

PROSPECTUS

May 2008

# BBVA RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS

ISSUE OF ASSET-BACKED BONDS  
EUR 5,000,000,000

Series A	EUR 4,675,000,000	AAA
Series B	EUR 250,000,000	A
Series C	EUR 75,000,000	BBB-

Backed by pass-through certificates issued on mortgage loans by



*Lead Manager and Subscriber*



*Paying Agent*

**BBVA**

*Fund established and managed by*



edt Europea de  
Titulización  
Sociedad Gestora de Fondos de Titulización

Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores  
on May 22, 2008

**Material Event concerning**

**BBVA RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS**

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

- On October 23, 2015, once the CNMV had checked compliance with the provisions of article 7 of Act 19/1992, as worded before the entry into force of Business Financing Act 5/2015, April 27 (“**Act 5/2015**”, which does not apply to the Fund in accordance with Transitional Provision Seven concerning the transitional system for securitisation funds, section 1 of which provides that securitisation funds established before the entry into force of Act 5/2015 will continue to be governed until terminated by the provisions applicable thereto upon being established), 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 with the consent of BBVA as the only holder of all the Bonds issued by the Fund and the only counterparty to the agreements signed by the Management Company, for and on behalf of the Fund, and for the purposes of reducing the Cash Reserve amount and setting a floor for the Nominal Interest Rate applicable to the Bonds, and thereby respectively complying with the provisions of article 142.2 of Guideline (EU) 2015/510 of the European Central Bank of December 19, 2014, paragraph b) of which provides that the current amount of the cash reserve must not be greater than 5% of the initial amount of all senior and subordinated tranches of the transaction (Bonds issued by the Fund), and article 63 of Guideline (EU) 2015/510, as amended by Guideline 2015/732 of the European Central Bank of April 16, 2015, in order for Series A Bonds to continue to be eligible as collateral in Eurosystem credit operations from November 1, 2015.
- On October 26, 2015, this Management Company submitted to the CNMV a certified copy of the deed amending the Deed of Constitution of the Fund in order for it to be filed in the official records.
- The Cash Reserve reduction has resulted in the Subordinated Loan Agreement being amended in order to refer to an extraordinary partial repayment of that Subordinated Loan principal in an amount equivalent to the aforementioned reduction.
- Following the Cash Reserve reduction, the amendment to the Subordinated Loan Agreement, and the inclusion of the floor for the Nominal Interest Rate applicable to the Bonds, the following sections of the Fund Prospectus shall henceforth read as follows:

Section	Description
<p><b>4.8.1.2 Securities Note (Nominal Interest Rate)</b></p>	<p>The Nominal Interest Rate applicable to the Bonds in each Series and determined for each Interest Accrual Period shall be the higher of:</p> <p>a) zero (0); and</p> <p>b) the interest rate resulting from adding:</p> <p>(i) the Reference Rate, as established in the following section, and</p> <p>(ii) a margin for each Series, as follows:</p> <ul style="list-style-type: none"> <li>• <b>Series A:</b> 0.30% margin.</li> <li>• <b>Series B:</b> 0.70% margin.</li> <li>• <b>Series C:</b> 1.10% margin.</li> </ul>

Section	Description
	<p>The resultant Nominal Interest Rate shall be expressed as a percentage rounded to the nearest thousandth of a whole number or rounded up to the nearest one where the differences of rounding up or down to the nearest thousandths are identical.</p>
<p><b>3.4.2.2 Building Block Sections 1 and 2 (Cash Reserve)</b></p>	<p>1. The Management Company set up a cash reserve (the “<b>Cash Reserve</b>”) on the Closing Date by drawing fully the Subordinated Loan principal at that date in an amount equal to EUR one hundred and forty-two million (142,000,000.00) and increased its balance on May 9, 2011 to a sum of EUR four hundred and thirteen million nine hundred and ten thousand (413,910,000.00), out of the extended Subordinated Loan.</p> <p>Although the Cash Reserve was provisioned at two hundred and ninety-six million five hundred and forty-eight thousand six hundred and eighty-four Euros and sixty-four Eurocents (€296,548,684.64) on October 23, 2015, the Management Company reduced its balance on October 26, 2015 by a sum of forty-six million five hundred and forty-eight thousand six hundred and eighty-four Euros and sixty-four Eurocents (€46,548,684.64).</p> <p>2. Thereafter, on each Payment Date, the Cash Reserve shall be provisioned until it reaches the Required Cash Reserve amount established hereinafter out of the Available Funds in the Fund Priority of Payments.</p> <p>The required Cash Reserve amount on each Payment Date (the “<b>Required Cash Reserve</b>”) shall be the lower of:</p> <ul style="list-style-type: none"> <li>(i) EUR two hundred and fifty million (250,000,000.00).</li> <li>(ii) The higher of: <ul style="list-style-type: none"> <li>a) 10.00% of the Outstanding Principal Balance of the Bond Issue.</li> <li>b) EUR one hundred and twenty-five million (125,000,000.00).</li> </ul> </li> </ul>
<p><b>3.4.3.1 Building Block, Paragraph 2 (Subordinated Loan)</b></p>	<p>Subordinated Loan principal shall be repaid on each Payment Date in an amount equal to the positive difference existing between the outstanding Subordinated Loan principal on the Determination Date preceding the relevant Payment Date and the Required Cash Reserve amount 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. Exceptionally, on October 26, 2015, the Fund has repaid forty-six million five hundred and forty-eight thousand six hundred and eighty-four Euros and sixty-four Eurocents (€46,548,684.64) of the Subordinated Loan principal to BBVA, without being subject to the Priority of Payments, given the reduction of the Required Cash Reserve in that same amount as explained in section 3.4.2.2 of the Building Block.</p>

Madrid, October 28, 2015

Mario Masiá Vicente  
General Manager

**Material Event**  
**concerning**

**BBVA RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS**

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

- On July 26, 2013, once the CNMV had checked compliance with the provisions of article 7 of Act 19/b 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 in order for its contents to be adapted to termination of the Financial Swap Agreement mentioned in the following paragraph.
- On that same date, the Management Company, for and on behalf of the Fund, and BBVA as counterparty to the Financial Swap Agreement, signed the Financial Swap Agreement Termination agreement, without any settlement payment whatsoever to the Fund or BBVA.
- On July 30, 2013, the CNMV entered the deed amending the deed of constitution of the Fund in its official records.
- Following the amendments made to the Deed of Constitution and termination of the Financial Swap Agreement, the following sections of the Fund Prospectus shall henceforth read as follows:

Section	Description
<p><b>3.4.7.1 Building Block Financial Swap</b></p>	<p>Section 3.4.7.1 of the Building Block is fully eliminated.</p>
<p><b>3.4.6.2.1 Building Block Available Funds:</b> <b>1. Source</b></p>	<p>The available funds on each Payment Date (the “<b>Available Funds</b>”) to meet the payment or withholding obligations listed in section 2 below shall be the following amounts credited to the Treasury Account:</p> <p>a) Mortgage Loan principal repayment income received during the Determination Period preceding the relevant Payment Date.</p> <p>b) Mortgage Loan ordinary and late-payment interest income received during the Determination Period preceding the relevant Payment Date.</p> <p>c) The return received on amounts credited to the Treasury Account.</p> <p>d) The Cash Reserve amount on the Determination Date preceding the relevant Payment Date.</p> <p>e) <i>[All content deleted.]</i></p> <p>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 real estate, assets, securities or rights awarded to the Fund.</p>

Section	Description
	<p>g) Additionally, on the first Payment Date, the part of the Start-Up Loan principal not used.</p> <p>Income under a), b) and f) above received by the Fund and credited to the Treasury Account between the Determination Date, exclusive, preceding the relevant Payment Date and the latter, shall not be included in the Available Funds on the relevant Payment Date, and that amount shall remain credited to the Treasury Account, to be included in the Available Funds on the following Payment Date.</p>
<p><b>3.4.6.2.1 Building Block Available Funds: 2. Application</b></p> <p>The Financial Swap priorities shall no longer have any content. The Servicing fee is moved to a new priority. The last paragraph and the definitions of expenses are maintained.</p>	<p>The Available Funds shall be applied on each Payment Date to meeting payment or withholding obligations falling due on each Payment Date in the following priority of payments, irrespective of the time of accrual, other than the application established in the 1<sup>st</sup> place, which may be made at any time as and when due:</p> <ol style="list-style-type: none"> <li>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. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicer, and the fee for servicing the Mortgage Loans if BBVA should be replaced as Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.</li> <li>2. <i>[All content deleted. The Available Funds will not be applied to any item in this priority.]</i></li> <li>3. <i>[All content deleted. The Available Funds will not be applied to any item in this priority.]</i></li> <li>4. Payment of interest due on Series A Bonds.</li> <li>5. Payment of interest due on Series B Bonds unless this payment is deferred to 8<sup>th</sup> place in the priority of payments.</li> </ol> <p>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 Mortgage Loans, reckoned at the amount of the Outstanding Balance as of the date of classification of the Doubtful Mortgage Loan, since the Fund was established is in excess of 14.00% of the initial Outstanding Balance of the Mortgage 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.</p> <ol style="list-style-type: none"> <li>6. Payment of interest due on Series C Bonds unless this payment is deferred to 9<sup>th</sup> place in the priority of payments.</li> </ol> <p>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 Mortgage Loans, reckoned at the amount of the Outstanding Balance as of the date of classification of the Doubtful Mortgage Loan, since the Fund was established is in excess of 10.33% of the initial Outstanding Balance of the Mortgage Loans upon the Fund being established and provided that Series A and Series B Bonds have not been and are not to be fully amortised on the relevant Payment Date.</p>

Section	Description
	<p>7. Amortisation withholding in an amount equivalent to the positive difference existing on 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 Mortgage Loans.</p> <p>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 4.9.3.5 of the Securities Note.</p> <p>8. Payment of interest due on Series B Bonds when this payment is deferred from 5<sup>th</sup> place in the priority of payments as established therein.</p> <p>9. Payment of interest due on Series C Bonds when this payment is deferred from 6<sup>th</sup> place in the priority of payments as established therein.</p> <p>10. Withholding of an amount sufficient for the Required Cash Reserve amount to be maintained.</p> <p>11. <i>[All content deleted. The Available Funds will not be applied to any item in this priority.]</i></p> <p>12. Payment of Subordinated Loan interest due.</p> <p>13. Repayment of Subordinated Loan principal to the extent repaid.</p> <p>14. Payment of Start-Up Loan interest due.</p> <p>15. Repayment of Start-Up Loan principal to the extent repaid.</p> <p>16. Payment to the Servicer of the fee established in the Servicing Agreement.</p> <p>If BBVA should be replaced as Mortgage Loan Servicer by another entity, payment of the servicing fee, accruing to the new third party servicer shall take the place contained in 1<sup>st</sup> place above, along with the other payments included therein.</p> <p>17. Payment of the Financial Intermediation Margin.</p>
<p><b>3.4.6.3 Building Block Liquidation Priority of Payments of the Fund</b></p> <p>The Financial Swap priorities shall no longer have any content. The Servicing fee is moved to a new priority.</p>	<p>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 4.4.2 of the Registration Document, by applying the following available funds (the “<b>Liquidation Available Funds</b>”): (i) the Available Funds, and (ii) the amounts obtained by the Fund from time to time upon disposing of the Pass-Through Certificates and the remaining assets, and (iii) additionally, as the case may be, the credit facility, as provided for in section 4.4.3.3.(iii) of the Registration Document, which shall be fully allocated to early amortisation of Series A, B and C Bonds, in the following order of priority of payments (the “<b>Liquidation Priority of Payments</b>”):</p> <p>1. Reserve to meet the final tax, administrative or advertising termination and liquidation expenses.</p>

Section	Description
	<p>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 Mortgage Loan amounts reimbursable to the Servicer, and the fee for servicing the Mortgage Loans if BBVA should be replaced as Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.</p> <p>3. <i>[All content deleted. The Available Funds will not be applied to any item in this priority.]</i></p> <p>4. <i>[All content deleted. The Available Funds will not be applied to any item in this priority.]</i></p> <p>5. Payment of interest due on Series A Bonds.</p> <p>6. Repayment of Series A Bond principal.</p> <p>7. Payment of interest due on Series B Bonds.</p> <p>8. Repayment of Series B Bond principal.</p> <p>9. Payment of interest due on Series C Bonds.</p> <p>10. Repayment of Series C Bond principal.</p> <p>11. In the event of the credit facility 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 taken out.</p> <p>12. <i>[All content deleted. The Available Funds will not be applied to any item in this priority.]</i></p> <p>13. Payment of Subordinated Loan interest due.</p> <p>14. Repayment of Subordinated Loan principal.</p> <p>15. Payment of Start-Up Loan interest due.</p> <p>16. Repayment of Start-Up Loan principal.</p> <p>17. Payment to the Servicer of the fee established in the Servicing Agreement. If BBVA should be replaced as Mortgage Loan Servicer by another entity, payment of the servicing fee, accruing to the new third party servicer shall take the place contained in 1<sup>st</sup> place above, along with the other payments included therein.</p> <p>18. Payment of the Financial Intermediation Margin.</p>

<b>Section</b>	<b>Description</b>
<b>Miscellany</b>	Following deletion of all of section 3.4.7.1 of the Building Block in relation to the Financial Swap Agreement, all references to the Financial Swap Agreement, to the Financial Swap and to the Financial Swap amounts paid to the Fund or received by the Fund in other sections of the Prospectus shall be deemed to have been eliminated.

Issued to serve and avail as required by law, at Madrid on July 31, 2013.

Mario Masiá Vicente  
General Manager



**Material Event**  
**concerning**

**BBVA RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS**

Pursuant to the Prospectus for **BBVA RMBS 5 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On October 25, 2012, once the CNMV had checked compliance with the provisions of article 7 of Act 19/1992, as worded by Act 5/2009, June 29, 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 in order for Series A, B and C Bonds to be rated by DBRS Ratings Limited (“**DBRS**”).
- On that same date, the Management Company, for and on behalf of the Fund, and BBVA as counterparty amended the Mortgage Loan 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.
- On October 25, 2012, DBRS assigned the following ratings to the Bonds in each Series:

	DBRS Rating
Series A	<b>A(sf)</b>
Series B	<b>BBH(sf)</b>
Series C	<b>BB(sf)</b>

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

- On October 31, 2012, the CNMV entered the deed amending the deed of constitution of the Fund in its official records.
- The amendments to the Deed of Constitution and the Agreements have resulted in DBRS’ criteria being included, 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 S&P, shall be construed as references to “the Rating Agencies”, collectively defined as S&P, DBRS and, during the life of Series A Bonds, Moody’s. In addition, all references to the terms Bond “ratings” or “rating” shall in any event be construed as references to the ratings for each Series issued by the three Rating Agencies, i.e. both the Bond ratings given by S&P and DBRS and the Series A Bond rating given by Moody’s.
<b>4.4.3.3. (iii) Registration Document (Early Liquidation)</b>	(iii) Be entitled to arrange a credit facility with an institution with unsecured and unsubordinated debt obligations rated at least as high as BBB- in the long-term by S&P and with a DBRS Rating of BBB in the long-term, and, if Series A is outstanding, P-1 in the short-term by Moody’s, or a loan, which shall be fully allocated to early amortisation of the Bonds in the outstanding Series. Financial costs due shall be paid and credit facility or loan principal shall be repaid in accordance with the Liquidation Priority of Payments of the Fund.

Section	Description
<p><b>7.5 Securities Note New Paragraph</b></p>	<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> <p>The Bond ratings are not an opinion as to the likelihood or frequency of repayments of the underlying obligations or the possibility that the Bondholder will obtain a yield below what was expected. The aforementioned credit ratings are only an opinion and need not prevent potential investors from having to make their own analysis of the securities to be purchased.</p>
<p><b>3.4.4.1 Building Block Paragraphs 3 et seq. (Treasury Account)</b></p>	<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 (either of them, the “Treasury Account Provider”) should be downgraded at any time during the life of the Bond Issue below BBB- in the long-term by S&amp;P, or, while Series A Bonds are outstanding, below P-1 in the short-term by Moody’s or below BBB in the long-term based on the public rating assigned by DBRS or, where there is no such rating, the internal assessments and/or ratings made by DBRS (the “DBRS Rating”), the Management Company shall, within not more than thirty (30) calendar days from the downgrade below BBB- or P-1 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 rating given to the Bonds by the Rating Agencies not to be adversely affected:</p> <p>a) Obtain from an institution with unsecured and unsubordinated debt obligations rated at least as high as BBB- in the long-term by S&amp;P and/or, if Series A is outstanding, P-1 in the short-term by Moody’s and/or with a DBRS rating in the long-term of BBB (such rating not to be “Under Review (Negative)”), an unconditional, irrevocable, first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BBVA of its obligation to repay amounts credited to the Treasury Account, for such time as the Treasury Account Provider’s debt obligations remain downgraded below BBB- and/or P-1 and/or BBB.</p> <p>b) Transfer the Treasury Account to an institution with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB- in the long-term by S&amp;P, and, if Series A is outstanding, P-1 in the short-term by Moody’s, and with a DBRS rating in the long-term of BBB (such rating not to be “Under Review (Negative)”), and arrange the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.</p> <p>If, upon the occurrence of b) above, BBVA’s unsecured and unsubordinated debt obligations should subsequently be upgraded back to being at least as high as BBB- in the long-term by S&amp;P, and, if Series A is outstanding, P-1 in the short-term by Moody’s, and with a DBRS rating in the long-term of BBB, 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>

Section	Description
	<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) Section 8.ter added</b></p>	<p>8.ter Actions in the event of the rating of Party B's debt obligations being changed by DBRS.</p> <p>(A) In the event that the DBRS Rating for Party B should be less than a long-term credit rating of A, i.e. a default occurs of the "First Rating Threshold", then Party B shall, at its cost, within not more than thirty (30) Business Days:</p> <p>(a) post cash or securities collateral to the Fund 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"); or</p> <p>(b) have a third party with a DBRS Rating at least as high as A for its long-term debt obligations ("Credit Support Provider") secure performance of its contractual obligations ("Eligible Guarantee"); or</p> <p>(c) have a third party with a DBRS Rating at least as high as A for its long-term debt obligations 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.</p> <p>(B) In the event that the DBRS Rating for Party B should be less than a long-term credit rating of BBB, i.e., a default occurs of the "Second Rating Threshold", then Party B shall, at its cost, and within not more than thirty (30) Business Days:</p> <p>(a) have a third party with a DBRS Rating at least as high as A for its long-term debt obligations 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> <p>(b) if the Cash or Securities Collateral posted in the event of a First Rating Default should be maintained, have a third party with a DBRS Rating at least as high as BBB for its long-term debt obligations 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> <p>(c) post additional cash or securities collateral to the Fund 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 ("Additional Cash or Securities Collateral"); or</p> <p>(d) have a third party with a DBRS Rating at least as high as A for its long-term debt obligations ("Credit Support Provider") secure performance of its contractual obligations ("Eligible Guarantee").</p>

Section	Description
	<p>In the event that Party B should fail to put in place one of the actions set out in (A) or (B) above, the Management Company may consider that an early termination event of the Financial Swap Agreement has occurred.</p> <p>All costs, expenses and taxes incurred in connection with fulfilment of the preceding obligations shall be payable by Party B.</p> <p>An entity shall have the “First Rating Threshold” where that entity has a DBRS Rating for its long-term debt obligations at least as high as A.</p> <p>An entity shall have the “Second Rating Threshold” where that entity has a DBRS Rating for its long-term debt obligations at least as high as BBB.</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 satisfying the DBRS First Rating Threshold;</li> <li>2. if Party B is below the Second Rating Threshold or 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 the Second Rating Threshold</li> </ol>
<p><b>3.4.7.1 Building Block Section 9.2 Financial Swap Agreement</b></p>	<p>9.1 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 with a rating for its unsecured and unsubordinated debt obligations of BBB in the long-term by S&amp;P (or BBB- in the long-term if it posts collateral to the Fund) and, if Series A is outstanding, rated with the First Required Rating Threshold by Moody’s, and with DBRS’ First Rating Threshold (or with DBRS’ Second Rating Threshold if collateral is posted to the Fund), following notice to the Rating Agencies.</p>

Section	Description
<p><b>3.4.7.2 Building Block Paragraph 3 (Paying Agent Agreement)</b></p>	<p>In the event that the rating of the Paying Agent's unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below BB+ in the long-term by S&amp;P or, while Series A Bonds are outstanding, below P-1 in the short-term by Moody's, or the DBRS Rating for the long-term debt obligations should be downgraded below BBB, the Management Company shall, within not more than thirty (30) calendar days from the downgrade below BB+ or P-1 or BBB, after first notifying the Rating Agencies, do one of the following in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected: (i) obtain from an institution with unsecured and unsubordinated debt obligations rated at least as high as BB+ in the long-term by S&amp;P and, if Series A is outstanding, P-1 in the short-term by Moody's and with a DBRS rating in the long-term of BBB (such rating not to be "Under Review (Negative)"), 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 debt obligations remain downgraded below BB+ or P-1 or BBB; or (ii) revoke the Paying Agent's designation as Paying Agent and thereupon designate another institution with unsecured and unsubordinated debt obligations rated at least as high as BB+ in the long-term by S&amp;P and, if Series A is outstanding, P-1 in the short-term by Moody's and with a DBRS rating in the long-term of BBB (such rating not to be "Under Review (Negative)"), to take its place before terminating the Paying Agent Agreement. Should BBVA be replaced as Paying Agent, the Management Company shall be entitled to change the fee payable to the substitute institution, which may be higher than that established with BBVA in the Paying Agent Agreement. All costs, expenses and taxes incurred in connection with doing and arranging (i) above shall be borne by BBVA or, as the case may be, the secured institution.</p>
<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) DBRS criteria added</b></p>	<p>If the DBRS Rating for the Servicer should be downgraded below BBB (low) in the long-term, or its rating should be removed, the Servicer shall 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>

Issued to serve and avail as required by law, at Madrid on November 7, 2012.

Mario Masiá Vicente  
General Manager



25 de Octubre de 2012

D. Mario Masía  
Director General  
Europea de Titulización, S.A., S.G.F.T.  
Lagasca 120  
28006 Madrid  
España



*Insight beyond the rating.*

**Re: BBVA RMBS 5, FONDO DE TITULIZACIÓN DE ACTIVOS.**

Estimado Sr. Masía:

DBRS Ratings Limited ("DBRS") ha asignado las siguientes calificaciones a BBVA RMBS 5, FONDO DE TITULIZACIÓN DE ACTIVOS.

1 Minster Court, 10<sup>th</sup> Floor  
Mincing Lane  
London, EC3R 7AA  
TEL +44 (0) 20 7855 6600  
FAX +44 (0) 20 3137 5129  
www.dbrs.com

Clase	Importe (EUR)	Interés	Fecha de Vencimiento Final	Tipo de Calificación	Calificación
A	3,213,695,045	Euribor 3m + 0.30%	20 de Marzo de 2061	Final	A(sf)
B	250,000,000	Euribor 3m + 0.70%	20 de Marzo de 2061	Final	BBH(sf)
C	75,000,000	Euribor 3m + 1.10%	20 de Marzo de 2061	Final	BB(sf)

DBRS ha asignado las calificaciones descritas para los valores mencionados.

Las calificaciones descritas constituyen una opinión respecto de los bonos mencionados acerca del pago puntual de intereses, y el pago del principal antes o en la Fecha de Vencimiento Final, de conformidad con los documentos de la operación.

Las calificaciones no constituyen una recomendación para adquirir, vender o conservar un valor. Las calificaciones otorgadas por DBRS no constituyen ninguna autorización de DBRS para utilizar su nombre como experto en conexión con documentos que deban inscribirse en cualquier registro. La calificación está basada en la información y documentos facilitados a DBRS hasta la fecha y los mismos están sujetos a la revisión completa y satisfactoria de toda la documentación en relación con los valores ofertados. La información sobre la cual DBRS basa sus calificaciones e informes es obtenida por DBRS de fuentes que DBRS considera precisas, veraces y fiables. DBRS no audita la información recibida durante el proceso de calificación, ya que no puede verificar de manera independiente esa información. El alcance de cualquier investigación fáctica o verificación independiente depende de hechos y circunstancias.

El mantenimiento de las calificaciones otorgadas está sujeto al suministro de información periódica suficiente a DBRS a los efectos de realizar un seguimiento del comportamiento del Emisor.

Por favor consulten la sección de escalas de calificación ("*Rating Scales*") y la sección de exoneración de responsabilidad ("*Disclaimer*") de nuestra página web en [www.dbrs.com](http://www.dbrs.com) donde encontrarán una descripción de nuestras escalas de calificación y el alcance de nuestras opiniones.

Atentamente,

**DBRS Ratings Limited**

Claire Mezzanotte  
Managing Director  
+1(212) 806-3272

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**Material Event concerning**

**BBVA RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS**

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

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

Section	Description
<p><b>3.4.4.1 Building Block Paragraphs 3 set and 4 (Treasury Account)</b></p>	<p>In the event that the rating of the unsecured and unsubordinated debt obligations of BBVA or of the institution in which the Treasury Account is opened (the “Treasury Account Provider”) should, at any time during the life of the Bond Issue, be downgraded below BBB- in the long-term by S&amp;P, or, during the life of Series A Bonds, P-1 in the short-term by Moody’s, the Management Company shall, within not more than thirty (30) calendar days of the occurrence of the downgrade below BBB- or P-1, do one of the following in order 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 rating given to the Bonds by the Rating Agencies not to be adversely affected:</p> <p>a) Obtain from an institution with unsecured and unsubordinated debt obligations rated at least as high as BBB- in the long-term by S&amp;P, and, if Series A remains outstanding, P-1 in the short-term by Moody’s, an unconditional, irrevocable, 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 BBB- or P-1.</p> <p>b) Transfer the Treasury Account to an institution with unsecured and unsubordinated debt obligations rated at least as high as BBB- in the long-term by S&amp;P, and, if Series A remains outstanding, P-1 in the short-term by Moody’s, and arrange the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.</p> <p>If, upon the occurrence of b) above, BBVA’s unsecured and unsubordinated debt obligations should subsequently be upgraded back to being at least as high as BBB- in the long-term by S&amp;P, and, if Series A remains outstanding, P-1 in the short-term by Moody’s, the Management Company shall subsequently transfer the balances back to BBVA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.</p>

Section	Description
<p><b>3.4.7.1 Building Block Sections 8 (Financial Swap Agreement)</b></p>	<p><b>8. Actions in the event of the rating of Party B's debt obligations being changed by S&amp;P.</b></p> <p>Based on S&amp;P's updated counterparty criteria dated 31<sup>st</sup> May 2012 "Counterparty Risk Framework Methodology And Assumptions", and, specifically, replacement option 1 which shall apply to the Financial Swap Agreement:</p> <p>In the event that the long-term unsecured and unsubordinated debt obligations of Party B (or its successor) should, at any time during the life of the Bonds, be downgraded below BBB (or its equivalent) by S&amp;P, then Party B (or its successor) shall post security to Party A, within not more than 10 Business Days, in an amount calculated having regard to the mark-to-market value of the Financial Swap and in accordance with the requirements of S&amp;P's criteria dated 31<sup>st</sup> May 2012.</p> <p>In the event that the long-term unsecured and unsubordinated debt obligations of Party B (or its successor) should be downgraded, at any time during the life of the Bonds, below BBB- (or its equivalent) by S&amp;P, then Party B (or its successor) shall, within not more than 60 calendar days:</p> <p>(A) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement institution (i) with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB by S&amp;P, or (ii) with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB- by S&amp;P and posting security to Party A in an amount calculated having regard to the mark-to-market value of the Financial Swap and in accordance with S&amp;P's criteria; or</p> <p>(B) procure a financial institution suitable for S&amp;P and with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB by S&amp;P to secure, by means of a first demand bank guarantee meeting S&amp;P's criteria, fulfilment of Party B's obligations with respect to the Financial Swap Agreement.</p> <p>Any guarantee shall be subject to confirmation and maintenance of the Bond rating given by S&amp;P. All costs deriving from any of the actions defined above shall be borne by the ineligible counterparty.</p>
<p><b>3.4.7.2 Building Block Paragraph 3 (Paying Agent Agreement)</b></p>	<p>In the event that the rating of the Paying Agent's long-term unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below BB+ in the long-term by S&amp;P, or, during the life of Series A Bonds, P-1 in the short-term by Moody's, the Management Company shall, within not more than thirty (30) calendar days, from the occurrence of the downgrade below BB+ or P-1, after notifying the Rating Agencies, do any of the following in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected: (i) obtain from an institution with long-term unsecured and unsubordinated debt obligations rated at least as high as BB+ in the long-term by S&amp;P, and, if Series A remains outstanding, P-1 in the short-term by Moody's, an unconditional, irrevocable, first demand guarantee securing for the Fund, merely upon the Management Company so requesting, the commitments taken on by the Paying Agent for such time as the Paying Agent's debt obligations remain downgraded below BB+ or P-1; 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 BB+ in the long-term by S&amp;P, and, if Series A remains outstanding, P-1 in the short-term by Moody's, to take its place before terminating the Paying Agent</p>



Section	Description
	<p>Agreement. Should BBVA be replaced as Paying Agent, the Management Company shall be entitled to change the fee payable to the substitute institution, which may be higher than that established with BBVA in the Paying Agent Agreement. All costs, expenses and taxes incurred in connection with doing and arranging (i) above shall be borne by the substituted institution.</p>
<p><b>3.7.2.1.2 Building Block Paragraphs 2 et seq. (Collection Management under the Servicing Agreement) and 3.4.5 Building Block Paragraphs 2 et seq. (Collection by the Fund of payments in respect of the assets)</b></p>	<p>Mortgage Loan amounts received by the Servicer owing to the Fund shall be paid by the Servicer into the Fund's Treasury Account on the second (2<sup>nd</sup>) day after the date on which they are received by the Servicer, or the following business day if that is not a business day (the "Collection Dates"). In this connection, business days shall be taken to be all those that are business days in the banking sector in the capital city of Madrid.</p> <p><i>(Paragraphs four to six setting out Moody's criteria remain unchanged)</i></p> <p>In the event that BBVA's downgrade below BBB- by S&amp;P could trigger a downgrade of the Bond ratings given by S&amp;P, then BBVA shall do one of the following:</p> <ul style="list-style-type: none"> <li>(i) obtain from an institution with long-term unsecured and unsubordinated debt obligations rated at least as high as BBB- by S&amp;P, within not more than thirty (30) days from the occurrence of that circumstance, a first demand guarantee, meeting S&amp;P's criteria in force from time to time, in an amount allowing the Bond ratings given by S&amp;P to be maintained; or</li> <li>(ii) post cash collateral to the Fund in order for the Bond rating given by S&amp;P not to be adversely affected, within not more than ten (10) calendar days from the occurrence of the aforementioned circumstance, at an institution with long-term debt obligations rated at least as high as BBB- by S&amp;P.</li> </ul> <p>The amount of the guarantee or collateral shall be equivalent to the estimated aggregate amount of the repayment and interest instalments which the Mortgage Loans would generate during one month from the date of downgrade below BBB- by S&amp;P, calculated with a CPR based on the historical CPR of Mortgage Loans assigned to the Fund.</p> <p>The Fund may only call the guarantee or draw on the amount of the cash collateral to the extent of the Mortgage Loan amounts, if any, not received from the Servicer owing to the Fund and received by the Servicer and not paid to the Fund.</p> <p>All costs, expenses and taxes incurred in connection with doing and arranging the above shall be borne by the Servicer.</p> <p>The Servicer shall at no event pay any Mortgage Loan payment amount whatsoever to the Fund not previously received.</p>

Issued to serve and avail as required by law, at Madrid on September 20, 2012.

Mario Masiá Vicente  
General Manager

**Material Event concerning**

**BBVA RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS**

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

- On February 17, 2011, once the CNMV had checked compliance with the provisions of article 7 of Act 19/1992, as worded by Act 5/2009, June 29, 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 in order for Series A Bonds to be rated by Moody’s Investors Service España, S.A. (“**Moody’s**”).
- On that same date, the Management Company, for and on behalf of the Fund, and BBVA as counterparty amended the Mortgage Loan and Pass-Through Certificate Custody, Guaranteed Interest Rate Account (Treasury Account), Financial Swap and Paying Agent Agreements (collectively the “**Agreements**”), to include Moody’s criteria in credit rating downgrade events for the counterparties to the Agreements and the actions to be taken in those events.
- On February 18, 2011, Moody’s assigned an A2 (sf) rating to Series A Bonds.

Attached hereto is the letter received from Moody’s notifying assignment of the aforementioned rating.

- On February 23, 2011, the CNMV entered the deed amending the deed of constitution of the Fund in its official records.
- The amendments to the Deed of Constitution and the Agreements have resulted in the inclusion of Moody’s criteria, and the following sections of the Fund Prospectus shall therefore read as follows:

Section	Description
<b>Miscellany</b>	Generally, all references to “the Rating Agency” throughout the Prospectus, defined as S&P, shall be construed as made to “the Rating Agencies”, defined as Moody’s and S&P collectively.
<b>4.4.3.3. (iii) Registration Document (Early Liquidation)</b>	(iii) Be entitled to arrange for a credit facility, with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P and, if Series A remains outstanding, P-1 by Moody’s, or a loan which shall be fully allocated to early amortisation of the Bonds in the Series then outstanding. The financial expenses due shall be paid and the credit facility or loan principal shall be repaid in accordance with the Liquidation Priority of Payments of the Fund.
<b>7.5 Securities Note New Paragraph after the third paragraph</b>	The rating assigned to Series A Bonds by Moody’s measures the expected loss before the Final Maturity Date. In Moody’s opinion, the structure allows timely Series A interest and principal payment during the life of the transaction and, in any event, before the Final Maturity Date. Moody’s rating only measures credit risks inherent in the transaction; other risk types which may materially impact investors’ return are not measured.

Section	Description
<p><b>3.4.4.1 Building Block Paragraphs 3 et seq. (Treasury Account)</b></p>	<p>In the event that the rating of the short-term unsecured and unsubordinated debt obligations of BBVA or of the institution in which the Treasury Account is opened (the “Treasury Account Provider”) should, at any time during the life of the Bond Issue, be downgraded below A-1 by S&amp;P or, while Series A Bonds are outstanding, P-1 by Moody’s, the Management Company shall, within not more than sixty (60) calendar days from the time of the occurrence of the downgrade below A-1, or within not more than thirty (30) calendar days from the time of the occurrence of the downgrade below P-1, do any of the things described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from the Guaranteed Interest Rate Account (Treasury Account) Agreement in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:</p> <p>a) Obtaining from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&amp;P or, if Series A remains outstanding, P-1 by Moody’s, an unconditional, irrevocable and 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 the amounts credited to the Treasury Account, for such time as the Treasury Account Provider’s debt obligations remain downgraded below A-1 or P-1.</p> <p>b) Transferring the Treasury Account to an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&amp;P or, if Series A remains outstanding, P-1 by Moody’s, arranging the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.</p> <p>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 A-1 by S&amp;P or, if Series A remains outstanding, P-1 by Moody’s, 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 substituted Treasury Account Provider. BBVA shall, forthwith upon the credit ratings for its debt obligations being downgraded, agree to use commercially reasonable efforts in order that the Management Company may do one of a) or b) above.</p>
<p><b>3.4.7.1 Building Block Section 8 (Financial Swap Agreement)</b></p>	<p>8. Actions in the event of change in Party B’s rating by S&amp;P.</p> <p>In accordance with S&amp;P’s current criteria, subject to change or review in the future as published by S&amp;P and sent to the Management Company:</p> <p>In the event that the short-term unsecured and unsubordinated debt obligations of Party B (or its successor) should at any time during the life of the Bonds be downgraded below A-1 (“S&amp;P’s Required Rating”), then it shall, within 60 calendar days, at its own cost, do one of the following:</p> <p>(A) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement financial institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&amp;P; or</p> <p>(B) procure a financial institution suitable for S&amp;P and with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&amp;P to become co-obligor in respect of the obligations of Party B under the Financial Swap Agreement.</p> <p>While one of the above is put in place, Party B (or its successor) will, within not more than 10 Business Days, at its own cost, post cash or securities as collateral to Party A, at an amount covering 125% of the mark-to-market value of the Financial Swap, in accordance with the terms of the Financial Swap Agreement.</p>

Section	Description
	<p>All costs, expenses and taxes incurred in connection with fulfilment of the preceding obligations shall be payable by Party B (or its successor) downgraded by S&amp;P and having to implement either (A) or (B) above.</p> <p>8 bis. Actions in the event of change in Party B's rating by Moody's. Party B shall irrevocably agree as follows under the Financial Swap Agreement:</p> <p>(i) If at any time while Series A Bonds are outstanding 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 the Credit Support Annex, 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:</p> <p>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.</p> <p>(ii) If while Series A Bonds are outstanding 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 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 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 the Credit Support Annex.</p> <p>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.</p> <p>All costs, expenses and taxes incurred in connection with complying with the preceding obligations shall be payable by Party B.</p> <p>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</p>

Section	Description
	<p>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.</p> <p>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.</p> <p>An entity not having the “First Required Rating Threshold” 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.</p>
<p><b>3.4.7.1 Building Block Section 9.1 (Financial Swap Agreement)</b></p>	<p>9.1 Party B may only assign all its rights and obligations under the Financial Swap Agreement, with Parte A’s prior written consent, to a third party with S&amp;P’s Required Rating and, if Series A remains outstanding, rated with Moody’s First Required Rating Threshold, following notice to the Rating Agencies,</p>
<p><b>3.4.7.2 Building Block Paragraph 3 (Paying Agent Agreement)</b></p>	<p>In the event that the rating of the Paying Agent’s short-term unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below A-1 by S&amp;P or, while Series A Bonds are outstanding, P-1 by Moody’s, the Management Company shall, within not more than sixty (60) calendar days from the time of the occurrence of the downgrade below A-1, or within not more than thirty (30) calendar days from the time of the occurrence of the downgrade below P-1, after notifying the Rating Agencies, do one of the following in order for there to be no detriment to the Rating Agencies’ rating assigned to the Bonds: (i) obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&amp;P and, if Series A remains outstanding, P-1 by Moody’s, an unconditional and irrevocable first demand guarantee securing for the Fund, merely upon the Management Company so requesting, the commitments made by the Paying Agent, for such time as the Paying Agent’s debt obligations remain downgraded below A-1 or P-1, or (ii) revoke the Paying Agent’s designation as Paying Agent and thereupon designate another institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&amp;P and, if Series A remains outstanding, P-1 by Moody’s, to take its place before terminating the Paying Agent Agreement. Should BBVA be replaced as Paying Agent, the Management Company shall be entitled to change the fee payable to the substitute</p>



Section	Description
	<p>institution, which may be higher than that established with BBVA under the Paying Agent Agreement. All costs, expenses and taxes incurred in connection with doing and arranging (i) above shall be borne by the substituted institution.</p>
<p><b>3.7.2.1.2 Building Block Paragraphs 3 et seq. (Collection Management of the Servicing Agreement)</b></p>	<p>Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt obligations should be downgraded below A-2 by S&amp;P and, if Series A remains outstanding, P-1 by Moody's, 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 the event of the rating of the Servicer's long-term debt obligations being downgraded below Baa3 by Moody's, while Series A Bonds are outstanding, the Servicer will do one of the following:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> <p>The cash collateral amount or the maximum limit of the credit facility arranged shall be equivalent to the estimated aggregate amount of Mortgage 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 Mortgage Loan delinquency rate should be 0.00% and the CPR should be 10.00%.</p> <p>The Fund may only draw on that cash collateral or the credit facility the Mortgage Loan amounts it shall not receive, if any, owing to the Fund, received by the Servicer and not paid into the Fund.</p> <p>In the event that the credit rating of the Servicer's short-term unsecured and unsubordinated debt obligations should be downgraded below A-2 by S&amp;P, the Servicer shall do one of the following:</p> <ul style="list-style-type: none"> <li>(i) obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&amp;P within not more than thirty (30) days reckoned from the time of the occurrence of that circumstance, a first demand guarantee, satisfying the S&amp;P criteria in force from time to time; or</li> <li>(ii) post cash collateral to the Fund, within not more than ten (10) days reckoned from the time of the occurrence of the aforesaid circumstance, with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&amp;P.</li> </ul> <p>The amount of the guarantee or cash collateral shall be equivalent to the aggregate estimated amount of the Mortgage Loan repayment and interest instalments that would become due during one month, from the date of downgrade below A-2 by S&amp;P, calculated assuming a CPR based on the historical CPR of the Mortgage Loans assigned to the Fund.</p> <p>The Fund may only call the guarantee or draw on the amount of such cash collateral to the extent of the Mortgage Loan amounts, if any, not received from the Servicer owing to the Fund and received by the Servicer and not paid to the Fund.</p> <p>The Servicer shall do any of the above in the event that the Servicer's short-term unsecured and unsubordinated debt obligations should not be rated by Moody's (if Series A remains outstanding) or S&amp;P.</p> <p>In the event that the Servicer's short-term unsecured and unsubordinated debt obligations should be upgraded back to A-2 by S&amp;P and, if Series A remains outstanding, P-1 by Moody's, the Mortgage 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, in relation to Moody's and S&amp;P's rating.</p>

Section	Description
	<p>All costs, expenses and taxes incurred in connection with doing and arranging the above shall be borne by the Servicer.</p> <p>The Servicer shall at no event pay any Mortgage Loan payment amount whatsoever to the Fund not previously received from the Obligors.</p>
<p><b>3.7.2.2 Building Block New Paragraph after the third paragraph (Term and Substitution of the Servicing Agreement)</b></p>	<p>Notwithstanding the above provisions, in the event of the rating of the Servicer's long-term unsecured and unsubordinated debt obligations being downgraded below Baa3 by Moody's, while Series A Bonds are outstanding, 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 Mortgage 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.</p>

Issued to serve and avail as required by law, at Madrid on February 25, 2011.

Mario Masiá Vicente  
General Manager

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This document is a prospectus (the “**Prospectus**”) registered at the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*), as provided for in Commission Regulation (EC) No. 809/2004 of April 29, 2004, as currently worded (“**Regulation 809/2004**”) and 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**”), 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 RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS (the “Fund” and/or the “Issuer”) is a separate fund devoid of legal personality and, in accordance with Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies (“Royal Decree 926/1998”), is managed by a management company, EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the “Management Company”). 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, there shall be early liquidation of the Fund and early amortisation of the Bonds issued by the same, as provided for in the Deed of Constitution and in this Prospectus.

#### c) Limitation of actions against the Management Company.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against Mortgage 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 prepayment of the Mortgage Loans, 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 ordinary creditors of the Fund shall have no recourse whatsoever against the Fund Management Company other than as derived from a breach 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 claimed amount.

#### d) Applicability of the Bankruptcy Act

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

In particular, the Originator’s insolvency could affect its contractual relationships with the Fund, in accordance with the provisions of Bankruptcy Act 22/2003, July 9 (the “Bankruptcy Act”).

As for the transaction involving the assignment of the Mortgage Loan receivables by issuing the Pass-Through Certificates, the latter cannot be the subject of restitution other than by an action brought by the Originator’s receivers, in accordance with the provisions of the Bankruptcy Act and after proving the existence of fraud in that transaction, all as set down in section 4 of Additional Provision Five of Act 3/1994, April 14.

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

## **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 sold in the market, and, consequently, the terms of the Bond Issue are not an estimate of the prices at which those instruments could be sold in the secondary market or of the Eurosystem's valuations in due course for the purpose of using them as security instruments in its lending transactions to the banking system.

### **b) Liquidity.**

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

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

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

### **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 Mortgage Loan prepayment and delinquency rates that may not be fulfilled, and to future market interest rates, given the floating nature of the Nominal Interest Rate of 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 Mortgage Loan repayment and to assumed Mortgage Loan prepayment rates that may not be fulfilled. Mortgage Loan repayment performance is influenced by a number of economic and social factors such as market interest rates, the Obligor's 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 of the Series shall under no circumstances result in 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, whereas Series C Bond interest payment and principal repayment is in turn deferred with respect to Series A and Series 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 subordination rules among the different Series are established in the Priority of Payments and in the Liquidation Priority of Payments of the Fund in accordance with section 3.4.6 of the Building Block.

**g) Deferral of interest.**

This Prospectus and the other supplementary documents relating to the Bonds provide for deferment of Series B and 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.

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

**h) Bond Rating.**

The credit risk of the Bonds issued by the Fund has been assessed by the rating agency Standard & Poor's España S.A. (the "**Rating Agency**").

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

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

**i) Ratings not confirmed.**

The Rating Agency's failure to confirm the provisional ratings given to the Bonds by May 28, 2008 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 Mortgage Loans.**

Holders of the Bonds issued by the Fund shall bear the risk of default on the Mortgage Loans pooled therein by issuing the Pass-Through Certificates.

BBVA, as Originator, shall have no liability whatsoever for the Obligors' default of principal, interest or any other amount they may owe under the Mortgage Loans. Under article 348 of the Commercial Code, BBVA would be liable to the Fund exclusively for the existence and lawfulness of the Mortgage Loans and for the personality with which the Pass-Through Certificates will be issued, on the terms and conditions declared and set out in the Deed of Constitution and in this Prospectus. 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 Pass-Through Certificates on the Mortgage Loans, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution or redemption of the Pass-Through Certificates on the Mortgage Loans fail 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 Protection.**

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

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

**d) Mortgage Loan prepayment risk.**

There will be a prepayment of the Mortgage Loan receivables pooled in the Fund, upon subscription for the Pass-Through Certificates, when Obligors prepay the portion of Mortgage Loan principal pending repayment, or in the event that BBVA should be substituted in the relevant Mortgage 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, in accordance with the conditions for amortisation of each Series and the rules for Distribution of Available Funds for Amortisation, contained in sections 4.9.2 and 4.9.3.5 of the Securities Note.

**e) Concentration concerning selected mortgage loan origination date.**

The selected mortgage loans making up the selected portfolio originated in the years 2006 and 2007 account for 89.56%, in terms of outstanding principal, of the total selected portfolio. The weighted average age of the portfolio is 14.92 months at May 12, 2008, the selected portfolio selection date.

**f) Mortgage loan portfolio assumptions.**

The assumptions made in this Prospectus regarding 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 “**Management Company**”), the company sponsoring BBVA RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS (the “**Fund**” and/or the “**Issuer**”), takes responsibility for the contents of this Registration Document.

Mr Mario Masiá Vicente, General Manager of the Management Company using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, is expressly acting for establishing the Fund pursuant to authorities conferred by the Board of Directors’ Executive Committee in a resolution dated April 21, 2008.

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

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

### **2. STATUTORY AUDITORS**

#### **2.1 Fund’s Auditors.**

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

The Fund’s annual accounts shall be audited and reviewed every year by statutory auditors. The Fund’s annual accounts and their audit report shall be filed with the Companies Register and the CNMV.

The Management Company shall proceed to designate, for periods of not more than three (3) years, the statutory auditor who is for that period of time to audit the Fund’s annual accounts, 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. The Management Company shall duly notify the CNMV of such designation.

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

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

The 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 section of Risk Factors of this Prospectus.



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

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

The Issuer is 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 RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

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

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

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

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

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

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

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

The Management Company and BBVA, as Originator, shall proceed to execute on May 26, 2008 a public deed whereby BBVA RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BBVA will assign Mortgage Loan receivables to the Fund 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 receivables on the Mortgage Loan Pass-Through Certificates to be issued and subscribed for under the Deed of Constitution.

The Deed of Constitution may not be altered other than in exceptional events, provided that there are no circumstances preventing that in accordance with the laws and regulations in force from time to time. In any event, those actions shall require that the Management Company first notify and secure the prior authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agency, and provided that such changes are not detrimental to the rating assigned to the Bonds by the Rating Agency. The amendment of the Deed of Constitution shall be notified by the Management Company to the CNMV and the Rating Agency. The Deed of Constitution can also be corrected as requested by the CNMV.

###### **4.4.2 Existence of the Fund.**

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

The Fund shall be in existence until March 20, 2061 or the following Business Day if that is not a Business Day, the Final Maturity Date of the Bond Issue, other than in the event of Early Liquidation before then as set forth in section 4.4.3 of this Registration Document or if 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**"), in any of the following events ("**Early Liquidation Events**"):

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

The payment obligations derived from the Bonds 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 required by article 11.b) of Royal Decree 926/1998 is permanently damaged. This event includes such circumstances as the existence of any change in the law or supplementary implementing regulations, the establishment of withholding obligations or other situations which might permanently affect the financial balance of the Fund.
- (iii) Mandatorily, in the event that the Management Company should be adjudged insolvent and/or have its licence to operate as a securitisation fund management company revoked by the CNMV, or the statutory term to do so or otherwise four months should elapse without a new management company being designated in accordance with the provisions of section 3.7.1.3 of the Building Block.
- (iv) In the event that the Management Company should have the express consent and acceptance of all the Bondholders and all the 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 thirty-six (36) months from the date of the last maturity of the Mortgage Loan receivables, even if amounts are still due and payable.

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

- (i) That Bondholders be given not less than fifteen (15) Business Days' notice, as prescribed in section 4.1.3.2 of the Building Block, of the Management Company's resolution to proceed to Early Liquidation of the Fund.
- (ii) That the Management Company previously advise the CNMV and the Rating Agency of that notice.
- (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) the manner in which 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 Pass-Through Certificates remaining in the Fund at a reasonable market value price, initially not less than the sum of the principal still outstanding plus interest accrued and not paid on the relevant Mortgage 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 short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P, which shall be fully allocated to early amortisation of the Bonds in the Series then outstanding. The financial expenses due shall be paid and the credit facility 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 Pass-Through Certificates or other remaining assets of the Fund, the Management Company shall proceed to sell them and shall therefore invite a bid from at least five (5) entities which may, in its view, give a reasonable market value. The Management Company shall be bound to accept the best bid received for the Pass-Through Certificates and for the assets on offer. In order to set the reasonable market value, the Management Company may secure such valuation reports as it shall deem necessary.

For (i), (iii) and (iv) above, the Originator shall have a pre-emptive right and will therefore have priority over third parties to voluntarily acquire the Pass-Through Certificates or other remaining assets still on the assets of the Fund, and/or may grant to the Fund the credit facility designed for early amortisation of the Bonds in the Series then outstanding. The Management Company shall therefore 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 Pass-Through Certificates or other remaining assets offered by the Management Company or the credit facility 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 Management Company shall forthwith apply all the proceeds from the sale of the Fund's assets to paying the various items, in such manner, amount and order as shall be requisite in the Liquidation Priority of Payments, other than the amounts, if any, drawn under the credit facility arranged for early amortisation of the Bonds in the Series then outstanding, which shall be applied to meeting the payment obligations of the Bonds in those Series.

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

The Fund shall terminate in any case, after the relevant legal procedure is carried out and concluded, in the following events:

- (i) Upon the Pass-Through Certificates pooled therein being fully amortised.
- (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 March 20, 2061 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 Agency should not confirm any of the assigned provisional ratings as final ratings by May 28, 2008. In this event, the Management Company shall terminate the establishment of the Fund, subscription for the Pass-Through Certificates by the Fund and the Bond issue.

Termination of the establishment of the Fund shall be notified to the CNMV as soon as such is confirmed, and shall be publicised by means of the procedure specified in section 4.1.3.2 of the Building Block. Within not more than one month after the occurrence of the event of termination, the Management Company shall execute a statutory declaration before a notary public declaring that the Fund's obligations have been settled and terminated and that the Fund has terminated. Notwithstanding the above, the Fund Management Company shall defray the expenses of setting up the Fund and issue and admission of the Bonds payable with 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 set Liquidation Priority of Payments, that remainder shall be for the Originator on the liquidation terms established by the Management Company. If that remainder is not a liquid amount, since relating to Mortgage Loan receivables that are pending the outcome of court or notarial proceedings instituted as a result of default by the Mortgage Loan Obligor, both their continuation and the proceeds of their termination shall be for the Originator.

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

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

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

In accordance with the provisions of article 1.1 of Royal Decree 926/1998, the Fund has no own legal personality and the Management Company is entrusted with establishing, managing and being the authorised representative of the same, and, as managers of third-party portfolios, with representing and enforcing the interests of the holders of the securities issued by the Fund managed thereby and of all its other ordinary creditors.

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

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

The establishment of the Fund is subject to Spanish Law and in particular is carried out pursuant to the legal system provided for by (i) Royal Decree 926/1998 and implementing regulations, (ii) Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7 ("**Act 19/1992**"), failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) Act 3/1994, April 14, adapting Spanish law in regard to credit institutions to the Second Banking Co-ordination Directive and introducing other financial system changes ("**Act 3/1994**"), as currently worded, (iv) the Securities Market Act in force as of the date of establishment of the Fund, (v) Act 41/2007, December 8, amending Act Mortgage Market Regulation Act 2/1981, March 25, and other mortgage and financial system rules, regulating reverse mortgages and dependency insurance and establishing a certain taxation rule ("**Act**

41/2007”), (vi) 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, (vii) 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, and (viii) all other legal and statutory provisions in force and applicable from time to time.

#### 4.5.1 Tax system of the Fund.

In accordance with the provisions of article 1.2 of Royal Decree 926/1998, article 5.10 of Act 19/1992, article 7.1.h) of the Consolidation of the Corporation Tax Act, approved by Legislative Royal Decree 4/2004, March 5, article 20.One.18 of Value Added Tax Act 37/1992, December 28, article 59.k of the Corporation Tax Regulations, approved by Royal Decree 1777/2004, July 30, article 45.I.B).15 of the Consolidation of the Capital Transfer and Documents Under Seal Tax 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 following are the most relevant characteristics of the current tax system, for each tax, of the Fund:

- (i) The establishment of the Fund is exempt from the “corporate transactions” item of Capital Transfer and Documents Under Seal Tax.
- (ii) Bond issue, subscription, transfer and amortisation are exempt from payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (iii) The Fund is liable to pay Corporation Tax, determining the taxable income in accordance with the provisions of Title IV 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.
- (iv) As for returns on the Pass-Through Certificates, loans or other receivables constituting Fund income, there shall be no Corporation Tax withholding or interim payment obligation.
- (v) The management and custody services provided to the Fund shall be exempt from Value Added Tax.
- (vi) Assignment of the Mortgage Loan receivables by issuing the Pass-Through Certificates to be subscribed for by the Fund is a transaction subject to and exempt from Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (vii) Fulfilment of the reporting duties established by Additional Provision Two of Financial Intermediary Investment Ratios, Equity and Reporting Duties Act 13/1985 shall apply to the Fund.

The procedure to satisfy those reporting duties was implemented by Royal Decree 1065/2007, July 27.

- (viii) 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.

In accordance with Spanish laws for the time being in force, returns on the Bonds obtained by an investor who is not a resident of Spain shall be either (i) exempt from a withholding on account of Non-Resident Income Tax (in the case of investors acting through a permanent establishment), or (ii) exempt on the same terms established for returns on public debt.

Notwithstanding the above, in order for the aforementioned withholding exclusion to be effective, those investors needs must satisfy certain formal obligations, currently laid down (i) in the Order of December 22, 1999, in the case of non-residents acting with respect to the Bonds through a permanent establishment in Spain, and (ii) in Royal Decree 1065/2007, July 27, establishing reporting duties with respect to preferred stock and other debt instruments and certain income obtained by individuals resident in the European Union (“**Royal Decree 1065/2007**”), in the case of non-residents not acting, with respect to the

Bonds, through a permanent establishment in Spain and satisfying the terms and requirements referred to above, though specific laws may be passed for securitisation funds in the future.

Where pursuant to the abovementioned laws the exemption right is not satisfactorily established (that is to say, proof is not produced that the non-resident investor is not acting through a tax haven or the Management Company is not provided, through the Paying Agent, with the relevant certificates), returns on the Bonds shall be subject to withholding, is currently set at 18%.

The tax implications described above are based on the laws in force at the time of issue of this Prospectus and do not purport to be comprehensive. Consequently, they should not be considered in lieu of the requisite tax advice suited to each investor's particular situation.

#### **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 a set of pass-through certificates (the "**Pass-Through Certificates**") issued by BANCO BILBAO VIZCAYA ARGENTARIA S.A. ("**BBVA**") on mortgage loans owned by BBVA granted to individuals with real estate mortgage security ranking senior or, as the case may be, ranking junior, although BBVA has documents relating to economic cancellation of the debts originated by previous mortgages which are yet to be struck off the registers, on finished homes located in Spain (each of them a "**Mortgage Loan**" and, collectively, the "**Mortgage Loans**") and to issue asset-backed bonds (either the "**Asset-Backed Bonds**" or the "**Bonds**"), the underwritten subscription for which is designed to finance the acquisition of the Pass-Through Certificates.

(In this Registration Document and elsewhere in the Prospectus the term "Mortgage Loans" shall be used in some definitions to generically refer to the Pass-Through Certificates perfecting the assignment of the Mortgage Loan receivables, other than where reference is made specifically to the Pass-Through Certificates as such or to the documents representing the same.)

Mortgage Loan interest and repayment income received by the Fund shall be allocated quarterly on each Payment Date to interest payment and principal repayment on the Bonds on the specific terms of each series (the "**Series**") making up the issue of Bonds and in the Priority of Payments established for Fund payments.

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



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

- EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (“EUROPEA DE TITULIZACIÓN”) is the Management Company that will establish, manage and be the authorised representative of the Fund and has, together with BBVA, structured the financial terms of the Fund and of 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.

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

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

- BANCO BILBAO VIZCAYA ARGENTARIA S.A. is the originator of the Mortgage Loan receivables to be assigned to the Fund upon being established by issuing and subscribing for the Pass-Through Certificates, and shall be the Lead Manager and 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 discharge the functions of 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, Mortgage Loan Servicing and Pass-Through Certificate Custody, 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.

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

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

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

Gran Vía number 1, 48001 Bilbao

Paseo de Recoletos number 10, 28001 Madrid

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

	Fitch Ratings	Moody’s Ratings	S&P Ratings
<b>Short-term</b>	F1+ (June 2007)	P-1 (April 2007)	A-1+ (February 2008)
<b>Long-term</b>	AA- (June 2007)	Aa1 (April 2007)	AA (February 2008)

- Standard & Poor’s España, S.A. is the Rating Agency of each Series in the Bond Issue.

Standard & Poor’s España, S.A. is a Spanish company licensed as a rating agency by the CNMV, and is affiliated to and operates in accordance with the methodology, standards and quality control of Standard & Poor’s Rating Services (each of them “S&P” without distinction).

VAT Reg. No.: A-80310824

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

- The firm J&A Garrigues, S.L.P. (“Garrigues”), an independent law firm, has provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.

VAT Reg. Number: B-81709081

Registered Office: Hermosilla 3, 28001 Madrid (Spain).

- Deloitte S.L. (“**Deloitte**”) has issued the audit report on certain features and attributes of a sample of all the selected mortgage loans of BBVA from which the Mortgage Loans will be taken in order for their receivables to be mostly assigned to the Fund upon being established.

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

VAT Reg. Number: B-79104469

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

BBVA has an 84.46% 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.

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

EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, was incorporated in a public deed executed on January 19, 1993 before Madrid Notary Public Mr Roberto Blanquer Uberos, his document number 117, with the prior authorisation of the Economy and Finance Ministry, given on December 17, 1992, and entered in the Companies Register of Madrid at volume 5,461, book 0, folio 49, section 8, sheet M-89355, entry 1, on March 11, 1993; the company was re-registered as a Securitisation Fund Management Company in accordance with the provisions of chapter II and of the single transitional provision of Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies, pursuant to an authorisation granted by a Ministerial Order dated October 4, 1999 and 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, 2006, 2005 and 2004 have been audited by Deloitte and have no provisos. The annual accounts for the year ended on December 31, 2007 have been drawn up by the Board of Directors of EUROPEA DE TITULIZACIÓN and are in process of being audited and pending approval, as the case may be, by the General Shareholders' Meeting of EUROPEA DE TITULIZACIÓN.

### **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 86 securitisation funds at the registration date of this registration document, 22 being mortgage securitisation funds and 64 being asset securitisation funds.

The following table itemises the 86 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances at April 30, 2008.



Securitisation Fund	Establishment	Initial Bond Issue		Bond Issue		Bond Issue		Bond Issue
		EUR	EUR	Δ%	EUR	Δ%	EUR	
<b>TOTAL</b>		<b>102,425,296,652.96</b>	<b>71,124,604,605.61</b>	<b>3.1%</b>	<b>68,990,485,268.28</b>	<b>65.75%</b>	<b>41,622,450,971.95</b>	
<b>Mortgage (FTH)</b>		<b>15,117,046,652.96</b>	<b>7,671,254,141.96</b>	<b>-4.5%</b>	<b>8,032,640,378.73</b>	<b>19.19%</b>	<b>6,739,243,850.52</b>	
Bankinter 15 FTH	08.10.2007	1,525,500,000.00	1,457,876,983.50	-4.4%	1,525,500,000.00			
Bankinter 14 FTH	19.03.2007	964,000,000.00	889,481,193.44	-2.3%	910,605,771.09			
Bankinter 12 FTH	06.03.2006	1,200,000,000.00	958,997,624.80	-3.1%	989,229,621.92	-17.6%	1,200,000,000.00	
Valencia Hipotecario 2 FTH	07.12.2005	950,000,000.00	667,347,409.00	-6.6%	714,150,188.05	-14.0%	830,584,559.95	
Bankinter 11 FTH	28.11.2005	900,000,000.00	715,924,565.60	-3.1%	739,129,526.88	-17.9%	900,000,000.00	
Bankinter 7 FTH	18.02.2004	490,000,000.00	261,229,700.06	-3.2%	269,780,744.80	-13.1%	310,601,446.96	
Bankinter 5 FTH	16.12.2002	710,000,000.00	321,855,251.08	-4.8%	338,235,796.10	-14.2%	394,326,433.24	
BZ Hipotecario 4 FTH	27.11.2002	313,400,000.00	100,133,751.68	-8.3%	109,224,548.96	-18.2%	133,590,667.48	
Rural Hipotecario IV FTH	14.11.2002	520,000,000.00	204,369,478.58	-4.1%	213,157,220.89	-15.8%	253,138,797.81	
Bancaja 4 FTH	05.11.2002	1,000,000,000.00	338,869,315.00	-4.3%	354,117,610.15	-17.0%	426,542,491.90	
Bankinter 4 FTH	24.09.2002	1,025,000,000.00	483,251,985.60	-4.4%	505,642,125.86	-15.0%	594,725,493.56	
Rural Hipotecario III FTH	14.05.2002	325,000,000.00	119,464,033.51	-4.5%	125,077,501.09	-17.3%	151,223,912.92	
Bankinter 3 FTH	22.10.2001	1,322,500,000.00	488,909,390.55	-8.4%	533,845,866.60	-16.1%	636,195,596.86	
BZ Hipotecario 3 FTH	23.07.2001	310,000,000.00	76,786,660.50	-9.1%	84,455,223.08	-19.4%	104,762,637.42	
Rural Hipotecario II FTH	29.05.2001	235,000,000.00	67,476,757.60	-4.7%	70,792,127.80	-18.8%	87,231,827.20	
BZ Hipotecario 2 FTH	28.04.2000	285,000,000.00	44,768,897.90	-5.5%	47,380,418.96	-22.3%	61,003,530.94	
Rural Hipotecario I FTH	22.02.2000	200,000,000.00	38,778,738.86	-6.2%	41,327,704.16	-21.9%	52,894,964.42	
Bankinter 2 FTH	25.10.1999	320,000,000.00	84,978,322.31	-9.3%	93,704,625.41	-17.4%	113,458,270.94	
Bankinter 1 FTH	12.05.1999	600,000,000.00	105,512,721.18	-11.0%	118,501,046.04	-20.8%	149,656,739.58	
BZ Hipotecario 1 FTH	16.04.1999	350,000,000.00	45,897,042.04	-7.2%	49,438,391.72	-22.8%	64,073,530.22	
Hipotecario 2 FTH	04.12.1998	1,051,771,182.67	165,880,884.18	0.0%	165,880,884.18	-24.1%	218,421,786.82	
Bancaja 2 FTH	23.10.1998	240,404,841.75	33,463,434.99	0.0%	33,463,434.99	-25.8%	45,073,251.00	
Bancaja 1 FTH	18.07.1997	120,202,420.88	liquidated		0.00	-100.0%	11,737,911.30	
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>87,308,250,000.00</b>	<b>63,453,350,463.65</b>	<b>4.1%</b>	<b>60,957,844,889.55</b>	<b>74.7%</b>	<b>34,883,207,121.43</b>	
MBS Bancaja 5 FTA	08.05.2008	1,850,000,000.00						
BBVA Consumo 3 FTA	14.04.2008	975,000,000.00	975,000,000.00					
Bancaja 12 FTA	09.04.2008	2,100,000,000.00	2,100,000,000.00					
Bankinter 16 FTA	10.03.2008	2,043,000,000.00	2,043,000,000.00					
BBVA-7 FTGENCAT FTA	11.02.2008	250,000,000.00	238,550,531.20					
Valencia Hipotecario 4 FTA	21.12.2007	978,500,000.00	954,761,893.58	-2.4%	978,500,000.00			
Ruralpyme 3 FTA	19.12.2007	830,000,000.00	781,043,768.56	-5.9%	830,000,000.00			
BBVA RMBS 4 FTA	19.11.2007	4,900,000,000.00	4,679,582,892.00	-4.5%	4,900,000,000.00			
Bankinter 3 FTPYME FTA	12.11.2007	617,400,000.00	591,316,506.00	-4.2%	617,400,000.00			
BBVA Empresas 1 FTA	05.11.2007	1,450,000,000.00	1,284,037,300.00	-11.4%	1,450,000,000.00			
FTPYME Bancaja 6 FTA	26.09.2007	1,027,000,000.00	915,594,305.86	-6.0%	973,986,053.81			
BBVA RMBS 3 FTA	23.07.2007	3,000,000,000.00	2,878,929,600.00	-1.9%	2,933,975,280.00			
PYME Valencia 1 FTA	20.07.2007	865,300,000.00	697,162,774.00	-9.3%	768,500,284.00			
Bancaja 11 FTA	16.07.2007	2,022,900,000.00	1,895,217,484.00	-4.2%	1,977,845,666.00			
BBVA Leasing 1 FTA	25.06.2007	2,500,000,000.00	2,500,000,000.00	0.0%	2,500,000,000.00			
BBVA-6 FTPYME FTA	11.06.2007	1,500,000,000.00	1,239,809,563.06	-5.9%	1,317,554,103.99			
BBVA Finanzia Autos 1 FTA	30.04.2007	800,000,000.00	800,000,000.00	0.0%	800,000,000.00			
MBS Bancaja 4 FTA	27.04.2007	1,873,100,000.00	1,603,213,220.00	-7.2%	1,727,599,220.00			
Rural Hipotecario IX FTA	28.03.2007	1,515,000,000.00	1,365,017,360.00	-2.6%	1,401,597,880.00			
BBVA RMBS 2 FTA	26.03.2007	5,000,000,000.00	4,464,170,550.00	-2.7%	4,587,025,405.00			
BBVA RMBS 1 FTA	19.02.2007	2,500,000,000.00	2,212,420,800.00	-2.6%	2,270,879,040.00			
Bancaja 10 FTA	26.01.2007	2,631,000,000.00	2,326,801,308.00	-2.3%	2,381,068,878.00			
BBVA Consumo 2 FTA	27.11.2006	1,500,000,000.00	1,500,000,000.00	0.0%	1,500,000,000.00	0.0%	1,500,000,000.00	
Ruralpyme 2 FTPYME FTA	24.11.2006	617,050,000.00	452,096,915.10	-9.6%	500,199,171.30	-18.9%	617,050,000.00	
Bankinter 13 FTA	20.11.2006	1,570,000,000.00	1,352,945,420.52	-13.8%	1,570,000,000.00	0.0%	1,570,000,000.00	
Valencia Hipotecario 3 FTA	15.11.2006	911,000,000.00	757,562,035.54	-2.8%	778,999,823.33	-14.5%	911,000,000.00	
BBVA-5 FTPYME FTA	23.10.2006	1,900,000,000.00	1,245,626,123.20	-8.1%	1,354,988,445.36	-28.7%	1,900,000,000.00	
PYME Bancaja 5 FTA	02.10.2006	1,178,800,000.00	659,329,835.22	-9.9%	732,026,693.30	-37.9%	1,178,800,000.00	
Bankinter 2 PYME FTA	26.06.2006	800,000,000.00	572,800,083.60	-5.0%	602,635,264.80	-24.7%	800,000,000.00	
Consumo Bancaja 1 FTA	26.06.2006	612,900,000.00	612,900,000.00	0.0%	612,900,000.00	0.0%	612,900,000.00	
Rural Hipotecario VIII FTA	26.05.2006	1,311,700,000.00	1,017,258,527.68	-6.1%	1,082,823,864.72	-17.4%	1,311,700,000.00	
BBVA Consumo 1 FTA	08.05.2006	1,500,000,000.00	1,500,000,000.00	0.0%	1,500,000,000.00	0.0%	1,500,000,000.00	
MBS BANCAJA 3 FTA	03.04.2006	810,000,000.00	559,822,978.80	-3.0%	576,853,171.20	-17.9%	703,043,514.80	
Bancaja 9 FTA	02.02.2006	2,022,600,000.00	1,427,387,570.00	-2.8%	1,468,344,310.00	-15.9%	1,744,997,380.00	
BBVA Autos 2 FTA	12.12.2005	1,000,000,000.00	1,000,000,000.00	0.0%	1,000,000,000.00	0.0%	1,000,000,000.00	
Edt FTPYME Pastor 3 FTA	05.12.2005	520,000,000.00	199,305,620.35	-14.4%	232,785,467.78	-38.9%	380,805,675.83	
Rural Hipotecario Global I FTA	18.11.2005	1,078,000,000.00	743,388,726.13	-6.6%	795,789,260.08	-14.6%	932,164,120.79	
FTPYME Bancaja 4 FTA	07.11.2005	1,524,000,000.00	496,810,330.00	-19.2%	614,803,420.00	-37.7%	986,887,779.41	
BBVA 4 PYME FTA	26.09.2005	1,250,000,000.00	492,807,162.27	-10.6%	550,956,981.29	-55.9%	1,250,000,000.00	
Bankinter 10 FTA	27.06.2005	1,740,000,000.00	1,234,842,390.88	-3.5%	1,278,975,488.94	-12.8%	1,466,558,997.10	
MBS Bancaja 2 FTA	27.06.2005	809,200,000.00	458,008,996.16	-4.0%	476,949,943.28	-18.5%	585,069,193.36	

Securitisation Fund	Establishment	Initial Bond Issue		Bond Issue Balance 30.04.2008		Bond Issue Balance 31.12.2007		Bond Issue Balance 31.12.2006
		EUR	EUR	Δ%	EUR	Δ%	EUR	
								EUR
BBVA Hipotecario 3 FTA	13.06.2005	1,450,000,000.00	785,622,442.92	-6.0%	835,495,733.83	-19.9%	1,042,844,698.00	
Rural Hipotecario VII FTA	29.04.2005	1,100,000,000.00	708,709,668.39	-3.7%	735,608,293.92	-13.8%	853,742,668.37	
Bancaja 8 FTA	22.04.2005	1,680,100,000.00	962,316,358.95	-6.3%	1,026,987,917.65	-18.1%	1,253,797,200.56	
Bankinter 9 FTA	14.02.2005	1,035,000,000.00	704,575,680.52	-6.1%	750,388,699.40	-12.8%	860,813,028.16	
BBVA-3 FTPYME FTA	29.11.2004	1,000,000,000.00	331,234,426.89	-19.9%	413,334,243.11	-29.9%	589,349,210.82	
Ruralpyme 1 FTPYME FTA	23.11.2004	214,000,000.00	92,258,067.59	-7.3%	99,469,641.03	-25.2%	132,892,833.40	
BBVA Autos 1 FTA	25.10.2004	1,000,000,000.00	497,630,595.00	-11.8%	564,298,650.00	-37.1%	897,434,960.00	
FTPYME Bancaja 3 FTA	11.10.2004	900,000,000.00	228,541,563.36	-8.5%	249,775,984.80	-33.4%	375,133,008.09	
Bancaja 7 FTA	12.07.2004	1,900,000,000.00	951,880,232.24	-3.9%	990,445,484.28	-16.8%	1,190,508,554.06	
Rural Hipotecario VI FTA	07.07.2004	950,000,000.00	519,545,786.41	-6.3%	554,652,864.75	-14.8%	651,118,829.40	
MBS Bancaja 1 FTA	17.05.2004	690,000,000.00	276,672,535.71	-5.2%	291,929,875.34	-20.9%	369,020,564.16	
Valencia H 1 FTA	23.04.2004	472,000,000.00	257,256,115.26	-4.3%	268,739,092.92	-15.2%	316,993,112.58	
Bankinter 8 FTA	03.03.2004	1,070,000,000.00	602,674,640.75	-3.6%	625,104,837.56	-12.9%	718,061,846.93	
Bancaja 6 FTA	03.12.2003	2,080,000,000.00	835,368,605.76	-4.1%	870,772,845.80	-19.2%	1,077,852,239.88	
Rural Hipotecario V FTA	28.10.2003	695,000,000.00	341,086,947.96	-4.2%	356,056,225.36	-14.4%	415,711,778.28	
Bankinter 6 FTA	25.09.2003	1,350,000,000.00	755,015,214.11	-3.7%	783,705,979.58	-13.4%	904,534,542.77	
FTPYME Bancaja 2 FTA	19.09.2003	500,000,000.00	116,784,909.39	-13.9%	135,575,823.37	-28.7%	190,138,306.78	
Bancaja 5 FTA	14.04.2003	1,000,000,000.00	365,606,670.85	-7.8%	396,415,664.95	-17.2%	478,827,993.55	
Bancaja 3 FTA	29.07.2002	520,900,000.00	520,900,000.00	0.0%	520,900,000.00	0.0%	520,900,000.00	
FTPYME Bancaja 1 FTA	04.03.2002	600,000,000.00	250,491,112.20	-0.6%	252,024,264.00	-1.4%	255,514,370.40	
BBVA-2 FTPYME ICO	01.12.2000	900,000,000.00	74,099,545.20	-24.0%	97,443,577.80	-44.3%	175,048,960.77	
BCL Municipios I FTA	21.06.2000	1,205,000,000.00	332,840,000.00	-12.1%	378,681,480.00	-17.6%	459,377,520.00	
BBVA-1 FTA	24.02.2000	1,112,800,000.00	113,716,772.48	-0.3%	114,074,593.92	-43.7%	202,614,233.18	

#### 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)	31.12.2007**	Δ%	31.12.2006	Δ%	31.12.2005
<b>Equity *</b>	<b>3,095,298.97</b>	<b>0.00%</b>	<b>3,095,298.97</b>	<b>0.00%</b>	<b>3,095,298.97</b>
Capital	1,803,037.50	0.00%	1,803,037.50	0.00%	1,803,037.50
Reserves	1,292,261.47	0.00%	1,292,261.47	0.00%	1,292,261.47
<i>Legal</i>	360,607.50	0.00%	360,607.50	0.00%	360,607.50
<i>Voluntary</i>	931,653.97	0.00%	931,653.97	0.00%	931,653.97
<b>Year's profit</b>	<b>3,065,805.98</b>	<b>52.95%</b>	<b>2,004,500.15</b>	<b>12.02%</b>	<b>1,789,429.69</b>

\* Does not include year's profit

\*\* Information taken from the annual accounts for the year ended on December 31, 2007, drawn up by the Board of Directors of EUROPEA DE TITULIZACIÓN and in the process of being audited and pending approval, as the case may be, by the General Shareholders' Meeting.

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

There are no shareholdings in any other company.

## 6.6 Administrative, management and supervisory bodies.

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

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

### Board of Directors

The Board of Directors has the following membership:

<b>Chairman:</b>	Mr Roberto Vicario Montoya <sup>(*)</sup> <sup>(**)</sup>
<b>Vice-Chairman:</b>	Mr Pedro María Urresti Laca <sup>(**)</sup>
<b>Directors:</b>	Mr Ignacio Aldonza Goicoechea <sup>(**)</sup>
	Mr Luis Bach Gómez <sup>(*)</sup> <sup>(**)</sup>
	Mr Jon Bilbao Vidaurrazaga <sup>(**)</sup>
	Mr Ignacio Echevarría Soriano <sup>(**)</sup>
	Ms Ana Fernández Manrique <sup>(*)</sup> <sup>(**)</sup>
	Mr Thierry Loiseau on behalf of BNP Paribas España, S.A.
	Mr Mario Masiá Vicente <sup>(*)</sup>
	Mr Arturo Miranda Martín on behalf of J.P. Morgan España, S.A. <sup>(*)</sup>
	Mr Vicente Ortueta Monfort <sup>(**)</sup>
	Ms Carmen Pérez de Muniáin Marzana <sup>(**)</sup>
	Mr José Miguel Raboso Díaz on behalf of Citibank España, S.A. <sup>(*)</sup>
	Mr Justo de Rufino Portillo <sup>(*)</sup> <sup>(**)</sup>
	Mr Jorge Sáenz de Miera on behalf of Deutsche Bank Credit, S.A.
	Mr Borja Uriarte Villalonga on behalf of Bankinter, 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 6.1.6 above, performed outside the Management Company where these are significant with respect to the Fund.

Mr Roberto Vicario Montoya, Mr Pedro María Urresti Laca, Mr Ignacio Aldonza Goicoechea, Mr Luis Bach Gómez, Mr Jon Bilbao Vidaurrazaga, Ms Ana Fernández Manrique, Mr Vicente Ortueta Monfort, Ms Carmen Pérez de Muniáin Marzana, Mr Justo de Rufino Portillo 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:

- Ms Ana Fernández Manrique is currently Director, Capital and Securitisations Base Management.
- Mr Ignacio Echevarría Soriano is currently Securitisations Manager.

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

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

**6.9 Litigation in the Management Company.**

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

**7. MAJOR SHAREHOLDERS**

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

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

Name of shareholder company	Holding (%)
Banco Bilbao Vizcaya Argentaria, S.A.	84.4560
J.P. Morgan España, S.A.	4.0000
Bankinter, S.A.	1.5623
Caja de Ahorros del Mediterráneo	1.5420
Banco Sabadell, S.A.	1.5317
Citibank España, S.A.	1.5317
Banco Cooperativo Español, S.A.	0.7812
Deutsche Bank Credit, S.A.	0.7658
Deutsche Bank, S.A.E.	0.7658
Banco Pastor, S.A.	0.7658
Banco de la Pequeña y Mediana Empresa, S.A.	0.7658
BNP Paribas España, S.A.	0.7658
Caja de Ahorros y Monte de Piedad de Madrid	0.3829
Caja de Ahorros de Salamanca y Soria - Caja Duero	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 II of Royal Decree 629/1993, May 3, on operating standards in securities markets and mandatory registrations, which has been notified to the CNMV.

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

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

In accordance with the provisions of section 4.4.2 of this Registration Document, the Fund's operations shall commence on the date of execution of the Deed of Constitution and therefore 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 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:

- a) the Deed of Constitution of the Fund;
- b) the transcripts of the Management Company's and the Originator's corporate resolutions;
- c) this Prospectus;
- d) the agreements to be entered into by the Management Company for and on behalf of the Fund;
- e) the audit report on certain features and attributes of a sample of all selected BBVA mortgage loans from which the Mortgage Loans will be taken in order for its receivables to be mostly assigned to the Fund upon being established;
- f) the Rating Agency's letters notifying the provisional and final ratings assigned to each Series in the Bond Issue;
- g) the letter from BBVA taking responsibility, with the Management Company, for the Securities Note;
- h) the notarial certificate of payment of the Bond Issue, once the Bond Issue is paid up;
- i) the Management Company's annual accounts and the relevant audit reports; and
- j) 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 can also be accessed at the website of EUROPEA DE TITULIZACIÓN, at [www.edt-sg.es](http://www.edt-sg.es), of AIAF at [www.aiaf.es](http://www.aiaf.es) and of the CNMV at [www.cnmv.es](http://www.cnmv.es).

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

In addition, the documents listed in a) to h), except for d), are on display at the CNMV.

*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.*

## **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.**

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 RMBS 5 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 using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, is expressly acting for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee in a resolution dated April 21, 2008.

Ms Sandra de las Cavadas Quevedo 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 RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS, take responsibility for the contents of this Securities Note.

Ms Sandra de las Cavadas Quevedo is acting as attorney-in-fact for the Lead Manager BBVA using the powers conferred on her before Notary Mr Ramón Corral Beneyto on February 23, 2006, his document number 929.

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

##### **1.2 Declaration by those responsible for the Securities Note.**

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 import.

Ms Sandra de las Cavadas Quevedo 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 is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

#### **2 RISK FACTORS**

The Bond Issue is made with the intention of being fully subscribed for by the Originator in order to have liquid assets available which may be used as security for Eurosystem transactions or be 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 section of Risk Factors of this Prospectus.

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



### 3 KEY INFORMATION

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

The identity of the legal persons involved in the offer and direct or indirect shareholdings or controlling interest or association 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 financially structured the Fund and the Bond Issue.
- c) BBVA is the Originator of the Mortgage Loan receivables by issuing the Pass-Through Certificates to be pooled in and subscribed for by the Fund.
- d) BBVA is involved as Lead Manager and Subscriber of the Bond Issue.
- e) BBVA is involved as Paying Agent of the Bond Issue and shall be the Fund's counterparty under the Guaranteed Interest Rate Account (Treasury Account), Subordinated Loan, Start-Up Loan, Financial Swap, Mortgage Loan Servicing and Pass-Through Certificate Custody and Financial Intermediation Agreements.
- f) Deloitte has audited certain features and attributes of a sample of all of BBVA's selected mortgage loans from which the Mortgage Loans will be taken to be assigned to the Fund upon being established.
- g) S&P is the Rating Agency that has assigned the rating to each Bond Series.

With the exception of BBVA, 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 underwriting.

##### 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 five billion (5,000,000,000.00), consisting of fifty thousand (50,000) Bonds denominated in euros and comprised of three Series, as follows:

- a) Series A having a total face amount of EUR four billion six hundred and seventy-five million (4,675,000,000.00) comprising forty-six thousand seven hundred and fifty (46,750) 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 fifty million (250,000,000.00) comprising two thousand five hundred (2,500) 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 seventy-five million (75,000,000.00) comprising seven hundred and fifty (750) 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**").

The Bonds are issued at 100 percent of their face value. The issue price of each Bond 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.

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

The entire Bond Issue shall be exclusively subscribed for 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 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 Agency should not confirm the provisional ratings assigned to each Series as final ratings by May 28, 2008 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 Securities Market Act 24/1998, July 28, and implementing regulations.

#### **4.3 Legislation under which the securities have been created.**

The establishment of the Fund and the Bond Issue are subject to Spanish Law and in particular are carried out in accordance with the legal system provided for by (i) Royal Decree 926/1998 and implementing regulations, (ii) Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) Additional Provision five of Act 3/1994, as currently worded, (iv) the Securities Market Act and applicable implementing regulations, (v) Regulation 809/2004, (vi) Royal Decree 1310/2005, (vii) Act 2/1981, as worded by Act 41/2007, and (viii) all other legal and statutory provisions in force and applicable from time to time.

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

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

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

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

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

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

The Bonds shall be denominated in Euros.

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

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds, saving the provisions of section 4.9.3.5 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A, B and C principal, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Series C Bond interest payment and principal repayment is deferred with respect to Series A and Series B Bonds, saving the provisions of section 4.9.3.5 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A, B and C principal, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

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

Payment of interest accrued by Series A Bonds is (i) fourth (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 in that same section 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 in that same section 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 seventh (7<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.

Repayment of Bond principal 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.

Repayment of Series A Bond principal 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.

Repayment of Series B Bond principal 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.

Repayment of Series C Bond principal 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 Mortgage 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 Mortgage Loan default or 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 against the Management Company other than as derived from breaches of its duties or inobservance of the provisions of this Prospectus and of 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 arising out of the Management Company 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.

#### **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, variable 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 on the Outstanding Principal Balance of the Bonds in each Series at 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, contributions and taxes established or to be established in the future on Bond principal, interest or returns shall be borne exclusively by Bondholders, and their amount, if any, shall be deducted by the Management Company, for and on behalf of the Fund, or through the Paying Agent, as provided by law.

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

For interest accrual purposes, the duration of each Bond Series shall be divided into successive interest accrual periods (“**Interest Accrual Periods**”) comprising the exact number of days elapsed between every two consecutive Payment Dates, each Interest Accrual Period including the beginning Payment Date but not including the ending Payment Date. Exceptionally, the duration of the first Interest Accrual Period shall be equivalent to the exact number of days elapsed between the Closing Date, May 29, 2008, inclusive, and the first Payment Date, September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day, 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:** 0.70% margin.
  - **Series C:** 1.10% margin.

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

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

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

- i) Other than for the first Interest Accrual Period, three- (3-) month Euribor, "Euro Interbank Offered Rate", calculated and distributed by the BRIDGE financial information system under an FBE ("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 pages EURIBOR01 supplied by Reuters, and 248 supplied by Dow Jones Markets (Bridge Telerate), or any other page taking their stead in providing these services.

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be the result of a straight-line interpolation between three- (3-) month Euribor and four- (4-) month Euribor, fixed at 11am (CET) on the second Business Day preceding the Closing Date, bearing in mind the number of days in the first Interest Accrual Period. The Reference Rate for the first Interest Accrual Period shall be calculated in accordance with the following formula:

$$IR = [(D-90)/30] \times E4 + [1 - ((D-90)/30)] \times E3$$

Where:

IR = Reference Rate for the first Interest Accrual Period.

D = Number of days in the first Interest Accrual Period.

E3 = Three- (3-) month Euribor.

E4 = Four- (4-) month Euribor.

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

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

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

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

- iii) If the rates established in 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, that interpolation shall be made taking the latest three- (3-) month Euribor and four- (4-) month Euribor available immediately before 11am (CET) on the Interest Rate Fixing Date, calculated and distributed as described in (i) above.

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

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

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

Exceptionally, the Management Company shall determine the Nominal Interest Rate of the Bonds in each Series for the first Interest Accrual Period as provided for in sections 4.8.1.2 and 4.8.1.3 above, on the second Business Day preceding the Closing Date, and shall notify the same in writing by May 28, 2008 to the Subscriber. The Management Company will also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

The nominal interest rates determined for each Bond Series for 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 for each Interest Accrual Period, shall be calculated for each Series in accordance with the following formula:

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

Where:

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

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



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

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

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

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

The first interest Payment Date for the Bonds in each Series shall be September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, May 29, 2008, inclusive, and September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day, exclusive.

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

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

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

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

In the event that on a Payment Date the Fund should be unable to make full or partial payment of interest accrued on the Bonds in any Series, in the Priority of Payments, the amounts that Bondholders should not have received shall be accumulated on the following Payment Date to interest on the Series proper that, as the case may be, should be paid on that same Payment Date, and will be paid in the Priority of Payments and applied by order of maturity if it should be impossible once again not to pay the same fully due to a 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 March 20, 2061, 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 the 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 until their total face amount has been fully amortised, 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 (September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day).

Final amortisation of Series A Bonds shall occur on the Final Maturity Date (March 20, 2061 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made and the fact 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 until their total face amount has been fully amortised, 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. However, even if Series A has not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series B in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series B to the Outstanding Principal Balance of the Bond Issue remains at 10.00%, or higher percentage closest thereto.

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (March 20, 2061 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made, and the fact 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.

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

Series C Bond principal shall be amortised by partial amortisation on each Payment Date after Bond amortisation begins until their total face amount has been fully amortised, 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. However, even if Series A and B have not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series C on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series C in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series C to the Outstanding Principal Balance of the Bond Issue remains at 3.00%, or higher percentage closest thereto.

Final amortisation of Series C Bonds shall occur on the Final Maturity Date (March 20, 2061 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made, and the fact 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.

#### 4.9.3 **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 to 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.**

These will be the dates falling on the fourth (4<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 September 16, 2008.

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, September 16, 2008, 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 4.4.4.3 of the Registration Document, on which the Pass-Through Certificates and the assets remaining in the Fund have been liquidated and all the Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date but including the last date.

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

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

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

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

The Outstanding Balance of a Mortgage 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 Mortgage Loan as at a given date.

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

Delinquent Mortgage Loans shall be deemed to be Mortgage Loans that are delinquent with a period of arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Mortgage Loans. Non-Delinquent Mortgage Loans shall be deemed to be Mortgage Loans that at a given date are not deemed to be either Delinquent Mortgage Loans or Doubtful Mortgage Loans. The possible deferment of payment of instalments referred to in section 2.2 of the Building Block shall not be considered arrears in payment of Mortgage Loan amounts due.

Doubtful Mortgage Loans shall be deemed to be Mortgage Loans that at a given date 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 obtained from the Servicer. Non-Doubtful Mortgage Loans

shall be deemed to be Mortgage Loans that are not deemed to be Doubtful Mortgage Loans at a given 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 seventh (7<sup>th</sup>) place in the order of priority of payments for withholding the amount altogether allocated to amortising the Bonds, without distinguishing between the various Series ("**Amortisation Withholding**"), in an amount equal to the positive difference, if any, on the Determination Date preceding the relevant Payment Date, between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied of the Available Funds to the Amortisation Withholding shall make up the available funds for amortisation (the "**Available Funds for Amortisation**") and be applied in accordance with the rules for 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 shall be applied on each Payment Date to amortising each Series in accordance with the following rules ("**Distribution of Available Funds for Amortisation**"):

1. The Available Funds for Amortisation 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, subject to the provisions of rule 2 below for pro rata amortisation of the different Series.
2. There shall be no exception and, even if Series A has not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B and, as the case may be, Series C on the Payment Dates on which the following circumstances are all satisfied with respect to amortisation of Series B and/or C ("**Conditions for Pro Rata Amortisation**"):
  - a) In order to amortise Series B and, as the case may be, Series C:
    - i) that the Required Cash Reserve amount is to be fully provisioned on the relevant Payment Date; and
    - ii) that on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of Non-Doubtful Mortgage Loans is equal to or greater than 10 percent of the initial Outstanding Balance upon the Fund being established.
  - b) In order to amortise Series B, that on the Determination Date preceding the relevant Payment Date:
    - i) the Outstanding Principal Balance of Series B is equal to or greater than 10.00% of the Outstanding Principal Balance of the Bond Issue, and
    - ii) the Outstanding Balance of Delinquent Mortgage Loans does not exceed 1.25% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
  - c) In order to amortise Series C, that on the Determination Date preceding the relevant Payment Date:
    - i) the Outstanding Principal Balance of Series C is equal to or greater than 3.00% of the Outstanding Principal Balance of the Bond Issue, and
    - ii) the Outstanding Balance of Delinquent Mortgage Loans does not exceed 1.00% of the Outstanding Balance of Non-Doubtful Mortgage Loans.

In the event that the amortisation of Series B and, as the case may be, Series C should apply on a Payment Date because the Conditions for Pro Rata Amortisation of Series B and Series C are

respectively satisfied, the Available Funds for Amortisation shall also be applied to amortising Series B and, as the case may be, to amortising Series C, in such a way that the ratio of the Outstanding Principal Balance of Series B and, as the case may be, the Outstanding Principal Balance of Series C to the Outstanding Principal Balance of the Bond Issue respectively remain at 10.00% and at 3.00%, or higher percentages closest thereto.

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

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

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

The Final Maturity Date and consequently final amortisation of the Bonds shall be on March 20, 2061 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 any or all the Series in the Bond Issue before the Final Maturity Date. Final amortisation of the Bonds on the Final Maturity Date shall be made subject to the Liquidation Priority of Payments.

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

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

- i) Each Mortgage Loan repayment schedule and system as established in the relevant contracts.
- ii) The Obligors' capacity to prepay the Mortgage Loans in whole or in part and the aggregate prepayment pace throughout the life of the Fund. In this sense, Mortgage 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 the Bonds are amortised, and therefore their average life and duration.
- iii) The floating interest rates which shall apply to the Mortgage Loans resulting in the repayment amount on every instalment differing.
- iv) The Obligors' delinquency in payment of Mortgage Loan instalments.

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

- Mortgage Loan interest rate: 5.26% weighted average interest rate as at May 12, 2008 of the portfolio of selected mortgage loans which has been used for calculating the repayment and interest instalments of each of the selected mortgage loans;
- Mortgage Loan portfolio delinquency: 0.80% of the Outstanding Balance of the Mortgage Loans, 0.70% being recovered (87.50% of the aggregate Outstanding Balance of Mortgage Loans falling in arrears), with 100% recoveries within 18 months of becoming delinquent, and the remaining 0.10% becoming doubtful from December 2012, with 80% recoveries within 18 months of becoming doubtful;
- that the Mortgage Loan prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is May 29, 2008; and

- that there is no extension of the term or deferment of payment of instalments of any of the selected mortgage loans.

The actual adjusted life and the yield or return on the Bonds will also depend on their floating rate. The following nominal interest rates are assumed for each Series for the first Interest Accrual Period, resulting from a straight-line interpolation bearing in mind the number of days in the First Interest Accrual Period between 3-month Euribor (4.856%) and 4-month Euribor (4.865%) as at May 13, 2008, 4.864% being the resultant interpolated nominal interest rate, and the maximum margins set for each Series in accordance with 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>	5.164%	5.564%	5.964%

For subsequent Interest Accrual Periods, the floating interest rate of the Bonds in each Series is assumed to be constant as follows, resulting from 3-month Euribor (4.856%) as at May 13, 2008, and the maximum margins set for each Series in accordance with 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>	5.156%	5.556%	5.956%

The weighted average interest rate of the mortgage loans selected as at May 12, 2008, as detailed in section 2.2.2.g) of this Building Block, is 5.26%, which is above the 5.20% weighted average 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 Mortgage 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 CPRs, based on the historical performance of similarly characterised mortgage loans previously securitised by BBVA, would be as follows:

<b>% CPR:</b>	<b>5.00%</b>	<b>7.00%</b>	<b>9.00%</b>	<b>11.00%</b>	<b>13.00%</b>
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<b>Series A Bonds</b>					
<b>Average life (years)</b>	11.44	9.30	7.74	6.57	5.68
<b>IRR</b>	5.331%	5.331%	5.331%	5.331%	5.331%
<b>Duration (years)</b>	7.34	6.32	5.51	4.87	4.34
<b>Final maturity</b>	20 12 2034	20 03 2031	20 12 2027	20 03 2025	20 12 2022
<b>(in years)</b>	26.58	22.82	19.57	16.82	14.57

<b>Series B Bonds</b>					
<b>Average life (years)</b>	19.06	15.71	13.16	11.20	9.68
<b>IRR</b>	5.753%	5.753%	5.753%	5.753%	5.753%
<b>Duration (years)</b>	10.88	9.67	8.61	7.71	6.94
<b>Final maturity</b>	20 12 2034	20 03 2031	20 12 2027	20 03 2025	20 12 2022
<b>(in years)</b>	26.58	22.82	19.57	16.82	14.57

<b>% CPR:</b>	<b>5.00%</b>	<b>7.00%</b>	<b>9.00%</b>	<b>11.00%</b>	<b>13.00%</b>
	<b>Series C Bonds</b>				
<b>Average life (years)</b>	19.06	15.71	13.16	11.20	9.68
<b>IRR</b>	6.177%	6.177%	6.177%	6.177%	6.177%
<b>Duration (years)</b>	10.50	9.37	8.38	7.52	6.78
<b>Final maturity</b>	20 12 2034	20 03 2031	20 12 2027	20 03 2025	20 12 2022
<b>(in years)</b>	26.58	22.82	19.57	16.82	14.57

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

- Whereas CPRs are assumed to be constant respectively at 7.00%, 9.00% and 11.00%, throughout the life of the Bond Issue, as explained above actual prepayment changes continually.
- The Outstanding Principal Balance of the Bonds on each Payment Date and hence interest payable on each such dates shall depend on the actual Mortgage 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 all the Series is known to float.
- The assumed values referred to at the beginning of this section 4.10 are at all events taken for granted.
- 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 Mortgage 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.
- In this scenario, the Conditions for Pro Rata Amortisation of Series B and C apply.
- These are all reasonable assumptions based on the historical performance of similarly characterised securitised mortgage loans granted by BBVA to individuals.

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 7%**

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	48,619.68	148,619.68	100,000.00	88,517.23	188,517.23	100,000.00	94,889.77	194,889.77
29/05/2008									
22/09/2008	2,415.86	1,663.96	4,079.82	0.00	1,792.84	1,792.84	0.00	1,921.73	1,921.73
22/12/2008	2,155.25	1,271.84	3,427.08	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2009	2,098.50	1,202.74	3,301.24	0.00	1,358.13	1,358.13	0.00	1,455.91	1,455.91
22/06/2009	2,115.76	1,256.50	3,372.26	0.00	1,450.73	1,450.73	0.00	1,555.18	1,555.18
21/09/2009	2,077.25	1,188.82	3,266.07	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
21/12/2009	2,020.60	1,161.75	3,182.34	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
22/03/2010	1,966.31	1,135.41	3,101.72	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
21/06/2010	1,966.82	1,109.79	3,076.60	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/09/2010	1,931.80	1,084.15	3,015.95	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/12/2010	1,879.51	1,058.97	2,938.48	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
21/03/2011	1,829.32	1,034.48	2,863.80	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/06/2011	1,828.34	1,010.64	2,838.98	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/09/2011	1,793.56	997.65	2,791.21	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/12/2011	1,743.79	963.43	2,707.22	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2012	1,711.36	940.70	2,652.06	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/06/2012	1,694.83	928.49	2,623.32	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/09/2012	1,663.66	906.16	2,569.82	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/12/2012	1,618.35	874.63	2,492.97	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2013	1,574.27	844.16	2,418.42	0.00	1,389.00	1,389.00	0.00	1,489.00	1,489.00
20/06/2013	1,573.12	842.17	2,415.29	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/09/2013	1,542.12	821.44	2,363.56	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/12/2013	1,499.50	792.42	2,291.92	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2014	1,458.63	764.38	2,223.01	0.00	1,389.00	1,389.00	0.00	1,489.00	1,489.00
20/06/2014	1,456.96	762.15	2,219.11	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
22/09/2014	1,428.29	759.10	2,187.39	0.00	1,450.73	1,450.73	0.00	1,555.18	1,555.18
22/12/2014	1,388.71	716.26	2,104.97	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2015	1,350.91	675.14	2,026.05	0.00	1,358.13	1,358.13	0.00	1,455.91	1,455.91
22/06/2015	1,348.45	702.99	2,051.43	0.00	1,450.73	1,450.73	0.00	1,555.18	1,555.18
21/09/2015	1,322.43	662.98	1,985.41	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
21/12/2015	1,286.00	645.74	1,931.74	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
21/03/2016	1,261.25	628.98	1,890.23	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/06/2016	1,146.84	612.54	1,759.38	1,445.30	1,404.43	2,849.74	1,445.30	1,505.54	2,950.85
20/09/2016	1,064.09	604.16	1,668.25	2,287.18	1,399.35	3,686.53	2,287.18	1,500.09	3,787.27
20/12/2016	1,034.89	583.73	1,618.62	2,224.42	1,352.01	3,576.43	2,224.42	1,449.35	3,673.77
20/03/2017	1,006.64	563.97	1,570.61	2,163.69	1,306.26	3,469.95	2,163.69	1,400.30	3,563.99
20/06/2017	1,004.36	563.24	1,567.60	2,158.80	1,304.57	3,463.37	2,158.80	1,398.49	3,557.29
20/09/2017	983.94	550.01	1,533.95	2,114.91	1,273.91	3,388.83	2,114.91	1,365.63	3,480.54
20/12/2017	956.39	531.20	1,487.59	2,055.68	1,230.36	3,286.04	2,055.68	1,318.94	3,374.62
20/03/2018	929.48	513.04	1,442.52	1,997.85	1,188.29	3,186.14	1,997.85	1,273.84	3,271.69
20/06/2018	926.58	512.19	1,438.77	1,991.61	1,186.33	3,177.94	1,991.61	1,271.74	3,263.35
20/09/2018	908.41	499.98	1,408.39	1,952.56	1,158.05	3,110.61	1,952.56	1,241.42	3,193.98
20/12/2018	883.53	482.71	1,366.24	1,899.09	1,118.04	3,017.13	1,899.09	1,198.53	3,097.63
20/03/2019	859.65	466.02	1,325.66	1,847.75	1,079.38	2,927.12	1,847.75	1,157.09	3,004.83
20/06/2019	858.97	465.05	1,324.02	1,846.30	1,077.13	2,923.43	1,846.30	1,154.67	3,000.97
20/09/2019	839.96	453.73	1,293.69	1,805.43	1,050.91	2,856.34	1,805.43	1,126.57	2,932.00
20/12/2019	816.54	437.85	1,254.38	1,755.08	1,014.13	2,769.21	1,755.08	1,087.15	2,842.23
20/03/2020	800.70	427.21	1,227.91	1,721.05	989.48	2,710.53	1,721.05	1,060.72	2,781.77
22/06/2020	791.65	430.51	1,222.16	1,701.59	997.14	2,698.73	1,701.59	1,068.93	2,770.52
21/09/2020	775.60	406.45	1,182.05	1,667.10	941.42	2,608.51	1,667.10	1,009.19	2,676.29
21/12/2020	755.34	396.34	1,151.68	1,623.54	918.00	2,541.54	1,623.54	984.09	2,607.64
22/03/2021	733.84	386.50	1,120.34	1,577.33	895.20	2,472.53	1,577.33	959.65	2,536.98
21/06/2021	731.72	376.94	1,108.65	1,572.77	873.05	2,445.82	1,572.77	935.90	2,508.67
20/09/2021	716.41	367.40	1,083.81	1,539.87	850.96	2,390.83	1,539.87	912.22	2,452.09
20/12/2021	697.24	358.06	1,055.30	1,498.66	829.33	2,327.99	1,498.66	889.04	2,387.70
21/03/2022	677.33	348.97	1,026.30	1,455.87	808.29	2,264.15	1,455.87	866.48	2,322.35
20/06/2022	675.31	340.15	1,015.45	1,451.52	787.84	2,239.36	1,451.52	844.56	2,296.08
20/09/2022	660.87	334.99	995.86	1,420.49	775.89	2,196.38	1,420.49	831.75	2,252.24
20/12/2022	641.01	322.73	963.74	1,377.79	747.50	2,125.30	1,377.79	801.32	2,179.11
20/03/2023	621.50	310.92	932.42	1,335.87	720.15	2,056.02	1,335.87	772.00	2,107.87
20/06/2023	617.26	309.64	926.90	1,326.75	717.19	2,043.93	1,326.75	768.82	2,095.57
20/09/2023	605.31	301.51	906.82	1,301.07	698.35	1,999.42	1,301.07	748.63	2,049.69
20/12/2023	588.48	290.34	878.82	1,264.89	672.49	1,937.37	1,264.89	720.90	1,985.79
20/03/2024	577.48	282.67	860.15	1,241.25	654.72	1,895.97	1,241.25	701.86	1,943.10
20/06/2024	569.91	278.17	848.08	1,224.98	644.29	1,869.27	1,224.98	690.68	1,915.66
20/09/2024	558.16	270.66	828.82	1,199.71	626.90	1,826.61	1,199.71	672.03	1,871.75
20/12/2024	542.72	260.44	803.17	1,166.54	603.24	1,769.77	1,166.54	646.67	1,813.20
20/03/2025	528.05	250.59	778.63	1,135.00	580.40	1,715.40	1,135.00	622.19	1,757.19
20/06/2025	523.63	249.20	772.83	1,125.51	577.19	1,702.70	1,125.51	618.74	1,744.25
22/09/2025	512.74	247.57	760.31	1,102.10	573.41	1,675.51	1,102.10	614.69	1,716.79
22/12/2025	500.22	232.98	733.20	1,075.19	539.63	1,614.81	1,075.19	578.48	1,653.66
20/03/2026	486.19	219.00	705.18	1,045.02	507.23	1,552.25	1,045.02	543.75	1,588.77
22/06/2026	482.01	227.38	709.39	1,036.04	526.66	1,562.70	1,036.04	564.57	1,600.62
21/09/2026	472.03	213.84	685.87	1,014.59	495.30	1,509.89	1,014.59	530.96	1,545.55
21/12/2026	458.33	207.69	666.02	985.15	481.05	1,466.20	985.15	515.68	1,500.83
22/03/2027	446.48	201.72	648.20	959.68	467.21	1,426.89	959.68	500.85	1,460.53
21/06/2027	449.79	195.90	645.68	966.78	453.74	1,420.52	966.78	486.40	1,453.18
20/09/2027	434.78	190.04	624.81	934.52	440.16	1,374.68	934.52	471.85	1,406.37
20/12/2027	416.82	184.37	601.19	895.92	427.03	1,322.95	895.92	457.78	1,353.70
20/03/2028	402.84	178.94	581.77	865.87	414.45	1,280.32	865.87	444.29	1,310.16
20/06/2028	396.39	175.60	571.98	852.01	406.71	1,258.72	852.01	435.99	1,288.00
20/09/2028	387.89	170.37	558.26	833.74	394.61	1,228.36	833.74	423.02	1,256.77
20/12/2028	377.14	163.47	540.61	810.64	378.62	1,189.25	810.64	405.87	1,216.51
20/03/2029	367.01	156.81	523.82	788.86	363.20	1,152.05	788.86	389.34	1,178.20
20/06/2029	365.13	155.46	520.59	784.83	360.07	1,144.89	784.83	385.99	1,170.82
20/09/2029	357.12								



**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 9%**

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS</b>	<b>100,000.00</b>	<b>40,467.92</b>	<b>140,467.92</b>	<b>100,000.00</b>	<b>74,151.08</b>	<b>174,151.08</b>	<b>100,000.00</b>	<b>79,489.35</b>	<b>179,489.35</b>
29/05/2008									
22/09/2008	3,013.71	1,663.96	4,677.67	0.00	1,792.84	1,792.84	0.00	1,921.73	1,921.73
22/12/2008	2,688.97	1,264.04	3,953.02	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2009	2,601.54	1,188.48	3,790.02	0.00	1,358.13	1,358.13	0.00	1,455.91	1,455.91
22/06/2009	2,609.51	1,234.49	3,844.00	0.00	1,450.73	1,450.73	0.00	1,555.18	1,555.18
21/09/2009	2,546.40	1,161.08	3,707.48	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
21/12/2009	2,461.18	1,127.89	3,589.07	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
22/03/2010	2,379.90	1,095.82	3,475.72	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
21/06/2010	2,367.73	1,064.80	3,432.53	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/09/2010	2,311.11	1,033.94	3,345.05	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/12/2010	2,234.03	1,003.82	3,237.84	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
21/03/2011	2,160.44	974.70	3,135.14	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/06/2011	2,147.89	946.54	3,094.44	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/09/2011	2,094.34	928.64	3,022.98	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/12/2011	2,023.27	891.25	2,914.53	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2012	1,973.78	864.88	2,838.67	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/06/2012	1,943.53	848.38	2,791.91	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/09/2012	1,895.96	822.77	2,718.73	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/12/2012	1,832.34	789.12	2,621.46	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2013	1,771.01	756.83	2,527.84	0.00	1,389.00	1,389.00	0.00	1,489.00	1,489.00
20/06/2013	1,760.25	750.31	2,510.56	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/09/2013	1,715.23	727.12	2,442.35	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/12/2013	1,657.02	696.86	2,353.88	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2014	1,601.50	667.84	2,269.34	0.00	1,389.00	1,389.00	0.00	1,489.00	1,489.00
20/06/2014	1,591.14	661.58	2,252.72	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
22/09/2014	1,550.40	654.54	2,204.94	0.00	1,450.73	1,450.73	0.00	1,555.18	1,555.18
22/12/2014	1,373.62	613.45	1,987.06	1,783.70	1,404.43	3,188.13	1,783.70	1,505.54	3,289.24
20/03/2015	1,259.24	575.91	1,835.15	2,706.64	1,333.91	4,040.55	2,706.64	1,429.94	4,136.58
22/06/2015	1,250.33	598.22	1,848.56	2,687.50	1,385.59	4,073.09	2,687.50	1,485.35	4,172.85
21/09/2015	1,218.64	562.84	1,781.47	2,619.37	1,303.63	3,922.99	2,619.37	1,397.48	4,016.85
21/12/2015	1,177.25	546.95	1,724.21	2,530.42	1,266.84	3,797.26	2,530.42	1,358.04	3,888.46
21/03/2016	1,147.60	531.61	1,679.21	2,466.68	1,231.30	3,697.98	2,466.68	1,319.95	3,786.63
20/06/2016	1,128.47	516.65	1,645.12	2,425.56	1,196.66	3,622.21	2,425.56	1,282.81	3,708.37
20/09/2016	1,099.68	507.46	1,607.14	2,363.69	1,175.37	3,539.05	2,363.69	1,259.99	3,623.67
20/12/2016	1,062.40	487.61	1,550.01	2,283.54	1,129.40	3,412.94	2,283.54	1,210.71	3,494.25
20/03/2017	1,026.58	468.56	1,495.14	2,206.55	1,085.27	3,291.82	2,206.55	1,163.40	3,369.95
20/06/2017	1,018.82	465.45	1,484.26	2,189.87	1,078.05	3,267.93	2,189.87	1,155.67	3,345.54
20/09/2017	992.02	452.02	1,444.04	2,132.27	1,046.96	3,179.23	2,132.27	1,122.33	3,254.60
20/12/2017	957.86	434.18	1,392.04	2,058.84	1,005.63	3,064.48	2,058.84	1,078.03	3,136.88
20/03/2018	924.89	417.06	1,341.95	1,987.98	965.99	2,953.96	1,987.98	1,035.53	3,023.51
20/06/2018	917.19	414.14	1,331.33	1,971.42	959.22	2,930.65	1,971.42	1,028.28	2,999.71
20/09/2018	893.54	402.06	1,295.60	1,920.61	931.23	2,851.84	1,920.61	998.28	2,918.88
20/12/2018	863.18	386.04	1,249.22	1,855.34	894.14	2,749.48	1,855.34	958.51	2,813.85
20/03/2019	834.19	370.67	1,204.86	1,793.02	858.54	2,651.56	1,793.02	920.35	2,713.37
20/06/2019	828.76	367.92	1,196.67	1,781.35	852.16	2,633.51	1,781.35	913.51	2,694.86
20/09/2019	805.63	357.00	1,162.62	1,731.63	826.87	2,558.50	1,731.63	886.40	2,618.03
20/12/2019	777.87	342.62	1,120.49	1,671.97	793.56	2,465.54	1,671.97	850.69	2,522.67
20/03/2020	757.99	332.48	1,090.47	1,629.24	770.08	2,399.32	1,629.24	825.52	2,454.77
22/06/2020	744.98	333.23	1,078.22	1,601.29	771.83	2,373.12	1,601.29	827.40	2,428.68
21/09/2020	725.27	312.89	1,038.16	1,558.92	724.71	2,283.63	1,558.92	776.88	2,335.80
21/12/2020	701.29	303.44	1,004.73	1,507.37	702.81	2,210.19	1,507.37	753.41	2,260.78
22/03/2021	676.81	294.30	971.11	1,454.76	681.64	2,136.40	1,454.76	730.72	2,185.48
21/06/2021	671.13	285.48	956.60	1,442.54	661.21	2,103.75	1,442.54	708.82	2,151.36
20/09/2021	652.96	276.73	929.69	1,403.48	640.95	2,044.44	1,403.48	687.10	2,090.58
20/12/2021	630.97	268.22	899.19	1,356.23	621.24	1,977.47	1,356.23	665.97	2,022.20
21/03/2022	608.87	260.00	868.86	1,308.72	602.20	1,910.91	1,308.72	645.55	1,954.27
20/06/2022	603.65	252.06	855.71	1,297.50	583.82	1,881.31	1,297.50	625.85	1,923.34
20/09/2022	587.03	246.88	833.90	1,261.77	571.81	1,833.58	1,261.77	612.98	1,874.75
20/12/2022	565.63	236.54	802.17	1,215.78	547.87	1,763.65	1,215.78	587.32	1,803.10
20/03/2023	544.90	226.65	771.56	1,171.23	524.96	1,696.20	1,171.23	562.76	1,733.99
20/06/2023	538.46	224.51	762.97	1,157.38	520.00	1,677.38	1,157.38	557.44	1,714.82
20/09/2023	524.50	217.41	741.91	1,127.38	503.57	1,630.94	1,127.38	539.82	1,667.20
20/12/2023	506.32	208.21	714.54	1,088.30	482.26	1,570.56	1,088.30	516.98	1,605.28
20/03/2024	493.52	201.62	695.14	1,060.79	466.98	1,527.77	1,060.79	500.60	1,561.39
20/06/2024	484.15	197.33	681.48	1,040.64	457.05	1,497.69	1,040.64	489.95	1,530.59
20/09/2024	471.04	190.95	661.99	1,012.47	442.27	1,454.74	1,012.47	474.11	1,486.58
20/12/2024	454.75	182.73	637.48	977.44	423.24	1,400.69	977.44	453.71	1,431.16
20/03/2025	439.28	174.86	614.14	944.19	405.02	1,349.21	944.19	434.17	1,378.37
20/06/2025	433.41	172.96	606.38	931.59	400.61	1,332.20	931.59	429.45	1,361.04
22/09/2025	421.58	170.89	592.46	906.15	395.80	1,301.95	906.15	424.30	1,330.45
22/12/2025	408.08	159.94	568.02	877.15	370.45	1,247.59	877.15	397.12	1,274.26
20/03/2026	393.83	149.52	543.35	846.50	346.32	1,192.82	846.50	371.25	1,217.75
22/06/2026	388.44	154.42	542.85	834.91	357.65	1,192.57	834.91	383.40	1,218.32
21/09/2026	377.82	144.42	522.24	812.09	334.51	1,146.60	812.09	358.60	1,170.68
21/12/2026	364.24	139.50	503.74	782.91	323.11	1,106.02	782.91	346.37	1,129.28
22/03/2027	352.16	134.75	486.91	756.93	312.11	1,069.04	756.93	334.58	1,091.51
21/06/2027	352.01	130.16	482.17	756.62	301.48	1,058.10	756.62	323.19	1,079.81
20/09/2027	338.58	125.58	464.15	727.75	290.85	1,018.61	727.75	311.79	1,039.55
20/12/2027	9,296.45	121.16	9,417.61	19,982.02	280.63	20,262.65	19,982.02	300.84	20,282.86

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 11%**

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS</b>	100,000.00	34,357.43	134,357.43	100,000.00	63,105.64	163,105.64	100,000.00	67,648.69	167,648.69
29/05/2008									
22/09/2008	3,621.28	1,663.96	5,285.24	0.00	1,792.84	1,792.84	0.00	1,921.73	1,921.73
22/12/2008	3,225.09	1,256.13	4,481.22	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2009	3,101.03	1,174.07	4,275.10	0.00	1,358.13	1,358.13	0.00	1,455.91	1,455.91
22/06/2009	3,094.09	1,212.37	4,306.46	0.00	1,450.73	1,450.73	0.00	1,555.18	1,555.18
21/09/2009	3,001.11	1,133.35	4,134.46	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
21/12/2009	2,882.73	1,094.24	3,976.97	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
22/03/2010	2,770.43	1,056.66	3,827.09	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
21/06/2010	2,741.07	1,020.56	3,761.63	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/09/2010	2,659.21	984.83	3,644.04	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/12/2010	2,554.45	950.17	3,504.63	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
21/03/2011	2,455.01	916.88	3,371.89	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/06/2011	2,427.47	884.88	3,312.36	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/09/2011	2,352.82	862.62	3,215.44	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/12/2011	2,258.92	822.58	3,081.50	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2012	2,190.64	793.14	2,983.78	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/06/2012	2,144.64	772.99	2,917.63	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/09/2012	2,079.41	744.73	2,824.14	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/12/2012	1,997.02	709.54	2,706.56	0.00	1,404.43	1,404.43	0.00	1,505.54	1,505.54
20/03/2013	1,918.20	676.00	2,594.20	0.00	1,389.00	1,389.00	0.00	1,489.00	1,489.00
20/06/2013	1,896.08	665.74	2,561.83	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/09/2013	1,836.60	640.76	2,477.36	0.00	1,419.87	1,419.87	0.00	1,522.09	1,522.09
20/12/2013	1,568.85	609.86	2,178.71	2,794.75	1,404.43	4,199.19	2,794.75	1,505.54	4,300.30
20/03/2014	1,473.31	582.94	2,056.24	3,166.77	1,350.18	4,516.95	3,166.77	1,447.39	4,614.16
20/06/2014	1,455.77	576.48	2,032.24	3,129.06	1,335.22	4,464.28	3,129.06	1,431.35	4,560.41
22/09/2014	1,410.00	569.41	1,979.41	3,030.68	1,318.85	4,349.54	3,030.68	1,413.80	4,444.49
22/12/2014	1,353.42	532.86	1,886.28	2,909.07	1,234.20	4,143.27	2,909.07	1,323.05	4,232.13
20/03/2015	1,299.85	498.24	1,798.08	2,793.92	1,154.00	3,947.92	2,793.92	1,237.08	4,031.01
22/06/2015	1,283.65	514.71	1,798.36	2,759.11	1,192.15	3,951.26	2,759.11	1,277.98	4,037.09
21/09/2015	1,243.50	481.55	1,725.05	2,672.81	1,115.35	3,788.17	2,672.81	1,195.65	3,868.46
21/12/2015	1,193.63	465.34	1,658.98	2,565.63	1,077.82	3,643.44	2,565.63	1,155.41	3,721.04
21/03/2016	1,156.61	449.79	1,606.40	2,486.05	1,041.78	3,527.83	2,486.05	1,116.79	3,602.83
20/06/2016	1,130.81	434.71	1,565.52	2,430.58	1,006.87	3,437.45	2,430.58	1,079.36	3,509.94
20/09/2016	1,095.23	424.59	1,519.82	2,354.12	983.42	3,337.54	2,354.12	1,054.22	3,408.34
20/12/2016	1,051.33	405.70	1,457.02	2,259.75	939.67	3,199.42	2,259.75	1,007.32	3,267.07
20/03/2017	1,009.43	387.69	1,397.12	2,169.70	897.96	3,067.66	2,169.70	962.60	3,132.31
20/06/2017	996.33	383.00	1,379.33	2,141.53	887.10	3,028.64	2,141.53	950.97	3,092.51
20/09/2017	964.27	369.88	1,334.15	2,072.63	856.70	2,929.32	2,072.63	918.37	2,991.00
20/12/2017	925.12	353.29	1,278.41	1,988.49	818.28	2,806.76	1,988.49	877.19	2,865.67
20/03/2018	887.69	337.48	1,225.17	1,908.02	781.66	2,689.68	1,908.02	837.94	2,745.96
20/06/2018	875.54	333.28	1,208.83	1,881.91	771.94	2,653.86	1,881.91	827.52	2,709.43
20/09/2018	847.71	321.75	1,169.46	1,822.09	745.22	2,567.32	1,822.09	798.87	2,620.97
20/12/2018	813.58	307.20	1,120.78	1,748.72	711.53	2,460.26	1,748.72	762.76	2,511.48
20/03/2019	781.18	293.34	1,074.51	1,679.08	679.42	2,358.50	1,679.08	728.34	2,407.42
20/06/2019	771.62	289.56	1,061.19	1,658.54	670.68	2,329.22	1,658.54	718.97	2,377.51
20/09/2019	745.66	279.40	1,025.06	1,602.74	647.13	2,249.87	1,602.74	693.72	2,296.46
20/12/2019	715.30	266.64	981.94	1,537.48	617.59	2,155.07	1,537.48	662.05	2,199.53
20/03/2020	692.73	257.32	950.05	1,488.97	596.00	2,084.97	1,488.97	638.90	2,127.88
22/06/2020	676.82	256.48	933.30	1,454.78	594.04	2,048.82	1,454.78	636.81	2,091.59
21/09/2020	654.83	239.47	894.30	1,407.51	554.65	1,962.17	1,407.51	594.58	2,002.10
21/12/2020	628.90	230.93	859.83	1,351.77	534.89	1,886.66	1,351.77	573.39	1,925.17
22/03/2021	603.07	222.74	825.81	1,296.26	515.90	1,812.16	1,296.26	553.04	1,849.30
21/06/2021	594.65	214.88	809.52	1,278.15	497.70	1,775.84	1,278.15	533.53	1,811.67
20/09/2021	574.97	207.13	782.10	1,235.86	479.74	1,715.61	1,235.86	514.28	1,750.15
20/12/2021	551.87	199.63	751.50	1,186.19	462.39	1,648.58	1,186.19	495.68	1,681.87
21/03/2022	529.11	192.44	721.55	1,137.29	445.73	1,583.01	1,137.29	477.82	1,615.10
20/06/2022	521.60	185.55	707.14	1,121.13	429.76	1,550.89	1,121.13	460.70	1,581.83
20/09/2022	504.10	180.71	684.81	1,083.52	418.56	1,502.08	1,083.52	448.69	1,532.22
20/12/2022	482.62	172.18	654.80	1,037.35	398.79	1,436.15	1,037.35	427.50	1,464.86
20/03/2023	462.03	164.06	626.10	993.11	380.00	1,373.11	993.11	407.36	1,400.47
20/06/2023	454.17	161.62	615.79	976.20	374.35	1,350.55	976.20	401.30	1,377.50
20/09/2023	439.53	155.64	595.16	944.73	360.48	1,305.21	944.73	386.44	1,331.17
20/12/2023	421.44	148.22	569.66	905.85	343.30	1,249.15	905.85	368.01	1,273.87
20/03/2024	408.12	142.73	550.85	877.23	330.58	1,207.81	877.23	354.38	1,231.61
20/06/2024	397.99	138.92	536.91	855.45	321.75	1,177.21	855.45	344.92	1,200.37
20/09/2024	384.74	133.67	518.41	826.96	309.61	1,136.57	826.96	331.90	1,158.86
20/12/2024	368.90	127.20	496.10	792.92	294.63	1,087.55	792.92	315.84	1,108.76
20/03/2025	9,391.12	121.05	9,512.17	20,185.50	280.38	20,465.88	20,185.50	300.56	20,486.06

#### 4.11 Representation of security holders.

No syndicate of bondholders will be set up for the securities included in this Bond Issue.

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

#### 4.12 Resolutions, authorisations and approvals for issuing the securities.

##### a) Corporate resolutions.

###### ***Resolution to set up the Fund and issue the Bonds:***

In a resolution dated April 21, 2008, the Executive Committee of the Board of Directors of EUROPEA DE TITULIZACIÓN resolved that:

- i) BBVA RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS be set up in accordance with the legal system for which provision is made in Royal Decree 926/1998, 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) Pass-through certificates issued by BBVA on loans owned by BBVA and shown on its assets granted to individuals with real estate mortgage security on homes, be pooled in the Fund.
- iii) The Bonds be issued by the Fund.

###### ***Resolution to issue the Pass-Through Certificates on the Mortgage Loans:***

At meetings held on November 24, 2006, February 27, 2007, March 16, 2007, July 24, 2007 and March 14, 2008, the Board of Directors of BBVA resolved that the issue of pass-through certificates on mortgage loans granted by BBVA to be subscribed for by one or several securitisation funds be authorised.

##### b) Registration by the CNMV.

The establishment of the Fund and issue of the Bonds are subject to the condition precedent of the entry in the Official Registers of the CNMV of this Prospectus and all other supporting documents, in accordance with the provisions of article 5 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 and BBVA, Originator, shall proceed to execute on May 26, 2008 a public deed whereby BBVA RMBS 5 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BBVA will assign Mortgage Loan receivables to the Fund by issuing Pass-Through Certificates, 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 May 28, 2008.

#### **4.13 Issue date of the securities.**

The Bond issue date shall be May 26, 2008.

##### **4.13.1 Potential investors to whom the Bonds are offered.**

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 Bond Issue on May 28, 2008 and pay to the Fund by 2pm (CET) on May 29, 2008 (the “**Closing Date**”), for same day value, the issue price at the face value of all the Bonds subscribed for.

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

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

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

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

In fulfilment of the provisions of article 2.3 of Royal Decree 926/1998, the Management Company shall, upon the Bonds having been paid up, apply for this Bond Issue to be listed on AIAF Mercado de Renta Fija (“**AIAF**”), which is a qualified official secondary securities market pursuant to transitional provision six of Act 37/1998, November 16, amending the Securities Market Act, and a regulated market, as contained in the Annotated List of Regulated Markets and Additional Provisions under the Investment Services Directive 93/22, published in the Official Journal of the European Communities on March 1, 2008. 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, if it is exclusively at fault for the delay.

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

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

#### **5.2 Paying agents 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 deriving from setting up the Fund and issue and admission to trading of the Bond Issue are EUR three hundred and thirty-nine thousand six hundred and sixty-seven (339,667.00). These expenses include, inter alia, the initial Management Company fee, notary's fees, rating and legal advice fees, CNMV fees, AIAF and Iberclear fees for including the Bonds in the register of book entries, and Prospectus translation and printing 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.**

Garrigues, as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and have reviewed the tax implications contained in section 4.5.1 of the Registration Document.

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 selected mortgage loans on the terms set forth in section 2.2 of the Building Block and has audited the Management Company's and BBVA's annual accounts for the years ended December 31, 2006 and 2005, has audited BBVA's annual accounts for the year ended December 31, 2007 and is in the process of auditing the Management Company's annual accounts for the year ended December 31, 2007.

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

Within its duties to verify the information contained in this Prospectus, the Management Company has received confirmation from BBVA, as Originator, as to the truthfulness of the characteristics of BBVA as Originator, of the Mortgage Loans and of the Pass-Through Certificates, 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 Mortgage 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 sourced from BBVA on the selected mortgage loans from which the Mortgage 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.**

S&P has, on May 20, 2008, assigned the following provisional ratings to each Bond Series, and expects to assign the same final ratings by May 28, 2008.

<b>Bond Series</b>	<b>S&amp;P Ratings</b>
Series A	AAA
Series B	A
Series C	BBB-

If the Rating Agency should not confirm any of the assigned provisional ratings as final by May 28, 2008, 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 issue of and subscription for the Pass-Through Certificates terminating, as provided for in section 4.4.4.(v) of the Registration Document.

**Rating considerations.**

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

The Rating Agency's 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 Agency based on manifold information received with respect to which it can give no assurance, nor even as to their accuracy or wholeness, wherefore the Rating Agency 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 Agency relies on the accuracy and wholeness of the information provided by BBVA, the Management Company, Deloitte, as auditor of certain features and attributes of a sample of the selected mortgage loans, and Garrigues, as independent legal advisers.

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

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



*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 Pass-Through Certificates, representing Mortgage Loan rights, which shall be issued by BBVA and subscribed for by the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR five billion (5,000,000,000.00), 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 Mortgage Loans allow the payments due and payable on the Bonds issued to be satisfied.

Nevertheless, in order to cover for potential payment defaults by the securitised Mortgage Loan Obligors, a number of credit enhancement transactions have been arranged allowing the amounts payable to the Bonds in each Series to be covered to a different extent and mitigating the interest risk due to the different terms of the interest clauses of the Mortgage Loans and of the Bonds in each Series. In exceptional circumstances, the enhancement transactions could actually fall short. 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.

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

The portfolio of selected mortgage loans from which the Mortgage Loans will be taken in order for their receivables to be mostly assigned to the Fund upon being established by having BBVA issue and the Fund subscribe for the Pass-Through Certificates comprises mortgage loans owned by BBVA granted to individuals with real estate mortgage security ranking senior or, as the case may be, ranking junior, although BBVA has documents relating to economic cancellation of the debts originated by previous mortgages which are yet to be struck off the registers, on finished homes located in Spain, and comprising 31,297 mortgage loans, their outstanding principal as at May 12, 2008 being EUR 5,458,411,305.76 and the overdue principal being EUR 1,035,416.02.

The contract terms of some of the selected mortgage loans provide that an agreement may be arrived at with the obligor or borrower in order to:

- (i) Change the maturity date on the terms given in section 2.2.4.1 of this Building Block. 94.81% of the selected mortgage loans (95.83% in terms of outstanding principal) provide for this possibility.
- (ii) Defer payment of up to two instalments in each calendar year, not more than ten instalments to be deferred throughout the mortgage loan term, subject to the following limitations:
  - a) That not less than twelve months have elapsed since the due date of the last instalment in respect of which payment was deferred in a previous calendar year.
  - b) That there were no overdue loan payments on the due dates during the year next preceding the date of the monthly instalment in respect of which payment is to be deferred.
  - c) That the mortgage cover is less than 80 percent.

The amount of the deferred instalments shall be accumulated to the outstanding capital on the day after the instalments fall due and shall as a capital increase earn interest from that date at the current loan interest rate.

94.81% of the selected mortgage loans (95.83% in terms of outstanding principal) provide for this possibility.

- (iii) Change the nature of the interest rate, after the first twelve months of the loan term have elapsed, to one of the following interest rate modes:
  - a) To the “constant interest” mode: Whenever the loan is in a “constant interest” loan, the constant interest period shall comprise 36 months and the benchmark index used shall be the rate of mortgage loans for more than three years granted by credit institutions as a whole.
  - b) To the “floating interest” mode: Whenever the loan is a “floating interest” loan, there shall be subsequent floating interest periods, each of which shall comprise six months and the benchmark index used shall be one-year EURIBOR published in the Official State Gazette.

The obligor may choose to change the mode during the mortgage loan term, provided that the obligor is in good standing in respect of the obligor’s mortgage loan obligations, and with the following frequency: (i) once every year if “floating interest” is the applicable mode or (ii) within 36 months of electing the “constant interest” mode.

60.10% of the selected mortgage loans (61.48% in terms of outstanding principal) provide for this possibility.

- (iv) Additionally, and provided that the obligor is in good standing in respect of the obligor’s mortgage loan obligations and has no payments overdue with BBVA under other transactions, the mortgage loan interest rate may have rebates, of up to not more than 0.25% of the annual nominal ordinary interest rate, where the obligor has arranged with BBVA or BBVA group any or some of the following product or service groups:

Group A: Direct salary payment, credit card and household comprehensive insurance.

Group B: Life insurance or current loan repayment insurance.

Group C: Individual social insurance or pension plan.

92.13% of the selected mortgage loans (93.23% in terms of outstanding principal) provide for this possibility.

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

The most significant characteristics of the selected mortgage loans have been audited by Deloitte.

That audit was made using sampling techniques consisting of analysing a number of transactions fewer (sample) than the full selection of mortgage 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: origination of the loan, purpose of the loan, identification of the obligor, mortgage loan holder, loan origination date, loan maturity date, initial loan amount, current loan balance (outstanding principal), reference rate, interest rate spread, interest rate applied, appraisal value, current loan-to-value ratio, type of mortgaged property, address of the mortgaged property, mortgage security, asset transfer, arrears in payment and existence of damage insurance. Selected mortgage 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 mortgage loan obligors.**

The following table gives the concentration of the ten obligors weighing most in the portfolio of selected mortgage loans as at May 12, 2008.

<b>Mortgage loan portfolio at 12.05.2008</b>					
<b>Classification by Obligor</b>					
	<b>Mortgage loans</b>		<b>Outstanding principal</b>		
		<b>%</b>	<b>(EUR)</b>	<b>%</b>	
Obligor 1	1	0.003	996,555.56	0.018	
Obligor 2	1	0.003	989,963.58	0.018	
Obligor 3	1	0.003	978,421.51	0.018	
Obligor 4	1	0.003	964,850.98	0.018	
Obligor 5	1	0.003	955,000.00	0.017	
Obligor 6	1	0.003	903,186.39	0.017	
Obligor 7	1	0.003	899,748.75	0.016	
Obligor 8	1	0.003	896,688.18	0.016	
Obligor 9	1	0.003	892,966.71	0.016	
Obligor 10	1	0.003	877,390.41	0.016	
Rest: 31,287 obligors	31,287	99.968	5,449,056,533.69	99.829	
<b>Total obligors: 31,297</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>	

The number of obligors matches the number of mortgage loans because the selected portfolio has no obligor with more than one mortgage loan.

##### **b) Information regarding selected mortgage loan origination date.**

The following table gives the distribution of the selected mortgage loans according to the origination date by six-monthly intervals, excepting the last interval, and the weighted average, minimum and maximum age. The latest selected loan arrangement date is December 31, 2007.

<b>Mortgage loan portfolio at 12.05.2008</b>				
<b>Classification by loan origination date</b>				
<b>Date interval</b>	<b>Mortgage loans</b>		<b>Outstanding principal</b>	
		<b>%</b>	<b>(EUR)</b>	<b>%</b>
01/07/1990 to 31/12/1990	1	0.003	291,782.93	0.005
01/07/1991 to 31/12/1991	1	0.003	64,632.46	0.001
01/01/1993 to 30/06/1993	1	0.003	69,183.90	0.001
01/07/1993 to 31/12/1993	1	0.003	338,377.01	0.006
01/01/1994 to 30/06/1994	2	0.006	290,031.73	0.005
01/07/1994 to 31/12/1994	4	0.013	475,637.65	0.009
01/01/1995 to 30/06/1995	1	0.003	137,771.28	0.003
01/07/1995 to 31/12/1995	8	0.026	1,093,509.33	0.020
01/01/1996 to 30/06/1996	5	0.016	819,826.50	0.015
01/07/1996 to 31/12/1996	9	0.029	792,878.43	0.015
01/01/1997 to 30/06/1997	17	0.054	2,619,365.03	0.048
01/07/1997 to 31/12/1997	19	0.061	2,753,514.87	0.050
01/01/1998 to 30/06/1998	28	0.089	4,308,063.97	0.079
01/07/1998 to 31/12/1998	43	0.137	8,120,028.01	0.149
01/01/1999 to 30/06/1999	42	0.134	5,949,855.20	0.109
01/07/1999 to 31/12/1999	60	0.192	8,987,335.04	0.165
01/01/2000 to 30/06/2000	30	0.096	5,395,302.23	0.099
01/07/2000 to 31/12/2000	24	0.077	4,271,911.96	0.078
01/01/2001 to 30/06/2001	33	0.105	5,286,241.99	0.097
01/07/2001 to 31/12/2001	44	0.141	7,807,061.64	0.143
01/01/2002 to 30/06/2002	67	0.214	12,129,255.79	0.222
01/07/2002 to 31/12/2002	71	0.227	12,616,933.51	0.231
01/01/2003 to 30/06/2003	83	0.265	13,102,770.86	0.240
01/07/2003 to 31/12/2003	235	0.751	30,922,279.20	0.567
01/01/2004 to 30/06/2004	652	2.083	83,866,553.74	1.536
01/07/2004 to 31/12/2004	710	2.269	97,123,197.91	1.779
01/01/2005 to 30/06/2005	774	2.473	115,950,299.82	2.124
01/07/2005 to 31/12/2005	881	2.815	144,099,986.27	2.640
01/01/2006 to 30/06/2006	1,024	3.272	171,339,271.39	3.139
01/07/2006 to 31/12/2006	1,349	4.310	241,267,358.63	4.420
01/01/2007 to 30/06/2007	12,428	39.710	2,251,236,414.12	41.243
01/07/2007 to 31/12/2007	12,650	40.419	2,224,884,673.36	40.761
<b>Total</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>
	<b>14.92</b>	<b>Months</b>	<b>Weighted average age</b>	
	<b>213.47</b>	<b>Months</b>	<b>Maximum age</b>	
	<b>4.37</b>	<b>Months</b>	<b>Minimum age</b>	

c) Information regarding selected mortgage loan principal.

The following table gives the distribution of the outstanding mortgage loan principal as at May 12, 2008 by EUR 25,000 intervals, and the average, minimum and maximum amount.

<b>Mortgage loan portfolio at 12.05.2008</b>				
<b>Classification by outstanding principal</b>				
<b>Principal interval</b>	<b>Mortgage loans</b>		<b>Outstanding principal</b>	
<b>(EUR)</b>	<b>No.</b>	<b>%</b>	<b>(EUR)</b>	<b>%</b>
0.00 - 24,999.99	119	0.38	2,062,173.49	0.04
25,000.00 - 49,999.99	629	2.01	23,557,372.20	0.43
50,000.00 - 74,999.99	1,063	3.40	68,629,996.65	1.26
75,000.00 - 99,999.99	2,513	8.03	223,323,976.73	4.09
100,000.00 - 124,999.99	3,858	12.33	437,928,947.50	8.02
125,000.00 - 149,999.99	4,821	15.40	666,080,064.23	12.20

<b>Mortgage loan portfolio at 12.05.2008</b>				
<b>Classification by outstanding principal</b>				
<b>Principal interval (EUR)</b>	<b>Mortgage loans</b>		<b>Outstanding principal</b>	
	<b>No.</b>	<b>%</b>	<b>(EUR)</b>	<b>%</b>
150,000.00 - 174,999.99	4,743	15.15	769,781,428.41	14.10
175,000.00 - 199,999.99	4,060	12.97	758,691,283.86	13.90
200,000.00 - 224,999.99	2,918	9.32	618,916,222.93	11.34
225,000.00 - 249,999.99	2,381	7.61	564,359,020.65	10.34
250,000.00 - 274,999.99	1,548	4.95	404,686,374.19	7.41
275,000.00 - 299,999.99	962	3.07	275,473,183.46	5.05
300,000.00 - 324,999.99	511	1.63	159,229,729.20	2.92
325,000.00 - 349,999.99	367	1.17	123,173,231.82	2.26
350,000.00 - 374,999.99	241	0.77	86,921,962.81	1.59
375,000.00 - 399,999.99	144	0.46	55,669,148.58	1.02
400,000.00 - 424,999.99	97	0.31	39,960,118.90	0.73
425,000.00 - 449,999.99	68	0.22	29,678,450.16	0.54
450,000.00 - 474,999.99	52	0.17	23,975,930.46	0.44
475,000.00 - 499,999.99	38	0.12	18,540,529.15	0.34
500,000.00 - 524,999.99	19	0.06	9,711,194.16	0.18
525,000.00 - 549,999.99	19	0.06	10,239,596.84	0.19
550,000.00 - 574,999.99	16	0.05	8,931,684.82	0.16
575,000.00 - 599,999.99	14	0.04	8,279,247.50	0.15
600,000.00 - 624,999.99	6	0.02	3,661,965.59	0.07
625,000.00 - 649,999.99	9	0.03	5,771,792.29	0.11
650,000.00 - 674,999.99	19	0.06	12,601,246.18	0.23
675,000.00 - 699,999.99	12	0.04	8,219,399.19	0.15
700,000.00 - 724,999.99	9	0.03	6,405,275.42	0.12
725,000.00 - 749,999.99	4	0.01	2,944,080.05	0.05
750,000.00 - 774,999.99	6	0.02	4,563,332.65	0.08
775,000.00 - 799,999.99	9	0.03	7,106,196.51	0.13
800,000.00 - 824,999.99	5	0.02	4,096,682.33	0.08
825,000.00 - 849,999.99	5	0.02	4,168,632.84	0.08
850,000.00 - 874,999.99	2	0.01	1,717,061.94	0.03
875,000.00 - 899,999.99	4	0.01	3,566,794.05	0.07
900,000.00 - 924,999.99	1	0.00	903,186.39	0.02
950,000.00 - 974,999.99	2	0.01	1,919,850.98	0.04
975,000.00 - 999,999.99	3	0.01	2,964,940.65	0.05
<b>Total</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>
<b>Average principal:</b>			<b>174,406.85</b>	
<b>Minimum principal:</b>			<b>5,919.48</b>	
<b>Maximum principal:</b>			<b>996,555.56</b>	

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

The following table gives the distribution of the mortgage loans according to benchmark indices applicable to the loans for determining the nominal interest rate.



Mortgage loan portfolio at 12.05.2008					
Classification by Interest rate benchmark index					
Benchmark Index	Mortgage loans		Outstanding principal		Margin over index*
		%	(EUR)	%	
1-year Euribor	30,838	98.53	5,394,813,598.54	98.83	0.71
MLBI All Institutions	417	1.33	60,348,993.04	1.11	0.40
MLBI Banks	42	0.13	3,248,714.18	0.06	0.05
<b>Total</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>	

\*Average margin weighted by the outstanding principal.

As explained in section 2.2 of this Building Block, the contract terms of some mortgage loans allow the obligor to choose between floating or constant interest.

**e) Information regarding selected mortgage loan reference rate reset period.**

The following table gives the selected mortgage loan distribution based on the mortgage loan reference rate reset period.

Mortgage Loan portfolio at 12.05.2008				
Classification by reference rate reset period				
Interest rate reset period	Mortgage loans		Outstanding principal	
		%	(EUR)	%
SIX-MONTHLY	29,317	93.67	5,164,233,455.52	94.61
YEARLY	1,803	5.76	266,844,669.37	4.89
THREE-YEARLY	177	0.57	27,333,180.87	0.50
<b>Total</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>

**f) Information regarding selected mortgage loan principal repayment exclusion period.**

The following table gives the selected mortgage loan distribution according to expiration of the mortgage loan principal repayment exclusion period.

Mortgage Loan portfolio at 12.05.2008				
Classification by principal repayment exclusion period				
Expiration of the principal exclusion period	Mortgage loans		Outstanding principal	
		%	(EUR)	%
No Exclusion	29,179	93.23	5,023,025,765.07	92.02
31/05/2008 to 30/06/2008	223	0.71	44,589,013.24	0.82
01/7/2008 to 30/09/2008	123	0.39	25,943,363.45	0.48
01/10/2008 to 31/12/2008	160	0.51	33,375,909.26	0.61
01/01/2009 to 31/03/2009	64	0.20	14,013,606.68	0.26
01/04/2009 to 30/06/2009	155	0.50	31,765,537.76	0.58
01/7/2009 to 30/09/2009	90	0.29	20,954,538.10	0.38
01/10/2009 to 31/12/2009	123	0.39	25,525,963.41	0.47
01/01/2010 to 31/03/2010	120	0.38	25,344,264.73	0.46
01/04/2010 to 30/06/2010	279	0.89	55,458,339.14	1.02
01/7/2010 to 30/09/2010	176	0.56	34,415,452.05	0.63
01/10/2010 to 31/12/2010	165	0.53	31,917,265.89	0.58
01/01/2011 to 31/03/2011	6	0.02	1,299,421.60	0.02
01/04/2011 to 30/06/2011	2	0.01	600,000.00	0.01
01/7/2011 to 30/09/2011	1	0.00	177,869.41	0.00
01/10/2011 to 31/12/2011	3	0.01	697,351.21	0.01
01/01/2012 to 31/03/2012	90	0.29	19,966,071.20	0.37
01/04/2012 to 30/06/2012	164	0.52	35,051,705.25	0.64

Mortgage Loan portfolio at 12.05.2008				
Classification by principal repayment exclusion period				
Expiration of the principal exclusion period	Mortgage loans		Outstanding principal	
		%	(EUR)	%
01/7/2012 to 30/09/2012	104	0.33	20,374,780.16	0.37
01/10/2012 to 31/12/2012	67	0.21	13,180,688.15	0.24
01/01/2013 to 05/01/2013	3	0.01	734,400.00	0.01
<b>Total</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>

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

The following table gives the distribution of the selected mortgage loans by 0.25% nominal interest rate intervals applicable as at May 12, 2008, and their average, minimum and maximum values. The nominal interest rates applicable to the mortgage loans range between 3.60% and 7.16%.

Mortgage loan portfolio at 12.05.2008					
Classification by applicable nominal interest rate					
Interest Rate % Interval	Mortgage loans		Outstanding principal		% Interest Rate*
		%	(EUR)	%	
3.50 - 3.74	4	0.01	981,031.77	0.02	3.67
3.75 - 3.99	78	0.25	16,543,428.72	0.30	3.85
4.00 - 4.24	1	0.00	199,758.17	0.00	4.12
4.25 - 4.49	70	0.22	15,439,380.10	0.28	4.33
4.50 - 4.74	108	0.35	28,641,468.97	0.52	4.63
4.75 - 4.99	4,387	14.02	828,606,586.45	15.18	4.93
5.00 - 5.24	9,579	30.61	1,748,386,282.82	32.03	5.14
5.25 - 5.49	9,926	31.72	1,665,668,652.82	30.52	5.35
5.50 - 5.74	5,366	17.15	862,759,171.01	15.81	5.59
5.75 - 5.99	1,408	4.50	230,483,045.35	4.22	5.83
6.00 - 6.24	270	0.86	44,967,190.99	0.82	6.08
6.25 - 6.49	68	0.22	11,459,448.64	0.21	6.34
6.50 - 6.74	26	0.08	3,617,323.24	0.07	6.58
6.75 - 6.99	5	0.02	534,133.72	0.01	6.80
7.00 - 7.24	1	0.00	124,402.99	0.00	7.16
<b>Total</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>	
<b>Weighted average:</b>					<b>5.26 %</b>
<b>Simple average:</b>					<b>5.28 %</b>
<b>Minimum:</b>					<b>3.60 %</b>
<b>Maximum:</b>					<b>7.16 %</b>

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

**h) Information regarding maximum and minimum nominal interest rates applicable to the selected mortgage loans.**

Part of the selected mortgage 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 mortgage loans as at May 12, 2008 range between 1.00% and 3.50%.

The following table gives the selected mortgage loan distribution by 0.25% minimum nominal interest rate intervals applicable for determining the nominal interest rate. Intervals with no contents are not detailed.

Mortgage loan portfolio at 12.05.2008					
Classification by applicable minimum nominal interest rates					
Minimum % Interest Rate Interval	Mortgage loans %		Outstanding principal (EUR) %		Minimum % Int. Rate*
1.00 - 1.24	2	0.01	119,443.00	0.00	1.00
2.00 - 2.24	4	0.01	479,826.04	0.01	2.00
2.25 - 2.49	12	0.04	1,317,482.72	0.02	2.25
2.50 - 2.74	24	0.08	2,567,408.77	0.05	2.50
2.75 - 2.99	33	0.11	4,823,771.67	0.09	2.77
3.50 - 3.74	8	0.03	629,616.73	0.01	3.50
3.00 - 3.24	78	0.25	8,362,144.42	0.15	3.00
No minimum applicable NIR	31,136	99.49	5,440,111,612.41	99.66	
<b>Total</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>	

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

The selected mortgage 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 mortgage loans as at May 12, 2008 range between 12.00% and 30.00%.

The following table gives the selected mortgage loan distribution by 0.25% maximum nominal interest rate intervals applicable for determining the nominal interest rate. Intervals with no contents are not detailed.

Mortgage loan portfolio at 12.05.2008					
Classification by applicable maximum nominal interest rates					
Maximum % Interest Rate Interval	Mortgage loans %		Outstanding principal (EUR) %		Maximum % Interest Rate*
12.00 - 12.24	945	3.02	167,189,199.45	3.06	12.00
12.50 - 12.74	6	0.02	1,378,499.58	0.03	12.50
14.00 - 14.24	9	0.03	1,796,757.60	0.03	14.00
15.00 - 15.24	30,258	96.68	5,275,487,256.74	96.65	15.00
16.00 - 16.24	48	0.15	7,681,298.53	0.14	16.00
17.00 - 17.24	5	0.02	762,755.40	0.01	17.00
18.00 - 18.24	19	0.06	2,900,607.86	0.05	18.00
19.00 - 19.24	1	0.00	178,795.44	0.00	19.00
20.00 - 20.24	1	0.00	102,038.78	0.00	20.00
29.00 - 29.24	1	0.00	137,771.28	0.00	29.00
30.00 - 30.24	4	0.01	796,325.10	0.01	30.00
<b>Total</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>	

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

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

The following table gives the distribution of the selected mortgage loans according to final maturity date by annual intervals, and the weighted average residual life and the first and last final maturity dates.

Mortgage loan portfolio at 12.05.2008						
Classification by final repayment date						
Final Repayment Year	Mortgage loans		Outstanding principal		Residual Life wa*	
		%	(EUR)	%	Months	Date
2012	3	0.01	291,193.01	0.01	53.95	9/11/2012
2013	1	0.00	219,993.54	0.00	58.61	31/03/2013
2014	5	0.02	695,341.89	0.01	74.53	29/07/2014
2015	8	0.03	1,291,372.76	0.02	90.50	27/11/2015
2016	16	0.05	2,009,706.54	0.04	97.00	11/06/2016
2017	78	0.25	9,444,925.45	0.17	112.15	15/09/2017
2018	16	0.05	1,508,247.55	0.03	122.48	27/07/2018
2019	59	0.19	5,001,132.57	0.09	134.05	14/07/2019
2020	62	0.20	4,700,473.10	0.09	147.34	22/08/2020
2021	88	0.28	8,381,883.35	0.15	159.01	12/08/2021
2022	316	1.01	39,949,105.69	0.73	171.20	18/08/2022
2023	76	0.24	7,080,074.50	0.13	182.42	26/07/2023
2024	163	0.52	14,525,418.10	0.27	194.63	31/07/2024
2025	174	0.56	21,493,571.71	0.39	206.57	30/07/2025
2026	204	0.65	25,532,614.13	0.47	218.46	26/07/2026
2027	980	3.13	142,882,267.88	2.62	231.00	12/08/2027
2028	118	0.38	16,136,904.99	0.30	242.58	30/07/2028
2029	211	0.67	26,086,546.60	0.48	254.87	8/08/2029
2030	236	0.75	35,125,098.17	0.64	266.80	6/08/2030
2031	329	1.05	48,521,992.37	0.89	278.50	28/07/2031
2032	1,642	5.25	248,144,258.26	4.55	291.09	14/08/2032
2033	244	0.78	35,247,324.24	0.65	303.09	14/08/2033
2034	852	2.72	122,969,348.93	2.25	314.75	4/08/2034
2035	1,129	3.61	182,092,707.43	3.34	326.70	3/08/2035
2036	1,185	3.79	206,091,459.59	3.78	338.15	16/07/2036
2037	5,481	17.51	913,026,380.84	16.73	350.75	4/08/2037
2038	155	0.50	28,544,650.38	0.52	360.99	12/06/2038
2039	193	0.62	35,219,977.40	0.65	374.79	6/08/2039
2040	194	0.62	36,541,423.57	0.67	386.57	29/07/2040
2041	316	1.01	59,009,996.41	1.08	399.15	16/08/2041
2042	2,504	8.00	450,982,329.62	8.26	410.35	23/07/2042
2043	193	0.62	36,964,576.05	0.68	422.61	31/07/2043
2044	240	0.77	45,972,569.77	0.84	435.03	12/08/2044
2045	306	0.98	62,028,144.86	1.14	447.08	14/08/2045
2046	774	2.47	150,641,591.64	2.76	459.67	1/09/2046
2047	12,677	40.51	2,420,800,167.71	44.35	470.15	17/07/2047
2048	69	0.22	13,256,535.16	0.24	476.13	15/01/2048
<b>Total</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>		
	<b>Weighted average:</b>				<b>400.50</b>	<b>26/09/2041</b>
	<b>Simple average:</b>				<b>390.73</b>	<b>3/12/2040</b>
	<b>Minimum:</b>				<b>50.63</b>	<b>31/07/2012</b>
	<b>Maximum:</b>				<b>476.65</b>	<b>31/01/2048</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.

As set out in section 2.2.4.1 of this Building Block, the contract terms of some mortgage loans allow the due date to be changed.

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

The following table gives mortgage loan distribution by Autonomous Communities according to where the mortgage loan security is located.

<b>Mortgage loan portfolio at 12.05.2008</b>				
<b>Classification by Autonomous Communities</b>				
	<b>Mortgage loans</b>		<b>Outstanding principal</b>	
		<b>%</b>	<b>(EUR)</b>	<b>%</b>
Andalusia	6,438	20.57	1,013,802,601.63	18.57
Aragón	560	1.79	94,995,471.16	1.74
Asturies	733	2.34	94,834,091.53	1.74
Balearic Isles	835	2.67	160,316,763.62	2.94
Canary Islands	2,155	6.89	310,832,893.53	5.69
Cantabria	380	1.21	63,140,426.13	1.16
Catalonia	5,383	17.20	1,215,784,732.57	22.27
Ceuta	175	0.56	26,635,712.83	0.49
Basque Country	687	2.20	148,499,828.60	2.72
Extremadura	638	2.04	68,996,751.24	1.26
Galicia	1,431	4.57	192,618,877.92	3.53
Castile-León	1,577	5.04	222,239,996.77	4.07
Madrid	2,704	8.64	637,837,565.27	11.69
Castile La Mancha	1,346	4.30	215,086,686.35	3.94
Melilla	224	0.72	32,530,914.54	0.60
Murcia	903	2.89	139,793,323.77	2.56
Navarre	191	0.61	35,315,746.45	0.65
La Rioja	138	0.44	23,363,820.88	0.43
Valencian Community	4,799	15.33	761,785,100.97	13.96
<b>Total</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>

Barcelona is the province with the highest concentration, in terms of outstanding principal, at 15.83% of the total selected portfolio.

**k) Information regarding delays, if any, in collecting selected mortgage loan interest or principal instalments.**

The following table gives the number of mortgage loans, the outstanding principal and the overdue principal on selected mortgage loans in regard to which there was any delay in payment of amounts due as at May 12, 2008.

<b>Arrears in payment of instalments due at 12.05.2008</b>				
<b>Day interval</b>	<b>Mortgage loans</b>	<b>Outstanding principal</b>	<b>Overdue principal</b>	
				<b>% on Total outstanding principal</b>
In good standing	26,588	4,650,437,865.96	0.00	
1 to 15 days	3,314	574,912,154.81	543,409.22	0.0100
16 to 30 days	16	2,612,347.49	2,496.17	0.0000
31 to 60 days	1,084	182,063,397.00	342,392.58	0.0063
61 to 90 days	295	48,385,540.50	147,118.05	0.0027
<b>Total overdue</b>	<b>31,297</b>	<b>5,458,411,305.76</b>	<b>1,035,416.02</b>	<b>0.0190</b>

In accordance with BBVA's representation in section 2.2.8.2.(20) of the Building Block, none of the Mortgage Loans that will finally have their receivables partly assigned to the Fund upon being established shall have any payments more than one (1) month overdue on their assignment date.

#### i) Loan to value ratio or level of collateralisation.

The selected mortgage loans all have real estate mortgage security and the mortgages are all registered as senior mortgages, or as junior mortgages, as the case may be, although BBVA has documents supporting economic cancellation of the debts originated by previous mortgages, which are however yet to be struck off the register, and therefore for calculation purposes the mortgages are all considered to rank senior.

The ratio, expressed as a percentage, of the initial outstanding principal as at May 12, 2008 to the appraisal value of the selected mortgage loan mortgaged properties ranged between 15.71% and 100.00%, and the average ratio weighted by the outstanding principal of each mortgage loan is 82.73%.

The following table gives the distribution of the mortgage loans by 5.00% intervals of that ratio. Intervals with no contents are not detailed.

Mortgage loan portfolio at 12.05.2008					
Classification by loan to value ratio					
Ratio Intervals	Mortgage loans		Outstanding principal		(% ) Loan to Value*
		%	(EUR)	%	
15.01 - 20.00	4	0.01	61,548.01	0.00	18.17
20.01 - 25.00	5	0.02	288,356.77	0.01	23.56
25.01 - 30.00	2	0.01	94,648.80	0.00	25.79
30.01 - 35.00	6	0.02	261,955.10	0.00	32.72
35.01 - 40.00	8	0.03	693,420.86	0.01	37.75
40.01 - 45.00	6	0.02	509,374.07	0.01	42.54
45.01 - 50.00	6	0.02	566,597.16	0.01	46.39
50.01 - 55.00	13	0.04	1,865,162.51	0.03	52.74
55.01 - 60.00	19	0.06	2,512,040.09	0.05	57.73
60.01 - 65.00	21	0.07	2,956,464.68	0.05	62.96
65.01 - 70.00	3,061	9.78	460,805,979.98	8.44	67.99
70.01 - 75.00	3,972	12.69	630,375,555.77	11.55	72.69
75.01 - 80.00	8,527	27.25	1,440,946,632.04	26.40	78.19
80.01 - 85.00	5,246	16.76	913,651,916.51	16.74	82.36
85.01 - 90.00	3,957	12.64	769,309,526.28	14.09	87.88
90.01 - 95.00	2,511	8.02	480,362,190.49	8.80	92.53
95.01 - 100.00	3,933	12.57	753,149,936.64	13.80	98.17
<b>Total</b>	<b>31,297</b>	<b>100.00</b>	<b>5,458,411,305.76</b>	<b>100.00</b>	
<b>Weighted Average:</b>					<b>82.73 %</b>
<b>Simple Average:</b>					<b>81.96 %</b>
<b>Minimum:</b>					<b>15.71 %</b>
<b>Maximum:</b>					<b>100.00 %</b>

\*Loan to Value Ratio are averages weighted by the outstanding principal.

There is no overcollateralisation in the Fund since the Outstanding Balance of Mortgage Loans that BBVA shall assign to the Fund upon being set up shall be equal to or slightly above EUR five billion (5,000,000,000.00), the face value amount of the Bond Issue.

#### 2.2.3 Legal nature of the pool of assets to be securitised.

The Mortgage Loans are all loans with real estate mortgage security, originated in a public deed granted by BBVA to individuals with real estate mortgage security on finished homes located in Spain.

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, although they do not necessarily satisfy all the requirements laid down in Section Two of said Act 2/1981, which is why their receivables are transferred to the Fund upon BBVA issuing and the Fund subscribing for Pass-Through Certificates,



currently in accordance with additional provision five of Act 3/1994, as worded by Act 41/2007. The real estate mortgage securities are entered in the relevant Land Registries in respect of the senior-ranked mortgaged real estate or, ranking junior, as the case may be, although BBVA has documents relating to economic cancellation of the debts originated by previous mortgages which are yet to be struck off the registers.

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, Royal Decree 685/1982 and additional provision five of Act 3/1994, as worded by Act 41/2007, on the terms provided for in section 3.3 of this Building Block.

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

The selected mortgage 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 mortgage loans prepay all or part of the outstanding capital, in which case interest accrual on the part prepaid will cease as of the date on which repayment occurs.

The final maturity date of the selected mortgage loans at May 12, 2008 lies between July 31, 2012 and January 31, 2048.

##### **2.2.4.1 Changing the asset maturity date.**

The public deeds originating some of the mortgage loans provide that the obligor or borrower and BBVA may agree to change the loan maturity date -as often as the obligor shall deem appropriate- if the obligor or borrower is in good standing in respect of all payments due and is not in breach of any of the obligations established in the public deed, subject to the following limitations:

- a) That the requested extension or reduction is for not more than sixty or not less than twelve monthly payments.
- b) That the due date of the last instalment after the requested extension of the term is at no event more than 10 years after the initially agreed maturity date and does not reduce the initially agreed term by more than 10 years.
- c) That the mortgage cover is less than 80 percent.

Based on those terms for changing the maturity date, the last maximum final maturity date of the mortgage loans selected as at May 12, 2008 if changed could actually be July 31, 2057.

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

The Fund shall be set up with the Pass-Through Certificates, representing Mortgage Loan rights, issued by BBVA and subscribed for by the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR five billion (5,000,000,000.00), the face value amount of the Bond Issue.

The portfolio of selected mortgage loans from which the Mortgage Loans will be taken in order for their receivables to be mostly assigned to the Fund upon being established by having BBVA issue and the Fund subscribe for the Pass-Through Certificates comprises 31,297 mortgage loans, their outstanding principal as at May 12, 2008 being EUR 5,458,411,305.76 and the overdue principal being EUR 1,035,416.02.

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

The loan to value ratio or level of collateralisation is given in section 2.2.2 I) of this Building Block.

## 2.2.7 Method of creation of the assets.

The mortgage loans selected to back the issue of Pass-Through Certificates to be subscribed for by the Fund have been granted by BBVA following its usual credit risk analysis and assessment procedures for granting mortgage loans to individuals. The following is a summary description of the procedures currently in place at BBVA:

### 1. Introduction.

BBVA's retail banking is the Group's division managing private customer, retail and small and medium-sized enterprise business. Retail banking includes commercial banking, which manages private customer, retail and small enterprise segment business.

#### Origination channels.

Commercial banking has 3,300 branches nation-wide, which are specialised to some extent as follows:

- 630 business environment branches
- 325 rural environment branches

In order to deal with this wide-ranging, heterogeneous group as best as possible, there are 7 territorial management offices with a specific field of business and with a private customer promotion officer who coordinates, drives and supports the various priority actions and procedures in that environment.

### 2. Evaluation processes.

#### 2.1 Economic risk evaluation system: Reactive scoring

Based on social and demographic, employment and financial information provided by the customer and the parties to the transaction (guarantors, if any), the risk profile of the proposed transaction is assessed.

- Positive: Favourable profile for the applicants / transaction.
- Doubtful: Weak points in the borrowers and/or the transaction.
- Negative: The risk profiles are more unstable.

In addition, the system relates the scoring opinion to risk policies and both internal and external filters in order to issue a final opinion. The main variables are therefore analysed as follows:

- The family unit's payment capacity
- The cash balance is the difference between monthly income and expenditure
- Declared and estimated income and expenditure
- The economic cover provided by the property in the event of foreclosure.

After analysing the transaction, a final automatic opinion is issued supporting decision-making according to the powers conferred on the account manager/analyst and which may be:

- Positive: satisfies risk acceptance requirements. (Authorise the transaction)
- Doubtful: mild default filters. (Refuse the transaction as the branch shall see fit)
- Negative: worrying filters. (Send to the territorial management office)

#### 2.2 Reactive scoring variables used.

Detail of the most significant variables used in the reacting scoring evaluation process:

TRANSACTION	PERSONAL	SOCIAL & DEMOGRAPHIC	PROFESSIONAL
Use	Age	Country of residence	Salaried workers
Percentage funding	Marital status	Usual residence	Self-employed workers
Term	Dependent persons	Post code	Finance and equity

### 3. Risk monitoring processes

A three-step analysis is made of how the risk of default is monitored as described below.

#### Customer

The branch holding the investment is contacted in order for the branch to notify the customer of the arrears. The internal audit is also used to inform both of transaction marking deficiencies and of the risk posed by certain customers and branches, which are monitored by the monitoring officers at each territorial management office.

In addition, debt recovery letters are sent centrally and overdue instalments are claimed by telephone calls made by a services company.

#### Transactions referred by estate agents (APIS)

Referrers with high delinquency rates are revised monthly. Estate agents are cross-checked every six months using BBVA's various quality files in order to see how they are each progressing.

#### Branches – statistical and other monitoring

Monthly, a pattern is established for branch / area / territorial office delinquency ratios, LTV ratios and delinquent group typologies, and scoring dependability is reviewed.

The conclusions, results and action plans are discussed monthly on the risk monitoring committees.

Samplings are made to check that upon completion mortgaged properties are valued at market, and in addition appraisers have to be recognised by the Bank of Spain, etc.

### 4. Delinquency management processes

Recovery actions at BBVA are managed, on a case-by-case basis, through IT applications and centres designed for that purpose.

The process comprises the following stages:

#### **Recovery outline**

The recovery process relies on the following tools:

- Booking delinquency: delinquency/bad debts application  
Manages booking of all matters defined as doubtful assets, within the meaning of Bank of Spain Circular 4/2004, December 22, 2004.
- Recovery management agenda  
Tool designed to expedite and drive recovery management, monitoring and controlling matters classified as doubtful assets/bad debts.

Allows:

- The status of a matter/procedure to be known
- The steps taken for each matter/procedure to be updated
- Personalised management portfolios to be prepared
- An alerts system to be triggered
- Access to accounting movements

It receives information from the delinquency/bad debts application and transfers information to the information centre.

The agenda consists of different modules, the following being noteworthy:

- Payment agreements: Both out-of-court and in-court payment agreements
  - Telegrams: Claim telegrams automatically sent and recorded
  - Credit Sale/Transfer
  - Maintaining assets: Assets taken as security for the transactions
  - Advance payments to court attorney: court attorney procedural expenses
  - Alerts menu for cases managed
  - Extranet: external agent access to look up and update case files. Includes an automatic alerts system.
- Information centre  
Collects information originating in the recovery management agency (delinquency and legal proceedings). Issues statistical summaries and account inventories, provides alerts and reports both daily and monthly.

#### *Recovery before taking legal action*

This is a highly personalised procedure in which the Recovery Manager is in touch with the obligor.

Steps in managing mortgage loans becoming fully delinquent before taking legal action:

- DELINQUENCY:
  - Upon becoming delinquent (four overdue monthly instalments) the application sends all borrowers and reported guarantors the delinquency letter and a written ultimatum.
  - Next action date: 1 month
- WITHIN ONE MONTH OF BECOMING DELINQUENT (five instalments overdue):
  - If at least one full instalment has been paid, the customer is proposed a payments scheme.
  - Otherwise, the event is notified to all the borrowers and guarantors
  - Next action date: 1 month.
- WITHIN TWO MONTHS OF BECOMING DELINQUENT (six instalments overdue):
  - If at least one full instalment has been paid, the customer is proposed a payments scheme.
  - Otherwise, the process begins for legal action to be taken.
  - Next action date: 1 month.
- WITHIN THREE MONTHS OF BECOMING DELINQUENT (seven instalments overdue):
  - If at least one full instalment has been paid, the customer is proposed a payments scheme.
  - Otherwise, the process begins for the loan to be settled, legal proceedings to be commenced and all other tasks and procedures for the action to be brought.

#### *Pre-judicial stage, filing the legal claim*

If the above actions are not to no avail, then all documents are immediately prepared in order for legal proceedings to be commenced.

### **5. Bad debts management processes**

The bad debts management unit is specifically entrusted with managing/recovering all matters classified as definitive bad debts in the Group.

## **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 Mortgage Loan receivables until assigned to the Fund and as issuer of the Pass-Through Certificates, declare and represent as follows to the Fund and the Management Company in the Deed of Constitution.

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

- (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 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 in receivership, in bankruptcy or in suspension of payments, nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.
- (3) That BBVA has obtained all necessary authorisations, including those required of its corporate bodies and, as the case may be, third parties who may be affected by the assignment of the Mortgage Loan receivables, to issue 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, 2007, 2006 and 2005 which have been filed with the CNMV and with the Companies Register. The audit report on the year 2007 annual accounts has no provisos.

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

- (1) That the Mortgage Loan receivables are assigned to the Fund by issuing the Pass-Through Certificates in the ordinary course of business of BBVA and they are issued at arm's length in accordance with Act 2/1981, Royal Decree 685/1982, amended by Royal Decree 1289/1991 and as established by additional provision five of Act 3/1994, as worded by Act 41/2007, and other applicable laws.
- (2) That the Pass-Through Certificates are issued for the same term remaining until maturity and for the same interest rate of each of the underlying Mortgage Loans.
- (3) That all the Mortgage Loans exist and are valid and enforceable in accordance with the applicable laws.
- (4) That it is the legal and beneficial owner of each of the Mortgage Loans and there is no obstacle whatsoever for the Pass-Through Certificates to be issued.
- (5) That the details of the Pass-Through Certificates and the Mortgage Loans included in the schedules to the Deed of Constitution accurately reflect the current status of those Mortgage Loans and Pass-Through Certificates and are full and accurate, and match the data files sent to the Management Company on those Mortgage Loans.
- (6) That the Mortgage Loans are secured with a real estate mortgage on the legal and beneficial ownership of each and every one of the mortgaged properties ranking senior, or ranking junior, as the case may be, although BBVA has the documents regarding economic cancellation of debts originated by previous mortgages, even though their registration cancellation procedure is pending.
- (7) That the Mortgage Loans are all originated in a public deed, and the mortgages are all duly granted and entered in the relevant Land Registries. The registration of the mortgaged properties is in force and has not been howsoever opposed and is subject to no limitation whatsoever taking precedence over the mortgage, in accordance with the applicable regulations, other than debts

originated by previous mortgages, although BBVA has documents regarding economic cancellation.

- (8) That the Mortgage Loans all stand as a valid and binding payment obligation for the relevant Obligor and are enforceable on their own terms.
- (9) That the Mortgage Loans are all denominated and payable exclusively in euros, and the capital or principal has been fully drawn down.
- (10) That all the Mortgage Loan payment obligations are satisfied by directly debiting an account at BBVA.
- (11) That the Mortgage Loans have been granted to individuals residing in Spain for the purpose of financing the purchase, building or renovation of homes.
- (12) That the mortgages are granted on real properties already built wholly legally and beneficially owned by the respective mortgagor and to the best of BBVA's knowledge there is no litigation over the ownership of those properties which might detract from the mortgages.
- (13) That the properties mortgaged under the Mortgage Loans are not, and are not ineligible as, assets excluded for standing as security under article 31 of Royal Decree 685/1982, nor do the Mortgage Loans have any of the credit features excluded or restricted under article 32 of Royal Decree 685/1982.
- (14) That the mortgaged properties are all finished homes (and annexes, parking spaces or lumber rooms, if any) located in Spain and have been appraised by duly qualified institutions approved by BBVA, evidence of which appraisal has been duly provided in the form of a certificate. The appraisals done satisfy all the requirements established in the mortgage market laws.
- (15) That the outstanding principal balance of each Mortgage Loan does not exceed 100% of the appraisal value of the properties mortgaged as security for the relevant Mortgage Loan.
- (16) That, to the best of its knowledge, there has been no fall in the value of any of the properties mortgaged as security for the Mortgage Loans in excess of 20% of the appraisal value.
- (17) 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.
- (18) That in the case of Mortgage Loans secured with officially protected homes, the appraisal value considered and reported for all calculation purposes was the highest legal value of the official protection system, although those Mortgage Loans cannot be identified.
- (19) That the Mortgage Loans are not perfected in registered, negotiable or bearer securities, other than the Pass-Through Certificates issued to be pooled in the Fund.
- (20) That on the date of issue of the Pass-Through Certificates none of the Mortgage Loans have any payments that are more than one (1) month overdue.
- (21) That, to the best of its knowledge, no Mortgage Loan Obligor holds any receivable against BBVA whereby that Obligor might be entitled to a set-off which might adversely affect the rights conferred by the Pass-Through Certificates.
- (22) That BBVA has strictly adhered to the policies for granting credit in force at the time in granting each and every one of the Mortgage Loans and in accepting, as the case may be, the subrogation of subsequent borrowers in the position of the initial borrower.



- (23) That the deeds for the mortgages granted on the properties to which the Mortgage Loans relate have all been duly filed in the records of BBVA suitable therefor, and are at the Management Company's disposal, for and on behalf of the Fund, and the Mortgage Loans are all clearly identified both in data files and by means of their deeds.
- (24) That the outstanding capital balance of each Mortgage Loan on the date of issue is equivalent to the principal figure of the relevant Pass-Through Certificate and that, in turn, the total capital of the Pass-Through Certificates shall be at least equivalent to EUR five billion (5,000,000,000.00).
- (25) That the final maturity date of the Mortgage Loans is at no event after July 31, 2057.
- (26) That, after being granted, the Mortgage Loans have been serviced and are still being serviced by BBVA in accordance with its set customary procedures.
- (27) That, to the best of its knowledge, there is no litigation whatsoever in relation to the Mortgage Loans which may detract from their validity or which may result in the application of Civil Code article 1535, nor do any circumstances exist which may result in the purchase agreement of the home mortgaged as security for the Mortgage Loans being ineffective.
- (28) That, to the best of its knowledge, there has been no failure to pay in full the premiums accrued heretofore by the insurance taken out referred to in paragraph (17) above.
- (29) That, to the best of its knowledge, no Obligor is able to make any objection whatsoever to paying any Mortgage Loan amount.
- (30) That on the date of issue it has received no notice of full prepayment of the Mortgage Loans.
- (31) That the Mortgage Loan payment frequency is monthly.
- (32) That, on the date of the issue, at least two interest instalments have fallen due on each of the Mortgage Loans.
- (33) That the Pass-Through Certificate and Mortgage Loan information contained in the Prospectus is accurate and strictly true.
- (34) That, to the best of its knowledge, no circumstance whatsoever exists which might prevent the mortgage security from being enforced.
- (35) That the Mortgage Loans are not earmarked for any issue whatsoever of mortgage debentures, mortgage bonds, mortgage certificates or pass-through certificates, other than the issue of the Pass-Through Certificates, and after their issue the Mortgage Loans shall not be earmarked for any issue whatsoever of mortgage debentures, mortgage bonds, mortgage certificates or other pass-through certificates.
- (36) That nobody has a preferred right over the Fund in and to the Mortgage Loans, as holder of the Pass-Through Certificates.

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

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

1. In the event of early amortisation of the Pass-Through Certificates upon the relevant Mortgage Loan capital being prepaid, there will be no substitution of the affected Pass-Through Certificates.
2. In the event that during the full term of the Pass-Through Certificates it should be found that any of them or the relevant Mortgage Loan 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, as the case may be, redeem the

affected Pass-Through Certificates not substituted, by early amortisation of the affected Pass-Through Certificates, subject to the following rules:

- (i) The party becoming acquainted with the existence of a Pass-Through Certificate in that circumstance, be it the Originator or the Management Company, shall advise the other party. 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 to substitution of the affected Pass-Through Certificates, notifying the Management Company of the characteristics of the mortgage loans intended to be assigned to take their stead, which shall fulfil the representations given in section 2.2.8 above and be of the same kind as to residual term, interest rate, outstanding principal value as the affected Pass-Through Certificates and mortgage ranking and also credit quality in terms of loan to value ratio of the mortgaged property or properties of the Pass-Through Certificates to be replaced, 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 mortgage loan or loans, and after advising the Originator expressly of mortgage loans suitable for such substitution, such substitution shall be made by early amortisation of the affected Pass-Through Certificates and, as the case may be, issuing the new substitute Pass-Through Certificates.

Substitution shall be recorded in a public deed subject to the same formalities established for the issue of and subscription for the Pass-Through Certificates upon the Fund being established, in accordance with the specific characteristics of the new mortgage loans assigned. The Management Company shall provide the CNMV, the undertaking in charge of the Bond accounting record and the Rating Agency with a copy of the public deed.

- (ii) In the event that there should be no substitution of the affected Pass-Through Certificates in accordance with rule (i) above, the affected Pass-Through Certificates not substituted shall be amortised early. That early amortisation shall take place by a repayment in cash to the Fund by the Originator of the outstanding principal of the affected Pass-Through Certificates not substituted, interest accrued and not paid, calculated until the repayment date, and any other amount owing to the Fund under those Pass-Through Certificates.
  - (iii) In the event of paragraphs (i) and (ii) above occurring, BBVA shall be vested in all the rights attaching to those Pass-Through Certificates 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 Mortgage 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 Servicer of its duties which should not be borne by the Fund or by the Management Company.

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

The expenses originated by the actions to remedy the Originator's breach shall be borne by the Originator and cannot be charged to the Fund or the Management Company. The Management Company shall notify the CNMV of Pass-Through Certificate replacements on the terms of the procedure provided for in paragraph 2 above.

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

In accordance with BBVA's representation (17) given in section 2.2.8.2 of this Building Block, 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, assigning to BBVA the insured capital or other indemnities payable by the Insurer.

No details are included regarding concentration of the insurers because the current status of the insurance policies taken out by the corporate obligors and their data are not supported or updated in the Originator's computer records.

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

Not applicable.

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

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.

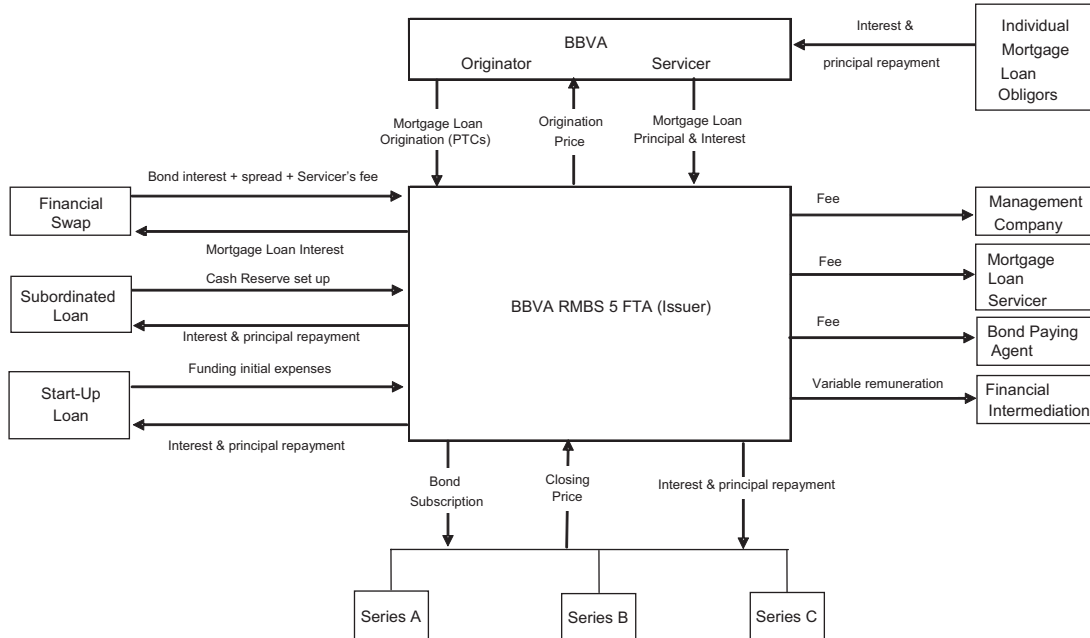
**2.4 Where the issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.**

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>Fixed Assets</b>	<b>5,000,500,000.00</b>	<b>Bond Issue</b>	<b>5,000,000,000.00</b>
Mortgage Loans	5,000,160,333.00	Series A Bonds	4,675,000,000.00
(adjustment excess to EUR 160,333.00)		Series B Bonds	250,000,000.00
Set-up, issue and admission expenses*	339,667.00	Series C Bonds	75,000,000.00
<b>Current assets</b>	<b>to be determined</b>	<b>Other long-term liabilities</b>	<b>142,500,000.00</b>
Treasury Account*	142,000,000.00	Start-Up Loan	500,000.00
Accrued interest receivable**	to be determined	Subordinated Loan	142,000,000.00
		<b>Short-term creditors</b>	<b>to be determined</b>
		Mortgage Loan interest accrued **	to be determined
<b>Total assets</b>	<b>5,142,500,000.00</b>	<b>Total liabilities</b>	<b>5,142,500,000.00</b>

MEMORANDUM ACCOUNTS	
Cash Reserve	142,000,000.00
Financial Swap collections	0.00
Financial Swap payments	0.00

##### (Amounts in EUR)

\* Assuming that all Fund set-up and Bond issue and admission expenses are met on the Closing Date and that they amount to EUR 339,667.00 as detailed in section 6 of the Securities Note.

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

### **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 legally represent the Fund and was involved in structuring the financial terms of the Fund and the Bond Issue.
- (ii) BBVA is the originator of the Mortgage Loan receivables to be assigned to the Fund upon being established by issuing the Pass-Through Certificates, shall be the Lead Manager, the Subscriber of the Bond Issue and was involved in structuring the financial terms of the Fund and 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, Mortgage Loan Servicing and Pass-Through Certificate Custody, Bond Paying Agent and Financial Intermediation Agreements.

- (iii) Garrigues, an independent law firm, has provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.
- (iv) Deloitte have audited the most significant characteristics of a sample of the selected mortgage loans of BBVA.
- (v) S&P is the Rating Agency that has assigned the rating to 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 Mortgage Loan receivables to the Fund.**

The Deed of Constitution shall perfect the issue by BBVA of the Pass-Through Certificates which shall be the instruments for assigning the Mortgage Loan receivables effective upon the very date on which the Fund is established, and their subscription by the Fund, represented by the Management Company.

The Pass-Through Certificates will be issued in accordance with the provisions of Act 2/1981 and additional provision five of Act 3/1994, as currently worded, and other applicable laws.

The Pass-Through Certificates shall be represented by means of a multiple registered certificate which shall contain the minimum data currently provided for pass-through certificates in article 64 of Royal Decree 685/1982, March 17, implementing certain aspects of Mortgage Market Regulation Act 2/1981, March 25 ("**Royal Decree 685/1982**"), and the registration particulars of the properties mortgaged as security for the 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 institutional 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 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, said 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 Mortgage 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 certificates representing 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, amount and settlement method; and (ii) the registration particulars of the mortgages securing the Mortgage Loans.

Given that subscription for and holding of the Pass-Through Certificates is restricted to institutional or professional investors and that the Fund is an institutional investor and has subscribed for the Pass-Through Certificates, for the purposes of paragraph two of article 64.6 of Royal Decree 685/1982, the issue of the Pass-Through Certificates shall not be subject to a marginal note on each entry of the mortgage underlying each of the Mortgage Loans in the Land Registry.

The assignment by BBVA to the Fund of the Mortgage Loan receivables shall not be notified to the respective Obligors, which notice is not compulsory in order for the assignment to be effective. However, in the event of insolvency, or indications thereof, of administration by the Bank of Spain, of liquidation or of substitution of the Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors and insurers of the mortgaged properties, if any), of the transfer to the Fund of the outstanding Mortgage Loan receivables, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors and third-party guarantors and insurers of the mortgaged properties, 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 and 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 accounting records, in order to guarantee maximum enforceability of the assignment of the Mortgage 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 Pass-Through Certificate issue and subscription terms.**

1. The Mortgage Loan receivables will be fully and unconditionally assigned, perfected upon BBVA issuing and the Fund subscribing for the Pass-Through Certificates, from the date of establishment of the Fund and for the entire term remaining until maturity of each Mortgage 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 Mortgage Loans, and for the personality with which the assignment is made, but shall not be liable for the Obligors' solvency.

The Originator shall not bear the risk of default on the Mortgage Loans and shall therefore have no liability whatsoever for default by the Obligors of principal, interest or any other amount whatsoever they may owe under the Mortgage Loans. 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 Mortgage Loans, saving as provided for in section 2.2.9 of this Building Block.



2. The issue of each Pass-Through Certificate 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 Mortgage Loan.
3. The rights attaching to the Pass-Through Certificates on the Mortgage Loans shall accrue from the date on which they are issued and the Fund is established. Specifically, without limitation and for illustrative purposes only, the issue of each Pass-Through Certificate shall confer on the Fund the following rights in relation to each Mortgage Loan:
  - a) To receive all Mortgage Loan capital or principal repayment amounts accrued.
  - b) To receive all Mortgage Loan principal ordinary interest amounts accrued. This will also include interest accrued and not due on each Mortgage Loan from the last interest settlement date, on or before the date of issue of each Pass-Through Certificate, and overdue interest, if any, on that same date.
  - c) To receive all late-payment interest amounts on the Mortgage Loans.
  - d) To receive any other amounts, properties, assets, securities or rights received as payment of Mortgage 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, on the sale or utilisation of properties, assets or securities awarded 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 Mortgage Loans accruing for the Originator and derived therefrom, including those derived from the damage insurance contracts, if any, attached to the Mortgage Loans which are also assigned to the Fund, and those derived from any right collateral to the Mortgage Loans, excluding the fees established for each Mortgage Loan, which shall remain to the benefit of the Originator.
4. In the event of Mortgage Loan prepayment upon a full or partial repayment of the principal, there will be no direct substitution of the affected Pass-Through Certificates.
5. The Fund's rights under the Pass-Through Certificates shall be linked to the 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 resulting for 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 Mortgage 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 taken out 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 mortgaged property damage insurance contracts taken out by the Obligors. As the holder of the Pass-Through Certificates, the Fund shall be entitled to all the amounts BBVA would have received under these policies.

### **3.3.3 Pass-Through Certificate issue price.**

The Pass-Through Certificate issue price shall be at par with the face value of the Mortgage Loan capital. The aggregate amount payable by the Fund represented by the Management Company to BBVA for subscribing for the Pass-Through Certificates shall be an amount equivalent to the sum of (i) the face value of the capital or principal outstanding on each Mortgage Loan, and (ii) ordinary interest accrued and not due and overdue interest, if any, on each Pass-Through Certificate on the issue date (the “**accrued interest**”).

The Management Company shall pay the total Pass-Through Certificate subscription amount on behalf of the Fund as follows:

1. The part of the price consisting of the face value of the capital of all the Mortgage Loans, item (i) of paragraph one of this section, shall be paid by the Fund on the Closing Date of the Bond Issue, for same day value, upon the subscription for the Bond Issue being paid up, by means of instructions given by the Management Company to BBVA to debit the Treasury Account opened in the Fund’s name. BBVA shall receive no interest on the deferment of payment until the Closing Date.
2. The part of the price consisting of interest accrued on each Mortgage Loan, item (ii) of paragraph one of this section, shall be paid by the Fund on each collection date falling, as described in section 3.4.1 below, on the earlier of the first interest settlement date of each Mortgage Loan. Payment of accrued interest shall not be made subject to the Fund Priority of Payments.

If the establishment of the Fund and hence the issue of and subscription for the Pass-Through Certificates 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 Pass-Through Certificate subscription price shall terminate, and (ii) the Management Company shall be obliged to restore to BBVA any rights whatsoever accrued for the Fund upon subscription for the Pass-Through Certificates.

## **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.**

Mortgage Loan amounts 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 were received by the Servicer. Therefore, the Fund shall be receiving almost daily income into the Treasury Account on the Mortgage Loan amounts received.

The weighted average interest rate of the mortgage loans selected as at May 12, 2008, as detailed in section 2.2.2.g) of this Building Block, is 5.26%, which is above the 5.20% weighted average nominal interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note. Nevertheless, the Financial Swap mitigates the interest rate risk occurring in the Fund because the Mortgage Loans are subject, during the life of the Fund, to constant interest, as the case may be, 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 Mortgage 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 Mortgage Loan delinquency and default.
- (ii) Financial Swap:  
Mitigates the interest rate risk occurring in the Fund because the Mortgage Loans are subject to constant interest, as the case may be, 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 Mortgage Loan interest rate renegotiations which may even result in their novation to a fixed rate. In addition, a 0.40% margin excess is included and the securitised Mortgage 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 Mortgage Loan income received and until interest payment and principal repayment on the Bonds 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 a cash reserve (the “**Cash Reserve**”) on the Closing Date by drawing fully the available Subordinated Loan principal and shall subsequently, on each Payment Date, keep the Required Cash Reserve amount provisioned in the Fund Priority of Payments.

The characteristics of the Cash Reserve shall be as follows:

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

1. The Cash Reserve shall be set up on the Closing Date in an initial amount equal to EUR one hundred and forty-two million (142,000,000.00) (the “**Initial Cash Reserve**”).
2. Subsequently to being set up, on each Payment Date, the Cash Reserve shall be provisioned up to the Required Cash Reserve amount established hereinafter out of the Available Funds in the Priority of Payments of the Fund.

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

- (i) EUR one hundred and forty-two million (142,000,000.00).
- (ii) The higher of:
  - a) 5.68% of the Outstanding Principal Balance of the Bond Issue.
  - b) EUR seventy-one million (71,000,000.00).
- 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 Mortgage Loans is equal to or greater than 1.00% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
- ii) That the Cash Reserve was not provisioned up to the Required Cash Reserve amount on the relevant Payment Date.
- iii) 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 in the Liquidation Priority of Payments.

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

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

The Management Company shall on the date of establishment of the Fund, for and on behalf of the Fund, enter with BBVA into an agreement whereby BBVA shall grant to the Fund a commercial subordinated loan amounting to EUR one hundred and forty-two million (142,000,000.00) (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 securitised Mortgage 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 on the Determination Date preceding the relevant Payment Date and the Required Cash Reserve amount on the relevant Payment Date, and in the application priority established for that event in the application of Available Funds in the Priority of Payments.

In the event that the Fund should not have sufficient liquidity to proceed to the relevant Subordinated Loan repayment on a Payment Date, in the Priority of Payments, the portion of principal not repaid shall be repaid on the next succeeding Payment Date along with the amount, if any, that should be repaid on that same Payment Date, until it is 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 Bond Reference Rate determined for each Interest Accrual Period, and (ii) a 3.00% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments, as appropriate. Interest shall be settled and be payable on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall be September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day.

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

All Subordinated Loan amounts due and not paid to BBVA 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 Subordinated Loan amounts falling due on that Payment Date, in the Priority of Payments or the Liquidation Priority of Payments, as the case may be.

The Subordinated Loan Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by May 28, 2008.

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

The Management Company shall on the date of establishment of the Fund, for and on behalf of the Fund, enter with BBVA into a commercial loan agreement amounting to EUR five hundred thousand (500,000.00) (the "**Start-Up Loan Agreement**"). The Start-Up Loan amount shall be delivered on the Closing Date and be allocated to financing the expenses of setting up the Fund and issue and admission of the Bonds and to partly financing subscription for the Pass-Through Certificates, at the difference between their total face capital 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 2.00% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or Liquidation Priority of Payments, as the case may be. Interest shall be settled and be payable on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall be September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day.

Interest accrued and not paid on a Payment Date will not be accumulated to Start-Up Loan principal and will not accrue 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, September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day, and the following until the Payment Date falling on June 20, 2011, inclusive.
- (ii) The portion of Start-Up Loan principal used to partly finance Pass-Through Certificate subscription and not used, as the case may be, shall be repaid on the first Payment Date, September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day.

All Start-Up Loan amounts due and not paid to BBVA 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 Start-Up Loan amounts falling due on that Payment Date, in the Priority of Payments or Liquidation Priority of Payments, as the case may be.

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 expenses of setting up the Fund and issue and admission of the Bonds and all other obligations undertaken by the Management Company, for and on behalf of the Fund, originated upon the Fund being established and which are due and payable, and 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 Series 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 of Bond interest payment and principal repayment in each Series in the priority of payments of the Fund.

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

#### 3.4.4.1 Treasury Account.

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

- (i) cash amount received upon subscription for the Bond Issue being paid up;
- (ii) Mortgage Loan principal repaid and interest collected;
- (iii) any other Mortgage Loan amounts received owing to the Fund, and on the sale or utilisation of properties or assets awarded or in administration or interim possession in foreclosure proceedings;
- (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 Agreement amounts paid to the Fund;
- (vii) the amounts of the returns obtained on actual 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, variable quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each interest accrual period (differing from the Interest Accrual Period established for the Bonds) to the positive daily balances if any on the Treasury Account, equal to the interest rate resulting from decreasing (i) the Reference Rate determined for each Bond Interest Accrual Period substantially matching each Treasury Account interest accrual period (ii) by a 0.10% margin, translated to an interest rate based on calendar years (i.e. multiplied by 365, or 366 in leap years, and divided by 360). Interest shall be settled on the date of expiration of each interest accrual period on each of the Fund Determination Dates (the fourth (4<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, September 16, 2008.

In the event that the rating of short-term unsecured and unsubordinated debt obligations of BBVA or of the institution in which the Treasury Account is opened (the "**Treasury Account Provider**") should, at any time during the life of the Bond Issue, be downgraded below A-1 by S&P (in accordance with S&P's



updated counterparty criteria dated May 8, 2007 -*Revised Framework For Applying Counterparty Supporting Party Criteria*-), the Management Company shall within not more than sixty (60) calendar days from the time of the occurrence of such circumstance put in place any of the options described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from the Guaranteed Interest Rate Account (Treasury Account) Agreement in order for the rating given to the Bonds by the Rating Agency not to be adversely affected:

- a) Obtaining from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by the BBVA of its obligation to repay the amounts credited to the Treasury Account, for such time as the Treasury Account Provider remains downgraded below A-1.
- b) Transferring the Treasury Account to an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P, arranging the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- c) If a) and b) above are not possible, obtaining from the Treasury Account Provider or a third party collateral security in favour of the Fund on financial assets with a credit quality of not less than that of Spanish State Government Debt (*Deuda Pública del Estado Español*) on the Closing Date, in an amount sufficient to guarantee the commitments established in the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- d) In the event of b) occurring and that the Treasury Account Provider's short-term unsecured and unsubordinated debt obligations should subsequently be upgraded back to A-1 by S&P, the Management Company shall subsequently transfer the balances back to the Treasury Account Provider 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 the Treasury Account Provider or, as the case may be, the substitute Treasury Account Provider.

The Treasury Account Provider shall agree, forthwith upon its credit rating being downgraded, to use commercially reasonable efforts in order that the Management Company may adopt any of (a), (b) and (c) above.

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

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

Mortgage Loan amounts received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh day after the day on which they were received by the Servicer, or the following business day if that is not a business day, 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 A-2 by S&P, the Mortgage Loan amounts received by the Servicer shall be paid by the Servicer 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.

If the Servicer's downgrade below A-2 by S&P could result in a downgrade of the ratings given by S&P to each Bond Series, the Servicer shall do any of the following:



- (i) obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P within not more than thirty (30) days starting from the time of the occurrence of that circumstance, a first demand guarantee, satisfying the S&P criteria in force from time to time, at such an amount as to allow the ratings given to the Bonds by S&P to be maintained; or
- (ii) post collateral in the form of cash in favour of the Fund in order for there to be no detriment to the rating given to the Bonds by S&P, within not more than ten (10) days starting from the time of the occurrence of the aforesaid circumstance, with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P, at an amount equivalent to the aggregate estimated amount of the Mortgage Loan repayment and interest instalments which would become due during one month, from the date on which the A-2 rating by S&P is lost, and at a CPR based on the historical CPR of the Mortgage Loans assigned to the Fund. The Fund may only draw on the amount of such deposit to the extent of the amounts, if any, not received owing to the Fund and received by the Servicer deriving from the Mortgage Loans.

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

The Management Company may issue the same instructions in the event that the Servicer's short-term unsecured and unsubordinated debt obligations should not be rated by S&P.

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

### **3.4.6 Order of priority of payments made by the issuer.**

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

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

- 1. Source:** the Fund shall have the following funds:
  - a) Bond subscription payment.
  - b) Drawdown of Start-Up Loan principal.
  - c) Drawdown of Subordinated Loan principal.
- 2. Application:** in turn, the Fund will apply the funds described above to the following payments:
  - a) Paying the price for subscribing for the Pass-Through Certificates at their face value.
  - b) Paying 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 (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:

- a) Mortgage Loan principal repayment income received during the Determination Period preceding the relevant Payment Date.
- b) Mortgage 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 real estate, assets, securities or rights awarded to the Fund.
- g) Additionally, on the first Payment Date, the part of the Start-Up Loan principal not used.

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

## **2. Application.**

The Available Funds shall be applied on each Payment Date to meeting payment or withholding obligations falling due on each Payment Date in the following priority of payments, irrespective of the time of accrual, other than the application established in 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. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.
2. Payment to the Servicer of the fee established in the Servicing Agreement.
3. Payment of the net amount, if any, 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 priority of payments.

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 Mortgage Loans, reckoned at the amount of the Outstanding Balance as of the date of classification of the Doubtful Mortgage Loan, since the Fund was established is in excess of 14.00% of the initial Outstanding Balance of the Mortgage 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 priority of payments.

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 Mortgage Loans, reckoned at the amount of the Outstanding Balance as of the date of classification of the Doubtful Mortgage Loan, since the Fund was established is in excess of 10.33% of the initial Outstanding Balance of the Mortgage Loans upon the Fund being established and provided that Series A and Series 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 on 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 Mortgage 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 4.9.3.5 of the Securities Note.

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

When accounts payable for different items exist in a same priority order number on 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 expenses of setting up the Fund and issue and admission of the Bonds.
  - b) Rating Agency fees for monitoring and maintaining the rating of the Bonds.
  - c) Expenses relating to keeping the Bond accounting record representing the Bonds by means of book entries, admission to trading in organised secondary markets and maintaining all of the foregoing.
  - d) Expenses of auditing the annual accounts.
  - 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 EUR three hundred and fifty thousand (350,000.00). Because most of those expenses are directly related to the Outstanding Principal Balance of the Bond Issue and the Outstanding Balance of the Mortgage Loans and those balances 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 Mortgage Loans and collaterals and deriving from any recovery actions required.
  - c) Extraordinary expenses of audits and legal advice.
  - d) The remaining amount, if any, of the initial expenses of setting up the Fund and issue and admission of the Bonds in excess of the Start-Up Loan principal.
  - e) In general, any other required extraordinary expenses or not determined among ordinary expenses borne by the Fund or 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 of the Available Funds in seventh (7<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 rules for Distribution of Available Funds for Amortisation are given in section 4.9.3.5 of the Securities Note.

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

The Management Company shall proceed to liquidate the Fund upon the Fund being liquidated on the Final Maturity Date or upon Early Liquidation in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document, by applying the following available funds (the "**Liquidation Available Funds**"): (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Pass-Through Certificates and the remaining assets, and (iii) additionally, as the case may be, the credit facility, as provided for in section 4.4.3.3.(iii) of the Registration Document, which shall be fully allocated to early amortisation of Series A, B and C Bonds, 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 Mortgage 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. Payment of amounts, if any, 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 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 taken out.
12. 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.

#### **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 Mortgage 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 expiration of every quarterly period comprised between every two consecutive Determination Dates, in an amount equal to the positive difference, if any, between the income and expenditure accrued by the Fund, including losses, if any, brought forward from previous years, with reference to its accounts and before the close of the day next preceding every Determination Date. The Financial Intermediation Margin accrued at the close of the day preceding every Determination Date shall be settled on the next succeeding Payment Date, provided that the Fund has sufficient liquidity in the Fund Priority of Payments.

Exceptionally: (i) the first accrual period for the Intermediation Margin shall be comprised between the date on which the Fund is established, inclusive, and the first Determination Date, September 16, 2008, exclusive, which is the Determination Date preceding the first Payment Date, and (ii) the last accrual period of the Financial Intermediation Margin shall comprise a) until the Final Maturity Date or the date on which Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the Mortgage Loans and the assets remaining in the Fund shall have been liquidated and the Liquidation Available Funds shall have been distributed in the Liquidation Priority of Payments, b) from the Determination Date preceding the Payment Date before the date referred to in a), both inclusive. The first Financial Intermediation Margin settlement date shall be the first Payment Date, September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day.

If the Fund should not have sufficient liquidity on a Payment Date in the Priority of Payments to pay the full Financial Intermediation Margin, the amount not paid shall accumulate without any penalty

whatsoever on the Financial Intermediation Margin accrued, as the case may be, in the following quarterly period and shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments. 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 Agency should not confirm any of the provisional ratings assigned to each Bond Series as final by May 28, 2008.

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

#### **3.4.7.1 Financial Swap.**

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

Under the Financial Swap Agreement, the Fund will make payments to BBVA calculated on the Mortgage Loan 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. Settlement dates.**

The settlement dates shall fall on the Bond Payment Dates, i.e. on March 20, June 20, September 20 and December 20 in every year, or the next succeeding Business Day if any of these dates is not a Business Day. The first settlement date shall be September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day.

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

#### **2. Settlement periods.**

##### **Party A:**

The Party A settlement 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 settlement period shall be equivalent to the exact number of days elapsed between the date of establishment of the Fund, inclusive, and September 16, 2008, the first Determination Date, inclusive, and b) the length of the last Party A settlement 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 settlement periods shall be the exact number of days elapsed between two consecutive settlement dates, including the first but not including the last date. Exceptionally, a) the length of the first Party B settlement period shall be equivalent to the exact number of days elapsed between the Bond Issue Closing Date, inclusive, and September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day, exclusive, and b) the length of the last Party B settlement 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 settlement date the daily average during the next preceding Party A settlement period of the Outstanding Balance of Non-Delinquent Mortgage Loans.



**4. Party A amounts payable.**

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

**4.1 Party A Interest Rate.**

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

**5. Party B amounts payable.**

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

**5.1 Party B Interest Rate.**

For each Party B settlement period this shall be the annual interest rate resulting from adding (i) the average Nominal Interest Rate applicable to each Series A, B and C determined for the then-current Interest Accrual Period coinciding with each Party B settlement period, weighted by the Outstanding Principal Balance of each Series A, B and C during the then-current Interest Accrual Period and (ii) 0.40%.

**6. Maturity Date.**

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

**7. Events of default specific to the Financial Swap Agreement.**

If on a Payment Date the Fund (Party A) should not have sufficient liquidity to pay the full net amount, if any, payable to Party B, the portion of this net amount not paid shall be settled on the following Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments. Should such event of default occur on two consecutive Payment Dates, Party B may choose to terminate the Financial Swap Agreement. In this event, the Fund (Party A) shall accept the obligation to pay the settlement amount established to which it is bound on the terms of the Financial Swap Agreement, the foregoing in the Priority of Payments or, as the case may be, 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 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 established in the Financial Swap Agreement. Should the settlement amount under the Financial Swap Agreement be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments 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.

In accordance with valid S&P criteria, subject at all times to change or revision in the future:

In the event that the rating of the short-term unsecured and unsubordinated debt obligations of Party B (or its successor) should, at any time during the life of the Bonds, be downgraded to A-2 (or its equivalent) by S&P, then Party B (or its successor) shall become an ineligible Financial Swap counterparty and shall: (i) post collateral to Party A, within not more than 10 Business Days, at an amount covering 125% of the Financial Swap mark-to-market value, in accordance with the criteria then in force published by S&P, and (ii) within not more than 60 calendar days:

(A) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party with short-term unsecured and unsubordinated debt obligations rated at least A-1 by S&P; or

(B) procure a credit institution suitable for S&P with short-term unsecured and unsubordinated debt obligations rated at least A-1 by S&P to secure by means of a first demand bank guarantee, satisfying the S&P criteria in force from time to time, the obligations of Party B under the Financial Swap Agreement.

Any collateral shall be subject to the Bond rating given by S&P being confirmed and maintained by S&P. All costs deriving from any of the actions defined above shall be borne by the ineligible counterparty.

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

9.1 Party B may only assign all of its rights and obligations under the Financial Swap Agreement, subject to Party A's written consent, to a third party with a required rating by S&P, subject to notice to the Rating Agency and to the CNMV.

9.2 The Financial Swap Agreement shall be governed by the laws of Spain.

9.3 The Financial Swap Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each Series as final ratings by May 28, 2008.

9.4 The occurrence, as the case may be, of 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.

### 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, paying interest and, as the case may be, repaying Bond principal through Iberclear, after deducting the total amount of the interim tax withholding for return on investments to be made by the Management Company, on 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 BBVA's short-term unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below A-1 by S&P, the Management Company shall within not more than sixty (60) calendar days, from the time of the occurrence of that circumstance, after notifying the Rating Agency, do any of the following: (i) obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, the commitments made by the Paying Agent, for such time as the Paying Agent remains downgraded below A-1, or (ii) revoke the Paying Agent's designation as Paying Agent and thereupon designate another institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P to take its place before terminating the Paying Agent Agreement. Should BBVA be replaced as Paying Agent, the Management Company shall be entitled to change the fee payable to the substitute institution, which may be higher than that established with BBVA under the Paying Agent Agreement. All costs, expenses and taxes incurred in connection with doing and arranging the above shall be borne by BBVA.

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

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

The Paying Agent Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each Series as final ratings by May 28, 2008.

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

The originator and assignor of the securitised Mortgage 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 a comparison of the relevant consolidated information for BBVA Group for the financial years closed and audited at December 31, 2007 and December 31, 2006 and unaudited information as at March 31, 2008. 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.

	31.03.2008	31.12.2007 (A)	31.12.2006 (B)	Δ% (A-B)/B
<b>BALANCE SHEET (EUR million)</b>				
Total assets	483,391	502,204	411,916	21.9
Customer credit (gross)	319,879	317,998	262,969	20.9
Balance-sheet customer resources	337,647	334,844	283,645	18.1
Other customer resources	146,049	150,777	142,064	6.1
Total customer resources	483,697	485,621	425,709	14.1
Net assets	26,596	27,943	22,318	25.2
Equity	25,571	24,811	18,210	36.3

	31.03.2008	31.12.2007 (A)	31.12.2006 (B)	Δ% (A-B)/B
<b>PROFIT &amp; LOSS ACCOUNT (EUR million)</b>				
Intermediation margin	2,734	9,769	8,374	16.7
Basic margin	4,247	15,463	13,667	13.1
Ordinary margin	5,526	18,133	15,701	15.5
Operating margin	3,427	10,545	8,883	18.7
Pre-tax profit	2,783	8,495	7,030	20.8
Profit attributed to the Group	1,951	6,126	4,736	29.4
<b>DATA PER SHARE AND MARKET VALUE</b>				
Price	13.95	16.76	18.24	(8.1)
Market value (EUR million)	52,284	62,816	64,788	(3)
Profit attributed to the Group	0.53	1.70	1.39	22.4
Book value	6.82	6.62	5.13	29.1
PER	8.2	10.3	13.7	
PBVR	2.0	2.5	3.6	
<b>RELEVANT RATIOS (%)</b>				
Operating margin/ATM	2.77	2.28	2.24	
ROE	27.4	34.2	37.6	
ROA	1.35	1.39	1.26	
RORWA	-	2.29	2.12	
Efficiency ratio	34.1	38.1	39.6	
Efficiency ratio with depreciation	37.3	41.3	42.6	
Delinquency rate	0.99	0.89	0.83	
Coverage rate	200	224.8	272.8	
<b>CAPITAL RATIOS (BIS REGULATIONS) (%)</b>				
Total	12.9	10.7	12.0	
Core capital	6.3	5.3	6.2	
TIER I	7.8	6.8	7.8	
<b>ADDITIONAL INFORMATION</b>				
Number of shares (million)	3,748	3,748	3,552	
Number of shareholders	891,266	889,734	864,226	
Number of employees	112,460	111,913	98,553	
. Spain	31,083	31,106	30,582	
. America	79,351	78,805	66,146	
. Rest of the World	2,026	2,002	1,825	
Number of branches	7,984	8,028	7,499	
. Spain	3,548	3,595	3,635	
. America	4,292	4,291	3,742	
. Rest of the World	144	142	122	

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

Not applicable.

### 3.7 Administrator, calculation agent or equivalent.

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

The Management Company, EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, shall be responsible for 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, Royal Decree 926/1998 and other applicable laws, and on the terms of the Deed of Constitution.

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

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

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

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

- (i) Keeping the Fund's accounts duly separate from the Management Company's own, rendering accounts and satisfying tax and any other statutory obligations of the Fund.
- (ii) Making such decisions as may be appropriate in connection with liquidation of the Fund, including the decision to proceed to Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in accordance with the provisions of the Deed of Constitution and 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 Agency 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 Agency 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 agreement in the event of Early Liquidation of the Fund, provided that circumstances preventing the foregoing in accordance with the laws and regulations in force from time to time do not occur. In any event, those actions shall require that the Management Company notify and first secure the authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agency, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agency. 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 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 Mortgage 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 Mortgage Loan receivables and on the terms of their respective agreements communicated by the Originator, and that the Mortgage 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 management and authorised representative duties with respect to all or part of the funds managed whenever it deems this fit, applying to be substituted in a letter addressed to the CNMV, including a designation of the substitute management company. That letter shall enclose a letter from the new management company, declaring its willingness to take over that function and applying for the appropriate authorisation.
- (ii) The CNMV's substitution authorisation shall be subject to meeting of the following requirements:
  - (a) The substituted Management Company's delivery of the accounting records and data files to the new management company. That delivery will only be taken to have been made when the new management company is able to fully take over its function and that circumstance is notified to the CNMV.
  - (b) The rating accorded to the Bonds by the Rating Agency 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 Agency of that substitution.

#### *Forced substitution.*

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

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

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

- (i) An initial fee which shall accrue upon the Fund being established and be payable on the Closing Date.
- (ii) A periodic fee on the Outstanding Principal Balance of the Bond Issue, which shall accrue daily from the establishment of the Fund until it terminates and shall be settled and paid by Interest Accrual Periods in arrears on each Payment Date subject to the Priority of Payments or, 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 2009, inclusive, and effective as of January 1 of each year.

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

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

BBVA, Originator of the Mortgage Loan receivables by issuing the Pass-Through Certificates to be subscribed for by the Fund, as established in article 2.2.b) of Royal Decree 926/1998 and article 61.3 of Royal Decree 685/1982, shall continue as attorney for the Management Company to be responsible for servicing and managing the Mortgage Loans, and relations between BBVA and the Fund, represented by the Management Company, shall be governed by the Mortgage Loan Servicing and Pass-Through Certificate supporting document custody Agreement (the "**Servicing Agreement**") in relation to custody and servicing of the Mortgage Loans and custody of the Pass-Through Certificate supporting documents.

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

- (i) To service and manage the Mortgage Loans assigned to the Fund subject to the system terms and ordinary servicing and management procedures established in the Servicing Agreement.



- (ii) To continue servicing the Mortgage Loans, devoting the same time and efforts to them as it would devote and use to service its own mortgage 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 for servicing and management of the Mortgage Loans are and will continue to be in accordance with the laws and statutory regulations in force applicable thereto.
- (iv) To full faithfully observe the instructions issued by the Management Company.
- (v) To pay the Fund damages 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 and as servicer of the Mortgage Loans, and custodian of the relevant contracts, 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 Mortgage Loans.**

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

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

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

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

The Servicer shall continue managing collection of all Mortgage Loan amounts payable by the Obligors and any other item including under the insurance contracts of the mortgaged properties 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 Mortgage Loans.

Mortgage Loan amounts received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh day after the day on which they were received by the Servicer, or the following business day if that is not a business day, 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 A-2 by S&P, the Mortgage Loan amounts received by the Servicer shall 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.

If the Servicer's downgrade below A-2 by S&P could result in a downgrade of the ratings given by S&P to each Bond Series, the Servicer shall do any of the following:

- (i) obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least A-1 by S&P within not more than thirty (30) days starting from the time of the occurrence of that circumstance, a first demand guarantee, satisfying the S&P criteria in force from time to time, at such an amount as to allow the ratings given to the Bonds by S&P to be maintained; or



- (ii) post collateral in the form of cash in favour of the Fund in order for there to be no detriment to the rating given to the Bonds by S&P, within not more than ten (10) days starting from the time of the occurrence of the aforesaid circumstance, with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as A-1 by S&P, at an amount equivalent to the aggregate estimated amount of the Mortgage Loan repayment and interest instalments which would become due during one month from the date on which the A-2 rating by S&P is lost, and at a CPR based on the historical CPR of the Mortgage Loans assigned to the Fund. The Fund may only draw on the amount of such deposit to the extent of the amounts, if any, not received owing to the Fund and received by the Servicer deriving from the Mortgage Loans.

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

The Management Company may issue the same instructions in the event that the Servicer's short-term unsecured and unsubordinated debt obligations should not be rated by S&P.

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

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

Notwithstanding a possible renegotiation of Mortgage Loans to a fixed rate, the Servicer shall continue fixing the interest rates applicable in each interest period as established in the respective Mortgage 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 relating to the individual characteristics of each Mortgage Loan, to fulfilment by the Obligor of their obligations under the Mortgage Loans, to delinquency status and ensuing changes in the characteristics of the Mortgage Loans, and to actions to demand payment in the event of late payment, court actions and auction of real properties or assets, the foregoing using the procedures and timing established in the Servicing Agreement.

Furthermore, the Servicer shall prepare and hand to the Management Company such additional information relating to the Mortgage 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. Mortgage Loan subrogation.**

The Servicer shall be authorised to permit substitutions in the Obligor's position under the Mortgage Loan agreements, exclusively where the new Obligor's characteristics are not less creditworthy than those of the former Obligor and those characteristics observe the mortgage lending policies, and further provided that the expenses derived from that change are fully borne by the Obligor. The Management Company may wholly or partially limit or lay down conditions for this authority of the Servicer in the event that those substitutions might adversely affect the ratings accorded to the Bonds by the Rating Agency.

The mortgagor may apply for subrogation to the Servicer in connection with 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 prepayment of the Mortgage Loan and early amortisation of the respective Pass-Through Certificate.

### **6. Authorities and actions in relation to Mortgage Loan renegotiation procedures.**

The Servicer may not voluntarily cancel the Mortgage Loans or their mortgages and security arrangements for any reason other than Mortgage Loan payment, relinquish or settle in regard thereto, forgive the Mortgage Loans in full or in part or extend the same, or in general do anything that may diminish the legal effectiveness, ranking or economic value of the Mortgage 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 mortgage loans.

Notwithstanding the above, the Management Company may, as manager of third-party portfolios and having regard to Obligors' requests to the Servicer directly or under Act 2/1994, 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 Mortgage Loan, either by an interest rate renegotiation or by an extension of the maturity period, provided that those novations are not detrimental to their ranking as a senior mortgage.

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

**a) Renegotiating the interest rate.**

Mortgage Loan interest rate may be renegotiated subject to the following rules and limitations:

1. The Servicer may under no circumstance entertain on its own account and without being so requested by the Obligor, interest rate renegotiations which may result in a decrease in the interest rate applicable to a Mortgage Loan.
2. Subject to the provisions of paragraph 3 below, the Servicer may renegotiate the interest rate clause of the Mortgage Loans 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 mortgage credits and loans. For these purposes, the arm's length interest rate shall be deemed to be the rate offered by the Servicer in the Spanish market for mortgage loans or credits granted to individuals with real estate mortgage security on homes located in Spanish territory in an amount and on terms substantially similar to the renegotiated Mortgage Loan.

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.

3. Renegotiation of the interest rate applicable to a Mortgage Loan may at no event occur in the event that (i) the change is to a floating interest rate with a benchmark index for determination other than the Euribor or Mibor rate 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, and (ii) that the average margin or spread weighted by the outstanding principal of outstanding Mortgage Loans (including the margin if any resulting from a fixed-rate renegotiation as provided for in section 4.(ii) below) is not in excess of 50 basis points above the Euribor or Mibor benchmark rates or index. For the purposes prescribed in this section, the provisions of section 4 below shall govern in the case of Mortgage Loans having benchmark indices other than the Euribor or Mibor benchmark rates or indices or which are fixed-rate loans in regard to consistency with reference to margin over a Euribor or Mibor benchmark index.
4. For the purposes of paragraph 3 above:
  - (i) The margin or spread of a floating-rate Mortgage 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 Mortgage 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 Mortgage Loan benchmark index and (b) one-year EURIBOR index (one-year Interbank reference).
  - (ii) The novated fixed-rate Mortgage Loan margin shall be deemed to be the difference between the fixed rate applicable to the Mortgage Loan and the EURIBOR BASIS fixed rate on Reuters' ISDAFIX2 screen, or any other replacement screen, at 11:00AM CET on the effective date of the new fixed rate for the term of the average life of the Mortgage Loan based on its new repayment schedule. In the absence of a EURIBOR BASIS, the latter

shall be calculated by a straight-line interpolation between the EURIBOR BASIS fixed rates for the lower and higher terms closest to the average life of the Loan.

**Calculation of the average life of a novated fixed-rate Mortgage Loan:** average of the time periods from the effective date of the novation until each Mortgage Loan settlement date, using for weighting purposes the weights the principal to be repaid on each settlement date has, in accordance with the applicable repayment system, on the outstanding principal amount, in accordance with the following expression:

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

Where:

*V = Average life of the novated fixed-rate Mortgage Loan expressed in years.*

*P = Principal to be repaid on each settlement date under the applicable repayment system.*

*d = Number of days elapsed between the effective date of the novation and the relevant settlement date.*

*T = Outstanding principal on the effective date of the novation.*

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

The final maturity or final amortisation date of the Mortgage 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 Mortgage Loan which may result in an extension thereof.
- (ii) The amount of the sum of the capital or principal assigned to the Fund of the Mortgage Loans in respect of which the maturity term is extended may not exceed 10% of the face amount of the Bond Issue. In this connection, extension of the term of the Mortgage Loans shall not be considered on the terms laid down in the public deeds originating the Mortgage Loans to change the maturity date if the obligor or borrower is in good standing in respect of all payments due and is not in breach of any of the obligations established in the public deed, a summary of which terms is given in section 2.2.4.1 of this Building Block.

In this case, the term of a specific Mortgage Loan may be extended provided that the following requirements are met:

- a) That the final maturity date of the Mortgage Loans is not after July 31, 2057.
- b) That, in any event, the Mortgage Loan capital or principal repayment instalment frequency is maintained or increased, maintaining the same repayment system.
- (iii) 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 Mortgage 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 Mortgage Loans to be updated.

In the event of a renegotiation of the interest rate of the Mortgage 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 Mortgage Loans will be kept by the Servicer, in accordance with the provisions of paragraph 2 of this section.

## **7. Action against Obligor in the event of default on the Mortgage Loans.**

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

The Servicer shall use the same efforts and procedure for claiming overdue Mortgage Loan amounts it applies for the rest of its portfolio mortgage loans.

In the event of default by the Obligor of the payment obligations, the Servicer shall put in place the actions described in the Servicing Agreement, taking for that purpose the steps it would ordinarily take if they were its own portfolio mortgage 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.

### ***Legal actions.***

The Servicer, using its fiduciary title to the Mortgage Loans or using the power referred to in the following paragraph, shall take all relevant actions against Obligors failing to meet their Mortgage Loan payment obligations and against guarantors, if any. Such 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 Management Company's authorised representative, demand by any judicial or other means any Mortgage Loan Obligor and guarantors, if any, to pay the debt and take legal action against them, in addition to other authorities required to discharge its duties as Servicer. These authorities may be extended and amended in another deed if that should be necessary or appropriate.

The Servicer shall generally commence the relevant legal proceedings, if, for a period of six (6) months, a Mortgage 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. The Servicer shall in any event forthwith proceed to file an enforcement action if the Management Company, acting for the Fund, and after analysing the specific circumstances of the case, should deem this necessary.

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 Mortgage Loan Obligor to pay the debt.

In the event of default by any Obligor, the Management Company, acting for and on behalf of the Fund, shall have the following remedies provided for mortgage certificates in article 66 of Royal Decree 685/1982, which also apply to the 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) calendar days of a notice served through a Notary demanding payment of the debt, the Management Company, for and on behalf

of the Fund, shall be secondarily entitled to bring the foreclosure action on the Mortgage Loan for 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 in the position of the former and continue the foreclosure proceedings, without the above period having to elapse.

In the events provided in paragraphs (iii) and (iv), the Management Company, for and on behalf of the Fund, may apply to the Judge or Notary with jurisdiction to commence or continue with the respective foreclosure proceedings, attaching to the application the original Pass-Through Certificate, the notice served through a Notary Public provided for in section (iii) above and an office certificate as to the registration and subsistence of the mortgage. 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 with the same rights as BBVA 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 payment of the Mortgage Loan. The Management Company shall proceed, directly or through the Servicer, to sell the properties awarded within the shortest possible space of time and at arm's length.

Whereas some of the Mortgage Loans backing the Pass-Through Certificates may have valid entries in the registry regarding the properties mortgaged under the Mortgage Loans in respect of mortgages pre-dating the mortgage under that Mortgage Loan, as represented by BBVA in section 2.2.8.2.(6) of this Building Block, the debts originated by those mortgages have been fully economically cancelled.

Therefore, those Mortgage Loans will not for registration purposes have a senior mortgage but a mortgage ranking junior to those entered in the registry. Notwithstanding this, the debts subject of the previous mortgages have been fully repaid.

The Servicer shall, in events of mortgage foreclosure, 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 otherwise the procedure shall 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 Mortgage Loan amounts. Furthermore, the Servicer will provide the Management Company with all such documents as the latter may request in relation to said Mortgage Loans and in particular the documents required for the Management Company to take legal actions, as the case may be.

#### **8. Damage insurance for properties mortgaged under the Mortgage Loans.**

The Servicer shall not take or fail to take any action resulting in cancellation of any fire and damage insurance policy covering the properties mortgaged under the Mortgage Loans 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 force and fully effective in relation to each Mortgage Loan and the respective mortgaged property, and the Servicer shall be liable to the Fund for any losses caused to the Fund in the event that the damage insurance policies are not kept in force and fully effective and in the event that those policies are not taken out.

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, advancing payment of the premiums, without prejudice to being reimbursed by the Obligor for amounts so paid.

In the event of a claim, each 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.

In the event of insolvency, or indications thereof, administration by the Bank of Spain, liquidation or substitution of the Servicer or because the Management Company deems this reasonably justified, the Management Company may demand the Servicer, at any time and at its cost, and for the purposes of the provisions of the second paragraph of article 40 of Insurance Contract Act 50/1980, October 8, as currently worded, to notify the relevant insurers of the assignment of the Mortgage Loan receivables, and that the indemnity payments under the relevant insurance policies 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 insurers 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 the insurers directly or, as the case may be, through a new Servicer it shall have designated, observing insolvency rules, as the case may be.

#### **9. Set-off.**

In the exceptional event that any Mortgage Loan Obligor should have a receivable that is liquid, due and payable by the Servicer, and because the assignment is made without the Obligor being aware, any of the Mortgage Loans should be fully or partially set-off against that credit, 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 the payment is made, calculated on the terms applicable to the relevant Mortgage 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 Agency 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 properties.**

The Servicer agrees to notify the Management Company of the places, dates, terms and valuation of the real properties mortgaged as security for the Mortgage Loans and of all other assets attached as a result of the legal proceedings commenced against the Obligors, 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 properties, 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 estate or the asset to the Fund, fulfilling the instructions received from the Management Company.

In the event of real properties 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 obligations undertaken by the Servicer as Originator of the Mortgage Loans acquired by the Fund terminate, once all the Mortgage Loans have been repaid, or when the liquidation of the Fund concludes after it terminates, without prejudice to the possible early revocation of its appointment under the Servicing Agreement.



In the event of insolvency of the Servicer or of administration by the Bank of Spain or breach by the Servicer of the obligations imposed on the Servicer under the Servicing Agreement or in the event of the Servicer's credit rating falling or being lost 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 shall, in addition to demanding the Servicer to fulfil the obligations laid down in the Servicing Agreement, proceed to put in place, where this is legally possible, inter alia and after notifying the Rating Agency, any of the following actions in order for the rating assigned to the Bonds by the Rating Agency not to be adversely affected: (i) demand the Servicer to subcontract or subdelegate to another institution the performance of the obligations and undertakings made in the Servicing Agreement; (ii) have another institution with a sufficient credit rating and quality secure all or part of the Servicer's obligations; (iii) post collateral in the form of cash or securities in favour of the Fund in an amount sufficient to secure all or part of the Servicer's obligations in order for there to be no detriment to the rating given to the Bonds by the Rating Agency, and (iv) terminate the Servicing Agreement, in which case the Management Company shall previously designate a new Servicer having a sufficient credit quality and accepting the obligations contained in the Servicing Agreement or, as the case may be, in a new servicing agreement. 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.

Furthermore, in the event of insolvency, or indications thereof, administration by the Bank of Spain, liquidation or substitution of the Servicer or because the Management Company deems this reasonably justified, the Management Company may demand the Servicer to notify Obligors (and, if any, third-party guarantors and the mortgaged property insurers) of the transfer to the Fund of the outstanding Mortgage Loans, 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 and the 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 and the 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 the Mortgage Loan receivables, all on the terms given in section 3.7.2.1.7 of the 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 Agency should not confirm the provisional ratings assigned to each Series as final ratings by May 28, 2008.

### **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 Fund manager and manager of Bondholders' interests, nor in relation to the Obligors' obligations under the Mortgage Loans, without prejudice to the liabilities undertaken thereby in the Deed of Constitution of the Fund as Originator of the Mortgage Loan receivables assigned to the Fund by subscribing for the Pass-Through Certificates acquired by the Fund.

The Servicer takes on the obligation to indemnify the Fund or its Management Company for any damage, loss or expense resulting for the same on account of any breach by the Servicer of its obligations to service, manage and report on the Mortgage Loans and custody the Pass-Through Certificate supporting documents, 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, be entitled to take executive action against the Servicer where the breach of the obligation to pay any and all principal repayment and interest and other amounts paid by the Obligors under the Mortgage Loans owing to the Fund does not result from default by the Obligors and is attributable to the Servicer.



Upon the Mortgage 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 Fund's representative, who shall have that action on the terms described in this section.

#### **3.7.2.4 Servicer's remuneration.**

In consideration of the custody, servicing and management of the Mortgage Loans and custody of the documents representing the Pass-Through Certificates, the Servicer shall be entitled to receive in arrears on each Payment Date during the term of the Servicing Agreement, a servicing fee equal to 0.01% per annum, inclusive of VAT if there is no exemption, which shall accrue on the exact number of days elapsed in each Determination Period preceding the Payment Date and on the mean daily Outstanding Balance of the Mortgage 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, as the case may be, in the Liquidation Priority of Payments.

If the Fund should, through its Management Company, due to a liquidity shortfall in the Fund Priority of Payments, fail to pay on a Payment Date the full fee due to the Servicer, the overdue amounts shall accumulate without any penalty whatsoever on the fee payable on the following Payment Dates, until fully paid.

Furthermore, on each Payment Date, the Servicer shall be entitled to reimbursement of all Mortgage 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, as the case may be, in the Liquidation Priority of Payments.

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

BBVA is the Fund's counterparty 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 in section 3.5 of this Building Block.

- (i) Treasury Account:  
Guaranteed Interest Rate Account (Treasury Account) Agreement  
Description in section 3.4.4.1 of this Building Block.
- (ii) 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, and for the Interest Accrual Period after that Payment Date.
2. Quarterly, at least one (1) calendar day in advance of each Payment Date, it shall proceed to notify Bondholders of the following information:
  - i) Interest resulting from the Bonds in each Series, along with the amortisation of the Bonds.
  - ii) Furthermore, and if appropriate, interest and amortisation amounts accrued thereby and not settled due to a shortfall of Available Funds, in accordance with the rules of the Fund Priority of Payments.
  - iii) The Outstanding Principal Balances of the Bonds in each Series, after the amortisation to be settled on each Payment Date, and the ratios of such Outstanding Principal Balances to the initial face amount of each Bond.
  - iv) Obligors' Mortgage 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 Mortgage 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 below and will also be notified to the CNMV, the Paying Agent, AIAF, Iberclear and the Rating Agency, not less than one (1) Business Day before each Payment Date.

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

In relation to the Mortgage Loans on the Determination Date preceding the Payment Date:

1. Outstanding Balance.
2. Interest and principal amount of instalments in arrears.
3. Interest rate and, if the interest floats, benchmark indices of the Mortgage Loans.
4. Mortgage Loan maturity dates.

5. Outstanding Balance of Doubtful Mortgage Loans and cumulative Outstanding Balance of Doubtful Mortgage Loans from the date of establishment of the Fund.

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

1. Report on the source and subsequent application of the Available Funds and the Available Funds for Amortisation in accordance with the Priority of Payments of the Fund.

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

Annual Accounts (balance sheet, profit & loss account and management report) and audit report within four (4) months of the close of each fiscal year, which shall also be filed with the CNMV.

**4.1.2 Extraordinary notices.**

The following shall be the subject of an extraordinary notice:

1. The Nominal Interest Rate determined for each Bond Series for the first Interest Accrual Period.
2. Other:

Any relevant event occurring in relation to the Mortgage Loans, the Bonds, the Fund and the Management Company proper, which may materially influence trading of the Bonds and, in general, any relevant change in the Fund's assets or liabilities, change in the Deed of Constitution, or in the event of termination of the establishment of the Fund or a decision in due course to proceed to 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.

**4.1.3 Procedure to notify Bondholders.**

Notices to Bondholders to be made by the Management Company in accordance with the above, in regard to the Fund, shall be given as follows:

1. Ordinary notices.

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

2. Extraordinary notices.

Extraordinary notices shall be given by publication in an extensively circulated business and financial or general newspaper in Spain, and those notices shall be deemed to be given on the date of that publication, any Business 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 May 28, 2008 to the Subscriber. In addition, the Management Company shall also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

3. Notices and other information.

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

**4.1.4 Information to the CNMV.**

The Management Company shall proceed to advise the CNMV of the periodic and extraordinary notices and information given in accordance with the provisions of the preceding sections, and of such other information as the CNMV may require of it or by the laws in force from time to time, irrespective of the above.

**4.1.5 Information to the Rating Agency.**

The Management Company shall provide the Rating Agency with periodic information as to the position of the Fund and the performance of the Mortgage Loans in order that they may monitor the rating of the Bonds and extraordinary notices. The Management Company shall also provide that information when it is reasonably required to do so and, in any event, whenever there is a significant change in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company or in the interested parties.

**Mario Masiá Vicente, 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 May 20, 2008.**

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

## GLOSSARY OF DEFINITIONS

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

“**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 41/2007**” shall mean Act 41/2007, December 7, amending Mortgage Market Regulation Act 2/1981, March 25, and other mortgage and financial system rules, regulating reverse mortgages and dependency insurance and establishing a certain taxation rule.

“**AIAF**” shall mean AIAF Fixed-Income Market (*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 Mortgage Loans.

“**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 out of the Available Funds in seventh (7<sup>th</sup>) place of the order of priority of payments on the relevant Payment Date.

“**Available Funds**” shall mean, in relation to the Priority of Payments and on each Payment Date, the amounts to be allocated to meeting the Fund’s payment or withholding obligations, which shall have been paid into the Treasury Account, as established in section 3.4.6.2.1 of the Building Block.

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

“**Bond Issue**” shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR five billion (5,000,000,000.00), consisting of fifty thousand (50,000) 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 calendar (Trans European Automated Real-Time Gross Settlement Express Transfer System).

“**Cash Reserve**” shall mean the Initial Cash Reserve set up on the Closing Date and subsequently provisioned up to the Required Cash Reserve amount.

“**Closing Date**” shall mean May 29, 2008, the date on which the cash amount of the subscription for the Bonds shall be paid up.

“**CNMV**” shall mean National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

“**Conditions for Pro Rata Amortisation**” shall mean the conditions set down in section 4.9.3.5 of the Securities Note for amortisation of Series A and/or B and/or C Bonds.

“**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, issue by BBVA of and subscription by the Fund for the Pass-Through Certificates on the Mortgage Loans, and issue by the Fund of the Asset-Backed Bonds.

“**Delinquent Mortgage Loans**” shall mean Mortgage Loans that are delinquent with a period of arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Mortgage Loans. The possible deferment of payment of instalments referred to in section 2.2 of the Building Block shall not be considered arrears in payment of Mortgage Loan amounts due.

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

“**Determination Dates**” shall mean the dates falling on the fourth (4<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 date of establishment of the Fund, inclusive, and the first Determination Date, September 16, 2008, 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, on which the assets remaining in the Fund have all been liquidated and the Liquidation Available Funds have all been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date but including the last date.

“**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 Mortgage Loans**” shall mean Mortgage Loans that at a given date 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 obtained by the Servicer.

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

“**Early Liquidation Events**” shall mean the events contained in section 4.4.3 of the Registration Document where the Management Company, following notice duly served on the CNMV, is entitled to proceed to 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 57 Banks, from among the most active banks in the Euro zone. The rate is quoted based on a count of the actual days to maturity and a 360-day year, and is fixed at 11am (CET), accurate to three decimal places.

“**Final Maturity Date**” shall mean the final Bond amortisation date, i.e. March 20, 2061 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 Mortgage 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 the based on the standard (CMOF) Master Financial Transaction Agreement between the Management Company, acting for and on behalf of the Fund, and BBVA.

**“Fund”** shall mean BBVA RMBS 5 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 amounting to EUR one hundred and forty-two million (142,000,000.00).

**“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.

**“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 following amounts to be allocated to meeting the Fund’s payment or withholding obligations: (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Pass-Through Certificates and of the assets remaining, and (iii) additionally, as the case may be, the credit facility, as provided for in section 4.4.3.3.(iii) of the Registration Document.

**“Liquidation Priority of Payments”** shall mean the order in which the Liquidation Available Funds shall be applied to meet the payment or withholding obligations on the Final Maturity Date or upon Early Liquidation of the Fund.

**“Management Company”** shall mean EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.

**“Management and Subscription Agreement”** shall mean the management and subscription agreement entered into between the Management Company, for and on behalf of the Fund, and BBVA, as Lead Manager and Bond Issue Subscriber.

**“Mortgage Loan Servicing and Pass-Through Certificate Custody Agreement”** shall mean the Mortgage Loan custody 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.

**“Mortgage Loans”** shall mean the mortgage loans owned by BBVA granted to individuals with real estate mortgage security ranking senior or, as the case may be, ranking junior, although BBVA has documents relating to economic cancellation of the debts originated by previous mortgages which are yet to be struck off the registers, on finished homes (and annexes, parking spaces and lumber rooms, if any) located in Spain, assigned to the Fund upon BBVA issuing and the Fund subscribing for Pass-Through Certificates.

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

**“Nominal Interest Rate”** shall mean the nominal interest rate, variable quarterly and payable quarterly, applicable to each Series and determined for each Interest Accrual Period, which shall be the result of adding (i) the Reference Rate and (ii) a margin for each Series as detailed in section 4.8.1.2 of the Securities Note.

**“Non-Delinquent Mortgage Loans”** shall mean Mortgage Loans that are not deemed to be either Delinquent Mortgage Loans or Doubtful Mortgage Loans.

**“Non-Doubtful Mortgage Loans”** shall mean Mortgage Loans that at a given date are not deemed to be Doubtful Mortgage Loans.

**“Obligors”** shall mean the Mortgage Loan borrowers.

**“Originator”** shall mean BBVA, originator of the Mortgage Loan receivables by issuing Pass-Through Certificates.

**“Outstanding Balance of the Mortgage 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 Mortgage 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 given date on all the Bonds making up the Series.

**“Pass-Through Certificates”** shall mean the Pass-Through Certificates issued on the Mortgage Loans by BBVA in accordance with Additional Provision Five of Act 3/1994, as worded by Act 41/2007, 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 March 20, June 20, September 20 and December 20 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be September 22, 2008, because neither September 20 nor September 21, 2008 is a Business Day.

**“Priority of Payments”** shall mean the order in which the Available Funds and the Available Funds for Amortisation shall be applied on each Payment Date to meet the Fund’s payment or withholding obligations.

**“Rating Agency”** shall mean Standard & Poor’s España, S.A.

**“Reference Rate”** shall mean, other than for the first Interest Accrual Period, three- (3-) month Euribor fixed at 11am (CET) on the Interest Rate Fixing Date, or, if this Euribor rate should not be available or be impossible to obtain, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note. The Reference Rate for the first Interest Accrual Period shall mean the rate resulting from a straight-line interpolation, taking into account the number of days in the first Interest Accrual Period, between three- (3-) month Euribor and four- (4-) month Euribor, fixed at 11am (CET) on the second Business Day preceding the Closing Date, or, upon the failure or impossibility to obtain these Euribor rates, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note.

**“Regulation (EC) No. 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 the following: (i) EUR one hundred and forty-two million (142,000,000.00) and (ii) the higher of a) 5.68% of the Outstanding Principal Balance of the Bond Issue and b) a sum of EUR seventy-one million (71,000,000.00).

**“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 685/1982”** shall mean Royal Decree 685/1982, March 17, currently implementing certain aspects of Mortgage Market Regulation Act 2/1981, and Royal Decree 1289/1991, August 2, amending certain of the previous Royal Decree’s articles, as currently worded.

**“Royal Decree 926/1998”** shall mean Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies.

**“S&P”** shall mean both Standard & Poor’s España, S.A. and Standard & Poor’s Rating Services, the holding company to which Standard & Poor’s España, S.A. is affiliated.

**“Securities Market Act”** shall mean Securities Market Act 24/1988, July 28, as currently worded, amended by Act 37/1998, November 16, and Act 44/2002, November 22, Royal Decree Law 5/2005, March 11, and Act 6/2007, April 12, among other amendments.

**“Series A Bonds”** shall mean Series A Bonds issued by the Fund having a total face amount of EUR four billion six hundred and seventy-five million (4,675,000,000.00) comprising forty-six thousand seven hundred and fifty (46,750) 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 fifty million (250,000,000.00) comprising two thousand five hundred (2,500) 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 seventy-five million (75,000,000.00) comprising seven hundred and fifty (750) 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 custody and servicing of the Mortgage Loans and custody of the Pass-Through Certificate supporting documents under the Mortgage Loan Servicing and Pass-Through Custody Agreement, i.e. BBVA (or any other institution taking its stead as Servicer).

**“Servicing Agreement”** shall mean the Mortgage Loan Servicing and Pass-Through Certificate Custody Agreement.

**“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 five hundred thousand (500,000.00).

**“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-two million (142,000,000.00).

**“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, the Bond Issue subscriber.

**“Treasury Account”** shall mean the financial account in euros opened at BBVA in the Fund’s name, in accordance with the provisions of the Guaranteed Interest Rate Account (Treasury Account) Agreement, through which the Fund will make and receive payments.