

PROSPECTUS

May 4, 2006

BBVA CONSUMO 1 FONDO DE TITULIZACIÓN DE ACTIVOS

ISSUE OF ASSET-BACKED BONDS EUR 1,500,000,000

| | | |
|-----------------|--------------------------|----------------------|
| Series A | EUR 1,447,500,000 | AAA/ Aaa/ AAA |
| Series B | EUR 28,500,000 | AA/ Aa3/ AA |
| Series C | EUR 24,000,000 | A+/ A2/ A |

Backed by credit rights assigned and serviced by

BBVA

Lead Managers

BBVA

JPMorgan



SOCIETE GENERALE
Corporate & Investment Banking

Underwriters and Placement Agents

BBVA

JPMorgan

Société Générale

Cajamadrid

Calyon

Dresdner Kleinwort Wasserstein

HSBC

Paying Agent

BBVA

Fund established and managed by

edt Europea de
Titulización
Sociedad Gestora de Fondos de Titulización

Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores

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

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

RISK FACTORS

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

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

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

The Fund shall have open-end revolving assets and closed-end liabilities. Its assets shall comprise the Initial Credit Rights to be acquired upon being constituted, and, revolving upon repayment of the Credit Rights, such Additional Credit Rights as may be acquired on each Payment Date during the Revolving Period, which shall end on the Payment Date falling on April 20, 2008, unless terminated sooner in accordance with the provisions of section 2.2.2.2.1 of the Building Block.

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

b) Forced substitution of the Management Company.

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

c) Limitation of actions against the Management Company.

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

d) Applicability of the Bankruptcy Act

In the event of bankruptcy of BBVA as Originator of the Credit Rights, the assets owned by the Fund, saving money, because it is by nature a fungible asset, existing in the bankruptcy estate of BBVA would belong to the Fund and should be made available to it on the terms of articles 80 and 81 of Bankruptcy Act 22/2003, July 9 (the "**Bankruptcy Act**").

Notwithstanding the above, both the Prospectus and the Deed of Constitution make provision for certain mechanisms in order to mitigate the aforesaid effects in relation to money because it is by nature a fungible asset.

In this sense, in order to mitigate the consequences of the Originator being decreed in bankruptcy on the rights of the Fund, in particular in connection with article 1527 of the Civil Code, provision has been made in section 3.3.1.3 of the Building Block that the assignment by BBVA to the Fund of the Credit Rights shall not be notified to the Obligors. However, in the event of insolvency, or indications thereof, administration by the Bank of Spain, liquidation or substitution of the Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the Servicer to notify Obligors and guarantors, if any, of the transfer to the Fund of the outstanding Credit Rights, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors within five (5) Business Days of receiving the request and in the event of the Servicer becoming insolvent, the Management Company itself shall directly or, as the case may be, through a new Servicer it shall have designated, notify Obligors and guarantors, if any.

Moreover, and for the same purposes of mitigating the aforesaid risk, provision has been made for certain means which are described in sections 3.4.4.1 (Treasury Account), 3.4.4.2 (Principal Account), 3.4.5 (Collection by the Fund of payments in respect of the assets) and 3.7.2.1.2 (Collection management) of the Building Block.

In the event of bankruptcy of the Management Company, it must be replaced by another management company in accordance with the provisions of article 19 of Royal Decree 926/1998.

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

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

e) Information sourced from a third party

The Fund has entered into agreements with third parties for the provision of certain services in relation to the Bonds. These include the Credit Right Servicing Agreement, the Start-Up Loan Agreement, the Subordinated Loan Agreement, the Financial Swap Agreement, the Bond Issue Paying Agent Agreement, the Guaranteed Interest Rate Account (Treasury Account) Agreement, the Guaranteed Interest Rate Account (Principal Account) Agreement, the Financial Intermediation Agreement and the Bond Issue Management, Underwriting and Placement Agreement.

Bondholders may be aggrieved in the event of any of those parties being in breach of the obligations accepted under each of the above agreements.

2 Risks derived from the securities.

a) Liquidity

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

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

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

b) Yield.

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

c) Duration.

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

d) Late-payment interest.

Late interest payment or principal repayment to Bondholders shall under no circumstances result in late-payment interest accruing to their favour.

e) Subordination of the Bonds.

Interest payment and principal repayment on Series B Bonds is deferred with respect to Series A Bonds, whereas interest payment and principal repayment on Series C Bonds is deferred with respect to Series A and Series B Bonds. Nevertheless, there is no certainty that these subordination rules shall protect Series A, B and C Bondholders from the risk of loss.

The subordination rules for the various Series are laid down in the Priority of Payments and in the Liquidation Priority of Payments of the Fund, in accordance with section 3.4.6 of the Building Block.

f) Deferment of interest.

This Prospectus and all other supplementary Bond-related documents provide for Series B and C Bond interest payment to be deferred in the event of the occurrence of the circumstances provided for in section 3.4.6.2.1.2 of the Building Block.

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

g) Rating of the Bonds.

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

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

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

3 Risks derived from the assets backing the issue.

a) Risk of default on the Credit Rights.

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

BBVA, as Originator, shall have no liability whatsoever for the Obligors' default of principal, interest or any other amount they may owe under the Credit Rights. Under article 348 of the Commercial Code and 1529 of the Civil Code, BBVA is liable to the Fund exclusively for the existence and lawfulness of the Loans, and for the personality with which the assignment is made. BBVA will have no liability whatsoever to directly or indirectly guarantee that the transaction will be properly performed nor give any guarantees or security, nor indeed agree to repurchase the Credit Rights, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution of Credit Rights failing to conform, on the date of assignment to the Fund, to the representations contained in section 2.2.8 of the Building Block.

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

b) Limited Hedging.

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

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

c) Credit Right prepayment risk.

There will be a prepayment of the Credit Rights pooled in the Fund when the Obligors prepay the portion of principal pending repayment on the Credit Rights.

That prepayment risk shall pass quarterly on each Payment Date to Bondholders by the partial amortisation of the Bonds, in accordance with the provisions of the rules for Distribution of Principal Available Funds contained in section 4.9.3.1.5 of the Securities Note.

d) Geographical concentration risk.

As detailed in section 2.2.2.1 f) of the Building Block, the Autonomous Communities having the largest concentration of the address of obligors of the loans selected to be assigned to the Fund upon being established are, as a percentage with respect to the outstanding principal, as follows: Andalusia (18.98%), Catalonia (15.81%) and Madrid (14.15%), altogether representing 48.94%.

Moreover, paragraph 2 of section 2.2.2.2.3 of the Building Block sets the following Global Requirements in relation to geographical concentration by Autonomous Communities to be satisfied by the Credit Rights, including the Additional Credit Rights, in order to be assigned to the Fund:

- That on the date of assignment, the Outstanding Balance of the Credit Rights for Obligors for a same Autonomous Community is not in excess of twenty-five percent (25.00%) of the total Outstanding Balance of the Credit Rights.
- That on the date of assignment, the Outstanding Balance of the Credit Rights for Obligors for the three (3) Autonomous Communities with the highest representation (Outstanding Balance) is not in excess of sixty percent (60.00%) of the total Outstanding Balance of the Credit Rights.

ASSET-BACKED SECURITIES REGISTRATION DOCUMENT

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

1. PERSONS RESPONSIBLE

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

Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the “**Management Company**”), the company sponsoring BBVA CONSUMO 1 FONDO DE TITULIZACIÓN DE ACTIVOS (the “**Fund**” and/or the “**Issuer**”), takes responsibility for the contents of this Registration Document.

Mr Mario Masiá Vicente is acting as General Manager of the Management Company using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, and expressly for establishing the Fund pursuant to authorities conferred by the Board of Directors’ Executive Committee at its meeting held on February 23, 2006.

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

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

2. STATUTORY AUDITORS

2.1 Fund’s Auditors.

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

The Fund’s annual accounts shall be audited and reviewed every year by statutory auditors. The Fund’s annual accounts and their audit report shall be filed with the Companies Register, in accordance with the statutory provisions in force on the subject.

The Management Company shall proceed to designate, for periods of not more than three (3) years, the statutory auditor who is for that period of time to audit the Fund’s annual accounts, reporting that appointment to the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*) (the “**CNMV**”). The designation of an auditor for a given period shall not preclude the designation of that auditor for subsequent periods, observing in any event the laws in force on the subject.

2.2 Accounting policies used by the Fund.

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

The expenses of setting up the Fund and issuing the Bonds will be subject to a straight-line depreciation during the months elapsing since the establishment of the Fund until March 31, 2009, inclusive.

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

3. RISK FACTORS

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

4. INFORMATION ABOUT THE ISSUER

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

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

The Fund shall have open-end revolving assets and closed-end liabilities. Its assets shall comprise the Initial Credit Rights to be acquired upon being constituted, and, revolving upon repayment of the Credit Rights, such Additional Credit Rights as may be acquired on each Payment Date during the Revolving Period, which shall end on the Payment Date falling on April 20, 2008, unless terminated sooner in accordance with the provisions of section 2.2.2.2.1 of the Building Block.

4.2 Legal and commercial name of the issuer.

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

- BBVA CONSUMO 1 FTA
- BBVA CONSUMO 1 F.T.A.

4.3 Place of registration of the issuer and registration number.

The place of registration of the Fund is in Spain at the CNMV. The Fund was entered in the Official Registers of the CNMV on May 4, 2006.

Companies Register

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

4.4 Date of establishment and existence of the issuer.

4.4.1 Date of establishment of the Fund.

The Management Company shall with BANCO BILBAO VIZCAYA ARGENTARIA, S.A. ("BBVA"), originator of the Credit Rights (the "**Originator**"), proceed to execute on May 8, 2006 a public deed whereby BBVA CONSUMO 1 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BBVA will assign to the Fund the Initial Credit Rights, and the Fund will issue the Asset-Backed Bonds (the "**Deed of Constitution**"), on the terms provided in article 6 of Royal Decree 926/1998.

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

The Deed of Constitution may not be changed other than in exceptional events, provided that is permitted under the laws in force and subject to such statutory requirements as may be established. In any event, those changes shall require that the Management Company first notify and secure the prior authorisation, if necessary, of the CNMV or competent administrative body and the Rating Agencies, and provided that such changes are not detrimental to the rating assigned to the Bonds by the Rating Agencies or to Bondholders. The amendment of the Deed of Constitution shall be notified by the Management Company to the CNMV and the Rating Agencies. The Deed of Constitution can also be corrected as requested by the CNMV.

4.4.2 Existence of the Fund.

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

The Fund shall be in existence until January 20, 2020 or the following Business Day if that is not a Business Day, the Final Maturity Date of the Bond Issue, unless there should previously have been an Early Liquidation as set forth in section 4.4.3 of this Registration Document or any of the events laid down in section 4.4.4 of this Registration Document should occur.

4.4.3 Early Liquidation of the Fund.

4.4.3.1 Following notice served on the CNMV, the Management Company shall be entitled to proceed to an early liquidation ("**Early Liquidation**") of the Fund and thereby an early amortisation ("**Early Amortisation**") of the entire Bond Issue, in any of the following events ("**Early Liquidation Events**"):

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

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

- (ii) Where, in any event or circumstance whatsoever unrelated to the Fund's operations, a substantial alteration occurs or the financial balance of the Fund required by article 11.b) of Royal Decree 926/1998 is permanently damaged. This event includes such circumstances as the existence of any change in the law or supplementary implementing regulations, the establishment of withholding obligations or other situations which might permanently affect the financial balance of the Fund.
- (iii) In the event that the Management Company should be adjudged insolvent, or the statutory term to do so or otherwise four months should elapse without a new management company being designated in accordance with the provisions of section 3.7.1.3 of the Building Block.
- (iv) When a default occurs indicating a major permanent imbalance in relation to any of the Bonds issued or that it is about to occur.
- (v) Upon the lapse of eighteen (18) months from the date of the last maturity of the Credit Rights, even if amounts are still due and payable.

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

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

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

- (i) Notwithstanding the provisions of paragraph (iv) below, shall proceed to sell the Credit Rights remaining in the Fund for a price of not less than the sum of the principal still outstanding plus interest accrued and not paid on the remaining Credit Rights.
- (ii) Shall proceed to terminate such agreements as are not necessary for the Fund liquidation procedure.
- (iii) Shall be entitled to arrange for a credit facility which shall be fully allocated to the Early Amortisation of the Bond Issue. Payment of interest accrued and principal repayment on that credit facility shall be made in accordance with the Liquidation Priority of Payments.
- (iv) Finally, both due to an insufficiency of the preceding actions and the existence of Credit Rights or other remaining assets of the Fund, the Management Company shall proceed to sell them and shall therefore invite a bid from at least five (5) entities from among the most active in the purchase and sale of those Credit Rights and assets who may, in its view, give a market value. The Management Company shall be bound to accept the best bid received for the Credit Rights and assets on offer. In order to set the market value, the Management Company may secure such valuation reports as it shall deem necessary.

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

- 4.4.3.4 The Management Company shall forthwith apply all the proceeds from the sale of the Fund's assets to paying the various items, in such manner, amount and order as shall be requisite in the Liquidation Priority of Payments, other than the amounts, if any, drawn under the credit facility arranged, which shall be fully allocated to the Early Amortisation of the Bond Issue.

4.4.4 Termination of the Fund.

The Fund shall terminate in any of the following events:

- (i) Upon the Credit Rights pooled therein being fully repaid.
- (ii) Upon the Bonds issued being fully amortised.
- (iii) When the Early Liquidation procedure established in section 4.4.3 above is over.
- (iv) Upon the final liquidation of the Fund on the Final Maturity Date on January 20, 2020 or the following Business Day if that is not a Business Day.
- (v) Upon the establishment of the Fund terminating in the event that the Rating Agencies should not confirm any of the assigned provisional ratings as final ratings by the start of the Subscription Period. In this event, the Management Company shall terminate the establishment of the Fund, the assignment to the Fund of the Initial Credit Rights and the Bond Issue.

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

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

In any event, the Management Company, acting for and on behalf of the Fund, shall not proceed to terminate the Fund and strike it off the relevant administrative registers until the Credit Rights and the Fund's remaining assets have been liquidated and the Fund's Liquidation Available Funds have been distributed, in the Fund Liquidation Priority of Payments.

Upon a period of six (6) months elapsing from liquidation of the Fund's remaining assets and distribution of the Liquidation Available Funds, the Management Company shall execute a statutory declaration before a notary public declaring (i) that the Fund has terminated, and the events prompting its termination, (ii) how Bondholders and the CNMV were notified, and (iii) how the Fund's Liquidation Available Funds were distributed in the Liquidation Priority of Payments; notice of this shall be given in a nation-wide newspaper and all other appropriate administrative procedures will be observed. The Management Company will submit that statutory declaration to the CNMV.

4.5 Domicile, legal form and legislation applicable to the issuer.

In accordance with the provisions of article 1.1 of Royal Decree 926/1998, the Fund has no own legal personality, and Securitisation Fund Management Companies are entrusted with establishing, managing and legally representing those funds, and, as managers of third-party portfolios, with representing and enforcing the interests of the holders of the securities issued by the Funds they manage and of all their other ordinary creditors.

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

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

The establishment of the Fund is subject to Spanish Law and in particular is carried out pursuant to the legal system provided for by (i) Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies ("**Royal Decree 926/1998**") and implementing regulations, (ii) Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7 ("**Act 19/1992**"), failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) Act 3/1994, April 14, adapting Spanish law in regard to credit institutions to the Second Banking Co-ordination Directive and introducing other changes relating to the financial system ("**Act 3/1994**"), (iv) Securities Market Act 24/1988, July 28, as currently worded, in regard to their supervision, inspection and sanctions, (v) Commission Regulation (EC) no. 809/2004, April 29, 2004, and (vi) all other legal and statutory provisions in force and applicable from time to time.

4.5.1 Tax system of the Fund.

In accordance with the provisions of article 1.2 of Royal Decree 926/1998; article 5.10 of Act 19/1992; article 7.1.h) of the Consolidation of the Corporation Tax Act approved by Legislative Royal Decree 4/2004, March 5; article 20.One.18 of Value Added Tax Act 37/1992, December 28; article 59.k of the Corporation Tax Regulations approved by Royal Decree 1777/2004, July 30; article 45.I.B).15 of the Consolidation of the Capital Transfer and Documents Under Seal Tax approved by Legislative Royal Decree 1/1993, September 24 article 16 of Royal Decree 3/1993, and additional provision five of Act 3/1994, the following are the characteristics of the tax system of the Fund:

- (i) The establishment of the Fund is exempt from the “corporate transactions” item of Capital Transfer and Documents Under Seal Tax.
- (ii) Bond issue, subscription, transfer and amortisation are exempt from payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (iii) The Fund is liable to pay Corporation Tax, at the general rate in force from time to time, which currently stands at 35%.
- (iv) Management and custody of the Fund are exempt from Value Added Tax.
- (v) As for returns on Loans or other credit rights constituting Fund income, there shall be no Corporation Tax withholding or interim payment obligation.
- (vi) The assignment of the Credit Rights to the Fund is a transaction subject to and exempt from Value Added Tax.

4.6 Issuer’s authorised and issued capital.

Not applicable.

5. BUSINESS OVERVIEW

5.1 Brief description of the issuer’s principal activities.

The Fund’s activity is (i) to acquire a set of credit rights owned by BBVA granted to Spanish individuals or individuals resident in Spain (the “**Obligors**”) to finance transactions for purchasing goods, assets or services (the “**Loans**”), assigned by BBVA to the Fund (the “**Credit Rights**”), comprising the Credit Rights acquired by the Fund upon being established (the “**Initial Credit Rights**”) and the Credits Rights later acquired during the Revolving Period (the “**Additional Credit Rights**”), and (ii) to issue asset-backed bonds (either the “**Asset-Backed Bonds**” or the “**Bonds**”) designed to finance the acquisition of the Initial Credit Rights, the underwritten placement of which is targeted at qualified investors.

Credit Right interest and repayment income received by the Fund shall be allocated quarterly on each Payment Date to payment of Bond interest and other expenses and acquisition of Additional Credit Rights during the Revolving Period and, upon the same ending, to principal repayment on the Asset-Backed Bonds issued on the specific terms of each of the Series making up the issue of Asset-Backed Bonds and in the order of priority established for Fund payments.

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

5.2 Global overview of the parties to the securitisation program.

- EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (“**EUROPEA DE TITULIZACIÓN**”) is the Management Company that will establish, manage and legally represent the Fund, was involved in structuring the financial terms of the Fund and the Bond Issue, and takes responsibility for the contents of this Prospectus.

EUROPEA DE TITULIZACIÓN is a securitisation fund management company incorporated in Spain and entered in the CNMV’s special register under number 2.

VAT REG. No.: A-805144 66 Business Activity Code No.: 6713

Registered office: calle Lagasca number 120, 28006 Madrid (Spain).

- BANCO BILBAO VIZCAYA ARGENTARIA S.A. ("**BBVA**") is the originator of the Credit Rights to be acquired by the Fund, shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent and also takes responsibility for the contents of the Securities Note.

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

Moreover, BBVA shall be counterparty to the Fund in the Guaranteed Interest Rate Account (Treasury Account), Guaranteed Interest Rate Account (Principal Account), Subordinated Loan, Start-Up Loan, Financial Swap, Credit Right Servicing, Bond Paying Agent and Financial Intermediation Agreements.

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

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

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

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

Gran Vía number 1, 48001 Bilbao

Paseo de Recoletos number 10, 28001 Madrid

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

| | Fitch Ratings | Moody's Ratings | S&P Ratings |
|-------------------|-------------------------|------------------------|-----------------------|
| Short-term | F1+ (May 24, 2005) | P-1 (February 2, 2004) | A-1+ (April 11, 2005) |
| Long-term | AA- (February 23, 2006) | Aa2 (February 2, 2004) | AA- (April 11, 2005) |

- J.P. MORGAN SECURITIES LTD. ("**JPMORGAN**") shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

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

JPMORGAN is a limited liability company incorporated in the United Kingdom and entered in the companies register of England and Wales under number 2711006. Moreover, JPMORGAN is registered with the CNMV as a European Economic Area Investment Services Company in Free Provision of Services under registration number 107 dated 05.01.1996.

VAT REG. No.: GB 397 2498 93

Registered office: 125 London Wall, EC2Y 5AJ London (United Kingdom)

- SOCIÉTÉ GÉNÉRALE Sucursal en España ("**SOCIÉTÉ GÉNÉRALE**") shall be a Lead Manager of the Bond Issue and a Bond Issue Underwriter and Placement Agent.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, SOCIÉTÉ GÉNÉRALE will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii) liaising with potential investors and being one of the Bond subscription book

runners, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

SOCIÉTÉ GÉNÉRALE is a bank incorporated in France acting through its Branch in Spain which is registered with the Bank of Spain as a branch of a Community foreign credit institution under code number 0108 and is registered with the Companies Register of Madrid, Volume 10,215, Folio 35, Sheet 18,909, Entry 480.

VAT REG. No.: A0011682B Business Activity Code No.: 65121

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

- CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID (“**CAJAMADRID**”) shall be one of the Bond Issue Underwriters and Placement Agents.

CAJAMADRID is a savings bank incorporated in Spain which is registered in the Bank of Spain’s Special Savings Banks Register under institution code number 2038.

VAT REG. No.: G-28029007 Business Activity Code No.: 65122

Registered Office: Plaza de Celenque 2, 28013 Madrid (Spain)

- CALYON Sucursal en España (“**CALYON**”) shall be one of the Bond Issue Underwriters and Placement Agents.

CALYON is a bank incorporated and registered in France acting through its Branch in Spain, which is registered with the Bank of Spain as a branch of a foreign Community credit institution under code number 0154.

VAT REG. No.: A-0011043-G

Registered Office: Paseo de la Castellana number 1, 28046 Madrid (Spain)

- DRESDNER BANK AG London Branch (“**DRESDNER KLEINWORT WASSERSTEIN**”) shall be one of the Bond Issue Underwriters and Placement Agents.

DRESDNER KLEINWORT WASSERSTEIN is a bank incorporated and registered in Germany acting through its London Branch, which is entered in the register of companies of England and Wales under number FC007638. In addition, DRESDNER BANK AG is registered with the Bank of Spain as a Community Credit Institution, operating in Spain without an establishment.

VAT REG. No.: GB244733560

Registered Office: Riverbank House, 2 Swan Lane, London EC4R 3UX (United Kingdom)

- HSBC BANK PLC (“**HSBC**”) shall be one of the Bond Issue Underwriters and Placement Agents.

HSBC is a bank registered in the United Kingdom under number 14259, regulated and supervised by the Financial Services Authority (FSA), of 8 Canada Square, Canary Wharf, London E14 5HQ (United Kingdom), which is also registered with the Bank of Spain as a Community credit institution, operating in Spain without an establishment.

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

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

VAT REG. No.: A-58090655

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

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

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

VAT REG. No.: A-80448475

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

- Standard & Poor's España, S.A. is one of the three Rating Agencies of each Series in the Bond Issue.

Standard & Poor's España, S.A. is a Spanish company licensed as a rating agency by the CNMV, which is part of and operates in accordance with the methodology, standards and quality control of Standard & Poor's Rating Services (each of them "**S&P**" without distinction).

VAT REG. No.: A-80310824

Registered Office: Carrera de San Jerónimo number 15, 28014 Madrid (Spain)

- The law firm Cuatrecasas Abogados, S.R.L. ("**CUATRECASAS**"), as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and reviewed their tax aspects.

VAT REG. No.: B-59942110

Registered Office: Paseo de Gracia number 111, 08008 Barcelona (Spain)

- Deloitte S.L. ("**Deloitte**") has audited the selected loans of BBVA.

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

VAT REG. No.: B-79104469

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

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

J.P. MORGAN SECURITIES LTD. is part of the same Group as J.P. MORGAN ESPAÑA, S.A., and the latter in turn has a 4.00 percent interest in the Management Company's share capital.

CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID has a 0.3829 percent interest in the share capital of EUROPEA DE TITULIZACIÓN.

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

6. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

The Management Company, EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, shall be responsible for the management and legal representation of the Fund on the terms set in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and other applicable laws, and on the terms of the Deed of Constitution and this Prospectus.

6.1 Incorporation and registration at the Companies Register.

EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN was incorporated in a public deed executed on January 19, 1993 before Madrid Notary Public Mr Roberto Blanquer Uberos, his document number 117, with the prior authorisation of the Economy and Finance Ministry, given on December 17, 1992, and entered in the Companies Register of Madrid at volume 5,461, book 0, folio 49, section 8, sheet M-89355, entry 1, on March 11, 1993; the company was re-registered as

a Securitisation Fund Management Company in accordance with the provisions of chapter II and of the single transitional provision of Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies, pursuant to an authorisation granted by a Ministerial Order dated October 4, 1999 and a deed executed on October 25, 1999 before Madrid Notary Public Mr Luis Felipe Rivas Recio, his document number 3,289, which was entered under number 33 of the sheet opened for the Company in said Companies Register.

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

6.2 Audit.

The annual accounts of EUROPEA DE TITULIZACIÓN for the years ended on December 31, 2005, 2004 and 2003 have been audited by the firm Deloitte.

The audit reports on the annual accounts for the years 2005, 2004 and 2003 have no notes.

6.3 Principal activities.

The exclusive objects of EUROPEA DE TITULIZACIÓN are to establish, manage and legally represent both asset securitisation funds and mortgage securitisation funds.

EUROPEA DE TITULIZACIÓN manages 53 securitisation funds as at the registration date of this Registration Document, 21 being mortgage securitisation funds and 32 being asset securitisation funds.

The following table itemises the 53 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances.

| Securitisation Fund | Establishment | Bond Issue Initially | Bond Balance 31.03.2006 | Issue | Bond Balance 31.12.2005 | Issue | Bond Issue Balance 31.12.2004 |
|--------------------------------|---------------|--------------------------|--------------------------|--------------|--------------------------|---------------|-------------------------------|
| | | EUR | EUR | Δ% | EUR | Δ% | EUR |
| TOTAL | | 46,806,146,652.96 | 33,766,580,071.20 | 3.9% | 32,490,363,122.22 | 49.44% | 21,742,066,167.51 |
| Mortgage (FTH) | | 12,627,546,652.96 | 7,449,781,540.26 | 15.0% | 6,475,261,178.18 | 14.32% | 5,664,315,494.43 |
| Bankinter 12 FTH | 06.03.2006 | 1,200,000,000.00 | 1,200,000,000.00 | | | | |
| Valencia Hipotecario 2 FTH | 07.12.2005 | 950,000,000.00 | 950,000,000.00 | 0.0% | 950,000,000.00 | | |
| Bankinter 11 FTH | 28.11.2005 | 900,000,000.00 | 900,000,000.00 | 0.0% | 900,000,000.00 | | |
| Bankinter 7 FTH | 18.02.2004 | 490,000,000.00 | 341,950,245.14 | -4.1% | 356,717,443.60 | -19.5% | 443,242,308.18 |
| Bankinter 5 FTH | 16.12.2002 | 710,000,000.00 | 442,862,780.96 | -4.9% | 465,770,758.79 | -18.1% | 568,496,104.12 |
| BZ Hipotecario 4 FTH | 27.11.2002 | 313,400,000.00 | 158,397,452.80 | -7.3% | 170,910,609.60 | -20.4% | 214,702,964.80 |
| Rural Hipotecario IV FTH | 14.11.2002 | 520,000,000.00 | 292,831,228.47 | -5.9% | 311,312,202.68 | -18.7% | 383,066,455.30 |
| Bancaja 4 FTH | 05.11.2002 | 1,000,000,000.00 | 500,464,725.25 | -5.6% | 530,288,384.35 | -21.7% | 676,910,165.65 |
| Bankinter 4 FTH | 24.09.2002 | 1,025,000,000.00 | 661,771,978.64 | -4.9% | 695,988,565.76 | -13.6% | 805,537,009.40 |
| Rural Hipotecario III FTH | 14.05.2002 | 325,000,000.00 | 173,321,792.47 | -5.2% | 182,884,293.55 | -17.5% | 221,756,180.86 |
| Bankinter 3 FTH | 22.10.2001 | 1,322,500,000.00 | 714,872,144.84 | -5.0% | 752,104,867.20 | -14.8% | 882,775,463.04 |
| BZ Hipotecario 3 FTH | 23.07.2001 | 310,000,000.00 | 122,747,593.04 | -6.5% | 131,343,594.55 | -20.2% | 164,493,197.56 |
| Rural Hipotecario II FTH | 29.05.2001 | 235,000,000.00 | 102,435,208.60 | -5.8% | 108,722,959.00 | -19.6% | 135,215,972.80 |
| BZ Hipotecario 2 FTH | 28.04.2000 | 285,000,000.00 | 73,394,430.06 | -7.5% | 79,335,648.86 | -24.0% | 104,365,347.64 |
| Rural Hipotecario I FTH | 22.02.2000 | 200,000,000.00 | 63,764,247.74 | -7.2% | 68,686,186.28 | -20.5% | 86,384,087.06 |
| Bankinter 2 FTH | 25.10.1999 | 320,000,000.00 | 124,456,513.10 | -9.1% | 136,877,163.99 | -16.5% | 163,903,710.50 |
| Bankinter 1 FTH | 12.05.1999 | 600,000,000.00 | 188,428,409.46 | 0.0% | 188,428,409.46 | -19.3% | 233,577,234.54 |
| BZ Hipotecario 1 FTH | 16.04.1999 | 350,000,000.00 | 78,581,050.38 | -7.6% | 85,068,186.20 | -22.9% | 110,269,777.88 |
| Hipotecario 2 FTH | 04.12.1998 | 1,051,771,182.67 | 285,097,903.72 | 0.0% | 285,097,903.72 | -21.5% | 363,220,856.66 |
| Bancaja 2 FTH | 23.10.1998 | 240,404,841.75 | 59,937,667.99 | 0.0% | 59,937,667.99 | -22.4% | 77,225,834.66 |
| Bancaja 1 FTH | 18.07.1997 | 120,202,420.88 | 14,466,167.60 | -8.4% | 15,786,332.60 | -25.8% | 21,266,914.30 |
| BBV-MBS I FTH | 30.11.1995 | 90,151,815.66 | liquidated | | 0.00 | -100.00% | 7,905,909.48 |
| Hipotecario 1 FTH | 20.09.1993 | 69,116,392.00 | liquidated | | | | |
| Asset (FTA) | | 34,178,600,000.00 | 26,316,798,530.94 | 1.2% | 26,015,101,944.04 | 61.8% | 16,077,750,673.08 |
| MBS Bancaja 3 FTA | 03.04.2006 | 810,000,000.00 | | | | | |
| Bancaja 9 FTA | 02.02.2006 | 2,022,600,000.00 | 1,981,238,900.00 | | | | |
| BBVA Autos 2 FTA | 12.12.2005 | 1,000,000,000.00 | 1,000,000,000.00 | 0.0% | 1,000,000,000.00 | | |
| EdT FTPYME Pastor 3 FTA | 05.12.2005 | 520,000,000.00 | 520,000,000.00 | 0.0% | 520,000,000.00 | | |
| Rural Hipotecario Global I FTA | 18.11.2005 | 1,078,000,000.00 | 1,078,000,000.00 | 0.0% | 1,078,000,000.00 | | |
| FTPYME Bancaja 4 FTA | 07.11.2005 | 1,524,000,000.00 | 1,405,847,799.41 | -7.8% | 1,524,000,000.00 | | |
| BBVA 4 PYME FTA | 26.09.2005 | 1,250,000,000.00 | 1,250,000,000.00 | 0.0% | 1,250,000,000.00 | | |
| Bankinter 10 FTA | 27.06.2005 | 1,740,000,000.00 | 1,740,000,000.00 | 0.0% | 1,740,000,000.00 | | |
| MBS Bancaja 2 FTA | 27.06.2005 | 809,200,000.00 | 696,120,796.24 | -6.6% | 745,472,663.52 | | |
| BBVA Hipotecario 3 FTA | 13.06.2005 | 1,450,000,000.00 | 1,242,256,068.35 | -6.0% | 1,321,621,631.30 | | |

| Securitisation Fund | Establishment | Bond Issue Initially | Bond Balance 31.03.2006 | Issue | Bond Balance 31.12.2005 | Issue | Bond Issue Balance 31.12.2004 |
|---------------------------|---------------|----------------------|-------------------------|--------|-------------------------|--------|-------------------------------|
| | | EUR | EUR | Δ% | EUR | Δ% | EUR |
| Rural Hipotecario VII FTA | 29.04.2005 | 1,100,000,000.00 | 959,061,473.82 | -4.3% | 1,002,428,919.05 | | |
| Bancaja 8 FTA | 22.04.2005 | 1,680,100,000.00 | 1,461,398,979.00 | -5.1% | 1,539,361,229.38 | | |
| Bankinter 9 FTA | 14.02.2005 | 1,035,000,000.00 | 1,035,000,000.00 | 0.0% | 1,035,000,000.00 | | |
| BBVA-3 FTPYME FTA | 29.11.2004 | 1,000,000,000.00 | 1,000,000,000.00 | 0.0% | 1,000,000,000.00 | 0.0% | 1,000,000,000.00 |
| Ruralpyme 1 FTPYME FTA | 23.11.2004 | 214,000,000.00 | 160,225,980.46 | -7.4% | 173,024,296.72 | -19.1% | 214,000,000.00 |
| BBVA Autos 1 FTA | 25.10.2004 | 1,000,000,000.00 | 1,000,000,000.00 | 0.0% | 1,000,000,000.00 | 0.0% | 1,000,000,000.00 |
| FTPYME Bancaja 3 FTA | 11.10.2004 | 900,000,000.00 | 603,000,000.00 | -33.0% | 900,000,000.00 | 0.0% | 900,000,000.00 |
| Bancaja 7 FTA | 12.07.2004 | 1,900,000,000.00 | 1,385,801,699.66 | -20.8% | 1,750,000,000.00 | -7.9% | 1,900,000,000.00 |
| Rural Hipotecario VI FTA | 07.07.2004 | 950,000,000.00 | 746,980,606.19 | -4.4% | 781,477,860.25 | -14.9% | 918,039,044.03 |
| MBS Bancaja 1 FTA | 17.05.2004 | 690,000,000.00 | 443,537,494.14 | -35.7% | 690,000,000.00 | 0.0% | 690,000,000.00 |
| Valencia H 1 FTA | 23.04.2004 | 472,000,000.00 | 356,058,006.14 | -4.1% | 371,107,375.09 | -14.9% | 436,154,049.09 |
| Bankinter 6 FTA | 03.03.2004 | 1,070,000,000.00 | 801,021,985.91 | -4.4% | 837,970,768.01 | -14.1% | 976,014,308.21 |
| Bancaja 6 FTA | 03.12.2003 | 2,080,000,000.00 | 1,280,126,391.96 | -6.5% | 1,369,610,139.04 | -34.2% | 2,080,000,000.00 |
| Rural Hipotecario V FTA | 28.10.2003 | 695,000,000.00 | 474,264,387.76 | -5.1% | 499,528,194.12 | -15.5% | 591,221,073.84 |
| Bankinter 6 FTA | 25.09.2003 | 1,350,000,000.00 | 1,000,242,316.82 | -4.1% | 1,043,250,162.72 | -12.4% | 1,191,555,147.63 |
| FTPYME Bancaja 2 FTA | 19.09.2003 | 500,000,000.00 | 248,369,246.26 | -8.2% | 270,480,639.80 | -44.0% | 483,139,909.38 |
| Bancaja 5 FTA | 14.04.2003 | 1,000,000,000.00 | 567,094,293.65 | -6.1% | 604,031,954.00 | -20.4% | 758,585,912.95 |
| Bancaja 3 FTA | 29.07.2002 | 520,900,000.00 | 520,900,000.00 | 0.0% | 520,900,000.00 | 0.0% | 520,900,000.00 |
| FTPYME Bancaja 1 FTA | 04.03.2002 | 600,000,000.00 | 259,528,606.20 | -0.5% | 260,899,034.40 | -56.5% | 600,000,000.00 |
| BBVA-2 FTPYME ICO | 01.12.2000 | 900,000,000.00 | 265,291,579.17 | -13.5% | 306,595,443.42 | -39.7% | 508,081,398.75 |
| BCL Municipios I FTA | 21.06.2000 | 1,205,000,000.00 | 554,260,610.00 | -7.0% | 595,672,530.00 | -26.9% | 815,121,170.00 |
| BBVA-1 FTA | 24.02.2000 | 1,112,800,000.00 | 281,171,309.80 | -1.2% | 284,669,103.22 | -42.5% | 494,938,659.20 |

6.4 Share capital and equity.

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

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

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

| (EUR) | 31.12.2005 | Δ% | 31.12.2004 | Δ% | 31.12.2003 |
|----------------------|---------------------|--------------|---------------------|--------------|---------------------|
| Equity * | 3,095,298.97 | 0.00% | 3,095,298.97 | 0.03% | 3,094,300.50 |
| Capital | 1,803,037.50 | 0.00% | 1,803,037.50 | 0.00% | 1,803,037.50 |
| Reserves | 1,292,261.47 | 0.00% | 1,292,261.47 | 0.08% | 1,291,263.00 |
| Legal | 360,607.50 | 0.00% | 360,607.50 | 0.28% | 359,609.03 |
| Voluntary | 931,653.97 | 0.00% | 931,653.97 | 0.00% | 931,653.97 |
| Year's profit | 1,789,429.69 | 0.14% | 1,786,915.94 | 0.84% | 1,772,026.40 |

* Does not include year's profit

6.5 Existence or not of shareholdings in other companies.

There are no shareholdings in any other company.

6.6 Administrative, management and supervisory bodies.

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

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

Board of Directors

The Board of Directors has the following membership:

| | |
|--------------------------------|--|
| Chairman: | Mr Roberto Vicario Montoya * |
| Vice-Chairman: | Mr Carlos Pertejo Muñoz |
| Directors: | Mr Ignacio Aldonza Goicoechea Mr Luis Bach Gómez * Mr José M ^a . Castellón Leal on behalf of Barclays Bank, S.A. Ms Ana Fernández Manrique * ** Mr Juan Gortázar Sánchez-Torres Mr Mario Masiá Vicente * Ms Carmen Pérez de Muniaín Marzana * Mr Borja Uriarte Villalonga on behalf of Bankinter, S.A. * Mr Jesús del Pino Durán Mr Jorge Sáenz de Miera on behalf of Deutsche Bank Credit, S.A. Mr José Miguel Raboso Díaz on behalf of Citibank España, S.A. Mr José Manuel Tamayo Pérez Mr Pedro M ^a . Urresti Laca on behalf of J.P. Morgan España, S.A. * Mr Ignacio Benlloch Fernández-Cuesta on behalf of Banco Cooperativo Español S.A. |
| Non-Director Secretary: | Ms Belén Rico Arévalo |

* Member of the Board of Directors' Executive Committee.

** This appointment to the Executive Committee by the Board of Directors at a meeting held on March 28, 2006 has been notified to the CNMV and is yet to be entered in the Companies Register.

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

General Manager.

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

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

Roberto Vicario Montoya, Carlos Pertejo Muñoz, Ignacio Aldonza Goicoechea, Luis Bach Gómez, Ana Fernández Manrique, Juan Gortázar Sánchez-Torres, Carmen Pérez de Muniaín Marzana, Jesús del Pino Durán and José Manuel Tamayo Pérez are currently members of staff of BBVA, in turn the Originator of the assets to be pooled in the Fund, Lead Manager, Underwriter and Placement Agent and Paying Agent of the Bond Issue and counterparty to the remaining agreements entered into by the Fund, represented by the Management Company. The following are details of the offices held at BBVA by the persons responsible for or directly involved in selecting the assets to be pooled in or in designing the financial structure of the Fund:

- Carlos Pertejo Muñoz is currently Chief Financial Management Officer at BBVA.
- Ana Fernández Manrique is currently Capital and Securitisations Base Management Manager.

Pedro M^a. Urresti Laca is currently a member of staff of J.P. MORGAN SECURITIES LTD., the firm involved in the securitisation transaction as Lead Manager and Underwriter and Placement Agent of the Bond Issue.

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

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

6.9 Litigation in the Management Company.

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

7. MAJOR SHAREHOLDERS

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

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

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

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

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

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

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

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

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

Not applicable.

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

Not applicable.

8.3 Legal and arbitration proceedings.

Not applicable.

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

Not applicable.

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

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

No statement or report is included.

9.2 Information sourced from a third party.

No information is included.

10. DOCUMENTS ON DISPLAY

10.1 Documents on display.

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

- a) the Deed of Constitution of the Fund;
- b) the transcripts of the Management Company's and the Originator's corporate resolutions;
- c) this Prospectus;
- d) the agreements to be entered into by the Management Company for and on behalf of the Fund;
- e) the audit report on certain characteristics and attributes of a sample of all the loans selected from which the Initial Credit Rights will be taken to be assigned to the Fund upon being established;
- f) the letters from the Rating Agencies notifying the ratings assigned to each of the Series in the Bond Issue;
- g) the Management Company's annual accounts and the relevant audit reports; and
- h) the articles of association and memorandum of association of the Management Company.

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

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

The Deed of Constitution of the Fund may be physically accessed at the place of business of Iberclear in Madrid, Calle Pedro Teixeira number 8.

In addition, the documents listed in a) to f) may be obtained at the CNMV.

SECURITIES NOTE

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

1 PERSONS RESPONSIBLE

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

- 1.1.1 Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, the company sponsoring BBVA CONSUMO 1 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note.

Mr Mario Masiá Vicente is acting as General Manager of the Management Company using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, and expressly for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee at its meeting held on February 23, 2006.

- 1.1.2 Mr Carlos Pertejo Muñoz, duly authorised for these presents, acting for and on behalf of BANCO BILBAO VIZCAYA ARGENTARIA S.A., Lead Manager of the Bond Issue by BBVA CONSUMO 1 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note.

Mr Carlos Pertejo Muñoz is acting as attorney for BBVA using the authorities conferred by the Board of Directors' Standing Executive Committee at its meeting held on February 22, 2006.

1.2 Declaration by those responsible for the Securities Note.

- 1.2.1 Mr Mario Masiá Vicente declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.
- 1.2.2 Mr Carlos Pertejo Muñoz declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

2 RISK FACTORS

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

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

3 KEY INFORMATION

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

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

- a) EUROPEA DE TITULIZACIÓN is the Fund Management Company.
- b) BBVA, JPMORGAN and EUROPEA DE TITULIZACIÓN have structured the financial terms of the Fund and the Bond Issue.
- c) BBVA is the Originator of the Credit Rights to be pooled in the Fund.

- d) BBVA, JPMORGAN and SOCIÉTÉ GÉNÉRALE are involved as Lead Managers and Underwriters and Placement Agents of the Bond Issue and shall be the placement agents in charge of keeping the Bond subscription orders book (*joint book runners*).
- e) CAJAMADRID, CALYON, DRESDNER KLEINWORT WASSERSTEIN and HSBC are involved as Underwriters and Placement Agents of the Bond Issue.
- f) BBVA is involved as Paying Agent of the Bond Issue and shall be counterparty to the Fund in the Guaranteed Interest Rate Account (Treasury Account), Guaranteed Interest Rate Account (Principal Account), Subordinated Loan, Start-Up Loan, Financial Swap, Credit Right Servicing, Bond Paying Agent and Financial Intermediation Agreements.

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

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

4.1 Total amount of the securities and underwriting.

4.1.1 Total amount of the securities.

The total face value amount of the issue of Asset-Backed Bonds (the "**Bond Issue**" and the "**Bonds**") is EUR one billion five hundred million (1,500,000,000.00), consisting of fifteen thousand (15,000) Bonds denominated in euros and comprised of three Series distributed as follows:

- i) Series A having a total face amount of EUR one billion four hundred and forty-seven million five hundred thousand (1,447,500,000.00) comprising fourteen thousand four hundred and seventy-five (14,475) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A**" or the "**Series A Bonds**").
- ii) Series B having a total face amount of EUR twenty-eight million five hundred thousand (28,500,000.00) comprising two hundred and eighty-five (285) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series B**" or the "**Series B Bonds**").
- iii) Series C having a total face amount of EUR twenty-four million (24,000,000.00) comprising two hundred and forty (240) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series C**" or the "**Series C Bonds**").

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

4.1.2 Bond issue price.

The Bonds are issued at 100 percent of their face value. The issue price of the Bonds in each of Series A, B and C shall be EUR one hundred thousand (100,000) per Bond, clear of taxes and subscription costs for the subscriber through the Fund.

The expenses and taxes attaching to the Bond issue shall be borne by the Fund.

4.1.3 Underwriting placement of the Bond Issue.

The Bond Issue shall be underwritten and placed by BANCO BILBAO VIZCAYA ARGENTARIA S.A. ("**BBVA**"), J.P. MORGAN SECURITIES LTD. ("**JPMORGAN**") and SOCIÉTÉ GÉNÉRALE Sucursal en España ("**SOCIÉTÉ GÉNÉRALE**") as Lead Managers and Underwriters and Placement Agents and by CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID ("**CAJAMADRID**"), CALYON Sucursal en España ("**CALYON**"), DRESDNER BANK AG London Branch ("**DRESDNER KLEINWORT**")

WASSERSTEIN) and HSBC BANK PLC (**HSBC**) as Underwriters and Placement Agents under the Bond Issue Management, Underwriting and Placement Agreement to be entered into by the Management Company for and on behalf of the Fund.

The Bond Issue Underwriters and Placement Agents shall take on the obligations laid down in the Management, Underwriting and Placement Agreement, which are broadly the following: 1) securing placement by a third-party subscription for the Bond Issue; 2) an undertaking to subscribe on their own account for the Bonds not subscribed for by third parties during the Subscription Period, up to the amounts of their respective joint underwriting commitments; 3) payment by the Underwriters and Placement Agents JPMORGAN, SOCIÉTÉ GÉNÉRALE, CAJAMADRID, CALYON, DRESDNER KLEINWORT WASSERSTEIN and HSBC to the Paying Agent, by 2pm (CET time) on the Closing Date, for same day value, of the face amount of the Bonds they shall each have placed and subscribed for on their own account, as the case may be, up to their respective underwriting commitments, whereupon the Paying Agent shall proceed to pay to the Fund, by 3pm (CET time), for same day value, the amount received from the other Underwriters and Placement Agents and the face amount of the Bonds it shall have placed as Underwriter and Placement Agent and subscribed for, as the case may be, on its own account up to its respective underwriting commitment; 4) an undertaking to pay late-payment interest covenanted in the agreement in the event of late payment of amounts due; 5) providing subscribers with a document proving subscription; 6) providing the Paying Agent with Bond Issue placement dissemination control information; and 7) all other aspects governing underwriting and placement.

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

| Underwriter and Placement Agent | Face amount underwritten in each Series (EUR) | | |
|---------------------------------|---|----------------------|----------------------|
| | Series A Bonds | Series B Bonds | Series C Bonds |
| BBVA | 455,500,000.00 | 8,900,000.00 | 7,500,000.00 |
| JPMORGAN | 506,600,000.00 | 10,700,000.00 | 9,000,000.00 |
| SOCIÉTÉ GÉNÉRALE | 455,400,000.00 | 8,900,000.00 | 7,500,000.00 |
| CAJAMADRID | 7,500,000.00 | --- | --- |
| CALYON | 7,500,000.00 | --- | --- |
| DRESDNER KLEINWORT WASSERSTEIN | 7,500,000.00 | --- | --- |
| HSBC | 7,500,000.00 | --- | --- |
| Total | 1,447,500,000.00 | 28,500,000.00 | 24,000,000.00 |

The Underwriters and Placement Agents of each Series shall altogether receive an underwriting and placement fee from the Fund, based on the face amount of the Bonds in the relevant Series, comprised between 0.04% and 0.06%, both inclusive, for the Series A Bonds and comprised between 0.075% and 0.125%, both inclusive, for the Series B and C Bonds.

The underwriting and placement fee applicable to the face amount of the Bonds in each Series shall be determined with one accord by the Lead Managers and notified in writing to the Management Company by 10am (CET time) on the day of the Subscription Period (May 9, 2006). Failing an agreement between the Lead Managers, the Management Company shall set the underwriting and placement fee for the Series in respect of which there was no agreement at 0.05% for the Series A Bonds and at 0.10% for the Series B and C Bonds.

The Paying Agent shall pay each Underwriter and Placement Agent on the Closing Date the underwriting and placement fee amount they shall each have accrued, after they have in turn paid to the Fund, through the Paying Agent, the face amount of the Bonds they shall each have placed and subscribed for on their own account, as the case may be, up to their respective underwriting commitments.

BBVA, JPMORGAN and SOCIÉTÉ GÉNÉRALE shall be involved as Lead Managers in the Bond Issue. They shall not be howsoever remunerated for managing the Bond Issue.

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

4.2 Description of the type and class of the securities.

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

4.3 Legislation under which the securities have been created.

The establishment of the Fund and the Bond Issue are subject to Spanish Law and in particular are carried out in accordance with the legal system provided for by (i) Royal Decree 926/1998 and implementing regulations, (ii) Act 19/1992 failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) the Securities Market Act and applicable implementing regulations, (iv) Commission Regulation (EC) No. 809/2004 of April 29, 2004, and (v) all other legal and statutory provisions in force and applicable from time to time.

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

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

Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A. (“**Iberclear**”), with place of business at Calle Pedro Teixeira, no. 8, Madrid, shall be the institution designated in the Deed of Constitution to account for the Bonds in order for the Bonds to be cleared and settled in accordance with the operating rules regarding securities listed on the AIAF, and represented by book entries, established now or henceforth by Iberclear or AIAF.

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

4.5 Currency of the issue.

The Bonds shall be denominated in Euros.

4.6 Ranking of the securities.

Interest payment and principal repayment on Series B Bonds is deferred with respect to Series A Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Interest payment and principal repayment on Series C Bonds is deferred with respect to Series A and B Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

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

Payment of interest accrued by Series A Bonds is (i) fourth (4th) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block, and (ii) fifth (5th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series B Bonds is (i) fifth (5th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be eighth (8th), and (ii) seventh (7th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series C Bonds is (i) sixth (6th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be ninth (9th), and (ii) ninth (9th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

4.6.2 Simple reference to the order number of Bond principal repayment in each Series in the Fund priority of payments.

The Principal Withholding amount designed for acquiring Additional Credit Rights and, after the Revolving Period ends, for amortising the Bonds as a whole without distinction between Series is seventh (7th) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block.

Bond principal shall be repaid in accordance with the rules for Distribution of Principal Available Funds contained in section 4.9.3.1.5 of this Securities Note and in section 3.4.6.2.2.2 of the Building Block.

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

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

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

4.7 Description of the rights attached to the securities.

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

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

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

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

All matters, disagreements, actions and claims deriving from the Management Company's establishment, administration and legal representation of BBVA CONSUMO 1 FONDO DE TITULIZACIÓN DE ACTIVOS and the Bond Issue by the same shall be heard and ruled upon by the competent Spanish Courts and Tribunals.

4.8 Nominal interest rate and provisions relating to interest payable.

4.8.1 Bond nominal interest rate.

The Bonds in each Series shall, from the Closing Date until they mature fully, accrue a yearly nominal interest, variable and payable quarterly, which shall be the result of applying the policies established hereinafter for each of the Series.

The resultant yearly nominal interest rate (hereinafter the “**Nominal Interest Rate**”) for each Series shall be payable quarterly in arrears on each Payment Date on the Outstanding Principal Balance of the Bonds in each Series on the preceding Payment Date, provided that the Fund has sufficient liquidity in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.

Withholdings, interim payments, contributions and taxes established or to be established in the future on Bond principal, interest or returns shall be borne exclusively by Bondholders, and their amount, if any, shall be deducted by the Management Company, for and on behalf of the Fund, or through the Paying Agent, as provided by law.

4.8.1.1 Interest accrual.

For interest accrual purposes, the duration of each Bond Series shall be divided into successive interest accrual periods (“**Interest Accrual Periods**”) comprising the exact number of days elapsed between every two consecutive Payment Dates, each Interest Accrual Period including the beginning Payment Date but not including the ending Payment Date. Exceptionally, the duration of the first Interest Accrual Period shall be equivalent to the exact number of days elapsed between the Closing Date, May 11, 2006, inclusive, and the first Payment Date, July 20, 2006, exclusive.

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

4.8.1.2 Nominal Interest Rate.

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

- (i) the Reference Rate, as established in the following section, and
- (ii) a margin for each Series as follows:

- **Series A:** margin ranging between 0.07% and 0.18%, both inclusive.
- **Series B:** margin ranging between 0.12% and 0.35%, both inclusive.
- **Series C:** margin ranging between 0.16% and 0.50%, both inclusive.

The margin applicable to each Series, expressed as a percentage, shall be determined with one accord among the Lead Managers by 10am (CET time) on the day of the Subscription Period (May 9, 2006).

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

- **Series A:** 0.13% margin.
- **Series B:** 0.25% margin.
- **Series C:** 0.35% margin.

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

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

4.8.1.3 Reference Rate and determining the same.

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

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

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

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

Where:

- IR = Reference Rate for the first Interest Accrual Period.
- D = Number of days in the first Interest Accrual Period.
- E2 = Two- (2-) month Euribor.
- E3 = Three- (3-) month Euribor.

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

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

Exceptionally, the substitute Reference Rate for the first Interest Accrual Period shall be the rate resulting from the straight-line interpolation between the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable two- (2-) month deposit transactions in euros and the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable three- (3-) month deposit transactions in euros, both in an amount equivalent to the face amount of the Bond Issue, declared by the banks as provided for in paragraph one above, following a simultaneous request to each of their headquarters by the Paying Agent after and around 11am (CET time) on the second Business Day preceding the Closing Date.

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

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

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

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

4.8.1.4 **Interest Rate Fixing Date.**

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

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

The nominal interest rates determined for each Bond Series for successive Interest Accrual Periods shall be communicated to Bondholders within the deadline and in the manner for which provision is made in section 4.1.1.a) of the Building Block.

4.8.1.5 **Formula for calculating interest.**

Interest settlement for the Bonds in each Series, payable on each Payment Date for each Interest Accrual Period, shall be calculated for each Series in accordance with the following formula:

$$I = P \times \frac{R}{100} \times \frac{d}{360}$$

Where:

I = Interest payable on a given Payment Date, rounded up to the nearest eurocent.

P = Outstanding Principal Balance of the Bonds in the Series on the Determination Date preceding that Payment Date.

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

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

Informative table on the evolution of the reference rate to be used.

For merely illustrative purposes, below are details of the three- (3-) month Euribor rates published on certain dates over the last two years, which, other than the first date, would have been the second Business Day preceding the 20th of each month, this being the Payment Date, on the EURIBOR01 electronic page supplied by Reuters, and the Nominal Interest Rate that would have resulted if applied to each Bond Series, in the event that the applicable margins should be the average margins in the range established for each Series, in accordance with section 4.8.1.2 of this Securities Note (0.125% for Series A, 0.235% for Series B and 0.33% for Series C):

| Dates | 3-month Euribor | Series A Bonds | Series B Bonds | Series C Bonds |
|-------------------|--------------------|-------------------|-------------------|-------------------|
| 20 April 2006 | 2.776 | 2.901 | 3.011 | 3.106 |
| 16 March 2006 | 2.704 | 2.829 | 2.939 | 3.034 |
| 16 February 2006 | 2.604 | 2.729 | 2.839 | 2.934 |
| 18 January 2006 | 2.505 | 2.630 | 2.740 | 2.835 |
| 16 December 2005 | 2.481 | 2.606 | 2.716 | 2.811 |
| 17 November 2005 | 2.350 | 2.475 | 2.585 | 2.680 |
| 18 October 2005 | 2.188 | 2.313 | 2.423 | 2.518 |
| 16 September 2005 | 2.136 | 2.261 | 2.371 | 2.466 |
| 18 August 2005 | 2.132 | 2.257 | 2.367 | 2.462 |
| 18 July 2005 | 2.123 | 2.248 | 2.358 | 2.453 |
| 16 June 2005 | 2.116 | 2.241 | 2.351 | 2.446 |
| 18 May 2005 | 2.126 | 2.251 | 2.361 | 2.456 |
| 18 April 2005 | 2.134 | 2.259 | 2.369 | 2.464 |
| 17 March 2005 | 2.136 | 2.261 | 2.371 | 2.466 |
| 17 February 2005 | 2.135 | 2.260 | 2.370 | 2.465 |
| 18 January 2005 | 2.144 | 2.269 | 2.379 | 2.474 |
| 16 December 2004 | 2.175 | 2.300 | 2.410 | 2.505 |
| 18 November 2004 | 2.176 | 2.301 | 2.411 | 2.506 |
| 18 October 2004 | 2.145 | 2.270 | 2.380 | 2.475 |
| 16 September 2004 | 2.116 | 2.241 | 2.351 | 2.446 |
| 18 August 2004 | 2.114 | 2.239 | 2.349 | 2.444 |
| 16 July 2004 | 2.115 | 2.240 | 2.350 | 2.445 |
| 17 June 2004 | 2.122 | 2.247 | 2.357 | 2.452 |
| 18 May 2004 | 2.091 | 2.216 | 2.326 | 2.421 |

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

Interest on the Bonds in all the Series will be paid until they are finally amortised by Interest Accrual Periods in arrears on January 20, April 20, July 20 and October 20 in each year, or the following Business Day if any of those is not a Business Day (each of those dates, a **"Payment Date"**), and interest for the then-current Interest Accrual Period will accrue until said first Business Day, not inclusive, on the terms established in section 4.8.1.2 of this Securities Note.

The first interest Payment Date for the Bonds in each Series shall be July 20, 2006, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, May 11, 2006, inclusive, and July 20, 2006, exclusive.

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

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

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

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

In the event that on a Payment Date the Fund should be unable to make full or partial payment of interest accrued on the Bonds in any Series, in the Priority of Payments, interest amounts not paid shall be accumulated on the following Payment Date to interest on the Series proper that, as the case may be, should be paid on that same Payment Date, and will be paid in the Priority of Payments and applied by order of maturity if it should be impossible once again not to pay the same fully due to a shortage of Available Funds.

Unpaid interest amounts due shall not earn additional or late-payment interest and shall not be accumulated to the Outstanding Principal Balance of the Bonds.

The Fund, through its Management Company, may not defer Bond interest payment beyond January 20, 2020, the Final Maturity Date, or the following Business Day if that is not a Business Day.

The Bond issue shall be serviced through the Paying Agent, to which end the Management Company shall, for and on behalf of the Fund, enter into a Paying Agent Agreement with BBVA.

4.9 Maturity date and amortisation of the securities.

4.9.1 Bond redemption price.

The redemption price of the Bonds in each Series shall be EUR one hundred thousand (100,000) per Bond, equivalent to 100 percent of their face value, payable as established in section 4.9.2 below.

Each and every one of the Bonds in a same Series shall be amortised in an equal amount by reducing the face amount of each of the Bonds.

4.9.2 Characteristics specific to the Amortisation of each Bond Series.

4.9.2.1 Amortisation of Series A Bonds.

Series A Bond principal shall be amortised by partial amortisation on each Payment Date after Bond amortisation begins, in an amount equal to the Principal Available Funds applied on each Payment Date to amortising Series A, in accordance with the rules for Distribution of Principal Available Funds given in sections 4.9.3.1.4 and 4.9.3.1.5 below, pro rated between the Bonds in Series A proper by reducing the face amount of each Series A Bond. The first partial amortisation of the Series A Bonds shall occur on the Payment Date falling on July 20, 2008 or on a previous Payment Date in the event of early termination of the Credit Right Revolving Period.

Notwithstanding partial or total amortisation resulting from partial amortisation as provided for in the preceding paragraph, final amortisation of Series A Bonds shall occur on the Final Maturity Date (January 20, 2020 or the following Business Day if that is not a Business Day), or before the Final Maturity Date, in accordance with the provisions of section 4.9.3.2 of this Securities Note, upon Early Liquidation and Early Amortisation of the Bond Issue, in both cases in the Liquidation Priority of Payments.

4.9.2.2 Amortisation of Series B Bonds.

Series B Bond principal shall be amortised by partial amortisation on each Payment Date after Bond amortisation begins, in an amount equal to the Principal Available Funds applied on each Payment Date to amortising Series B in accordance with the rules for Distribution of Principal Available Funds given in sections 4.9.3.1.4 and 4.9.3.1.5 below, pro rated between the Bonds in Series B proper by reducing the face amount of each Series B Bond. The first partial amortisation of the Series B Bonds shall occur once the Series A Bonds have been fully amortised.

Notwithstanding partial or total amortisation resulting from partial amortisation as provided for in the preceding paragraph, final amortisation of Series B Bonds shall occur on the Final Maturity Date (January 20, 2020 or the following Business Day if that is not a Business Day), or before the Final Maturity Date, in accordance with the provisions of section 4.9.3.2 of this Securities Note, upon Early Liquidation and Early Amortisation of the Bond Issue, in both cases in the Liquidation Priority of Payments.

4.9.2.3 Amortisation of Series C Bonds.

Series C Bond principal shall be amortised by partial amortisation on each Payment Date after Bond amortisation begins, in an amount equal to the Principal Available Funds applied on each Payment Date to amortising Series C in accordance with the rules for Distribution of Principal Available Funds given in sections 4.9.3.1.4 and 4.9.3.1.5 below, pro rated between the Bonds in Series C proper by reducing the face amount of each Series C Bond. The first partial amortisation of the Series C Bonds shall occur once the Series A and the Series B Bonds have been fully amortised.

Notwithstanding partial or total amortisation resulting from partial amortisation as provided for in the preceding paragraph, final amortisation of Series C Bonds shall occur on the Final Maturity Date (January 20, 2020 or the following Business Day if that is not a Business Day), or before the Final Maturity Date, in accordance with the provisions of section 4.9.3.2 of this Securities Note, upon Early Liquidation and Early Amortisation of the Bond Issue, in both cases in the Liquidation Priority of Payments.

4.9.3 Common characteristics applicable to amortisation of Bonds in each Bond Series.

4.9.3.1 Partial amortisation.

Irrespective of the Final Maturity Date and subject to the Early Amortisation of the Bond Issue in the event of Early Liquidation of the Fund, the Fund shall, through its Management Company, proceed to a partial amortisation of the Bonds, after the Revolving Period ends, on the Payment Dates in accordance with the specific amortisation terms for each Series established in section 4.9.2 of this Securities Note and on the terms described hereinafter in this section common to all three Series.

4.9.3.1.1 Determination Dates and Determination Periods.

The Determination Dates will be the dates falling on the fourth (4th) Business Day preceding each Payment Date on which the Management Company on behalf of the Fund will make all necessary calculations to distribute or withhold the Available Funds and the Principal Available Funds which the Fund shall dispose of on the relevant Payment Date, in the Priority of Payments. The first Determination Date shall be July 14, 2006.

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

- (i) the duration of the first Determination Period shall be equal to the days elapsed between the date of establishment of the Fund, inclusive, and the first Determination Date, July 14, 2006, inclusive, and
- (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which the Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the Credit Rights and the assets remaining in the Fund have been liquidated and all the Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), both inclusive.

4.9.3.1.2 Outstanding Principal Balance of the Bonds.

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

By addition, the Outstanding Principal Balance of the Bond Issue shall be the sum of the Outstanding Principal Balance of all three Series A, B and C making up the Bond Issue.

4.9.3.1.3 Principal Withholding on each Payment Date.

On each Payment Date, the Available Funds shall be used in seventh (7th) place in the priority of payments for withholding the amount designed for acquiring Additional Credit Rights and, after the Revolving Period ends, for amortising the Bonds as a whole, without distinguishing between the different Series ("**Principal Withholding**"), in an amount equal to the positive difference, if any, on the Determination Date preceding the relevant Payment Date, between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the sum of a) the Outstanding Balance of Non-Doubtful Credit Rights and b) the Principal Account balance and, as the case may be, the Surplus Account balance transferred from the Principal Account.

Depending on the liquidity existing on each Payment Date, the amount actually applied of the Available Funds to Principal Withholding shall be included among the Principal Available Funds and be applied in

accordance with the rules for Distribution of Principal Available Funds established hereinafter in section 4.9.3.1.5 below.

4.9.3.1.4 **Principal Available Funds and Principal Deficiency on each Payment Date.**

The Principal available funds on each Payment Date (the “**Principal Available Funds**”) shall be the following:

- a) The Principal Withholding amount applied in seventh (7th) place of the Available Funds on the relevant Payment Date.
- b) Until the Payment Date next succeeding the end of the Revolving Period, inclusive, the Principal Account balance and, as the case may be, the Surplus Account balance transferred from the Principal Account on the Determination Date preceding the relevant Payment Date.

The principal deficiency (the “**Principal Deficiency**”) on a Payment Date shall be the positive difference, if any, between (i) the Principal Withholding amount, and (ii) the amount actually applied of the Available Funds to Principal Withholding.

4.9.3.1.5 **Distribution of Principal Available Funds.**

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

1. During the Credit Right Revolving Period, payment of the assignment price comprising the face value of the outstanding capital or principal of the Additional Credit Rights acquired by the Fund on the relevant Payment Date.

The remaining Principal Available Funds not used for acquiring Additional Credit Rights shall remain credited to the Principal Account.

2. After the Revolving Period ends, the Principal Available Funds shall be sequentially applied firstly to amortising Series A until fully amortised, secondly to amortising Series B until fully amortised, and thirdly to amortising Series C until fully amortised.

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

Subject to the Fund’s obligation, through its Management Company, to proceed to final amortisation of the Bonds on the Final Maturity Date or amortisation of each Series before the Final Maturity Date, the Management Company shall, after first notifying the CNMV, be authorised to proceed, as the case may be, to an Early Liquidation of the Fund and hence an Early Amortisation, of the entire Bond Issue in the Early Liquidation Events and subject to the requirements established in section 4.4.3 of the Registration Document and subject to the Liquidation Priority of Payments.

4.9.3.3 **Final Maturity Date.**

The Final Maturity Date and consequently the final amortisation of the Bonds is January 20, 2020 or the following Business Day if that is not a Business Day, without prejudice to the Management Company, for and on behalf of the Fund, and in accordance with the provisions of sections 4.9.3.1 and 4.9.3.2 of this Securities Note, proceeding to amortise all or any Series of the Bond Issue before the Final Maturity Date. Final amortisation of the Bonds on the Final Maturity Date shall be made subject to the Liquidation Priority of Payments.

4.10 **Indication of yield.**

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

- i) Acquisition by the Fund of Additional Credit Rights during the Revolving Period in order to replace the decrease in the amounts of the Credit Rights.
- ii) The repayment schedule and system of each Credit Right established in the relevant document.

- iii) The Obligors' capacity to prepay the Credit Rights in whole or in part and the aggregate prepayment pace throughout the life of the Fund. In this sense, Credit Right prepayments by Obligors, subject to continual changes, and estimated in this Prospectus using several performance assumptions of the future effective constant annual early amortisation or prepayment rate (hereinafter also "**CPR**"), are very significant and shall directly affect the pace at which the Bonds are amortised, and therefore their average life and duration.
- iv) Changes in Credit Right interest rates resulting in every instalment repayment amount differing.
- v) Obligors' delinquency in payment of Credit Right instalments.

The following assumed values have been used for the above-mentioned factors in calculating the tables contained in this section:

- Loan interest rate: 7.08% weighted average interest rate as of April 10, 2006 of the portfolio of selected loans which has been used for calculating the repayment instalments and interest of each of the selected loans;
- Credit Right portfolio delinquency: 0.10% of the Outstanding Balance of the Credit Rights, with 100% recoveries within 15 months of becoming delinquent;
- Credit Right doubtfuls rated as bad debts: 0%;
- that the Credit Right prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is May 11, 2006;
- that there is no Principal Deficiency;
- that the Credit Right Revolving Period shall end on April 20, 2008, and during the same Additional Credit Rights shall be acquired on each Payment Date and in the aggregate Principal Available Funds on each such dates; and
- that the weighted average final maturity of the additional Credit Rights acquired during the Revolving Period is 5 years.

The actual adjusted life and the yield or return on the Bonds will also depend on their floating interest rate. The following nominal interest rates are assumed for each Series for the first Interest Accrual Period, resulting from the straight-line interpolation bearing in mind the number of days in the First Interest Accrual Period between two- (2-) month Euribor (2.694%) and three- (3-) month Euribor (2.776%) on April 20, 2006 and in the event that the applicable margins should be the average margins in the range established for each Series in accordance with section 4.8.1.2 of this Securities Note (0.125% for Series A, 0.235% for Series B and 0.33% for Series C):

| | Series A Bonds | Series B Bonds | Series C Bonds |
|------------------------------|---------------------------|---------------------------|---------------------------|
| Nominal interest rate | 2.846% | 2.956% | 3.051% |

For successive Interest Accrual Periods, the floating interest rate of the Bonds in each Series is assumed to be constant as follows, resulting from 3-month Euribor (2.776%) on April 20, 2006 and in the event that the applicable margins should be the average margins in the range established for each Series in accordance with section 4.8.1.2 of this Securities Note (0.125% for Series A, 0.235% for Series B and 0.33% for Series C):

| | Series A Bonds | Series B Bonds | Series C Bonds |
|------------------------------|---------------------------|---------------------------|---------------------------|
| Nominal interest rate | 2.901% | 3.011% | 3.106% |

4.10.1 Estimated average life, yield or return, duration and final maturity of the Bonds.

Assuming that the Management Company shall exercise the Early Liquidation of the Fund and Early Amortisation of the Bond Issue option provided in section 4.4.3 of the Registration Document when the Outstanding Balance of the Credit Rights is less than 10% of their initial Outstanding Balance upon the Fund being established, the average life, return (Internal Rate of Return IRR) for the Bond subscriber, duration and final maturity of the Bonds for different CPRs, would be as follows:

| % CPR: | 14.00% | 16.00% | 18.00% | 20.00% | 22.00% |
|--------|--------|--------|--------|--------|--------|
|--------|--------|--------|--------|--------|--------|

| Series A Bonds | | | | | |
|----------------------|------------|------------|------------|------------|------------|
| Average life (years) | 3.47 | 3.38 | 3.32 | 3.25 | 3.19 |
| IRR | 2.971% | 2.971% | 2.971% | 2.971% | 2.971% |
| Duration (years) | 3.20 | 3.13 | 3.07 | 3.01 | 2.96 |
| Final maturity | 20 10 2011 | 20 07 2011 | 20 07 2011 | 20 04 2011 | 20 04 2011 |
| (in years) | 5.45 | 5.19 | 5.19 | 4.95 | 4.95 |

| Series B Bonds | | | | | |
|----------------------|------------|------------|------------|------------|------------|
| Average life (years) | 5.45 | 5.19 | 5.19 | 4.95 | 4.95 |
| IRR | 3.086% | 3.086% | 3.086% | 3.086% | 3.086% |
| Duration (years) | 4.89 | 4.68 | 4.68 | 4.47 | 4.47 |
| Final maturity | 20 10 2011 | 20 07 2011 | 20 07 2011 | 20 04 2011 | 20 04 2011 |
| (in years) | 5.45 | 5.19 | 5.19 | 4.95 | 4.95 |

| Series C Bonds | | | | | |
|----------------------|------------|------------|------------|------------|------------|
| Average life (years) | 5.45 | 5.19 | 5.19 | 4.95 | 4.95 |
| IRR | 3.184% | 3.184% | 3.184% | 3.184% | 3.184% |
| Duration (years) | 4.87 | 4.66 | 4.66 | 4.46 | 4.46 |
| Final maturity | 20 10 2011 | 20 07 2011 | 20 07 2011 | 20 04 2011 | 20 04 2011 |
| (in years) | 5.45 | 5.19 | 5.19 | 4.95 | 4.95 |

These figures have been calculated using the following formula:

Average life of the Bonds: for each Series, average of the time periods between the Closing Date and each Payment Date, using for weighting purposes the weights the principal to be repaid on each Payment Date has on the total face amount of the Series, in accordance with the following expression:

$$V = \frac{\sum (P \times d)}{T} \times \frac{1}{365}$$

Where:

- V = Average life in each Bond Series issued expressed in years.
- P = Estimated principal to be repaid in each Bond Series on each Payment Date.
- d = Number of days elapsed between the Closing Date and the Payment Date at issue.
- T = Total face amount in EUR in each Bond Series.

Internal rate of return (IRR): for each Series, interest rate equalling the restatement at present value of the total amortisation and interest amounts received on each Payment Date with the face value of the Bond.

$$N = \sum_{i=1}^n A_i (1+r)^{-(nd/365)}$$

Where:

- N = face value of the Bond in each Series.
- r = IRR expressed as an annual rate, per unit.
- A_i = (A₁ A_n). Estimated total principal repayment and interest amounts in each Series on each Payment Date.

nd = Number of days comprised between the Closing Date of the issue and each of the n Payment Dates, not inclusive, during the life of the Bond.

Duration of the Bonds (adjusted Macaulay formula): for each Series, measure of Bond price sensitivity with respect to changes in yield.

$$D = \frac{\sum_{j=1}^n (a_j \times VA_j)}{PE} \times \frac{1}{(1+i)}$$

Where:

D = Duration in each Bond Series expressed in years.

a_j = Time elapsed (in years) between the Closing Date and each of the n Payment Dates at issue.

VA_j = Estimated present value of each of the amounts comprising principal repayable and gross interest, payable on each of the n Payment Dates discounted at the actual interest rate (IRR) in every Series.

PE = Issue price in every Bond Series.

i = Actual interest rate (IRR) in every Series, per unit.

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

- Whereas CPRs are assumed to be constant respectively at 16.00%, 18.00% and 20.00% throughout the life of the Bond Issue, as explained above actual prepayment changes continually.
- The Outstanding Principal Balance of the Bonds on each Payment Date and hence interest payable on each such dates shall depend on the actual Credit Right prepayment, delinquency and default rates.
- Whereas Bond nominal interest rates are assumed to be constant for each Series from the second Interest Accrual Period, the interest rate in all the Series is known to be variable.
- Credit Right portfolio delinquency: 0.10% of the Outstanding Balance of Credit Rights with 100% recoveries within 15 months of becoming delinquent.
- Credit Right doubtfuls rated bad debts: 0%
- The assumed values referred to at the beginning of this section are at all events taken for granted.
- It is assumed that the Management Company will exercise the Early Liquidation of the Fund and thereby the Early Amortisation of the Bond Issue option when the Outstanding Balance of the Credit Rights is less than 10% of their initial amount upon the Fund being set up, as provided in section 4.4.3 of the Registration Document.

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

| Payment Date | Series A Bonds | | | Series B Bonds | | | Series C Bonds | | |
|----------------|---------------------|-----------------|-------------------|---------------------|------------------|-------------------|---------------------|------------------|-------------------|
| | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow |
| TOTALS: | 100,000.00 | 9,940.98 | 109,940.98 | 100,000.00 | 15,847.23 | 115,847.23 | 100,000.00 | 16,347.61 | 116,347.61 |
| 11-May-06 | | | | | | | | | |
| 20-Jul-06 | 0.00 | 553.39 | 553.39 | 0.00 | 574.78 | 574.78 | 0.00 | 593.25 | 593.25 |
| 20-Oct-06 | 0.00 | 741.37 | 741.37 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 22-Jan-07 | 0.00 | 757.48 | 757.48 | 0.00 | 786.21 | 786.21 | 0.00 | 811.01 | 811.01 |
| 20-Apr-07 | 0.00 | 709.13 | 709.13 | 0.00 | 736.02 | 736.02 | 0.00 | 759.24 | 759.24 |
| 20-Jul-07 | 0.00 | 733.31 | 733.31 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 22-Oct-07 | 0.00 | 757.48 | 757.48 | 0.00 | 786.21 | 786.21 | 0.00 | 811.01 | 811.01 |
| 21-Jan-08 | 0.00 | 733.31 | 733.31 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 21-Apr-08 | 0.00 | 733.31 | 733.31 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 21-Jul-08 | 13,761.83 | 733.31 | 14,495.14 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Oct-08 | 12,229.03 | 632.39 | 12,861.42 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Jan-09 | 10,819.65 | 548.68 | 11,368.33 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Apr-09 | 9,567.26 | 458.28 | 10,025.54 | 0.00 | 752.75 | 752.75 | 0.00 | 776.50 | 776.50 |
| 20-Jul-09 | 8,467.25 | 393.22 | 8,860.47 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Oct-09 | 7,459.27 | 334.76 | 7,794.03 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Jan-10 | 6,558.66 | 279.46 | 6,838.12 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Apr-10 | 5,736.71 | 225.82 | 5,962.53 | 0.00 | 752.75 | 752.75 | 0.00 | 776.50 | 776.50 |
| 20-Jul-10 | 4,988.32 | 186.26 | 5,174.58 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Oct-10 | 4,302.78 | 151.33 | 4,454.11 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Jan-11 | 3,631.82 | 119.43 | 3,751.25 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Apr-11 | 3,099.12 | 90.49 | 3,189.61 | 0.00 | 752.75 | 752.75 | 0.00 | 776.50 | 776.50 |
| 20-Jul-11 | 9,378.30 | 68.77 | 9,447.07 | 100,000.00 | 761.11 | 100,761.11 | 100,000.00 | 785.13 | 100,785.13 |

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

| Payment Date | Series A Bonds | | | Series B Bonds | | | Series C Bonds | | |
|----------------|---------------------|-----------------|-------------------|---------------------|------------------|-------------------|---------------------|------------------|-------------------|
| | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow |
| TOTALS: | 100,000.00 | 9,761.52 | 109,761.52 | 100,000.00 | 15,847.23 | 115,847.23 | 100,000.00 | 16,347.61 | 116,347.61 |
| 11-May-06 | | | | | | | | | |
| 20-Jul-06 | 0.00 | 553.39 | 553.39 | 0.00 | 574.78 | 574.78 | 0.00 | 593.25 | 593.25 |
| 20-Oct-06 | 0.00 | 741.37 | 741.37 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 22-Jan-07 | 0.00 | 757.48 | 757.48 | 0.00 | 786.21 | 786.21 | 0.00 | 811.01 | 811.01 |
| 20-Apr-07 | 0.00 | 709.13 | 709.13 | 0.00 | 736.02 | 736.02 | 0.00 | 759.24 | 759.24 |
| 20-Jul-07 | 0.00 | 733.31 | 733.31 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 22-Oct-07 | 0.00 | 757.48 | 757.48 | 0.00 | 786.21 | 786.21 | 0.00 | 811.01 | 811.01 |
| 21-Jan-08 | 0.00 | 733.31 | 733.31 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 21-Apr-08 | 0.00 | 733.31 | 733.31 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 21-Jul-08 | 14,711.69 | 733.31 | 15,445.00 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Oct-08 | 12,913.01 | 625.43 | 13,538.44 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Jan-09 | 11,284.78 | 536.57 | 11,821.35 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Apr-09 | 9,850.88 | 443.06 | 10,293.94 | 0.00 | 752.75 | 752.75 | 0.00 | 776.50 | 776.50 |
| 20-Jul-09 | 8,607.55 | 375.74 | 8,983.29 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Oct-09 | 7,486.74 | 316.06 | 7,802.80 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Jan-10 | 6,496.78 | 260.56 | 6,757.34 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Apr-10 | 5,606.56 | 207.77 | 5,814.33 | 0.00 | 752.75 | 752.75 | 0.00 | 776.50 | 776.50 |
| 20-Jul-10 | 4,811.68 | 168.97 | 4,980.65 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Oct-10 | 4,095.92 | 135.15 | 4,231.07 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Jan-11 | 3,412.80 | 104.79 | 3,517.59 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Apr-11 | 2,870.23 | 77.76 | 2,947.99 | 0.00 | 752.75 | 752.75 | 0.00 | 776.50 | 776.50 |
| 20-Jul-11 | 7,851.38 | 57.57 | 7,908.95 | 100,000.00 | 761.11 | 100,761.11 | 100,000.00 | 785.13 | 100,785.13 |

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

| Payment Date | Series A Bonds | | | Series B Bonds | | | Series C Bonds | | |
|----------------|---------------------|-----------------|-------------------|---------------------|------------------|-------------------|---------------------|------------------|-------------------|
| | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow |
| TOTALS: | 100,000.00 | 9,539.24 | 109,539.24 | 100,000.00 | 15,086.12 | 115,086.12 | 100,000.00 | 15,562.48 | 115,562.48 |
| 11-May-06 | | | | | | | | | |
| 20-Jul-06 | 0.00 | 553.39 | 553.39 | 0.00 | 574.78 | 574.78 | 0.00 | 593.25 | 593.25 |
| 20-Oct-06 | 0.00 | 741.37 | 741.37 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 22-Jan-07 | 0.00 | 757.48 | 757.48 | 0.00 | 786.21 | 786.21 | 0.00 | 811.01 | 811.01 |
| 20-Apr-07 | 0.00 | 709.13 | 709.13 | 0.00 | 736.02 | 736.02 | 0.00 | 759.24 | 759.24 |
| 20-Jul-07 | 0.00 | 733.31 | 733.31 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 22-Oct-07 | 0.00 | 757.48 | 757.48 | 0.00 | 786.21 | 786.21 | 0.00 | 811.01 | 811.01 |
| 21-Jan-08 | 0.00 | 733.31 | 733.31 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 21-Apr-08 | 0.00 | 733.31 | 733.31 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 21-Jul-08 | 15,700.59 | 733.31 | 16,433.90 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Oct-08 | 13,604.78 | 618.17 | 14,222.95 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Jan-09 | 11,737.55 | 524.11 | 12,261.66 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Apr-09 | 10,110.76 | 427.59 | 10,538.35 | 0.00 | 752.75 | 752.75 | 0.00 | 776.50 | 776.50 |
| 20-Jul-09 | 8,718.60 | 358.19 | 9,076.79 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Oct-09 | 7,484.03 | 297.49 | 7,781.52 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Jan-10 | 6,407.26 | 242.01 | 6,649.27 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Apr-10 | 5,453.69 | 190.28 | 5,643.97 | 0.00 | 752.75 | 752.75 | 0.00 | 776.50 | 776.50 |
| 20-Jul-10 | 4,618.04 | 152.40 | 4,770.44 | 0.00 | 761.11 | 761.11 | 0.00 | 785.13 | 785.13 |
| 20-Oct-10 | 3,878.33 | 119.84 | 3,998.17 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Jan-11 | 3,189.02 | 91.09 | 3,280.11 | 0.00 | 769.48 | 769.48 | 0.00 | 793.76 | 793.76 |
| 20-Apr-11 | 9,097.35 | 65.98 | 9,163.33 | 100,000.00 | 752.75 | 100,752.75 | 100,000.00 | 776.50 | 100,776.50 |

4.11 Representation of security holders.

No Syndicate of Bondholders will be set up for the securities included in this Bond Issue.

On the terms provided for in article 12.1 of Royal Decree 926/1998, it is the Management Company's duty, as the manager of third-party portfolios, to represent and enforce the interests of the holders of the Bonds issued by the Fund and of all its other ordinary creditors. Consequently, the Management Company shall make its actions conditional on their protection and observe the provisions established for that purpose from time to time.

4.12 Resolutions, authorisations and approvals for issuing the securities.

a) Corporate resolutions.

Resolution to set up the Fund and issue the Bonds:

At its meeting of February 23, 2006, the Executive Committee of the Board of Directors of EUROPEA DE TITULIZACIÓN resolved that:

- i) BBVA CONSUMO 1 FONDO DE TITULIZACIÓN DE ACTIVOS be set up in accordance with the legal system for which provision is made in Royal Decree 926/1998 and Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and all other legal and statutory provisions in force and applicable from time to time.
- ii) Credit rights assigned by BBVA derived from loans granted by BBVA to Spanish individuals or individuals resident in Spain to finance transactions for purchasing goods, assets or services be pooled in the Fund.
- iii) The Bonds be issued by the Fund.

Resolution to assign the credit rights:

The Standing Executive Committee of BBVA resolved, at a meeting held on February 22, 2006, that the assignment of retail loans and credits without mortgage security granted by BBVA to individuals to an open-end Asset Securitisation Fund set up ad hoc for a total maximum amount of EUR two billion (2,000,000,000.00) be authorised. Moreover, and in order for the outstanding balance of the securitised loans to remain at not more than EUR two billion for the first twenty-four months of existence of the Fund, that the assignment of additional loans or credits be authorised.

b) Registration by the CNMV.

The establishment of the Fund and issue of the Bonds are subject to the condition precedent of the entry in the Official Registers of the CNMV of this Prospectus and all other supporting documents, in accordance with the provisions of article 5.1.e) of Royal Decree 926/1998.

This Prospectus regarding the establishment of the Fund and issue of the Bonds has been entered in the CNMV's Official Registers on May 4, 2006.

c) Execution of the Fund public deed of constitution.

Upon the CNMV registering this Prospectus, the Management Company shall with BBVA, Originator of the Credit Rights, proceed to execute on May 8, 2006 a public deed whereby BBVA CONSUMO 1 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BBVA will assign the Initial Credit Rights to the Fund, and the Fund will issue the Asset-Backed Bonds, on the terms provided in article 6 of Royal Decree 926/1998.

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

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

4.13 Issue date of the securities.

The Bonds shall be issued by means of the Deed of Constitution on May 8, 2006.

4.13.1 Potential investors to whom the Bonds are offered

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

Tranches.

Each of the Series consists of one tranche only.

4.13.2 Subscription or acquisition date or period.

The subscription period (the "**Subscription Period**") shall begin at 12 o'clock midday (CET time) on May 9, 2006 and end at 1pm (CET time) on the same day.

4.13.3 Where and with whom may subscription or acquisition be processed?

In order to be taken into account, subscription proposals shall be made during the Subscription Period established in the preceding section, with BBVA, JPMORGAN, SOCIÉTÉ GÉNÉRALE, CAJAMADRID, CALYON, DRESDNER KLEINWORT WASSERSTEIN and HSBC, as Underwriters and Placement Agents, and observing the procedures established hereinafter in the following sections.

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

4.13.4 Placement and allocation of the Bonds.

The Underwriters and Placement Agents shall freely proceed to accept or turn down the subscription proposals received, making sure in any event that there is no discriminatory treatment between similarly characterised proposals. The Underwriters and Placement Agents may nevertheless give priority to proposals of those of their customers as they shall deem fit or appropriate and indeed subscribe on their own account, for themselves or group companies, Bonds in each Series.

Each Underwriter and Placement Agent agrees to subscribe in its own name, at the close of the Subscription Period, for such amount of Bonds as may be necessary to complete the figure of their underwriting commitment as determined in the Bond Issue Management, Underwriting and Placement Agreement.

4.13.5 Payment method and dates.

The investors to whom the Bonds are allocated shall pay the relevant Underwriter and Placement Agent by 1pm (CET time) on May 11, 2006 (the “**Closing Date**”), for same day value, the relevant issue price for each Bond allocated for subscription.

4.14 Restrictions on the free transferability of the securities.

There are no restrictions on the free transferability of the Bonds. They may be freely transferred by any means admissible at Law and in accordance with the rules of the AIAF market where they will be traded. A transfer in the accounts will convey the ownership of each Bond. The effects of entering the conveyance to the transferee in the accounting record shall be the same as handing over the certificates and the transfer shall thereupon be enforceable on third parties.

5 ADMISSION TO TRADING AND DEALING ARRANGEMENTS.

5.1 Market where the securities will be traded.

In fulfilment of the provisions of article 2.3 of Royal Decree 926/1998, the Management Company shall, upon the Bonds having been paid up, apply for this Bond Issue to be listed on AIAF Mercado de Renta Fija (“**AIAF**”), which is a qualified official secondary securities market pursuant to transitional provision six of Act 37/1998, November 16, amending the Securities Market Act, and a regulated market, as set down in the Annotated List of Regulated Markets and Additional Provisions under Investment Services Directive 93/22, published in the Official Journal of the European Communities on May 12, 2005. The Management Company undertakes that definitive listing will be achieved not later than one month after the Closing Date.

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

In the event that, by the end of the one-month period referred to in the first paragraph of this section, the Bonds should not be so listed on the AIAF, the Management Company shall forthwith proceed to notify Bondholders thereof, moreover advising of the reasons resulting in such breach, using the extraordinary notice procedure provided for in section 4.1.2 of the Building Block. This shall be without prejudice to the Management Company being held to be contractually liable, as the case may be.

5.2 Paying agents and depository agents.

5.2.1 Paying Agent of the Bond Issue.

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

The Management Company shall, for and on behalf of the Fund, enter with BBVA into a paying agent agreement to service the Bonds issued by the Fund (the **"Paying Agent Agreement"**).

The obligations to be taken on by BBVA (the **"Paying Agent"**) under this Paying Agent Agreement are summarily as follows:

- (i) Paying the Fund by 3pm (CET time) on the Closing Date, by crediting the Treasury Account, for same day value, the aggregate amount of the subscription for the Bond Issue received from the other Underwriters and Placement Agents as provided for in the Bond Issue Management, Underwriting and Placement Agreement plus the face amount of the Bonds placed and subscribed, as the case may be, for on its own account, as Underwriter and Placement Agent.
- (ii) Paying each Underwriter and Placement Agent on the Closing Date, as directed by the Management Company, the underwriting and placement fee amount they shall each have earned, after they have in turn paid it the face amount of the Bonds they shall each have placed and subscribed for, as the case may be, on their own account up to their respective underwriting commitment.
- (iii) Handing to the Management Company Bond Issue placement dissemination control information based on the information provided in that connection by the Underwriters and Placement Agents, using for that purpose the form duly established by the CNMV.
- (iv) On each of the Bond Payment Dates, paying interest and, as the case may be, repaying Bond principal through Iberclear, after deducting the total amount of the interim tax withholding for return on investments to be made by the Management Company, on behalf of the Fund, in accordance with applicable tax laws.
- (v) On each Interest Rate Fixing Date, notifying the Management Company of the Reference Rate determined to be used as the basis for the Management Company to calculate the Nominal Interest Rate applicable to each Bond Series.

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

In consideration of the services provided by the Paying Agent, the Fund shall pay it on each Payment Date during the term of the agreement, a fee of EUR twelve thousand (12,000.00), inclusive of taxes as the case may be. This fee shall be paid provided that the Fund has sufficient liquidity and in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments.

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

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

6 EXPENSE OF THE OFFERING AND ADMISSION TO TRADING.

The following are the expected expenses deriving from setting up the Fund and issuing and listing the Bond issue:

| | EUR |
|---|---------------------|
| • Initial Management Company fee | 70,000.00 |
| • Notary's, rating and legal advice fees * | 31,380.00 |
| • Rating Agency fees | 546,360.00 |
| • CNMV fees (registering Prospectus and supervising listing of Bonds) | 48,033.00 |
| • AIAF and Iberclear fees for including the Bonds in the register of book entries | 53,940.00 |
| • Underwriting and placement fees ** | 934,125.00 |
| • Translation, printing and other expenses | 74,410.00 |
| Total expenses | 1,758,248.00 |

(* The audit fees for the specimen selected loans, which amount to EUR 23,200.00, shall be paid by BBVA)

(** Fees are assumed of 0.06% for the Series A Bonds and 0.125% for the Series B and C Bonds)

7 ADDITIONAL INFORMATION.

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

CUATRECASAS, as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and reviewed their tax aspects.

BBVA, JPMORGAN and EUROPEA DE TITULIZACIÓN have structured the financial terms of the Fund and the Bond Issue.

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

Not applicable.

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

Deloitte has audited the selected loans on the terms set forth in section 2.2 of the Building Block and has audited the Management Company's and BBVA's annual accounts for the year ended December 31, 2005.

7.4 Information sourced from a third party.

Within its duties to verify the information contained in this Prospectus, the Management Company has received confirmation from BBVA, as Originator, as to the truthfulness of the characteristics of BBVA as Originator, of the Loans and of the Credit Rights given in section 2.2.8 of the Building Block, and of the remaining information on BBVA, the Loans and Credit Rights given in this Prospectus.

In the Deed of Constitution of the Fund and in each public deed assigning Additional Credit Rights to the Fund, BBVA shall reaffirm to the Management Company the fulfilment of those characteristics on the date on which the Fund is established in relation to the Initial Credit Rights and on each assignment date in relation to the Additional Credit Rights assigned on that date.

The Management Company confirms that the information received from BBVA on the Loans and on the Originator proper has been accurately reproduced and, to the extent of its knowledge and ability to determine based on that information provided by BBVA, no fact has been omitted which might result in the information reproduced being inaccurate or deceptive.

7.5 Credit ratings assigned to the securities by rating agencies.

Fitch, on May 3, 2006, and Moody's and S&P, on April 28, 2006, have assigned the following provisional ratings to each Bond Series, and expect to assign the same final ratings by the start of the Bond Subscription Period.

| Bond Series | Fitch Ratings | Moody's Ratings | S&P Ratings |
|-------------|---------------|-----------------|-------------|
| Series A | AAA | Aaa | AAA |
| Series B | AA | Aa3 | AA |
| Series C | A+ | A2 | A |

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

Rating scales used by Fitch, Moody's and S&P.

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

| Fitch | Ratings given by Moody's | S&P | Meaning |
|-------|-----------------------------|-----|--|
| AAA | Aaa | AAA | Extremely strong capacity for interest payment and principal repayment. For Moody's securities that are rated Aaa are judged to be of the best quality and carry the smallest degree of investment risk. Interest payments are protected by a large or an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, they are unlikely to impair the fundamentally strong position of such securities. |
| AA | Aa | AA | Very strong capacity for interest payment and principal repayment. For Moody's securities that are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade securities. They are rated lower because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present that make the long-term risks appear somewhat larger than in Aaa securities. |
| A | A | A | Strong capacity for interest payment and principal repayment. Factors giving security are considered adequate, but may be susceptible to impairment in the future. For Moody's securities that are rated A possess many favourable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present that suggest a susceptibility to impairment some time in the future. |

| Fitch | Ratings given by Moody's | S&P | Meaning |
|--------------|-------------------------------------|----------------|--|
| BBB | Baa | BBB | Interest and principal payment protection may not be so large; payment capacity is considered adequate. Adverse business conditions may result in inadequate capacity to make interest and principal payments. For Moody's securities that are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well. |
| BB | Ba | BB | Speculative grade. Their future cannot be considered as assured. Protection of interest and principal payments is very moderate. For Moody's securities that are rated Ba are judged to have speculative elements; their future is not well assured. Often the protection of interest and principal payments may be very moderate, and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterises bonds in this class. |
| B | B | B | Assurance of interest or principal payments may be small. Highly vulnerable to adverse business conditions. For Moody's securities that are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or maintenance of other terms of the contract over any long period of time may be small. |
| CCC | Caa | CCC | Vulnerable to default. Continuity of payments dependent on favourable financial, economic and business conditions. For Moody's securities that are rated Caa are of poor standing. Such securities may be in default or there may be present elements of danger with respect to principal or interest. |
| CC | Ca | CC | Highly speculative. For Moody's securities that are rated Ca represent obligations that are speculative in a high degree. Such issues are often in default or have other marked shortcomings. |
| C | C | C | Denotes actual or imminent default. For Moody's securities that are rated C are the lowest rated class of securities, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing. |
| DDD,DD,D | | D | Speculative securities. Their value might not exceed the repayment value in the event of liquidation or reorganisation of the sector. |

- Fitch appends (+) or (-) to categories from AA to CCC denoting relative status within each category.
- Moody's applies numerical modifiers 1, 2, and 3 in each generic rating category from Aa to Caa. Modifier 1 indicates that the security ranks in the higher end of each generic rating category; modifier 2 indicates a mid-range ranking; and modifier 3 indicates a ranking in the lower end of each generic category.
- S&P appends (+) or (-) to categories from AA to denoting relative standing within each category

The following are the rating scales for short-term debt used:

| Ratings given by | | | Meaning |
|------------------|----------------|-----|---|
| Fitch | Moody's | S&P | |
| F1 | P-1 (Prime-1) | A-1 | <p>The highest rating, indicating strongest capacity for timely payments.</p> <p>In the case of Fitch and S&P, the + sign may be appended if capacity is extremely strong.</p> <p>For Moody's issuers rated P-1 have a superior ability for timely repayment of less than 1-year debt obligations. P-1 issuer repayment ability will often be evidenced by many of the following characteristics: 1) leading market position in well-established industries; 2) high rates of return on funds employed; 3) conservative capitalisation structure with moderate reliance on debt market and ample asset protection; 4) broad margins in earnings coverage of fixed financial charges and high internal cash generation; and 5) well-established access to a range of financial markets and assured sources of alternate liquidity.</p> |
| F2 | P-2 (Prime-2) | A-2 | <p>Capacity for timely debt servicing is satisfactory, although margin of safety not as great as in the previous case.</p> <p>For Moody's issuers rated P-2 have a strong ability for timely repayment of less than 1-year debt obligations. This will normally be evidenced by many of the characteristics cited in the preceding category but to a lesser degree. Earnings trends and coverage ratios, while sound, may be more subject to variation. Capitalisation characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.</p> |
| F3 | P-3 (Prime 3) | A-3 | <p>Capacity for payment is satisfactory, but more vulnerable than the previous cases to adverse changing circumstances.</p> <p>For Moody's issuers rated P-3 have an acceptable ability for timely repayment of less than one-year debt obligations. The effect of industry characteristics and market composition for the issuer may be more pronounced. Variability in earnings and profitability may result in changes in the level of debt protection measurements and may require relatively high financial leverage.</p> |
| B | NP (Not Prime) | B | <p>Normally implies an adequate payment capacity but adverse circumstances would seriously impair debt servicing capacity.</p> <p>For Moody's this means that these issuers do not fall within any of the above rating categories.</p> |
| C | --- | C | <p>This rating is assigned to short-term debt with a doubtful payment capacity.</p> |
| D | --- | D | <p>Debt rated D is in default. This category is used when interest or principal payment is not made on the date due, even if the applicable grace period has not expired.</p> |

Rating considerations.

The ratings assigned to each Bond Series by Fitch measure the Fund's capacity for timely payment of interest and payment of Bond principal throughout the life of the transaction and at all events before the Final Maturity Date, on the terms stipulated in the Prospectus.

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

The ratings assigned to each Bond Series by S&P measure the Fund's ability to meet interest payments as they fall due on each set Payment Date and principal repayment throughout the life of the transaction and, in any event, before the Final Maturity Date.

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

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

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

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

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

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

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

ASSET-BACKED SECURITIES NOTE BUILDING BLOCK

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

1. SECURITIES

1.1 Minimum denomination of the issue.

The Fund shall be set up with the Initial Credits Rights which BBVA shall assign to the Fund upon being established and their total principal or capital shall be equal to or slightly under EUR one billion five hundred million (1,500,000,000.00), the face value amount of the Bond Issue.

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

Not applicable.

2. UNDERLYING ASSETS

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

Based on the information supplied by the Originator, the Management Company confirms that, based on their contractual characteristics, the flows of principal, interest and any other amounts generated by the securitised Credit Rights allow the payments due and payable on the Bonds issued to be satisfied.

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

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

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

2.2 Assets backing the issue.

The Credit Rights to be pooled in the Fund, represented by the Management Company, shall exclusively consist of Credit Rights owned by and shown on the assets of BBVA derived from Loans granted to Spanish individuals or individuals resident in Spain to finance transactions for purchasing goods, assets or services, comprising the Initial Credit Rights assigned by BBVA to the Fund upon being established and the Additional Credits Rights later assigned during the Revolving Period.

The requirements to be met by the Credit Rights to be assigned to the Fund, the characteristics of the Initial Credit Rights and the system for subsequent assignments of Additional Credit Rights during the Revolving Period, are described hereinafter in this section in accordance with the provisions of the Deed of Constitution.

Maximum Credit Right Amount.

The maximum amount of the Outstanding Balance of the Credit Rights pooled in the Fund shall be EUR one billion five hundred million (1,500,000,000.00) (the “**Maximum Credit Right Amount**”), equivalent to the face value of the Bond Issue.

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

The securitised assets are governed by Spanish Law.

As BBVA has represented, most of the Loans are originated in a loan agreement certified by a commissioner for oaths whereas others, those not exceeding a certain amount and term, are originated in a private agreement the terms of which include a clause making provision for the issue of a non-negotiable blank promissory note by the borrower Obligor, delivering the same to BBVA and expressly authorising BBVA, upon final or early termination, as the case may be, to complete the same with such amount as may result from the addition of a number of items in order to stand as an enforceable instrument for BBVA in the event of a breach by the Obligor of the terms agreed in the relevant Loan.

Upon the secured main obligation falling due, whether by expiration of its term or early termination, and the borrower Obligor failing to comply with the payment obligations, BBVA shall be authorised to complete the promissory note as provided for among the parties, and shall be entitled to present the same for collection, applying, as the case may be, the proceeds therefrom to total or partial payment of the Loan, in accordance with articles 12 and 96 of Exchange and Cheque Act 19/1985.

In Loans secured by means of a bill, the buyer of the assets or services, and their guarantors, could, in accordance with the provisions of article 12 of Consumer Credit Act 7/1995, March 23, raise against the Fund any claims deriving from the buyer's relations with their supplier, provided that the circumstances laid down in article 15.1.a, b and c of that Act occur, namely (i) that the assets or services purchase agreement and the loan agreement were entered into with a different supplier, (ii) that a previous exclusive arrangement was entered into between the lender and the assets or services supplier for acquiring the assets or services, and (iii) the borrower shall have taken out the loan by applying that arrangement. However, the loan agreements include a reference that the funding granted is not exclusive as between BBVA and any retailer whatsoever.

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

2.2.2.1 Initial Credit Rights.

The Deed of Constitution shall perfect the agreement between the Management Company, for and on behalf of the Fund, and BBVA to assign to the Fund an as yet indeterminate number of Initial Credit Rights whose total principal or capital shall be equal to the Maximum Credit Right Amount (EUR 1,500,000,000.00) or a slightly lower amount closest thereto. The amount of the Initial Credit Rights assigned upon the Fund being constituted may be slightly less than the Maximum Credit Right Amount given how difficult it is to exactly adjust to that amount because each of the Loans will be assigned at each of their total outstanding capital or principal upon being assigned. The difference between the Maximum Credit Right Amount and the amount of the Initial Credit Rights shall be credited to the Principal Account.

The Deed of Constitution shall itemise each of the Initial Credit Rights assigned to the Fund, providing the main features allowing them to be identified.

The selected loan portfolio from which the Initial Credit Rights shall be taken comprises 224,722 loans, the outstanding principal of which as of April 10, 2006 amounted to EUR 1,860,214,460.03 and the overdue principal amounted to EUR 2,785,351.34.

Audit of the selected assets securitised through the Fund upon being established.

These 224,722 selected loans from which the Initial Credit Rights shall be taken have been audited by Deloitte.

That audit was made using sampling techniques consisting of analysing a number of transactions fewer (sample) than the full selection of loans (population), allowing a conclusion to be arrived at regarding that population. The verification deals with a number of both quantitative and qualitative attributes regarding the sample transactions and specifically regarding: loan origination, nature of the loan and obligor, lending policy, nature and identification of the obligor, loan origination date, loan maturity date, initial loan amount, current loan balance, fixed interest rate, personal bond, arrears in payment and transfer of the loans. Selected loans in respect of which incidents are detected in verifying the sample shall not be assigned to the Fund by BBVA.

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

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

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

The obligors of the selected loans are individuals. The following table gives the concentration of the ten obligors weighing most in the portfolio of selected loans as of April 10, 2006.

| Selected loan portfolio as of 10.04.2006 | | | | |
|--|----------------|---------------|-------------------------|---------------|
| Classification by Obligor | | | | |
| | Loans | | Outstanding principal | |
| | | % | (EUR) | % |
| Obligor 1 | 2 | 0.00089 | 58,676.64 | 0.003154 |
| Obligor 2 | 1 | 0.00044 | 58,638.46 | 0.003152 |
| Obligor 3 | 1 | 0.00044 | 58,638.46 | 0.003152 |
| Obligor 4 | 1 | 0.00044 | 58,619.92 | 0.003151 |
| Obligor 5 | 1 | 0.00044 | 58,563.22 | 0.003148 |
| Obligor 6 | 1 | 0.00044 | 58,563.22 | 0.003148 |
| Obligor 7 | 1 | 0.00044 | 58,563.22 | 0.003148 |
| Obligor 8 | 1 | 0.00044 | 58,543.96 | 0.003147 |
| Obligor 9 | 1 | 0.00044 | 58,524.50 | 0.003146 |
| Obligor 10 | 1 | 0.00044 | 58,524.50 | 0.003146 |
| Rest: 204,031 obligors | 224,711 | 99.99511 | 1,859,628,603.93 | 99.96851 |
| Total 214,031 obligors | 224,722 | 100.00 | 1,860,214,460.03 | 100.00 |

The outstanding principal of each obligor is the result of the sum of the outstanding principal of each selected loan granted to a same obligor.

b) Information regarding selected loan origination date.

The following table gives the distribution of the selected loans according to the origination date by six-monthly intervals, and the average, minimum and maximum age. No details are given of intervals with no contents.

| Selected loan portfolio as of 10.04.2006 | | | | |
|--|----------------|---------------|-----------------------------|---------------|
| Classification by loan origination date | | | | |
| Date interval | Loans | | Outstanding principal | |
| | | % | (EUR) | % |
| 01/01/1999 to 30/06/1999 | 2,850 | 1.27 | 9,847,680.92 | 0.53 |
| 01/07/1999 to 31/12/1999 | 2,343 | 1.04 | 10,713,016.10 | 0.58 |
| 01/01/2000 to 30/06/2000 | 2,590 | 1.15 | 14,502,491.67 | 0.78 |
| 01/07/2000 to 31/12/2000 | 2,656 | 1.18 | 16,822,644.48 | 0.90 |
| 01/01/2001 to 30/06/2001 | 4,313 | 1.92 | 29,797,331.42 | 1.60 |
| 01/07/2001 to 31/12/2001 | 4,391 | 1.95 | 33,429,845.30 | 1.80 |
| 01/01/2002 to 30/06/2002 | 10,963 | 4.88 | 68,956,319.72 | 3.71 |
| 01/07/2002 to 31/12/2002 | 10,024 | 4.46 | 71,427,502.54 | 3.84 |
| 01/01/2003 to 30/06/2003 | 16,488 | 7.34 | 119,660,791.13 | 6.43 |
| 01/07/2003 to 31/12/2003 | 17,567 | 7.82 | 143,387,089.55 | 7.71 |
| 01/01/2004 to 30/06/2004 | 27,913 | 12.42 | 222,043,060.64 | 11.94 |
| 01/07/2004 to 31/12/2004 | 28,071 | 12.49 | 246,085,081.82 | 13.23 |
| 01/01/2005 to 30/06/2005 | 45,990 | 20.47 | 408,016,464.89 | 21.93 |
| 01/07/2005 to 31/12/2005 | 48,563 | 21.61 | 465,525,139.85 | 25.03 |
| Total | 224,722 | 100.00 | 1,860,214,460.03 | 100.00 |
| | 21.59 | Months | Weighted average age | |
| | 87.22 | Months | Maximum age | |
| | 4.31 | Months | Minimum age | |

c) Information regarding selected loan principal.

The following table gives the distribution of the outstanding loan principal as at April 10, 2006 by EUR 3,000 intervals, and the average, minimum and maximum amount. No details are given of intervals with no contents.

| Selected loan portfolio as of 10.04.2006 | | | | |
|--|--------|-------|-----------------------|-------|
| Classification by outstanding principal | | | | |
| Principal interval (EUR) | Loans | | Outstanding principal | |
| | No. | % | (EUR) | % |
| 0.00 - 2,999.99 | 57,684 | 25.67 | 108,032,860.71 | 5.81 |
| 3,000.00 - 5,999.99 | 59,425 | 26.44 | 265,975,534.25 | 14.30 |
| 6,000.00 - 8,999.99 | 33,231 | 14.79 | 247,599,842.30 | 13.31 |
| 9,000.00 - 11,999.99 | 25,637 | 11.41 | 268,687,817.36 | 14.44 |
| 12,000.00 - 14,999.99 | 14,552 | 6.48 | 195,394,139.91 | 10.50 |
| 15,000.00 - 17,999.99 | 10,891 | 4.85 | 178,919,222.67 | 9.62 |
| 18,000.00 - 20,999.99 | 7,087 | 3.15 | 137,657,402.97 | 7.40 |
| 21,000.00 - 23,999.99 | 5,551 | 2.47 | 124,632,887.64 | 6.70 |
| 24,000.00 - 26,999.99 | 3,241 | 1.44 | 82,496,638.55 | 4.43 |
| 27,000.00 - 29,999.99 | 2,796 | 1.24 | 79,397,896.31 | 4.27 |
| 30,000.00 - 32,999.99 | 1,506 | 0.67 | 47,244,692.08 | 2.54 |
| 33,000.00 - 35,999.99 | 1,115 | 0.50 | 38,292,361.50 | 2.06 |
| 36,000.00 - 38,999.99 | 680 | 0.30 | 25,469,535.70 | 1.37 |
| 39,000.00 - 41,999.99 | 459 | 0.20 | 18,529,621.41 | 1.00 |
| 42,000.00 - 44,999.99 | 264 | 0.12 | 11,465,596.74 | 0.62 |
| 45,000.00 - 47,999.99 | 226 | 0.10 | 10,480,382.66 | 0.56 |
| 48,000.00 - 50,999.99 | 138 | 0.06 | 6,804,323.71 | 0.37 |

| Selected loan portfolio as of 10.04.2006 Classification by outstanding principal | | | | |
|---|----------------|---------------|----------------------------------|---------------|
| Principal interval (EUR) | Loans No. % | | Outstanding principal (EUR) % | |
| 51,000.00 - 53,999.99 | 96 | 0.04 | 5,047,430.01 | 0.27 |
| 54,000.00 - 56,999.99 | 83 | 0.04 | 4,612,410.69 | 0.25 |
| 57,000.00 - 59,999.99 | 60 | 0.03 | 3,473,862.86 | 0.19 |
| Total | 224,722 | 100.00 | 1,860,214,460.03 | 100.00 |
| Average principal: | | | 8,277.85 | |
| Minimum principal: | | | 500.27 | |
| Maximum principal: | | | 58,638.46 | |

d) Information regarding applicable nominal interest rates: maximum, minimum and average rates of the selected loans.

The selected loans have a fixed interest rate. The following table gives the distribution of the selected loans by 0.50% nominal interest rate intervals applicable as at April 10, 2006, and their average, minimum and maximum values.

| Selected loan portfolio as of 10.04.2006 Classification by applicable nominal interest rate | | | | | |
|--|----------------|---------------|----------------------------------|---------------|------------------|
| Interest Rate % Interval | Loans % | | Outstanding principal (EUR) % | | % Interest Rate* |
| 4.00 - 4.49 | 28 | 0.01 | 388,599.84 | 0.02 | 4.09 |
| 4.50 - 4.99 | 1,189 | 0.53 | 6,865,953.74 | 0.37 | 4.83 |
| 5.00 - 5.49 | 7,151 | 3.18 | 62,287,391.11 | 3.35 | 5.28 |
| 5.50 - 5.99 | 17,281 | 7.69 | 163,977,204.64 | 8.81 | 5.73 |
| 6.00 - 6.49 | 24,800 | 11.04 | 274,170,541.46 | 14.74 | 6.18 |
| 6.50 - 6.99 | 39,172 | 17.43 | 336,335,707.04 | 18.08 | 6.63 |
| 7.00 - 7.49 | 37,699 | 16.78 | 320,034,692.63 | 17.20 | 7.16 |
| 7.50 - 7.99 | 50,833 | 22.62 | 381,706,114.66 | 20.52 | 7.60 |
| 8.00 - 8.49 | 16,317 | 7.26 | 124,518,762.44 | 6.69 | 8.10 |
| 8.50 - 8.99 | 11,223 | 4.99 | 71,519,342.53 | 3.84 | 8.61 |
| 9.00 - 9.49 | 9,445 | 4.20 | 59,665,579.63 | 3.21 | 9.09 |
| 9.50 - 9.99 | 5,115 | 2.28 | 29,538,431.79 | 1.59 | 9.67 |
| 10.00 - 10.49 | 2,090 | 0.93 | 12,719,926.49 | 0.68 | 10.12 |
| 10.50 - 10.99 | 1,934 | 0.86 | 13,050,447.91 | 0.70 | 10.71 |
| 11.00 - 11.49 | 387 | 0.17 | 3,030,860.83 | 0.16 | 11.04 |
| 11.50 - 11.99 | 58 | 0.03 | 404,903.29 | 0.02 | 11.61 |
| Total | 224,722 | 100.00 | 1,860,214,460.03 | 100.00 | |
| Weighted average: | | | | | 7.08 % |
| Simple average: | | | | | 7.22 % |
| Minimum: | | | | | 4.00 % |
| Maximum: | | | | | 11.99 % |

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

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

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

| Selected loan portfolio as of 10.04.2006 | | | | | | |
|---|----------------|---------------|-------------------------|---------------|-------------------|-------------------|
| Classification by final repayment date | | | | | | |
| Final Repayment Year | Loans | | Outstanding principal | | Residual Life wa* | |
| | | % | (EUR) | % | Months | Date |
| 2007 | 48,209 | 21.45 | 126,982,323.00 | 6.83 | 15.43 | 24/07/2007 |
| 2008 | 47,428 | 21.11 | 228,809,904.35 | 12.30 | 27.27 | 18/07/2008 |
| 2009 | 37,239 | 16.57 | 268,428,615.87 | 14.43 | 39.06 | 12/07/2009 |
| 2010 | 41,835 | 18.62 | 410,762,416.46 | 22.08 | 51.32 | 20/07/2010 |
| 2011 | 12,642 | 5.63 | 158,813,016.51 | 8.54 | 62.88 | 7/07/2011 |
| 2012 | 11,578 | 5.15 | 172,079,304.01 | 9.25 | 74.98 | 9/07/2012 |
| 2013 | 13,128 | 5.84 | 226,648,681.37 | 12.18 | 87.03 | 11/07/2013 |
| 2014 | 5,206 | 2.32 | 100,693,472.60 | 5.41 | 99.03 | 11/07/2014 |
| 2015 | 7,457 | 3.32 | 166,996,725.86 | 8.98 | 110.99 | 10/07/2015 |
| Total | 224,722 | 100.00 | 1,860,214,460.03 | 100.00 | | |
| Weighted average: | | | | | 59.61 | 29/03/2011 |
| Simple average: | | | | | 43.19 | 15/11/2009 |
| Minimum: | | | | | 8.74 | 1/01/2007 |
| Maximum: | | | | | 116.44 | 23/12/2015 |
| * Residual life on the final maturity date (months and date) stands for averages weighted by the outstanding principal of loans with final maturity in the relevant year. | | | | | | |

f) Information regarding geographical distribution by Autonomous Communities.

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

| Selected loan portfolio as of 10.04.2006 | | | | |
|--|----------------|---------------|-------------------------|---------------|
| Classification by Autonomous Communities | | | | |
| | Loans | | Outstanding principal | |
| | | % | (EUR) | % |
| Andalusia | 43,499 | 19.36 | 358,304,671.51 | 19.26 |
| Aragón | 3,578 | 1.59 | 26,519,554.76 | 1.43 |
| Asturies | 7,003 | 3.12 | 53,501,523.18 | 2.88 |
| Balearic Isles | 4,763 | 2.12 | 37,496,889.82 | 2.02 |
| Canary Islands | 21,784 | 9.69 | 187,650,358.25 | 10.09 |
| Cantabria | 2,557 | 1.14 | 20,160,412.69 | 1.08 |
| Catalonia | 34,611 | 15.40 | 290,835,646.57 | 15.63 |
| Ceuta | 1,164 | 0.52 | 10,980,758.99 | 0.59 |
| Basque Country | 8,985 | 4.00 | 76,579,559.92 | 4.12 |
| Extremadura | 5,980 | 2.66 | 48,340,533.21 | 2.60 |
| Galicia | 12,624 | 5.62 | 97,184,951.68 | 5.22 |
| Castile-León | 9,832 | 4.38 | 72,467,265.10 | 3.90 |
| Madrid | 29,212 | 13.00 | 259,286,875.78 | 13.94 |
| Castile La Mancha | 7,097 | 3.16 | 57,740,884.15 | 3.10 |
| Melilla | 1,265 | 0.56 | 11,926,158.98 | 0.64 |
| Murcia | 3,547 | 1.58 | 28,727,606.68 | 1.54 |
| Navarre | 1,217 | 0.54 | 9,057,460.09 | 0.49 |
| La Rioja | 897 | 0.40 | 6,997,357.45 | 0.38 |
| Valencian Community | 25,107 | 11.17 | 206,455,991.22 | 11.10 |
| Total | 224,722 | 100.00 | 1,860,214,460.03 | 100.00 |

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

The following table gives the number of loans, the outstanding principal and the overdue principal on selected loans in regard to which there was any delay in payment of amounts due as at April 10, 2006.

| Arrears in payment of instalments due as of 10.04.2006 | | | | |
|---|---------------|------------------------------|--------------------------|---|
| Day Interval | Loans | Outstanding Principal | Overdue Principal | |
| | | | | % o/ Total Outstanding Principal |
| 1 to 15 days | 10,948 | 87,753,236.37 | 1,551,054.79 | 0.0834 |
| 16 to 30 days | 1,153 | 8,702,522.75 | 134,622.56 | 0.0072 |
| 31 to 60 days | 3,197 | 24,129,986.00 | 800,994.84 | 0.0431 |
| 61 to 90 days | 694 | 4,914,242.60 | 298,679.15 | 0.0161 |
| Total loans in arrears | 15,992 | 125,499,987.72 | 2,785,351.34 | 0.1497 |

As declared by BBVA in section 2.2.8.2.(15) of the Building Block, none of the Loans that will finally be assigned to the Fund upon being established shall have any payments that are more than thirty (30) days overdue on their assignment date.

2.2.2.2 Additional Credit Rights.

After being constituted, the Fund, represented by the Management Company, shall on each Payment Date during the Revolving Period make successive acquisitions of Additional Credit Rights to replace the decrease in the Outstanding Balance of the Credit Rights in the amount of the Principal Available Funds.

2.2.2.2.1 Revolving Period.

The Management Company shall, for and on behalf of the Fund, make quarterly acquisitions of Additional Credit Rights, designed for replacing the decrease in the Outstanding Balance of the Credit Rights in the amount of the Available Principal Funds, no later than on each Payment Date within the time-period comprised between the first Payment Date, July 20, 2006, and the Payment Date falling on April 20, 2008, both inclusive (the "**Revolving Period**").

There will be an early, definitive termination of the Revolving Period after the Payment Date in the Revolving Period, inclusive, on which any of the following circumstances shall have occurred, as the case may be:

- That, on the preceding Determination Date, the cumulative Outstanding Balance of Doubtful Credit Rights since the date on which the Fund was established is in excess of the reference value (the "**Reference Value**") applied on the Outstanding Balance of the Credit Rights upon the Fund being established. The Reference Value, determined on the Determination Date preceding the relevant Payment Date, shall be the result of multiplying 0.375% by the number of Determination Dates elapsed since the date on which the Fund was established, including the Determination Date preceding the relevant Payment Date.
- That, on the preceding Determination Date, the Outstanding Balance of Delinquent Credit Rights is in excess of 2.20% the Outstanding Balance of Credit Rights.
- That for two (2) consecutive and preceding Payment Dates the Outstanding Balance of the Non-Doubtful Credit Rights is less than 90.00% of the Outstanding Principal Balance of the Bond Issue.
- If interest accrued on the Series A, B or C Bonds should not be paid due to a shortfall of Available Funds on the relevant Payment Date.
- That, on the preceding Payment Date, the Cash Reserve shall not have been provisioned up to the Required Cash Reserve amount, or if it cannot be provisioned on the relevant Payment Date.
- That the Financial Swap Agreement shall have been terminated and a new replacement financial swap agreement shall not have been put in place within fifteen (15) days.

- g) That BBVA should have been declared insolvent, in liquidation or in a position which might result in its credit institution authorisation being revoked.
- h) That BBVA shall have been replaced as Servicer under the Loan Servicing Agreement.
- i) That the Spanish tax laws shall have been modified to such an extent that the assignment of Additional Credit Rights is exceedingly burdensome for BBVA.
- j) That, on the preceding Payment Date, the Outstanding Balance of Non-Doubtful Credit Rights is less than eighty percent (80.00%) of the Outstanding Principal Balance of the Bond Issue.
- k) That the annual accounts of BBVA closed as of December 31 of the preceding year shall contain any provision relating to the credit rating of the Originator or to the securitised Loans.

2.2.2.2.2 **Acquisition Amount.**

The maximum amount the Management Company, for and on behalf of the Fund, may allocate on each Payment Date to the acquisition of Additional Credit Rights (the “**Acquisition Amount**”) shall be the amount of the Principal Available Funds on the relevant Payment Date.

During the Revolving Period, the remaining Principal Available Funds not used for acquiring Additional Credit Rights shall remain credited to the Principal Account.

2.2.2.2.3 **Election Requirements.**

In order to be assigned to and included in the Fund, the Additional Credit Rights shall on the respective assignment date satisfy all the election requirements laid down in this section (the “**Election Requirements**”).

1. Individual Requirements

The following are the Election Requirements each Additional Credit Right shall individually satisfy to be assigned to the Fund (the “**Individual Requirements**”):

- 1. That the Obligor is a Spanish individual or an individual resident in Spain.
- 2. That the Loan is denominated in euros.
- 3. That the Loan has not matured before, and does not mature on, the date of assignment to the Fund and that at least twelve (12) months elapse between the date of assignment to the Fund and the date of final maturity of the Loan.
- 4. That the Loan principal has already been fully drawn down.
- 5. That the outstanding principal balance of the Loan is between EUR five hundred (500) and EUR sixty thousand (60,000), both inclusive.
- 6. That the Loan is established at a fixed interest rate.
- 7. That at least one (1) instalment has fallen due on the Loan and is not overdue.
- 8. That the Loan has no payments more than thirty (30) days overdue.
- 9. That the final maturity date of the Loan is not after December 31, 2017.
- 10. That Loan interest and repayment instalments are monthly.
- 11. That the Loan principal repayment system is a repayment system with periodic instalments such as the French method, a variable geometric or arithmetic progression repayment instalments method or an equal, constant repayment instalments method.
- 12. That the Loan is not in an interest or repayment exclusion period.

2. Global Requirements.

In addition to satisfying the Individual Requirements, the following are the Election Requirements the Credit Rights, including the Additional Credit Rights to be acquired by the Fund on the assignment date, must satisfy as a whole for the latter to be assigned to the Fund (the “**Global Requirements**”):

1. That the average interest rate of the Credit Rights weighted by the Outstanding Balance of each Credit Right on the date of assignment is not less than 5.00%.
2. That average time elapsed since the date of origination of the Additional Credit Rights until the date of assignment and exclusively in relation to the Additional Credit Rights assigned as of that date, weighted by the Outstanding Balance of each Additional Credit Right on the assignment date is not less than three (3) months.
3. That the average life of the Additional Credit Rights from the date of assignment weighted by the Outstanding Balance of each Additional Credit Right on the date of assignment and exclusively in relation to Additional Credit Rights assigned on that date, is not in excess of 3.85 years, assuming a CPR of 0%.
4. That on the date of assignment the average term remaining until the final maturity date of the Credit Rights weighted by the Outstanding Balance of each Credit Right is not in excess of seven (7) years.
5. That the Outstanding Balance of Credit Rights for Obligors for a same Autonomous Community on the assignment date is not in excess of twenty-five percent (25.00%) of the total Outstanding Balance of the Credit Rights.
6. That on the date of assignment, the average time elapsed from the origination date of the Credit Rights until the assignment date weighted by the Outstanding Balance of each Credit Right is not less than six (6) months.
7. That on the date of assignment, the Outstanding Balance of the Credit Rights for Obligors for the three (3) Autonomous Communities with the highest representation (Outstanding Balance) is not in excess of sixty percent (60.00%) of the total Outstanding Balance of the Credit Rights.

2.2.2.2.4 Offer Dates.

The “**Offer Request Dates**” shall be the dates falling on the sixth (6th) Business Day preceding each Payment Date in the Revolving Period on which Additional Credit Rights should be acquired.

“**Offer Dates**” shall be the dates falling on the fourth (4th) Business Day preceding each of the Payment Dates in the Revolving Period on which Additional Credit Rights should be acquired.

2.2.2.2.5 Procedure for acquiring Additional Credit Rights.

1. On each Offer Request Date, the Management Company shall send the Originator a written notice demanding the assignment of Additional Credit Rights for the Fund, specifying estimated Acquisition Amount and the Payment Date on which the assignment to the Fund and payment for the assignment shall be made.
2. By 9am (CET time) on the Offer Date, the Originator shall send the Management Company a written notice offering to assign Additional Credit Rights, along with a data file detailing the selected loans and their characteristics included in the assignment offer and which shall satisfy the Individual Requirements and the other characteristics given in section 2.2.8.2 of this Building Block.
3. By the second (2nd) Business Day preceding the Payment Date, the Management Company shall send the Originator a written notice accepting the assignment of Additional Credit Rights, along with a data file with the details of the Additional Credit Rights accepted and their characteristics notified by the Originator.

In determining which Additional Credit Rights to include on the assignment acceptance, the Management Company shall:

- (i) Check that the Loans listed on the assignment offer satisfy the Individual Requirements numbered from 2 to 12 and the Global Requirements in conformity with the characteristics notified by the Originator, without this entailing checking compliance with the other characteristics of the Loans given in section 2.2.8.2 of this Building Block, which shall be reaffirmed by the Originator in the public deed of purchase of Additional Credit Rights.
- (ii) Determine the Additional Credit Rights that are acceptable and eligible for assignment to the Fund for a total amount equal or as near as possible to the Acquisition Amount.

2.2.2.2.6 Annual audit of the Additional Credit Rights.

The Management Company shall on the Fund's behalf annually commission an audit, using sampling techniques, of Additional Credit Rights acquired during the years 2006, 2007 and 2008, this being the Revolving Period, which shall remain outstanding as of December 31 in each of those years.

The audit of the Additional Credit Rights in the sample shall refer to the same attributes as the audit made of the loans selected for assignment to the Fund upon being established.

That audit shall be undertaken by an audit firm registered in the Official Register of Auditors (ROAC) and sent to the CNMV along with the audit report on the annual accounts of the Fund for the years ended on December 31, 2006, 2007 and 2008.

2.2.2.3 Outstanding Balance of the Credit Rights.

The outstanding balance of a Credit Right shall be the sum of the capital or principal not yet due and the capital or principal due and not paid to the Fund on the specific Loan on a given date.

The Outstanding Balance of the Credit Rights on a date shall be the sum of the outstanding balance of each and every one of the Credit Rights on that date.

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

Doubtful Credit Rights shall be deemed to be Credit Rights that are delinquent on a given date with a period of arrears equal to or greater than twelve (12) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment based on indications or information obtained from the Servicer. Non-Doubtful Credit Rights shall be deemed to be Credit Rights that are not deemed to be Doubtful Credit Rights on a given date.

2.2.3 Legal nature of the pool of assets.

The selected loans to be securitised through the Fund may be classified based on their collaterals into:

- (i) Loans without special security.
- (ii) Loans exclusively secured with third-party personal bonds.

The loans shall be directly assigned to the Fund, upon being sold by BBVA and acquired by the Fund, on the terms provided for in section 3.3 of this Building Block.

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

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

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

The final maturity date of the loans selected to be assigned to the Fund upon being established lies between January 1, 2007 and December 23, 2015. The final maturity date of the Loans assigned to the Fund upon acquisitions being subsequently made during the Revolving Period may not extend beyond December 31, 2017.

2.2.5 Amount of the assets.

The maximum amount of the Outstanding Balance of the Credit Rights pooled in the Fund shall be EUR one billion five hundred million (1,500,000,000.00) (the “**Maximum Credit Right Amount**”), equivalent to the face value of the Bond Issue.

2.2.6 Loan to value ratio or level of collateralisation.

The selected loans have no real estate mortgage security and the information as to the loan to value ratio does not therefore apply.

There is no overcollateralisation in the Fund since the Maximum Credit Right Amount shall be EUR one billion five hundred thousand (1,500,000,000), the face value amount of the Bond Issue.

2.2.7 Method of creation of the assets.

The loans selected for assignment to the Fund have been granted by BBVA following its usual credit risk analysis and assessment procedures for granting retail loans and credits without mortgage security to individuals. The procedures currently in place at BBVA are described below:

1. Introduction.

BBVA has a multi-channel distribution model, with the following marketing channels:

- *Network of Branches*

BBVA has an extensive network of 3578 Branches covering the entire territory of Spain. This is a consolidated and widely experienced marketing channel, with a proactive management model targeted to customers and non-customers.

The BBVA network of branches is the basic point in selling consumer credit, and is the main channel for receiving transactions and is therefore the basic reference for customers, and in turn the Branches are the ultimate recipient of all personal credit transactions arriving through the channels detailed below.

Prescriptor centres contribute 3% of the business in these products, turning over €120 million in 2005, as opposed to €2.5 billion turned over at Branches.

- *Network of Prescriptor Centres.*

This network supplements Branches and consists of 44 prescriptor centres specialising in processing transactions induced through prescriptors (such as retail stores...).

The main objective of these centres, with nationwide coverage, is procuring and managing stores assigning transactions, and processing and deciding transactions assigned by those prescriptors, which are always channelled to Branches to be subsequently originated there.

- *Creditón BBVA Line*

For processing and pre-authorising over the telephone Credits applied for by customers and non-customers over the telephone, which are always originated at the Network of Branches.

- **Internet**

For processing and pre-authorising on the Internet BBVA Clic-e consumer loans, which shall, as with the telephone channel, always be originated at Network Branches.

2. Approval System.

Transactions are assessed by means of two systems:

- **Proactive Scoring.**

Based on internal information of BBVA, risk limits are assigned, among other products, for Consumer Loans. This is used as an instrument supporting management and sale of lending products offering financing.

This tool scores each customer, within the Consumer Unit in which the customer is integrated, based on the customer's performance and relationships with BBVA, scoring the risk and assigning risk limits to the products: consumer, credit cards and current account overdrafts. If at the time of the application the customer has a sufficient available limit, the scoring opinion is positive. Otherwise, Reactive Scoring is used for the assessment.

- **Reactive Scoring.**

This system analyses each party involved having regard to their social and demographic and employment characteristics, and the economic situation of the family unit (income and expenditure). Where guarantors exist, the scoring result is enhanced if the profile is favourable and payment capacity and creditworthiness is sufficient.

The system provides a joint valuation for all parties involved and for the transaction and issues an opinion that may be:

- Positive: favourable profile of the applicants/transaction and sufficient payment capacity.
- Doubtful: Weak points in the borrowers and/or the transaction. Three grades: moderately doubtful, doubtful and very doubtful.
- Negative: derives from unfavourable aspects in the applicants and/or the transaction mainly due to a lack of payment capacity or more unstable social, employment or economic risk profiles.

The payment capacity of the family unit is obtained dividing the cash balance by the loan payment.

- The cash balance is the difference between monthly income and expenditure.
- The income is found weighting the proved net fixed and variable income according to the type of occupation. The expenditure is established based on the expenses declared by the applicant and the system estimate considering the level of income, size of the family unit, province of residence, etc.

The system relates the scoring opinion to internal and external filters and policy rules and issues a final automatic opinion which may be:

- Positive: positive scoring, no internal and external filters and satisfies risk acceptance requirements.
- Doubtful: positive scoring with mild default filters or doubtful scoring and/or mild default filters.
- Negative: positive or doubtful scoring with worrying filters or negative scoring.

The account manager's/analyst's capacity to authorise these transactions shall be determined by the empowerment figures conferred (in regard to both customer and product).

3. Origination of consumer loan transactions.

Transactions shall be originated in contractual documents created ad hoc which are automatically printed out from the application. Transactions shall always be originated at the Branch to which customers are naturally linked, based on:

- Applicants' usual family residence (or workplace).
- Previous relationships with that Branch.

The following paragraphs summarise main sections of risk decision principles, procedures and operation in consumer loan transactions.

Empowerment for Risks.

Empowerment is personally conferred based on the officer's experience and qualification and need to be so empowered for discharging his or her duties, having regard to the characteristics of the Unit in which he or she belongs. Since it is conferred on the individual as opposed to the position, the empowerment figure can vary when various individuals hold the same positions.

The empowerment for accepting risks originates in Political Bodies of BBVA Group and is cascaded down the hierarchic line. The empowerment figure shall be determined based on the officer's capability and the characteristics of the assigned market and segment.

Empowerment is conferred and used personally and accountability for its use shall also be personal. This personal liability is not lost or diluted even where decisions are made on the Risks Committee, which decisions shall never be collegiate decisions. Liability for the decision extends not only to the outcome but also to the appropriateness of the route chosen to study the decision and the documents provided.

Transactions which are not covered by the empowerment because of their amount, form or term or relating to customers for which there is no empowerment shall be submitted to the next immediate empowerment level or whoever the same shall have established.

Along with the empowerment for accepting customer risks which may be generically given, there may be specific empowerments for given products or risk forms, the characteristics of which as to amount, term and method of analysis shall be defined on a case by case basis.

Exceptions to the power to delegate and cancellation

Generally, Branches are delegated consumer loan approval authorities provided that they do not exceed a 3-year term. That generic limitation can be scaled up according to borrower.

The above exception to the empowerment shall not affect the Territorial Retail Banking Management Offices, Regional Corporate Banking Management Offices and Institutional Banking and Corporate Branch Management Offices (saving for transactions for the benefit of relatives up to the second degree of consanguinity or affinity, by whoever uses the empowerment).

Certificate – Record of Transactions / Committees

This document shall list in chronological order all transactions proposed, whether they are authorised, or refused using the empowerment or submitted to be analysed and for a decision to be made by higher levels.

Instructions affecting the BBVA Retail Banking Specific Consumer Empowerments

The following requirements have to be satisfied for using Consumer Loan Empowerment:

- All transactions (including refused transactions) shall be dealt with by the Crediconsumo arrangement system integrated in the Retail Administration.
- There is no empowerment for transactions with a Negative Opinion.
- The maximum empowerment amount and term for this product shall at no event be exceeded

Consumer credit “El Creditón”.

Crediconsumo is a computerised system for integrally processing Consumer credit transactions which, through automatic connection and interrelationship with several applications of the Bank, includes:

- A procedure for Scoring the risk for decision analysis and support.
- An automatic search in internal and internal Default Files (Mora BBVA, RAI, BDI, ASNEF).
- An instant search system for our customers' basic relationships (customer Flash).
- An automated credit transaction operational and administrative processing procedure (origination, accounting, etc.).

Studying / Authorising the Transaction:

Although the administrative procedure for these credit transactions is now computerised, the risk must be studied independently of the support procedure for analysis and the decision obtained with the Scoring procedure.

It must be taken into account whether the amount, term, purpose or use, the class of customer applying, etc., comply with acceptable standards and are within the patterns established by BBVA for granting those credits.

Upon receiving a loan application, the system is provided with the necessary details on-line. The system will analyse personal and economic particulars (Scoring) and check whether the applicant is already a customer of the Bank or is included in any list of defaulters, issuing an automatic opinion that may be Positive, Negative or Doubtful.

Transactions with a Negative Opinion are not delegated to Branches.

The Branches may decide on transactions receiving Positive-Doubtful opinions with amounts fitting in the figures for which the respective Branches are empowered.

File minimum

A file shall at least have the following documents:

- Crediconsumo Application / Proposal form. (The applicants' signature must be affixed to the Crediconsumo application or proposal form).
- Identity Documents: Spanish ID, etc. (checked against the originals).
- Proof of income (pay cheque, personal income tax return, etc.).
- Title deeds (where appropriate).
- Pro forma invoice/Quote.
- Proof of entries in Filters.

Contractual documents

In general, all transactions channelled through Branches, whatever the amount and term may be, shall be originated in a loan document certified by a Notary Public. This circumstance may only be avoided when the following circumstances (both) concur in the same transaction, in which case the use of a promissory note and an additional clause may be exceptionally considered:

- In the case of old BBVA customers (not less than two years) with whom BBVA has had a verified positive experience.
- For amounts of not more than EUR 6,000 and a term of up to 5 years.

Consumer loans originated at DMCs (Direct Marketing Centres) and only up to certain amounts and maximum terms may be perfected without the involvement of a Notary Public being required by simultaneously originating a loan document along with an additional clause and a promissory note.

Loans induced by prescriptors up to EUR 9,000 and for a term of not more than 5 years may be originated by means of a loan document, an additional clause and promissory note, without the involvement of a Notary Public.

In all other cases as to amounts (in excess of EUR 9,000), term (in excess of 5 years) or not originating in a prescriptor, the transaction shall be originated in a loan document certified by a Notary Public.

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

The Management Company reproduces below the representations and warranties BBVA, as holder of the Loans until assigned to the Fund and as Originator, shall give and make to the Management Company, on the Fund's behalf, in the Deed of Constitution of the Fund in relation to the Originator proper and to the Initial Credit Rights, and in each assignment public deed in relation to the Originator proper and to the Additional Credit Rights assigned under such public deed, upon those assignments being made.

1. In relation to BBVA.

- (1) That BBVA is a credit institution duly incorporated in Spain in accordance with the laws in force for the time being, entered in the Companies Register and in the Register of Credit Institutions of the Bank of Spain.
- (2) That neither at today's date nor at any time since it was incorporated has BBVA been decreed insolvent, in bankruptcy or in suspension of payments, nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.
- (3) That BBVA has obtained all necessary authorisations, including those required of its corporate bodies and third parties, if any, affected by the assignment of the Credit Rights to the Fund, to validly be present at the execution of the Deed of Constitution and at the execution of the subsequent assignment public deeds, the agreements relating to the establishment of the Fund and to fulfil the undertakings made.
- (4) That BBVA has audited annual accounts for the last three years ending on December 31, 2005, 2004 and 2003. The audit report to the year 2005 annual accounts has no notes. The year 2005, 2004 and 2003 audited annual accounts have been filed with the CNMV and the Companies Register.

2. In relation to the Loans and to the Credit Rights derived therefrom assigned to the Fund.

- (1) That the grant of the Loans and all aspects related thereto are and will be at arm's length.
- (2) That the Loans exist and are valid and enforceable in accordance with the applicable laws.
- (3) That BBVA is the legal and beneficial owner, without limitation, of all the Loans, free and clear of all and any liens and claims.
- (4) That the details of the Loans included in the schedules to the Deed of Constitution and subsequent assignment public deeds accurately reflect the status of those Loans on the assignment date.
- (5) That the Loans are not secured with any security interest whatsoever but are personal Loans and the Obligor or Obligors shall be liable for fulfilling the same with all their current or future assets. Some of them are also guaranteed by means of a surety given by a person other than the Obligor or Obligors.
- (6) That the Loans are duly supported and mostly originated in a loan agreement certified by a commissioner for oaths, whereas others are originated in a private agreement the terms of which include a clause making provision for the issue of a non-negotiable blank promissory note by the borrower Obligor, delivering the same to BBVA and expressly authorising BBVA, upon final or early termination, as the case may be, to complete the same with such amount as may result from the addition of a number of items in order to stand as an enforceable instrument for BBVA in the event of a breach by the Obligor of the terms agreed in the relevant Loan.

- (7) That the agreements or private documents recording the Loans contain no clauses preventing their assignment or requiring any authorisation or communication for the Loan to be assigned.
- (8) That the Obligors under the Loans are all Spanish individuals or individuals resident in Spain and are not employees, managers or officers of BBVA.
- (9) That the Loans have been granted by BBVA in order to finance for Spanish individuals or individuals resident in Spain transactions for purchasing goods, assets or services.
- (10) That BBVA has considered as a policy for granting the Loan that the principal Loan amount is not, upon their origination, in excess of the value of the goods, assets or services to be financed.
- (11) That on the date of assignment to the Fund, it has not come to BBVA's notice that any Obligor has been declared insolvent.
- (12) That the Loans are all denominated and payable exclusively in euros and their capital or principal has been fully drawn down.
- (13) That none of the Loans have clauses allowing deferment of periodic interest payment or principal repayment.
- (14) That all the Credit Right payment obligations are satisfied by directly debiting an account at BBVA.
- (15) That on the date of assignment to the Fund, none of the Loans have any payments more than thirty (30) days overdue.
- (16) That BBVA has strictly adhered to the lending policies in force from time to time and applicable to it in granting the Loans.
- (17) That the agreements or private documents originating the Loans, including the promissory notes, have all been duly filed in BBVA archives suitable therefor, and are at the Management Company's disposal, for and on behalf of the Fund, and the Loans are all clearly identified both in data files and by means of their agreements or private documents.
- (18) That the outstanding capital balance of each of the Credit Rights is equivalent to the capital figure for which the Credit Right is assigned to the Fund.
- (19) That the final maturity date of the Credit Rights is at no event after December 31, 2017.
- (20) That after being granted, the Loans have been serviced and are still being serviced by BBVA in accordance with its set customary procedures.
- (21) That BBVA has no knowledge of the existence of any litigation whatsoever in relation to the Loans which may detract from their validity or their enforceability or may result in the application of Civil Code article 1535.
- (22) That the Loans all have a fixed interest rate.
- (23) That on the date of assignment, at least one (1) instalment has fallen due on each Credit Right and is not overdue.
- (24) That the information on the Loans and the Credit Rights contained in the Prospectus is strictly true.
- (25) That nobody has a preferred right over the Fund as holder of the Credit Rights.
- (26) That BBVA has received from the Obligors no notice whatsoever of full or partial repayment of the Loans.

- (27) That the Loan has not matured before, and does not mature on, the date of assignment to the Fund.
- (28) That the outstanding principal balance of the Loan is between EUR five hundred (500) and EUR sixty thousand (60,000), both inclusive.
- (29) That loan interest and repayment instalment frequency is monthly.
- (30) That the Loan principal repayment system is a repayment system with periodic instalments such as the French method, a variable geometric or arithmetic progression repayment instalments method or an equal, constant repayment instalments method.
- (31) That no Loan is in an interest or repayment exclusion period.
- (32) That it is not aware that any Obligor holds any credit right against BBVA whereby the Obligor may be entitled to a set-off adversely affecting the rights vested in the Fund upon the Loans being assigned.
- (33) That the Loans are not finance lease transactions.

2.2.9 Substitution of the securitised assets.

Set rules for substituting the Credit Rights or otherwise repayment to the Fund.

1. In the event of early amortisation of the Credit Rights due to prepayment of the relevant Loan capital, there will be no direct substitution of the Credit Rights affected thereby, notwithstanding the acquisition by the Fund of Additional Credit Rights during the Revolving Period.
2. In the event that it should be observed throughout the life of the Credit Rights that any of them failed on the assignment date to meet the characteristics contained in section 2.2.8.2 of this Building Block, the Originator agrees, subject to the Management Company's consent, to proceed forthwith to remedy and, if that is not possible, substitute or redeem the affected Credit Right not substituted, by automatically terminating the assignment of the affected Credit Rights, subject to the following rules:
 - a) The party becoming aware of the existence of a non-conforming Credit Right, whether the Originator or the Management Company, shall notify the other party of this circumstance. BBVA shall have not more than fifteen (15) Business Days from said notice to proceed to remedy that circumstance if it may be remedied or, in order to proceed to a substitution thereof
 - b) The substitution shall be made for the outstanding principal plus interest accrued and not paid and any amount owing to the Fund until that date on the relevant substituted Credit Right.

In order to proceed to the substitution, the Originator shall notify the Management Company of the characteristics of the Loans proposed to be assigned satisfying the characteristics given in section 2.2.8.2 of this Building Block and the (Individual and Global) Election Requirements and similarly characterised as to purpose, term, interest rate and outstanding principal balance. Once the Management Company has checked that the (Individual and Global) Election Requirements are satisfied and expressly stated to the Originator that the Loans to be assigned are appropriate, the Originator shall proceed to terminate the assignment of the affected Credit Right and assign a new or new replacement Credit Rights.

Both the substitution of Initial Credit Rights and the substitution of Additional Credit Rights shall be made in an agreement, subject to the same formal requirements established for the assignment of Additional Credit Rights, and both shall be communicated to the CNMV and to the Rating Agencies.

- c) In the event that any Credit Right should not be substituted on the terms set in rule b) of this section, the Originator shall proceed to automatically terminate the assignment of the affected Credit Right not replaced. That termination shall take place by a repayment in cash to the Fund of

the outstanding principal, interest accrued and not settled, and any other amount owing to the Fund until that date on the relevant Credit Right, which shall be paid into the Treasury Account.

- d) In the event of termination of Credit Rights due to both substitution and repayment, the Originator shall be vested in all the rights attaching to those Credit Rights accruing from the termination date or accrued and not due, and overdue amounts on that same date.
3. In particular, the amendment by the Servicer during the life of the Credit Rights of their terms without regard to the limits established in the special laws applicable and, in particular, to the terms agreed between the Fund, represented by the Management Company, and the Originator in this Prospectus, in the Deed of Constitution and in the Servicing Agreement, which would therefore be an absolutely exceptional amendment, would constitute a unilateral breach by the Servicer of its duties which should not be borne by the Fund or by the Management Company.

Upon any such breach occurring, the Fund may, through the Management Company: (i) demand payment of the relevant damages and losses and (ii) request replacement or repayment of the affected Credit Rights, in accordance with the procedure provided for in paragraph 2 above of this section, which shall not result in the Servicer guaranteeing that the transaction will be successfully completed, but only the requisite redress of the effects resulting from the breach of its duties, in accordance with article 1124 of the Civil Code.

The expenses originated by the actions to remedy the Originator's breach shall be borne by the Servicer and cannot be charged to the Fund or the Management Company. The Management Company shall forthwith notify the CNMV of each and every replacement or redemption of Credit Rights resulting from a breach by the Originator.

2.2.10 Relevant insurance policies relating to the assets.

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

2.3 Actively managed assets backing the issue.

Not applicable.

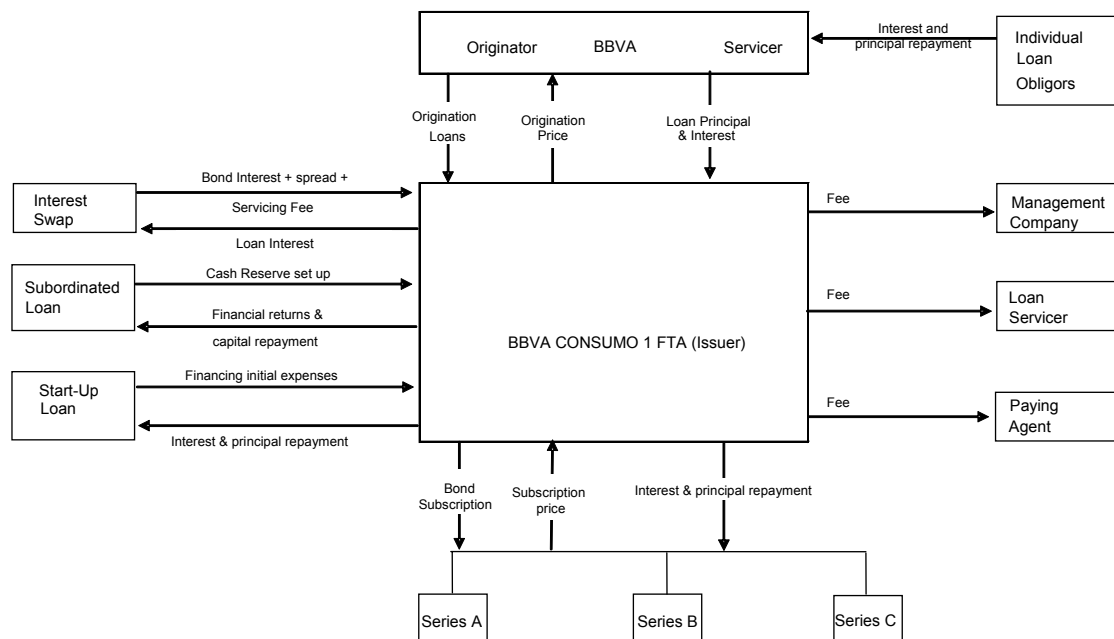
2.4 Where the issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.

Not applicable.

3. STRUCTURE AND CASH FLOW

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

Transaction structure diagram.



Initial balance sheet of the Fund.

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

| ASSETS | | LIABILITIES | |
|---|-------------------------|------------------------------------|-------------------------|
| Fixed Assets | 1,501,758,248.00 | Bond Issue | 1,500,000,000.00 |
| Credit Rights | 1,500,000,000.00 | Series A Bonds | 1,447,500,000.00 |
| | | Series B Bonds | 28,500,000.00 |
| | | Series C Bonds | 24,000,000.00 |
| Set-up and issue and admission expenses* | 1,758,248.00 | Other long-term liabilities | 23,650,000.00 |
| | | Start-Up Loan | 1,900,000.00 |
| | | Subordinated Loan | 21,750,000.00 |
| Current assets | 21,891,752.00 | Short-term creditors | to be determined |
| Treasury Account* | 21,891,752.00 | Loan interest accrued ** | to be determined |
| Principal Account | to be determined | | |
| (Initial Credit Rights adjustment deficiency) | | | |
| Accrued interest receivable** | to be determined | | |
| Total assets | 1,523,650,000.00 | Total liabilities | 1,523,650,000.00 |
| MEMORANDUM ACCOUNTS | | | |
| Cash Reserve | 21,750,000.00 | | |
| Financial Swap collections | to be determined | | |
| Financial Swap payments | to be determined | | |

(Amounts in EUR)

* Assuming that all Fund set-up and Bond issue and admission expenses are met on the Closing Date and that they amount to EUR 1,758,248.00 as detailed in section 6 of the Securities Note.

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

The Management Company represents that the summary descriptions of the agreements, contained in the relevant sections, give the most substantial and relevant information on each of the agreements, accurately present their contents, and no information has been omitted which might affect the contents of the Prospectus.

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

- (i) EUROPEA DE TITULIZACIÓN is the Fund Management Company that will establish, manage and legally represent the Fund, was involved in financially structuring the Fund and the Bond Issue, and takes responsibility for the contents of this Prospectus.
- (ii) BBVA is the originator of the Credit Rights to be acquired by the Fund, shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent and also takes responsibility for the contents of the Securities Note.

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

Moreover, BBVA shall be counterparty to the Fund in the Guaranteed Interest Rate Account (Treasury Account), Guaranteed Interest Rate Account (Principal Account), Subordinated Loan, Start-Up Loan, Financial Swap, Credit Right Servicing, Bond Paying Agent and Financial Intermediation Agreements.

- (iii) JPMORGAN shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, JPMORGAN was involved in structuring the financial terms of the Fund and the Bond Issue and will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii)

liaising with potential investors and being one of the Bond subscription book runners, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

- (iv) SOCIÉTÉ GÉNÉRALE shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

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

- (v) CAJAMADRID, CALYON, DRESDNER KLEINWORT WASSERSTEIN and HSBC shall be Bond Issue Underwriters and Placement Agents.
- (vi) CUATRECASAS, as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and reviewed their tax aspects.
- (vii) Deloitte have audited the selected loans from BBVA.

The description of the institutions referred to in paragraphs (i) to (vii) above is contained in section 5.2 of the Registration Document.

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

3.3.1 Perfecting the assignment of the Credit Rights.

3.3.1.1 Assignment of the Initial Credit Rights.

The Management Company, for and on behalf of the Fund, and BBVA, shall in the Deed of Constitution perfect the agreement assigning Credit Rights to the Fund, as follows:

- (i) Assignment by BBVA to the Fund of the initial Credit Rights to be listed in the Deed of Constitution.
- (ii) Establishment of the obligation by BBVA to assign to the Fund in a public deed on each Payment Date in the Revolving Period the Additional Credit Rights selected by the Management Company, in an amount not in excess of the Acquisition Amount, from among those offered by BBVA satisfying the Election Requirements.

3.3.1.2 Assignment of the Additional Credit Rights.

Each new assignment to the Fund of Additional Credits Rights shall be perfected in a public deed executed by the Management Company, for and on behalf of the Fund, and BBVA on each assignment date.

All expenses and taxes deriving from completion of subsequent assignments of Additional Credit Rights shall be borne by the Fund.

On each new acquisition of Additional Credit Rights, the Management Company shall deliver to the CNMV, on the following Business Day:

- (i) Certified copy of the public deed of assignment with details of each Additional Credit Right assigned to the Fund with the main features allowing them to be identified.
- (ii) A written statement by the Management Company, also signed by BBVA, that the Additional Credit Rights satisfy all the set (Individual and Global) Election Requirements to be assigned to the Fund.

In the event that the unsecured and unsubordinated long-term debt obligations of BBVA should at any time during the Revolving Period be downgraded below BBB- by S&P, BBVA shall deliver to the Management Company on the date of assignment a credit rating certificate declaring (i) that BBVA is creditworthy as of

that date and (ii) that the assignment to the Fund of the Additional Credit Rights is not made to the detriment of the interests of creditors of BBVA.

- 3.3.1.3 The assignment by BBVA to the Fund of the Credit Rights shall not be notified to the Obligors. However, in the event of insolvency, or indications thereof, of administration by the Bank of Spain, of liquidation or of substitution of the Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the Servicer to notify Obligors and guarantors, if any, of the transfer to the Fund of the outstanding Credit Rights, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors within five (5) Business Days of receiving the request and in the event of the Servicer becoming insolvent, the Management Company itself shall directly or, as the case may be, through a new Servicer it shall have designated, notify Obligors and guarantors, if any.

3.3.2 Loan assignment terms.

1. The Credit Rights will be fully and unconditionally assigned for the entire term remaining until maturity of each Loan.
2. The Originator shall be liable to the Fund for the existence and lawfulness of the Credit Rights to the same extent laid down in articles 348 of the Commercial Code and 1529 of the Civil Code.
3. The Originator shall not bear the risk of default on the Credit Rights and shall therefore have no liability whatsoever for default by the Obligors of principal, interest or any other amount owing to them by the Obligors under the Loans, and will not be liable for the enforceability of personal security collateral thereto or the accessibility or effects, as the case may be, of exchange proceedings. The Originator will moreover have no liability whatsoever to directly or indirectly guarantee that the transaction will be successfully completed, nor give any guarantees or security, nor indeed agree to replace or repurchase the Credit Rights, other than as provided in section 2.2.9 of this Building Block.
4. Each Loan shall be assigned for all the outstanding capital pending repayment on the assignment date and for all the ordinary and late-payment interest on each Loan assigned.

Specifically, for illustration, without limitation, the assignment of the Credit Rights shall confer the following rights in relation to each of the assigned Loans:

- (i) To receive all Loan capital or principal repayment.
- (ii) To receive all Loan capital ordinary interest amounts accrued.
- (iii) To receive all Loan late-payment interest amounts accrued.
- (iv) To receive any other amounts, assets or rights received as payment of the Loan principal, interest or expenses.
- (v) To receive all possible rights or compensations accruing for the Originator under and derived from the Loans, including those derived from any ancillary right attached to the Loans, excluding total or partial prepayment fees and any other right that may not be integrated in the debt claimed from the Obligor in the event of default on the Loans.

The above-mentioned rights will all accrue for the Fund from the date of assignment of the Credit Rights. Interest shall moreover include interest accrued and not due since the last interest settlement date on each of the Loans, on or before the date of assignment and overdue interest, if any, as of that same date.

Returns on the Loans constituting Fund income shall not be subject to a Corporation Tax withholding as established in Royal Decree 1777/2004, July 30, approving the Corporation Tax Regulations.

5. The Fund's rights resulting from the Credit Rights are linked to the payments made by the Obligors, and are hence directly affected by the evolution, delays, prepayments or any other incident relating to the Loans.
6. The Fund shall bear all and any expenses or costs defrayed by the Originator derived from the recovery actions in the event of a breach of obligations by the Obligors, including bringing the relevant action against the same.

7. In the event of a renegotiation of the Loans or their due dates, consented to by the Management Company, for and on behalf of the Fund, the change in the terms shall affect the Fund.
8. BBVA as Originator of the Credit Rights shall be entitled to receive from the Obligor the fees, including prepayment or early cancellation fees or any other right which cannot be made part of the debt to be claimed from the Obligor in the event of default on the Loans.

3.3.3 Loan sale or assignment price.

The sale or assignment price of the Credit Rights shall be at par. The aggregate amount payable by the Fund for the assignment of the Credit Rights shall be an amount equivalent to the sum of (i) the face value of the capital or principal outstanding on each Loan, and (ii) ordinary interest accrued and not due and overdue interest, if any, on each Loan on the assignment date (the “**accrued interest**”).

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

1. The part consisting of the face value of the capital of all the Loans, subparagraph (i) of paragraph one of this section, shall be paid by the Fund on the following dates:
 - a) Payment of the face value of the Initial Credit Rights shall be fully paid on the Bond Closing Date, for same day value, upon the subscription for the Bond Issue being paid up, by means of an instruction given by the Management Company to BBVA to proceed to debit the Treasury Account opened on behalf of the Fund. BBVA shall receive no interest on the deferment of payment until the Closing Date.
 - b) Payment of the face value of the Additional Credit Rights shall be fully paid on the relevant Payment Date on which the assignment occurs, for same day value, upon BBVA debiting the Treasury Account opened on behalf of the Fund.
2. The part consisting of interest accrued on each Credit Right, subparagraph (ii) of paragraph one of this section, shall be paid by the Fund on the earlier of the collection dates falling on the first interest settlement date of each Credit Right or the date on which they are paid by the Obligor, after the date of assignment, and will not be subject to the Fund Priority of Payments.

If the establishment of the Fund and hence the assignment of the Initial Credit Rights should terminate, in accordance with the provisions of section 4.4.4.(v) of the Registration Document, (i) so will the Fund's obligation to pay for the assignment terminate, and (ii) the Management Company shall be obliged to restore to BBVA any rights whatsoever accrued for the Fund upon the Initial Credit Rights being assigned.

3.4 Explanation of the flow of funds.

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

The amounts received by the Fund derived from the securitised Credit Rights will be paid by the Servicer into the Treasury Account on the seventh day after the date on which they are received by the Servicer or the following business day if that is not a business day, for same day value. In this connection, business days shall be taken to be all those that are business days in the banking sector in the city of Madrid.

The weighted average interest rate of the loans selected as of April 10, 2006, as detailed in section 2.2.2.e) of this Building Block, is 7.08%, which is above the 2.85% weighted average interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note. Nevertheless, the Financial Swap partly mitigates the interest rate risk occurring in the Fund because the Credit Rights are subject to fixed interest with accrual periods and settlement date differing from the floating interest established for the Bonds based on 3-month Euribor and with quarterly accrual and settlement periods.

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

3.4.2 Information on any credit enhancement.

3.4.2.1 Description of the credit enhancement.

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

- (i) Cash Reserve set up by drawing down the Subordinated Loan.
Mitigates the credit risk derived from delinquency and default on the Credit Rights.
- (ii) Financial Swap:
Partly mitigates the interest rate risk occurring in the Fund because the Credit Rights have fixed interest and accrual periods and settlement date differing from the floating interest established for the Bonds based on 3-month Euribor with quarterly accrual and settlement periods. In addition, a 3.25% margin excess is included and the servicing fee amount of the securitised Credit Rights is covered.
- (iii) Treasury Account.
Partly mitigates the loss of return on the liquidity of the Fund due to the timing difference between income received on the Credit Rights until payment of Bond interest and acquisition of Additional Credit Rights on the next succeeding Payment Date during the Revolving Period or, when it is over, until principal repayment occurs.
- (iv) Principal Account:
Partly mitigates the loss of return on the amounts of the Principal Available Funds not applied to acquiring Additional Credit Rights during the Revolving Period.
- (v) Subordination and deferment in interest payment and principal repayment between the Bonds in the different Series, derived from their place in the application of the Available Funds as well as the rules for Distribution of Principal Available Funds in the Priority of Payments, or in the application of the Liquidation Available Funds in the Liquidation Priority of Payments, are a means for distinctly hedging the different Series.

3.4.2.2 Cash Reserve.

The Management Company shall set up on the Closing Date an Initial Cash Reserve by drawing fully the available Subordinated Loan principal and shall subsequently, on each Payment Date, keep the Required Cash Reserve amount provisioned in the Fund Priority of Payments.

The characteristics of the Cash Reserve shall be as follows:

Cash Reserve amount.

1. The Cash Reserve shall be set up on the Closing Date in an initial amount equal to EUR twenty-one million seven hundred and fifty thousand (21,750,000.00) ("**Initial Cash Reserve**").
2. Subsequently to being set up, on each Payment Date, the Cash Reserve shall be provisioned up to the Required Cash Reserve amount established hereinafter with the Available Funds in the Priority of Payments of the Fund.

The required Cash Reserve amount on each Payment Date (the "**Required Cash Reserve**") shall be the lower of the following amounts:

- (i) EUR twenty-one million seven hundred and fifty thousand (21,750,000.00).
- (ii) The higher of:
 - a) 2.90% of the Outstanding Principal Balance of the Bond Issue.
 - b) EUR ten million eight hundred and seventy-five thousand (10,875,000.00).
- 3. Notwithstanding the above, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Required Cash Reserve amount on the preceding Payment Date whenever any of the following circumstances concur on the Payment Date:

- i) That on the Determination Date preceding the relevant Payment Date the amount of the Outstanding Balance of Delinquent Credit Rights is greater than 1.00% of the Outstanding Balance of Non-Doubtful Credit Rights.
- ii) That on the preceding Payment Date the Cash Reserve was not provisioned up to the Required Cash Reserve amount on that Payment Date, or if it cannot be provisioned on the relevant Payment Date.
- iii) That two (2) years have not elapsed since the date of establishment of the Fund.

Yield.

The Cash Reserve amount shall remain credited to the Treasury Account, and will be remunerated on the terms of the Guaranteed Interest Rate Account (Treasury Account) Agreement.

Application.

The Cash Reserve shall be applied on each Payment Date to satisfying Fund payment obligations in the Priority of Payments and in the Liquidation Priority of Payments.

3.4.3 Details of any subordinated finance.

3.4.3.1 Subordinated Loan.

The Management Company shall, for and on behalf of the Fund, enter with BBVA into an agreement whereby BBVA shall grant to the Fund a commercial subordinated loan amounting to EUR twenty-one million seven hundred and fifty thousand (21,750,000.00) (the “**Subordinated Loan Agreement**”). The Subordinated Loan amount shall be delivered on the Closing Date and shall be applied to setting up the Initial Cash Reserve on the terms for which provision is made in section 3.4.2.2 of this Building Block, although granting of the Loan by no means guarantees performance of the securitised Credit Rights.

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

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

Final maturity of the Subordinated Loan shall be repaid on the Final Maturity Date or, as the case may be, on the date on which the Management Company proceeds with Early Liquidation subject to the Liquidation Priority of Payments of the Fund.

The Subordinated Loan outstanding principal shall accrue an annual floating nominal interest, determined quarterly in each Interest Accrual Period, which shall be the result of adding: (i) the Reference Rate determined for the Bonds, and (ii) a 3.00% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or the Liquidation Priority of Payments, as the case may be. Interest shall be settled and payable on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall fall on July 20, 2006. Interest shall be paid on the relevant Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, in the event, the Liquidation Priority of Payments

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

All Subordinated Loan amounts due and not paid to BBVA due to a shortfall of Available Funds shall be settled on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments of the Fund. Amounts not paid on preceding Payment Dates shall be paid with preference over Subordinated Loan amounts payable on that Payment Date, honouring firstly overdue interest and secondly principal repayment, in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.

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

3.4.3.2 Start-Up Loan.

The Management Company shall, for and on behalf of the Fund, enter with BBVA into a commercial loan agreement amounting to EUR one million nine hundred thousand (1,900,000.00) (the “**Start-Up Loan Agreement**”). The Start-Up Loan amount shall be delivered on the Closing Date and be allocated to financing the expenses of setting up the Fund and issue and admission of the Bonds.

Outstanding Start-Up Loan principal will accrue an annual floating nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Bond Reference Rate determined for each Interest Accrual Period, and (ii) a 2.00% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or Liquidation Priority of Payments, as the case may be. Interest shall be settled and payable on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall be July 20, 2006.

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

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

- (i) The portion of Start-Up Loan principal actually used to finance the Fund set-up and Bond issue and admission expenses shall be repaid in twelve (12) consecutive quarterly instalments in an equal amount, on each Payment Date, the first of which shall be the first Payment Date, July 20, 2006, and the following until the Payment Date falling on April 20, 2009, inclusive.
- (ii) The portion of Start-Up Loan principal not used shall be repaid on the first Payment Date, July 20, 2006.

All Start-Up Loan amounts due and not paid to BBVA due to a shortfall of Available Funds shall be settled on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments of the Fund. Amounts not paid on preceding Payment Dates shall be paid with preference over Start-Up Loan amounts payable on that Payment Date, honouring firstly overdue interest and secondly principal repayment, in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.

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

3.4.3.3 Subordination of Series B and Series C Bonds.

Interest payment and principal repayment on Series B Bonds is deferred with respect to Series A Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Interest payment and principal repayment on Series C Bonds is deferred with respect to Series A and Series B Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Sections 4.6.1 and 4.6.2 of the Securities Note detail the order numbers of Bond interest payment and principal repayment in each Series in the priority of payments of the Fund.

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

3.4.4.1 Treasury Account.

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

- (i) cash amount received upon subscription for the Bond Issue being paid up;
- (ii) Credit Right principal repaid and interest collected;
- (iii) any other amounts relating to the Credit Rights, excluding prepayment or early termination fees and any other right that may not be integrated in the debt claimed from the Obligor in the event of default on the Loans;
- (iv) Subordinated Loan principal drawn down, and the Cash Reserve amount from time to time;
- (v) Start-Up Loan principal drawn down;
- (vi) Financial Swap amounts paid to the Fund;
- (vii) the amounts of the returns obtained on Treasury Account, Principal Account and, as the case may be, Surplus Account balances; and
- (viii) the amounts of interim withholdings on the return on investments to be effected on each relevant Payment Date on the Bond interest paid by the Fund, until due for payment to the Tax Administration.

BBVA shall pay an annual nominal interest rate, variable quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each interest accrual period (differing from the Interest Accrual Period established for the Bonds) to the positive daily balances if any on the Treasury Account, equal to the interest rate resulting from decreasing (i) the Reference Rate determined for each Bond Interest Accrual Period substantially matching each Treasury Account interest period, (ii) by a 0.10% margin, translated to an interest rate based on calendar years (i.e. multiplied by 365, or 366 in leap years, and divided by 360). Interest shall be settled on the date of expiration of each interest accrual period on each of the Fund Determination Dates (the fourth (4th) Business Day preceding each Payment Date), and shall be calculated based on: (i) the exact number of days in each interest accrual period, and (ii) a three-hundred-and-sixty-five (365-) day year or a three-hundred-and-sixty-six (366-) day year if it is a leap year. The first interest accrual period shall comprise the days elapsed between the date of establishment of the Fund and the first Determination Date, July 14, 2006.

In the event that the rating of the short-term, unsecured and unsubordinated debt of BBVA should, at any time during the life of the Bond Issue, fall below F1, P-1 or A-1 respectively in Fitch's, Moody's and S&P's rating scales, the Management Company shall within not more than thirty (30) days from the time of the occurrence of any such circumstances put in place, after notifying the Rating Agencies, any of the options described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from the Guaranteed Interest Rate Account (Treasury Account) Agreement in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

- a) Obtaining from an institution having a credit rating for its short-term, unsecured and unsubordinated debt of at least F1, P-1 and A-1 respectively in Fitch's, Moody's and S&P's rating scales, and subject at all times to the prior communication to the Rating Agencies, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BBVA of its obligation to repay the amounts deposited in the Treasury Account, during the time over which the loss of the F1, P-1 or A-1 ratings is maintained by BBVA.
- b) Transferring the Fund's Treasury Account to an institution whose short-term, unsecured and unsubordinated debt has a rating of at least F1, P-1 and A-1 respectively in Fitch's, Moody's and S&P's rating scales, arranging the highest possible yield for its balances, which may differ from that arranged with BBVA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- c) If options a) and b) above are not possible, obtaining from BBVA or a third party collateral security in favour of the Fund on financial assets with a credit quality of not less than that of Spanish State Government Debt (*Deuda Pública del Estado Español*), in an amount sufficient to guarantee the commitments established in the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- d) Moreover, if it should not be possible to transfer the Treasury Account on the terms set forth above, the Management Company may invest the balances for periods not extending beyond the following Payment Date, in short-term fixed-income assets in euros issued by institutions having ratings of at least F1 (for periods of less than 30 days or F1+ for longer periods), P-1 and A-1 (for periods of less than 30 days or A-1+ for longer periods) for short-term, unsecured and unsubordinated debt respectively in Fitch's, Moody's and S&P's rating scales, including short-term securities issued by the Spanish State, in which case the yield obtained could also differ from that obtained initially with BBVA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- e) In events b) or d), and that that BBVA's short-term, unsecured and unsubordinated debt should again attain the F1, P-1 and A-1 ratings respectively in Fitch's, Moody's and S&P's rating scales, the Management Company may subsequently transfer the balances back to BBVA under the Guaranteed Interest Rate Account (Treasury Account) Agreement

Additionally, notwithstanding the provisions of the preceding paragraphs of this section, should at any time during the term of this Agreement the sum of the Treasury Account and Principal Account balance exceed twenty percent (20.00%) of the Outstanding Principal Balance of the Bond Issue and in the event that the rating of the short-term, unsecured and unsubordinated debt of BBVA should, at any time during the life of the Agreement, fall to A-1 in S&P's rating scale, the Management Company may, upon a request by S&P, put in place any of the options described hereinafter for the time during which the position of BBVA's rating shall have fallen to A-1 is maintained, and subject to notice being first given to the Rating Agencies in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

- a) Obtaining from an institution having a credit rating for its short-term, unsecured and unsubordinated debt of at least F1, P-1 and A-1+ respectively in Fitch's, Moody's and S&P's rating scales, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BBVA of the amount by which the sum of the Treasury Account and Principal Account balance exceeds the amount equivalent to twenty percent (20.00%) of the Outstanding Principal Balance of the Bond Issue.
- b) Transferring and crediting the amount of the excess of the sum of the Treasury Account and Principal Account balance of the amount equivalent to twenty percent (20.00%) of the Outstanding Principal Balance of the Bond Issue to a financial account (the "**Surplus Account**") opened by the Management Company in an institution whose short-term, unsecured and unsubordinated debt has a rating of at least F1, P-1 and A-1+ respectively in Fitch's, Moody's and S&P's rating scales, and arranging the highest possible yield for its balances, which shall at least match that arranged with BBVA under the Treasury Account and Principal Account, and subject to the same settlement terms as the Treasury Account.

(The Management Company may open in the name of the Fund an only Surplus Account or an account for crediting amounts transferred from the Treasury Account which shall for these purposes be referred to as a Cash Surplus Account and therefore references in this Prospectus to "Surplus

Account balance transferred from the Treasury Account” shall be deemed to be replaced with “Cash Surplus Account balance”).

- c) In either of events a) or b), in the event that the rating of the short-term, unsecured and unsubordinated debt of the guarantor institution or institution where the Surplus Account shall have been opened should fall below A-1 in S&P's rating scale, the Management Company shall within not more than thirty (30) days from the time of the occurrence of any such circumstance, once again put in place either of options a) or b) described above.

All costs, expenses and taxes incurred in connection with putting in place and arranging the above shall be borne by BBVA.

3.4.4.2 Principal Account.

The Management Company, for and on behalf of the Fund, and BBVA shall enter into a Guaranteed Interest Rate Account (Principal Account) Agreement whereby BBVA will guarantee a certain variable yield on the amounts paid by the Fund through its Management Company into a financial account. The Guaranteed Interest Rate Account (Principal Account) Agreement shall specifically determine that the amounts of the Principal Available Funds not applied to acquiring Additional Credit Rights during the Revolving Period will be paid into a financial account in euros (the “**Principal Account**”) opened at BBVA in the name of the Fund by the Management Company.

BBVA shall pay an annual nominal interest rate, variable quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each interest accrual period (equivalent to the Interest Accrual Period established for the Bonds) to the positive daily balances if any on the Principal Account, equal to the interest rate resulting from decreasing (i) the Reference Rate determined for each Bond Interest Accrual Period, (ii) by a 0.10% margin, translated to an interest rate based on calendar years (i.e. multiplied by 365, or 366 in leap years, and divided by 360). Interest shall be settled on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period, and (ii) a three-hundred-and-sixty-five (365-) day year or a three-hundred-and-sixty-six (366-) day year if it is a leap year.

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

- a) Obtaining from an institution having a credit rating for its short-term, unsecured and unsubordinated debt of at least F1, P-1 and A-1 respectively in Fitch's, Moody's and S&P's rating scales, and subject at all times to the prior communication to the Rating Agencies, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BBVA of its obligation to repay the amounts deposited in the Principal Account, during the time over which the loss of the F1, P-1 or A-1 ratings is maintained by BBVA.
- b) Transferring the Fund's Principal Account to an institution whose short-term, unsecured and unsubordinated debt has a rating of at least F1, P-1 and A-1 respectively in Fitch's, Moody's and S&P's rating scales, arranging the highest possible yield for its balances, which may differ from that arranged with BBVA under the Guaranteed Interest Rate Account (Principal Account) Agreement.
- c) If options a) and b) above are not possible, obtaining from BBVA or a third party collateral security in favour of the Fund on financial assets with a credit quality of not less than that of Spanish State Government Debt (*Deuda Pública del Estado Español*), in an amount sufficient to guarantee the commitments established in the Guaranteed Interest Rate Account (Principal Account) Agreement.

- d) Moreover, if it should not be possible to transfer the Principal Account on the terms set forth above, the Management Company may invest the balances for periods not extending beyond the following Payment Date, in short-term fixed-income assets in euros issued by institutions having ratings of at least F1 (for periods of less than 30 days or F1+ for longer periods), P-1 and A-1 (for periods of less than 30 days or A-1+ for longer periods) for short-term, unsecured and unsubordinated debt respectively in Fitch's, Moody's and S&P's rating scales, including short-term securities issued by the Spanish State, in which case the yield obtained could also differ from that obtained initially with BBVA under the Guaranteed Interest Rate Account (Principal Account) Agreement.
- e) In events b) or d), and that BBVA's short-term, unsecured and unsubordinated debt should again attain the F1, P-1 and A-1 ratings respectively in Fitch's, Moody's and S&P's rating scales, the Management Company may subsequently transfer the balances back to BBVA under the Guaranteed Interest Rate Account (Principal Account) Agreement.

Moreover, notwithstanding the provisions of the preceding paragraphs of this section, should at any time during the term of this Agreement the sum of the Treasury Account and Principal Account balance exceed twenty percent (20.00%) of the Outstanding Principal Balance of the Bond Issue and in the event that the rating of the short-term, unsecured and unsubordinated debt of BBVA should fall to A-1 in S&P's rating scale, the Management Company may, upon a request by S&P, put in place any of the options described hereinafter for the time during which the position of BBVA's rating shall have fallen to A-1 is maintained, and subject to notice being first given to the Rating Agencies in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

- a) Obtaining from an institution having a credit rating for its short-term, unsecured and unsubordinated debt of at least F1, P-1 and A-1+ respectively in Fitch's, Moody's and S&P's rating scales, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BBVA of the amount by which the sum of the Treasury Account and Principal Account balance exceeds the amount equivalent to twenty percent (20.00%) of the Outstanding Principal Balance of the Bond Issue.
- b) Transferring and crediting the amount of the excess of the sum of the Treasury Account and Principal Account balance of the amount equivalent to twenty percent (20.00%) of the Outstanding Principal Balance of the Bond Issue to a financial account (the "**Surplus Account**") opened by the Management Company in an institution whose short-term, unsecured and unsubordinated debt has a rating of at least F1, P-1 and A-1+ respectively in Fitch's, Moody's and S&P's rating scales, and arranging the highest possible yield for its balances, which shall at least match that arranged with BBVA under the Treasury Account and Principal Account, and subject to the same settlement terms as the Treasury Account.

(The Management Company may open in the name of the Fund an only Surplus Account or an account for crediting amounts transferred from the Treasury Account which shall for these purposes be referred to as a Principal Surplus Account and therefore references in this Prospectus to "Surplus Account balance transferred from the Principal Account" shall be deemed to be replaced with "Principal Surplus Account balance".)

- c) In either of events a) or b), in the event that the rating of the short-term, unsecured and unsubordinated debt of the guarantor institution or institution where the Surplus Account shall have been opened should fall below A-1 in S&P's rating scale, the Management Company shall within not more than thirty (30) days from the time of the occurrence of any such circumstance, once again put in place either of options a) or b) described above.

All costs, expenses and taxes incurred in connection with putting in place and arranging the above shall be borne by BBVA.

The Guaranteed Interest Rate Account (Principal Account) Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period. Moreover, the Principal Account shall be closed on the Payment Date after the Payment Date on which the Revolving Period ends, once it is settled by the Management Company.

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

The Servicer shall manage collection of all Credit Right amounts payable by the Obligors. The Servicer shall use every effort in order for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Loans.

The Credit Right amounts received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh day after the day on which they were received by the Servicer, or the following business day if that is not a business day, for same day value. In this connection, business days shall be taken to be all those that are business days in the banking sector in the city of Madrid.

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt should fall below F2, P-1 or A-2 respectively in Fitch's, Moody's and S&P's rating scales or that the Servicer's credit quality could result in the ratings given by the Rating Agencies to each of the Bond Series falling, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be previously paid into the Treasury Account which may indeed be on the day next succeeding the day on which they were received by the Servicer. In addition, should the rating of the Servicer's short-term unsecured and unsubordinated debt be downgraded below F2 by Fitch, the Servicer shall make a cash deposit in favour of the Fund at a sum in line with Fitch's criteria described in its report "*Commingle Risk in Structured Finance Transactions: Servicer and Account Bank Criteria*" dated June 9, 2004. The Management Company may issue the same instructions in the event that the Servicer's short-term unsecured and unsubordinated debt should not be rated by Fitch or Moody's or S&P.

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

3.4.6 Order of priority of payments made by the issuer.

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

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

1. Source: the Fund shall have the following funds:

- a) Bond subscription payment.
- b) Drawdown of Start-Up Loan principal.
- c) Drawdown of Subordinated Loan principal.

2. Application: in turn, the Fund will apply the funds described above to the following payments:

- a) Payment of the part of the price for acquiring the Initial Credit Rights at their face value.
- b) Payment of the Fund set-up and Bond issue and admission expenses.
- c) Setting up the Initial Cash Reserve.

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

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

3.4.6.2.1 Available Funds: source and application.

1. Source.

The available funds on each Payment Date (the “**Available Funds**”) to meet the payment or withholding obligations listed in section 2 below shall be the following amounts credited to the Treasury Account and, as the case may be, the Surplus Account transferred from the Treasury Account:

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

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

2. Application.

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

1. Payment of the Fund’s properly supported taxes and ordinary⁽¹⁾ and extraordinary⁽²⁾ expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund’s behalf by and Credit Right amounts reimbursable to the Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.
2. Payment to the Servicer of the fee established in the Servicing Agreement.
3. Payment of the net amount payable, as the case may be, by the Fund under the Financial Swap Agreement and, only in the event of termination of that Agreement following a breach by the Fund or because the Fund is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amount to be settled by the Fund.
4. Payment of interest due on the Series A Bonds.
5. Payment of interest due on the Series B Bonds unless this payment is deferred to 8th place in the priority of payments.

This payment shall be deferred to 8th place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Credit Rights since the Fund was established is in excess of 12.50% of the Outstanding Balance of the Credit Rights upon the Fund being established and provided that the Series A Bonds have not been or are not to be fully amortised on the relevant Payment Date.

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

This payment shall be deferred to 9th place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Credit Rights since the Fund was established is in excess of 10.00% of the Outstanding Balance of the Credit Rights upon the Fund being established and provided that the Series A and the Series B Bonds have not been or are not to be fully amortised on the relevant Payment Date.

7. Principal Withholding in an amount equal to the positive difference if any as of the Determination Date preceding the relevant Payment Date between:

- (i) the Outstanding Principal Balance of the Bond Issue, and
- (ii) the sum of a) the Outstanding Balance of Non-Doubtful Credit Rights and b) the Principal Account balance and, as the case may be, the Surplus Account balance transferred from the Principal Account.

Depending on the liquidity existing on each Payment Date, the amount actually applied to Principal Withholding shall be included among the Principal Available Funds to be applied in accordance with the rules for Distribution of Principal Available Funds established hereinafter in section 3.4.6.2.2.

8. Payment of interest due on the Series B Bonds when this payment is deferred from 5th place in the priority of payments as established therein.
9. Payment of interest due on the Series C Bonds when this payment is deferred from 6th place in the priority of payments as established therein.
10. Withholding of an amount sufficient for the Required Cash Reserve amount to be maintained.
11. Payment of the settlement payment amount payable by the Fund under the Financial Swap Agreement other than in the events provided for in 3rd place above.
12. Payment of interest due on the Subordinated Loan.
13. Repayment of Subordinated Loan principal to the extent repaid.
14. Payment of interest due on the Start-Up Loan.
15. Repayment of Start-Up Loan principal to the extent repaid.
16. Payment of the Financial Intermediation Margin.

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

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

- d) Expenses of auditing the annual accounts and Additional Credit Rights.
- e) Bond amortisation expenses.
- f) Expenses deriving from announcements and notices relating to the Fund and/or the Bonds.

(2) The following shall be considered extraordinary expenses of the Fund:

- a) Expenses, if any, deriving from preparing and perfecting an amendment of the Deed of Constitution and of the agreements, and from entering into additional agreements.
- b) Expenses required to enforce Credit Rights and deriving from any recovery actions required.
- c) Extraordinary expenses of audits and legal advice.
- d) The remaining amount, if any, of the initial expenses of setting up the Fund and issue and admission of the Bonds in excess of the Start-Up Loan principal.
- e) In general, any other extraordinary expenses required borne by the Fund or by the Management Company for and on behalf of the Fund.

3.4.6.2.2 Principal Available Funds: source and application.

1. Source.

On each Payment Date, the Principal Available Funds shall be the following:

- a) The Principal Withholding amount applied in seventh (7th) place of the Available Funds on the relevant Payment Date.
- b) Until the Payment Date next succeeding the end of the Revolving Period, inclusive, the Principal Account balance and, as the case may be, the Surplus Account balance transferred from the Principal Account, on the Determination Date preceding the relevant Payment Date.

2. Distribution of Principal Available Funds.

The Principal Available Funds shall be applied on each Payment Date in accordance with the following rules:

- 1. During the Credit Right Revolving Period, payment of the assignment price comprising the face value of the outstanding capital or principal of the Additional Credit Rights acquired by the Fund on the relevant Payment Date.

The remaining Principal Available Funds not used for acquiring Additional Credit Rights shall remain credited to the Principal Account.

- 2. After the Revolving Period ends, the Principal Available Funds shall be sequentially applied firstly to amortising Series A until fully amortised, secondly to amortising Series B until fully amortised, and thirdly to amortising Series C until fully amortised.

3.4.6.3 Fund Liquidation Priority of Payments.

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

- 1. Reserve to meet the final tax, administrative or advertising termination and liquidation expenses.
- 2. Payment of the Fund’s properly supported taxes and ordinary and extraordinary expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund’s behalf by and Credit Right amounts

reimbursable to the Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.

3. Payment to the Servicer of the fee established in the Servicing Agreement.
4. Payment of amounts, if any, due on the net amount payable by the Fund on the Financial Swap and, only in the event of termination of that Agreement following a breach by the Fund or because the Fund is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amount to be settled by the Fund.
5. Payment of interest due on the Series A Bonds.
6. Repayment of Series A Bond principal.
7. Payment of interest due on the Series B Bonds.
8. Repayment of Series B Bond principal.
9. Payment of interest due on the Series C Bonds.
10. Repayment of Series C Bond principal.
11. In the event of the credit facility being arranged for early amortisation of the Bond Issue as provided for in section 4.4.3.3.(iii) of the Registration Document, payment of interest accrued and repayment of principal of the credit facility arranged.
12. Payment of the settlement payment amount payable by the Fund under the Financial Swap Agreement other than in the events provided for in 4th place above.
13. Payment of interest due on the Subordinated Loan.
14. Repayment of Subordinated Loan principal.
15. Payment of interest due on the Start-Up Loan.
16. Repayment of Start-Up Loan principal.
17. Payment of the Financial Intermediation Margin.

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

3.4.6.4 Financial Intermediation Margin.

The Management Company shall, for and on behalf of the Fund, enter with the Originator into a Financial Intermediation Agreement designed to remunerate the Originator for the financial intermediation process carried out, enabling the financial transformation defining the Fund's activity, the subscription by the Fund for the Credit Rights and the rating assigned to each Bond Series.

The Originator shall be entitled to receive from the Fund a variable subordinated remuneration (the "**Financial Intermediation Margin**") which shall be determined and shall accrue upon the expiration of every quarterly accrual period comprised between every two consecutive Determination Dates, in an amount equal to the positive difference, if any, between the income and expenditure accrued by the Fund, including losses, if any, brought forward from previous years, with reference to its accounts and before the close of the day next preceding every Determination Date. The Financial Intermediation Margin accrued at the close of the day preceding every Determination Date shall be settled on the next succeeding Payment Date, provided that the Fund has sufficient liquidity in the Fund Priority of Payments.

Exceptionally: (i) the first accrual period of the Intermediation Margin shall be comprised between the date on which the Fund is established, inclusive, and the first Determination Date, July 14, 2006, exclusive, which is the Determination Date preceding the first Payment Date, and (ii) the last accrual period of the Financial Intermediation Margin shall comprise a) until the Final Maturity Date or the date on which the Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the Credit Rights and the assets remaining in the Fund shall have been liquidated and the Liquidation Available Funds shall have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date before the date referred to in a), both inclusive. The first settlement date of the Financial Intermediation Margin shall be on the first Payment Date, July 20, 2006.

If the Fund should not have sufficient liquidity on a Payment Date in the Priority of Payments to pay the full Financial Intermediation Margin, the amount not paid shall accumulate without any penalty whatsoever on the Financial Intermediation Margin accrued, as the case may be, in the following quarterly period and shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments. The Financial Intermediation Margin amounts not paid on preceding Payment Dates shall be paid with priority over the amount payable on the relevant Payment Date.

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

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

3.4.7.1 Financial Swap.

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

Under the Financial Swap Agreement, the Fund will make payments to BBVA calculated on the Credit Right rate, and in consideration BBVA will make payments to the Fund calculated on the weighted average Nominal Interest Rate of the Bond Series, the foregoing as described hereinafter.

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

Party B : BBVA.

1. Settlement dates.

The settlement dates shall fall on the Bond Payment Dates, i.e. on January 20, April 20, July 20 and October 20 in every year, or the next succeeding Business Day if any of these dates is not a Business Day. The first settlement date shall be July 20, 2006.

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

2. Settlement periods.

Party A:

The settlement periods for Party A shall be the exact number of days elapsed between two consecutive Determination Dates, not including the first but including the last date. Exceptionally, a) the length of the first settlement period for Party A shall be equivalent to the exact number of days elapsed between the date of establishment of the Fund, inclusive, and July 14, 2006, the first Determination Date, inclusive, and b) the length of the last settlement period for Party A shall be equivalent to the exact number of days elapsed between the Determination Date preceding the date on which the Interest Swap Agreement terminates, exclusive, and the date on which termination occurs, inclusive.

Party B:

The settlement periods for Party B shall be the exact number of days elapsed between two consecutive settlement dates, including the first but not including the last date. Exceptionally, a) the length of the first settlement period for Party B shall be equivalent to the exact number of days elapsed between the Bond Issue Closing Date, inclusive, and July 20, 2006, exclusive, and b) the length of the last settlement period for Party B shall be equivalent to the exact number of days elapsed between the Payment Date preceding the date on which the Interest Swap Agreement terminates, exclusive, and the date on which termination occurs, inclusive.

3. Face Amount.

This shall be on each settlement date the daily average during the next preceding Party A settlement period of the Outstanding Balance of Non-Delinquent Credit Rights, increased, until the settlement date falling on Revolving Period ending date, inclusive, by the result of multiplying a) the daily average during the Party A settlement period falling due of the balance of the Principal Account and the Surplus Account, as the case may be, transferred from the Principal Account, and b) the average margin applicable for determining the Nominal Interest Rate of the Bond Series weighted by the Outstanding Principal Balance of each Series during the then-current Interest Accrual Period, matching the Party B settlement period falling due, plus 0.10%, and c) the result of dividing one (1) by the Party B Interest Rate determined for the Party B settlement period falling due.

4. Party A amounts payable.

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

4.1 Party A Interest Rate.

For each Party A settlement period this shall be the annual interest rate resulting from dividing (i) the sum of total interest amount received on the Credit Rights and paid into the Fund during the Party A settlement period, decreased by the amount of interest accrued on the Credit Rights assigned paid by the Fund, as the case may be, during the same Party A settlement period, by (ii) the Face Amount, multiplied by the result of dividing 360 by the number of days in the Party A settlement period.

5. Party B amounts payable.

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

5.1 Party B Interest Rate.

For each Party B settlement period this shall be the annual interest rate resulting from adding (i) the Nominal Interest Rate applicable to each Bond Series determined for the then-current Interest Accrual Period coinciding with each Party B settlement period, weighted by the Outstanding Principal Balance in each Series during that then-current Interest Accrual Period and (ii) 3.25%.

6. Maturity Date.

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

7. If on a Payment Date the Fund (Party A) should not have sufficient liquidity to make payment of the full net amount, if any, payable to Party B, the portion of this net amount not paid shall be settled on the following Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments. Should such event of non-payment occur on two consecutive Payment Dates, the Financial Swap

Agreement shall be terminated. In this event, the Fund (Party A) shall accept the obligation to pay the settlement amount established to which it is bound on the terms of the Financial Swap Agreement, the foregoing in the Priority of Payments. Should the settlement amount under the Financial Swap Agreement be a payment obligation for Party B and not for the Fund (Party A), Party B shall take over the obligation to pay the settlement amount provided for in the Financial Swap Agreement.

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

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

8. Party B shall irrevocably agree that, if at any time throughout the life of the Bond Issue, the rating of the unsubordinated and unsecured debt of Party B should fall below A or A1 for long-term debt respectively in Fitch's and Moody's rating scales, or F1 or A-1 for short-term debt respectively in Fitch's and S&P's rating scales, or the ratings assigned by Fitch or Moody's or S&P should be withdrawn, it shall put in place any of the following options within not more than thirty (30) days from the date of the occurrence of any such circumstances, on such terms and conditions as the Management Company shall see fit, after notifying the Rating Agencies, in order for there to be no detriment to the ratings assigned to each Series by the Rating Agencies to be maintained:
 - (i) that a third-party institution with a rating for its unsubordinated and unsecured debt equal to or in excess of A and A1 for its long-term debt respectively in Fitch's and Moody's rating scales and F1 and A-1 for its short-term debt respectively in Fitch's and S&P's rating scales, will secure fulfilment of its contractual obligations under the Financial Swap Agreement,
 - (ii) that a third-party institution with the same ratings required for option (i) above will take over its contractual position and substitute it under the Financial Swap Agreement, or, as the case may be, that a new interest financial swap agreement be entered into with that third-party institution on the same terms and conditions as the Financial Swap Agreement; or
 - (iii) that a deposit in cash or securities will be made, at an institution having a rating for its short-term debt of P-1 in Moody's rating scale, pledged in favour of the Fund, if Party B has an unsecured and unsubordinated debt rating of F2 for its short-term debt in Fitch's rating scale, and of BBB for its long-term debt in S&P's rating scale, securing fulfilment of the contractual obligations of Party B in an amount calculated, among other factors, based on the Financial Swap market value in order for there to be no detriment to the ratings given to the Bonds by the Rating Agencies and, as the case may be and based on the rating assigned by Party B, additionally putting in place either of options (i) and (ii) above. The procedure for calculating the market value for S&P purposes shall among other factors be in accordance with S&P's criteria published in articles respectively of December 2003 and February 2004. The market value for Fitch's purposes shall be calculated in line with Fitch's criteria set out in its report "*Counterparty Risk in Structured Finance: Swap Criteria*", dated September 13, 2004, proposing a formula for estimating the Swap market value, within fifteen (15) days after the loss of the A rating by Party B. If that formula should not be validated by Fitch, the market value calculation will be increased by an amount equivalent to the result of multiplying (i) 1.00% of the Outstanding Balance of the Credit Rights by (ii) the average life of the Credit Rights assuming a CPR of 0%.
 - (iv) In the event that the unsecured and unsubordinated debt obligations of Party B should be downgraded below BBB- by S&P, within not more than ten (10) Business Days from the date on which any such event should occur, Party B shall be replaced in its contractual position by an institution with ratings for its short-term unsecured and unsubordinated debt obligations of at least F1 and A-1 respectively in Fitch's and S&P's rating scales, and with ratings for its long-term unsecured and unsubordinated debt obligations of at least A and A1, respectively in Fitch's and Moody's rating scales.

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

9. The occurrence, as the case may be, of an early termination of the Swap Agreement will not in itself be an Early Amortisation event of the Bond Issue and an Early Liquidation event of the Fund referred to in sections 4.4.3 of the Registration Document and 4.9.3.2 of the Securities Note, unless in conjunction with other events or circumstances related to the net asset value of the Fund, its financial balance should be materially or permanently altered.

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

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

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

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

The originator and assignor of the Credit Rights securitised is BANCO BILBAO VIZCAYA ARGENTARIA S.A.

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

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

Gran Vía number 1, 48001 Bilbao

Paseo de Recoletos number 10, 28001 Madrid

Significant economic activities of BBVA.

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

The following are the relevant consolidated data of BBVA Group for the years ended and audited in 2004 and 2005 and how they compare between them.

The relevant information as at December 31, 2004 and December 31, 2005 was prepared in accordance with applicable International Financial Reporting Standards under Regulation EC 1606/2002 and Bank of Spain Circular 4/2004.

| | 31.12.2005 | 31.12.2004 | Δ% |
|--|------------|------------|------|
| BALANCE SHEET (EUR million) | | | |
| Total assets | 392,389 | 334,678 | 17.2 |
| Customer credit (gross) | 222,413 | 176,673 | 25.9 |
| Balance-sheet customer resources | 259,200 | 207,884 | 24.7 |
| Other customer resources | 143,887 | 121,553 | 18.4 |
| Total customer resources | 403,087 | 329,437 | 22.4 |
| Net assets | 17,302 | 13,805 | 25.3 |
| Equity (including retained earnings) | 13,036 | 10,961 | 18.9 |
| PROFIT & LOSS ACCOUNT (EUR million) | | | |
| Intermediation margin | 7,208 | 6,160 | 17.0 |
| Basic margin | 11,756 | 10,060 | 16.9 |
| Ordinary margin | 13,024 | 11,120 | 17.1 |
| Operating margin | 6,823 | 5,591 | 22.0 |
| Pre-tax profit | 5,592 | 4,137 | 35.2 |
| Profit attributed to the Group | 3,806 | 2,923 | 30.2 |

| | 31.12.2005 | 31.12.2004 | Δ% |
|---|------------|------------|------|
| DATA PER SHARE AND MARKET VALUE | | | |
| Price | 15.08 | 13.05 | 15.6 |
| Market value (EUR million) | 51,134 | 44,251 | 15.6 |
| Profit attributed to the Group | 1.12 | 0.87 | 29.5 |
| Book value | 3.84 | 3.23 | 18.9 |
| PER ⁽¹⁾ | 13.4 | 15.1 | |
| PBVR | 3.9 | 4.0 | |
| RELEVANT RATIOS (%) | | | |
| Operating margin/ATM | 1.87 | 1.73 | |
| ROE | 37.0 | 33.2 | |
| ROA | 1.12 | 0.96 | |
| RORWA | 1.91 | 1.62 | |
| Efficiency ratio | 43.2 | 44.6 | |
| Efficiency ratio with depreciation | 46.7 | 48.6 | |
| Delinquency rate | 0.94 | 1.13 | |
| Coverage rate | 252.5 | 219.7 | |
| CAPITAL RATIOS (BIS REGULATIONS) (%) | | | |
| Total | 12.0 | 12.5 | |
| Core capital | 5.6 | 5.8 | |
| TIER I | 7.5 | 7.9 | |
| ADDITIONAL INFORMATION | | | |
| Number of shares (million) | 3,391 | 3,391 | 0.0 |
| Number of shareholders | 984,891 | 1,081,020 | -8.9 |
| Number of employees | 94,681 | 87,112 | 8.7 |
| . Spain | 31,154 | 31,056 | 0.3 |
| . America ⁽¹⁾ | 61,604 | 54,074 | 13.9 |
| . Rest of the World | 1,923 | 1,982 | -3.0 |
| Number of branches | 7,410 | 6,868 | 7.9 |
| . Spain | 3,578 | 3,385 | 5.7 |
| . America ⁽¹⁾ | 3,658 | 3,303 | 10.7 |
| . Rest of the World | 174 | 180 | -3.3 |

(1) Includes those of banks, pension managers and insurers in BBVA Group in all American countries in which it is present

3.6 Return on and/or repayment of the securities linked to others which are not assets of the issuer.

Not applicable.

3.7 Administrator, calculation agent or equivalent.

3.7.1 Management, administration and representation of the Fund and of the holders of the securities.

The Management Company, EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, shall be responsible for the management and legal representation of the Fund, on the terms set in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and other applicable laws, and on the terms of the Deed of Constitution and this Prospectus. The management and significant economic activities of EUROPEA DE TITULIZACIÓN are respectively detailed in sections 5.2 and 6 of the Registration Document.

The Management Company shall discharge for the Fund the functions attributed to it in Royal Decree 926/1998.

It is also the Management Company's duty, as the manager of third-party portfolios, to represent and enforce the interests of the holders of the Bonds issued by the Fund and of all its other ordinary creditors. Consequently, the Management Company shall make its actions conditional on their protection and observe the provisions established for that purpose from time to time. Bondholders and all other ordinary creditors of the Fund shall have no recourse against the Fund Management Company, other than for a breach of its duties or failure to observe the provisions of the Deed of Constitution and the Prospectus.

3.7.1.2 Administration and representation of the Fund.

The Management Company's obligations and actions in fulfilment of its duty to manage and legally represent the Fund are the following, for illustrative purposes only and without prejudice to any other actions provided in this Prospectus:

- (i) Keeping the Fund's accounts duly separate from the Management Company's own, rendering accounts and satisfying tax and any other statutory obligations of the Fund.
- (ii) Making such decisions as may be appropriate in connection with the liquidation of the Fund, including the decision to proceed to an Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in accordance with the provisions of this Prospectus. Moreover, making all appropriate decisions in the event of the establishment of the Fund terminating.
- (iii) Complying with its formal, documentary and reporting duties to the CNMV, the Rating Agencies and any other supervisory body.
- (iv) Appointing and, as the case may be, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts and the Additional Credit Rights.
- (v) Providing Bondholders, the CNMV and the Rating Agencies with all such information and notices as may be prescribed by the laws in force for the time being and specifically as established in the Deed of Constitution and in this Prospectus.
- (vi) Complying with the calculation duties provided for and taking the actions laid down in this Prospectus and in the various Fund transaction agreements or in such others as the Management Company may enter into in due course for and on behalf of the Fund.
- (vii) The Management Company may extend or amend the agreements entered into on behalf of the Fund, substitute, as the case may be, each of the Fund service providers, on the terms provided for in each of the agreements, and indeed, if necessary, enter into additional agreements, including a credit facility agreement in the event of Early Liquidation of the Fund, and amend the Deed of Constitution, provided that circumstances preventing the foregoing in accordance with the laws and regulations in force from time to time do not occur. In any event, those actions shall require that the Management Company first notify and secure the prior authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agencies, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agencies. The Deed of Constitution or the agreements may also be corrected upon a request by the CNMV.
- (viii) On each Offer Request Date, determining whether on the next succeeding Payment Date there is to be an acquisition of Additional Credit Rights and, if appropriate, calculating the Acquisition Amount that may be allocated to the new acquisition on the next succeeding Payment Date.
- (ix) Sending to BBVA, if appropriate, a written communication requesting an offer of Additional Credit Rights, specifying the Acquisition Amount and the Payment Date on which the assignment to the Fund and payment of the assignment shall be made and completed.
- (x) Checking that the loans included in the offer for assigning Additional Credit Rights made by BBVA satisfy the (Individual and Global) Election Requirements established for acquiring Additional Credit Rights in accordance with their characteristics notified by BBVA, and notifying BBVA of the list of Additional Credit Rights accepted for assignment to the Fund on the relevant Payment Date.
- (xi) On each Payment Date on which Additional Credit Rights are to be assigned to the Fund, perfecting the public deed of assignment with BBVA and subsequently sending it to the CNMV, along with the relevant statement that those Additional Credit Rights satisfy the set (Individual and Global) Global Requirements for acquiring Additional Credit Rights.

- (xii) Exercising the rights attaching to the ownership of the Credit Rights acquired by the Fund and, in general, carrying out all such acts of administration and disposition as may be required for properly managing and legally representing the Fund.
- (xiii) Checking that the amount of income actually received by the Fund matches the amounts that must be received by the Fund, on the terms of the assignment of the Credit Rights and on the terms of their relevant agreements, and that the amounts receivable on the Credit Rights are provided by the Servicer to the Fund within the time-periods and on the terms provided for under the Servicing Agreement.
- (xiv) Determining on each Interest Rate Fixing Date and for each Interest Accrual Period thereafter, the Nominal Interest Rate to be applied for each Bond Series and calculating and settling the accrued interest amounts payable on each Payment Date.
- (xv) Calculating and determining on each Determination Date the principal to be amortised and repaid on each Bond Series on the relevant Payment Date.
- (xvi) Determining the interest rate applicable to each of the relevant borrowing, lending and hedge transactions and calculating and settling the interest and fee amounts receivable and payable by the Fund under the same, and the fees payable for the various financial services arranged for.
- (xvii) Taking the actions for which provision is made in relation to the debt ratings or the financial position of the Fund counterparties in the financial and service provision agreements mentioned in section 3.2 of this Building Block.
- (xviii) Watching that the amounts credited to the Treasury Account, the Principal Account and the Surplus Account, as the case may be, return the yield set in the respective agreements.
- (xix) Calculating the Available Funds, the Principal Available Funds, the Liquidation Available Funds and the payment or withholding obligations to be complied with, and applying the same in the Priority of Payments or the Liquidation Priority of Payments, as the case may be.
- (xx) Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the Bonds.

3.7.1.3 Resignation and substitution of the Management Company.

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

Resignation.

- (i) The Management Company may resign its management and legal representation function with respect to all or part of the funds managed whenever it deems this fit, applying to be substituted in a letter addressed to the CNMV, including a designation of the substitute management company. That letter shall enclose a letter from the new management company, declaring its willingness to take over that function and applying for the appropriate authorisation.
- (ii) The CNMV's substitution authorisation shall be subject to meeting of the following requirements:
 - (a) The substituted Management Company's delivery of the accounting records and data files to the new management company. That delivery will only be taken to have been made when the new management company is able to fully take over its function and that circumstance is notified to the CNMV.
 - (b) The rating accorded to the Bonds by the Rating Agencies should not fall as a result of the proposed substitution.

- (iii) The Management Company may in no event resign its duties until and unless all requirements and formalities have been complied with in order for its substitute to take over its duties.
- (iv) The substitution expenses originated shall be borne by the resigning Management Company and may in no event be passed on to the Fund.
- (v) The substitution shall be published within fifteen days by means of a notice inserted in two nationwide newspapers and in the bulletin of the organised secondary market where the Bonds issued by the Fund are listed. Furthermore, the Management Company shall notify the Rating Agencies of that substitution.

Forced substitution.

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

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

3.7.1.4 Subcontracting.

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

3.7.1.5 Management Company's remuneration.

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

- (i) An initial fee amounting to EUR seventy thousand (70,000.00) which shall accrue upon the Fund being established and be payable on the Closing Date.
- (ii) Periodic fee: equal to 0.0180% per annum, accruing on the exact number of days elapsed in each Interest Accrual Period, from the date of establishment of the Fund until it terminates, and payable quarterly in arrears on each Payment Date, calculated on the Outstanding Principal Balance of the Bond Issue on the Payment Date preceding the relevant Payment Date. The periodic fee for the first Payment Date shall accrue from the date of establishment of the Fund and shall be calculated on the face amount of the Bond Issue.

The fee payable on a given Payment Date shall be calculated in accordance with the following formula:

$$C = B \times \frac{0.0180}{100} \times \frac{d}{360}$$

where :

C = Fee payable on a given Payment Date.

B = Outstanding Principal Balance of the Bond Issue, on the preceding Payment Date.

d = Number of days elapsed during the relevant Interest Accrual Period.

In any event, the amount of this periodic fee on each Payment Date may not be respectively greater or lower than the following maximum and minimum amounts.

- a) Maximum amount of EUR thirty-seven thousand five hundred (37,500.00).

Exceptionally, the maximum periodic fee for the first Payment Date shall accrue from the date on which the Fund is set up and shall be calculated on the exact number of days elapsed based on the following formula:

$$Icmax = 37,500 \times \frac{d}{90}$$

where :

Icmax= Maximum periodic fee amount payable on the first Payment Date.

d = Number of days elapsed between the date of establishment of the Fund and the first Payment Date.

- b) Minimum amount of EUR seven thousand five hundred (7,500.00). In the event that, during the term of the Fund, the National General Retail Price Index published by the Spanish National Institute of Statistics for each calendar year should experience a positive variation, the minimum annual amount shall be cumulatively reviewed in the same proportion, from the year 2008, inclusive, and effective as of January 1 of each year.

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

3.7.2 Servicing and custody of the securitised assets.

BBVA, Originator of the Credit Rights to be acquired by the Fund, as established in article 2.2.b) of Royal Decree 926/1998, shall continue as attorney for the Management Company to be responsible for servicing and managing the Loans, and the relations between BBVA and the Fund, represented by the Management Company, shall be governed by the Credit Right Servicing Agreement (the “**Servicing Agreement**”) in relation to custody and servicing of the Loans.

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

- (i) To service and manage the Loans acquired by the Fund subject to the system terms and ordinary servicing and management procedures established in the Servicing Agreement.
- (ii) To continue servicing the Loans, devoting the same time and efforts to them as it would devote and use to service its own loans and in any event on the terms for which provision is made in the Servicing Agreement.
- (iii) That the procedures it applies and will apply to service and manage the Loans are and will continue to be in accordance with the laws and statutory regulations in force applicable thereto.
- (iv) To full faithfully observe the instructions issued by the Management Company.
- (v) To pay the Fund damages resulting from a breach of the obligations undertaken, although the Servicer shall not be liable for actions put in place on the Management Company’s specific instructions.

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

3.7.2.1 Ordinary system and procedures for servicing and custody of the Loans.

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

The Servicer shall keep all Loan agreements, private agreements, documents and data files under safe custody and shall not give up their possession, custody or control other than with the Management Company's prior written consent for it to do so, unless a document should be required to institute proceedings to enforce a Loan, or any competent authority should so require and after first informing the Management Company.

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

2. Collection management.

The Servicer shall continue managing collection of all amounts payable by the Obligors under the Loans, including both principal and interest and any other item. The Servicer shall act due diligently for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Loans.

The amounts received by the Servicer derived from the Loans corresponding to the Fund shall be paid by the Servicer into the Fund's Treasury Account on the seventh day after the date on which they were received by the Servicer, or the following business day, for same day value, if that is not a business day, in accordance with the set terms and conditions. In this connection, business days shall be taken to be all those that are business days in the banking sector in the capital city of Madrid.

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt should fall below F2, P-1 or A-2 respectively in Fitch's, Moody's and S&P's rating scales, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be previously paid into the Treasury Account which may indeed be on the day next succeeding the day on which they were received by the Servicer. In addition, should the rating of the Servicer's short-term unsecured and unsubordinated debt be downgraded below F2 by Fitch, the Servicer shall make a cash deposit in favour of the Fund at a sum in line with Fitch's criteria described in its report "*Commingling Risk in Structured Finance Transactions: Servicer and Account Bank Criteria*" dated June 9, 2004. The Management Company may issue the same instructions in the event that the Servicer's short-term unsecured and unsubordinated debt should not be rated by Fitch or Moody's or S&P.

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

3. Information.

The Servicer shall regularly communicate to the Management Company the information concerning the individual characteristics of each Loan, fulfilment by the Obligors of their obligations under the Loans, delinquency status, changes in the characteristics of the Loans, actions in the event of late payment, legal actions and auction of assets, the foregoing subject to the procedures and within the time-periods established in the Servicing Agreement.

Furthermore, the Servicer shall prepare and hand to the Management Company such additional information concerning the Loans or the rights attaching thereto as the Management Company may reasonably request, and in particular the documents required for the Management Company, as the case may be, to bring legal actions.

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

The Servicer may not voluntarily forgive the Loans in full or in part or extend the same, or in general do anything that may diminish the enforceability at law or economic value of the Loans, without prejudice to its proceeding to heed requests by the Obligor using the same efforts and procedure as if the loans should not have been assigned.

Notwithstanding the above, the Management Company may, as manager of third-party funds, previously issue instructions to or authorise the Servicer to agree with the Obligor such terms and conditions as it shall see fit for a novation changing the relevant Loans.

a) Renegotiating the interest rate.

1. The Servicer may under no circumstance entertain on its own account and without being so requested by the Obligor, interest rate renegotiations which may result in a decrease in the interest rate applicable to a Loan. In any event, whether or not it was generically authorised, any Loan interest rate renegotiation shall be taken on and settled bearing in mind the interests of the Fund.
2. Without prejudice to the provisions hereinafter, any renegotiation subscribed by the Servicer shall be made exclusively with the written consent of the Management Company, on behalf of the Fund, and the Servicer agrees to seek such consent from the Management Company as soon as it is aware that an Obligor has requested a renegotiation. The Management Company shall nevertheless initially authorise the Servicer to entertain and accept renegotiations of the interest rate applicable to the Loans, requested by the Obligors, without requiring the written consent of the Management Company, subject to the following requirements:
 - a) The Servicer shall in renegotiating the Loan interest rate clause observe that the terms include a fixed interest rate at arm's length and are no different from those applied by the Servicer proper in renegotiating or granting its fixed-rate loans. In this connection, arm's length fixed interest rate shall be deemed to be the fixed interest rate offered by the Servicer on the Spanish market for retail loans without mortgage security granted to individuals, the amounts and terms being substantially similar to the renegotiated Loan.
 - b) The fixed interest rate of a Loan shall under no circumstances be renegotiated down in the event that the average interest rate of all the Loans weighted by the outstanding principal of each of the Loans is below 5.00%.
3. The Management Company may, acting for the Fund, at any time during the term of the Agreement and subject to prior written notice to the Servicer, cancel, suspend or change the requirements for the Servicer's authorisation to renegotiate which it may previously have determined for the Servicer.

b) Extending the period of maturity.

The final maturity or final amortisation date of the Loans may be extended (hereinafter "**extending the term**") subject to the criteria established in this section.

The Servicer may in no case entertain on its own account, i.e. without it being so requested by the Obligor, a change in the final maturity date of the Loan which may result in an extension of that date. The Servicer, without encouraging an extension of the term, shall act in relation to such extension bearing in mind at all times the Fund's interests, and subject to the following rules and limitations:

- (i) The aggregate of the capital or principal assigned to the Fund of the Loans with respect to which the maturity date is extended may not exceed 10.00% of the face amount of the Bond Issue.
- (ii) The term of a specific Loan may be extended provided that the following requirements are met:

- a) That Loan capital or principal repayment instalment frequency is at all events maintained or reduced, albeit keeping the same repayment system in place.
- b) That the new final maturity or final amortisation date does not extend beyond December 31, 2017.
- c) That the average life of all the Loans weighted by the outstanding principal of each Loan is not in excess of: (i) eighty-four (84) months, or (ii) when the Revolving Period is over, the time in months resulting from reducing from eighty-four (84) months the number of months to have elapsed from the last Payment Date in the Revolving Period until the effective date of the extension of the term.

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

If there should be any renegotiation of the interest rate of a Loan or its due dates, the Servicer shall forthwith notify the Management Company of the terms resulting from each renegotiation. Such notice shall be made through the software or data file provided for the terms of the Credit Rights to be updated. Both the loan agreements and the private agreements pertaining to a novation of the terms of the Credit Rights will be kept by the Servicer, in accordance with the provisions of paragraph 1 of this section.

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

Actions in the event of late payment.

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

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

Legal actions.

The Servicer, under the Servicing Agreement or using the power referred to in the following paragraph, shall take all relevant actions against Obligor failing to meet their payment obligations derived from the Loans and against guarantors, if any. Such an action shall be brought using the appropriate court enforcement procedures, which may be enforcement or exchange proceedings or, as the case may be, by means of the appropriate declaratory proceedings.

For the above purposes and in relation to Loans originated by means of a loan agreement certified by a commissioner for oaths, and for the purposes of the provisions of articles 581.2 and 686.2 of the Civil Procedure Act and if this should be necessary, the Management Company grants in the Deed of Constitution as full and extensive a power of attorney as may be required at Law to BBVA in order that the latter may, acting through any of its attorneys properly empowered for those purposes, as instructed by the Management Company, for and on behalf of the latter, or in its own name albeit on behalf of the Management Company, as the authorised representative of the Fund, demand by any judicial or other means the obligor of any Loan and guarantors, if any, to pay the debt and take legal action against the same, in addition to other authorities required to discharge its duties as Servicer. These authorities may be extended or amended in another deed where appropriate.

In relation to Loans originated by means of a private agreement with a non-negotiable blank promissory note, the Management Company, acting for the Fund, shall confer in the Deed of Constitution powers on BBVA in order for the latter to take action in its own name, but acting for the

Fund, in recovering the amounts due by the Obligor, as the case may be, by entering the necessary details for enforcing such promissory note.

The Servicer shall as a general rule commence the relevant legal proceedings if, for a period of six (6) months, a Loan Obligor in default of payment obligations should fail to resume payments or the Servicer, and the latter with the Management Company's consent, should fail to obtain a payment undertaking satisfactory to the interests of the Fund. In order for actions for payment to be swifter, the Management Company may generally confer authorisations on the Servicer, on such terms and subject to such limits as shall be deemed fit.

If more than six (6) months should have elapsed from the oldest default without the Obligor resuming payments or without a debt restructuring agreement, and the Servicer should delay bringing of the relevant action in each case without due cause, the Management Company shall, acting for the Fund, directly proceed to commence the appropriate legal proceedings to claim the debt in full. Moreover, in the event that the proceedings instituted by the Servicer should come to a standstill without due cause, the Management Company may, acting for the Fund, take over the position of the former and continue the legal proceedings, duly notifying the relevant Obligor and guarantors, if any..

In this connection, BBVA shall in the Deed of Constitution confer powers to the fullest extent required by Law in order that the Management Company, acting for the Fund, may notify assignment to the Obligors of any of the Loans and guarantors, if any, whenever it deems this appropriate.

Additionally, the Servicer will provide the Management Company with all such documents as the latter may request in relation to the Loans and in particular the documents required for the Management Company to take legal actions, as the case may be.

6. Set-off.

In the event that any of the Obligors under the Loans should have a liquid credit right, due and payable vis-à-vis the Servicer, and, because the assignment is made without the Obligor being aware, any of the Loans should be fully or partially set-off against that credit, the Servicer shall remedy such circumstance or, if it cannot be remedied, the Servicer shall proceed to pay to the Fund the amount set off plus the accrued interest which would have been payable to the Fund until the date on which the payment is made, calculated on the terms applicable to the relevant Loan.

7. Subcontracting.

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

3.7.2.2 Term and substitution.

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

In the event of a breach by the Servicer of the obligations imposed on the Servicer under the Servicing Agreement or in the event of the Servicer's credit rating falling or being lost to an extent that may be detrimental to or place the financial structure of the Fund or Bondholders' rights and interests at risk, the Management Company shall, in addition to demanding the Servicer to fulfil the obligations laid down in the Servicing Agreement, proceed to put in place, where this is legally possible, inter alia and after notifying the Rating Agencies, any of the following actions in order for the rating assigned to the Bonds by the Rating Agencies not to be adversely affected: (i) demanding the Servicer to subcontract or subdelegate to another institution the performance of the obligations and undertakings made in the Servicing Agreement; (ii) having another institution with a sufficient credit rating and quality secure all or part of the Servicer's

obligations; and (iii) terminating the Servicing Agreement, in which case the Management Company shall previously designate a new Servicer having a sufficient credit quality and accepting the obligations contained in the Servicing Agreement or, as the case may be, in a new servicing agreement. Any additional expense or cost derived from those previous actions shall be covered by the Servicer and at no event by the Fund or the Management Company. In the event of bankruptcy of the Servicer, only action (iii) above shall be valid. Any additional expense or cost derived from the aforesaid actions shall be covered by the Servicer and at no event by the Fund or the Management Company.

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

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

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

3.7.2.3 Liability of the Servicer and indemnity.

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

The Servicer takes on the obligation to indemnify the Fund or its Management Company for any damage, loss or expense resulting for the same on account of any breach by the Servicer of its duties to custody, service and report on the Loans, established under the Servicing Agreement or in the event of breach as provided for in paragraph 3 of section 2.2.9 of this Building Block.

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

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

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

3.7.2.4 Servicer's remuneration.

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

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

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

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

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

- (i) Treasury Account:
Guaranteed Interest Rate Account (Treasury Account) Agreement
Description in section 3.4.4.1 of this Building Block.
- (ii) Principal Account:
Guaranteed Interest Rate Account (Principal Account) Agreement
Description in section 3.4.4.2 of this Building Block.
- (iii) Subordinated Loan:
Subordinated Loan Agreement
Description in section 3.4.3.1 of this Building Block.
- (iv) Start-Up Loan:
Start-Up Loan Agreement
Description in section 3.4.3.2 of this Building Block.
- (v) Financial Swap:
Financial Swap Agreement
Description in section 3.4.7.1 of this Building Block.
- (vi) Financial Intermediation:
Financial Intermediation Agreement
Description in section 3.4.6.4 of this Building Block.

4. POST-ISSUANCE REPORTING

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

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

4.1.1 Ordinary information.

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

a) Notices to Bondholders referred to each Payment Date.

1. Within the period comprised between the Interest Rate Fixing Date and not more than two (2) Business Days after each Payment Date, it shall proceed to notify Bondholders of the Nominal Interest Rate resulting for each Bond Series, and for the Interest Accrual Period after that Payment Date.
2. Quarterly, at least one (1) calendar day in advance of each Payment Date, it shall proceed to notify Bondholders of the following information:
 - i) Interest resulting from the Bonds in each Series, along with the amortisation of the Bonds.
 - ii) Furthermore, and if appropriate, interest and amortisation amounts accrued thereby and not settled due to a shortfall of Available Funds, in accordance with the rules of the Fund Priority of Payments.
 - iii) The Outstanding Principal Balances of the Bonds in each Series, after the amortisation to be settled on each Payment Date, and the percentages such Outstanding Principal Balances represent on the initial face amount of each Bond.
 - iv) Obligors' Credit Right principal prepayment rate during the calendar quarter preceding the Payment Date.
 - v) The average residual life of the Bonds in each Series estimated assuming that Credit Right principal prepayment rates shall be maintained and making all other assumptions as provided in section 4.10 of the Securities Note.

The foregoing notices shall be made in accordance with the provisions of section 4.1.3 below and will also be notified to the CNMV, the Paying Agent, AIAF and Iberclear, at least one (1) Business Day before each Payment Date.

b) Information to be sent to the CNMV referred to each Payment Date:

In relation to the Credit Rights:

1. Outstanding Balance.
2. During the Revolving Period, the acquisition amount of Additional Credit Rights.
3. Interest and principal amount of instalments in arrears.
4. Credit Right Interest rate.
5. Dates of maturity of the Credit Rights.
6. Outstanding Balance of Doubtful Credit Rights and cumulative amount of Doubtful Credit Rights from the date on which the Fund is established.

In relation to the economic and financial position of the Fund:

1. Report on the source and subsequent application of the Available Funds and the Principal Available Funds in accordance with the Priority of Payments of the Fund.

In relation to new assignments of Additional Credit Rights:

1. Sending to the CNMV each public deed of assignment of Additional Credit Rights, and the relevant statement that those Additional Credit Rights satisfy the set (Individual and Global) Global Requirements for acquiring Additional Credit Rights.

c) Annually, in relation to the Fund's Annual Accounts:

Annual Accounts (balance sheet, profit & loss account and management report) and audit reports for the Annual Accounts and Additional Credit Rights in accordance with section 2.2.2.2.6 of this Building Block, within four (4) months of the close of each fiscal year, which shall also be filed with the CNMV.

4.1.2 Extraordinary notices.

The following shall be the subject of an extraordinary notice:

1. The final margins applicable for determining the Nominal Interest Rate for each Series and the Nominal Interest Rate determined for each Bond Series for the first Interest Accrual Period.

2. Other:

Any relevant event occurring in relation to the Credit Rights, the Bonds, the Fund and the Management Company proper, which may materially influence trading of the Bonds and, in general, any relevant change in the Fund's assets or liabilities, change in the Deed of Constitution, or in the event of termination of the establishment of the Fund or a decision in due course to proceed to an Early Liquidation of the Fund and an Early Amortisation of the Bond Issue in any of the events provided in this Prospectus. In the latter event, the Management Company shall send to the CNMV the notarial certificate of termination of the Fund and the liquidation procedure followed will be as referred to in section 4.4.4 of the Registration Document.

4.1.3 Procedure to notify Bondholders.

Notices to Bondholders to be made by the Management Company in accordance with the above, in regard to the Fund, shall be given as follows:

1. Ordinary notices.

Ordinary notices shall be given by a publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or by a publication in an extensively circulated business and financial or general newspaper in Spain. The Management Company or the Paying Agent may additionally disseminate that information or other information of interest to Bondholders through dissemination channels and systems typical of financial markets, such as Reuters, Bridge Telerate, Bloomberg or any other similarly characterised means.

2. Extraordinary notices.

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

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

3. Notices and other information.

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

4.1.4 Information to the CNMV and the Rating Agencies.

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

4.1.5 Information to the Rating Agencies.

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

Mario Masiá Vicente, for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN and as General Manager signs this Prospectus at Madrid, on April 28, 2006.

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

GLOSSARY OF DEFINITIONS

“Acquisition Amount” shall mean the maximum amount allocated by the Management Company, for and on behalf of the Fund, on each Payment Date in the Revolving Period, to the acquisition of Additional Credit Rights. The Acquisition Amount shall be the amount of the Principal Available Funds on the relevant Payment Date.

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

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

“Additional Credit Rights” shall mean the Credit Rights acquired by the Fund during the Revolving Period.

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

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

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

“Bond Issue Management, Underwriting and Placement Agreement” shall mean the Bond Issue management, underwriting and placement agreement entered into between the Management Company, for and on behalf of the Fund, and BBVA, JPMORGAN and SOCIÉTÉ GÉNÉRALE as Lead Managers and Underwriters and Placement Agents and CAJAMADRID, CALYON, DRESDNER KLEINWORT WASSERSTEIN and HSBC as Underwriters and Placement Agents.

“Bond Issue” shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR one billion five hundred million (1,500,000,000.00), consisting of fifteen thousand (15,000) Bonds comprised of three Series (Series A, Series B and Series C).

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

“Bonds” shall mean the Series A Bonds, the Series B Bonds and the Series C Bonds issued by the Fund.

“Business Day” shall mean any day other than a public holiday in the city of Madrid or non-business day in the TARGET (Trans European Automated Real-Time Gross Settlement Express Transfer System).

“CAJAMADRID” shall mean CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID.

“CALYON” shall mean CALYON Sucursal en España.

“Cash Reserve” shall mean the Initial Cash Reserve set up on the Closing Date and subsequently provisioned on each Payment Date up to the Required Cash Reserve amount.

“CET” shall mean “Central European Time”.

“Closing Date” shall mean May 11, 2006, the date on which the cash amount of the subscription for the Bonds shall be paid up.

“CNMV” shall mean National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

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

“Credit Right Servicing Agreement” shall mean the Loan servicing and custody agreement entered into between the Management Company, acting for and on behalf of the Fund, and BBVA, as Servicer.

“Credit Rights” shall mean the credits rights assigned by BBVA to the Fund derived from loans owned by and shown on the assets of BBVA granted to Spanish individuals or individuals resident in Spain to finance transactions for purchasing goods, assets or services consisting of the Initial Credit Rights and the Additional Credit Rights.

“Deed of Constitution” shall mean the public deed recording the establishment of the Fund, assignment by BBVA to the Fund of the Initial Credit Rights, and issue by the Fund of the Asset-Backed Bonds.

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

“Deloitte” shall mean Deloitte S.L.

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

“Determination Period” shall mean the exact number of days elapsed between every two consecutive Determination Dates, each Determination Period excluding the beginning Determination Date and including the ending Determination Date. Exceptionally, (i) the duration of the first Determination Period shall be equal to the days elapsed between the date of establishment of the Fund, inclusive, and the first Determination Date, July 14, 2006, inclusive, and (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which the Early Liquidation of the Fund concludes, as provided for in section 4.4.4.3 of the Registration Document, on which all the assets remaining in the Fund have been liquidated and all the Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), both inclusive.

“Distribution of Principal Available Funds” shall mean the rules for applying the Principal Available Funds on each Payment Date established in sections 4.9.3.1.5 of the Securities Note and 3.4.6.2.2.2 of the Building Block.

“Doubtful Credit Rights” shall mean Loans that are delinquent on a given date with a period of arrears equal to or greater than twelve (12) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment based on the indications or information obtained from the Servicer.

“DRESDNER KLEINWORT WASSERSTEIN” shall mean DRESDNER BANK AG London Branch.

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

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

“Early Liquidation of the Fund” shall mean the liquidation of the Fund and thereby an early amortisation of the Bond Issue on a date preceding the Final Maturity Date, in the events and subject to the procedure established in section 4.4.3 of the Registration Document.

“Election Requirements” shall mean the requirements to be satisfied by the Additional Credit Rights to be assigned to and included in the Fund on the relevant assignment date.

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

“Final Maturity Date” shall mean the final Bond amortisation date, i.e. January 20, 2020 or the following Business Day if that is not a Business Day.

“Financial Intermediation Agreement” shall mean the financial intermediation agreement entered into between the Management Company, for and on behalf of the Fund, and BBVA.

“Financial Intermediation Margin” shall mean, with respect to the Financial Intermediation Agreement, the variable subordinated remuneration which shall accrue upon the expiration of every quarterly accrual period, comprised between every two consecutive Determination Dates, in an amount equal to the positive difference, if any, between the income and expenditure accrued by the Fund, including losses, if any, brought forward from previous years, with reference to its accounts and before the close of the day next preceding every Determination Date.

“Financial Swap Agreement” shall mean the interest swap agreement based on the standard Master Financial Transaction Agreement (CMOF) entered into between the Management Company, for and on behalf of the Fund, and BBVA.

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

“Fund” shall mean BBVA CONSUMO 1 FONDO DE TITULIZACIÓN DE ACTIVOS.

“Global Requirements” shall mean the requirements the Additional Credit Rights must satisfy as a whole to be assigned to and included in the Fund on the relevant assignment date.

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

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

“HSBC” shall mean HSBC BANK PLC.

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

“Individual Requirements” shall mean the individual requirements each of the Additional Credit Rights shall satisfy to be assigned to and included in the Fund on the relevant assignment date.

“Initial Cash Reserve” shall mean the Cash Reserve set up on the Closing Date by drawing down the Subordinated Loan at EUR twenty-one million seven hundred and fifty thousand (21,750,000.00).

“Initial Credit Rights” shall mean the Credit Rights acquired by the Fund upon being established.

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

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

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

“JPMORGAN” shall mean J.P. MORGAN SECURITIES LIMITED.

“Lead Managers” shall mean BBVA, JPMORGAN and SOCIÉTÉ GÉNÉRALE.

“Liquidation Available Funds” shall mean, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or when there is an Early Liquidation of the Fund, the amounts to be allocated to meeting the Fund's payment or withholding obligations, as follows: (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Credit Rights and of the assets remaining and, as the case may be, (iii) the amount drawn under the credit facility arranged and exclusively used for final amortisation of the Bonds, in accordance with the provisions of section 4.4.3.(iii) of the Registration Document.

“Liquidation Priority of Payments” shall mean the priority of the Fund's payment or withholding obligations for applying the Liquidation Available Funds on the Final Maturity Date or when there is an Early Liquidation of the Fund.

“Loans” shall mean the loans owned by BBVA granted to Spanish individuals or individuals resident in Spain to finance transactions for purchasing goods, assets or services, which are assigned to the Fund.

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

“Maximum Credit Right Amount” shall mean the maximum amount of the Outstanding Balance of the Credit Rights pooled in the Fund, which shall be EUR one billion five hundred million (1,500,000,000.00).

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

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

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

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

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

“Offer Dates” shall mean the dates falling on the fourth (4th) Business Day preceding each Payment Date in the Revolving Period on which Additional Credit Rights should be acquired.

“Offer Request Dates” shall mean the dates falling on the sixth (6th) Business Day preceding each Payment Date in the Revolving Period on which Additional Credit Rights should be acquired.

“Originator” shall mean BBVA, originator of the Credit Rights.

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

“Outstanding Principal Balance of the Bond Issue” shall mean the sum of the outstanding principal to be repaid (outstanding balance) on a given date of all three Series A, B and C making up the Bond Issue.

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

“Paying Agent” shall mean the firm servicing the Bonds. The Paying Agent shall be BBVA (or any other institution taking its stead as Servicer).

“Payment Date” shall mean January 20, April 20, July 20 and October 20 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be July 20, 2006.

“Principal Account” shall mean shall mean the financial account opened in the name of the Fund at BBVA under the Guaranteed Interest Rate Account (Principal Account) Agreement into which the Management Company shall, for and on behalf of the Fund, pay the amounts of the Principal Available Funds not applied to acquiring Additional Credit Rights during the Revolving Period.

“Principal Available Funds” shall mean the available amount on each Payment Date to be allocated to the acquisition of Additional Credit Rights during the Revolving Period and, upon that period ending, to amortisation of the Bonds, which shall be a) the Principal Withholding amount actually applied in seventh (7th) place of the Available Funds on the relevant Payment Date, and b) until the Payment Date next succeeding the end of the Revolving Period, inclusive, the Principal Account balance and, as the case may be, the Surplus Account balance transferred from the Principal Account on the Determination Date preceding the relevant Payment Date.

“Principal Deficiency” shall mean, on a Payment Date, the positive difference, if any, between (i) the Principal Withholding, and (ii) the amount of the Available Funds actually applied to Principal Withholding.

“Principal Withholding” shall mean, on a Payment Date, the positive difference if any on the Determination Date preceding the relevant Payment Date between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the sum of a) the Outstanding Balance of Non-Doubtful Credit Rights and b) the Principal Account balance and, as the case may be, the Surplus Account balance transferred from the Principal Account.

“Priority of Payments” shall mean the priority for applying the Fund’s payment or withholding obligations both for applying the Available Funds and for distribution of Principal Available Funds from the first Payment Date until the last Payment Date or date of liquidation of the Fund, exclusive.

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

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

“Required Cash Reserve” shall mean, on each Payment Date, the lower of the following amounts: (i) EUR twenty-one million seven hundred and fifty thousand (21,750,000.00) and (ii) the higher of a) 2.90% of the Outstanding Principal Balance of the Bond Issue and b) a sum of EUR ten million eight hundred and seventy-five thousand (10,875,000.00). However, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Required Cash Reserve amount on the preceding Payment Date, when any of the circumstances for which provision is made in section 3.4.4.2 of the Building Block on the Payment Date.

“Revolving Period” shall mean each Payment Date in the period comprised between the first Payment Date, July 20, 2006, and the Payment Date falling on April 20, 2008, both inclusive, or on a previous Payment Date in the event of early termination of the Revolving Period.

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

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

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

“Royal Decree Law 5/2005” shall mean Royal Decree-Law 5/2005, March 11, on urgent measures for boosting productivity and improving public contracting.

“S&P” shall mean both Standard & Poor’s España, S.A. and Standard & Poor’s Rating Services, the holding company to which Standard & Poor’s España, S.A. is affiliated.

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

“Series A Bonds” shall mean the Series A Bonds issued by the Fund having a total face amount of EUR one billion four hundred and forty-seven million five hundred thousand (1,447,500,000.00) comprising fourteen thousand four hundred and seventy-five (14,475) Bonds having a unit face value of EUR one hundred thousand (100,000).

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

“Series B Bonds” shall mean the Series B Bonds issued by the Fund having a total face amount of EUR twenty-eight million five hundred thousand (28,500,000.00) comprising two hundred and eighty-five (285) Bonds having a unit face value of EUR one hundred thousand (100,000).

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

“Series C Bonds” shall mean the Series C Bonds issued by the Fund having a total face amount of EUR twenty-four million (24,000,000.00) comprising two hundred and forty (240) Bonds having a unit face value of EUR one hundred thousand (100,000).

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

“Servicer” shall mean the institution in charge of custody and servicing of the Loans under the Credit Right Servicing Agreement, i.e. BBVA (or any other institution taking its stead as Servicer).

“Servicing Agreement” shall mean the Credit Right Servicing Agreement.

“SOCIÉTÉ GÉNÉRALE” shall mean SOCIÉTÉ GÉNÉRALE Sucursal en España.

“Start-Up Loan Agreement” shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA, for a sum of EUR one million nine hundred thousand (1,900,000.00).

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

“Subordinated Loan Agreement” shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA for a sum of EUR twenty-one million seven hundred and fifty thousand (21,750,000.00).

“Subordinated Loan” shall mean the loan granted by BBVA to the Fund, in accordance with the provisions of the Subordinated Loan Agreement.

“Subscription Period” shall mean the Bond subscription period comprised between 12 o’clock midday (CET time) and 1pm (CET time) on May 9, 2006.

“Surplus Account” shall mean the account opened as the case may be by the Management Company for and on behalf of the Fund and which shall be transferred and credited the amount of the excess of the sum of the Treasury Account and Principal Account balance of the amount equivalent to twenty percent (20.00%) of the Outstanding Principal Balance of the Bond Issue.

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

“Underwriters and Placement Agents” shall mean BBVA, JPMORGAN, SOCIÉTÉ GÉNÉRALE, CAJAMADRID, CALYON, DRESDNER KLEINWORT WASSERSTEIN and HSBC.