

PROSPECTUS

December 2010

**BBVA CONSUMO 5**  
**FONDO DE TITULIZACIÓN DE ACTIVOS**  
**ISSUE OF ASSET-BACKED BONDS**

**EUR 900,000,000**

**Aaa (sf) / AAAsf**

**Backed by receivables assigned and serviced by**

**BBVA**

**BBVA Finanzia**

*Lead Manager*

**BBVA**

*Subscribers*

**BBVA**

**BBVA Finanzia**

*Paying Agent*

**BBVA**

*Fund established and managed by*

 **Europea de  
Titulización**  
Sociedad Gestora de Fondos de Titulización

Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores  
on December 16, 2010

**Material Event  
concerning**

**BBVA CONSUMO 5 FONDO DE TITULIZACIÓN DE ACTIVOS**

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **BBVA CONSUMO 5 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On May 4 and 24, 2012, this Management Company notified Material Events reporting that the Rating Agencies Standard & Poor’s (“**S&P**”) and Moody’s Investors Service (“**Moody’s**”) had respectively on April 30, 2012 and May 17, 2012 downgraded the credit ratings assigned to BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (“**BBVA**”), which circumstance was reported, inter alia, because BBVA is the Fund’s counterparty under the Guaranteed Interest Rate Account (Treasury Account) Agreement, the Financial Swap Agreement, the Receivables Servicing Agreement and the Paying Agent Agreement (the “**Agreements**”).
- On July 27, 2012, the Management Company, for and on behalf of the Fund, and BBVA, as the only holder of all the Bonds issued by the Fund and only counterparty to the agreements signed by the Fund, have agreed to amend the Agreements. Following the amendments to the Agreements, the following sections of the Fund Prospectus shall read as follows.

Section	Description
<b>3.4.4.1 Building Block Paragraphs 3 and 4 (Treasury Account)</b>	<p>Both parties agree that, in the event that the rating of the unsecured and unsubordinated debt obligations of BBVA or of the institution in which the Treasury Account is opened (the “Treasury Account Provider”) should, at any time during the life of the Bond Issue, be downgraded below Baa3 or BBB-, respectively by Moody’s and S&amp;P, the Management Company shall, within not more than thirty (30) calendar days of the occurrence of the downgrade below Baa3 or within not more than sixty (60) calendar days of the downgrade below BBB-, do any of the following in order to allow a suitable level of security to be maintained with respect to the Treasury Account Agreement commitments so that the rating given to the Bonds by the Rating Agencies is not adversely affected:</p> <p>a) Obtain from an institution with long-term unsecured and unsubordinated debt obligations rated at least as high as Baa3 and BBB- respectively by Moody’s and S&amp;P, an unconditional, irrevocable, first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BBVA of its obligation to repay amounts credited to the Treasury Account, for such time as the Treasury Account Provider’s debt obligations remain downgraded below Baa3 or BBB-.</p> <p>b) Transfer the Treasury Account to an institution with long-term unsecured and unsubordinated debt obligations rated at least as high as Baa3 and BBB- respectively by Moody’s and S&amp;P, and arrange the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Treasury Account Agreement.</p> <p>Both parties agree that, in the event that the rating of the unsecured and unsubordinated debt obligations of BBVA or of the institution in which the Treasury Account is opened (the “Treasury Account Provider”) should, at any time during the life of the Bond Issue, be downgraded below Baa3 by Moody’s or, at any time during the life of Series A Bonds, below BBB- by S&amp;P (in accordance with S&amp;P’s updated counterparty criteria dated 31<sup>st</sup> May 2012 Counterparty Risk Framework Methodology And Assumptions-), the Management Company shall, within not more than thirty (30) days for Moody’s or sixty (60) days for S&amp;P, from the occurrence of either event, after notifying the Rating Agencies, do any of the following in order to allow a suitable level of security to be maintained with respect to the Guaranteed</p>

Section	Description
	<p>Interest Rate Account (Treasury Account) Agreement commitments so that the rating given to the Bonds by the Rating Agencies is not adversely affected:</p> <p>a) Obtain from an institution with long-term unsecured and unsubordinated debt obligations rated at least as high as Baa3 by Moody's and/or, if Series A Bonds remain outstanding, below BBB- by S&amp;P, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by the Treasury Account Provider of its obligation to repay amounts credited to the Treasury Account, for such time as the Treasury Account Provider's debt obligations remain downgraded below Baa3 and/or BBB-.</p> <p>b) Transfer the Treasury Account to an institution with long-term unsecured and unsubordinated debt obligations rated at least as high as Baa3 by Moody's and, if Series A Bonds remain outstanding, below BBB- by S&amp;P, and arrange the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.</p> <p>If, upon the occurrence of b) above, BBVA's long-term unsecured and unsubordinated debt obligations should subsequently be upgraded back to being at least as high as Baa3 and BBB- respectively by Moody's and S&amp;P, the Management Company shall subsequently transfer the balances back to BBVA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.</p>
<p><b>3.4.7.1 Building Block Section 8 (Financial Swap Agreement)</b></p>	<p><b>8.1 Moody's Criteria</b></p> <p>Party B shall irrevocably agree as follows under the Financial Swap Agreement:</p> <p>(i) If, at any time during the life of the Bond Issue, neither Party B nor any of its Credit Support Providers has the First Required Rating Threshold ("First Rating Default"), then Party B shall do any of the following within thirty (30) Business Days of the occurrence of that circumstance:</p> <ul style="list-style-type: none"> <li>• Obtain a Replacement with the First Required Rating Threshold (or else a Replacement having a Credit Support Provider with the First Required Rating Threshold).</li> <li>• Obtain a Credit Support Provider with the First Required Rating Threshold.</li> <li>• Post cash or securities collateral to the Fund with an institution with long-term unsecured and unsubordinated debt obligations rated Baa3 by Moody's, in an amount sufficient in order for the Bond rating not to be adversely affected.</li> </ul> <p>(ii) If, at any time during the life of the Bond Issue, neither Party B nor any of its Credit Support Providers has the Second Required Rating Threshold ("Second Rating Default"), then Party B shall, on a best efforts basis and as soon as possible (A) obtain a Credit Support Provider with the Second Required Rating Threshold; or (B) obtain a Replacement with the Second Required Rating Threshold (or else a Replacement having a Credit Support Provider with the Second Required Rating Threshold).</p> <p>While none of the actions specified above have been taken, Party B shall, within thirty (30) Business Days from the occurrence of the Second Rating Default, post cash or securities collateral to the Fund with an institution with long-term unsecured and unsubordinated debt</p>

Section	Description
	<p>obligations rated Baa3 by Moody's, provided that the Bond rating is not adversely affected.</p> <p>Party B's obligations under (i) and (ii) above, and the early termination events triggered thereby, shall only apply during such time as the events respectively triggering the First Rating Default or the Second Rating Default are in place. The collateral amount posted by Party B under (i) and (ii) above shall be returned to Party B upon cessation of the causes respectively resulting in the First Rating Default or the Second Rating Default.</p> <p>All costs, expenses and taxes incurred in connection with complying with the preceding obligations shall be borne by Party B.</p> <p>In the above connection, "Credit Support Provider" shall mean an institution providing an unconditional, irrevocable, first demand guarantee with respect to all present and future obligations of Party B to the Financial Swap Agreement (the "Guarantee"), and provided that (A) a law firm provides a legal opinion confirming that no payments by that institution to Party A under the Guarantee results in any requirement for deduction or withholding for or on account of any tax; or (B) the Guarantee determines that, if any such requirement for deduction or withholding exists, the payment made by that institution shall be increased by such amount as may be necessary in order for the net payment received by Party A to be equal to the amount that Party A would have received had there been no such deduction or withholding; and "Replacement" shall mean an institution taking over Party B's contractual position under the Financial Swap Agreement or entering into a new swap agreement with Party A, on terms substantially matching those of the Financial Swap Agreement (which shall be confirmed by Party A, on a best efforts basis), and provided that (A) a law firm provides a legal opinion confirming that no payments by that institution to Party A results in any requirement for deduction or withholding for or on account of any tax; or (B) if any such requirement for deduction or withholding exists, the payment made by that institution shall be increased by such amount as may be necessary in order for the net payment received by Party A to be equal to the amount that Party A would have received had there been no such deduction or withholding. That institution (Replacement) shall thereafter be considered in every respect to be Party B under the Financial Swap Agreement or the new protection agreement to be entered into.</p> <p>An entity shall have the "First Required Rating Threshold" in the event that the long-term unsecured and unsubordinated debt obligations of that entity should be rated by Moody's, if that rating is at least as high as Baa2.</p> <p>An entity shall have the "Second Required Rating Threshold" (A) in the event that the long-term unsecured and unsubordinated debt obligations of that entity should be rated at least as high as Baa3 by Moody's.</p> <p><b>8.2 S&amp;P Criteria</b></p> <p>Based on S&amp;P's updated counterparty criteria dated 31<sup>st</sup> May 2012 "Counterparty Risk Framework Methodology And Assumptions", and, specifically, replacement option 1 which shall apply to the Financial Swap Agreement:</p>

Section	Description
	<p>In the event that the long-term unsecured and unsubordinated debt obligations of Party B (or its successor) should, at any time during the life of the Bonds, be downgraded below BBB (or its equivalent) by S&amp;P, then Party B (or its successor) shall post security to Party A, within not more than 10 Business Days, in an amount calculated having regard to the mark-to-market value of the Financial Swap and in accordance with the requirements of S&amp;P's criteria dated 31<sup>st</sup> May 2012.</p> <p>In the event that the long-term unsecured and unsubordinated debt obligations of Party B (or its successor) should be downgraded, at any time during the life of the Bonds, below BBB- (or its equivalent) by S&amp;P, then Party B (or its successor) shall, within not more than 60 calendar days:</p> <p>(A) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement institution (i) with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB by S&amp;P, or (ii) with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB- by S&amp;P and posting security to Party A in an amount calculated having regard to the mark-to-market value of the Financial Swap and in accordance with S&amp;P's criteria; or</p> <p>(B) procure a financial institution suitable for S&amp;P and with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB by S&amp;P to secure, by means of a first demand bank guarantee meeting S&amp;P's criteria, fulfilment of Party B's obligations with respect to the Financial Swap Agreement.</p> <p>Any guarantee shall be subject to confirmation and maintenance of the Bond rating given by S&amp;P. All costs deriving from any of the actions defined above shall be borne by the ineligible counterparty.</p>
<b>3.4.7.2 Building Block Paragraph 3 (Paying Agent Agreement)</b>	<p>In the event that the rating of the unsecured and unsubordinated debt obligations of the Paying Agent should, at any time during the life of the Bond Issue, be downgraded below Baa3 or BB+ respectively by Moody's and S&amp;P, the Management Company shall, within not more than thirty (30) calendar days, from the occurrence of the downgrade below Baa3 or BB+, after notifying the Rating Agencies, do any of the following: (i) obtain from an institution with long- and short-term unsecured and unsubordinated debt obligations rated at least as high as Baa3 and BB+ respectively by Moody's and S&amp;P, an unconditional, irrevocable, first demand guarantee securing for the Fund, merely upon the Management Company so requesting, the commitments taken on by the Paying Agent for such time as the Paying Agent remains downgraded below Baa3 or BB+; or (ii) revoke the Paying Agent's designation as Paying Agent and thereupon designate another institution with short-term unsecured and unsubordinated debt obligations rated at least as high as Baa3 and BB+ respectively by Moody's and S&amp;P to take its place before terminating the Paying Agent Agreement. 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 in the Paying Agent Agreement. All costs, expenses and taxes incurred in connection with doing and arranging (i) above shall be borne by the guaranteed institution.</p>
<b>3.7.2.1.2 Building Block Paragraphs 3 to 10 (Collection Management under the</b>	<p>Loan amounts received by the Servicer owing to the Fund shall be paid by the Servicer into the Fund's Treasury Account on the second (2<sup>nd</sup>) day after the date on which they are received by the Servicer, or the following business day if that is not a business day (the "Collection Dates"). 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.</p>

Section	Description
<p><b>Servicing Agreement) and 3.4.5 Building Block Paragraphs 5 to 12 (Collection by the Fund of payments in respect of the assets)</b></p>	<p>If BBVA's downgrade below BBB- by S&amp;P could trigger a downgrade of the Bond ratings given by S&amp;P, then BBVA shall do any of the following: (i) obtain from an institution with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB- by S&amp;P, within not more than thirty (30) days from the occurrence of that circumstance, a first demand guarantee, meeting S&amp;P's criteria in force from time to time, in an amount allowing the Bond ratings given by the Rating Agencies to be maintained; or (ii) post cash collateral to the Fund in order for the Bond rating given by S&amp;P not to be adversely affected, within not more than ten (10) days from the occurrence of the aforementioned circumstance, at an institution with long-term debt obligations rated at least as high as BBB- by S&amp;P.</p> <p>The amount of the guarantee or collateral shall be equivalent to the estimated aggregate amount of the repayment and interest instalments which the Receivables would generate during one month from the date of downgrade below BBB- by S&amp;P, calculated with a CPR based on the historical CPR of Receivables assigned to the Fund.</p> <p>The Fund may only call the guarantee or draw on the amount of such cash collateral to the extent of the Receivable amounts, if any, not received from either Servicer owing to the Fund and received by the Servicer and not paid to the Fund.</p>

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

Mario Masiá Vicente  
General Manager

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

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

## RISK FACTORS

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

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

BBVA CONSUMO 5 FONDO DE TITULIZACIÓN DE ACTIVOS (the "**Fund**" and/or the "**Issuer**") is a separate fund devoid of legal personality and, in accordance with Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies ("**Royal Decree 926/1998**"), is managed by a management company, EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the "**Management Company**" or "**EUROPEA DE TITULIZACIÓN**"). 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 Receivables to be acquired upon being established, and, revolving upon repayment of the Receivables, such Additional Receivables as may be acquired on each Payment Date during the Revolving Period, which shall end on the Payment Date falling on November 21, 2012, inclusive, unless terminated early 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, which include enforcing Bondholders' interests as the manager of third-party portfolios. There shall be no syndicate of bondholders. Therefore, the capacity to enforce Bondholders' interests shall depend on the Management Company's means.

#### b) Forced substitution of the Management Company.

In accordance with article 19 of Royal Decree 926/1998, where it is adjudged insolvent or has its licence to operate as a securitisation fund management company revoked by the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*) (the "**CNMV**"), the Management Company 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 early liquidation of the Fund and early amortisation of the Bonds issued by the same, as provided for in the Deed of Constitution and in this Prospectus.

#### c) Limitation of actions.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against Receivable Obligor who may have defaulted on their payment obligations or against the Originators. 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 Receivables, a breach by the Originators of their 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.

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

#### d) Applicability of the Bankruptcy Act.

Both BANCO BILBAO VIZCAYA ARGENTARIA S.A. ("**BBVA**") and FINANZIA BANCO DE CRÉDITO S.A. ("**BBVA FINANZIA**"), and both together and with reference to the assignment of the Receivables (the "**Originators**"), and the Fund Management Company may be declared insolvent.

In particular, insolvency of either Originator could affect its contractual relationships with the Fund, in accordance with the provisions of Bankruptcy Act 22/2003, July 9, as currently worded (the **"Bankruptcy Act"**).

As for the transaction involving the assignment of the Receivables, the latter cannot be the subject of restitution other than by an action brought by the relevant Originator's receivers, in accordance with the provisions of the Bankruptcy Act and after proving the existence of fraud in that transaction, all as set down in section 4 of Additional Provision Five of Act 3/1994, April 14, adapting Spanish laws in the matter of Credit Institutions to the Second Banking Coordination Directive and introducing other changes in relation to the Financial System, as currently worded (**"Act 3/1994"**). Notwithstanding the above, if the assignment of the Receivables should be deemed to satisfy the requirements laid down in Additional Provision three of Venture Capital Firms and their Management Companies Act 1/1999, January 5, the assignment of the Receivables may be rescinded in accordance with the general system for which provision is made in article 71 of the Bankruptcy Act.

In the event of either Originator being decreed insolvent, in accordance with the Bankruptcy Act, the Fund, acting through the Management Company, shall have a right of separation with respect to the Receivables assigned, on the terms provided for in articles 80 and 81 of the Bankruptcy Act. In addition, the Fund, acting through its Management Company, shall be entitled to obtain from the insolvent Originator the resulting Receivable amounts from the date on which insolvency is decreed, for those amounts will be considered to be the Fund's property, through its Management Company, and must therefore be transferred to the Fund, represented by the Management Company. This right of separation would not necessarily extend to the monies received and kept by the insolvent Originator on behalf of the Fund before that date, for they might be earmarked as a result of the insolvency given the essential fungible nature of money.

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.

Section 3.3.1.3 of the Building Block provides that the Originators' assignment of the Receivables to the Fund will not be notified to the Obligors. However, in order to mitigate the consequences of any Originator being decreed insolvent on the rights of the Fund, in particular within the meaning of article 1527 of the Civil Code, in the event of insolvency, administration by the Bank of Spain, liquidation or substitution of any Originator as Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the relevant Servicer to notify Obligors and guarantors or sureties, if any, of the transfer to the Fund of the outstanding Receivables, and that Loan payments 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 relevant Servicer failing to notify Obligors within five (5) Business Days of receiving the request and in the event of any Servicer becoming insolvent, the Management Company itself shall directly or, as the case may be, through a new Servicer it shall have designated, notify the relevant Obligors and guarantors or sureties, if any.

In the event of insolvency of the Management Company, it must be replaced by another management company in accordance with the provisions of paragraph 1.b) above and articles 18 and 19 of Royal Decree 926/1998.

The structure of this asset securitisation transaction 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 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, insolvency of any of the parties involved (whether BBVA, BBVA FINANZIA, 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 will enter into agreements with third parties for the provision of certain Bond services. These include the Receivable Servicing Agreement, the Start-Up Loan Agreements, the Subordinated Loan Agreements, 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 Management and Subscription 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) Issue Price.**

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

**b) Liquidity.**

Given that the Originators will fully subscribe for the Bond Issue and even in the event that the Bonds should hereafter be fully or partially disposed of, there is no assurance that the Bonds will be traded on the market with a minimum frequency or volume.

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

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

**c) Yield.**

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

**d) Duration.**

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

**e) Late-payment interest.**

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

**f) Bond Rating.**

The credit risk of the Bonds issued by the Fund has been assessed by the rating agencies Moody's Investors Service España S.A. and Standard & Poor's Credit Market Services Europe Limited, Sucursal en España (the "**Rating Agencies**").

The Rating Agencies may revise, suspend or withdraw the final ratings assigned to the Bonds 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.

**g) Ratings not confirmed.**

The Rating Agencies' failure to confirm the provisional ratings given to the Bonds by 2pm (CET) on December 21, 2010 shall be an event of termination of the establishment of the Fund and the Bond Issue.

**3 Risks derived from the assets backing the issue.**

**a) Risk of default on the Receivables.**

The holders of the Bonds issued by the Fund shall bear the risk of default on the Receivables pooled in the Fund.

BBVA and BBVA FINANZIA, as Originators with respect to the Receivables they shall each have assigned, shall accept no liability whatsoever for the Obligors' default of principal, interest or any other amount they may owe under the Receivables. Under article 348 of the Commercial Code and 1529 of the Civil Code, BBVA and BBVA FINANZIA are liable to the Fund exclusively for the existence and lawfulness of the respective Loans, and for the personality with which their assignment is made. They 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 Receivables, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution of Receivables failing to conform, on the date of assignment to the Fund, to the representations contained in section 2.2.8 of the Building Block.

**b) Limited Liability.**

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

**c) Limited Hedging.**

A high level of delinquency of the Receivables might reduce or indeed exhaust the hedging against Receivable losses that the Bond Issue has as a result of the existence of the credit enhancement transactions described in section 3.4.2 of the Building Block.

**d) Receivable prepayment risk.**

There will be a prepayment of the Receivables pooled in the Fund when Obligors prepay the portion of capital pending repayment on the Receivables.

Upon the Receivables Revolving Period ending, that prepayment risk shall pass quarterly on each Payment Date to Bondholders by the partial amortisation of the Bonds, to the extent applicable to them 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.

**e) Delinquency.**

An 8.00% delinquency rate (delinquency rate based on the historical performance of retail loans granted to individuals previously securitised by BBVA and BBVA FINANZIA) and, in any event, the other assumed values referred to at the beginning of that section have been taken into account in calculating the amounts and details tabled in section 4.10 of the Securities Note. This delinquency rate would: (i) trigger early termination of the Receivables Revolving Period on the May 21, 2011 Payment Date; and (ii) would not trigger a reduction of the Required Cash Reserve, as set down in section 3.4.2.2 of the Building Block.

**f) Geographical concentration risk.**

As detailed in section 2.2.2.1 g) 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 of the outstanding principal, as follows: Andalusia (22.27%), Catalonia (20.38%) and Madrid (14.13%), altogether representing 56.78%.

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

- That on the assignment date, the Outstanding Balance of the Receivables for Obligors domiciled in a same Autonomous Community is not in excess of thirty percent (30.00%) of the total Outstanding Balance of the Receivables.
- That on the assignment date, the Outstanding Balance of the Receivables for Obligors from the three (3) Autonomous Communities with the highest representation (Outstanding Balance) is not in excess of sixty-eight percent (68.00%) of the total Outstanding Balance of the Receivables.

**g) Selected receivables portfolio assumptions.**

The assumptions made in this Prospectus regarding prepayment, delinquency, default and other rates are merely theoretical and are given for the sake of illustration only, and those assumptions may therefore in any event differ from actual rates in the future.

*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 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 company sponsoring BBVA CONSUMO 5 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Registration Document.

Mr Mario Masiá Vicente, General Manager of the Management Company, is acting using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993, January 28, 2000, November 23, 2009 and March 31, 2010, and expressly for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee on November 3, 2010.

#### **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 and the CNMV.

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

#### **2.2 Accounting policies used by the Fund.**

Income and expenditure will be accounted for by the Fund in accordance with the accounting principles applicable from time to time, currently set out mainly in CNMV Circular 2/2009, March 25, on Securitisation Fund accounting rules, annual accounts, public financial statements and non-public statistical information statements, as amended by Circular 4/2010, October 14 ("**CNMV Circular 2/2009**").

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 the preceding section of Risk Factors of this Prospectus.

#### **4. INFORMATION ABOUT THE ISSUER**

##### **4.1 Statement that the Issuer will be 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 Receivables to be acquired upon being established, and, revolving upon repayment of the Receivables, such Additional Receivables as may be acquired on each Payment Date during the Revolving Period, which shall end on the Payment Date falling on November 21, 2012, inclusive, unless terminated early 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 5 FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

- BBVA CONSUMO 5 FTA
- BBVA CONSUMO 5 F.T.A.

##### **4.3 Place of registration of the issuer and registration number.**

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

##### ***Companies Register***

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

##### **4.4 Date of establishment and existence of the Issuer.**

###### **4.4.1 Date of establishment of the Fund.**

The Management Company and BBVA and BBVA FINANZIA, as Originators of the Receivables, shall proceed to execute on December 20, 2010 a public deed whereby BBVA CONSUMO 5 FONDO DE TITULIZACIÓN DE ACTIVOS will be established 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.

As provided for in article seven of Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7 ("**Act 19/1992**"), as currently worded, the Deed of Constitution may be amended, upon request by the Management Company, provided that the amendment (a) does not alter the nature of the assets assigned to the Fund; (b) does not result in the Fund becoming a mortgage securitisation Fund, and (c) does not de facto result in a new fund being set up.

In addition, in order to amend the Deed of Constitution, the Management Company shall have to prove:

- a) that the consent of all the holders of the securities issued by the Fund was obtained, and also of the lenders and other creditors, if any, existing, provided that they are affected by the amendment; or
- b) that the amendment is scarcely relevant, in the CNMV's opinion. In this connection, the Management Company shall have to prove that the amendment is not detrimental to the assurances and rights of the holders of the securities issued, lays down no new obligations therefor and that the ratings given to the Bonds by the Rating Agencies are upheld or improve after the amendment.

In any event, before the public deed of amendment is executed, the Management Company shall (i) inform the Rating Agencies, and (ii) prove to the CNMV the satisfaction of such requirements.

Upon the CNMV checking that they are satisfied, the Management Company shall execute the deed of amendment and submit a certified copy thereof to the CNMV to be included in the relevant public record. In addition, the amendment of the Deed of Constitution shall be disclosed by the Management Company through the Fund's periodic public information and be posted at the Management Company's website. Where required, a supplement to the Prospectus shall be prepared and disclosed as material information in accordance with the provisions of article 92 of the Securities Market Act.

#### **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 November 21, 2025 or the following Business Day if that is not a Business Day, (the **"Final Maturity Date"**), other than in the event of Early Liquidation before then as set forth in section 4.4.3 of this Registration Document or upon the occurrence of any of the events established in section 4.4.4 hereof.

#### **4.4.3 Early Liquidation of the Fund.**

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

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

Bond payment obligations on the Early Liquidation date of the Fund shall at all events be deemed to be the Outstanding Principal Balance of the Bond Issue 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, as provided for in article 11.b) of Royal Decree 926/1998, is permanently damaged. This event includes such circumstances as the existence of a change in the law or supplementary implementing regulations, the establishment of withholding obligations or other situations which might permanently affect the financial balance of the Fund.
- (iii) Mandatorily, in the event that the Management Company should be adjudged insolvent and/or have its licence to operate as a securitisation fund management company revoked by the CNMV, or the statutory term to do so or otherwise four months should have elapsed without a new management company being designated in accordance with the provisions of section 3.7.1.3 of the Building Block to this Prospectus.
- (iv) If the Management Company should have the express consent and acceptance of all Bondholders and all counterparties under the agreements in force with the Fund, as regards both payment of amounts resulting from, and the procedure for, such Early Liquidation.
- (v) When a default occurs indicating a major permanent imbalance in relation to the Bonds issued or that it is about to occur.
- (vi) Upon the lapse of thirty (30) months from the date of the last maturity of the Receivables, even if they still have overdue amounts.

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

- (i) That Bondholders be given not less than fifteen (15) Business Days' notice, as prescribed in section 4.1.3.2 of the Building Block, of the Management Company's resolution to proceed to Early Liquidation of the Fund.
- (ii) That the Management Company previously advise the CNMV and the Rating Agencies of the notice referred to in the preceding paragraph.
- (iii) The notice of the Management Company's resolution to proceed to Early Liquidation of the Fund shall contain a description (i) of the event or events triggering Early Liquidation of the Fund, (ii) of the liquidation procedure, and (iii) of the manner in which the Bond payment obligations are to be honoured and settled in the Liquidation Priority of Payments.

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

- (i) Proceed to sell the Receivables remaining in the Fund at a fair mark-to-market price, initially not less than the sum of the amount of the principal still outstanding plus interest accrued and not paid on the relevant Receivables, subject to the provisions of paragraph (iv) below.
- (ii) Proceed to terminate such agreements as are not necessary for the Fund liquidation procedure.
- (iii) Be entitled to arrange for a credit facility, with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and A-1 respectively by Moody's and S&P, or a loan, which shall be fully allocated to early amortisation of the Bonds. Financial expenses due shall be paid and credit facility or loan principal shall be repaid in accordance with the Liquidation Priority of Payments.
- (iv) Finally, both due to the preceding actions falling short and the existence of Receivables or other remaining assets of the Fund, the Management Company shall proceed to sell them and shall therefore invite a bid from at least five (5) entities who may, in its view, give a fair mark-to-market value. The Management Company shall be bound to accept the best bid received for the Receivables and for the assets on offer. In order to set the fair mark-to-market value, the Management Company may secure such valuation reports as it shall deem necessary.

Nevertheless, in (i) and (iv) above, each Originator shall have a pre-emptive right on the terms established by the Management Company and will therefore have priority over third parties to voluntarily acquire the Receivables assigned by each of them and other of their assets still on the assets of the Fund, and in (iii) above they shall have priority to grant to the Fund the credit facility or the loan, if any, for early amortisation of the Bonds. In relation to (iv) above, the Management Company shall send each Originator a list of the assets and of third-party bids received, if any, and the Originators may each use that right for the Receivables assigned by them and their other remaining assets offered by the Management Company or the credit facility or the loan within ten (10) Business Days of receiving said notice, and provided that its bid is at least equal to the best of the third-party bids. The relevant Originator shall notify the Management Company that the exercise of the pre-emptive right was subject to its usual revision procedures and that the exercise of that right is not designed to implicitly support securitisation.

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

#### **4.4.4 Termination of the Fund.**

The Fund shall terminate in any of the following events, and after the relevant legal procedure:

- (i) Upon the Receivables pooled therein being fully repaid.
- (ii) Upon the Bonds issued being fully amortised.
- (iii) When the Early Liquidation procedure established in section 4.4.3 above is over.
- (iv) At all events upon final liquidation of the Fund on the Final Maturity Date on November 21, 2025 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 provisional ratings assigned to the Bonds as final ratings by 2pm CET on December 21, 2010. In this event, the Management Company shall terminate the establishment of the Fund, the assignment to the Fund of the Initial Receivables and the Bond issue.

In this case, termination of the establishment of the Fund shall be notified to the CNMV as soon as it 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. However, the Management Company shall defray the expenses payable for setting up the Fund out of the Start-Up Loans, and the Start-Up Loan agreements shall not be terminated but shall rather be cancelled after those obligations are met, principal repayment being subordinated to fulfilment of all other obligations undertaken by the Management Company, acting for and on the Fund's behalf.

If 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 Liquidation Priority of Payments, that remainder shall be for the Originators to the relevant extent on the liquidation terms established by the Management Company. If that remainder is not a liquid amount, since relating to Receivables that are pending the outcome of legal or notarial proceedings instituted upon a default by the Receivable Obligor, both continuation thereof and the proceeds of their resolution shall be for the Originators to the relevant extent.

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 Receivables 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 triggering 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 as an extraordinary notice 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 the Management Company is entrusted with establishing, managing and being the authorised representative of those funds, and, as manager of third-party portfolios, with representing and enforcing the interests of the holders of the Bonds issued by the Fund managed thereby and of all its other ordinary creditors.

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

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

The establishment of the Fund is subject to Spanish Law and in particular is carried out pursuant to 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) Act 3/1994, as currently worded, (iv) Securities Market Act 24/1988, July 28 (the “**Securities Market Act**”), as currently worded, in regard to supervision, inspection and sanctions thereof, (v) Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose (“**Royal Decree 1310/2005**”), (vi) Regulation 809/2004, and (vii) all other legal and statutory provisions in force and applicable from time to time.

#### 4.5.1 Tax system of the Fund.

In accordance with the provisions of article 1.2 of Royal Decree 926/1998, article 5.10 of Act 19/1992, article 7.1.h) of the Consolidation of the Corporation Tax Act approved by Legislative Royal Decree 4/2004, March 5 (the “**CCTA**”), 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 and 20.4 of the Consolidation of the Capital Transfer and Documents Under Seal Tax Act approved by Legislative Royal Decree 1/1993, September 24 (the “**CCT-DUSTA**”), Additional Provision Five of Act 3/1994, and Personal Income Tax Act 35/2006, November 28, partly amending the Corporation, Non-Resident Income and Wealth Tax Acts, the most relevant characteristics of each tax under the Fund's current tax system are mainly as follows:

- (i) Asset securitisation funds are exempt from all transactions subject to the Corporate Transactions category of Capital Transfer and Documents under Seal Tax (“**CT-DUST**”), as provided for in article 45.I.B).20, paragraph 4, of the CCT-DUSTA, as that section 20 is worded by article seven, section eleven, of Act 4/2008, December 23, suppressing Wealth Tax, generalising the Value Added Tax monthly repayment system, and introducing other changes in the tax laws (“**Act 4/2008**”).

Therefore, the establishment of the Fund is exempt from the Corporate Transactions category.

In addition, the establishment of the Fund is not subject to the Documents Under Seal category under article 31.2 of the CCT-DUSTA.

- (ii) Bond issue, subscription, transfer and repayment are not subject to or exempt from, as the case may be, payment of Value Added Tax (“**VAT**”) and CT-DUST.
- (iii) The Fund pays Corporation Tax, the taxable income being determined in accordance with the provisions of Title IV of the CCTA, applying the general rate in force from time to time, which currently stands at 30%, and subject to common rules regarding tax credit, set-off of losses and other substantial constituent elements of the tax.

Rule 13 of CNMV Circular 2/2009 provides that securitisation funds must set up provisions for impairment in the value of financial assets. The amendment made by Act 2/2010, March 1, to article 12.2 CCTA, and which applies to tax periods commencing from January 1, 2009, provides that the rules relating to the circumstances determining deductibility of valuation adjustments due to impairment in the value of debt instruments valued at their depreciated cost held by mortgage securitisation funds and asset securitisation funds shall be laid down by way of implementing regulations. Until such implementing regulations are established, the aforesaid Act 2/2010 has introduced a Transitional Provision thirty-one in the CCTA, which makes provision for a transitional

tax system whereby the set criteria for credit institutions regarding deductibility of the specific client insolvency risk cover shall apply.

- (iv) The management and custody services provided to the Fund by the Management Company are exempt from VAT.
- (v) The assignment of the Receivables to the Fund is a transaction subject to and exempt from VAT and CT-DUST.
- (vi) The reporting duties established by Additional Provision Two of Financial Intermediary Investment Ratios, Equity and Reporting Duties Act 13/1985 ("**Act 13/1985**"), as currently worded, inter alia by Act 4/2008, shall apply to the Fund.

In this connection, Act 4/2008 reworded section 3 of the aforementioned Additional Provision Two, establishing that the issue of securities to which the special tax system provided for in Additional Provision Two of Act 13/1985 applies is subject to fulfilment of certain reporting duties, including the duty to inform the tax Administration of the identity of Personal Income Taxpayers and Corporation Tax obligors holding the securities, and of Non-Resident Income Taxpayers obtaining income from such securities through a permanent establishment located in Spanish territory.

In addition, the aforementioned section 3 provides that the procedure for complying with the aforesaid reporting duties shall be established by way of implementing regulations.

In this context, the Directorate General of Taxation (DGT) issued replies to two binding questions numbers V0077-09 and V0078-09, dated January 20, submitted by the Spanish Banking Association (AEB) and the Spanish Confederation of Savings Banks (CECA), in which both associations asked for clarification as to which investor reporting system had to be complied with until the implementing regulations of the aforesaid section 3 of additional provision two of Act 13/1985 was approved.

The DGT replied that "until the procedural rules referred to in implementing the provisions of Act 4/2008 are reviewed, the procedures laid down in both Royal Decree 1285/1991, August 2, and the implementing regulations thereof in relation to government securities, and in article 44 of Royal Decree 1065/2007, July 27, with respect to securities governed by additional provision two of Act 13/1985, May 25, shall continue to apply".

At the issue date of this Registration Document, the regulations implementing the contents of section 3 of additional provision two of Act 13/1985, as worded by Act 4/2008, is yet to be approved.

Therefore, in conformity with the content of the questions referred to above, the investor identification procedures contained in articles 43 and 44 of Royal Decree 1065/2007, July 27, approving the General Regulations for actions and the tax Management and inspection procedures and implementing the common rules of tax application procedures, shall continue to be applied.

- (vii) Financial Swap Agreement payments received by the Fund shall pay tax based on the general Corporation Tax system and shall not be subject to a withholding on account of that 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 number of receivables owned by the Originators derived from loans granted to individuals resident in Spain (the "**Obligors**") for retail purposes (which retail purposes shall be broadly construed, including, inter alia, financing the obligor's expenses, the purchase of merchandise, goods, including motor cars, or services) (the "**Loans**"), assigned by the Originators to the Fund (the "**Receivables**"), comprising the Receivables acquired by the Fund upon being established (the "**Initial Receivables**") and the Receivables subsequently acquired during the Revolving Period (the "**Additional Receivables**"), and (ii) to issue asset-backed bonds (either the "**Asset-Backed Bonds**" or the "**Bonds**") the underwritten subscription for which is designed to finance the acquisition of the Initial Receivables.

Receivable interest and repayment income collected by the Fund shall be allocated quarterly on each Payment Date to paying Bond interest and other expenses and acquiring Additional Receivables during the Revolving Period and, upon the same ending, to repaying principal on the Bonds issued 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 Bond payment safety or regularity, cover timing differences between the scheduled Loans and Bond principal and interest flows, 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 the Bonds.

### 5.2 Global overview of the parties to the securitisation program.

- EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN ("**EUROPEA DE TITULIZACIÓN**") is the Management Company that will establish, manage and be the authorised representative of the Fund, has, together with BBVA, structured the financial terms of the Fund and the Bond Issue, and takes responsibility for the contents of the Prospectus.

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

TIN: A-80514466 Business Activity Code No.: 6630

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

- BANCO BILBAO VIZCAYA ARGENTARIA, S.A. ("**BBVA**") shall be the Lead Manager and one of the Subscribers of the Bond Issue 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 has, together with the Management Company, structured the financial terms of the Fund and the Bond Issue and will carry out all other actions and activities provided for in respect of the Lead Manager in the Securities Note.

In addition, BBVA shall be one of the Originators of the Receivables to be acquired by the Fund and shall be the Fund's counterparty under the Guaranteed Interest Rate Account (Treasury Account), Guaranteed Interest Rate Account (Principal Account), Subordinated Loan, Start-Up Loan, Financial Swap, Receivable Servicing, Bond Paying Agent, Management and Subscription 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 code number being 0182.

TIN: A-48265169 Business Activity Code No.: 6419

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



Principal places of business: Paseo de la Castellana number 81, 28046 Madrid (Spain)  
Gran Vía number 1, 48001 Bilbao (Spain)  
Paseo de Recoletos number 10, 28001 Madrid (Spain)

Ratings for BBVA's short- and long-term unsecured and unsubordinated debt obligations assigned by the Rating Agencies, valid at the registration date of this Prospectus:

	Moody's Ratings	S&P Ratings
Short-term	P-1 (November 2010)	A-1+ (November 2010)
Long-term	Aa2 (November 2010)	AA (November 2010)
Outlook	Negative	Negative

- FINANZIA BANCO DE CRÉDITO, S.A. ("**BBVA FINANZIA**") shall be one of the Subscribers of the Bond Issue and one of the Originators of the Receivables to be acquired by the Fund and shall be the Fund's counterparty under the Subordinated Loan, Start-Up Loan, Receivable Servicing, Management and Subscription and Financial Intermediation Agreements.

BBVA FINANZIA is a bank incorporated in Spain and entered in the Bank of Spain's Special Register of Banks and Bankers, its code number being 0009.

TIN: A-37001815 Business Activity Code No.: 6419

Registered office: Calle Julián Camarillo number 4, 28037 Madrid (Spain)

BBVA FINANZIA is not rated by the Rating Agencies.

- Moody's Investors Service España, S.A. is one of the Rating Agencies that has rated the Bond Issue.

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

TIN: A-80448475

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

- Standard & Poor's Credit Market Services Europe Limited, Sucursal en España is one of the Rating Agencies rating the Bond Issue.

Standard & Poor's Credit Market Services Europe Limited, Sucursal en España is the Branch in Spain of the English firm Standard & Poor's Credit Market Services Europe Limited, and is licensed as a rating agency, affiliated to and operating in accordance with the methodology, standards and quality control of Standard & Poor's Rating Services (both of them "**S&P**" without distinction).

TIN: A-80310824

Registered Office: Marqués de Villamejor number 5 – 1<sup>st</sup> Floor, 28006 Madrid (Spain)

- The law firm Uría Menéndez Abogados S.L.P. ("**URÍA MENÉNDEZ**"), independent adviser, has provided legal and tax advice for establishing the Fund and issuing the Bonds and has been involved in reviewing this Prospectus, the transaction and financial service agreements referred to herein and the Deed of Constitution.

TIN: B-28563963

Registered Office: Príncipe de Vergara number 187, Plaza de Rodrigo Uría, 28002 Madrid (Spain)

- Deloitte, S.L. ("**Deloitte**") has issued the audit report on certain features and attributes of a sample of all of BBVA's and BBVA FINANZIA's selected loans from which the Initial Receivables will be taken to be assigned to the Fund upon being established.

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

TIN: B-79104469

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

BBVA Group, to which BANCO BILBAO VIZCAYA ARGENTARIA S.A. is affiliated, has a 100.00 percent interest in the share capital of FINANZIA BANCO DE CRÉDITO S.A., and BANCO BILBAO VIZCAYA ARGENTARIA S.A. has an 87.5041 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, shall be responsible for managing and being the authorised representative of the Fund on the terms set in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and other applicable laws, and on the terms of the Deed of Constitution and this Prospectus.

### **6.1 Incorporation and registration at the Companies Register.**

EUROPEA 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, pursuant to an authorisation granted by a Ministerial Order dated October 4, 1999 and in a deed executed on October 25, 1999 before Madrid Notary Public Mr Luis Felipe Rivas Recio, his document number 3,289, which was entered under number 33 of the sheet opened for the Company in said Companies Register.

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

### **6.2 Audit.**

The annual accounts of EUROPEA DE TITULIZACIÓN for the years ended on December 31, 2009, 2008 and 2007 have been audited by the firm Deloitte.

The relevant audit reports are unqualified.

### **6.3 Principal activities.**

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

EUROPEA DE TITULIZACIÓN manages 111 securitisation funds at the registration date of this Prospectus, 20 being mortgage securitisation funds and 91 being asset securitisation funds.

The following table itemises the 111 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances as at November 30, 2010.

Securitisation Fund	Establishment	Initial Bond Issue EUR	Bond Issue Balance 30.11.2010 EUR	Δ%	Bond Issue Balance 31.12.2009 EUR	Δ%	Bond Issue Balance 31.12.2008 EUR
<b>TOTAL</b>		<b>154,505,296,652.96</b>	<b>87,489,189,452.81</b>	<b>-8.0%</b>	<b>95,124,784,480.79</b>	<b>-0.32%</b>	<b>95,428,214,189.99</b>
<b>Mortgage (FTH)</b>		<b>15,117,046,652.96</b>	<b>5,605,194,529.54</b>	<b>-11.1%</b>	<b>6,304,505,622.07</b>	<b>-10.76%</b>	<b>7,064,807,436.13</b>
Bankinter 15 FTH	08.10.2007	1,525,500,000.00	1,199,380,289.54	-7.4%	1,295,824,891.50	-7.1%	1,395,112,380.00
Bankinter 14 FTH	19.03.2007	964,000,000.00	741,691,733.62	-5.4%	784,061,288.38	-6.0%	834,115,075.93
Bankinter 12 FTH	06.03.2006	1,200,000,000.00	751,172,515.36	-6.8%	805,848,578.88	-8.8%	883,553,888.64
Valencia Hipotecario 2 FTH	07.12.2005	950,000,000.00	504,368,283.20	-10.9%	566,068,308.45	-10.3%	630,751,948.45
Bankinter 11 FTH	28.11.2005	900,000,000.00	550,820,207.52	-9.0%	605,205,937.04	-8.4%	660,398,419.92
Bankinter 7 FTH	18.02.2004	490,000,000.00	196,595,392.10	-8.4%	214,557,164.88	-10.3%	239,121,435.14
Bankinter 5 FTH	16.12.2002	710,000,000.00	222,631,087.77	-12.6%	254,742,389.25	-12.1%	289,676,798.81
BZ Hipotecario 4 FTH	27.11.2002	313,400,000.00	62,053,257.70	-19.8%	77,326,346.08	-16.4%	92,465,223.44
Rural Hipotecario IV FTH	14.11.2002	520,000,000.00	139,680,009.64	-12.8%	160,111,798.51	-13.6%	185,213,314.44
Bancaja 4 FTH	05.11.2002	1,000,000,000.00	237,445,873.25	-9.7%	263,073,467.95	-12.9%	302,038,681.15
Bankinter 4 FTH	24.09.2002	1,025,000,000.00	328,510,519.60	-12.9%	377,048,929.64	-12.9%	432,999,671.58
Rural Hipotecario III FTH	14.05.2002	325,000,000.00	79,202,910.88	-12.5%	90,567,539.11	-14.4%	105,771,208.78
Bankinter 3 FTH	22.10.2001	1,322,500,000.00	329,921,227.27	-14.7%	386,962,104.55	-14.3%	451,287,203.74
BZ Hipotecario 3 FTH	23.07.2001	310,000,000.00	45,754,060.63	-20.5%	57,520,198.48	-18.1%	70,236,608.06
Rural Hipotecario II FTH	29.05.2001	235,000,000.00	38,537,858.80	-18.6%	47,318,092.00	-18.7%	58,205,527.00
BZ Hipotecario 2 FTH	28.04.2000	285,000,000.00	23,975,263.74	-20.9%	30,317,398.50	-21.6%	38,645,672.22
Rural Hipotecario I FTH	22.02.2000	200,000,000.00	19,231,143.08	-23.1%	25,015,790.78	-23.2%	32,562,907.76
Bankinter 2 FTH	25.10.1999	320,000,000.00	54,799,694.62	-16.3%	65,483,921.41	-16.1%	78,041,823.55
Bankinter 1 FTH	12.05.1999	600,000,000.00	57,766,431.60	-22.3%	74,298,445.20	-21.5%	94,625,851.08
BZ Hipotecario 1 FTH	16.04.1999	350,000,000.00	21,656,769.62	-21.9%	27,715,102.40	-26.4%	37,673,057.52
Hipotecario 2 FTH	04.12.1998	1,051,771,182.67	liquidated	-100.0%	95,437,929.08	-24.4%	126,168,514.90
Bancaja 2 FTH	23.10.1998	240,404,841.75	liquidated		0.00	-100.0%	26,142,224.02
Bancaja 1 FTH	18.07.1997	120,202,420.88	liquidated				
BBV-MBS I FTH	30.11.1995	90,151,815.66	liquidated				
Hipotecario 1 FTH	20.09.1993	69,116,392.00	liquidated				
<b>Asset (FTA)</b>		<b>139,388,250,000.00</b>	<b>81,883,994,923.27</b>	<b>-7.8%</b>	<b>88,820,278,858.72</b>	<b>0.5%</b>	<b>88,363,406,753.86</b>
MBS Bancaja 7 FTA	23.07.2010	875,000,000.00	864,925,166.00				
BBVA Empresas 4 FTA	19.07.2010	1,700,000,000.00	1,596,388,740.00				
Bankinter 20 FTA	12.07.2010	1,650,000,000.00	1,633,852,110.00				
BBVA RMBS 9 FTA	19.04.2010	1,295,000,000.00	1,274,911,442.00				
BBVA Empresas 3 FTA	21.12.2009	2,600,000,000.00	2,151,249,113.00	-17.3%	2,600,000,000.00		
BBVA Consumo 4 FTA	09.12.2009	1,100,000,000.00	1,100,000,000.00	0.0%	1,100,000,000.00		
Rural Hipotecario XII FTA	04.11.2009	910,000,000.00	861,107,483.26	-5.4%	910,000,000.00		
Bancaja Leasing 1 FTA	22.10.2009	800,000,000.00	686,594,240.00	-14.2%	800,000,000.00		
PYME Bancaja 8 FTA	29.07.2009	510,000,000.00	360,697,687.23	-23.3%	470,489,720.34		
BBVA RMBS 8 FTA	16.07.2009	1,220,000,000.00	1,128,696,715.24	-5.4%	1,192,955,474.32		
FTGENVAL Bancaja 1 FTA	27.05.2009	300,000,000.00	280,869,849.15	-4.2%	293,197,827.16		
Bankinter 19 FTA	27.04.2009	1,650,000,000.00	1,471,014,107.72	-6.5%	1,572,945,906.41		
Bancaja – BVA VPO 1 FTA	03.04.2009	390,000,000.00	353,724,619.20	-6.7%	378,989,215.62		
Bankinter Empresas 1 FTA	16.03.2009	710,000,000.00	531,822,029.12	-14.4%	621,086,659.64		
PYME Valencia 2 FTA	13.03.2009	500,000,000.00	316,198,103.00	-21.2%	401,239,970.75		
BBVA Empresas 2 FTA	09.03.2009	2,850,000,000.00	1,714,432,684.80	-28.1%	2,385,510,616.08		
Rural Hipotecario XI FTA	25.02.2009	2,200,000,000.00	1,922,482,984.73	-6.6%	2,058,061,171.21		
MBS Bancaja 6 FTA	02.02.2009	1,000,000,000.00	876,127,772.80	-6.4%	936,480,259.20		
Financiación Bancaja 1 FTA	22.12.2008	550,000,000.00	231,624,118.00	-34.1%	351,393,557.90	-36.1%	550,000,000.00
Valencia Hipotecario 5 FTA	17.12.2008	500,000,000.00	442,104,609.20	-7.1%	475,658,337.20	-4.9%	500,000,000.00
Bancaja 13 FTA	09.12.2008	2,895,000,000.00	2,604,066,078.68	-3.9%	2,710,128,255.53	-6.4%	2,895,000,000.00
BBVA RMBS 7 FTA	24.11.2008	8,500,000,000.00	6,770,924,335.60	-8.9%	7,430,357,956.60	-12.6%	8,500,000,000.00
BBVA RMBS 6 FTA	10.11.2008	4,995,000,000.00	4,187,017,498.33	-8.9%	4,595,381,161.10	-8.0%	4,995,000,000.00
Bankinter 18 FTA	10.11.2008	1,500,000,000.00	1,344,584,553.88	-5.9%	1,428,581,680.72	-4.8%	1,500,000,000.00
PYME Bancaja 7 FTA	10.10.2008	1,100,000,000.00	557,755,684.64	-22.1%	715,606,095.20	-33.1%	1,069,150,856.96
Bankinter 4 FTPYME FTA	15.09.2008	400,000,000.00	283,607,840.00	-17.7%	344,424,960.00	-13.9%	400,000,000.00
BBVA-8 FTPYME FTA	21.07.2008	1,100,000,000.00	570,848,507.93	-24.6%	757,330,272.11	-24.7%	1,005,182,459.39
Rural Hipotecario X FTA	25.06.2008	1,880,000,000.00	1,517,237,799.68	-9.0%	1,667,334,397.76	-8.4%	1,820,587,870.08
Bankinter Leasing 1 FTA	23.06.2008	400,000,000.00	194,687,942.92	-39.4%	321,039,895.66	-19.7%	400,000,000.00
Bankinter 17 FTA	09.06.2008	1,000,000,000.00	832,283,990.50	-7.5%	899,373,994.75	-7.5%	972,781,741.00
BBVA RMBS 5 FTA	26.05.2008	5,000,000,000.00	4,101,046,587.50	-6.6%	4,391,731,542.50	-9.0%	4,823,797,380.00
MBS Bancaja 5 FTA	08.05.2008	1,850,000,000.00	liquidated	-100.0%	1,544,033,626.02	-12.6%	1,767,311,250.78
BBVA Consumo 3 FTA	14.04.2008	975,000,000.00	499,981,899.30	-31.1%	725,507,253.90	-25.6%	975,000,000.00
Bancaja 12 FTA	09.04.2008	2,100,000,000.00	liquidated		0.00	-100.0%	2,033,236,240.16
Bankinter 16 FTA	10.03.2008	2,043,000,000.00	1,706,268,984.20	-5.3%	1,801,422,339.60	-6.3%	1,922,024,851.80
BBVA-7 FTGENCAT FTA	11.02.2008	250,000,000.00	98,251,038.02	-33.0%	146,547,853.29	-30.1%	209,714,529.60
Valencia Hipotecario 4 FTA	21.12.2007	978,500,000.00	778,705,220.62	-9.8%	863,076,722.80	-6.2%	919,895,774.04
Ruralpyme 3 FTA	19.12.2007	830,000,000.00	428,126,753.76	-24.8%	569,542,740.24	-19.3%	706,144,431.44
BBVA RMBS 4 FTA	19.11.2007	4,900,000,000.00	3,560,901,172.00	-9.2%	3,920,709,204.00	-12.1%	4,459,929,696.00
Bankinter 3 FTPYME FTA	12.11.2007	617,400,000.00	376,004,300.94	-16.0%	447,362,856.00	-14.9%	525,513,852.00

Securitisation Fund	Establishment	Initial Bond Issue EUR	Bond Issue Balance 30.11.2010 EUR	Δ%	Bond Issue Balance 31.12.2009 EUR	Δ%	Bond Issue Balance 31.12.2008 EUR
BBVA Empresas 1 FTA	05.11.2007	1,450,000,000.00	464,278,270.24	-35.4%	718,897,500.00	-33.0%	1,073,707,300.00
FTPYME Bancaja 6 FTA	26.09.2007	1,027,000,000.00	318,243,869.91	-26.2%	431,450,959.71	-39.3%	710,816,961.05
BBVA RMBS 3 FTA	23.07.2007	3,000,000,000.00	2,389,246,080.00	-4.1%	2,492,220,480.00	-9.0%	2,739,937,080.00
PYME Valencia 1 FTA	20.07.2007	865,300,000.00	308,935,387.48	-17.2%	373,035,703.96	-30.4%	536,115,603.28
Bancaja 11 FTA	16.07.2007	2,022,900,000.00	1,536,849,365.20	-7.0%	1,652,066,780.50	-10.1%	1,838,382,680.00
BBVA Leasing 1 FTA	25.06.2007	2,500,000,000.00	941,401,503.16	-38.4%	1,528,183,660.66	-38.9%	2,500,000,000.00
BBVA-6 FTPYME FTA	11.06.2007	1,500,000,000.00	489,035,028.78	-26.2%	663,014,901.98	-32.1%	975,935,302.62
BBVA Finanzia Autos 1 FTA	30.04.2007	800,000,000.00	322,565,825.60	-34.6%	493,290,240.80	-29.2%	697,029,804.80
MBS Bancaja 4 FTA	27.04.2007	1,873,100,000.00	1,197,528,625.66	-10.1%	1,331,395,185.53	-15.4%	1,573,100,000.00
Rural Hipotecario IX FTA	28.03.2007	1,515,000,000.00	1,042,902,388.55	-9.3%	1,149,260,439.02	-9.3%	1,267,346,992.47
BBVA RMBS 2 FTA	26.03.2007	5,000,000,000.00	3,582,078,000.00	-5.7%	3,797,069,760.00	-8.6%	4,152,695,095.00
BBVA RMBS 1 FTA	19.02.2007	2,500,000,000.00	1,795,300,220.00	-5.8%	1,906,554,860.00	-8.1%	2,073,701,700.00
Bancaja 10 FTA	26.01.2007	2,631,000,000.00	1,833,377,080.70	-7.9%	1,989,810,788.90	-9.6%	2,202,073,104.00
BBVA Consumo 2 FTA	27.11.2006	1,500,000,000.00	620,919,004.59	-29.3%	878,727,371.21	-35.2%	1,356,588,688.04
Ruralpyme 2 FTPYME FTA	24.11.2006	617,050,000.00	247,667,951.10	-24.5%	327,887,662.50	-18.7%	403,363,458.20
Bankinter 13 FTA	20.11.2006	1,570,000,000.00	1,090,917,828.60	-7.8%	1,183,585,431.42	-8.1%	1,288,480,982.94
Valencia Hipotecario 3 FTA	15.11.2006	911,000,000.00	596,831,519.54	-7.4%	644,411,983.67	-8.7%	705,734,244.09
BBVA-5 FTPYME FTA	23.10.2006	1,900,000,000.00	451,367,505.80	-28.5%	630,892,097.77	-35.2%	974,218,142.16
PYME Bancaja 5 FTA	02.10.2006	1,178,800,000.00	221,764,846.04	-23.9%	291,350,612.62	-40.9%	493,376,579.84
Bankinter 2 PYME FTA	26.06.2006	800,000,000.00	326,683,060.80	-18.4%	400,433,517.80	-19.0%	494,613,353.00
Consumo Bancaja 1 FTA	26.06.2006	612,900,000.00	132,129,498.42	-46.4%	246,603,579.75	-42.8%	431,331,180.57
Rural Hipotecario VIII FTA	26.05.2006	1,311,700,000.00	784,967,531.08	-10.0%	872,584,733.56	-9.2%	960,987,411.88
BBVA Consumo 1 FTA	08.05.2006	1,500,000,000.00	428,278,816.50	-40.5%	719,358,618.00	-40.0%	1,199,925,867.75
MBS BANCAJA 3 FTA	03.04.2006	810,000,000.00	425,420,710.80	-7.4%	459,506,012.00	-9.7%	509,113,362.00
Bancaja 9 FTA	02.02.2006	2,022,600,000.00	1,092,950,990.00	-7.0%	1,175,063,370.00	-10.8%	1,316,933,640.00
BBVA Autos 2 FTA	12.12.2005	1,000,000,000.00	294,838,633.00	-35.5%	456,868,244.35	-34.5%	697,184,035.75
EdT FTPYME Pastor 3 FTA	05.12.2005	520,000,000.00	77,452,747.47	-32.3%	114,482,719.69	-34.0%	173,518,158.86
Rural Hipotecario Global I FTA	18.11.2005	1,078,000,000.00	554,940,359.11	-10.9%	622,982,875.09	-10.8%	698,705,903.35
FTPYME Bancaja 4 FTA	07.11.2005	1,524,000,000.00	173,615,860.00	-24.2%	228,939,618.16	-33.1%	342,336,309.04
BBVA-4 PYME FTA	26.09.2005	1,250,000,000.00	138,483,007.62	-36.0%	216,342,912.30	-40.0%	360,632,613.03
Bankinter 10 FTA	27.06.2005	1,740,000,000.00	947,465,957.42	-7.5%	1,023,853,480.00	-9.3%	1,129,269,953.14
MBS Bancaja 2 FTA	27.06.2005	809,200,000.00	315,822,324.56	-11.1%	355,390,981.76	-12.5%	406,244,255.92
BBVA Hipotecario 3 FTA	13.06.2005	1,450,000,000.00	350,291,439.85	-27.8%	485,304,136.86	-24.4%	642,055,733.17
Rural Hipotecario VII FTA	29.04.2005	1,100,000,000.00	530,749,605.86	-8.8%	581,961,795.01	-10.8%	652,623,985.37
Bancaja 8 FTA	22.04.2005	1,680,100,000.00	750,143,953.12	-8.6%	821,157,887.86	-9.7%	909,687,849.80
Bankinter 9 FTA	14.02.2005	1,035,000,000.00	534,746,763.92	-10.3%	596,171,265.48	-10.2%	663,544,032.70
BBVA-3 FTPYME FTA	29.11.2004	1,000,000,000.00	112,250,270.07	-37.2%	178,674,389.24	-33.8%	269,966,083.10
Ruralpyme 1 FTPYME FTA	23.11.2004	214,000,000.00	44,177,265.16	-22.2%	56,765,323.81	-24.3%	74,962,808.98
BBVA Autos 1 FTA	25.10.2004	1,000,000,000.00	108,768,900.00	-41.9%	187,053,270.00	-45.5%	343,148,435.00
FTPYME Bancaja 3 FTA	11.10.2004	900,000,000.00	98,160,925.12	-25.0%	130,925,342.50	-27.1%	179,663,794.99
Bancaja 7 FTA	12.07.2004	1,900,000,000.00	693,905,381.26	-9.9%	770,293,444.20	-11.0%	865,846,478.84
Rural Hipotecario VI FTA	07.07.2004	950,000,000.00	391,274,194.95	-10.5%	437,073,494.75	-10.6%	488,624,113.56
MBS Bancaja 1 FTA	17.05.2004	690,000,000.00	163,798,028.26	-16.3%	195,619,808.47	-17.1%	236,017,686.48
Valencia Hipotecario 1 FTA	23.04.2004	472,000,000.00	174,746,077.87	-13.7%	202,532,491.31	-12.7%	232,007,756.74
Bankinter 8 FTA	03.03.2004	1,070,000,000.00	440,929,733.08	-9.1%	485,087,041.82	-11.3%	546,915,812.87
Bancaja 6 FTA	03.12.2003	2,080,000,000.00	582,570,910.48	-11.4%	657,735,200.72	-12.3%	749,696,558.52
Rural Hipotecario V FTA	28.10.2003	695,000,000.00	245,828,260.86	-9.5%	271,507,418.48	-12.1%	308,893,570.42
Bankinter 6 FTA	25.09.2003	1,350,000,000.00	546,095,665.27	-11.4%	616,665,281.34	-10.6%	689,596,864.79
FTPYME Bancaja 2 FTA	19.09.2003	500,000,000.00	59,484,796.55	-23.4%	77,697,470.75	-22.7%	100,471,032.89
Bancaja 5 FTA	14.04.2003	1,000,000,000.00	264,413,136.50	-11.3%	298,094,986.95	-12.7%	341,277,231.90
Bancaja 3 FTA	29.07.2002	520,900,000.00	246,458,095.11	-13.2%	283,985,376.55	-17.6%	344,588,694.79
FTPYME Bancaja 1 FTA	04.03.2002	600,000,000.00	liquidated		0.00	-100.0%	64,005,795.00
BBVA-2 FTPYME-ICO FTA	01.12.2000	900,000,000.00	19,278,789.30	-36.4%	30,328,236.90	-44.5%	54,615,458.88
BCL Municipios I FTA	21.06.2000	1,205,000,000.00	170,539,170.00	-23.3%	222,252,950.00	-24.7%	295,005,440.00
BBVA-1 FTA	24.02.2000	1,112,800,000.00	liquidated	-100.0%	30,373,639.40	-60.3%	76,510,839.04

## 6.4 Share capital and equity.

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

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

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

(EUR)	30.09.2010	Δ% **	31.12.2009	Δ%	31.12.2008
<b>Equity *</b>	<b>16,405,469.49</b>	<b>59.88%</b>	<b>10,260,817.24</b>	<b>66.54%</b>	<b>6,161,104.95</b>
Capital	1,803,037.50	0.00%	1,803,037.50	0.00%	1,803,037.50
Reserves	14,602,431.99	72.65%	8,457,779.74	94.07%	4,358,067.45
Legal	360,607.50	0.00%	360,607.50	0.00%	360,607.50
Voluntary	14,241,824.49	75.89%	8,097,172.24	102.56%	3,997,459.95
<b>Year's profit</b>	<b>4,799,642.23</b>		<b>6,144,652.25</b>	<b>49.88%</b>	<b>4,099,712.29</b>

\* Does not include year's profit

\*\* With respect to 31.12.2009

#### 6.5 Existence or not of shareholdings in other companies.

There are no shareholdings in any other company.

#### 6.6 Administrative, management and supervisory bodies.

Under the articles of association, the General Shareholders' Meeting and the Board of Directors are entrusted with governing and managing the Management Company. Their duties and authorities are as prescribed for those bodies in the 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 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:

<b>Chairman:</b>	Mr Roberto Vicario Montoya <sup>(*)</sup> <sup>(**)</sup>
<b>Vice-Chairman:</b>	Mr Pedro María Urresti Laca <sup>(**)</sup>
<b>Directors:</b>	Mr Ignacio Echevarría Soriano <sup>(*)</sup> <sup>(**)</sup>
	Ms Ana Fernández Manrique <sup>(**)</sup>
	Mr Mario Masiá Vicente <sup>(*)</sup>
	Mr Justo de Rufino Portillo <sup>(*)</sup> <sup>(**)</sup>
	Mr Borja Uriarte Villalonga on behalf of Bankinter, 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.

(\*\*) Proprietary Directors for BBVA.

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

##### General Manager.

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

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

Mr Roberto Vicario Montoya, Mr Pedro María Urresti Laca, Ms Ana Fernández Manrique, Mr Justo de Rufino Portillo and Mr Ignacio Echevarría Soriano are currently members of staff of BBVA, in turn a Servicer, an Originator of the Receivables, the Lead Manager and a Subscriber of the Bond Issue and counterparty under the Guaranteed Interest Rate Account (Treasury Account), Guaranteed Interest Rate Account (Principal Account), Subordinated Loan, Start-Up Loan, Financial Swap, Financial Intermediation and Bond Paying Agent Agreements. The following are details of the offices held at BBVA by the persons directly responsible for or directly involved in selecting the assets to be pooled in or in designing the financial structure of the Fund:

- Mr Ignacio Echevarría Soriano is currently Director, Capital and Securitisations Base Management.

**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 as at the registration date of this Registration Document 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.

**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 share capital holding of each one:

<b>Name of shareholder company</b>	<b>Holding (%)</b>
Banco Bilbao Vizcaya Argentaria, S.A.	87.5041
J.P. Morgan España, S.A.	4.0000
Bankinter, S.A.	1.5623
Caja de Ahorros del Mediterráneo	1.5420
Banco Sabadell, S.A.	1.5317
Banco Cooperativo Español, S.A.	0.7965
Banco Pastor, S.A.	0.7658
Banco de la Pequeña y Mediana Empresa, S.A.	0.7658
BNP Paribas España, S.A.	0.7658
Caja de Ahorros y Monte de Piedad de Madrid	0.3829
Caja España de Inversiones, Salamanca y Soria, Caja de Ahorros y Monte de Piedad	0.3829
	100.0000

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

EUROPEA DE TITULIZACIÓN has established an Internal Code of Conduct in fulfilment of the provisions of Chapter III of Royal Decree 217/2008, February 15, on the legal system of investment services companies and other undertakings providing investment services and partially amending the implementing Regulations of Undertakings for Collective Investment Act 35/2003, November 4, approved by Royal Decree 1309/2005, November 4, 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 of the Issuer as at the date of the Registration Document.**

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

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

Not applicable.

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

Not applicable.

**8.3 Legal and arbitration proceedings.**

Not applicable.

**8.4 Material adverse change in the Issuer's financial position.**

Not applicable.

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

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

No statement or report is included.

**9.2 Information sourced from a third party.**

No information sourced from a third party is included.

**10. DOCUMENTS ON DISPLAY**

**10.1 Documents on display.**

If necessary, the following documents or a copy thereof shall be on display during the period of validity of this Registration Document and throughout the life of the Fund:

- a) the Deed of Constitution of the Fund and the notarised certificates assigning Receivables;
- b) the transcripts of the Management Company's and the Originators' corporate resolutions;
- c) this Prospectus;
- d) the audit report on certain features and attributes of a sample of all of BBVA's and BBVA FINANZIA's selected loans from which the Initial Receivables will be taken to be assigned to the Fund upon being established;

- e) the Rating Agencies' letter notifying the provisional and final ratings assigned to the Bond Issue;
- f) the letter from BBVA taking responsibility, with the Management Company, for the Securities Note;
- g) the notarial certificate of payment of the Bond Issue, once the Bond Issue is paid up;
- h) the Management Company's annual accounts and the relevant audit reports; and
- i) the Management Company's articles and memorandum of association.

Those documents are physically on display at the registered office of EUROPEA DE TITULIZACIÓN at Madrid, calle Lagasca number 120.

Moreover, the Prospectus is also on display at the website of EUROPEA DE TITULIZACIÓN, at [www.edt-sg.es](http://www.edt-sg.es), and of the CNMV at [www.cnmv.es](http://www.cnmv.es).

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

In addition, the documents listed in a) to g) are on display 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 5 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note and the Building Block.

Mr Mario Masiá Vicente, General Manager of the Management Company, is acting using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993, January 28, 2000, November 23, 2009 and March 31, 2010, and expressly for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee on November 3, 2010.

- 1.1.2 Mr Fernando Delgado Parra and Mr Álvaro Prados de Ireazábal, 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 5 FONDO DE TITULIZACIÓN DE ACTIVOS, take responsibility for the contents of this Securities Note and the Building Block.

Mr Fernando Delgado Parra is acting as attorney-in-fact for the Lead Manager BBVA using the powers conferred on him before Madrid Notary Public Mr Ramón Corral Beneyto on February 20, 2007, his document number 745.

Mr Álvaro Prados de Ireazábal is acting as attorney-in-fact for the Lead Manager BBVA using the powers conferred on him before Madrid Notary Public Mr Ramón Corral Beneyto on June 5, 2007, his document number 2412.

#### **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 and the Building Block 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 Fernando Delgado Parra and Mr Álvaro Prados de Ireazábal declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note and the Building Block is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

### **2 RISK FACTORS**

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

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

The risk factors linked to the assets backing the Bond Issue are described in paragraph 3 of the preceding Risk Factors section of this Prospectus.

### 3 KEY INFORMATION

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

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

- a) EUROPEA DE TITULIZACIÓN is the Fund Management Company.
- b) BBVA and EUROPEA DE TITULIZACIÓN have structured the financial terms of the Fund and the Bond Issue.
- c) BBVA is one of the Originators of the Receivables to be pooled in the Fund and shall be the Fund's counterparty under the Subordinated Loan, Start-Up Loan, Receivable Servicing, Guaranteed Interest Rate Account (Treasury Account), Guaranteed Interest Rate Account (Principal Account), Financial Swap, Paying Agent, Management and Subscription and Financial Intermediation Agreements. In addition, BBVA is involved as the Lead Manager and shall be one of the Subscribers of the Bond Issue and the Bond Issue Paying Agent.
- d) BBVA FINANZIA is one of the Originators of the Receivables to be pooled in the Fund and shall be the Fund's counterparty under the Subordinated Loan, Start-Up Loan, Receivable Servicing, Management and Subscription and Financial Intermediation Agreements, and shall be one of the Subscribers of the Bond Issue.
- e) Deloitte has audited certain features and attributes of a sample of all of BBVA's and BBVA FINANZIA's selected loans from which the Initial Receivables will be taken to be assigned to the Fund upon being established.
- f) Moody's and S&P are the Rating Agencies that have assigned the rating to the Bond Issue.

The Management Company is not aware of the existence of another significant link or economic interest between the aforesaid institutions involved in the Bond Issue, other than as detailed in section 5.2 of the Registration Document.

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

#### 4.1 Total amount of the securities and subscription.

##### 4.1.1 Total amount of the securities.

The total face value amount of the issue of Asset-Backed Bonds (either the "**Bond Issue**" or the "**Bonds**") is EUR nine hundred million (900,000,000.00), consisting of nine thousand (9,000) Bonds denominated in Euros.

##### 4.1.2 Bond issue price.

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

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

##### 4.1.3 Subscription for the Bond Issue.

The Bond Issue shall be subscribed for by BBVA and BBVA FINANZIA (the "**Originators**") under the Bond Issue management and subscription agreement (the "**Management and Subscription Agreement**") to be entered into with the Management Company for and on behalf of the Fund. The number of Bonds and the face amount to be respectively subscribed for by each Subscriber shall be determined upon the Fund

being established pro rata to the face value of the Initial Receivables assigned by each Originator to the Fund.

BBVA and BBVA FINANZIA shall receive no fee for subscribing for the Bond Issue and shall pay to the Fund on the Closing Date, for same day value, the total price for subscribing for the Bonds they shall have subscribed for at face value. BBVA shall receive no fee for leading the Bond Issue.

The Management and Subscription Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to the Bonds as final ratings by 2pm CET on December 21, 2010.

#### **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 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) Additional Provision Five of Act 3/1994, as currently worded, (iv) the Securities Market Act and applicable implementing regulations, (v) Regulation 809/2004, (vi) Royal Decree 1310/2005, and (vii) all other legal and statutory provisions in force and applicable from time to time.

The Deed of Constitution, the Bond issue and the agreements relating to transactions for hedging financial risks and provision of services on the Fund's behalf shall be subject to Spanish Law and shall be governed by and construed in accordance with Spanish Laws.

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

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

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

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

#### **4.5 Currency of the issue.**

The Bonds shall be denominated in Euros.

#### **4.6 Ranking of the securities.**

The Bonds issued by the Fund are all in a single series or class. There is no subordination whatsoever among them.

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

Payment of interest accrued by the Bonds is (i) fourth (4<sup>th</sup>) 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 (5<sup>th</sup>) 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 the Fund priority of payments.**

The Principal Withholding amount designed for acquiring Additional Receivables and, after the Revolving Period ends, for amortising the Bonds is fifth (5<sup>th</sup>) 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.

Bond principal repayment is sixth (6<sup>th</sup>) 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 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, as such, have no recourse whatsoever against Receivable 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 Receivables, 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.

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

All matters, disagreements, actions and claims deriving from the Management Company's establishment, administration and authorised representation of BBVA CONSUMO 5 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.**

Bonds shall, from the Closing Date until they mature fully, accrue yearly nominal interest, floating and payable quarterly, which shall be the result of applying the policies established hereinafter.

The resultant yearly nominal interest rate (hereinafter the "**Nominal Interest Rate**") shall be payable quarterly in arrears on each Payment Date on the Outstanding Principal Balance of the Bonds at the

preceding Determination Date, provided that the Fund has sufficient liquidity in the Priority of Payments or, on the Fund liquidation date, in the Liquidation Priority of Payments.

Withholdings, interim payments, contributions and taxes now or hereafter established 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 the Bonds shall be divided into successive interest accrual periods (the “**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, December 22, 2010, inclusive, and the first Payment Date, May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days, 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 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 0.30% margin.

The resultant Nominal Interest Rate shall be expressed as a percentage to three decimal spaces rounding the relevant figure to the nearest thousandth, rounding up when equidistant.

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

The reference rate (the “**Reference Rate**”) for determining the Nominal Interest Rate applicable to the Bonds is as follows:

- i) Other than for the first Interest Accrual Period, three- (3-) month Euribor, “Euro Interbank Offered Rate”, calculated and distributed by the BRIDGE financial information system under an FBE (“Fédération Bancaire de l’Union Européenne”) mandate, set at 11am (CET or “Central European Time”) on the Interest Rate Fixing Date described below, which is currently published on electronic page EURIBOR01 supplied by Reuters, or any other page taking its stead in providing these services.

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be five- (5-) month Euribor, set at 11am (CET) on the Business Day preceding the Closing Date.

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

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

Exceptionally, the substitute Reference Rate for the first Interest Accrual Period shall be the rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable five- (5-) month deposit transactions in Euros, declared by the banks as provided for in paragraph one above, following a simultaneous request to each of their headquarters by the Paying Agent as soon as possible after 11am (CET) on the Business Day preceding the Closing Date.

The resultant Nominal Interest Rate shall be expressed as a percentage to three decimal places rounding off the relevant number to the nearest thousandth, rounding up when equidistant.

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 i) and ii) above should not be available or be impossible to obtain, the last Reference Rate or substitute Reference Rate applied to the next preceding Interest Accrual Period shall apply, and so on for subsequent Interest Accrual Periods whilst matters remain the same. For the first Interest Accrual Period, five- (5-) month Euribor available immediately before 11am (CET) on the Business Day preceding the Closing Date shall be applied, calculated and distributed as described in the first paragraph of i) above.

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

#### 4.8.1.4 **Interest Rate Fixing Date.**

The Management Company shall, for and on behalf of the Fund, determine the Nominal Interest Rate applicable to the Bonds 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 for the first Interest Accrual Period as provided for in sections 4.8.1.2 and 4.8.1.3 above, on the Business Day preceding the Closing Date, and shall notify the same in writing on the same day to the Subscribers. The Management Company will also notify this to the Paying Agent, AIAF and Iberclear.

The Nominal Interest Rate determined for the Bonds for each subsequent Interest Accrual Period 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.**

Bond interest settlement, payable on each Payment Date for each Interest Accrual Period, shall be calculated 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.*

*P = Outstanding Principal Balance of the Bonds at the Determination Date preceding that Payment Date.*

*R = Nominal Interest Rate expressed as a yearly percentage.*

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

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

Interest on the Bonds will be paid until they are finally amortised by Interest Accrual Periods in arrears on February 21, May 21, August 21 and November 21 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 shall be May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, December 22, 2010, inclusive, and May 23, 2011, 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 2 calendar (or future replacement calendar).

Both interest resulting for Bondholders 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 on the date on which the Fund is liquidated in accordance with the Liquidation Priority of Payments.

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 the Priority of Payments, interest amounts not paid shall be accumulated on the following Payment Date to interest that should be paid on that same Payment Date, and will be paid in the Priority of Payments and applied by order of maturity if it should be impossible once again not to pay the same fully due to a shortfall of Available Funds.

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 November 21, 2025, 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, and therefore the Management Company shall, for and on behalf of the Fund, enter into a Paying Agent Agreement with BBVA as set out in section 5.2.1 of this Securities Note.

#### **4.9 Maturity date and amortisation of the securities.**

##### **4.9.1 Bond redemption price.**

The redemption price of the Bonds 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 shall be amortised in an equal amount by reducing the face amount of each Bond.

##### **4.9.2 Bond amortisation.**

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 by reducing the face amount of each Bond, as provided for in section 4.9.3.1.3 below concerning Principal Withholding.

The first partial amortisation of the Bonds shall occur on the Payment Date falling on February 21, 2013 or on a previous Payment Date in the event of early termination of the Receivables Revolving Period.

Notwithstanding partial or total amortisation resulting from partial amortisation as provided for in the preceding paragraph, final amortisation of the Bonds shall occur on the Final Maturity Date (November 21, 2025 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 Characteristics applicable to Bond amortisation.**

##### **4.9.3.1 Partial amortisation of the Bonds.**

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

##### **4.9.3.1.1 Determination Dates and Determination Periods.**

Determination dates (the “**Determination Dates**”) will be the dates falling on the seventh (7<sup>th</sup>) 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 May 12, 2011.

Determination periods (the “**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 but 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, May 12, 2011, 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 liquidation of the Fund concludes, as provided for in sections 4.4.3 and 4.4.4 of the Registration Document, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date b) but including the last date a).

##### **4.9.3.1.2 Outstanding Principal Balance of the Bonds.**

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

##### **4.9.3.1.3 Principal Withholding on each Payment Date.**

On each Payment Date, the Available Funds shall be used in fifth (5<sup>th</sup>) place in the Priority of Payments for withholding the amount designed for acquiring Additional Receivables and, after the Revolving Period ends, for amortising the Bonds as a whole (“**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 Receivables and b) the Principal Account balance.

Depending on the liquidity existing on each Payment Date, the amount of the Available Funds actually applied 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 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 actually applied in fifth (5<sup>th</sup>) 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.

#### 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 Receivables Revolving Period, the Principal Available Funds shall be applied to payment of the assignment price comprising the face value of the outstanding capital or principal of the Additional Receivables acquired by the Fund on the relevant Payment Date.

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

2. After the Revolving Period ends, the Principal Available Funds shall be sequentially applied to amortising the Bonds 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 partial amortisation before the Final Maturity Date, the Management Company shall be authorised to proceed, as the case may be, to Early Liquidation of the Fund and hence 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 (the “**Final Maturity Date**”) and consequently the final amortisation of the Bonds is November 21, 2025 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 the entire 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 depend on several factors, most significant among which are the following:

- i) Acquisition by the Fund of Additional Receivables during the Revolving Period in order to replace the decrease in the amounts of the Receivables.
- ii) The repayment schedule and system of each Receivable established in the relevant document.
- iii) The Obligors' capacity to prepay the Receivables in whole or in part and the aggregate prepayment pace throughout the life of the Fund. In this sense, Receivable prepayments by Obligors, subject to continual changes, and estimated in this Prospectus using several performance assumptions of the future effective constant annual early amortisation or prepayment rate (hereinafter also “**CPR**”), are very significant and shall directly affect the pace at which Bonds are amortised, and therefore their average life and duration.
- iv) Changes in Receivable interest rates resulting in every instalment repayment amount differing.

v) Obligor's delinquency in payment of Receivable instalments.

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

- Loan (Receivables) interest rate: the interest rate in force for each selected loan at November 23, 2010 has been used in calculating the repayment instalments and interest of each of the selected loans;
- Receivable portfolio delinquency: 8.00% of the Outstanding Balance of the Receivables starting from 18 months after the Fund is established (monthly increases of 0.40% of the Outstanding Balance of the delinquent Receivables up to the aforesaid 8.00%). This delinquency rate is based on the historic performance of retail loans previously securitised by BBVA and BBVA FINANZIA and granted to individuals. The assumption is that 45% of the portfolio arrears is recovered within 18 months of becoming delinquent, the remaining receivables not recovered becoming doubtful;
- Receivable portfolio doubtfuls: 55% of the balance becoming delinquent as set out in the preceding paragraph, 20% being recovered within 36 months of becoming doubtful;
- that the Receivable prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is December 22, 2010;
- that the Receivables Revolving Period shall end early on the Payment Date falling on May 21, 2011 upon the occurrence of event b) provided for in section 2.2.2.2.1 of the Building Block, and until that Payment Date, exclusive, Additional Receivables shall be acquired on each Payment Date and in the aggregate Principal Available Funds on each such dates; and
- that the final maturity of the additional Receivables acquired during the Revolving Period is 5 years.

The actual adjusted duration and the yield or return on the Bonds will also depend on their floating rate. The nominal interest rate assumed for the first Interest Accrual Period results from five- (5-) month Euribor (1.162%) at December 10, 2010, and the 0.30% margin (set in section 4.8.1.2 of this Securities Note):

Bonds	
Nominal interest rate	1.462%

For subsequent Interest Accrual Periods, the floating interest rate of the Bonds is assumed to be constant as follows, resulting from 3-month Euribor (1.028%) at December 10, 2010 and the 0.30% margin (set in section 4.8.1.2 of this Securities Note):

Bonds	
Nominal interest rate	1.328%

#### 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 4.4.3.1(i) of the Registration Document when the Outstanding Balance of the Receivables is less than 10% of their initial Outstanding Balance upon the Fund being established, the average life, return (IRR) for the Bond subscriber, duration and final maturity of the Bonds for different CPRs of the Receivables, based on the performance over the last twelve months of similarly characterised loans previously securitised by the Originators, would be as follows:

<b>% CPR:</b>	<b>5.00%</b>	<b>8.00%</b>	<b>11.00%</b>
<b>Average life (years)</b>	3.14	2.99	2.86
<b>IRR</b>	1.371%	1.372%	1.373%
<b>Duration (years)</b>	3.02	2.88	2.75
<b>Final maturity</b>	21 08 2017	22 05 2017	21 02 2017
<b>(in years)</b>	6.67	6.42	6.17

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

- Whereas CPRs of the Receivables are assumed to be constant respectively at 5%, 8% and 11% 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 Receivable prepayment, delinquency and default rates.
- Whereas Bond nominal interest rates are assumed to be constant from the second Interest Accrual Period, the interest rate is known to float.
- It is assumed that the Management Company will exercise the Early Liquidation option of the Fund and thereby proceed to Early Amortisation of the Bond Issue when the Outstanding Balance of the Receivables is less than 10% of the Initial Outstanding Balance upon the Fund being set up, as provided in section 4.4.3.1.(i) of the Registration Document.

**ESTIMATED FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER  
(AMOUNTS IN EUR)  
CPR = 5.00%**

Payment Date	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	100,000.00	4,284.25	104,284.25
22/12/2010			
21/05/2011	0.00	609.17	609.17
22/08/2011	6,308.14	343.07	6,651.21
21/11/2011	6,092.63	314.51	6,407.15
21/02/2012	5,931.71	297.29	6,229.00
21/05/2012	5,752.47	271.14	6,023.61
21/08/2012	5,661.41	257.64	5,919.05
21/11/2012	5,476.40	238.43	5,714.83
21/02/2013	5,292.34	219.84	5,512.18
21/05/2013	5,070.66	195.30	5,265.96
21/08/2013	4,838.73	184.67	5,023.40
21/11/2013	4,545.78	168.25	4,714.03
21/02/2014	4,319.35	152.82	4,472.17
21/05/2014	4,117.53	133.66	4,251.19
21/08/2014	3,840.88	124.19	3,965.07
21/11/2014	3,484.12	111.15	3,595.27
23/02/2015	3,224.71	101.49	3,326.20
21/05/2015	2,996.37	83.58	3,079.95
21/08/2015	2,712.43	78.22	2,790.64
23/11/2015	1,936.98	70.51	2,007.49
22/02/2016	1,744.18	61.76	1,805.93
23/05/2016	1,581.60	55.90	1,637.50
22/08/2016	1,394.90	50.59	1,445.49
21/11/2016	1,205.67	45.91	1,251.58
21/02/2017	1,079.24	42.32	1,121.56
22/05/2017	955.85	37.82	993.67
21/08/2017	10,435.93	35.03	10,470.96

**ESTIMATED FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 8.00%**

Payment Date	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>100,000.00</b>	<b>4,085.37</b>	<b>104,085.37</b>
22/12/2010			
21/05/2011	0.00	609.17	609.17
22/08/2011	6,995.36	343.07	7,338.43
21/11/2011	6,677.16	312.21	6,989.37
21/02/2012	6,418.09	292.98	6,711.07
21/05/2012	6,136.12	265.30	6,401.42
21/08/2012	5,980.10	250.37	6,230.47
21/11/2012	5,723.14	230.07	5,953.21
21/02/2013	5,469.95	210.65	5,680.60
21/05/2013	5,167.56	185.82	5,353.38
21/08/2013	4,883.75	174.55	5,058.30
21/11/2013	4,538.54	157.98	4,696.52
21/02/2014	4,261.47	142.57	4,404.05
21/05/2014	4,005.43	123.93	4,129.37
21/08/2014	3,701.75	114.52	3,816.27
21/11/2014	3,326.38	101.95	3,428.33
23/02/2015	3,044.91	92.64	3,137.54
21/05/2015	2,791.89	75.97	2,867.85
21/08/2015	2,498.37	70.86	2,569.23
23/11/2015	1,759.70	63.73	1,823.43
22/02/2016	1,568.31	55.79	1,624.11
23/05/2016	1,405.06	50.53	1,455.59
22/08/2016	1,228.36	45.81	1,274.17
21/11/2016	1,052.06	41.69	1,093.75
21/02/2017	931.11	38.58	969.68
22/05/2017	10,435.43	34.65	10,470.08

**ESTIMATED FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 11.00%**

Payment Date	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	100,000.00	3,900.00	103,900.00
22/12/2010			
21/05/2011	0.00	609.17	609.17
22/08/2011	7,698.73	343.07	8,041.80
21/11/2011	7,264.53	309.85	7,574.38
21/02/2012	6,896.75	288.60	7,185.35
21/05/2012	6,504.62	259.42	6,764.05
21/08/2012	6,277.69	243.11	6,520.80
21/11/2012	5,944.99	221.81	6,166.80
21/02/2013	5,621.34	201.63	5,822.97
21/05/2013	5,238.79	176.60	5,415.39
21/08/2013	4,902.48	164.78	5,067.26
21/11/2013	4,506.56	148.14	4,654.70
21/02/2014	4,181.59	132.84	4,314.43
21/05/2014	3,876.30	114.78	3,991.08
21/08/2014	3,548.09	105.50	3,653.59
21/11/2014	3,157.29	93.46	3,250.75
23/02/2015	2,857.71	84.54	2,942.25
21/05/2015	2,585.31	69.07	2,654.38
21/08/2015	2,285.38	64.27	2,349.65
23/11/2015	1,588.95	57.74	1,646.69
22/02/2016	1,401.46	50.56	1,452.03
23/05/2016	1,240.49	45.86	1,286.35
22/08/2016	1,074.71	41.70	1,116.41
21/11/2016	911.86	38.09	949.95
21/02/2017	10,434.37	35.41	10,469.78

#### **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:***

The Executive Committee of EUROPEA DE TITULIZACIÓN's Board of Directors resolved on November 3, 2010 that:

- i) BBVA CONSUMO 5 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) Receivables assigned by BBVA and BBVA FINANZIA derived from loans reported on the assets of BBVA and BBVA FINANZIA granted to individuals to finance retail transactions (which retail purposes shall be broadly construed, including, inter alia, financing the obligor's expenses, the purchase of merchandise, goods, including motor cars, or services), be pooled in the Fund.
- iii) The Bonds be issued by the Fund.

###### ***Resolution to assign the Receivables:***

Using the powers conferred by the Board of Directors, BBVA's Standing Executive Committee resolved at a meeting held on September 29, 2010 that the assignment of retail loans and credits without mortgage security, granted to individuals by BBVA, to one or several open-end Asset Securitisation Funds set up ad hoc be authorised. Moreover, and in order for the outstanding balance of the securitised BBVA loans and credits to be maintained for the first twenty-four months of existence of each Fund, that the assignment of additional loans or credits be authorised.

BBVA FINANZIA's Board of Directors resolved at a meeting held on November 15, 2010 that the assignment of loans and credits without mortgage security granted by BBVA FINANZIA to finance the purchase by individuals of motor cars to an open-end Asset Securitisation Fund set up ad hoc be authorised. Moreover, and in order for the outstanding balance of the securitised loans and credits to be maintained 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.**

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

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

**c) Execution of the Fund public deed of constitution.**

Upon the CNMV registering this Prospectus, the Management Company shall proceed, with BBVA and BBVA FINANZIA, as Originators of the Receivables, to execute on December 20, 2010 a public deed whereby BBVA CONSUMO 5 FONDO DE TITULIZACIÓN DE ACTIVOS will be established and the Fund will issue the Asset-Backed Bonds, on the terms provided in article 6 of Royal Decree 926/1998, and the relevant notarised certificates whereby BBVA and BBVA FINANZIA will assign the Initial Receivables to the Fund.

The Management Company represents that the contents of the Deed of Constitution and the notarised certificates assigning the Initial Receivables shall match the drafts of two documents it has submitted to the CNMV and the terms of the Deed of Constitution or the notarised certificates assigning the Initial Receivables 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 and the relevant notarised certificates, whereby BBVA and BBVA FINANZIA will assign the Initial Receivables to the Fund, to the CNMV to be entered in the Official Registers.

**4.13 Issue date of the securities.**

The Bonds shall be issued in pursuance of the Deed of Constitution on December 20, 2010.

The Bond Issue shall be fully subscribed for by BBVA and BBVA FINANZIA. BBVA and BBVA FINANZIA shall pay to the Fund on December 22, 2010 (the **"Closing Date"**), for same day value, the issue price for the Bonds subscribed for by each of them.

**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 their admission to trading shall be applied for. A transfer in the accounts (book entry) 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 thenceforth 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 S.A. (**"AIAF"**), which is a qualified official secondary securities market pursuant to transitional provision six of Act 37/1998, November 16, amending the Securities Market Act, and a regulated market, as contained in the Annotated Presentation of Regulated Markets and Additional Provisions as required by Investment Services Directive 93/22 published in the Official Journal of the European Union on July 11, 2009. The Management Company undertakes to do all such things as may be necessary in order that definitive admission to trading is achieved not later than one month after the Closing Date.

The Management Company expressly represents that it is aware of the requirements and terms that must be observed for the securities to be eligible to be listed, remain listed and be excluded from listing on 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 admitted to trading 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, if the delay is due to events attributable to the same.

## **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 of Iberclear 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 Bond Issue, the most significant terms of which are given in section 3.4.7.2 of the Building Block.

## **6 EXPENSE OF THE OFFERING AND OF ADMISSION TO TRADING.**

The expected expenses deriving from setting up the Fund and issue and admission to trading of the Bond Issue are EUR five hundred and forty-seven thousand eight hundred (547,800.00). These expenses include, inter alia, the initial Management Company fee, notary's fees, rating and legal advice fees, CNMV fees, AIAF and Iberclear fees.

## **7 ADDITIONAL INFORMATION.**

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

URÍA MENÉNDEZ, as independent advisers, have provided legal and tax advice for establishing the Fund and issuing the Bonds and have been involved in reviewing this Prospectus, the transaction and financial service agreements referred to herein and the Deed of Constitution.

BBVA 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 most significant features of a sample of the selected loans from which the initial Receivables will be taken to be assigned to the Fund upon being established, on the terms set forth in section 2.2.2.1 of the Building Block. In addition, Deloitte has audited the Management Company's, BBVA's and BBVA FINANZIA's annual accounts for the year ended December 31, 2009.

### **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 and BBVA FINANZIA, as Originators, as to the truthfulness of the characteristics of BBVA and BBVA FINANZIA as Originators, of the Loans and of the Receivables given in section 2.2.8 of the Building Block, and of the remaining information on BBVA and BBVA FINANZIA, on the Loans and on the Receivables given in this Prospectus.

In the Deed of Constitution of the Fund and in each notarised certificate assigning Initial and Additional Receivables to the Fund, BBVA and BBVA FINANZIA 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 Receivables and on each assignment date in relation to the Additional Receivables assigned on that date.

The Management Company confirms that the information sourced from BBVA and BBVA FINANZIA on the Loans and on the Originators proper has been accurately reproduced and, to the extent of its knowledge and ability to determine based on that information provided by BBVA and BBVA FINANZIA, 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.

Moody's and S&P have, respectively on December 14, 2010 and December 15, 2010, assigned the following provisional ratings to each Bond Series, and expect to assign the same final ratings by 2pm (CET) on December 21, 2010.

Bond Series	Moody's Ratings	S&P Ratings
Bond Issue	Aaa (sf)	AAAsf

If the Rating Agencies should not confirm any of the provisional ratings assigned as final by 2pm (CET) on December 21, 2010, 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 Initial Receivables terminating, as provided for in section 4.4.4.(v) of the Registration Document.

### Rating considerations.

The ratings assigned to the Bonds by Moody's measure the expected loss before the Final Maturity Date. In Moody's opinion, the structure allows timely interest and principal payment during the life of the transaction and, in any event, before the Final Maturity Date. Moody's ratings only measure credit risks inherent in the transaction; other risk types which may materially impact investors' return are not measured.

The ratings assigned to the Bonds by S&P are an opinion as to the Fund's ability to pay interest on a timely basis and pay principal throughout the life of the transaction and, in any event, before the Final Maturity Date.

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 to the Bonds, and any revision or suspension of the ratings:

- (i) are assigned by the Rating Agencies based on manifold information received with respect to which they can 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.

In carrying on the rating and monitoring process, the Rating Agencies rely on the accuracy and wholeness of the information provided by BBVA, BBVA FINANZIA, the Management Company and Deloitte, as auditor of certain features of the selected loans, and on URÍA MENÉNDEZ's legal opinion.

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

The Rating Agencies may revise, suspend or withdraw the final ratings assigned to the Bonds 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 Bondholders, in accordance with the provisions of section 4.1 of the Building Block.

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

## **ASSET-BACKED SECURITIES NOTE BUILDING BLOCK**

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

### **1. SECURITIES**

#### **1.1 Minimum denomination of the issue.**

The Fund shall be set up with the Initial Receivables which BBVA and BBVA FINANZIA shall assign to the Fund upon being established and their total principal or capital shall be equal to or slightly under EUR nine hundred million (900,000,000.00), the face value amount of the Bond Issue.

The percentage of Initial Receivables to be assigned by BBVA FINANZIA to the Fund upon being established shall not be less than eighty percent (80.00%) of the Outstanding Balance of the Initial Receivables.

#### **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 loan information supplied by the Originators, the Management Company confirms that, having regard to their contractual characteristics, the flows of principal, interest and any other amounts generated by the securitised Receivables 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 Obligor of the securitised Receivables, a number of credit enhancement transactions have been arranged allowing the amounts payable on the Bonds to be covered and mitigating the interest risk due to the different terms of the interest clauses of the Receivables and of the Bonds. 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.

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

#### **2.2 Assets backing the issue.**

The Receivables to be pooled in the Fund, represented by the Management Company, shall exclusively consist of Receivables owned by and shown on the assets of BBVA and BBVA FINANZIA derived from Loans granted to individuals resident in Spain to finance, in the case of BBVA, retail activities (construing these retail activities in the broad sense and including, inter alia, financing the obligor's expenses, purchase of merchandise, goods, including motor cars. or services) and, in the case of BBVA FINANZIA, the purchase of motor cars, comprising the Initial Receivables assigned by BBVA and BBVA FINANZIA to the Fund upon being established and the Additional Receivables later assigned during the Revolving Period.

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

**Maximum Receivable Amount.**

The maximum amount of the Outstanding Balance of the Receivables pooled in the Fund shall be EUR nine hundred million (900,000,000.00) (the "**Maximum Receivable 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 and Consumer Credit Act 7/1995, March 23, and Chattels Hire Purchase Act 28/1998, July 23, shall apply in certain cases.

Pursuant to article 11 of the aforesaid Consumer Credit Act, in the event of assignment, the Obligor may use against the assignee such objections as may be used against the assignor herein.

**2.2.1.1 Legal jurisdiction by which the pool of assets to be securitised by BBVA is governed.**

Part of the Loans are originated in a loan agreement certified by a commissioner for oaths whereas others, not exceeding a certain amount (EUR 20,000 if the loan finances a motor car purchase and EUR 10,000 in all other loans), may be originated in a private agreement. The terms of some of the latter perfected in a private document include a clause making provision for the issue of a non-negotiable blank promissory note by the borrower Obligor, delivering it to the Originator and expressly authorising the Originator, 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 the Originator in the event of a breach by the Obligor of the terms agreed in the relevant Loan.

Upon the main obligation falling due, whether upon expiry of its term or upon early termination, and the borrower Obligor failing to comply with the payment obligations, the Originator 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.

Part of the Loans are arranged under the general terms of a master loan transaction agreement, as set out in section 2.2.7 of this Building Block, whereby BBVA gives the obligor, for a period of time, the possibility of entering into one or several loan transactions for a maximum overall amount. The master agreement for such Loans is certified by a public commissioner for oaths. However, each Loan is taken out by the obligor under a private agreement, which may be arranged by personal signature or on line (at automatic cash dispensers, on the Internet or by telephone). Each drawing within the maximum overall limit is considered a legally independent Loan, with a specific interest rate and repayment term. These Loans have no collateral security.

**2.2.1.2 Legal jurisdiction by which the pool of assets to be securitised by BBVA FINANZIA is governed.**

Part of the Loans are originated in an agreement certified by a commissioner for oaths whereas others, not exceeding thirty thousand Euros, are originated in a private document.

Some Loans include in their agreements a reservation of title clause for the Originator, irrespective of whether the financed asset is a new or used motor car. All the reservations of title referred to are entered in the Chattels Register.

A reservation of title is a clause included in some Loan agreements and therefore legal and beneficial title to the vehicles is not transferred to the Obligor until the relevant Loan agreement is settled in full. Once the Obligor has fulfilled all the obligations under the Loan agreement, the Obligor shall forthwith acquire legal and beneficial title to the relevant vehicle, and the Obligor may not in the meantime (until and unless legal and beneficial title to the vehicle is acquired) dispose of the vehicle, other than with the consent of the beneficiary of the reservation of title.

The reservation of title clause is entered in the Chattels Register and is enforceable on bona fide third parties from the date of entry or from the date of establishment on third parties knowing of the existence of such clause before being entered in the Chattels Register.

Once it is entered in the Chattels Register, the reservation of title clause vests the holder, or an assignee to whom the holder may have assigned the rights under the reservation of title, namely the Fund once the assignment of the Receivables is perfected and entered, as the case may be, in the Chattels Register, with a number of benefits over other creditors of the Obligor, as provided for in article 16.5 of Chattels Hire Purchase Act 28/1998, July 13, consisting, inter alia, of a preference in the payment order laid down in articles 1922.2 and 1926.1 of the Civil Code. In addition, once reservation of title clauses are entered in the Chattels Register, the holder, or the beneficiary of the rights thereunder, may avail of the specific actions and proceedings provided for in Act 28/1998 and Civil Procedure Act 1/2000, January 7.

In addition, the Order of July 19, 1999, approving the Regulation for the Chattels Hire Purchase Register, provides for entry of assignments made by the lender to a third party of the right with respect to the buyer. In particular, article 21 expressly provides for the assignment of the rights entered in favour of the Fund in the event of securitisation.

In this sense, pursuant to section 2 of Additional Provision Five of Act 3/1994, as amended by article 27 of Royal Decree-Act 6/2010, April 9, containing measures for boosting economic recovery and employment, the Fund may hold other amounts, real estate, assets, securities or rights received to pay for Receivable principal, interest or expenses, under a decision in any court or out-of-court proceedings instituted for collecting the Receivables.

## **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 Receivables.**

Upon executing the Deed of Constitution and by executing the notarised receivables assignment certificates, for the assignments by BBVA and BBVA FINANZIA, the Management Company, for and on behalf of the Fund, and the Originators shall perfect the agreement to assign to the Fund an as yet indeterminate number of Initial Receivables whose total principal or capital shall be equal to the Maximum Receivable Amount (EUR 900,000,000.00) or a slightly lower amount closest thereto. The amount of the Initial Receivables assigned upon the Fund being established may be slightly less than the Maximum Receivable 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 Receivable Amount and the amount of the Initial Receivables shall be credited to the Principal Account.

The percentage of Initial Receivables to be assigned by BBVA FINANZIA to the Fund upon being established shall not be less than eighty percent (80.00%) of the Outstanding Balance of the Initial Receivables.

The Deed of Constitution and the notarised assignment certificates shall itemise each of the Initial Receivables assigned to the Fund, giving the main features allowing them to be identified.

The selected loan portfolio from which the Initial Receivables shall be taken comprises 106,503 loans, their outstanding principal as at November 23, 2010 being EUR 1,066,725,037.72 and their overdue principal being EUR 748,496.18.

The breakdown by Originator for the 106,503 selected loans is as follows:

Loan portfolio at 23/11/2010 Classification by Originator				
Originator	Loans		Outstanding principal	
		%	(EUR)	%
BBVA	10,082	9.47	86,348,846.67	8.09
BBVA FINANZIA	96,421	90.53	980,376,191.05	91.91
<b>Total</b>	<b>106,503</b>	<b>100.00</b>	<b>1,066,725,037.72</b>	<b>100.00</b>

Out of the loan portfolio, 95.86%, in terms of outstanding principal, comprises financing granted by the Originators to Spanish individuals, whereas the remaining 4.14% comprises financing granted by the Originators to foreign individuals resident in Spain.

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

Deloitte has audited the 106,503 selected loans from which the Initial Receivables shall be taken.

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, loan purpose, lending policy, identification of the obligor, loan origination date, loan maturity date, initial loan amount, current loan balance, interest rate, collateral, repayment system, arrears in payment and transfer of the loans. Selected loans in respect of which errors are detected in verifying the sample shall not be assigned to the Fund by the Originators.

The audit results are set out in a report prepared by Deloitte, this being one of the documents on display referred to 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 selected loan obligors.**

The selected loan obligors are individuals. The following table gives the concentration of the ten obligors weighing most in the portfolio of selected loans as at November 23, 2010.

Selected loan portfolio at 23/11/2010 Classification by Obligor				
	Loans		Outstanding principal	
		%	(EUR)	%
Obligor 1	1	0.0009	62,890.50	0.0059
Obligor 2	1	0.0009	59,322.63	0.0056
Obligor 3	1	0.0009	58,658.22	0.0055
Obligor 4	1	0.0009	57,558.77	0.0054
Obligor 5	2	0.0019	57,193.26	0.0054
Obligor 6	1	0.0009	56,753.77	0.0053
Obligor 7	2	0.0019	56,341.63	0.0053
Obligor 8	1	0.0009	55,972.26	0.0052
Obligor 9	1	0.0009	55,367.10	0.0052
Obligor 10	1	0.0009	55,103.88	0.0052
Rest: 105,983 obligors	106,491	99.9887	1,066,149,875.70	99.9461
<b>Total 105,983 obligors</b>	<b>106,503</b>	<b>100.00</b>	<b>1,066,725,037.72</b>	<b>100.00</b>

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 purpose.**

The following table gives the distribution of the purpose of the selected loan portfolio as at November 23, 2010.

<b>Selected loan portfolio at 23/11/2010</b>				
<b>Classification by purpose</b>				
	<b>Loans</b>		<b>Outstanding principal</b>	
		<b>%</b>	<b>(EUR)</b>	<b>%</b>
Financing obligor's expenses	3,766	3.54	29,125,673.18	2.73
Buying a new vehicle	66,241	62.20	766,063,338.01	71.81
Buying a used vehicle	34,195	32.11	245,661,737.39	23.03
Acquisition of merchandise and goods (excluding vehicles)	349	0.33	1,987,627.60	0.19
Acquisition of services	1,952	1.83	23,886,661.54	2.24
<b>Total</b>	<b>106,503</b>	<b>100.00</b>	<b>1,066,725,037.72</b>	<b>100.00</b>

**c) Information regarding selected loan origination date.**

The following table gives selected loan distribution based on origination date by six-monthly intervals, and the average, minimum and maximum age.

<b>Selected loan portfolio at 23/11/2010</b>				
<b>Classification by loan origination date</b>				
<b>Date interval</b>	<b>Loans</b>		<b>Outstanding principal</b>	
		<b>%</b>	<b>(EUR)</b>	<b>%</b>
01/01/2001 to 30/06/2001	1	0.00	2,069.94	0.00
01/07/2001 to 31/12/2001	4	0.00	6,480.63	0.00
01/01/2002 to 30/06/2002	2	0.00	6,700.60	0.00
01/07/2002 to 31/12/2002	5	0.00	21,306.03	0.00
01/01/2003 to 30/06/2003	35	0.03	63,847.84	0.01
01/07/2003 to 31/12/2003	33	0.03	109,047.75	0.01
01/01/2004 to 30/06/2004	45	0.04	201,796.15	0.02
01/07/2004 to 31/12/2004	60	0.06	337,892.01	0.03
01/01/2005 to 30/06/2005	433	0.41	1,482,943.74	0.14
01/07/2005 to 31/12/2005	602	0.57	2,808,437.28	0.26
01/01/2006 to 30/06/2006	946	0.89	3,925,667.96	0.37
01/07/2006 to 31/12/2006	1,243	1.17	6,316,101.02	0.59
01/01/2007 to 30/06/2007	4,867	4.57	28,259,341.50	2.65
01/07/2007 to 31/12/2007	6,269	5.89	47,565,408.94	4.46
01/01/2008 to 30/06/2008	10,223	9.60	93,874,925.93	8.80
01/07/2008 to 31/12/2008	8,390	7.88	84,170,233.44	7.89
01/01/2009 to 30/06/2009	16,168	15.18	161,796,562.23	15.17
01/07/2009 to 31/12/2009	26,263	24.66	278,758,246.09	26.13
01/01/2010 to 30/06/2010	23,613	22.17	272,359,202.77	25.53
01/07/2010 to 31/12/2010	7,301	6.86	84,658,825.87	7.94
<b>Total</b>	<b>106,503</b>	<b>100.00</b>	<b>1,066,725,037.72</b>	<b>100.00</b>
	<b>17.16</b>	<b>Months</b>	<b>Weighted average age</b>	
	<b>113.88</b>	<b>Months</b>	<b>Maximum age</b>	
	<b>2.17</b>	<b>Months</b>	<b>Minimum age</b>	

**d) Information regarding selected loan principal.**

The following table gives the outstanding loan principal distribution as at November 23, 2010 by EUR 5,000 intervals, and the average, minimum and maximum amount.

<b>Selected loan portfolio at 23/11/2010</b>				
<b>Classification by outstanding principal</b>				
<b>Principal interval (EUR)</b>	<b>Loans</b>		<b>Outstanding principal</b>	
	<b>No.</b>	<b>%</b>	<b>(EUR)</b>	<b>%</b>
0.00 - 4,999.99	27,216	25.55	77,672,147.84	7.28
5,000.00 - 9,999.99	33,586	31.54	252,060,816.93	23.63
10,000.00 - 14,999.99	23,459	22.03	288,947,101.85	27.09
15,000.00 - 19,999.99	13,268	12.46	228,685,877.37	21.44
20,000.00 - 24,999.99	6,203	5.82	137,083,318.30	12.85
25,000.00 - 29,999.99	1,904	1.79	51,358,971.43	4.81
30,000.00 - 34,999.99	532	0.50	16,981,029.74	1.59
35,000.00 - 39,999.99	159	0.15	5,912,306.06	0.55
40,000.00 - 44,999.99	98	0.09	4,148,200.02	0.39
45,000.00 - 49,999.99	50	0.05	2,375,934.30	0.22
50,000.00 - 54,999.99	20	0.02	1,037,706.75	0.10
55,000.00 - 59,999.99	7	0.01	398,736.63	0.04
60,000.00 - 64,999.99	1	0.00	62,890.50	0.01
<b>Total</b>	<b>106,503</b>	<b>100.00</b>	<b>1,066,725,037.72</b>	<b>100.00</b>
<b>Average principal:</b>			<b>10,015.92</b>	
<b>Minimum principal:</b>			<b>500.01</b>	
<b>Maximum principal:</b>			<b>62,890.50</b>	

**e) Information regarding applicable nominal interest rates: selected loan maximum, minimum and average rates.**

The selected loans are fixed-rate loans. The following table gives selected loan distribution by 0.50% nominal interest rate intervals applicable as at November 23, 2010 and their average, minimum and maximum values. No details are given of intervals without contents.

<b>Selected loan portfolio at 23/11/2010</b>				
<b>Classification by applicable nominal interest rate</b>				
<b>Interest Rate % Interval</b>	<b>Loans</b>		<b>Outstanding principal</b>	
		<b>%</b>	<b>(EUR)</b>	<b>%</b>
5.00 - 5.49	106	0.10	537,886.12	0.05
5.50 - 5.99	1,091	1.02	6,755,625.23	0.63
6.00 - 6.49	1,669	1.57	12,755,701.59	1.20
6.50 - 6.99	4,997	4.69	46,970,156.60	4.40
7.00 - 7.49	5,336	5.01	51,459,917.09	4.82
7.50 - 7.99	15,548	14.60	161,256,341.84	15.12
8.00 - 8.49	15,065	14.15	166,687,168.29	15.63
8.50 - 8.99	29,130	27.35	316,664,844.82	29.69
9.00 - 9.49	11,456	10.76	123,186,773.13	11.55
9.50 - 9.99	11,492	10.79	98,203,496.46	9.21
10.00 - 10.49	4,310	4.05	34,629,385.51	3.25
10.50 - 10.99	2,720	2.55	20,802,040.19	1.95
11.00 - 11.49	1,249	1.17	10,288,787.32	0.96
11.50 - 11.99	698	0.66	5,140,303.34	0.48
12.00 - 12.49	809	0.76	5,884,470.80	0.55
12.50 - 12.99	242	0.23	1,985,178.39	0.19
13.00 - 13.49	140	0.13	1,043,408.11	0.10
13.50 - 13.99	91	0.09	687,084.69	0.06

Selected loan portfolio at 23/11/2010					
Classification by applicable nominal interest rate					
Interest Rate % Interval	Loans		Outstanding principal		% Interest
		%	(EUR)	%	Rate*
14.00 - 14.49	123	0.12	613,525.66	0.06	14.03
14.50 - 14.99	23	0.02	153,557.11	0.01	14.58
15.00 - 15.49	92	0.09	465,059.67	0.04	15.00
15.50 - 15.99	24	0.02	108,280.55	0.01	15.76
16.00 - 16.49	39	0.04	198,654.60	0.02	16.00
16.50 - 16.99	3	0.00	31,248.31	0.00	16.68
17.00 - 17.49	12	0.01	44,159.96	0.00	17.00
18.00 - 18.49	24	0.02	110,960.75	0.01	18.03
18.50 - 18.99	4	0.00	21,471.13	0.00	18.65
19.00 - 19.49	10	0.01	39,550.46	0.00	19.00
Total	106,503	100.00	1,066,725,037.72	100.00	
Weighted average:					8.58
Simple average:					8.62
Minimum:					5.00
Maximum:					19.00
*Average nominal interest rate of the interval weighted by the outstanding principal.					

**f) Information regarding selected loan final maturity date.**

The following table gives the selected loan distribution based on final maturity date by annual intervals, and the weighted average residual life and the first and last final maturity dates.

Selected loan portfolio at 23/11/2010						
Classification by final repayment date						
Final Repayment Year	Loans		Outstanding principal (EUR)		Residual Life wa*	
		%		%	Months	Date
2011	9,382	8.81	16,607,804.91	1.56	8.46	8/08/2011
2012	12,660	11.89	53,506,118.64	5.02	19.91	21/07/2012
2013	15,862	14.89	104,436,540.47	9.79	31.48	8/07/2013
2014	19,041	17.88	174,243,698.58	16.33	43.63	13/07/2014
2015	17,292	16.24	198,920,336.38	18.65	55.07	26/06/2015
2016	11,621	10.91	161,459,838.77	15.14	66.91	21/06/2016
2017	8,379	7.87	132,408,363.89	12.41	79.20	30/06/2017
2018	6,271	5.89	115,839,940.71	10.86	90.21	31/05/2018
2019	3,603	3.38	64,142,893.26	6.01	103.70	15/07/2019
2020	2,392	2.25	45,159,502.11	4.23	113.30	2/05/2020
<b>Total</b>	<b>106,503</b>	<b>100.00</b>	<b>1,066,725,037.72</b>	<b>100.00</b>		
<b>Weighted average:</b>					<b>62.39</b>	<b>4/02/2016</b>
<b>Simple average:</b>					<b>49.16</b>	<b>28/12/2014</b>
<b>Minimum:</b>					<b>1.31</b>	<b>2/01/2011</b>
<b>Maximum:</b>					<b>118.41</b>	<b>5/10/2020</b>

\* Residual life at the final maturity date (years and date) stands for averages weighted by the outstanding principal of loans with final maturity in the relevant year.

**g) Information regarding selected loan repayment system.**

The selected loan repayment system is the French method repayment system, instalment frequency being monthly.

**h) Information regarding selected loan principal repayment exclusion period.**

None of the selected loans have a principal repayment exclusion period. In addition, none of the selected loans have clauses allowing interest payment and principal repayment to be deferred. There is no loan with an interest free period.

**i) 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 at 23/11/2010 Classification by Autonomous Communities				
	Loans		Outstanding principal	
		%	(EUR)	%
Andalusia	23,487	22.05	237,587,642.78	22.27
Aragón	2,058	1.93	21,527,988.88	2.02
Asturies	2,081	1.95	21,700,019.32	2.03
Balearic Isles	1,924	1.81	16,542,465.42	1.55
Canary Islands	6,486	6.09	59,329,506.81	5.56
Cantabria	676	0.63	6,690,236.83	0.63
Castile La Mancha	6,554	6.15	64,800,226.27	6.07
Castile-León	4,781	4.49	46,784,874.31	4.39
Catalonia	20,942	19.66	217,381,285.26	20.38
Ceuta	89	0.08	1,449,979.80	0.14
Valencian Community	10,615	9.97	102,921,472.57	9.65
Extremadura	1,683	1.58	14,932,879.80	1.40
Galicia	1,468	1.38	12,435,878.13	1.17
La Rioja	414	0.39	3,587,550.43	0.34
Madrid	14,769	13.87	150,737,405.58	14.13
Melilla	316	0.30	3,911,151.57	0.37
Murcia	4,251	3.99	46,002,318.28	4.31
Navarre	714	0.67	6,101,871.43	0.57
Basque Country	3,195	3.00	32,300,284.25	3.03
<b>Total</b>	<b>106,503</b>	<b>100.00</b>	<b>1,066,725,037.72</b>	<b>100.00</b>

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 of the outstanding principal, as follows: Andalusia (22.27%), Catalonia (20.38%) and Madrid (14.13%), altogether representing 56.78%.

Madrid is the province with the highest concentration, in terms of outstanding principal, at 14.13% of the total selected portfolio.

**j) Information regarding delays, if any, in collecting selected loan interest or principal instalments and loan principal amount, if any, that is currently more than 30 days overdue.**

The following table gives the number of loans, the outstanding principal and the overdue principal on selected loans with any overdue payment as at November 23, 2010.

Arrears in payment of instalments due at 23/11/2010				
Interval Days	Loans	Outstanding principal	Overdue principal	% on total outstanding principal
In good standing	101,919	1,020,521,760.29	0.00	0.0000
1 to 15 days	2,021	21,163,655.53	338,474.01	0.0317
16 to 30 days	2,563	25,039,621.90	410,022.17	0.0384
<b>Total loans in arrears</b>	<b>106,503</b>	<b>1,066,725,037.72</b>	<b>748,496.18</b>	<b>0.0702</b>

As declared by the Originators in section 2.2.8.2.(14) 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 Receivables.

After being established, the Fund, represented by the Management Company, shall on each Payment Date during the Revolving Period make subsequent acquisitions of Additional Receivables to replace the decrease in the Outstanding Balance of the Receivables up to the Maximum Receivable Amount.

##### 2.2.2.2.1 Revolving Period.

The Management Company shall, for and on behalf of the Fund, make quarterly acquisitions of Additional Receivables, designed for replacing the decrease in the Outstanding Balance of the Receivables up to the Maximum Receivable Amount, on each Payment Date within the time-period comprised between the first Payment Date, May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days, and the Payment Date falling on November 21, 2012, 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 Receivables, reckoned at the amount of the Outstanding Balance at the Doubtful Receivable classification date, 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 Receivables 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 Receivables is in excess of 2.20% of the Outstanding Balance of Receivables.
- That for two (2) consecutive preceding Payment Dates the Outstanding Balance of Non-Doubtful Receivables is less than 90.00% of the Outstanding Principal Balance of the Bond Issue.
- That interest accrued on the Bonds is not paid due to a shortfall of Available Funds on the relevant Payment Date.
- That the Cash Reserve cannot be provisioned up to the Required Cash Reserve amount 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.
- That BBVA or BBVA FINANZIA should have been declared insolvent, in liquidation or in a position which might result in its credit institution authorisation being revoked.

- h) That BBVA or BBVA FINANZIA shall have been replaced as Servicer under the Receivable Servicing Agreement.
- i) That the Spanish tax laws shall have been modified to such an extent that the assignment of Additional Receivables is exceedingly burdensome for the Originators.
- j) That, on the preceding Payment Date, the Outstanding Balance of Non-Doubtful Receivables is less than eighty percent (80.00%) of the Outstanding Principal Balance of the Bond Issue.
- k) That the audited annual accounts of BBVA or BBVA FINANZIA closed at December 31 of the preceding year shall contain any proviso relating to their respective credit rating.

#### 2.2.2.2.2 Acquisition Amount.

The maximum amount (the “**Acquisition Amount**”) that the Management Company may allocate, for and on behalf of the Fund, out of the Principal Available Funds on each Payment Date in the Revolving Period, to the acquisition of Additional Receivables shall amount to the difference between:

- (i) the Maximum Receivable Amount, and
- (ii) the Outstanding Balance of the Receivables at the Determination Date preceding the relevant Payment Date.

The remaining Principal Available Funds not used for acquiring Additional Receivables 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 Receivables shall on the respective assignment date satisfy all the election requirements herein laid down (the “**Election Requirements**”).

##### 1. Individual Requirements

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

1. That the Obligor is an individual resident in Spain and is not an employee, officer or director of the Originators.
2. That the Loan is denominated in Euros.
3. That the Loan has not matured before and is not to finally 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-five thousand (65,000), both inclusive, and in the case of Loans arranged under a master agreement, the initial principal balance of the Loan is at least as high as EUR ten thousand (10,000).
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 October 31, 2022.

10. That Loan interest and repayment instalment frequency is 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 principal repayment exclusion period.
13. That the Loan does not include clauses allowing regular interest payment and principal repayment to be deferred.

## **2. Global Requirements.**

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

1. That on the assignment date, the Outstanding Balance of the Receivables assigned by BBVA is not less than eighty percent (80.00%) of the Outstanding Balance of the Receivables. This Global Requirement shall not be taken into account if BBVA FINANZIA is merged into BBVA and is consequently terminated, and BBVA acquires by a universal succession the net assets of BBVA FINANZIA and BBVA is subrogated to all of BBVA FINANZIA's rights and obligations.
2. That the average interest rate of the Receivables weighted by the Outstanding Balance of each Receivable on the assignment date is not less than 5.00%.
3. That the average time elapsed between the origination date of the Additional Receivables and the assignment date, and exclusively in relation to the Additional Receivables assigned on that date, weighted by the Outstanding Balance of each Additional Receivable on the assignment date, is not less than three (3) months.
4. That the average life of the Additional Receivables from the assignment date, and exclusively in relation to Additional Receivables assigned on that date, weighted by the Outstanding Balance of each Additional Receivable on the assignment date, is not in excess of 3.50 years, assuming a CPR of 0%.
5. That on the assignment date the average time remaining until the final maturity date of the Receivables weighted by the Outstanding Balance of each Receivable is not in excess of six (6) years.
6. That the Outstanding Balance of Receivables for Obligors domiciled in a same Autonomous Community on the assignment date is not in excess of thirty percent (30.00%) of the total Outstanding Balance of the Receivables.
7. That on the assignment date, the average time elapsed from the origination date of the Receivables until the assignment date weighted by the Outstanding Balance of each Receivable is not less than six (6) months.
8. That on the assignment date, the Outstanding Balance of the Receivables for Obligors domiciled in the three (3) Autonomous Communities with the highest representation (Outstanding Balance) is not in excess of sixty-eight percent (68.00%) of the total Outstanding Balance of the Receivables.
9. That on the assignment date, the Outstanding Balance of the Receivables for the acquisition of used vehicles is not in excess of thirty percent (30.00%) of the total Outstanding Balance of the Receivables.
10. That on the assignment date (i) the Outstanding Balance of the Receivables for a same Obligor does not exceed 0.008% of the total Outstanding Balance of the Receivables, and (ii) the sum of

the Outstanding Balance of the Receivables of the group of ten obligors with the highest amounts does not exceed 0.08% of the total Outstanding Balance of the Receivables.

11. That on the assignment date the Outstanding Balance of the Receivables with foreign individual obligors resident in Spain is not in excess of 6.00% of the total Outstanding Balance of the Receivables.

#### **2.2.2.2.4 Offer Dates.**

**"Offer Request Dates"** shall be the dates falling on the sixth (6<sup>th</sup>) Business Day preceding each Payment Date in the Revolving Period on which Additional Receivables should be acquired.

**"Offer Dates"** shall be the dates falling on the fourth (4<sup>th</sup>) Business Day preceding each Payment Date in the Revolving Period on which Additional Receivables should be acquired.

#### **2.2.2.2.5 Procedure for acquiring Additional Receivables.**

1. On each Offer Request Date, the Management Company shall send each Originator a written notice demanding the assignment of Additional Receivables for the Fund, specifying the 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) on the Offer Date, each Originator shall send the Management Company a written notice offering to assign Additional Receivables, 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 (2<sup>nd</sup>) Business Day preceding the Payment Date, the Management Company shall send each Originator a written notice accepting the assignment of Additional Receivables, along with a data file with the details of the Additional Receivables accepted and their characteristics notified by the Originator.

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

- (i) Check that the Loans listed in 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 each Originator upon the purchase of Additional Receivables.
- (ii) Determine the Additional Receivables 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 Receivables.**

The Management Company shall on the Fund's behalf annually commission an audit, using sampling techniques, of Additional Receivables acquired during the years 2011 and 2012, this being the Revolving Period, which shall remain outstanding as of December 31 in each of those years.

The audit of the Additional Receivables 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 in addition to the audit report on the Fund's annual accounts.



#### 2.2.2.3 **Outstanding Balance of the Receivables.**

The outstanding balance (the “**Outstanding Balance**”) of a Receivable 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 at a date.

The Outstanding Balance of the Receivables at a date shall be the sum of the Outstanding Balance of each and every one of the Receivables at that date.

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

Doubtful Receivables (the “**Doubtful Receivables**”) shall be deemed to be Receivables that are delinquent at a date with a period of arrears equal to or greater than eighteen (18) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment based on indications or information obtained from the Servicer. Non-doubtful Receivables (the “**Non-Doubtful Receivables**”) shall be deemed to be Receivables that are not deemed to be Doubtful Receivables at a 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 secured with third-party personal surety (guarantors and/or sureties) and/or a reservation of title clause (only for selected BBVA FINANZIA loans).

The Loan Receivables shall be directly assigned to the Fund, upon being sold by the Originators 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 2, 2011 and October 5, 2020. The final maturity date of the Loans assigned to the Fund upon acquisitions being subsequently made during the Revolving Period may not extend beyond October 31, 2022.

#### 2.2.5 **Amount of the assets.**

The maximum amount of the Outstanding Balance of the Receivables pooled in the Fund shall be EUR nine hundred million (900,000,000.00) (the “**Maximum Receivable 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 Receivable Amount shall be EUR nine hundred million (900,000,000), the face value amount of the Bond Issue.

## **2.2.7 Method of creation of the assets.**

The loans selected to be transferred to the Fund have been granted by BBVA and BBVA FINANZIA following their usual credit risk analysis and assessment procedures for granting loans and credits without mortgage security to individuals for financing retail activities (construing these retail activities in the broad sense and including, inter alia, financing the obligor's expenses, purchase of merchandise, goods, including motor cars, or services). The procedures currently in place at BBVA and BBVA FINANZIA are described below:

### **2.2.7.1 Procedures at BBVA.**

#### **1. Introduction.**

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

- *Network of Branches*

BBVA has an extensive network of 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 other distribution channels.

- *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.

#### **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 IT 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 Crédito”.**

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 (BBVA delinquency, RAI, BDI, ASNEF).

An instant search system for 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.

#### **PIDE Product**

The PIDE BBVA immediate loan is a form of financing, governed by a master agreement, offering the customer the possibility of taking out personal loans 24 hours a day, 365 days a year, for a preset period. It may be accessed through any of the channels made available to the customer by BBVA, namely BBVA branches, all BBVA automatic cash dispensers, on the internet at BBVA Net or by telephone through Línea BBVA.

The prospect is a customer already known to BBVA, as the user of any lending/saving product, with a minimum seniority period.

The offer, pre-granted through a proactive scoring system, based on historic customer credit growth information, financial terms and social and demographic variables, is communicated to the same by post:

- Maximum amount pre-granted in the master agreement, under which subsequent personal loans may be taken out.
- Fixed interest rate offered (for the applicable period offered).
- Maximum and minimum repayment term for each loan.

- Deadline for drawing the pre-granted amount under PIDE.

Product terms:

- The maximum pre-granted amount under the master agreement ranges between EUR 6,000 and EUR 24,000, the minimum drawing amount under a loan being EUR 600.
- Maximum repayment term for each loan under the master agreement:
  1. 8 years for amounts above EUR 12,000.
  2. 5 years for amounts below EUR 12,000.
- Monthly payment (minimum 12 Euros/month)
- No exclusion period.
- Cancellation fee: 3%-5% depending on the amount drawn.

#### **4. Recovery Procedure**

Recovery actions at BBVA are undertaken through different IT applications and centres. There are three recovery units or centres:

- Operations centre: centrally carries out all tasks involved in the pre-judicial stage, managing friendly recovery with debtors and, as the case may be, preparing the judicial case file, and administering and booking all collections and payments in arrears.
- Non-judicial centre: controls and monitors all matters not outsourced to external companies. It acts with respect to clients not assigned to operations, with matters involving small amounts and at no event in mortgage loan transactions.
- Judicial centre: its duty is to institute and monitor all legal proceedings commenced as a result of debts in arrears claimed, relying on in-house lawyers, external lawyers and court attorneys.

The recovery procedure relies on the following tools:

- Arrears/bad debts application: manages the accounts of all matters that are deemed doubtful assets in accordance with the Bank of Spain circular.
- Recovery management agenda: this tool is designed to boost recovery management, monitoring and control of matters rated doubtful assets/bad debts. It will allow us, inter alia, to know the exact management status of a particular matter, update the steps taken, set up management portfolios, activate alerts systems, look up accounting movements, etc.

To do so, it takes accounting information from the arrears/bad debts application and in turn transmits information to other tools.

- Outsourcing applications: Set of applications automatically assigning and removing matters to and from external collection agencies.
- Information centre: collects information assigned by the recovery management agenda relating to delinquent accounts and legal proceedings in order to combine the same and to allow different searches to be made. It manages both daily and monthly information, providing statistical summaries and inventories of accounts. It also stands out because of its specific alerts menu for delinquent accounts or legal proceedings with arrears.

The recovery philosophy at BBVA for unpaid loans consists of defining a working system allowing irregular situations to be swiftly and efficiently corrected. This is based on a highly personalised management in which the recovery agent plays a key role and in which the latter liaises permanently with the debtor.

Before becoming delinquent and from the first day of default, a check is made using daily lists of failed payments (irregular investment). The client is contacted and progress is regularly monitored. In addition, letters claiming debts are centrally sent out at three different times, and telephone calls are made using an external services company.

Upon falling in arrears, the application sends all borrowers and informed guarantors a letter so advising, further to the ultimatum letter from the call centre. Proactive steps are simultaneously taken with the debtors, in order to regularise this situation (operations unit and outsourcing unit).

If the above steps are unsuccessful, all documents are immediately prepared to institute legal procedures: settlement and closure of accounts, notarised payment request and notice of legal actions (operations unit) and drawing up of the complaint with the lawyer (judicial unit).

Upon exhausting the default collection procedures, BBVA proceeds to claim the transaction in court using the relevant legal adviser. The legal procedure preferably used involves enforcement in accordance with the Civil Procedure Act.

The procedural stages for enforcement are the following:

- Submission of the complaint.
- Issue or admission of enforcement.
- Court summons to the debtor for payment (attachment of assets).
- Auction: application, scheduling of date for auction to be held and notice to debtor, following publication of edicts as provided for by Law.

The duration of these stages varies and overly depends on each procedure, the average being around 18 months.

Recovery management is undertaken through a distinct business unit, the recoveries unit, which includes the aforementioned three specialised areas: operations, non-judicial (outsourcing) and judicial. They use some 264 specialist people and currently work with 11 external agencies.

#### **2.2.7.2 Procedures at BBVA FINANZIA.**

BBVA FINANZIA is BBVA Group's unit specialising in point-of-sale financing of motor cars. It operates by arrangements with referrers (importers, manufacturers and dealers in general) and it is the latter that offer to finance end clients their products.

The commercial network has nationwide coverage with 34 branches specialising in the automotive sector and consisting of 166 commercial agents whose mission is mainly managing and recruiting referrers.

In order to improve commercial management and service, BBVA FINANZIA has provided its agents with advanced management and administration tools, which identify business opportunities and reduce administrative processes.

##### **General Operation**

Broadly, a partnership arrangement between BBVA FINANZIA and its referrers provides for the following steps:

- The financing offer to the end client is made and processed through the referrer.
- The financing contract is entered into between BBVA FINANZIA and the end client and BBVA FINANZIA takes on the transaction risk.
- BBVA FINANZIA pays the referrer the purchase price.
- The end client repays the amount to BBVA FINANZIA in accordance with the payment method set down in the contract.

A financing transaction must always include 4 steps:

- Completing a proposal with the transaction details.
- Applying to BBVA FINANZIA for authorisation.

- Signing the proposal and attaching the documentation.
- Checking the details and proceeding to pay the transaction.

### **Credit risk management principles.**

The general risk policy at BBVA FINANZIA is compliant with BBVA Group's general risk policy, which is its benchmark, albeit with the specific features to satisfy the requirements relevant to the specialisation.

Its business is sourced and originates mainly in motor car manufacturers and/or dealers, and partnership arrangements are encouraged as a means for ensuring fidelity, through which the desired risk quality may be achieved with less difficulty.

Risks are at all times subject to monitoring and control processes enabling risk quality to be ascertained, risk evolution analysis, making such corrections, if any, as may be necessary and undesirable situations to be forecast.

The basic principle of credit risk management at BBVA FINANZIA is managing risk exposure throughout the life of the risk (continuous risk management), allocating specific responsibilities in the various stages: analysis, admission, monitoring and, in the event of credit quality worsening, intensive monitoring and recovery management.

This provides an assurance that every exposure is managed where and by whom it should, that the teams involved in the different stages of the life of the risk effectively interact and that each step in the process adds value.

This management dynamics is supplemented with a continuous revision and improvement of the policies, regulations and methodologies used and of the procedures, decision circuits and tools used in studying and controlling risks.

A top priority at BBVA Group is the development of tools and systems supporting risk management in each stage. In this regard, credit scoring models in the risk analysis and admission stages allow more objective, swifter and efficient decisions to be made.

Credit risk management principles and policies are contained in the credit risk management policies handbook originally approved by BBVA FINANZIA's technical transactions committee and BBVA Group's standing committee and its latest release, without major changes with respect to the original version, was approved by BBVA FINANZIA's technical transactions committee on 27.11.06, on the terms set out in the original document, and notified to BBVA Group's risks area.

### **Risk admission.**

Risk assessment in private individual automotive financing transactions is in the first place based on the automatic system-generated reports and, in transactions where the automatic systems generate a "doubt", on a manual analysis carried out, having regard to the amount, within the personal empowerment scheme in place at BBVA FINANZIA.

Risk analysis is centralised at BBVA FINANZIA's central risks unit.

All transactions exceeding the powers of the executive chairman of BBVA FINANZIA must be proposed to be authorised by BBVA Group's risks area, with a favourable recommendation of BBVA FINANZIA.

BBVA FINANZIA's central risks unit develops the automatic assessment models, in accordance with the internal validation regulations for credit risk models designed by BBVA Group's risks area.

### **Risks empowerment.**

Being empowered to take on risks is a sine qua non but not the only requirement for a person to be able to decide, because any decision is based on a preliminary, professional analysis of transactions and clients, in accordance with the rules in force from time to time.



Powers are personally conferred, having regard to the attorney's expertise and qualifications and the need to be so empowered to carry out a mission. Because powers are conferred on an individual rather than on a position, the empowerment figure may vary where different individuals hold the same responsibility.

The empowering party must agree with his or her principal the figures and characteristics (forms, term, etc.) of the empowerment to be made.

The authority to take on risks originates in BBVA Group's management bodies and cascades at BBVA FINANZIA from the chairman down the managerial structure and centrally at the risks area (central risks unit).

The empowerment figure sets the ceiling for limits and risks that may be arrived at with a client or series of clients collectively considered as a group, family or retail unit.

Powers are always given in writing, using the form set by internal regulations. The maximum figure which an attorney may in turn sub-delegate shall be set down in his or her empowerment letter.

Transactions exceeding the empowerment because of their amount, description, term, etc. or for clients or groups of clients in respect of which there is no authority, shall be submitted to the next immediate level, after analysing the same.

In addition to cascade empowerment at the central risks unit and to properly deal with exceptions that satisfy certain prerequisites, cascade empowerment by exception is established which, also starting from the chairman of BBVA FINANZIA, cascades down through the business units and applies exclusively to transactions previously processed at the central risks unit and satisfying certain requirements.

The empowerment rule at BBVA FINANZIA is included in the credit risk management policies handbook which was approved by BBVA FINANZIA's technical transactions committee and BBVA Group's relevant managerial bodies.

#### **Empowerment levels.**

The credit risk management policies handbook makes provision for different empowerment levels based on amounts for deciding end client risks in the admission of transactions, and based on estimated turnover for new partners / partnership arrangements. Thus, empowerment for admission transactions cascades as follows:

- BBVA Group's risks area.
- Chairman of BBVA FINANZIA (exercising his powers on the technical transactions committee).
- Central risks unit.
- Business unit, exceptionally, for transactions previously processed at the central risks unit and satisfying certain requirements, as set out in the preceding section.

Similarly, empowerment for new referrers and partnership arrangements cascades as follows:

- BBVA Group's risks area.
- Chairman of BBVA FINANZIA (exercising his powers on the technical transactions committee).
- Central risks unit.
- Business units (other than in exceptions cancelling out their empowerment).

#### **Transaction analysis and approval process in the private individual automotive financing business.**

As a preliminary step, the referee must be registered in the relevant application and shall therefore have gone through the procedures for admission of partners and decision levels established in the risk policies management handbook.

The financing proposal arrives at BBVA FINANZIA directly with the details provided by the referee on the telephone (through a Call Centre) or on line. After entering all the client details in the system, the system carries out an automatic analysis. The Call Centre deals with processing those proposals, in accordance with the parameters established by the Central Risks Unit.

The above processing yields a final result or opinion, which may be authorised, refused and doubt:

If the opinion reports a "doubt", the Call Centre shall proceed to forward the transaction (on line) to the admission area at the central risks unit in order for analysts to give an opinion, based on the personal empowerment scheme.

In the event that the information obtained from the proposal, the scoring report and the credit references are not sufficient to base a decision, the credit analyst may demand further information on the applicant.

Once the transaction is authorised, the process continues for the transaction to be put in place, receiving the established documentation, strictly checking that the details on the supporting documents match those recorded in the application, and, having done so, clearing payment to the referrer and settling the transaction with the end client.

If any documentation detail fails to match the details entered in the system, then a new opinion shall be obtained from the automatic systems based on the new information before continuing the process.

The documentation to be submitted in order for transactions processed through the automatic decision-making processes to be cleared shall be at least the following:

- Proposal / consumer credit contract.
- Identity documents: Spanish ID / residence permit / Foreigner Identification Number.
- Proof of payment by direct debit.
- Proof of income: pay cheque, Personal Income Tax Return, etc, as the case may be.
- Title deeds, where appropriate: Real Estate Tax / proof of latest mortgage payment.

Contracts in excess of EUR 30,000 are certified by a commissioner for oaths.

### **Approval / scoring systems**

The first step in the process is completing the proposal, and all of its sections should very importantly be completed because the failure to do so may affect the final decision. The financing proposal may arrive at BBVA FINANZIA in several ways: telephone, fax, directly at the branch or at the call centre.

The details on the proposal must be checked against the client's Spanish ID or Residence Permit (in order to avoid potential deceit). It is the referrer's duty to check this, for only a photocopy thereof is received at BBVA FINANZIA.

The call centre receives the application and if details essential for the same to be processed are missing, based on the parameters established by the central risks unit (risk policies and monitoring) at BBVA FINANZIA, the necessary information is requested, such information being subsequently recorded.

There are currently two scoring models at the automotive division based on BBVA FINANZIA's knowledge as to the performance of the sector and on the BBVA FINANZIA database.

The standard model is applied to transactions where the parties are Spanish or residents. These models have been developed and are regularly revised by the central risks unit (risk policies and monitoring) at BBVA FINANZIA, adjusting the variables and their weighting based on portfolio profile evolution, and the implementation decision is for the technical transactions committee to make. The corporate risks methodology unit of BBVA Group's risks area is responsible for subsequently gauging the scoring model.

The complete scoring process consists of:

- Points decision algorithm: Selecting the best borrower. This is a points scoring model based on the applicant's social and demographic details (this variable weighs 68% in the score) and on the transaction details (representing 32%). All parties involved, borrowers and guarantors, are scored and the borrower holder is selected.
- Risk and delinquency filters: internal and external databases (*Credit Bureaux*) are used. The system evaluates the filters and reports a "doubt" if in doubt. The call centre reviews based on the parameters given by risks and issues an "authorised" or "refused" assessment. In case of "doubt", the assessment is forwarded to the analyst.
- Validation and/or forcing rules: the model in addition has a number of validation rules which may change the previous assessment.
- Final automatic assessment: upon completion of the previous stages, the final assessment may be: a) authorised, b) refused or c) doubt.

There is a revision every six months in order to check that the scored distribution of transactions observes the theoretical model to make sure that the portfolio profile remains unchanged and therefore that the model is still predictive.

### **Recovery Procedure**

The recovery procedure at BBVA Finanzia is undertaken through two highly specialised units: "Gestión y Administración de Recibos SA" (GARSA) and the recoveries department, included in the BBVA Consumer Finance risks area. The former is a company specialising in processing and managing collection of failed payments and the latter is a specialist centre supporting processing and managing collection of doubtful assets.

BBVA Finanzia has developed a system for collecting failed payments supported by its subsidiary GARSA, which undertakes collection management massively during the first 90 days. At a second stage, the out-of-court recoveries area at BBVA Finanzia will actually continue collection procedures if the initial steps have been unsuccessful. If automatic collection is not achieved after the set deadlines, the system will start to link up with the court procedure, which shall be carried out by the court recovery area.

GARSA is a subsidiary in the business of managing payments that are up to 90 days overdue and more specifically engaging in integral recovery management by newly submitting bills, transfers, money orders, through telephone calls to debtors and financial institutions. To do so it has a number of action procedures supported by IT tools designed to expedite recovery management, monitoring and control of matters rated as defaults. It has a collection management model which rates the client based on default probability and exposure, allowing each segment to be managed in a more specialised and efficient manner.

The out-of-court recovery area deals with monitoring and managing clients after they become delinquent and until total recovery. This area acts in a twofold manner: external management, based on outsourcing matters involving lower amounts to specialised collection companies; and internal management, which monitors the matters allocated and requests credit standing to be verified in order to start taking steps to lodge a complaint if that standing is positive.

Upon exhausting the default collection procedures, BBVA Finanzia proceeds to claim the transaction in court using the relevant external lawyer. The legal procedure preferably used involves enforcement in accordance with the Civil Procedure Act.

The procedural stages for enforcement are the following:

- Submission of the complaint
- Issue or admission of enforcement
- Court summons to the debtor for payment (attachment of assets)
- Auction: application, scheduling of date for auction to be held and notice to debtor, following publication of edicts as provided for by Law.

The duration of these stages varies and overly depends on each procedure, the average being around 18 months.

If the recovery circuit described above is exhausted and even if the matter is defined as “irrecoverable” or “definitive bad debt”, recovery management shall not however be exhausted, for it shall be kept in place by specialised external companies, and individualised treatment by internal agents shall not be discontinued.

In addition to recovery management, a group of people at BBVA Finanzia is in charge of repossessing any vehicles financed in cases where payment has not been forthcoming. This team deals with negotiating with the client in order to have the vehicle delivered as payment in kind for the overdue debt, in order to be stored and subsequently sold at the highest profit for BBVA Finanzia.

#### **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 and BBVA FINANZIA, as holders of the Loans until assigned to the Fund and as Originators, shall give to the Management Company, on the Fund's behalf, in the Deed of Constitution and in the notarised certificates assigning receivables in relation to the Originators proper and to the Initial Receivables, and reaffirmed in each notarised assignment certificate in relation to the Originators proper and the Additional Receivables assigned under such notarised certificates, upon those assignments being made.

##### **1. Each Originator in relation to itself.**

- (1) That it 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 Bank of Spain's Register of Credit Institutions.
- (2) That neither at today's date nor at any time since it was incorporated has it been decreed insolvent, in bankruptcy or in suspension of payments, nor has it been in any circumstance generating a liability which might result in the credit institution authorisation being revoked.
- (3) That they have each obtained all necessary authorisations, including those required of their corporate bodies and third parties, if any, affected by the assignment of the Receivables to the Fund, to validly be present at the execution of the Deed of Constitution and the Initial Receivables assignment certificate and at the execution of the subsequent notarised Additional Receivables assignment certificates, the relevant agreements relating to the establishment of the Fund and to fulfil the undertakings made.
- (4) That it has audited annual accounts for the last three years ended as of December 31, 2009, 2008 and 2007. The audit reports on the annual accounts for the year 2009 are unqualified. The audited annual accounts for said years have been filed with the CNMV and with the Companies Register.

##### **2. Each Originator in relation to the Loans and to the Loan Receivables assigned to the Fund.**

- (1) That the grant of the Loans and all aspects relating thereto are ordinary actions in the course of its business and 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 it is the unrestricted legal and beneficial owner of all the Loans, free and clear of any and all liens and claims.
- (4) That the details of the Loans included in the schedules to the Deed of Constitution and the Initial Receivables assignment certificate and in subsequent notarised assignment certificates for Additional Receivables truly and accurately reflect the status of those Loans at the assignment date.

- (5) That the Obligor or Obligors shall be liable for fulfilling the Loans with all their current or future assets. Some of them are also secured by means of a surety or guarantee given by a person other than the Obligor or Obligors. And in the case of BBVA FINANZIA, some Loans used for financing the purchase of motor cars include a reservation of title clause.
- (6) That the Loans are duly supported and partly originated in a loan agreement certified by a commissioner for oaths, whereas others are originated in a private agreement. Some of the latter originated by BBVA in a loan agreement include a clause making provision for the issue of a non-negotiable blank promissory note by the borrower Obligor, delivering it to that Originator and expressly authorising the Originator, 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 the Originator in the event of a breach by the Obligor of the terms agreed in the relevant Loan. Some Loans are arranged by BBVA under the general terms of a master loan transaction agreement perfected in a document certified by a public commissioner for oaths.
- (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 individuals resident in Spain and are not employees, managers or officers of the Originator.
- (9) That the Loans have been granted to individuals resident in Spain for retail purposes (which retail purposes shall be broadly construed, including, inter alia, financing the obligor's expenses, the purchase of merchandise, goods, including motor cars, or services).
- (10) That the Loans granted by BBVA have been directly granted to the Obligors.
- (11) That on the date of assignment to the Fund, it has not learned 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 all the Loan payment obligations are satisfied by directly debiting an account at the Originator itself or at any other credit institution.
- (14) That on the date of assignment to the Fund, none of the Loans have any payments more than thirty (30) days overdue.
- (15) That it has strictly adhered to the lending policies in force from time to time and applicable to them in granting the Loans.
- (16) That the agreements or private documents originating the Loans have all been duly filed in the Originator's 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.
- (17) That the outstanding principal balance of each Loan is equivalent to the capital figure for which the Receivable is assigned to the Fund.
- (18) That the final maturity date of the Receivables is at no event after October 31, 2022.
- (19) That after being granted, the Loans have been serviced and are still being serviced by the Originator in accordance with its set customary procedures.

- (20) That the Originator has no knowledge of the existence of any litigation whatsoever in relation to the Loans which may detract from their validity or enforceability or may result in the application of Civil Code article 1535.
- (21) That the Loans all have a fixed interest rate.
- (22) That on the assignment date of the Receivables, at least one (1) instalment has fallen due on each Loan and is not overdue.
- (23) That to the best of its knowledge nobody has a preferred right over the Fund as holder of the Loan Receivables.
- (24) That the Originator has received no notice whatsoever of full or partial repayment of the Loans from the Obligors.
- (25) That the Loan has not matured before and does not mature on the date of assignment to the Fund.
- (26) That the outstanding principal balance of the Loan is between EUR five hundred (500) and EUR sixty-five thousand (65,000), both inclusive, and in the case of Loans arranged under a master agreement the initial principal balance of the Loan is at least as high as EUR ten thousand (10,000).
- (27) That loan interest and repayment instalment frequency is monthly.
- (28) 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.
- (29) That none of the Loans includes clauses allowing regular interest payment and principal repayment to be deferred, other than the principal repayment exclusion period, if any, existing at the origination date of each Loan.
- (30) That to the best of its knowledge no Obligor has any receivable owing from the Originator whereby the Obligor may be entitled to a set-off adversely affecting the rights vested in the Fund upon the Loans being assigned.
- (31) That the Loans are not finance lease transactions.
- (32) That the assignment of the Loan Receivables to the Fund is an ordinary action in the course of business of BBVA and is carried out at arm's length.
- (33) That upon being assigned, the Receivables all satisfy the set Election Requirements.

#### **2.2.9 Substitution of the securitised assets.**

##### **Set rules for substituting the Receivables or otherwise repayment to the Fund.**

1. In the event of early redemption of the Receivables due to prepayment of the relevant Loan capital, there will be no direct substitution of the Receivables affected thereby, notwithstanding the acquisition by the Fund of Additional Receivables during the Revolving Period.
2. In the event that it should be observed throughout the life of the Receivables that any of them failed on the assignment date to meet the characteristics contained in sections 2.2.8.2 or 2.2.2.3 of this Building Block, each Originator agrees, with respect to the Receivables it shall have assigned and subject to the Management Company's consent, to proceed forthwith to remedy and, if that is not possible, substitute or redeem the affected Receivable not substituted, by automatically terminating the assignment of the affected Receivables, subject to the following rules:

- a) The party becoming aware of the existence of a non-conforming Receivable, whether an Originator or the Management Company, shall notify the other party of this circumstance. The Originators 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 Receivable.

In order to proceed to 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 eligible, the Originator shall proceed to terminate the assignment of the affected Receivable and assign a new or new replacement Receivables.

Both substitution of Initial Receivables and substitution of Additional Receivables shall be made in a notarised certificate, subject to the same formal requirements established for the assignment of Additional Receivables, and both shall be communicated to the CNMV and the Rating Agencies.

- c) In the event that any Receivable 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 Receivable not replaced. That termination shall take place by a cash repayment to the Fund of the outstanding principal, interest accrued and not settled, and any other amount theretofore owing to the Fund on the relevant Receivable, which shall be paid into the Treasury Account.
  - d) In the event of termination of Receivables due to both substitution and repayment, the relevant Originator shall be vested in all the rights attaching to those Receivables accruing from the termination date or accrued and not due or overdue on that same date.
3. In particular, the amendment by a Servicer during the life of the Receivables 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 Originators 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 relevant Originator of its duties as Servicer 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 Receivables, in accordance with the procedure provided for in paragraph 2 above, 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 notify the CNMV of each and every replacement of Receivables resulting from a breach by the Originators.

#### **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 Originators, 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.**

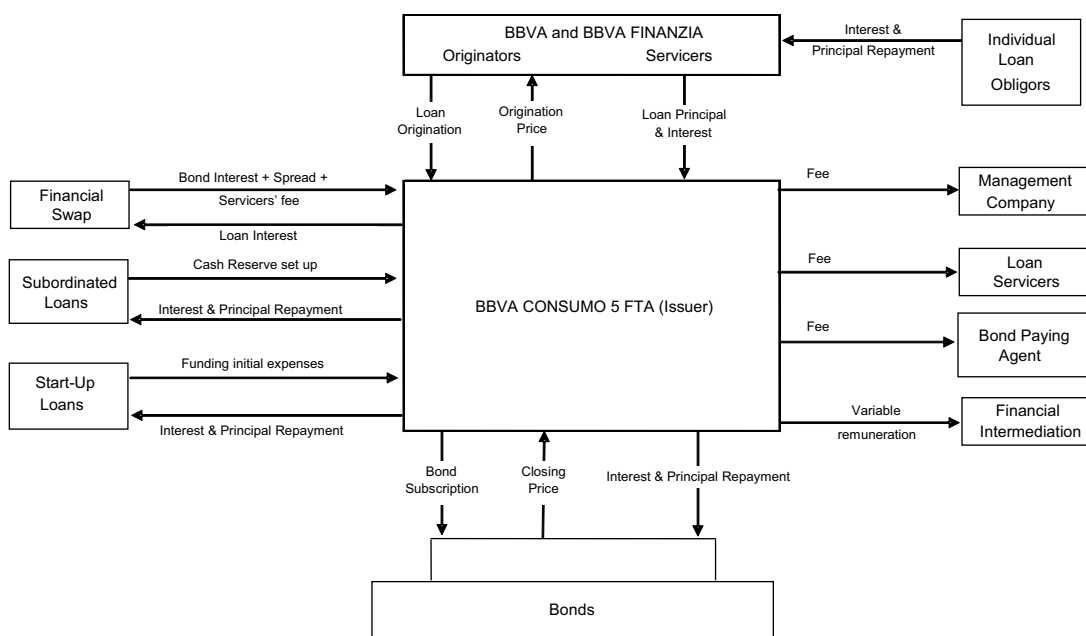
Not applicable.



### 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 Fund's balance sheet at the end of the Closing Date will be as follows:

ASSETS		LIABILITIES	
<b>Receivables</b>	<b>900,000,000.00</b>	<b>Obligations and securities</b>	<b>900,000,000.00</b>
Receivables	900,000,000.00	Bonds	900,000,000.00
Treasury Account *	423,550,000.00	Start-Up Loans	550,000.00
Principal Account	to be determined	Subordinated Loans	423,000,000.00
		<b>Short-term creditors</b>	<b>To be determined</b>
		Receivables interest accrued	to be determined
<b>TOTAL</b>	<b>1,323,550,000.00</b>	<b>TOTAL</b>	<b>1,323,550,000.00</b>

(Amounts in EUR)

\* Includes EUR 550,000.00 upon the Start-Up Loan amount being drawn down.

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 that 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 Management Company that will establish, manage and be the authorised representative of the Fund, has, together with BBVA, financially structured the Fund and the Bond Issue, and takes responsibility for the contents of this Prospectus.

- (ii) BBVA and BBVA FINANZIA are the Originators of the Receivables to be acquired by the Fund and the Subscribers of the Bond Issue.

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

- (iii) BBVA shall be the Lead Manager 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 has, together with the Management Company, structured the financial terms of the Fund and the Bond Issue and will carry out all other actions and activities provided for in respect of the Lead Manager in the Securities Note.

- (iv) URÍA MENÉNDEZ, as independent legal adviser, has provided legal and tax advice for establishing the Fund and issuing the Bonds and has been involved in reviewing this Prospectus, the transaction and financial service agreements referred to herein and the Deed of Constitution.
- (v) Deloitte has issued the audit report on certain features and attributes of a sample of all of BBVA's and BBVA FINANZIA's selected loans from which the Initial Receivables will be taken to be assigned to the Fund upon being established.
- (vi) Moody's and S&P are the Rating Agencies that have assigned the rating to the Bond Issue.

The description of the institutions referred to in the preceding paragraphs 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 Receivables.**

##### **3.3.1.1 Assignment of the Initial Receivables.**

The Originators shall, upon the Fund being established and concurrently upon the Deed of Constitution being executed, assign the Initial Receivables to the Fund in two receivable sale and purchase agreements, perfected in certificates executed before a notary public. The Management Company, for and on behalf of the Fund, and the Originators shall, in the Deed of Constitution, lay down their obligation to assign to the Fund in a notarised certificate on each Payment Date in the Revolving Period the Additional Receivables selected by the Management Company, totalling not in excess of the Acquisition Amount, from among those offered by the Originators satisfying the Election Requirements.

##### **3.3.1.2 Assignment of the Additional Receivables.**

Each new assignment to the Fund of Additional Receivables shall be perfected in notarised certificates executed by the Management Company, for and on behalf of the Fund, and each Originator on the assignment date.

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

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

- (i) The notarised assignment certificates with details of each Additional Receivable assigned to the Fund with the main features allowing them to be identified. The Originators shall ratify, in each notarised assignment certificate, in relation to the Originators themselves and the Additional Receivables

assigned under those notarised certificates, upon the assignments being made, the representations and warranties set out in section 2.2.8 of this Building Block.

- (ii) A written statement by the Management Company, also signed by the Originators, that the Additional Receivables satisfy all the set (Individual and Global) Election Requirements to be assigned to the Fund.

3.3.1.3 The Originators' assignment of the Receivables to the Fund 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 any Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the relevant Servicer to notify Obligors and guarantors or sureties, if any, of the transfer to the Fund of the outstanding Receivables, and that 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 or sureties, if any. Similarly, and in the same circumstances, the Management Company may request BBVA FINANZIA to have such things as may be necessary done in order to secure entry of the assignments of Receivables subject to reservations of title in the Chattels Register.

### **3.3.2 Receivable assignment terms.**

1. The Receivables will be fully and unconditionally assigned for the entire term remaining until maturity of each Loan.
2. Each Originator shall be liable to the Fund for the existence and lawfulness of the Receivables to the same extent laid down in articles 348 of the Commercial Code and 1529 of the Civil Code.
3. The Originators shall not bear the risk of default on the Receivables and shall therefore have no liability whatsoever for the Obligors' default of principal, interest or any other Loan amount owing to them by the Obligors, and will not be liable for the enforceability of guarantees collateral thereto or the availability or effects, as the case may be, of exchange proceedings. The Originators will also have no liability whatsoever to directly or indirectly guarantee that the transaction will be properly performed, and will give no guarantees or security, nor indeed agree to replace or repurchase the Receivables, other than as provided in section 2.2.9 of this Building Block.
4. Each Loan Receivables shall be assigned for all outstanding capital yet to be repaid at the assignment date and for all ordinary and late-payment interest on each Loan, and for all rights derived from any right collateral to the Loans and the rights derived from the reservations of title and death and total and permanent disability insurance contracts, if any, attached to the Loans.

Specifically, for illustration, without limitation, assignment of the Receivables shall provide the Fund with the following rights in relation to each Loan:

- (i) To receive all Loan capital or principal repayment amounts due.
- (ii) To receive all Loan capital ordinary interest amounts due.
- (iii) To receive all Loan late-payment interest amounts due.
- (iv) To receive any other amounts, assets or rights received as payment for Loan principal, interest or expenses.
- (v) To receive all possible Loan rights or compensations accruing for the Originator under the Loans, including those derived from any ancillary right attached to the Loans, including all rights derived from the reservations of title and death and total and permanent disability insurance contracts, and payments, if any, made by third-party guarantors, excluding prepayment or early cancellation fees if any established for each Loan, which shall remain for the benefit of the Originator.

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

Loan returns 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 Receivables are linked to the Obligors' payments and are therefore directly affected by Loan evolution, delays, prepayments or any other Loan-related incident.
6. The Fund shall bear any and all expenses or costs defrayed by the Originator in connection with 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.

### **3.3.3 Loan Receivable sale or assignment price.**

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

The Management Company shall pay the total Receivable assignment price on behalf of the Fund to each Originator as follows:

1. The part consisting of the face value of the capital of all 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 Receivables shall be fully made 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 and BBVA FINANZIA shall receive no interest on the deferred payment until the Closing Date.
  - b) Payment of the face value of the Additional Receivables shall be fully made on the relevant Payment Date on which the assignment occurs, for same day value, by debiting the Treasury Account opened on behalf of the Fund.
2. The part consisting of interest accrued on each Receivable, subparagraph (ii) of paragraph one of this section, shall be paid by the Fund on each collection date falling on the first interest settlement date of each Receivable, and will not be subject to the Fund Priority of Payments.

If the establishment of the Fund and hence the assignment of the Initial Receivables 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 and BBVA FINANZIA any rights whatsoever accrued for the Fund upon the Initial Receivables being assigned.

### **3.4 Explanation of the flow of funds.**

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

Receivable amounts received by the Fund will be paid by each 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 at November 23, 2010, as detailed in section 2.2.2.e) of this Building Block, is 8.58%, which is above the 1.46% nominal interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note for the first Interest Accrual Period. However, the Financial Swap partly mitigates the interest rate risk occurring in the Fund because the Receivables 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, and the risk derived from potential Loan interest rate renegotiation.

Quarterly on each Payment Date Bondholders will be paid interest accrued and, upon the Revolving Period terminating, principal will be repaid on the Bonds 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 Loans.

Mitigates the credit risk due to Receivable delinquency and default.

- (ii) Financial Swap:

Partly mitigates the interest rate risk occurring in the Fund because the Receivables 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 with quarterly accrual and settlement periods. In addition, a 1.75% excess margin is included.

- (iii) Treasury Account.

Mitigates the loss of return on the Fund's liquidity due to the timing difference between income received on the Receivables until payment of Bond interest and acquisition of Additional Receivables on the next succeeding Payment Date during the Revolving Period or, when it is over, Bond principal repayment.

- (iv) Principal Account:

Mitigates the loss of return on the amounts of the Principal Available Funds not applied to acquiring Additional Receivables during the Revolving Period.

##### **3.4.2.2 Cash Reserve.**

The Management Company shall set up on the Closing Date an Initial Cash Reserve by drawing fully the 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 at a sum of EUR four hundred and twenty-three million (423,000,000.00) ("**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 out of the Available Funds in the Priority of Payments.

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

- (i) EUR four hundred and twenty-three million (423,000,000.00).
  - (ii) The higher of:
    - a) 94.00% of the Outstanding Principal Balance of the Bond Issue.
    - b) EUR two hundred and eleven million five hundred thousand (211,500,000.00).
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 Receivables exceeds 1.00% of the Outstanding Balance of Non-Doubtful Receivables.
    - 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 Loans.**

The Management Company shall, for and on behalf of the Fund, enter with the Originators on the date of establishment of the Fund into two agreements whereby the Originators shall grant to the Fund two commercial subordinated loans (the "**Subordinated Loans**") altogether totalling EUR four hundred and twenty-three million (423,000,000.00) (the "**Subordinated Loan Agreements**"), distributed among the Originators as lenders proportionally to the face value of the Initial Receivables assigned by each Originator. The Subordinated Loan amount shall be delivered on the Closing Date and be applied to setting up the Initial Cash Reserve on the terms for which provision is made in section 3.4.2.2 of this Building Block, although granting of the Loan by no means guarantees performance of the securitised Receivables.

Subordinated Loan principal shall be altogether repaid on each Payment Date in an amount equal to the positive difference existing between the sum of 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.

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

Outstanding Subordinated Loan principal shall accrue 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 0.10% margin. Interest shall be settled and be payable on the expiry date of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall be May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days. 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, in the Liquidation Priority of Payments

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

All Subordinated Loan amounts due and not paid by the Fund 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, on the Fund liquidation date, in the Liquidation Priority of Payments.

The Subordinated Loan Agreements shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to the Bonds as final ratings by 2pm CET on December 21, 2010.

#### **3.4.3.2 Start-Up Loans.**

The Management Company shall, for and on behalf of the Fund, enter with the Originators on the date of establishment of the Fund into two agreements whereby the Originators shall grant to the Fund two commercial loans (the "**Start-Up Loans**") totalling EUR five hundred and fifty thousand (550,000.00) (the "**Start-Up Loan Agreements**"), distributed among the Originators as lenders proportionally to the face value of the Initial Receivables assigned by each Originator. The Start-Up Loan amounts shall be delivered on the Closing Date and be allocated to financing the Fund set-up and Bond issue and admission expenses.

Outstanding Start-Up Loan principal will accrue 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 0.10% margin. Interest shall be settled and be payable on the expiry date of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall be May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days. Interest shall be paid on the relevant Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, on the Fund liquidation date, in the Liquidation Priority of Payments.

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

Each 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, May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days, and the following until the Payment Date falling on February 21, 2014, inclusive.
- (ii) The portion of Start-Up Loan principal not used shall be repaid on the first Payment Date, May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days.

All Start-Up Loan amounts due and not paid by the Fund 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, on the Fund liquidation date, in the Liquidation Priority of Payments.

The Start-Up Loan Agreements 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 Loans shall be used to pay the Fund set-up and Bond issue expenses and all other obligations undertaken by the Management Company, for and on behalf of the Fund, originated upon the Fund being established and which are due and payable, and principal repayment shall be deferred and subordinated to satisfaction of those obligations, out of the Fund's remaining assets.

#### **3.4.4 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 on the date of establishment of the Fund enter into a Guaranteed Interest Rate Account (Treasury Account) Agreement whereby BBVA will pay a certain floating 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) Receivable principal repaid and interest collected;
- (iii) any other Receivable amounts payable to the Fund;
- (iv) Subordinated Loan principal drawn down, and the Cash Reserve amount from time to time;
- (v) Start-Up Loan principal drawn down;
- (vi) Financial Swap amounts paid to the Fund;
- (vii) the amounts of the returns obtained on Treasury Account and Principal Account balances; and
- (viii) the amounts, if any, of interim withholdings on the return on investments to be effected on each relevant Payment Date on the Bond interest paid by the Fund, until due for payment to the Tax Administration.

BBVA shall pay an annual nominal interest rate, floating 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 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 expiry date of each interest accrual period on each Fund Determination 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 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, May 12, 2011.

In the event that the rating of the short-term unsecured and unsubordinated debt obligations of BBVA or of the institution in which the Treasury Account is opened (the “**Treasury Account Provider**”) should, at any time during the life of the Bond Issue, be downgraded below P-1 or A-1 respectively by Moody’s and S&P, the Management Company shall within not more than thirty (30) calendar days from the time of the occurrence of the downgrade below P-1, or within not more than sixty (60) calendar days from the time of the occurrence of the downgrade below A-1, do any of the things 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 with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and A-1 respectively by Moody’s and S&P an unconditional, irrevocable and 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 credited to the Treasury Account, for such time as the Treasury Account Provider remains downgraded below P-1 or A-1.
- b) Transferring the Treasury Account to an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and A-1 respectively by Moody’s and S&P, arranging the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

In the event of b) above occurring and that BBVA’s short-term unsecured and unsubordinated debt obligations should subsequently be upgraded back to being at least as high as P-1 and A-1, respectively by Moody’s and S&P, the Management Company shall subsequently transfer the balances back to BBVA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

All costs, expenses and taxes incurred in connection with doing and arranging the above shall be borne by BBVA or, as the case may be, the substituted Treasury Account Provider.

BBVA shall, forthwith upon its credit rating being downgraded, agree to use commercially reasonable efforts in order that the Management Company may do either of a) or b) above.

#### **3.4.4.2 Principal Account.**

The Management Company, for and on behalf of the Fund, and BBVA shall on the date of establishment of the Fund enter into a Guaranteed Interest Rate Account (Principal Account) Agreement whereby BBVA will pay a certain floating 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 Receivables 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. Exceptionally, the amounts of the difference between the face values of the Bond Issue and of the initial Receivables acquired shall also be credited on the Closing Date.

BBVA shall pay an annual nominal interest rate, floating 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 expiry date of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period, and (ii) a three-hundred-and-sixty-five (365-) day year or a three-hundred-and-sixty-six (366-) day year if a leap year.

In the event that the rating of short-term unsecured and unsubordinated debt obligations of BBVA or of the institution in which the Principal Account is opened (the **"Principal Account Provider"**) should, at any time during the life of the Bond Issue, be downgraded below P-1 or A-1 respectively by Moody's and S&P, the Management Company shall within not more than thirty (30) calendar days from the time of the occurrence of the downgrade below P-1, or within not more than sixty (60) calendar days from the time of the occurrence of the downgrade below A-1, do any of the things 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 with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and A-1 respectively by Moody's and S&P an unconditional, irrevocable and 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 credited to the Principal Account, for such time as the Principal Account Provider remains downgraded below P-1 or A-1.
- b) Transferring the Principal Account to an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and A-1 respectively by Moody's and S&P, arranging the highest possible yield for its balances, which may differ from that arranged with the Principal Account Provider under the Guaranteed Interest Rate Account (Principal Account) Agreement.

In the event of b) above occurring and that BBVA's short-term unsecured and unsubordinated debt obligations should subsequently be upgraded back to being at least as high as P-1 and A-1, respectively by Moody's and S&P, the Management Company shall subsequently transfer the balances back to BBVA under the Guaranteed Interest Rate Account (Principal Account) Agreement.

All costs, expenses and taxes incurred in connection with doing and arranging the above shall be borne by BBVA or, as the case may be, the substituted Principal Account Provider.

BBVA shall, forthwith upon its credit rating being downgraded, agree to use commercially reasonable efforts in order that the Management Company may do either of a) or b) above.

Returns received on amounts credited to the Principal Account shall be paid into the Principal Account.

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 the Bonds as final ratings by 2pm CET on December 21, 2010. 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.**

Each Servicer shall manage collection of all amounts payable by the Obligors on the Receivables serviced thereby. 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 Receivable amounts received by each Servicer shall be paid by the Servicer into the Fund's Treasury Account on the seventh day after the day 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.

Nevertheless, in the event that a Servicer's credit quality could result in the ratings given by the Rating Agencies to the Bonds being downgraded, 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 are received by the Servicer. 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. BBVA shall, as provided for in section 3.7.2.5 of this Building Block, guarantee performance of certain obligations of BBVA FINANZIA as Servicer.

In the event that the rating of BBVA's short-term unsecured and unsubordinated debt obligations should be downgraded below P-1 or A-2 respectively by Moody's and S&P, the Receivable amounts received by each Servicer shall be paid to the Fund crediting the Treasury Account on the first day after the date on which they are received by each Servicer, or the following business day, for same day value, if that is not a business day.

In the event of BBVA's long-term debt obligations being downgraded below Baa3 by Moody's, BBVA will:

- (i) post cash collateral to the Fund with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, or
- (ii) arrange an unconditional irrevocable credit facility upon the Management Company's first demand with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's.

The cash collateral amount or the maximum limit of the credit facility arranged shall be equivalent to the estimated aggregate amount of Receivable repayment and interest instalments during the calendar month with the highest amount from the date of downgrade below Baa3 by Moody's, calculated assuming that the Receivable delinquency rate should be 0.00% and the CPR should be 10.00%.

The Fund may only draw on that cash collateral or the credit facility the Receivable amounts it shall not receive from either Servicer, if any, owing to the Fund and received by the Servicer and not paid into the Fund.

In the event that the credit rating of BBVA's short-term unsecured and unsubordinated debt obligations should be downgraded below A-2 by S&P, BBVA shall do either of the following:

- (i) obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P within not more than thirty (30) days reckoned from the time of the occurrence of that circumstance, a first demand guarantee, satisfying the S&P criteria in force from time to time; or
- (ii) post cash collateral to the Fund, within not more than ten (10) days reckoned from the time of the occurrence of the aforesaid circumstance, with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P.

The amount of the guarantee or cash collateral shall be equivalent to the aggregate estimated amount of the Receivable repayment and interest instalments that would become due during one month, from the date of downgrade below A-2 by S&P, calculated assuming a CPR based on the historical CPR of the Receivables assigned to the Fund.

The Fund may only call the guarantee or draw on the amount of such cash collateral to the extent of the Receivable amounts, if any, not received from either Servicer owing to the Fund and received by the Servicer and not paid to the Fund.

In the event that BBVA's short-term unsecured and unsubordinated debt obligations should be upgraded back to P-1 and A-2 respectively by Moody's and S&P, the Receivable amounts due to the Fund received by the Servicer may be fully transferred back to the Fund and credited to the Treasury Account on the seventh day after the date on which they are received by the Servicer and (i) and (ii) above shall not apply, in relation to Moody's or S&P's rating.

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

The Servicer shall at no event pay any Receivable payment amount whatsoever to the Fund not previously received from the Obligors.

### **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 to 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 Receivables at their face value.
- b) Payment of the Fund set-up and Bond issue and admission expenses.
- c) Setting up the Initial Cash Reserve.

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

On each Payment Date, other than the Final Maturity Date or upon Early Liquidation of the Fund, the Management Company shall proceed successively to apply the Available Funds and the 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 identified as such by the Management Company (based on information received from the Servicers concerning the items applied)

- a) Receivable principal repayment income received during the Determination Period preceding the relevant Payment Date.
- b) Receivable 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.
- d) The return received on amounts credited to the Principal Account.
- e) The Cash Reserve amount at 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 settlement payment amount payable by the Fund’s 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 or given as payment to the Fund.
- h) Additionally, on the first Payment Date, the portion of Start-Up Loan principal not used, if any.

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

## **2. Application.**

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

1. Payment of the Fund's properly supported taxes and ordinary<sup>(1)</sup> and extraordinary<sup>(2)</sup> expenses, whether or not they were disbursed by the Management Company, including the periodic 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 Receivable amounts reimbursable to each Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.
2. Payment to each Servicer of the Loan servicing fee established in the Servicing Agreement.
3. As the case may be, payment of the net amount payable 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 payable by the Fund.
4. Payment of Bond interest due.
5. Principal Withholding in an amount equal to the positive difference if any at the Determination Date preceding the relevant Payment Date between:
  - (i) the Outstanding Principal Balance of the Bond Issue, and
  - (ii) the sum of a) the Outstanding Balance of Non-Doubtful Receivables and b) the Principal Account balance.

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.

6. Withholding of an amount sufficient for the Required Cash Reserve amount to be maintained.
7. As the case may be, payment of the settlement payment amount payable by the Fund under the Financial Swap Agreement other than in the events provided for in 3<sup>rd</sup> place above.
8. Payment of interest due on the Subordinated Loans.
9. Repayment of Subordinated Loan principal to the extent amortised.
10. Payment of interest due on the Start-Up Loans.
11. Repayment of Start-Up Loan principal to the extent amortised.
12. 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 order in which the accounts payable fall due.

<sup>(1)</sup> The following shall be considered ordinary expenses of the Fund:  
a) Any expenses deriving from mandatory administrative verifications, registrations and authorisations.

- b) Periodic Fund management fee due to the Management Company and Paying Agent fee due to the Paying Agent.
- c) Rating Agency fees for monitoring and maintaining the Bond rating.
- d) 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.
- e) Expenses of auditing the annual accounts and the Additional Receivables.
- f) Bond amortisation expenses.
- g) Expenses deriving from announcements and notices relating to the Fund and/or the Bonds.
- h) Fees due to notarisation of the certificates assigning Additional Receivables.

The Fund's ordinary expenses in its first year, including those derived from the Paying Agent Agreement, are estimated at EUR two hundred and fifty thousand (250,000.00). Because a significant portion of those expenses are directly related to the Outstanding Principal Balance of the Bond Issue and that balance shall fall throughout the life of the Fund, the Fund's ordinary expenses will also fall as time goes by.

- (2) The following shall be considered extraordinary expenses of the Fund:
- a) Expenses, if any, deriving from preparing and perfecting an amendment of the Deed of Constitution and of the agreements, and from entering into additional agreements.
  - b) Expenses required to enforce Receivables and deriving from any recovery actions required, including expenses incurred in connection with administration and disposal of assets or rights awarded or given as payment to the Fund for the same to be utilised.
  - c) Extraordinary expenses of audits and legal advice.
  - d) The remaining amount, if any, of the initial Fund set-up and Bond issue and admission expenses 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 actually applied in fifth (5<sup>th</sup>) 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.

##### **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 Receivables Revolving Period, payment of the assignment price comprising the face value of the outstanding capital or principal of the Additional Receivables acquired by the Fund on the relevant Payment Date.

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

2. After the Revolving Period ends, the Principal Available Funds shall be applied to amortising the Bonds 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 upon Early Liquidation in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document, by applying the following available funds (the "**Liquidation Available Funds**"): (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Receivables and the remaining assets and, as the case may be, (iii) the amount drawn under the credit

facility or the loan arranged and exclusively used for final amortisation of the Bonds then outstanding, in accordance with the provisions of section 4.4.3.3.(iii) of the Registration Document, in the following order of priority of payments (the “**Liquidation Priority of Payments**”):

1. Reserve to meet the final tax, administrative or advertising termination and liquidation expenses.
2. Payment of the Fund’s properly supported taxes and ordinary and extraordinary expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund’s behalf by and Receivable amounts reimbursable to each Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.
3. Payment to each Servicer of the Loan Servicing fee established in the Servicing Agreement.
4. As the case may be, payment of amounts 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 payable by the Fund.
5. Payment of Bond interest due.
6. Repayment of the Bond principal.
7. In the event of the credit facility or the loan being arranged for early amortisation of the Bonds then outstanding as provided for in section 4.4.3.3.(iii) of the Registration Document, payment of financial expenses accrued and principal repayment on the credit facility or the loan arranged.
8. As the case may be, payment of the settlement payment amount payable by the Fund under the Financial Swap Agreement other than in the events provided for in 4<sup>th</sup> place above.
9. Payment of interest due on the Subordinated Loans.
10. Repayment of Subordinated Loan principal.
11. Payment of interest due on the Start-Up Loans.
12. Repayment of Start-Up Loan principal.
13. 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 order 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 Originators into a financial intermediation agreement (the “Financial Intermediation Agreement”) on the date of establishment of the Fund designed to remunerate the Originators for the financial intermediation process carried out, enabling the financial transformation defining the Fund’s activity, the subscription by the Fund for the Receivables and the ratings assigned to the Bonds.

The Originators shall be entitled to receive from the Fund a variable subordinated remuneration (the “**Financial Intermediation Margin**”) which shall be determined and accrue upon expiry of every quarterly accrual period, which shall comprise, except for the first period, the three calendar months next preceding each Payment Date, 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 last day of the calendar month next preceding every Payment Date. The Financial Intermediation Margin accrued at the close of the months of January, April, July and October, these being the last calendar month in each interest accrual period, 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 Intermediation Margin accrual period shall be comprised between the date on which the Fund is established, inclusive, and April 30, 2011, inclusive, this being the last day in the calendar month preceding the first Payment Date, and (ii) the last accrual period for the Financial Intermediation Margin shall comprise a) until the Final Maturity Date or the date on which Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the Receivables 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 last day in the calendar month preceding the Payment Date before the date referred to in a), including the first date a) but not including the second date b). The first Financial Intermediation Margin settlement date shall be the first Payment Date, May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days.

In addition, the Financial Intermediation Agreement shall determine the rules for distribution to each Originator of the Fund's assets and liabilities and their income and expenses for distribution of the Financial Intermediation Margin.

If the Fund should not have sufficient liquidity on a Payment Date in the Priority of Payments to pay the full Financial Intermediation Margin, the unpaid amount shall accumulate without any penalty whatsoever on the Financial Intermediation Margin accrued, as the case may be, in the following quarterly period and shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments or, on the Fund liquidation date, in the Liquidation Priority of Payments. Payment of Financial Intermediation Margin amounts not paid on preceding Payment Dates shall take precedence 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 the Bonds as final by 2pm CET on December 21, 2010.

### **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 1997 Master Financial Transaction Agreement (CMOF), including the Master Agreement, Schedule I, Schedule II, Schedule III and the Confirmation, the most relevant characteristics of which are described below.

Under the Financial Swap Agreement, the Fund will make payments to BBVA calculated on the Receivable interest rate and in consideration BBVA will make payments to the Fund calculated on the Nominal Interest Rate of the Bonds and other items, all as described hereinafter.

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

**Party B: BBVA.**

#### **1. Payment dates.**

Payment dates shall fall on the Bond Payment Dates, i.e. on February 21, May 21, August 21 and November 21 in every year, or the next succeeding Business Day if any of these dates is not a Business Day. The first payment date shall be May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days.



The variable amounts payable by Party A and by Party B for each respective calculation period shall be netted and be paid by the paying Party to the receiving Party on each payment date.

**2. Calculation periods.**

**Party A:**

Party A calculation periods shall include the exact number of days elapsed between two consecutive Determination Dates, not including the beginning but including the ending date. Exceptionally, a) the length of the first Party A calculation period shall be equivalent to the exact number of days elapsed between the date of establishment of the Fund, inclusive, and May 12, 2011, the first Determination Date, inclusive, and b) the length of the last Party A calculation period shall be equivalent to the exact number of days elapsed between the Determination Date preceding the date on which the Financial Swap Agreement terminates, exclusive, and the date on which termination occurs, inclusive.

**Party B:**

Party B calculation periods shall include the exact number of days elapsed between two consecutive payment dates, including the beginning but not including the ending date. Exceptionally, a) the length of the first Party B calculation period shall be equivalent to the exact number of days elapsed between the Bond Issue Closing Date, inclusive, and the first payment date, May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days, exclusive, and b) the length of the last Party B calculation period shall be equivalent to the exact number of days elapsed between the payment date preceding the date on which the Financial Swap Agreement terminates, inclusive, and the date on which termination occurs, exclusive.

**3. Face Amount.**

This shall be on each payment date the daily average during the next preceding Party A calculation period of the Outstanding Balance of Non-Delinquent Receivables, increased, until the payment date falling on the Revolving Period ending date, inclusive, by the result of multiplying a) the daily average, during the Party A calculation period falling due, of the Principal Account balance, and b) the margin applicable for determining the Nominal Interest Rate of the Bonds, matching the Party B calculation 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 calculation period falling due.

**4. Party A amounts payable.**

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

**4.1 Party A Interest Rate.**

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

**5. Party B amounts payable.**

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

### **5.1 Party B Interest Rate.**

For each Party B calculation period this shall be the annual interest rate resulting from adding (i) the Nominal Interest Rate applicable to the Bonds determined for the then-current Interest Accrual Period matching each Party B calculation period, and (ii) 1.75%.

### **6. Maturity Date.**

This shall be the earlier of the dates on which any of 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. Events of default specific to the Financial Swap Agreement.**

If on a Payment Date the Fund (Party A) should not have sufficient liquidity to pay 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 default occur on two consecutive Payment Dates, Party B may choose Termination of the Financial Swap Agreement. In this event, the Fund (Party A) shall accept the obligation to pay the settlement amount payable established to which it is bound on the terms of the Financial Swap Agreement, all in the Priority of Payments or, on the Fund liquidation date, in the Liquidation Priority of Payments. Should the settlement amount payable 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 payable provided for in the Financial Swap Agreement.

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

#### **8.1 Moody's Criteria**

Party B shall irrevocably agree as follows under the Financial Swap Agreement:

- (i) If at any time during the life of the Bond Issue neither Party B nor any of its Credit Support Providers has the First Required Rating Threshold ("First Rating Default"), then Party B shall post collateral in the form of cash or securities in favour of the Fund with an institution with short-term unsecured and unsubordinated debt obligations rated P-1 by Moody's, on the terms of Credit Support Annex III, within thirty (30) Business Days of the occurrence of that circumstance.

Posting collateral in the form of cash or securities in favour of the Fund may be avoided if one of the following is done:

- a) Obtaining an eligible replacement (the "Eligible Replacement").
  - b) Obtaining a Credit Support Provider with the First Required Rating Threshold.
- (ii) If at any time during the life of the Bond Issue neither Party B nor any of its Credit Support Providers has at least the Second Required Rating Threshold ("Second Rating Default"), then Party B shall, on a best efforts basis and as soon as possible (A) obtain a Credit Support Provider with at least the Second Required Rating Threshold, provided that collateral shall

have been posted as set out in (i) above or, as the case may be, with the First Required Rating Threshold; or (B) obtain an Eligible Replacement.

While none of the actions specified above have been taken, Party B shall, within thirty (30) Business Days of the occurrence of the Second Rating Default, post collateral in the form of cash or securities in favour of the Fund with an institution with short-term unsecured and unsubordinated debt obligations rated at least P-1 by Moody's, on the terms of Credit Support Annex III.

Party B's obligations under (i) and (ii) above, and the Early Termination events deriving therefrom, shall only apply during such time as the events respectively prompting the First Required Rating Default or the Second Required Rating Default are in place. The collateral transferred by Party B pursuant to (i) and (ii) above will be retransferred to Party B upon cessation of the causes resulting in the First Rating Default or the Second Rating Default, respectively.

All costs, expenses and taxes incurred in connection with fulfilment of the preceding obligations shall be payable by Party B.

In the above connection, "Credit Support Provider" shall mean an institution providing an Eligible Guarantee with respect to present and future obligations of Party B under the Financial Swap Agreement. "Eligible Guarantee" shall mean an unconditional and irrevocable guarantee given by a Credit Support Provider jointly and severally (as principal obligor) that may be directly called by Party A, with respect to which (i) it is established that if the guaranteed obligation cannot be carried out without certain actions being taken by Party B, the Credit Support Provider shall use its best efforts to have Party B carry out those actions, (ii) (A) a law firm provides a legal opinion confirming that none of the payments made by the Credit Support Provider to Party A under the Guarantee results in any requirement for deduction or withholding for or on account of any tax, and that opinion has been notified to Moody's, or (B) the Guarantee determines that, if any such payment results in any requirement for deduction or withholding for or on account of any tax, that Credit Support Provider shall be bound to pay such additional amount in order for the net payment ultimately received by Party A to be equal to the total amount that Party A would have received had there been no such deduction or withholding, or (C) in the event that any payment (the "Principal Payment") under the aforesaid Guarantee is made net of deductions or withholdings for or on account of any tax, then Party B shall, under the Financial Swap Agreement, make an additional payment (the "Additional Payment") in order for the net amount received by Party A from the Credit Support Provider (clear of taxes), i.e. the sum of the Principal Payment and the Additional Payment, to be equal to the total amount that Party A would have received had there been no such deduction or withholding (assuming that the Credit Support Provider may be required to make such Additional Payment under the Guarantee); y (iii) the Credit Support Provider expressly and irrevocably waives any right to compensation under that Guarantee; and "Eligible Replacement" shall mean an institution that is legally able to satisfy the obligations due to Party A under the Financial Swap Agreement or its replacement (as the case may be) (A) with the First Required Rating Threshold or with the Second Required Rating Threshold, in which case it shall upon obtaining the replacement post collateral in the form of cash or securities in favour of the Fund, on the terms of Credit Support Annex III, or (B) whose present and future obligations due to Party A under the Financial Swap Agreement (or its replacement, as the case may be) are guaranteed under an Eligible Guarantee provided by a Credit Support Provider having the Second Required Rating Threshold.

An entity shall have the "First Required Rating Threshold" (A) in the event that the short-term unsecured and unsubordinated debt obligations of that entity are rated P-1 by Moody's and its long-term unsecured and unsubordinated debt obligations are rated at least as high as A2 by Moody's, or (B) in the event that the short-term unsecured and unsubordinated debt obligations of that entity are not rated by Moody's, if its long-term unsecured and unsubordinated debt obligations are rated at least as high as A1 by Moody's.

An entity shall have the "Second Required Rating Threshold" (A) in the event that the short-term unsecured and unsubordinated debt obligations of that entity are rated at least as high as P-2 by Moody's and its long-term unsecured and unsubordinated debt obligations are rated at least as high as A3 by Moody's, or (B) in the event that the short-term unsecured and unsubordinated debt

obligations of that entity are not rated by Moody's, if its long-term unsecured and unsubordinated debt obligations are rated at least as high as A3 by Moody's.

## **8.2 S&P Criteria**

In accordance with S&P's current criteria, subject to change or review in the future as published by S&P and sent to the Management Company:

In the event that the short-term unsecured and unsubordinated debt obligations of Party B (or its successor) should at any time during the life of the Bonds be downgraded below A-1, then it shall, within 60 calendar days, at its own cost, do either of the following:

- (A) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement financial institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P; or
- (B) procure a financial institution suitable for S&P and with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P to become co-obligor in respect of the obligations of Party B under the Financial Swap Agreement.

While either of the above is put in place, Party B (or its successor) will, within not more than 10 Business Days, at its own cost, post cash or securities as collateral to Party A, at an amount covering 125% of the mark-to-market value of the Financial Swap, on the terms of Credit Support Annex III and in accordance with the criteria then in force published by S&P.

All costs, expenses and taxes incurred in connection with fulfilment of the preceding obligations shall be payable by Party B (or its successor) downgraded by S&P and having to implement either (A) or (B) above.

## **9. Other characteristics of the Financial Swap Agreement.**

The occurrence, as the case may be, of early termination of the Financial 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 4.9.4 of the Securities Notes, 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 the Bonds as final ratings by 2pm CET on December 21, 2010.

### **3.4.7.2 Bond Issue Paying Agent.**

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) On each Bond Payment Date, paying Bond interest and, as the case may be, repaying Bond principal through Iberclear, after deducting the total interim tax withholding amount for return on investments to be made by the Management Company, on the Fund's behalf, in accordance with applicable tax laws.

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

In the event that the rating of the Paying Agent's short-term unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below P-1 or A-1 respectively by Moody's and S&P, the Management Company shall, within not more than thirty (30) calendar days, from the time of the occurrence of the downgrade below P-1, or within not more than sixty (60) calendar days from the time of the occurrence of the downgrade below A-1, after notifying the Rating Agencies, do either of the following: (i) obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 or A-1 respectively by Moody's and S&P, an unconditional and irrevocable first demand guarantee securing for the Fund, merely upon the Management Company so requesting, the commitments made by the Paying Agent, for such time as the Paying Agent remains downgraded below P-1 or A-1, or (ii) revoke the Paying Agent's designation as Paying Agent and thereupon designate another institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and A-1 respectively by Moody's and S&P to take its place before terminating the Paying Agent Agreement. 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. All costs, expenses and taxes incurred in connection with doing and arranging (i) above shall be borne by the substituted institution.

The Paying Agent shall agree, forthwith upon its credit rating being downgraded, to use commercially reasonable efforts in order that the Management Company may do either of (i) or (ii) above.

In consideration of the services to be provided by the Paying Agent, the Fund shall pay it on each Payment Date during the term of 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, on the Fund liquidation date, in the Liquidation Priority of Payments.

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

The Paying Agent Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to the Bonds as final ratings by 2pm (CET) on December 21, 2010.

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

The originators and assignors of the securitised Receivables are BBVA and BBVA FINANZIA.

#### **BANCO BILBAO VIZCAYA ARGENTARIA S.A. (BBVA)**

Registered office: Plaza de 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

#### **FINANZIA BANCO DE CRÉDITO S.A. (BBVA FINANZIA)**

Registered office: Calle Julián Camarillo number 4, 28037 Madrid (Spain)

## Significant economic activities of BBVA and BBVA FINANZIA.

The following is selected individual financial information for BBVA and BBVA FINANZIA at September 30, 2010, December 31, 2009 and at December 31, 2008 and how the first two dates compare. The financial information at December 31, 2009 and at December 31, 2008 has been audited. That information has been prepared in accordance with International Financial Reporting Standards applicable to them under Regulation EC 1606/2002 and Bank of Spain Circular 4/2004, as well as the changes made thereto by Bank of Spain Circular 6/2008.

<b>BBVA</b>	<b>30.09.2010</b>	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>Δ%</b>
	<b>(A)</b>	<b>(B)</b>		<b>(A-B)/B</b>
<b>BALANCE SHEET (EUR million)</b>				
Total assets	557,761	535,065	542,650	4.24
Customer credit (gross)	343,084	332,165	342,671	3.29
Balance-sheet customer resources	368,745	371,999	376,380	-0.87
Other customer resources	144,298	136,957	119,017	5.36
Total customer resources	513,042	508,957	495,397	0.80
Net assets	32,909	30,763	26,705	6.98
Equity	31,610	29,362	26,586	7.66
<b>PROFIT &amp; LOSS ACCOUNT (EUR million)</b>				
Interest margin	10,182	13,882	11,686	-26.65
Gross margin	15,964	20,666	18,978	-22.75
Net margin	9,322	12,308	10,523	-24.26
Pre-tax profit	5,260	5,736	6,926	-8.30
Profit attributed to the Group	3,668	4,210	5,020	-12.87
<b>DATA PER SHARE AND MARKET VALUE</b>				
Price	9.91	12.73	8.66	-22.15
Market value (EUR million)	37,124	47,712	32,457	-22.19
Earnings per share	0.95	1.12	1.35	-15.18
Book value	8.43	7.83	7.09	7.66
PBVR	1.20	1.60	1.20	-25.00
<b>RELEVANT RATIOS (%)</b>				
ROE	17.20	16.00	21.50	
ROA	0.95	0.85	1.04	
RORWA	1.75	1.56	1.95	
Efficiency ratio with depreciation	41.60	40.40	44.60	
Delinquency rate	4.10	4.30	2.30	
Retail delinquency rate	10.53	10.45	7.71	
Coverage rate	62.00	57.00	92.00	
<b>CAPITAL RATIOS (BIS REGULATIONS) (%)</b>				
BIS ratio	12.80	13.6	12.2	
Core capital	8.20	8.0	6.2	
TIER I	9.20	9.4	7.9	
<b>ADDITIONAL INFORMATION</b>				
Number of shares (million)	3,748	3,748	3,748	
Number of shareholders	889,104	884,373	903,897	
Number of employees	105,265	103,721	108,972	
Number of branches	7,362	7,466	7,787	

<b>BBVA FINANZIA</b>	<b>30.09.2010</b>	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>Δ%</b>
	<b>(A)</b>	<b>(B)</b>		<b>(A-B)/B</b>
<b>BALANCE SHEET (EUR million)</b>				
Total assets	6,654,793	7,633,026	7,403,407	-12.82
Customer credit (gross)	4,636,255	4,929,589	4,864,007	-5.95
Credit Institution Deposits <sup>(1)</sup>	6,306,309	7,054,076	6,558,869	-10.60
Customer deposits	190,323	308,915	615,611	-38.39
Subordinated liabilities <sup>(2)</sup>	6,014	6,015	6,024	-0.02
Net assets	97,757	194,172	158,298	-49.65
Equity	97,757	197,798	161,326	-50.58
<b>PROFIT &amp; LOSS ACCOUNT (EUR million)</b>				
Interest margin	84,296	85,012	66,226	-0.84
Gross margin	104,755	110,193	80,651	-4.93
Operating profit or loss	-99,852	-121,603	-10,941	-17.89
Pre-tax profit or loss	-99,528	-130,260	-1,431	-23.59
Year's profit or loss	-100,041	-136,656	4,398	-26.79
<b>DELINQUENCY RATIO (%)</b>				
Delinquency ratio	6.67	7.53	6.00	
<b>ADDITIONAL INFORMATION</b>				
Number of shares	5,434,021	5,434,021	2,493,000	
Number of shareholders <sup>(3)</sup>	2	2	2	
Commercial branches	31	33	33	

(1) This is basically the amount of term deposits taken from BBVA.

(2) This is a subordinated loan granted by BBVA.

(3) At September 30, 2010 the shareholders were the following

Corfisa (\*) 100%

(\*) Company wholly-owned by BBVA Group

The capital ratios are not published in BBVA FINANZIA's accounts. This information would however be consolidated within BBVA group, which would include BBVA FINANZIA as a BBVA group member.

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

Not applicable.

### 3.7 Administrator, calculation agent or equivalent.

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

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

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

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

### **3.7.1.2 Administration and representation of the Fund.**

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

- (i) Keeping the Fund's accounts duly separate from the Management Company's own, rendering accounts and satisfying tax and any other statutory obligations of the Fund.
- (ii) Making such decisions as may be appropriate in connection with liquidation of the Fund, including the decision to proceed to Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in accordance with the provisions of this Prospectus and the Deed of Constitution. 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 Receivables.
- (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 this Prospectus.
- (vi) Complying with the calculation duties provided for and taking the actions laid down in the Deed of Constitution and in this Prospectus and in the various Fund transaction agreements or in such others as the Management Company may enter into in due course for and on behalf of the Fund.
- (vii) The Management Company may extend or amend the agreements entered into on behalf of the Fund, substitute, as the case may be, each of the Fund service providers on the terms provided for in each agreement, and indeed, if necessary, enter into additional agreements, including a credit facility agreement or a loan in the event of Early Liquidation of the Fund, provided that circumstances preventing the foregoing in accordance with the laws and regulations in force from time to time do not occur, and amend the Deed of Constitution on the terms laid down in section 4.4.1 of the Registration Document. In any event, those actions shall require that the Management Company notify and first secure the authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating 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 Receivables 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 and BBVA FINANZIA, if appropriate, a written communication requesting an offer of Additional Receivables, 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 Receivables made by BBVA and BBVA FINANZIA satisfy the (Individual and Global) Election Requirements established for acquiring Additional Receivables having regard to their characteristics notified by BBVA and BBVA FINANZIA, and notifying BBVA and BBVA FINANZIA of the list of Additional Receivables accepted for assignment to the Fund on the relevant Payment Date.
- (xi) On each Payment Date on which Additional Receivables are to be assigned to the Fund, perfecting the notarised assignment certificates with BBVA and BBVA FINANZIA and subsequently sending the same to the CNMV, along with the relevant statement that those Additional Receivables satisfy the set (Individual and Global) Election Requirements for acquiring Additional Receivables.



- (xii) Exercising the rights attaching to the ownership of the Receivables acquired by the Fund and, in general, carrying out all such acts of administration and disposition as may be required for properly managing and being the authorised representative of the Fund.
- (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 Receivables and on the terms of their relevant Loan agreements communicated by the Originators to the Management Company, and that the Receivable amounts are provided by each Servicer to the Fund with the frequency 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 to the Bonds 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 the Bonds on the relevant Payment Date.
- (xvi) Determining the interest rate applicable to each relevant borrowing, lending and hedge transaction 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's counterparties in the financial and service provision agreements referred to in section 3.2 of this Building Block.
- (xviii) Watching that the amounts credited to the Treasury Account and the Principal Account 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 accordance with the Distribution of Principal Available Funds, 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 authorised representative duties 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 or have its licence to operate as a securitisation fund management company revoked by the CNMV, it shall find a substitute management company, in accordance with the provisions of the foregoing section.
- (ii) In the event for which provision is made in the preceding section, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, there shall be Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document of this Prospectus and of the Deed of Constitution.

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

#### **3.7.1.4 Subcontracting.**

The Management Company shall be entitled to subcontract or subdelegate to solvent and reputable third parties the provision of any of the services it has to provide as the manager and authorised representative of the Fund, as established in this Prospectus, provided that the subcontractor or delegated party shall have waived 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 the Bonds by the Rating Agencies being downgraded, and (iv) shall be notified to, and, where statutorily required, will 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 be legally attributed or ascribed to it.

#### **3.7.1.5 Management Company's remuneration.**

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

- (i) An initial fee which shall accrue upon the Fund being established and be payable on the Closing Date.
- (ii) A periodic fee on the Outstanding Principal Balance of the Bond Issue, which shall accrue daily from the establishment of the Fund until it terminates and shall be settled and paid by Interest Accrual Periods in arrears on each Payment Date subject to the Priority of Payments or, on the Fund liquidation date, in the Liquidation Priority of Payments. The periodic fee amount on each Payment Date may not be lower than the minimum amount determined. The minimum amount shall be cumulatively reset in the same proportion, from the year 2013, inclusive, and effective as of January 1 of each year.

If on a Payment Date, in the Priority of Payments, the Fund should not have sufficient liquidity to settle the above-mentioned fee, the amount due shall accrue interest equal to the Bond Reference Rate for the relevant Interest Accrual Period. The unpaid amount and interest due shall build up for payment on

the fee payable on the following Payment Date, unless that absence of liquidity should continue, in which case the amounts due shall build up until fully paid on the Payment Date on which they are settled, in the Priority of Payments or, on the Fund liquidation date, in the Liquidation Priority of Payments.

### **3.7.2 Servicing and custody of the securitised assets.**

BBVA and BBVA FINANZIA, Originators of the Receivables to be acquired by the Fund, as established in article 2.2.b) of Royal Decree 926/1998, shall continue as attorneys for the Management Company to be responsible for servicing and managing the Loans assigned by each of them, and relations between BBVA and BBVA FINANZIA, and the Fund, represented by the Management Company, shall be governed by the Receivable Servicing Agreement (the “**Servicing Agreement**”) in relation to custody, servicing and management of the Loans underlying the Receivables they shall have respectively assigned to the Fund.

BBVA and BBVA FINANZIA (the “**Servicer(s)**” in that Agreement) and BBVA, as BBVA FINANZIA’s potential replacement in certain circumstances, shall accept the appointment received from the Management Company and thereby agree as follows:

- (i) To service and manage the Loans underlying the Receivables they shall have respectively assigned to the Fund subject to the system terms and ordinary servicing and management procedures established in the Servicing Agreement.
- (ii) To continue servicing the Loans underlying the Receivables they shall have respectively assigned to the Fund, devoting the same time and efforts to them as they would devote and use to service their own loans and in any event on the terms for which provision is made in the Servicing Agreement.
- (iii) That the procedures they apply 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 Servicers shall not be liable for things done on the Management Company’s specific instructions.

In any event, the Servicers waive the privileges and authorities conferred on them by law as the managers of collections for the Fund, as Loan servicers and custodians 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 Loan servicing and custody system and procedures.**

##### **1. Custody of agreements, private contracts, documents and files.**

Each Servicer shall keep all Loan agreements, private contracts, 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 to that effect, unless it is required to provide a document to institute proceedings to enforce a Loan, or that is requested by any competent authority, duly informing the Management Company.

Each Servicer shall allow the Management Company or the Fund’s auditors duly authorised thereby reasonable access at all times to said agreements, private contracts, documents and records. In addition, 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 such loan agreements, private contracts and documents.

## **2. Collection management.**

Each Servicer shall continue managing collection of all Loan amounts payable by the Obligors, including both principal and interest and any other item. Each 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.

Loan amounts received by each Servicer owing 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 are 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.

In the event that the rating of BBVA's short-term unsecured and unsubordinated debt obligations should be downgraded below P-1 or A-2 respectively by Moody's and S&P, the Receivable amounts received by each Servicer shall be paid to the Fund crediting the Treasury Account on the first day after the date on which they are received by each Servicer, or the following business day, for same day value, if that is not a business day.

In the event of BBVA's long-term debt obligations being downgraded below Baa3 by Moody's, BBVA will:

- (i) post cash collateral to the Fund with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, or
- (ii) arrange an unconditional irrevocable credit facility upon the Management Company's first demand with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's.

The cash collateral amount or the maximum limit of the credit facility arranged shall be equivalent to the estimated aggregate amount of Receivable repayment and interest instalments during the calendar month with the highest amount from the date of downgrade below Baa3 by Moody's, calculated assuming that the Receivable delinquency rate should be 0.00% and the CPR should be 10.00%.

The Fund may only draw on that cash collateral or the credit facility the Receivable amounts it shall not receive from the Servicers, if any, owing to the Fund and received by the Servicer and not paid into the Fund.

In the event that the credit rating of BBVA's short-term unsecured and unsubordinated debt obligations should be downgraded below A-2 by S&P, BBVA shall do either of the following:

- (i) obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P within not more than thirty (30) days reckoned from the time of the occurrence of that circumstance, a first demand guarantee, satisfying the S&P criteria in force from time to time; or
- (ii) post cash collateral to the Fund, within not more than ten (10) days reckoned from the time of the occurrence of the aforesaid circumstance, with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P.

The amount of the guarantee or cash collateral shall be equivalent to the aggregate estimated amount of the Receivable repayment and interest instalments that would become due during one month, from the date of downgrade below A-2 by S&P, calculated assuming a CPR based on the historical CPR of the Receivables assigned to the Fund.

The Fund may only call the guarantee or draw on the amount of such cash collateral to the extent of the Receivable amounts, if any, not received from the Servicers owing to the Fund and received by the Servicer and not paid to the Fund.

In the event that BBVA's short-term unsecured and unsubordinated debt obligations should be upgraded back to P-1 and A-2 respectively by Moody's and S&P, the Receivable amounts due to the Fund received by the Servicer may be fully transferred back to the Fund and credited to the Treasury Account on the seventh day after the date on which they are received by the Servicer and (i) and (ii) above shall not apply, in relation to Moody's or S&P's rating.

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

The Servicer shall at no event pay any Receivable payment amount whatsoever to the Fund not previously received from the Obligors.

### **3. Information.**

Each Servicer shall regularly communicate to the Management Company the information concerning the individual characteristics of each Loan, fulfilment by Obligors of their Loan obligations, delinquency status, changes in the characteristics of the Loans, actions in the event of late payment, legal actions and auction of assets, all subject to the procedures and with the frequency established in the Servicing Agreement.

Furthermore, each 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 Servicers may not voluntarily extend or forgive the Loans in whole or in part, or in general do anything that may diminish the enforceability at law or economic value of the Loans, without prejudice to their proceeding to heed requests by Obligors using the same efforts and procedure as if the loans should not have been assigned.

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

The Management Company may nevertheless initially authorise the Servicers to entertain and accept Loan interest rate and term extension renegotiations, without requiring the Management Company's prior consent, subject to the following general enabling requirements:

#### **a) Renegotiating the interest rate.**

1. The Servicers may under no circumstance entertain on their 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 the Fund's interests in mind.
2. Subject to the provisions of the following paragraph, the Servicers shall in renegotiating the Loan interest rate clause ensure that the terms include a mark-to-market fixed interest rate and are no different from those applied by the Servicer proper in renegotiating or granting its fixed-rate loans. In this connection, mark-to-market fixed interest rate shall be deemed to be the fixed interest rate offered by the Servicer on the Spanish market for loans without mortgage security granted to individuals to finance retail transactions or the purchase of merchandise, goods, financing the obligor's expenses, or services or motor car purchases, the loan amounts and terms being substantially similar to the renegotiated Loan.
3. The fixed interest rate of a Loan shall under no circumstances be renegotiated down in the event that the average interest rate of all of a Servicer's Loans weighted by the outstanding principal of each Loan is below 5.00%.

**b) Extending the period of maturity.**

1. The Servicers may in no case entertain on their own account, i.e. without being so requested by the Obligor, a change in the final maturity date of the Loan which may result in an extension of that same date. The Servicers shall, without encouraging an extension of the term, act in relation to such extension bearing the Fund's interests in mind at all times, and subject to the following rules and limitations:
2. 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.
3. 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 and the same repayment system are at all events maintained .
  - b) That the new final maturity or final repayment date does not extend beyond October 31, 2022.

The Management Company may at any time during the term of the Servicing Agreement, on the Fund's behalf, cancel, suspend or change the requirements of the authorisation previously set for the Servicers to renegotiate the interest rate or extend the term.

If there should be any renegotiation of the interest rate of a Loan or its due dates, the relevant 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 Receivables to be updated. Both the loan agreements and the private agreements pertaining to a novation of the terms of the Receivables will be kept by the relevant Servicer, in accordance with the provisions of paragraph 1 of this section.

**5. Action against the Obligors in the event of default on the Loans.**

***Actions in the event of late payment.***

Each 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, each Servicer shall do the things described in the Servicing Agreement, taking for that purpose such actions as 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 things to be done, without prejudice to its right to be reimbursed by the Fund. Those things shall include all such court and out-of-court actions as the Servicer may deem necessary to claim and collect the amounts due by the Obligors.

In this sense, pursuant to section 2 of Additional Provision Five of Act 3/1994, as amended by article 27 of Royal Decree-Act 6/2010, April 9, containing measures for boosting economic recovery and employment, the Fund may hold other amounts, real estate, assets, securities or rights received to pay for Receivable principal, interest or expenses, under a decision in any court or out-of-court proceedings instituted for collecting the Receivables.

***Legal actions.***

Each Servicer shall, under the Servicing Agreement or using the power referred to in the following paragraph, take all relevant actions against Obligors failing to meet their Loan payment obligations and against guarantors or sureties, 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 shall grant in the Deed of Constitution as full and extensive a power of attorney as may be required at Law to the Servicers in order that they may, acting through any of their attorneys-in-fact duly empowered for such purpose, as instructed by the Management Company, for and on behalf of the latter, or in their own name albeit on behalf of the Management Company, as the authorised representative of the Fund, demand any Loan Obligor and guarantors or sureties, if any, in or out of court to pay the debt and take legal action against the same, in addition to other authorities required to discharge their duties as Servicers. These authorities may be extended or amended in another deed where appropriate.

In the case of Loans originated in a private agreement with a non-negotiable blank promissory note, the Management Company shall, on behalf of the Fund, mandate BBVA in the Deed of Constitution in order for BBVA to act in its own name but on behalf of the Fund in recovering the amounts due by the Obligor, if any, by including the necessary data to enforce that promissory note.

Each 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 Fund's interests. In order for actions for payment to be swifter, the Management Company may generally confer powers 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 may, 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 from the former and continue the legal proceedings, duly notifying the relevant Obligor and guarantors or sureties, if any.

In this connection, the Servicers 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 any Loan Obligors and guarantors or sureties, if any, whenever it deems this appropriate.

Additionally, the Servicers will provide the Management Company with all such Loan documents as the latter may request and in particular the documents required for the Management Company to take legal actions, as the case may be.

## **6. Set-off.**

In the exceptional event that, despite the representation given in section 2.2.8 of this Building Block, any Loan Obligor should have a receivable that is liquid, due and payable due from a Servicer, and, because the assignment is made without the Obligor being aware, any Loan should be fully or partially set-off against that receivable, 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 payment is made, calculated on the terms applicable to the relevant Loan.

## **7. Subcontracting.**

The Servicers may subcontract any services they 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 the Bonds by the Rating Agencies being downgraded. Notwithstanding any subcontracting or subdelegation, the Servicers 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 them.

#### **8. Obligor's death or total and permanent disability insurance.**

Some Loans originated by BBVA FINANZIA have death and total and permanent disability insurance contracts attached thereto.

BBVA FINANZIA shall not take or fail to take any action resulting in cancellation of any death or total and permanent disability insurance policy of the Obligor or reducing the amount payable in any claim thereunder. BBVA FINANZIA shall use all reasonable efforts and in any event use the rights conferred under the insurance policies in order to keep those policies in full force and effect in relation to each Obligor.

Whenever BBVA FINANZIA receives notice of non-payment of policy premiums by any Obligor, it shall demand the Obligor to pay the same and indeed take out death or total and permanent disability insurance on the Obligor's behalf, if it is authorised to do so under the Loan Agreement, advancing payment of the premiums, without prejudice to being reimbursed by the Obligor for amounts so paid.

BBVA FINANZIA shall, as the case may be, coordinate actions for collecting compensations derived from the death or total and permanent disability insurance policies on the terms and conditions of the actual policies, paying the amounts received to the Fund.

#### **3.7.2.2 Term and substitution.**

The services shall be provided by each Servicer until all the obligations undertaken by the Servicer as Originator of the Receivables terminate, once all the Loans serviced thereby have been repaid, or when liquidation of the Fund concludes after it terminates, without prejudice to a possible early revocation of its appointment under the Servicing Agreement.

In the event of a Servicer being in breach of any obligation imposed on the Servicer under the Servicing Agreement, the Management Company shall be entitled to demand that the Servicer fulfil the agreements made or, as the case may be and if it is legally possible and after first notifying the Rating Agencies, terminate the Servicing Agreement notwithstanding the Servicer's contractual liability, if any, as a result of such breach. In addition, both upon a breach and due to a change in its financial position resulting in a loss or risk for the Fund's financial structure or which may be detrimental to the ratings given to the Bonds by the Rating Agencies, the Management Company will be entitled, if that is legally possible, to terminate the Servicing Agreement with the relevant Servicer.

In the event of the Servicing Agreement with BBVA FINANZIA being terminated, the Management Company shall designate BBVA as the new Loan Servicer. In that event, BBVA shall, as the new Servicer, upon the Management Company so requesting in writing, take on the servicing and management duties of the Loans which BBVA FINANZIA was in charge of servicing on terms and conditions identical with those set out in the Servicing Agreement. In this connection, the parties agree to perfect such documents as may be necessary. Similarly, and upon the occurrence of the circumstances provided for in paragraph two of this section, BBVA shall also be replaced as Servicer, and a new Servicer shall be designated in accordance with the standards set in this section.

Furthermore, in the event of insolvency, administration by the Bank of Spain, liquidation or substitution of the relevant Servicer or because the Management Company deems this reasonably justified, the Management Company may demand the Servicer to notify Obligor and guarantors or sureties, if any, of the transfer to the Fund of the outstanding Loans, and that Loan payments 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 Obligor 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 Obligor and guarantors or sureties, if any, directly or, as the case may be, through a new Servicer it shall have designated. Similarly, and in the same circumstances, the Management Company may demand BBVA FINANZIA to do such things as may be necessary in order to have the assignments of Receivables subject to reservations of title entered in the Chattels Register.

Notwithstanding the above provisions, in the event of the rating of the Servicers' long-term unsecured and unsubordinated debt obligations being downgraded below Baa3 by Moody's, the Servicers agree within not more than 60 calendar days from the aforesaid downgrade to enter into a replacement undertaking



with another institution in order for the latter to discharge the responsibilities for which provision is made in the Servicing Agreement with respect to the Loans serviced by the Servicers, merely upon request by the Management Company if required to do so and provided that such action is not detrimental to the Rating Agencies' rating assigned to the Bonds.

Upon early termination of the Servicing Agreement, the outgoing Servicer shall provide the new Servicer, on demand by the Management Company and as determined thereby, with the necessary documents and data files it may have in order for the new Servicer to carry on the relevant activities.

The Servicing Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to the Bonds as final ratings by 2pm CET on December 21, 2010.

#### **3.7.2.3 Liability of the Servicers and indemnity.**

The Servicers shall at no time have any liability whatsoever for the Management Company's obligations as Fund manager and manager of Bondholders' interests, nor in relation to the Obligor's Loan obligations, without prejudice to the liabilities undertaken thereby as Originators of the Loan Receivables.

Each Servicer shall agree 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 Loan custody, collection management, servicing and reporting duties, 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 may, for and on behalf of the Fund, take action against the Servicer where the breach of the obligation to pay any and all principal repayment and interest and other Loan amounts paid by the Obligor owing to the Fund does not result from default by the Obligor 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 Servicers' remuneration.**

In consideration of Loan custody, servicing and management, each 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 Receivables serviced during that Determination Period. If a Servicer 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 the Servicers, unless BBVA is the replacement. The servicing fee will be paid on the relevant Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, on the Fund liquidation date, in the Liquidation Priority of Payments.

If the Fund should fail, through its Management Company, due to a liquidity shortfall in the Fund Priority of Payments, to pay on a Payment Date the full fee due to the Servicer, 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, each 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 or given as payment 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.

### **3.7.2.5 Security for the BBVA FINANZIA's obligations.**

BBVA shall stand unconditional, irrevocable and joint and several surety, expressly waiving the benefit of discussion, priority and division, for fulfilment of the following obligations of BBVA FINANZIA as Servicer:

1. Delivery by BBVA FINANZIA to the Fund of all amounts received by BBVA FINANZIA (i) from the Loan Obligors in connection with the Loans (whether or not a legal or other claim is involved), and (ii) amounts, if any, received under the Loan insurance policies where the receivables are assigned to the Fund, on the terms given in section 3.7.2 of the Securities Note Building Block, and provided that they are paid by the Obligors under the respective Loan agreements or the relevant insurance policies, and from third-party guarantors, if any.
2. Losses resulting for the Fund in the event of BBVA FINANZIA being decreed to be insolvent or being administered by the Bank of Spain or entering into liquidation, specifically including any resulting from a breach by BBVA FINANZIA of its obligations to manage collection, service and manage the Loans and, specifically, it shall proceed to directly pay to the Fund the Loan principal and interest amounts owing to the Fund, if that is appropriate.

In the event of BBVA FINANZIA being decreed to be insolvent or in administration by the Bank of Spain, or entering into liquidation, BBVA shall, upon the Management Company so requesting in writing and provided that this is legally possible, take on the custody, collection management, servicing and management duties of the Loans which BBVA FINANZIA was in charge of servicing, following notice duly served on the relevant Obligors, and shall be subrogated to BBVA FINANZIA's position, on terms and conditions identical with those set out in the Servicing Agreement. In this connection, the parties agree to perfect such documents as may be necessary. BBVA FINANZIA shall provide BBVA, upon the Management Company so requesting and in such manner as the same shall determine, with all such documents and computer records as may be necessary in order for BBVA to do such things as it shall be bound to.

3. None of the above guarantees shall be construed as a security for payment upon the Obligors' default with respect to the Loan Receivables assigned to the Fund.

In the event of BBVA FINANZIA being in breach of any obligation imposed on the Servicer under the Servicing Agreement, the Management Company shall be entitled to demand that BBVA FINANZIA fulfil the agreements and in both cases pay for the damages and losses caused.

BBVA shall not be howsoever remunerated by the Fund for providing the above security.

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

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

- (i) Subordinated Loans:  
Subordinated Loan Agreements  
Description in section 3.4.3.1 of this Building Block.
- (ii) Start-Up Loans:  
Start-Up Loan Agreements  
Description in section 3.4.3.2 of this Building Block.
- (iii) Financial Intermediation:  
Financial Intermediation Agreement  
Description in section 3.4.6.4 of this Building Block.

BBVA is the Fund's counterparty under the transactions listed below.

- (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) Financial Swap:  
Financial Swap Agreement  
Description in section 3.4.7.1 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 the Bonds, 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, along with their amortisation.
  - 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 Priority of Payments.
  - iii) The Outstanding Principal Balance of the Bonds, after the amortisation to be settled on each Payment Date, and the ratios of such Outstanding Principal Balance to the initial face amount of each Bond.
  - iv) Obligors' Receivable principal prepayment rate during the three calendar months preceding the Payment Date.
  - v) The average residual life of the Bonds estimated assuming that Receivable principal prepayment rates shall be maintained.

The foregoing notices shall be made in accordance with the provisions of section 4.1.3 below and notice 1 will also be served on the Paying Agent and Iberclear not less than one (1) Business Day before each Payment Date.

**b) Information referred to each Payment Date:**

In relation to the Receivables:

1. Outstanding Balance.
2. During the Revolving Period, the acquisition amount of Additional Receivables.
3. Interest and principal amount of instalments in arrears.
4. Receivable interest rate.
5. Receivable maturity dates.
6. Outstanding Balance of Doubtful Receivables and cumulative amount of Doubtful Receivables from the date on which the Fund is established.

In relation to the economic and financial position of the Fund:

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 Receivables:

Sending to the CNMV each notarised assignment certificate for Additional Receivables, and the relevant statement that those Additional Receivables satisfy the set (Individual and Global) Election Requirements for acquiring Additional Receivables and the representations and warranties set out in section 2.2.8 of the Building Block.

**c) Annually, in relation to the Fund's Annual Accounts:**

Annual accounts and audit report within the period provided for by law to do so or, otherwise, within three (3) 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 Nominal Interest Rate determined for the Bonds for the first Interest Accrual Period.
2. Other:

Any relevant event occurring in relation to the Receivables, the Bonds, the Fund and the Management Company proper, which, being exceptional, may materially influence trading of the Bonds and, in general, any relevant change in the Fund's assets or liabilities, change in the Deed of Constitution, or in the event of termination of the establishment of the Fund or a decision in due course to proceed to Early Liquidation of the Fund and Early Amortisation of the Bond Issue in any of the events provided in this Prospectus. In the latter event, the Management Company shall send to the CNMV the notarial certificate of termination of the Fund and the liquidation procedure followed will be as referred to in section 4.4.4 of the Registration Document.

The amendment of the Deed of Constitution shall be notified by the Management Company to the Rating Agencies and be disclosed by the Management Company through the CNMV as a material event, and be posted at the Management Company's website.

**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 to Bondholders shall be given by publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or by publication in an extensively circulated business and financial or general newspaper in Spain. The Management Company or the Paying Agent may additionally disseminate that information or other information of interest to Bondholders through dissemination channels and systems typical of financial markets, such as Reuters, Bridge Telerate, Bloomberg or any other similarly characterised means.

2. Extraordinary notices.

Unless otherwise provided in the Deed of Constitution and in the Prospectus, extraordinary notices shall be given by publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or by publication in an extensively circulated business and financial or general newspaper in Spain, and those notices shall be deemed to be given on the date of that publication, any Business Day or other calendar day (as established in this Prospectus) being valid for such notices.

Exceptionally, the Nominal Interest Rate determined for the Bonds for the first Interest Accrual Period shall be notified in writing by the Management Company by 2pm CET on December 21, 2010 to the Subscribers. The Management Company will also notify this to the Paying Agent and Iberclear.

3. Notices and other information.

The Management Company may provide Bondholders with ordinary and extraordinary notices and other information of interest to them through its own Internet pages or other similarly characterised teletransmission means.

**4.1.4 Information to the CNMV.**

The information on the Fund shall be submitted to the CNMV using the forms contained in CNMV Circular 2/2009 on Securitisation Fund accounting rules, annual accounts, public financial statements and non-public statistical information statements, and so will 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 Receivable performance in order that they may monitor Bond rating and extraordinary notices. The Management Company shall also use its best efforts to provide that information when it is reasonably required to do so and, in any event, whenever there is a material 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 December 14, 2010.**



## GLOSSARY OF DEFINITIONS

**“Acquisition Amount”** shall mean the maximum amount allocated by the Management Company, for and on behalf of the Fund, out of the Principal Available Funds on each Payment Date in the Revolving Period, to the acquisition of Additional Receivables. The Acquisition Amount shall amount to the difference between:

- (i) the Maximum Receivable Amount, and
- (ii) the Outstanding Balance of the Receivables at the Determination Date preceding the relevant Payment Date.

**“Act 19/1992”** shall mean Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7, as currently worded.

**“Act 28/1998”** shall mean Chattels Hire Purchase Act 28/1998, July 13, as currently worded.

**“Act 3/1994”** shall mean Act 3/1994, April 14, adapting Spanish laws in the matter of credit institutions to the Second Banking Coordination Directive and introducing other changes in relation to the financial system, as currently worded.

**“Additional Receivables”** shall mean the Receivables 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 credited to the Treasury Account, as established in section 3.4.6.2.1 of the Building Block.

**“Bankruptcy Act”** shall mean Bankruptcy Act 22/2003, July 9, as currently worded.

**“BBVA FINANZIA”** shall mean FINANZIA BANCO DE CRÉDITO, S.A.

**“BBVA”** shall mean BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

**“Bond Issue”** shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR nine hundred million (900,000,000.00), consisting of nine thousand (9,000) Bonds.

**“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” or “Asset-Backed Bonds”** shall mean the 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 2 calendar (or any calendar hereafter taking its stead).

**“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 December 22, 2010, 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*).

**“CNMV Circular 2/2009”** shall mean CNMV Circular 2/2009, March 25, on Securitisation Fund accounting rules, annual accounts, public financial statements and non-public statistical information statements, as amended by Circular 4/2010, October 14.

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

**“Deed of Constitution”** shall mean the public deed recording the establishment of the Fund and issue by the Fund of the Asset-Backed Bonds.

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

**“Deloitte”** shall mean Deloitte, S.L.

**“Determination Dates”** shall mean the dates falling on the seventh (7<sup>th</sup>) Business Day preceding each Payment Date. The first Determination Date shall be May 12, 2011.

**“Determination Period”** shall mean the exact number of days elapsed between every two consecutive Determination Dates, each Determination Period excluding the beginning Determination Date but 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, May 12, 2011, 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 liquidation of the Fund concludes, as provided for in sections 4.4.3 and 4.4.4 of the Registration Document, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date b) but including the last date a).

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

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

**“Early Liquidation Events”** shall mean the events set out in section 4.4.3 of the Registration Document in which the Management Company, following notice duly served on the CNMV, is entitled to proceed to Early Liquidation of the Fund on a Payment Date.

**“Early Liquidation of the Fund”** shall mean liquidation of the Fund and thereby early amortisation of the Bond Issue on a date preceding the Final Maturity Date, in the events and subject to the procedure established in section 4.4.3 of the Registration Document.

**“Election Requirements”** shall mean the requirements to be satisfied by the Additional Receivables 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 43 Banks, from among the most active banks in the Euro zone. The rate is quoted based on a count of the actual days to maturity and a 360-day year, and is fixed at 11am (CET), accurate to three decimal places.



**“Final Maturity Date”** shall mean the final Bond amortisation date, i.e. November 21, 2025 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 and BBVA FINANZIA.

**“Financial Intermediation Margin”** shall mean, with respect to the Financial Intermediation Agreement, the variable subordinated remuneration which shall accrue upon expiry of every quarterly accrual period, which shall comprise, except for the first period, the three calendar months preceding each Payment Date, 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 calendar month next preceding every Payment Date.

**“Financial Swap Agreement”** or **“Financial Swap”** 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.

**“Fund”** or **“Issuer”** shall mean BBVA CONSUMO 5 FONDO DE TITULIZACIÓN DE ACTIVOS.

**“Global Requirements”** shall mean the requirements the Receivables, including the Additional Receivables to be acquired by the Fund, must altogether satisfy in order 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 between 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 between the Management Company, for and on behalf of the Fund, and BBVA.

**“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 Receivables 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 Loans at a sum of EUR four hundred and twenty-three million (423,000,000.00).

**“Initial Receivables”** shall mean the Receivables acquired by the Fund upon being established.

**“Interest Accrual Period”** shall mean the exact number of 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.

**“Lead Manager”** shall mean BBVA.

**“Liquidation Available Funds”** shall mean, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or upon 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 Receivables and of the assets remaining and, as the case may be, (iii) the amount drawn under the credit facility or the loan arranged and exclusively used for 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 order of priority of the Fund’s payment or withholding obligations for applying the Liquidation Available Funds on the Final Maturity Date or upon Early Liquidation of the Fund.

**“Loans”** shall mean the loans owned by BBVA and BBVA FINANZIA granted to individuals resident in Spain for retail purposes (which retail purposes shall be broadly construed, including, inter alia, financing the obligor’s expenses, the purchase of merchandise, goods, including motor cars, or services) from which the Receivables shall be derived.

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

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

**“Maximum Receivable Amount”** shall mean the maximum amount of the Outstanding Balance of the Receivables pooled in the Fund, which shall be EUR nine hundred million (900,000,000.00).

**“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, floating and payable quarterly, applicable to the Bonds and determined for each Interest Accrual Period, which shall be the result of adding (i) the Reference Rate and (ii) a 0.30% margin.

**“Non-Delinquent Receivables”** shall mean Receivables that are not deemed to be either Delinquent Receivables or Doubtful Receivables at a date.

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

**“Obligors”** shall mean the borrowers of the Loans.

**“Offer Dates”** shall mean the dates falling on the fourth (4<sup>th</sup>) Business Day preceding each Payment Date in the Revolving Period on which Additional Receivables should be acquired.

**“Offer Request Dates”** shall mean the dates falling on the sixth (6<sup>th</sup>) Business Day preceding each Payment Date in the Revolving Period on which Additional Receivables should be acquired.

**“Originators”** shall mean BBVA and BBVA FINANZIA, as originators of the Receivables.

**“Outstanding Balance of the Receivables”** shall mean at a date the sum of the outstanding capital or principal and overdue capital or principal not paid into the Fund for each and every one of the Receivables.

**“Outstanding Principal Balance”** shall mean the sum of the outstanding principal to be repaid (outstanding balance) at a date on the Bond Issue.

**“Paying Agent”** shall mean the firm servicing the Bonds. The Paying Agent shall be BBVA (or any other institution taking its stead as Paying Agent).

**“Payment Date”** shall mean February 21, May 21, August 21 and November 21 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days.

**“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 Receivables during the Revolving Period.

**“Principal Account Provider”** shall mean the institution at which the Principal Account is opened.

**“Principal Available Funds”** shall mean the available amount on each Payment Date to be allocated to the acquisition of Additional Receivables 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 fifth (5<sup>th</sup>) 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.

**“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 Receivables and b) the Principal Account balance.

**“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 liquidation of the Fund, exclusive.

**“Prospectus”** shall mean this document registered in the CNMV, as provided for in Regulation 809/2004.

**“Rating Agencies”** shall mean Moody’s and S&P.

**“Receivable 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 and BBVA FINANZIA, as Servicers, and BBVA, as the first replacement for BBVA FINANZIA.

**“Receivables”** shall mean the receivables assigned by BBVA and BBVA FINANZIA to the Fund derived from loans owned by and shown, before such assignment, on their respective assets granted to individuals resident in Spain for retail purposes (which retail purposes shall be broadly construed, including, inter alia, financing the obligor’s expenses, the purchase of merchandise, goods, including motor cars, or services).

**“Reference Rate”** shall mean, other than for the first Interest Accrual Period, three- (3-) month Euribor fixed at 11am (CET) on the Interest Rate Fixing Date, or, if this Euribor rate should not be available or be impossible to obtain, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note. The Reference Rate for the first Interest Accrual Period shall mean five- (5-) month Euribor, fixed at 11am (CET) on the Business Day preceding the Closing Date, or, upon the failure or impossibility to obtain this Euribor rate, the substitute rate for which provision is made in section 4.8.1.3 of the Securities Note.

**“Regulation 809/2004”** shall mean Commission Regulation (EC) No. 809/2004, April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as currently worded.

**“Required Cash Reserve”** shall mean, on each Payment Date, the lower of: (i) EUR four hundred and twenty-three million (423,000,000.00) and (ii) the higher of a) 94.00% of the Outstanding Principal Balance of the Bond Issue and b) a sum of EUR two hundred and eleven million five hundred thousand (211,500,000.00). 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, where any of the circumstances for which provision is made in section 3.4.4.2 of the Building Block on the Payment Date occurs.

**“Revolving Period”** shall mean each Payment Date in the period comprised between the first Payment Date, May 23, 2011, because neither May 21 nor May 22, 2011 are Business Days, and the Payment Date falling on November 21, 2012, 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.

**“S&P”** shall mean both Standard & Poor’s Credit Market Services Europe Limited, Sucursal en España 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, as currently worded.

**“Servicers”** shall mean the institutions in charge of Loan custody, servicing and management under the Receivable Servicing Agreement, i.e. BBVA and BBVA FINANZIA (or any other institutions taking their stead as Servicers).

**“Servicing Agreement”** shall mean the Receivable Servicing Agreement.

**“Start-Up Loan Agreements”** shall mean the two commercial subordinated loan agreements entered between the Management Company, for and on behalf of the Fund, and BBVA and BBVA FINANZIA, altogether totalling EUR five hundred and fifty thousand (550,000.00).

**“Start-Up Loans”** shall mean the two loans granted by BBVA and BBVA FINANZIA to the Fund, in accordance with the provisions of the Start-Up Loan Agreements.

**“Subordinated Loan Agreements”** shall mean the two commercial subordinated loan agreements entered into between the Management Company, for and on behalf of the Fund, and BBVA and BBVA FINANZIA altogether totalling EUR four hundred and twenty-three million (423,000,000.00).

**“Subordinated Loans”** shall mean the two loans granted by BBVA and BBVA FINANZIA to the Fund, in accordance with the provisions of the Subordinated Loan Agreements.

**“Subscribers”** shall mean BBVA and BBVA FINANZIA.

**“Treasury Account Provider”** shall mean the institution at which the Treasury Account is opened.

**“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.

**“URÍA MENÉNDEZ”** shall mean Uría Menéndez Abogados S.L.P.