penalty interest of the *Cédulas Hipotecarias*.

Defaulted amounts from principal, only from the Date of the Regular Amortisation of the *Cédulas Hipotecarias*, and the regular interest of the *Cédulas Hipotecarias* will accrue penalty interest from the date of default and until they are fully paid, at a monthly penalty interest rate resulting from the sum of the following concepts: (i) the Interest Rate of the *Cédulas Hipotecarias*, and (ii) 1.5 percentage points.

Penalty interest of the *Cédulas Hipotecarias* will be calculated in respect of the days elapsed between the Date of the Regular Amortisation of the *Cédulas Hipotecarias*, in respect of defaulted amounts from principal on that date, or the date of the default, for defaulted amounts of regular interest, and the date in which the defaulted principal or regular interest are effectively paid –and cleared– into the Treasury Account.

2.2.13.1.3 Attribution of payments derived from *Cédulas Hipotecarias*.

Any payment made by the Issuers from amounts derived from the *Cédulas Hipotecarias* will be understood as paid, firstly, as penalty interest (if applicable), secondly, as accrued regular interest and, thirdly, as amortisation of principal.

2.2.13.2 Amortisation of the *Cédulas Hipotecarias*.

2.2.13.2.1 Regular Amortisation of the *Cédulas Hipotecarias*.

The *Cédulas Hipotecarias* have been issued by the Issuers below their nominal value, maturing on the 5th anniversary of April 12, 2006 (hereon, "**Closing Date**"), that is, April 12, 2011 (hereon, "**Date of the Regular Amortisation of the *Cédulas Hipotecarias***"), without prejudice to the possible early amortisation as a result of any of the events covered in section 2.2.13.2.2.

The regular amortisation of the *Cédulas Hipotecarias* will be carried out as a reimbursement of its nominal value in a single payment to the *Fondo* on April 8, 2011, that is, two Business Days prior to the Date of the Early Amortisation of the *Cédulas Hipotecarias*.

2.2.13.2.2 Early Amortisation of the *Cédulas Hipotecarias*.

The *Cédulas Hipotecarias* will be amortised in advance (hereon, "**Early Amortisation of the *Cédulas Hipotecarias***") in the following situations:

- a) in the event of the default of the matured regular interest from the *Cédulas Hipotecarias* (in accordance with section 2.2.13.1.1 above), in which case, the *Sociedad Gestora* (Management Company) will exercise, in the name and on behalf of the *Fondo*, the corresponding legal action necessary to reclaim the amount from the appropriate Issuer;
- b) in the event it is impossible to replace the *Cédulas Hipotecarias* in the terms established in section 2.2.9 of this Additional Building Block;
- c) in the event of the legal early amortisation in accordance with article 60 of *Real Decreto* 685/1982, in the terms mentioned in section 2.2.13.2.2.1 to follow; and
- d) in the event of the modification of the legal legislation that introduces taxes, fees or withholdings on the payments derived from the interest of the *Cédulas Hipotecarias* and that have a significant financial impact for the investor.

In any of the events for the Early Amortisation of the *Cédulas Hipotecarias*, the nominal value of the affected *Cédula Hipotecaria* and the corresponding interest accrued shall be reimbursed to the *Fondo* in a single payment once the assumed situation had taken place, in the terms and dates established for each situation in the Prospectus, Deed and in the physical deed representing the *Cédula Hipotecaria* (even if it does not coincide with a payment date of the affected *Cédulas Hipotecarias* in the terms established in this Prospectus).

2.2.13.2.2.1 Legal Early Amortisation of the *Cédulas Hipotecarias*.

In accordance with the *Ley 2/1981* and *Real Decreto 685/1982*, if any Issuer, at any time during the life of the *Cédulas Hipotecarias* each has issued, exceeds the issue limits established by the applicable resolutions, the Issuer in question shall re-establish the equilibrium with any of the following acts.

- a) Deposit of cash or public funds at the Bank of Spain;
- b) Purchase of *cédulas hipotecarias* in the market;
- c) Granting new mortgage loans or purchasing mortgage shares, appropriate to cover the *Cédula Hipotecaria* issued;
- d) Amortisation of the *cédulas hipotecarias* in the amount necessary to re-establish the equilibrium (early and by public draw); or
- e) Any other act permitted by current legislation at any given time.

In the event that any of the Issuers recognises that the limits for the issue of *cédulas hipotecarias* and which are established in the applicable resolutions, may be exceeded, it will immediately notify the *Sociedad Gestora* (Management Company) and the Rating Agencies.

In the five days following such notification (correction period), the Issuer will notify the *Sociedad Gestora* (Management Company) which option of those legally available will be chosen to revert to the admissible level, in accordance with the following.

The Issuers will adopt, from the available options and in accordance with applicable legislation, the one(s) that will imply less damage to the financial equilibrium of the *Fondo* and the financial interests of the Bondholders. As a consequence of the above, the Issuers will firstly attempt to re-establish the balance either through the deposit of cash or public funds at the Bank of Spain, through the grant of new mortgage loans or through the purchase of mortgage shares and other similar assets. In the event that the balance may not be re-established through any of the above measures, the Issues will proceed to acquire *cédulas hipotecarias* in the market and will not assume any compromise to repurchase them in prejudice of the interests of the *Fondo*, without the public draw established in article 60, section e) of *Real Decreto 685/1982*.

If none of the above is possible and, as a consequence, the Issuer is forced to amortise the *cédulas hipotecarias* and among them is the *Cédula Hipotecaria* included in the assets of the *Fondo*, in accordance with the procedure set out in section 60 section e) of *Real Decreto 685/1982* which establishes that the amortisation of the *cédulas* will take place in advance and by public draw, and the *Sociedad Gestora* (Management Company) will be notified with reasonable advice so that it may take the appropriate measures.

The date on which all these payments take place will not necessarily coincide with a Collection Date. This date will determine the beginning of a new Interest Accrual Period in accordance with section 2.2.13.1.1 of the Additional Building Block.

In the event of the partial early amortisation of the Bond issue in the terms set out in this section, it shall be notified immediately to the *Comisión Nacional del Mercado de Valores (CNMV)*, the Rating Agencies and the Bondholders, as is established in sections 4.1.2 and 4.1.3 of the Additional Building Block.

2.2.14 If the assets include variable rent securities, description of their main characteristics.

Not applicable.

2.2.15 If the assets include variable rent securities that are not traded, description of their main characteristics.

Not applicable.

2.2.16 Valuation reports of the property and the treasury/income flows in the event that an important part of the assets are covered by real estate.

Not applicable.

2.3 Assets actively managed which are backing the issue.

Not applicable.

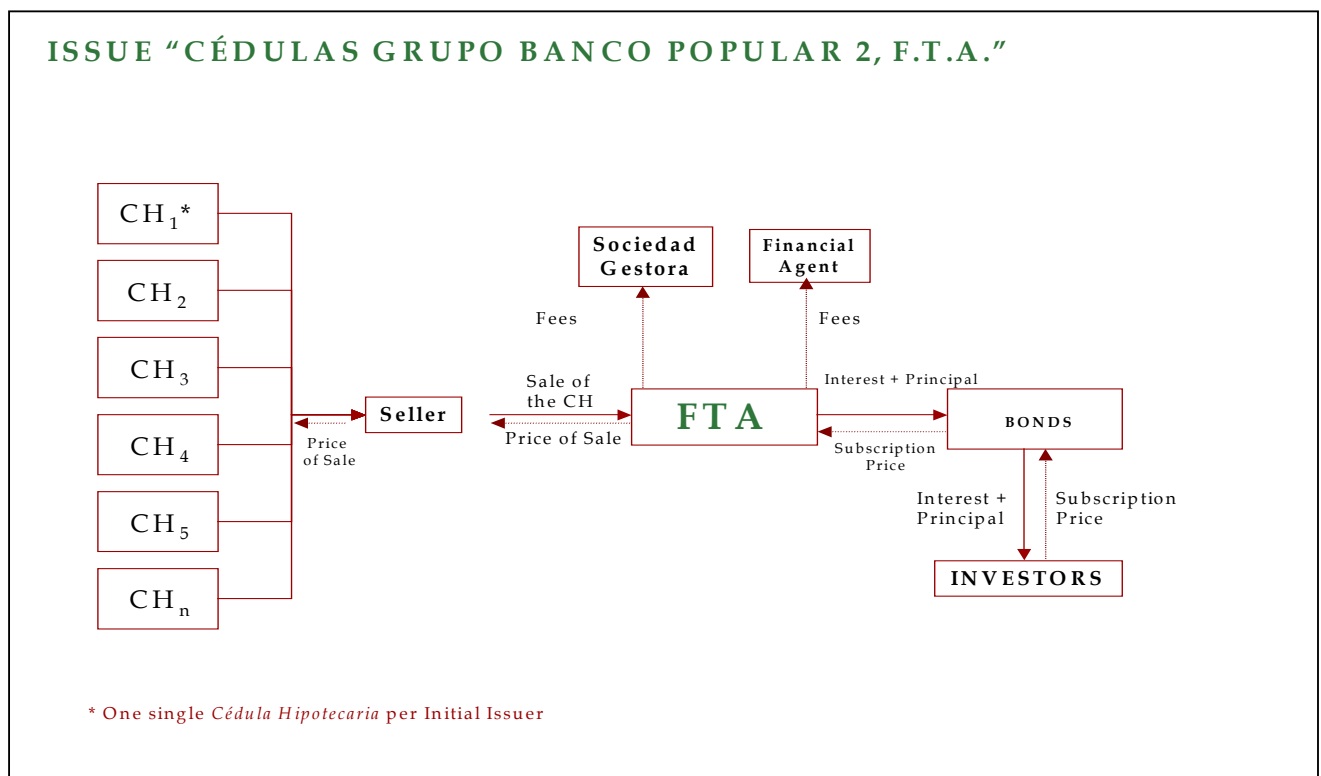
2.4 Declaration in the event that the issuer intends to issue new securities backed by the same assets and description of the method used to notify the holders of this class.

Not applicable.

3 STRUCTURE AND TREASURY.

3.1 Description of the structure of the operation, including a diagram.

Diagram on the structure of the operation.



Balance of the *Fondo*.

ASSETS		LIABILITIES	
<i>Cédulas</i>	3,000,000,000	Bonds	3,000,000,000
Amount for issue expenses	3,000,000		
Expenses to distribute in different years	14,280,000	Income to be distributed in different years	17,280,000
TOTAL ASSETS	3,017,280,000	TOTAL LIABILITIES	3,017,280,000

3.2 Description of the institutions taking part in the issue and description of their duties.

- *InterMoney Titulización, SGFT, S.A.* is the *Sociedad Gestora* (Management Company) of the *Fondo*.
- *InterMoney Valores, Sociedad de Valores, S.A.* acts as Seller of the *Cédulas* and its custodian.
- The Issuers are *Banco de Andalucía, Banco de Castilla, Banco de Crédito Balear, Banco de Galicia, Banco de Vasconia, Banco Popular Hipotecario* and *bancopopular-e.com*.
- *Banco Popular Español, S.A.* acts as Financial Agent.
- Citigroup, DZ Bank, HVB and IXIS act as Underwriters of the Bond issue. These institutions also assume the liquidity compromise.

The description of these institutions is included in section 5.2 of the Registration Document.

The *Sociedad Gestora* (Management Company) declares that the descriptions summarised in the contracts, included in the Securities Note for the Placement Subscription, Underwriting and Liquidity Facility of the Bonds, and the Financial Agency Contract, and in the Additional Building Block for the Custody Contract, cover the most important and relevant information of such contracts, and accurately reflect their content and do not omit any information that may affect the contents of the Prospectus.

3.3 Description of the method and date of the sale, transference, novation or assignment of assets or any other right and/or obligation in the assets of the issuer.

3.3.1 Sale of the Assets.

On the Date of Incorporation prior to the granting of the Deed of Incorporation, the Issuers issue the corresponding *Cédulas Hipotecarias* that will be subscribed immediately by the Seller. The Seller will sell and transfer to the *Fondo* the *Cédulas Hipotecarias* issued by the Issuers, indicating their nominal values and their total nominal value and will hand over to the *Sociedad Gestora* (Management Company), acting in the name and on

behalf of the *Fondo*, the physical deeds which represent them at the time of the granting of the Deed.

The *Fondo* will purchase the *Cédulas Hipotecarias* sold by the Seller fully and unconditionally, for the entire remaining term until full amortisation.

3.3.2 Applicable legislation to the sale of Assets.

The issue of *Cédulas Hipotecarias* will follow Spanish legislation and specifically the *Ley 2/1981* and *Real Decreto 685/1982*.

In accordance with special Spanish legislation applicable, to validate the Seller's sale of the *Cédulas Hipotecarias* to the *Fondo*, only the written declaration in the deed will be required or the formalization of a sale document, without the need to notify the debtors (Issuers of the *Cédulas Hipotecarias*). Nevertheless, the Issuers will be considered notified at the time of the granting of the corresponding Deed.

The *Cédulas Hipotecarias* may be sold without the intervention of a notary public, in accordance with current legislation.

3.3.3 Price of sale of the assets.

The total price of the sale of the *Cédulas Hipotecarias* shall be equal to the subscription price of the Bonds minus the amount for the Issue Expenses, and will be paid by the *Sociedad Gestora* (Management Company), in the name and on behalf of the *Fondo*, to the Seller on the corresponding Closing Date, value that day, once the *Fondo* has received the subscription price of the Bonds issued through the transfer of said sale price to the accounts opened in the name of the Seller, determined in the corresponding Deed.

The price paid by the Seller to each Issuer of *Cédulas Hipotecarias* shall be equal to the total price of the sale to the *Fondo* of such group of *Cédulas Hipotecarias* in the proportion corresponding to the *Cédula Hipotecaria* of such Issuer over the total *Cédulas Hipotecarias* of the appropriate issue.

The Issue Expenses of *CÉDULAS GRUPO BANCO POPULAR 2, FONDO DE TITULIZACIÓN DE ACTIVOS* are covered in section 6 of the Securities Note.

3.3.4 Effectiveness of the sale.

The sale of the *Cédulas Hipotecarias* is full and unconditional from the Date of Incorporation. The sale will included the legal defence and administration rights, and will take place for the remainder of the term to full maturity of the *Cédulas Hipotecarias*.

3.4 Explanation of the fund flows.

3.4.1 How the asset flows will meet the Issuer's obligations with the Bondholders.

Interest payment from the *Cédulas Hipotecarias* will be received at least 2 Business Days before each Payment Date of the Bonds, on each Collection Date.

Amounts from the principal of the *Cédulas Hipotecarias*, except in their early amortisation, will be received at least 2 Business Days prior to the Date of Regular Amortisation of the Bonds.

The amounts transferred to the Treasury Account will accrue interest in favour of the *Fondo*, in accordance with the section 3.4.4.1 of the Additional Building Block, on a variable interest rate equal to the EURIBOR (one month).

The *Fondo*, on each Payment Date, shall pay the corresponding interest to the Bondholders. It will also pay the commission of the *Sociedad Gestora* (Management Company), from the excess margin of the corresponding *Cédulas Hipotecarias* over the Bonds. The *Sociedad Gestora* (Management Company) will pay the regular expenses of the *Fondo* from that excess margin. All the expenses will conform to the Priority of Payments described in section 3.4.6.1 of this Additional Building Block.

3.4.2 Credit Enhancement.

On the Date of the Incorporation of the *Fondo*, its structure does not include credit enhancement tools. Nevertheless, in the event that the rating of *Banco Popular* for short term debt is lowered below A-1+ (S&P) or P-1 (Moody's), the *Sociedad Gestora* (Management Company) will arrange a line of credit in the following 60 calendar days. The amount of the line of credit and its terms of use shall be determined by the appropriate Rating Agency in order to maintain the rating of the Bonds. Under no circumstance will it be used for other purposes other than the payment of interest of the Bonds, regular periodical expenses of the *Fondo* or the Extraordinary Expenses derived from the procedures linked to the recovery of the defaulted *Cédulas*. The provider of such line of credit shall be an entity with a short term rating of A-1+ (S&P) or P-1 (Moody's). The cost derived from the arrangement of such line of credit will be paid by the issuers.

The Issuers will pay the cost of arranging the line of liquidity in respect of their own contribution to the assets of the *Fondo*. The *Sociedad Gestora* (Management Company) will notify the Issuers of such cost as soon as it is known so that it may be paid into the Treasury Account in the 2 Business Days following such notification, and the *Sociedad Gestora* (Management Company) will be exempt from such payment (or its default).

In any event, these actions will be notified to the CNMV as soon as they occur, and the Deed of Incorporation will be modified in accordance with current legislation.

3.4.3 Details of any financing of subordinated debt.

Not applicable.

3.4.4 Parameters for the investment of temporary excess amounts and institutions responsible for such investment.

3.4.4.1 Treasury Account.

The *Fondo* will hold an account in its name at the Financial Agent (hereon, "**Treasury Account**"), through which all payments of each series of Bonds will be made, following instructions of the *Sociedad Gestora* (Management Company).

The Treasury Account will receive all the amounts collected by the *Sociedad Gestora* (Management Company) and specifically those received from the following concepts:

- (i) Interest payments from the *Cédulas Hipotecarias*;
- (ii) The amounts from the principal of the *Cédulas Hipotecarias*;
- (iii) Interest accrued from the balance of the Treasury Account;
- (iv) Any other amounts deposited by the *Fondo*, from the Issuers of the *Cédulas Hipotecarias*;
- (v) All amounts resulting from the issue of the Bonds on each Closing Date; and
- (vi) The result of the liquidation, in its case and when applicable, of the assets of the *Fondo*.

The Treasury Account may not have a negative balance against the *Fondo*. The balances of the Treasury Account will be maintained in cash. The amounts deposited at the Treasury Account will accrue daily interest in favour of the *Fondo*, from the Closing Date (inclusive), during each interest period mentioned in the following paragraph, at a variable interest rate equal to the EURIBOR (defined as follows), and rounded to one thousandth of a percentage point, taking into account that in the event that the rounding up or down is identical, it will be rounded up (hereon, “**Interest Rate of the Treasury Account**”).

Interest derived from the Treasury Account, during each interest accrual period will be cleared on the last day of each calendar month, or, if such day is not a Business Day, the immediately following Business Day (hereon, “**Liquidation Dates**”). Subsequent interest periods of the Treasury Account will begin on each Liquidation Date (included) (each one, hereon, “**Interest Period of the Treasury Account**”). Exceptionally, the first Interest Period of the Treasury Account will begin on the Closing Date (included) and will end on May 1, 2006, (excluded). On each Liquidation Date interest accrued during the previous Interest Period of the Treasury Account shall be paid.

The applicable EURIBOR for each Interest Period of the Treasury Account shall be:

- a) The EURIBOR that, in accordance with the rules established by the European Banking Federation, are Publisher in the REUTERS’s Screen, EURIBOR= Page at 11 am C.E.T. of the second Business Day prior to the beginning of each Interest Period of the Treasury Account for 1-month Euro deposits (30 days).

Notwithstanding the above, the interest rate for the first Interest Period of the Treasury Account, shall be the EURIBOR published on the REUTERS Screen, EURIBOR= Page, at 11 am (C.E.T.) on the second Business Day prior to the Closing Date, for 2-week Euro deposits.

- b) In the absence of the rate as established in (a) above, the EURIBOR shall be the immediately lower term for which there is a rate, if applicable.
- c) In the absence of the rate as established in (a) and (b) above, EURIBOR shall be the simple average of the London interbanking interest rates offered by the following institutions, for non-transferrable euro deposit operations for the corresponding term, in accordance with the rules of section (a) above, if applicable, or subsequently, (b) above.

- *Banco Santander Central Hispano* (London)
- JP Morgan Chase & Co. (London)
- Barclays Bank (London)
- *Confederación Española de Cajas de Ahorros* (London branch)

If any of these institutions does not supply rates in the above terms, the rate applied will be the result of the simple average of the rates declared by, at least, 2 of the remaining institutions.

- d) In the absence of rates in accordance with sections (a) through (c) above, the EURIBOR shall be the last one applied in accordance with this section.

In the event that the rating of the Financial Agent assigned by the Rating Agencies for short-term debt is lowered to a rating below A-1 (S&P) or P-1 (Moody's), the Financial Agent will carry out, to the satisfaction of the *Sociedad Gestora* (Management Company), in the name and on behalf of the *Fondo*, and in the 30 days which follow the reduction and prior consultation with the Rating Agencies, the necessary options described in section 5.2.1 of the Securities Note, which will permit the maintenance of an adequate level of guarantee in respect of the compromises derived from the maintenance of the Treasury Account.

3.4.5 The *Fondo's* collection of the payments related to the assets.

The *Fondo* will receive the payments from interest of the *Cédulas Hipotecarias* on each Collection Date.

The Collection Date of the *Cédulas Hipotecarias* shall be April 10th of each year, or the immediately prior Business Day if such day is not. In any event, two Business Days shall always lapse between the Collection Date and the Payment Date in which the amounts transferred must be used.

Payments due from the amortisation of principal from the *cédulas* grouped in the *Fondo* will take place on their Regular Amortisation Date, without prejudice to sections 4.4.3 and 4.4.4 of the Registration Document in respect to the amortisation and early liquidation of the *Fondo*.

3.4.6 Priority of Payments made by the issuer.

3.4.6.1 Origin and allocation of funds from the date of the Incorporation of the *Fondo* and until the full amortisation of the Bonds.

1. ORIGIN OF THE FUNDS:

On each date in which the *Fondo* must make payments, the available resources (hereon, "**Available Resources**") shall be made up of:

- (i) Income obtained from the Issuers from the *Cédulas Hipotecarias* for interest, regular and penalty payment, in its case, Extraordinary Expenses deposited in the Treasury Account.

- (ii) The result of the amortisation, if and when applicable, of the *Cédulas Hipotecarias*.
- (iii) Balance of the Treasury Account, in accordance with section 3.4.4.1 above, for concepts not covered in such section.
- (iv) If applicable, other income not anticipated and originating from the Issuers or third parties, for concepts other than current principal or interest of the *Cédulas Hipotecarias*;
- (v) The result of the liquidation, if or when applicable, of the assets of the *Fondo*.

On each Closing Date, the amount received by the *Fondo* from the subscription of the Bonds, will be applied to the purchase of *Cédulas Hipotecarias* and payment of the corresponding issue expenses.

2. USE OF FUNDS:

Such Available Funds of the *Fondo* will be used on each date if has to make payments to pay for the following, and in the following order in the event of insufficient funds:

- (i) *Sociedad Gestora* (Management Company) commission and extraordinary expenses. Commission with which the *Sociedad Gestora* (Management Company) will pay the regular periodical expenses of the *Fondo*, in accordance with section 3.7.1.4 following and the Extraordinary Expenses of the *Fondo*.
- (ii) Payment of interest accrued by the Bonds. In the event that the Available Resources of the *Fondo* are insufficient, the amount will be distributed among the Bonds in proportion to their Outstanding Principal Balance.
- (iii) Payment of principal of the Bonds. If there are insufficient Available Resources the amount will be distributed among the Bonds of the same series in proportion to their outstanding principal balance.

Periodical regular expenses:

The *Sociedad Gestora* (Management Company) will pay the periodical regular expenses from its management commission. Some of such expenses are:

- (i) annual periodical commission of the Financial Agent;
- (ii) commissions to new institutions that assume, in its case, the compromises as a result of the replacement of other participants in the *Fondo*, in accordance with this Prospectus;
- (iii) audit expenses of the *Fondo*;
- (iv) expenses derived from the publication of advertisements or notifications related to the *Fondo* or the Bonds;
- (v) if applicable, expenses derived from maintaining the ratings assigned by the Rating Agencies, in the terms they establish, and
- (vi) other expenses and taxes that do not affect the financial balance of the *Fondo*.

- (vii) Liquidation expenses not paid with the remains of the Treasury Account once all the obligation of the *Fondo* have been paid.

As a consequence, the net management commission of the *Sociedad Gestora* (Management Company) shall be the result of deducting from the gross commission, the total amount of periodical regular expenses and will vary in accordance with such amount.

Extraordinary expenses:

Expenses incurred by the *Fondo* as a result of the default of a *Cédula Hipotecaria* and the corresponding procedure to foreclose and collect from such *Cédula Hipotecaria* in the defence of the interests of the Bonds shall be considered extraordinary expenses.

The Issuers will pay the Extraordinary Expenses, in such a way as the expenses can be attributed to the *Cédula Hipotecaria* they have issued. The *Sociedad Gestora* (Management Company) will notify the Issuers of the existence of extraordinary expenses as soon as it is aware of them so that they may be paid into the Treasury Account in the 2 Business Days following notification. The *Sociedad Gestora* (Management Company) is exempt from the payment of these expenses or its default.

The *Sociedad Gestora* (Management Company) will determine the amount of Extraordinary Expenses related to the defence of the interests of the Bondholders during the proceedings to foreclose and collect from the *Cédulas Hipotecarias*.

3.4.6.2 Other Rules:

In the event that the Available Funds are insufficient to pay any of the amounts mentioned in previous sections, the following rules will apply:

- (i) The Available Funds of the *Fondo* will be used for the payments of such concepts, in accordance with the order established and *pro rata* among the payment obligations with the same rank and contemporaneous.
- (ii) The amounts that remain outstanding will be placed, on the following date of payments, in the priority order, immediately before the concept to which they refer.
- (iii) The amounts due by the *Fondo* and which have not been paid on their Payment Dates will not accrue additional interest.
- (iv) If on the Final Maturity Date any of the *Cédulas Hipotecarias* remains outstanding and, without prejudice to what is established for such event in this Prospectus, this Priority of Payments will be applied on any date in which the Fund collects amounts due from the outstanding *Cédulas Hipotecarias*.

3.4.7 Other agreements relevant to the payment of interest and principal to the investors.

Not applicable.

3.5 Name, address and significant economic activity of the Sellers of the securitised assets.

InterMoney Valores, Sociedad de Valores, S.A. acts as seller of the *Cédulas Hipotecarias* to the *Fondo* and their custodian.

InterMoney Valores has its registered address in Madrid at Plaza Pablo Ruiz Picasso 1, Torre Picasso, planta 23, and its C.I.F. code is A82037458.

The financial information that follows corresponds to the information required by the regulations of the CNMV.

INTERMONEY VALORES S.V., S.A. FINANCIAL INFORMATION (data in thousands of €)

PUBLIC BALANCE SHEET (thousands of euros)

	On 31/12/2005 ⁽¹⁾	On 31/12/2004
Cash and balances with Central Banks	183	93
Loans with Credit Institutions	22,562	2,802
Loans with other debtors	0	0
Equity Instruments	230,901	170,392
Other assets	1,369	2,836
TOTAL ASSETS	255,015	176,123
Loans from Credit Institutions	222,562	154,965
Deposits from clients	15,941	6,736
Negotiable debt instruments		
Other liabilities	3,404	1,617
Subordinated liabilities		
Equity, reserves, results and provisions	13,108	12,805
TOTAL LIABILITIES	255,015	176,123

PROFITS & LOSSES (thousands of euros)

Interest and similar income	143,555	75,472
Interest expenses	-131,940	-67,485
Net interest income	11,615	7,987
Non interest income	119	13
Expenses	-6,306	-5,592
Gross income	5,428	2,408
Provisions	-50	-75
Profit before taxes	5,378	2,333
Taxes	-1,631	-559
Profits	3,747	1,774
ROA (net profit / average total assets) %	3.43%	4.26%
ROE (net profit / average equity) %	28.59%	13.85%
Number of offices	2	2
Number of employees	48	55

Note: ROA excluding financial assets held for trading

ACCOUNTABLE NET EQUITY (thousands of euros)

Capital	10,000	10,000
Reserves		
Share Premium		
Legal, Statutory Reserve	1,556	1,031
Prevaluation Reserve		
Year Profit	3,747	1,774
Dividends	2,195	1,250
Own shares		
ACCOUNTABLE NET EQUITY	13,108	11,555
Social charitable works provision / Dividend (*)		
EQUITY AFTER THE APPLICATION OF PROFITS	13,108	11,555

(*) Information just available at the end of the year.

**BREAKDOWN OF CONSOLIDATED EQUITY
CNMV REGULATION (thousands of euros)**

Basic Equity	11,515	10,884
Equity 2 nd category	0	0
TOTAL EQUITY	11,515	10,884
Equity rate	10,114	9,446
CONSOLIDATED DATA		
Basic Equity	20,897	19,037
Equity 2 nd category	0	0
TOTAL EQUITY	20,897	19,037
Equity rate	14,826	13,002

(1) Data as of 31/12/2005 pending to audit.

3.6 Return and/or reimbursement of the securities related to others that are not assets of the issuer.

Not applicable.

3.7 Administrator, calculation agent or equivalent.

3.7.1 Management, administration and representation of the *Fondo* and the holders of the securities.

"CÉDULAS GRUPO BANCO POPULAR 2, *Fondo de Titulización de Activos*" has been arranged by "InterMoney Titulización, SGFT, S.A." as *Sociedad Gestora* (Management Company) entitled to such effect, and as a consequence, to administrate and legally represent the *Fondo* under cover of *Real Decreto* 926/1998, May 14, that regulates asset securitisation funds and management companies for the securitisation funds.

The *Sociedad Gestora* (Management Company), as third party manager, will represent and defend the interests of the Bondholders and other creditors of the *Fondo*.

The Bondholders will have no action against the *Sociedad Gestora* (Management Company) except when it is in breach of its duties or the corresponding Prospectus and Deeds and current legislation.

3.7.1.1 Administration and representation of the *Fondo*.

The *Sociedad Gestora* (Management Company) is responsible, among other duties established in this Prospectus, for the following:

- (i) To make sure that the amount of income received by the *Fondo* the *Cédulas Hipotecarias* matches the one due following the terms of the relevant agreements from which they arise. If necessary, it will carry out all judicial and extra judicial actions necessary to protect the rights of the *Fondo* and the Bondholders;
- (ii) To apply the income of the *Fondo* received from the *Cédulas Hipotecarias* to pay its obligations in respect of the Bonds, in accordance with the Deed and the Prospectus;
- (iii) To extend or amend the agreements entered into on behalf of the *Fondo* in order to manage said *Fondo* in the terms set out in the Deed, the Prospectus and current legislation;
- (iv) To exercise the rights attached to the ownership of the *Cédulas Hipotecarias* acquired by the *Fondo*;
- (v) To substitute each participant, in the terms established in the Deed of Incorporation and the Prospectus following current legislation, once the necessary authorisations have been obtained, the Rating Agencies are notified and the interests of the Bondholders are not affected;
- (vi) Carry out the administration of the *Cédulas Hipotecarias* in the terms set out in section 3.7.2 of this Additional Building Block;

- (vii) To give the Financial Agent due instructions in relation with the Treasury Account and the payments due to the Bondholders and, if applicable, to the remaining institutions that should carry out any payment;
- (viii) To designate and substitute, if necessary, the Auditor, with the prior authorisations of the *Comisión Nacional del Mercado de Valores (CNMV)*, if appropriate;
- (ix) To prepare and submit to the corresponding bodies, all the documents and data necessary in accordance with current legislation, to the *Comisión Nacional del Mercado de Valores (CNMV)*, and to prepare and forward to the Bondholders and the Rating Agencies any information legally required; and
- (x) To adopt all appropriate decisions towards the liquidation of the *Fondo*, including the decision of its early liquidation or the early amortisation of any series of Bonds, in accordance with the Deed and the Prospectus.

The *Sociedad Gestora* (Management Company) may be responsible for the management and representation of other *Fondos de Titulización* (Asset Securitisation Funds), in accordance with *Real Decreto 926/1998*.

The *Sociedad Gestora* (Management Company) will have all the necessary documentation and data available to the public, as is established in the Deed of Incorporation and in this Prospectus.

3.7.1.2 Waiver and replacement of the *Sociedad Gestora* (Management Company).

The waiver and replacement of the *Sociedad Gestora* (Management Company) will be regulated by *Real Decreto 926/1998*, May 14, which regulates Asset Securitisation Funds, or by current legislation. In any event, the replacement of the *Sociedad Gestora* (Management Company) will be carried out in accordance with the following procedure, unless it is contrary to established regulations:

- (i) The *Sociedad Gestora* (Management Company) may waive its function when deemed appropriate and will voluntarily request replacement through a written request to the *Comisión Nacional del Mercado de Valores (CNMV)*. This request will include the request from the new *Sociedad Gestora* (Management Company), duly authorised and registered at the *Comisión Nacional del Mercado de Valores (CNMV)*, declaring its intention to accept such function and requesting the pertinent authorisation. The waiver of the *Sociedad Gestora* (Management Company) and its replacement must be approved by the *Comisión Nacional del Mercado de Valores (CNMV)*. Under no circumstance will the *Sociedad Gestora* (Management Company) waive the exercise of its functions before the completion of the requisites and formalities necessary for the replacement to fully assume its functions. Neither will it waive its functions if, as a result of the replacement, the ratings assigned to the Bonds are lowered. None of the expenses resulting from the replacement will be paid by the *Fondo*;
- (ii) In the event that the *Sociedad Gestora* (Management Company) complies with any of the grounds for dissolution established in Article 260.1 of the Corporation Act, it will be replaced. The *Sociedad Gestora* (Management

Company) will notify these grounds to the *Comisión Nacional del Mercado de Valores (CNMV)*. In this case, the *Sociedad Gestora* (Management Company) will comply with section (i) above before its dissolution;

- (iii) In the event that the *Sociedad Gestora* (Management Company) is declared bankrupt or its authorisation is suspended, it shall designate a replacement. The replacement will take place before 4 months elapse from the date of the event that forced the replacement. If the *Sociedad Gestora* (Management Company) does not find such replacement or if it is not accepted by the *Comisión Nacional del Mercado de Valores (CNMV)*, the *Fondo* will be liquidated and the Bonds amortised;
- (iv) The replacement of the *Sociedad Gestora* (Management Company) and the designation of its replacement, in accordance with the above paragraphs (i) and (iii), must be authorised by the Rating Agencies and published, in a period of 15 days, in the Daily Bulletin of the *Mercado AIAF de Renta Fija* (AIAF Fixed Income Market) and in two national newspapers. The *Sociedad Gestora* (Management Company) undertakes to grant all the public and private documents necessary to proceed to the replacement in accordance with the above sections (i) and (iii). The replacing *Sociedad Gestora* (Management Company) will be subject to the rights and obligations related to the Deed and the Prospectus. Furthermore, the *Sociedad Gestora* (Management Company) will forward the new *Sociedad Gestora* (Management Company) all the documents and accounting and computing registers of the *Fondo* it holds.

3.7.1.3 Subcontracting.

The *Sociedad Gestora* (Management Company) is entitled to subcontract or delegate to third parties of recognised solvency and capacity, the undertaking of its services, in accordance with this Prospectus, when the subcontractor or delegate has waived the right to claim any responsibility from the *Fondo*. In any event, this subcontracting or delegation will not incur in extra costs or expenses for the *Fondo*, it shall be acceptable under current law, notified in advance to the *CNMV* and the Rating Agencies, it shall not damage the rating of the Bonds, and will carry all the appropriate authorisations. Notwithstanding any subcontract or delegation, the *Sociedad Gestora* (Management Company) will not be not exonerated from any of the established responsibilities of the Prospectus.

3.7.1.4 Remuneration of the *Sociedad Gestora* (Management Company).

The *Sociedad Gestora* (Management Company) will receive a fee on the Closing Date, the result of the difference between the price of subscription of the Bonds and the total price of issue of the *Cédulas Hipotecarias*, to pay all the concepts included in section 6 of the Securities Note.

Additionally, on each Payment Date the *Sociedad Gestora* (Management Company) will receive a management fee of 0.006% (0.6 1 basis points) of the outstanding principal balance of the *Cédulas Hipotecarias*, that is, the amount of principal that has not been amortised of the *Cédulas Hipotecarias*, to pay periodical regular expenses of the *Fondo* in accordance with the previous section 3.4.6.1.

As a consequence, the net management commission of the *Sociedad Gestora* (Management Company) will be the result of deduction, from the gross commission, the amount of the periodical regular expenses of the *Fondo*, and shall vary in accordance with the amount of such expenses. The management commission will include the services rendered by the *Sociedad Gestora* (Management Company) in relation to the administration and collection management of the *Cédulas Hipotecarias*, and will be understood as gross, in the sense that any relevant direct or indirect tax or withholding shall be included in the amount.

3.7.2 Administration, collection management and custody of the *Cédulas Hipotecarias*.

3.7.2.1 Administration and collection management.

The *Sociedad Gestora* (Management Company) will administer and manage the collection from the credit rights derived from the *Cédulas Hipotecarias* sold to the *Fondo* until (i) they have all been fully amortised, (ii) all its obligations in relation to the *Cédulas Hipotecarias* have been extinguished, or (iii) the *Fondo* is extinguished once all its assets have been liquidated (without prejudice to the forced replacement of the *Sociedad Gestora* (Management Company) in accordance with section 3.7.1.3 of this Additional Building Block), in the following terms.

The *Sociedad Gestora* (Management Company) will administer the *Cédulas Hipotecarias* with the same diligence as if it were managing its own, and will compensate the *Fondo* for any damage, loss or expense derived from its breach of the obligation to administer the *Cédulas Hipotecarias* or its negligence in the undertaking of its duties.

The *Sociedad Gestora* (Management Company) will not assume any responsibility in guaranteeing, directly or indirectly, the success of the transaction, and the bondholders will pay the risk of default of the Issuers of the *Cédulas Hipotecarias* grouped in the *Fondo*, either for principal, interest or any other.

The *Sociedad Gestora* (Management Company) will manage the collection from the *Cédulas Hipotecarias*, will receive from the *Fondo* any amounts paid by the Issuers from them (principal, interest or any other concept) both for the regular amortisation or the early amortisation, and will proceed to take the necessary measures for the amounts to be paid into the Treasury Account. Under no circumstance will the *Sociedad Gestora* (Management Company) advance any amount that has not been already received from the Issuers for principal, interest or any other concept derived from the *Cédulas Hipotecarias*.

3.7.2.2 Custody.

The *Sociedad Gestora* (Management Company) will deposit the physical deeds representing the *Cédulas Hipotecarias* at *Intermoney Valores* (as custodian of the *Cédulas Hipotecarias*) or other institution legally entitled to do so (hereon, "**Custodian**"), and to such effect will subscribe on the Date of Incorporation of the *Fondo* a Custody Contract for the deeds with the Custodian.

The Custodian will be responsible for the custody of the physical deeds representing the *Cédulas Hipotecarias* issued by the Issuers and grouped in the *Fondo*, until their amortisation.

The Custodian will not be responsible for the administration of the *Cédulas Hipotecarias*, or for the collection of the corresponding interest and other amounts accrued. Article 308 of the *Código de Comercio* (Commercial Code) will not be applicable to this custody.

The Custodian will not receive any remuneration for this undertaking.

3.7.2.3 Actions in the event of a default of the *Cédulas Hipotecarias*.

3.7.2.3.1 Actions of the *Fondo*.

The *Fondo*, through the *Sociedad Gestora* (Management Company), will enjoy executive action against the Issuers that are in breach of their payment obligations derived from their *Cédulas Hipotecarias*, and that will follow the procedures set out by articles 517 and following of *Ley de Enjuiciamiento Civil* (Civil Suit Act).

Without prejudice to the above, the *Fondo*, through the *Sociedad Gestora* (Management Company), will enjoy declarative action against the Issuers that are in breach of their payment obligations derived from their *Cédulas Hipotecarias*, and that will follow the procedures established for ordinary declaratory trial in accordance with the amount of the claim.

The *Fondo* will also be able to claim from the Sellers the damages and prejudices derived from the mistake or error of the declarations included in section 2.2.8 of this Additional Building Block.

3.7.2.3.2 Actions of the Seller.

The Seller may claim from the Issuers of the *Cédulas Hipotecarias* they have subscribed or purchased from them, the damages and prejudices derived from their breach of their payment obligations derived from the *Cédulas Hipotecarias*, or in the event that the *Cédulas Hipotecarias* have hidden faults, mistakes or errors in the declarations covered in section 2.2.8 of this Additional Building Block, and such situation may not be corrected in the terms established in section 2.2.9 of this Additional Building Block, and for any reason attributable to the Issuers or their *Cédulas Hipotecarias*.

3.7.2.3.3 Actions of the holders of the Securitised Bonds issued by the *Fondo*.

The holders of the securitised bonds issued by the *Fondo* do not enjoy the right of direct action against the Issuers that are in breach of their obligations or the Seller; it is the *Sociedad Gestora* (Management Company) who, as representative of the *Fondo*, holds such right in accordance with this Prospectus, the Deed of Incorporation and Article 12 of *Real Decreto* 926/1998, May 14. Neither the Bond holders nor the *Fondo* will have rights of action against the *Sociedad Gestora* (Management Company) other than the one derived from the breach of their obligations and, therefore, never as a consequence of the arrears or early amortisations of the *Cédulas Hipotecarias*.

3.8 Name, address and brief description of any counterparty in swap, credit, liquidity or account operations.

- *Banco Popular* is the counterparty in the Financial Agency Contract. Data relative to *Banco Popular* and its activities can be found in section 5.2 of the Registration Document.

4 POST-ISSUANCE INFORMATION.

4.1 Expected obligations and terms to make available to the public and to forward to the *Comisión Nacional del Mercado de Valores (CNMV)*, the periodical information regarding the financial situation of the *Fondo*.

4.1.1 Regular information.

In the 4 months that follow the end of the accounting period, and together with the *Fondo's* audited Annual Accounts, the *Sociedad Gestora* (Management Company) will issue a report which will be forwarded to the *Comisión Nacional del Mercado de Valores (CNMV)* and which will include:

- (i) An inventory of the *Cédula Hipotecarias'* portfolio;
- (ii) The balance of the Treasury Account;
- (iii) The following information:
 - a. The Outstanding Principal Balance of the Bonds;
 - b. The percentage of Bonds pending amortisation;
 - c. When appropriate, Bond interest amount accrued and not paid;
 - d. A detailed analysis of the *Fondo's* results and the factors contributing to these results; and
 - e. The amount and variations in the expenses and management fee obtained during the accounting period.

Notification Date for payments will take place annually on the date that coincides on the prior month to the corresponding Payment Date, or if such dates are not Business Days the next Business Day.

Finally, in the 7 Business Day which follow each Payment Date, the *Sociedad Gestora* (Management Company) will issue a report including the following information on the Bonds and referred to the previous Payment Date:

- a) Initial Nominal Balance amount of the Bonds.
- b) Matured Nominal Balance amount of the Bonds.
- c) Nominal Balance amount of the Bonds pending maturity.
- d) Amount of the Nominal Balance, matured but not paid to the Bondholders due to insufficiency of funds.
- e) Amount of the Nominal Balance, matured and paid to the Bondholders.

- f) Total interest accrued by the Bonds since the last Payment Date.
- g) Interests accrued since the Closing Date that should have been paid on previous Payment Dates but was not.

A copy of this document will be sent to the *Comisión Nacional del Mercado de Valores* (CNMV).

Furthermore, any information described in this section will be available at the *Sociedad Gestora* (Management Company), and, when necessary, will be requested from it through the Underwriters or at the *Mercado AIAF de Renta Fija* (AIAF Fixed Income Market).

4.1.2 Notifications to the Bondholders.

All notifications to the Bond holders will be made by the *Sociedad Gestora* (Management Company) through the Daily Bulletin of the *Mercado AIAF de Renta Fija* (AIAF Fixed Income Market) and, additionally, through other channels generally accepted in the market and which guarantee the adequate diffusion of the information in time and content, unless otherwise stated by current legislation.

4.1.3 Obligations to notify relevant facts and Extraordinary Notifications.

The *Sociedad Gestora* (Management Company), in representation of the *Fondo*, undertakes to immediately notify the *Comisión Nacional del Mercado de Valores* (CNMV), the Rating Agencies and the Bondholders of the occurrence of any relevant fact, during the life of the *Fondo*, related to the *Cédulas Hipotecarias*, the Bonds, the *Fondo* or the *Sociedad Gestora* (Management Company) itself, which may affect the trading of the Bonds, and specifically, of the amount due to the Bondholders on each Payment Date, both for principal and interest, and in general, of any relevant changes in the assets or liabilities of the *Fondo*.

The *Sociedad Gestora* (Management Company) will notify the Bondholders in the event of the early amortisation of the Bonds. If the Bonds suffer early amortisation in full, the notary deed drawn up as a result of liquidation will be sent to the *Comisión Nacional del Mercado de Valores* (CNMV) in the form established in section 4.4.4 of the Registration Document.

Extraordinary notifications will be published either in the Daily Bulletin of the *AIAF Mercado de Renta Fija* or any other that replaces it or has similar characteristics, or in a Spanish national newspaper. These notifications will be valid on the date of the publication, for which any day of the calendar will be admissible, whether it is a Business Day or not (as is established in this Prospectus).

Following the execution of the Deed of Incorporation, the *Sociedad Gestora* (Management Company), in representation and on behalf of the *Fondo*, will notify of the incorporation of the *Fondo* and the issue of the Bonds, it will also notify of the Nominal Interest Rate of the Bonds.

Madrid, March 30, 2006

José Antonio Trujillo del Valle
InterMoney Titulización, S.G.F.T., S.A.
PRESIDENT

DEFINITIONS

Available Resources	The resources available to the <i>Fondo</i> .
<i>Banco de Andalucía</i>	<i>Banco de Andalucía, S.A.</i>
<i>Banco de Castilla</i>	<i>Banco de Castilla, S.A.</i>
<i>Banco de Crédito Balear</i>	<i>Banco de Crédito Balear, S.A.</i>
<i>Banco de Galicia</i>	<i>Banco de Galicia, S.A.</i>
<i>Banco de Vasconia</i>	<i>Banco de Vasconia, S.A.</i>
<i>bancopopular-e.com</i>	<i>bancopopular-e, S.A.</i>
<i>Banco Popular Hipotecario</i>	<i>Banco Popular Hipotecario, S.A.</i>
Business Day	Any day that is not (i) Saturday, (ii) Sunday, (iii) holiday according to the TARGET (<i>Tran European Automated Real-time Gross Settlement Express Transfer System</i>) calendar, or (iv) holiday in the city of Madrid.
<i>Cédulas Hipotecarias</i>	<i>Cédulas hipotecarias</i> grouped at any given time in the assets of the <i>Fondo</i> .
Closing Date	April 12, 2006, date in which the Bonds will be disbursed and the <i>Fondo</i> will pay the price of purchase for each <i>Cédulas Hipotecarias</i> .
CNMV	<i>Comisión Nacional del Mercado de Valores</i> .
Collection Date	Any of the dates in which the Issuers pay interest on the <i>Cédulas Hipotecarias</i> , and which will correspond with April 10 of each year or, if such dates are not Business Days, the immediately prior Business Day.
Custodian	Custodian of the physical deeds representing the <i>Cédulas Hipotecarias</i> , <i>Intermoney Valores</i> .
Custody Contract	The custody contract of the deeds representing the <i>Cédulas Hipotecarias</i> signed by the <i>Sociedad Gestora</i> , in the name and on behalf of the <i>Fondo</i> , and the Custodian, on April 7, 2006.

Date of the Early Amortisation of the Bonds	Date of the maturity of the Bonds issued by the <i>Fondo</i> .
Date of the Early Amortisation of the Cédulas Hipotecarias	Date in which the early amortisation of any of the <i>Cédulas Hipotecarias</i> takes place.
Date of the Final Maturity of the Fondo	April 12, 2011, date of the Regular Amortisation of the <i>Cédulas Hipotecarias</i> and the Bonds, except upon the early liquidation of the <i>Fondo</i> .
Date of the Incorporation of the Fondo	The date of the granting of the Deed of Incorporation of the <i>Fondo</i> , April 7, 2006.
Date of the Legal Maturity of the Fondo	Second anniversary of the Final Maturity Date of the <i>Fondo</i> or the next Business Day if such day is not a Business Day, except if the <i>Fondo</i> is extinguished or liquidated prior to this date.
Date of the Regular Amortisation of the Bonds	Date of the maturity of the Bonds issued, April 12, 2011.
Date of the Regular Amortisation of the Cédulas Hipotecarias	Date of the maturity of the <i>Cédulas Hipotecarias</i> , April 12, 2011.
Deed of Incorporation	The deed of incorporation of the <i>Fondo</i> , sale of the <i>Cédulas Hipotecarias</i> and the Bond issue, dated April 7, 2006.
EURIBOR	Interest rate calculated in accordance with the Financial Agency Contract.
Extraordinary Expenses	Expenses generated by the <i>Fondo</i> in the event of the default of any <i>Cédula Hipotecaria</i> during the foreclosure procedure and during the collection from such <i>Cédula Hipotecaria</i> in defence of the interests of the Bondholders.
Financial Agency Contract	Financial agency contract signed by the <i>Sociedad Gestora</i> , in the name and on behalf of the <i>Fondo</i> , and the Financial Agent, on March April 7, 2006.
Financial Agent	<i>Banco Popular Español, S.A.</i> that, in accordance with the Financial Agency Contract, will provide the maintenance of the Treasury Account and the payment agency of the Bond issue.

Fondo	<i>CÉDULAS GRUPO BANCO POPULAR 2, Fondo de Titulización de Activos.</i>
IBERCLEAR	<i>Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.</i>
Interest Accrual Period for the Bonds	Each regular interest accrual period for the Bonds with a duration lapsing from April 12 th of each year (inclusive) to April 12 th of the following year (excluded), except in the event of the Early Amortisation of the Bonds when the interest accrual period of the Bonds will extend from the last April 12 th (inclusive) to the Date of the Early Amortisation of the Bonds (excluded).
Interest Accrual Period for the Cédulas Hipotecarias	Each regular interest accrual period for the <i>Cédulas Hipotecarias</i> with a duration lapsing from April 12 th of each year (inclusive) to April 12 th of the following year (excluded), except in the event of the Early Amortisation of the <i>Cédulas Hipotecarias</i> when the interest accrual period of the affected <i>Cédula Hipotecaria</i> will extend from the last April 12 th (inclusive) to the Date of the Early Amortisation of the <i>Cédulas Hipotecarias</i> (excluded).
Interest Period of the Treasury Account	Each period for the liquidation of interest from the balance of the Treasury Account.
Interest Rate of the Bonds	Fixed annual interest rate applicable to the outstanding principal balance for the amortisation of the Bonds.
Interest Rate of the Cédulas Hipotecarias	Regular fixed interest rate for the <i>Cédulas Hipotecarias</i> .
Intermoney Valores	<i>Intermoney Valores, Sociedad de Valores, S.A.</i>
Issue expenses	Expenses derived from the incorporation of the <i>Fondo</i> and the issue of Bonds.
Issuers	<i>Banco de Andalucía, Banco de Castilla, Banco de Crédito Balear, Banco de Galicia, Banco de Vasconia, Banco Popular Hipotecario and bancopopular-ec.om, institutions issuing the Cédulas Hipotecarias.</i>
Ley 2/1981	<i>Ley 2/1981, de 25 de marzo, de Regulación del Mercado Hipotecario, in its current wording.</i>

Ley 19/1992	<i>Ley 19/1992, de 7 de julio, sobre régimen de Sociedades y Fondos de Inversión Inmobiliaria y sobre Fondos de Titulización Hipotecaria, in its current wording.</i>
Ley del Mercado de Valores	<i>Ley 24/1988, de 28 de julio, del Mercado de Valores, in its current wording.</i>
Liquidation Date	Last day of each calendar month or, if such day is not a Business Day, the following one, in which to pay interest accrued from the balance of the Treasury Account during the previous Interest Period of the Treasury Account.
Moody's	<i>Moody's Investors Service España, S.A.</i>
Mortgage Loans	Mortgage loans included in the portfolios backing the <i>Cédulas Hipotecarias</i> issued by the Issuers.
Payment Date	Each payment date of interest from the Bonds.
Prospectus	The Prospectus for the Bond Issue.
Rating Agencies	Moody's and S&P, jointly.
Real Decreto 685/1982	<i>Real Decreto 685/1982, de 17 de marzo, por el que se desarrollan determinados aspectos de la Ley 2/1981, in its current wording.</i>
Real Decreto 926/1998	<i>Real Decreto 926/1998, de 14 de mayo, por el que se regulan los Fondos de Titulización de Activos y las Sociedades Gestoras de Fondos de Titulización.</i>
REUTERS Screen, EURIBOR= Page	The one reflecting the contents of the "EURIBOR=" page at REUTERS MONEY RATES SERVICE, or any other page that might replace it in this service in the future.
S & P	Standard & Poor's España, S.A.
Seller	<i>Intermoney Valores, institution selling the Cédulas Hipotecarias to the Fondo.</i>
Sociedad Gestora	<i>Intermoney Titulización, Sociedad Gestora de Fondos de Titulización, S.A.</i>
Subscription and Underwriting Contract	Placement subscription and underwriting contract and liquidity facility agreement for the Bonds, subscribed by the <i>Sociedad Gestora</i> (Management Company) and the Underwriters, on April 7, 2006.

Subscription Period	The term for the subscription of the Bonds, from April 11 th , 2006, at 11 am (CET) until 12 pm (CET) that same day.
Treasury Account	The account opened for the <i>Fondo</i> at the Financial Agent and regulated by the Financial Agency Contract.
Underwriters	Citigroup, DZ Bank, HVB and IXIS, underwriters of the placement of the Bonds, in accordance with the Subscription and Underwriting Contract.