

BBVA – 1

FONDO DE TITULIZACION DE ACTIVOS

ISSUE OF FIVE CLASSES OF BONDS

	F. I. / S&P
Class A	AAA / AAA
Class B	AA+ / AA
Class C	A / A
Class D	BBB / BBB
Class E	BB / BB

MANAGERS:

BANCO BILBAO VIZCAYA ARGENTARIA S.A.
GOLDMAN SACHS INTERNATIONAL

ORIGINATOR:

BANCO BILBAO VIZCAYA ARGENTARIA S.A.

CONSTITUTED, ADMINISTERED AND REPRESENTED:

BBV TITULIZACION, S.A. (S.G.F.T.)

Incluir logo de la Sociedad

Registered with the CNMV

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PRELIMINARY WARNING

All figures and values in this Offering Circular in relation with:

- (i) the value of the *Fondo's* assets;
- (ii) the value of the *Fondo's* liabilities;
- (iii) the value of the Secured Obligations;
- (iv) the value of the Issue of the Bonds;
- (v) the maximum number of Bonds of each Class;
- (vi) the amount of the Subordinated Loan;
- (vii) the amount of the Set-Up Expenses;
- (viii) the initial balance of the Excess Funding Account; and
- (ix) the maximum initial amount of the Liquidity Facility

have been calculated on the basis of the forecast as at 8 February of the amount of the Covered Obligations on the Fixing Date and of the amounts drawn under the Lines of Credit on the Fixing Date and on the basis of the existence on the Fixing Date of an exchange rate of 1 Dollar to 1 Euro.

On the Fixing Date, the *Sociedad Gestora* shall proceed to establish (in accordance with the real value of the Covered Obligations, the amounts drawn under the Lines of Credit and of the Dollar/Euro exchange rate on such date) the final value of the assets and liabilities of the *Fondo*, the final value of the Covered Obligations, the final value of the Issue, the final value of the Subordinated Loan, the final value of the Set-Up Expenses Loan, the Margin applicable to each Class of Bonds, the final number of Bonds per Class, the opening balance of the Excess Funding Account and the maximum opening value of the Liquidity Facility. Such data shall be communicated to the *Comisión Nacional del Mercado de Valores* (Stock Exchange) by a supplement to this Offering Circular, which shall be the object of verification and registration by the *Comisión Nacional del Mercado de Valores* before the Set-Up Date (in other words, before 24 February 2000).

Terms used in this Preliminary Warning shall bear the same meaning that is assigned to them in the List of Definitions which is attached as Annex 10 of this Offering Circular.

0. SUMMARY OF TRANSACTION

Constitution of the Fondo de Titulización de Activos BBVA-1 and issue of securities backed by its assets

1. *The Fondo*

1.1 *The Sociedad Gestora*

BBV TITULIZACION, Sociedad Gestora de *Fondos* de Titulización, S.A. (the “*Sociedad Gestora*”), is the creator of the Fondo de Titulización de Activos BBVA-1, and is also in charge of its administration and representation.

1.2 *Constitution*

The *Fondo* will be constituted by a public deed (hereinafter the “**Deed of Constitution**”), prior registration of this Offering Circular (the “**Offering Circular**”) with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (“**CNMV**”) and will be a closed *Fondo*, in accordance with Articles 2.1.a) and 3 of Royal Decree 926/1998 of 14 May, regulating the *Fondos de Titulización de Activos* and *Sociedades Gestoras de Fondos de Titulización* (the “**Royal Decree**”).

1.3 *Life Span of the Fondo*

In no event will the *Fondo* expire later than 30 November 2014 or if such date is not a Business Day (as defined in the List of Definitions at Annex 10 of this Offering Circular), the previous Business Day.

2. *Assets of the Fondo*

The assets of the *Fondo* will consist of “**Covered Obligations**” (as defined below), of the balances, at any time, in the different accounts opened in the name of the *Fondo*, of the financial instruments in which the *Sociedad Gestora* invests such balances and of the set-up expenses of the *Fondo* pending amortisation, and shall be of a maximum total amount equivalent to ONE THOUSAND ONE HUNDRED AND FIFTY ONE MILLION ONE HUNDRED AND FIFTY SIX THOUSAND THREE HUNDRED AND SEVENTY NINE (1,151,156,379) EUROS. This equivalency has been calculated on the basis of an exchange rate of 1 Dollar to 1 Euro. Consequently, if on the Fixing Date (as defined by the List of Definitions in Annex 10 of this Offering Circular) the exchange rate for the Dollar exceeds this rate, the maximum value of the *Fondo*’s assets shall be deemed to be automatically increased by the same proportion.

Covered Obligations means the credit rights resulting from:

- (i) certain loan agreements (the “**Loans**”), both bilateral (the “**Bilateral Loans**”) and syndicated (the “**Syndicated Loans**”) entered into by Banco Bilbao Vizcaya, S.A. (currently, Banco Bilbao Vizcaya Argentaria, S.A.), through

its Branches in Spain and London, with large companies whether resident or non-resident in Spain; and

- (ii) certain credit agreements (the “**Lines of Credit**”), both bilateral (the “**Bilateral Lines of Credit**”) and syndicated (the “**Syndicated Lines of Credit**”) entered into by Banco Bilbao Vizcaya, S.A. (currently, Banco Bilbao Vizcaya Argentaria, S.A.), through its Branches in Spain and London, with large companies whether resident or non-resident in Spain;

(the borrowers under the Loans and Lines of Credit shall hereinafter jointly be referred to as the “**Obligors**”).

The total maximum amount of the Covered Obligations shall be equivalent to ONE THOUSAND ONE HUNDRED AND FIFTEEN MILLION TWO HUNDRED AND SEVENTY-TWO THOUSAND SEVEN HUNDRED AND FORTY-EIGHT (1,115,272,748) EUROS. This equivalency has been calculated on the basis of an exchange rate of 1 Dollar to 1 Euro. Consequently, if on the Fixing Date (as defined by the List of Definitions in Annex 10 of this Offering Circular) the exchange rate for the Dollar exceeds this rate, the value of the Covered Obligations shall be deemed to be automatically increased by the same proportion.

The *Fondo* shall acquire the Covered Obligations under the terms of an assignment of contractual positions and securities sale and purchase agreement (the “**Assignment of Contractual Position and Acquisition of Covered Obligations Agreement**”) entered into by BBVA (in such capacity, the “**Originator**”) on the date that the deed of Incorporation of the *Fondo* is granted (hereinafter the “**Date of Incorporation**”), by virtue of which the *Fondo* shall acquire the Notes and shall be subrogated in the contractual position of the Originator under the Loans and the Lines of Credit on 29 February 2000 (the “**Subrogation Date**”).

Similarly, the balance, at any time, of the Operating Account, the Cash Collateral Account and the Excess Funding Account (each as defined in the List of Definitions attached as Annex 10 hereto), as well as the CCA Eligible Investments and the EFA Eligible Investments (as defined in the List of Definitions attached as Annex 10 hereto), plus unamortised Set-up Expenses (each as defined in the List of Definitions attached as Annex 10 hereto) shall form part of the assets of the *Fondo*.

The available and undrawn amounts under the Lines of Credit at any given time shall be indicated in memorandum accounts (“*cuentas de orden*”).

3. Liabilities of the *Fondo*

The liabilities of the *Fondo* shall consist of negotiable securities issued by the *Fondo* (the “**Bonds**”) and loans or credit facilities granted by financial institutions, in particular, a Liquidity Facility, a Loan for Set-up Expenses and a Subordinated Loan (each as defined in the List of Definitions attached as Annex 10 hereto) and shall be of a maximum total amount of ONE THOUSAND ONE HUNDRED AND FIFTY-ONE

MILLION ONE HUNDRED AND FIFTY-SIX THOUSAND THREE HUNDRED AND SEVENTY-NINE (1,151,156,379) EUROS. At all times when the value of the *Fondo*'s liabilities shall be the same as the amount of assets, in the event that the total value of the assets shall be increased on the Fixing Date (because the exchange rate for the Dollar exceeds the 1 Dollar to 1 Euro exchange rate) the total value of the *Fondo*'s liabilities shall be deemed to be automatically increased by the same amount as the increase in value of assets.

The maximum amount of the loans and/or credit facilities forming part of the liabilities of the *Fondo* does not exceed fifty per cent (50%) of the nominal value of the liabilities of the *Fondo*.

The available undrawn amounts under the Lines of Credit at any given time shall be indicated in memorandum accounts.

3.1 Bonds

Pursuant to the issuance (hereinafter "**The Issue**") resolved at a Board Meeting of the *Sociedad Gestora* on 4 November 1999 the *Fondo* will issue five classes of Bonds (each a "**Class**" and, together, the "**Classes**"), representing a total nominal value equivalent to the sum of the total Nominal Value (as defined in the List of Definitions attached as Annex 10 hereto) of the Covered Obligations as at the Subrogation Date and the available but undrawn amounts under the Lines of Credit as at the Subrogation Date, to be used for the payment of the acquisition price of the Covered Obligations (the "**Price**") and to permit the *Fondo* to fund new advances under the Lines of Credit which may be requested by the Obligors on or following the Subrogation Date (the "**New Advances**").

The Bonds shall be represented in book entry form and application shall be made for the Bonds to be listed on the *Mercado AIAF de Renta Fija*. The maximum total amount of the Issue shall be ONE THOUSAND ONE HUNDRED AND FIFTEEN MILLION TWO HUNDRED AND SEVENTY-TWO THOUSAND SEVEN HUNDRED AND FORTY-EIGHT (1,115,272,748) EUROS. As the total value of the Issue shall be equivalent to the total value of the Secured Obligations (in other words, the sum of the total Nominal Value of the Secured Obligations and the available but undrawn Lines of Credit), in the event that the maximum value of the Covered Obligations were increased on the Fixing Date (because the exchange rate for the Dollar exceeds the 1 Dollar to 1 Euro exchange rate) the total value of the Issue shall be understood as being automatically increased in the same amount.

The five Classes of Bonds of the Issue have been provisionally rated by Fitch IBCA España, S.A. ("**Fitch IBCA**") and Standard & Poor's España, S.A. ("**S&P**" and, together with Fitch IBCA, the "**Rating Agencies**"), as follows:

Class	Fitch IBCA/S&P Rating
A	AAA / AAA
B	AA+ / AA
C	A / A
D	BBB / BBB
E	BB / BB

3.2 *Liquidity Facility Agreement*

The *Sociedad Gestora*, on behalf of the *Fondo*, shall enter, at the same time as the constitution of the *Fondo*, into a credit facility agreement (the “**Liquidity Facility Agreement**”) with Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter “**BBVA**”) on the Date of Incorporation, by the virtue of which BBVA shall grant the *Fondo* a multicurrency credit facility (hereinafter, the “**Liquidity Facility**” in order to meet, in certain cases of non payment by the Obligors of amounts corresponding to interests, fees or any item other than for principal, the payments due for the *Fondo* under the Euro Flows Swap Contract, the Dollar Flows Swap Contract and the Currency Swap Contract (as defined in the List of Definitions attached as Annex 10 hereto).

The value of the Liquidity Facility, for each Calculation Period (as defined in the List of Definitions in Annex 10 of this Offering Circular) shall be four per cent. (4%) of the sum of the Nominal value of the Covered Obligations and the value of the undrawn amounts under the Lines of Credit on the Payment Date on which the corresponding Calculation Period commences. To this effect, the Nominal Value of the Covered Obligations on each Payment date shall be converted into Euros (if deemed necessary) at the exchange rate established in the corresponding Swap Contracts.

3.3 *Set-up Expenses Loan*

The *Sociedad Gestora*, on behalf of the *Fondo*, shall enter, at the same time as the constitution of the *Fondo*, into a loan agreement (the “**Set-up Expenses Loan Agreement**”) with BBVA on the Date of Incorporation, for a maximum amount of FIVE MILLION TWO HUNDRED AND THIRTEEN THOUSAND SIX HUNDRED AND THIRTY (5,213,630) EUROS, drawdown of which shall be made at the same time as the constitution of the *Fondo*, and shall be applied towards the payment of the Set-up Expenses (as defined in the List of Definitions attached as Annex 10 hereto).

The Set-up Expenses and, consequently, the value of the Loan for the Set-up Expenses have been calculated on the value of the total number of Bonds to be issued within

each Class. Likewise, it is foreseen that, if the exchange rate for the Dollar on the Fixing Date exceeds the 1 Dollar to 1 Euro exchange rate, the total value of the Covered Obligations, the total value of the Issue and the maximum value of Bonds in each Class shall be deemed to be increased by the same amount. Consequently, if the maximum number of Bonds of each Class is increased on the Fixing Date in accordance with the above, the value of the Set-up Expenses and, consequently, the value of the Set-up Expenses Loan shall be deemed to be automatically increased by the same amount.

3.4 Subordinated Loan

The *Sociedad Gestora*, on behalf of the *Fondo*, shall enter into, at the same time as the constitution of the *Fondo*, a subordinated loan (the “**Subordinated Loan Agreement**”) with BBVA on the Date of Incorporation in an amount of THIRTY MILLION SIX HUNDRED AND SEVENTY THOUSAND AND ONE (30,670,001) EUROS, drawdown of which shall be made on the Subrogation Date for the purpose of funding the Cash Collateral Account (as defined in the List of Definitions attached as Annex 10), the purpose of such Cash Collateral Account being to meet, in certain cases of non-payment of the Covered Obligations by the Obligors, the payments owing by the *Fondo* to its creditors.

The maximum value of the Subordinated Loan is equal to two point seven five per cent. (2.75%) of the total value of the Covered Obligations (in other words, the sum of the total Nominal Value of the Covered Obligations and the value of the available but not disposable Lines of Credit). Consequently, in the event that the total maximum value of the Covered Obligations is increased on the Fixing Date (because the exchange rate for the Dollar exceeds the 1 Dollar to 1 Euro exchange rate), the maximum value of the Subordinated Loan shall be deemed to be automatically increased by the same proportion.

The net asset value of the *Fondo* shall be zero at any given time.

4. Other contracts entered into on behalf of the *Fondo*

In addition to the Liquidity Facility Agreement, the Set-up Expenses Loan and Subordinated Loan referred to above, the *Sociedad Gestora* shall, on behalf of the *Fondo*, enter into the following contracts:

4.1 The Assignment of Contractual Position and Acquisition of Covered Obligations Agreement

A contract for the assignment of contracts shall be entered into with the Originator at the same time as the Date of Incorporation of the *Fondo*, by virtue of which the *Fondo*

shall assume the rights and obligations of the Originator under the Loans and Lines of Credit and, consequently, acquire from the Originator all the Covered Obligations.

4.2 Administration, Collection and Deposit of Covered Obligations Agreement

A contract for the administration, collection and deposit of Covered Obligations shall be entered into with BBVA at the same time as the constitution of the *Fondo*, by virtue of which BBVA shall be appointed to be in charge of the custody, administration and collection of the Covered Obligations, as well as the deposit of the documentation relating thereto.

4.3 Euro Operating Account Agreement

An agreement for the opening of a current account shall be entered into with BBVA on the Date of Incorporation, which shall determine the interest accrued on amounts deposited by the *Sociedad Gestora* in the Euro Operating Account (as defined in the List of Definitions attached as Annex 10).

4.4 Dollar Operating Account Agreement

An agreement for the opening of a current account shall be entered into with BBVA on the Date of Incorporation, which shall determine the interest accrued on amounts deposited by the *Sociedad Gestora* in the Dollar Operating Account (as defined in the List of Definitions attached as Annex 10).

4.5 Currency Operating Account Agreements

Agreements for the opening of current accounts entered into with BBVA, which shall determine the interest accrued on amounts deposited by the *Sociedad Gestora* in the various Currency Operating Accounts (as defined in the List of Definitions attached as Annex 10).

4.6 Cash Collateral Account Agreement

A contract for the opening of a current account entered into with BBVA on the Date of Incorporation, which shall determine the interest accrued on amounts deposited by the *Sociedad Gestora* in the Cash Collateral Account (as defined in the List of Definitions attached as Annex 10).

4.7 Excess Funding Account Agreement

A contract for the opening of a current account entered into with BBVA on the Date of Incorporation, which shall determine the interest accrued on amounts deposited by the *Sociedad Gestora* in the Excess Funding Account (as defined in the List of Definitions attached as Annex 10).

4.8 Paying Agency Agreement

A paying agency agreement entered into with BBVA on the Date of Incorporation, by virtue of which BBVA shall be appointed to act as paying agent for the Bonds (the “**Paying Agent**”).

4.9 Underwriting Agreement

An underwriting agreement entered into with BBVA and Goldman Sachs International on the Date of Incorporation, by virtue of which such entities shall agree to place the Bonds among investors and to subscribe for those Bonds which have not been subscribed for by investors.

4.10 Euro Flows Swap Contract

A swap contract entered into with BBVA on the Date of Incorporation, under a Master Agreement executed on that same Date in accordance with the form of Master Agreement for Financial Transactions of the Spanish Banking Association (the “**Master Agreement**”), for the purpose of eliminating exchange rate risks derived from the Loans which are Euro-based (hereinafter, the “**Euro-Base Loans**”) with a multicurrency clause (when they have been drawdown or made available in a currency other than Euro), as well as the interest rate risks and base risks derived from differences between the various payment flows of the Covered Obligations derived from the Lines of Credit and Loans whose base currency is the Euro (as defined in the List of Definitions attached as Annex 10) and the various payment flows derived from the Bonds and other liabilities of the *Fondo*.

4.11 Dollar Flows Swap Contract

A swap contract entered into with BBVA under the Master Agreement on the Date of Incorporation, for the purpose of eliminating exchange rate risks derived from Dollar based Loans (hereinafter, the “**Dollar-Base Loans**”) with a multicurrency clause (when they have been drawdown or made available in another currency not being the Dollar) as well as interest rate risks and base risks derived from differences between the various payment flows of the Dollar-Base Loans and other assets of the *Fondo* and payment flows required on the Bonds and other liabilities of the *Fondo*.

4.12 Currency Swap Contract

A Currency Swap Contract entered into with BBVA, under the Master Agreement on the Date of Incorporation for the purposes of permitting the *Fondo* to have available Dollars and Currencies (as defined in the List of Definitions attached as Annex 10 hereto) necessary to meet payment of New Advances and eliminate exchange rate risks in connection with all advances under a Line of Credit which are denominated in Dollars or in a Currency.

Whilst the initial counterparty of the contracts described in paragraphs 4.2, 4.3, 4.4, 4.5, 3.6, 4.7, 4.8, 4.10, 4.11 and 4.12 above shall be BBVA, this may change throughout the life of the *Fondo*.

5. Operation of the *Fondo*

5.1 Representation and administration of the *Fondo*

The administration and representation of the *Fondo* shall be carried out by the *Sociedad Gestora* which, in its capacity as manager of third party business, shall represent and defend the interests of the Bondholders issued with the backing of the assets of the *Fondo* and the interests of any other creditors of the *Fondo*.

5.2 Procedure Protocol

The *Sociedad Gestora* shall undertake to fulfil the payment obligations assumed for the account of the *Fondo* in the order established in the Procedure Protocol approved by its Board of Directors, which appears as Annex 6 to this Offering Circular.

5.3 Liquidation

In the event of the liquidation of the *Fondo*, the order of payments shall be that set forth in paragraph V.6.2 of this Offering Circular.

6. Action

6.1 Action of the *Fondo vis-à-vis the Obligors*

6.1.1 The *Fondo* shall, through the *Sociedad Gestora*, be able to bring a declarative action (*acción declarativa*) against the Obligors who fail to comply with their payment obligations under the Loans and/or Lines of Credit governed by Spanish Law and in relation to which the Spanish courts have jurisdiction (hereinafter, “**National Loans and Lines of Credit**”). Such action should be exercised in accordance with the procedures which apply for a *juicio declarativo ordinario* or relating the amount of the claim.

6.1.2 Should article 1435 of the Law of Civil Procedure (*Ley de Enjuiciamiento Civil*) be applicable, the *Fondo* shall, through the *Sociedad Gestora*, be able to take executive action (*acción ejecutiva*) under article 1429.1º or 1429.6º of said Law of Civil Procedure against the Obligors who fail to comply with their payment obligations under the National Loans and Lines of Credit in relation to which the Spanish courts have jurisdiction and which have been witnessed by a Notary Public or Chartered Stockbroker.

6.1.3 The *Fondo* shall, through the *Sociedad Gestora*, be able to take action against the Obligors who fail to comply with their payment obligations under the Loans and Lines of Credit subject to the laws of England and Wales in relation to which the English courts have jurisdiction (hereinafter, the

“Foreign Loans and Lines of Credit”). Such action should be exercised in accordance with the procedures established by the laws of England in the Civil Procedure Rules.

6.1.4 The *Fondo* shall, through the *Sociedad Gestora*, be able to take action to enforce the real or personal guarantees which may have been granted in relation to any Loans and Lines of Credit (the **“Guarantees”**), prior registration in the relevant Property Registry taking place in the case of mortgage Guarantees and assignments of Loan or Lines of Credit. Such action should be exercised in accordance with the procedures established under the laws of the country whose courts and tribunals have jurisdiction.

6.1.5 The Bondholders shall not be able to take direct action against the Obligors who have failed to comply with their payment obligations, the *Sociedad Gestora*, as representative of the *Fondo* which has title to the Covered Obligations, being the appropriate person to take such action.

6.2 Action by the Fondo against BBVA

The *Fondo* shall, through the *Sociedad Gestora*, be able to bring a declarative action (*acción declarativa*) against BBVA in the event of failure by BBVA to comply with its obligations under the different contracts entered into with the *Sociedad Gestora*. Such action must be exercised in accordance with the procedures which apply for a *juicio declarativo ordinario* relating to the amount of the claim.

6.3 Action by the Fondo against Goldman Sachs International

The *Fondo*, through the *Sociedad Gestora*, shall be able to bring a declarative action (*acción declarativa*) against Goldman Sachs International in the event of failure thereby to comply with their obligations under the Underwriting Agreement. Such action should be exercised in accordance with the procedures which apply for a *juicio declarativo ordinario* relating to the amount of the claim.

6.4 Responsibilities of the Sociedad Gestora

If the *Sociedad Gestora* fails to comply with its obligations, it shall be responsible vis-à-vis the Bondholders and vis-à-vis the other creditors of the *Fondo* for all damages which such failure may cause.

In particular, the Bondholders shall enjoy direct action against the *Sociedad Gestora* in the event of failure to comply with its obligations, which should be exercised in accordance with the procedures which apply for a *juicio declarativo ordinario* relating to the amount of the claim.

6.5 Action in the event failure to pay under the Bonds issued with the backing of the Fondo

The Bondholders shall not be able to take direct action against the Obligors who have failed to comply with their payment obligations, the *Sociedad Gestora*, as representative of the *Fondo* which has title to the Covered Obligations, being the appropriate person to take such action.

The Bondholders shall not be able to take any action whatsoever against the *Fondo* or against the *Sociedad Gestora* in the event that Bonds are not fully paid as a consequence of Obligors failing to pay the corresponding Covered Obligations.

The Bondholders shall not be able to take any action against the *Sociedad Gestora* other than actions derived from the non performance of its duties, and therefore, never due to the existence of a default or prepayment of the Covered Obligations.

7. Other considerations

7.1 Absence of guarantees by BBVA

BBVA, in its capacity as Originator of the Covered Obligations, which form part of the assets of the *Fondo*, shall not guarantee the success of the operation nor shall it assume any obligation in relation to the repurchase of the Covered Obligations.

7.2 Modifications to the Deed of Constitution

Any modification to the Deed of Constitution shall require a corresponding public deed of modification to be granted and must be notified to the Rating Agencies and the CNMV for publication, as a relevant event (*hecho relevante*) or, as the case may be, through the verification and registration of a supplement to this Offering Circular.

No modification to the Deed of Constitution shall prejudice Bondholders.

I. PERSONS ASSUMING RESPONSIBILITY FOR THE CONTENTS OF THE OFFERING CIRCULAR AND SUPERVISING ENTITIES

I.1 Persons assuming responsibility for the Offering Circular

I.1.1 Name, surname, ID number and position or powers of the person who, on behalf of the Sociedad Gestora, assumes responsibility for the contents of the Offering Circular

Ms. CARMEN PEREZ DE MUNIAIN MARZANA, with ID n° 24406166-S, on behalf of the *Sociedad Gestora* promoting the *Fondo*, assumes, on behalf of the *Sociedad Gestora*, responsibility for the contents of this Offering Circular.

Ms. CARMEN PEREZ DE MUNIAIN MARZANA, acts in her capacity as director of the *Sociedad Gestora* and by virtue of powers conferred upon her by the Board of the Directors of the *Sociedad Gestora* on 21 May 1999.

The *Sociedad Gestora*, BBV TITULIZACION, Sociedad Gestora de *Fondos* de Titulización, S.A., has its registered office at Paseo de la Castellana n° 81, Madrid, its fiscal ID number being A-81-041378.

The *Sociedad Gestora* is authorised to constitute Asset Securitisation Funds (*Fondos de Titulización de Activos*) and, therefore, to administer and represent such Funds in accordance with the Royal Decree by virtue of an authorisation of the Ministry of Economy and Finance dated 23 July 1999, granted in accordance with the *Disposición Transitoria Unica* of the Royal Decree.

I.1.2 Mention that, in the opinion of such person, the information contained in the Offering Circular is true and that no material information has been omitted

Ms. CARMEN PEREZ DE MUNIAIN MARZANA, as representative of the *Sociedad Gestora*, declares that the data and information contained in this Offering Circular is true and that no material information has been omitted that may alter the public's perception of the *Sociedad Gestora*, the *Fondo*, the Bonds and any negotiations on these.

I.2 Supervising Entities

This Offering Circular, which has the character of a *folleto completo*, has been registered with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*, the "CNMV") on 8 February 2000.

The constitution of the *Fondo* and the issue of securities backed by its assets is subject, in accordance with article 5 of the Royal Decree, to the following requirements, in so far as they do not contradict the Royal Decree, as foreseen in Royal Decree 291/1992 of 27 March, on issues and public offers for the sale of securities and rules for development, except articles 6 and 7:

- (a) Notification of the intention to constitute the *Fondo* to the CNMV.
- (b) Prior registration by the CNMV of the document required to constitute the *Fondo* and of the assets to be grouped under the *Fondo*, together with the draft public deed for the constitution of the *Fondo*. Attached as Annex 1(A) to this Offering Circular is a certificate of the resolution by the Board of Directors of the *Sociedad Gestora* approving the constitution of the *Fondo* and the issue of five Classes of Bonds and as Annex 1(B) a certificate of the resolution of the Permanent Delegated Board of Banco Bilbao Vizcaya, S.A. (currently Banco Bilbao Vizcaya Argentaria, S.A.) approving the assignment of the Covered Obligations to the *Fondo*.
- (c) Submission of the reports prepared either by the *Sociedad Gestora* or by auditors or other independent experts with sufficient knowledge, in the opinion of the CNMV, regarding the assets comprising the assets of the *Fondo*. Attached to this Offering Circular as Annex 2 is a report of Arthur Andersen y Cía., S. Com. on the Covered Obligations.
- (d) Submission, if necessary, to the CNMV, of the reports prepared by the agencies which will rate the securities to be issued with the backing of the *Fondo*. Attached to this Offering Circular as Annex 3 are letters from Fitch IBCA España, S.A. and Standard and Poor's España, S.A., entities which have undertaken the credit rating of the five Classes of Bonds to be issued with the backing of the assets of the *Fondo*.
- (e) Verification and registration by the CNMV of an offering circular relating to the constitution of the *Fondo* and the financing of the *Fondo*. This Offering Circular relating to the constitution of the *Fondo* and the issue of five Classes of Bonds was verified and registered with the CNMV on 8 February 2000.

In accordance with article 2.2.1º of the Royal Decree, assignments of the assets of the *Fondo* are subject, *inter alia*, to the requirement that the Originator should have audited accounts for the last three years, with a favourable opinion in relation to the latest accounts. Attached to this Offering Circular as Annex 4 is a declaration by BBVA, as Originator of the Covered Obligations which from part of the assets of the *Fondo*, to this effect.

The positive verification and subsequent registration of the Offering Circular by the CNMV shall not imply any recommendation to subscribe for the securities which are the subject of this Offering Circular, nor any pronouncement on the solvency of the *Fondo* or profitability or quality of the securities offered.

I.3 Name, domicile and qualification of the auditors who verified the number, amount and characteristics or attributes of the assets which are the object of the securitisation through the *Fondo*.

Indication of information appearing in the Offering Circular which has been verified by the auditors.

Annex 2 to this Offering Circular contains the Report on Loans and Lines of Credit from which are derived the Covered Obligations forming part of the assets of the *Fondo*. This report has been prepared by Arthur Andersen y Cía. S. Com. This company is registered with the Official Register of Auditors, with number S0692 and has its registered office at C/Raimundo Fernández Villaverde 65, Madrid.

II. INFORMATION RELATING TO THE BONDS WHICH WILL BE ISSUED BY THE FONDO

As described in Chapter IV of this Offering Circular, the liabilities of the *Fondo* will consist of: (i) the different Classes of Bonds issued by the *Fondo*, (ii) the amount outstanding at any time under the Liquidity Facility, (iii) the Set-up Expenses Loan and (iv) the Subordinated Loan.

The object of this Chapter II is to give the investor information relating to the Bonds which will be issued by the *Fondo*.

In this Chapter the characteristics of the Bonds the issue of which has been the subject of verification and registration at the CNMV will be described.

II.1. Information on the prior requirements and agreements necessary for the constitution of the *Fondo* and on the securities issued that are backed thereby, as well as on the conditions under which the *Fondo* will acquire the Covered Obligations during the securitisation process.

II.1.1 *Legal requirements and agreements for the Issue*

a) Corporate resolutions

The Issue is made in accordance with the resolutions passed by the Board of Directors of the *Sociedad Gestora* on 4 November 1999. Included as Annex 1(A) to this Offering Circular is a certificate of such resolutions by the *Sociedad Gestora*.

In the above-mentioned meeting of the Board of Directors of the *Sociedad Gestora*, they approve, amongst others, the following resolutions: (i) constitution of the *Fondo*, (ii) the Issue of five Classes of Bonds for a maximum amount of ONE THOUSAND TWO HUNDRED MILLION (1,200,000,000) EUROS and (iii) apply for the Bonds to be admitted to trading on the *Mercado AIAF de Renta Fija*.

The Permanent Delegated Board of Banco Bilbao Vizcaya, S.A. (currently Banco Bilbao Vizcaya Argentaria, S.A.) approved, at its meeting of 28 January 2000, the assignment of the Covered Obligations to the *Fondo* under the terms set forth in the certificate attached hereto as Annex 1(B).

b) Granting of the Deed of Constitution

Once this Offering Circular for the constitution of the *Fondo* and the Issue of five Classes of Bonds has been verified and registered by the CNMV and within the thirty (30) calendar days prior to the opening of the Subscription Period (as defined in Annex 10 hereto), the *Sociedad Gestora* will grant the Deed of Constitution. Subsequently, the *Sociedad Gestora* will send an authorised copy of the Deed of Constitution to the CNMV for filing in its public records.

The Bonds are exclusively represented by book entries and the Deed of Constitution shall have effect as per article 6 of Law 24/1988, of 28 July, on the Securities Market, as modified by Law 37/1998, of 16 November. Pursuant to such article and to article 6 of Royal Decree 116/1992, of 14 February, on representation of securities by book entries and the clearing and settlement of securities market transactions (“**Royal Decree 116/1992**”), the deed which indicates that the Bonds are represented by book entries must be the Deed of Constitution.

II.1.2 Information on the prior requirements and agreements for admission to trading on a secondary organised market

The *Sociedad Gestora* will apply for the Bonds to be admitted to trading on the *Mercado AIAF de Renta Fija*, which is recognised as an official secondary organised securities market by Transitory Provision (*Disposición Transitoria*) Six of Law 37/1998.

Likewise, the *Sociedad Gestora* will apply for the inclusion of the Bonds issued under the Issue in the Securities Clearing and Settlement Service (*Servicio de Compensación y Liquidación de Valores*) (“**SCLV**”) in order that the clearing and settlement thereof may be performed in compliance with the operating regulations established or that may be approved in the future by the SCLV in relation to securities admitted to listing in the *Mercado AIAF de Renta Fija*.

II.2 Prior Administrative Authorisations

The Issue does not require any prior administrative authorisation.

II.3 Evaluation of the risk inherent to the Bonds backed by the Fund, performed by rating entities recognised by the CNMV

The *Sociedad Gestora* has requested an evaluation of the credit risk of the Bonds from Fitch IBCA and S&P which are rating agencies recognised by the CNMV.

On 24 February and 8 February 2000, Fitch IBCA assigned to each Class of Bonds, on a preliminary basis, the rating set out below and hopes to assign an identical final rating prior to the closure of the Subscription Period:

Class	Rating
A	AAA
B	AA+
C	A
D	BBB
E	BB

On 3 February 2000, S&P assigned to each Class of Bonds, on a preliminary basis, the rating set out below and hopes to assign an identical final rating prior to the closure of the Subscription Period:

Class	Classification
A	AAA
B	AA
C	A
D	BBB
E	BB

If the Rating Agencies have not confirmed such preliminary ratings assigned to each Class of Bonds prior to the closure of the Subscription Period, this shall be immediately notified to the CNMV. Non-confirmation of the preliminary ratings assigned by any of the Rating Agencies to any of the Classes of Bonds set out above shall imply a termination event for the creation of the *Fondo* and, thus, the Issue shall not take place.

Definition of the categories assigned by Fitch IBCA and S&P on their respective ratings scales:

1.- *Ratings by Fitch IBCA:*

Fitch IBCA's rating scales for long and short-term issues are as follows:

Long Term	Short Term
AAA	F1
AA	F2
A	F3
BBB	B
BB	C
B	D
CCC, CC, C	
DDD, DD, D	

Below is a description of the meaning attributed by Fitch IBCA to the short and long-term ratings employed in this Offering Circular

- AAA Maximum credit rating. AAA ratings indicate the least credit risk expectations. Only assigned in those cases where there is an exceptionally high capacity for repayment of the principal and interests of the financial obligations on a timely basis. It is highly improbable that this capacity would be negatively affected by foreseeable events.
- AA Very high credit rating. “AA” ratings indicate a highly reduced credit risk expectation. The capacity for the repayment of the principal and interests on a timely basis is very high. This capacity is not very vulnerable to foreseeable events.
- A High credit rating. “A” ratings indicate a low credit risk expectation. The capacity for the repayment of the principal and interests on a timely basis is high. However, this capacity is more vulnerable to changes in circumstances and to economic conditions in comparison to higher ratings.
- BBB Good credit rating. “BBB” ratings indicate a low credit risk expectation. The capacity for the repayment of the principal and the interest on a timely basis is adequate, although adverse changes in circumstances and to economic conditions may affect this capacity. This is the lowest rating that falls within the “investment grade” category.
- BB Speculative. “BB” ratings indicate the possibility of credit risk arising, principally as the result of an adverse change to the economic situation, However, the financial or business alternatives could allow the financial obligations to be met. The securities rated under this category shall not be considered as “investment grade”.
- F1 Maximum credit rating. Indicates the highest capacity to repay the financial obligations on a timely basis. A “+” may be added to indicate an exceptionally high credit capacity.
- F3 Adequate credit rating. Indicates an adequate financial capacity to repay the financial obligations on a timely basis although an adverse change in the short term could result in a reduction towards the speculative grade.

Fitch IBCA may add a “+” or a “-” to a rating in order to indicate a relative position within the rating categories. However, these cannot be added to the category “AAA” for long-term ratings, to categories lower than “CCC” or to short-term ratings other than F1.

2.- Ratings by S&P

S&P's rating scales for long and short term issues are as follows:

Long Term	Short Term
AAA	A1
AA	A2
A	A3
BBB	B
BB	C
B	D
CCC, CC, C	
D	

Below is a description of the meaning attributed by S&P to the long and short term ratings employed in this Offering Circular.

Long-Term Credit Rating

- AAA An obligation rated "AAA" has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
- AA An obligation rated "AA" differs from the highest rated obligations only in small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.
- A An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
- BBB An obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstance are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Obligations rated "BB", "B", "CCC", "CC", and "C" are regarded as having significant speculative characteristics. "BB" indicates the least degree of speculation and "C" the highest. While such obligations will likely have

some quality and protective characteristics, these may be outweighed by large uncertainties or mayor exposures to adverse conditions.

BB An obligation rated “BB” is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor’s inadequate capacity to meet its financial commitment on the obligation.

Short-Term Credit Rating

A-1 A short-term obligation rated “A-1” is rated in the highest category by Standard & Poor’s. The obligor’s capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor’s capacity to meet its financial commitment on these obligations is extremely strong.

A-3 A short-term obligation rated “A-3” exhibits adequate protection parameters. However adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

In order to perform the rating and follow-up process, the Rating Agencies are dependent on the accuracy and completeness of the information provided by the *Sociedad Gestora* and other independent experts.

The ratings do not constitute a recommendation to purchase, maintain or sell any security and may be reviewed, suspended or withdrawn at any time by the Rating Agencies based on any information of which they obtain knowledge. Both the CNMV and the Bondholders shall be immediately informed should these events arise.

II.4 Nature and denomination of the Bonds issued under the Issue.

This Offering Circular relates to an Issue of up to a maximum of FIVE THOUSAND FIVE HUNDRED AND SEVENTY-SEVEN (5,577) Bonds grouped in five Classes for a nominal amount equal to the sum of the total Nominal Value of the Covered Obligations on the Date of Incorporation and the available undrawn amount under the Lines of Credit on the Date of Incorporation, the Classes of Bonds being broken down as follows:

- (i) Class A: consisting of a maximum of FOUR THOUSAND SIX HUNDRED AND FIFTY-FOUR (4,654) Bonds
- (ii) Class B: consisting of a maximum of ONE HUNDRED AND TWENTY-EIGHT (128) Bonds

- (iii) Class C: consisting of a maximum of FIVE HUNDRED AND FORTY-FIVE (545) Bonds
- (iv) Class D: consisting of a maximum of ONE HUNDRED AND TEN (110) Bonds, and
- (v) Class E: consisting of a maximum of ONE HUNDRED AND FORTY (140) Bonds.

On any Business Day between the date of verification of the present Offering Circular until the Date of Incorporation (hereinafter said period shall be referred as the **Período de Prospección de Demanda** (Book-building Period)), the *Sociedad Gestora* shall determine the value of the assets and liabilities of the Fondo, the total value of the Covered Obligations, the total value of the Issue, the value of the Subordinated Loan, the value of the Set-up Expenses, the Margin (as per the definition of this term under the attached List of Definitions in Annex 10 of this Offering Circular) applicable to each Class of Bonds, the number of Bonds grouped in each Class, the opening balance of the Excess Funding Account and the maximum opening value of the Liquidity Facility (under the understanding that in the event the final value of the *Fondo's* assets and liabilities were greater than the projected value of the assets and liabilities because the exchange rate for the Dollar exceeds the 1 Dollar to 1 Euro exchange rate, the maximum value of the Issue and the maximum number of Bonds of each Class shall be deemed to be automatically increased by the same proportion). The joint nominal value of the Bonds of each Class shall always be a multiple of TWO HUNDRED THOUSAND (200,000) EUROS

The order of payment as regards interest accrued by the Bonds as well as the reimbursement of their principal, is set out, respectively, in paragraphs II.10.2 and II.11.2, as well as in paragraph V.6 of this Offering Circular.

II.4.1 Legal regime applicable to the Bonds, specifying the procedures guaranteeing the certainty and effectiveness of the rights of their first titleholder as well as those that follow. Implications on the financial servicing of each of the Classes produced by the mandatory link between the payment schedule regarding the principal and interests of said Bonds and the income and receivable flows from the Covered Obligations.

The Bonds offered relate to the Issue being carried out as described in paragraph II.1.1 above. The Bonds are *valores negociables de renta fija simple* with an explicit income.

As *valores negociables de renta fija simple*, the Bonds are subject to the legal regime established for the same in Law 24/1988, of 28 July, on the Securities Market, as modified by Law 37/1998, of 16 November. As set out in paragraph II.5.1 below, the Bonds shall be represented by book entries and their transfer will be made by book entry.

In accordance with the provisions of article 11 of Royal Decree 116/1992, Bonds represented by book entries shall be created by virtue of their being recorded in the corresponding accounting register. Once this record has been made, the Bonds will be

subject to the regulations established in Chapter II of Title I of Law 24/1988, of 28 July, on the Securities Market and Royal Decree 116/1992.

Bondholders shall be identified as such as per the account books of the member Entities of the Securities Clearing and Settlement Service (*Servicio de Compensación y Liquidación de Valores, S.A.*) (“**SCLV**”), which shall be appointed as the entity responsible for maintaining the book entries for the Bonds, in order that the Bonds may be cleared and settled in accordance with the operating regulations established or that may be established in the future by the SCLV in relation to securities admitted for listing on the *Mercado AIAF de Renta Fija* and represented by book entries.

The keeping of the book entry register relating to the Bonds will be performed by the SCLV and the member entities thereof. The Central Register for which the SCLV is responsible will include, in relation to each of the member Entities: a) an account reflecting the balance of the Bonds held by each member Entity at any given time, and b) another account reflecting the global balance of the Bonds that each of the member Entities has registered in their accounts in the name of third parties.

The book entry registers for which the member Entities are responsible will include the accounts corresponding to each Bondholder, that will at all times express the balance of those belonging thereto. The Bondholders may keep them in accounts with CEDEL and/or EUROCLEAR insofar as these systems, in turn, have third party accounts open in their name in a member Entity of the SCLV.

In accordance with article 15 of Royal Decree 116/1992, the person or entity appearing in the entries of the book entry register shall be presumed to be the legitimate holder of the respective Bonds and, thus, may request the *Sociedad Gestora*, which will act for and on behalf of the *Fondo*, to perform in its favour the services to which the Bonds give a right.

The Bonds may be freely transferred by any means admitted in Law. The title to each Bond shall be transferred by book entry. Registration of the transfer in favour of the transferee in the book entry register will have the same effect as delivering the Bonds and, from that moment, the transfer shall be effective vis-à-vis third parties. In this sense, the third party acquiring the Bonds represented by book entries for consideration from the person that, according to the entries in the book entry register, is entitled to transfer them, shall not be subject to claims unless, at the moment of the acquisition, such third party acted in bad faith or with gross negligence.

The constitution of any rights *in rem* or other types of encumbrances on the Bonds should be recorded in the corresponding account. The recording of a pledge shall have the same effect as delivering the Bonds. The constitution of the encumbrance shall be effective vis-à-vis third parties as from the moment the corresponding record is made.

Pursuant to article 25 of Royal Decree 116/1992, rights to receive interest or any other economic payments shall be exercised through or with the aid of the member or responsible Entities in whose accounts the Bonds are recorded.

II.4.2 Other implications and risks that, due to the legal and economic nature of the Covered Obligations, may affect the financial service of the Bonds as a result of the securitisation of said obligations

a) *Risk of non-payment for the Covered Obligations*

The Bondholders will bear the risk of the Covered Obligations grouped in the *Fondo* being unpaid, as per the provisions of paragraph V.1.3.5 hereof.

BBVA, as Originator, does not assume liability for any non-payment by the Obligors, whether relating to principal, interest or any other amount owed by these latter under the Loans or the Lines of Credit. Likewise, BBVA will not guarantee directly or indirectly the success of the transaction and will not grant any guarantees or enter into any non-optional repurchase agreement regarding the Covered Obligations.

b) *Risk of early repayment of the Covered Obligations*

The risk of prepayment of the Covered Obligations shall be transferred on each Payment Date to the Bondholders as per paragraphs II.11 and V.1.3 of this Offering Circular.

II.4.3 Reasoned justification that the issue of the Bonds, its legal regime and the guarantees incorporated thereto do not infringe the provisions of applicable regulations

The Issue of the five Classes of Bonds is subject to Law 24/1988, of 28 July, on the Securities Market, as modified by Law 37/1998, of 16 November and Royal Decree 291/1992, of 27 March, on issues and public offers for the sale of securities, as modified by Royal Decree 2590/1998, of 7 December, and its legal regime is that set out in the regulations described in paragraph II.4.1 above.

Pursuant to article 2.2.b) 2º of the Royal Decree, BBVA, in its capacity as Originator of the Covered Obligations, will not grant any guarantees or guarantee the successful outcome of the transaction.

II.5 Form of representation and name of the entity responsible for the account book

II.5.1 Manner of representation

The Bonds shall be represented exclusively by book entries. In accordance with article 6.3 of Royal Decree 116/1992, the Deed of Constitution of the *Fondo* will be sufficient for the Bonds to be represented in book entry form.

II.5.2 Entity responsible for the book entry register

The SCLV, with registered address in Madrid, calle Orense nº 34, Edificio “Iberia Mart I”, 28020, shall be the entity responsible for the book entry register for the Issue.

II.6 Nominal amount for the Bonds backed by the Fondo, number of securities involved in the Issue and numbering thereof and, if appropriate, differentiated between the various Classes of the Issue

This Offering Circular relates to an issue of a maximum of FIVE THOUSAND FIVE HUNDRED AND SEVENTY-SEVEN (5,577) Bonds of five Classes for a total nominal amount equivalent to the sum of the total Nominal Amount of the Covered Obligations on the Fixing Date and the available undrawn amount under the Lines of Credit on the Fixing Date, the Bonds of each Class being numbered as follows:

Class	Number
A	1-up to a maximum of 4,654
B	1-up to a maximum of 128
C	1-up to a maximum of 545
D	1-up to a maximum of 110
E	1-up to a maximum of 140

On the Fixing date, the *Sociedad Gestora* shall determine, in accordance with the sum of the total Nominal value of the Covered Obligations and the value of the undrawn Lines of Credit, the total value of the Issue and the number of Bonds grouped in each Class (on the understanding that in the event that the maximum value of the assets and liabilities of the *Fondo* were to increase because the exchange rate for the Dollar exceeds the 1 Dollar to 1 Euro exchange rate, the maximum value of the number of Bonds in each Class shall be deemed to be automatically increased by the same proportion).

Subscription for or holding of the Bonds of one of these Classes does not imply the subscription for or holding of Bonds of any of the other Classes.

II.7 Nominal and actual amount of each Bond, with an indication, when such exists, of the issue premium expressed in proportion over the nominal and in monetary units by value. Currency in which each of the Classes of Bonds backed by the Fondo are expressed, if it is expressed in Euro equivalent currency, the contractual status thereof; change option

II.7.1 Nominal and actual amount of each Bond

The following table sets out the nominal amount of each of the Bonds issued pursuant to the Issue:

Class	Nominal amount
A	TWO HUNDRED THOUSAND EUROS (200.000.- Euros)
B	TWO HUNDRED THOUSAND EUROS (200.000.- Euros)
C	TWO HUNDRED THOUSAND EUROS (200.000.- Euros)
D	TWO HUNDRED THOUSAND EUROS (200.000.- Euros)
E	TWO HUNDRED THOUSAND EUROS (200.000.- Euros)

The amount which any subscriber of the Bonds shall have to pay shall be equal to the nominal amount of each Bond.

The price of the issue received by the *Sociedad Gestora* on behalf of the *Fondo* shall be the actual amount paid by the subscriber.

II.7.2 Currency of the Issue

The Bonds belonging to all the Classes are denominated in Euros. The *Fondo* will make any payments deriving from the Bonds exclusively in Euros.

II.8 Connected fees and expenses of any kind that must be paid by the investors when subscribing to the Bonds backed by the Fondo

The subscription of the Bonds shall be free of any expense or fee payable to the *Fondo* by the subscriber.

II.9 Mention, if appropriate, of the existence of fees to be paid by the Bondholders backed by the Fondo, represented by book entries, relating to the registration thereof and the maintenance of balances.

The fee for inclusion in the Central Register of the SCLV shall be paid by the *Fondo* and cannot be passed on and no fee shall be payable in relation to maintaining accounts.

Similarly, the member Entities of the SCLV may establish in accordance with applicable law such fees and expenses to be paid by the Bondholders for the administration of securities as

they may freely determine and which have been notified to the Bank of Spain and/or the CNMV as supervisory body.

II.10 Interest rate

II.10.1 Nominal Interest Rate

a) Accrual of Interest

The outstanding principal of each Bond shall accrue daily interest at an interest rate (as defined below) relating to the Class of Bonds in question as per the number of days transpired in each Calculation Period (as defined below) divided by three hundred and sixty days.

In order to determine the Interest Rate applicable at any time to each Class of Bonds, the length of the Issue shall be divided into successive periods of time (each one hereinafter referred to as a “**Calculation Period**”), the first of which shall start on and include the Settlement Date (as defined in the List of Definitions attached as Annex 10 hereto) and which shall conclude on but exclude the first Payment Date (as defined below). The second and successive Calculation Periods shall start on and include the Payment Date occurring at the end of the Calculation Period immediately prior thereto and shall end on but exclude the Payment Date immediately following.

“**Payment Date**” shall mean 28 February (or 29 February if it is a Leap Year), 31 May, 31 August and 30 November of each year during the life of the *Fondo* or if any of such days were not a Business Day (as defined in the List of Definitions attached to this Offering Circular as Annex 10), it shall be Business Day immediately following unless this falls in a different month in which case the Payment Date shall be the first Business Day immediately prior thereto.

b) Nominal Interest Rate

“**Interest Rate**” for each Class of Bonds shall be that which results from adding to EURIBOR (as defined below) the margin relating to the Class of the Bonds.

The margin applicable to each Class of Bonds shall be determined by the *Sociedad Gestora* on the Fixing Date and shall not be less than the figure set out below for each Class of Bond:

Series	Minimum Margin
A	0.10 %
B	0.12 %
C	0.15 %
D	0.20 %
E	0.30 %

c) *Establishment of EURIBOR reference rate of interest*

For the purposes of this Offering Circular, EURIBOR shall mean the Euro Money Market reference rate for 3-month deposits in Euros appearing on the reference rate on Telerate screen 248 at 11.00 hours (Brussels Time) on the second Business Day immediately prior to the commencement of the relevant Calculation Period.

If it were not possible to establish the EURIBOR in the manner foreseen in the previous paragraph, EURIBOR shall be established in accordance with the rates offered by the Reference Banks (as defined below) for Euro deposits, at or around 11.00 a.m. (Brussels time) of the Second Business Day immediately prior to the commencement of the relevant Calculation Period, to prime Eurozone banks in the interbank market for a term of 3 months which commences on that day.

BBVA as Paying Agent shall apply at the main Eurozone offices of each Bank a quotation of each rate. In the event that at least 2 quotations are given, the reference rate for the Calculation Period shall be the arithmetic mean of the quoted rates.

“**Reference Banks**” shall mean four principal banks in the Eurozone Interbank market, selected by BBVA as Paying Agent.

d) *Time for fixing rate*

The Interest Rate applicable to each Class of Bond during the Calculation Period shall be calculated by BBVA as Paying Agent for the Bonds on the second Business Day prior to the day on which the relevant Calculation Period commences, and shall be notified by the *Sociedad Gestora* to the Bondholders by way of a publication in the *Boletín Diario del Mercado de AIAF*, to the CNMV, to the SCLV and to the governing body of the *Mercado AIAF de Renta Fija* within five (5) Business Days following the commencement of the relevant Calculation Period.

The nominal interest rate applicable to each Class of Bonds for the first Calculation Period shall be established in accordance with subsection c) above, based on the 3-month EURIBOR reference interest rate at 11:00 am (Brussels time) of the second Business Day prior to the Settlement Date.

e) *Formula for the calculation of interests*

For each Calculation Period and for each Class of Bonds, the calculation of the liquidation of interest that shall be paid on each Payment Date shall be made in accordance with the following formula:

$$I = P \times R \times \frac{d}{360}$$

Whereby:

I = Interest to be paid on an established Payment Date.

P = Principal pending the amortisation of each Class of Bond on the second Business Day immediately prior to said Payment Date.

R = Nominal Interest Rate expressed by an annual percentage.

d = Number of days effectively transpired in each Calculation Period.

f) *Table of the evolution of the reference interest rate to be used*

For information purposes only, set out below is the information of EURIBOR 3-month rates, supplied by Telerate, through its page 248, on the dates indicated, as well as the nominal interest rates which would be applied to each of the Classes of Bonds (on the hypothesis that the Margin applicable to each Class of Bonds is as follows: (i) Class A: 0.10%; (ii) Class B: 0.12%; (iii) Class C: 0.15%; (iv) Class D: 0.20%; (v) Class E: 0.30%).

Payment Date (theoretical)	Fixing Date of rate	EURIBOR 3 months	Class A Bonds	Class B Bonds	Class C Bonds	Class D Bonds	Class E Bonds
6-Jun-1999	4-Jun-1999	2.597 %	2.697 %	2.717 %	2.747 %	2.797 %	2.897 %
13-jun-1999	11-jun-1999	2.619 %	2.719 %	2.739 %	2.769 %	2.819 %	2.919 %
20-jun-1999	18-jun-1999	2.632 %	2.732 %	2.752 %	2.782 %	2.832 %	2.932 %
27-jun-1999	25-jun-1999	2.660 %	2.760 %	2.780 %	2.810 %	2.860 %	2.960 %
4-jun-1999	2-Jul-1999	2.663 %	2.763 %	2.783 %	2.813 %	2.863 %	2.963 %
11-jul-1999	9-jul-1999	2.665 %	2.765 %	2.785 %	2.815 %	2.865 %	2.965 %
18-jul-1999	16-jul-1999	2.693 %	2.793 %	2.813 %	2.843 %	2.893 %	2.993 %
25-jul-1999	23-jul-1999	2.685 %	2.785 %	2.805 %	2.835 %	2.885 %	2.985 %
1-Aug-1999	30-Jul-1999	2.690 %	2.790 %	2.810 %	2.840 %	2.890 %	2.990 %
8-Aug-1999	6-Aug-1999	2.699 %	2.799 %	2.819 %	2.849 %	2.899 %	2.999 %
15-Aug-1999	13-Aug-1999	2.704 %	2.804 %	2.824 %	2.854 %	2.904 %	3.004 %
22-Aug-1999	20-Aug-1999	2.684 %	2.784 %	2.804 %	2.834 %	2.884 %	2.984 %
29-Aug-1999	27-Aug-1999	2.691 %	2.791 %	2.811 %	2.841 %	2.891 %	2.991 %
5-Sep-1999	3-Sep-1999	2.696 %	2.796 %	2.816 %	2.846 %	2.896 %	2.996 %

Payment Date (theoretical)	Fixing Date of rate	EURIBOR 3 months	Class A Bonds	Class B Bonds	Class C Bonds	Class D Bonds	Class E Bonds
12-Sep-1999	10-Sep-1999	2.692 %	2.792 %	2.812 %	2.842 %	2.892 %	2.992 %
19-Sep-1999	17-Sep-1999	2.687 %	2.787 %	2.807 %	2.837 %	2.887 %	2.987 %
26-Sep-1999	24-Sep-1999	2.690 %	2.790 %	2.810 %	2.840 %	2.890 %	2.990 %
3-Oct-1999	1-Oct-1999	3.126 %	3.226 %	3.246 %	3.276 %	3.326 %	3.426 %
10-Oct-1999	8-Oct-1999	3.263 %	3.363 %	3.383 %	3.413 %	3.463 %	3.563 %
17-Oct-1999	15-Oct-1999	3.429 %	3.529 %	3.549 %	3.579 %	3.629 %	3.729 %
24-Oct-1999	22-Oct-1999	3.457 %	3.557 %	3.577 %	3.607 %	3.657 %	3.757 %
31-Oct-1999	29-Oct-1999	3.491 %	3.591 %	3.611 %	3.641 %	3.691 %	3.791 %
7-Nov-1999	5-Nov-1999	3.505 %	3.605 %	3.625 %	3.655 %	3.705 %	3.805 %
14-Nov-1999	12-Nov-1999	3.452 %	3.552 %	3.572 %	3.602 %	3.652 %	3.752 %
21-Nov-1999	19-Nov-1999	3.450 %	3.550 %	3.570 %	3.600 %	3.650 %	3.750 %
28-Nov-1999	26-Nov-1999	3.445 %	3.545 %	3.565 %	3.595 %	3.645 %	3.745 %
5-Dec-1999	3-Dec-1999	3.454 %	3.554 %	3.574 %	3.604 %	3.654 %	3.754 %
12-Dec-1999	10-Dec-1999	3.457 %	3.557 %	3.577 %	3.607 %	3.657 %	3.757 %
19-Dec-1999	17-Dec-1999	3.467 %	3.567 %	3.587 %	3.617 %	3.667 %	3.767 %
26-Dec-1999	24-Dec-1999	3.449 %	3.549 %	3.569 %	3.599 %	3.649 %	3.749 %
2-Jan-2000	31-Jan-1999	3.339 %	3.439 %	3.459 %	3.489 %	3.539 %	3.639 %
9-Jan-2000	7-Jan-2000	3.322 %	3.422 %	3.442 %	3.472 %	3.522 %	3.622 %
16-Jan-2000	14-Jan-2000	3.321 %	3.421 %	3.441 %	3.471 %	3.521 %	3.621 %
23-Jan-2000	21-Jan-2000	3.31 %	3.410 %	3.430 %	3.460 %	3.510 %	3.610 %
30-Jan-2000	28-Jan-2000	3.486 %	3.586 %	3.606 %	3.636 %	3.686 %	3.786 %

II.10.2 Place in the order of payments of the Fondo held by interest payments for the Bonds backed thereby and a precise indication of the paragraph and pages of this Offering Circular that describe the rules regarding the order of payments established for the Fondo and, in particular, those that affect payment of the interest of said securities

The payment of interest accrued by the Bonds of each Class occupy the order of priority indicated below in relation to the ordinary order of priority of payments set out in paragraph V.6.1.2.2 hereof:

- (i) Class A Bonds: Fourth (4th) place in the order of priority of payments to be made on account of Available Interests (as defined in the List of Definitions attached as Annex 10);
- (ii) Class B Bonds: Sixth (6th) place in the order of priority of payments to be made on account of Available Interests;
- (iii) Class C Bonds: Seventh (7th) place in the order of priority of payments to be made on account of Available Interests;
- (iv) Class D Bonds: Eighth (8th) place in the order of priority of payments to be made on account of Available Interests;
- (v) Class E Bonds: Ninth (9th) place in the order of priority of payments to be made on account of Available Interests;

II.10.3 Dates, place, entities and procedures for the payment of interest

Interest accrued on each Bond shall be paid and credited on each Payment Date subject to the value of the Available Interests (as defined the List of Definitions attached as Annex 10 hereto) in accordance with the following rules: (a) the interest accrued by each Class of Bonds shall be paid in a sequential manner, so that the payment of interests of Bonds of one type of Class shall not proceed without the interests of Bonds of the previous Class having been paid; and (b) the payment of interest accrued by the Bonds of one Class shall always take place prorata to the nominal value of each Bond.

In the event that on a Payment Date the amount of Available Interests is not sufficient to make payment of accrued interest on the Bonds for each of their Classes in accordance with the order of priority of payments set out in paragraph V.6.1.2.2. of this Offering Circular, payment of accrued interest which has not been made shall be deferred. Deferred interest Bondholders have not received shall be paid on the first Payment Date following the date on which Available Interests are sufficient therefor. Deferred interest shall not accrue interest whatsoever.

Financial servicing of the Issue in relation both to payment of interest and repayment of the Bonds shall be made by BBVA as Paying Agent.

II.11 Amortisation of the Bonds

II.11.1 Amortisation Price

The price of amortisation of the Bonds shall be one hundred percent (100%) of their nominal value.

II.11.2 Place in the order of payments of the Fondo held by principal payments for the Bonds backed thereby and a precise indication of the paragraph and pages of this Offering Circular that describe the rules regarding the order of payments established for the Fondo and, in particular, those that affect the payment of interest of said securities

The payment of the principal of the Bonds of each Class occupy the order of priority indicated below in relation to the ordinary order of priority of payments set out in paragraph V.6.1.2.3 hereof. Payment of principal must be made as provided in paragraph II.11.3 below:

- (i) Class A Bonds: Third (3rd) place in the order of priority of payments to be made on account of Available Principal (as defined in the List of Definitions attached as Annex 10 hereto);
- (ii) Class B Bonds: Sixth (6th) place in the order of priority of payments to be made on account of Available Principal;
- (iii) Class C Bonds: Eighth (8th) place in the order of priority of payments to be made on account of Available Principal;
- (iv) Class D Bonds: Tenth (10th) place in the order of priority of payments to be made on account of Available Principal;
- (v) Class E Bonds: Twelfth (12th) place in the order of priority of payments to be made on account of Available Principal.

Likewise, the payment of the Allocated Defaulting Amount (as defined in Annex 10 of this Offering Circular) to each Class of Bonds shall be placed in the order of ordinary payments as established by the table in Clause V.6.1.2.3 of this Offering Circular and in accordance with the manner set out in Clause II.11.3 below:

- (i) Class A Bonds: Second (2nd) in order of priority for payment to be charged to the Available Principal.
- (ii) Class B Bonds: Fifth (5th) in order of priority for payment to be charged to the Available Principal.
- (iii) Class C Bonds: Seventh (7th) in order of priority for payment to be charged to the Available Principal.

- (iv) Class D Bonds: Ninth (9th) in order of priority for payment to charged to the Available Principal.
- (v) Class E Bonds: Eleventh (11th) in order of priority for payment to charged to the Available Principal.

II.11.3 Types of amortisation, specifying the dates, places, entities, procedures and advertising thereof

II.11.3.1 Ordinary Amortisation

Ordinarily, except in the event of early amortisation referred to in paragraph II.11.3.2 hereof, the Bonds shall be partially repaid on each Payment Date, up and until the amount of Available Principal for Amortisation (as defined in the List of Definitions attached as Annex 10 to this Offering Circular) is reached, pursuant to the following rules: (a) each Class of Bond shall be amortised on a sequential basis, so that the amortisation of a subsequent class of Bonds shall not be commence amortised before the previous classes of Bonds have been fully amortised; and (b) the Bonds of a same Class shall be amortised on a pro rata basis in relation to the nominal value of each Bond.

In accordance with the previous paragraph, the amortisation of Class B Bonds shall commence only when Class A Bonds have been fully amortised; the amortisation of Class C Bonds shall commence only when Class A and B bonds have been fully amortised; the amortisation of Class D Bonds shall only commence once all Class A, B and C Bonds have been fully amortised, and the amortisation of Class E Bonds shall only commence once all Class A, B, C and D Bonds have been amortised.

The *Sociedad Gestora*, on behalf of the *Fondo* and through BBVA, in its capacity as Paying Agent, will pay the Bondholders the redemption price thereof in accordance with the operational regulations at any given time approved by the SCLV.

In the event that the amount of Available Principal for Amortisation on a Payment Date for each of the Bonds of a specific Class is less than a minimum of ONE THOUSAND EUROS (1,000.- Euros), the Bonds of such Class will not be amortised on such Payment Date, and such amount shall be cumulated to the Available Principal until the first following Payment Date on which such minimum is reached.

In any event, the amount not amortised for each Bond shall continue accruing interest so long as it is not considered to be an Allocated Defaulting Amount (as defined in the List of Definitions at Annex 10 of this Offering Circular) in accordance with section V.1.3.5.3 above.

II.11.3.2. Early Amortisation

The Bond issue shall be early amortised as a result of the liquidation of the *Fondo* pursuant to the terms set out in Section III.9 of this Circular.

II.12 Financial servicing

Financial servicing shall be made through BBVA as Paying Agent for the Issue with the residency for these purposes at Clara del Rey, 26, (28002) Madrid.

To this effect, the *Sociedad Gestora*, on behalf of the *Fondo*, shall enter into a paying agency contract with BBVA on the Date of Incorporation by virtue of which it will empower BBVA, subject to revocation, to act as paying agent for the Issue and, as such, to pay the corresponding member Entities, in the registers of which the Bondholders are registered, any amounts owed thereto by the *Fondo*.

In particular, the obligations assumed by the Paying Agent shall be the following:

- (i) to pay to the *Fondo* prior to fourteen (14.00) hours (Madrid time) on the Settlement Date the amounts received from the Underwriters (as defined in the List of Definitions attached as Annex 10 hereto) in accordance with the provisions of the Underwriting Agreement, by transferring such amounts into the Euro Operating Account;
- (ii) deliver to the *Sociedad Gestora* the information, duly completed by each of the Underwriters, relating to the dissemination on placing of the Issue of the Bonds using the model established therefore by the CNMV and specifying the same for each of their Classes;
- (iii) on each of the Payment Dates make payment of interest, and if applicable, amortisation of Bonds
- (iv) two Business Days before the commencement of each Calculation Period, calculate the Interest Rate applicable to each Class of Bonds during the said Period, pursuant to the provisions of paragraph II.10.1 above, and notify the *Sociedad Gestora* thereof.

In consideration for the services to be made by the Paying Agent pursuant to the Paying Agency Contract, the *Sociedad Gestora*, on behalf of the *Fondo*, shall pay the Paying Agent's fee (as defined in the List of Definitions attached as Annex 10 to this Offering Circular).

II.12.1 Financial Servicing Chart

In accordance with the terms and conditions of Issue, the financial servicing chart below (expressed in Euros) assuming that (i) no Loans or Lines of Credit are prepaid during the life of the *Fondo*, (ii) no Obligor fails to comply with its payment obligations under the relevant Loan or Line of Credit; and that (iii) BBVA fails to exercise its Rights of Repurchase (as defined in the List of Definitions at Annex 10 of this Offering Circular), is expected to be as follows:

Information taken on 4 January 2000. EURIBOR: 3.45%. It is assumed that (a) this rate shall remain constant for each Calculation Period until the end of the Issue, (b) that the Margin applicable to each Class of Bonds is as follows: (i) Class A: 0.10%, (ii) Class B: 0.12%, (iii) Class C: 0.15%, (iv) Class D: 0.20% and (v) Class E: 0.30%, and (c) that the Issue takes place at the maximum value of the Covered Obligations

(all figures are expressed in Euros)

CLASS A BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			930,695,108
May-00	3,865,524	7,892,812	926,829,584
Aug-00	12,566,289	7,860,030	914,263,296
Nov-00	42,259,882	7,753,461	872,003,414
Feb-01	25,948,932	7,395,073	846,054,482
May-01	18,541,802	7,175,012	827,512,680
Aug-01	44,964,107	7,017,767	782,548,573
Nov-01	61,532,418	6,636,447	721,016,155
Feb-02	42,411,521	6,114,618	678,604,634
May-02	15,498,570	5,754,944	663,106,064
Aug-02	72,024,654	5,623,508	591,081,410
Nov-02	52,166,136	5,012,699	538,915,274
Feb-03	11,136,616	4,570,301	527,778,658
May-03	12,046,897	4,475,856	515,731,761
Aug-03	37,954,834	4,373,692	477,776,927
Nov-03	6,931,207	4,051,814	470,845,720
Feb-04	28,492,742	3,993,033	442,352,978
May-04	8,566,745	3,751,399	433,786,234
Aug-04	81,711,841	3,678,748	352,074,393
Nov-04	6,130,945	2,985,786	345,943,449
Feb-05	113,020,271	2,933,793	232,923,177
May-05	28,952,286	1,975,318	203,970,892
Aug-05	80,025,499	1,729,786	123,945,392
Nov-05	1,700,886	1,051,126	122,244,506
Feb-06	7,612,638	1,036,701	114,631,869
May-06	19,048,744	972,142	95,583,125
Aug-06	75,206,725	810,598	20,376,400
Nov-06	17,461,445	172,803	2,914,955
Feb-07	2,431,259	24,720	483,696
May-07	483,696	4,102	0
Aug-07	0	0	0

CLASS B BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			25,651,273
May-00	0	218,763	25,651,273
Aug-00	0	234,025	25,651,273
Nov-00	0	234,025	25,651,273
Feb-01	0	234,025	25,651,273
May-01	0	226,394	25,651,273
Aug-01	0	234,025	25,651,273
Nov-01	0	234,025	25,651,273
Feb-02	0	234,025	25,651,273
May-02	0	226,394	25,651,273
Aug-02	0	234,025	25,651,273
Nov-02	0	234,025	25,651,273
Feb-03	0	234,025	25,651,273
May-03	0	226,394	25,651,273
Aug-03	0	234,025	25,651,273
Nov-03	0	234,025	25,651,273
Feb-04	0	234,025	25,651,273
May-04	0	228,938	25,651,273

Aug-04	0	234,025	25,651,273
Nov-04	0	234,025	25,651,273
Feb-05	0	234,025	25,651,273
May-05	0	226,394	25,651,273
Aug-05	0	234,025	25,651,273
Nov-05	0	234,025	25,651,273
Feb-06	0	234,025	25,651,273
May-06	0	226,394	25,651,273
Aug-06	0	234,025	25,651,273
Nov-06	0	234,025	25,651,273
Feb-07	0	234,025	25,651,273
May-07	20,268,447	226,394	5,382,826
Aug-07	5,382,826	49,109	0
Nov-07	0	0	0

CLASS C BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			108,962,148
May-00	0	937,074	108,962,148
Aug-00	0	1,002,452	108,962,148
Nov-00	0	1,002,452	108,962,148
Feb-01	0	1,002,452	108,962,148
May-01	0	969,763	108,962,148
Aug-01	0	1,002,452	108,962,148
Nov-01	0	1,002,452	108,962,148
Feb-02	0	1,002,452	108,962,148
May-02	0	969,763	108,962,148
Aug-02	0	1,002,452	108,962,148
Nov-02	0	1,002,452	108,962,148
Feb-03	0	1,002,452	108,962,148
May-03	0	969,763	108,962,148
Aug-03	0	1,002,452	108,962,148
Nov-03	0	1,002,452	108,962,148
Feb-04	0	1,002,452	108,962,148
May-04	0	980,659	108,962,148
Aug-04	0	1,002,452	108,962,148
Nov-04	0	1,002,452	108,962,148
Feb-05	0	1,002,452	108,962,148
May-05	0	969,763	108,962,148
Aug-05	0	1,002,452	108,962,148
Nov-05	0	1,002,452	108,962,148
Feb-06	0	1,002,452	108,962,148
May-06	0	969,763	108,962,148
Aug-06	0	1,002,452	108,962,148
Nov-06	0	1,002,452	108,962,148
Feb-07	0	1,002,452	108,962,148
May-07	0	969,763	108,962,148
Aug-07	31,713,228	1,002,452	77,248,919
Nov-07	1,104,104	710,690	76,144,815
Feb-08	2,248,599	700,532	73,896,216
May-08	1,218,090	665,066	72,678,126
Aug-08	36,490,639	668,639	36,187,487
Nov-08	805,832	332,925	35,381,655
Feb-09	1,520,356	325,511	33,861,299
May-09	1,173,433	301,366	32,687,866
Aug-09	32,687,866	300,728	0
Nov-09	0	0	0

CLASS D BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			21,970,873
May-00	0	191,574	21,970,873
Aug-00	0	204,939	21,970,873
Nov-00	0	204,939	21,970,873
Feb-01	0	204,939	21,970,873
May-01	0	198,257	21,970,873
Aug-01	0	204,939	21,970,873
Nov-01	0	204,939	21,970,873
Feb-02	0	204,939	21,970,873
May-02	0	198,257	21,970,873
Aug-02	0	204,939	21,970,873
Nov-02	0	204,939	21,970,873
Feb-03	0	204,939	21,970,873
May-03	0	198,257	21,970,873
Aug-03	0	204,939	21,970,873
Nov-03	0	204,939	21,970,873
Feb-04	0	204,939	21,970,873
May-04	0	200,484	21,970,873
Aug-04	0	204,939	21,970,873
Nov-04	0	204,939	21,970,873
Feb-05	0	204,939	21,970,873
May-05	0	198,257	21,970,873
Aug-05	0	204,939	21,970,873
Nov-05	0	204,939	21,970,873
Feb-06	0	204,939	21,970,873
May-06	0	198,257	21,970,873
Aug-06	0	204,939	21,970,873
Nov-06	0	204,939	21,970,873
Feb-07	0	204,939	21,970,873
May-07	0	198,257	21,970,873
Aug-07	0	204,939	21,970,873
Nov-07	0	204,939	21,970,873
Feb-08	0	204,939	21,970,873
May-08	0	200,484	21,970,873
Aug-08	0	204,939	21,970,873
Nov-08	0	204,939	21,970,873
Feb-09	0	204,939	21,970,873
May-09	0	198,257	21,970,873
Aug-09	4,038,460	204,939	17,932,413
Nov-09	2,983,223	167,270	14,949,190
Feb-10	1,400,825	139,443	13,548,366
May-10	425,332	122,255	13,123,034
Aug-10	13,123,034	122,409	0
Nov-10	0	0	0

CLASS E BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			27,993,346
May-00	0	250,774	27,993,346
Aug-00	0	268,270	27,993,346
Nov-00	0	268,270	27,993,346
Feb-01	0	268,270	27,993,346
May-01	0	259,522	27,993,346

Payment Date	Amortisation	Interest	Outstanding Principal
Aug-01	0	268,270	27,993,346
Nov-01	0	268,270	27,993,346
Feb-02	0	268,270	27,993,346
May-02	0	259,522	27,993,346
Aug-02	0	268,270	27,993,346
Nov-02	0	268,270	27,993,346
Feb-03	0	268,270	27,993,346
May-03	0	259,522	27,993,346
Aug-03	0	268,270	27,993,346
Nov-03	0	268,270	27,993,346
Feb-04	0	268,270	27,993,346
May-04	0	262,438	27,993,346
Aug-04	0	268,270	27,993,346
Nov-04	0	268,270	27,993,346
Feb-05	0	268,270	27,993,346
May-05	0	259,522	27,993,346
Aug-05	0	268,270	27,993,346
Nov-05	0	268,270	27,993,346
Feb-06	0	268,270	27,993,346
May-06	0	259,522	27,993,346
Aug-06	0	268,270	27,993,346
Nov-06	0	268,270	27,993,346
Feb-07	0	268,270	27,993,346
May-07	0	259,522	27,993,346
Aug-07	0	268,270	27,993,346
Nov-07	0	268,270	27,993,346
Feb-08	0	268,270	27,993,346
May-08	0	262,438	27,993,346
Aug-08	0	268,270	27,993,346
Nov-08	0	268,270	27,993,346
Feb-09	0	268,270	27,993,346
May-09	0	259,522	27,993,346
Aug-09	0	268,270	27,993,346
Nov-09	0	268,270	27,993,346
Feb-10	0	268,270	27,993,346
May-10	0	259,522	27,993,346
Aug-10	23,474,310	268,270	4,519,036
Nov-10	425,332	43,307	4,093,704
Feb-11	1,196,189	39,231	2,897,515
May-11	425,332	26,862	2,472,184
Aug-11	0	23,692	2,472,184
Nov-11	425,332	23,692	2,046,852
Feb-12	1,196,189	19,616	850,663
May-12	425,332	7,975	425,332
Aug-12	0	4,076	425,332
Nov-12	425,332	4,076	0
Feb-13	0	0	0
May-13	0	0	0

II.13 Effective interest foreseen for the holder, specifying the calculation method adopted and the expenses anticipated for concepts appropriate to its true nature

The IRR (Internal Rate of Return - *Tasa Interna de Rentabilidad*) for the investor shall be calculated in accordance with the following formula:

$$200,000 = \sum_{i=1}^N ai(1 + I)^{-ni/365}$$

Where:

I = Effective interest expressed as an annual rate, thus by 1

ai = Total amortisation amount and interest received by the investors

ni = Number of days between the Settlement Date and 28 February (or 29 February if it is a Leap Year), 31 May, 31 August and 30 November of each year during the *Fondo's* lifetime.

On the assumptions that: (i) the Interest Rate of the Bonds remains constant during the entire life thereof at a rate of 3.55% for Class A Bonds, at 3.57% for Class B Bonds, at 3.60% for C Bonds, at 3.65% for Class D Bonds and at 3.75% for Class E Bonds, (ii) no Loans and Lines of Credit are prepaid during the life of the *Fondo* and that (iii) no Obligor fails to comply with its payment obligations under the relevant Loan or Line of Credit, and (iv) BBVA does not exercise its Right of Repurchase (as defined in Annex 10 of this Offering Circular), then the Bondholders' IRR would be 3.60% for Class A Bonds, at 3.62% for Class B Bonds, at 3.65% for C Bonds, at 3.70% for Class D Bonds and at 3.80% for Class E Bonds.

II.14 Actual Interest Rate for the *Fondo* at the time of the Issue, considering all structuring and allocation expenses incurred and borne thereby, specifying the calculation method

The Interest Rate has been calculated by using the same formula as that used for the calculation of the IRR for the subscriber of Bonds adding additional and periodic expenses of the *Fondo* to the payment for those made by the former in favour of the Bondholders.

In the event that the nominal Interest Rate of the Bonds is maintained constant during the whole life of the same at a rate of 3.55% for Class A, 3.57% for Class B, 3.60% for Class C, 3.65% for Class D and 3.75% for Class E, these rates shall be translated at an actual rate (IRR) of 3.79% calculated once expenses of the *Fondos* have been deducted.

Set out below are the fees and expenses (calculated, in each event, over the maximum number of Bonds of each Class and on the basis of an exchange rate of 1 Dollar to 1 Euro) which the *Fondo* will incur throughout its creation until and including the Payment Date (hereinafter “**Set-up Expenses**”):

-	Duties payable to the CNMV for the registration and verification of the Offering Circular:	156,138 Euros
-	Duties payable to the CNMV for the supervision of the Admission to Listing of the Issue of Bonds:	22,305 Euros
-	Duties payable to the <i>Mercado AIAF de Renta Fija</i> for the Admission to Listing of the Issue of Bonds:	64,686 Euros
-	Duties payable to SCLV:	318 Euros
-	Rating Agencies for Rating the Issue:	380,000 Euros
-	Legal and tax advisers and auditors:	274,254 Euros
-	Notarial expenses:	177,299 Euros
-	Publicity expenses (required by the applicable rules and others which are commercial):	41,207 Euros
-	Underwriting Fee:	2,982,150 Euros
-	Constitution Fee:	<u>1,115.273 Euros</u>
	Total	5,213,630 Euros

Likewise, the *Fondo* shall be responsible for other fees and other periodic expenses, the value of which shall be as follows:

- (i) Administrative fee: 0.0075% quarterly of the Outstanding Principal of the Bonds at the commencement of each Calculation Period, with a minimum quarterly value, in all events, of TWENTY-FIVE THOUSAND (25,000) EUROS.
- (ii) Servicing fee: quarterly fee equal to 0.005% of the quarterly value of the Outstanding Principal of the Bonds at the commencement of each Calculation Period.
- (iii) Paying Agency fees: quarterly fee equal to ELEVEN THOUSAND TWO HUNDRED AND SIXTY-NINE (11,269) Euro.
- (iv) Rating Agencies: 20,000 Euros per annum.
- (v) Other expenses (publications): 3,765 Euros per annum.

II.15 Guarantees for the Issue

BBVA in no event guarantees this Issue, pursuant to the provisions of article 2.2b) 2º of the Royal Decree.

II.16 Law on the circulation of the Bonds, indicating, in particular, the existence of restrictions to the free transferability thereof or, conversely, that no such restrictions exist.

Spanish law will govern the issue and transfer of the Bonds. All matters arising between the *Fondo*, in its capacity as issuer of the Bonds through the Issue, and the Bondholders shall be resolved, expressly waiving the forum to which the parties may be entitled, by the courts and tribunals and the city of Madrid, Spain.

Pursuant to legislation in force, no specific or general restrictions exist to the free transferability of the Bonds being issued.

II.17 Organised secondary markets which require an application for the Bonds to be admitted to trading, specific maximum period within which this application must be submitted and the documents that must also be submitted along with such application

The *Sociedad Gestora* will apply for the inclusion of the Bonds being Issued on the *Mercado AIAF de Renta Fija*, recognised as an official secondary market.

It is expected that the Bonds will be listed on the *Mercado AIAF de Renta Fija* no later than one (1) month subsequent to the Settlement Date.

Likewise, the *Sociedad Gestora* will apply for the inclusion of the Bonds being issued in the SCLV in order that they be cleared and settled in accordance with the operational regulations approved or that may be approved in the future by the SCLV as regards securities listed on the *Mercado AIAF de Renta Fija* and represented in book entry form.

The *Sociedad Gestora* expressly declares that it is aware of the requirements and conditions of admission, permanence and exclusion of securities in the *Mercado AIAF de Renta Fija* according to legislation in force and the requirements of its governing body and the *Sociedad Gestora*, on behalf of the *Fondo* undertakes to fulfil said requirements.

In the event that the Bonds being issued are not admitted for trading on the *Mercado AIAF de Renta Fija* with the aforementioned period of one (1) month, the *Sociedad Gestora* will immediately inform the Bondholders of this fact, indicating the causes of such situation.

The *Sociedad Gestora*, for and on behalf of the *Fondo* and in accordance with the provisions of article 7 of Royal Decree 116/1992, once the Deed of Constitution has been granted, will file a copy thereof with the SCLV as the entity responsible for the book entry register of the Bonds. Similarly, the *Sociedad Gestora*, on behalf of the *Fondo* will file various copies of the Deed of Constitution with the governing body of the *Mercado AIAF de Renta Fija* and with

the CNMV for the purpose of registration in the registers set forth in articles 7 and 92 of Law 24/1988. The *Sociedad Gestora*, the SCLV and the governing body of the *Mercado AIAF de Renta Fija* must, at all times, have a copy of the Deed of Constitution available to the Bondholders as well as to the general public, in accordance with article 8 of Royal Decree 116/1992.

II.18 Subscription and acquisition requests

II.18.1 Potential Investors to whom the Bonds will be offered:

The Bonds are aimed at institutional investors (as defined in Article 7.1 paragraph a) of Royal Decree 291/1992 of 27 March relating to issues and public offers for the sale of securities) resident in Spain and abroad.

II.18.1 Adequacy of the Bonds to cover the legal requirements for investment of certain entities

The Bonds which are issued are suitable for investment of the technical provisions of insurance companies in accordance with the *Reglamento de Ordenación y Supervisión de los Seguros Privados* approved by Royal Decree 2486/1990 of 28 November, for the inclusion in obligatory reserves of *Sociedades de Garantía Recíproca* in accordance with Royal Decree 2345/1996 of 8 November, for investment of assets of Pension Funds in accordance with the provisions of Article 84 of Royal Decree 1307/1988 relating to the *Reglamento de Planes y Fondos de Pensiones* and finally, for calculation of investment ratios of *Instituciones de Inversión Colectiva* with the exception of F.I.A.M.M.'s in accordance with the provisions of Articles 17, 26, 32, and 49 of the Regulations of Law 46/1984 of 26 December governing investments for *Instituciones de Inversión Colectiva*.

II.18.3 Subscription Period

The subscription period for the Bonds (hereinafter the “**Subscription Period**”) shall start at twelve (12:00 pm) hours (Madrid time) on 25 February 2000 and shall end at twenty (8:00 pm) hours (Madrid time) on the same day, it being the settlement and the issue date (hereinafter the “**Settlement Date**”) being the second Business Day following the date of closing of the Subscription Period. In any event the Settlement Date shall coincide with the Subrogation Date.

Bonds not subscribed for during the Subscription Period shall be paid for by the Underwriters (as defined in the List of Definitions attached as Annex 10 hereto) such that each Underwriter shall cover the difference between the amount underwritten and placed by itself.

II.18.4 Where and with whom can subscription or acquisition be made

Subscription applications must be made to the offices of Banco Bilbao Vizcaya Argentaria, S.A. and Goldman Sachs International (the “**Underwriters**”) at the addresses set out below:

Banco Bilbao Vizcaya Argentaria, S.A.

Clara del Rey, 26 (28002 - MADRID)

Goldman Sachs International

Peterborough Court, 133 Fleet Street, London EC4A 2BB

II.18.5 Method and dates for payment

Subscribers of Bonds shall pay to the Underwriter through which it has subscribed the acquisition price of the Bonds subscribed for on the Settlement Date. On the same date, before eleven hundred hours (11:00 hours) (Madrid Time), the Underwriters shall pay the Paying Agent the price corresponding to the Bonds issued in order that said Paying Agent deposits said price in the Euro Operating Account, opened in BBVA by the *Sociedad Gestora* in the name of the *Fondo*.

II.18.6 Delivery of Documents confirming subscription

The Underwriters shall as soon as possible and no later than ten Business Days following the Settlement Date make out and deliver to subscribers documents accrediting subscription of the Bonds of which they are holders in accordance with applicable law. Such documents shall not be negotiable and shall solely reflect initial subscription of the Bonds and shall not be valid until delivery of the definitive references which the book entry system of the SCLV assigns.

II.19 Placing and Allotment of the Bonds

II.19.1 Entities intervening in the allotment. The global amount relating to the fees agreed between the various placing entities and the Sociedad Gestora.

Placing of the Bonds shall be carried out by BBVA and Goldman Sachs as set out in paragraph II.18.3 above.

The participation of each of these entities in the Underwriting Agreement and in the fees which they are to receive from the *Fondo* for such services (hereinafter the “**Underwriting Fee**”) shall be as follows:

(All figures are expressed in Euros)

Underwriter	Amount Underwritten (% over the total value of each Class)	Underwriting Fee (% over the insured value)
BBVA	Class A: 50 %	Class A: 0.225 % (1,047,150 Euros)
	Class B: 50 %	Class B: 0.225 % (28,800 Euros)
	Class C: 50 %	Class C: 0.225 % (122,625 Euros)
	Class D: 50 %	Class D: 0.750 % (82,500 Euros)
	Class E: 50 %	Class E: 1.500 % (210,000 Euros)
Goldman Sachs International	Class A: 50 %	Class A: 0.225 % (1,047,150 Euros)
	Class B: 50 %	Class B: 0.225 % (28,800 Euros)
	Class C: 50 %	Class C: 0.225 % (122,625 Euros)
	Class D: 50 %	Class D: 0.750 % (82,500 Euros)
	Class E: 50 %	Class E: 1.500 % (210,000 Euros)

The Issue shall be distributed through the institutional markets.

All requests must be equal or higher than TWO HUNDRED THOUSAND EUROS (200,000 Euros) (minimum nominal amount of each Bond) and allotment shall be made by the Underwriters freely ensuring in any event that there is no discriminatory treatment between requests which may have similar characteristics, notwithstanding which the Underwriters may give priority to petitions from their clients as they deem appropriate.

Bonds which cannot be allotted during the Subscription Period after applying the above mentioned rules shall be subscribed for by the Underwriters up to the total amount underwritten by each of them.

HEREBY DECLARES

That such investigations as are necessary to ensure the truth and adequacy of the information contained in the Offering Circular have been carried out.

As a result of such investigations, no circumstances have been discovered which contradict or change the information contained in the Offering Circular nor does this omit significant facts or data which may be relevant for the investors.

In witness whereof and to all appropriate effects, this declaration is issued in Madrid on 8 February 2000.”

II.19.3 Underwriters, with a description of the characteristics of the relationship or Underwriting Contract, the guarantees required of the issuer or offeror, types of risks assumed, type of consideration required of the underwriter in the event of non-fulfilment and remaining relevant elements.

The *Sociedad Gestora* will execute an underwriting agreement (the “**Underwriting Agreement**”) with BBVA and Goldman Sachs International.

The basic aim of the Underwriting Agreement is as follows:

- (i) placing of the maximum amount of Bonds possible by the Underwriters, which will receive the subscription requests and be responsible for the placing of the Bonds, ensuring that no discriminatory practices are performed;
- (ii) notification of the subscribers by the Underwriters as regards the allocation of the Bonds corresponding thereto and receipt of the payments deriving from the payment of the subscription price of the respective Bonds; and
- (iii) underwriting of the Bonds issued up to the maximum amount corresponding to the effective price to be paid out by the Issue.

II.20 Term and Manner of Delivery of Bonds or Definitive Certificates of the Bonds to the subscribers

Not applicable as the Bonds are to be represented solely by book entries.

II.21 Spanish legislation under which the securities are created and an indication of the competent courts in the event of litigation

The Bonds shall be issued in accordance with Spanish law. In the case of any litigation, the parties shall submit, with express waiver to any other forum which may apply to them, to the courts and tribunals of Madrid, Spain.

II.22 Taxation of Income arising from the Bonds

Below is set out the tax treatment for a holder and subsequent transfer, if applicable, of the Bonds. The analysis which follows is a summary of the applicable rules in accordance with Law 43/1995 of 27 December, relating to Corporation Tax (*Impuesto sobre Sociedades*) (hereinafter “**CT**”), Law 40/1998 of 9 December, relating to Income Tax (*Impuesto sobre la Renta de las Personas Físicas*) and Other Regulations (hereinafter “**IRPF**”), Law 41/1998 relating to Tax on Income for Non-Residents (*Impuesto sobre la Renta de No residentes*) (“**IRNR**”), Law 37/1992 of 28 December relating to Value Added Tax (*Impuesto sobre el Valor Añadido*), Law 19/1991 of 6 June relating to Assets Tax (*Impuesto sobre el Patrimonio*), Law 29/1987 of 18 December relating to Heritage Tax (*Impuesto sobre Sucesiones*) (hereinafter “**ISD**”) and Royal Decree 1/1993 of 24 September which approved the Revised Text of the Law of Transfer Tax and Stamp Duty (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*) (hereinafter “**ITPAJD**”). Similarly Royal Decree 2717/1998 of 18 December relating to payments on account in respect of Income Tax and Tax on Income of Non-Residents and which amends the regulations of Corporation Tax in respect of withholdings and payments on account, Royal Decree 537/1997 of 14 April developing the Corporation Tax Law, Royal Decree 214/1999 of 5 February by which the regulations relating to Income Tax were approved and Royal 326/1999 of 26 February which approved the regulations governing the Taxation of Income of Non-Residents.

This summary does not intend to be a full description of all tax matters which may be relevant with regard to a decision to acquire or sell the securities nor does it attempt to cover all tax consequences which may arise for all types of investors, some of which may be subject to special rules or regulations.

II.22.1 Taxation of Income. Individuals or legal persons resident in Spain

Taxation on the Income of Individuals

The income obtained by Bondholders who pay IRPF tax which arises both as interest or in respect of transfer, repayment or amortisation of the same shall be considered capital income obtained from the transfer to third parties of own capital in accordance with Article 23.2 of Law 40/1998, of 9 December, on Income Tax and other Tax Regulations.

Expenses relating to the acquisition and disposal of the Bonds shall be calculated in order to quantify income, provided that such expenses are properly justified.

Losses arising from a transfer of the Bonds when the taxpayer has acquired at the same time Bonds in the two months prior to or following such transfers shall be included in the tax base of the investor upon the transfer of the Bonds remaining in the portfolio of the taxpayer.

Income arising as interest shall be subject to a withholding of eighteen per cent (18%) on account of IRPF of the person receiving such income in accordance with the regulations set out in Article 83 *et seq* of Royal Decree 214/1999.

There is no obligation to withhold in respect of the income arising from transfer or repayment of the Bonds provided that these are represented by book entries and are negotiated on a Spanish official securities market except when such transfer is carried out in the thirty days immediately prior to the maturity date of a coupon in favour a person or entity not resident in Spain or to a person subject to CT and there is no obligation to withhold in respect of the coupon payable to such acquirers in which case part of the price equal to the *cupón corrido* shall be subject to withholding.

Corporation Tax

Income both in respect of interest and as a result of transfer, repayment or amortisation of the Bonds obtained by entities subject to CT shall be included in the base for calculation of such tax in the tax period in which it arises.

Such income shall not be subject to withholding in accordance with Article 57.q) of the regulations relating to Corporation Tax as set out in Royal Decree 2717/1998 provided that they are represented by book entries and are negotiated on a Spanish securities market.

II.22.2 Income Tax. Individuals or legal persons not resident in Spain

Income obtained by Bondholders who are subject to pay IRNR both in respect of interest and as a result of the transfer, repayment or amortisation of the same shall be considered income from capital obtained by transfer to third parties of capital obtained in Spain whether through a permanent establishment or not in the terms set out in Article 11 *et seq* of Law 41/1998, of 9 December, on Income Tax for Non-Residents in Spain.

Income obtained by a non resident through a permanent establishment

Income from the Bonds obtained by a non-resident investor with a permanent establishment in Spain shall be taxed in accordance with the regulations of Chapter III of the above mentioned Law 41/1998 without prejudice to the provisions of any double taxation treaties entered into by Spain. In general and subject to the caveats set out in such Chapter, the tax regime applicable to permanent establishments of non-residents is the same as that for residents in Spain.

Such income, in accordance with Article 12 of the Regulations on Income Tax for Non-Residents shall be subject to withholding in the same cases and under the same conditions as have been mentioned for persons subject to CT resident in Spain.

Income obtained by a non resident with no permanent establishment

Income on the Bonds obtained by persons or entities non-resident in Spain who act, for these purposes, with no permanent establishment in Spain, shall be taxed in accordance with the regulations for Chapter IV of Law 41/1998, of 9 December, on Income Tax for Non-Residents and other Tax Regulations, the specifics of which include the following matters, without prejudice to the provisions of any double taxation treaties entered into by Spain which may give rise to no taxation being imposed on the relevant income or the application of reduced rates:

- Taxation shall be applied separately for each full or partial accrual of income subject to taxation and no set-off between the same shall be allowed.
- The tax base shall be quantified by the whole amount of the income obtained, calculated in accordance with rules set out in Law 40/1998, of 9 December, on Income Tax and other Tax Regulations, and no reductions as set out in such law shall be applied thereto.
- In the case of transfer, repayment or amortisation, expenses relating to the acquisition and disposal shall be taken into account in calculating income provided such expenses are sufficiently justified.
- Tax shall be calculated applying to the taxable base referred to above the general rate of twenty-five percent (25%) and no deduction shall be allowed from this amount other than that arising by set-off against any withholding which, if applicable, may have been made or a deduction for donations set out in Law 40/1998, of 9 December.
- Income obtained by non-resident investors without any permanent establishment but who are at the same time residents in another member State of the European Union shall be exempt provided that such income is not obtained through countries or territories considered tax havens as established in Royal Decree 1080/1991 of 5 July.
- Similarly, income arising from the transfer of securities made on Spanish Official Securities Markets obtained by persons or entities not resident in Spain and with no permanent establishment therein, but who are resident in a State which has a double taxation treaty with Spain which includes an exchange of information clause, shall be exempt. Currently all treaties entered into by Spain have this clause except for the Treaty entered into with Switzerland.
- The right to enjoy any exemptions shall be accredited by the investor by the presentation of a tax residence certificate issued by the Tax Authorities of the country of residence. The certificate shall have a validity of six months following the date it is issued.
- Interest payments shall be subject to withholding on account of IRNR save for those cases in which payment is accredited or an exemption is applied for.

The amount of withholding shall be equivalent to the tax payable in accordance with the criteria set out above.

- No withholding on account shall be made for income arising from the transfer or repayment of the Bonds provided these are in book entries and are negotiated on a Spanish Official Securities Market and are not obtained through countries or territories considered tax havens.

II.22.3 *Capital Taxes*

Resident and non-resident individuals subject to this tax who hold Bonds on the 31 December in each year shall include such Bonds in their tax return and which shall be subject to taxation in accordance with the general regulations set out in Law 19/1991 of 6 June relating to Capital Taxation (“*Impuesto sobre el Patrimonio*”). For these purposes they shall be calculated at the average trading value of the fourth quarter of each year in respect of Bonds negotiated on Spanish markets or, in any other case, at their nominal value.

Individuals not resident in Spain who are subject to this tax shall also be subject to *Impuesto sobre el Patrimonio* except as set out in Double Taxation Treaties relating thereto. Nonetheless, investors holding Bonds whose income is exempt from IRNR in accordance with the above shall be exempt from taxation in respect of *Impuesto sobre el Patrimonio*.

Legal entities are not subject to this tax.

II.22.4 *Indirect taxation on the transfer of the Bonds*

Transfers of securities shall be exempt from ITPAJD and VAT.

II.22.5 *Tax on Transfers and Donations*

The acquisition of Bonds for consideration by individuals shall be subject to the general regulations of the ISD as set out in Law 29/1987 of 18 December.

Where the beneficiary is a company, the income obtained shall be taxed in accordance with the rules of CT.

II.23 *Purpose of the Issue*

The Issue is intended for the partial financing of the *Fondo*. The net proceeds obtained as a result of the placement of the Bonds issued shall be used for payment of the Price of the Covered Obligations and to permit the *Fondo* to fund New Advances under the Lines of Credit which the Obligor may request after the Subrogation Date.

The *Fondo* has been sponsored by BBV TITULIZACION, Sociedad Gestora de Fondos de Titulización, S.A., within a securitisation transaction carried out under the Royal Decree, by virtue of which BBVA intends to securitise certain credits or rights

arising from certain bilateral loans, syndicated loans, bilateral lines of credit and syndicated lines of credit which together are those which have been defined in this Offering Circular as “**Covered Obligations**”.

II.24 Not applicable

II.25 Design of the transaction

The design of the securitisation transaction set out in this Offering Circular has been performed with the participation of the following entities:

- BBV TITULIZACION, S.G.F.T., S.A. as promoter of the *Fondo*.
- Banco Bilbao Vizcaya Argentaria, S.A. as Originator and Manager.
- Goldman Sachs International, as Manager.
- Clifford Chance, S.C., as legal advisors.

III. GENERAL INFORMATION ABOUT THE *FONDO*

III.1 Denomination and regulatory Regime

The *Fondo* shall be called the Fondo de Titulización de Activos BBVA - 1 and shall be governed by the Royal Decree and other regulations which may be approved by the Minister of Economy and Finance and the CNMV thereunder; by the Law 19/1992 of 7 July, on the Regime for Companies and Property Investment *Fondos* and on Mortgage Securitisation *Fondos*, in all those aspects not contemplated in the Royal Decree; by the Law 24/1998 of 28 July, on Securities Markets, modified by Law 37/1998 of 16 November, in relation to its supervision, inspection and sanction; and by such any from time to time applicable laws and regulations.

The *Fondo* shall be constituted in accordance with the resolutions adopted by the Board of Directors of the *Sociedad Gestora* on 4 November 1999 and the verification and registration of this Offering Circular by the CNMV on 8 February 2000, shall be a separate estate (*patrimonio separado*), with no legal personality, by reason of which it will not be able to enter into a state of suspension of payments (*suspensión de pagos*) or bankruptcy (*quiebra*), although it will be subject to termination and liquidation in the events set out in article 11 of Royal Decree. In accordance with the 5th Additional Provision of Law 3/1994 of 14 April, adapting Spanish law on Line of Credit entities to the Second Banking Directive and introducing other modifications in relation to the financial system, in the event of bankruptcy or suspension of payments of BBVA, Originator of the Covered Obligations of the *Fondo*, the assignment of the Covered Obligations in favour of the *Fondo* may only be challenged in accordance with the second paragraph of article 878 of the Commercial Code through action taken by the receivers or liquidators (*síndicos*), evidencing the existence of fraud, and the *Fondo* shall enjoy an absolute right of separation in accordance with the terms of articles 908 and 909 of the Commercial Code.

III.2 Legal Nature of the *Fondo*

The *Fondo* shall constitute a separate estate, with no legal personality, shall be of a closed nature, in accordance with article 3 of Royal Decree, and shall be constituted by virtue of a public deed and for a maximum amount equivalent to ONE THOUSAND ONE HUNDRED AND FIFTY-ONE MILLION ONE HUNDRED AND FIFTY-SIX THOUSAND THREE HUNDRED AND SEVENTY-NINE (1,151,156,379) EUROS. Similarly, the maximum value of the liabilities of the *Fondo* at any given time shall be ONE THOUSAND ONE HUNDRED AND FIFTY-ONE MILLION ONE HUNDRED AND FIFTY-SIX THOUSAND THREE HUNDRED AND SEVENTY-NINE (1,151,156,379) EUROS.

Such maximum amounts have been calculated on the basis of a rate of exchange of one (1) Dollar per one (1) Euro. Consequently, if on the Fixing Date the value of the Dollar exceeds such rate of exchange, the maximum amount of the assets and liabilities of the *Fondo* shall increase proportionately.

The *Fondo* shall consist of:

III.2.1 In relation to its assets:

(a) The Covered Obligations, (b) the balance at any given time of the Operating Account, the Cash Collateral Account and the Excess Funding Account, (c) the CCA Eligible Investments, (d) the EFA Eligible Investments and (e) the unamortised Set-up Expenses.

The available undrawn amounts under the Lines of Credit at any given time shall be included in the memorandum accounts.

III.2.2 In relation to its liabilities:

(a) The different Classes of Bonds which shall be issued under the Issue for a total nominal value equivalent to the sum of the Nominal Value of the Covered Obligations on the Subrogation Date and for the available yet undrawn amounts under the Lines of Credit on the Subrogation Date, (b) the outstanding amount due under the Liquidity Facility at any given time, (c) the Set-up Expenses Loan, and (d) the Subordinated Loan, described, respectively, in paragraphs V.2.1, V.2.2 and V.2.3. of this Offering Circular.

The available but undrawn amounts from the Lines of Credit at any given time shall be included in the memorandum accounts.

III.3 Constitution and Verification

III.3.1 Requirements for the constitution of the Fondo

The constitution of the *Fondo* and the Issue of Bonds backed by its assets are subject to the requirements mentioned in paragraph I.2 of this Offering Circular and in particular to the verification and prior registration by the CNMV of this Offering Circular.

III.3.2 Constitution

Within [twenty] Business Days as from the verification and registration by the CNMV of this Offering Circular upon the constitution of the *Fondo* and the issue of five Classes of Bonds, the *Sociedad Gestora*, as promoter and manager of the *Fondo* and BBVA, as Originator of the Covered Obligations and as administrator and collection agent of such Covered Obligations, shall proceed to the granting of the Deed of Constitution in accordance with the Royal Decree.

The following table shows the approximate action schedule in relation to the constitution of the *Fondo* and Issue of Bonds from the verification and registration of this Offering Circular in the CNMV:

8 February - Verification and Registration of this Offering Circular by the CNMV.

9-23 February – Book-building Period

24 February - Granting of the Deed of Constitution and signing of the Assignment of Contractual Position and Purchase of Covered Obligations Agreement.

25 February – Opening and Closing of Subscription Period.

29 February - Payment for the Bonds. Subrogation of the *Fondo* in the contractual position of BBVA in relation to the Loans and Lines of Credit. Payment of Price of Covered Obligations.

III.4 Mercantile Registry

In accordance with article 5.4 of the Royal Decree, it is hereby declared that neither the constitution of the *Fondo* nor the Bonds which are issued with the backing of its assets shall be registered with the Mercantile Registry.

III.5 The Deed of Constitution and its modifications

The *Fondo* shall be constituted by virtue of the Deed of Constitution. Any modification to the Deed of Constitution shall require a corresponding public deed of modification to be granted and shall be communicated to the Rating Agencies and to the CNMV for publication, as the case may be, as a relevant event, or through verification and registration of a supplement to this Offering Circular.

No modification of the Deed of Constitution shall prejudice the Bondholders.

III.6 Consultation of documentation

This Offering Circular has been verified by and registered with the CNMV on 8 February 2000. It is available for inspection by the public, free of charge, at the registered office of the *Sociedad Gestora*. It may also be inspected at the CNMV at Paseo de la Castellana, 19, Madrid.

Once granted, the *Sociedad Gestora* shall provide the CNMV with the Deed of Constitution as required by article 92.e) of Law 2471998 of 28 July, on the Securities Market, as amended by Law 37/1998 of 16 November.

The registration of this Offering Circular with the CNMV only implies recognition that it contains all the information required by the rules and regulations which fix its content and no event implies any responsibility on the part of the CNMV for any inaccuracies in the information which it contains.

III.7 Management and representation of the *Fondo*

The administration and representation of the *Fondo* shall be carried out by the *Sociedad Gestora*, BBV TITULIZACION, Sociedad Gestora de Fondos de Titulización, S.A., promoter of the *Fondo*. The *Sociedad Gestora* is authorised to constitute *Fondos de Titulización de Activos* and, therefore, to administer and represent such *Fondos* in accordance with Royal Decree, by virtue of the authorisation of the Minister of Economy and Finance dated 23 July 1999, granted in accordance with the First Transitory Provision of the Royal Decree.

The *Sociedad Gestora*, as manager of third party business, shall represent to, and preserve the rights of, the Bondholders and the other creditors of the *Fondo*. In particular, the *Sociedad Gestora* shall be responsible for the following:

III.7.1 General obligations of the *Sociedad Gestora*:

The *Sociedad Gestora* shall represent, and preserve the rights of, the Bondholders and the other creditors of the *Fondo*. For this purpose, it shall:

- (i) manage the *Fondo* so that its asset value is zero at any given moment;
- (ii) carry out the financial management of the Covered Obligations diligently and rigorously, without prejudice to the Servicing Duties (as defined in the List of Definitions attached as Annex 10 hereto) assumed by BBVA by virtue of the Administration, Collection and Deposit of Covered Obligations Contract;
- (iii) administer the assets of the *Fondo* for the benefit of the Bondholders and on the understanding that, in order to achieve this goal and in the face of the risk that the value of such assets could deteriorate or change in such a manner that it might affect the financial equilibrium of the *Fondo*, the *Sociedad Gestora* shall be able to dispose such assets, with the aim of maintaining as far as possible the economic-financial equilibrium of the *Fondo* provided that the amount obtained by the aforementioned disposal is not inferior to the Nominal Value of the relevant asset (except in the case of Covered Obligations which are either Unpaid Amounts or have been declared Defaulting Amounts, in which case the amount derived from such disposal shall not be less than a price determined by a third party designated by common accord of BBVA and the *Sociedad Gestora* and approved by the Rating Agencies, taking into account the prospects of recovery); in particular, the *Sociedad Gestora* may adopt the decision to assign its participation in any Loans or Lines of Credit in the event of requests made by the Obligors, whose acceptance could prejudice the Bondholders and in order to prevent the early cancellation of the respective Loans and/or Lines of Credit;

- (iv) not take any action which could prejudice the credit rating of any of the Classes of Bonds and use reasonable efforts to adopt measures to prevent the credit rating of each Class of Bonds being adversely affected at any time;
- (v) enter into as such contracts as are foreseen in the Deed of Constitution, or which are necessary in the future, with the backing of the *Fondo*, in connection with its assets and liabilities, bearing in mind, nevertheless, that the entering into, by the *Fondo*, of any contract not foreseen in the Deed of Constitution shall require, if appropriate, the modification of the priority of payments of the *Fondo* and the corresponding modification of the Deed of Constitution prior notice having been served to the CNMV for publication, as the case may be, as a relevant event or through the verification and registration of a supplement to this Offering Circular;
- (vi) comply with its formal, document and information obligations to the CNMV, the Rating Agencies and any other supervisory body;
- (vii) appoint the auditors of the *Fondo*;
- (viii) in the event that the rating assigned by the Rating Agencies to the senior unsecured short term debt of the credit entity/ies with which, at any given time, it maintains the Accounts belonging to the *Fondo*, falls below F1+ /A1+ (or equivalent), the *Sociedad Gestora* must (unless such credit entity provides sufficient guarantees for the performance of its obligations or unless otherwise agreed with the Rating Agencies), within a maximum period of one (1) month as from the date it is aware of this fact, a) cancel the *Fondo*'s accounts open with said entity and b) transfer the balance thereof to other accounts open for such purpose by the *Sociedad Gestora* in credit entities whose senior unsecured short-term debt has a rating no lower than F1+ /A1+ (or equivalent);
- (ix) in the event that the rating assigned by the Rating Agencies to the senior unsecured short term debt of the counterparties of the Administration, Collection and Deposit of Covered Obligations Contract, to the Liquidity Facility Agreement and the Swap Contracts, fall below F3/A3 or equivalent (for the Administration, Management of Collection Amount and Deposit of Covered Obligations Contract), or F1+ /A1+ or equivalent (for the Swap Contracts and the Liquidity Facility Agreement), the *Sociedad Gestora* must, within a maximum period of one (1) month as from the date it is aware of this fact, replace the counterparty affected by said situation unless such counterparty provides sufficient guarantees for the performance of its obligations or unless otherwise agreed with the rating Agencies; and
- (x) not to incur, in relation to the services rendered by third parties necessary or convenient for the adequate management of the *Fondo*, in expenses that are unreasonable or that differ substantially from the market price.

III.7.2 Diligence levels of the Sociedad Gestora

III.7.2.1 *Diligence*

The *Sociedad Gestora* shall carry out its activities diligently in accordance with the Royal Decree, representing the *Fondo* and defending the interests of the Bondholders and of the other Creditors of the *Fondo* as though its own interests were at stake, avoiding conflicts of interests and giving priority to the interests of the Bondholders and the other creditors of the *Fondo*. The *Sociedad Gestora* shall be liable to the Bondholders and the other Creditors of the *Fondo* for any damage which may result from the failure to comply with its obligations. Similarly, it shall be responsible in the order of sanctions which applies in accordance with Law 19/1992, of 7 July.

III.7.2.2 *Available means*

The *Sociedad Gestora* shall enjoy the necessary means, including appropriate computer systems, to carry out its functions in relation to the administration of the *Fondo* accorded to it by the Royal Decree.

III.7.2.3 *Code of Conduct*

The *Sociedad Gestora* shall comply with the code of conduct which applies to it. The adhesion of the *Sociedad Gestora* to such code was notified to the CNMV on 23 July 1999.

III.7.3 Obligations in relation to the administration and representation of the Fondo

III.7.3.1 *Financial administration of the Fondo. Compliance with Procedures Protocol.*

The *Sociedad Gestora* shall, in particular, carry out the financial administration of the *Fondo*, to which end it shall comply with the Procedures Protocol which is attached to the Offering Circular in Annex 6. Any amendment to the Procedures Protocol shall require an amendment to the Deed of Constitution, and shall be notified to the CNMV for publication, as the case may be, as a relevant event or through the verification and registration of a supplement to this Offering Circular.

III.7.3.2 *Renunciation of Duties*

The *Sociedad Gestora* may renounce its administration and legal representation duties in accordance with the requirements of Article 18 of the Royal Decree, by written notification to the CNMV which must include the designation of a replacement *Sociedad Gestora*. The *Sociedad Gestora* may in no event renounce the exercise of its duties without complying with

all the requirements and procedures necessary for its replacement to assume those duties. Any expenses arising from such replacement shall be borne by the *Sociedad Gestora* and may in no event be attributed to the *Fondo*.

III.7.3.3 *Insolvency of the Sociedad Gestora. Replacement of the Sociedad Gestora.*

In the event that the *Sociedad Gestora* is declared to be in suspension of payments or bankruptcy, the *Sociedad Gestora* shall find a replacement *Sociedad Gestora*, in accordance with Article 19 of the Royal Decree, within four (4) months of the event giving rise to the replacement occurring, failing which, at the end of the four months, the *Fondo* shall be prematurely liquidated in accordance with the provisions of the Deed of Constitution.

III.7.4 Information Obligations

III.7.4.1 *Annual Accounts*

The *Sociedad Gestora* shall provide the CNMV on an annual basis its annual accounts and auditors report in relation to the *Fondo*. Likewise, it shall place the annual accounts of the *Fondo* with the Mercantile Registry.

III.7.4.2 *Development of the Covered Obligations*

The *Sociedad Gestora* shall provide the CNMV and the Rating Agencies on a quarterly basis with a report on the development of the Covered Obligations incorporated to the assets of the *Fondo* in accordance with the model attached as Annex 7 to this Offering Circular.

III.7.4.3 *Other periodic public information*

Likewise, the *Sociedad Gestora* shall make all notifications to and carry out all registrations with the CNMV or any other competent administrative body which may be necessary in connection with the Issue of the Bonds. In particular: (i) the *Sociedad Gestora* shall, on a quarterly basis, provide the CNMV with comprehensive statistical information about the Issue of the Bonds; and (ii) the *Sociedad Gestora* shall provide the CNMV with any other periodic information about the *Fondo* and the Issue of the Bonds which the CNMV may require.

III.8 Expenses and Taxes

III.8.1 Expenses

The *Sociedad Gestora* shall meet, with the backing of the *Fondo*, all expenses associated with its management and representation, including, without limitation, the following:

- (a) Prior to or upon constitution of the *Fondo*: all expenses in connection with the constitution, verification and registration of the *Fondo*, the acquisition of the Covered Obligations, the Issue of the Bonds and of its admission to trading referred to in paragraph II.14 of this Offering Circular and defined as Set-up Expenses.

Such expenses shall be met by the *Sociedad Gestora*, in the name of the *Fondo*, and shall be charged to the Set-up Expenses Loan. If any such expenses require payment prior to the creation of the *Fondo*, they shall be met by the *Sociedad Gestora*, which shall be reimbursed, once the *Fondo* has been created, from the Set-up Expenses Loan.

- (b) After creation of the *Fondo*: all expenses in connection with the maintenance of the credit ratings assigned by the Rating Agencies to each Class of Bonds.

III.8.2 Value Added Tax

Any Value Added Tax borne by the *Fondo* in its expenses shall be deductible for the purposes of Corporation Tax.

III.9 Termination and Liquidation of the *Fondo*

III.9.1 Termination

The *Fondo* shall be terminated in the events set out in the Royal Decree and in Law 19/1992, of 7 July, on Property Investment Funds and Companies and on Mortgage Securitisation Funds, in particular:

- (i) when all of the Bonds have been fully amortised and, in the event that said amortisation is the result of one or more allocations of the Defaulting Amounts in accordance with Clause V.1.3.5.3 of this present Offering Circular, when two (2) years have elapsed as from the date when the last of such allocations took place;
- (ii) when BBVA exercises its right to repurchase (the “**Repurchase Right**”) over the Covered Obligations which is conferred upon it in the Assignment of Contractual Position and Acquisition of Covered Obligations Agreement;
- (iii) two (2) years after the last date of termination (whether ordinary termination or early termination) of the Covered Obligations;
- (iv) for other reasons expressly foreseen in the Deed of Constitution;
- (v) when, in the opinion of the *Sociedad Gestora*, exceptional circumstances have arisen that make it impossible, or extremely difficult, to maintain the financial equilibrium of the *Fondo*. The *Sociedad Gestora*, insofar as is legally possible, shall not terminate the *Fondo* in such circumstances, in the event that not all of the payment obligations derived from Bonds of all Classes in

respect of which there is no Allocated Defaulting Amount (as defined in Annex 10) can be met;

- (vi) in the event of a default representing a serious and permanent imbalance in respect of any of the issued securities or of an unsubordinated loan, or in the event that it is foreseen that such a default will occur. In this case, the *Sociedad Gestora*, after informing the CNMV, will then effect the winding-up of the *Fondo*, in accordance with the established regulations then in force in the public deed of constitution of the *Fondo* of asset securitisation. Notwithstanding this, the *Sociedad Gestora*, insofar as is legally possible, shall not terminate the *Fondo* in such circumstances, in the event that not all of the payment obligations derived from Bonds of all Classes in respect of which there is no Allocated Defaulting Amount (as defined in Annex 10) can be met; and
- (vii) in any event, on 30 November 2014 or, if such date is not a Business Day, on the first immediately preceding Business Day.

If any of the events described in paragraphs (i) to (vi) above should occur, the *Sociedad Gestora* shall inform the CNMV and initiate the relevant procedures for the liquidation of the *Fondo*.

III.9.2 Liquidation

The *Sociedad Gestora* shall proceed to settle the *Fondo*, when the *Fondo* expires in accordance with paragraph III.9.1 above.

Liquidation of the *Fondo* shall take place through the application of the assets of the *Fondo* in the following order of payment:

1. Payment of those duties or taxes which must take place with the backing of the *Fondo*.
2. Payment of those costs and expenses related to the liquidation of the *Fondo*.
3. Payment to the *Sociedad Gestora* of the due and yet unpaid amounts relating to the Administration Fee (as defined in the List of Definitions attached as Annex 10 hereto), the Paying Agency Fee (as defined in the List of Definitions attached as Annex 10 hereto) and the Servicing Fee (as defined in the List of Definitions attached as Annex 10 hereto) and any other fees or expenses relating to the services rendered by third parties incurred by the *Fondo*.

In the event that the *Fondo's* assets are insufficient to pay the above in full, they will each be settled on a pro rata basis.

4. Repayment of the Class A Bonds and payment of interest due to their holders (including, in each case, the Allocated Defaulting Amounts for Class A Bonds, as defined in the List of Definitions attached as Annex 10 hereto, together with any interest accrued thereunder).
5. Reimbursement of the amount advanced under the Liquidity Facility and payment of interest accrued thereunder.
6. Repayment of the Class B Bonds and payment of interest due to their holders (including, in each case, the Allocated Defaulting Amounts for Class B Bonds together with any interest accrued thereunder).
7. Repayment of the Class C Bonds and payment of interest due to their holders (including, in each case, the Allocated Defaulting Amounts for Class C Bonds together with any interest accrued thereunder).
8. Repayment of the Class D Bonds and payment of interest due to their holders (including, in each case, the Allocated Defaulting Amounts for Class D Bonds together with any interest accrued thereunder).
9. Repayment of the Class E Bonds and payment of interest due to their holders (including, in each case, the Allocated Defaulting Amounts for Class D Bonds together with any interest accrued thereunder).
10. Reimbursement of the Set Up Expenses Loan and payment of interest accrued thereunder.
11. Payment of any amount due under the Subordinated Loan, and any other amount owing to BBVA not included in the above paragraphs.

Once the *Fondo* has been liquidated, BBVA shall acquire ownership of the credit rights derived from the Covered Obligations which have expired but not been satisfied. Such acquisition shall imply no cost or payment obligation for BBVA.

III.10 Fees

III.10.1 Constitution Fee of the Sociedad Gestora

The *Sociedad Gestora* shall be paid by the *Fondo*, for its work, a flat fee equal to zero point one zero per cent. (0.10%) of the total nominal value of the Issue for creating the *Fondo* (the “**Constitution Fee**”).

The Constitution Fee shall be paid on the Settlement Date.

III.10.2 Administration Fee of the Sociedad Gestora

The *Sociedad Gestora* shall be paid by the *Fondo* for its administration and representation functions a quarterly fee equal to 0.0075 % per quarter on the

outstanding balance of the Bonds at the beginning of each Calculation Period (the “**Administration Fee**”) with a minimum quarterly amount of TWENTY FIVE THOUSAND EUROS (25.000.-Euros).

Notwithstanding the above, in the event of replacement of BBV TITULIZACION, S.G.F.T., by another *sociedad gestora de fondos de titulización* as *Sociedad Gestora*, the Administration Fee to be received by the new *Sociedad Gestora* will be determined when the replacement takes place, based on the reasonable market price. However, it may never exceed 0.04 % per annum on the outstanding balance of the Bonds at the beginning of each Calculation Period

The Administration Fee shall be paid on an accrued quarterly basis on each Payment Date.

III.10.3 Servicing Fee

BBVA shall be paid by the *Fondo*, for the exercise of its Servicing Duties (as defined in Annex 10) in respect of the Administration, Collection and Deposit of Covered Obligations Contract, a quarterly fee of 0.005% of the outstanding balance of the Bonds at the beginning of each Calculation Period (the “**Servicing Fee**”).

The Servicing Fee shall be paid on an accrued quarterly basis on each Payment Date.

III.10.4 Paying Agency Fee

BBVA shall be paid by the *Fondo* for its services performed in accordance with the Paying Agency Contract, a quarterly fee of ELEVEN THOUSAND TWO HUNDRED AND SIXTY-NINE (11,269) EUROS (the “**Paying Agency Fee**”).

The Paying Agency Fee shall be paid on an accrued quarterly basis on each Payment Date.

III.11 Fiscal Regime applying to the *Fondo*

The *Fondo* shall be subject to the general corporation tax regime in accordance with Law 43/1995, of 27 December. In addition, in accordance with the Tax Regulation (Royal Decree 537/1997, 14 April), income under the loans and credit facilities constituting income of the *Fondo* shall not be subject to withholding tax.

The creation of the *Fondo* shall be exempt in connection with the Tax on Capital Gains and Stamp Duties (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*).

IV. INFORMATION ABOUT THE OPERATIONS AND ASSETS OF THE FONDO

IV.1 Purpose of the Fondo

The purpose for which the *Fondo* is constituted is to securitise the rights under the loans of BBVA which are known as the Covered Obligations.

The assets of the Funds will consist of the Covered Obligations acquired by the *Sociedad Gestora* on behalf of the *Fondo*, by virtue of the Assignment of Contractual Position and Acquisition of Covered Obligations Agreement as described in section IV.2.2 below. In addition to the Covered Obligations, the balance of the Operating Accounts, the Cash Collateral Account, the Excess Funding Account, the CCA Eligible Investments, the EFA Eligible Investments and the unamortised Set-up Expenses will also form part of the assets of the *Fondo*.

The undrawn amount under the Lines of Credit at any given time shall be included in memorandum accounts.

The *Sociedad Gestora* will issue five Classes of Bonds, backed by the assets of the *Fondo*, under the terms described in Chapter 2 of this Offering Circular, and will use the proceeds of the issue to pay the Price of the Covered Obligations and fund the Excess Funding Account in order to allow the *Fondo* to fund New Advances of the Lines of Credit which the Obligors may request on or after the Subrogation Date.

Likewise, the *Fondo's* liabilities will consist of: (i) the outstanding amounts drawn under the Liquidity Facility (which shall be used to meet, in certain cases of non payment under the Covered Obligations, the payment obligations of the *Fondo* under the Swap Contracts, (ii) the Set-up Expenses Loan which shall be used to cover the Set-up Expenses and (iii) the Subordinated Loan, which will be used to fund the Cash Collateral Account to meet, in certain cases of non payment under the Covered Obligations, the amounts owed by the *Fondo* to its creditors.

The available undrawn amount under the Lines of Credit at any given time shall be included in memorandum accounts.

IV.2 Assets of the Fondo

IV.2.1 Maximum amount of Fondo's assets. Identification of assets which will constitute the Fondo's assets.

IV.2.1.1 Amount of the Fondo's assets

The *Fondo* will pool assets (the "Covered Obligations") up to a maximum consolidated amount equivalent to ONE THOUSAND ONE HUNDRED AND FIFTY-ONE MILLION ONE HUNDRED AND FIFTY-SIX THOUSAND THREE HUNDRED AND SEVENTY-NINE (1,151,156,379) EUROS. This sum has been calculated on the basis of a rate of exchange of one (1) Dollar per one (1) Euro.

Consequently, if on the Fixing Date the value of the Dollar exceeds such rate of exchange, the maximum amount of the Assets for the Fondo shall increase proportionately.

The maximum combined amount of the Covered Obligations shall (based on an exchange rate of 1 Dollar to 1 Euro) be equivalent to ONE THOUSAND ONE HUNDRED AND FIFTEEN MILLION TWO HUNDRED AND SEVENTY TWO THOUSAND SEVEN HUNDRED AND FORTY-EIGHT (1,115,272,748) EUROS. This sum has been calculated on the basis of a rate of exchange of one (1) Dollar per one (1) Euro. Consequently, if on the Fixing Date the value of the Dollar exceeds such rate of exchange, the maximum amount of the Covered Obligations shall increase proportionately.

The Permanent Delegated Board of Banco Bilbao Vizcaya, S.A. (currently Banco Bilbao Vizcaya Argentaria, S.A.) approved, at their meeting on 28 January 2000, the assignment of the Covered Obligations of the *Fondo* under the terms and conditions indicated in the certificate attached to this Offering Circular as Annex 1(A).

IV.2.1.2 Classes of Covered Obligations

The assets to be assigned by BBVA to the *Fondo* will bring together the characteristics as specified in paragraph IV.2.1.3.1. below and will be defined in this Offering Circular as the “Covered Obligations”. The credit rights derived from the Loans and the Lines of Credit are the only Covered Obligations which will be contributed to the *Fondo*.

The Covered Obligations can be pooled in the following way as a function of the different classes of assets from which they are derived:

- (i) Covered Obligations derived from the Bilateral Loans.

The maximum total amount of the Covered Obligations derived from Bilateral Loans will be equivalent to SIX HUNDRED AND FORTY-NINE MILLION FOUR HUNDRED AND EIGHTY-SIX THOUSAND FOUR HUNDRED AND EIGHTY-SIX (649,486,486) EUROS.

The Bilateral Loans can be classified according to whether their base-currency is the Euro (the “**Euro-based Bilateral Loans**”) or the Dollar (the “**Dollar-based Bilateral Loans**”).

Part of the Euro-based Bilateral Loans (the maximum total amount of which shall be equal to FOUR HUNDRED AND EIGHTY-FIVE MILLION SIX HUNDRED AND SEVENTY-THREE THOUSAND AND FIFTY EIGHT (485,673,058) EUROS) are multi-currency loans which allow the Obligors to change the currency in which they have been originally paid off at the expiry of each liquidation period.

Part of the Dollar-based Bilateral Loans (the maximum total amount of which shall (based on an exchange rate of 1 Dollar to 1 Euro) be equivalent to ONE HUNDRED AND SIXTY-THREE MILLION EIGHT HUNDRED AND THIRTEEN THOUSAND FOUR HUNDRED AND TWENTY-EIGHT (163,813,428) EUROS) are multi-currency loans which allow the Obligors to change the currency in which they have been originally paid off at the expiry of each liquidation period.

- (ii) Covered Obligations derived from the Syndicated Loans.

The maximum combined amount of the Covered Obligations which derive from the Syndicated Loans will (based on an exchange rate of 1 Dollar to 1 Euro) be equivalent to TWO HUNDRED AND EIGHTY-SEVEN MILLION ONE HUNDRED AND THIRTY-SIX THOUSAND NINE HUNDRED AND SEVENTY-SEVEN (287,136,977) EUROS.

The base currency of the Syndicated Loans is Euro.

Part of the Syndicated Loans are multi-currency loans which allow the Obligors to change the currency in which the aforementioned loans were originally paid off at the expiry of each liquidation period.

- (iii) Covered Obligations derived from Bilateral Lines of Credit.

The maximum combined amount of the Covered Obligations derived from Bilateral Lines of Credit will (based on an exchange rate of 1 Dollar to 1 Euro) be equivalent to FIFTY-FOUR MILLION FORTY THOUSAND FOUR HUNDRED AND EIGHTY-FOUR (54,040,484) EUROS.

A part of the Bilateral Lines of Credit are multi-currency loans which allow the Obligors to change the currency in which the aforementioned loans were originally paid off at the expiry of each liquidation period.

- (iv) Covered Obligations derived from the Syndicated Lines of Credit.

The maximum combined amount of the Covered Obligations derived from Syndicated Lines of Credit will be equivalent to ONE HUNDRED AND TWENTY-FOUR MILLION SIX HUNDRED AND EIGHT THOUSAND EIGHT HUNDRED AND ONE (124,608,801) EUROS.

A part of the Syndicated Lines of Credit are multi-currency loans which allow the Obligors to change the currency in which the aforementioned loans were originally paid off at the expiry of each liquidation period.

IV.2.1.3 *Description of the characteristics of the different groups of Covered Obligations.*

IV.2.1.3.1 *Description of the Covered Obligations*

The portfolio of Covered Obligations comprises forty-five (45) Loans and eight (8) Lines of Credit arising from the Corporate Banking portfolio of Banco Bilbao Vizcaya, S.A. (currently Banco Bilbao Vizcaya Argentaria, S.A.) through its Spanish offices and its branch in London. All the Covered Obligations had at the time they were granted an initial maturity of more than one (1) year and form part of the long-term portfolio of the Corporate Banking area. Each Obligor may be a borrower under more than one Covered Obligation.

(a) Characteristics of the Covered Obligations

Each Covered Obligation has the following characteristics:

- (i) The amount of the corresponding Loan or Line of Credit was, at the time such Loan or Line of Credit was granted, greater than five hundred million Pesetas (500,000,000.- Ptas.);
- (ii) there has been no default, to date, in relation to the Covered Obligation;
- (iii) the internal rating assigned by BBVA to each Obligor is greater or equal to C (on a scale of A to F, where A represents the highest credit quality and F the lowest), except for one (1) Covered Obligation (which represents 0.94% of the amount of the Covered Obligations) that has been rated D;
- (iv) the Obligor is not a subsidiary of BBVA or a public entity;
- (v) when it was originated, it met the criteria of the Credit Approval Policy and was assessed by Banco Bilbao Vizcaya, S.A. (currently Banco Bilbao Vizcaya Argentaria, S.A.) in accordance with the Credit Approval Policy in force at the time;
- (vi) if it derives from a Loan or Line of Credit of a bilateral nature, it is freely transferable in accordance with all the applicable regulations or, in the event that it were not, written consent has been obtained from the Obligor (and if required from its guarantors) for its assignment;
- (vii) if it derives from a Syndicated Loan or a Syndicated Line of Credit, it is freely transferable in accordance with all the applicable regulations or, in the event that it were not in accordance, written consent has been obtained from the Obligor (and if required from its guarantors) for its assignment.
- (viii) it is an asset in respect of which BBVA has not received any notice of claim or set-off prior to the Subrogation Date;

- (ix) payment by the Obligor is not subject to any withholding tax or, if it is, the Obligor is obliged to pay an additional amount equal to that of the relevant withholding tax;
- (x) it has been originated within the ordinary course of BBVA's business;
- (xi) it is owned by BBVA free of charges and claims;
- (xii) it is an asset in respect of which no essential provision or clause has been waived, altered or modified in any way, except where this is in accordance with the BBVA's Collection Policy (as defined in Annex 10);
- (xiii) they involve assets which represent a valid and binding payment obligation for the Obligor and are enforceable in accordance with their terms (except in cases where, as a result of insolvency proceedings, this enforceability may be restricted);
- (xiv) at the time of being sold in accordance with Assignment of Contract and Acquisition of Covered Obligations Agreement, do not infringe Spanish legislation;
- (xv) the Obligor is not in an insolvency situation; and
- (xvi) it accrues variable rate interest.

These characteristics have been verified by Gómez - Acebo & Pombo, Abogados.

b) Covered Obligations documentation

The Loans and Lines of Credit from which the Covered Obligations are derived are documented as follows:

- (i) public deed
- (ii) policy with the intervention of an official stockbroker; or
- (iii) private document.

In each case, BBVA shall keep, as the case may be, the original of the public deed, a copy of the intervened policy or the original of the private document subscribed by the Obligor.

c) Legislation applicable to the assignment of the Covered Obligations

Most of the Loans and/or Lines of Credit from which the Covered Obligations are derived are governed by Spanish law (the "**National Loans and Lines of Credit**"). Nevertheless, certain Loans and/or Lines of Credit are governed by the laws of England and Wales (the "**Foreign Loans and Lines of Credit**").

The Assignment of Contractual Position and Acquisition of Covered Obligations Agreement shall be governed by Spanish law.

Spanish law is the law naturally applicable to the assignment of the National Loans and Lines of Credit. In accordance with current Spanish law, the validity of the assignment by BBVA to the *Fondo* of the National Loans and Lines of Credit is subject to compliance with the following conditions:

- (i) the Loan and/or Line of Credit in question does not prevent assignments or, alternatively, the consent of the Obligor and any other necessary consent, has been obtained, and
- (ii) the necessary conditions or requirements for such assignment established in the Loan and/or Line of Credit in question or, alternatively, the consent of the Obligor and any other necessary consent, has been obtained.

Likewise, pursuant to Article 1527 of the Civil Code, a debtor who, prior to having knowledge of the assignment, satisfies a creditor, shall have discharged his obligations. In accordance with the Assignment of Contractual Position and Acquisition of Covered Obligations Agreement, BBVA shall notify (itself or through a notary) the assignment to the relevant Obligors within five (5) Business days of the execution of such Agreement. Once the assignment is notified to the Obligors, these shall only be freed from their obligations through payment to the *Fondo* or to the paying agent appointed by the *Sociedad Gestora*. In accordance with article 1.198 of the Civil Code, the Obligors who have consented to the assignment cannot object to the compensation due to the *Fondo* by BBVA.

In the case of Foreign Loans and Lines of Credit, the transfers of rights and obligations under an English law contract shall require the consent of all parties thereto. This type of transfer shall be called a novation. The novation of a contract implies the termination of the rights and obligations of the transferor and the assumption of identical rights and obligations by the transferee. The novation requires the consent of all parties to the contract (including any persons who have guaranteed the performance of the obligations of the borrower). Such consent may be given in advance. In practice, in almost all syndicated loans and/or lines of credit, such consent is given in advance and transfer takes place simply by signing a transfer certificate in the form provided in the contract itself and delivering it to the agent bank. Notification of the borrower is not required for the validity of the novation. The English Courts shall recognise the validity of an assignment under the Assignment of Contractual Position and Acquisition of Covered Obligations Agreements as long as the requirements in the Foreign Loans and Lines of Credit are complied with.

d) Certification of Covered Obligations

Several Covered Obligations with a combined amount representing sixty-six point three percent (66.3%) of the total amount of the Covered Obligations have public or internal ratings by Fitch IBCA. The average weighted rating (in accordance with the weighting criteria of Fitch IBCA) of the Covered Obligations is BBB+ /BBB. The weighting criteria are obtained by using the weighting factor assigned to each Covered Obligation in accordance with its credit rating to establish the average weighting of all the Covered Obligations. The weighting criteria assigned to each Covered Obligation shall be that shown in the following table:

Fitch IBCA's weighting criteria	
AAA	1.3
AA+	2
AA	2.3
AA-	3.3
A+	4
A	5
A-	7.5
BBB+	10
BBB	14
BBB-	20
BB+	37
BB	43.5
BB-	46.5
B+	50
B	52.2
B-	65
CCC+	90
CCC	100

Distribution of the Covered Obligations by S&P's credit ratings is as presented below:

AA	A	BBB	BB	B	TOTAL
32.33%	18.64%	40.60%	1.70%	6.72%	100.00%

IV.2.1.3.2 The portfolio of the Covered Obligations

All charts below represent forecasts as at 29 February 2000. All figures are expressed in Euros.

Distribution by Type of Covered Obligation

	Facilities	Percent of Facilities	Commitment	Percent of Commitment	Outstanding	Percent of Outstanding
Loans	45	84.91%	936,623,463	83.98%	936,623,463	90.71%
Lines of Credit	8	15.09%	178,649,285	16.02%	95,940,907	9.29%
Total	53	100.00%	1,115,272,748	100.00%	1,032,564,370	100.00%

Percentages of Lines of Credit drawn down. 53.7%

Distribution by Base Currency of Covered Obligation

	Facilities	Percent of Facilities	Commitment	Percent of Commitment	Outstanding	Percent of Outstanding
Euro	47	88.68%	903,459,320	81.01%	859,750,942	83.26%
Dollar	6	11.32%	211,813,428	18.9%	172,813,428	16.74%
	53	100.00%	1,115,272,748	100.0%	1,032,564,370	100.00%

Distribution by Multi-currency Option

	Facilities	Percent of Facilities	Commitment	Percent of Commitment	Outstanding	Percent of Outstanding
No	33	62.26%	655,032,667	58.73%	638,089,081	61.80%
Yes	20	37.74%	460,240,081	41.27%	394,475,289	38.20%
	53	100.00%	1,115,272,748	100.00%	1,032,564,370	100.00%

Distribution by Age (in months) of Covered Obligations

	Facilities	Percent of Facilities	Commitment	Percent of Commitment	Outstanding	Percent of Outstanding
1-12 months	4	7.55%	75,406,155	6.76%	48,641,363	4.71%
13-24 months	11	20.75%	147,439,852	13.22%	135,407,244	13.11%
25-36 months	21	39.62%	606,460,584	54.38%	562,549,606	54.48%
37-48 months	6	11.32%	21,588,496	1.94%	21,588,496	2.09%
49-60 months	3	5.66%	51,533,153	4.62%	51,533,153	4.99%

61-72 months	3	5.66%	55,890,875	5.01%	55,890,875	5.41%
73-84 months	1	1.89%	24,992,362	2.24%	24,992,362	2.42%
97-108 months	2	3.77%	19,312,616	1.73%	19,312,616	1.87%
133-144 months	1	1.89%	22,496,840	2.02%	22,496,840	2.18%
145-156 months	1	1.89%	90,151,816	8.08%	90,151,816	8.73%
	53	100.00%	1,115,272,748	100.00%	1,032,564,370	100.00%

Average Age of Covered Obligations: 3.8 years

Distribution by type of Documentation

	<i>Facilities</i>	<i>Percent of Facilities</i>	<i>Commitment</i>	<i>Percent of Commitment</i>	<i>Outstanding</i>	<i>Percent of Outstanding</i>
Private Document	15	28.30%	522,169,970	46.82%	456,405,178	44.20%
Public Deed	22	41.51%	431,800,803	38.72%	425,790,682	41.24%
Document witnessed by official stockbroker	16	30.19%	161,301,975	14.46%	150,368,510	14.56%
	53	100.00%	1,115,272,748	100.00%	1,032,564,370	100.00%

Distribution by Type of Guarantee

	<i>Facilities</i>	<i>Percent of Facilities</i>	<i>Commitment</i>	<i>Percent of Commitment</i>	<i>Outstanding</i>	<i>Percent of Outstanding</i>
Mortgage	11	20.75%	76,487,390	6.86%	76,487,390	74.1%
Security	5	9.43%	18,783,135	1.68%	18,783,136	1.82%
Pledge	3	5.66%	73,623,983	6.60%	73,623,983	7.13%
Comfort Letter	3	5.66%	66,862,076	6.00%	66,862,076	6.48%
No guarantee	31	58.49%	879,516,164	78.86%	796,807,785	77.17%
	53	100.00%	1,115,272,748	100.00%	1,032,564,370	100.00%

Distribution by Reference Rate

	Facilities	Percent of Facilities	Commitment	Percent of Commitment	Outstanding	Percent of Outstanding
Euribor	37	69.81%	709,628,606	63.62%	641,532,243	62.13%
Libor	16	30.19%	405,644,142	36.38%	391,032,127	37.87%
	53	100.00%	1,115,272,748	100.00%	1,032,564,370	100.00%

Distribution by Applicable Margin (as a percentage)

	Facilities	Percent of Facilities	Commitment	Percent of Commitment	Outstanding	Percent of Outstanding
< 0,25	25	47.17%	595,118,838	53.36%	556,118,838	53.86%
0,25 – 0,50	22	41.51%	500,953,886	44.92%	457,245,508	44.28%
0,50 – 0,75	2	3.77%	8,188,790	0.73%	8,188,790	0.79%
> 0,75	4	7.55%	11,011,234	0.99%	11,011,234	1.07%
	53	100.00%	1,115,272,748	100.00%	1,032,564,370	100.00%

Distribution by repayment of Covered Obligations

	Repayment	% Repayment
2000	79,363,189	7.12%
2001	166,407,067	14.92%
2002	150,817,917	13.52%
2003	85,642,630	7.68%
2004	181,903,273	16.31%
2005	151,140,443	13.55%
2006	114,138,528	10.23%
2007	61,297,442	5.50%
2008	40,638,365	3.64%
2009	42,382,181	3.80%
2010	38,644,196	3.46%
2011	2,046,852	0.18%
2012	850,663	0.08%
	1,115,272,748	100.00%

Average maturity date: 2004

Distribution by Country of the Obligor

	Obligors	Percent of Obligors	Commitment	Percent of Commitment	Amount Drawn	% amount Drawn
Spain	37	88.10%	972,097,178	87.16%	955,153,592	92.50%
Denmark	1	2.38%	50,000,000	4.48%	20,000,000	1.94%
Sweden	1	2.38%	42,000,000	3.77%	15,235,208	1.48%
Portugal	1	2.38%	30,050,605	2.69%	30,050,605	2.91%
Germany	1	2.38%	18,000,000	1.61%	9,000,000	0.87%
Czech Republic	1	2.38%	3,124,964	0.28%	3,124,964	0.30%
	42		1,115,272,748	100.00%	1,032,564,370	100.00%

Distribution by Sector of the Obligor

	Obligors	Percent of Obligors	Commitment	Percent of Commitment	Amount Drawn	% amount Drawn
Electricity, Local gas, Water	3	7.14%	346,356,506	31.06%	346,356,506	33.54%
Telecommunications	5	11.90%	233,699,891	20.95%	224,657,162	21.76%
Motorways	2	4.76%	168,639,238	15.12%	160,738,381	15.57%
Hotels/Motels/Inns & Gaming	11	26.19%	113,787,046	10.20%	113,787,046	11.02%
Building & Real estate	5	11.90%	57,360,120	5.14%	57,360,120	5.56%
Personnel/Food and Miscellaneous services	3	7.14%	52,217,206	4.68%	25,452,414	2.46%
Cargo Transport	1	2.38%	50,000,000	4.48%	20,000,000	1.94%
Finance	1	2.38%	30,050,605	2.69%	30,050,605	2.91%
Beverage, tobacco	2	4.76%	16,131,548	1.45%	16,131,548	1.56%
Chemical/plastics & Rubber	1	2.38%	18,000,000	1.61%	9,000,000	0.87%
Mining/Steel/Iron/and non-precious metals	3	7.14%	9,522,737	0.85%	9,522,737	0.92%
Farming/Agriculture	2	4.76%	9,315,688	0.84%	9,315,688	0.90%
Healthcare, Education & Childcare	1	2.38%	4,808,097	0.43%	4,808,097	0.47%
Electronics	1	2.38%	3,380,693	0.30%	3,380,693	0.33%
Ecological	1	2.38%	2,003,374	0.18%	2,003,374	0.19%
	42	100.00%	1,115,272,748	100.00%	1,032,564,370	100.00%

Distribution by BBVA Internal Rating

	Obligors	Percent of Obligors	Commitment	Percent of Commitment	Amount Drawn	% amount Drawn
A	1	2,38%	44.389.037	3,98%	44.389.037	4,30%
B	23	54,76%	774.443.281	69,44%	694.767.511	67,29%
C	17	40,48%	285.922.718	25,64%	285.922.718	27,69%
D	1	2,38%	10.517.712	0,94%	7.485.104	0,72%
	42	100,00%	1.115.272.748	100,00%	1.032.564.370	100,00%

Distribution by office/branch of Origination

	Obligors	Percent of Obligors	Commitment	Percent of Commitment	Amount Drawn	% amount Drawn
Madrid	13	30.95%	512,284,459	45.93%	465,340,873	45.07%
Bilbao	8	19.05%	352,807,727	31.63%	352,807,727	34.17%
Barcelona	7	16.67%	105,038,693	9.42%	105,038,693	10.17%
Palma de Mallorca	7	16.67%	63,813,234	5.72%	63,813,234	6.18%
London	2	4.76%	60,000,000	5.38%	24,235,208	2.35%
Seville	2	4.76%	9,315,688	0.84%	9,315,688	0.90%
Oviedo	1	2.38%	4,808,097	0.43%	4,808,097	0.47%
Santander	1	2.38%	3,824,157	0.34%	3,824,157	0.37%
San Sebastián	1	2.38%	3,380,693	0.30%	3,380,693	0.33%
	42	100.00%	1,115,272,748	100.00%	1,032,564,370	100.00%

IV.2.1.3.5 Risk concentration

The portfolio of Covered Obligations reflects both the profile of the customers in the Spanish market as well as BBVA's leading position therein. Consequently, such portfolio exhibits a certain concentration as set forth below. On the other hand, BBVA, in general, has significant relationships with its core clients in addition to the provision of loans and lines of credit, acting often as clearing bank for payments and collections for such clients.

Obligor	No. Of Covered Obligations	Percentage of Commitment	Percentage of Outstanding	BBVA Internal rating	External rating Fitch IBCA/ S&P	Industry sector
1	6	29.6%	32.5%	B	AA-/A1+	Utilities: Electric, Local gas and Water
2	2	16.6%	18.2%	B	A+/A2	Telecommunications
3	5	10.5%	11.6%	B	N/A	Motorways

The portfolio of Covered Obligations has a high concentration. The ratings assigned by S&P to Classes C, D and E (A, BBB and BB) rest on the rating of the Obligors: a Spanish electricity with an AA-/A1+ rating and a Spanish telecommunications company with an A+ /A2 rating. If the rating of either of these two companies drops, the rating of Classes C, D and E may also be affected.

IV.2.2 The Assignment of Contractual Position and the Acquisition of Covered Obligations Agreement

The *Sociedad Gestora* will enter into an assignment of contractual position and acquisition of securities agreement with BBVA by way of public deed (the “**Assignment of Contractual Position and Acquisition of Covered Obligations Agreement**”) with the following characteristics:

IV.2.2.1 Purpose

Assignment to the *Fondo* by BBVA of its contractual position under the Loans and the Lines of Credit, and consequently, the ownership of the Covered Obligations.

IV.2.2.2 Terms and Conditions of the assignment of the Covered Obligations

The assignment of the Loans and Lines of Credit will occur, in accordance with the Assignment of Contract and Acquisition of Covered Obligations Agreement, under the following conditions:

- (i) The assignment of the Loans and Lines of Credit to the *Fondo* in accordance with the Assignment of Contractual Position and Acquisition of Covered Obligations Agreement shall be entire and unconditional, and for the entire residual period until their expiry. The assignment will include, equally, the transfer of any and all forms of security or personal guarantees which may have been granted as security for any Line of Credit given, and any additional rights conferred in respect thereof (hereinafter, the “**Guarantees**”), however the validity of the assignment of the mortgage Guarantees shall remain subject to the registration of the assignment of the Loan or Line of Credit in the corresponding Property Registry, application for which shall be made by the *Sociedad Gestora*.

The date on which the assignment to the *Fondo* of the Loans and Lines of Credit becomes valid, in which the *Fondo* shall be subrogated in the contractual position of BBVA under the Loans and Lines of Credit, shall be called the “**Subrogation Date**”, which shall be the same date as the Settlement Date.

- (ii) In the case of a default of an Obligor under the relevant Covered Obligation, BBVA, as Servicer, shall carry out all necessary actions, including, in the last instance, the exercise of the relevant actions on behalf of the *Fondo* in order for the Obligors to satisfy their payment obligations under the Covered Obligations, and shall enforce the Guarantees.

In the case of (a) BBVA failing to comply with its obligations as Servicer in accordance with the paragraph above, or (b) BBVA being in suspension of payments or bankruptcy or object of administrative intervention, BBVA will provide the *Sociedad Gestora* with such documentation as may be necessary for taking the relevant actions for the collection of the Covered Obligations. To this effect, BBVA expressly agrees to provide the relevant certification reflecting the amount owed by the Obligors and the *Sociedad Gestora*, as a representative of the *Fondo*, shall notify, should BBVA not already have done so, the Obligors that the payment obligations under the Covered Obligations shall only be discharged if they are paid into the corresponding Operating Account.

- (iii) In the event that any of the Loans and/or Lines of Credit fail, on the Subrogation Date, to meet the characteristics set out in paragraph IV 2.1.3.1 hereof, the *Sociedad Gestora* will give notice of this circumstance to BBVA so it may, if possible, remedy such circumstance within five (5) business days from the date of the aforementioned notice. If such circumstance is not rectified in such period or proves to be non-rectifiable, the *Sociedad Gestora*, on behalf of the *Fondo*, will terminate the assignment of the corresponding Loan, Line of Credit and/or Note, and BBVA will return the Nominal Value thereof at that time (as defined in the List of Definitions in Annex 10 of this Offering Circular).
- (iv) BBVA shall be held responsible to the *Fondo* for any damages the *Fondo* may endure as the result of any Obligors exercising their rights for compensation before the Subrogation Date, it having to credit the *Fondo* with an amount equal to the value of the compensation for each corresponding Obligor.
- (v) BBVA will not undertake any obligation to repurchase the Covered Obligations.
- (vi) BBVA has already verbally notified the Obligors of its intention to proceed with the assignment of the Covered Obligations to the *Fondo*. Once the assignment is finalised and within five (5) Business days of entering into the Assignment of Contractual Position and Acquisition of Covered Obligations Agreement, BBVA shall notify (by itself or through the Notary authorising such Agreement) the Obligors in writing of the assignment of the corresponding Covered Obligations and their acquisition by the *Fondo*.

IV.2.2.3 *Place of Payment*

Any payments between BBVA and the *Sociedad Gestora*, on behalf of the *Fondo*, pursuant to the Assignment of Contractual Position and Acquisition of Covered Obligations Agreement, will be made:

- (i) into the account indicated by BBVA at that time, if they are owed to BBVA
- (ii) into the Operating Account which corresponds to the currency in which it is denominated, if they are owed by BBVA.

IV.2.2.4 *Repurchase Right*

The *Fondo* will grant a repurchase right to BBVA (hereinafter, the “**Repurchase Right**”) over the total Covered Obligations under the following circumstances:

- (i) if, at any time, the Nominal Value of the Covered Obligations is less than twenty per cent (20%) of the sum of the Nominal Value of the Covered Obligations at the Subrogation Date and of the available undrawn amount under the Lines of Credit on the Subrogation Date; and
- (ii) if there were to be a change in the applicable regulations or otherwise which would have an adverse effect on the efficiency of the transaction in relation to the requirements concerning BBVA’s equity; or
- (iii) if the credit rating of the senior unsecured short-term debt of BBVA falls below F1⁺/A1⁺.

The price which BBVA will be required to pay the *Fondo* as a result of the exercise of said Repurchase Right will be equal to the sum of the price of each Covered Obligation which will be:

- (a) for Covered Obligations which are not Unpaid Amounts or Defaulting Amounts: its Nominal Value; and
- (b) for Covered Obligations which are Unpaid Amounts or Defaulting Amounts: the price indicated by a third party, assigned by mutual agreement between BBVA and the *Sociedad Gestora* and approved by the Rating Agencies, given the expectations of recovery.

Once the Repurchase Right has been exercised, BBVA will become the holder of the Covered Obligations and will be entitled to receive interest accrued thereby from such date, the *Fondo* receiving those interests accrued prior thereto (even when paid subsequently).

The exercise of the said Repurchase Right (which, in any event, shall take place on a Payment Date and will operate in respect of all of the Covered Obligations), which may not be partial, shall be subject to:

- (a) the prior obtention by BBVA of all necessary administrative permits and authorisations; and
- (b) the price BBVA pays into the *Fondo* (once converted, if necessary, into Euros through the Swap Contracts) being sufficient to cover the outstanding principal of the Bonds (excluding any Allocated Defaulting Amounts, as defined in Annex 10) as well as interest accrued by the same up to the Payment Date.

The exercise of the Repurchase Right by BBVA shall give rise to the termination and liquidation of the *Fondo* in accordance with Paragraph III.9 of this Offering Circular.

IV.2.3 Actions in the event of non-payment of the Covered Obligations

The *Fondo* shall, through the *Sociedad Gestora*, be able to exercise declarative action (*acción declarativa*) against the Obligors who fail to comply with their payment obligations under the National Loans and Lines of Credits. Such action should be exercised through the procedures for *juicio declarativo ordinario* which correspond to the amount of the claim.

Should article 1435 of the Law of Civil Procedure (*Ley de Enjuiciamiento Civil*) be applicable, the *Fondo* shall, through the *Sociedad Gestora*, be able to take executive action (*acción ejecutiva*) under article 1429.1° or 1429.6° of said Law of Civil Procedure against the Obligors who fail to comply with their payment obligations under the National Loans and Lines of Credit and which have been granted before a Notary Public or Official Stockbroker.

The *Fondo* shall, through the *Sociedad Gestora*, be able to take action against the Obligors who fail to comply with their payment obligations under the Loans and/or Foreign Loans or Lines of Credit. Such action should be exercised through the procedures established by English law.

Judicial proceedings at first instance for debt claims under the Foreign Syndicated Loans or Lines of Credit before the courts of England and Wales are regulated by the Civil Procedure Rules, in force since April 1999. In accordance with the Civil Procedure Rules, once a claim has been submitted by a creditor, the competent court may pass summary judgment if it considers that the defendant manifestly lacks a defence or, alternatively, decide to continue proceedings by way of trial. In the former scenario, proceedings usually take approximately two (2) to six (6) months and, in the latter, six (6) months to a year.

The *Fondo* shall, through the *Sociedad Gestora*, be able to take action to enforce the Guarantees which may have been granted in relation to any Loans and/or Lines of Credit prior to registration, such action being mortgage Guarantees, assignment of Loans or Lines of Credit in relation to the corresponding Property Registry. Such action should be exercised through the procedures established under the laws of the country whose courts and tribunals have jurisdiction in respect of such Guarantees.

The Bondholders shall not be able to take direct action against the Obligors who have failed to comply with their payment obligations, the *Sociedad Gestora*, as representative of the *Fondo* which owns the Covered Obligations, being the appropriate person to take such action.

The Bondholders shall not be able to take any actions against the *Sociedad Gestora* other than those derived from the non performance of its duties, and therefore, never due to the existence of a default or prepayment of the Covered Obligations.

IV.3. Administration and Management System of Covered Obligations incorporated into the *Fondo*. Substitution

BBVA will administer and manage the Covered Obligations incorporated into the *Fondo*, in accordance with the subsection of Article 2.2 b) of the Royal Decree. The mandate in favour of BBVA for the collection of payment of these Covered Obligations will be revocable.

The *Sociedad Gestora* will carry out the financial administration of the *Fondo*, in accordance with the Procedure Protocol, as specified in section IV.3.2 hereof, notwithstanding the duties carried out by BBVA, in its capacity as Servicer, pursuant to the Administration, Collection and Deposit of Covered Obligations Agreement.

IV.3.1 Administration, Service of Collections and Deposit of Covered Obligations Agreement

IV.3.1.1 Service of Collections

BBVA will accept the mandate received from the *Sociedad Gestora*, in representation of the *Fondo*, to keep, administer and collect the Covered Obligations incorporated into the assets of the *Fondo* (hereinafter, the “**Servicing Duties**”), pursuant to an administration, service of collections and custody of documentation which will be entered into by BBVA and the *Sociedad Gestora*, acting for and on behalf of the *Fondo* (hereinafter, the “**Administration, Collection and Deposit of Covered Obligations Agreement**”).

BBVA, as administrator and collection agent of the Covered Obligations, will send to and receive from the Obligors any type of communications whatsoever which may be required, forwarding the same to the *Sociedad Gestora*. For these purposes the Obligors will maintain the same means of communication as those used until the Subrogation Date. As a simple administrator of the Covered Obligations, BBVA shall not in any circumstances renegotiate the terms and conditions of the Covered Obligations with the Obligors.

IV.3.1.2 Diligence of the Servicer. Collection Policy.

BBVA will administer the Covered Obligations incorporated into the *Fondo* with the diligence of a prudent business man (*ordenado comerciante*), as if such Covered Obligations were its own. BBVA will carry out the Servicing Duties relating to the

Covered Obligations in accordance with the Collection Policy of BBVA which is attached hereto as Annex 9 (hereinafter, the “**Collection Policy**”). Any modification of the Collection Policy in relation to the Covered Obligations will be subject to notification to the CNMV in order to make such modification public knowledge, where appropriate, as a relevant fact or by means of the verification and registration of a supplement to the Information Offering Circular.

IV.3.1.3 *Term*

BBVA will carry out the Servicing Duties until (i) the Covered Obligations incorporated into the *Fondo* have been fully redeemed, (ii) all of BBVA’s obligations in relation to the Covered Obligations have been cancelled, or (iii) the liquidation of the *Fondo* has concluded, subject to any possible revocation of its mandate pursuant to the Administration, Collection and Deposit of Covered Obligations Agreement.

In the event of the renovation of BBVA’s mandate as servicer, the *Sociedad Gestora* shall find a new servicer whose short term unsecured and unsubordinated debt shall have a credit rating of no less than F3/A3 (or equivalent) and which shall substitute BBVA within a month of the revocation. If the *Sociedad Gestora* does not find a new servicer with such credit rating within a month, it shall directly assume the Servicing Duties and consequently exercise the administration, management and custody of the Covered Obligations. During such one-month period, BBVA shall continue to carry out the Servicing Duties on the understanding that if this is not legally possible, the *Sociedad Gestora* shall directly assume the Servicing Duties while it finds a new servicer with the requisite credit ratings.

IV.3.1.4 *Delegation*

BBVA will have the capacity to entrust any third party whose senior unsecured short-term debt has a credit rating no lower than F3/A3 or any subsidiary of BBVA (the “**Deputy Servicer**”), with all or certain Servicing Duties which it has undertaken to carry out in accordance with the provisions established in the Administration, Collection and Deposit of Covered Obligations Agreement, providing that the Deputy Servicer has waived the exercise of any claim for liability against the *Sociedad Gestora* and that such delegation is approved by the *Sociedad Gestora*. The choice of such third party shall remain at the discretion of BBVA, subject to the above-mentioned criteria. In any case, the delegation of any Servicing Duty: (i) may not entail any additional cost or expense charged to the *Fondo*, (ii) must be legally feasible and (iii) must not lead to a decrease in the credit rating of any Class of Bonds. In accordance with Article 262 of the Commercial Code, BBVA will not be exonerated and released from any of the responsibilities under the Administration, Collection and Deposit of Covered Obligations Agreement or which may be legally attributable and required by Law.

IV.3.1.5 *Banco Bilbao Vizcaya Argentaria, S.A. 's responsibility*

BBVA will undertake to service and administer the Covered Obligations incorporated into the *Fondo* with the diligence of a prudent business man, performing the Servicing Duties relating to the Covered Obligations as if they were its own assets and will be liable to the *Sociedad Gestora* for any loss which could arise as a result of its negligence.

BBVA will, in particular, undertake:

- (i) to carry out the Servicing Duties in relation to the Covered Obligations in accordance with the Collection Policy and to refrain from making any modification to the Collection Policy in relation to the Covered Obligations without having submitted prior notification thereof to the *Sociedad Gestora* so that the latter may complete the necessary procedures in order to reach an agreement with the Rating Agencies and to notify the CNMV of the proposed modification so that it may be made public knowledge;
- (ii) to hold the Covered Obligations acquired by the *Fondo* in such a way so that they may be identified separately from other assets the collection of which is carried out by BBVA and so that they may be identified independently as held by the *Sociedad Gestora* on behalf of the *Fondo*; and
- (iii) to diligently custody the documents relating to the Loans and Lines of Credit from which derive the Covered Obligations.

If BBVA fails to comply with its obligations or undertakings under the Administration, Collection and Deposit of Covered Obligations Agreement, the *Sociedad Gestora* may undertake or require BBVA to fulfil such obligations.

IV.3.1.6 *Indemnity*

BBVA will indemnify the *Fondo*, through its *Sociedad Gestora*, for any damage, loss or expense it incurs as a result of a breach of its obligations in relation to the administration and collection of the Covered Obligations incorporated into the *Fondo* or the obligations relating to the custody representing the Loans and Lines of Credit from which these derive, or due to malicious or negligent actions carried out by said entity in the performance of its Servicing Duties.

IV.3.1.7 *Absence of guarantees*

BBVA will in no event assume guarantee, whether directly or indirectly, the successful outcome of the transaction.

IV.3.1.8 *Receipt and payment of collections*

BBVA, as Servicer, will receive, on behalf of the *Fondo*, any amounts paid by the Obligors in relation to the Covered Obligations, both for principal as well as interests,

fees or for any other applicable reason and it will deposit such amounts in the relevant Operating Account. Likewise, BBVA will deposit any amounts prepaid by the Obligors in relation to the Covered Obligations in the relevant Operating Account.

IV.3.1.9 Information

BBVA must inform the *Sociedad Gestora* on a monthly basis of the level of compliance on the part of the Obligors of the obligations deriving from the Covered Obligations.

IV.3.1.10 Termination of the Administration, Collection and Deposit of Covered Obligations Agreement

In the event BBVA is (i) declared in suspension of payments or bankrupt or subject to administrative intervention, (ii) the credit rating of its senior unsecured short-term debt falls below F3/A3, or (iii) BBVA breaches its obligations under the Administration, Collection and Deposit of Covered Obligations Agreement, the *Sociedad Gestora* must (unless otherwise agreed with the Rating Agencies) find another collection agent whose senior unsecured short-term debt has a credit rating no lower than F3/A3 (or equivalent) to replace the former within a maximum term of one (1) month as from the time when the *Sociedad Gestora* becomes aware of the event from which such a situation has arisen. If the *Sociedad Gestora* fails to find a new collection agent with such a credit rating within a month, the *Sociedad Gestora* shall directly assume the Servicing Duties and will consequently be responsible for the administration, collection and custody of the Covered Obligations. During such one-month period, BBVA shall continue to carry out the Servicing Duties on the understanding that if this is not legally possible, the *Sociedad Gestora* shall directly assume the Servicing Duties while it finds a new servicer with the requisite credit rating.

IV.3.2 Financial Administration and Procedure Protocol of the Sociedad Gestora

The *Sociedad Gestora*, in the performance of functions included in its corporate object, will carry out the administration and Servicing Duties of the *Fondo's* assets pursuant to the Procedure Protocol approved by its Board of Directors, a copy of which is attached hereto as Annex 6.

IV.3.3 Substitution

In the event of prepayment of the Covered Obligations incorporated into the *Fondo* at any one time, no substitution will occur whatsoever.

V. ECONOMIC AND FINANCIAL INFORMATION ABOUT THE *FONDO*

V.1 Economic and financial structure of the *Fondo*

V.1.1 Structure of the assets and liabilities of the Fondo

Throughout the life span of the *Fondo*, the assets will be made up of:

- (i) the Covered Obligations (described in Chapter IV of this Offering Circular);
- (ii) the from time to time balance of the Operating Accounts (described in Clause V.1.2.1 of this Offering Circular);
- (iii) the from time to time balance of the Cash Collateral Account (described in Clause V.1.2.2 of this Offering Circular) and the CCA Eligible Investments in which the *Sociedad Gestora* may invest the aforementioned balance (also described in Clause V.1.2.2 of this Offering Circular);
- (iv) the from time to time balance of the Excess Funding Account (described in Clause V.1.2.3 of this Offering Circular) and the EFA Eligible Investments in which the *Sociedad Gestora* may invest the aforementioned balance (also described in Clause V.1.2.3 of this Offering Circular); and
- (v) the unamortised amount of the Set-up Expenses.

The available undrawn amounts under the Lines of Credit at any given time shall be included in memorandum accounts

Throughout the life span of the *Fondo*, the liabilities will be made up of:

- (i) the Bonds issued pursuant to the Issue (described in Chapter II of this Offering Circular);
- (ii) the drawn amount at any given time under the Liquidity Facility (described in Clause V.2.1 of this Offering Circular);
- (iii) the Set-up Expenses Loan (described in Clause V.2.2 of this Offering Circular); and
- (iv) the Subordinated Loan (described in Clause V.2.3 of this Offering Circular);

The available undrawn amounts under the Lines of Credit at any given time shall be included in memorandum accounts.

The initial asset and liability structure of the *Fondo* is shown in the following chart:

Balance (Euros)

ASSETS

Set-Up Expenses 5.213.630
Excess Funding Account 82.708.378
Covered Obligations 1.115.272.748
Loans 936.623.463
Lines of Credit 95.940.907 (drawn amount)
Cash Coll Account 30.670.001

LIABILITIES

Set-Up Expenses Loan 5.213.630
Class A Bonds 930.695.108
Class B Bonds 25.651.273
Class C Bonds 108.962.148
Class D Bonds 21.970.873
Class E Bonds 27.993.346
Subordinated Loan 30.670.001

Memorandum Accounts (Euros)

Lines of Credit (undrawn amount) 82.708.378
--

Lines of Credit (undrawn amount) 82.708.378
--

The net worth of the *Fondo* shall be zero at any given time. Consequently, the amount of assets of the *Fondo* will be equal at all times to the amount of liabilities.

The maximum amount of the assets and liabilities of the *Fondo* has been calculated on the basis of an exchange rate of 1 Dollar to 1 Euro. Therefore, in the event that the exchange rate of the Dollar on the Fixing Date exceeds such exchange rate, that maximum amount shall be understood as being automatically increased in the same proportion.

The amount of the assets and liabilities of the *Fondo* will decrease over its life span as a result of the payment of the Covered Obligations and the cancellation of the Lines of Credit by the Obligors and of the resulting progressive repayments by the *Sociedad Gestora*, on behalf of the *Fondo*, of the Liquidity Facility, the outstanding Set-up Expenses Loan, the Bonds and the Subordinated Loan. Once the Liquidity Facility, the Set-up Expenses Loan and the Bonds have been fully repaid, the *Sociedad Gestora* will proceed to liquidate the *Fondo* and fully repay the Subordinated Loan.

The Covered Obligations will be acquired by the *Fondo* at a Price equal to the sum of the Nominal Value of the Loans and Lines of Credit.

The *Sociedad Gestora*, will pay the Originator, on behalf of the *Fondo*, the Price of the Covered Obligations on the Settlement Date from the proceeds raised by the Issue. For this purpose:

- (a) the *Sociedad Gestora* will deduct directly from the Euro Operating Account the part of the Price which corresponds to those Covered Obligations which Nominal Value on the Settlement Date is denominated in Euros;
- (b) if, on the Settlement Date, the Nominal Value of one or more Covered Obligations under a Loan the base-currency of which is the Euro (hereinafter, these loans will be referred to, individually, as a “**Euro-based Loan**” and, jointly, as the “**Euro-based Loans**”) is denominated in Dollars or in a Currency (each as defined in the List of Definitions in Annex 10 of this Offering Circular), the *Sociedad Gestora* will pay the corresponding Price from the initial payment in Dollars or in such Currency which the Counterparty of the Euro Flows Swap Contract must make to the *Fondo* on the Settlement Date (as described in Clause V.4.6.1 of this Offering Circular);
- (c) if, on the Settlement Date, the Nominal Value of one or more Covered Obligations under either a Loan the base-currency of which is the Dollar (hereinafter, these loans will be referred to, individually, as a “**Dollar-based Loan**” and, jointly, as the “**Dollar-based Loans**”), is denominated in Euros or in a Currency, the *Sociedad Gestora* will pay the corresponding Price from the initial payment in Euros or in such Currency which the Counterparty of the Dollar Flows Swap Contract must make to the *Fondo* on the Settlement Date (as described in Clause V.4.6.2 of this Offering Circular); and
- (d) if, on the Settlement Date, the Nominal Value of one or more Covered Obligations under a Line of Credit is denominated in a Currency, the *Sociedad Gestora* will pay the corresponding Price from the initial payment in such Currency which the Counterparty of the Currency Swap Contract must make to the *Fondo* on the Settlement Date (as described in Clause V.4.6.2 of this Offering Circular).

Finally, the *Sociedad Gestora* will execute, on behalf of the *Fondo*, several contracts, with the aim of neutralising the differences in exchange or interest rates and base rates between the Covered Obligations sold to the *Fondo* and the Bonds or other liabilities of the *Fondo* and, in general, transforming the financial characteristics of the Covered Obligations. These contracts are, in addition to the Liquidity Facility Agreement (described in V.4.5. of this Offering Circular), the Operating Accounts Agreement (which are described in Clauses V.4.1, V.4.2 and V.4.3 of this Offering Circular), the Cash Collateral Account Agreement (which is described in Clause V.4.4 of this Offering Circular), the Excess Funding Account Agreement (as described in Clause V.4.5 of this Offering Circular), and a financial transactions master agreement (the, “**Master Agreement**”) under which the Euro Flows Swap Contract (as described in Clause V.4.6.1 of this Offering Circular), the Dollar Flows Swap Contract (as

described in Clause V.4.6.2 of this Offering Circular) and the Currency Swap Contract (as described in Clause V.4.6.3 of this Offering Circular) will be entered into (hereinafter, collectively, the “**Swap Contracts**”).

V.1.2 The Accounts of the Fondo

As described in Clause V.1.1 above, the assets of the *Fondo* shall also be made up of the from time to time balance of the different accounts to be opened by the *Sociedad Gestora* at any given time, on behalf of the *Fondo*, with BBVA (hereinafter “**the Accounts**”). These accounts are: (i) the Operating Accounts, (ii) the Cash Collateral Account and (iii) the Excess Funding Account.

The main features of these Accounts are set out below.

V.1.2.1 Operating Accounts

The *Sociedad Gestora* will open an Operating Account for each of the Currencies in which the amounts owing by the Obligors under the Covered Obligations may be denominated (hereinafter, each of such accounts will be referred to as an “**Operating Account**” and, collectively, as the “**Operating Accounts**”). The main objective of the Operating Accounts will be:

- (i) to receive, as they are collected by the Servicer, all amounts (with the exception of the Recovered Amounts, as this concept is defined in Annex 10) paid by, or recovered from, the Obligors (whether it be principal, interests, commissions, costs or any other concept) related to any Covered Obligations, (hereinafter, the “**Collection Amounts**”); and
- (ii) to receive, as they are collected by the Servicer, the Recovered Amounts (as defined in Annex 10 of this Offering Circular);
- (iii) to receive and make the payments which must be made to the Counterparty pursuant to the Swap Contracts.
- (iv) to receive and make payments from, or to, the Excess Funding Account (including the reception of the undrawn amount of the Lines of Credit which are cancelled) and the Cash Collateral Account; and
- (v) to make all payments derived from the liabilities of the *Fondo*.

The *Sociedad Gestora*, purely for the purpose of monitoring and administrative control, will differentiate in each Operating Account four sub-accounts (each one of them a “**Sub-account**” and, collectively, the “**Sub-accounts**”):

- (i) one sub-account for the monitoring and control of the Collection Amounts paid by the Obligors corresponding to principal, of the undrawn amount of Lines of Credit which are cancelled (hereinafter, the “**Principal Collection Amounts**”) and of any amounts received from the Counterparty in

consideration of the Principal Collection Amounts swapped with such Counterparty (hereinafter, the “**Principal Sub-account**”)

- (ii) one sub-account for the monitoring and control of the Recovered Amounts corresponding to principal;
- (iii) one sub-account for the monitoring and control of the Collection Amounts paid by the Obligors corresponding to interest, commissions, fees or any item other than principal (hereinafter, the “**Interest Collection Amounts**”), and of any amounts received from the Counterparty in consideration of Interest Collection Amounts swapped with such Counterparty (the “**Interest Sub-account**”)
- (iv) one sub-account for the monitoring and control of the Recovered Amounts corresponding to interest, commissions, expenses or any other item other than principal.

On the Date of Constitution of the *Fondo*, the following Operating Accounts will be opened:

- (i) an account denominated in Euros (hereinafter, the “**Euro Operating Account**”); and
- (ii) an account denominated in Dollars (hereinafter, the “**Dollar Operating Account**”).

On the Settlement Date an Operating Account will also be opened for each Currency in which any Covered Obligation is denominated on the Settlement Date.

After the Settlement Date, the *Sociedad Gestora* must open a new Operating Account for the corresponding Currency, on each date that a Covered Obligation is denominated in a Currency without a previously opened Operating Account.

Initially, the *Sociedad Gestora* will open Operating Accounts with BBVA. In the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+, the *Sociedad Gestora* (unless performance by BBVA of its obligations is properly secured or otherwise is agreed with the Rating Agencies) BBVA will transfer, within one (1) month, the amounts deposited in the Operating Accounts to other accounts which the *Sociedad Gestora*, in the name of the *Fondo*, will open in another credit institution whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ (or equivalent).

Interest accrued on the Operating Accounts shall be paid on each Payment Date to the Swap Counterparty.

V.1.2.2 Cash Collateral Account

The Cash Collateral Account will be opened with BBVA by the *Sociedad Gestora* in the name of the *Fondo* on the Date of Constitution and will be funded on the Settlement Date in an amount equal to that of the Subordinated Loan.

The main purpose of the Cash Collateral Account is to permit the *Fondo* to fulfil its payment obligations derived from its liabilities (always subject to the order of priority set out in Clause V.6.1.2 of this Offering Circular) in the event of one or more of the Covered Obligations being declared as Defaulting Amounts .

The Cash Collateral Account shall be freed up on each Payment Date to adjust it to the amount required by the Rating Agencies for the following Calculation Period (hereinafter, the “**Reserve Amount**”) based on the outstanding balance of the Covered Obligations, their credit rating and their level of concentration (with the understanding that if the amounts required by each Rating Agency are not the same, the Reserve Amount shall be deemed to be the larger amount of the two and that the Reserve Amount required for a Calculation Period may never exceed that which was required for any previous Calculation Period).

The initial Reserve Amount (expressed as a percentage of the Nominal Value of the Covered Obligations on the Settlement Date and the undrawn amount of the Lines of Credit on the Settlement Date) required by the Rating Agencies at the time of constitution of the *Fondo* is 2.75%. The Reserve Amount required by the Rating Agencies shall never exceed such initial Reserve Amount.

For the purpose of illustrating the above, below is an indication of the levels of Reserve Amount (expressed as a percentage of the Nominal Value of the Covered Obligations on the Settlement Date and the undrawn amount of the Lines of Credit on the Settlement Date) required by Rating Agencies for the beginning of each year during the life of the *Fondo* (on the assumption that no prepayment of the Covered Obligations occurs and that the credit rating thereof does not vary):

YEAR	LEVELS OF RESERVE AMOUNT (AS A PERCENTAGE OF THE NOMINAL VALUE OF THE COVERED OBLIGATIONS ON THE SETTLEMENT DATE)
2001	2,60%
2002	2,25%
2003	1,90%
2004	1,60%
2005	1,45%
from 2006 and on	0%

On each Payment Date, the *Sociedad Gestora* will apply the excess of the balance of the Cash Collateral Account (once the payments required to be made by the *Fondo* on such Date have been made) over the Reserve Amount to repay the Subordinated Loan.

In the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+ , the *Sociedad Gestora* (unless performance by BBVA of its obligations is properly secured or otherwise is agreed with the Rating Agencies) will transfer, within one (1) month, the amounts deposited in the Cash Collateral Account to an account opened by the *Sociedad Gestora*, in the name of the *Fondo*, in another credit institution whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ (or equivalent).

Throughout the life of the *Fondo*, the *Sociedad Gestora*, in the name of the *Fondo*, will invest the daily balance of the Cash Collateral Account in financial instruments denominated in Euros with a rating of, at least, F1+ /A1+ (or equivalent) and a residual maturity of no greater than three (3) months and, in any event, not maturing after the immediately following Payment Date, or in overnight deposits or term deposits of no more than three (3) months and, in any event, not maturing after the immediately following Payment Date, in BBVA or a credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ or equivalent (the “**CCA Eligible Investments**”).

Interest accrued on the Cash Collateral Account and the financial return on the CCA Eligible Investments will be credited on each Payment Date into the Cash Collateral Account.

V.1.2.3 Excess Funding Account

The Excess Funding Account will be opened with BBVA by the *Sociedad Gestora* in the name of the *Fondo* on the Date of Constitution. The purpose of the Excess Funding Account is to fund the New Advances which the Obligors may request under the Lines of Credit. Therefore: (a) the from time to time balance of the Excess Funding Account shall always be equal to the from time to time undrawn amount under the Lines of Credit, and (b) the balance of the Excess Funding Account shall never exceed the aggregate available amounts under the Lines of Credit.

In the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+ , the *Sociedad Gestora* (unless performance by BBVA of its obligations is properly secured or otherwise is agreed with the Rating Agencies) will transfer, within one (1) month, the amounts deposited in the Excess Funding Account to an account opened by the *Sociedad Gestora*, in the name of the *Fondo*, in another credit institution whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ (or equivalent).

Throughout the life of the *Fondo*, the *Sociedad Gestora*, in the name of the *Fondo*, will invest the daily balance of the Excess Funding Account in financial instruments

overnight or term deposits denominated in Euros with a minimum short term rating of F1+ /A1+ (or equivalent) and having a residual maturity of no greater than two (2) days, and in any event, not maturing after the immediately following Payment Date, or in overnight deposits or term deposits of no more than two (2) days and, in any event, not maturing after the immediately following Payment Date, in BBVA or in a credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ or equivalent (hereinafter, the “**EFA Eligible Investments**”).

Interest accrued on the Excess Funding Account and the financial return on the EFA Eligible Investments shall be paid on each Payment Date to the Swap Counterparty.

V.1.3 Operational Procedure

The operational procedure to be followed by *Sociedad Gestora* - with regard to the main payment flows generated by the financial structure of the *Fondo* – is described immediately below.

V.1.3.1 Collections and payments on the Settlement Date

On the Settlement Date, all proceeds from the Issue of Bonds, the amount of the Set-up Expenses Loan and the amount of the Subordinated Loan shall be initially deposited in the Euro Operating Account.

On the same date the *Sociedad Gestora* will charge the Euro Operating Account to:

- (i) transfer to the Cash Collateral Account the amount of the Subordinated Loan
- (ii) transfer to the Excess Funding Account the equivalent amount in Euros (calculated according to the exchange rate set out in the Currency Swap Contract) of the undrawn amounts under the Lines of Credit;
- (iii) pay BBVA, as Originator, the Price of the Covered Obligations denominated in Euros;
- (iv) pay BBVA, as Counterparty of the Euro Flows Swap Contract, the equivalent value in Euros (calculated according to the exchange rate set out in such Contract) of the sums corresponding to the Euro-based Loans denominated in any Currency which BBVA, as Counterparty of the Euro Flows Swap Contract, shall pay to the *Fondo*, which in turn shall use such sums to pay the Originator the Price of the corresponding Covered Obligations;
- (v) pay BBVA, as Counterparty of the Dollar Flows Swap Contract, the equivalent value of Euros (calculated in accordance with the exchange rate set out in such Contract) of the amount of the Dollar-based Loans which BBVA, as Counterparty under the Dollar Flows Swap Contract, shall pay to the *Fondo* which in turn shall use such amount to pay the Originator the Price of the corresponding Covered Obligations; and

- (vi) pay BBVA, as Counterparty of the Currency Swap Contract, the equivalent value of Euros (calculated in accordance with the exchange rate set out in such Contract) of the amounts corresponding to the Lines of Credit drawdown in Dollars or in a Currency, which BBVA, as Counterparty of the Currency Swap Contract, shall pay to the *Fondo* which in turn shall use such amounts to pay the Originator the Price of the corresponding Covered Obligations.

V.1.3.2 *Collection Amounts and Payments of the Lines of Credit after the Settlement Date*

V.1.3.2.1 *Principal Collection Amounts under the Lines of Credit*

Each time that a Principal Collection Amount relating to a Line of Credit is paid, the procedure will be as set out in the paragraphs (i) and (ii) below.

- (i) *Principal Collection Amounts not involving the Cancellation of the Line of Credit*

If the Principal Collection Amount paid by the Obligor did not lead to the cancellation or repayment of the Line of Credit in the concurrent amount, then the procedure will be as follows:

- (a) Principal Collection Amounts in Euros:

If the Principal Collection Amount paid by the Obligor is denominated in Euros, the Servicer will pay the amount into the Euro Operating Account and the *Sociedad Gestora* shall immediately credit the Excess Funding Account.

- (b) Principal Collection Amounts in Dollars or Currencies

If the Principal Collection Amount paid by the Obligor is denominated in Dollars or a Currency, the Servicer shall pay it into the Dollar Operating Account or the Operating Account of the relevant Currency.

The amount of such Principal Collection Amount will be converted into Euros by means of the Currency Swap Contract in the following way:

- (x) the *Sociedad Gestora* will pay such Principal Collection Amount to the Counterparty of the Currency Swap Contract, and charge it against the Dollar Operating Account or the Operating Account of the relevant Currency; and
- (y) the Counterparty of the Currency Swap Contract will credit to the Euro Operating Account with the equivalent value in Euros (calculated according to the provisions set out in such Contract) of the Principal Collection Amount which the

Sociedad Gestora shall immediately pay into the Excess Funding Account.

(ii) *Principal Collection Amounts involving the Cancellation of the Line of Credit*

If the Principal Collection Amount paid by the Obligor leads to the cancellation or repayment of the Line of Credit in the concurrent amount, then the procedure will be as follows:

(a) Principal Collection Amounts in Euros:

If the Principal Collection Amount paid by the Obligor is denominated in Euros, the Servicer will pay the amount into the Euro Operating Account.

(b) Principal Collection Amounts in Dollars or Currencies

If the Principal Collection Amount paid by the Obligor is denominated in Dollars or in a Currency, the Servicer shall pay it into the Dollar Operating Account or the Operating Account of the relevant Currency.

The amount of such Principal Collection Amount will be converted into Euros by means of the Currency Swap Contract in the following way:

- (x) the *Sociedad Gestora* will pay such Principal Collection Amount to the Counterparty of the Currency Swap Contract, and charge it against the Dollar Operating Account or the Operating Account of the relevant Currency; and
- (y) the Counterparty of the Currency Swap Contract will credit to the Euro Operating Account with the equivalent value in Euros (calculated according to the provisions set out in such Contract) of the Principal Collection Amount paid by the Obligor.

V.1.3.2.2 Interest Collection Amounts under the Lines of Credit

Each time an Interest Collection Amount corresponding to a Line of Credit is received (unless such Interest Collection Amount relates to any Unpaid Amounts as defined in the List of Definitions in Annex 10 of this Offering Circular), the procedure will be as set out in paragraphs (i) and (ii) below.

(i) *Interest Collection Amounts in Euros*

If the Interest Collection Amount paid by the Obligor is denominated in Euros, the Servicer shall pay it into the Euro Operating Account.

(ii) *Interest Collection Amounts in Dollars or Currencies*

If the Interest Collection paid by the Obligor is denominated in Dollars or a Currency, the Servicer will pay it into the Dollar Operating Account or into the Operating Account of the relevant Currency.

Such Interest Collection Amount will be converted into Euros by means of the Currency Swap Contract in the following way:

- (a) the *Sociedad Gestora* will pay such Interest Collection Amount to the Counterparty of the Currency Swap Contract, and charge it against the Dollar Operating Account or the Operating Account of the relevant Currency; and
- (b) the Counterparty of the Currency Swap Contract will credit to the Euro Operating Account with the equivalent value in Euros (calculated according to the provisions set out in such Contract) of the Interest Collection Amount paid by the Obligor.

V.1.3.2.3 New Advances in the Lines of Credit

Each time the Servicer receives from an Obligor a request for a New Advance, the Servicer will communicate it immediately to the *Sociedad Gestora*, indicating its amount, the currency in which it shall be denominated in and the date it shall be made available to the Obligor (hereinafter the “**Advance Date**”) and the Gestora shall proceed in the manner set out in paragraphs (i) and (ii) below:

(i) *New Advances in Euros*

If a New Advance is denominated in Euros, the *Sociedad Gestora* shall credit its amount on the Advance Date (charged against the amount transferred in the Euro Operating Account from the Excess Funding Account) into the account designated by the Servicer for it to be made available to the relevant Obligor.

(ii) *New Advances in a Currency*

If a New Advance is denominated in Dollars or in a Currency, the *Sociedad Gestora* shall communicate the fact immediately to the Counterparty of the Currency Swap Contract indicating the amount, the currency in which it shall be denominated and the Advance Date.

On the Advance Date:

- (a) The *Sociedad Gestora* will pay the Counterparty of the Currency Swap Contract (charged to the amounts transferred to the Euro Operating Account from the Excess Funding

Account) the equivalent value in Euros (calculated according to the provisions set out in such Contract) of the amount of the New Advance.

- (b) The Counterparty of the Currency Swap Contract shall pay the amount of the New Advance into the Dollar Operating Account or the Operating Account of the relevant Currency.

Once the amount of the New Advance has been received from the Counterparty of the Currency Swap Contract, the *Sociedad Gestora* will pay said amount (charged against the corresponding Operating Account) into the account designated by the Servicer for it to be made available to the relevant Obligor.

V.1.3.2.4 Cancellation of Lines of Credit.

Each time a total or partial cancellation of an undrawn Line of Credit takes, the *Sociedad Gestora* will transfer to the Euro Operating Account, from the Excess Funding Account, an amount equal to the undrawn amounts under the Lines of Credit being cancelled or, if such Lines of Credit are denominated in Dollars, its equivalent value in Euros at the exchange rate set out in the Currency Swap Contract.

V.1.3.3. Collections Amounts and Payments derived from Euro-based Loans after the Settlement Date

V.1.3.3.1 Principal and Interest Collections Amounts of the Euro-based Loans

Each time a Collection Amount (whether a Principal Collection Amount or an Interest Collection Amount) relating to an Euro-based Loan (except for those Interest Collections Amounts relating to any Unpaid Amounts) is received as a result of the total or partial repayment or amortisation of a Loan, as a consequence of an application for a change in currency or as a result of the conclusion of the interest period of a Loan, the procedure will be as set out in paragraphs (i) and (ii) below:

(i) Collections in Euros

If the Collection Amount paid by the Obligors is denominated in Euros, the Servicer will pay it into the Euro Operating Account.

(ii) Collections in Dollars or Currencies

If the Collection Amount paid by the Obligors is denominated in Dollars or in a Currency, the Servicer will pay it into the Dollar Operating Account or the Operating Account of the relevant Currency.

Such Collection Amount will be converted into Euros by means of the Euro Flows Swap Contract in the following way:

- (a) the *Sociedad Gestora* will pay the Counterparty of the Euro Flows Swap Contract the Collection Amount paid by the Obligor (charged against the Dollar Operating Account or Operating Account of the relevant Currency); and
- (b) the Counterparty of the Euro Flows Swap Contract will credit the Euro Operating Account with the equivalent value in Euros (calculated according to the provisions set out in such Contract) of the Collection Amount paid by the Obligor.

V.1.3.3.2 New Loans for change in currency under the Euro-based Loans

Each time the Servicer receives a request from an Obligor for a change in the currency of a Euro-based Loan, the Servicer will communicate it immediately to the *Sociedad Gestora*, indicating the day (hereinafter “**Date of Change**”) on which the amount of the Loan in the new currency (hereinafter “**New Loan**”) must be paid to the Obligor and the *Sociedad Gestora* will proceed in the way set out in paragraphs (i) and (ii) below:

- (i) New Loans in Euros

If the New Loan is denominated in Euros, the *Sociedad Gestora* shall credit the New Loan, charged to the Euro Operating Account, into the account designated by the Servicer in order for it to be made available to the relevant Obligor.

- (b) New Loans in Dollars or Currencies

If the New Loan is denominated in Dollars or in a Currency, the *Sociedad Gestora* will communicate this fact immediately to the Counterparty of the Euro Flows Swap Contract, indicating the amount of the New Loan, the currency money in which it is to be denominated and the Date of Change.

On such Date of Change:

- (a) the *Sociedad Gestora* shall pay to the Counterparty of the Euro Flows Swap Contract (charged against the Euro Operating Account) the equivalent value in Euros of the amount of the New Loan; and
- (b) the Counterparty under the Euro Flows Swap Contract shall pay the amount of the New Loan in Dollars or in the relevant Currency into the Dollar Operating Account or the Operating Account of the relevant Currency.

Once the amount of the New Loan has been received from the Counterparty of the Euro Flows Swap Contract, the *Sociedad Gestora* will pay such amount (charged against the Dollar Operating Account or the Operating Account of

the relevant Currency) into the account designated by the Servicer to be made available to the relevant Obligor.

This procedure will also be applicable each time the interest period of an Euro-based Loan disbursed in Dollars or in a Currency concludes, even if a change in currency does not occur as a result thereof.

V.1.3.4 Collection Amounts and Payments derived from the Dollar-based Loans after the Settlement Date

V.1.3.4.1 Principal and Interests Collections Amounts of the Dollar-based Loans

Each time a Collection Amount (whether a Principal Collection Amount or an Interest Collection Amount) relating to a Dollar-based Loan (except for those Interest Collections Amounts relating to any Unpaid Amounts) is received as a result of the total or partial repayment or amortisation of a Loan, as a consequence of an application for a change in currency of a Loan or as a result of the conclusion of the interest period of a Loan, the procedure will be as set out in paragraphs (i) and (ii) below:

(i) Collections in Dollars

If the Collection Amount paid by the Obligor is denominated in Dollars, the Servicer must credit it into the Dollar Operating Account.

(ii) Collections in Euros or in Currencies

If the Collection Amount paid by the Obligor is denominated in Euros or in a Currency, the Servicer must credit it to the Euro Operating Account or to the Operating Account of the relevant Currency.

Such Collection Amount will be converted into Dollars by means of the Dollar Flows Swap Contract in the following way:

- (a) the *Sociedad Gestora* will credit the Counterparty of the Dollar Flows Swap Contract (charged against the Euro Operating Account or the Operating Account of the relevant Currency), the amount of the Collection Amount paid by the Obligor; and
- (b) the Counterparty of the Dollar Flows Swap Contract will credit the Dollar Operating Account with the equivalent value in Dollars (calculated according to the provisions set out in such Contract) of the amount of Collection Amount paid by the Obligor.

V.1.3.4.2 New Loans for change in currency under the Dollar-based Loans

Each time the Servicer receives from an Obligor a request for a change in the currency of a Dollar-base Loan, the Servicer will communicate it immediately to the

Sociedad Gestora, indicating the day (hereinafter “**Date of Change**”) on which the amount of the Loan in the new currency (hereinafter “**New Loan**”) must be paid to the Obligor and the *Sociedad Gestora* will proceed in the way set out in paragraphs (i) and (ii) below:

(i) *New Loans in Dollars*

If the New Loan is denominated in Dollars, the *Sociedad Gestora* shall credit the amount of the New Loan (charged against the Dollar Operating Account) into the account designated by the Servicer in order for it to be made available to the corresponding Obligor.

(ii) *New Loans in Currencies*

If the New Loan is denominated in Euros or in a Currency, the *Sociedad Gestora* will communicate this fact immediately to the Counterparty under the Dollar Flows Swap Contract, indicating the amount of the New Loan, the currency in which it shall be denominated and the Date of Change.

On such Date of Change:

- (a) The *Sociedad Gestora* shall pay the Counterparty of the Dollar Flows Swap Contract (charged to the Dollar Operating Account) the equivalent value in Dollars of the New Loan; and
- (b) The Counterparty of the Dollar Flows Swap Contract shall pay the amount of the New Loan in Euros or in the relevant Currency into the Euro Operating Account or the Operating Account of the relevant Currency.

Once the amount of the New Loan has been received from the Counterparty of the Dollar Flows Swap Contract, the *Sociedad Gestora* will pay such amount (charged against the Euro Operating Account or the Operating Account of the relevant Currency) into the account designated by the Servicer to be made available to the corresponding Obligor.

This procedure will also be applicable each time the interest period of an Dollar-based Loan disbursed in Euros or in a Currency concludes, even if a change in currency does not occur as a result thereof.

V.1.3.5 Non-payment by the Obligors

In the event that any of the Obligors failed to pay any amounts due under a Loan or Line of Credit, (hereinafter the “**Unpaid Amounts**”), the Gestora shall proceed in the manner set out below:

V.1.3.5.1 Non-payments of interest or other amounts owed (other than principal)

In the event that an Obligor fails to pay any amounts corresponding to interest, commissions or any item other than principal (hereinafter “**Unpaid Interest Amounts**”) and to the extent that such amounts cannot not be deemed to be Defaulting Amounts pursuant to the provisions of V.1.3.5.3. below, the *Sociedad Gestora* shall:

- (i) make, on behalf of the *Fondo*, a drawdown of the Liquidity Facility (hereinafter, a “**Liquidity Advance**”) for an amount equivalent to the relevant Unpaid Interest Amounts; and
- (ii) use the amount of the Liquidity Advance to fulfil the payment obligations of the *Fondo* under the Swap Contracts.

If the amount available under the Liquidity Facility is lower than the Unpaid Interest Amounts, the difference (the “**Liquidity Difference**”) will be withdrawn (prior its conversion into Euros at the exchange rate set out in the relevant Swap Contract), at each Payment Date and for the purpose of fulfilling the payment obligations of the *Fondo* allocable to Available Interests (as defined in Annex 10), from the Cash Collateral Account.

V.1.3.5.2 Non Payments of Principal

In the event that an Obligor fails to pay any amounts corresponding to principal (hereinafter, “**Unpaid Principal Amounts**”) and to the extent that such amounts cannot be deemed to be Defaulting Amounts pursuant to V.1.3.5.3. below, such failure will not affect whatsoever the rights of the Bondholders.

When an Unpaid Principal Amount becomes a Defaulting Amount, the procedure shall be that set out in Clause V. 1.3.5.3.

V.1.3.5.3 Defaulting Amounts

An Unpaid Amount shall be deemed to be a Defaulting Amount when:

- (a) the Obligor has been declared bankrupt; or
- (b) the *Sociedad Gestora*, in accordance with the information supplied by the Servicer, does not expect to recover such Unpaid Amount.

In the event that, on the Payment Date, one or more Unpaid Principal Amounts are deemed to be Defaulting Amounts (hereinafter, “**Defaulting Principal Amounts**”), the following procedure will be applicable:

- (a) the payment obligations under the Euro Flows Swap Contract, the Dollar Flows Swap Contract or the Currency Swap Contract, as applicable, will be reduced in the amount corresponding to such Defaulting Principal Amounts;

- (b) the *Sociedad Gestora*, on behalf of the *Fondo*, shall withdraw from the Cash Collateral Account an amount equivalent to the sum of the Defaulting Principal Amounts declared on such Payment Date (the “**Defaulting Principal Amount**”) and shall credit such amount into the Euro Operating Account in order to fulfil the payment obligations of the *Fondo* allocable to Available Principal (as defined in Annex 10) in the order of priority of payments set out in Clause V.6.1.2.3 below.

To this effect, the Defaulting Principal Amount will be converted into Euros at the exchange rate set out in the Euro Flows Swap Contract (to the extent that the Defaulting Principal Amount relates to Defaulting Amounts corresponding to an Euro-based Loan), in the Dollar Flows Swap Contract (to the extent that the Defaulting Principal Amount relates to Defaulting Amounts corresponding to an Dollar-based Loan), or in the Currency Swap Contract (to the extent that the Defaulting Principal Amount relates to Defaulting Amounts corresponding to a Line of Credit).

In the event that the balance in the Cash Collateral Account less the Defaulting Interest Amounts (as defined in the List of Definitions in Annex 10 of this Offering Circular) is lower than the Defaulting Principal Amount, the difference (the “**Allocable Difference**”) will be allocated in the following order to:

1. Class E Bonds, on a pro rata basis (until, by virtue of the aforementioned allocation or successive allocations, if applicable, they must be deemed to be fully amortised);
2. Class D Bonds, on a pro rata basis (until, by virtue of the aforementioned allocation or successive allocations, if applicable, they must be deemed to be fully amortised);
3. Class C Bonds, on a pro rata basis (until, by virtue of the aforementioned allocation or successive allocations, if applicable, they must be deemed to be fully amortised);
4. Class B Bonds, on a pro rata basis (until, by virtue of the aforementioned allocation or successive allocations, if applicable, they must be deemed to be fully amortised); and
5. Class A Bonds, on a pro rata basis (until, by virtue of the aforementioned allocation or successive allocations, if applicable, they must be deemed to be fully amortised).

As a result of the aforementioned allocation, the Bonds of each of the subsequent Classes shall be considered provisionally amortised by the Allocable Difference or the part thereof which, within the corresponding Class, should be allocated to each Bond (hereinafter, each an “**Allocated**”

Defaulting Amount”), and the accrual and payment of the interests corresponding to the aforementioned Allocated Amount will be suspended.

If, after one or more allocations have taken place, the *Fondo* receives any amounts which correspond to a Defaulting Amount (hereinafter the “**Recovered Amounts**”), said Recovered Amounts will be distributed according to the order of priority of payments set out in Clause V.6.1.2.1 of this Offering Circular.

V.1.3.6 Recovered Amounts

The Recovered Amounts denominated in Euros shall be credited to the Euro Operating Account. The Recovered Amounts denominated in Dollars or in a Currency shall be credited into the Dollar Operating Account or the Operating Account of the relevant Currency and, subsequent to its conversion into Euros at the market exchange rate, shall be transferred to the Euro Operating Account.

The Recovered Amounts shall be used to fulfil the payment obligations of the *Fondo* allocable to the Available Recovered Amounts (as defined in the List of Definitions in Annex 10) in the order of priority set out in Clause V.6.1.2.1 of this Offering Circular.

V.1.3.7 Liquidity Facility

In accordance with the provisions of Clause V.1.3.5.1 above, in the event that an Obligor fails to pay any overdue amounts corresponding to interest, commissions or any other item other than principal, and to the extent that such amounts must not be deemed to be Defaulting Amounts, the *Sociedad Gestora*, on behalf of the *Fondo*, shall make a drawdown of the Liquidity Facility (hereinafter, a “**Liquidity Advance**”) in an amount equal to such unpaid overdue amounts (hereinafter, the “**Unpaid Interest Amounts**”) and will use the same to fulfil the payment obligations of the *Fondo* under the Swap Contracts.

The *Sociedad Gestora* shall repay the Liquidity Facility together with the interests accrued thereon on each Payment Date. For these purposes, on each Payment Date, the *Sociedad Gestora*:

- (i) will apply the recoveries corresponding to Unpaid Interest Amounts in relation to a Liquidity Advance made to repay the amount of such Liquidity Advance as well as the interests accrued thereby;
- (ii) will make a drawdown of the Liquidity Facility for an amount equal to the sum (hereinafter, the “**Refinanced Amount**”) of:
 - (a) the principal of each Liquidity Advance made previously to cover any Unpaid Interest Amounts which have been declared Defaulting Amounts on such Payment Date; plus

- (b) the interests accrued by the Liquidity Advances referred to in (a) above; and
- (iii) will withdraw an amount from the Cash Collateral Account (hereinafter, the “**Defaulting Interest Amount**”) equivalent to the sum of:
 - (a) the principal of each Liquidity Advance made previously to cover the Unpaid Interest Amounts which have been declared Defaulting Amounts on such Payment Date (prior to their conversion into Euros, if necessary, at the exchange rate set out in the relevant Swap Contract); plus
 - (b) the interest accrued on the Liquidity Advances referred to in (a) above (prior to their conversion into Euros, if necessary, at the exchange rate set out in the relevant Swap Contract); plus
 - (c) the surplus, if any, of the Refinanced Amount over the available amount under the Liquidity Facility (prior to their conversion into Euros, if necessary, at the exchange rate set out in the relevant Swap Contract); and
- (iv) will use the amounts from the Liquidity Facility and the Cash Collateral Account referred to in paragraphs (ii) and (iii) above to repay the Liquidity Facility together with the interest accrued by the same, on the understanding that if the balance of the Cash Collateral Account is less than the Defaulting Interest Amount, the difference shall be paid from the Available Interest (as defined in the List of Definitions in Annex 10), in accordance with the order of priority set out in Clause V.6.1.2.2 of this Offering Circular, or, as applicable, from the Available Principal as defined in the List of Definitions in Annex 10), in accordance with to the order of priority set out in Clause V.6.1.2.3 of this Offering Circular.

V.1..3.8 Payment to the Bondholders and other creditors of the Fondo

On each Payment Date, the *Sociedad Gestora* will apply the Available Recovered Amounts, the Available Interest and the Available Principal (as defined in the List of Definitions in Annex 10 of this Offering Circular) to fulfil the payment obligations of the *Fondo* in the order set out in Clause V.6.1.2 of this Offering Circular.

V.2 Financing of the Fondo

The liabilities of the *Fondo* are identified, in a general way, in Clause III.2.2 of this Offering Circular. The *Fondo* will be financed by: (i) the Issue of Bonds (described in Chapter II of this Offering Circular), (ii) the Liquidity Facility (iii) the Set-up Expenses Loan and (iv) the Subordinated Loan.

The structure of the liability of the *Fondo* will not change during the life of the *Fondo*. The financing through Bonds will exceed fifty per cent (50%) of its liabilities, in accordance with Article 1 of the Royal Decree.

Immediately below is a description of the credit and loan facilities agreements which the *Sociedad Gestora* will execute on behalf of the *Fondo*.

V.2.1 The Liquidity Facility Agreement

On the date of execution of the Deed of Constitution, the *Sociedad Gestora*, on behalf of the *Fondo*, shall enter into a credit facility agreement (hereinafter the “**Liquidity Facility Agreement**”) with the following characteristics:

(i) *Lender:*

Whilst the *Sociedad Gestora* initially enters into the Liquidity Facility Agreement with BBVA, in the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+ , the *Sociedad Gestora* (unless performance by BBVA of its obligations is properly secured or otherwise is agreed with the Rating Agencies) will replace BBVA within one (1) month with another credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ (or equivalent). Should this not be possible, the *Sociedad Gestora* will fully withdraw the Liquidity Facility.

(ii) *Amount*

The amount granted of the multi-currency credit granted under the Liquidity Facility Agreement (hereinafter, the “**Liquidity Facility**”) shall be, for each Calculation Period, equal to four percent (4%) of the sum of the Nominal Value of the Covered Obligations plus the undrawn amount under the Lines of Credit on the Payment Date on which the relevant Calculation Period commence. For this purpose, the Nominal Value of the Covered Obligations on each Payment Date shall be converted into Euros at the exchange rate set out in the relevant Swap Contract.

(iii) *Object*

To provide the *Fondo* with the necessary amounts to meet its payment obligations under the Swap Contracts, in the event of non-payment by the Obligors of any of any amounts which correspond to interest, commissions or other items for principal and which must not be deemed to be Defaulting Amounts.

(iv) *Maturity*

The Liquidity Facility Agreement shall expire on the date on which the termination of the *Fondo* takes place pursuant to Clause III.9 of this Offering Circular.

(v) *Interest*

The amounts drawdown by the *Sociedad Gestora*, on behalf of the *Fondo*, under the Liquidity Facility Agreement shall accrue interest in favour of BBVA on a daily basis. The interest will accrue on the basis of the actual number of days in each interest period (assuming a year of three hundred and sixty (360) days) and will be paid on each Payment Date. The applicable rate of interest will be equal to EURIBOR plus a spread differential of 0.10 % per annum.

(vi) *Repayment*

The amount withdrawn pursuant to the Liquidity Facility shall be repaid by the *Sociedad Gestora*, on behalf of the *Fondo*, on each Payment Date.

The *Sociedad Gestora* may use amounts withdrawn from the Liquidity Facility for the purposes of settling any amounts owed by the *Fondo* pursuant to the same (including any interest it may accrue). For this purpose, any amounts withdrawn in Dollars or in a Currency shall be converted into Euros in accordance with the *fixing* of the Bank of Spain (or any other which may replace it in the future) on the Business Day which is two Business Days prior to the relevant Payment Date.

V.2.2 The Set-up Expenses Loan Agreement

On the date of execution of the Deed of Constitution, the *Sociedad Gestora*, on behalf of the *Fondo*, shall enter into a loan agreement (hereinafter, the “**Set-up Expenses Loan Agreement**”) with the following characteristics:

(i) *Lender*

BBVA

(ii) *Maximum amount*

FIVE MILLION TWO HUNDRED AND THIRTEEN THOUSAND AND SIX HUNDRED AND THIRTY EUROS (5,213,630.- Euros).

The amount of the Set-up Expenses Loan has been calculated on the basis of the maximum number of Bonds of each Class which may be issued. In the

event that the exchange rate of the Dollar exceeds the exchange rate of 1 Dollar to 1 Euro, the maximum amount of the Covered Obligations, the maximum amount of the Issue and the maximum number of Bonds of each Class which can be issued shall be understood as being automatically increased in the same proportion. Therefore, in the vent that the maximum number of Bonds of each Class which can be issued is automatically increased in the Fixing Date, the amount of the Set-up Expenses and the amount of the Set-up Expenses Loan shall be understood as being automatically increased in the same proportion.

(iii) *Object*

To pay for the Set-up Expenses of the *Fondo*.

(iv) *Maturity*

The first of the following dates :

(a) the day on which a period of three (3) years has elapsed from the Settlement Date and (b) the date on which the termination of the *Fondo* takes place pursuant to Clause III.9 of this Offering Circular.

(v) *Repayment*

The Set-up Expenses Loan must be repaid by the *Fondo* within a period of (3) years by means of ongoing quarterly repayments.

(vi) *Interest*

The Set-up Expenses Loan will accrue interest in favour of BBVA on a daily basis. The interest will accrue on the basis on the basis of the actual number of days in each interest period and assuming a year of (360) days) and will be paid on each Payment Date. The rate of interest applied will be equal to EURIBOR plus a spread of 0.10 % per annum.

V.2.3 The Subordinated Loan Agreement

On the date of execution of the Deed of Constitution, the *Sociedad Gestora*, on behalf of the *Fondo*, shall enter into a subordinated loan agreement (the “**Subordinated Loan Agreement**”) with the following characteristics:

(i) *Lender*

BBVA

(ii) *Maximum amount*

THIRTY MILLION SIX HUNDRED AND SEVENTY THOUSAND AND ONE EUROS (30,670,001 Euros).

Such maximum amount is equal to 2.5% of the total amount of the Covered Obligations (i.e., the sum of the Nominal Value of the Covered Obligations plus the undrawn amount under the Lines of Credit). Therefore, in the event that the maximum total amount of the Covered Obligations is increased on the Fixing Date (due to the exchange rate for the Dollar on such Fixing Date exceeding the exchange rate of 1 Dollar to 1 Euro), the maximum amount of the Subordinated Loan shall be understood as being increased in the same proportion.

(iii) *Object*

To fund the Cash Collateral Account.

(iv) *Maturity*

The date on which the termination and liquidation of the *Fondo* takes place pursuant to Clause III.9 of this Offering Circular.

(v) *Repayment*

The Subordinated Loan must be repaid by the *Fondo*:

- (a) from the Available Principal on each Payment Date, always in accordance with the order of priority set out in Clause V.6.1.2.3 of this Offering Circular.
- (b) on the maturity date, for an amount equal to the outstanding amount on such date.

(vi) *Financial Return*

The financial return on the Subordinated Loan shall be equivalent to the difference between the final income and the final expenses of the *Fondo*, to the extent that the a finance margin can be extracted. Such a return shall be satisfied upon the maturity of the Subordinated Loan in accordance with the priority of payments of the *Fondo*.

(vii) *Subordination*

The obligations to redeem the principal and to pay the return on the Subordinated Loan Contract will be subordinated to meet any other payment

obligations of the *Fondo* whatsoever, present or future, which become due and payable as a consequence of any of the payment obligations of the *Fondo* being defaulted.

V.3 Analysis and comments on how the possible variations in the prepayment and default ratios of the Covered Obligations would effect the *Fondo's* financial equilibrium.

V.3.1. Analysis of the prepayment ratio

Prepayments affects the *Fondo* by reducing the average life forecast for the different Bond Classes. In order to illustrate the impact of the prepayment annual ratio on the average life of each Class of Bonds, the data corresponding to three (3) scenarios are provided below:

- (1) reference scenario: corresponding to an annual prepayment ratio (A.P.R.) equal to zero.
- (2) scenario corresponding to an annual prepayment ratio (A.P.R.) equal to ten percent (10%), and
- (3) scenario corresponding to an annual prepayment ratio (A.P.R.) equal to twenty percent (20%).

Set out below is, firstly, a summary table of the average life and final maturity of the different Classes of Bonds for each of the prepayments scenarios set out above.

Class	A.P.R. = 0%		A.P.R. = 10%		A.P.R. = 20%	
	Average Life (in years)	Final Maturity	Average Life (in years)	Final Maturity	Average Life (in years)	Final Maturity
Class A	3.70	May-2007	2.79	Aug-2005	1.93	Jul-2004
Class B	7.30	Aug-2007	5.60	Feb-2006	4.66	Jan-2005
Class C	8.51	Aug-2009	6.60	May-2007	5.00	Apr-2005
Class D	10.18	Aug-2010	7.53	Feb-2008	5.25	Apr-2005
Class E	10.68	Nov-2012	8.84	May-2010	5.53	Jan-2006

The tables that follow set out the prepayment schedules for each Class of Bonds (specifying the interests accrued in each Calculation Period) under the same assumptions as in paragraph II.12.2.1. of this Offering Circular (i.e. EURIBOR: 3.45%, assuming that: (a) this rate remains constant for each Calculation Period until the end of the Issue; (b) the Margin

applicable to each Class of Bonds is as follows: (i) Class A: 0.10%; (ii) Class B: 0.12%; (iii) Class C: 0.15%; (iv) Class D: 0.20% and (v) Class E: 0.30%); (c) no Obligor defaults, (d) BBVA does not exercise the Repurchase Right; and (e) the amount of the Issue is equal to the maximum amount of the Covered Obligations.

- (1) reference scenario: corresponding to a prepayment annual ratio equal to zero.

The payment schedule for the reference scenario is set out in Clause II.12.1 of this Offering Circular.

- (2) scenario corresponding to a prepayment annual ratio equal to ten percent (10%)

CLASS A BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			930,695,108
May-00	19,411,490	7,892,812	911,283,619
Aug-00	35,361,642	7,728,191	875,921,977
Nov-00	62,647,685	7,428,305	813,274,292
Feb-01	46,968,700	6,897,018	766,305,591
May-01	38,128,290	6,498,697	728,177,302
Aug-01	59,880,344	6,175,348	668,296,958
Nov-01	71,939,908	5,667,529	596,357,050
Feb-02	52,981,512	5,057,439	543,375,538
May-02	29,779,124	4,608,126	513,596,414
Aug-02	71,869,809	4,355,583	441,726,604
Nov-02	53,705,664	3,746,087	388,020,941
Feb-03	22,034,780	3,290,633	365,986,161
May-03	22,099,975	3,103,766	343,886,186
Aug-03	38,553,688	2,916,346	305,332,498
Nov-03	17,007,650	2,589,389	288,324,848
Feb-04	36,839,582	2,445,155	251,485,267
May-04	17,180,313	2,132,735	234,304,954
Aug-04	57,591,321	1,987,036	176,713,632
Nov-04	13,195,918	1,498,630	163,517,715
Feb-05	109,270,987	1,386,721	54,246,728
May-05	26,184,077	460,042	28,062,651
Aug-05	28,062,651	237,987	0
Nov-05	0	0	0

CLASS B BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			25,651,273
May-00	0	218,763	25,651,273
Aug-00	0	234,025	25,651,273
Nov-00	0	234,025	25,651,273
Feb-01	0	234,025	25,651,273
May-01	0	226,394	25,651,273
Aug-01	0	234,025	25,651,273
Nov-01	0	234,025	25,651,273
Feb-02	0	234,025	25,651,273
May-02	0	226,394	25,651,273
Aug-02	0	234,025	25,651,273
Nov-02	0	234,025	25,651,273
Feb-03	0	234,025	25,651,273

May-03	0	226,394	25,651,273
Aug-03	0	234,025	25,651,273
Nov-03	0	234,025	25,651,273
Feb-04	0	234,025	25,651,273
May-04	0	228,938	25,651,273
Aug-04	0	234,025	25,651,273
Nov-04	0	234,025	25,651,273
Feb-05	0	234,025	25,651,273
May-05	0	226,394	25,651,273
Aug-05	17,127,392	234,025	8,523,881
Nov-05	7,248,102	77,766	1,275,779
Feb-06	1,275,779	11,639	0
May-06	0	0	0

CLASS C BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			108,962,148
May-00	0	937,074	108,962,148
Aug-00	0	1,002,452	108,962,148
Nov-00	0	1,002,452	108,962,148
Feb-01	0	1,002,452	108,962,148
May-01	0	969,763	108,962,148
Aug-01	0	1,002,452	108,962,148
Nov-01	0	1,002,452	108,962,148
Feb-02	0	1,002,452	108,962,148
May-02	0	969,763	108,962,148
Aug-02	0	1,002,452	108,962,148
Nov-02	0	1,002,452	108,962,148
Feb-03	0	1,002,452	108,962,148
May-03	0	969,763	108,962,148
Aug-03	0	1,002,452	108,962,148
Nov-03	0	1,002,452	108,962,148
Feb-04	0	1,002,452	108,962,148
May-04	0	980,659	108,962,148
Aug-04	0	1,002,452	108,962,148
Nov-04	0	1,002,452	108,962,148
Feb-05	0	1,002,452	108,962,148
May-05	0	969,763	108,962,148
Aug-05	0	1,002,452	108,962,148
Nov-05	0	1,002,452	108,962,148
Feb-06	8,301,244	1,002,452	100,660,903
May-06	23,463,542	895,882	77,197,361
Aug-06	33,151,746	710,216	44,045,615
Nov-06	20,827,643	405,220	23,217,972
Feb-07	5,036,278	213,605	18,181,694
May-07	18,181,694	161,817	0
Aug-07	0	0	0

CLASS D BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			21,970,873
May-00	0	191,574	21,970,873
Aug-00	0	204,939	21,970,873
Nov-00	0	204,939	21,970,873
Feb-01	0	204,939	21,970,873
May-01	0	198,257	21,970,873
Aug-01	0	204,939	21,970,873
Nov-01	0	204,939	21,970,873
Feb-02	0	204,939	21,970,873
May-02	0	198,257	21,970,873
Aug-02	0	204,939	21,970,873
Nov-02	0	204,939	21,970,873
Feb-03	0	204,939	21,970,873
May-03	0	198,257	21,970,873
Aug-03	0	204,939	21,970,873
Nov-03	0	204,939	21,970,873
Feb-04	0	204,939	21,970,873
May-04	0	200,484	21,970,873
Aug-04	0	204,939	21,970,873
Nov-04	0	204,939	21,970,873
Feb-05	0	204,939	21,970,873
May-05	0	198,257	21,970,873
Aug-05	0	204,939	21,970,873
Nov-05	0	204,939	21,970,873
Feb-06	0	204,939	21,970,873
May-06	0	198,257	21,970,873
Aug-06	0	204,939	21,970,873
Nov-06	0	204,939	21,970,873
Feb-07	0	204,939	21,970,873
May-07	3,409,948	198,257	18,560,925
Aug-07	13,690,877	173,132	4,870,048
Nov-07	3,437,953	45,427	1,432,095
Feb-08	1,432,095	13,358	0
May-08	0	0	0

CLASS E BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			27,993,346
May-00	0	250,774	27,993,346
Aug-00	0	268,270	27,993,346
Nov-00	0	268,270	27,993,346
Feb-01	0	268,270	27,993,346
May-01	0	259,522	27,993,346
Aug-01	0	268,270	27,993,346
Nov-01	0	268,270	27,993,346
Feb-02	0	268,270	27,993,346
May-02	0	259,522	27,993,346
Aug-02	0	268,270	27,993,346
Nov-02	0	268,270	27,993,346
Feb-03	0	268,270	27,993,346
May-03	0	259,522	27,993,346
Aug-03	0	268,270	27,993,346
Nov-03	0	268,270	27,993,346
Feb-04	0	268,270	27,993,346
May-04	0	262,438	27,993,346

Payment Date	Amortisation	Interest	Outstanding Principal
Aug-04	0	268,270	27,993,346
Nov-04	0	268,270	27,993,346
Feb-05	0	268,270	27,993,346
May-05	0	259,522	27,993,346
Aug-05	0	268,270	27,993,346
Nov-05	0	268,270	27,993,346
Feb-06	0	268,270	27,993,346
May-06	0	259,522	27,993,346
Aug-06	0	268,270	27,993,346
Nov-06	0	268,270	27,993,346
Feb-07	0	268,270	27,993,346
May-07	0	259,522	27,993,346
Aug-07	0	268,270	27,993,346
Nov-07	0	268,270	27,993,346
Feb-08	2,189,089	268,270	25,804,257
May-08	3,319,827	241,915	22,484,430
Aug-08	8,843,743	215,476	13,640,687
Nov-08	2,261,237	130,723	11,379,450
Feb-09	2,298,352	109,053	9,081,098
May-09	2,193,424	84,189	6,887,674
Aug-09	4,208,671	66,007	2,679,003
Nov-09	1,247,585	25,674	1,431,418
Feb-10	1,085,237	13,718	346,181
May-10	346,181	3,209	0
Aug-10	0	0	0

(3) scenario corresponding to a prepayment annual ratio equal to twenty percent (20%).

CLASS A BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			930,695,108
May-00	34,957,455	7,892,812	895,737,653
Aug-00	58,156,995	7,596,353	837,580,658
Nov-00	83,035,488	7,103,149	754,545,170
Feb-01	67,988,469	6,398,962	686,556,701
May-01	57,714,777	5,822,382	628,841,924
Aug-01	74,796,581	5,332,929	554,045,343
Nov-01	82,347,398	4,698,612	471,697,945
Feb-02	63,551,503	4,000,261	408,146,442
May-02	44,059,678	3,461,309	364,086,763
Aug-02	71,714,965	3,087,658	292,371,799
Nov-02	55,245,191	2,479,475	237,126,608
Feb-03	32,932,944	2,010,965	204,193,663
May-03	32,153,052	1,731,676	172,040,611
Aug-03	39,152,543	1,459,000	132,888,069
Nov-03	27,084,092	1,126,965	105,803,977
Feb-04	45,186,422	897,277	60,617,555
May-04	25,793,882	514,071	34,823,673
Aug-04	33,470,802	295,324	1,352,872
Nov-04	1,352,872	11,473	0
Feb-05	0	0	0

CLASS B BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			25,651,273
May-00	0	218,763	25,651,273
Aug-00	0	234,025	25,651,273
Nov-00	0	234,025	25,651,273
Feb-01	0	234,025	25,651,273
May-01	0	226,394	25,651,273
Aug-01	0	234,025	25,651,273
Nov-01	0	234,025	25,651,273
Feb-02	0	234,025	25,651,273
May-02	0	226,394	25,651,273
Aug-02	0	234,025	25,651,273
Nov-02	0	234,025	25,651,273
Feb-03	0	234,025	25,651,273
May-03	0	226,394	25,651,273
Aug-03	0	234,025	25,651,273
Nov-03	0	234,025	25,651,273
Feb-04	0	234,025	25,651,273
May-04	0	228,938	25,651,273
Aug-04	0	234,025	25,651,273
Nov-04	18,908,019	234,025	6,743,254
Feb-05	6,743,254	61,521	0
May-05	0	0	0

CLASS C BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			108,962,148
May-00	0	937,074	108,962,148
Aug-00	0	1,002,452	108,962,148
Nov-00	0	1,002,452	108,962,148
Feb-01	0	1,002,452	108,962,148
May-01	0	969,763	108,962,148
Aug-01	0	1,002,452	108,962,148
Nov-01	0	1,002,452	108,962,148
Feb-02	0	1,002,452	108,962,148
May-02	0	969,763	108,962,148
Aug-02	0	1,002,452	108,962,148
Nov-02	0	1,002,452	108,962,148
Feb-03	0	1,002,452	108,962,148
May-03	0	969,763	108,962,148
Aug-03	0	1,002,452	108,962,148
Nov-03	0	1,002,452	108,962,148
Feb-04	0	1,002,452	108,962,148
May-04	0	980,659	108,962,148
Aug-04	0	1,002,452	108,962,148
Nov-04	0	1,002,452	108,962,148
Feb-05	98,778,448	1,002,452	10,183,699
May-05	10,183,699	90,635	0
Aug-05	0	0	0

CLASS D BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			21,970,873
May-00	0	191,574	21,970,873
Aug-00	0	204,939	21,970,873
Nov-00	0	204,939	21,970,873
Feb-01	0	204,939	21,970,873
May-01	0	198,257	21,970,873
Aug-01	0	204,939	21,970,873
Nov-01	0	204,939	21,970,873
Feb-02	0	204,939	21,970,873
May-02	0	198,257	21,970,873
Aug-02	0	204,939	21,970,873
Nov-02	0	204,939	21,970,873
Feb-03	0	204,939	21,970,873
May-03	0	198,257	21,970,873
Aug-03	0	204,939	21,970,873
Nov-03	0	204,939	21,970,873
Feb-04	0	204,939	21,970,873
May-04	0	200,484	21,970,873
Aug-04	0	204,939	21,970,873
Nov-04	0	204,939	21,970,873
Feb-05	0	204,939	21,970,873
May-05	13,618,778	198,257	8,352,095
Aug-05	8,352,095	77,906	0
Nov-05	0	0	0

CLASS E BONDS

Payment Date	Amortisation	Interest	Outstanding Principal
Feb-00			27,993,346
May-00	0	250,774	27,993,346
Aug-00	0	268,270	27,993,346
Nov-00	0	268,270	27,993,346
Feb-01	0	268,270	27,993,346
May-01	0	259,522	27,993,346
Aug-01	0	268,270	27,993,346
Nov-01	0	268,270	27,993,346
Feb-02	0	268,270	27,993,346
May-02	0	259,522	27,993,346
Aug-02	0	268,270	27,993,346
Nov-02	0	268,270	27,993,346
Feb-03	0	268,270	27,993,346
May-03	0	259,522	27,993,346
Aug-03	0	268,270	27,993,346
Nov-03	0	268,270	27,993,346
Feb-04	0	268,270	27,993,346
May-04	0	262,438	27,993,346
Aug-04	0	268,270	27,993,346
Nov-04	0	268,270	27,993,346
Feb-05	0	268,270	27,993,346
May-05	0	259,522	27,993,346
Aug-05	8,607,239	268,270	19,386,107
Nov-05	12,994,868	185,784	6,391,239
Feb-06	6,391,239	61,249	0
May-06	0	0	0

Any rating assigned by the Rating Agencies do not address the likelihood that the principal of the Bonds of such Class will be paid on a scheduled date. Any such rating will only address the punctual payment of interest and the final repayment (in the legal final maturity date) of principal.

V.3.2 Analysis of default

The chart set out below reflects the default ratios of the Covered Obligations which would affect each Class of Bonds. Such calculations have been made assuming that EURIBOR is always 3.45% and that the recovery ratio is similar to the historical one.

Default ratios of the Covered Obligations	Affected Classes
0% to 5.3%	-
5.4% to 10.2%	E
10.3% to 14%	E, D
14.1% to 33%	E, D, C
33.1% to 37.5%	E, D, C, B
37.6% a 100%	E, D, C, B, A

The above chart shows that, due to credit enhancement, defaults up to 5.3% are absorbed by the Cash Collateral Account, initially funded from the Subordinated Loan. However, if the default ratio reaches 5.4%, Class E would be affected. Class A would not be affected, unless the default ratio reaches 37.6%. Historical default ratio for the credit portfolio of the Corporate Banking Department of Banco Bilbao Vizcaya, S.A. (currently, Banco Bilbao Vizcaya Argentaria, S.A.), which has been less than 1%, is shown in Clause VII.1 of this Offering Circular. The Covered Obligations have never defaulted.

V.4 Description of the aims or objectives of the financial operations contracted by the *Sociedad Gestora* on behalf of the *Fondo* for the purposes of managing the risk, providing for regular payments, neutralising the differences in interest rates or, in general, transforming the financial characteristics of all or part of the Covered Obligations.

The *Sociedad Gestora* will arrange on behalf of the *Fondo* the operations described immediately below, with the aim of increasing the security and regularity with regard to the payment of the Bonds, of neutralising the differences in interest rates between the Covered

Obligations incorporated into the *Fondo* and the Bonds or other liabilities and, in general, transforming the financial characteristics of the Covered Obligations.

The *Sociedad Gestora*, with the aim of ensuring the compliance of the operation of the *Fondo* in the terms set out in this Offering Circular, in the Deed of Constitution and in the regulations in force from time to time, will be entitled to extend or modify the contracts which it has entered into in the name of the *Fondo*, to replace each of the counterparties of such contracts and even, if necessary, to enter into additional contracts; all of the above subject to the legislation from time to time in force.

It is expected that the *Sociedad Gestora*, on behalf of the *Fondo*, will enter into an agreement for each Operating Account opened in the name of the *Fondo*, as well as three swap contracts to hedge certain financial risks arising out of the Lines of Credit, the Euro-based Loans and the Dollar-based Loans. Specifically, the *Sociedad Gestora* will enter into the following contracts:

- (i) Liquidity Facility Agreement
- (ii) Euro Operating Account Agreement.
- (iii) Dollar Operating Account Agreement.
- (iv) Currency Operating Account Agreement for each Currency.
- (v) Cash Collateral Account Agreement.
- (vi) Excess Funding Account Agreement.
- (vii) Master Agreement for Financial Transactions.
- (viii) Euro Flows Swap Contract.
- (ix) Dollar Flows Swap Contract.
- (x) Currency Swap Contract.

The essential characteristics of the aforementioned contracts (except for the Liquidity Facility Agreement which is described in Clause V.2.1 of this Offering Circular) are described below.

V.4.1. Euro Operating Account Agreement

On the Date of Constitution, the *Sociedad Gestora*, on behalf of the *Fondo*, will enter into an account opening agreement with BBVA (hereinafter, the “**Euro Operating Account Agreement**”) with the following characteristics:

- (i) *Object*

Opening of the Euro Operating Account and remuneration by BBVA of the balance of the Euro Operating Account.

(ii) *Interest*

The balance of the Euro Operating Account will accrue interests on a daily basis, at a rate equal to EURIBOR minus a spread of 0.10 % per annum, on the basis of the actual number of days in each interest period and assuming a year of three hundred and sixty-five (365) days.

Interest accrued on the Euro Operating Account shall be credited on each Payment Date into the Cash Collateral Account.

(iii) *Expiry*

The Euro Operating Account Agreement will expire upon termination of the *Fondo*.

(iv) *Counterparty*

Even though BBVA will be the initial counterparty of the Euro Operating Account Agreement, this may change throughout the life of the *Fondo*, if the *Sociedad Gestora* so decides.

In the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+ , the *Sociedad Gestora* (unless performance by BBVA of its obligations is properly secured or otherwise is agreed with the Rating Agencies) will: (i) open an account in Euros with a credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ or equivalent (entering into the corresponding contract); (ii) transfer the existing balance in the Euro Operating Account to the new account; and (iii) cancel the Euros Operating Account opened in BBVA.

V.4.2 Dollar Operating Account Agreement

On the Date of Constitution, the *Sociedad Gestora*, on behalf of the *Fondo*, will enter into an account opening agreement with BBVA (hereinafter referred to as the “**Dollar Operating Account Agreement**”) and with the following characteristics:

(i) *Object*

Opening of the Dollar Operating Account and remuneration by BBVA of the balance existing in each moment in the Dollar Operating Account.

(ii) *Interest*

The balance of the Dollar Operating Account will accrue interests on a daily basis, at a rate equal to EURIBOR minus a spread of 0.10 % per annum, on the basis of the actual number of days in an interest period and assuming a year of three hundred and sixty-five (365) days.

Interest accrued on the Dollar Operating Account shall be credited on each Payment Date (prior its conversion into Euros) into the Cash Collateral Account.

(iii) *Expiry*

The Dollar Operating Account Agreement will expire upon the liquidation of the *Fondo*.

(iv) *Counterparty*

Even though BBVA will be the initial counterparty under the Dollar Operating Account Agreement, this circumstance may change through the life of the *Fondo*, if the *Sociedad Gestora* so decides.

In the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+ , the *Sociedad Gestora* (unless performance by BBVA of its obligations is properly secured or otherwise is agreed with the Rating Agencies) will: (i) open an account in Dollars with a credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ or equivalent (entering into the corresponding contract); (ii) transfer the existing balance in the Dollar Operating Account to the new account; and (iii) cancel the Dollar Operating Account opened in BBVA.

V.4.3. Currency Operating Account Agreement

On the Settlement Date or any other date on which the *Sociedad Gestora* has to open an Currency Operating Account, the *Sociedad Gestora*, on behalf of the *Fondo*, will enter into an account opening agreement with BBVA (hereinafter referred to jointly as the “**Currency Operating Account Agreement**”) with the following characteristics:

(i) *Object*

Opening of the relevant Currency Operating Account and remuneration by the BBVA of the balance existing in each moment in the Currency Operating Account of the said Currency.

(ii) *Interest*

The balance of each Currency Operating Account will accrue interests on a daily basis, at a rate equal to EURIBOR minus a spread of 0.10 % per annum, on the basis of the actual number of days in an interest period and assuming a year of three hundred and sixty-five (365) days.

Interest accrued on the Currency Operating Accounts shall be credited on each Payment Date (prior its conversion into Euros) into the Cash Collateral Account.

(iii) *Expiry*

The Currency Operating Accounts Agreements will expire upon termination of the *Fondo*.

(iv) *Counterparty*

Even though BBVA will be the initial counterparty of the Currency Operating Account Agreements, this circumstance may change throughout the life of the *Fondo*, if the *Sociedad Gestora* so decides.

In the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+ , the *Sociedad Gestora* (unless performance by BBVA of its obligations is properly secured or otherwise is agreed with the Rating Agencies) will: (i) open as many accounts in Currencies as those already opened, with a credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ or equivalent (entering into the corresponding contract); (ii) transfer the existing balance in the Currencies Operating Accounts to the respective new accounts; and (iii) cancel the Currencies Operating Accounts opened in BBVA.

V.4.4. Cash Collateral Account

On the Date of Constitution, the *Sociedad Gestora*, on behalf of the *Fondo* will enter into an account opening agreement with BBVA (hereinafter, the “**Cash Collateral Account Agreement**”), and with the following characteristics:

(i) *Object*

Opening of the Cash Collateral Account and remuneration by BBVA of the balance existing in the accounts in Euros.

(ii) *Interest*

The balance of the Cash Collateral Account will accrue interests on a daily basis, at a rate equal to EURIBOR minus a spread of 0.10 % per annum, on the basis of the actual number of days in an interest period and assuming a year of three hundred and sixty-five (365) days.

(iii) *Expiry*

The Cash Collateral Account Agreement will expire upon the termination of the *Fondo*.

(iv) *Counterparty*

Even though BBVA will be the initial counterparty under the Cash Collateral Account Agreement, this circumstance may change through the life of the *Fondo*, if the *Sociedad Gestora* so decides.

In the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+ , the *Sociedad Gestora* (unless performance by BBVA of its obligations is properly secured or otherwise is agreed with the Rating Agencies) will: (i) open an account in Euros with a credit entity with a short term senior unsecured debt rating no lower than F1+ /A1+ or equivalent (entering into the corresponding contract); (ii) transfer the existing balance in the Cash Collateral Account to the new account; and (iii) cancel the Cash Collateral Account opened in BBVA.

V.4.5. Excess Funding Account Agreement

On the Date of Constitution, the *Sociedad Gestora*, on behalf of the *Fondo*, will enter into an account opening agreement with BBVA (hereinafter, the “**Excess Funding Account Agreement**”) with the following characteristics:

(i) *Object*

Opening of the Excess Funding Account and remuneration by the BBVA on the balance existing in each moment in the Excess Funding Account.

(ii) *Interest*

The balance of the Excess Funding Account will accrue interests on a daily basis, at a rate equal to EURIBOR minus a spread of 0.10 % per annum, on the basis of the actual number of days in an interest period and assuming a year of three hundred and sixty-five (365) days.

Interest accrued on the Excess Funding Account shall be credited on each Payment Date into the Cash Collateral Account.

(iii) *Expiry*

The Excess Funding Account Agreement will expire upon the liquidation of the *Fondo*.

(iv) *Counterparty*

Even though BBVA will be the initial counterparty under the Excess Funding Account Agreement, this circumstance may change throughout the life of the *Fondo*, if the *Sociedad Gestora* so decides.

In the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+ , the *Sociedad Gestora* (unless performance by BBVA of its obligations is properly secured or otherwise is agreed with the Rating Agencies) will: (i) open an account in Euros with a credit entity which has a short term senior unsecured debt rating no lower than F1+ /A1+ or equivalent (entering into the corresponding contract); (ii) transfer the existing balance in the Excess Funding Account to the new account; and (iii) cancel the Excess Funding Account opened in BBVA.

V.4.6 *The Swap Contracts*

It is foreseen that the *Sociedad Gestora*, on behalf of the *Fondo*, shall enter into three (3) swap contracts (the “**Swap Contracts**”) to hedge any exchange rate, interest rate and base risks derived from the differences between the payment flows of the assets and the payment flows of the liabilities of the *Fondo*.

Pursuant to the Swap Contracts:

- (a) the *Fondo* shall receive from THE Counterparty on the Subrogation Date, the amount in Dollars and Currency required to meet the payments to pay the Price of the Covered Obligations denominated in Dollars or a Currency;
- (b) throughout its life, the *Fondo* shall receive from the Counterparty the Dollars and Currency required to fund the New Advances denominated in Dollars or Currencies requested by the Obligors under the Lines of Credit;
- (c) throughout its life, the *Fondo* shall obtain the necessary Currencies in order to make the New Loans requested by the Obligors;
- (d) throughout its life, the *Fondo* shall convert into Euros all Collection Amounts in Dollars or in a Currency which correspond to Lines of Credit and Euro-based Loans;
- (e) throughout its life, the *Fondo* shall convert into Dollars all Collections Amounts in Euros or in a Currency which correspond to Dollar-based Loans;
- (f) on each Payment Date, the *Fondo* shall convert into Euros, all Collections Amounts which correspond to Dollar-based Loans; and

- (g) on each Payment Date, the Fund shall obtain all necessary amounts to meet all its different liabilities.

Although the *Sociedad Gestora* will initially enter into the Swap Contracts with BBVA (hereinafter, the “**Counterparty**”), in the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+ , the *Sociedad Gestora* will replace BBVA with another credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ , unless BBVA sufficiently collateralises, on each Payment Date, the credit risk to which the *Fondo* is exposed under such Swap Contracts or as otherwise agreed with the Rating Agencies.

The characteristics of the Swap Contracts are described below:

V.4.6.1 *The Euro Flows Swap Contract*

On the Date of Constitution, the *Sociedad Gestora*, in the name of the *Fondo*, will enter with BBVA, under a master agreement entered into on the same date in accordance with the model of the Master Agreement for Financial Transactions of the Spanish Banking Association (hereinafter, the “**Master Agreement**”), into a financial swap contract (the “**Euro Flows Swap Contract**”) with the following characteristics:

- (i) *Object*

The purpose of the Euro Flows Swap Contract is hedging the exchange rate risk, which arises from the multicurrency Euro-based Loans (when disbursed or drawdown in a currency other than the Euro), as well as interest rate and base rate risks which arise from the differences between the payment flows of the Euro-based Loans and the Lines of Credit and the payment flows derived from certain liabilities of the *Fondo*.

- (ii) *Dates of Payment*

The dates of payment of the Euro Flows Swap Contract will be the following:

- (a) the Date of Subrogation;
- (b) each date on which a Principal Collection Amount or an Interest Collection Amount in Dollars or in a Currency is paid by an Obligor, whether as a result of a partial or total repayment or amortisation of a Euro-based Loan, of a currency change under an Euro-based Loan or of the conclusion of an interest period of a Euro-based Loan (hereinafter each such Loans and dates shall be referred to respectively as “**Collected Loan**” and “**Date of Currency Collection**”);

- (c) each date on which a New Loan must be made available to an Obligor as a result of a currency change under a Euro-based Loan or the conclusion of an interest period thereof (hereinafter, each such dates shall be referred to as a “**Date of Change**”);
- (d) each Payment Date

(iii) *Payments*

The payments flows under the Euro Flows Swap Contract in Euros are the following:

- (a) On the Date of Subrogation, the *Sociedad Gestora* will receive the amount in Dollars or Currency of the Euro-based Loans disbursed in Dollars or in a Currency and shall pay to the Counterparty the equivalent amount in Euros.
- (b) On each Date of Currency Collection, the *Sociedad Gestora*, on behalf of the *Fondo*, will pay to the Counterparty the Principal or Interest Collection Amount in Dollars or in a Currency paid by the Obligor and shall receive from the Counterparty the equivalent in Euros of the Collected Loan paid in the past by the *Fondo*, together with the interest accrued on such equivalent.
- (c) On each Date of Change, the *Sociedad Gestora* shall receive the amount in Dollars or in the relevant Currency of the New Loan and shall pay to the Counterparty the equivalent in Euros of the New Loan; and
- (d) On each Payment Date:
 - (x) the *Sociedad Gestora*, in the name of the *Fondo*, will pay the Counterparty:
 - (1) the amount of all the Interest Collection Amounts corresponding to the Euro-based Loan and the Lines of Credit paid by the Obligors during the Calculation Period concluding on said Payment Date (if appropriate, prior to its conversion into Euros as described in Clauses V.1.3.2 and V.1.3.3); plus
 - (2) interest accrued on the Euro Operating Account, the Excess Funding Account and the financial return of the EFA Eligible Investments during such Calculation Period, and

- (y) the Counterparty will pay the *Fondo* an amount which represent in relation to the total amount of the payments which the *Fondo* has to make on such Payment Date in respect of
 - (i) amortisation of the Set-up Expenses Loan,
 - (ii) interest accrued by the Bonds and by the Set-up Expenses Loan,
 - (iii) the Administration Fee, the Servicing Fee, the Paying Agency Fee and any other fees and expenses for services rendered by third parties incurred by the *Fondo*

the same percentage than the percentage that the Nominal Value at the preceding Payment Date of the Euro-based Loan and the Lines of Credit represents in relation to the Nominal Value of all the Covered Obligations at such preceding Payment Date.

(iv) *Date of Maturity*

The first of the following dates:

- (a) 30 November 2012 or, if such date is not a Business Day, the immediately preceding Business Day;
- (b) the date on which all Euro-based Loans and all Lines of Credit have been fully repaid and/or cancelled.
- (c) the date on which the *Fondo* shall expire accordance with Clause III 9.1 of this Offering Circular.

(v) *Counterparty of the Euro Flows Swap Contract*

Although the *Sociedad Gestora* will initially enter into the Euro Flows Swap Contract with BBVA, in the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+, the *Sociedad Gestora* will replace BBVA with another credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+, unless BBVA sufficiently collateralises, on each Payment Date, the credit risk to which the *Fondo* is exposed under such Swap Contracts or as otherwise agreed with the Rating Agencies.

V.4.6.2 *Dollar Flows Swap Contract*

On the Date of Constitution, the *Sociedad Gestora*, in the name of the *Fondo*, will enter into a financial swap contract (hereinafter, the “**Dollar Flows Swap Contract**”) with BBVA, under the Master Agreement, with the following characteristics:

(i) *Object*

The purpose of the Dollar Flows Swap Contract will be hedging the exchange rate risk, which arises from the multicurrency Dollar-based Loans (when disbursed or drawdown in a currency other than the Dollar), as well and the exchange risk interest rate and base rate risk which arise from the differences between the different payment flows of the Dollar-based Loans and the payment flows derived from certain liabilities of the *Fondo*.

(ii) *Payment Dates*

The payment dates of the Dollar Flows Swap Contract will be the following:

- (a) the Date of Subrogation;
- (b) each date on which a Principal Collection Amount or an Interest Collection Amount in Euros or in a Currency is paid by an Obligor, whether as a result of a partial or total repayment or amortisation of a Euro-based Loan, of a currency change under a Euro-based Loan or of the conclusion of an interest period of a Euro-based Loan (hereinafter each such Loans and dates shall be referred to respectively as “**Collected Loan**” and “**Date of Currency Collection**”);
- (c) each date on which a New Loan must be made available to an Obligor as a result of a currency change under a Dollar-based Loan or the conclusion of an interest period thereof (hereinafter, each such dates shall be referred to as a “**Date of Change**”).
- (d) each Payment Date.

(iii) *Payments*

The payments flows under the Dollar Flows Swap Contract are the following:

- (a) On the Date of Subrogation, the *Sociedad Gestora* will receive the amount in Dollars and in any Currency of the Dollar-based Loans disbursed, respectively, in Dollars and such Currency and shall pay to the Counterparty the equivalent amount in Euros.

- (b) On each Date of Currency Collection, the *Sociedad Gestora*, on behalf of the *Fondo*, will pay to the Counterparty the Principal or Interest Collection Amount in Euros or in a Currency paid by the Obligor and shall receive from the Counterparty the equivalent in Dollars of the Collected Loan paid in the past by the *Fondo*, together with the interest accrued on such equivalent.
- (c) On each Date of Change, the *Sociedad Gestora* shall receive the amount in Euros or in the relevant Currency of the New Loan and shall pay to the Counterparty the equivalent in Dollars of the New Loan; and
- (d) On each Payment Date:
 - (x) the *Sociedad Gestora*, in the name of the *Fondo*, will pay the Counterparty:
 - (1) the amount of all the Interest Collection Amounts corresponding to the Dollar-based Loans paid by the Obligors during the Calculation Period concluding on said Payment Date (if appropriate, prior to its conversion into Euros as described in Clause V.1.3.4) plus
 - (2) the amount of all the Principal Collection Amounts corresponding to the Dollar-based Loans paid by the Obligors during the Calculation Period concluding on said Payment Date (if appropriate, prior to its conversion into Euros as described in Clause V.1.3.4); plus
 - (3) interest accrued on the Dollar Operating Account during such Calculation Period; and
 - (y) the Counterparty will pay the *Fondo*:
 - (1) the equivalent in Euros of all the Principal Collection Amounts corresponding to the Dollar-based Loans paid by the Obligors during the Calculation Period concluding on said Payment Date (if appropriate, prior to its conversion into Dollars as described in Clause V.1.3.4), plus
 - (2) an amount which represent in relation to the total amount of the payments which the *Fondo* has to make on such Payment Date in respect of

- (i) amortisation of the Set-up Expenses Loan,
- (ii) interest accrued by the Bonds and by the Set-up Expenses Loan,
- (iii) the Administration Fee, the Servicing Fee, the Paying Agency Fee and any other fees and expenses for services rendered by third parties incurred by the *Fondo*,

the same percentage than the percentage that the Nominal Value at the preceding Payment Date of the Dollar-based Loans represents in relation to the Nominal Value of all the Covered Obligations at such preceding Payment Date.

(iv) *Date of Maturity*

The first of the following dates:

- (a) 31 August 2006 or, if such date is not a Business Day, the immediately preceding Business Day;
- (b) the date on which all Dollar-based Loans have been fully repaid; and
- (c) the date on which the *Fondo* shall expire pursuant to Clause III.9.1 of this Offering Circular.

(v) *Counterparty of the Dollar Flows Swap Contract*

Although the *Sociedad Gestora* will initially enter into the Dollar Flows Swap Contract with BBVA, in the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below the F1+ /A1+ , the *Sociedad Gestora* will replace BBVA with another credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ unless BBVA sufficiently collateralises, on each Payment Date, the credit risk to which the *Fondo* is exposed under such Swap Contracts or as otherwise agreed with the Rating Agencies.

V.4.6.3. *Currency Swap Contract*

On the Date of Constitution, the *Sociedad Gestora*, in the name of the *Fondo*, will enter into with BBVA, under the Master Agreement, a currency swap contract (the “**Currency Swap Contract**”) with the following characteristics

(i) *Object*

The purpose of the Currency Swap Contract will be allowing the *Fondo* to fund any New Advances in Dollars or in a Currency under the Lines of Credit

and to hedge the exchange rate risk arising from the advances of the Lines of Credit denominated in Dollars or in a Currency.

(ii) *Payment Dates*

The payment dates of the Currency Swap Contract will be the following:

- (a) the Date of Subrogation;
- (b) each date on which a New Advance denominated in Dollars or a Currency is advanced (hereafter, each of the said dates will be referred to as a “**Date of Advance**”); and
- (c) each date on which a Principal Collection Amount or an Interest Collection Amount in Dollars or in a Currency corresponding to an advance of a Line of Credit is paid by an Obligor (hereinafter, each such advances and dates will be referred to as a “**Repaid Advance**” and a “**Date of Currency Collection**”).

(iii) *Payments*

- (a) On the Date of Subrogation the *Sociedad Gestora*, shall receive the amount in Dollars or in the relevant Currency of the Lines of Credit which had been advanced in Dollars or in a Currency and shall pay to the Counterparty the equivalent value in Euros; and
- (b) On each Date of Advance the *Sociedad Gestora* shall receive the amount of the New Advance in Dollars or in a Currency and shall pay to the Counterparty the equivalent value in Euros of the New Advance.
- (c) On each Date of Currency Collection, the *Sociedad Gestora*, on behalf of the *Fondo*, will pay the Counterparty the Principal or Interest Collection Amount in Dollars or Currency paid by the Obligor and shall receive from the Counterparty the equivalent in Euros of the Repaid Advance paid in the past by the *Fondo*, together with the interest accrued on such equivalent.

(iv) *Date of Maturity*

The first of the following dates:

- (a) 28 February 2005 or, if such date is not a Business Day, the immediately preceding Business Day;
- (b) the date on which all Lines of Credit have been fully repaid and/or cancelled.

(c) the date on which the *Fondo* shall expire in accordance with Clause III.9.1 of this Offering Circular.

(v) *Counterparty under the Currency Swap Contract*

Although the *Sociedad Gestora* will initially enter into the Currency Swap Contract with BBVA, in the event that the rating of the senior unsecured short-term debt of BBVA assigned by any of the Rating Agencies falls below F1+ /A1+ , the *Sociedad Gestora* will replace BBVA with another credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ , unless BBVA sufficiently collateralises, on each Payment Date, the credit risk to which the *Fondo* is exposed under such Swap Contracts or as otherwise agreed with the Rating Agencies.

V.5 Accounting principles used by the *Fondo*

The *Sociedad Gestora*, on behalf of the *Fondo*, will assign revenues and costs on a timely basis in accordance with the accounting principles generally accepted in Spain as laid down in the General Accounting Plan, in particular, pursuant to the Royal Decree 1643/1990, of 20 December.

The available undrawn amounts under the Lines of Credit at any given time shall be indicated in memorandum accounts.

V.6 Rules concerning the priority of payments to be made by the *Fondo*.

V.6.1 Ordinary rules of priority of the payments to be made by the Fondo

V.6.1.1 On the Settlement Date

The origin and application of the Available Funds on the Settlement Date (as defined in the List of Definitions in Annex 10) shall be as follows:

(1) Origin

The Available Funds on the Settlement Date will comprise:

- (a) The proceeds from the Bond issue.
- (b) The amount of the Set-up Expenses Loan.
- (c) The amount of the Subordinated Loan.
- (d) The initial payment to be received under the Euro Flows Swap Contract in accordance with Clauses V.1.3.1. and V.4.6.1 of this Offering Circular.
- (e) The initial payment to be received under the Dollar Flows Swap Contract in accordance with Clauses V.1.3.1. and V.4.6.2 of this Offering Circular.

- (f) The initial payment to be received under the Foreign Currency Swap Contract in accordance with Clauses V.1.3.1 and V.4.6.3 of this Offering Circular.
- (2) Application.

The Available Funds on the Settlement Date shall be applied to the fulfilling of the *Fondo's* payments obligation in the following manner:

1. Payment of the Set-up Expenses of the *Fondo*.
2. The initial payment to be made by the *Fondo* under the Euro Flows Swap Contract in accordance with Clauses V.1.3.1 and V.4.6.1 of this Offering Circular.
3. The initial payment to be made by the *Fondo* pursuant to the Dollar Flows Swap Contract in accordance with Clauses V.1.3.1. and V.4.6.2 of this Offering Circular.
4. The initial payment to be made by the *Fondo* pursuant to the Currency Swap Contract in accordance with Clauses V.1.3.1. and V.4.6.3 of this Offering Circular.
5. Payment to BBVA of the Price of the Covered Obligations.
6. Funding the Cash Collateral Account in accordance with the provisions of Clauses V.1.3.1 of this Offering Circular.
7. Funding the Excess Funding Account in accordance with Clause V.1.3.1 of this Offering Circular.

V.6.1.2. *As from the Settlement Date until the total amortisation of the Bonds.*

On each Payment Date, the *Sociedad Gestora* will proceed consecutively to:

- (i) repay the Liquidity Facility and the interests accrued thereby, for the purpose of which:
 - (a) it will apply the recovered amounts corresponding to Unpaid Interest Payments in relation to which a Liquidity Advance was made to the repayment of the amount of such Liquidity Advance together with the interests accrued thereby;
 - (b) it will make a drawdown of the Liquidity Facility in an amount equal to the Refinanced Amount and will withdraw from the Cash Collateral Account an amount equal to the Defaulting Interest Amounts in order to repay the Liquidity Facility; bearing in mind that if the balance of the Cash Collateral Account is lower than the Defaulting Interest

Amounts, the difference (the “**Defaulting Difference**”) shall be paid from the Available Interest (in accordance with the order of priority set forth in paragraph V.6.1.2.2) or, as applicable, from the Available Principal (in accordance with the order of priority set forth in paragraph V.6.1.2.3);

- (ii) to meet its payment obligations under the Euro Flows Swap Contract and the Dollar Flows Swap Contract, as per letter (d) of paragraphs V.4.6.1. and V.4.6.2. of this Offering Circular;
- (iii) to apply the Available Recovered Amounts, the Available Interest and the Available Principal as described in Clauses V.6.1.2.1, V.6.1.2.2 and V.6.1.2.3 below; and

V.6.1.2.1 Composition and distribution of the Available Recovered Amounts

On each Payment Date, the Available Recovered Amounts will comprise of the Recovered Amounts during the previous Calculation Period.

The Available Recovered Amounts will be applied to meet the *Fondo*'s payment obligations in the following order:

1. Payment of interest corresponding to the Allocated Defaulting Amounts regarding Class A Bonds, the accrual and payment of which had been suspended as per paragraph V.1.3.5.3.
2. Payment of interest corresponding to the Allocated Defaulting Amounts regarding Class B Bonds, the accrual and payment of which had been suspended as per paragraph V.1.3.5.3.
3. Payment of interest corresponding to the Allocated Defaulting Amounts regarding Class C Bonds, the accrual and payment of which had been suspended as per paragraph V.1.3.5.3.
4. Payment of interest corresponding to the Allocated Defaulting Amounts regarding Class D Bonds, the accrual and payment of which had been suspended as per paragraph V.1.3.5.3.
5. Payment of interest corresponding to the Allocated Defaulting Amounts regarding Class E Bonds, the accrual and payment of which had been suspended as per paragraph V.1.3.5.3.
6. Funding the Cash Collateral Account.

V.6.1.2.2 Composition and distribution of the Available Interest

The Available Interest on each Payment Date will comprise:

- (a) Such portion of the payment made by the Counterparty under the Euro Flows Swap Contract as corresponds to (i) the interest accrued on Bonds and on the Set-up Expenses Loan, (ii) the Administration Fee, the Servicing Fee, the Paying Agency Fee and any other fees and expenses for services rendered by third parties incurred by the *Fondo*.
- (b) Such portion of the payment made by the Counterparty under the Dollar Flows Swap Contract which corresponds to (i) the interest accrued on the Bonds and on the Set-up Expenses Loan (ii) the Administration Fee, the Servicing Fee, the Paying Agency Fee and any other fees and expenses for services rendered by third parties incurred by the *Fondo*.
- (c) The balance of the Cash Collateral Account for an amount equal to the Unpaid Interest Amounts as from the preceding Payment Date which have not been covered by a Liquidity Advance under the Liquidity Facility (the “**Liquidity Difference**”) plus, if applicable, the Defaulting Difference.

(Hereinafter, the portion of the payments made by the Counterparty under the Euro Flows Swap Contract and the Dollar Flows Swap Contract which corresponds to the interest accrued on the Set-up Expenses Loan shall be referred to as the “**Swap Interest**”).

The Available Interest on each Payment Date will be applied to meet all of the *Fondo*'s payment obligations in the following order:

1. Payment of the *Fondo*'s ordinary and extraordinary expenses including the Administration Fee and the Paying Agency Fee, and the remaining fees and expenses incurred by the *Fondo* with respect to services rendered by third parties incurred (excluding the Servicing Fee).

In the event that the Available Interest is not sufficient to meet all the above payment obligations, the *Sociedad Gestora* will satisfy them on a pro rata basis.

2. Payment of the Servicing Fee.
3. Payment of the interest accrued on the Set-up Expenses Loan up to the amount of the Swap Interest.
4. Payment of the interest accrued on the Class A Bonds.
5. Payment of the Defaulting Difference.
6. Payment of the interest accrued on the Class B Bonds.

7. Payment of the interest accrued on the Class C Bonds.
8. Payment of the interest accrued on the Class D Bonds.
9. Payment of the interest accrued on the Class E Bonds.

V.6.1.2.3 Composition and distribution of the Available Principal

The Available Principal on each Payment will comprise:

- (a) The Principal Collection Amounts of the Euro-based Loans paid during the previous Calculation Period.
- (b) The Principal Collection Amounts corresponding to the final, total or partial, amortisation of the Lines of Credit paid during the previous Calculation Period.
- (c) The undrawn amount of those Lines of Credit which have been cancelled during the previous Calculation Period.
- (d) The portion of the payment made by the Counterparty of the Euro Flows Swap Contract and the Dollar Flows Swap Contract which corresponds to the payments which the *Fondo* must make on such Payment Date for the amortisation of the Set-up Expenses Loan (hereinafter, the “**Counterparty Payment**”).
- (e) The portion of the payment made by the Counterparty of the Dollar Flows Swap Contract which corresponds to the equivalent in Euros of the Principal Collection Amounts of the Dollar-based Loans paid by the Obligors during the Calculation Period which concludes on such Payment Date.
- (f) The balance of the Cash Collateral Account remaining, if any, after applying the Available Interest.

The Available Principal for Amortisation on each Payment will comprise:

- (a) The Principal Collection Amounts of the Euro-based Loans paid during the previous Calculation Period.
- (b) The Principal Collection Amounts corresponding to the final, total or partial, amortisation of the Lines of Credit paid during the previous Calculation Period.
- (c) The undrawn amount of those Lines of Credit which have been cancelled during the previous Calculation Period.

- (d) The portion of the payment made by the Counterparty of the Dollar Flows Swap Contract which corresponds to the equivalent in Euros of the Principal Collection Amounts of the Dollar-based Loans paid by the Obligors during the Calculation Period which concludes on such Payment Date.
- (e) The balance of the Cash Collateral Account remaining, if any, after applying the Available Interest and up to the amount of the Defaulting Principal Amount.

The Available Principal will be applied to meet the *Fondo's* payment obligations in the following order:

1. Repayment of the Set-up Expenses Loan up to the amount of the Counterparty Payment.
2. Payment of the Allocated Defaulting Amounts to the Class A Bonds up to the amount of the Available Principal for Amortisation.
3. Amortisation of the Class A Bonds up to the amount of the Available Principal for Amortisation.
4. Payment of the Defaulting Difference.
5. Payment of the Allocated Defaulting Amounts to the Class B Bonds up to the amount of the Available Principal for Amortisation.
6. Amortisation of the Class B Bonds up to the amount of the Available Principal for Amortisation.
7. Payment of the Allocated Defaulting Amounts to the Class C Bonds up to the amount of the Available Principal for Amortisation.
8. Amortisation of the Class C Bonds up to the amount of the Available Principal for Amortisation.
9. Payment of the Allocated Defaulting Amounts to the Class D Bonds up to the amount of the Available Principal for Amortisation.
10. Amortisation of the Class D Bonds up to the amount of the Available Principal for Amortisation.
11. Payment of the Allocated Defaulting Amounts to the Class E Bonds up to the amount of the Available Principal for Amortisation.
12. Amortisation of the Class E Bonds up to the amount of the Available Principal for Amortisation.

13. Repayment of the Set-up Expenses Loan above the amount of the Counterparty Payment.
14. Repayment of the Subordinated Loan up to the amount by which the balance of the Cash Collateral Account exceeds the Reserve Amount.

VI. INFORMATION ABOUT THE *SOCIEDAD GESTORA*

VI.1 Trade name and registered address

The trade name of the *Sociedad Gestora* is “BBV TITULIZACION, S.A., Sociedad Gestora de Fondos de Titulización”. Its registered address is located at Paseo de la Castellana nº 81, 28046 Madrid. It holds C.I.F. (Fiscal Identification Code) number A-81-041378, and C.N.A.E. 671 (*Activities secondary to financial intermediation except for insurance and pension plans*).

VI.2 Incorporation and registration at the Mercantile Registry. Administrative Authorisations.

The *Sociedad Gestora* was incorporated as a *Sociedad Gestora de Fondos de Titulización Hipotecaria* by mean of a public deed executed on 12 December 1994 before Mr. Luis Sánchez Marco, Notary of Madrid, under number 3,495 of his official records, by virtue of authorisation by the Ministry for the Economy and the Treasury (“*Ministerio de Economía y Hacienda*”) granted by way of a Ministerial Order dated 29 June 1994, after the issue of a prior report by the CNMV. Its transformation into a *Sociedad Gestora de fondos de Titulización de Activos* was authorised by the Ministry of Economy and the Treasury dated 23 July 1999 pursuant to the provisions of Single Transitory Provisional of the Royal Decree. It is recorded at the Mercantile Registry of Madrid in Tome 8,785, Section 8, Folio 19, Page M-141350, 1st entry of the Companies Book, and the special Register for *Sociedad Gestora de Fondos de Titulización* belonging to the aforementioned Commission, under number 8.

The *Sociedad Gestora* was incorporated for an indefinite term, unless one of the events occurs by which its dissolution can be legally imposed.

VI.3 Corporate Object

Article 2 of the Articles of Association of the *Sociedad Gestora*:

“Its corporate object is exclusively to form, administer and legally represent both the Fondos de Titulización de Activos and the Fondos De Titulización Hipotecaria. Likewise, as a management entity of third party assets, it will also perform the representation and defence of the interests of the owners of the securities issued by the Fondos that it administer, and of the other Creditors of those Fondos ”.

VI.4 Location where the documents relating to the *Sociedad Gestora* may be accessed

The *Sociedad Gestora*’s Articles of Association, the accounting and financial statements, or any other document indicated in this Information Offering Circular or relates to its content, may be accessed at the *Sociedad Gestora*’s registered address, Paseo de la Castellana nº 81, 28046, Madrid.

VI.5 Share Capital

VI.5.1 Par value subscribed and paid up share capital

The share capital of BBV TITULIZACION, S.A., Sociedad Gestora de *Fondos* de Titulización, amounts to THREE HUNDRED AND FIFTY MILLION PESETAS (350,000,000.-Ptas.), represented by THREE THOUSAND FIVE HUNDRED (3,500) nominative shares each with a par value of ONE HUNDRED THOUSAND PESETAS (100,000.- Ptas.), numbered successively from 1 to 3,500, both inclusive, all belonging to the same Series, with identical voting and economic rights.

VI.5.2 Classes of shares

All the shares are of the same class and confer identical voting and economic rights.

VI.5.3 Evolution of the share capital over the last three years

Since the incorporation of the *Sociedad Gestora*, the share capital has not changed.

VI.6 Details regarding shareholdings

VI.6.1 Existence or not of shareholdings in other companies

There are no shareholdings in any other companies.

VI.6.2 Group of companies to which the Company belongs

For the purposes of Article 42 of the Commercial Code, BBV TITULIZACION, S.A., Sociedad Gestora de *Fondos* de Titulización, belongs to the BBVA Group.

VI.6.3 Owners of significant shareholdings

The following shareholders own shareholdings equal to or in excess of five percent (5%) in the share capital of the *Sociedad Gestora* as at the date this Offering Circular was prepared:

- Euroseguros, S.A. Compañía de Seguros y Reaseguros, with registered address in Bilbao, calle Máximo Aguirre nº 8 bis, holder of Fiscal Identification Code number A-48/051098, with twenty percent (20%).
- Banca Catalana, S.A., with registered address in Barcelona, Avenida Diagonal nº 662-664, holder of Fiscal Identification Code number A-08/144651, with twenty percent (20%).
- Privanza Banco Personal, S.A., with registered address in Madrid, Calle Padilla nº 17, holder of Fiscal Identification Code number A-28/000599, with ten percent (10%).

- Banco Bilbao Vizcaya Argentaria, S.A. with registered address in Bilbao, Plaza de San Nicolás nº 4, holder of Fiscal Identification Code number A-48/265169, with thirty percent (30%).
- Banco del Comercio, S.A., with registered address in Madrid, Calle Alcalá nº 45, holder of Fiscal Identification Code number A-28/000545, with twenty percent (20%).

VI.7 Corporate Bodies

The Board of Directors comprises the following persons:

- **President:** Ms. Rosario Martín Gutiérrez de Cabiedes.
- **Members:** Mr. José Manuel Aguirre Larizgoitia.
Mr. Rafael Varela Martínez.
Mr. Juan Prado Rey-Baltar.
Mr. Antonio Ignacio Uguina Zamorano.
- **Managing Director:** Ms. Carmen Pérez de Muniaín Marzana.
- **Non-managing Secretary:** Mr. Juan Manuel Moreno-Luque y Fernández de Cañete.
- **Legal Adviser:** Mr. Antonio Morea Rodríguez

VI.8 Joint interest in the Company of the persons indicated in VI.7

The persons indicated in paragraph VI.7.1 above are not the direct or indirect titleholders or representatives of any share or obligation convertible in shares of the *Sociedad Gestora*.

VI.9 Lenders of the *Sociedad Gestora* in excess of 10%

The *Sociedad Gestora* has not received any loans from any person or entity whatsoever.

VI.10 Indication of whether the *Sociedad Gestora* is subject to any insolvency proceedings, or whether significant court action or claims exist that may affect, in the future, its capacity to perform the management and administration of the *Fondo* as set out in this Offering Circular

The *Sociedad Gestora* is not subject to any insolvency proceedings and no court action or claims exist that could affect, in the future, its capacity to perform the management and administration of the *Fondo* as set out in this Offering Circular.

VII. RECENT EVOLUTION AND PROSPECTS FOR THE *FONDO*

VII.1 Historical behaviour of the Portfolio of Assets on the Corporate banking balance

The historic behaviour of Banco Bilbao Vizcaya, S.A.'s (currently, Banco Bilbao Vizcaya Argentaria, S.A.) credit portfolio (the "**Portfolio**") in the area of Corporate banking is detailed below, from which the Loans and Lines of Credit derived from the Covered Obligations proceed, which correspond to the section of businesses of greatest size. The Loans and Lines of Credit which will be securitised have never been in an irregular state.

Year	Balance of Bad Debts/Outstanding Balance Portfolio Average	Bad Debts Incurred/Outstanding Balance of Portfolio	Defaulting Amounts/Outstanding Balance of Portfolio
1995	1.38%	0.11%	0.10%
1996	0.87%	0.20%	0.41%
1997	0.33%	0.10%	0.08%
1998	0.21%	0.04%	0.08%

VII.2 Valuation by the Rating Agencies of the quality of the Covered Obligations.

As of 8 February 2000, the estimate of the quality of the Covered Obligations throughout the life of the transaction is as follows:

AVERAGE WEIGHTED RATING OF THE COVERED OBLIGATIONS (FITCH IBCA)

31-Jan-2000	BBB+ /BBB
31-Dec-2000	BBB+ /BBB
31-Dec-2001	BBB+ /BBB
31-Dec-2002	BBB+ /BBB
31-Dec-2003	BBB+ /BBB
31-Dec-2004	BBB+ /BBB
31-Dec-2005	BBB+ /BBB
31-Dec-2006	BBB+ /BBB
31-Dec-2007	BBB+
31-Dec-2008	A-
31-Dec-2009	A-
31-Dec-2010	A-
31-Dec-2011	BBB
31-Dec-2012	BBB
	BBB

DISTRIBUTION OF THE COVERED OBLIGATIONS BY CREDIT RATING CATEGORIES (S&P)						
	AA-	A+	BBB+	BB	B	TOTAL
31-Jan-00	32.33%	18.64%	40.60%	1.70%	6.72%	100.00%
31-Dec-00	5.29%	35.33%	47.95%	3.25%	8.18%	100.00%
31-Dec-01	26.07%	18.06%	47.67%	2.69%	5.51%	100.00%
31-Dec-02	25.15%	20.73%	44.90%	3.24%	5.97%	100.00%
31-Dec-03	13.43%	0.00%	70.41%	5.94%	10.22%	100.00%
31-Dec-04	25.60%	21.78%	47.88%	1.15%	3.60%	100.00%
31-Dec-05	29.72%	25.86%	33.34%	0.00%	11.08%	100.00%
31-Dec-06	30.09%	33.58%	32.22%	0.00%	4.10%	100.00%
31-Dec-07	56.03%	0.00%	33.07%	0.00%	10.90%	100.00%
31-Dec-08	84.51%	0.00%	9.76%	0.00%	5.73%	100.00%
31-Dec-09	81.03%	0.00%	14.12%	0.00%	4.85%	100.00%
31-Dec-10	88.87%	0.00%	8.93%	0.00%	2.20%	100.00%
31-Dec-11	0.00%	0.00%	58.44%	0.00%	41.56%	100.00%
31-Dec-12	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%

In particular, the prospects for the *Fondo* depend on the evolution of specific risk factors. Below is a summary of certain factors which prospective investors should consider before deciding to purchase the Bonds. The following information is not complete and prospective investors should consider all the information contained in this Offering Circular.

VII.3.1 Risks inherent to the Covered Obligations

VII.3.1.1 Performance of the Covered Obligations

The collectibility of the Covered Obligations is subject to credit, liquidity, interest rate and other risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, the financial position of the Obligor and other similar factors. If, subject to the order of priority for payments set out in paragraph V.6.1.2 of this Offering Circular, the funds allocable to a particular Class of Bonds were not sufficient to pay all the amounts due, then Bondholders of such Class would bear their proportionate percentage of such insufficiency and any resulting loss.

VII.3.2 Structural risks

VII.3.2.1 No recourse to parties other than the Fondo

The Bonds are liabilities of the *Fondo* alone. In particular, the Bonds do not constitute any or other obligation of any kind of by BBVA, Goldman Sachs International, the *Sociedad Gestora*, or any of their respective affiliates. None of such entities guarantees the Bondholders the payment thereof.

VII.3.2.2 Reliance on creditworthiness of BBVA.

BBVA will perform a number of roles in the transaction, including lender under the Loan for Set-up Expenses and Subordinated Loan, depository of the Accounts of the *Fondo*, Counterparty of the Swap Contracts, Liquidity Facility Provider, loan servicer and Paying Agent. As a result, Bondholders rely not only on the creditworthiness of the Obligors, but also on the creditworthiness of BBVA under the various roles BBVA assumes in the transaction. In the event that BBVA's creditworthiness declines, the roles initially assumed by BBVA will have to be transferred to other suitable counterparties with sufficient rating, or else the *Fondo* may be extinguished early if no suitable counterparty can be found.

VII.3.2.3 Reliance on BBVA's servicing standards

BBVA will agree to service the Covered Obligations in accordance with the servicing standards described in Annex 9 of this Offering Circular and will be required to exercise the same care and apply the same policies that it exercises in servicing for its own account other facilities comparable to the Covered Obligations. Therefore, the *Fondo* is relying on the compliance by BBVA of its customary loan maintenance and collection policies in relation to the servicing, collection, enforcement and administration of the Covered Obligations. Furthermore, in relation to the Syndicated Loans and the Syndicated Lines of Credit in which the exercise of remedies and the taking of other actions (including the granting of amendments or waivers) may be subject to the vote of a certain percentage of the lender, there can be no assurance that actions followed by the *Sociedad Gestora* will be followed by the number of lenders required to vote in favour of such action.

VII.3.2.4 Effects of Subordination

With respect to investors holding Bonds of one or several classes of subordinated Bonds, payment of the principal on the subordinated Bond will not commence until the final principal payment on the more senior Class(es) of Bonds. In addition, if the Available Interest on a Payment Date is insufficient to cover the interest accrued by all the Bonds, the interest accrued by the senior Bonds will be paid first. If delinquencies and losses in relation to the Covered Obligations increase, a permanent delay and/or reduction in principal and interest payments on the subordinated Bonds might take place.

VII.2.5 Credit enhancement

Although credit enhancement has been provided with respect to each Class of Bonds, the amount available is limited. If the amount available under any credit enhancement in relation to a Class of Bonds is reduced to zero (0), BBVA shall have no obligation to fund such deficiency and the Bondholders of the affected Class will bear directly the credit and other risks associated with their investment in the *Fondo*.

VII.3.3 Risks in relation to the Bonds

VII.3.3.1 Payment and maturity

The Covered Obligations may be repaid at any time. As a result, there is no certainty about the final Payment Date of any Classes of Bonds.

VII.3.2 Significance of the ratings

Any rating assigned to the Bonds of a Class by the Rating Agencies will reflect such Rating Agency's assessment of the likelihood that the Bondholders of such Class will receive the payments of interest and principal required to be made based on the value of the Covered Obligations and the availability of credit enhancement with respect of such Class. However, any such rating will not address the likelihood that the principal of the Bonds of such Class will be paid on a scheduled date. The rating is not a recommendation to purchase, hold or sell Bonds of such Class, and such rating will not comment as to the marketability of such Bonds, any market price or suitability for a particular investor. There is no assurance that any rating will remain for any given period of time or that any rating will not be lowered or withdrawn entirely by a Rating Agency if, in such rating Agency's judgement, circumstances so warrant.

VII.3.3.3 Limited liquidity

Without prejudice to the fact that the Bonds are to be traded on the *Mercado AIAF de Renta Fija*, there is currently no liquid secondary market for the Bonds. No certainty exists as to whether a liquid secondary market will develop or, if one develops, that it will continue.

Annex 1

Certificates of the resolutions of:

- (A) the Board of Directors of the *Sociedad Gestora* in relation to the constitution of the *Fondo* and the Issue of the five Classes of Bonds; and
- (B) Permanent Delegated Board of Banco Bilbao Vizcaya, S.A. (currently Banco Bilbao Vizcaya Argentaria, S.A.) in relation to the Assignment of the Covered Obligations to the *Fondo*.

Certificate of the resolution of the Board of Directors of the *Sociedad Gestora* in relation to the constitution of the *Fondo* and the Issue of the five Classes of Bonds

**Certificate of the resolution of Permanent Delegated Board of Banco Bilbao Vizcaya,
S.A. (currently Banco Bilbao Vizcaya Argentaria, S.A.) in relation to the Assignment of
the Covered Obligations to the *Fondo*.**

Annex 2

**Report drafted by Arthur Andersen y Cía., S. Com Regarding the Covered Obligations
which will form part of the *Fondo's* assets**

Annex 3

Letters from Fitch IBCA España, S.A. and

Standard & Poor's España, S.A.

Annex 4

Declaration by Banco Bilbao Vizcaya Argentaria, S.A. as the Originator

Annex 5

Declaration by the Managers

Annex 6
Procedure Protocol

BBV TITULIZACION, *Sociedad Gestora*

de *Fondos de Titulización*, S.A.,

(the “*Sociedad Gestora*”)

Procedure Protocol

For the purposes of this Procedure Protocol, the terms expressed in capital letters will have the meanings defined herein. The attached list of definitions contains a complete list of all such terms as well as their respective meanings.

1. **FONDO DE TITULIZACIÓN DE ACTIVOS BBVA-1.** The *Sociedad Gestora*, in the exercise of the duties which make up its corporate object, will carry out the financial administration duties of the FONDO DE TITULIZACIÓN DE ACTIVOS BBVA -1. (the “**Fondo**”) in accordance with the rules established herein and subject to Royal Decree 926/1998, dated 14 May, which regulates Fondos de Titulización de Activos and the Sociedades Gestoras de Fondos de Titulización (the “**Royal Decree**”).
2. **Main Objectives.** The *Sociedad Gestora*, acting for and on behalf of the *Fondo*,:
 - (i) will do its best efforts to achieve that the Class A, B, C, D and E Bonds issued by the *Fondo* are rated respectively as AAA, AA+ , A, BBB and BB by Fitch IBCA España, S.A. and AAA, AA, A, BBB and BB by Standard and Poor’s España, S.A..
 - (ii) will attempt to minimise the costs incurred in the process of obtaining liquidity and to cover the risk of non-payment of the Covered Obligations by means of establishing specific hedging methods, if appropriate; and
 - (iii) will attempt to minimise the temporary lags in the Collection Amounts and payments relating to the Covered Obligations acquired pursuant to the Assignment of Contractual Position and Acquisition of Covered Obligations Agreement, particularly by means of the execution of the Liquidity Facility Agreement, the Euro Operating Account Agreement, the Dollar Operating Account Agreement, the Currency Operating Account Agreement, the Excess Funding Operating Account Agreement, the Cash Collateral Operating Account Agreement and the Master Agreement for Financial Transactions, pursuant to which the Euro Flows Swap Contract, the Dollar Flows Swap Contract and the Currency Swap Contract are entered into.
3. **Diligence.** The *Sociedad Gestora* will carry out its activity with the diligence which is expected thereof in accordance with the Royal Decree, fulfil all the obligations

imposed thereon pursuant to Article 12 of the Royal Decree and will represent the *Fondo* and defend the interests of the Bondholders as if such interests were its own interests, maximising the levels of diligence, information and defence of the aforementioned interests and avoiding situations which may imply a conflict of interests, giving priority to the Bondholders.

The *Sociedad Gestora* will comply with the applicable code of conduct.

The *Sociedad Gestora* will be liable to the Bondholders and the other creditors of the *Fondo* for all the losses suffered by the same as a result of the *Sociedad Gestora*'s non-fulfilment of its obligations. Likewise, it will be liable in the applicable sanctioning order, in accordance with the provisions of Law 19/1992, dated 7 July, on the Regime concerning Real Estate Investment Companies and Funds and Mortgage Securitisation Funds.

4. **Absence of Conflicts.** The *Sociedad Gestora* may act as *sociedad gestora* of the *Fondo de Titulización de Activos BBVA-1*, as well as of any *Fondo de Titulización de Activos* ("**FTA**"), without such simultaneous management thereof entailing, in any way whatsoever, any breach of its obligations regarding its diligence as the *Sociedad Gestora* of the *Fondo* or other FTAs.
5. **General Obligations.** The *Sociedad Gestora* will undertake the administration of the Covered Obligations incorporated into the *Fondo*'s assets and of the Bonds issued with their backing. The *Sociedad Gestora* will, in particular, :
 - (i) manage the *Fondo* so that its net worth will be zero at all times;
 - (ii) appoint, for the account of the *Fondo*, an independent expert for the revision of the Covered Obligations prior to the acquisition thereof, and visit, if appropriate, the offices of Banco Bilbao Vizcaya Argentaria, S. A. ("**BBVA**") in order to review the relevant books, files and documents;
 - (iii) will establish the adequate structure for the administration of the Covered Obligations and carry out any necessary procedures in order to obtain the repayment thereof, the financing method and the establishment of the appropriate level of the provisions and reserves;
 - (iv) will carry out, on behalf of the *Fondo* the issue, sale or repayment of the Bonds, or will enter into agreements to collaborate with finance entities in order to entrust the issue, placement, sale and repayment of the Bonds which will be issued at all times by the *Fondo*;
 - (v) will supervise and carry out for the account of the *Fondo* the administrative duties and any other duty indicated herein and in the Royal Decree ;
 - (vi) will do, on behalf of the *Fondo*, such things as required in connection to the agreements executed for and on behalf of the *Fondo*, including, *inter alia*, the

Assignment of Contractual Position and Acquisition of Covered Obligations Agreement, the Liquidity Facility Agreement, the Set-up Expenses Loan Agreement, the Subordinated Loan Agreement, the Euro Operating Account Agreement, the Dollar Operating Account Agreement, the Currency Operating Account Agreement, the Cash Collateral Account Agreement, the Excess Funding Account Agreement, the Master Agreement for Financial Transactions, the Euro Flows Swap Contract, the Dollar Flows Swap Contract and the Currency Swap Contract and will make and receive, where the case may be, the relevant payments under to such agreements;

- (vii) will decide as to the need or appropriateness of modifying the Deed for the Constitution of the *Fondo* and, for such purpose, will comply with the applicable legal and administrative requirements;
- (viii) will fulfil its formal obligations and those concerning documentation and information with the CNMV, Rating Agencies and any other supervisory body;
- (ix) will not undertake anything which could lower the rating of any of the Classes of Bonds and will take those actions which are reasonably within reach so that the rating of all the Classes of Bonds is not adversely affected at any time;
- (x) will administer the assets of the *Fondo* for the benefit of the Bondholders and, for this purposes, in the event that there is a risk that the value of such assets may decrease thus affecting the financial balance of the *Fondo*, will have the capacity to dispose of such assets in order to maintain, to the extent possible, the economic structure of the *Fondo* provided that the amount obtained by the such disposal is not inferior to the Nominal Value of the relevant asset (except in the case of Covered Obligations which are either Unpaid Amounts or have been declared Defaulting Amounts, in which case the amount derived from such disposal shall not be less than a price determined by a third party designated by common accord of BBVA and the *Sociedad Gestora* and approved by the Rating Agencies, taking into account the prospects of recovery); in particular, the *Sociedad Gestora* may adopt the decision to assign its participation in any Loans or Lines of Credit in the event of requests made by the Obligors, whose acceptance could prejudice the Bondholders and in order to prevent the early cancellation of the relevant Loans and/or Lines of Credit;
- (xi) to carry out all procedures which may assist or be suitable for the complete performance of the aforementioned activities, as well as any of the other procedures established herein and in the Deed of Constitution;
- (xii) in the event that the rating assigned by the Rating Agencies to the senior unsecured short-term debt of the credit entity/ies with which, at any given time, it maintains the Accounts belonging to the *Fondo*, falls below

F1+ /A1+ (or equivalent), the *Sociedad Gestora* must (unless such credit entity provides sufficient guarantees for the performance of its obligations or unless otherwise agreed with the Rating Agencies), within a maximum period of one (1) month as from the date it obtains knowledge of this fact, a) cancel the *Fondo's* accounts open with said entity and b) transfer the balance thereof to other accounts open for such purpose by the *Sociedad Gestora* in credit entities whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ (or equivalent);

- (xiii) in the event that the rating assigned by the Rating Agencies to the senior unsecured short-term debt of the counterparty/ies of the Administration, Collection and Deposit of Covered Obligations Agreement, in the Liquidity Facility Agreement and the Swap Contracts, fall below F3/A3 (for the Administration, Management of Collection Amount and Deposit of Covered Obligations Contract) or F1+ /A1+ (for the Swap Contracts and the Liquidity Facility Agreement), the *Sociedad Gestora* must within a maximum period of one (1) month as from the date it obtains knowledge of this fact, substitute the counterparty affected by said situation, unless such counterparty provides sufficient guarantees for the performance of its obligations or unless otherwise agreed with the rating Agencies; and
- (xiv) will not incur in expenses which are unreasonable or deviate from the market price in relation to any services rendered by third parties which may be necessary or appropriate for the adequate management of the *Fondo*.

6. Issue of Securities. The *Sociedad Gestora* will be responsible for:

- (i) the negotiation, on behalf of the *Fondo*, of an improved rating from Rating Agencies of the Bonds issued by the *Fondo*;
- (ii) with respect to the issue of Bonds backed by the assets of the *Fondo*, the establishment of the total amount of the Issue, the Margin applicable to each Class of Bonds and the number of Bonds in each Class;
- (iii) the investment of the funds deposited in the Cash Collateral Account in financial instruments with a short-term credit rating of at least F1+ /A1+ (or equivalent) and with a residual maturity of no more than three (3) months and/or overnight deposits or term deposits of no more than three (3) months in BBVA or a credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ (or equivalent), as long as said financial instruments do not worsen the credit rating of the Bonds issued from its assets;
- (iv) the investment of the funds deposited in the Excess Funding Account in financial instruments with a short-term credit rating of at least F1+ /A1+ (or equivalent) and with a residual maturity of no more than two (2) days and/or

overnight deposits or term deposits of no more than two (2) days in BBVA or a credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ (or equivalent), as long as said financial instruments do not worsen the credit rating of the Bonds issued from its assets;

- (v) the performance of all actions which may assist or be suitable for the complete performance of the aforementioned activities, as well as any other activities established herein and in the Deed of Constitution; and
- (vi) make available any New Advances which the Obligors may request under the Lines of Credit on or after the Subrogation Date.

7. Assignment of Contractual Position and Acquisition of Covered Obligations Agreement

The *Sociedad Gestora's* obligations in relation to the Assignment of Contractual Position and the Acquisition of Covered Obligations Agreement executed by the *Sociedad Gestora*, on behalf of the *Fondo*, will include, *inter alia*, the following:

- (i) to carry out all procedures which may be supplementary, necessary or appropriate for the satisfactory fulfilment of the rights and obligations assumed for and on behalf of the *Fondo* under the Assignment of Contract and the Acquisition of Covered Obligations Agreement; and
- (ii) to establish systems or procedures to analyse the all-time/historical return on the Covered Obligations acquired from BBVA which permit the control and analysis of the return on such Covered Obligations.

8. Cash Management: The *Sociedad Gestora's* obligations in relation to cash management service will include, in particular, the following:

- (i) to establish and maintain, for the account of the *Fondo*, the Euro Operating Account, the Dollar Operating Account, the Currency Operating Account, Cash Collateral Account and the Excess Funding Account;
- (ii) to ensure that the Collection Amounts are deposited in the corresponding Operating Account;
- (iii) to successively proceed, on each Payment Date, to:
 - (a) repay the Liquidity Facility and the interests accrued by the same, for which purpose:
 - (x) it will apply any recovered amounts corresponding to Unpaid Interest Amounts which have been covered by means of a Liquidity Advance under the Liquidity Facility, to the repayment of such Liquidity Advance together with the interest accrued on the same;

- (y) it will draw down the Liquidity Facility in an amount equal to the Refinanced Amount and will withdraw from the Cash Collateral Account an amount equal to the Defaulting Interest Amounts in order to repay the Liquidity Facility; bearing in mind that if the balance of the Cash Collateral Account is lower than the Defaulting Interest Amounts, the difference (the “**Defaulting Difference**”) shall be paid from the Available Interest or, as applicable, from the Available Principal;
- (b) meet its payment obligations under the Euro Flows Swap Contract and the Dollar Flows Swap Contract, for which purpose it will:
 - (x) pay to the Counterparty under the Euro Flows Swap Contract: (1) the amount of all the Interest Collection Amounts corresponding to the Euro-based Loan and the Lines of Credit paid by the Obligors during the Calculation Period concluding on said Payment Date plus (2) the interest accrued on the Euro Operating Account, the Excess Funding Account and the financial return of the EFA Eligible Investments during such Calculation Period, and
 - (y) will pay to the Counterparty under the Dollar Flows Swap Contract: (1) the amount of all the Interest Collection Amounts corresponding to the Dollar-based Loans and Notes paid by the Obligors during the Calculation Period concluding on said Payment Date plus (2) the amount of all the Principal Collection Amounts corresponding to the Dollar-based Loans and Notes paid by the Obligors during the Calculation Period concluding on said Payment Date plus (3) the interest accrued on the Dollar Operating Account during such Calculation Period; and
- (c) Apply the Available Recovered Amounts to meet the *Fondo*'s payment obligations in the following order:
 1. Payment of interest corresponding to the Allocated Defaulting Amounts regarding Class A Bonds.
 2. Payment of interest corresponding to the Allocated Defaulting Amounts regarding Class B Bonds.
 3. Payment of interest corresponding to the Allocated Defaulting Amounts regarding Class C Bonds.
 4. Payment of interest corresponding to the Allocated Defaulting Amounts regarding Class D Bonds.

5. Payment of interest corresponding to the Allocated Defaulting Amounts regarding Class E Bonds.
 6. Funding the Cash Collateral Account.
- (d) Apply the Available Interest to meet the *Fondo's* payment obligations in the following order:

1. Payment of the *Fondo's* ordinary and extraordinary expenses including the Administration Fee and the Paying Agency Fee, and the remaining fees and expenses incurred by the *Fondo* with respect to services rendered by third parties (excluding the Servicing Fee).

In the event that the Available Interest is not sufficient to meet all the above payment obligations, the *Sociedad Gestora* will satisfy them on a pro rata basis.

2. Payment of the Servicing Fee.
 3. Payment of the interest accrued on the Set-up Expenses Loan up to the amount of the Swap Interest.
 4. Payment of the interest accrued on the Class A Bonds.
 5. Payment of the Defaulting Difference.
 6. Payment of the interest accrued on the Class B Bonds.
 7. Payment of the interest accrued on the Class C Bonds.
 8. Payment of the interest accrued on the Class D Bonds.
 9. Payment of the interest accrued on the Class E Bonds.
- (e) Apply the Available Principal to meet the *Fondo's* payment obligations in the following order:

1. Repayment of the Set-up Expenses Loan up to the amount of the Counterparty Payment.
2. Payment of the Allocated Defaulting Amounts to the Class A Bonds up to the amount of the Available Principal for Amortisation.
3. Amortisation of the Class A Bonds up to the amount of the Available Principal for Amortisation.
4. Payment of the Defaulting Difference.

5. Payment of the Allocated Defaulting Amounts to the Class B Bonds up to the amount of the Available Principal for Amortisation.
6. Amortisation of the Class B Bonds up to the amount of the Available Principal for Amortisation.
7. Payment of the Allocated Defaulting Amounts to the Class C Bonds up to the amount of the Available Principal for Amortisation.
8. Amortisation of the Class C Bonds up to the amount of the Available Principal for Amortisation.
9. Payment of the Allocated Defaulting Amounts to the Class D Bonds up to the amount of the Available Principal for Amortisation.
10. Amortisation of the Class D Bonds up to the amount of the Available Principal for Amortisation.
11. Payment of the Allocated Defaulting Amounts to the Class E Bonds up to the amount of the Available Principal for Amortisation.
12. Amortisation of the Class E Bonds up to the amount of the Available Principal for Amortisation.
13. Repayment of the Set-up Expenses Loan above the amount of the Counterparty Payment.
14. Repayment of the Subordinated Loan up to the amount by which the balance of the Cash Collateral Account exceeds the Reserve Amount.

9. Cash Management. Securities: The *Sociedad Gestora's* obligations in relation to the Cash Management of the Bonds will include, *inter alia*,:

- (i) verification of the existence of any financing according to the previously envisaged necessities;
- (ii) application for the admission of the Bonds to quotation on the *Mercado AIAF de Renta Fija*;
- (iii) application of the proceeds of the Issue of Bonds to pay the Price of the Covered Obligations and to fund the Excess Funding Account;

- (iv) application of advances under the Liquidity Facility to meet, in certain cases of non-payment of the Covered Obligations by the Obligors, any amounts owed by the *Fondo* pursuant to the Swap Contracts; and
- (v) application of the Subordinated Loan to fund the Cash Collateral Account.

10. Other Obligations. The *Sociedad Gestora*'s other obligations are as follow:

- (i) to submit, through Banco Bilbao Vizcaya Argentaria, S.A., the notifications required in accordance with the Royal Decree ;
- (ii) to keep copies of this Procedure Protocol and any modifications thereof;
- (iii) to maintain tracking systems for the Bonds issued by the *Fondo*, and to assist in the audits carried out on the *Fondo*; and
- (iv) to carry out all other reasonable procedures to order to fulfil the obligations which correspond to the *Sociedad Gestora* as the financial administrator of the *Fondo*.

11. Rating Requirements. The *Sociedad Gestora* will take all reasonable actions within its power to achieve that the Class A, B, C, D and E Bonds maintain at all times the respective ratings AAA/AAA, AA+ /AA, A/A, BBB/BBB and BB/BB by Fitch IBCA and Standard and Poor's respectively.

12. Substitution. The *Sociedad Gestora* can renounce its duties concerning the administration and representation of the *Fondo* when it deems appropriate, in accordance with the provisions set out in Article 18 of the Royal Decree, by means of submitting a notification to the CNMV, indicating therein the appointment of a new *sociedad gestora* which is substituted to it.

Under no circumstances may the *Sociedad Gestora* renounce the exercise of its duties prior to the fulfilment of all the mandatory requirements and procedures which enable its substitute to carry out its duties.

Any expenses arising from the substitution will be the responsibility to the *Sociedad Gestora*, and in no event may such expenses be charged to the *Fondo*.

13. Expenses and Commissions.

The *Sociedad Gestora* shall be paid by the *Fondo* a flat fee equal to zero point one zero per cent. of the nominal value of the Issue for structuring and creating the *Fondo* (the "**Constitution Fee**"). The Constitution Fee shall be paid on the Settlement Date.

The *Sociedad Gestora* shall be paid by the *Fondo* for its administration and representation functions a quarterly fee equal to 0.0075 % per quarter of the outstanding balance of the Bonds at the beginning of each Calculation Period (the

“**Administration Fee**”) with a minimum quarterly amount of TWENTY FIVE THOUSAND EUROS (25.000.-Euros). The Administration Fee shall be paid on an accrued quarterly basis on each Payment Date.

14. Obligations regarding Information: the *Sociedad Gestora* will have to carry out, in particular, the following obligations regarding information for the CNMV and the Rating Agencies:

- (i) to notify any event of early redemption or modification of the Covered Obligations or the discontinuation of its Servicing Duties in relation to the *Fondo*;
- (ii) to provide the CNMV, on an annual basis, the annual accounts and the audit report of the *Fondo*;
- (iii) to deliver to the CNMV and the Rating Agencies, on a quarterly basis, a report on the performance of the Covered Obligations incorporated into the assets of the *Fondo*; and
- (iv) to provide the CNMV with quarterly comprehensive statistical information about the Issue of the Bonds, as well as any other periodic information about the *Fondo* and the Issue of the Bonds which the CNMV may require.

15. Modification of this Procedure Protocol: this Procedure Protocol of the *Sociedad Gestora* in relation to the financial administration of the *Fondo* may only be modified by means of a resolution adopted by its Board of Directors and will thereby bring a modification to the Deed of Constitution which must be notified to the CNMV in order to make such modification public knowledge as a relevant fact or by means of the verification and recording of a supplement to this Offering Circular.

List of Definitions

For clarity purposes the definitions listed below are ordered according to the English capitalised terms included in this English translation of the Folleto Informativo and not according to the Spanish capitalised terms included in the Spanish Folleto Informativo.

A

Accounts - Cuentas: means, collectively, the Operating Accounts, the Cash Collateral Account and the Excess Funding Account.

Administration, Collection and Deposit of Covered Obligations Agreement - Contrato de Administración, Gestión de Cobros y Depósito de Activos Titulizados: means the agreement for the safekeeping and administration of the Covered Obligations entered into by BBVA and the *Sociedad Gestora*, in the name of the *Fondo*, as described in paragraph IV.3.1 of this Offering Circular.

Administration Fee - Comisión de Administración: means the remuneration that the *Sociedad Gestora* will receive from the *Fondo* for its administration and representation services, consisting of a quarterly fee equal to 0.0075 % per quarter on the outstanding balance of the Bonds at the beginning of each Calculation Period with a minimum quarterly amount of TWENTY FIVE THOUSAND (25,000) EUROS.

Allocated Defaulting Amount - Importe Imputado: means the amount of the Defaulting Amounts not covered by the balance of the Cash Collateral Account that, within the relevant Class, should be allocated to each Bond, pursuant to paragraph V.1.3.5.3 of this Offering Circular.

Assignment of Contractual Position and Acquisition of Covered Obligations Agreement - Contrato de Cesión de Posición Contractual y de Adquisición de Activos Titulizados: means the agreement for the assignment of contractual position entered into between BBVA and the *Sociedad Gestora*, in the name of the *Fondo*, simultaneously with the constitution of the *Fondo*, for the acquisition of Covered Obligations, whereby the *Fondo* will subrogate BBVA's contractual position in the Loans and Lines of Credit and will acquire the Notes.

Available Interest - Intereses Disponibles: means on each Payment Date the sum of (a) such portion of the payment made by the Counterparty under the Euro Flows Swap Contract as corresponds to (i) the interest accrued on Bonds and on the Set-up Expenses Loan, (ii) the Administration Fee, the Servicing Fee, the Paying Agency Fee and any other fees and expenses for services rendered by third parties incurred by the *Fondo*; (b) such portion of the payment made by the Counterparty under the Dollar Flows Swap Contract which corresponds to (i) the interest accrued on the Bonds and on the Set-up Expenses Loan (ii) the Administration Fee, the Servicing Fee, the Paying Agency Fee and any other fees and expenses for services rendered by third parties incurred by the *Fondo*; and (c) the balance of the Cash Collateral Account for an amount equal to the Unpaid Interest Amounts as from the

preceding Payment Date which have not been covered by a Liquidity Advance under the Liquidity Facility (the Liquidity Difference) plus, if applicable, the Defaulting Difference.

Available Principal - Principal Disponible: means, on each Payment Date, the sum of (a) the Principal Collection Amounts of the Euro-based Loans paid during the previous Calculation Period; (b) the Principal Collection Amounts corresponding to the final, total or partial, amortisation of the Lines of Credit paid during the previous Calculation Period; (c) the undrawn amount of those Lines of Credit which have been cancelled during the previous Calculation Period; (d) the Counterparty Payment; (e) the portion of the payment made by the Counterparty of the Dollar Flows Swap Contract which corresponds to the equivalent in Euros of the Principal Collection Amounts of the Dollar-based Loans paid by the Obligors during the Calculation Period which concludes on such Payment Date; and (f) the balance of the Cash Collateral Account remaining, if any, after applying the Available Interest.

Available Principal for Amortisation - Principal Disponible para Amortización: means, on each Payment Date, the sum of (a) the Principal Collection Amounts of the Euro-based Loans paid during the previous Calculation Period; (b) the Principal Collection Amounts corresponding to the final, total or partial, amortisation of the Lines of Credit paid during the previous Calculation Period; (c) the undrawn amount of those Lines of Credit which have been cancelled during the previous Calculation Period; (d) the portion of the payment made by the Counterparty of the Dollar Flows Swap Contract which corresponds to the equivalent in Euros of the Principal Collection Amounts of the Dollar-based Loans paid by the Obligors during the Calculation Period which concludes on such Payment Date; and (e) the balance of the Cash Collateral Account remaining, if any, after applying the Available Interest and up to the amount of the Defaulting Principal Amount.

Available Recovered Amounts - Recuperaciones Disponibles: means, for each Payment Date, the Amounts Recovered during the previous Calculation Period.

B

BBVA: means Banco Bilbao Vizcaya Argentaria, S.A.

Bilateral Lines of Credit - Créditos Bilaterales: means those Lines of Credit in which BBVA is the sole lender.

Bilateral Loans - Préstamos Bilaterales: means those Loans in which BBVA is the sole lender.

Bonds - Bonos: means the debt securities (grouped in four Classes, A, B, C and D) issued by the *Fondo*.

C

Calculation Period -Período de Cálculo: means each of the successive periods of time into which the Issue is divided in order to calculate the Interest Rate for each Class of Bonds.

Cash Collateral Account - Cuenta de Reserva: means account number 0182/3009/0012000014 in the name of the *Fondo* at BBVA.

Cash Collateral Account Agreement - Contrato de Apertura de la Cuenta de Reserva: means the account opening agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.4.4 of this Offering Circular.

CCA Eligible Investments - Inversiones de Reserva: means the financial instruments denominated in Euros with a short-term credit rating of at least, F1+ /A1+ and a residual maturity of no more than three months and, in any event, maturing prior the following Payment Date, and/or the overnight or term deposits of no more than three (3) months in BBVA and, in any event, maturing prior the immediately following Payment Date, in BBVA or a credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ (or equivalent), in which the *Sociedad Gestora*, in the name of the *Fondo*, will invest the daily balance of the Cash Collateral Account.

Classes - Clases: means each of the classes of Bonds (A, B, C, D and E) issued pursuant to the Issue, Bonds belonging to the same class enjoying the same rights.

CNMV: means the National Securities Market Commission in Spain (“*Comisión Nacional del Mercado de Valores*”).

Collection Amounts - Cobros: means any amount paid by the Obligors voluntarily or obligatorily, whether on or after maturity (except the Recovered Amounts) under any category of payments (albeit principal, interest, commission, expenses or any other) for the Covered Obligations.

Constitution Fee - Comisión de Constitución: means the remuneration that the *Sociedad Gestora* will receive from the *Fondo* on the Settlement Date as consideration for structuring and constituting the *Fondo*.

Counterparty - Contrapartida: means the Counterparty of the Swap Contracts.

Counterparty Payment - Pago de la Contrapartida: means the amount of the payment made on each Payment Date by the Counterparty to the Dollar Flows Swap Contract relating to the payments which the *Fondo* must make on the Payment Date by way of repayment of the Set Up Expenses Loan.

Covered Obligations - Activos Titulizados: means the credit rights arising from the Loans and Lines of Credit.

Credit Approval Policy - Política de Concesión de Crédito: means BBVA’s credit Approval Policy that is attached to this Offering Circular as Annex 8.

Currency - Divisa: means any currency other than the Euro and the Dollar.

Currency Operating Accounts - Cuentas de Cobros en Divisas: means any Operating Account denominated in a Currency that are opened by the *Sociedad Gestora* in the name of

the *Fondo* on or subsequent to the Subrogation Date as described in paragraph V.1.2.1 of this Offering Circular

Currency Operating Account Agreements - Contratos de Apertura de las Cuentas de Cobros en Divisas: means the account opening agreements between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph IV.3.1. of this Offering Circular.

Currency Swap Contract - Contrato de Permuta de Divisas: means the currency swap contract between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA. as described in paragraph V.4.6.3. of this Offering Circular.

D

Date of Advance - Fecha de Disposición: means the date on which a New Advance denominated in Dollars or in a Currency is made available to the relevant Obligor.

Date of Change - Fecha de Cambio: means the date on which a change of currency or the end of an Interest Period of a multicurrency Loan takes place.

Deed of Constitution - Escritura de Constitución: means the deed for the constitution of the *Fondo* and the issue of Bonds.

Date of Payment in Currency - Fecha de Cobro en Divisas: means each date an Obligor makes a payment for a Loan in a currency other than the base-currency of such Loan or an Obligor makes a payment in Dollars or Currencies corresponding to a Line of Credit.

Defaulting Amounts - Cantidades Fallidas: means the Unpaid Amounts (i) for which the relevant Obligor has been declared bankrupt or (ii) that the *Sociedad Gestora*, based on the information provided by the Servicer, consider it cannot reasonably expect to recover.

Defaulting Difference - Diferencia Fallida: means the excess (if any) of the Defaulting Interest Amount on each Payment Date over the balance of the Cash Collateral Account.

Defaulting Interest Amount - Importe de Intereses Fallido: means, on each Payment Date, the sum of : (i) the principal of each Liquidity Advance previously made to cover any Unpaid Interest Amount which has been declared a Defaulting Amount on such Payment Date, (ii) the interest accrued on such Liquidity Advances and (iii) the surplus, if any, of the Refinanced Amount over the amount available under the Liquidity Facility on such Payment Date.

Dollar - Dólar: means the official currency of the United States of America.

Dollar-based Loan - Préstamo Base Dólar: means a Loan the base-currency of which is the Dollar.

Dollar Flows Swap Contract - Contrato de Permuta de Flujos en Dólares: means the currency and Dollar dominated payment flows contract between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.4.6.2 of this Offering Circular.

Dollar Operating Account - Cuenta de Cobros en Dólares: means the Dollar account number 0182/3009/2012000038 in the name of the *Fondo* at BBVA.

Dollar Operating Account Agreement - Contrato de Apertura de la Cuenta de Cobros en Dólares: means the account opening agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.4.2 of this Offering Circular.

E

EFA Eligible Investments - Inversiones de Liquidez: means the financial instruments denominated in Euros with a short-term credit rating of at least, F1+ /A1+ (or equivalent) and a residual maturity of no more than two (2) days and, in any event, before the immediately following Payment Date, and/or the overnight or term deposits of no more than two (2) days and, in all events, maturing prior to the immediately following Payment Date, in BBVA or a credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ (or equivalent), in which the *Sociedad Gestora*, in the name of the *Fondo*, will invest the daily balance of the Excess Funding Account.

EURIBOR: Means the reference rate for three (3) month deposits in Euros which appears on page 248 of Telerate at 11:00 a.m. (Brussels time) on the second Business Day preceding the commencement of the relevant Calculation Period. If it is not possible to obtain EURIBOR from page 248 of Telerate, EURIBOR shall be determined by reference to the rates at which the Reference Banks are offering for deposits in Euros around 11:00 a.m. (Brussels time) on the second Business Day preceding the commencement of the relevant Calculation Period to prime banks in the Euro zone interbank market for three (3) months starting on that day. BBVA, in its capacity as paying Agent, shall request from the principal office in the Euro zone of each Reference Bank a quotation for such rate. If more than one quotation is obtained, the reference interest rate for the Calculation period shall be the arithmetic mean of the quotations.

Euro: means, jointly, the Euro (European single currency) and each currency unit considered legal tender in the Member States of the European Economic and Monetary Union.

Euro-based Loan - Préstamo Base Euro: means a Loan the base-currency of which is the Euro.

Euro Flows Swap Contract - Contrato de Permuta de Flujos en Euros: means the currency and Euro denominated payment flows swap contract between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.4.6.1 of this Offering Circular.

Euro Operating Account - Cuenta de Cobros en Euros: means account number 0182/3009/0012000007 in the name of the *Fondo* at BBVA.

Euro Operating Account Agreement - Contrato de Apertura de la Cuenta de Cobros en Euros: means the account opening agreement, between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.4.2 of this Offering Circular.

Excess Funding Account - Cuenta de Exceso de Liquidez: means account number 0182/3009/0012000021 in the name of the *Fondo* at BBVA.

Excess Funding Account Agreement - Contrato de Apertura de la Cuenta de Exceso de Liquidez: means the account opening agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.4.5 of this Offering Circular.

F

Fitch IBCA: means Fitch IBCA España, S.A.

Fondo - Fondo: means “*Fondo de Titulización de Activos BBVA-1*”.

Foreign Lines of Credit - Créditos Foráneos: means those Lines of Credit governed by the laws of England and Wales.

Foreign Loans - Préstamos Foráneos: means those Loans governed by the laws of England and Wales.

G

Guarantees - Garantías: means any personal or *in rem* guarantee or security which secures fulfilment by the Obligors of their obligations arising from the Loans and Lines of Credit.

I

Interest Collection Amounts - Cobros de Intereses: means the Collection Amounts paid by the Obligors corresponding to interest, fees, expenses or any item other than principal for the Covered Obligations.

Interest Subaccount - Subcuenta de Intereses: means, in each of the Operating Accounts, the subaccount opened for the monitoring and control of the Interest Collection Amounts.

Interest Rate - Tipo de Interés: means the interest rate applicable to each Class of Bond, which is the result of adding the margin applicable to each Class of the Bond to the EURIBOR, as described in paragraph II.1.6.1 of this Offering Circular.

Issue - Emisión: means the issue of five Classes of Bonds backed by the assets of the *Fondo* in accordance with Chapter II of this Offering Circular.

L

Lines of Credit - Créditos: means the credit facility agreements entered into by the relevant Obligors and Banco Bilbao Vizcaya, S.A. (now Banco Bilbao Vizcaya Argentaria, S.A.), whose legal position the *Fondo* will subrogate, from which a part of the Covered Obligations that will constitute the assets of the *Fondo* derives.

Liquidity Advance - Disposición de Liquidez: means each drawdown under the Liquidity Facility made by the *Sociedad Gestora*, for an amount equivalent to the Unpaid Interest Amount, for the purpose of meeting the payment obligations of the *Fondo* under the Swap Contracts.

Liquidity Difference - Diferencia de Liquidez: means, as appropriate, the excess of the Unpaid Interest Amounts on the amount available under the Liquidity Facility.

Liquidity Facility - Línea de Liquidez: means the credit facility granted by BBVA to the *Fondo* pursuant to the Liquidity Facility Agreement, the operation of which is described in paragraph V.2.1 of this Offering Circular.

Liquidity Facility Agreement - Contrato de Liquidez: means the credit facility agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.2.1. of this Offering Circular.

Loans - Préstamos: means the loan agreements between the respective Obligors and Banco Bilbao Vizcaya, S.A. (now Banco Bilbao Vizcaya Argentaria, S.A.) into whose legal position the *Fondo* shall be subrogated, from which a part of the Covered Obligations constituting the Assets of the *Fondo* derive.

M

Margin - Margen: means the margin applicable to each Class of Bonds which, together with EURIBOR, shall determine the Interest Rate for each Class of Bonds in a given Calculation Period.

Master Agreement - Contrato Marco: means the master agreement for financial transactions between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, under which the Swap Contracts will be entered into.

N

National Lines of Credit - Créditos Nacionales: means those Lines of Credit governed by Spanish law.

National Loans - Préstamos Nacionales: means those Loans governed by Spanish law.

New Advances - Nuevas Disposiciones: means any advances under the Lines of Credit that the Obligors may request under the Lines of Credit on or after the Subrogation Date.

Nominal Value - Valor Nominal: means, (i) with regard to a Loan, the from time to time outstanding principal, (ii) with regard to a Line of Credit, the from time to time outstanding principal (iii) with respect to a Note, its from time to time market value.

O

Obligor - Deudor Cedido: means the legal person(s) who at any given time are (a) borrower(s) in each of the Loans and, (b) Creditor(s) in each of the Lines of Credit.

Operating Accounts - Cuentas de Cobros: means, collectively, the Dollar Operating Account, the Euro Operating Account and the Currency Operating Accounts.

P

Paying Agency Fee - Comisión del Agente de Pagos: means the remuneration that the Paying Agent will receive from the *Fondo* for performing the obligations arising from the Paying Agency Agreement, consisting of a quarterly commission of ELEVEN THOUSAND TWO HUNDRED AND SIXTY-NINE (11,269) EUROS.

Payment Date - Fecha de Pago: means 28 February (or 29 February on a Leap Year), 31 May, 31 August and 31 November each year throughout the life of the *Fondo*, or, if such day is not a Business Day, the first preceding Business Day.

Portfolio - Cartera: means the total credit portfolio of BBVA's Corporate Banking derived from the Loans and the Lines of Credit.

Price - Precio: means the price the *Fondo* will pay BBVA to purchase the Covered Obligations.

Principal Collection Amounts- Cobros de Principal: means the Collection Amounts paid by the Obligors corresponding to principal of the Covered Obligations.

Procedure Protocols - Protocolo de Procedimiento y Actuación: means in-house regulations and procedure approved by the Board of Directors of the *Sociedad Gestora* with regard to the financial administration of the *Fondo*.

R

Rating Agencies - Agencias de Calificación: means Fitch IBCA España, S.A. and Standard & Poor's España, S.A.

Recovered Amounts - Cantidades Recuperadas: means any amounts deemed to be Defaulting Amounts and paid to, or recovered by, the *Sociedad Gestora*, in the name of the *Fondo*, subsequent to their classification as Defaulting Amounts (having first deducted, if appropriate, recovery expenses).

Reference Banks - Bancos de Referencia: means four large banks in the Euro zone interbank market selected by BBVA in its capacity as Paying Agent.

Refinanced Amount - Importe Refinanciado: means, on each Payment Date, an amount equal to the sum of (i) the principal of each Liquidity Advance previously made to cover any

Unpaid Interest Amounts which have not been declared Defaulting Amounts on such Payment Date and (ii) the interest accrued on such Liquidity Advances.

Reserve Amount - Importe de Reserva: means the amount resulting from applying the sum of the Nominal Value of the Covered Obligations on the Settlement Date and the amount undrawn under the Lines of Credit on the Settlement Date, the percentage required and notified by the Rating Agencies to the *Sociedad Gestora* for each Calculation Period, based on the outstanding balance of the Covered Obligations, their credit quality and their level of concentration (on the understanding that if the amounts required by each Rating Agency differ, the Cash Collateral will be considered that which is higher, and also that the amount of the Reserve Amount required for each Calculation Period may never exceed the amount required for previous Periods). For the first Calculation Period, the Reserve Amount shall be 2.75% of the sum of the Nominal Value of the Covered Obligations on the Settlement Date and the undrawn amount under the Lines of Credit on the Settlement Date.

Royal Decree - Real Decreto: means Royal Decree 926/1998, of 14 May, which regulates the *Fondos de Titulización de Activos* and *Sociedades Gestoras de Fondos de Titulización*.

S

S&P: means Standard & Poor's España, S.A.

SCLV: means *Sistema de Compensación y Liquidación de Valores, S.A.*

Servicer - Gestor de Cobros: means the counterparty of the Administration, Collection Deposit of Covered Obligations Agreements, which will be BBVA at the time when the *Fondo* is constituted.

Servicing Duties - Funciones de Gestión: means services consisting of the custody, administration, servicing and collection of the Covered Obligations included in the assets of the *Fondo*, which arise from the Administration, Collection and Deposit of Covered Obligations Agreement between BBVA and the *Sociedad Gestora*.

Servicing Fee - Comisión del Gestor: means the remuneration that the Servicer will receive from the *Fondo* for performing the Servicing Duties, consisting of a quarterly commission equal to 0.005% of the outstanding balance of the Bonds at the beginning of each Calculation Period.

Set Up Date - Fecha de Constitución: means the date on which the Deed of Constitution of the *Fondo* is granted.

Set-up Expenses - Gastos de Constitución: means certain expenses incurred in setting up the *Fondo*, referred to in Section II.14 of the Offering Circular.

Set Up Expenses Loan - Préstamo para Gastos de Constitución: means the loan granted by BBVA to the *Fondo* pursuant to the Set-up Expenses Loan Agreement.

Set-up Expenses Loan Agreement - Contrato de Préstamo para Gastos de Constitución: means the loan agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.2.2 of this Offering Circular.

Settlement Date - Fecha de Desembolso: means the second Business Day immediately after the date on which the Subscription Period ends and which will coincide with the Subrogation Date.

Sociedad Gestora - Sociedad Gestora: means BBV TITULIZACIÓN, Sociedad Gestora de Fondos de Titulización, S.A.

Subordinated Loan - Préstamo Subordinado: means the subordinated loan granted by BBVA to the *Fondo* pursuant to the Subordinated Loan Agreement.

Subordinated Loan Agreement - Contrato de Préstamo Subordinado: means the subordinated loan agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.2.3 of this Offering Circular.

Subrogation Date - Fecha de Subrogación: means the date on which the *Fondo* will be subrogated in BBVA's contractual position under the Loans and Lines of Credit.

Syndicated Lines of Credit - Créditos Sindicados: means those Lines of Credit in which there are more than one lender.

Syndicated Loans - Préstamos Sindicados: means those Loans in which there is more than one lender.

Swap Contracts - Contratos de Permuta: means, together, the Euro Flows Swap Contract, the Dollar Flows Swap Contract and the Currency Swap Contract.

Swap Interest - Interés de las Permutas: means the amount of the payment made on each Payment Date by the Counterparty to the Euro Flows Swap Contract and the Dollar Flow Swap Contract which relates to the payment which the *Fondo* should make on such Payment Date by way of interest accrued under the Set Up Expenses Loan.

U

Underwriters - Entidades Aseguradoras y Colocadoras de Bonos: means, together, BBVA and Goldman Sachs International.

Underwriting Agreement - Contrato de Aseguramiento y Colocación de Bonos: means the underwriting agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA and Goldman Sachs International, as described in paragraph II.19.13 of this Offering Circular.

Unpaid Amounts - Cantidades Impagadas: means any amounts owed by the Obligors to the *Fondo* in respect of a matured and unpaid Loan or Line of Credit, to the extent that said amounts are not considered Defaulting Amounts.

Unpaid Interest Amounts - Cantidades de Intereses Impagadas: means any amounts due and unpaid by the respective Obligor which correspond to interest, commissions or any other item other than principal, to the extent that such amounts must not be deemed to be Defaulting Amounts.

Annex 7

Information on the performance of the Covered Obligations incorporated into the *Fondo*

INFORMATION PREPARED PERIODICALLY FOR THE DELIVERY THEREOF, ON A QUARTERLY BASIS, TO THE RATING AGENCIES AND THE CNMV

Information on [], in accordance with paragraph III.7.4.2 of the Offering Circular relating to the Issue.

1. Information relating to the Bonds (for each Bond)

		Class A	Class B	Class C	Class D	Class E
1.a	<i>Balance to be paid</i>					
1.b	<i>% of payments pending over initial nominal value</i>					
2	<i>Interest accrued and paid</i>					
3	<i>Interest accrued and unpaid</i>					
4	<i>Repayments due and paid</i>					
5	<i>Repayment Deficit</i>					

2. Information relating to the Covered Obligations

1.a	<i>Balance of Euro-based Loans</i>	
1.b	<i>Balance of Dollar-based Loans</i>	
1.c	<i>Balance of Lines of Credit</i>	
2.a	<i>Principal repaid under the Euro-based Loans</i>	
2.b	<i>Principal repaid under the Dollar-based Loans</i>	
2.c	<i>Principal repaid under the Lines of Credit</i>	
3.a	(a) <i>Interest accrued under the Euro-based Loans</i>	
3.b	(b) <i>Interest accrued under the Dollar-based</i>	

	<i>Loans</i>	
3.c	<i>Interest and commission accrued under the Lines of Credit</i>	
4.a	<i>Interest paid under the Euro-based Loans</i>	
4.b	<i>Interest paid under the Dollar-based Loans</i>	
4.c	<i>Interest and commission paid under the Lines of Credit</i>	
5	<i>Bad debts</i>	
6	<i>Amounts Recovered</i>	
7	<i>Defaulting Amounts</i>	

3. Information relating to prepayment of the Covered Obligations

Months	Month 1	Month 2	Month 3	Quarter
<i>Amount prepaid</i>				
<i>Annual prepayment rate</i>				

The historic annual prepayment rate is []. Assuming such a rate, the current estimates of the average life and maturity of each of the Classes of Bonds are as follows:

	Historic annual prepayment rate []%	
	Average Life	Maturity
Class A		
Class B		
Class C		
Class D		
Class E		

4. Information relating to the economic and financial position of the *Fondo*.

State of Origin and Application of Funds

1. ORIGIN OF FUNDS	
Repayment of Principal under the Euro-based Loans	
Repayment of Interest under the Euro-based Loans	
Repayment of Principal under the Dollar-based Loans	
Repayment of Interest under the Dollar-based Loans	
Payment of Principal under the Lines of Credit	
Payment of Interest under the Lines of Credit	
Amount undrawn under cancelled Lines of Credit	
Recovered Amounts	
Cash Collateral Account balance	
Interest on Liquidation of Accounts	
Amount available under the Liquidity Facility	
TOTAL ORIGIN OF FUNDS	

APPLICATION OF FUNDS	
<i>Payment of Liquidity Facility</i>	
<i>Ordinary and Extraordinary expenses</i>	
<i>Servicing Fee</i>	
<i>Set Up Expenses Loan Interest</i>	
<i>Bonds Interest</i>	
<i>Repayment of Set Up Expenses Loan</i>	
<i>Repayment of Bonds</i>	
<i>Allocated Defaulting Amounts</i>	
<i>Repayment of Subordinated Loans</i>	
<i>Funding of Cash Collateral Account</i>	
TOTAL APPLICATION OF FUNDS	

Annex 8
Credit Approval Policy

Credit Approval Policy

The Covered Obligations incorporated into the *Fondo* originate from the loan and credit facilities portfolio of Banco Bilbao Vizcaya, S.A. (currently, Banco Bilbao Vizcaya Argentaria, S.A.) and have therefore been granted in accordance with the said company's lending policy in force in its Spanish offices as well as its London branch. Current lending and risk control policy was introduced in 1988 and is subject to annual review.

1. Authorisation Process

Origination of loans is initiated through the various offices and branches of BBVA. Following an analysis of the profitability of each operation and of the risk to be assumed in respect of each, the relevant proposals (hereafter, the “**Proposals**”) are studied and, where appropriate, the origination is approved.

When the amount involved in an operation is less than five hundred million pesetas (500,000,000 Ptas), the risk is analysed and approved by the Risk Committee of each branch with delegation to approve transactions to that amount. In practice, this represents three (3%) per cent of cases. For operations exceeding five hundred million pesetas (500,000,000 Ptas), the Branch Risk Committees prepares a recommendation sent to higher levels of delegation. Sectorial Analysis is the next level of delegation that is responsible for analysing the Proposal, studying the recommendation and, where appropriate, approving the transaction if this falls within its delegation. The Covered Obligations included in the *Fondo* only include operations that have been submitted to Sectorial Analysis for approval or recommendation.

BBVA's Credit Approval is structured around two specialised internal departments:

A. Sectorial Analysis

This department analyses and manages the risk for all transactions, both in terms of individual risks of the transaction and in terms of global portfolio exposure. It has power to approve loans or credit facilities which do not exceed three billion pesetas (3,000,000,000 Ptas), or two billion pesetas (2,000,000,000 Ptas) in the case of transactions originated in Latin America.

Internally, Sectorial Analysis is structured around eight departments or business areas which are specialised in different sectors of the economy: (i) food, drink and tobacco, (ii) basic industries, (iii) manufacturing industries, (iv) chemical and textile industries, (v) the real estate sector, (vi) hotels and tourism, (vii) public sector and (viii) financial institutions.

B. Functional Analysis

This department assists in establishing the criteria and basic principles for risk management. It also studies and proposes Banco Bilbao Vizcaya Argentaria,

S.A.'s global risk policy to the higher departments which have power to make decisions in this regard.

Functional Analysis is divided into three different areas:

- Client Risk Department: presents a second opinion on transactions which have been recommended by Sectorial Analysis and which exceed three billion pesetas (3,000,000,000 Ptas).
- Credit Risk Department: defines the criteria and procedures for Credit Approval and establishes suitable management mechanisms.
- Market Risk Department: does not participate directly in the risk analysis.

A transaction is approved by one of the following Committees, depending on the level of delegation:

- a) The *Transactions Technical Committee*, which has power to approve any transactions which do not exceed six billion pesetas (6,000,000,000 Ptas) or four billion pesetas (4,000,000,000 Ptas) if these transactions are originated in Latin America.
- b) The *Transactions Committee* which has power to approve transactions not exceeding thirty billion pesetas (30,000,000,000 Ptas).
- c) The *Group Permanent Committee* which has power to approve transactions above thirty billion pesetas (30,000,000,000 Ptas).

Approval by any of the higher levels mentioned above requires recommendation from each of the lower levels.

2. Administration of the Loans or Lines of Credit

2.1 Bilateral loans or credit facilities

Once a loan or a credit facility has been approved, the Treasury Department provides the funds for the transaction two days prior to the beginning of the drawdown period.

As soon as the facility agreement is signed by the parties, all the information relating to the client, time periods, amounts, interest, etc. is entered on Banco Bilbao Vizcaya, S.A.'s central computer system and the individual computer register (specially designed for this purpose) of each of the offices.

All the data included in these registers is subject to secondary verification by the Credit Department at the respective office and by the Treasury Department.

2.2 Syndicated loans or credit facilities

Banco Bilbao Vizcaya Argentaria, S.A.'s Capital Markets Division intervenes in all these transactions, acting either as agent or as underwriter of the loan or credit facility.

Once the agreement has been executed, the Capital Markets Division registers the transaction in the relevant computer registers and transfers all the relevant information to the branch which will be in contact with the client or with the other institutions which are members of the syndicate.

2.3 Legal Assessment

Banco Bilbao Vizcaya Argentaria, S.A.'s Legal Department examines all the documents relating to each transaction prior to signing.

Bilateral loan or credit facilities take the form of one of the more than fifty model agreements prepared for such purpose. In the event that any modification is made, this requires prior approval from the Legal Department.

3. The Monitoring of Transactions

The monitoring of transactions is carried out by the Credit Department of each branch. In transactions involving syndication, the Capital Markets Division is also involved.

A review of the client's performance is carried out monthly for the purposes of detecting any alarm signal which may appear on a loan or credit facility. In particular, an analysis is made of bank borrowings, secured facilities, irregular situations, fall in sales, legal or administrative actions, etc.

In the event that any of these alarm signals is observed, a more exhaustive monitoring system is introduced, looking at short-term development and, where the situation makes it advisable, setting up a policy of dialogue with any client which finds itself in an irregular situation.

Annex 9
Collection Policy

Collection Policy

Collection Policy relating to the Loans and Lines of Credit, from which credit rights included in the *Fondo* as Covered Obligations result, is divided into three different stages on a timely basis:

I. DELINQUENCY WHICH IS PENDING CONFIRMATION (D→D+ 10)

This is the period of time from the due date (D) until ten (10) days after this first day.

As soon as the amount due is confirmed, the Credit Department notifies the Client Liaison Service in order to initiate preliminary negotiations with the debtor. The Credit Department will prepare a daily list of irregular amounts (“**Inversiones Irregulares**”), which reflect a lack of sufficient fondos in the debtor’s account on the date when a payment is due. In addition, the amount pending repayment is entered in a Transitory Account.

II. CONFIRMED DELINQUENCY (D+ 10→D+ 90)

The period between ten (10) days after the date when payment is due and ninety (90) days the aforementioned date.

During this period, if there is a positive balance in the client’s account, this amount may be debited in the necessary amount and assigned to the payment of the amounts due, according to the order of preference established for each loan or credit facility.

At this time, amicable attempts to obtain repayment will be intensified and periodic contacts will be set up with each of the branches entrusted with the administration of these loans or credit facilities.

III. DEFAULT

Ninety (90) days after the date when a payment is due, the amount owed by the debtor will be entered in the accounts and registered as “Default” (*Mora*).

From this point, the legal department will begin an individual examination of each of the loans and credit facilities, for the purposes of designing a strategy, together with the party responsible for such loans and credit facilities, aimed at obtaining payment from the debtor. Without prejudice to the initiation of the relevant proceedings, whether declarative or executive, along with the enforcement of any mortgage guarantees or pledges which may be held, attempts will be made to pursue any possibility of receiving payment extra-judicially.

IV. WRITE-OFFS (“SUSPENSO”)

A loan or a credit facility which is in “*Mora*” will become a “*Suspensio*” either (i) automatically after thirty-six (36) months have elapsed from the date on which it went

into Default (or six (6) years in the event of mortgage loans) or (ii) at the request of the legal department once the client has become bankrupt.

In the event that payment of the amounts owed by the client is made, this will be entered in the Profit and Loss account.

V. BAD DEBT (“FALLIDO”)

From the moment that the debtor’s insolvency is confirmed, the debt will be considered to be unrecoverable and will become “*Fallido*”. Amounts classified as Bad Debt may only be cancelled (i) where this is agreed by the Credit Department (which may agree the cancellation of the debt) or (ii) when the possibility of taking any kind of legal action in respect of the relevant loan or credit facility agreement legally expires (fifteen (15) years in the case of unsecured transactions or twenty (20) years if there is a mortgage).

In the event that payment of the amounts owed by the client is made, this will be entered in the Profit and Loss account.

Annex 10

List of Definitions

List of Definitions

For clarity purposes the definitions listed below are ordered according to the English capitalised terms included in this English translation of the Folleto Informativo and not according to the Spanish capitalised terms included in the Spanish Folleto Informativo.

A

Accounts - Cuentas: means, collectively, the Operating Accounts, the Cash Collateral Account and the Excess Funding Account.

Administration, Collection and Deposit of Covered Obligations Agreement - Contrato de Administración, Gestión de Cobros y Depósito de Activos Titulizados: means the agreement for the safekeeping and administration of the Covered Obligations entered into by BBVA and the *Sociedad Gestora*, in the name of the *Fondo*, as described in paragraph IV.3.1 of this Offering Circular.

Administration Fee - Comisión de Administración: means the remuneration that the *Sociedad Gestora* will receive from the *Fondo* for its administration and representation services, consisting of a quarterly fee equal to 0.0075 % per quarter on the outstanding balance of the Bonds at the beginning of each Calculation Period with a minimum quarterly amount of TWENTY FIVE THOUSAND (25,000) EUROS.

Allocable Difference - Diferencia Imputable: means the excess (if any) of the Defaulting Principal Amount on each Payment Date over the balance of the Cash Collateral Account less the Defaulting Interest Amount.

Allocated Defaulting Amount - Importe Imputado: means the amount of the Defaulting Amounts not covered by the balance of the Cash Collateral Account that, within the relevant Class, should be allocated to each Bond, pursuant to paragraph V.1.3.5.3 of this Offering Circular.

Assignment of Contractual Position and Acquisition of Covered Obligations Agreement - Contrato de Cesión de Posición Contratual y de Adquisición de Activos Titulizados: means the agreement for the assignment of contractual position entered into between BBVA and the *Sociedad Gestora*, in the name of the *Fondo*, simultaneously with the constitution of the *Fondo*, for the acquisition of Covered Obligations, whereby the *Fondo* will subrogate BBVA's contractual position in the Loans and Lines of Credit and will acquire the Notes.

Assignor - Cedente: means Banco Bilbao Vizcaya, S.A. as assignor of the Covered Obligations which are incorporated into the assets of the *Fondo*.

Available Funds - Fondos Disponibles: means, on each Settlement Date, the sum of the amounts listed in letters (a) to (f) in section V.6.1.1 of this Offering Circular and (ii) on each Payment Date, the sum of the Available Interest, the Available Principal and the Available Recovered Amounts.

Available Interest - Intereses Disponibles: means on each Payment Date the sum of (a) such portion of the payment made by the Counterparty under the Euro Flows Swap Contract as corresponds to (i) the interest accrued on Bonds and on the Set-up Expenses Loan, (ii) the Administration Fee, the Servicing Fee, the Paying Agency Fee and any other fees and expenses for services rendered by third parties incurred by the *Fondo*; (b) such portion of the payment made by the Counterparty under the Dollar Flows Swap Contract which corresponds to (i) the interest accrued on the Bonds and on the Set-up Expenses Loan (ii) the Administration Fee, the Servicing Fee, the Paying Agency Fee and any other fees and expenses for services rendered by third parties incurred by the *Fondo*; and (c) the balance of the Cash Collateral Account for an amount equal to the Unpaid Interest Amounts as from the preceding Payment Date which have not been covered by a Liquidity Advance under the Liquidity Facility (the Liquidity Difference) plus, if applicable, the Defaulting Difference.

Available Principal - Principal Disponible: means, on each Payment Date, the sum of (a) the Principal Collection Amounts of the Euro-based Loans paid during the previous Calculation Period; (b) the Principal Collection Amounts corresponding to the final, total or partial, amortisation of the Lines of Credit paid during the previous Calculation Period; (c) the undrawn amount of those Lines of Credit which have been cancelled during the previous Calculation Period; (d) the Counterparty Payment; (e) the portion of the payment made by the Counterparty of the Dollar Flows Swap Contract which corresponds to the equivalent in Euros of the Principal Collection Amounts of the Dollar-based Loans paid by the Obligor during the Calculation Period which concludes on such Payment Date; and (f) the balance of the Cash Collateral Account remaining, if any, after applying the Available Interest.

Available Principal for Amortisation - Principal Disponible para Amortización: means, on each Payment Date, the sum of (a) the Principal Collection Amounts of the Euro-based Loans paid during the previous Calculation Period; (b) the Principal Collection Amounts corresponding to the final, total or partial, amortisation of the Lines of Credit paid during the previous Calculation Period; (c) the undrawn amount of those Lines of Credit which have been cancelled during the previous Calculation Period; (d) the portion of the payment made by the Counterparty of the Dollar Flows Swap Contract which corresponds to the equivalent in Euros of the Principal Collection Amounts of the Dollar-based Loans paid by the Obligor during the Calculation Period which concludes on such Payment Date; and (e) the balance of the Cash Collateral Account remaining, if any, after applying the Available Interest and up to the amount of the Defaulting Principal Amount.

Available Recovered Amounts - Recuperaciones Disponibles: means, for each Payment Date, the Amounts Recovered during the previous Calculation Period.

B

BBVA: means Banco Bilbao Vizcaya Argentaria, S.A.

Bilateral Lines of Credit - Créditos Bilaterales: means those Lines of Credit in which BBVA is the sole lender.

Bilateral Loans - Préstamos Bilaterales: means those Loans in which BBVA is the sole lender.

Bonds - Bonos: means the debt securities (grouped in four Classes, A, B, C and D) issued by the *Fondo*.

Book-building Period - Período de Prospección de Demanda: means the period of time from registration of this Offering Circular to the Set Up Date (exclusive).

Business Day - Día Hábil: means any day excluding Saturday, Sunday or National Holidays in Madrid on which TARGET (Trans-European Automated Real-Time Gross-Settlement Express Transfer System) operates normally.

C

Calculation Period -Período de Cálculo: means each of the successive periods of time into which the Issue is divided in order to calculate the Interest Rate for each Class of Bonds.

Cash Collateral Account - Cuenta de Reserva: means account number 0182/3009/0012000014 in the name of the *Fondo* at BBVA.

Cash Collateral Account Agreement - Contrato de Apertura de la Cuenta de Reserva: means the account opening agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA. as described in paragraph V.4.4 of this Offering Circular.

CCA Eligible Investments - Inversiones de Reserva: means the financial instruments denominated in Euros with a short-term credit rating of at least, F1+ /A1+ and a residual maturity of no more than three months and, in any event, maturing prior the following Payment Date, and/or the overnight or term deposits of no more than three (3) months in BBVA and, in any event, maturing prior the immediately following Payment Date, in BBVA or a credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ (or equivalent), in which the *Sociedad Gestora*, in the name of the *Fondo*, will invest the daily balance of the Cash Collateral Account.

Classes - Clases: means each of the classes of Bonds (A, B, C, D and E) issued pursuant to the Issue, Bonds belonging to the same class enjoying the same rights.

CNMV: means the National Securities Market Commission in Spain (“*Comisión Nacional del Mercado de Valores*”).

Collection Amounts - Cobros: means any amount paid by the Obligors voluntarily or obligatorily, whether on or after maturity (except the Recovered Amounts) under any category of payments (albeit principal, interest, commission, expenses or any other) for the Covered Obligations.

Collected Loan - Préstamo Cobrado: means a Loan that has been paid by the respective Obligor either as a result of total or partial redemption or amortisation of the same or a currency change or the conclusion of an interest period.

Collection Policy - Política de Cobros: means BBVA's collection policy with regard to the Covered Obligations that is attached to this Offering Circular as Annex 9.

Constitution Fee - Comisión de Constitución: means the remuneration that the *Sociedad Gestora* will receive from the *Fondo* on the Settlement Date as consideration for structuring and constituting the *Fondo*.

Counterparty Payment - Pago de la Contrapartida: means the amount of the payment made on each Payment Date by the Counterparty to the Dollar Flows Swap Contract relating to the payments which the *Fondo* must make on the Payment Date by way of repayment of the Set Up Expenses Loan.

Counterparty - Contrapartida: means the Counterparty of the Swap Contracts.

Covered Obligations - Activos Titulizados: means the credit rights arising from the Loans and Lines of Credit.

Credit Approval Policy - Política de Concesión de Crédito: means BBVA's credit Approval Policy that is attached to this Offering Circular as Annex 8.

Currency - Divisa: means any currency other than the Euro and the Dollar.

Currency Operating Accounts - Cuentas de Cobros en Divisas: means any Operating Account denominated in a Currency that are opened by the *Sociedad Gestora* in the name of the *Fondo* on or subsequent to the Subrogation Date as described in paragraph V.1.2.1 of this Offering Circular

Currency Operating Account Agreements - Contratos de Apertura de las Cuentas de Cobros en Divisas: means the account opening agreements between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph IV.3.1. of this Offering Circular.

Currency Swap Contract - Contrato de Permuta de Divisas: means the currency swap contract between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA. as described in paragraph V.4.6.3. of this Offering Circular.

D

Date of Advance - Fecha de Disposición: means the date on which a New Advance denominated in Dollars or in a Currency is made available to the relevant Obligor.

Date of Change - Fecha de Cambio: means the date on which a change of currency or the end of an Interest Period of a multicurrency Loan takes place.

Deed of Constitution - Escritura de Constitución: means the deed for the constitution of the *Fondo* and the issue of Bonds.

Date of Payment in Currency - Fecha de Cobro en Divisas: means each date an Obligor makes a payment for a Loan in a currency other than the base-currency of such Loan or an Obligor makes a payment in Dollars or Currencies corresponding to a Line of Credit.

Defaulting Amounts - Cantidades Fallidas: means the Unpaid Amounts (i) for which the relevant Obligor has been declared bankrupt or (ii) that the *Sociedad Gestora*, based on the information provided by the Servicer, consider it cannot reasonably expect to recover.

Defaulting Difference - Diferencia Fallida: means the excess (if any) of the Defaulting Interest Amount on each Payment Date over the balance of the Cash Collateral Account.

Defaulting Interest Amount - Importe de Intereses Fallido: means, on each Payment Date, the sum of : (i) the principal of each Liquidity Advance previously made to cover any Unpaid Interest Amount which has been declared a Defaulting Amount on such Payment Date, (ii) the interest accrued on such Liquidity Advances and (iii) the surplus, if any, of the Refinanced Amount over the amount available under the Liquidity Facility on such Payment Date.

Defaulting Principal Amount - Importe de Principal Fallido: means, on each Payment Date, the sum of the Defaulting Principal Amounts declared on such Payment Date.

Defaulting Principal Amounts - Cantidades de Principal Fallidas: means the Defaulting Amounts corresponding to the principal of the Covered Obligations.

Deputy Manager - Gestor Delegado: means a third party whose unsecured unsubordinated short term debt has a credit rating no lower than F3/A3 (or equivalent) or any subsidiary of BBVA to whom BBVA may delegate the duties of the Servicing Duties.

Dollar - Dólar: means the official currency of the United States of America.

Dollar-based Loan - Préstamo Base Dólar: means a Loan the base-currency of which is the Dollar.

Dollar Flows Swap Contract - Contrato de Permuta de Flujos en Dólares: means the currency and Dollar dominated payment flows contract between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.4.6.2 of this Offering Circular.

Dollar Operating Account - Cuenta de Cobros en Dólares: means the Dollar account number 0182/3009/2012000038 in the name of the *Fondo* at BBVA.

Dollar Operating Account Agreement - Contrato de Apertura de la Cuenta de Cobros en Dólares: means the account opening agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.4.2 of this Offering Circular.

E

EFA Eligible Investments - Inversiones de Liquidez: means the financial instruments denominated in Euros with a short-term credit rating of at least, F1+ /A1+ (or equivalent) and a residual maturity of no more than two (2) days and, in any event, before the immediately following Payment Date, and/or the overnight or term deposits of no more than two (2) days and, in all events, maturing prior to the immediately following Payment Date, in BBVA or a credit entity whose senior unsecured short-term debt has a credit rating no lower than F1+ /A1+ (or equivalent), in which the *Sociedad Gestora*, in the name of the *Fondo*, will invest the daily balance of the Excess Funding Account.

EURIBOR: Means the reference rate for three (3) month deposits in Euros which appears on page 248 of Telerate at 11:00 a.m. (Brussels time) on the second Business Day preceding the commencement of the relevant Calculation Period. If it is not possible to obtain EURIBOR from page 248 of Telerate, EURIBOR shall be determined by reference to the rates at which the Reference Banks are offering for deposits in Euros around 11:00 a.m. (Brussels time) on the second Business Day preceding the commencement of the relevant Calculation Period to prime banks in the Euro zone interbank market for three (3) months starting on that day. BBVA, in its capacity as paying Agent, shall request from the principal office in the Euro zone of each Reference Bank a quotation for such rate. If more than one quotation is obtained, the reference interest rate for the Calculation period shall be the arithmetic mean of the quotations.

Euro: means, jointly, the Euro (European single currency) and each currency unit considered legal tender in the Member States of the European Economic and Monetary Union.

Euro-based Loan - Préstamo Base Euro: means a Loan the base-currency of which is the Euro.

Euro Flows Swap Contract - Contrato de Permuta de Flujos en Euros: means the currency and Euro denominated payment flows swap contract between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.4.6.1 of this Offering Circular.

Euro Operating Account - Cuenta de Cobros en Euros: means account number 0182/3009/0012000007 in the name of the *Fondo* at BBVA.

Euro Operating Account Agreement - Contrato de Apertura de la Cuenta de Cobros en Euros: means the account opening agreement, between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.4.2 of this Offering Circular.

Excess Funding Account - Cuenta de Exceso de Liquidez: means account number 0182/3009/0012000021 in the name of the *Fondo* at BBVA.

Excess Funding Account Agreement - Contrato de Apertura de la Cuenta de Exceso de Liquidez: means the account opening agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.4.5 of this Offering Circular.

F

Fitch IBCA: means Fitch IBCA España, S.A.

Fixing Date - Fecha de Fijación: means any of the Business Days comprised in the Book-building Period on which the *Sociedad Gestora* determines the amount of the assets and liabilities of the *Fondo*, the total amount of the Issue, the amount of the Subordinated Loan, the amount of the Set Up Expenses Loan, the Margin applicable to each Class of Bonds, the number of Bonds in each Class, the initial balance in the Excess Funding Account and the maximum initial amount in the Liquidity Facility.

Fondo - Fondo: means “*Fondo de Titulización de Activos BBVA-1*”.

Foreign Lines of Credit - Créditos Foráneos: means those Lines of Credit governed by the laws of England and Wales.

Foreign Loans - Préstamos Foráneos: means those Loans governed by the laws of England and Wales.

G

Guarantees - Garantías: means any personal or *in rem* guarantee or security which secures fulfilment by the Obligors of their obligations arising from the Loans and Lines of Credit.

I

Interest Collection Amounts - Cobros de Intereses: means the Collection Amounts paid by the Obligors corresponding to interest, fees, expenses or any item other than principal for the Covered Obligations.

Interest Subaccount - Subcuenta de Intereses: means, in each of the Operating Accounts, the subaccount opened for the monitoring and control of the Interest Collection Amounts.

Interest Rate - Tipo de Interés: means the interest rate applicable to each Class of Bond, which is the result of adding the margin applicable to each Class of the Bond to the EURIBOR, as described in paragraph II.1.6.1 of this Offering Circular.

Issue - Emisión: means the issue of five Classes of Bonds backed by the assets of the *Fondo* in accordance with Chapter II of this Offering Circular.

L

Lines of Credit - Créditos: means the credit facility agreements entered into by the relevant Obligors and Banco Bilbao Vizcaya, S.A. (now Banco Bilbao Vizcaya Argentaria, S.A.), whose legal position the *Fondo* will subrogate, from which a part of the Covered Obligations that will constitute the assets of the *Fondo* derives.

Liquidity Advance - Disposición de Liquidez: means each drawdown under the Liquidity Facility made by the *Sociedad Gestora*, for an amount equivalent to the Unpaid Interest Amount, for the purpose of meeting the payment obligations of the *Fondo* under the Swap Contracts.

Liquidity Difference - Diferencia de Liquidez: means, as appropriate, the excess of the Unpaid Interest Amounts on the amount available under the Liquidity Facility.

Liquidity Facility - Línea de Liquidez: means the credit facility granted by BBVA to the *Fondo* pursuant to the Liquidity Facility Agreement, the operation of which is described in paragraph V.2.1 of this Offering Circular.

Liquidity Facility Agreement - Contrato de Liquidez: means the credit facility agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.2.1. of this Offering Circular.

Loans - Préstamos: means the loan agreements between the respective Obligors and Banco Bilbao Vizcaya, S.A. (now Banco Bilbao Vizcaya Argentaria, S.A.) into whose legal position the *Fondo* shall be subrogated, from which a part of the Covered Obligations constituting the Assets of the *Fondo* derive.

M

Margin - Margen: means the margin applicable to each Class of Bonds which, together with EURIBOR, shall determine the Interest Rate for each Class of Bonds in a given Calculation Period.

Master Agreement - Contrato Marco: means the master agreement for financial transactions between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, under which the Swap Contracts will be entered into.

N

National Lines of Credit - Créditos Nacionales: means those Lines of Credit governed by Spanish law.

National Loans - Préstamos Nacionales: means those Loans governed by Spanish law.

New Advances - Nuevas Disposiciones: means any advances under the Lines of Credit that the Obligors may request under the Lines of Credit on or after the Subrogation Date.

New Loan - Nuevo Préstamo: means the amount that the *Fondo* must deliver to the Obligors as a result of the change of currency or termination of an interest period of a multicurrency Loan.

Nominal Value - Valor Nominal: means, (i) with regard to a Loan, the from time to time outstanding principal, (ii) with regard to a Line of Credit, the from time to time outstanding principal (iii) with respect to a Note, its from time to time market value.

O

Obligor - Deudor Cedido: means the legal person(s) who at any given time are (a) borrower(s) in each of the Loans and, (b) Creditor(s) in each of the Lines of Credit.

Offering Circular - Folleto Informativo: means this complete Offering Circular on the constitution of the *Fondo* and the Issue of five Classes of Bonds, verified and registered in the official registers of the CNMV on 8 February 2000.

Operating Accounts - Cuentas de Cobros: means, collectively, the Dollar Operating Account, the Euro Operating Account and the Currency Operating Accounts.

P

Paying Agency Agreement - Contrato de Agencia de Pagos: means the Paying Agency Agreement in relation to the Issue between BBB and the *Sociedad Gestora* in the name of the *Fondo*.

Paying Agency Fee - Comisión del Agente de Pagos: means the remuneration that the Paying Agent will receive from the *Fondo* for performing the obligations arising from the Paying Agency Agreement, consisting of a quarterly commission of ELEVEN THOUSAND TWO HUNDRED AND SIXTY-NINE (11,269) EUROS.

Paying Agent - Agente de Pagos: means BBVA in its condition as paying agent of the Issue

Payment Date - Fecha de Pago: means 28 February (or 29 February on a Leap Year), 31 May, 31 August and 31 November each year throughout the life of the *Fondo*, or, if such day is not a Business Day, the first preceding Business Day.

Portfolio - Cartera: means the total credit portfolio of BBVA's Corporate Banking derived from the Loans and the Lines of Credit.

Price - Precio: means the price the *Fondo* will pay BBVA to purchase the Covered Obligations.

Principal Collection Amounts- Cobros de Principal: means the Collection Amounts paid by the Obligors corresponding to principal of the Covered Obligations.

Principal Subaccount - Subcuenta de Principal: means, in each of the Operating Account, the subaccount opened for the monitoring and control of the Principal Collection Amounts.

Procedure Protocols - Protocolo de Procedimiento y Actuación: means in-house regulations and procedure approved by the Board of Directors of the *Sociedad Gestora* with regard to the financial administration of the *Fondo*.

R

Rating Agencies - Agencias de Calificación: means Fitch IBCA España, S.A. and Standard & Poor's España, S.A.

Recovered Amounts - Cantidades Recuperadas: means any amounts deemed to be Defaulting Amounts and paid to, or recovered by, the *Sociedad Gestora*, in the name of the *Fondo*, subsequent to their classification as Defaulting Amounts (having first deducted, if appropriate, recovery expenses).

Reference Banks - Bancos de Referencia: means four large banks in the Euro zone interbank market selected by BBVA in its capacity as Paying Agent.

Refinanced Amount - Importe Refinanciado: means, on each Payment Date, an amount equal to the sum of (i) the principal of each Liquidity Advance previously made to cover any Unpaid Interest Amounts which have not been declared Defaulting Amounts on such Payment Date and (ii) the interest accrued on such Liquidity Advances.

Repaid Advances - Disposiciones Reembolsadas: means the advances under the Lines of Credit denominated in a Currency which are repaid by the respective Obligors.

Reserve Amount - Importe de Reserva: means the amount resulting from applying the sum of the Nominal Value of the Covered Obligations on the Settlement Date and the amount undrawn under the Lines of Credit on the Settlement Date, the percentage required and notified by the Rating Agencies to the *Sociedad Gestora* for each Calculation Period, based on the outstanding balance of the Covered Obligations, their credit quality and their level of concentration (on the understanding that if the amounts required by each Rating Agency differ, the Cash Collateral will be considered that which is higher, and also that the amount of the Reserve Amount required for each Calculation Period may never exceed the amount required for previous Periods). For the first Calculation Period, the Reserve Amount shall be 2.75% of the sum of the Nominal Value of the Covered Obligations on the Settlement Date and the undrawn amount under the Lines of Credit on the Settlement Date.

Right of Repurchase - Derecho de Recompra: means the right BBVA has to repurchase the Covered Obligations granted in the Assignment of Contractual Position and the Acquisition of Covered Obligations Agreement.

Royal Decree - Real Decreto: means Royal Decree 926/1998, of 14 May, which regulates the *Fondos de Titulización de Activos* and *Sociedades Gestoras de Fondos de Titulización*.

Royal Decree 116/1992 - Real Decreto 116/1992: means Royal Decree 116/1992, of 14 February, on representation of securities in book entry form and settlement and clearing of securities market transactions.

S

S&P: means Standard & Poor's España, S.A.

SCLV: means *Sistema de Compensación y Liquidación de Valores, S.A.*

Servicer - Gestor de Cobros: means the counterparty of the Administration, Collection Deposit of Covered Obligations Agreements, which will be BBVA at the time when the *Fondo* is constituted.

Servicing Duties - Funciones de Gestión: means services consisting of the custody, administration, servicing and collection of the Covered Obligations included in the assets of the *Fondo*, which arise from the Administration, Collection and Deposit of Covered Obligations Agreement between BBVA and the *Sociedad Gestora*.

Servicing Fee - Comisión del Gestor: means the remuneration that the Servicer will receive from the *Fondo* for performing the Servicing Duties, consisting of a quarterly commission equal to 0.005% of the outstanding balance of the Bonds at the beginning of each Calculation Period.

Set Up Date - Fecha de Constitución: means the date on which the Deed of Constitution of the *Fondo* is granted.

Set-up Expenses - Gastos de Constitución: means certain expenses incurred in setting up the *Fondo*, referred to in Section II.14 of the Offering Circular.

Set Up Expenses Loan - Préstamo para Gastos de Constitución: means the loan granted by BBVA to the *Fondo* pursuant to the Set-up Expenses Loan Agreement.

Set-up Expenses Loan Agreement - Contrato de Préstamo para Gastos de Constitución: means the loan agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.2.2 of this Offering Circular.

Settlement Date - Fecha de Desembolso: means the second Business Day immediately after the date on which the Subscription Period ends and which will coincide with the Subrogation Date.

Sociedad Gestora - Sociedad Gestora: means BBV TITULIZACIÓN, Sociedad Gestora de Fondos de Titulización, S.A.

Subaccounts - Subcuentas: means, collectively, (i) the Principal Subaccount, (ii) the Interest Subaccount, (iii) the subaccount for the monitoring and control of Recovered Amounts corresponding to principal amounts and (iv) the subaccount for the monitoring and control of

Recovered Amounts corresponding to interest, fees or any other items other than principal, opened in each of the Operating Accounts.

Subordinated Loan - Préstamo Subordinado: means the subordinated loan granted by BBVA to the *Fondo* pursuant to the Subordinated Loan Agreement.

Subordinated Loan Agreement - Contrato de Préstamo Subordinado: means the subordinated loan agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA, as described in paragraph V.2.3 of this Offering Circular.

Subrogation Date - Fecha de Subrogación: means the date on which the *Fondo* will be subrogated in BBVA's contractual position under the Loans and Lines of Credit.

Subscription Period - Período de Suscripción: means the period described in paragraph II.19.3 of this Offering Circular.

Syndicated Lines of Credit - Créditos Sindicados: means those Lines of Credit in which there are more than one lender.

Syndicated Loans - Préstamos Sindicados: means those Loans in which there is more than one lender.

Swap Contracts - Contratos de Permuta: means, together, the Euro Flows Swap Contract, the Dollar Flows Swap Contract and the Currency Swap Contract.

Swap Interest - Interés de las Permutas: means the amount of the payment made on each Payment Date by the Counterparty to the Euro Flows Swap Contract and the Dollar Flow Swap Contract which relates to the payment which the *Fondo* should make on such Payment Date by way of interest accrued under the Set Up Expenses Loan.

U

Underwriters - Entidades Aseguradoras y Colocadoras de Bonos: means, together, BBVA and Goldman Sachs International.

Underwriting Agreement - Contrato de Aseguramiento y Colocación de Bonos: means the underwriting agreement between the *Sociedad Gestora*, in the name of the *Fondo*, and BBVA and Goldman Sachs International, as described in paragraph II.19.13 of this Offering Circular.

Underwriting Fee - Comisión de Aseguramiento y Colocación: means the remuneration that the Underwriters will receive from the *Fondo* for complying with their obligations under the Underwriting Agreement.

Unpaid Amounts - Cantidades Impagadas: means any amounts owed by the Obligors to the *Fondo* in respect of a matured and unpaid Loan or Line of Credit, to the extent that said amounts are not considered Defaulting Amounts.

Unpaid Interest Amounts - Cantidades de Intereses Impagadas: means any amounts due and unpaid by the respective Obligor which correspond to interest, commissions or any other item other than principal, to the extent that such amounts must not be deemed to be Defaulting Amounts.

Unpaid Principal Amounts- Cantidades de Principal Impagadas: means the Unpaid Amounts corresponding to the principal of the Covered Obligations.