

PROSPECTUS

December 2011

# **BBVA EMPRESAS 6 FONDO DE TITULIZACIÓN DE ACTIVOS**

## **ISSUE OF ASSET-BACKED BONDS EUR 1,200,000,000**

<b>Series A</b>	<b>EUR 804,000,000</b>	<b>AAAsf / Aaa (sf)</b>
<b>Series B</b>	<b>EUR 240,000,000</b>	<b>A-sf / Ba3(sf)</b>
<b>Series C</b>	<b>EUR 156,000,000</b>	<b>BBsf / B3 (sf)</b>

**Backed by loans assigned and serviced by**



*Lead Manager and Subscriber*



*Paying Agent*

**BBVA**

*Fund established and managed by*



Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores  
on December 15, 2011

**Material Event  
concerning**

**BBVA EMPRESAS 6 FONDO DE TITULIZACIÓN DE ACTIVOS**

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **BBVA EMPRESAS 6 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On December 20, 2012, once the CNMV had checked compliance with the provisions of article 7 of Act 19/1992, as currently worded, the Management Company amended the Fund’s Deed of Constitution, observing the procedure provided for in subparagraph 3.a) of that article, namely that the consent of all holders of the securities issued by the Fund, and of lenders and other creditors, be secured. The Deed of Constitution has been amended mainly in order for Series A, B and C Bonds to be rated by DBRS Ratings Limited (“**DBRS**”). In addition, on January 11, 2013, the Management Company executed a deed rectifying the aforementioned amendment deed.
- On December 20, 2012, the Management Company, for and on behalf of the Fund, and BBVA as counterparty amended the Loan Servicing and Pass-Through Certificate Custody, Guaranteed Interest Rate Account (Treasury Account), Financial Swap and Paying Agent Agreements (collectively the “**Agreements**”), to include DBRS’ criteria in credit rating downgrade events for the counterparties to the Agreements and the actions to be taken in those events, and to update Moody’s and Fitch’s criteria.
- On December 20, 2012, DBRS assigned an A (sf) rating to Series A Bonds, a B (low) (sf) rating to Series B Bonds, and a CCC (sf) rating to Series C Bonds.

Attached hereto is a letter received from DBRS notifying assignment of the aforementioned ratings.

- On January 22, 2013, the CNMV entered the deed amending the deed of constitution of the Fund and the deed rectifying the previous deed in its official records.
- The amendments to the Deed of Constitution and the Agreements have resulted in DBRS’ criteria being included and Moody’s and Fitch’s criteria being updated, and therefore the following sections of the Fund Prospectus shall henceforth read as follows:

Section	Description
<b>Miscellany</b>	Generally, all references throughout the Prospectus to the “Rating Agencies”, defined as Moody’s and Fitch, shall be construed as references to “the Rating Agencies”, collectively defined as Moody’s, Fitch and DBRS. In addition, all references to the terms Bond “ratings” or “rating” shall in any event be construed as references to the ratings issued by the three Rating Agencies, i.e. both the Bond ratings given by Moody’s and Fitch and the ratings given by DBRS.

Section	Description
<b>4.4.3.3. (iii) Registration Document (Early Liquidation)</b>	<p>(iii) Be entitled to arrange a credit facility with an institution with unsecured and unsubordinated debt obligations rated at least as high as Baa3 in the long-term by Moody's, BBB+ and F2 respectively in the long- and short-term by Fitch (in that connection, the assumption is that, even if the lender's long- and short-term debt obligations should be rated BBB+ and F2, if Fitch has publicly announced that either debt rating is under "Rating Watch Negative", or if those ratings should have been withdrawn by Fitch, the rating of the lender's debt obligations will also be deemed to be below Fitch's aforementioned required minimum ratings), and BBB (such rating not to be "Under Review (Negative)") based on the public rating assigned by DBRS or, where there is no such rating, the internal assessments and/or private ratings made by DBRS (the "DBRS Rating") in the long-term, or a loan, which shall be fully allocated to early amortisation of the Bonds in the Series pending repayment. Financial costs due shall be paid and credit facility or loan principal shall be repaid in accordance with the Liquidation Priority of Payments .</p>
<b>7.5 Securities Note New Paragraph after "Rating considerations"</b>	<p>The ratings assigned by DBRS to each Bond Series are an opinion as to timely interest payment and principal payment by or on the Final Maturity Date, in accordance with the transaction documents.</p>
<b>3.4.4.1 Building Block Paragraphs 3 et seq. (Treasury Account)</b>	<p>In the event that the rating of the unsecured and unsubordinated debt obligations of BBVA or the institution in which the Treasury Account is opened (in both cases, the "Treasury Account Provider") should be downgraded at any time during the life of the Bond Issue below Baa3 in the long-term by Moody's, or F2 or BBB+ respectively in the short- and long-term by Fitch, or below BBB in accordance with the DBRS Rating in the long-term, the Management Company shall, within not more than thirty (30) calendar days from the occurrence of the downgrade below Baa3, F2, BBB+ or BBB, do one of the following to allow a suitable level of security to be maintained with respect to the commitments made in the Guaranteed Interest Rate Account (Treasury Account) Agreement in order for the ratings given to the Bonds by the Rating Agency(ies) not to be adversely affected:</p> <p>a) Obtain from an institution with unsecured and unsubordinated debt obligations rated at least as high as Baa3 in the long-term by Moody's and/or F2 and BBB+ respectively in the short- and long-term by Fitch, and/or BBB (such rating not to be "Under Review (Negative)") in accordance with the DBRS Rating in the long-term, 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 F2 and/or BBB+ and/or BBB.</p> <p>b) Transfer the Treasury Account to an institution with a credit rating for its unsecured and unsubordinated debt obligations at least as high as Baa3 in the long-term by Moody's, F2 and BBB+ respectively in the short- and long-term by Fitch, and BBB (such rating not to be "Under Review (Negative)") in accordance with the DBRS Rating in the long-term, 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>

Section	Description
	<p>In that connection, the assumption is that, even if the Treasury Account Provider's long- and short-term debt obligations should be rated BBB+ and F2, if Fitch has publicly announced that either debt rating is under "Rating Watch Negative", or if those ratings should have been withdrawn by Fitch, the rating of the Treasury Account Provider's debt obligations will also be deemed to be below Fitch's aforementioned required minimum ratings.</p> <p>If, upon the occurrence of b) above, BBVA's unsecured and unsubordinated debt obligations should subsequently be upgraded back to being at least as high as Baa3 in the long-term by Moody's, F2 and BBB+ respectively in the short- and long-term by Fitch, and BBB in accordance with the DBRS Rating in the long-term, the Management Company shall subsequently transfer the balances back to BBVA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.</p> <p>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 secured Treasury Account Provider.</p> <p>BBVA agrees, forthwith upon the credit ratings for its debt obligations being downgraded as aforesaid, to use commercially reasonable efforts in order that the Management Company may do either of a) or b) above.</p>
<p><b>3.4.7.1 Building Block Section 8 (Financial Swap Agreement)</b></p>	<p>8.1 Fitch Criteria</p> <p>Party B irrevocably agrees as follows under the Financial Swap Agreement:</p> <p>(i) If the long- and short-term unsecured and unsubordinated debt obligations of Party B cease to be respectively rated at least as high as BBB+ or F2, then Party B will, within fourteen (14) calendar days of the date of that occurrence, at its own cost, either:</p> <p>(A) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party with long- and short-term debt obligations respectively rated at least as high as BBB+ and F2;</p> <p>(B) obtain an unconditional, irrevocable first demand credit support document, waiving the benefits of discussion, division and priority, from a third party with long- and short-term debt obligations respectively rated at least as high as BBB+ and F2, guaranteeing its obligations with respect to the Financial Swap Agreement; or</p> <p>(C) post cash or securities collateral with a third party with long- and short-term debt obligations respectively rated at least as high as BBB+ and F2, as security for fulfilment of Party B's obligations, at an amount calculated based on the market value of the Financial Swap and in terms of Annex III.</p> <p>In that connection, the assumption is that, even if Party B's debt obligations should be rated at least as high as BBB+ and F2, if Fitch should have publicly announced that either of those ratings is under "Rating Watch Negative", or if those ratings should have been withdrawn by Fitch, the rating of the debt obligations will also be deemed to be one step below those ratings.</p>

Section	Description
	<p>(ii) Fitch Criteria (continued)</p> <p>If the long- and short-term unsecured and unsubordinated debt obligations of Party B, or, if (i) (B) above has been done, its credit support provider, cease to be respectively rated at least as high as BBB- or F3 respectively for long- and short-term debt obligations, then Party B will, within thirty (30) calendar days of that occurrence, at its own cost, attempt either to:</p> <p>(A) obtain a credit support document from a third party with long- and short-term debt obligations respectively rated at least as high as BBB+ and F2, guaranteeing its obligations with respect to the Financial Swap Agreement; or</p> <p>(B) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party with long- and short-term debt obligations respectively rated at least as high as BBB+ and F2.</p> <p>In that connection, the assumption is that, even if Party B's debt obligations should be rated at least as high as BBB- or F3, if Fitch should have publicly announced that either of those ratings is under "Rating Watch Negative", or if those ratings should have been withdrawn by Fitch, the rating of the debt obligations will also be deemed to be one step below those ratings.</p> <p>All costs, expenses and taxes incurred in connection with complying with the foregoing obligations shall be borne by Party B.</p> <p><b>8.2 Moody's Criteria</b></p> <p>Party B irrevocably agrees 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 at least as high as 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 obligations rated at least as high as Baa3 by Moody's, provided that the Bond ratings given by Moody's are not adversely affected.</p>

Section	Description
	<p>Party B's obligations under (i) and (ii) above 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" 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>8.3 DBRS Criteria</b></p> <p>In the event that the long-term DBRS Rating for Party B should be below BBB, Party B shall, at its cost:</p> <p>(a) use commercially reasonable efforts in order to have a third party with a DBRS Rating for its long-term debt obligations at least as high as BBB (such rating not to be "Under Review Negative") replace it under the Financial Swap Agreement by subrogating to the same or under a new agreement on terms substantially identical with the Financial Swap Agreement, provided that the ratings assigned to the Bonds by DBRS are not thereby affected; or</p>

Section	Description
	<p>(b) use commercially reasonable efforts in order to have a third party with a DBRS Rating for its long-term debt obligations at least as high as BBB ("Credit Support Provider") (such rating not to be "Under Review Negative") secure performance of its contractual obligations ("Eligible Guarantee").</p> <p>While either of the above is being done, and within not more than thirty (30) Business Days from the occurrence of the aforementioned DBRS Rating downgrade below BBB, cash or securities collateral shall be posted to Party A at an institution with a DBRS Rating for its long-term debt obligations at least as high as BBB (such rating not to be "Under Review Negative") as security for performance of Party B's contractual obligations, at an amount calculated based on the transaction mark-to-market value and in accordance with DBRS' published criteria then in force, allowing the ratings assigned to the Bonds to be maintained as required by the DBRS Swap Criteria ("Cash or Securities Collateral").</p> <p>In the event that Party B should fail to put in place one of the actions set out above, the Management Company may consider that an early termination event of the Financial Swap Agreement has occurred.</p> <p>If Party B's rating should be downgraded, it shall advise the Management Company.</p> <p>All costs, expenses and taxes incurred in connection with fulfilment of the preceding obligations shall be payable by Party B.</p> <p>"Eligible Guarantee" shall mean an absolute, unconditional, irrevocable and binding guarantee provided by a Credit Support Provider that may be directly called by Party A, with respect to which:</p> <ol style="list-style-type: none"> <li>1. the guarantee establishes that if the guaranteed obligation cannot be carried out, then the Credit Support Provider shall use its best efforts to have it performed by Party B;</li> <li>2. the guarantee establishes that it may not be terminated until payment in full of the guaranteed obligations;</li> <li>3. and, either: <ol style="list-style-type: none"> <li>a. a law firm shall have provided a legal opinion confirming that none of the payments made by the Credit Support Provider to Party A shall result in any requirement for deduction or withholding for or on account of any Tax; or</li> <li>b. if any such payment by the Credit Support Provider to Party A results in any requirement for deduction or withholding for or on account of any Tax, the Credit Support Provider shall be bound to pay such additional amount in order for the payment ultimately received by Party A (net and clear of any deduction or interim withholding) to be equal to the total amount that Party A would have received had there been no such deduction or withholding;</li> </ol> </li> <li>4. a law firm shall have provided a legal opinion confirming that in the event that the laws applicable to the guarantee should differ from the law applicable to the jurisdiction in which the credit support provider is domiciled, any court ruling obtained in relation to the guarantee shall be enforceable on the Credit Support Provider in the jurisdiction in which the Credit Support Provider is domiciled;</li> <li>5. and the Credit Support Provider waives any right to compensation for payments under the guarantee.</li> </ol> <p>"Credit Support Provider" shall mean:</p> <ol style="list-style-type: none"> <li>1. an entity legally able to carry out the obligations under the Eligible Guarantee and</li> <li>2. if the DBRS Rating in the long-term for Party B is below BBB or it no longer has a DBRS Rating, then the Credit Support Provider shall be an entity legally able to comply with the guaranteed obligations and having at least a DBRS Rating for its long-term unsecured and unsubordinated debt obligations at least as high as BBB.</li> </ol>



Section	Description
<b>3.4.7.2 Building Block Paragraph 3 (Paying Agent Agreement)</b>	<p>In the event that the Paying Agent's unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below F3 or BBB- respectively in the short- and long-term by Fitch, or below Baa3 in the long-term by Moody's, or below BBB in accordance with the DBRS Rating in the long-term, the Management Company shall, within not more than thirty (30) calendar days from the downgrade below F3 or BBB-, or Baa3 or BBB, after first notifying the Rating Agencies, do one of the following in order for the ratings given to the Bonds by the Rating Agency(ies) not to be adversely affected: (i) obtain from an institution with unsecured and unsubordinated debt obligations rated at least as high as F3 and BBB- respectively in the short- and long-term by Fitch and/or Baa3 in the long-term by Moody's and/or BBB in the long-term (such rating not to be "Under Review (Negative)") in accordance with the DBRS Rating, an unconditional, 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 downgrade below F3 and/or BBB- and/or Baa3 and/or BBB remains in place; or (ii) revoke the Paying Agent's designation as Paying Agent and thereupon designate another institution with long-term unsecured and unsubordinated debt obligations rated at least as high as F3 and BBB- respectively in the short- and long-term by Fitch, Baa3 in the long-term by Moody's and BBB in the long-term (such rating not to be "Under Review (Negative)") in accordance with the DBRS Rating, to take its place before terminating the Paying Agent Agreement or, as the case may be, under a new paying agent 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 secured Paying Agent.</p> <p>In that connection, the assumption is that, even if the Paying Agent's debt obligations should be rated F3 and BBB-, if Fitch should have publicly announced that either of those ratings is under "Rating Watch Negative", or if those ratings should have been withdrawn by Fitch, the rating of the Paying Agent's debt obligations will also be deemed to be one step below those ratings.</p> <p>If the Paying Agent should have the Rating Agencies' rating for its debt obligations downgraded or removed, it shall advise the Management Company.</p>
<b>3.7.2.1.2 Building Block (Collection Management under the Servicing Agreement) and 3.4.5 Building Block (Collection by the Fund of payments in respect of the assets)</b>	<p>The Servicer shall continue managing collection of all Loan amounts payable by the Obligors and any other item including under the insurance contracts of the properties mortgaged as security for the Mortgage Loans. The Servicer shall use all reasonable efforts for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Loans.</p> <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"), 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 capital city of Madrid.</p>



Section	Description
	<p>In the event that the rating of the Servicer's long- and short-term unsecured and unsubordinated debt obligations should be respectively downgraded below BBB- and F3 by Fitch, the Management Company shall demand that the Servicer, within not more than fourteen (14) calendar days from the occurrence of that circumstance, (i) notify Obligors that Loan payments are to be made into the Treasury Account opened in the name of the Fund, or (ii) post cash or any other collateral to the Fund at or by an institution with debt obligations rated at least as high as BBB+ and F2 respectively in the short- and long- by Fitch. In that connection, the assumption is that, even if the Servicer's long- and short-term debt obligations should be rated BBB- and F3, if Fitch has publicly announced that either debt rating is under "Rating Watch Negative", or if those ratings should have been withdrawn by Fitch, the rating of the Servicer's debt obligations will also be deemed to be below Fitch's aforementioned required minimum ratings.</p> <p>The amount of the collateral to be posted shall be equal to the sum of (i) two (2) times the amount due under numbers 1 and 2 in the priority of payments on the Payment Date preceding the collateral calculation date, (ii) the Series A Bond interest amount payable on the Payment Date after the collateral calculation date, and (iii) Series A Bond interest payable by the Fund on the Payment Date after the collateral calculation date if the Reference Rate should be replaced with an interest rate resulting from the following formula:</p> $NT = \left[ \frac{[(E6 \cdot 180) - (E3 \cdot 90)]}{[1 + (E3 \cdot 90) / 36000]} \cdot 90 \right] + 0,30$ <p>Wherein:  NT= Interest rate replacing the Reference Rate  E3= Three- (3-) month Euribor  E6= Six- (6-) month Euribor.  Three- (3-) month Euribor and six- (6-) month Euribor shall be the rates published on electronic page EURIBOR01 supplied by Reuters on the Interest Rate Fixing Date.</p> <p>The Servicer shall do one of the above if the unsecured and unsubordinated debt obligations are not rated by Fitch.</p> <p>If the DBRS Rating for the Servicer's unsecured and unsubordinated debt obligations should be downgraded below BBB (low) in the long-term, or removed, the Servicer shall, within not more than thirty (30) calendar days from the occurrence of the aforementioned circumstance, do one of the following: (i) find an institution with a sufficient rating to take over its duties as Servicer, (ii) find a back-up servicer, or (iii) post cash collateral to the Fund at a sum in line with the DBRS criteria.</p> <p>The Management Company, for and on behalf of the Fund, may only draw on that cash or any other collateral posted to the Fund the Loan amounts owing to the Fund, if any, not received from the Servicer, which the Servicer shall have received and not paid to the Fund.</p>

Section	Description
	<p>All costs, expenses and taxes incurred in connection with doing and arranging the above, in accordance with the Rating Agencies' criteria, shall be borne by the Servicer.</p> <p>The Servicer may at no event pay any amount whatsoever to the Fund not previously received from the Obligors as payment for the Loans.</p>

Issued to serve and avail as required by law, at Madrid on January 24, 2013.

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, 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

1

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

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

BBVA EMPRESAS 6 FONDO DE TITULIZACIÓN DE ACTIVOS (the “Fund” and/or the “Issuer”) is a separate closed-end fund devoid of legal personality and is managed by a management company, EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the “Management Company” or “EUROPEA DE TITULIZACIÓN”), in accordance with Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies, as currently worded (“Royal Decree 926/1998”). The Fund shall be liable only for its obligations to its creditors with its assets.

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 the Management Company 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”), it shall find a substitute management company. In any such event, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, the Fund shall be liquidated early and the Bonds issued by the same shall be redeemed, in accordance with the provisions of the Deed of Constitution and of this Prospectus.

#### c) Limitation of actions.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against Loan Obligors who may have defaulted on their payment obligations or against the Originator. Any such recourse may be used by 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 Loan default or, as the case may be, prepayment, a breach by the Originator of its obligations or by the counterparties to the transactions entered into for and on behalf of the Fund, or shortfall of the financial hedging transactions for servicing the Bonds in each Series.

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

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

Both BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (the “Originator” or “BBVA”) and the Management Company may be declared insolvent.

Pursuant to Additional Provision 5 of Act 3/1994, April 14, adapting Spanish laws in the matter of Credit Institutions to the Second Banking Coordination Directive and introducing other financial system changes (“Act 3/1994”), as currently worded, the assignment to the Fund of the Mortgage Loan receivables by issuing Pass-Through Certificates and of the Non-Mortgage Loan receivables can only be rescinded or contested as provided for in article 71 of the Bankruptcy Act by the receivers, who shall have to prove the existence of fraud.

Notwithstanding that, in the event that the public deed of constitution should be deemed to satisfy the requirements set in Additional Provision 3 of Act 1/1999, the assignment to the Fund of the Non-Mortgage Loan receivables could be liable to be rescinded in accordance with the general system provided for under article 71 of the Bankruptcy Act, paragraph 5 of which specifically provides that transactions made at arm's length in the Originator's ordinary course of business cannot be rescinded under any circumstances. There is no case law on the subject.

In the event of the Originator being decreed to be insolvent, the monies received by the Originator, as Servicer, and held by the same on behalf of the Fund before the date on which insolvency is decreed, might, given their nature as a fungible asset, be earmarked for the outcome of the insolvency proceedings, based on the most widespread construction of articles 80 and 81 of the Bankruptcy Act.

Certain means are nevertheless in place mitigating that risk, as described in sections 3.4.4.1 (Treasury Account), 3.4.5 (Collection by the Fund of payments in respect of the assets) and 3.7.2.1(2) (Collection Management) of the Building Block.

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

## **2 Risks derived from the securities.**

### **a) Issue Price.**

The Bond Issue is made with the intention of being fully subscribed for by the Originator 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.**

As set out in the preceding section, the Originator will fully subscribe for the Bond Issue and even in the event that the Bond Issue 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 in each Series contained in section 4.10 of the Securities Note is subject, inter alia, to assumed Loan prepayment and delinquency rates that might not be fulfilled, and to future market interest rates, given the floating nature of the Nominal Interest Rate of each Series.

### **d) Duration.**

Calculation of the average life and duration of the Bonds in each Series contained in section 4.10 of the Securities Note is subject to fulfilment of Loan repayment and, inter alia, to assumed Loan prepayment rates that might not be fulfilled. Loan prepayment rate 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 in any Series shall under no circumstances result in additional or late-payment interest accruing to their favour.

**f) Subordination of the Bonds.**

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds. Series C Bond interest payment and principal repayment is deferred with respect to Series A and B Bonds. There is however no assurance whatsoever that these subordination rules shall protect Series A, B and C Bondholders from the risk of loss.

The first partial amortisation of Series B Bonds shall occur once Series A Bonds have been fully amortised. Based on the assumptions made in section 4.10 of the Securities Note, Series B Bonds shall begin to be amortised on February 15, 2016, for a 4% Loan CPR; on November 16, 2015, for a 6% CPR, and on August 14, 2015, for an 8% CPR.

The first partial amortisation of Series C Bonds shall occur once Series A Bonds and Series B Bonds have been fully amortised. Based on the assumptions made in section 4.10 of the Securities Note, Series C Bonds shall begin to be amortised on August 14, 2019, for a 4% Loan CPR; on February 14, 2019, for a 6% CPR, and on May 14, 2018, for an 8% CPR.

The subordination rules among the different Series are established in the Priority of Payments and in the Liquidation Priority of Payments in accordance with section 3.4.6 of the Building Block.

**g) Deferment of interest.**

This Prospectus and the other supplementary documents relating to the Bonds provide for deferment of Series B and Series C Bond interest payment in the event of the circumstances provided for in section 3.4.6.2.1.2 of the Building Block occurring. Based on the assumptions made in section 4.10 of the Securities Note, this event would not occur.

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

**h) Bond Rating.**

The credit risk of the Bonds in each Series has been assessed by Fitch Ratings España, S.A.U., and Moody's Investors Service España, S.A. (the "**Rating Agencies**").

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

**i) Ratings not confirmed.**

The Rating Agencies' failure to confirm the provisional ratings given to the Bonds in each Series by 9pm (CET) on December 20, 2011 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 Loans.**

Bondholders in each Series shall distinctly bear the risk of default on the Loans pooled in the Fund.

BBVA, as Originator, shall have no liability whatsoever for the Obligors' default of principal, interest or any other Loan amount they may owe. Under article 348 of the Commercial Code, BBVA shall be liable to the Fund exclusively for the existence and lawfulness of the Loans, and for the personality with which the issue of the Mortgage Loan Pass-Through Certificates and the assignment of the Non-Mortgage Loan receivables will be made. BBVA will have no liability whatsoever to directly or indirectly guarantee that the transaction will be properly performed nor give any guarantees or security, nor indeed agree to repurchase the Non-Mortgage Loan receivables or the Pass-Through Certificates, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution or redemption of Non-Mortgage Loan receivables or Pass-Through Certificates failing to conform, upon the Fund being established, to the representations given 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 BBVA or the Management Company. No other guarantees have been granted by any public or private organisation whatsoever, including BBVA, the Management Company and any of their affiliated or associated companies.

#### **c) Limited Hedging.**

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

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

#### **d) Loan prepayment risk.**

There will be a prepayment of the Loans when the Obligors prepay the portion of capital pending maturity, or in the event that BBVA should be substituted in the relevant Loans by any other financial institution licensed to do so, or in any other event having the same effect.

That prepayment risk shall pass quarterly on each Payment Date to Bondholders by the partial amortisation of the Bonds, as provided for in the terms for amortisation of each Series and in the rules for Distribution of Available Funds for Amortisation on each Payment Date contained in sections 4.9.2 and 4.9.3.5 of the Securities Note.

#### **e) Delinquency.**

BBVA's enterprise loan delinquency rate at September 30, 2011 (5.86%) 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 not trigger (i) a reduction of the Required Cash Reserve, as set down in section 3.4.2.2 of the Building Block, or (ii) deferment in Series B Bond interest payment, or (iii) deferment in Series C Bond interest payment.

#### **f) Geographical concentration.**

The number of selected loans at November 14, 2011 to be assigned to the Fund upon being established with obligors domiciled in Catalonia (23.96% in terms of outstanding principal), the Community of Madrid (19.10% in terms of outstanding principal) and Andalusia (13.72% in terms of outstanding principal) is 2,156 (49.21% of the total loans) and their outstanding principal amounts to EUR 794,639,319.74 (56.78% of the total), as detailed in section 2.2.2.q) of the Building Block.

Given this concentration level, any circumstance whatsoever having a substantial adverse effect on these Autonomous Communities could affect payments of the Loans backing the Bond Issue.

**g) Selected loan origination date concentration.**

Selected portfolio loans originated in the years 2009 and 2010 and in the first six months of 2011 respectively account for 11.41%, 42.92% and 26.17% (jointly 80.50%), in terms of outstanding principal, of the total selected portfolio. Given how recent the loans arranged in those years are, and based on experience, it must be presumed that their delinquency rate shall not yet have attained their highest value, and it is therefore still possible for the Loan delinquency rate to go up in the coming months. The weighted average age of the portfolio is 20.38 months at November 14, 2011, the portfolio selection date.

**h) Sector concentration.**

Out of the loans selected at November 14, 2011 to be assigned to the Fund upon being established, 31.86%, in terms of outstanding principal, have obligors whose business (Spanish Business Activity Code *CNAE*) is comprised within the building and real estate sectors (*CNAEs* 41, 43 and 68). Out of the selected loans, 11.49%, in terms of outstanding principal, is comprised within the wholesale trade and trade intermediaries and retail trade sectors (*CNAEs* 46 and 47) and 5.50%, in terms of outstanding principal, is comprised within the accommodation services sector (*CNAE* 55).

Given these concentration levels, any circumstance whatsoever having a material adverse effect on such activities could affect payments of the Loans backing the Bond Issue.

**i) Mortgage security.**

Selected portfolio loans selected at November 14, 2011 with real estate security account for 60.39%, in terms of outstanding principal, of that portfolio. Selected mortgage loans with security consisting of urban and rustic land account for 22.42%, in terms of outstanding principal, of the selected mortgage loans.

Selected mortgage loans with security consisting of residential properties and parking spaces and lumber rooms account for 13.78%, in terms of outstanding principal, of the selected mortgage portfolio, the rest being industrial warehouses (22.32%) and business premises and offices (41.48%).

Selected mortgage loans with security consisting of residential properties and parking spaces and lumber rooms with a ratio, expressed as a percentage, of the outstanding principal at November 14, 2011 to the appraisal value of the mortgaged properties adjusted, as the case may be, pro rata to the current balance of the mortgage loan with respect to the total current balance of all equally ranked mortgage loans sharing the same mortgage security (the "**LTV**") in excess of 80% account for 0.75%, in terms of outstanding principal, of the selected portfolio.

Selected mortgage loans with security other than residential properties and parking spaces and lumber rooms with an LTV at November 14, 2011 in excess of 60% account for 18.95%, in terms of outstanding principal, of the selected portfolio.

**j) Selected loan repayment system and principal repayment exclusion.**

As detailed in section 2.2.2.I) of the Building Block, the selected loans at November 14, 2011 to be assigned to the Fund upon being established with a repayment system consisting of an only payment at maturity (bullet loans) account for 13.90%, in terms of outstanding principal, of the selected loans. Additionally, 10.06%, in terms of outstanding principal, of the selected loans are loans with a last repayment instalment accounting for more than 25% of the outstanding principal balance at November 14, 2011.

Out of the selected loans, 17.08%, in terms of outstanding principal, have a principal repayment exclusion period at November 14, 2011. The possibility of applying for subsequent principal repayment exclusion other than as set out above is not provided for. The average principal repayment exclusion

period of the selected loans is 10.33 months weighted by the outstanding principal at that date. There is no loan with an interest-free period.

**k) Concentration by Obligor and Obligor Group and type of business of the Obligor.**

Section 2.2.2.a) of the Building Block gives the concentration of the thirty obligors weighing most in the selected loan portfolio as at November 14, 2011, which account for 25.39% of the selected loans in terms of outstanding principal.

The sum of the outstanding principal at November 14, 2011 for the ten obligors weighing most in the selected portfolio accounts for 13.66% of the selected portfolio outstanding principal.

The sum of the outstanding principal at November 14, 2011 for the twenty obligors weighing most in the selected portfolio accounts for 22.02% of the selected portfolio outstanding principal.

Out of the loans selected at November 14, 2011, 15.09%, in terms of outstanding principal, are loans granted to real estate developers, whereas 8.48% were granted to sole traders.

As for the business sector of the ten obligors weighing most in the selected loan portfolio at November 14, 2011, 4.64%, in terms of outstanding principal, of the selected loans are comprised within the building and real estate sectors (CNAEs 41, 43 and 68).

The outstanding principal of each obligor given therein is the result of the sum of the outstanding principal of each of the selected loans granted to the obligor proper, disregarding the fact that the Obligors might belong in the same business group.

The sum of the outstanding principal at November 14, 2011 for the ten business groups weighing most in the selected portfolio accounts for 13.66% of the outstanding principal of the selected portfolio, as opposed to 12.00% of the Bond Issue accounted for by the Initial Cash Reserve.

The sum of the outstanding principal at November 14, 2011 for the twenty business groups weighing most in the selected portfolio accounts for 22.02% of the outstanding principal of the selected portfolio, as opposed to 12.00% of the Bond Issue accounted for by the Initial Cash Reserve. The aggregate percentage of the Initial Cash Reserve and of Series B and C Bonds accounts for 45.00% of the Bond Issue.

**l) Ranking of the collateral.**

The selected loans with real estate mortgage security as at November 14, 2011 account for 60.39%, in terms of outstanding principal, of the selected loans, and the mortgages are all registered as senior mortgages or, as the case may be, as junior mortgages although BBVA has documents supporting cancellation of the debts originated by previous mortgages, which are yet to be struck off the register. BBVA has reported in the special accounting record for mortgage loans and credits provided for in Schedule I to Royal Decree 716/2009 that the mortgage ranks first.

BBVA makes no distinction in its databases between mortgages entered as senior ranking mortgages and mortgages where the debts originated by previous mortgages have been cancelled.

BBVA shall, as Servicer, in mortgage foreclosure events, where the Land Registry contains entries regarding the real estate secured with the mortgage under which action is taken in respect of mortgages senior to the latter mortgage which however have been repaid, previously to or upon the action being brought, do all such things as shall be appropriate at law and in court in order for the Land Registry to match the legal reality outside the Registry. In the event that the relevant documents are available, then the procedure shall be as provided for in article 40 and in Title IV of the Mortgage Act, and the procedure shall otherwise be as provided for in article 209 of that Act.



**m) Damage insurance.**

The public deeds originating the Mortgage Loans provide that until the latter are fully repaid the Obligor is bound to have the mortgaged properties insured against the risk of fire and other damages during the contract term, at least satisfying the minimum requirements laid down by the mortgage market laws in force for the time being, but the validity of such damage insurance is not supported in the Originator's databases. In this connection, BBVA has reported in the special accounting record for mortgage loans and credits provided for in Schedule I to Royal Decree 716/2009 that 100% of the selected Mortgage Loans do not cover the mortgaged asset with damage insurance.

**n) Selected loan portfolio assumptions.**

The assumptions made in section 4.10 of the Securities Note regarding selected loan performance (prepayment, delinquency, default and other rates) are merely theoretical and for the sake of illustration only, which means that those assumptions may in any event differ from the actual rates in the future.



## **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 EMPRESAS 6 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Registration Document.

Mr Mario Masiá Vicente, the Management Company's General Manager, 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 specifically for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee on September 26, 2011.

#### **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 contents.

### **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, reporting that appointment to the CNMV. The designation of an auditor for a given period shall not preclude the designation of that auditor for subsequent periods, observing in any event the laws in force on the subject.

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

Income and expenditure will be accounted for by the Fund in accordance with the 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 currently worded.

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 paragraph 1 of the preceding Risk Factors section of this Prospectus.

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

##### **4.1 Statement that the Issuer has been established as a securitisation fund.**

The Issuer is a closed-end asset securitisation fund to be established in accordance with Spanish laws.

##### **4.2 Legal and commercial name of the Issuer.**

The Issuer's name is "BBVA EMPRESAS 6 FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

- BBVA EMPRESAS 6 FTA
- BBVA EMPRESAS 6 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 incorporation and existence of the Issuer.**

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

The Management Company and BBVA, as Originator of the Loan receivables, shall proceed to execute on December 19, 2011 a public deed whereby BBVA EMPRESAS 6 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BBVA will assign to the Fund Non-Mortgage Loan receivables and Mortgage Loan receivables, the latter by issuing Pass-Through Certificates, 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, notwithstanding the need to complete the respective details and amounts of the Non-Mortgage Loan receivables and of the Mortgage Loan Pass-Through Certificates to be respectively assigned or issued and subscribed for under the Deed of Constitution.

As provided for in article seven of Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7, as currently worded ("**Act 19/1992**"), 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 satisfaction of the aforementioned 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, as the case may be. Where required, a supplement to the Prospectus shall be prepared and disclosed as material information in accordance with the provisions of article 82 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 August 14, 2055 or the following Business Day if that is not a Business Day (the "**Final Maturity Date**"), unless there should previously have been an Early Liquidation as set forth in section 4.4.3 of this Registration Document or any of the events laid down in section 4.4.4 of this Registration Document should occur.

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

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

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

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

- (ii) Where, in any event or circumstance whatsoever unrelated to the Fund's operations, a substantial alteration occurs or the financial balance of the Fund is permanently damaged, as provided for in article 11.b) of Royal Decree 926/1998. This event includes such circumstances as the existence of any change in the law or supplementary implementing regulations, the establishment of withholding obligations or other situations which might permanently affect the financial balance of the Fund.
- (iii) 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, and a period of four months should elapse without a new management company being designated in accordance with the provisions of section 3.7.1.3 of the Building Block to this Prospectus.
- (iv) If the Management Company should have the express consent and acceptance of all Bondholders in each and every Series and all counterparties to 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 any of the Bonds issued or that it is about to occur.
- (vi) Upon the lapse of forty-two (42) months from the date of the last maturity of the Loans, even if amounts are still due and payable thereon.

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 of (i) the event or events triggering Early Liquidation of the Fund, (ii) the liquidation procedure, and (iii) how 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 Loan receivables remaining in the Fund at a reasonable price, initially not less than the sum of the principal then outstanding plus interest due or accrued and not paid on the relevant Loans, 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 long- and short-term unsecured and unsubordinated debt obligations respectively rated at least as high as A and F1 by Fitch (and in this connection the assumption is that, even if the institution's long- and short-term debt obligations should be rated A and F1, if Fitch should have publicly announced that either rating is in a "Rating Watch Negative" status, or those ratings should have been withdrawn by Fitch, the rating of the institution's debt obligations will also be deemed to be below Fitch's aforementioned minimum required ratings) and with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, or a loan, which shall be fully allocated to early amortisation of the Bonds in the outstanding Series. 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 Loan receivables or other remaining assets of the Fund, the Management Company shall proceed to sell them. In the event that the Management Company should consider that not all payment obligations in the Bond Series which are not fully owned by the Originator may be settled, it shall invite a bid from at least five (5) entities who may, in its view, give a reasonable market value. The Management Company shall be bound to accept the best bid received for the Loan receivables and assets on offer. In order to set the reasonable market value, the Management Company may secure such valuation reports as it shall deem necessary.

However, in (i) and (iv) above, the Originator shall have a pre-emptive right and will therefore have priority over third parties to voluntarily acquire the Loan receivables or other assets still on the assets of the Fund, and in (iii) above the Originator shall have priority to grant to the Fund, as the case may be, the credit facility or loan designed for early amortisation of the Bonds in the outstanding Series. In relation to (iv) above, the Management Company shall send the Originator a list of the assets and of third-party bids received, if any, and the latter may use that right for all of the Loans or other assets offered by the Management Company 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, if any. The 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 the right is not designed to implicitly support securitisation.

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



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

The Fund shall terminate in any case, after completing the relevant legal procedure, in the following events:

- (i) Upon the Loans 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 August 14, 2055 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 each Bond Series as final ratings by 9pm (CET) on December 20, 2011. In this event, the Management Company shall terminate the establishment of the Fund, the assignment of the Non-Mortgage Loan receivables, the subscription for the Pass-Through Certificates and the Bond issue.

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

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

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 proceed to terminate the Fund and strike it off the relevant administrative registers and shall execute a statutory declaration before a notary public declaring (i) that the Fund has terminated, and the events prompting its termination, (ii) as the case may be, how Bondholders and the CNMV were notified, and (iii) how the Liquidation Available Funds were distributed in the Liquidation Priority of Payments; this shall be the subject of 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.**

Pursuant to article 1.1 of Royal Decree 926/1998, the Fund has no legal personality, and the Management Company is entrusted with establishing, managing and being the authorised representative of the same, and, as manager of third-party portfolios, with representing and enforcing the interests of the holders of the Bonds issued by the Fund 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) Additional Provision Five of Act 3/1994, as currently worded, (iv) Securities Market Act 24/1988, July 28 (the “**Securities Market Act**”), in force as of the date of establishment of the Fund, (v) Mortgage Market Regulation Act 2/1981, March 25, (“**Act 2/1981**”) as currently worded, (vi) Royal Decree 716/2009, April 24, implementing certain aspects of Act 2/1981, and other mortgage and financial system rules (“**Royal Decree 716/2009**”), (vii) 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**”), (viii) Regulation 809/2004, and (ix) 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, additional provision one of Royal Decree 716/2009, April 24; article 7.1.h) of the Consolidation of the Corporation Tax Act approved by Legislative Royal Decree 4/2004, March 5, article 20.One.18 of Value Added Tax Act 37/1992, December 28, article 59 k) of the Corporation Tax Regulations approved by Royal Decree 1777/2004, July 30, article 45.I.B) 15 and 20, of the Consolidation of the Capital Transfer and Documents Under Seal Tax Act approved by Legislative Royal Decree 1/1993, September 24, additional provision five of Act 3/1994, April 14, 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 current tax system of the Fund are mainly as follows:

- (i) The establishment of the Fund and all transactions entered into by the Fund are subject to and exempt from the corporate transactions category of Capital Transfer and Documents under Seal Tax.
- (ii) Bond issue, subscription, transfer, repayment and redemption are not subject to or exempt from, as the case may be, payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (iii) The Fund pays Corporation Tax, the taxable income being determined in accordance with the provisions of Title IV of the Consolidation of the Corporation Tax Act, 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 Circular 2/2009 provides that securitisation funds must make valuation adjustments for impairment in the value of financial assets. The amendment made by Act 2/2010, March 1, to article 12.2 of the consolidation of the Corporation Tax Act, approved by Legislative Royal Decree 4/2004, March 5, 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 consolidation of the Corporation Tax Act, 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) Returns on investments obtained by securitisation funds are subject to the general Corporation Tax withholding system, a particular feature being that article 59 k) of the Corporation Tax Regulations approved by Royal Decree 1777/2004, July 30, provides that “returns on mortgage participation certificate, loans or other receivables constituting securitisation fund income” shall not be liable to withholding.
- (v) The management and custody services provided to the Fund are exempt from Value Added Tax.
- (vi) The establishment and assignment of security is subject to the general tax system and no special provision is made for securitisation funds.
- (vii) Assignment of the Non-Mortgage Loan and Mortgage Loan receivables by issuing the Pass-Through Certificates subscribed for by the Fund is a transaction exempt from and subject to Value Added Tax and Capital Transfer and Documents Under Seal Tax, on the terms provided for in the Consolidation of the Capital Transfer and Documents Under Seal Tax, and implementing regulations, and Mortgage Market Act 2/1981, and implementing regulations.
- (viii) The reporting duties established by Additional Provision Two of Financial Intermediary Investment Ratios, Equity and Reporting Duties Act 13/1985, as worded by Act 6/2011.  
  
The procedure to satisfy those reporting duties is set out in Royal Decree 1065/2007, July 27, approving General Regulations for tax management and inspection actions and procedures and implementing rules common to procedures applicable to taxes, and as worded by Royal Decree 1145/2011, July 29, amending those General Regulations.
- (ix) Financial Swap Agreement payments received by the Fund shall pay tax based on the Corporation Tax rules and shall not be subject to a withholding on account.

#### **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 to subscribe for pass-through certificates issued on mortgage loans and to acquire a number of non-mortgage loan receivables owned by BANCO BILBAO VIZCAYA ARGENTARIA S.A. (both types of loans, the “**Loans**”) granted to enterprises (legal persons and sole traders) domiciled in Spain (the “**Obligors**”), and to issue asset-backed bonds (the “**Asset-Backed Bonds**” or the “**Bonds**”) the subscription for which is designed to finance acquisition of the Loan receivables.

The selected loans may be classified based on their collaterals into:

- (i) Loans with real estate mortgage security and with additional security, if any, as specified in section (ii) below, originated in a public deed (the “**Mortgage Loans**”).

The Mortgage Loan receivables shall be assigned to the Fund upon BBVA issuing and the Fund subscribing for Pass-Through Certificates subject to the provisions of Act 2/1981, Additional Provision Five of Act 3/1994, as currently worded, Royal Decree 716/2009 and on the terms provided for in section 3.3 of this Building Block.

- (ii) Loans without special security, secured by pledging money and/or units in investment funds, and/or with third-party personal guarantees, originated in a public document, which are enforceable (Civil Procedure Act article 517) (the “**Non-Mortgage Loans**”).

The Non-Mortgage Loan receivables shall be directly assigned to the Fund upon being sold by BBVA and acquired by the Fund, on the terms provided for in section 3.3 of the Building Block.

In this Registration Document and elsewhere in the Prospectus the term “Loans” shall be used to refer collectively to the Non-Mortgage Loan and the Mortgage Loan receivables or to the Pass-Through Certificates perfecting the assignment of the Mortgage Loan receivables.

Loan interest and principal repayment income received by the Fund shall be allocated quarterly on each Payment Date to Bond interest payment and to principal repayment on the specific terms of each series (collectively, the “**Series**” and each one of them individually the “**Series**”) making up the Bond Issue and in the Priority of Payments established for Fund payments.

Moreover, the Fund, represented by the Management Company, shall arrange a number of financial and service transactions in order to consolidate the Fund’s financial structure, enhance Bond payment safety or regularity, cover timing differences between the scheduled Loan 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 each Bond Series.

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

- EUROPEA DE TITULIZACIÓN is the Management Company that will establish, manage and be the authorised representative of the Fund and has, together with BBVA, structured the financial terms of the Fund and the Bond Issue.

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-805144 66 Business Activity Code No.: 6630

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

- BBVA is the Originator of the Loan receivables to be assigned to the Fund upon being established, is the Lead Manager and shall be the Subscriber of the Bond Issue.

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.

In addition, it shall take responsibility for the contents of the Securities Note (including the Building Block), together with the Management Company, in accordance with article 35.3 of the same Royal Decree.

Moreover, BBVA shall be the Fund’s counterparty under the Guaranteed Interest Rate Account (Treasury Account), Subordinated Loan, Start-Up Loan, Financial Swap, Loan Servicing, Financial Intermediation and Bond Paying Agent 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 San Nicolás number 4, 48005 Bilbao (Spain).

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

Ratings for BBVA’s short- and long-term unsecured and unsubordinated debt obligations assigned by the following Rating Agencies:

	<b>Fitch Ratings</b>	<b>Moody's Ratings</b>
<b>Short-term</b>	F1 (October 2011)	P-1 (October 2011)
<b>Long-term</b>	A+ (October 2011)	Aa3 (October 2011)
<b>Outlook</b>	<i>Negative</i>	<i>Negative</i>

- Fitch Ratings España, S.A.U. shall be one of the Rating Agencies rating each Series in the Bond Issue.

Fitch Ratings España, S.A.U. is a single-member Spanish company licensed as a rating agency by the CNMV, and is affiliated to and operates in accordance with the methodology, standards and quality control of Fitch Ratings Limited (both of them "**Fitch**" without distinction).

TIN: A-58090655

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

Fitch was registered and authorised on October 31, 2011 as a rating agency in the European Union in accordance with Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies

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

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

TIN: A-80448475

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

Moody's was registered and authorised on October 31, 2011 as a rating agency in the European Union in accordance with Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies

- The law firm CUATRECASAS, GONÇALVES PEREIRA, S.L.P. ("**CUATRECASAS**"), an independent adviser, has provided legal advice for establishing the Fund and issuing the Bonds and has been involved in reviewing this Prospectus and, from a commercial and regulatory standpoint, in reviewing the transaction and financial service agreements referred to herein and the Deed of Constitution.

TIN: B-59942110

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

- Deloitte S.L. ("**Deloitte**") has issued the audit report on certain features and attributes of a sample of all selected BBVA loans from which the Loans 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 has an 87.5041% 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 transaction.

## 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, 2010, 2009 and 2008 have been audited by Deloitte and are unqualified. In addition, Deloitte audited BBVA's annual accounts for the years ended on December 31, 2010, 2009 and 2008.

### 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 104 securitisation funds at the registration date of this Prospectus, 14 being mortgage securitisation funds and 90 being asset securitisation funds.

The following table itemises the 104 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, 2011.

Securitisation Fund	Establishment	Initial Bond Issue EUR	Bond Issue Balance 30.11.2011		Bond Issue Balance 31.12.2010		Bond Issue Balance 31.12.2009 EUR
			EUR	Δ%	EUR	Δ%	
<b>TOTAL</b>		<b>158,705,296,652.96</b>	<b>77,225,544,156.30</b>	<b>-11.8%</b>	<b>87,562,874,535.58</b>	<b>6.27%</b>	<b>82,398,369,090.47</b>
<b>Mortgage (FTH)</b>		<b>15,117,046,652.96</b>	<b>4,863,867,638.63</b>	<b>-12.5%</b>	<b>5,561,622,193.86</b>	<b>-11.78%</b>	<b>6,304,505,622.07</b>
Bankinter 15 FTH	08.10.2007	1,525,500,000.00	1,108,726,167.74	-7.6%	1,199,380,289.54	-7.4%	1,295,824,891.50
Bankinter 14 FTH	19.03.2007	964,000,000.00	691,129,936.10	-5.3%	729,454,590.12	-7.0%	784,061,288.38
Bankinter 12 FTH	06.03.2006	1,200,000,000.00	689,417,059.52	-6.5%	737,718,605.28	-8.5%	805,848,578.88
Valencia Hipotecario 2 FTH	07.12.2005	950,000,000.00	455,492,117.00	-9.7%	504,368,283.20	-10.9%	566,068,308.45
Bankinter 11 FTH	28.11.2005	900,000,000.00	506,798,281.44	-8.0%	550,820,207.52	-9.0%	605,205,937.04
Bankinter 7 FTH	18.02.2004	490,000,000.00	176,088,244.40	-8.0%	191,312,099.22	-10.8%	214,557,164.88
Bankinter 5 FTH	16.12.2002	710,000,000.00	196,795,424.22	-11.6%	222,631,087.77	-12.6%	254,742,389.25
BZ Hipotecario 4 FTH	27.11.2002	313,400,000.00	liquidated	-100.0%	62,053,257.70	-19.8%	77,326,346.08
Rural Hipotecario IV FTH	14.11.2002	520,000,000.00	121,068,226.42	-13.3%	139,680,009.64	-12.8%	160,111,798.51
Bancaja 4 FTH	05.11.2002	1,000,000,000.00	209,424,207.95	-9.0%	230,119,577.75	-12.5%	263,073,467.95
Bankinter 4 FTH	24.09.2002	1,025,000,000.00	285,146,195.52	-13.2%	328,510,519.60	-12.9%	377,048,929.64
Rural Hipotecario III FTH	14.05.2002	325,000,000.00	66,023,382.43	-12.8%	75,737,817.46	-16.4%	90,567,539.11
Bankinter 3 FTH	22.10.2001	1,322,500,000.00	281,709,433.86	-14.6%	329,921,227.27	-14.7%	386,962,104.55
BZ Hipotecario 3 FTH	23.07.2001	310,000,000.00	liquidated	-100.0%	45,754,060.63	-20.5%	57,520,198.48
Rural Hipotecario II FTH	29.05.2001	235,000,000.00	30,368,147.80	-21.2%	38,537,858.80	-18.6%	47,318,092.00



Securitisation Fund	Establishment	Initial Bond Issue EUR	Bond Issue		Bond Issue		Bond Issue Balance 31.12.2009 EUR
			Balance 30.11.2011 EUR	Δ%	Balance 31.12.2010 EUR	Δ%	
BZ Hipotecario 2 FTH	28.04.2000	285,000,000.00	liquidated	-100.0%	23,975,263.74	-20.9%	30,317,398.50
Rural Hipotecario I FTH	22.02.2000	200,000,000.00	liquidated	-100.0%	19,231,143.08	-23.1%	25,015,790.78
Bankinter 2 FTH	25.10.1999	320,000,000.00	45,680,814.23	-16.6%	54,799,694.62	-16.3%	65,483,921.41
Bankinter 1 FTH	12.05.1999	600,000,000.00	liquidated	-100.0%	57,766,431.60	-22.3%	74,298,445.20
BZ Hipotecario 1 FTH	16.04.1999	350,000,000.00	liquidated	-100.0%	19,850,169.32	-28.4%	27,715,102.40
Hipotecario 2 FTH	04.12.1998	1,051,771,182.67	liquidated		0.00	-100.0%	95,437,929.08
Bancaja 2 FTH	23.10.1998	240,404,841.75	liquidated				0.00
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>143,588,250,000.00</b>	<b>72,361,676,517.67</b>	<b>-11.8%</b>	<b>82,001,252,341.72</b>	<b>7.8%</b>	<b>76,093,863,468.40</b>
BBVA RMBS 10 FTA	20.06.2011	1,600,000,000.00	1,585,356,332.80				
BBVA Empresas 5 FTA	14.03.2011	1,250,000,000.00	1,043,011,302.50				
MBS Bancaja 8 FTA	23.12.2010	450,000,000.00	436,338,848.70	-3.0%	450,000,000.00		
BBVA Consumo 5 FTA	20.12.2010	900,000,000.00	900,000,000.00	0.0%	900,000,000.00		
MBS Bancaja 7 FTA	23.07.2010	875,000,000.00	834,820,490.00	-3.5%	864,925,166.00		
BBVA Empresas 4 FTA	19.07.2010	1,700,000,000.00	1,082,682,060.00	-32.2%	1,596,388,740.00		
Bankinter 20 FTA	12.07.2010	1,650,000,000.00	liquidated	-100.0%	1,602,922,695.00		
BBVA RMBS 9 FTA	19.04.2010	1,295,000,000.00	1,226,297,271.50	-3.8%	1,274,911,442.00		
BBVA Empresas 3 FTA	21.12.2009	2,600,000,000.00	1,381,977,727.00	-29.8%	1,968,910,853.00	-24.3%	2,600,000,000.00
BBVA Consumo 4 FTA	09.12.2009	1,100,000,000.00	829,990,035.16	-24.5%	1,100,000,000.00	0.0%	1,100,000,000.00
Rural Hipotecario XII FTA	04.11.2009	910,000,000.00	805,037,927.50	-5.0%	847,802,185.30	-6.8%	910,000,000.00
Bancaja Leasing 1 FTA	22.10.2009	800,000,000.00	565,214,739.20	-14.2%	658,673,273.60	-17.7%	800,000,000.00
PYME Bancaja 8 FTA	29.07.2009	510,000,000.00	300,103,322.79	-12.8%	344,193,599.13	-26.8%	470,489,720.34
BBVA RMBS 8 FTA	16.07.2009	1,220,000,000.00	1,042,081,090.16	-5.8%	1,106,304,183.76	-7.3%	1,192,955,474.32
FTGENVAL Bancaja 1 FTA	27.05.2009	300,000,000.00	268,141,616.07	-4.5%	280,869,849.15	-4.2%	293,197,827.16
Bankinter 19 FTA	27.04.2009	1,650,000,000.00	liquidated	-100.0%	1,440,640,904.94	-8.4%	1,572,945,906.41
Bancaja – BVA VPO 1 FTA	03.04.2009	390,000,000.00	328,624,627.26	-7.1%	353,724,619.20	-6.7%	378,989,215.62
Bankinter Empresas 1 FTA	16.03.2009	710,000,000.00	428,989,470.20	-15.5%	507,391,301.24	-18.3%	621,086,659.64
PYME Valencia 2 FTA	13.03.2009	500,000,000.00	244,319,544.75	-17.2%	295,184,183.75	-26.4%	401,239,970.75
BBVA Empresas 2 FTA	09.03.2009	2,850,000,000.00	1,270,431,239.52	-25.9%	1,714,432,684.80	-28.1%	2,385,510,616.08
Rural Hipotecario XI FTA	25.02.2009	2,200,000,000.00	1,781,684,807.32	-5.3%	1,880,767,855.01	-8.6%	2,058,061,171.21
MBS Bancaja 6 FTA	02.02.2009	1,000,000,000.00	820,172,342.40	-6.4%	876,127,772.80	-6.4%	936,480,259.20
Financiación Bancaja 1 FTA	22.12.2008	550,000,000.00	129,578,153.65	-35.6%	201,118,094.65	-42.8%	351,393,557.90
Valencia Hipotecario 5 FTA	17.12.2008	500,000,000.00	411,306,184.40	-7.0%	442,104,609.20	-7.1%	475,658,337.20
Bancaja 13 FTA	09.12.2008	2,895,000,000.00	2,506,568,867.33	-3.7%	2,604,066,078.68	-3.9%	2,710,128,255.53
BBVA RMBS 7 FTA	24.11.2008	8,500,000,000.00	6,108,550,355.50	-7.4%	6,593,588,905.30	-11.3%	7,430,357,956.60
BBVA RMBS 6 FTA	10.11.2008	4,995,000,000.00	3,893,824,944.91	-7.0%	4,187,017,498.33	-8.9%	4,595,381,161.10
Bankinter 18 FTA	10.11.2008	1,500,000,000.00	1,254,975,229.13	-6.7%	1,344,584,553.88	-5.9%	1,428,581,680.72
PYME Bancaja 7 FTA	10.10.2008	1,100,000,000.00	450,534,676.16	-13.1%	518,370,560.00	-27.6%	715,606,095.20
Bankinter 4 FTPYME FTA	15.09.2008	400,000,000.00	238,451,557.60	-15.9%	283,607,840.00	-17.7%	344,424,960.00
BBVA-8 FTPYME FTA	21.07.2008	1,100,000,000.00	399,755,117.27	-23.8%	524,606,673.08	-30.7%	757,330,272.11
Rural Hipotecario X FTA	25.06.2008	1,880,000,000.00	1,395,269,544.96	-8.0%	1,517,237,799.68	-9.0%	1,667,334,397.76
Bankinter Leasing 1 FTA	23.06.2008	400,000,000.00	117,284,788.78	-39.8%	194,687,942.92	-39.4%	321,039,895.66
Bankinter 17 FTA	09.06.2008	1,000,000,000.00	767,997,384.25	-7.7%	832,283,990.50	-7.5%	899,373,994.75
BBVA RMBS 5 FTA	26.05.2008	5,000,000,000.00	3,827,152,830.00	-4.8%	4,018,823,155.00	-8.5%	4,391,731,542.50
MBS Bancaja 5 FTA	08.05.2008	1,850,000,000.00	liquidated		0.00	-100.0%	1,544,033,626.02
BBVA Consumo 3 FTA	14.04.2008	975,000,000.00	332,127,673.80	-33.6%	499,981,899.30	-31.1%	725,507,253.90
Bancaja 12 FTA	09.04.2008	2,100,000,000.00	liquidated		liquidated		0.00
Bankinter 16 FTA	10.03.2008	2,043,000,000.00	1,592,066,213.00	-5.0%	1,676,701,823.20	-6.9%	1,801,422,339.60
BBVA-7 FTGENCAT FTA	11.02.2008	250,000,000.00	67,713,518.78	-31.1%	98,251,038.02	-33.0%	146,547,853.29
Valencia Hipotecario 4 FTA	21.12.2007	978,500,000.00	730,678,561.24	-6.2%	778,705,220.62	-9.8%	863,076,722.80
Ruralpyme 3 FTA	19.12.2007	830,000,000.00	liquidated	-100.0%	428,126,753.76	-24.8%	569,542,740.24
BBVA RMBS 4 FTA	19.11.2007	4,900,000,000.00	3,257,819,360.00	-8.5%	3,560,901,172.00	-9.2%	3,920,709,204.00
Bankinter 3 FTPYME FTA	12.11.2007	617,400,000.00	322,251,014.76	-14.3%	376,004,300.94	-16.0%	447,362,856.00
BBVA Empresas 1 FTA	05.11.2007	1,450,000,000.00	306,513,931.68	-34.0%	464,278,270.24	-35.4%	718,897,500.00
FTPYME Bancaja 6 FTA	26.09.2007	1,027,000,000.00	254,620,037.31	-14.9%	299,294,124.51	-30.6%	431,450,959.71
BBVA RMBS 3 FTA	23.07.2007	3,000,000,000.00	2,295,059,461.95	-3.9%	2,389,246,080.00	-4.1%	2,492,220,480.00
PYME Valencia 1 FTA	20.07.2007	865,300,000.00	246,707,482.00	-12.2%	281,143,520.08	-24.6%	373,035,703.96
Bancaja 11 FTA	16.07.2007	2,022,900,000.00	1,430,795,244.20	-6.9%	1,536,849,365.20	-7.0%	1,652,066,780.50
BBVA Leasing 1 FTA	25.06.2007	2,500,000,000.00	607,684,886.08	-35.4%	941,401,503.16	-38.4%	1,528,183,660.66
BBVA-6 FTPYME FTA	11.06.2007	1,500,000,000.00	346,887,492.98	-22.5%	447,748,657.37	-32.5%	663,014,901.98
BBVA Finanzia Autos 1 FTA	30.04.2007	800,000,000.00	203,440,042.40	-36.9%	322,565,825.60	-34.6%	493,290,240.80
MBS Bancaja 4 FTA	27.04.2007	1,873,100,000.00	1,087,706,925.47	-9.2%	1,197,528,625.66	-10.1%	1,331,395,185.53
Rural Hipotecario IX FTA	28.03.2007	1,515,000,000.00	961,453,690.59	-7.8%	1,042,902,388.55	-9.3%	1,149,260,439.02
BBVA RMBS 2 FTA	26.03.2007	5,000,000,000.00	3,349,008,720.00	-4.9%	3,522,613,680.00	-7.2%	3,797,069,760.00
BBVA RMBS 1 FTA	19.02.2007	2,500,000,000.00	1,687,346,780.00	-6.0%	1,795,300,220.00	-5.8%	1,906,554,860.00
Bancaja 10 FTA	26.01.2007	2,631,000,000.00	1,693,844,378.20	-7.6%	1,833,377,080.70	-7.9%	1,989,810,788.90
BBVA Consumo 2 FTA	27.11.2006	1,500,000,000.00	386,116,744.06	-30.4%	554,726,763.44	-36.9%	878,727,371.21
Ruralpyme 2 FTPYME FTA	24.11.2006	617,050,000.00	193,034,343.10	-22.1%	247,667,951.10	-24.5%	327,887,662.50

Securitisation Fund	Establishment	Initial Bond Issue EUR	Bond Issue Balance 30.11.2011		Bond Issue Balance 31.12.2010		Bond Issue Balance 31.12.2009 EUR
			EUR	Δ%	EUR	Δ%	
Bankinter 13 FTA	20.11.2006	1,570,000,000.00	1,008,858,308.40	-7.5%	1,090,917,828.60	-7.8%	1,183,585,431.42
Valencia Hipotecario 3 FTA	15.11.2006	911,000,000.00	543,677,169.69	-6.5%	581,629,026.51	-9.7%	644,411,983.67
BBVA-5 FTPYME FTA	23.10.2006	1,900,000,000.00	287,468,543.05	-26.9%	393,001,192.15	-37.7%	630,892,097.77
PYME Bancaja 5 FTA	02.10.2006	1,178,800,000.00	182,328,322.54	-17.8%	221,764,846.04	-23.9%	291,350,612.62
Bankinter 2 PYME FTA	26.06.2006	800,000,000.00	270,714,253.40	-17.1%	326,683,060.80	-18.4%	400,433,517.80
Consumo Bancaja 1 FTA	26.06.2006	612,900,000.00	69,129,871.11	-47.7%	132,129,498.42	-46.4%	246,603,579.75
Rural Hipotecario VIII FTA	26.05.2006	1,311,700,000.00	714,150,476.76	-9.0%	784,967,531.08	-10.0%	872,584,733.56
BBVA Consumo 1 FTA	08.05.2006	1,500,000,000.00	259,861,757.25	-39.3%	428,278,816.50	-40.5%	719,358,618.00
MBS BANCAJA 3 FTA	03.04.2006	810,000,000.00	386,963,416.40	-6.7%	414,581,676.00	-9.8%	459,506,012.00
Bancaja 9 FTA	02.02.2006	2,022,600,000.00	1,006,264,250.00	-5.8%	1,068,645,240.00	-9.1%	1,175,063,370.00
BBVA Autos 2 FTA	12.12.2005	1,000,000,000.00	187,547,696.65	-36.4%	294,838,633.00	-35.5%	456,868,244.35
EdT FTPYME Pastor 3 FTA	05.12.2005	520,000,000.00	51,353,879.15	-33.7%	77,452,747.47	-32.3%	114,482,719.69
Rural Hipotecario Global I FTA	18.11.2005	1,078,000,000.00	499,841,141.46	-9.9%	554,940,359.11	-10.9%	622,982,875.09
FTPYME Bancaja 4 FTA	07.11.2005	1,524,000,000.00	liquidated	-100.0%	173,615,860.00	-24.2%	228,939,618.16
BBVA-4 PYME FTA	26.09.2005	1,250,000,000.00	87,973,993.23	-36.5%	138,483,007.62	-36.0%	216,342,912.30
Bankinter 10 FTA	27.06.2005	1,740,000,000.00	862,924,123.24	-6.9%	926,568,906.58	-9.5%	1,023,853,480.00
MBS Bancaja 2 FTA	27.06.2005	809,200,000.00	285,510,004.48	-9.6%	315,822,324.56	-11.1%	355,390,981.76
BBVA Hipotecario 3 FTA	13.06.2005	1,450,000,000.00	254,546,844.27	-27.3%	350,291,439.85	-27.8%	485,304,136.86
Rural Hipotecario VII FTA	29.04.2005	1,100,000,000.00	475,113,787.07	-8.2%	517,645,657.01	-11.1%	581,961,795.01
Bancaja 8 FTA	22.04.2005	1,680,100,000.00	692,321,542.11	-7.7%	750,143,953.12	-8.6%	821,157,887.86
Bankinter 9 FTA	14.02.2005	1,035,000,000.00	483,338,069.03	-9.6%	534,746,763.92	-10.3%	596,171,265.48
BBVA-3 FTPYME FTA	29.11.2004	1,000,000,000.00	72,659,980.28	-35.3%	112,250,270.07	-37.2%	178,674,389.24
Ruralpyme 1 FTPYME FTA	23.11.2004	214,000,000.00	31,623,322.12	-23.3%	41,215,876.63	-27.4%	56,765,323.81
BBVA Autos 1 FTA	25.10.2004	1,000,000,000.00	46,191,979.70	-48.1%	89,014,220.00	-52.4%	187,053,270.00
FTPYME Bancaja 3 FTA	11.10.2004	900,000,000.00	75,347,281.60	-17.5%	91,282,241.50	-30.3%	130,925,342.50
Bancaja 7 FTA	12.07.2004	1,900,000,000.00	628,416,583.55	-9.4%	693,905,381.26	-9.9%	770,293,444.20
Rural Hipotecario VI FTA	07.07.2004	950,000,000.00	351,034,856.65	-10.3%	391,274,194.95	-10.5%	437,073,494.75
MBS Bancaja 1 FTA	17.05.2004	690,000,000.00	136,955,620.14	-16.4%	163,798,028.26	-16.3%	195,619,808.47
Valencia Hipotecario 1 FTA	23.04.2004	472,000,000.00	151,493,874.02	-13.3%	174,746,077.87	-13.7%	202,532,491.31
Bankinter 8 FTA	03.03.2004	1,070,000,000.00	393,466,970.54	-8.3%	429,086,989.59	-11.5%	485,087,041.82
Bancaja 6 FTA	03.12.2003	2,080,000,000.00	521,443,332.28	-10.5%	582,570,910.48	-11.4%	657,735,200.72
Rural Hipotecario V FTA	28.10.2003	695,000,000.00	217,675,821.10	-8.8%	238,777,707.58	-12.1%	271,507,418.48
Bankinter 6 FTA	25.09.2003	1,350,000,000.00	484,996,548.29	-11.2%	546,095,665.27	-11.4%	616,665,281.34
FTPYME Bancaja 2 FTA	19.09.2003	500,000,000.00	45,634,369.40	-23.3%	59,484,796.55	-23.4%	77,697,470.75
Bancaja 5 FTA	14.04.2003	1,000,000,000.00	234,741,926.20	-11.2%	264,413,136.50	-11.3%	298,094,986.95
Bancaja 3 FTA	29.07.2002	520,900,000.00	202,458,492.14	-13.8%	234,785,244.22	-17.3%	283,985,376.55
FTPYME Bancaja 1 FTA	04.03.2002	600,000,000.00	liquidated		liquidated		0.00
BBVA-2 FTPYME-ICO FTA	01.12.2000	900,000,000.00	liquidated	-100.0%	19,278,789.30	-36.4%	30,328,236.90
BCL Municipios I FTA	21.06.2000	1,205,000,000.00	128,247,180.00	-24.8%	170,539,170.00	-23.3%	222,252,950.00
BBVA-1 FTA	24.02.2000	1,112,800,000.00	liquidated		0.00	-100.0%	30,373,639.40

#### 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)	30.09.2011 **	Δ%	31.12.2010	Δ%	31.12.2009
<b>Equity *</b>	<b>22,586,328.87</b>	<b>37.68%</b>	<b>16,405,469.49</b>	<b>59.88%</b>	<b>10,260,817.24</b>
Capital	1,803,037.50	0.00%	1,803,037.50	0.00%	1,803,037.50
Reserves	20,783,291.37	42.33%	14,602,431.99	72.65%	8,457,779.74
Legal	360,607.50	0.00%	360,607.50	0.00%	360,607.50
Voluntary	20,422,683.87	43.40%	14,241,824.49	75.89%	8,097,172.24
<b>Year's profit</b>	<b>4,565,397.85</b>		<b>6,180,859.38</b>	<b>0.59%</b>	<b>6,144,652.25</b>

\* Does not include year's profit

\*\* Unaudited

#### 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 Legislative Royal Decree 1/2010, July 2, approving the Consolidation of 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 Asset Securitisation Funds. There is also a General Manager vested with extensive authorities within the organisation and vis-à-vis third parties.

##### Board of Directors

The Board of Directors has the following membership:

<b>Chairman:</b>	Mr Sergio Fernández-Pacheco Ruiz-Villar (*) (**)
<b>Vice-Chairman:</b>	Mr Pedro María Urresti Laca (**)
<b>Directors:</b>	Mr Ignacio Echevarría Soriano (*) (**)
	Ms Ana Fernández Manrique (**)
	Mr Mario Masiá Vicente (*)
	Mr Justo de Rufino Portillo (*) (**)
	Mr Jorge Sáenz-Azcúnaga Carranza (**)
	Ms Gloria Hernández García 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 Sergio Fernández-Pacheco Ruíz-Villar, Mr Pedro María Urresti Laca, Ms Ana Fernández Manrique, Mr Justo de Rufino Portillo, Mr Jorge Sáenz-Azcúnaga Carranza and Mr Ignacio Echevarría Soriano are currently members of staff of BBVA, in turn the Originator of the assets to be pooled in the Fund, Lead Manager, Subscriber and Paying Agent of the Bond Issue and counterparty to the remaining agreements entered into by the Fund, represented by the Management Company. The following are the positions held in BBVA by the persons responsible for or directly involved in selecting the assets to be pooled in or financially structuring the Fund:

- Mr Ignacio Echevarría Soriano is currently Director, Capital Base Management and Securitisations 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
Banco CAM, S.A.	1.5420
Banco de Sabadell, S.A.	1.5317
Banco Cooperativo Español, S.A.	0.7965
Banco Pastor, S.A.	0.7658
CaixaBank, S.A.	0.7658
BNP Paribas España, S.A.	0.7658
Bankia, S.A.	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 copies 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;
- b) the transcripts of the Management Company's and the Originator's corporate resolutions;
- c) this Prospectus;
- d) the audit report on certain features and attributes of a sample of all selected BBVA loans from which the Loans will be taken to be assigned to the Fund upon being established;

- e) the letter from BBVA taking responsibility, with the Management Company, for the Securities Note;
- f) the Rating Agencies' letters notifying the provisional and final ratings assigned to each Series in the Bond Issue;
- 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 of association 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, and at the CNMV's headquarters.

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 EMPRESAS 6 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note (including the Building Block).

Mr Mario Masiá Vicente, the Management Company's General Manager, 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 September 26, 2011.

- 1.1.2 Mr Fernando Delgado Parra and Mr Álvaro Prados de Irezábal, duly authorised for these presents, for and on behalf of BANCO BILBAO VIZCAYA ARGENTARIA S.A., Lead Manager of the Bond Issue by BBVA EMPRESAS 6 FONDO DE TITULIZACIÓN DE ACTIVOS, take responsibility for the contents of this Securities Note (including 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 Irezábal 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 (including the Building Block) is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its contents.
- 1.2.2 Mr Fernando Delgado Parra and Mr Álvaro Prados de Irezábal declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note (including the Building Block) is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its contents.

### **2 RISK FACTORS**

The Bond Issue is made with the intention of being fully subscribed for by the Originator 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 the Originator of the Loan receivables to be pooled in the Fund.
- d) BBVA is involved as Lead Manager and Subscriber of the Bond Issue.
- e) BBVA shall be the Fund's counterparty under the Guaranteed Interest Rate Account (Treasury Account), Subordinated Loan, Start-Up Loan, Financial Swap, Loan Servicing, Paying Agent and Financial Intermediation Agreements.
- f) CUATRECASAS, as independent adviser, has provided legal advice for establishing the Fund and the Bond Issue and has been involved in reviewing this Prospectus and, from a commercial and regulatory standpoint, in reviewing the transaction and financial service agreements referred to herein and the Deed of Constitution.
- g) Deloitte has audited the most significant features of a sample of the selected BBVA loans from which the Loans will be taken to be assigned to the Fund upon being established.
- h) Fitch and Moody's are the Rating Agencies that have assigned the rating to each Bond Issue Series.

BANCO BILBAO VIZCAYA ARGENTARIA S.A. has an 87.5041% interest in the share capital of EUROPEA DE TITULIZACIÓN.

The Management Company is not aware of the existence of any other significant link or economic interest between the aforesaid institutions involved in the Bond Issue, other than what is strictly professional derived from their involvement as detailed in this section and in section 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 (the "**Bond Issue**") is EUR one billion two hundred million (1,200,000,000.00) consisting of twelve thousand (12,000) Bonds having a unit face value of EUR one hundred thousand (100,000), denominated in Euros and comprised of three Bond Series, as follows:

- a) Series A having a total face amount of EUR eight hundred and four million (804,000,000.00) comprising eight thousand and forty (8,040) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A**" or "**Series A Bonds**").
- b) Series B having a total face amount of EUR two hundred and forty million (240,000,000.00) comprising two thousand four hundred (2,400) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series B**" or "**Series B Bonds**").



- c) Series C having a total face amount of EUR one hundred and fifty-six million (156,000,000.00) comprising one thousand five hundred and sixty (1,560) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either “**Series C**” or “**Series C Bonds**”).

#### **4.1.2 Bond issue price.**

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

The expenses and taxes inherent in the issue of the Bonds shall be borne by the Fund.

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

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

The Bond Issue shall be fully subscribed for exclusively by BBVA (the “**Subscriber**”) under the management and subscription agreement (the “**Management and Subscription Agreement**”) to be entered into by the Management Company for and on behalf of the Fund.

BBVA shall receive no fee whatsoever for subscribing for the Bond Issue.

BBVA shall be involved as Lead Manager in the Bond Issue and shall not be remunerated for managing 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 each Series as final ratings by 9pm (CET) on December 20, 2011 or in the events provided for by the laws in force for the time being.

#### **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, (iv) the Securities Market Act and applicable implementing regulations, (v) Act 2/1981, (vi) Royal Decree 716/2009, (vii) Regulation 809/2004, (viii) Royal Decree 1310/2005, and (ix) all other legal and statutory provisions in force and applicable from time to time.

The Deed of Constitution, the Bond issue and the agreements to be entered into by the Management Company for and on behalf of the Fund 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.U. ("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 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.**

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

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

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

Payment of interest accrued by Series A Bonds is (i) fourth (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.

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

Payment of interest accrued by Series C Bonds is (i) sixth (6<sup>th</sup>) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for therein for the same to be deferred, in which case it shall be ninth (9<sup>th</sup>), and (ii) ninth (9<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 each Series in the Fund priority of payments.**

The Amortisation Withholding amount designed for amortising the Bonds as a whole without distinction between Series is sixth (6<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 repayment shall take place in accordance with the rules for Distribution of Available Funds for Amortisation contained in section 4.9.3.5 of this Securities Note.

Series A 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.

Series B Bond principal repayment is eighth (8<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.

Series C Bond principal repayment is tenth (10<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 and financial rights for Bondholders associated with acquiring and holding the Bonds shall be, for each Series, as derived from the terms as to interest rate, yields and redemption terms on which they are to be issued and given in sections 4.8 and 4.9 of this Securities Note. In accordance with the laws in force for the time being, the Bonds subject of this Securities Note shall vest the investor acquiring the same in no present and/or future political rights in and to the Fund.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against Loan 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 in the event of Loan prepayment, a breach by the Originator of its obligations as such or as counterparty to the transactions entered into for and on behalf of the Fund, or shortfall of the financial hedging transactions for servicing the Bonds in each Series.

Bondholders and all other creditors of the Fund shall have no recourse against the Management Company other than as derived from a breach of its duties or inobservance of the provisions of this Prospectus and the Deed of Constitution. 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 establishing the Fund, managing and being the authorised representative of the Fund and the Bond Issue by the same shall be heard and ruled upon by the competent Spanish Courts and Tribunals in the city of Madrid.

#### **4.8 Nominal interest rate and provisions relating to interest payable.**

##### **4.8.1 Bond nominal interest rate.**

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

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

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

##### **4.8.1.1 Interest accrual.**

For interest accrual purposes, the duration of each Bond Series shall be divided into successive interest accrual periods (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,

- (i) the duration of the first Interest Accrual Period shall be equivalent to the exact number of days elapsed between the Closing Date, December 21, 2011, inclusive, and the first Payment Date, February 14, 2012, exclusive, and
- (i) the duration of the last Interest Accrual Period shall be equivalent to the exact number of days elapsed between the last Payment Date, inclusive, and the liquidation date, exclusive.

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

#### 4.8.1.2 **Nominal Interest Rate.**

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

- (i) the Reference Rate, as established in the following section, and
- (ii) a margin for each Series as follows:
  - **Series A:** 0.30% margin.
  - **Series B:** 0.50% margin.
  - **Series C:** 0.90% margin.

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

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

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

- i) Other than for the first Interest Accrual Period, three- (3-) month Euribor, "Euro Interbank Offered Rate", calculated and distributed by the BRIDGE financial information system under an FBE ("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 two- (2-) 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 two- (2-) 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, two- (2-) 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 each Bond Series for every Interest Accrual Period as provided for in sections 4.8.1.2 and 4.8.1.3 above, on the second Business Day preceding each Payment Date (the **"Interest Rate Fixing Date"**), and it will apply for the following Interest Accrual Period.

Exceptionally, the Management Company shall determine the Nominal Interest Rate applicable to each Bond Series 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 Subscriber. The Management Company will also notify this to the Paying Agent, AIAF and Iberclear.

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

#### 4.8.1.5 **Formula for calculating interest.**

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

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

*Where:*

*I = Interest payable on a given Payment Date or on the liquidation date.*

*P = Outstanding Principal Balance of the Series at the Determination Date preceding the Payment Date or on the liquidation date.*

*R = Nominal Interest Rate of the Series 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 in each Series shall be paid until finally amortised by Interest Accrual Periods in arrears on February 14, May 14, August 14 and November 14 in each year, or the following Business Day if any of those is not a Business Day (each of those dates, a **"Payment Date"**) or on the liquidation date, and interest for the then-current Interest Accrual Period will accrue until the relevant Payment Date or the liquidation date, not inclusive, on the terms established in section 4.8.1.2 of this Securities Note.

The first interest Payment Date for the Bonds in each Series shall be February 14, 2012, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, December 21, 2011, inclusive, and February 14, 2012, 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 in each Series and the amount, if any, of interest accrued and not paid, shall be notified to Bondholders as described in section 4.1.1.a) of the Building Block, at least one (1) calendar day in advance of each Payment Date or the liquidation date.

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

In the event that on a Payment Date the Fund should be unable to make full or partial payment of interest accrued on the Bonds in either Series, in the Priority of Payments, unpaid amounts shall be accumulated on the following Payment Date to interest in the actual Series, if any, which 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.

Overdue interest amounts shall not earn additional or late-payment interest and shall not be accumulated to the Outstanding Principal Balance of the Bonds in the relevant Series.

The Fund, through its Management Company, may not defer Bond interest payment beyond August 14, 2055, the Final Maturity Date, or the following Business Day if that is not a Business Day.

The Bond Issue shall be serviced through the Paying Agent, to which end the Management Company shall, for and on behalf of the Fund, enter into a Paying Agent Agreement with BBVA, as established 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 in each Series shall be EUR one hundred thousand (100,000) per Bond, equivalent to 100 percent of their face value, payable as established in section 4.9.2 below.

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

##### **4.9.2 Characteristics specific to the amortisation of each Bond Series.**

###### **4.9.2.1 Amortisation of Series A Bonds.**

Series A Bond principal shall be amortised by partial amortisation on each Payment Date after Bond amortisation begins, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series A, in accordance with the rules for Distribution of Available Funds for Amortisation given in section 4.9.3.5 below, prorated between the Bonds in Series A proper by reducing the face amount of each Series A Bond.

The first partial amortisation of Series A Bonds shall occur on the first Payment Date, February 14, 2012, in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A Bonds shall occur on the Final Maturity Date (August 14, 2055 or the following Business Day if that is not a Business Day), notwithstanding their full amortisation before that date due to the partial amortisation for which provision is made and that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to Early Amortisation of the Bond Issue before the Final Maturity Date.

#### **4.9.2.2 Amortisation of Series B Bonds.**

Series B Bond principal shall be amortised by partial amortisation on each Payment Date after Bond amortisation begins, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series B in accordance with the rules for Distribution of Available Funds for Amortisation given in section 4.9.3.5 below, prorated between the Bonds in Series B proper by reducing the face amount of each Series B Bond.

The first partial amortisation of Series B Bonds shall occur once Series A Bonds have been fully amortised.

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (August 14, 2055 or the following Business Day if that is not a Business Day), notwithstanding possible full amortisation before that date due to the partial amortisation for which provision is made or because the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to Early Amortisation of the Bond Issue before the Final Maturity Date.

#### **4.9.2.3 Amortisation of Series C Bonds.**

Series C Bond principal shall be amortised by partial amortisation on each Payment Date after Bond amortisation begins, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series C in accordance with the rules for Distribution of Available Funds for Amortisation given in section 4.9.3.5 below, prorated between the Bonds in Series C proper by reducing the face amount of each Series C Bond.

The first partial amortisation of Series C Bonds shall occur once Series A and B Bonds have been fully amortised.

Final amortisation of Series C Bonds shall occur on the Final Maturity Date (August 14, 2055 or the following Business Day if that is not a Business Day), notwithstanding possible full amortisation before that date due to the partial amortisation for which provision is made or because the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to Early Amortisation of the Bond Issue before the Final Maturity Date.

#### **4.9.3 Partial amortisation of the Bonds in each Series.**

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 in each Series on each Payment Date other than the Final Maturity Date or upon Early Liquidation of the Fund on the specific amortisation terms for each Series established in sections 4.9.2.1, 4.9.2.2 and 4.9.2.3 of this Securities Note and on the terms described hereinafter in this section common to all three Series.

##### **4.9.3.1 Determination Dates and Determination Periods.**

Determination dates (the “**Determination Dates**”) will be the dates falling on the fifth (5<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 Available Funds for Amortisation which the Fund shall dispose of on the relevant Payment Date, in the Priority of Payments. The first Determination Date shall be February 7, 2012.

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 and including the ending Determination Date. Exceptionally:

- (i) the duration of the first Determination Period shall be equal to the days elapsed between the date of establishment of the Fund, inclusive, and the first Determination Date, February 7, 2012, 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 Early Liquidation of the Fund concludes, as provided for in section 4.4.3 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).

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

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

By addition, the outstanding principal balance of the Bond Issue (the “**Outstanding Principal Balance of the Bond Issue**”) shall be the sum of the Outstanding Principal Balance of the three Series A, B and C making up the Bond Issue.

#### 4.9.3.3 **Outstanding Balance of the Loans.**

The outstanding balance (the “**Outstanding Balance**”) of a Loan shall be the sum of the capital or principal not yet due and the capital or principal due and not paid into the Fund on the specific Loan at that date.

The outstanding balance of the Loans (the “**Outstanding Balance of the Loans**”) at a date shall be the sum of the Outstanding Balance of each and every one of the Loans at that date.

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

Doubtful Loans (the “**Doubtful Loans**”) shall be deemed to be Loans that are delinquent 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 received from the Servicer. Non-doubtful Loans (the “**Non-Doubtful Loans**”) shall be deemed to be Loans that are not deemed to be Doubtful Loans at a date.

#### 4.9.3.4 **Amortisation Withholding and Available Funds for Amortisation on each Payment Date.**

On each Payment Date, the Available Funds shall be used in sixth (6<sup>th</sup>) place in the Priority of Payments for withholding the amount altogether designed for amortising the Bonds and without distinguishing among the Series (the “**Amortisation 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 Outstanding Balance of Non-Doubtful Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied of the Available Funds to Amortisation Withholding shall constitute the available funds for amortisation (the “**Available Funds for Amortisation**”) and be applied in accordance with the Distribution of Available Funds for Amortisation established hereinafter in section 4.9.3.5 below.

#### 4.9.3.5 **Distribution of Available Funds for Amortisation.**

The Available Funds for Amortisation on each Payment Date shall be sequentially applied (“**Distribution of Available Funds for Amortisation**”) firstly to amortising Series A until fully amortised, secondly to amortising Series B until fully amortised and thirdly to amortising Series C until fully amortised.



#### 4.9.4 **Early Amortisation of the Bond Issue.**

Notwithstanding the Fund's obligation, through its Management Company, to proceed to final amortisation of the Bonds on the Final Maturity Date or partial amortisation of each Series before the Final Maturity Date, the Management Company shall, after first notifying the CNMV, be authorised to proceed, as the case may be, to Early Liquidation of the Fund and consequently 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.

#### 4.9.5 **Final Maturity Date.**

The final maturity date (the "**Final Maturity Date**") and consequently final amortisation of the Bonds is on August 14, 2055 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 4.9.2 to 4.9.4 of this Securities Note, proceeding to amortise the Bond Series before the Final Maturity Date. Final amortisation of the Bonds on the Final Maturity Date shall take place subject to the Liquidation Priority of Payments.

#### 4.10 **Indication of yield.**

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

- i) The repayment schedule and system of each Loan established in the relevant agreements.
- ii) The Obligors' capacity to prepay the Loans in whole or in part and the aggregate prepayment pace throughout the life of the Fund. In this sense, Loan 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.
- iii) The floating interest rates which shall apply to most Loans, resulting in the repayment amount on every instalment differing.
- iv) The Obligors' delinquency and default in payment of Loan instalments.

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

- The Loan interest rate used for calculating the repayment instalments and interest of each of the selected loans is the interest rate for each selected loan at November 14, 2011;
- maintenance of the selected loan repayment systems at November 14, 2011, including, as the case may be, the selected principal repayment exclusion, and the due date of the instalments;
- Loan portfolio delinquency: 5.86% of the Outstanding Balance of the Loans -BBVA's enterprise loan delinquency rate at September 30, 2011-, with 70.00% recoveries within 18 months of becoming delinquent, the remaining loans not recovered becoming doubtful;
- Loan portfolio doubtful rate: 1.76% per annum, with 40% yearly principal recovery of the Outstanding Balance of Doubtful Loans within 18 months of becoming doubtful; resulting in cumulative Loan portfolio doubtful rates from the establishment of the Fund with respect to the initial Outstanding Balance of the Loans upon the Fund being established: 3.95% for a 4% CPR; 3.66% for a 6% CPR; and 3.23% for an 8% CPR;
- that the Loan prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is December 21, 2011; and
- that there is no extension of the term or an interest rate renegotiation for any of the selected loans.

The actual adjusted duration and the yield or return on the Bonds will also depend on their floating rate. The Bond nominal interest rate assumed for the first Interest Accrual Period is the result of adding to 2-month Euribor (1.268%) at December 12, 2011 the margin set for each Series in section 4.8.1.2 of this Securities Note, as follows:

	<b>Series A Bonds</b>	<b>Series B Bonds</b>	<b>Series C Bonds</b>
<b>Nominal interest rate</b>	1.568%	1.768%	2.168%

For subsequent Interest Accrual Periods, the floating interest rate of the Bonds in each Series is assumed to be constant as follows, resulting from adding to 3-month Euribor (1.430%) at December 12, 2011 the margin set for each Series in section 4.8.1.2 of this Securities Note:

	<b>Series A Bonds</b>	<b>Series B Bonds</b>	<b>Series C Bonds</b>
<b>Nominal interest rate</b>	1.730%	1.930%	2.330%

The weighted average interest rate of the loans selected at November 14, 2011, as detailed in section 2.2.2.i) of this Building Block, is 4.01%, which is above the 1.69% weighted average nominal interest rate of the Bonds that has been presumed for hypothetical purposes for the first Interest Accrual Period.

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

Assuming that the Management Company shall exercise the Early Liquidation of the Fund and Early Amortisation of the Bond Issue option provided in section 4.4.3 of the Registration Document when the Outstanding Balance of the Loans 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 Loan CPRs, based on the performance in recent months of similarly characterised loans previously securitised by BBVA, would be as follows:

<b>% CPR:</b>	<b>4.00%</b>	<b>6.00%</b>	<b>8.00%</b>
<b>Series A Bonds</b>			
<b>Average life (years)</b>	1.72	1.60	1.50
<b>IRR</b>	1.750%	1.750%	1.750%
<b>Duration (years)</b>	1.66	1.55	1.45
<b>Final maturity</b>	15 02 2016	16 11 2015	14 08 2015
<b>(in years)</b>	4.16	3.91	3.65
<b>Series B Bonds</b>			
<b>Average life (years)</b>	5.56	5.15	4.79
<b>IRR</b>	1.966%	1.966%	1.966%
<b>Duration (years)</b>	5.17	4.81	4.49
<b>Final maturity</b>	14 08 2019	14 02 2019	14 08 2018
<b>(in years)</b>	7.65	7.16	6.65
<b>Series C Bonds</b>			
<b>Average life (years)</b>	8.53	8.02	7.50
<b>IRR</b>	2.380%	2.380%	2.380%
<b>Duration (years)</b>	7.57	7.16	6.74
<b>Final maturity</b>	14 08 2020	14 02 2020	14 08 2019
<b>(in years)</b>	8.65	8.16	7.65

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

- Whereas the Loan CPRs are assumed to be constant respectively at 4.00%, 6.00% and 8.00% throughout the life of the Bond Issue, as explained above actual prepayment changes continually.
- The Outstanding Principal Balance of the Bonds in each Series on each Payment Date and hence interest payable on each such dates shall depend on the actual Loan prepayment, delinquency and default rates.
- Whereas Bond nominal interest rates are assumed to be constant for each Series from the second Interest Accrual Period, the interest rate in both Series 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 Loans is less than 10% of the Initial Outstanding Balance upon the Fund being set up, as provided in section 4.4.3 of the Registration Document.

**ESTIMATED FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 4%**

Payment Date	Serie A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS</b>	<b>100,000.00</b>	<b>2,987.95</b>	<b>102,987.95</b>	<b>100,000.00</b>	<b>10,861.76</b>	<b>110,861.76</b>	<b>100,000.00</b>	<b>20,132.49</b>	<b>120,132.49</b>
21/12/2011									
14/02/2012	11,179.90	239.56	11,419.46	0.00	270.11	270.11	0.00	331.22	331.22
14/05/2012	9,011.58	384.15	9,395.73	0.00	482.50	482.50	0.00	582.50	582.50
14/08/2012	7,072.38	352.84	7,425.22	0.00	493.22	493.22	0.00	595.44	595.44
14/11/2012	6,591.30	321.57	6,912.88	0.00	493.22	493.22	0.00	595.44	595.44
14/02/2013	6,290.23	292.43	6,582.67	0.00	493.22	493.22	0.00	595.44	595.44
14/05/2013	8,575.63	255.99	8,831.63	0.00	477.14	477.14	0.00	576.03	576.03
14/08/2013	7,395.56	226.71	7,622.27	0.00	493.22	493.22	0.00	595.44	595.44
14/11/2013	6,199.96	194.01	6,393.98	0.00	493.22	493.22	0.00	595.44	595.44
14/02/2014	4,825.76	166.60	4,992.37	0.00	493.22	493.22	0.00	595.44	595.44
14/05/2014	5,450.45	140.53	5,590.98	0.00	477.14	477.14	0.00	576.03	576.03
14/08/2014	4,580.32	121.17	4,701.49	0.00	493.22	493.22	0.00	595.44	595.44
14/11/2014	4,745.98	100.92	4,846.90	0.00	493.22	493.22	0.00	595.44	595.44
16/02/2015	5,821.76	81.68	5,903.44	0.00	503.94	503.94	0.00	608.39	608.39
14/05/2015	3,826.97	51.25	3,878.22	0.00	466.42	466.42	0.00	563.08	563.08
14/08/2015	4,007.93	37.28	4,045.21	0.00	493.22	493.22	0.00	595.44	595.44
16/11/2015	4,136.27	19.99	4,156.25	0.00	503.94	503.94	0.00	608.39	608.39
15/02/2016	288.01	1.26	289.27	10,003.35	487.86	10,491.21	0.00	588.97	588.97
16/05/2016	0.00	0.00	0.00	11,193.34	439.06	11,632.40	0.00	588.97	588.97
15/08/2016	0.00	0.00	0.00	9,437.15	384.45	9,821.60	0.00	588.97	588.97
14/11/2016	0.00	0.00	0.00	7,761.81	338.41	8,100.22	0.00	588.97	588.97
14/02/2017	0.00	0.00	0.00	7,331.23	303.85	7,635.07	0.00	595.44	595.44
15/05/2017	0.00	0.00	0.00	7,271.14	261.87	7,533.00	0.00	582.50	582.50
14/08/2017	0.00	0.00	0.00	6,791.52	229.30	7,020.83	0.00	588.97	588.97
14/11/2017	0.00	0.00	0.00	6,648.28	198.33	6,846.60	0.00	595.44	595.44
14/02/2018	0.00	0.00	0.00	6,076.29	165.54	6,241.83	0.00	595.44	595.44
14/05/2018	0.00	0.00	0.00	5,262.20	131.15	5,393.34	0.00	576.03	576.03
14/08/2018	0.00	0.00	0.00	5,286.50	109.61	5,396.11	0.00	595.44	595.44
14/11/2018	0.00	0.00	0.00	4,829.66	83.54	4,913.20	0.00	595.44	595.44
14/02/2019	0.00	0.00	0.00	4,860.90	59.72	4,920.61	0.00	595.44	595.44
14/05/2019	0.00	0.00	0.00	4,345.55	34.58	4,380.12	0.00	576.03	576.03
14/08/2019	0.00	0.00	0.00	2,901.09	14.31	2,915.40	2,595.00	595.44	3,190.44
14/11/2019	0.00	0.00	0.00	0.00	0.00	0.00	6,484.32	579.99	7,064.31
14/02/2020	0.00	0.00	0.00	0.00	0.00	0.00	6,539.96	541.38	7,081.35
14/05/2020	0.00	0.00	0.00	0.00	0.00	0.00	5,880.32	491.52	6,371.84
14/08/2020	0.00	0.00	0.00	0.00	0.00	0.00	78,500.40	467.43	78,967.82

**ESTIMATED FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 6%**

Payment Date	Serie A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS</b>	<b>100,000.00</b>	<b>2,786.28</b>	<b>102,786.28</b>	<b>100,000.00</b>	<b>10,050.04</b>	<b>110,050.04</b>	<b>100,000.00</b>	<b>18,910.51</b>	<b>118,910.51</b>
21/12/2011									
14/02/2012	11,801.19	239.56	12,040.75	0.00	270.11	270.11	0.00	331.22	331.22
14/05/2012	9,615.61	381.46	9,997.07	0.00	482.50	482.50	0.00	582.50	582.50
14/08/2012	7,618.95	347.43	7,966.38	0.00	493.22	493.22	0.00	595.44	595.44
14/11/2012	7,069.23	313.74	7,382.98	0.00	493.22	493.22	0.00	595.44	595.44
14/02/2013	6,703.33	282.49	6,985.82	0.00	493.22	493.22	0.00	595.44	595.44
14/05/2013	8,837.22	244.61	9,081.83	0.00	477.14	477.14	0.00	576.03	576.03
14/08/2013	7,666.54	213.78	7,880.32	0.00	493.22	493.22	0.00	595.44	595.44
14/11/2013	6,440.02	179.89	6,619.90	0.00	493.22	493.22	0.00	595.44	595.44
14/02/2014	5,059.36	151.41	5,210.78	0.00	493.22	493.22	0.00	595.44	595.44
14/05/2014	5,588.66	124.84	5,713.50	0.00	477.14	477.14	0.00	576.03	576.03
14/08/2014	4,721.30	104.34	4,825.64	0.00	493.22	493.22	0.00	595.44	595.44
14/11/2014	4,831.05	83.46	4,914.52	0.00	493.22	493.22	0.00	595.44	595.44
16/02/2015	5,785.78	63.46	5,849.24	0.00	503.94	503.94	0.00	608.39	608.39
14/05/2015	3,860.58	34.54	3,895.12	0.00	466.42	466.42	0.00	563.08	563.08
14/08/2015	3,996.09	19.46	4,015.55	0.00	493.22	493.22	0.00	595.44	595.44
16/11/2015	405.07	1.83	406.90	12,288.66	503.94	12,792.61	0.00	608.39	608.39
15/02/2016	0.00	0.00	0.00	10,859.93	427.91	11,287.84	0.00	588.97	588.97
16/05/2016	0.00	0.00	0.00	10,939.32	374.93	11,314.25	0.00	588.97	588.97
15/08/2016	0.00	0.00	0.00	9,256.91	321.56	9,578.47	0.00	588.97	588.97
14/11/2016	0.00	0.00	0.00	7,643.98	276.40	7,920.38	0.00	588.97	588.97
14/02/2017	0.00	0.00	0.00	7,182.75	241.73	7,424.48	0.00	595.44	595.44
15/05/2017	0.00	0.00	0.00	7,039.90	201.82	7,241.73	0.00	582.50	582.50
14/08/2017	0.00	0.00	0.00	6,556.86	169.72	6,726.58	0.00	588.97	588.97
14/11/2017	0.00	0.00	0.00	6,363.21	139.24	6,502.45	0.00	595.44	595.44
14/02/2018	0.00	0.00	0.00	5,794.95	107.86	5,902.81	0.00	595.44	595.44
14/05/2018	0.00	0.00	0.00	5,011.68	76.69	5,088.37	0.00	576.03	576.03
14/08/2018	0.00	0.00	0.00	4,994.27	54.56	5,048.83	0.00	595.44	595.44
14/11/2018	0.00	0.00	0.00	4,548.33	29.93	4,578.26	0.00	595.44	595.44
14/02/2019	0.00	0.00	0.00	1,519.25	7.49	1,526.74	4,630.39	595.44	5,225.84
14/05/2019	0.00	0.00	0.00	0.00	0.00	0.00	6,204.77	549.36	6,754.12
14/08/2019	0.00	0.00	0.00	0.00	0.00	0.00	6,472.36	530.93	7,003.29
14/11/2019	0.00	0.00	0.00	0.00	0.00	0.00	5,919.09	492.39	6,411.48
14/02/2020	0.00	0.00	0.00	0.00	0.00	0.00	76,773.38	457.14	77,230.53

**ESTIMATED FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 8%**

Payment Date	Serie A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS</b>	<b>100,000.00</b>	<b>2,606.76</b>	<b>102,606.76</b>	<b>100,000.00</b>	<b>9,350.37</b>	<b>109,350.37</b>	<b>100,000.00</b>	<b>17,698.32</b>	<b>117,698.32</b>
21/12/2011									
14/02/2012	12,432.85	239.56	12,672.41	0.00	270.11	270.11	0.00	331.22	331.22
14/05/2012	10,223.07	378.73	10,601.80	0.00	482.50	482.50	0.00	582.50	582.50
14/08/2012	8,161.93	341.95	8,503.88	0.00	493.22	493.22	0.00	595.44	595.44
14/11/2012	7,537.61	305.86	7,843.48	0.00	493.22	493.22	0.00	595.44	595.44
14/02/2013	7,102.07	272.54	7,374.60	0.00	493.22	493.22	0.00	595.44	595.44
14/05/2013	9,082.02	233.28	9,315.29	0.00	477.14	477.14	0.00	576.03	576.03
14/08/2013	7,918.26	200.99	8,119.25	0.00	493.22	493.22	0.00	595.44	595.44
14/11/2013	6,658.66	165.98	6,824.64	0.00	493.22	493.22	0.00	595.44	595.44
14/02/2014	5,269.24	136.54	5,405.78	0.00	493.22	493.22	0.00	595.44	595.44
14/05/2014	5,704.28	109.55	5,813.83	0.00	477.14	477.14	0.00	576.03	576.03
14/08/2014	4,837.56	88.02	4,925.58	0.00	493.22	493.22	0.00	595.44	595.44
14/11/2014	4,892.17	66.64	4,958.81	0.00	493.22	493.22	0.00	595.44	595.44
16/02/2015	5,730.60	45.99	5,776.58	0.00	503.94	503.94	0.00	608.39	608.39
14/05/2015	3,872.61	18.60	3,891.21	0.00	466.42	466.42	0.00	563.08	563.08
14/08/2015	577.08	2.55	579.63	11,347.32	493.22	11,840.54	0.00	595.44	595.44
16/11/2015	0.00	0.00	0.00	13,379.09	446.76	13,825.85	0.00	608.39	608.39
15/02/2016	0.00	0.00	0.00	10,691.76	367.23	11,058.99	0.00	588.97	588.97
16/05/2016	0.00	0.00	0.00	10,638.46	315.07	10,953.53	0.00	588.97	588.97
15/08/2016	0.00	0.00	0.00	9,025.29	263.17	9,288.46	0.00	588.97	588.97
14/11/2016	0.00	0.00	0.00	7,472.33	219.14	7,691.46	0.00	588.97	588.97
14/02/2017	0.00	0.00	0.00	6,984.37	184.69	7,169.06	0.00	595.44	595.44
15/05/2017	0.00	0.00	0.00	6,769.88	146.98	6,916.86	0.00	582.50	582.50
14/08/2017	0.00	0.00	0.00	6,284.59	115.58	6,400.17	0.00	588.97	588.97
14/11/2017	0.00	0.00	0.00	6,048.16	85.85	6,134.01	0.00	595.44	595.44
14/02/2018	0.00	0.00	0.00	5,486.42	56.02	5,542.44	0.00	595.44	595.44
14/05/2018	0.00	0.00	0.00	4,735.38	28.02	4,763.40	0.00	576.03	576.03
14/08/2018	0.00	0.00	0.00	1,136.96	5.61	1,142.56	5,454.00	595.44	6,049.45
14/11/2018	0.00	0.00	0.00	0.00	0.00	0.00	6,536.63	562.97	7,099.60
14/02/2019	0.00	0.00	0.00	0.00	0.00	0.00	6,443.26	524.05	6,967.31
14/05/2019	0.00	0.00	0.00	0.00	0.00	0.00	5,713.85	469.84	6,183.69
14/08/2019	0.00	0.00	0.00	0.00	0.00	0.00	75,852.26	451.66	76,303.91

#### **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 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 the Board of Directors of EUROPEA DE TITULIZACIÓN adopted the following resolution on September 26, 2011, that:

- i) BBVA EMPRESAS 6 FONDO DE TITULIZACIÓN DE ACTIVOS be set up in accordance with the legal system for which provision is made in Royal Decree 926/1998, 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 owned by and recorded in the assets of BBVA derived from loans with real estate mortgage security, with security other than a real estate mortgage and/or without special security granted to enterprises and sole traders domiciled in Spain, be pooled in the Fund.
- iii) The Bonds be issued by the Fund.

###### ***Resolution to assign the Loan receivables:***

At a meeting held on September 27, 2011, BBVA's Board of Directors resolved that the issue of Pass-Through Certificates and/or Mortgage Certificates on mortgage loans granted by BBVA be authorised at an aggregate sum of not more than MEUR 1,500 to be subscribed for by one or several securitisation funds. In addition, it authorised the assignment to those securitisation funds of loans, credits or non-mortgage loan or credit receivables or any other type of non-mortgage credit assets granted by BBVA for funding traders and enterprises. The amount of the non-mortgage credit assets to be assigned to the securitisation fund shall be equal to the difference between the amount at which the fund is ultimately set up (not more than EUR one billion five hundred million (1,500,000,000)) and the total aggregate face amount of the Pass-Through Certificates and/or Mortgage Certificates to be issued.

##### **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, in the presence of BBVA, as Originator of the Loan receivables, proceed to execute on December 19, 2011 a public deed whereby BBVA EMPRESAS 6 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BBVA will assign to the Fund Non-Mortgage Loan receivables and Mortgage Loan receivables by issuing Pass-Through Certificates to be subscribed for by the Fund, and the Fund will issue the Asset-Backed Bonds, on the terms provided in article 6 of Royal Decree 926/1998.

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

The Management Company shall submit a copy of the Deed of Constitution to the CNMV to be entered in the Official Registers by December 21, 2011.

**4.13 Issue date of the securities.**

The Bond issue date shall be December 19, 2011.

**4.13.1 Bond subscription.**

The Bond Issue shall be fully subscribed for by BBVA.

**4.13.2 Bond Issue subscription payment method and dates.**

The Subscriber shall subscribe for the entire Bond Issue on December 20, 2011 and pay to the Fund by 1pm (CET) on December 21, 2011 (the “**Closing Date**”), for same day value, the issue price at the face value of all the Bond Issue.

**4.14 Restrictions on the free transferability of the securities.**

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

**5 ADMISSION TO TRADING AND DEALING ARRANGEMENTS.**

**5.1 Market where the securities will be traded.**

In fulfilment of the provisions of article 2.3 of Royal Decree 926/1998, the Management Company shall, upon the Bonds having been paid up, apply for this Bond Issue to be listed on AIAF Mercado de Renta Fija 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 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 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 it is at fault for the delay.



## **5.2 Paying agent and depository agents.**

### **5.2.1 Bond Issue Paying Agent.**

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

The Management Company shall, for and on behalf of the Fund, enter with BBVA into a paying agent agreement to service the 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 for setting up the Fund and issue and admission to trading of the Bond Issue are EUR five hundred and eighty-seven thousand four hundred (587,400.00). These expenses include, inter alia, the initial Management Company fee, notary's fees, rating and legal advice fees, CNMV fees, AIAF and Iberclear fees and Prospectus translation expenses.

## **7 ADDITIONAL INFORMATION.**

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

CUATRECASAS, as independent adviser, has provided legal advice for establishing the Fund and the Bond issue and has been involved in reviewing this Prospectus and, from a commercial and regulatory standpoint, in reviewing 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 of 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 Loans will be taken to be assigned to the Fund upon being established, on the terms set forth in section 2.2 of the Building Block. In addition, it has audited the Management Company's annual accounts and BBVA's annual accounts for the years ended from December 31, 2004.

### **7.4 Information sourced from a third party.**

Within its duties to verify the information contained in this Prospectus, the Management Company has received confirmation from BBVA as to the truthfulness of the characteristics of BBVA as Originator, of the Loans, the Pass-Through Certificates and the Mortgage Loans, given in section 2.2.8 of the Building Block, and of the remaining information on BBVA and on the selected mortgage loans from which the Loans will be taken given in this Prospectus.

In the Deed of Constitution of the Fund, BBVA shall reaffirm to the Management Company the fulfilment of those characteristics on the date on which the Fund is established.

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

## 7.5 Credit ratings assigned to the securities by rating agencies.

Fitch and Moody's have, on December 13, 2011, assigned the following provisional ratings to each Bond Series, and expect to assign the same final ratings by 9pm (CET) on December 20, 2011.

Bond Series	Fitch Rating	Moody's Rating
<b>Series A</b>	AAAsf	Aaa (sf)
<b>Series B</b>	A-sf	Ba3 (sf)
<b>Series C</b>	BBsf	B3 (sf)

If the Rating Agencies should not confirm any of the provisional ratings assigned to each Bond Series as final by 9pm (CET) on December 20, 2011, 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 Loan receivables terminating, as provided for in section 4.4.4.(v) of the Registration Document.

### Rating considerations.

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

The Fitch ratings definitions assigned are published at the following website:  
[http://www.fitchratings.com/creditdesk/public/ratings\\_defintions/index.cfm](http://www.fitchratings.com/creditdesk/public/ratings_defintions/index.cfm).

The ratings assigned to each Bond Series by Moody's measure the expected loss before the Final Maturity Date. In Moody's opinion, the structure allows 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 aforementioned Rating Agencies have been registered and authorised on October 31, 2011 as rating agencies in the European Union in accordance with Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies.

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

The ratings assigned, and any 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 to it by BBVA, the Management Company, DELOITTE as auditors of certain features and attributes of a sample of the selected loans, and on the legal advice given by CUATRECASAS on the date of establishment of the Fund, as independent legal adviser.

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

The Rating Agencies may revise, suspend or withdraw the final ratings assigned to each Bond Series at any time, based on any information that may come to their notice. Those events, which shall not on their own constitute early liquidation events of the Fund, shall be forthwith 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 Mortgage Loan Pass-Through Certificates issued and the Non-Mortgage Loan receivables which BBVA shall assign to the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR one billion two hundred million (1,200,000,000.00), the face value amount of the Bond Issue.

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

Not applicable.

### **2. UNDERLYING ASSETS**

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

In accordance with the information supplied by the Originator, the Management Company confirms that, based on their contractual characteristics, the flows of principal, interest and any other amounts generated by the securitised Loan receivables allow the payments due and payable on the Series Bonds issued to be distinctly satisfied.

Nevertheless, in order to cover for potential payment defaults by securitised Loan Obligors, a number of credit enhancement transactions have been arranged allowing the amounts payable on the Bonds in each Series to be covered to a different extent and mitigating interest risk due to the different terms of the interest clauses of the Loans and of the Bonds in each Series. In exceptional circumstances, the enhancement transactions could actually fall short for meeting payments on the Bonds in each Series or other creditors of the Fund. The credit enhancement transactions are described in sections 3.4.2, 3.4.3, 3.4.4 and 3.4.7 of this Building Block.

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

Upon the occurrence of a (i) substantial alteration or permanent 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 any of the Bonds issued 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.

The contents of the preceding paragraphs are provided by the Management Company based on the Originator's representations set out in section 2.2.8 of the Building Block in relation to the Pass-Through Certificates and the Loans and to the Originator proper, on the information supplied by the Originator and on the audit report on certain features and attributes of a sample of the portfolio of selected loans that will mostly be assigned to the Fund.

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

The receivables to be pooled in the Fund, represented by the Management Company, upon being established, shall be exclusively receivables owned by BBVA deriving from Loans granted by BBVA to enterprises (legal persons and sole traders) domiciled in Spain.

The portfolio of selected loans from which the Loans will be taken in order for their receivables to be assigned to the Fund upon being established comprises 4,381 loans, their outstanding principal as at November 14, 2011 being EUR 1,399,483,275.93 and the overdue principal being EUR 944,267.98.

The Mortgage Loan receivables are assigned to the Fund by issuing Pass-Through Certificates because the relevant mortgage loans do not satisfy all the requirements established in Chapter II of Royal Decree 716/2009 and are not therefore considered eligible mortgage loans for issuing mortgage participation certificates.

### ***Audit of the assets securitised through the Fund.***

Deloitte has audited the most significant features of the selected loans.

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: purpose of the loan, nature of the borrower, identification of the borrower, loan origination date, loan maturity date, initial loan amount, current loan balance (outstanding capital), reference rate or benchmark index, interest rate spread, interest rate applied, loan origination, purpose of the loan, loan transfer, arrears in payment, insolvency status, developer loan, and additionally for loans with real estate mortgage security, mortgage loan origination, mortgage security, mortgaged property, address of the mortgaged property, appraisal value, current loan-to-value ratio and damage insurance. Selected loans in respect of which errors are detected in verifying the sample shall not be assigned to the Fund by BBVA.

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

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

The securitised assets are governed by Spanish Law.

### **2.2.2 Description of the 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 following table gives the concentration of the thirty obligors weighing most in the portfolio of selected loans as at November 14, 2011. The loans of these thirty obligors were all in good standing at that date.

Loan portfolio at 14.11.2011					
Classification by Obligor					
	Loans		Outstanding principal		CNAE
		%	(EUR)	%	
Obligor 1	1	0.023	22,000,000.00	1.57	41 Building construction
Obligor 2	1	0.023	21,971,289.50	1.57	71 Technical architectural and engineering services; technical testing and trials
Obligor 3	1	0.023	20,250,000.00	1.45	03 Fishing and aquaculture
Obligor 4	1	0.023	20,000,000.00	1.43	69 Legal and accountancy activities
Obligor 5	1	0.023	19,000,000.00	1.36	24 Metallurgy; manufacture of iron, steel and ferroalloys
Obligor 6	1	0.023	18,750,000.00	1.34	46 Wholesale trade and trade intermediaries, excepting motor vehicles and motorcycles
Obligor 7	4	0.091	15,930,000.00	1.14	41 Building construction
Obligor 8	1	0.023	15,258,000.00	1.09	41 Building construction
Obligor 9	1	0.023	15,000,000.00	1.07	10 Food industry
Obligor 10	2	0.046	11,741,000.00	0.84	41 Building construction
Obligor 11	2	0.046	10,960,000.00	0.78	41 Building construction
Obligor 12	1	0.023	10,911,634.51	0.78	41 Building construction
Obligor 13	1	0.023	10,000,000.00	0.71	42 Civil engineering
Obligor 14	1	0.023	10,000,000.00	0.71	41 Building construction
Obligor 15	2	0.046	9,900,000.00	0.71	10 Food industry
Obligor 16	1	0.023	9,624,999.97	0.69	68 Real estate activities
Obligor 17	5	0.114	9,521,000.00	0.68	41 Building construction
Obligor 18	1	0.023	8,772,248.00	0.63	55 Accommodation services
Obligor 19	1	0.023	8,666,668.00	0.62	64 Financial services, excepting insurance and pension funds
Obligor 20	1	0.023	8,591,274.66	0.61	55 Accommodation services
Obligor 21	1	0.023	8,555,613.22	0.61	86 Health activities
Obligor 22	1	0.023	8,437,652.69	0.60	55 Accommodation services
Obligor 23	3	0.068	8,400,000.00	0.60	41 Building construction
Obligor 24	4	0.091	8,157,866.09	0.58	41 Building construction
Obligor 25	2	0.046	8,033,823.06	0.57	68 Real estate activities
Obligor 26	1	0.023	7,787,368.73	0.56	68 Real estate activities
Obligor 27	1	0.023	7,461,095.00	0.53	68 Real estate activities
Obligor 28	1	0.023	7,359,375.00	0.53	96 Other personal services
Obligor 29	1	0.023	7,153,428.79	0.51	68 Real estate activities
Obligor 30	1	0.023	7,138,971.00	0.51	55 Accommodation services
Subtotal: 30 largest Obligors	46	1.050	355,333,308.22	25.39	
Rest: 4,057 Obligors	4,335	98.95	1,044,149,967.71	74.61	
Total Obligors: 4,087	4,381	100.00	1,399,483,275.93	100.00	

Obligor 1 is TEIDE GESTIÓN DEL SUR, S.L., an FCC-FOMENTO DE CONSTRUCCIONES Y CONTRATAS Group company that carries on its business within the Infrastructure, Renewable Energies and Service Promotion and Management sector.

Obligor 2 is INGENIERIA IDOM INTERNACIONAL S.A., an IDOM Group company that carries on its business within the Technical architectural and engineering and consultancy services sector.

Obligor 3 is PESQUERÍA VASCO-MONTAÑERA. S.A., a PEVASA Group company that carries on its business within the Fishing and aquaculture sector.

Obligor 4 is ACCIONA EOLICA CESA, S.L., an ACCIONA Group company that carries on its business within the Infrastructure, Renewable Energies and Service Promotion and Management sector.

Obligor 5 is TUBOS REUNIDOS INDUSTRIAL, S.L.U., a TUBOS REUNIDOS Group company that carries on its business within the Metallurgy, Manufacture of iron and steel products sector.

Obligor 6 is PUNTO FA, S.L., a MANGO Group company that carries on its business within the Textile Industry sector.

Obligor 7 is RAFOLS RAVENTOS ARAGO 469, S.L. a RAFOLS RAVENTOS Group company that carries on its business within the Building Construction sector.

Obligor 8 is INONSA, S.L., an Inversiones Noga S.A. Group company that carries on its business within the Real Estate Activities sector.

Obligor 9 is PREPARADOS ALIMENTICIOS S.A., an AGROLIMEN Group company that carries on its business within the Food Industry sector.

Obligor 10 is MAS VILANOVA, S.L., a MAS VILANOVA Group company that carries on its business within the Real Estate Activities sector.

The outstanding principal of each obligor is the result of the sum of the outstanding principal of each of the selected loans granted to the obligor proper.

It shall be observed in this classification of the thirty obligors weighing most in the portfolio of selected loans at November 14, 2011 that those belonging in sectors 41 Building construction and 68 Real estate activities are 15 obligors altogether having 30 loans and an outstanding principal of EUR 162,940,216.15 (11.64% in terms of outstanding principal of the selected portfolio at November 14, 2011).

The sum of the outstanding principal at November 14, 2011 for the thirty obligors weighing most in the selected portfolio accounts for 25.39% of the outstanding principal of the selected portfolio, as opposed to 12.00% of the Bond Issue accounted for by the Initial Cash Reserve. The aggregate percentage of the Initial Cash Reserve and of Series B and C Bonds accounts for 45.00% of the Bond Issue.

In order to be assigned to the Fund upon being established, BBVA shall choose from the selected loans i) loans that have not fully matured and are in good standing or that have no payments that are more than one (1) month overdue and ii) with an aggregate outstanding principal amount for each obligor from lowest to highest up to a total outstanding principal balance equal to or slightly above EUR one billion two hundred million (1,200,000,000.00).

The following table gives the concentration of the twenty business groups weighing most in the portfolio of selected loans at November 14, 2011 in which the obligors belong.

Loan portfolio at 14.11.2011					
Classification by business group					
Business group	Loans %		Outstanding principal (EUR) %		Business
FCC Group	1	0.023	22,000,000.00	1.57	Infrastructure, renewable energy & service promotion & management
IDOM Group	1	0.023	21,971,289.50	1.57	Engineering, architecture & consultancy
PEVASA Group	1	0.023	20,250,000.00	1.45	Shipbuilding & operation
ACCIONA Group	1	0.023	20,000,000.00	1.43	Infrastructure, renewable energy & service promotion & management
AGROLIMEN Group	8	0.183	19,120,000.00	1.37	Food
TUBOS REUNIDOS Group	1	0.023	19,000,000.00	1.36	Metallurgy
MANGO Group	1	0.023	18,750,000.00	1.34	Textile industry
Corporación MONDRAGÓN	7	0.160	17,436,273.30	1.25	Finance, Industry & Distribution
MATUTES Group	6	0.137	16,650,696.78	1.19	Tourism
RAFOLS RAVENTOS Group	4	0.091	15,930,000.00	1.14	Real Estate Promotions
URBANIZADORA DUCAL Group	8	0.183	15,450,000.00	1.10	Real Estate Promotions
INVERSIONES NOGA Group	1	0.023	15,258,000.00	1.09	Real estate activities
BEST HOTEL Group	3	0.068	12,087,805.31	0.86	Tourism



Loan portfolio at 14.11.2011 Classification by business group					
Business group	Loans %		Outstanding principal (EUR) %		Business
MAS VILANOVA Group	2	0.046	11,741,000.00	0.84	Real estate activities
BALLESTER INMOBILIARIA Group	2	0.046	10,960,000.00	0.78	Real estate activities
REYAL URBIS Group	1	0.023	10,911,634.51	0.78	Real estate activities
REMOLCADORES IBAIZABAL Group	3	0.068	10,526,341.62	0.75	Sea carriage related activities
ELECENOR Group	2	0.046	10,290,347.56	0.74	Infrastructure engineering, development & construction
MURIAS Group	1	0.023	10,000,000.00	0.71	Real estate activities
TEYPE Corporate Group	2	0.046	9,900,000.00	0.71	Wholesale of dairy products
Subtotal 20 largest Groups	56	1.278	308,233,388.58	22.02	
Rest	4,325	98.72	1,091,249,887.35	77.98	
<b>Total</b>	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>	<b>100.00</b>	

It follows from this classification of twenty business Groups weighing most in the selected loan portfolio at November 14, 2011 that there are 9 business groups carrying on business in the field of real estate, construction and real estate development and infrastructure activities with a total of 22 loans and an outstanding principal of EUR 122,540,982.07 (8.76% in terms of outstanding principal of the selected portfolio at November 14, 2011).

The sum of the outstanding principal at November 14, 2011 for the ten business groups weighing most in the selected portfolio accounts for 13.66% of the outstanding principal of the selected portfolio, as opposed to 12.00% of the Bond Issue accounted for by the Initial Cash Reserve.

The sum of the outstanding principal at November 14, 2011 for the twenty business groups weighing most in the selected portfolio accounts for 22.02% of the outstanding principal of the selected portfolio, as opposed to 12.00% of the Bond Issue accounted for by the Initial Cash Reserve. The aggregate percentage of the Initial Cash Reserve and of Series B and C Bonds accounts for 45.00% of the Bond Issue.

**b) Information on type of company of the selected loan obligors.**

The following table gives the selected loan distribution according to type of company of the corporate obligors, based on BBVA's internal rules for classifying the same.

Loan portfolio at 14.11.2011 Classification by type of company				
Type of company	Loans %		Outstanding principal (EUR) %	
Sole Traders	1,927	43.99	118,694,101.27	8.48
Micro-enterprise (turnover ≤ EURM 2)	1,301	29.70	351,377,076.67	25.11
SMEs (turnover > EURM 2 and ≤ EURM 5)	477	10.89	181,891,952.82	13.00
Enterprises (turnover > EURM 5 and ≤ EURM 150)	477	10.89	376,426,122.90	26.90
Large enterprises (turnover > EURM 150)	66	1.51	159,904,603.43	11.43
Developers * (classified by obligor typology)	133	3.04	211,189,418.84	15.09
<b>Total</b>	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>	<b>100.00</b>

\* Developer shall mean, as defined by BBVA, any natural or legal person on whose behalf building work is carried out. A developer's principal activities include the following: enterprise for urban development and transformation of land; development of land; enterprise for the erection of buildings for any use (residential, tertiary, community services or other, whether they build them directly or hire third parties to do so, albeit taking the enterprise risk); selling and renting the resultant properties (homes, business premises or other); trading with the above assets, either finished or as goods in progress (land, work in progress, finished projects). None of the selected loans granted to developers are directly funding the construction or renovation of residential and/or commercial or industrial properties designed to be sold or leased, but activities other than the foregoing. Nevertheless, funding to developers secured by land is not excluded.

**c) Information on the obligors' economic activity by economic activity sectors in accordance with the Spanish Business Activity Code (2009 CNAE).**

The following table gives the distribution of the selected loans based on the corporate obligors' 2009 CNAE activity.

<b>Loan portfolio at 14.11.2011</b>					
<b>Classification by economic activity sectors</b>					
<b>2009 CNAE</b>		<b>Loans</b>		<b>Outstanding principal</b>	
			<b>%</b>	<b>(EUR)</b>	<b>%</b>
01	Farming, stockbreeding, hunting and related service activities	530	12.10	40,453,701.40	2.89
02	Silviculture and forestry operations	10	0.23	493,229.26	0.04
03	Fishing and aquaculture	17	0.39	27,335,586.35	1.95
05	Extracting anthracite, coal and lignite	1	0.02	10,000.00	0.00
06	Extracting crude oil and natural gas	2	0.05	72,862.90	0.01
07	Extracting metallic minerals	1	0.02	111,010.19	0.01
08	Other extractive industries	14	0.32	7,333,530.82	0.52
09	Activities supporting extractive industries	3	0.07	498,848.77	0.04
10	Food industry	113	2.58	67,899,626.40	4.85
11	Drinks manufacture	18	0.41	10,367,342.88	0.74
12	Tobacco industry	1	0.02	31,149.91	0.00
13	Textile industry	33	0.75	10,833,229.82	0.77
14	Clothing manufacture	18	0.41	3,249,651.13	0.23
15	Leather and footwear industry	15	0.34	899,006.56	0.06
16	Wood and cork industry, excepting furniture, basketwork and wickerwork	26	0.59	4,918,849.39	0.35
17	Paper industry	16	0.37	13,399,611.25	0.96
18	Graphic arts and reproduction of recorded media	28	0.64	2,109,489.63	0.15
19	Coke plants and oil refinery	1	0.02	172,974.60	0.01
20	Chemical industry	32	0.73	12,540,745.16	0.90
21	Manufacture of pharmaceutical products	5	0.11	6,143,216.72	0.44
22	Manufacture of rubber products and plastic materials	28	0.64	5,898,929.75	0.42
23	Manufacture of other non-metallic mineral products	34	0.78	10,334,911.68	0.74
24	Metallurgy; manufacture of iron, steel and ferroalloys	23	0.52	27,496,306.99	1.96
25	Manufacture of metallic products, other than machinery and equipment	94	2.15	23,913,785.47	1.71
26	Manufacture of computer, electronic and optical equipment	9	0.21	1,515,810.05	0.11
27	Manufacture of electric material and equipment	25	0.57	9,019,180.21	0.64
28	Manufacture of machinery and equipment not included elsewhere	36	0.82	14,503,868.86	1.04
29	Manufacture of motor vehicles, trailers and semi-trailers	4	0.09	671,609.11	0.05
30	Manufacture of other transport material	3	0.07	322,635.48	0.02
31	Manufacture of furniture	20	0.46	3,720,412.64	0.27
32	Other manufacturing industries	26	0.59	5,338,554.13	0.38
33	Repairing and installing machinery and equipment	5	0.11	225,864.53	0.02
35	Supply of electric power, gas, steam and air-conditioning	42	0.96	14,487,336.40	1.04
36	Water collection, treatment and distribution	3	0.07	5,765,510.65	0.41
38	Waste collection, treatment and disposal; valorisation	14	0.32	3,561,978.75	0.25
39	Depollution activities and other waste management services	1	0.02	74,519.26	0.01
41	Building construction	245	5.59	248,806,431.94	17.78
42	Civil engineering	86	1.96	46,777,631.01	3.34
43	Specialised construction activities	197	4.50	27,177,400.09	1.94
45	Sale and repair of motor vehicles and motorcycles	92	2.10	17,316,823.95	1.24
46	Wholesale trade and trade intermediaries, excepting motor vehicles and motorcycles	382	8.72	115,988,305.13	8.29
47	Retail trade, excepting motor vehicles and motorcycles	395	9.02	44,787,966.87	3.20
49	Land and pipeline transport	221	5.04	26,050,422.32	1.86
50	Transport by sea and other inland waterways	2	0.05	415,354.29	0.03
52	Storage and transport-related activities	38	0.87	12,520,294.42	0.89
53	Post and mail activities	1	0.02	4,500,000.00	0.32
55	Accommodation services	80	1.83	76,961,635.06	5.50
56	Catering services	246	5.62	23,029,275.41	1.65
58	Publishing	17	0.39	2,720,962.50	0.19

Loan portfolio at 14.11.2011				
Classification by economic activity sectors				
2009 CNAE		Loans %		Outstanding principal (EUR) %
59	Film, video, TV program, sound recording and music publishing activities	19	0.43	7,012,063.88 0.50
60	Programming and radio and television broadcasting activities	2	0.05	228,819.69 0.02
61	Telecommunications	12	0.27	1,213,587.49 0.09
62	Programming, consultancy and other IT related activities	25	0.57	2,885,271.56 0.21
63	Information services	3	0.07	118,433.77 0.01
64	Financial services, excepting insurance and pension funds	24	0.55	23,693,161.28 1.69
65	Insurance, reinsurance and pension funds, excepting compulsory Social Security	8	0.18	304,859.82 0.02
66	Supporting activities for financial services and insurance	18	0.41	3,431,348.38 0.25
68	Real estate activities	310	7.08	169,827,310.26 12.14
69	Legal and accountancy activities	61	1.39	29,718,603.61 2.12
70	Head office activities; consultancy and business management activities	34	0.78	7,636,306.48 0.55
71	Technical architectural and engineering services; technical testing and trials	47	1.07	29,436,867.67 2.10
72	Research and development	4	0.09	289,031.60 0.02
73	Advertising and market surveys	7	0.16	538,163.90 0.04
74	Other professional, scientific and technical activities	21	0.48	1,136,448.27 0.08
75	Veterinary activities	8	0.18	448,723.37 0.03
77	Rental activities	21	0.48	4,652,660.85 0.33
79	Travel agency and tour operator activities, booking services and activities relating thereto	11	0.25	787,189.47 0.06
80	Security and investigation activities	6	0.14	1,984,837.42 0.14
81	Building services and gardening activities	14	0.32	2,952,293.19 0.21
82	Office clerical activities and other ancillary business activities	117	2.67	43,582,840.59 3.11
84	Government and defence; compulsory Social Security	15	0.34	3,943,561.29 0.28
85	Education	21	0.48	2,257,899.71 0.16
86	Health activities	74	1.69	20,684,461.85 1.48
87	Residential establishment assistance	19	0.43	16,426,940.81 1.17
88	Social services activities without accommodation	4	0.09	376,284.81 0.03
90	Creation, artistic and show activities	4	0.09	962,399.99 0.07
91	Library, archive, museum and other cultural activities	2	0.05	32,725.63 0.00
92	Gambling and betting activities	13	0.30	2,795,575.12 0.20
93	Sport, recreational and entertainment activities	39	0.89	16,860,519.75 1.20
94	Associative activities	19	0.43	2,298,184.21 0.16
95	Computer, personal effect and household appliance repair	18	0.41	870,964.00 0.06
96	Other personal services	124	2.83	17,191,882.00 1.23
97	Household activities as employers of domestic staff	4	0.09	125,674.12 0.01
<b>Total</b>		<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93 100.00</b>

Out of the loans selected at November 14, 2011 to be assigned to the Fund upon being established, 31.85%, in terms of outstanding principal, have obligors whose business (CNAE-2009) is comprised within the building and real estate sectors (CNAEs 41, 43 and 68). Out of the selected loans, 11.49%, in terms of outstanding principal, is comprised within the wholesale trade and trade intermediaries and retail trade sectors (CNAEs 46 and 47) and 5.50%, in terms of outstanding principal, is comprised within the accommodation services sector (CNAE 55).

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

The following table gives the distribution of the selected loans having regard to their collaterals.

<b>Loan portfolio at 14.11.2011</b>				
<b>Classification by type of security</b>				
	<b>Loans</b>		<b>Outstanding Principal</b>	
		<b>%</b>	<b>(EUR)</b>	<b>%</b>
Loans with real estate mortgage security <sup>1</sup>	1,761	40.20	845,116,207.19	60.39
Loans with other security interests <sup>2</sup>	158	3.61	32,576,527.41	2.33
Loans with third-party personal guarantee <sup>3</sup>	982	22.41	141,617,719.30	10.12
Loans without special security	1,480	33.78	380,172,822.03	27.17
<b>Total</b>	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>	<b>100.00</b>

<sup>1</sup> May in addition include third-party personal guarantees, as the case may be, or other security interests.

<sup>2</sup> Money pledge and/or units in investment funds and listed securities. May in addition include third-party personal guarantees, as the case may be.

<sup>3</sup> Incorporate that security only.

The following table gives the distribution by type of property mortgaged as security for the selected mortgage loans. In the case of mortgage loans with several mortgaged properties, the type of property having the highest appraisal value has been taken.

<b>Mortgage loan portfolio at 14.11.2011</b>				
<b>Classification by type of mortgaged property</b>				
	<b>Mortgage loans</b>		<b>Outstanding principal</b>	
		<b>%</b>	<b>(EUR)</b>	<b>%</b>
Business premises and offices	500	28.39	350,526,137.16	41.48
Industrial warehouses	408	23.17	188,620,110.78	22.32
Housing	577	32.77	99,965,534.17	11.83
Parking spaces and lumber rooms	29	1.65	16,533,344.49	1.96
Rustic properties	96	5.45	30,762,834.59	3.64
Urban properties	151	8.57	158,708,246.00	18.78
<b>Total</b>	<b>1,761</b>	<b>100.00</b>	<b>845,116,207.19</b>	<b>100.00</b>

Selected mortgage loans with security consisting of urban and rustic land account for 22.42%, in terms of outstanding principal, of the selected mortgage loans.

Selected mortgage loans with security consisting of residential properties and parking spaces and lumber rooms account for 13.78%, in terms of outstanding principal, of the selected mortgage portfolio.

In order to be assigned to the Fund upon being established, BBVA shall choose from the selected loans i) loans that have not fully matured and are in good standing or that have no payments that are more than one (1) month overdue and ii) with an aggregate outstanding principal amount for each obligor from lowest to highest up to a total outstanding principal balance equal to or slightly above EUR one billion two hundred million (1,200,000,000.00), and the percentages represented by each mortgage security in the portfolio that is finally assigned to the Fund may therefore differ from the distribution shown for the selected loan portfolio.

The following table gives the distribution of the selected mortgage loans based on whether their underlying mortgage securities are shared with other mortgage loans or whether they only secure the actual mortgage loan.

Mortgage loan portfolio at 14.11.2011 Classification by type of mortgaged property				
	Mortgage loans		Outstanding principal	
		%	(EUR)	%
No shared mortgage securities	1,487	84.44	664,536,289.14	78.63
Some shared mortgage security	274	15.56	180,579,918.05	21.37
<b>Total</b>	<b>1,761</b>	<b>100.00</b>	<b>845,116,207.19</b>	<b>100.00</b>

**e) Information regarding selected loan purpose.**

The following table gives the distribution of the selected loans based on their purpose.

Loan portfolio at 14.11.2011 Classification by loan purpose				
Purpose	Loans		Outstanding principal	
		%	(EUR)	%
Acquisition of real estate	808	18.44	411,242,575.17	29.39
Acquisition of machinery	354	8.08	82,894,637.06	5.92
Cash or current assets	1,581	36.09	482,963,633.84	34.51
Funding fixed assets	182	4.15	170,159,269.05	12.16
Funding projects	1,343	30.66	236,843,112.33	16.92
Other purposes	113	2.58	15,380,048.48	1.10
<b>Total</b>	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>	<b>100.00</b>

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

The following table gives the distribution of the selected loans based on origination date by six-monthly intervals, excepting the last interval, and the average, minimum and maximum age. The latest selected loan origination date is June 20, 2011.

Loan portfolio at 14.11.2011 Classification by loan origination date				
Date interval	Loans		Outstanding principal	
		%	(EUR)	%
01/01/2000 to 30/06/2000	12	0.27	987,016.68	0.07
01/07/2000 to 31/12/2000	21	0.48	873,093.39	0.06
01/01/2001 to 30/06/2001	21	0.48	1,402,329.57	0.10
01/07/2001 to 31/12/2001	38	0.87	3,527,617.78	0.25
01/01/2002 to 30/06/2002	68	1.55	4,478,559.88	0.32
01/07/2002 to 31/12/2002	70	1.60	9,323,349.64	0.67
01/01/2003 to 30/06/2003	38	0.87	3,229,850.76	0.23
01/07/2003 to 31/12/2003	26	0.59	12,992,941.86	0.93
01/01/2004 to 30/06/2004	32	0.73	4,710,044.80	0.34
01/07/2004 to 31/12/2004	29	0.66	4,155,627.93	0.30
01/01/2005 to 30/06/2005	43	0.98	3,009,624.56	0.22
01/07/2005 to 31/12/2005	32	0.73	11,117,966.12	0.79
01/01/2006 to 30/06/2006	64	1.46	9,343,272.86	0.67
01/07/2006 to 31/12/2006	50	1.14	6,485,741.23	0.46
01/01/2007 to 30/06/2007	102	2.33	15,485,476.45	1.11
01/07/2007 to 31/12/2007	85	1.94	34,597,424.35	2.47
01/01/2008 to 30/06/2008	111	2.53	66,412,350.25	4.75
01/07/2008 to 31/12/2008	129	2.94	80,752,332.74	5.77
01/01/2009 to 30/06/2009	283	6.46	89,048,452.60	6.36
01/07/2009 to 31/12/2009	349	7.97	70,635,070.80	5.05

Loan portfolio at 14.11.2011				
Classification by loan origination date				
Date interval	Loans		Outstanding principal	
		%	(EUR)	%
01/01/2010 to 30/06/2010	394	8.99	136,757,872.26	9.77
01/07/2010 to 31/12/2010	1,329	30.34	463,857,494.96	33.14
01/01/2011 to 30/06/2011	1,055	24.08	366,299,764.46	26.17
<b>Total</b>	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>	<b>100.00</b>
	<b>22.38</b>	<b>Months</b>	<b>Weighted average age</b>	
<b>12/01/2000</b>	<b>142.16</b>	<b>Months</b>	<b>Maximum age</b>	
<b>20/06/2011</b>	<b>4.83</b>	<b>Months</b>	<b>Minimum age</b>	

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

The following table gives the distribution of the outstanding loan principal as at November 14, 2011, and the average, minimum and maximum amount. No details are given of intervals with no contents.

Loan portfolio at 14.11.2011				
Classification by outstanding principal				
Principal interval (EUR)	Loans		Outstanding principal	
		%	(EUR)	%
0.00 - 24,999.99	1,466	33.46	14,722,374.05	1.05
25,000.00 - 49,999.99	571	13.03	20,296,255.83	1.45
50,000.00 - 74,999.99	353	8.06	21,642,070.87	1.55
75,000.00 - 99,999.99	265	6.05	23,034,876.26	1.65
100,000.00 - 124,999.99	188	4.29	20,892,878.51	1.49
125,000.00 - 149,999.99	148	3.38	20,212,043.61	1.44
150,000.00 - 174,999.99	139	3.17	22,152,445.10	1.58
175,000.00 - 199,999.99	107	2.44	19,919,911.17	1.42
200,000.00 - 224,999.99	106	2.42	22,313,069.13	1.59
225,000.00 - 249,999.99	60	1.37	14,247,339.22	1.02
250,000.00 - 274,999.99	60	1.37	15,628,211.59	1.12
275,000.00 - 299,999.99	63	1.44	18,035,967.95	1.29
300,000.00 - 324,999.99	68	1.55	20,914,370.44	1.49
325,000.00 - 349,999.99	40	0.91	13,453,706.55	0.96
350,000.00 - 374,999.99	50	1.14	17,953,948.55	1.28
375,000.00 - 399,999.99	34	0.78	13,078,237.63	0.93
400,000.00 - 424,999.99	41	0.94	16,781,908.94	1.20
425,000.00 - 449,999.99	25	0.57	10,945,869.65	0.78
450,000.00 - 474,999.99	27	0.62	12,475,730.87	0.89
475,000.00 - 499,999.99	22	0.50	10,698,979.42	0.76
500,000.00 - 599,999.99	98	2.24	52,512,709.12	3.75
600,000.00 - 699,999.99	52	1.19	33,644,457.97	2.40
700,000.00 - 799,999.99	50	1.14	37,430,621.29	2.67
800,000.00 - 899,999.99	40	0.91	33,763,141.00	2.41
900,000.00 - 999,999.99	21	0.48	19,581,096.39	1.40
1,000,000.00 - 1,249,999.99	60	1.37	65,380,863.49	4.67
1,250,000.00 - 1,499,999.99	37	0.84	50,029,172.81	3.57
1,500,000.00 - 1,749,999.99	25	0.57	40,021,598.28	2.86
1,750,000.00 - 1,999,999.99	31	0.71	57,303,915.90	4.09
2,000,000.00 - 2,499,999.99	33	0.75	72,269,036.70	5.16
2,500,000.00 - 2,999,999.99	21	0.48	56,505,704.25	4.04
3,000,000.00 - 3,499,999.99	18	0.41	59,026,741.80	4.22
3,500,000.00 - 3,999,999.99	7	0.16	26,208,122.81	1.87
4,000,000.00 - 4,499,999.99	8	0.18	33,194,615.17	2.37

Loan portfolio at 14.11.2011			
Classification by outstanding principal			
Principal interval (EUR)	Loans		Outstanding principal (EUR)
		%	%
4,500,000.00 - 4,999,999.99	9	0.21	41,910,513.40
5,000,000.00 - 9,999,999.99	25	0.57	167,818,846.20
10,000,000.00 - 14,999,999.99	5	0.11	51,252,634.51
15,000,000.00 - 19,999,999.99	4	0.09	68,008,000.00
20,000,000.00 - 24,999,999.99	4	0.09	84,221,289.50
<b>Total</b>	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>
<b>Average principal:</b>			<b>319,443.80</b>
<b>Minimum principal:</b>			<b>91.43</b>
<b>Maximum principal:</b>			<b>22,200,000.00</b>

The outstanding principal of 14.25% of the loans, in terms of outstanding principal, at November 14, 2011 is less than EUR 250,000, whereas the outstanding principal of 13.40% is at least as high as EUR 10,000,000.

**h) Information regarding the nature of the reference rate and benchmark indices applicable for determining the floating interest rates applicable to the selected loans.**

The selected loans are fixed or floating-rate loans. The following table gives the distribution of the loans according to fixed or floating interest and benchmark indices applicable to the floating-rate loans for determining the nominal interest rate.

Loan portfolio at 14.11.2011					
Classification by Interest rate benchmark index					
Benchmark Index	Loans		Outstanding principal		Margin***
		%	(EUR)	%	%
<b>Fixed interest rate</b>	<b>1,475</b>	<b>33.67</b>	<b>130,401,761.82</b>	<b>9.32</b>	<b>5.33</b>
<b>Floating interest rate *</b>	<b>2,906</b>	<b>66.33</b>	<b>1,269,081,514.11</b>	<b>90.68</b>	<b>2.12</b>
1-MONTH EURIBOR/MIBOR	20	0.46	20,375,418.45	1.46	1.22
2-MONTH EURIBOR/MIBOR	11	0.25	1,307,622.46	0.09	2.17
3-MONTH EURIBOR/MIBOR	484	11.05	513,425,329.62	36.69	2.19
4-MONTH EURIBOR/MIBOR	1	0.02	1,193.34	0.00	1.75
5-MONTH EURIBOR/MIBOR	8	0.18	545,657.12	0.04	2.29
6-MONTH EURIBOR/MIBOR	1,064	24.29	373,207,331.69	26.67	2.19
7-MONTH EURIBOR/MIBOR	2	0.05	477,398.66	0.03	2.57
8-MONTH EURIBOR/MIBOR	3	0.07	315,428.83	0.02	0.85
9-MONTH EURIBOR/MIBOR	3	0.07	257,610.01	0.02	2.33
10-MONTH EURIBOR/MIBOR	2	0.05	110,325.83	0.01	0.90
11-MONTH EURIBOR/MIBOR	16	0.37	978,069.15	0.07	2.10
1-YEAR EURIBOR/MIBOR	1,213	27.69	350,835,085.25	25.07	1.96
MORTGAGE LOAN BENCHMARK INDEX BANKS	21	0.48	558,171.61	0.04	0.05
MORTGAGE LOAN BENCHMARK INDEX ALL INSTITUTIONS	30	0.68	3,155,104.14	0.23	1.82
OFFICIAL CREDIT INSTITUTE (ICO) FLOATING RATE**	28	0.64	3,531,767.95	0.25	0.83
	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>	<b>100.00</b>	

\* Same-term EURIBOR and MIBOR indices have been grouped because their respective values are similar and they have been considered to be financially comparable for the purpose of the financial transaction structure.

\*\* The ICO Floating Rate is for loans arranged in the year 2009, and consists of the sum of: (i) 6-month Euribor and (ii) the margin agreed to by the ICO in attracting funds, by means of public transactions with a term to maturity equal to or above 2 years, during the quarter next preceding the start of each calendar month.

\*\*\* Average margin weighted by the outstanding principal of the floating-rate loans.

\*\*\*\* This is the weighted average interest rate of fixed-rate loans.

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

The following table gives the distribution of the selected loans by 0.50% nominal interest rate intervals applicable as at November 14, 2011, and their average, minimum and maximum values.

Loan portfolio at 14.11.2011					
Classification by applicable nominal interest rate					
Interest Rate % Interval	Loans		Outstanding principal		% Interest Rate*
		%	(EUR)	%	
1.00 - 1.49	17	0.39	2,980,677.83	0.21	1.46
1.50 - 1.99	24	0.55	24,011,451.62	1.72	1.91
2.00 - 2.49	227	5.18	146,123,212.56	10.44	2.31
2.50 - 2.99	471	10.75	169,849,926.86	12.14	2.71
3.00 - 3.49	378	8.63	213,876,856.90	15.28	3.21
3.50 - 3.99	497	11.34	155,955,686.07	11.14	3.68
4.00 - 4.49	410	9.36	214,812,469.85	15.35	4.19
4.50 - 4.99	462	10.55	143,191,966.14	10.23	4.68
5.00 - 5.49	472	10.77	134,871,244.56	9.64	5.25
5.50 - 5.99	387	8.83	81,220,857.76	5.80	5.73
6.00 - 6.49	283	6.46	56,411,222.91	4.03	6.15
6.50 - 6.99	264	6.03	24,747,907.81	1.77	6.73
7.00 - 7.49	161	3.67	17,697,813.21	1.26	7.25
7.50 - 7.99	102	2.33	6,324,014.71	0.45	7.62
8.00 - 8.49	47	1.07	1,751,255.31	0.13	8.21
8.50 - 8.99	58	1.32	3,657,337.46	0.26	8.73
9.00 - 9.49	44	1.00	910,774.38	0.07	9.08
9.50 - 9.99	17	0.39	421,833.19	0.03	9.64
10.00 - 10.49	17	0.39	230,969.20	0.02	10.02
10.50 - 10.99	5	0.11	120,972.73	0.01	10.64
11.00 - 11.49	4	0.09	59,115.95	0.00	11.00
11.50 - 11.99	2	0.05	28,676.15	0.00	11.54
12.00 - 12.49	8	0.18	40,700.51	0.00	12.00
12.50 - 12.99	3	0.07	45,958.82	0.00	12.64
13.00 - 13.49	2	0.05	8,617.05	0.00	13.00
13.50 - 13.99	10	0.23	58,951.44	0.00	13.50
14.00 - 14.49	2	0.05	13,229.20	0.00	14.00
14.50 - 14.99	3	0.07	17,021.50	0.00	14.60
15.00 - 15.49	2	0.05	18,140.13	0.00	15.00
17.00 - 17.49	1	0.02	1,287.90	0.00	17.00
18.00 - 18.49	1	0.02	23,126.22	0.00	18.00
Total	4,381	100.00	1,399,483,275.93	100.00	
Weighted average:					4.01 %
Simple average:					4.81 %
Minimum:					1.00 %
Maximum:					18.00 %
*Average nominal interest rate of the interval weighted by the outstanding principal.					

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

**j) Information regarding selected loan instalment payment frequency.**

The following table gives the selected loan distribution based on mortgage loan instalment payment frequency (comprising interest and principal, other than in loans with a single repayment upon maturity or, as the case may be, during a principal repayment exclusion period).



Loan portfolio at 14.11.2011				
Classification by instalment payment frequency				
Instalment payment frequency	Loans		Outstanding principal	
		%	(EUR)	%
Monthly	3,397	77.54	680,940,721.71	48.66
Quarterly	527	12.03	548,029,004.36	39.16
Six-Monthly	143	3.26	104,584,006.10	7.47
Yearly	314	7.17	65,929,543.76	4.71
<b>Total</b>	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>	<b>100.00</b>

**k) Information regarding selected floating-rate loan interest rate reset frequency.**

The following table gives the selected loan distribution based on selected floating-rate loan interest rate reset frequency.

Loan portfolio at 14.11.2011				
Classification by interest rate reset frequency				
Interest rate reset frequency	Loans		Outstanding principal	
		%	(EUR)	%
Monthly	2,200	75.71	598,279,596.28	47.14
Quarterly	419	14.42	513,055,192.14	40.43
Six-Monthly	111	3.82	101,525,172.84	8.00
Yearly	176	6.06	56,221,552.85	4.43
<b>Total</b>	<b>2,906</b>	<b>100.00</b>	<b>1,269,081,514.11</b>	<b>100.00</b>

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

The following table gives the selected loan distribution based on their repayment system.

Loan portfolio at 14.11.2011				
Classification by repayment system				
	Loans		Outstanding principal	
		%	(EUR)	%
French	3,552	81.08	778,443,773.71	55.62
Single payment at maturity (bullet loans)	245	5.59	194,513,225.83	13.90
Preset repayment schedule	584	13.33	426,526,276.39	30.48
<i>Loans originally with more than one capital instalment and with only one instalment outstanding</i>	102	2.33	31,832,638.92	2.27
<i>Loans with a last instalment accounting for more than 25% of the outstanding loan principal</i>	114	2.60	140,789,784.62	10.06
<i>Loans with a constant periodic capital instalment (monthly, six-monthly or yearly)</i>	368	8.40	253,903,852.85	18.14
<b>Total</b>	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>	<b>100.00</b>

\* Bullet loan interest payment frequency is monthly in 95 loans, quarterly in 123 loans, six-monthly in 8 loans and yearly in 19 loans.

**m) Information regarding minimum nominal interest rates applicable to the selected loans.**

Part of the selected floating-rate loans have had a minimum nominal interest rate floor set for applicable nominal interest rate variability. The minimum nominal interest rates applicable to the selected loans as at November 14, 2011 range between 1.00% and 6.50%.

The following table gives the distribution of loans by 1.00% minimum nominal interest rate intervals applicable for determining the nominal interest rate of floating-rate loans, and their average, minimum and maximum values. No details are given of intervals with no contents.

Loan portfolio at 14.11.2011					
Classification by minimum applicable nominal interest rates					
Minimum % Interest Rate Interval	Loans %		Outstanding principal (EUR) %		Minimum % Int. Rate*
1,00 - 1,99	20	0.69	9,329,453.62	0.74	1.37
2,00 - 2,99	518	17.83	244,605,500.05	19.27	2.16
3,00 - 3,99	445	15.31	140,656,543.87	11.08	3.23
4,00 - 4,99	124	4.27	57,188,396.27	4.51	4.23
5,00 - 5,99	50	1.72	16,281,476.37	1.28	5.28
6,00 - 6,99	8	0.28	2,291,545.97	0.18	6.14
No minimum applicable NIR	1,741	59.91	798,728,597.96	62.94	-
<b>Total</b>	<b>2,906</b>	<b>100.00</b>	<b>1,269,081,514.11</b>	<b>100.00</b>	
<b>Weighted average**:</b>					<b>2.845 %</b>
<b>Minimum:</b>					<b>1.000 %</b>
<b>Maximum:</b>					<b>6.500 %</b>
*Average minimum applicable nominal interest rate (NIR) of the interval weighted by the outstanding principal.					
** Does not take into account loans without a minimum applicable NIR.					

**n) Information regarding maximum nominal interest rates applicable to the selected loans.**

Part of the selected floating-rate loans have had a maximum nominal interest rate ceiling set for applicable nominal interest rate variability. The maximum nominal interest rates applicable to the selected loans as at November 14, 2011 range between 10.00% and 50.00%.

The following table gives the distribution of loans by 1.00% maximum nominal interest rate intervals applicable for determining the nominal interest rate of floating-rate loans, and their average, minimum and maximum values. No details are given of intervals with no contents.

Loan portfolio at 14.11.2011					
Classification by maximum applicable nominal interest rates					
Maximum % Interest Rate Interval	Loans %		Outstanding principal (EUR) %		Maximum % Int. Rate*
10.00 - 10.99	31	1.07	45,480,023.65	3.58	10.00
11.00 - 11.99	1	0.03	175,000.00	0.01	11.00
12.00 - 12.99	393	13.52	160,016,286.98	12.61	12.04
13.00 - 13.99	2	0.07	483,891.15	0.04	13.00
14.00 - 14.99	12	0.41	1,771,189.67	0.14	14.00
15.00 - 15.99	719	24.74	266,938,076.38	21.03	15.00
16.00 - 16.99	10	0.34	841,661.76	0.07	16.02
17.00 - 17.99	4	0.14	1,869,101.47	0.15	17.12
18.00 - 18.99	28	0.96	9,803,064.21	0.77	18.00
19.00 - 19.99	11	0.38	4,029,326.34	0.32	19.00
20.00 - 20.99	11	0.38	5,974,705.62	0.47	20.00
22.00 - 22.99	6	0.21	9,340,255.73	0.74	22.00
25.00 - 25.99	4	0.14	472,456.98	0.04	25.00
27.00 - 27.99	1	0.03	350,000.00	0.03	27.00
29.00 - 29.99	12	0.41	6,759,491.09	0.53	29.06
30.00 - 30.99	12	0.41	9,884,131.99	0.78	30.00
35.00 - 35.99	2	0.07	15,538,000.00	1.22	35.00
39.00 - 39.99	1	0.03	900,000.00	0.07	39.00
50.00 - 50.99	1	0.03	1,663,831.60	0.13	50.00
No maximum applicable NIR	1,645	56.61	726,791,019.49	57.27	-
<b>Total</b>	<b>2,906</b>	<b>100.00</b>	<b>1,269,081,514.11</b>	<b>100.00</b>	
<b>Weighted average**:</b>					<b>14.467 %</b>
<b>Minimum:</b>					<b>10.000 %</b>
<b>Maximum:</b>					<b>50.000 %</b>
*Average maximum applicable nominal interest rate (NIR) of the interval weighted by the outstanding principal.					
** Does not take into account loans without a maximum applicable NIR.					

**o) Information regarding final maturity date of the selected loans.**

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

<b>Loan portfolio at 14.11.2011</b>					
<b>Classification by final repayment date</b>					
<b>Final Repayment Year</b>	<b>Loans</b>		<b>Outstanding principal</b>		<b>Residual Life w.a. *</b>
		<b>%</b>	<b>(EUR)</b>	<b>%</b>	<b>Months      Date</b>
2011	107	2.44	55,832,601.79	3.99	0.67      5/12/2011
2012	804	18.35	120,196,595.40	8.59	7.25      22/06/2012
2013	450	10.27	115,084,416.47	8.22	19.54      1/07/2013
2014	319	7.28	80,391,425.78	5.74	31.97      14/07/2014
2015	666	15.20	156,428,904.51	11.18	44.82      9/08/2015
2016	343	7.83	116,487,918.88	8.32	54.45      28/05/2016
2017	253	5.77	70,426,491.98	5.03	68.71      5/08/2017
2018	247	5.64	64,772,023.99	4.63	78.82      9/06/2018
2019	119	2.72	36,338,263.93	2.60	92.32      25/07/2019
2020	257	5.87	102,927,069.84	7.35	105.54      30/08/2020
2021	182	4.15	66,035,080.11	4.72	114.70      5/06/2021
2022	182	4.15	93,504,728.15	6.68	128.81      9/08/2022
2023	105	2.40	79,882,686.86	5.71	139.71      6/07/2023
2024	44	1.00	62,421,601.85	4.46	153.13      18/08/2024
2025	78	1.78	53,191,673.83	3.80	164.99      14/08/2025
2026	83	1.89	23,991,721.92	1.71	173.04      16/04/2026
2027	21	0.48	42,018,501.94	3.00	191.88      10/11/2027
2028	7	0.16	7,457,185.34	0.53	196.44      28/03/2028
2029	15	0.34	7,265,305.64	0.52	208.71      5/04/2029
2030	16	0.37	3,596,513.62	0.26	224.98      14/08/2030
2031	23	0.52	3,970,699.65	0.28	233.55      2/05/2031
2032	2	0.05	1,358,851.61	0.10	251.20      20/10/2032
2033	4	0.09	7,797,766.03	0.56	254.49      28/01/2033
2034	4	0.09	939,262.20	0.07	272.30      24/07/2034
2035	6	0.14	4,957,948.55	0.35	288.39      26/11/2035
2036	20	0.46	17,795,802.61	1.27	294.01      15/05/2036
2037	10	0.23	1,423,814.87	0.10	309.62      2/09/2037
2038	2	0.05	378,797.14	0.03	323.34      25/10/2038
2039	2	0.05	120,894.06	0.01	331.39      27/06/2039
2040	2	0.05	267,484.64	0.02	346.36      24/09/2040
2041	1	0.02	854,586.41	0.06	350.59      31/01/2041
2042	1	0.02	17,919.61	0.00	370.60      2/10/2042
2043	1	0.02	159,635.06	0.01	383.47      29/10/2043
2044	1	0.02	163,109.03	0.01	391.52      30/06/2044
2049	2	0.05	331,751.85	0.02	450.22      22/05/2049
2051	2	0.05	694,240.78	0.05	474.51      31/05/2051
<b>Total</b>	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>	<b>100.00</b>	
<b>Weighted average:</b>					<b>85.85      9/01/2019</b>
<b>Simple average:</b>					<b>63.29      21/02/2017</b>
<b>Minimum:</b>					<b>0.07      16/11/2011</b>
<b>Maximum:</b>					<b>474.51      31/05/2051</b>
* Residual life to final maturity date (months and date) stands for averages weighted by the outstanding principal of loans with final maturity in the relevant year.					

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

The following table gives the selected loan distribution according to expiry of the loan principal repayment exclusion period. The average principal repayment exclusion period of the selected loans is 10.33 months weighted by the outstanding principal.

Loan portfolio at 14.11.2011				
Classification by principal repayment exclusion period				
Expiry of the principal exclusion period	Loans		Outstanding principal	
		%	(EUR)	%
No Exclusion	3,921	89.50	1,160,461,091.85	82.92
With Exclusion	460	10.50	239,022,184.08	17.08
Until 31/12/2011	75	1.71	32,618,834.69	2.33
01/01/2012 to 31/03/2012	68	1.55	38,629,125.94	2.76
01/04/2012 to 30/06/2012	65	1.48	34,605,950.83	2.47
01/07/2012 to 30/09/2012	41	0.94	20,611,936.35	1.47
01/10/2012 to 31/12/2012	60	1.37	38,522,527.88	2.75
01/01/2013 to 31/03/2013	46	1.05	27,652,123.13	1.98
01/04/2013 to 30/06/2013	67	1.53	24,482,990.07	1.75
01/07/2013 to 30/09/2013	14	0.32	13,442,053.38	0.96
01/10/2013 to 31/12/2013	15	0.34	3,861,409.00	0.28
01/01/2014 to 31/03/2014	6	0.14	3,395,232.81	0.24
01/04/2014 to 30/06/2014	3	0.07	1,200,000.00	0.09
<b>Total</b>	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>	<b>100.00</b>

None of the selected loans have clauses allowing periodic interest payment and principal repayment to be deferred, other than the principal repayment exclusion period that may be in force from the origination date of each loan. There is no loan providing for interest exclusion.

**q) Information regarding geographical distribution by Autonomous Communities.**

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

Loan portfolio at 14.11.2011				
Classification by Autonomous Communities				
	Loans		Outstanding principal	
		%	(EUR)	%
Andalusia	674	15.38	192,063,958.79	13.72
Aragón	108	2.47	11,654,093.34	0.83
Asturies	92	2.10	20,894,535.75	1.49
Balearic Isles	55	1.26	34,310,313.46	2.45
Canary Islands	244	5.57	74,083,204.59	5.29
Cantabria	62	1.42	7,117,008.49	0.51
Castile La Mancha	134	3.06	21,957,427.16	1.57
Castile-León	325	7.42	62,148,923.25	4.44
Catalonia	1,115	25.45	335,307,627.04	23.96
Ceuta	11	0.25	2,608,421.49	0.19
Valencian Community	402	9.18	124,265,035.09	8.88
Extremadura	93	2.12	12,733,826.63	0.91
Galicia	240	5.48	37,664,065.21	2.69
La Rioja	43	0.98	8,635,026.72	0.62
Madrid	367	8.38	267,267,733.91	19.10
Melilla	12	0.27	2,514,901.82	0.18
Murcia	88	2.01	18,052,247.59	1.29
Navarre	47	1.07	21,638,413.38	1.55
Basque Country	269	6.14	144,566,512.22	10.33
<b>Total</b>	<b>4,381</b>	<b>100.00</b>	<b>1,399,483,275.93</b>	<b>100.00</b>

**r) Information regarding delays, if any, in collecting selected loan interest or principal instalments and amount, if any, of the current principal of loans more than 30, 60 and 90 days overdue.**

The following table gives the number of loans, the outstanding principal and the overdue principal on selected loans in regard to which there was any delay in payment of amounts due as at November 14, 2011.

<b>Arrears in payment of instalments due at 14.11.2011</b>					
<b>Interval Days</b>	<b>Loans</b>	<b>Outstanding principal</b>		<b>Overdue principal</b>	
			<b>%</b>		<b>% on Total Outstanding Principal</b>
In good standing	3,953	1,342,806,776.24	95.95	0.00	
1 to 15 days	343	49,937,879.64	3.57	640,572.26	0.0935
16 to 30 days	85	6,738,620.05	0.48	303,695.72	0.0092
<b>Total</b>	<b>4,381</b>	<b>1,399,483,275.93</b>	<b>100.00</b>	<b>944,267.98</b>	<b>0.1028</b>

In accordance with BBVA's representation in section 2.2.8.2.(3) of the Building Block, none of the Loans that will finally be assigned to the Fund upon being established shall have any payments more than one (1) month overdue on their assignment date.

**s) Loan to value ratio of loans with senior real estate mortgage security or level of collateralisation.**

There are 1,761 selected loans with real estate mortgage security as at November 14, 2011, and their outstanding principal is EUR 845,116,207.19. Mortgage loan mortgages are registered as senior mortgages or, as the case may be, as junior mortgages although BBVA has documents supporting cancellation of the debts originated by previous mortgages, which are however yet to be struck off the register. Where a mortgage loan shares a mortgage security with other loans, the only mortgagee is BBVA or, as the case may be, the mortgages of other mortgagees with valid economic rights are ranked subsequent to BBVA.

The ratio, expressed as a percentage, of the outstanding principal amount at November 14, 2011 to the appraisal value of the selected mortgage loan mortgaged properties adjusted, as the case may be, pro rata to the current mortgage loan balance with respect to the total current balance of all equally ranked mortgage loans sharing the same mortgage security (LTV) ranged between 0.70% and 288.16%, and the average ratio weighted by the outstanding principal of each mortgage loan is 53.31%. The LTV of 6.38%, in terms of outstanding principal, of the selected mortgage loans is in excess of 80% at November 14, 2011.

The following table gives the distribution of the mortgage loans by 10.00% LTV intervals.

<b>Senior mortgage loan portfolio at 14.11.2011</b>					
<b>Classification by loan to value ratio</b>					
<b>Ratio Intervals</b>	<b>Loans</b>		<b>Outstanding principal</b>		<b>(%) Loan to Value*</b>
		<b>%</b>	<b>(EUR)</b>	<b>%</b>	
0.01 - 10.00	169	9.60	27,979,596.59	3.31	7.39
10.01 - 20.00	256	14.54	74,375,463.80	8.80	15.71
20.01 - 30.00	249	14.14	84,329,485.62	9.98	25.41
30.01 - 40.00	245	13.91	100,714,890.73	11.92	35.08
40.01 - 50.00	235	13.34	136,995,141.51	16.21	45.30
50.01 - 60.00	215	12.21	110,371,936.91	13.06	55.16
60.01 - 70.00	182	10.34	103,312,709.47	12.22	64.53
70.01 - 80.00	102	5.79	116,802,808.81	13.82	74.85
80.01 - 90.00	41	2.33	36,293,652.21	4.29	84.76
90.01 - 100.00	16	0.91	6,563,547.42	0.78	95.97
100.01 - 110.00	12	0.68	7,196,254.69	0.85	104.05
110.01 - 120.00	8	0.45	5,721,617.02	0.68	114.98

Senior mortgage loan portfolio at 14.11.2011					
Classification by loan to value ratio					
Ratio Intervals	Loans		Outstanding principal		(%) Loan to Value*
		%	(EUR)	%	
120.01 - 130.00	6	0.34	15,177,116.28	1.80	128.40
130.01 - 140.00	5	0.28	4,435,630.57	0.52	131.81
140.01 - 150.00	1	0.06	5,121,974.11	0.61	146.54
150.01 - 160.00	5	0.28	1,252,630.44	0.15	151.77
160.01 - 170.00	4	0.23	2,127,991.35	0.25	164.63
170.01 - 180.00	2	0.11	274,610.14	0.03	172.32
180.01 - 190.00	1	0.06	227,460.57	0.03	182.16
190.01 - 200.00	1	0.06	203,171.64	0.02	199.93
200.01 - 210.00	1	0.06	300,000.00	0.04	201.66
210.01 - 220.00	3	0.17	4,722,000.00	0.56	211.89
220.01 - 230.00	1	0.06	116,517.31	0.01	222.58
280.01 - 290.00	1	0.06	500,000.00	0.06	288.16
Total	1,761	100.00	845,116,207.19	100.00	
Weighted Average:					53.31 %
Simple Average:					41.88 %
Minimum:					0.70 %
Maximum:					288.16 %

\*Loan to Value Ratio refers to averages weighted by the initial principal.

\*Loan to Value Ratio refers to averages weighted by the initial principal.

Selected mortgage loans with security consisting of residential properties and parking spaces and lumber rooms and an LTV at November 14, 2011 in excess of 80% account for 0.75%, in terms of outstanding principal, of the selected portfolio.

Selected mortgage loans with security other than residential properties and parking spaces and lumber rooms and an LTV at November 14, 2011 in excess of 60% account for 18.95%, in terms of outstanding principal, of the selected portfolio.

There is no overcollateralisation in the Fund since the total Loan receivables principal or capital that BBVA shall assign to the Fund upon being set up shall be equal to or slightly above EUR one billion two hundred million (1,200,000,000.00), the face value amount of the Bond Issue.

### 2.2.3 Legal nature of the pool of assets.

The selected loans may be classified based on their collaterals into:

- (i) Loans with real estate mortgage security, and the additional security, if any, specified in paragraph (ii) below, originated in a public deed (the Mortgage Loans).

The Mortgage Loans were originated in a public deed subject to the Mortgage Act, February 8, 1946, Mortgage Market Regulation Act 2/1981, March 25, and ancillary laws, as currently worded.

The Mortgage Loan receivables shall be assigned to the Fund upon BBVA issuing and the Fund subscribing for Pass-Through Certificates subject to the provisions of Act 2/1981, additional provision five of Act 3/1994, and Royal Decree 716/2009, on the terms provided for in section 3.3 of this Building Block. The Pass-Through Certificates shall be issued and subscribed for in the same Deed of Constitution of the Fund.

- (ii) Loans with no special guarantee, exclusively secured by pledging money and/or units in investment funds and/or with third-party personal guarantees, originated in a public document, which are enforceable (Civil Procedure Act article 517) (the Non-Mortgage Loans).

The Non-Mortgage Loan receivables shall be directly assigned to the Fund upon being sold by BBVA and acquired by the Fund, on the terms provided for in section 3.3 of this Building Block. The Non-Mortgage Loan receivables shall be assigned to the Fund in the same Deed of Constitution of the Fund.

#### **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 selected loans at November 14, 2011 was comprised between November 16, 2011 and May 31, 2051.

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

The Fund shall be set up with the Loan receivables which BBVA will assign to the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR one billion two hundred million (1,200,000,000.00), the face value amount of the Bond Issue.

The portfolio of selected loans from which the Loans will be taken to be assigned to the Fund upon being established comprises 4,381 loans, their outstanding principal as at November 14, 2011 being EUR 1,399,483,275.93 and the overdue principal being EUR 944,267.98.

In order to be assigned to the Fund upon being established, BBVA shall choose from the selected loans (i) loans that have not fully matured and are in good standing or that have no payments that are more than one (1) month overdue and (ii) with an aggregate outstanding principal amount for each obligor from lowest to highest up to a total principal or capital equal to or slightly above EUR one billion two hundred million (1,200,000,000.00).

#### **2.2.6 Loan to value ratio or level of collateralisation.**

The loan to value ratio or level of collateralisation of the selected mortgage loans is given in section 2.2.2 s) of this Building Block.

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

The loans selected for assignment to the Fund have been directly granted by BBVA (without any intermediary whatsoever being involved) following its usual credit risk analysis and assessment procedures for lending to enterprises. The procedures currently in place at BBVA are described below:

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

Banca de Empresas is the Business Unit set up at BBVA to serve businesses. This unit specialises in managing and serving large, medium-sized and small enterprises. Banca Comercial is the Business Unit set up at BBVA to manage the business from the private customer, retail and small enterprise segments.

##### **Origination channels.**

Banca de Empresas y Corporaciones (BEC) has a network of 251 Branches, 188 of which serve the enterprise segment, 55 serve the institutions segment and 8 the corporations segment.

Banca Comercial has 3,147 branches nation-wide.

The management model is based on a customised integral customer management; customers are all allocated a personal account manager.

## **2. Lending procedures.**

### **2.1 System supporting lending decision making: internal rating.**

Rating tools are analysis and assessment systems enabling BBVA to assign a customer a credit rating based on data and standards. This is the basis for:

- Providing risk policies consistent with the rating and monitoring the live risk
- Conferring powers
- Permitting distinct pricing policies

This tool is integrated in the risks procedures and circuits covering all stages of the risks cycle, each of them including a value added system avoiding the need to re-collect information (incremental analysis system) and allows efforts to be adjusted and capacities to be assigned based on risk types:

- Less information in low-profile risks.
- More in-depth information and analysis in complex risks.

Thus, admission standards can be consistently applied and decision-making can be decentralised, trimming response times. The rating tool was the result of internal development at BBVA and was implemented in September 2002.

- **Rating methodology**

#### *Rating*

The following method is used for rating a customer:

#### **1. Score-based valuing of the business.**

Two types of information are considered:

- Quantitative factors: analysis of financial statements
- Qualitative factors: from customer reports

Each factor carries certain points or weights. The sum determines the customer's final score.

#### **2. Obtaining alerted variables.**

These are elements that, while not influencing the score obtained by the enterprise, may alert to situations exceeding predefined parameters. Alerts may be given on both scoring variables and other purposely defined quantitative and qualitative variables.

Based on their importance they are classified as:

- Variables to be explained: they do not condition the score obtained and indicate that certain variables take unusual values
- Conditioning variables: given their relevance, their existence condition the customer's score.

#### **3. Assessing alerted variables.**

The account manager or analyst at BBVA in charge of the rating shall assess any alerted variables and duly explain the reasons originating the alerts and their justification, if any.

#### *Rating models*

The models developed may, depending on the size of the enterprise or client typology, be sorted into:

- Corporate (based on size of business)
- Enterprises (based on size of business)



- SMEs (based on size of business)
- Developers (client typology)
- Institutions

#### *Master scale*

One of the prime objectives of a rating system is rating customers based on their credit quality. This quality is defined by the likelihood of a customer being in arrears. A master scale is used to calculate the default rate: it allows each customer to be assigned a default probability. It is unique for the whole of BBVA.

The master scale consists of a number of values or grades and each is assigned a default probability (expected default frequency).

#### • **Enterprise Rating**

The following variables are involved in rating scoring:

##### *Quantitative factors.*

- Creditworthiness of the enterprise
  - Real estate net of liens on the balance sheet total
  - Other facilities on balance sheet total
  - Size (total assets)
- Creditworthiness of guarantors
  - Capacity to take on business debts
  - Members' credit rating
- Financial
  - Total investment in the business
  - Investment funding
  - Bank debt
  - Repayment capacity
- Economic
  - Progress of sales
  - Cash-flow on sales
  - Total balance sheet cash-flow

##### *Qualitative factors*

The following qualitative factors are captured in obtaining the rating:

- Sector: automatically obtained from the assessment made by the Sector Analysis Area
- Time in the business

The final score obtained is set against BBVA's master scale and each score is allocated an expected default frequency reflecting the likelihood of the enterprise being in arrears within one year starting from the last date of the statements analysed. Once the score is obtained, the alerted variables are analysed.

### *Benchmarking, consistency and alerts*

A number of ratios and variables have to be checked for the rating to be completed. These factors are an integral part of the Rating and are attached to the score obtained by the customer. There may be two types: quantitative and qualitative.

### **General operating diagram**

In order to obtain an internal rating a minimum information on the customer has to be available (financial statements, other information and CIRBE), corporate application data must be captured, the automatic system calculation must be obtained, based on an algorithm calculated as described above, and finally an analysis and assessment of the results provided by the tool must be made.

## **2.2 Lending procedure.**

### **a) Banca Comercial**

The account manager receives a proposal from a client who may or may not be a customer of BBVA. The account manager requests such information as is deemed necessary to be able to decide and which shall at a minimum be the information established in the internal risks empowerment rule as detailed in paragraph 2.2.3 concerning risks empowerment.

### **b) Banca de Empresas**

The admission procedure begins with the customer's risk application. BBVA Group has implemented a customised management model in the enterprise segment.

Admission of transactions begins with the customer's application. The customer may be known to have a current risk with BBVA or to have been a customer in the past or not to have ever dealt with BBVA.

## **2.2.1 Required information.**

### **a) Banca Comercial**

The following will be the minimum information to be able to decide:

- Balance sheet or, alternatively, declaration of assets or wealth return
- Operating account for the last fiscal year
- In enterprises in which the risks at BBVA are in excess of €300,000 or €1,200,000 in CIRBE total, the balance sheets and operating accounts must be audited. It should usefully be noted that companies must satisfy this requirement when at least two of the following circumstances occur:
  - i. The assets are in excess of €2,373,997.81.
  - ii. The turnover is in excess of €4,747,995.62
  - iii. The average number of workers employed during the fiscal year shall have been in excess of 50 workers.
- Checking the RAI, internal delinquency at BBVA, ASNEF, etc.
- Customer's complete position.
- Checking the assets and collaterals of the applicant.
- For rated customers, rating history.

### **b) Banca de Empresas**

Prior to analysing and approving the transaction, the account manager generally does the following:

*Updating or opening a record with the following information:*

- Balance sheets, financial statements, audits
- Guarantors' declaration of assets

- Business activity reports and purpose of the transaction
- Searches in registers
- Current positions at BBVA and in the banking system

#### *Studying the transaction*

Based on the information provided by the customer, completed with information available to BBVA proper and other outside sources, a financial plan or base support is prepared including:

- Financial plan: economic and financial position, activity, shareholders, interests, etc.
- Searching for or preparing the rating, with the assistance of an internal tool allowing both the rating of the enterprise and risk and alert indicators for such enterprise previously included to be searched for (business risk conduction or CRE).
- Search in default filters
- Progress of CIRBE, including guarantors
- Previous experience, if a customer
- Any other data relevant to or revealing for decision-making

### **2.2.2 Preparing the proposal and approval.**

#### **a) Banca Comercial**

Proposed transactions shall be entered in a certificate/register of transactions/Committees, in chronological order, whether the proposals are authorised, refused in exercising the empowerment or submitted to be studied and decided on to higher levels.

#### **b) Banca de Empresas**

After the analysis made and the conclusions arrived at, the branch draws up a mandatory proposal. If a dismissal is considered, then a reference is made to such refusal.

If the transaction is accepted, the proposal and supporting information passes to the approval process by the Branch's committee, where it has authority over the customer at issue, or is submitted to the Regional Management or the Central Credit Risks Unit.

### **2.2.3 Empowerment in authorising risks.**

#### **a) Banca Comercial**

The account manager's empowerment figure and the requirements laid down in the internal risks empowerment rule shall determine whether the account manager is able to authorise the transaction. Being empowered to take on risks is a requirement but is not sufficient in order for a person to decide. Powers are conferred personally and based on the empowered person's experience and qualification. The figure to be empowered with shall be determined based on the empowered person's capacity and the characteristics of the market and segment allocated. The empowerment does not cover certain transactions, depending, for instance on:

- Amount: current account overdrafts and credit account excesses based on days and terms.
- Term: transactions exceeding the maxima established for every specific product.
- Instrumentation: where transaction rules and procedures are not observed.
- Documentation: where minimum information or supporting documents are missing.
- Products: based on each product characteristic limits such as scoring, valuation percentage, etc.
- Type of client: for employees, split transactions, clients at several branches, etc.

**b) Banca de Empresas**

Empowerment is implemented under an internal policy. The following is noteworthy among the most relevant aspects influencing the management model:

- The conferment of powers to accept risks is a requirement but is not sufficient in order for a person to decide.
- Powers are conferred personally based on the attorney's experience and qualification.
- It is advisable for powers to be gradually conferred.
- The empowerment figure embodies the maximum limits and risks to be arrived at with a customer or group of customers considered to be an economic group or family unit.
- Empowerment originates in the group's political bodies and is hierarchically conveyed.
- The conferrer shall specify to his or her attorneys the empowerment figure conferred and the extent and capacity in and by which the attorney may in turn subdelegate.

Quantitatively, the general manager, Retail Banking, confers on the Corporate Banking Manager powers for approving risks of up to EUR 8 million, with authority to subdelegate 75% of that figure.

The Corporate Banking manager in turn subdelegates to regional managers between EUR 5.2 and EUR 6 million, subject to the restriction that they may in turn subdelegate to branch managers up to 33% of that figure.

Risks exceeding the Regional Managers' authority because of their amount or other circumstances are decided, on a proposal by the branches, at the Central Credit Risks Unit.

**3. Risk monitoring.**

**a) Banca Comercial**

Each of the 7 territorial offices (DT) have teams, reporting to the Head Office, in charge of monitoring general progress (of the risk), although responsibility for the transaction being duly performed ultimately lies with the team at the branch originating the investment. Each DT has a team consisting of two Monitoring supervisors and a group of Monitoring Analysts. Each Monitoring Analyst is allocated an area altogether covering between 40 and 50 branches. In turn, the monitoring supervisors at each DT liaise with and support the Risk Monitoring Analysts' performance within their scope of operation.

Although risk management is integral, methodology varies according to client/product typology.

Two different monitoring methods could be pointed to:

- 1- Statistics or development by business lines, and
- 2- Individual clients. The paths for detecting clients with alert signs are mainly as follows:
  - a. Daily list of defaults
  - b. Clients detected via internal audits
  - c. How the enterprise risk is dealt with
  - d. Rating alerts
  - e. Development of risks both at BBVA and in the financial system
  - f. Searching external databases, mainly RAI (bad debts registry and DBI, claims database)

In addition, Risk Monitoring Committees meet weekly at four levels within the organisation:

- Head Office
- Territorial Office
- Area Office

- Commercial Banking Centre Office (CBC)

Committees review how the different dependent units and clients with alert signs and defaults are developing, drawing up action plans for those who are to be added to the list of alerts and monitoring the progress of listed clients.

Monthly information is obtained by client in order to analyse the status of their risks, an appropriate analysis is made and so are actions to be improved if such is concluded to be necessary.

The lists are as follows:

- Clients with an obsolete balance sheet.
- Clients who have lost 3 ratings in a month.
- Clients rated B or below (based on an internal scale rating clients from AAA to C).

**b) Banca de Empresas**

Risk quality has intrinsic value in Banca de Empresas and is present throughout its activity. Therefore, it is conceived within the Unit strategy as a quantifiable target in terms of both delinquency ratio and impact on the profit and loss account.

The risk management process stems from the Global Risk Control concept, consisting of monitoring branches, clients, products and account managers' portfolios.

The risk monitoring and recoveries managers is posted at the Head Office and, together with a team of three people, manages and coordinates the tasks for which he or she is responsible.

In addition, each regional office has a specific team of two or three people (15 altogether) in charge of dealing with this function.

Their goals are as follows:

- Overseeing risk quality, control and monitoring, within an established setting for decision-making and rating
- Supporting and encouraging the Branch network to implement and develop a defined action plan in regard to monitoring live risk, overdue payments and listing as doubtful assets
- Encouraging the achievement of the set risk quality and credit writedown targets

The functions of the Banca de Empresas Unit in the Risks Monitoring area include the following:

- Reviewing risk quality indicators and progress.
- Monitoring the daily development of irregular investments.
- Coordinating and supervising the rating of regional office clients.
- Monitoring the risk of clients singled out for surveillance and problem clients.
- Diagnosing risk portfolios.
- Setting up, preparing, attending and participating on Risk Monitoring Committees.
- Developing, implementing and using suitable risk monitoring tools.
- Coordinating with recoveries and the legal department the transfer of cases of late payment and subsequently monitoring the same.
- Other responsibilities:
  - Visiting branches
  - Monitoring written audit proceedings
  - Sampling case files and sub-delegating
  - Controlling risk admission and management procedures

The risk quality variable is objectified and periodic controls are made in order to ascertain the same through several action plans which, upon being evaluated, are reused to newly feed the circuit.

#### **Client rating systems**

This is for departments and those involved in risk management: account managers, admission and monitoring teams and central credit risks unit (UCRC). It also includes the valuation assigned by Internal Audit, in addition to other indicators sourced in the various products, delinquency filters, CIRBE, etc.

These ratings and information are fed into the alert signs system which shall identify problem groups or groups specifically singled out for surveillance in order to anticipate and mitigate the negative effects of their potentially falling into arrears.

#### **4. Recoveries.**

##### **a) Banca Comercial**

Recovery at Banca Comercial is centrally managed by a business unit that is in turn divided into three subunits:

- Outsourcing. Controls and monitors all matters outsourced to external companies. Does not act on clients assigned to Operations but does act in certain matters with a risk exceeding €15,000 where the obligor has no court cases.
- Operations. Centrally carries out all pre-judicial stage tasks and tasks involving administering and booking all collections and payments in arrears. It acts on clients with a risk exceeding a figure of €15,000.
- Judicial. Its duties consist of submitting and monitoring all legal proceedings instituted as a result of overdue debts being claimed, aided by internal lawyers, external lawyers and court attorneys.

##### **1-Outsourcing Unit**

Much like the rest, this is an internal unit whose duty it is to control and monitor outsourced matters normally referring to amounts exceeding €15,000 and clients with no court cases. It manages recovery at all times through external firms. It manages recovery integrally for a certain client profile (< €15,000) and not integrally or ordinarily for certain other client group products (risk > €15,000):

###### **1) Integral recovery procedure (starts and ends in outsourcing)**

- Client matters where the risk is < €15,000
- Friendly + legal action

###### **2) Non-integral or ordinary recovery procedure (before operations/judicial become involved)**

- Friendly recovery of petty sums with non-integral recovery profile clients not involved in legal proceedings managed by the Special Court Recovery Centre (CER).
- Debt collection proceedings of doubtful accounts where there is no enforceable document in order to obtain and forward the same to the Special Court Recovery Centre (CER), this being the body in charge of dealing with and managing recovery of doubtful assets once the court stage is under way.

The Outsourcing Area is a centralised management unit managing 11 national outsourced management companies. These external companies deal with managing recovery of overdue cases. It undertakes proactive management with obligors in order that they regularise their position.

##### **2-Operations Unit**

The Unit's main functions are as follows:

###### **1) Friendly recovery procedure with obligors**

2) Preparing the judicial file for CER

3) Accountancy

Its structure is very flexible and readily adapts to the workload.

### **3- Judicial Unit (CER)**

Its main function is to manage judicial recoveries. In so doing, the Unit first acts proactively with obligors demanding payment in the first place, including friendly attempts to have the debt regularised and, failing agreements, a legal action is brought, including attachments, court withholdings and enforcements, with lawyers, with respect to legal proceedings, with third parties, and with respect to large claims.

***Pre-litigation recovery stage:*** Pre-judicial stage, bringing the court claim

Judicial enforcement proceedings. The procedural stages for enforcement are as follows:

- Submitting the application.
- Clearing or allowing enforcement
- Court payment demand served on the obligor (attachment of assets)
- Auction: application, scheduling of auction date and notice on the obligor, after publishing such edicts as are established by Law.

#### ***b) Banca de Empresas***

Each regional office has a legal services department whose main duties are to provide advice, prepare the paperwork for perfecting transactions and deal with recovery in cases of arrears, failures and bad debts shown on the balance sheets of dependent branches within their sphere of authority, including bringing actions and attending hearings.

Both lawyers and staff in charge of providing administrative support in charge of recovering BBVA's overdue accounts have proven skills and ample expertise, specifically 18 years on average in the case of lawyers and some 15 years in the latter case.

At the Head Office, the Spain and Portugal Legal Services structure has a Spain Banking Business Legal Services Manager to whom the following report: both the 7 lawyers, responsible for each territory described above, and the Recovery Legal Services Manager, with functional legal responsibility within BEC (Banca de Empresas y Grandes Corporaciones) recoveries, and the commercial and special projects banking Recoveries Manager (Banca Comercial y Proyectos Especiales), who manages commercial banking matters entrusted to BEC and, among other functions, deals with liaising between BEC legal Services and the Real Estate Area.

#### **Circuits for transferring matters to arrears**

Once a transaction has been automatically or manually transferred to arrears, observing the rules laid down in Bank of Spain Circular 4/2004, a decision shall have to be made based on the IMAS (Arrears Report in Support of the Decision) which shall include all necessary remarks in order for actions to be taken to recover the overdue debt. At the same time, the so-called Case Manager shall validate the documents required which, upon being obtained, shall be submitted to the Regional Office. If the client risk should exceed €240,000.00, the Regional Office shall also forward the same to the Head Office to be ratified or for a new proposal. If the risk is less than said €240,000 the matter is submitted to the Regional Office which shall ratify the recommended proposal or propose any other action.

Branches get to know of transactions reclassified in due course as doubtful assets in several ways. In addition, regional offices receive daily information from central services on Arrears, Failures and Bad Debts related activity, with details concerning both receipts and recoveries.

When a matter is transferred to Arrears, the IMAS supporting file shall have been drawn up, checking the existence or not of credit balances, the details underlying the arrears shall have been verified

(accurately including obligors, credit support providers, guarantors, sureties, etc.), and the collaterals specified in the certificates, contracts, agreements, deeds, etc. shall have been checked.

Upon attempts at friendly collection being exhausted the head of Risk Monitoring at the Regional Office shall instruct reassignment under doubtful assets in the books of account and the Legal Services will weigh up whether or not legal action should be taken. Initiative and prompt decision-making are key elements for recoveries to be successful in the future.

The following will be transferred to arrears:

- The entire current risk of a transaction if both overdue payments and overdue interest are more than three months late.
- All of a client's transactions where the balances classified as doubtful because they are late are in excess of 25% of the amounts outstanding.
- All risks held by clients who have been legally decreed to be insolvent.

In order not to delay transfer to arrears, the Branch shall before the lapse of three months prepare the file that shall be attached to the proposal with all supporting documents.

Central Services shall send Regional Offices monthly inventories with details of clients with transactions affected for Regional Offices to analyse, note the impact on the profit and loss account and make all relevant decisions.

There are different mechanisms in place for controlling arrears:

- Risk Monitoring Committees and Regional Office arrears.
- Scheduled visits from Regional office lawyers to Branches.
- The Banca de Empresas model relies on internal recovery management by the lawyers actually assigned to the Area and the use of external lawyers based on objective distribution standards. As a general rule, insolvency proceedings, foreclosures and other proceedings where the amount loaned is substantial shall be handled directly by in-house lawyers.
- There is regular monitoring of matters entrusted to external lawyers, including both the Recovery Management application which must be updated by the actual external lawyers or Court Attorneys, and presence to gain first-hand information on actions that are being taken, the results obtained, the advisability of new actions and in general to set the tone of procedures.

On-the-spot committees are also set up at regional offices. The Risk Monitoring and Recoveries Manager travels at least four times a year to each Regional Office to assess the status of the risks in irregular investments, recommend actions and monitor developments in arrears and failures.

#### **Transfer of recoverable insolvent debtor cases to bad debts**

Debts are bad where the likelihood of recovery is remote based on information available at a given point in time.

Having regard to that definition, the logic is that where a transfer is made to bad debts, all necessary checks shall have been made in order to make sure that recovery is impossible before transfer to bad debts. It is mainly checked that none of the following exist:

- Payment agreements
- Wage garnishments (whatever the amount may be)
- Attachment of any asset
- Legal proceedings under way, outcome pending
- Credit balances associated with the debtors or any party involved
- Second mortgages
- Personal guarantees, not solvent, but with known whereabouts
- Insolvency situations with an arrangement



- Bankruptcies (previous legislation) with realisable assets
- Obligors and parties involved with risks declared to CIRBE

The following will in any event be done before the transfer in order for the case to be referred to the relevant department without there being any disagreement as to the items due:

- Netting any credit position, if that is legally possible
- Checking advance payments to court attorneys and the existence of outstanding expense invoices
- Adjustment of indemnities having regard to legal and financial circumstances, such as for instance: approved arrangements not complied with and not providing for interest payment

Transfer to bad debt shall be proposed by the relevant Regional Office, if the amount should exceed the figure of empowerment, submitting to Central Services a proposal including the obligors' positions, particulars, the remarks set out in the Recovery Agenda, and the reasons why transfer is requested.

## **2.2.8 Indication of representations and collaterals given to the Issuer relating to the assets.**

### **Representations of the Originator.**

BBVA shall, as holder of the Loans until assigned to the Fund and as issuer of the Pass-Through Certificates, represent as follows to the Fund and the Management Company in the Deed of Constitution.

#### **1. In relation to BBVA proper.**

- (1) That BBVA is a credit institution duly incorporated in accordance with the laws in force for the time being, entered in the Companies Register and the Bank of Spain's Register of Credit Institutions, and is authorised to grant loans to enterprises and traders and operate in the mortgage market.
- (2) That neither at today's date nor at any time since it was incorporated has BBVA been decreed to be insolvent (or formerly bankrupt or in suspension of payments), nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.
- (3) That BBVA has obtained all necessary authorisations, including those required of its corporate bodies and, as the case may be, third parties who may be affected by the assignment of the Loan receivables and issue of the Pass-Through Certificates, to validly execute the Fund Deed of Constitution, the agreements relating to the establishment of the Fund and to fulfil the undertakings made.
- (4) That BBVA has audited annual accounts for the last three years ended as at December 31, 2010, 2009 and 2008 which have been filed with the CNMV. The audit report on the year 2010 annual accounts are unqualified.

#### **2. In relation to the Loans.**

- (1) That the assignment of the Loans, both the assignment of the Non-Mortgage Loan receivables and the issue of the Mortgage Loan Pass-Through Certificates, are transactions in the ordinary course of business of BBVA and have been carried out at arm's length.
- (2) That the Loans have all been duly originated in a public document, being either a public deed or a loan agreement, and that BBVA keeps a copy of the public deed or the valid loan agreement at the Management Company's disposal, as the case may be.
- (3) That in order to be assigned to the Fund upon being established, BBVA has chosen from the selected loans, set out in section 2.2.2 of the Prospectus Building Block, (i) loans that have not fully matured and are in good standing or that have no payments that are more than one (1) month overdue and (ii) with an aggregate outstanding principal amount for each obligor from lowest to highest up to a total principal outstanding balance to or slightly above EUR one billion two hundred million (1,200,000,000.00).

- (4) That, to the best of its knowledge and understanding, all the Loans exist and are valid and enforceable on their own terms and conditions and in accordance with the applicable laws.
- (5) That it holds legal and beneficial title to all the Loans, clear of any claims, and there is no obstacle whatsoever for the Loans to be assigned. In this sense, the respective public documents (deed or agreement) supporting the Loans contain no clauses preventing their assignment or requiring any authorisation or notice for such assignment to be made.
- (6) That the Loans are all denominated in Euros and payable exclusively in Euros.
- (7) That the Loan Obligors all are enterprises (legal persons and sole traders) domiciled in Spain and are not part of BBVA group for consolidation purposes.
- (8) That it has strictly adhered to the policies for granting credit in force in granting all the Loans and in accepting, as the case may be, the subrogation of subsequent borrowers to the initial borrower's position, as set out in section 2.2.7 of the Building Block to the Prospectus.
- (9) That it is not aware of the existence of any lawsuits whatsoever in relation to the Loans that might be detrimental to their validity and enforceability.
- (10) That the Loans are clearly identified in BBVA's information system as from being granted or subrogated to BBVA and have been and are being serviced, analysed and monitored by BBVA in accordance with the usual set procedures.
- (11) That upon the Fund being established, it has not come to BBVA's notice that any of the Loan Obligors has been decreed to be insolvent, or, before the entry into force of the Bankruptcy Act, bankrupt or in suspension of payments.
- (12) That upon the Fund being established, the sum of the Outstanding Balance of the Loans of a same Obligor is not in excess of 1.85% of the Outstanding Balance of the Loans.
- (13) That, to the best of its knowledge and understanding, the Loan security arrangements, if any, are valid and enforceable in accordance with the applicable laws, and BBVA is not aware of the existence of any circumstance which might prevent the security arrangements from being enforced.
- (14) That upon the Fund being established, it is not aware of having received any notice whatsoever of total prepayment of any Loans.
- (15) That none of the Loans has a final maturity date extending beyond May 31, 2051.
- (16) That it is not aware that the Obligors may howsoever object to paying any Loan amount.
- (17) That upon the Fund being established, at least one interest instalment has matured on each Loan and is not overdue.
- (18) That to the best of its knowledge nobody has a pre-emptive right over the Fund, as holder of the Loan receivables assigned.
- (19) That the data and information relating to the loans selected to be assigned to the Fund given in section 2.2.2 of the Building Block to the Prospectus, fairly present their status on the relevant date and are accurate.
- (20) That the capital or principal of all the Loans has been fully drawn down by the Obligor.
- (21) That, based on its internal records, none of the Loans, if any, granted to real estate developers is directly financing the building or renovation of homes and/or business or industrial properties

designed to be sold or rented, but on the contrary activities other than the aforesaid. However, real estate developer financing secured with land is not excluded.

- (22) That, to the best of its knowledge and understanding, the Loans all stand as a valid and binding payment obligation for the relevant Obligor and are enforceable on their own terms.
- (23) That the Loan payment obligations are all satisfied by directly debiting an account opened at BBVA.
- (24) That none of the Loans have clauses allowing deferment of periodic interest payment and principal repayment, other than the principal repayment exclusion period that may be in force at the origination date of each Loan.
- (25) That none of the Loans refers to finance lease or syndicated transactions.
- (26) That none of the Mortgage Loans are an extension or reinstatement of earlier loans in arrears.

### **3. In relation to the Pass-Through Certificates and the Mortgage Loans.**

- (1) That the Pass-Through Certificates are issued in accordance with Act 2/1981, Royal Decree 716/2009 and as established by Additional Provision Five of Act 3/1994, and other applicable laws. Mortgage Loan receivables are assigned to the Fund by issuing Pass-Through Certificates because the Mortgage Loans do not satisfy all the requirements established in Chapter II of Royal Decree 716/2009. This issue is consistent with the contents laid down in schedule I to Royal Decree 716/2009 relating to the special book register of mortgage loans and credits.
- (2) That the particulars of the Mortgage Loans and the Pass-Through Certificates, represented in a multiple registered certificate, accurately reflect their current status and are true and complete.
- (3) That all the Mortgage Loans are secured with a real estate mortgage established as a senior mortgage or, as the case may be, a junior mortgage, although BBVA has documents supporting cancellation of the debts originated by previous mortgages, which are however yet to be struck off the register, on the legal and beneficial title to each and every one of the mortgaged properties, which are not encumbered with any restrictions on their disposal, conditions subsequent or any other limitation as to title. Those mortgage interests are entered in the Land Registry.
- (4) That the Mortgage Loans do not have any of the characteristics of credits excluded or restricted by article 12.1 a), c), d) and f) of Royal Decree 716/2009.
- (5) That all the mortgaged properties (i) are located in Spain, (ii) have been appraised by duly qualified institutions approved by BBVA, which institutions are entered in the Bank of Spain's Register of Appraisal Firms, evidence of which appraisal has been provided in the form of an appropriate certificate, and (iii) in the case of properties relating to constructions in general, building work has been completed.
- (6) That the outstanding principal balance of each Mortgage Loan does not exceed 290 percent of the appraisal value adjusted, as the case may be, pro rata to the current mortgage loan balance with respect to the total current balance of all equally ranked mortgage loans sharing the same mortgage on the same property.
- (7) That the public deeds originating the Mortgage Loans provide that until the latter are fully repaid the Obligor is bound to have the mortgaged properties insured against the risk of fire and other damages during the contract term, at least satisfying the minimum requirements laid down by the mortgage market laws in force for the time being (appraisal value of the insured asset, excluding the value of items that are uninsurable by nature, particularly land). The validity of such insurance is not supported in the Originator's databases.
- (8) That the Mortgage Loans are not perfected in registered, negotiable or bearer securities, other than the Pass-Through Certificates hereby issued for subscription by the Fund.

- (9) That the Mortgage Loans are not earmarked for any issue whatsoever of mortgage bonds, mortgage participation certificates or pass-through certificates, other than the issue of the Pass-Through Certificates.
- (10) That it is not aware of any circumstance which might prevent foreclosure of the mortgage security.
- (11) That BBVA shall not secure the grant of new loans with a mortgage on the properties already mortgaged as security for the Mortgage Loans or, as the case may be, the new mortgages shall be entered ranking junior to the mortgage underlying the relevant Mortgage Loan, in order thereby for there to be no detriment to the Mortgage Loan security.
- (12) That nobody has a preferred right over the Fund in and to the Mortgage Loans, as holder of the Pass-Through Certificates.
- (13) That the Pass-Through Certificates shall be issued for the same term remaining until maturity of and at the same interest rate as each of the underlying Mortgage Loans.

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

##### **Set rules for substituting the Loans or the Pass-Through Certificates or otherwise repayment to the Fund.**

1. In the event of Loan prepayment upon the relevant Loan capital being prepaid, there will be no substitution of the Non-Mortgage Loan receivables or of the relevant Pass-Through Certificates.
2. In the event that during the full term of the Loans it should be found that any of them fail to conform to the representations given in section 2.2.8 above upon the Fund being established, BBVA agrees, subject to the Management Company's consent, to proceed forthwith to remedy and, if that is not possible, substitute or redeem the affected Loans not substituted, by terminating the assignment of the affected Loan receivables and, as the case may be, cancelling the relevant Pass-Through Certificate, subject to the following rules:
  - (i) The party becoming acquainted with the existence of a Loan in that circumstance, be it the Originator or the Management Company, shall advise the other party thereof. The Originator shall have a period of not more than fifteen (15) Business Days from said notice to remedy that circumstance if it may be so remedied or proceed, as the case may be, to a substitution of the affected Loans, notifying the Management Company of the characteristics of the loans intended to be assigned to take their stead, which shall fulfil the representations given in section 2.2.8 of this Building Block and be homogeneous as to residual term, interest rate, instalment payment frequency, BBVA's internal rating of the Obligor, security, and outstanding principal value as the affected Loans and also, in the case of Pass-Through Certificates to be replaced, credit quality in terms of ranking of the security, ratio of outstanding principal to the appraisal value of the mortgaged property or properties, in order for the financial balance of the Fund not to be affected by such substitution, nor indeed the rating of the Bonds in connection with the provisions of section 7.5 of the Securities Note. Once the Management Company has checked the appropriateness of the substitute loan or loans, and after advising the Originator expressly of loans suitable for such substitution, such substitution shall be made by terminating the assignment of the affected Loan receivables and, as the case may be, cancelling the relevant Pass-Through Certificate, and simultaneously assigning the new substitute loans and, as the case may be, issuing the new substitute pass-through certificates.

The substitution shall be recorded in a public deed subject to the same formalities established for the assignment of the Loan receivables upon the Fund being established, in accordance with the specific characteristics of the new loans assigned. The Management Company shall provide the CNMV, the undertaking in charge of the Bond accounting record and the Rating Agencies with a copy of the public deed.

- (ii) In the event that there should be no substitution of the affected Loans in accordance with rule (i) above, the assignment of the affected Loan receivables not substituted shall be terminated and, as the case may be, the relevant Pass-Through Certificate will be cancelled. That termination shall take place by a repayment in cash to the Fund by the Originator of the outstanding principal of the affected Loans not substituted, interest accrued and not paid, calculated until the repayment date, and any other amount owing to the Fund under those Loans.
  - (iii) In the event of (i) and (ii) above occurring, BBVA shall be vested in all the rights attaching to those Loans accruing from the date of substitution or repayment to the Fund or accrued and not due, and overdue amounts on that same date.
3. In particular, the amendment by the Originator during the life of the Loans of their terms without regard to the limits established in the special laws applicable and, in particular, to the terms agreed between the Fund, represented by the Management Company, and the Originator in this Prospectus, in the Deed of Constitution and in the Servicing Agreement, which would therefore be an absolutely exceptional amendment, would constitute a unilateral breach by the Originator of its duties which should not be borne by the Fund or by the Management Company.

Upon any such breach occurring, the Fund may, through the Management Company: (i) demand payment of the relevant damages and losses and (ii) request replacement or repayment of the affected Loans, in accordance with the procedure provided for in paragraph 2 above of this section, which shall not result in the Originator 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 thereby and cannot be charged to the Fund or the Management Company. The Management Company shall notify the CNMV of each and every replacement of Loans on the terms of the procedure provided for in paragraph 2 above.

#### **2.2.10 Relevant insurance policies relating to the assets.**

The public deeds originating the Mortgage Loans provide that until the latter are fully repaid the Obligor is bound to have the mortgaged properties insured against the risk of fire and other damages during the contract term, at least satisfying the minimum requirements laid down by the mortgage market laws in force for the time being, but the validity of such damage insurance is not supported in the Originator's databases. In this connection, BBVA has reported in the special accounting record for mortgage loans and credits provided for in Schedule I to Royal Decree 716/2009 that 100% of the selected Mortgage Loans do not cover the mortgaged asset with damage insurance.

No details are included regarding concentration of the insurers because the status as to validity of the insurance policies taken out by the Obligors and their data are not supported in the Originator's computer records, and concentration could therefore exist in any or some insurers.

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

Not applicable.

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

There are no relationships between the Fund, the Originator, the Management Company and other parties involved in the transaction other than as set forth in section 5.2 of the Registration Document and 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.**

The appraisal values of the properties securing the selected mortgage loans correspond to appraisals made by appraisers for the purpose of granting and arranging the selected mortgage loans.

**2.3 Actively managed assets backing the issue.**

Not applicable.

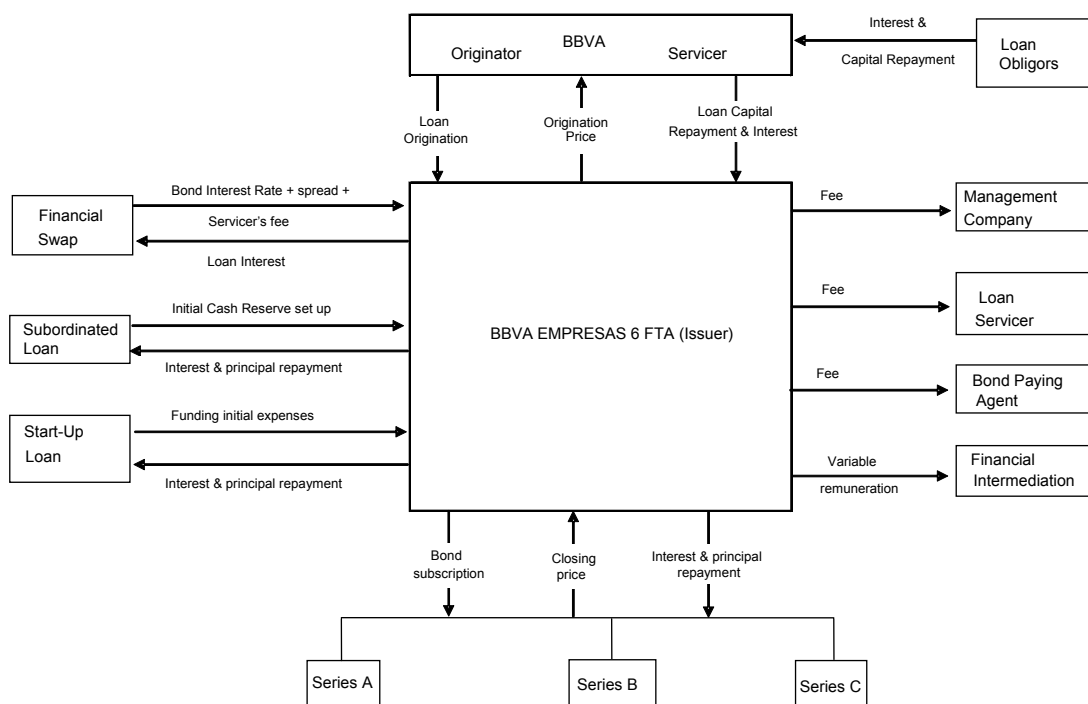
**2.4 Where the Issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.**

Not applicable.

### 3. STRUCTURE AND CASH FLOW

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

Transaction structure diagram.



#### Initial balance sheet of the Fund.

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

ASSETS		LIABILITIES	
<b>Receivables</b>	<b>1,200,162,600.00</b>	<b>Obligations and securities</b>	<b>1,200,000,000.00</b>
Loans	1,200,162,600.00	Series A	804,000,000.00
(adjustment excess to EUR 162,600.00)		Series B	240,000,000.00
		Series C	156,000,000.00
<b>Liquid assets</b>	<b>to be determined</b>	<b>Credit institution liabilities</b>	<b>250,750,000.00</b>
Treasury Account (Cash Reserve)*	144,000,000.00	Subordinated Loan	144,000,000.00
		Start-Up Loan *	750,000.00
<b>Derivatives</b>	<b>to be determined</b>	<b>Derivatives</b>	<b>to be determined</b>
Financial Swap collections	to be determined	Financial Swap payments	to be determined
		<b>Short-term creditors</b>	<b>to be determined</b>
		Loan interest accrued **	to be determined

\* Assuming that all Fund set-up and Bond issue and admission expenses are met on the Closing Date and that they amount to EUR 587,400.00 as set out in section 6 of the Securities Note.

### **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 and has, together with BBVA, structured the financial terms of the Fund and the Bond Issue.
- (ii) BBVA is the originator of the Loan receivables to be assigned to the Fund upon being established, shall be the Lead Manager and Subscriber of the Bond Issue and has, together with the Management Company, structured the financial terms of the Fund and of the Bond Issue.

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

- (iii) CUATRECASAS, as independent adviser, has provided legal advice for establishing the Fund and the Bond issue and has been involved in reviewing this Prospectus and, from a commercial and regulatory standpoint, in reviewing the transaction and financial service agreements referred to herein and the Deed of Constitution.
- (iv) Deloitte has audited the most significant features of a sample of the selected BBVA loans from which the Loans will be taken to be assigned to the Fund upon being established.
- (v) Fitch and Moody's are the Rating Agencies that have rated each Bond Issue Series.

The description of the institutions referred to in the above paragraphs is given in section 5.2 of the Registration Document.

The Management Company represents that the summary descriptions of those agreements, given in the relevant sections of this Prospectus, which it shall enter into for and on behalf of the Fund, include the most substantial and relevant information on each agreement, duly reflect their contents and that no information has been omitted which might affect the contents of the Prospectus.

### **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 Loan receivables to the Fund.**

The Management Company, for and on behalf of the Fund, and BBVA as Originator, shall in the Deed of Constitution perfect the agreement assigning the Loan receivables to the Fund, effective from that same date, as follows:

- (i) The assignment of the Mortgage Loan receivables shall be perfected upon BBVA issuing and the Fund subscribing for pass-through certificates (the "**Pass-Through Certificates**") as established by Act 2/1981, Additional Provision Five of Act 3/1994, as currently worded, Additional Provision One of Royal Decree 716/2009 and other applicable laws.

The Pass-Through Certificates shall be represented by means of a multiple registered certificate which shall contain the minimum data provided for pass-through certificates in article 29 of Royal Decree 716/2009, and the registration particulars of the mortgaged properties securing the relevant Mortgage Loans.

The Pass-Through Certificates may be transferred by a written statement on the very certificate and, in general, by any of the means admitted by Law. Transfer of the Pass-Through Certificate and the new holder's address shall be notified by the transferee to the issuer. They may only be acquired or held by professional investors, and may not be acquired by the unspecialised public.



Both in the event that any Pass-Through Certificate should be substituted, as prescribed in section 2.2.9.2 of this Building Block, and in the event that the Management Company, acting for and on behalf of the Fund, should proceed to foreclose a relevant Mortgage Loan, as prescribed in section 3.7.2.1.7 of this Building Block, and moreover if, upon Early Liquidation of the Fund, in the events and on the terms of section 4.4.3 of the Registration Document or Pass-Through Certificates have to be sold, BBVA agrees to split, as the case may be, any multiple certificate into such individual or multiple certificates as may be necessary, or to substitute or exchange the same for the above purposes.

The multiple certificate representing the Pass-Through Certificates and the multiple or individual certificates, if any, into which the same is split shall be deposited at BBVA, and relations between the Fund and BBVA shall be governed by the Loan Servicing and Pass-Through Certificate Custody Agreement to be entered into between BBVA and the Management Company for and on behalf of the Fund. That deposit shall be made for the benefit of the Fund and therefore BBVA shall custody the documents supporting the Pass-Through Certificates deposited, on the Management Company's instructions.

BBVA, as the issuer, shall keep a special book in which it shall enter the Pass-Through Certificates issued and the changes of address notified by the Pass-Through Certificate holders, also including therein (i) Mortgage Loan origination and maturity dates, initial amount and settlement method; and (ii) the registration particulars of the mortgages securing the Mortgage Loans.

Pursuant to section 2 of additional provision one of Royal Decree 716/2009, pass-through certificates may be issued exclusively to be placed among professional investors or pooled in asset securitisation funds. In addition, for the purposes of paragraph two of article 32.1 of Royal Decree 716/2009, the Fund's subscription for and holding of the Pass-Through Certificates shall not be subject to a marginal note on each entry of the mortgage underlying each Mortgage Loan in the Land Registry, given that securitisation funds are considered professional investors, as established in paragraph 3.a) of article 78 b of the Securities Market Act.

- (ii) The Non-Mortgage Loan receivables shall be assigned directly by BBVA to the Fund without any underlying security being issued by means of their sale by BBVA and acquisition by the Fund.

The assignment by BBVA to the Fund of the Loan receivables shall not be notified to either Obligors or third-party guarantors or the insurers with which the Obligors may have entered into the damage insurance contracts, if any, of the properties mortgaged under the Mortgage Loans underlying the Pass-Through Certificates. Where the Loans have other security interests or third-party personal guarantees other than a real estate mortgage, the assignment will not be initially notified either to the custodian of the assets, where that is an undertaking other than the Originator, or to the Obligors' guarantors. Where the Loans have security interests in which the custodian of the pledged assets is the Originator proper, the same shall be deemed to have received notice of the transfer upon appearing for the Deed of Constitution.

However, in the event of insolvency, administration by the Bank of Spain, liquidation or substitution of the Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors, custodians of the pledged assets and mortgaged property insurers, if any), of the transfer to the Fund of the outstanding Loan 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 and third-party guarantors and mortgaged property insurers, if any, 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 third-party guarantors, custodians of the pledged assets and mortgaged property insurers, if any.

Similarly and in the same events, the Management Company may request the Servicer to do such things and satisfy such formalities as may be necessary, including third-party notices and entries in the relevant records, in order to guarantee maximum enforceability of the assignment of the Loan receivables and collaterals with respect to third parties, all on the terms given in section 3.7.2.1.7 of this Building Block.

### **3.3.2 Loan receivables assignment terms.**

1. The Non-Mortgage Loan receivables will be assigned and Mortgage Loan Pass-Through Certificates will be issued fully and unconditionally for the entire term remaining from the date on which the Fund is established, until maturity of each Loan.

In accordance with article 348 of the Commercial Code and 1529 of the Civil Code, the Originator will be liable to the Fund for the existence and lawfulness of the Loans, and for the personality with which the assignment and the issue are made, but shall not be liable for the Obligors' solvency.

The Originator shall not bear the risk of Loan default and shall therefore have no liability whatsoever for the Obligors' default of principal, interest or any other Loan amount whatsoever they may owe, and shall not be answerable either for the enforceability of the securities collateral thereto. It will not be howsoever liable either to directly or indirectly guarantee that the transaction will be properly performed, nor give any guarantees or security, nor indeed agree to repurchase or substitute the Loans, saving as provided for in section 2.2.9 of this Building Block.

2. The assignment of Loan receivables shall be made for all the outstanding principal pending repayment on the assignment date, which shall be the date of establishment of the Fund, and for all ordinary interest on each Loan assigned.
3. The Fund shall have rights in and to the Loans from the date on which they are assigned and the Fund is established. Specifically, without limitation and for illustrative purposes only, the assignment shall confer on the Fund the following rights in relation to each Loan:
  - a) To receive all Loan capital or principal repayment amounts accrued.
  - b) To receive all Loan capital ordinary interest amounts accrued. Ordinary interest will also include interest accrued and not due on each Loan from the last interest settlement date, on or before the assignment date, and overdue interest, if any, at that same date.
  - c) To receive all late-payment interest amounts on the Loans.
  - d) To receive any other amounts, assets, properties, securities or rights received as payment of Loan principal, interest or expenses, either in the form of the auction sale price or amount determined by a court decision or notarial procedure in enforcing the mortgage or non-mortgage securities or given as payment in kind, on the sale or utilisation of properties, assets or securities awarded or given as payment in kind or, upon foreclosing, in the administration or interim possession of the properties, assets or securities in foreclosure proceedings.
  - e) To receive all possible rights or compensations on the Loans accruing for the Originator and derived therefrom, including, as the case may be, those derived from the damage insurance contracts, if any, attached to the properties mortgaged by the Mortgage Loans which are also assigned to the Fund, and those derived from any right collateral to the Loans, excluding the fees established for each Loan, which shall remain for the benefit of the Originator.
4. In the event of Loan prepayment upon a full or partial repayment of the capital, there will be no direct substitution of the affected Loans.
5. The Fund's rights resulting from the Loans shall be linked to payments made by the Obligors and shall therefore be directly affected by the evolution, late payments, prepayments or any other incident in connection therewith.
6. The Fund shall defray any and all expenses or costs advanced or disbursed by the Originator derived from recovery actions in the event of a breach by the Obligors of their obligations, including enforcement proceedings against the same.
7. In the event of renegotiation consented to by the Management Company, for and on behalf of the Fund, of the Loans, or their due dates, the change in the terms shall affect the Fund.

8. Until the execution of the Deed of Constitution, BBVA shall be the beneficiary of the damage insurance contracts entered into by the Obligors in relation to the properties mortgaged as security for the Mortgage Loans, up to the insured amount.

BBVA shall thereupon perfect the assignment attached to the issue of the Pass-Through Certificates of the rights BBVA has as the beneficiary of those damage insurance contracts taken out by the Obligors. As the holder of the Pass-Through Certificates, the Fund shall be entitled to any and all amounts received by BBVA under such agreements.

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

The price for selling the Non-Mortgage Loan receivables and subscribing for the Pass-Through Certificates shall be at par with the outstanding capital or principal. The aggregate price payable by the Fund represented by the Management Company to BBVA for the assignment of the Loan 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 Loan receivables assignment price on behalf of the Fund as follows:

1. The part of the price consisting of the face value of the capital of all Loans, item (i) of paragraph one of this section, shall be paid by the Fund on the Bond Issue Closing Date, for same day value, upon subscription for the Bond Issue and the Start-Up Loan being paid up. BBVA shall receive no interest on deferred payment until the Closing Date.
2. The part of the price consisting of payment of interest accrued on each Loan, item (ii) of paragraph one of this section, shall be paid by the Fund on each collection date, as described in section 3.4.1 below, falling on the first interest settlement date of each Loan. Payment of accrued interest shall be made without regard to the Priority of Payments.

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

### **3.3.4 Compliance with Royal Decree 216/2008.**

In compliance with the provisions of article 40 bis of Royal Decree 216/2008, December 20, in relation to the capital of financial institutions (“**Royal Decree 216/2008**”), introduced by Royal Decree 771/2011, June 3, the Originator has notified the Management Company that it shall on an ongoing basis retain a material net economic interest in the Fund on the terms required by the Bank of Spain. In this regard, the Originator has notified the Management Company that “on an ongoing basis” shall be construed in the sense that the net economic interest retained is not covered or sold, other than for adjustments derived from repayment of the Bonds or the Subordinated Loan described below and which do not affect fulfilment of the retention commitment. The Originator shall agree in the Deed of Constitution to include at its website [www.bbva.es](http://www.bbva.es) (or any future replacement website) a reference to the location where all the updated details concerning retention of a net economic interest may be found.

Notwithstanding the above, a number of details shall be provided hereinafter in this Prospectus as to such retention. In particular:

- That, pursuant to article 40 bis.1.d), the Originator, as originator of the securitisation, shall agree in the Deed of Constitution to retain on an ongoing basis the entire Subordinated Loan (first loss tranche), thereby for the retention to initially equal 12.00% of the Outstanding Balance of the Loans (securitised exposures) and be equal at all times to not less than five percent (5%) of the Outstanding Balance of the Loans from time to time, on the terms required to that end by the Bank of Spain.

- That the Originator shall agree in the Deed de Constitution to notify the Management Company, on a quarterly basis, of fulfilment of the retention commitment taken on in order for the latter in turn to post that information at its website [www.edt-sg.com](http://www.edt-sg.com). In connection with such notice, the Originator shall explicitly declare that it has not taken any action (credit risk cover, sale, short positions, etc.) undermining the application of the retention requirement.

In compliance with the provisions of paragraph two of article 40 quater of Royal Decree 216/2008, the Originator shall make sure that potential investors may readily access all the relevant details in order that they may comply with their due diligence obligations. Accordingly, if the Bonds should be transferred to third parties, whatever the amount transferred may be, the Originator shall include at its website [www.bbva.es](http://www.bbva.es) (or any future replacement website), a reference to the location where those details may be found which, to the extent considered relevant, shall include information as to credit quality and evolution of the underlying exposures, cash flows and real securities backing the securitisation exposures, and all such information as may be necessary in order to carry out thorough, documented stress tests with respect to the cash flows and the value of the real securities, if any, backing the underlying exposures.

### **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.**

Loan amounts due to the Fund and received by the Servicer will 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 if that is not a business day, and for value on the seventh calendar day after the date on which they are received by the Servicer.

The Financial Swap mitigates the interest rate risk occurring in the Fund because the Loans are subject to fixed interest and floating interest with benchmark indices and reset and settlement periods differing from the floating interest established for the Bonds based on 3-month Euribor and with quarterly accrual and settlement periods and the risk deriving from potential Loan interest rate renegotiations which may even result in their novation to a fixed rate.

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

#### **3.4.2 Information on any credit enhancement.**

##### **3.4.2.1 Description of the credit enhancement.**

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

- (i) Cash Reserve set up by drawing down the Subordinated Loan.

Mitigates the credit risk derived from Loan delinquency and default.

- (ii) Financial Swap:

Mitigates the interest rate risk occurring in the Fund because the Loans are subject to fixed interest and floating interest with benchmark indices and reset and settlement periods differing from the floating interest established for the Bonds based on 3-month Euribor with quarterly accrual and settlement periods, and the risk deriving from potential Loan interest rate renegotiations which may even result in their novation to a fixed rate. In addition, a 0.50% margin excess is included, on the weighted average Nominal Interest Rate applicable to each Series A, B and C, and the Loan servicing fee amount is covered.

- (iii) Treasury Account.

Partly mitigates the loss of return on the liquidity of the Fund due to the timing difference between Loan income received daily and until Bond interest payment and principal repayment occurs on the next succeeding Payment Date.

- (iv) Subordination and deferment in interest payment and principal repayment between the Bonds in the different Series, derived from their place in the application of the Available Funds as well as the rules for Distribution of Available Funds for Amortisation in the Priority of Payments, or in the application of the Liquidation Available Funds in the Liquidation Priority of Payments, are a means for distinctly hedging the different Series.

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

The Management Company shall set up on the Closing Date a cash reserve (the “**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 Priority of Payments.

The characteristics of the Cash Reserve shall be as follows:

##### **Cash Reserve amount.**

1. The Cash Reserve shall be set up on the Closing Date in an amount equal to EUR one hundred and forty-four million (144,000,000.00) (the “**Initial Cash Reserve**”), i.e. 12.00% of the face amount of the Bond Issue.
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 one hundred and forty-four million (144,000,000.00).
  - (ii) The higher of:
    - a) 24.00% of the Outstanding Principal Balance of the Bond Issue.
    - b) EUR seventy-two million (72,000,000.00).
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 Loans is in excess of 1.00% of the Outstanding Balance of Non-Doubtful Loans.
    - ii) That the Cash Reserve is not provisioned up to the Required Cash Reserve amount on the relevant Payment Date.
    - ii) That three (3) 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, upon Liquidation of the Fund, in the Liquidation Priority of Payments.

### **3.4.3 Details of any subordinated debt finance.**

#### **3.4.3.1 Subordinated Loan.**

The Management Company shall, for and on behalf of the Fund, on the date of establishment of the Fund enter with BBVA into an agreement whereby BBVA shall grant to the Fund a commercial subordinated loan (the “**Subordinated Loan**”) totalling EUR one hundred and forty-four million (144,000,000.00) (the “**Subordinated Loan Agreement**”). 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 Loans.

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

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

The Subordinated Loan shall at all events be finally due 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 of the Fund.

Outstanding Subordinated Loan principal shall earn floating annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Reference Rate determined for the Bonds for each Interest Accrual Period, and (ii) a 0.10% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or, in the event of liquidation of the Fund, in the Liquidation Priority of Payments. 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 February 14, 2012.

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

All Subordinated Loan amounts due and not paid by the Fund because of a shortfall of Available Funds shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments. Payment of amounts not paid on preceding Payment Dates shall take precedence over amounts falling due under the Subordinated Loan on that Payment Date, in the Priority of Payments or, in the event of liquidation of the Fund, in the Liquidation Priority of Payments.

The Subordinated Loan Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by 9pm (CET) on December 20, 2011.

#### **3.4.3.2 Start-Up Loan.**

The Management Company shall, for and on behalf of the Fund, on the date of establishment of the Fund enter with BBVA into an agreement whereby BBVA shall grant to the Fund a commercial loan (the “**Start-Up Loan**”) totalling EUR seven hundred and fifty thousand (750,000.00) (the “**Start-Up Loan Agreement**”). The Start-Up Loan amount shall be delivered on the Closing Date and be allocated to financing the Fund set-up and Bond issue and admission expenses and partly financing assignment of the Loan receivables, at the difference between the total face capital of the Loan receivables and the face amount of the Bond Issue.

Outstanding Start-Up Loan principal will earn annual nominal floating 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. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments, as appropriate. 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 February 14, 2012.

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

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

- (i) The portion of Start-Up Loan principal actually used to finance the Fund set-up and Bond issue and admission expenses shall be repaid in twelve (12) consecutive quarterly instalments in an equal amount, on each Payment Date, the first of which shall be the first Payment Date, February 14, 2012, and the following until the Payment Date falling on November 14, 2014, inclusive.
- (ii) The portion of Start-Up Loan principal used to partly finance assignment of the Loan receivables and the unused portion, if any, shall be repaid on the first Payment Date, February 14, 2012.

All Start-Up Loan amounts due and not paid by the Fund because of a shortfall of Available Funds shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments. Payment of amounts not paid on preceding Payment Dates shall take precedence over amounts falling due under the Start-Up Loan on that Payment Date, in the Priority of Payments or, in the event of liquidation of the Fund, in the Liquidation Priority of Payments.

The Start-Up Loan Agreement shall not be terminated in the event of the Fund being terminated, in accordance with the provisions of section 4.4.4 (v) of the Prospectus Registration Document. In that event, the Start-Up Loan shall be used to pay the 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 resources.

#### **3.4.3.3 Subordination of Series B and C Bonds.**

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

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

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

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

##### **3.4.4.1 Treasury Account.**

The Management Company, for and on behalf of the Fund, and BBVA shall enter into a guaranteed interest rate account agreement (the "**Guaranteed Interest Rate Account (Treasury Account) Agreement**") whereby BBVA will guarantee 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:

- (i) cash amount received upon subscription for the Bond Issue being paid up;
- (ii) Loan principal repaid and interest collected;
- (iii) any other Loan amounts received 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 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 date of expiry of each interest accrual period on each Fund Determination Date (the fifth (5<sup>th</sup>) Business Day preceding each Payment Date), and shall be calculated based on: (i) the exact number of days in each interest accrual period, and (ii) a three-hundred-and-sixty-five (365-) day year or a three-hundred-and-sixty-six (366-) day year if it is a leap year. The first interest accrual period shall comprise the days elapsed between the date of establishment of the Fund and the first Determination Date, February 7, 2012.

In the event that the rating of the unsecured and unsubordinated debt obligations of BBVA or 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 by Moody’s, for the short-term credit rating, or below F1 or A by Fitch, respectively for the short- or long-term credit rating, the Management Company shall within not more than thirty (30) calendar days from the time of the occurrence of any such circumstances, 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 unsecured and unsubordinated debt obligations rated at least as high as P-1 in the short term by Moody’s, and/or F1 and A respectively in the short and long term by Fitch, an unconditional and irrevocable first demand guarantee, waiving the benefits of discussion, division and priority, securing for the Fund, merely upon the Management Company so requesting, prompt payment by the Treasury Account Provider 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 and/or F1 and/or A as aforesaid.
- b) Transferring the Treasury Account to an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as F1 and P-1, respectively by Fitch and Moody’s, and with long-term unsecured and unsubordinated debt obligations rated at least as high as A by Fitch, and arranging a 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 that connection, the assumption is that, even if the Treasury Account Provider's debt obligations should be rated A and F1, if Fitch has publicly announced that either rating is in a "Rating Watch Negative" status, or those ratings should have been withdrawn by Fitch, the rating of the Treasury Account Provider's debt obligations will also be deemed to be below Fitch's aforementioned required minimum ratings.

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 F1 and P-1, respectively by Fitch and Moody's, and at least as high as A by Fitch for long-term unsecured and unsubordinated debt obligations, 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 putting in place and arranging the above options shall be borne by BBVA or, as the case may be, the subsequent guaranteed Treasury Account Provider.

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

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

The Servicer shall manage collection of all Loan amounts payable by the Obligors, and any other item including under the mortgaged property damage insurance contracts securing the Mortgage Loans. 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.

Loan amounts due to the Fund received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh day after the day on which they were received by the Servicer, or the following business day if that is not a business day, and for value date on the seventh calendar day after the date on which they were received by the Servicer, in accordance with the terms and conditions laid down in the Servicing Agreement. In this connection, business days shall be taken to be all those that are business days in the banking sector in the city of Madrid.

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt obligations should be downgraded below P-1 by Moody's, or its short- or long-term debt obligations should be respectively downgraded below F1 or A by Fitch, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be paid to the Fund crediting the Treasury Account on the first day after the day on which they were received by the Servicer or the following business day if that is not a business day, for same day value. In that connection, the assumption is that, even if the Treasury Account Provider should be rated A and F1, if Fitch has publicly announced that either rating is in a "Rating Watch Negative" status, or those ratings should have been withdrawn by Fitch, the rating of the Treasury Account Provider's debt obligations will also be deemed to be below Fitch's aforementioned required minimum ratings.

The Management Company shall issue the same instructions in the event that the Servicer's unsecured and unsubordinated debt obligations should not be rated by Fitch or Moody's.

In the event of the Servicer's long-term credit rating being downgraded below Baa3 by Moody's, the Servicer will do one of the following:

- (i) post cash collateral for the benefit of 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 Loan 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 Loan delinquency rate should be 0.00% and the CPR should be 10.00%.

In the event that the rating of the Servicer's long- or short-term unsecured and unsubordinated debt obligations should be downgraded respectively below A or F1 by Fitch, the Servicer shall, within not more than fourteen (14) calendar days from the time of the occurrence of that circumstance, post cash collateral at an institution with long- and short-term debt obligations respectively rated at least as high as A and F1 by Fitch. In that connection, the assumption is that, even if the Servicer's long- and short-term debt obligations should be rated A and F1, if Fitch has publicly announced that either debt rating is in a "Rating Watch Negative" status, or those ratings should have been withdrawn by Fitch, the rating of the Servicer's debt obligations will also be deemed to be below Fitch's aforementioned required minimum ratings. Secondly, and if the Servicer should have failed to post the collateral aforesaid, the Management Company shall request the Servicer to notify Obligors that Loan payments should be made into the Treasury Account opened in the name of the Fund.

The amount of the collateral posted shall be equal to the sum of (i) twice the amount due under orders of priority 1 and 2 on the Payment Date preceding the collateral calculation date, (ii) the Series A Bond interest amount payable on the Payment Date following the collateral calculation date, and (iii) the Series A Bond interest payable by the Fund on the Payment Date following the collateral calculation date if the Reference Rate should be replaced with the interest rate resulting from the following formula:

$$NT = [(((E6 \cdot 180) - (E3 \cdot 90)) / [1 + (E3 \cdot 90) / 36000] \cdot 90)] + 0,30$$

Wherein:

NT= Interest rate replacing the Reference Rate

E3= Three- (3-) month Euribor

E6= Six- (6-) month Euribor.

Three- (3-) month Euribor and six- (6-) month Euribor shall be as published at the EURIBOR01 electronic page supplied by Reuters, on the Interest Rate Fixing Date.

The Management Company, for and on behalf of the Fund, may only draw on those cash collaterals or the credit facility in favour of the Fund the Loan amounts it shall not receive, if any, owing to the Fund, received by the Servicer and not paid to the Fund.

In the event that the Servicer's short-term unsecured and unsubordinated debt obligations should be upgraded back to being at least as high as P-1 by Moody's, and that the short- and long-term credit ratings should be respectively upgraded back to F1 and A by Fitch, the Loan 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 the above actions shall not apply with respect to Moody's and Fitch.

The Servicer shall do any of the above in the event that the Servicer's unsecured and unsubordinated debt obligations should not be rated by Fitch or Moody's.

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

The Servicer shall at no event pay any Loan 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.**

The source of the amounts available for the Fund on the Closing Date and their application until the first Payment Date, exclusive, 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 price for acquiring the Non-Mortgage Loan receivables and subscribing for the Pass-Through Certificates 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 Available Funds for Amortisation 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 Servicer concerning the items applied):

- a) Loan principal repayment income received during the Determination Period preceding the relevant Payment Date.
- b) Loan ordinary and late-payment interest income received during the Determination Period preceding the relevant Payment Date.
- c) The return received on amounts credited to the Treasury Account.
- d) The Cash Reserve amount on the Determination Date preceding the relevant Payment Date.
- e) 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).
- f) 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, properties, securities or rights awarded or given as payment in kind for Loans.
- g) Additionally, until the first Payment Date, the remainder upon the Start-Up Loan being drawn down to the extent not used.

Income under a), b) and f) above received by the Fund and credited to the Treasury Account from the Determination Date, exclusive, preceding the relevant Payment Date, inclusive, shall not be included among 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 management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement, and any Fund set-up and Bond issue and admission expenses not paid on the Closing Date. Only expenses prepaid or disbursed on the Fund's behalf by and Loan amounts reimbursable to the Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.
2. Payment to the Servicer of the fee established in the Servicing Agreement.
3. 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 interest due on Series A Bonds.

5. Payment of interest due on Series B Bonds unless this payment is deferred to 8<sup>th</sup> place in the order of priority.

This payment shall be deferred to 8<sup>th</sup> place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Loans since the Fund was established, reckoned at the amount of the Outstanding Balance as at the Doubtful Loan classification date, is in excess of 20.00% of the initial Outstanding Balance of the Loans upon the Fund being established and provided that Series A Bonds have not been and are not to be fully amortised on the relevant Payment Date.

6. Payment of interest due on Series C Bonds unless this payment is deferred to 9<sup>th</sup> place in the order of priority.

This payment shall be deferred to 9<sup>th</sup> place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Loans since the Fund was established, reckoned at the amount of the Outstanding Balance as at the Doubtful Loan classification date, is in excess of 15.00% of the initial Outstanding Balance of the Loans upon the Fund being established and provided that Series A and B Bonds have not been and are not to be fully amortised on the relevant Payment Date.

7. Amortisation withholding in an amount equivalent to the positive difference existing at the Determination Date preceding the relevant Payment Date between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Loans.

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

8. Payment of interest due on Series B Bonds when this payment is deferred from 5<sup>th</sup> place in the order of priority as established therein.

9. Payment of interest due on Series C Bonds when this payment is deferred from 6<sup>th</sup> place in the order of priority as established therein.
10. Withholding of an amount sufficient for the Required Cash Reserve amount to be maintained.
11. 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.
12. Payment of Subordinated Loan interest due.
13. Repayment of Subordinated Loan principal to the extent amortised.
14. Payment of Start-Up Loan interest due.
15. Repayment of Start-Up Loan principal to the extent amortised.
16. Payment of the Financial Intermediation Margin.

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

(1) The following shall be considered ordinary expenses of the Fund:

- a) Any expenses deriving from mandatory administrative verifications, registrations and authorisations, other than payment of the Fund set-up and Bond issue expenses.
- b) Rating Agency fees for monitoring and maintaining the Bond rating.
- c) Expenses relating to keeping the Bond accounting record representing the Bonds by means of book entries, admission to trading in organised secondary markets and maintaining all of the foregoing.
- d) Expenses of auditing the annual accounts.
- e) Bond amortisation expenses.
- f) Expenses deriving from announcements and notices relating to the Fund and/or the Bonds.

The Fund's ordinary expenses in its first year, including the management fee due to the Management Company and those derived from the Paying Agent Agreement, are estimated at approximately EUR two hundred and fifty thousand (250,000.00). Because most 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 Loans and their collaterals, and deriving from any recovery actions required.
- c) Expenses required to manage, administer, maintain, value and dispose of or operate real properties, assets, securities or rights awarded to or given as payment in kind on the Loans.
- d) Extraordinary expenses of audits and legal advice.
- e) 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.
- f) In general, any other extraordinary expenses or costs required or not determined among ordinary expenses borne by the Fund or borne or incurred by the Management Company for and on behalf of the Fund.

#### **3.4.6.2.2 Available Funds for Amortisation: source and application.**

##### **1. Source.**

The Available Funds for Amortisation on each Payment Date shall be the Amortisation Withholding amount actually applied in sixth (6<sup>th</sup>) place of the order of priority of payments on the relevant Payment Date.

##### **2. Distribution of Available Funds for Amortisation between each Series.**

The Available Funds for Amortisation on each Payment Date shall be sequentially applied firstly to amortising Series A until fully amortised, secondly to amortising Series B until fully amortised and thirdly to amortising Series C until fully amortised.

#### **3.4.6.3 Fund Liquidation Priority of Payments.**

The Management Company shall proceed to liquidate the Fund upon the Fund being liquidated on the Final Maturity Date or 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, and (ii) the amounts obtained by the Fund from time to time upon disposing of the Loan receivables and the remaining assets, 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 Loan amounts reimbursable to the Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.
3. Payment to the Servicer of the fee established in the Servicing Agreement.
4. As the case may be, payment of amounts due on the net amount payable by the Fund upon termination of 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 interest due on Series A Bonds.
6. Repayment of Series A Bond principal.
7. Payment of interest due on Series B Bonds.
8. Repayment of Series B Bond principal.
9. Payment of interest due on Series C Bonds.
10. Repayment of Series C Bond principal.
11. In the event of the credit facility or the loan being arranged as provided for in section 4.4.3.3.(iii) of the Registration Document, payment of the financial expenses accrued and repayment of principal of the credit facility or the loan taken out.
12. 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.

13. Payment of Subordinated Loan interest due.
14. Repayment of Subordinated Loan principal.
15. Payment of Start-Up Loan interest due.
16. Repayment of Start-Up Loan principal.
17. Payment of the Financial Intermediation Margin.

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

Additionally, and not included among the Liquidation Available Funds, the Fund shall have, as the case may be, in accordance with the provisions of section 4.4.3.3 (iii) of the Registration Document, the amount drawn under the credit facility or the loan taken out for early amortisation of the Bonds then outstanding, designed only for settling such items.

#### **3.4.6.4 Financial Intermediation Margin.**

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

The Originator shall be entitled to receive from the Fund a variable subordinated remuneration (the "**Financial Intermediation Margin**") which shall be determined and shall accrue upon 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, in each period 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 January 31, 2012, inclusive, this being the last day in the calendar month preceding the first Payment Date, and (ii) the last Financial Intermediation Margin accrual period shall comprise a) until the Final Maturity Date or the date on which Early Liquidation of the Fund concludes, b) from the last day in the calendar month preceding the Payment Date before the date referred to in a), including a) but not including b). The first Financial Intermediation Margin settlement date shall be the first Payment Date, February 14, 2012.

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 due 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, in the event of liquidation of the Fund, in the Liquidation Priority of Payments. Financial Intermediation Margin amounts not paid on preceding Payment Dates shall be paid with priority over the amount payable on the relevant Payment Date.

The Financial Intermediation Agreement shall be fully terminated in the event that the Rating Agencies should not confirm any of the provisional ratings assigned to each Bond Series as final by 9pm (CET) on December 20, 2011.

### **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 1997 standard Master Financial Transaction Agreement (CMOF), including the Master Agreement, Schedule I, Schedule II, Schedule III and 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 Loan interest rate, and in consideration BBVA will make payments to the Fund calculated on the weighted average Nominal Interest Rate of the Bond Series and other items, the foregoing as described hereinafter.

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

**Party B: BBVA.**

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

The payment dates shall fall on the Bond Payment Dates, i.e. on February 14, May 14, August 14 and November 14 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 February 14, 2012.

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:**

The Party A calculation periods shall be the exact number of days elapsed between two consecutive Determination Dates, not including the first but including the last date. Exceptionally, a) the length of the first Party A calculation period shall be equivalent to the exact number of days elapsed between the date of establishment of the Fund, inclusive, and February 7, 2012, 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:**

The Party B calculation periods shall be the exact number of days elapsed between two consecutive payment dates, including the first but not including the last 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, February 14, 2012, 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 Loans.

#### **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 ordinary Loan interest amount received and credited to the Fund during the Party A calculation period, decreased by the amount of interest accrued on the Loan receivables assigned, if any, paid by the Fund 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 accrued fee amount on the relevant payment date under the Servicing Agreement or under a new servicing agreement in the event of substitution.

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

For each Party B calculation period this shall be the annual interest rate resulting from adding (i) the average Nominal Interest Rate applicable to each Series A, B and C determined for the then-current Interest Accrual Period matching each Party B calculation period, weighted by the Outstanding Principal Balance of each Series A, B and C during the then-current Interest Accrual Period, and (ii) 0.50%.

#### **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 of 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 to terminate 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, the foregoing in the Priority of Payments or, in the event of liquidation of the Fund, in the Liquidation Priority of Payments. Should the settlement amount under the Financial Swap Agreement be a payment obligation for Party B and not for the Fund (Party A), Party B shall take over the obligation to pay the settlement amount 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 to terminate the Financial Swap Agreement. In that event, Party B shall accept the obligation to pay the settlement amount payable established in the Financial Swap Agreement. Should the settlement amount payable under the Financial Swap Agreement be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments or, as the case may be, 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 Fitch Criteria**

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

- (i) If the long- and short-term unsecured and unsubordinated debt obligations of Party B cease to be respectively rated at least as high as A and F1 by Fitch (and in this connection the assumption is that, even if Party B's debt obligations should be rated at least as high as A and F1, if Fitch should have publicly announced that either rating is in a "Rating Watch Negative" status, the rating of Party B's debt obligations will also be deemed to be one step below those ratings and Party B shall therefore be considered to be ineligible) ("Fitch Ratings"), then Party B will, within fourteen (14) calendar days of the date of that occurrence, at its own cost, either:
  - (A) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party with Fitch Ratings;
  - (B) obtain an unconditional, irrevocable first demand credit support document, waiving the benefits of discussion, division and priority, from a third party with Fitch Ratings and guaranteeing its obligations with respect to the Financial Swap Agreement; or
  - (C) post cash or securities collateral with a third party with Fitch Ratings, as security for fulfilment of Party B's obligations, at an amount calculated based on the market value of the Financial Swap and in accordance with Annex III to the Financial Swap Agreement.

#### **(ii) Fitch Criteria (continued)**

If the long- and short-term unsecured and unsubordinated debt obligations of Party B cease to be respectively rated at least as high as BBB+ or F2 (and in this connection the assumption is that, even if Party B should be rated at least as high as BBB+ or F2, if Fitch should have publicly announced that either rating is in a "Rating Watch Negative" status, the rating of the debt obligations will also be deemed to be one step below those ratings), then Party B will, within fourteen (14) calendar days of the date of that occurrence, at its own cost, either:

- (A) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party with Fitch Ratings;
- (B) obtain an unconditional, irrevocable first demand credit support document, waiving the benefits of discussion, division and priority, from a third party with Fitch Ratings, guaranteeing its obligations with respect to the Financial Swap Agreement; or
- (C) post cash or securities collateral or, as the case may be, increase the same, with a third party with Fitch Ratings, as security for fulfilment of Party B's obligations, at an amount calculated based on the market value of the Financial Swap and in accordance with Annex III to the Financial Swap Agreement.

#### **(iii) Fitch Criteria (continued)**

If the long- and short-term unsecured and unsubordinated debt obligations of Party B, or, if (i) (B) or (ii) (B) above have been arranged for, of its credit support provider, cease to be respectively rated at least as high as BBB- or F3 (and in this connection the assumption is that, even if Party B's debt obligations should be rated at least as high as BBB- or F3, if Fitch should have publicly announced that any of those ratings is in a "Rating Watch Negative" status, the rating of the debt obligations will also be deemed to be one step below those ratings), then Party B will, within thirty (30) calendar days of that occurrence, at its own cost, attempt either to:

- (A) obtain an unconditional and irrevocable first demand credit support document, waiving the benefits of discussion, division and priority, from a third party with Fitch Ratings (or BBB+ and F2 by Fitch, provided that the collateral referred to in (i) (C) above has been posted), guaranteeing its obligations with respect to the Financial Swap Agreement; or

- (B) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party with Fitch Ratings (or rated BBB+ and F2 by Fitch, provided that the collateral referred to in (i) (C) above has been posted).

In (i), (ii) and (iii) above, where the choice is made to obtain a credit support document from a third party, both that credit support document and the legal opinion attached thereto shall be submitted to Fitch or its legal advisers.

If the ratings for the long- and short-term unsecured and unsubordinated debt obligations of Party B or its credit support provider are withdrawn by Fitch, then Party B shall, within thirty (30) calendar days after the rating is withdrawn, and at its cost, do one of (iii)A or (iii)B above.

Any and all costs, expenses and taxes incurred in connection with complying with the foregoing obligations shall be borne by Party B.

## **8.2 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 Annex III to the Financial Swap Agreement, 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 a replacement with at least the Second Required Rating Threshold ("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, or (B) obtain a replacement with at least the Second Required Rating Threshold ("Eligible Replacement"), (or an Eligible Replacement with a Credit Support Provider having at least the Second Required Rating Threshold).

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 as high as P-1 by Moody's, on the terms of Annex III to the Financial Swap Agreement.

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 complying with 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); and (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 Second Required Rating Threshold, 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.

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

9.1 In the event of Early Termination, in the events set out and defined in the Financial Swap Agreement, Party B shall accept the obligation to pay the settlement amount payable provided for in the Financial Swap Agreement. Should the settlement amount payable under the Financial Swap Agreement be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.

9.2 The Financial Swap Agreement shall be governed by Spanish laws.

9.3 The Financial Swap Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by 9pm (CET) on December 20, 2011.

9.4 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 4.9.4 of the Securities Notes and 4.4.3 of the Registration Document, 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.

9.5 Party B may only assign all its rights and obligations under the Financial Swap Agreement, with Party A's written consent, to a third party rated with Moody's First Required Rating Threshold and Fitch Ratings, following notice to the Rating Agencies.

#### **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 Bond Issue (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, out of the Fund's Treasury Account, paying Bond interest and, as the case may be, repaying Bond principal through Iberclear, after deducting the total amount of the interim tax withholding for return on investments to be made by the Management Company, on 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 each Bond Series.

In the event that the rating of the Paying Agent's unsecured and unsubordinated debt obligations should be downgraded, at any time during the life of the Bond Issue, below P-1 by Moody's, for the short-term credit rating, or respectively below F1 or A by Fitch for the short- or long-term credit rating, the Management Company shall, within not more than thirty (30) calendar days from the time of the occurrence of any such circumstances, do either of the following after notifying the Rating Agencies: (i) obtain from an institution with unsecured and unsubordinated debt obligations rated at least as high as P-1 in the short term by Moody's, and/or F1 and A respectively in the short and long term by Fitch, an unconditional and irrevocable first demand guarantee, waiving the benefits of discussion, division and priority, securing, merely upon the Management Company so requesting, and fulfilment of the payment commitments made by the Paying Agent, for such time as any such downgrades and loss of credit ratings by the Paying Agent remain in place, or (ii) revoke the Paying Agent's designation and thereupon designate another institution with short-term unsecured and unsubordinated debt obligations rated at least as high as F1 and P-1, respectively by Fitch and Moody's, and with long-term unsecured and unsubordinated debt obligations rated at least as high as A by Fitch, to take its place before terminating the Paying Agent Agreement or as the case may be under a new paying agent 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 guaranteed Paying Agent. In that connection, the assumption is that, even if the Paying Agent should be rated A and F1, if Fitch has publicly announced that either rating is in a "Rating Watch Negative" status, or those ratings should have been withdrawn by Fitch, the rating of the Paying Agent's debt obligations will also be deemed to be below Fitch's required minimum ratings.

Should the Paying Agent be replaced, the Management Company shall be entitled to change the fee payable to the substitute institution, which may be higher than that established under the original Paying Agent Agreement.

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 one of the 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, as the case may be, 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, as the case may be, 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 each Series as final ratings by 9pm (CET) on December 20, 2011.

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

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

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

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

Gran Vía number 1, 48001 Bilbao

Paseo de Recoletos number 10, 28001 Madrid

#### Significant economic activities of BBVA.

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

The following is the relevant consolidated information for BBVA Group at September 30, 2011, December 31, 2010 and December 31, 2009, and how the latter two dates compare. The financial information at December 31, 2010 and December 31, 2009 has been audited. That information was prepared in accordance with International Financial Reporting Standards applicable to it 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.

	(A)	(B)	(A-B)/B	
BALANCE SHEET (EUR million)	30.09.2011	31.12.2010	31.12.2009	Δ%
Total assets	584,438	552,738	535,065	3.30
Customer credit (gross)	352,633	348,253	332,162	4.84
Balance-sheet customer resources *	282,050	378,388	371,999	1.72
Other customer resources	136,588	147,572	137,105	7.63
Total customer resources	418,638	525,960	509,104	3.31
Net assets	39,868	37,475	30,763	21.82
Equity	41,552	36,689	29,362	24.95
PROFIT & LOSS ACCOUNT (EUR million)	30.09.2011	31.12.2010	30.09.2009	Δ%
Interest margin	9,676	13,320	13,882	-4.05
Gross margin	15,052	20,910	20,666	1.18
Net margin	7,753	11,942	12,308	-2.97
Pre-tax profit	4,145	6,422	5,736	11.96
Profit attributed to the Group	3,143	4,606	4,210	9.41
DATA PER SHARE AND MARKET VALUE	30.09.2011	31.12.2010	31.12.2009	Δ%
Price	6.18	7.56	12.73	-40.61
Market value (EUR million)	29,817	33,951	47,712	-28.84
Earnings per share	0.66	1.17	1.08	8.33
Book value	8.61	8.17	7.83	4.34
PBVR	0.70	0.90	1.60	

		(A)	(B)	(A-B)/B
<b>RELEVANT RATIOS (%)</b>	<b>30.09.2011</b>	<b>31.12.2010</b>	<b>31.12.2009</b>	
ROE	11.30	15.80	16.00	
ROA	0.83	0.89	0.85	
RORWA	1.46	1.64	1.56	
Efficiency ratio with depreciation	48.50	42.90	40.40	
Delinquency rate	4.10	4.10	4.30	
Enterprise loan delinquency rate	5.86	5.72	5.46	
Coverage rate	60.00	62.00	57.0	
Mortgage delinquency rate	3.14	2.90	2.68	
<b>CAPITAL RATIOS (BIS REGULATIONS) (%)</b>	<b>30.09.2011</b>	<b>31.12.2010</b>	<b>31.12.2009</b>	
BIS ratio	12.60	13.70	13.60	
Core capital	9.10	9.60	8.00	
TIER I	9.80	10.50	9.40	
<b>ADDITIONAL INFORMATION</b>	<b>30.09.2011</b>	<b>31.12.2010</b>	<b>31.12.2009</b>	
Number of shares (million)	4,825	4,491	3,748	
Number of shareholders	981,348	952,618	884,373	
Number of employees	110,625	106,976	103,721	
Number of branches	7,436	7,361	7,466	

\* The figure at 30/09/2011 relates to customer deposits.

### **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 the 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, as

provided for in the Deed of Constitution and in this Prospectus. Moreover, making all appropriate decisions in the event of the establishment of the Fund terminating.

- (iii) Complying with its formal, documentary and reporting duties to the CNMV, the Rating Agencies and any other supervisory body.
- (iv) Appointing and, as the case may be, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts.
- (v) Providing Bondholders, the CNMV and the Rating Agencies with all such information and notices as may be prescribed by the laws in force for the time being and specifically as established in the Deed of Constitution and in this Prospectus.
- (vi) Complying with the calculation duties provided for and taking the actions laid down in 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 or loan agreement in the event of Early Liquidation of the Fund. In any event, those actions shall require that the Management Company notify or first secure the authorisation, if necessary, of the CNMV and notify the Rating Agencies, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agencies. In addition, the Management Company may amend the Deed of Constitution, on the terms laid down in article 7 of Act 19/1992, set out in section 4.4.1 of the Registration Document. The Deed of Constitution or the agreements may also be corrected upon a request by the CNMV.
- (viii) Exercising the rights attaching to the ownership of the Non-Mortgage Loan receivables and the Pass-Through Certificates 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.
- (ix) Checking that the Loan income amount actually received by the Fund matches the amounts that must be received by the Fund, on the terms of assignment of the Loan receivables and on the terms of their respective agreements communicated by the Originator, and that the Loan amounts receivable are provided by the Servicer to the Fund within the time-periods and on the terms provided for under the Servicing Agreement.
- (x) Determining on each Interest Rate Fixing Date and for each Interest Accrual Period thereafter, the Nominal Interest Rate to be applied for each Bond Series and calculating and settling the accrued interest amounts payable on each Payment Date.
- (xi) Calculating and determining on each Determination Date the principal to be amortised and repaid on each Bond Series on the relevant Payment Date.
- (xii) Determining the interest rate applicable to each of the relevant borrowing, lending and hedge transactions and calculating and settling the interest and fee amounts receivable and payable by the Fund under the same, and the fees payable for the various financial services arranged for.
- (xiii) Taking the actions for which provision is made in relation to the debt ratings or the financial position of the Fund counterparties in the financial and service provision agreements listed in section 3.2 of this Building Block.
- (xiv) Watching that the amounts credited to the Treasury Account return the yield set in the Agreement.



- (xv) Calculating the Available Funds, the Available Funds for Amortisation, the Liquidation Available Funds and the payment or withholding obligations to be complied with, and applying the same in the Priority of Payments or the Liquidation Priority of Payments, as the case may be.
- (xvi) 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 duties to manage and be the authorised representative of 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 those duties 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 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 reputable creditworthy third parties the provision of any of the services it has to provide as the manager and authorised representative of the Fund, as established in this Prospectus, provided that the subcontractor or delegated party waives the right to take any action holding the Fund liable. In any event, subcontracting or delegating any service (i) may not result in an additional cost or expense for the Fund, (ii) shall have to be legally possible, (iii) shall not result in the rating accorded to each Bond Series by the Rating Agencies being downgraded, and (iv) shall be notified to the CNMV and, where statutorily required, first be authorised by the CNMV. Notwithstanding any subcontracting or subdelegation, the Management Company shall not be exonerated or released, under that subcontract or subdelegation, from any of the liabilities undertaken in this Prospectus which may legally be attributed or ascribed to it.

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

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

- (i) An initial fee 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, as the case may be, the Liquidation Priority of Payments. The periodic fee amount on each Payment Date may not be respectively higher or lower than the maximum and minimum amounts determined. The minimum amount shall be cumulatively reset in the same proportion, from the year 2013, inclusive, and be effective from 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 at 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, in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

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

BBVA, Originator of the Loan receivables to be assigned to the Fund, as established in article 2.2.b) of Royal Decree 926/1998, and for the Pass-Through Certificates as established in article 23.3 of Royal Decree 716/2009, shall continue as attorney for the Management Company to be responsible for custody and servicing of the Loans, and relations between BBVA and the Fund, represented by the Management Company, shall be governed by the Loan Servicing and Pass-Through Certificate Custody Agreement (the "**Servicing Agreement**") in relation to custody and servicing of the Loans and custody of the Pass-Through Certificate supporting documents.

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

- (i) To be the Loan custodian and servicer subject to the system terms and ordinary custody and servicing procedures established in the Servicing Agreement.
- (ii) To continue servicing the Loans, devoting the same time and efforts to them as it would devote and use to service its own loans and in any event on the terms for which provision is made in the Servicing Agreement.
- (iii) That the procedures it applies and will apply to service and manage the Loans are and will continue to be in accordance with the laws and statutory regulations in force applicable thereto.

- (iv) To full faithfully observe the instructions issued by the Management Company, provided that they observe the provisions of the Servicing Agreement, this Prospectus, the Deed of Constitution and the laws for the time being in force.
- (v) To pay the Fund damages and losses resulting from a breach of the obligations undertaken, although the Servicer shall not be liable for actions put in place on the Management Company's instructions.

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

### **3.7.2.1 Ordinary system and procedures for servicing and managing the Loans.**

#### **1. Custody of deeds, agreements, documents and files.**

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

The Servicer shall allow the Management Company or the auditors or other advisers of the Fund duly authorised thereby reasonable access at all times to such deeds, agreements, documents and files. The Servicer shall, in addition, whenever it is asked to do so by the Management Company, provide within two (2) Business Days of that request and free of charge, a copy or photocopy of any of such deeds, agreements and documents.

#### **2. Collection management.**

The Servicer shall continue managing collection of all Loan amounts payable by the Obligors and any other item including under the mortgaged property insurance contracts securing the Mortgage Loans. The Servicer shall use all reasonable efforts for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Loans.

Loan amounts due to and received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh day after the day on which they were received by the Servicer, or the following business day if that is not a business day, and for value date on the seventh calendar day after the date on which they were received by the Servicer, 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 city of Madrid.

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt obligations should be downgraded below P-1 by Moody's, or that the rating of the long-term debt obligations should be downgraded below F1 or A by Fitch, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be paid to the Fund crediting the Treasury Account on the first day after the date on which they were received by the Servicer or the following business day, if that is not a business day, for same day value. In that connection, the assumption is that, even if the Servicer's long- and short-term debt obligations should be rated A and F1, if Fitch has publicly announced that either rating is in a "Rating Watch Negative" status, or those ratings should have been withdrawn by Fitch, the ratings of the Servicer's debt obligations will also be deemed to be below Fitch's aforementioned required minimum ratings.

The Management Company shall issue the same instructions in the event that the Servicer's unsecured and unsubordinated debt obligations should not be rated by Fitch or Moody's.

In the event of the Servicer's long-term credit rating being downgraded below Baa3 by Moody's, the Servicer will do either of the following:

- (i) post cash collateral for the benefit of the Fund with an institution with short-term 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 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 Loan 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 Loan delinquency rate should be 0.00% and the CPR should be 10.00%.

In the event that the rating of the Servicer's long- or short-term unsecured and unsubordinated debt obligations should be downgraded respectively below A or F1 by Fitch, the Servicer shall, within not more than fourteen (14) calendar days from the time of the occurrence of that circumstance, post cash collateral at an institution with long- and short-term debt obligations respectively rated at least as high as A and F1 by Fitch. In that connection, the assumption is that, even if the Servicer's long- and short-term debt obligations should be rated A and F1, if Fitch has publicly announced that either debt rating is in a "Rating Watch Negative" status, or those ratings should have been withdrawn by Fitch, the rating of the Servicer's debt obligations will also be deemed to be below Fitch's aforementioned required minimum ratings. Secondly, and if the Servicer should have failed to post the collateral aforesaid, the Management Company shall request the Servicer to notify Obligors that Loan payments should be made into the Treasury Account opened in the name of the Fund.

The amount of the collateral posted shall be equal to the sum of (i) twice the amount due under orders of priority 1 and 2 on the Payment Date preceding the collateral calculation date, (ii) the Series A Bond interest amount payable on the Payment Date following the collateral calculation date, and (iii) the Series A Bond interest payable by the Fund on the Payment Date following the collateral calculation date if the Reference Rate should be replaced with the interest rate resulting from the following formula:

$$NT = (E6 \cdot 180) - (E3 \cdot 90) / 1 + (E3 \cdot 90) / 36000 \cdot 90 + 0,30$$

Wherein:

NT= Interest rate replacing the Reference Rate

E3= Three- (3-) month Euribor

E6= Six- (6-) month Euribor.

Three- (3-) month Euribor and six- (6-) month Euribor shall be as published at the EURIBOR01 electronic page supplied by Reuters, on the Interest Rate Fixing Date.

The Management Company, on behalf of the Fund, may only draw on those cash collaterals or the credit facility in favour of the Fund the Loan amounts it shall not receive, if any, owing to the Fund, received by the Servicer and not paid to the Fund.

In the event that the Servicer's short-term unsecured and unsubordinated debt obligations should be upgraded back to being at least as high as P-1 by Moody's, and that the short- and long-term credit ratings should be respectively upgraded back to F1 and A by Fitch, the Loan 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 with respect to Moody's and Fitch.

The Servicer shall do any of the above in the event that the Servicer's unsecured and unsubordinated debt obligations should not be rated by Fitch or Moody's.

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

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

### **3. Fixing the interest rate.**

In the case of floating-rate Loans, notwithstanding a possible renegotiation to a fixed rate, the Servicer shall continue fixing the interest rates applicable in each interest period as established in the respective Loan agreements, submitting such communications and notices as may be established therein.

### **4. Information.**

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

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

### **5. Loan subrogation.**

The Servicer shall be authorised to permit substitutions in the Obligor's position under the Loan agreements, exclusively where the new Obligor's characteristics are not less creditworthy than those of the former Obligor and those characteristics observe the lending policies described in section 2.2.7 of this Building Block, and further provided that the expenses derived from that change are fully borne by the Obligors. The Management Company may fully or partially limit this authority of the Servicer or set conditions therefor, in the event that those substitutions might adversely affect the ratings accorded to the Bonds by the Rating Agencies.

In relation to the Mortgage Loans, a mortgagor may apply to the Servicer for subrogation under the Mortgage Loans pursuant to Act 2/1994. Subrogation of a new creditor under the Mortgage Loan and the ensuing payment of the amount due shall, as the case may be, result in early amortisation of the respective Pass-Through Certificate.

### **6. Authorities and actions in relation to Loan renegotiation procedures.**

The Servicer may not voluntarily cancel the Loans or their mortgages or security arrangements for any reason other than payment of the Loan, relinquish or settle in regard thereto, forgive the Loans in full or in part or extend the same, or in general do anything that may diminish the legal effectiveness or economic value of the Loans or of the mortgages or security arrangements, without prejudice to its heeding requests by Obligors using the same efforts and procedure as if they were own loans.

Notwithstanding the above, the Management Company, as manager of third-party portfolios and having regard to Obligors' requests to the Servicer directly or under Act 2/1994, may instruct or first authorise the Servicer to agree with the Obligor, subject to the terms and conditions for which provision is made in this section, for a novation changing the relevant Loan, either by an interest rate renegotiation or by an extension of the maturity period, provided in the case of Mortgage Loans that those novations are not detrimental to the mortgage ranking.

Without prejudice to the provisions hereinafter, any novation changing a Loan entered into by the Servicer shall be made exclusively with the prior consent of the Management Company, on behalf of the Fund, and the Servicer agrees to seek such consent from the Management Company as soon as it is aware that an Obligor has requested a change. The Management Company may nevertheless initially authorise the Servicer to entertain and accept Loan interest rate and term renegotiations, without requiring the Management Company's prior consent, subject to the following general enabling requirements:

**a) Renegotiating the interest rate.**

Loan interest rate may be renegotiated subject to the following rules and limitations:

1. The Servicer may under no circumstances entertain on its own account, and without being so requested by the Obligor, interest rate renegotiations which may result in a decrease in the interest rate applicable to a Loan. The Servicer shall, without encouraging interest rate renegotiation, act in relation to such renegotiation bearing in mind the Fund's interests at all times.
2. Subject to the provisions of paragraphs 3 and 4 below, the Servicer may renegotiate the Loan interest rate clause on terms that are deemed to be at arm's length and that do not differ from those applied by the actual Servicer in renegotiating or granting its floating- and fixed-rate credits and loans. For these purposes, arm's length interest rate shall be deemed to be the rate offered by the Servicer in the Spanish market for loans or credits granted to enterprises in an amount and on terms substantially similar to the renegotiated Loan.
3. The fixed rate of a Loan shall under no circumstances be renegotiated down in the event that the average interest rate of all fixed-rate Loans weighted by the outstanding capital of each fixed-rate Loan is below 5.00%.
4. Timely renegotiation of the interest rate applicable to a floating-rate Loan may in no case occur in the event that (i) the change is to a floating interest rate with a benchmark index for determination other than Euribor or Mibor or mortgage market reference rates or benchmark indices, established in section 3 of rule six bis of Bank of Spain Circular no. 8/1990, September 7 (or any replacement law), and (ii) the average margin or spread weighted by the outstanding principal of outstanding floating-rate Loans is not in excess of 50 percentage basis points above the Euribor or Mibor benchmark rates or index. For the purposes prescribed in this section, the provisions of section 5 below shall govern in the case of Loans having benchmark indices other than the Euribor or Mibor rates or indices in regard to consistency with reference to margin over a Euribor or Mibor benchmark index.
5. For the purposes of paragraph 4 above the margin or spread of a floating-rate Loan with a benchmark index other than Euribor or Mibor rates or indices shall be considered to be the result of increasing or reducing the margin applicable to the Loan by the difference between the simple averages of the values for the last three (3) months, published by the Bank of Spain, of (a) the Loan benchmark index and (b) one-year EURIBOR index (one-year Interbank reference).

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

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

The final maturity or final amortisation date of the Loans may be deferred ("**extending the term**") subject to the following rules and limitations:

- (i) The Servicer may in no case entertain on its own account, i.e. without it being so requested by the Obligor, a change in the final maturity date of the Loan which may result in an extension thereof. The Servicer, without encouraging an extension of the term, shall act in relation to such extension bearing in mind the Fund's interests at all times.
- (ii) 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% of the face amount of the Bond Issue.
- (iii) The term of a specific Loan may be extended provided that the following requirements are met:

- a) That the same Loan capital or principal repayment instalment frequency is at all events maintained or increased and the same repayment system is maintained or, in the case of a single repayment (bullet loans), a periodic instalment repayment system is adopted.
- b) That the new final maturity or final repayment date does not extend beyond May 31, 2051.

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

If there should be any renegotiation of the interest rate of a Loan or its due dates, the Servicer shall forthwith notify the Management Company of the terms resulting from each renegotiation. Such notice shall be made through the software or data file provided for the terms of the Loans to be updated.

In the event of a renegotiation of the interest rate 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.

The contractual documents supporting the novation of the renegotiated Loans will be kept by the Servicer, in accordance with the provisions of paragraph 2 of this section.

## **7. Action against Obligors in the event of Loan default.**

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

The Servicer shall use the same efforts and procedure for claiming overdue Loan amounts it applies for the rest of its portfolio loans.

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

### ***Legal actions.***

The Servicer shall, using its fiduciary title to the Loans 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, if any. Such an action shall be brought using the appropriate court enforcement procedures prescribed in articles 517 et seq. of the Civil Procedure Act.

In the above connection and for the purposes prescribed in articles 581.2 and 686.2 of the Civil Procedure Act, and in the event that this should be necessary, the Management Company shall confer in the Deed of Constitution as full and extensive a power of attorney as may be required at Law on BBVA in order that the latter may, acting through any of its attorneys properly empowered for those purposes, on the Management Company's instructions, for and on behalf of the Fund, or in its own name but for the Management Company as the Fund's authorised representative, demand in or out of court that any Loan Obligor and guarantors, if any, pay the debt and take legal action against the same, in addition to other authorities required to discharge its duties as Servicer. These authorities may be extended and amended in another deed if necessary or appropriate.

The Servicer shall generally commence the relevant legal proceedings, if, for a period of seven (7) months, a Loan Obligor having failed to honour his payment obligations should not resume payments to the Servicer and the latter, with the Management Company's consent, should not obtain a payment commitment satisfactory to the Fund's interests. In the event of Loan default, the payment agreements and their terms shall not be subject to the terms and calculation established in section 6 above, other than the latest final maturity date of May 31, 2051. The Servicer shall in any event forthwith proceed to file an executive action if the Management Company, acting for the Fund, and after analysing the specific circumstances of the case, should deem this necessary.

If seven (7) months should elapse from the oldest default without the Obligor having resumed payments or the Servicer, with the Management Company's consent, securing a payment commitment satisfactory to the Fund's interests, and the Servicer should fail to file the recovery action without there being proper reasons therefor, the Management Company may, on behalf of the Fund, proceed directly to commence the appropriate legal proceedings to fully claim the debt.

In the event that the proceedings commenced by the Servicer should be stopped without there being proper reasons therefor, the Management Company may, as the case may be, on behalf of the Fund, take over from the latter and continue with the legal proceedings.

In addition to the Servicer's legal actions against Obligors as provided for above in this section, the Management Company, for the Fund, may also take action against Obligors who are in breach of their Loan payment obligations and against guarantors, if any. That action shall be brought observing the formalities for the relevant legal procedure in accordance with the provisions of the Civil Procedure Act, satisfying, as the case may be, the requirements as to right of action allowing that to be done.

If this should be legally required, and for the purposes prescribed in the Civil Procedure Act, BBVA shall confer in the Deed of Constitution as full and extensive an irrevocable power of attorney as may be required at Law in order for the Management Company, acting for and on behalf of BBVA, to demand through a notary public any Loan Obligor to pay the debt.

1. As for the Mortgage Loans, in the event of default by any Obligor, the Management Company, acting for and on behalf of the Fund, shall have the following remedies currently provided for mortgage participation certificates in article 31 of Royal Decree 716/2009, which also apply to pass-through certificates:
  - (i) To demand the Servicer to apply for foreclosure.
  - (ii) To take part on an equal standing with the Servicer, as issuer of the Pass-Through Certificates, in the foreclosure the latter shall have instituted against the Obligor, intervening to that end in any foreclosure proceedings commenced by the former.
  - (iii) If the Servicer should fail to take that action within sixty (60) business days of a notice served through a Notary demanding payment of the debt, the Management Company shall, for and on behalf of the Fund, be secondarily entitled to apply for Mortgage Loan foreclosure claiming both principal and interest.
  - (iv) In the event that the proceedings instituted by the Servicer should come to a standstill, the Fund, duly represented by the Management Company, may be subrogated to the position of the former and continue the foreclosure proceedings, without the above period having to elapse.

In the events provided in (iii) and (iv) above, the Management Company may, for and on behalf of the Fund, apply to the Judge or Notary with jurisdiction to commence or continue the respective foreclosure proceedings, attaching to the application the original Pass-Through Certificate, the notice served through a Notary Public provided for in (iii) above and an office certificate as to mortgage registration and subsistence. The Servicer shall be bound to issue a certification of the balance outstanding on the Mortgage Loan.

The Management Company, for and on behalf of the Fund as holder of the Pass-Through Certificates, may also take part on an equal standing with the Servicer in the foreclosure proceedings and may in this sense, on the terms for which provision is made in the Civil Procedure Act, request the award of the mortgaged property as Mortgage Loan payment. The Management Company shall proceed, directly or through the Servicer, to sell the property awarded within the shortest possible space of time and at arm's length.

2. In the event of default by the Obligor (or third-party guarantors, if any) of Non-Mortgage Loan payment obligations, the Management Company, acting for the Fund shall have an executive action against those Obligors (and third-party guarantors, if any), taking the steps provided for such proceedings in the Civil Procedure Act (articles 517.4 and 517.5).



3. In the event of default by the Obligor (or third-party guarantors, if any) of payment obligations of Loans secured with pledges, the Management Company, acting for the Fund, shall avail of an action to enforce those pledges, after entering, as the case may be, the assignment of the respective Loan in the relevant register. In particular:
  - a) In the case of Loans secured with a money pledge, and subject to delivery, as the case may be, of the bank-book, passbook, receipt or public deed supporting the pledged credit right or entry or recording therein or in the relevant originals, protocols or records concerning transfer of the pledge, the enforcement means provided for in the agreement proper, in the Civil Procedure Act and in the Civil Code (article 1872).
  - b) In the case of Loans secured with a pledge in units in investment funds (in book-entry form), and after first entering the assignment of the security in the register of the institution in charge of the book record of the units, the enforcement means provided for in the agreement proper, in the Civil Procedure Act and in the Civil Code (article 1872).

The description of the above actions and procedures shall not imply a waiver by the Servicer or the Management Company of any other court or out-of-court actions or procedures whatsoever available against the Obligors or any guarantors or other third parties, if any, to recover the amounts due or keep in place or enforce the Loan security arrangements.

The Servicer shall, in mortgage foreclosure events, where the Land Registry contains entries regarding the real estate secured with the mortgage under which action is taken in respect of mortgages senior to the latter mortgage which however have been repaid, previously to or upon the action being brought, do all such things as shall be appropriate at law and in court in order for the Land Registry to match the legal reality outside the Registry. In the event that the relevant documents are available, then the procedure shall be as provided for in article 40 and in Title IV of the Mortgage Act, and the procedure shall otherwise be as provided for in article 209 of that Act.

The Servicer agrees to promptly advise of payment demands, legal actions and any and all other circumstances affecting collection of overdue Loans amounts. Furthermore, the Servicer will provide the Management Company with all such documents as the latter may request in relation to said Loans and in particular the documents required for the Management Company to take legal actions, as the case may be.

#### **8. Mortgage Loan mortgaged property damage insurance.**

The Servicer shall not take or fail to take any action resulting in cancellation of any fire and damage insurance policy covering the Mortgage Loan mortgaged properties or reducing the amount payable in any claim thereunder. The Servicer shall use all reasonable efforts and in any event use the rights conferred under the insurance policies or the Mortgage Loans in order to keep those policies in full force and effect in relation to each Mortgage Loan and the respective mortgaged property, although the validity of such damage insurance is not supported in the Servicer's databases.

Whenever the Servicer receives notice of non-payment of policy premiums by any Obligor the Servicer may demand the Obligor to pay the same and indeed take out fire and damage insurance on the Obligor's behalf where it is able to do so under the Mortgage Loan deed, advancing payment of the premiums, without prejudice to being reimbursed by the Obligor for amounts so paid.

In the event of a claim, the Servicer shall coordinate actions for collecting compensations derived from the property damage insurance policies on the terms and conditions of the Mortgage Loans and the actual policies, paying the amounts received to the Fund.

#### **9. Set-off.**

In the exceptional event that any Loan Obligor should have a liquid receivable, due and payable vis-à-vis the 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 remedy that circumstance or, if it cannot be remedied, proceed to pay to the Fund the amount set off plus 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.

#### **10. Subcontracting.**

The Servicer may subcontract any of the services it may have agreed to provide under the Servicing Agreement other than those that may not be so delegated in accordance with the laws in force for the time being. That subcontracting may in no event result in an additional cost or expense for the Fund or the Management Company, and may not result in the rating assigned to each Bond Series by the Rating Agencies being downgraded. Notwithstanding any subcontracting or subdelegation, the Servicer shall not be excused or released under that subcontract or subdelegation from any of the liabilities undertaken in the Servicing Agreement which may legally be attributed or ascribed to it.

#### **11. Auction of real property and other assets.**

The Servicer agrees to notify the Management Company of the places, dates, terms and valuation of the real estate mortgaged as security for the Mortgage Loans and of the assets attached as security for the Loans, auctions scheduled, and proposed action and bid, in suitable advance in order that the Management Company may put in place such actions as it shall see fit and submit instructions on the subject to the Servicer in suitable time.

The Servicer agrees to attend auctions of real property and other assets, but shall thereat abide at all times by the instructions it shall have received from the Management Company, and shall therefore only tender a bid or apply for the award of the real property or asset to the Fund, fulfilling the instructions received from the Management Company.

In the event of real estate or other assets being awarded to the Fund, the Management Company shall proceed, directly or through the Servicer, to sell the same within the shortest possible space of time and at arm's length and the Servicer shall actively assist in expediting their disposal.

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

The services shall be provided by the Servicer until all the obligations undertaken by the Servicer as Originator of the Loans assigned to the Fund terminate, once all the Loans 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 insolvency of the Servicer or administration by the Bank of Spain or in the event of a breach by the Servicer of the obligations imposed on the Servicer under the Servicing Agreement or in the event of the Servicer's credit rating being downgraded or lost or its financial circumstances changing to an extent that may be detrimental to or place the financial structure of the Fund or Bondholders' rights and interests at risk, the Management Company may, in addition to demanding the Servicer to fulfil the obligations laid down in the Servicing Agreement, proceed, where this is legally possible, inter alia and after notifying the Rating Agencies, to do any of the following in order for there to be no detriment to the rating assigned to the Bonds by the Rating Agencies: (i) demand the Servicer to subcontract or subdelegate to another institution the performance of obligations and undertakings made in the Servicing Agreement; (ii) have another institution with sufficient credit rating and quality in order for there to be no detriment to the rating assigned to the Bonds by the Rating Agencies secure all or part of the Servicer's obligations; (iii) post cash or securities collateral to the Fund in an amount sufficient to secure all or part of the Servicer's obligations, and (iv) terminate the Servicing Agreement, in which case the Management Company shall previously designate a new Servicer with sufficient credit quality in order for there to be no detriment to the rating assigned to the Bonds by the Rating Agencies and accepting the obligations contained in the Servicing Agreement or, as the case may be, in a new servicing agreement. In the event of insolvency of the Servicer, only (iv) above shall be valid. Any additional expense or cost derived from the aforesaid actions shall be covered by the Servicer and at no event by the Fund or the Management Company.

Notwithstanding the above provisions, in the event of the rating of the Servicer's long- or short-term unsecured and unsubordinated debt obligations being downgraded below Baa3 by Moody's, the Servicer agrees 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 Servicer, 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.

Furthermore, in the event of insolvency, administration by the Bank of Spain, liquidation or substitution of the Servicer or because the Management Company deems this reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors, custodians of the pledged assets or the Mortgage Loan mortgaged property insurers, if any) of the transfer to the Fund of the outstanding Loan receivables, and that payments thereunder 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 and third-party guarantors, custodians of the pledged assets and Mortgage Loan mortgaged property insurers, if any, within five (5) Business Days of receiving the request and in the event of insolvency or liquidation of the Servicer, the Management Company itself shall notify Obligors and third-party guarantors, custodians of the pledged assets and Mortgage Loan mortgaged property insurers, if any, directly or, as the case may be, through a new Servicer it shall have designated.

Similarly, and in the same events, the Management Company may request the Servicer to do such things and satisfy such formalities as may be necessary, including third-party notices and entries in the relevant accounting records, in order to guarantee maximum efficiency of the assignment of Loan receivables and ancillary guarantees with respect to third parties, all on the terms given in section 3.7.2.1.7 of this Building Block.

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 each Series as final ratings by 9pm (CET) on December 20, 2011.

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

The Servicer shall at no time have any liability whatsoever in relation to the Management Company's obligations as manager of the Fund and manager of Bondholders' interests, nor in relation to the Obligors' Loan obligations, without prejudice to the liabilities undertaken thereby in the Deed of Constitution as Originator of the Loan receivables acquired by the Fund.

The Servicer agrees to indemnify the Fund or its Management Company for any damage, loss or expense resulting for the same due to any breach by the Servicer of its Loan custody, servicing, management and reporting and Pass-Through Certificate custody obligations, established under the Servicing Agreement, or in the event of breach of the provisions of paragraph 3 of section 2.2.9 of this Building Block.

The Management Company shall, for and on behalf of the Fund, have an enforcement action against the Servicer where the breach of the obligation to pay to the Fund any and all principal repayment and interest and other Loan amounts owing to the Fund paid by the Obligors does not result from the Obligors' default and is attributable to the Servicer.

Upon the Loans terminating, the Fund shall, through its Management Company, retain a right of action against the Servicer until fulfilment of its obligations.

Neither Bondholders nor any other creditor of the Fund shall have any direct right of action whatsoever against the Servicer; that action shall lie with the Management Company, as the representative of the Fund, who shall have that action on the terms described in this section.

#### **3.7.2.4 Servicer's remuneration.**

In consideration of the Loan custody, servicing and management and Pass-Through Certificate supporting document custody, the Servicer shall be entitled to receive in arrears on each Payment Date during the term of the Servicing Agreement, a servicing fee equal to 0.01% per annum, as the case may be, inclusive of indirect taxes, 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 Loans serviced during that Determination Period. If BBVA should be replaced in that servicing task, the Management Company will be entitled to change the above percentage fee for the new Servicer, which may be in excess of that agreed with BBVA. The servicing fee will be paid on the relevant Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, in the event of liquidation of the Fund, 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, the Servicer shall be entitled to reimbursement of all Loan servicing and management expenses of an exceptional nature incurred, such as in connection with legal and/or recovery actions, including procedural expenses and costs, or managing and overseeing the sale of assets or properties, if any, awarded to the Fund, after first justifying the same. Those expenses will be paid whenever the Fund has sufficient liquidity and in the Priority of Payments or, in the event of liquidation of the Fund, in the Liquidation Priority of Payments.

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

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

- (i) Treasury Account:  
Guaranteed Interest Rate Account (Treasury Account) Agreement  
Description in section 3.4.4.1 of this Building Block.
- (ii) Subordinated Loan:  
Subordinated Loan Agreement  
Description in section 3.4.3.1 of this Building Block.
- (iii) Start-Up Loan:  
Start-Up Loan Agreement  
Description in section 3.4.3.2 of this Building Block.
- (iv) Financial Swap:  
Financial Swap Agreement  
Description in section 3.4.7.1 of this Building Block.
- (v) Financial Intermediation:  
Financial Intermediation Agreement  
Description in section 3.4.6.4 of this Building Block.

#### **4. POST-ISSUANCE REPORTING**

##### **4.1 Obligations and deadlines set to publicise and submit to the CNMV the periodic information on the economic and financial status of the Fund.**

As part of its Fund management and administration duty, the Management Company agrees to submit as promptly as possible or by the deadlines given, the information described hereinafter and such additional information as may be reasonably required of it.

##### **4.1.1 Ordinary information.**

The Management Company agrees to give the notices detailed below, observing the recurrence provided in each case.

##### **a) Notices to Bondholders referred to each Payment Date.**

1. Within the period comprised between the Interest Rate Fixing Date and not more than two (2) Business Days after each Payment Date, it shall proceed to notify Bondholders of the Nominal Interest Rate resulting for each Bond Series for the Interest Accrual Period after that Payment Date.
2. Quarterly, at least one (1) calendar day in advance of each Payment Date, it shall proceed to notify Bondholders of the following information:
  - i) Interest resulting from the Bonds in each Series, along with the amortisation of the Bonds.
  - ii) Furthermore, and if appropriate, interest and amortisation amounts accrued on the Bonds in each Series and not settled due to a shortfall of Available Funds, in accordance with the rules of the Priority of Payments.
  - iii) The Outstanding Principal Balances of the Bonds in each Series, after the amortisation to be settled on each Payment Date, and the ratio of such Outstanding Principal Balances to the initial face amount of each Bond.
  - iv) Obligors' Loan principal prepayment rate during the calendar quarter preceding the Payment Date.
  - v) The average residual life of the Bonds in each Series estimated assuming that Loan principal prepayment rates shall be maintained and making all other assumptions as provided in section 4.10 of the Securities Note.

The foregoing notices shall be made in accordance with the provisions of section 4.1.3.1 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 Loans on the Determination Date preceding the Payment Date:

1. Outstanding Balance.
2. Interest and principal amount of instalments in arrears.
3. Loan interest rate and, if a floating rate, benchmark indices.
4. Loan maturity years.
5. Outstanding Balance of Doubtful Loans and cumulative amount of Doubtful Loans from the date of establishment of the Fund.

In relation to the Fund's economic and financial position:

1. Report on the source and subsequent application of the Available Funds and Available Funds for Amortisation in accordance with the Priority of Payments of the Fund.

The above information shall be posted at the Management Company's website.

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

Annual accounts (balance sheet, profit & loss account and management report) 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 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 each Bond Series for the first Interest Accrual Period.

2. Other:

Any material event occurring in relation to the Loans, the Bonds, the Fund and the Management Company proper, which, being exceptional, may materially influence trading of the Bonds and, in general, any material change in the Fund's assets or liabilities, change in the Deed of Constitution, as the case may be, 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 Fund's periodic public information and be posted at the Management Company's website, as the case may be. Where required, a supplement to the Prospectus shall be prepared and disclosed as material information in accordance with the provisions of article 82 of the Securities Market Act.

**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, 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 in each Series for the first Interest Accrual Period shall be notified in writing by the Management Company by 9pm (CET) on December 20, 2011 to the Subscriber. The Management Company will also notify this to the Paying Agent, AIAF 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, March 25, 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 the performance of the Loans in order that they may monitor the rating of the Bonds and extraordinary notices, sending that information, in the case of Fitch, to the following e-mail address: [London.CDOSurveillance@fitchratings.com](mailto:London.CDOSurveillance@fitchratings.com), or any other hereafter taking its place. 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 significant change in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company or in the interested parties.

**Mario Masiá Vicente, as General Manager for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN signs this Prospectus at Madrid, on December 13, 2011.**





## GLOSSARY OF DEFINITIONS

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

**“Act 2/1981”** shall mean Mortgage Market Regulation Act 2/1981, March 25, as currently worded.

**“Act 2/1994”** shall mean Mortgage Loan Subrogation and Amendment Act 2/1994, March 30, 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.

**“Act 6/2011”** shall mean Act 6/2011, April 11, amending Financial Intermediary Investment Ratios, Equity and Reporting Duties Act 13/1985, May 25, Securities Market Act 24/1988, July 28, and Legislative Royal Decree 1298/1986, June 28, in relation to adapting credit institutions law in force to European Communities law.

**“AIAF”** shall mean AIAF Mercado de Renta Fija.

**“Amortisation Withholding”** shall mean, on each Payment Date, 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 Outstanding Balance of Non-Doubtful Loans.

**“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.

**“Available Funds for Amortisation”** shall mean the amount to be allocated to Bond amortisation on each Payment Date and shall be the Amortisation Withholding amount actually applied in sixth (6<sup>th</sup>) place of the order of priority for applying the Available Funds on the relevant Payment Date.

**“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 one billion two hundred million (1,200,000,000.00), consisting of twelve thousand (12,000) Bonds comprised of three Series (Series A, Series B and Series C).

**“Bond Paying Agent Agreement”** shall mean the Bond paying agent agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA, as Paying Agent.

**“Bonds”** shall mean Series A Bonds, Series B Bonds and Series C Bonds issued by the Fund.

**“Business Day”** shall mean any day other than a public holiday in the city of Madrid or non-business day in the TARGET 2 calendar (or calendar hereinafter taking its stead).

**“Capital Requirements Directive”** or **“CRD”** shall mean Directive 2006/48/EC, as currently worded.

**“Cash Reserve”** shall mean the Initial Cash Reserve set up on the Closing Date and subsequently provisioned up to the Required Cash Reserve amount.

**“CET”** shall mean “Central European Time”.

**“Closing Date”** shall mean December 21, 2011, the date on which the cash amount for subscribing for the Bonds shall be paid up.

**“CNMV”** shall mean National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

**“Corporation Tax Regulations”** shall mean the Corporation Tax Regulations approved by Royal Decree 1777/2004, July 30.

**“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, assignment by BBVA to the Fund of Non-Mortgage Loan and Mortgage Loan receivables, the latter by issuing Pass-Through Certificates, and issue by the Fund of the Asset-Backed Bonds.

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

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

**“Determination Dates”** shall mean the dates falling on the fifth (5<sup>th</sup>) Business Day preceding each Payment Date.

**“Determination Period”** shall mean the exact number of days elapsed between every two consecutive Determination Dates, each Determination Period excluding the beginning Determination Date and including the ending Determination Date. Exceptionally, (i) the duration of the first Determination Period shall be equal to the days elapsed between the date of establishment of the Fund, inclusive, and the first Determination Date, February 7, 2012, 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 Early Liquidation of the Fund concludes, 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 Available Funds for Amortisation”** shall mean the rules for applying the Available Funds for Amortisation between each Series on each Payment Date established in section 4.9.3.5 of the Securities Note.

**“Doubtful Loans”** shall mean Loans 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.

**“Early Amortisation”** shall mean final Bond amortisation on a date preceding the Final Maturity Date in case of Early Liquidation of the Fund in the events and in accordance with subject to the requirements established in section 4.4.3 of the Registration Document.

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

**“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.

**“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. August 14, 2055 or the following Business Day if that is not a Business Day.

**“Financial Intermediation Agreement”** shall mean the agreement designed to remunerate BBVA for the financial intermediation process carried out, enabling the financial transformation defining the Fund's activity, the assignment to the Fund of the Loan receivables and the rating assigned to each Bond Series, entered into between the Management Company, for and on behalf of the Fund, and BBVA.

**“Financial Swap Agreement”** shall mean the financial swap agreement to be entered into based on the Spanish Banking Association's 1997 standard Master Financial Transaction Agreement (CMOF) between the Management Company, acting for and on behalf of the Fund, and BBVA.

**“Fitch”** shall mean both Fitch Ratings España, S.A.U. and Fitch Ratings Limited.

**“Fund”** shall mean BBVA EMPRESAS 6 FONDO DE TITULIZACIÓN DE ACTIVOS.

**“Guaranteed Interest Rate Account (Treasury Account) Agreement”** shall mean the guaranteed interest rate account (Treasury Account) agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA.

**“Iberclear”** shall mean Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A.

**“Initial Cash Reserve”** shall mean the Cash Reserve set up on the Closing Date by drawing down the Subordinated Loan totalling EUR one hundred and forty-four million (144,000,000.00).

**“Interest Accrual Period”** shall mean the days elapsed between every two consecutive Payment Dates, including the beginning Payment Date, but not including the ending Payment Date. The first Interest Accrual Period shall begin on the Closing Date, inclusive, and end on the first Payment Date, exclusive, and the last Interest Accrual Period shall be equivalent to the exact number of days elapsed between the last Payment Date, inclusive, and the liquidation 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, the amounts to be allocated to meeting the Fund's payment or withholding obligations, as follows: (i) the Available Funds, and (ii) the amounts obtained by the Fund from time to time upon disposing of the Loan receivables and of the assets remaining. Additionally, and not included among the Liquidation Available Funds, the Fund shall have, as the case may be, in accordance with the provisions of section 4.4.3.3.(iii) of the Registration Document, the amount drawn under the credit facility or the loan taken out for early amortisation of outstanding Bonds designed only for settling these items.

**“Liquidation Priority of Payments”** shall mean the priority of the Fund's payment or withholding obligations for applying the Liquidation Available Funds on the Final Maturity Date or upon Early Liquidation of the Fund.

**“Loans”** shall mean the receivables on loans owned by BBVA granted to enterprises (legal persons and sole traders) domiciled in Spain, assigned by BBVA to the Fund upon being established.

In this Prospectus the term “Loans” shall be used to refer collectively to the Non-Mortgage Loan receivables and the Mortgage Loan receivables or the Pass-Through Certificates perfecting the assignment of the Mortgage Loans.

**“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 Subscriber of the Bond Issue.

**“Management Company”** shall mean EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.

**“Moody’s”** shall mean both Moody’s Investors Service España, S.A. and Moody’s Investors Service Limited, the holding company to which Moody’s Investors Service España, S.A. is affiliated.

**“Mortgage Loans”** shall mean the Loans with real estate mortgage security whose receivables are assigned by BBVA to the Fund upon BBVA issuing and the Fund subscribing for Pass-Through Certificates.

**“Nominal Interest Rate”** shall mean the nominal interest rate, floating quarterly and payable quarterly, applicable to each Series and determined for each Interest Accrual Period, which shall be the result of adding (i) the Reference Rate and (ii) a margin for each Series as detailed in section 4.8.1.2 of the Securities Note.

**“Non-Delinquent Loans”** shall mean Loans that at a date are not deemed to be Delinquent Loans, also excluding Doubtful Loans.

**“Non-Doubtful Loans”** shall mean Loans that are not deemed to be Doubtful Loans at a date.

**“Non-Mortgage Loans”** shall mean Loans without special security, secured by pledging money and/or units in investment funds and/or with third-party personal guarantees, whose receivables are assigned by BBVA to the Fund upon being sold by BBVA and acquired by the Fund.

**“Obligors”** shall mean the Loan borrowers (enterprises -legal persons and sole traders- domiciled in Spain).

**“Originator”** shall mean BBVA.

**“Outstanding Balance of the Loans”** shall mean the sum of outstanding capital or principal and overdue capital or principal not paid into the Fund for each and every one of the Loans.

**“Outstanding Principal Balance of the Bond Issue”** shall mean the sum of the Outstanding Principal Balance of Series A, B and C making up the Bond Issue.

**“Outstanding Principal Balance of the Series”** shall mean the sum of the outstanding principal to be repaid (outstanding balance) at a date on all the Bonds making up the Series.

**“Pass-Through Certificates”** shall mean the Mortgage Loan pass-through certificates issued by BBVA and subscribed for by the Fund.

**“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 14, May 14, August 14 and November 14 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be February 14, 2012.

**“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 Available Funds for Amortisation on each Payment Date other than the Final Maturity Date or upon Early Liquidation of the Fund.

**“Rating Agencies”** shall mean Fitch and Moody’s.

**“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.

**“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 one hundred and forty-four million (144,000,000.00) and (ii) the higher of a) 24.00% of the Outstanding Principal Balance of the Bond Issue and b) a sum of EUR seventy-two million (72,000,000.00). 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 circumstances provided for in section 3.4.2.2 of the Building Block concur on the Payment Date.

**“Royal Decree 1065/2007”** shall mean Royal Decree 1065/2007, July 27, approving General Regulations for tax management and inspection actions and procedures and implementing rules common to procedures applicable to taxes.

**“Royal Decree 116/1992”** shall mean Book Entries and Stock Exchange Transaction Clearing and Settlement Royal Decree 116/1992, February 14, as currently worded.

**“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 716/2009”** shall mean Royal Decree 716/2009, April 24, implementing certain aspects of Mortgage Market Regulation Act 2/1981, March 25, and other mortgage and financial system rules.

**“Royal Decree 771/2011”** shall mean Royal Decree 771/2011, June 3, amending Royal Decree 216/2008, February 15, in relation to the capital of financial institutions and Royal Decree 2606/1996, December 20, in relation to credit institution deposit guarantee funds.

**“Royal Decree 926/1998”** shall mean Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies, as currently worded.

**“Royal Decree 1145/2011”** shall mean Royal Decree 1145/2011, July 29, amending the General Regulations for tax management and inspection actions and procedures and implementing rules common to procedures applicable to taxes, approved by Royal Decree 1065/2007, July 27.

**“Securities Market Act”** shall mean Securities Market Act 24/1988, July 28, as currently worded.

**“Series A Bonds”** shall mean Series A Bonds issued by the Fund having a total face amount of EUR eight hundred and four million (804,000,000.00) comprising eight thousand and forty (8,040) Bonds having a unit face value of EUR one hundred thousand (100,000).

**“Series A”** shall mean Series A Bonds issued by the Fund.

**“Series B Bonds”** shall mean Series B Bonds issued by the Fund having a total face amount of EUR two hundred and forty million (240,000,000.00) comprising two thousand four hundred (2,400) Bonds having a unit face value of EUR one hundred thousand (100,000).

**“Series B”** shall mean Series B Bonds issued by the Fund.

**“Series C Bonds”** shall mean Series C Bonds issued by the Fund having a total face amount of EUR one hundred and fifty-six million (156,000,000.00) comprising one thousand five hundred and sixty (1,560) Bonds having a unit face value of EUR one hundred thousand (100,000).

**“Series C”** shall mean Series C Bonds issued by the Fund.

**“Servicer”** shall mean the institution in charge of Loan custody and servicing and Pass-Through Certificate supporting document custody under the Loan Servicing and Pass-Through Certificate Custody Agreement, i.e. BBVA (or any other institution taking its stead as Servicer).

**“Servicing Agreement”** shall mean the Loan custody, management and servicing and Pass-Through Certificate supporting document custody agreement entered into between the Management Company, acting for and on behalf of the Fund, and BBVA, as Servicer.

**“Start-Up Loan Agreement”** shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA, for a sum of EUR seven hundred and fifty thousand (750,000.00).

**“Start-Up Loan”** shall mean the loan granted by BBVA to the Fund, in accordance with the provisions of the Start-Up Loan Agreement.

**“Subordinated Loan Agreement”** shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA, for a sum of EUR one hundred and forty-four million (144,000,000.00).

**“Subordinated Loan”** shall mean the loan granted by BBVA to the Fund, in accordance with the provisions of the Subordinated Loan Agreement.

**“Subscriber”** shall mean BBVA.

**“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 all payments.