

BBVA-2 FTPYME-ICO

Fondo de Titulización de Activos

ISSUE OF BONDS

EURO 900,000,000

SERIE	Nominal (Euro)	Rating S&P / FITCH	Coupon
Serie ACA*	641,500,000	AAA / AAA	Euribor 3 M
Serie ASA	160,400,000	AAA / AAA	Euribor 3 M + 0.30%
Serie BCA*	20,100,000	AA+ / AA+	Euribor 3 M
Serie BSA	5,100,000	AA / AA	Euribor 3 M + 0.50%
Serie CCA*	14,400,000	AA+ / AA+	Euribor 3 M
Serie CSA	14,400,000	A / A	Euribor 3 M + 0.70%
Serie DCA*	4,000,000	AA+ / AA+	Euribor 3 M
Serie DSA	23,000,000	BBB / BBB	Euribor 3 M + 1.50%
Serie ESA	17,100,000	BB / BB	Euribor 3 M + 3.50%

* Guaranteed by the Spanish Treasury

Backed by loans originated and administered by:

BBVA

Arranger and Lead Manager

Banco Bilbao Vizcaya Argentaria

Co-Lead Manager

Crédit Agricole Indosuez

Paying Agent

Banco Bilbao Vizcaya Argentaria

Constituted, administered and represented by

Europea de Titulización, S.A.

Sociedad Gestora de Fondos de Titulización

Registered with the Spanish CNMV

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This document is an English language free translation of the Spanish Folleto Informativo registered with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) (CNMV) on 28th February 2000.

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0. SUMMARY OF TRANSACTION

Incorporation of the Fondo de Titulización de Activos BBVA-2 FTPYME ICO and issue of asset-backed securities

1. *The Fondo*

1.1 *The Sociedad Gestora*

Europea de Titulización, S.A., Sociedad Gestora de Fondos de Titulización, (the “**Sociedad Gestora**”), is the sponsor of the Fondo de Titulización de Activos BBVA-2 FTPYME ICO, and is also in charge of its administration and representation.

1.2 *Incorporation*

The *Fondo* will be incorporated under a public deed (hereinafter the “**Deed of Incorporation**”), prior registration of this Offering Circular (the “**Offering Circular**”) with the CNMV and will be an open fund (*fondo abierto*) on the assets side and a closed fund (*fondo cerrado*) on the liabilities side, in accordance with Articles 2.1.a) and 4.1.b) of Royal Decree 926/1998 of 14 May, regulating the *Fondos de Titulización de Activos* and *Sociedades Gestoras de Fondos de Titulización* (the “**Royal Decree**”).

1.3 *Life Span of the Fondo*

In no event will the *Fondo* expire later than 27 January 2019 or if such date is not a Business Day (as defined in the List of Definitions at Annex 11 of this Offering Circular), the first following day that is a Business Day.

2. *Assets of the Fondo*

The assets of the *Fondo* will consist of the “**Securitised Loans**” (as defined below), of the balances, at any time, in the different accounts opened in the name of the *Fondo*, of the financial instruments in which the *Sociedad Gestora* invests such balances and of the unamortised set-up expenses of the *Fondo*, and shall be of a maximum total amount equal to nine hundred and seventy five million (975,000,000) Euros.

2.1 *Securitised Loans*

Securitised Loans means the loan claims owned by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, “**BBVA**”) arising from bilateral loan facilities granted to non-financial companies with headquarters in Spain (hereinafter, the “**Obligors**”) and which meet the individual securitisation requirements established by the *Sociedad Gestora* as set forth in section IV.2.1.3 of this Offering Circular (hereinafter, the “**Individual Securitisation Requirements**”).

The maximum aggregate Principal Amount Outstanding (as defined in the List of Definitions attached hereto as Annex 11) of the Securitised Loans (hereinafter, the “**Maximum Amount**”) shall be nine hundred million (900,000,000) Euros.

On the Incorporation Date, the *Fondo* shall purchase from BBVA Initial Loans for a Principal Amount Outstanding equal or less than the Maximum Amount (hereinafter, the “**Initial Loans**”). The *Fondo* shall purchase the Initial Loans pursuant to a private agreement and a public deed for the sale and transfer of loan claims (hereinafter, collectively referred to as the “**Securitised Loans Sale and Transfer Agreements**”) entered into with BBVA (hereinafter and in its capacity as such, the “**Originator**”). In addition to meeting each Individual Securitisation Requirement, the Initial Loans shall collectively meet all of the global requirements listed in section IV.2.1.3 of this Offering Circular (hereinafter, the “**Global Securitisation Requirements**”) and, together with the Individual Securitisation Requirements, the “**Securitisation Requirements**”).

During the Renewal Period (as defined in the List of Definitions attached hereto as Annex 11), the

Sociedad Gestora, for and on behalf of the *Fondo*, shall quarterly purchase on each Purchase Date (as defined in the List of Definitions attached hereto as Annex 11) new Securitised Loans (hereinafter, the “**New Loans**”) from BBVA, in order to replace any amount under the Securitised Loans which has been repaid or prepaid by the Obligor during the preceding Calculation Period (as defined in the List of Definitions attached hereto as Annex 11), for the purpose of renovating the assets of the *Fondo*.

2.2 **Other assets of the Fondo**

The balances at any time of the Operating Account and the Cash Collateral Account, the CCA Eligible Investments and the unamortised Set-up Expenses (each as defined in the List of Definitions attached hereto as Annex 11) shall also form part of the assets of the *Fondo*.

3. **Liabilities of the Fondo**

The liabilities of the *Fondo* shall consist of negotiable securities issued by the *Fondo* (the “**Bonds**”) and loans or credit facilities granted by financial institutions, in particular, the Loan for Set-up Expenses, the Subordinated Facility, the Liquidity Facility and the Advance Payment Facility (each as defined in the List of Definitions attached as Annex 11 hereto) and shall be of a maximum total amount of nine hundred and seventy five million (975,000,000) Euros.

3.1 **Bonds**

Pursuant to the issuance (hereinafter the “**Issue**”) resolved at a Delegated Board of the Board Meeting of the *Sociedad Gestora* on 2 November 2000, the *Fondo* will issue nine Series of Bonds (hereinafter, referred to as the “**Series**”), grouped into five classes (hereinafter, individually referred to as a “**Class**” and collectively as “**Classes**”), of an aggregate nominal value equal to the Maximum Amount of the Securitised Loans, the proceeds of which will be used to pay the Initial Price (as defined in the List of Definitions attached as Annex 11 hereto) of the Initial Loans.

The Bonds shall be represented in book-entry form and application shall be made for the Bonds to be listed on the *Mercado AIAF de Renta Fija*. The total amount of the Issue shall be nine hundred million (900,000,000) Euros.

The following table shows the principal characteristics of the Bonds:

Series	Nominal Value per Bond	Number of Bonds	Total Nominal Value	State Guarantees	S&P / Fitch IBCA Rating
ACA	100,000	6,415	641,500,000	Yes	AAA / AAA
ASA	100,000	1,604	160,400,000	No	AAA / AAA
BCA	100,000	201	20,100,000	Yes	AA+ / AA+
BSA	100,000	51	5,100,000	No	AA / AA
CCA	100,000	144	14,400,000	Yes	AA+ / AA+
CSA	100,000	144	14,400,000	No	A / A
DCA	100,000	40	4,000,000	Yes	AA+ / AA+
DSA	100,000	230	23,000,000	No	BBB / BBB
ESA	100,000	171	17,100,000	No	BB / BB

3.2 **Set-up Expenses Loan**

On the incorporation Date, the *Sociedad Gestora*, for and on behalf of the *Fondo*, shall enter with BBVA into a loan agreement (the “**Set-up Expenses Loan Agreement**”), for a maximum amount

of one million six hundred fifty seven thousand two hundred and seventy-eight (1.657.278) Euros, the finality of such loan being to pay for the Set-up Expenses.

3.3. **Subordinated Facility**

On the Incorporation Date, the *Sociedad Gestora*, for and on behalf of the *Fondo*, shall enter with BBVA into a subordinated facility agreement (the “**Subordinated Facility Agreement**”), pursuant to which BBVA shall grant a facility to the *Fondo* (hereinafter, the “**Subordinated Facility**”), the finality of such facility being meet certain payment obligations of the *Fondo* in the event of payment default on the Securitised Loans by the Obligors.

The maximum amount available under the Subordinated Facility shall be equal:

- (i) for each Calculation Period during the Renewal Period: to three and a half percent (3.5%) of the Maximum Amount of the Securitised Loans;
- (ii) for each of the Calculation Periods falling within the period between the Payment Date on which the Renewal Period ends and the last of the following dates:

- (1) the tenth Payment Date subsequent to the Payment Date on which the Renewal Period ends and
- (2) the Payment Date on which the available amount under the Subordinated Facility (on the understanding that the maximum amount should be calculated pursuant to this section (ii) minus the drawdown amount) is equal or greater than five per cent (5%) of the Principal Amount Outstanding of the Securitised Loans on such Payment Date,

two and a half percent (2,5%) of the Maximum Amount of the Securitised Loans plus sixty per cent (60%) of the outstanding (calculated on the Payment Date on which the relevant Calculation Period commences) Delinquent Amounts in the Renewal Period

(on the understanding that if, on any Payment Date, prepayments exceed ten per cent (10%) of the Principal Amount Outstanding of the Securitised Loans, then the maximum amount under the Subordinated Facility may be reduced with the consent of the Rating Agencies); and

- (iii) for the subsequent Calculation Periods: to sixty percent (60 %) of the Delinquent Amounts on the first Payment Date of the relevant Calculation Period plus the greater of the following amounts:
 - (a) two and a half percent (2.5%) of the Principal Amount Outstanding of the Securitised Loans or
 - (b) the aggregate Principal Amount Outstanding corresponding to the three (3) Obligors with the highest Principal Amount Outstanding

(all of the above, on the understanding that the maximum amount under the Subordinated Facility for any Calculation Period may never exceed the amount available thereunder in the preceding Calculation Period).

3.4 **Advance Payment Facility**

On the Incorporation Date, the *Sociedad Gestora*, for and on behalf of the *Fondo*, shall enter with BBVA into a facility agreement (hereinafter, the “**Advance Payment Facility Agreement**”), pursuant to which BBVA shall grant a revolving facility to the *Fondo* (hereinafter, the “**Advance Payment Facility**”), the finality of which will be to advance the amounts payable by the Kingdom of Spain under the State Guarantee (as defined in the List of Definitions attached hereto as Annex 11) corresponding to the interest accrued on the Bonds of the Series BCA, CCA and DCA. The amounts to be paid by the Kingdom of Spain under the State Guarantee related to interest accrued by the Bonds of Series ACA are not secured by the Advance Payment Facility and therefore such amounts

will not be advanced by the *Fondo* to the bondholders being paid in the immediately following Payment Date on which such amounts are paid by the Kingdom of Spain (falling such date within the period of three months after enforcement of the State Guarantee).

The maximum amount under the Advance Payment Facility for each Calculation Period shall be equal to four percent (4%) of the aggregate principal outstanding on the Bonds of Series BCA, CCA and DCA on the Payment Date on which the preceding Calculation Period commences.

The net asset value of the *Fondo* shall always be zero.

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

In addition to the Set-up Expenses Loan, the Subordinated Facility and the Advance Payment Facility Agreement referred to above, the *Sociedad Gestora* shall, for and on behalf of the *Fondo* and on the Incorporation Date or prior to such date (thus is the Underwriting Agreement), shall enter into the following agreements (the initial counterparty of which shall be BBVA, notwithstanding the fact that this circumstance may change during the existence of the *Fondo*):

4.1 Securitised Loans Sale and Transfer Agreements

A private agreement for the sale and transfer of mortgage-backed loan claims (hereinafter, the “**Mortgage Loans Sale and Transfer Master Agreement**”) and a public deed of the sale and transfer of loan claims (hereinafter, the “**Non-Mortgage Loans Sale and Transfer Master Agreement**”) entered into with the Originator, pursuant to which the *Fondo* will purchase from the Originator, respectively, the mortgage-backed Securitised Loans and the non mortgage-backed Securitised Loans.

4.2 Servicing Agreement

A servicing agreement, pursuant to which BBVA shall be irrevocably appointed to administer and collect the Securitised Loans.

4.3 Operating Account Agreement

An agreement for the opening of a current account shall be entered into with BBVA, which shall determine the interest accrued on amounts deposited by the *Sociedad Gestora* in the Operating Account.

4.4 Cash Collateral Account Agreement

A agreement for the opening of a current account entered into with BBVA, which shall determine the interest accrued on amounts deposited by the *Sociedad Gestora* in the Cash Collateral Account.

4.5 Paying Agency Agreement

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

4.6 Underwriting Agreement

An underwriting agreement entered into with BBVA and Crédit Agricole Indosuez, by virtue of which such entities shall agree to place the Bonds among investors and to subscribe for those Bonds which have not been subscribed for by investors.

4.7 Swap Agreement

A swap agreement entered into with BBVA, for the purpose of hedging the basis and interest rate arising from the differences between the payment flows of the Securitised Loans and the payment flows of the Bonds and other liabilities of the *Fondo*.

5. **State Guarantee**

By virtue of the Ministerial Order dated 29 November 2000, by the Ministry of Finance and Economy of the Spanish Government has issued its guarantee (hereinafter, the “**State Guarantee**”), the main terms and conditions of which are as follows:

- (i) The Kingdom of Spain irrevocably and unconditionally guarantees full payment of the obligations of the *Fondo* in respect of the Bonds of Series ACA, BCA, CCA and DCA (hereinafter, the “**Guaranteed Series**”).

The State Guarantee covers both principal and interest on the Bonds of the Guaranteed Series.

- (ii) The State Guarantee shall remain in full force and effect until all of the payment obligations under the Bonds of the Guaranteed Series have been fully discharged. In any event, the State Guarantee expires on 27 January 2019, except that if such date is not a Business Day, the first following date that is a Business Day.
- (iii) The State Guarantee may be partially enforced as many times as required and without any restrictions on the amounts thereof.
- (iv) The State Guarantee may be enforced, provided that no funds are available in the Cash Collateral Account or under the Subordinated Facility:
 - (a) on each Payment Date, in order to pay the interest accrued on the Bonds of the Guaranteed Series, provided that the Interest Distribution Amount (as defined in the List of Definitions attached hereto as Annex 11) is not sufficient to meet such payment, and for an amount equal to the excess of the interest accrued on such Bonds over the Interest Distribution Amount available for the payment thereof; and
 - (b) on each Payment Date on which a Principal Loss (as defined in the List of Definitions attached hereto as Annex 11) is allocated to the Bonds, for an amount equal to that of the relevant Allocated Loss (as defined in the List of Definitions attached hereto as Annex 11) written off on the Bonds of the Guaranteed Series.
- (v) Payment of any amounts due under the State Guarantee shall be made by the General Directorate of Treasury and Financial Policy within three (3) months following the relevant date of enforcement.
- (vi) No fee shall be charged on the State Guarantee.
- (vii) The Kingdom of Spain will be subrogated in the claims of the holders of Bonds of the Guaranteed Series in respect of those amounts paid under the State Guarantee, and will rank in the same position that such holders would have otherwise occupied within the order of priority of payments as established in the Deed of Incorporation and indicated in section V.6.1.2 of this Offering Circular.

The effectiveness of the State Guarantee shall be subject to (i) the verification and registration of this Offering Circular with the CNMV, (ii) the execution of the Deed of Incorporation of the *Fondo* and (iii) the delivery to the General Directorate of Treasury and Financial Policy of a copy of the letters issued by the Rating Agencies assigning a credit rating to the Bonds, a certificate issued by BBVA representing that the Securitised Loans meet the terms and conditions set forth in the master agreement attached to the Order dated 28 May 1999 as annex and a copy of this Offering Circular.

6. **Operation of the Fondo**

6.1 **Representation and administration of the Fondo**

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

6.2 Payments

The *Sociedad Gestora* shall satisfy the payment obligations assumed for and on behalf of the *Fondo*, in the order set forth in section V.6.1 of this Offering Circular.

6.3 Liquidation

In the event of the liquidation of the *Fondo*, the order of priority of payments shall be that set forth in section III.9.2 of this Offering Circular.

7. Actions

7.1 Actions of the Fondo against the Obligors

The *Fondo* shall, through the *Sociedad Gestora*, be able to bring a declarative action (*acción declarativa*) against the Obligors who fail to comply with their payment obligations under the Securitised Loans. Such action should be exercised in accordance with the procedures which apply for an ordinary trial (*juicio declarativo ordinario*) corresponding to the amount of the relevant claim.

Should article 1435 of the Law of Civil Procedure (*Ley de Enjuiciamiento Civil*) be applicable, the *Fondo* shall, through the *Sociedad Gestora*, be able to take an executive action (*acción ejecutiva*) under article 1429.1º or 1429.6º of said Law of Civil Procedure against the Obligors who fail to comply with their payment obligations under the Securitised Loans which have been transferred pursuant to a public deed.

The *Fondo* shall, through the *Sociedad Gestora*, be able to take action to enforce the real or personal guarantees which may have been granted in relation to any Securitised Loans (the “**Guarantees**”), subject, in relation to mortgage-backed Securitised Loans, to prior registration of their transfer with the Property Registry. Such action should be exercised in accordance with the civil and procedural laws of Spain or, in the case of mortgage-backed Securitised Loans, with the Mortgage Law.

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

7.2 Action by the Fondo against BBVA

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

7.3 Responsibilities of the Sociedad Gestora

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

In particular, the Bondholders shall be able to bring a direct action against the *Sociedad Gestora* in the event that it fails to comply with its obligations, which action should be exercised in accordance with the procedures which apply for an ordinary trial (*juicio declarativo ordinario*) corresponding to the amount of the relevant claim.

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

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

The Bondholders and the other creditors of the *Fondo* shall not be able to take any action whatsoever against the *Fondo* or against the *Sociedad Gestora* in the event that Bonds are not fully paid as a consequence of Obligors failing to pay the corresponding Securitised Loan or as a consequence of the counterparts under the agreements entered into by the *Sociedad Gestora* for and on behalf of the *Fondo* failing to comply their obligations under the relevant agreements. The Bondholders and the other creditors of the *Fondo* shall not be able to take any action against the *Sociedad Gestora* other than actions derived from the non-performance of their duties. Such actions must be heard in the ordinary trial (*juicio declarativo ordinario*) corresponding to the amount of the relevant claim.

8. Other considerations

8.1 *Absence of guarantees by BBVA*

BBVA, in its capacity as Originator of the Securitised Loans, which form part of the assets of the *Fondo*, shall not guarantee the success of the operation.

8.2 *Amendments to the Deed of Incorporation*

Any amendment to the Deed of Incorporation shall require the execution of the relevant public deed and shall be notified to the Rating Agencies and the CNMV for publication, as a material fact (*hecho relevante*) or, as the case may be, through the verification and registration of a supplement to this Offering Circular. For such purpose, the purchase of New Loans shall not amount to an amendment to the Deed of Incorporation nor be subject to the execution of a public deed for such amendment. No amendment to the Deed of Incorporation shall prejudice Bondholders.

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

I.1 Persons assuming responsibility for the Offering Circular

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

Mr. Mario Masiá Vicente, with ID nº 50,796,768-A, on behalf of the *Sociedad Gestora* promoting the *Fondo*, assumes, on behalf of the *Sociedad Gestora*, responsibility for the contents of this Offering Circular.

Mr. Mario Masiá Vicente, acts in his capacity as Director of the *Sociedad Gestora* and by virtue of powers conferred upon him by the Delegated Board of the Board of the Directors of the *Sociedad Gestora* on 2 November 2000.

The *Sociedad Gestora*, Europea de Titulización, S.A., Sociedad Gestora de *Fondos* de Titulización, has its registered office at Calle Lagasca nº 120, Madrid, its fiscal ID number being A-80514466.

The *Sociedad Gestora* is authorised to constitute Asset Securitisation Funds (*Fondos de Titulización de Activos*) and, therefore, to administer and represent such Funds in accordance with the Royal Decree by virtue of an authorisation of the Ministry of Economy and Finance dated 4 October 1999, granted in accordance with the Single Transitional Provision of the Royal Decree.

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

Mr. Mario Masiá Vicente, as representative of the *Sociedad Gestora*, represents that the data and information contained in this Offering Circular is true and that no material information has been omitted that may alter the public's perception of the *Sociedad Gestora*, the *Fondo*, the Bonds and the trading on such Bonds.

I.2 Supervisory authorities

This Offering Circular, which has the character of a *folleto completo* (full Offering Circular), has been registered with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*, the “CNMV”) on 28 November 2000.

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

- (a) Notification to the CNMV of the intention to incorporate the *Fondo*.
- (b) Prior registration by the CNMV of the resolutions and documents required to incorporate the *Fondo* and documentation of the assets to be grouped under the *Fondo*, together with the draft public deed of incorporation of the *Fondo*.

Attached as Annex 1(A) to this Offering Circular is a certificate of the resolution passed by the Delegated Board of the Board of Directors of the *Sociedad Gestora* approving the incorporation of the *Fondo* and the issue of nine Series of Bonds and as Annex 1(B) a certificate of the resolution of the Permanent Delegated Board of Banco Bilbao Vizcaya Argentaria, S.A approving the transfer of the Securitised Loans to the *Fondo*.

- (c) Submission of the reports prepared either by the *Sociedad Gestora* or by auditors or other independent experts with sufficient expertise, in the opinion of the CNMV, regarding the claims comprising the assets of the *Fondo*.

Attached to this Offering Circular as Annex 2 is a report of Arthur Andersen y Cía., S. Com. on the Selected Loans. During the Renewal Period, the *Sociedad Gestora* shall provide the CNMV, on a quarterly basis, with the details of the New Loans purchased by the *Fondo* on each preceding Payment Date.

- (d) Submission to the CNMV, of the reports prepared by the agencies which will rate the securities to be issued by the *Fondo*.

Attached to this Offering Circular as Annex 3 are letters from Standard and Poor's España, S.A. ("S&P") and Fitch Ratings España, S.A.U. ("Fitch"), agencies which have undertaken to rate the nine Series of Bonds to be issued by the *Fondo*.

- (e) Verification and registration by the CNMV of an offering circular relating to the incorporation of the *Fondo* and its liabilities.

This Offering Circular relating to the incorporation of the *Fondo* and the issue of nine Series of Bonds was verified and registered with the CNMV on 28 November 2000.

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

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

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

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

Annex 2 to this Offering Circular contains the Auditors Report on a selection of loans of BBVA's portfolio which shows the characteristics that the portfolio comprising the Initial Loans will meet on the Incorporation Date. This report has been produced by Arthur Andersen y Cía. S. Com. This company is registered with the Official Register of Auditors, with number S0692 and has its registered office at C/ Raimundo Fernández Villaverde 65, Madrid.

Such Auditors Report has been produced using sampling methods involving the analysis of a number of loans (sample) lower than the complete selection of loans (population) that allows for a conclusion to be reached in relation to that population. The analysis deals with a series of quantitative and qualitative characteristics of the loans included in the sample and, in particular, with: currency on which they are denominated, type of documentation, identity of the borrower, date of execution, type of loan (personal or mortgage-backed), reference rate, margin or spread, geographical distribution and financing through ICO Line.

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

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

II.1.1 Resolutions and legal requirements relating to the Issue

a) Corporate resolutions

The incorporation of the *Fondo* and the issue of Bonds is made in accordance with the resolution passed by the Delegated Board of the Board of Directors of the *Sociedad Gestora* on 2 November 2000, a certificate of which is attached as Annex 1(A) hereto.

The Permanent Delegated Board of Banco Bilbao Vizcaya Argentaria, S.A. approved, at its meeting of 18 October 2000, the transfer of the Securitised Loans to the *Fondo* under the terms set forth in the certificate attached as Annex 1(B) hereto.

b) Execution of the Deed of Incorporation

Within five Business Days following the verification and registration of this Offering Circular with the CNMV, the *Sociedad Gestora* will execute the Deed of Incorporation. Subsequently, the *Sociedad Gestora* will send a notarised copy of the Deed of Incorporation to the CNMV for filing in its public records.

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

II.1.2 Information on the prior requirements for admission to listing on a secondary organised market

The *Sociedad Gestora* will apply for the Bonds to be admitted to listing on the *Mercado AIAF de Renta Fija*, which is recognised as an official secondary organised securities market by the Sixth Transitional Provision of Law 37/1998.

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

II.2 Prior Administrative Authorisations

The Issue does not require any prior administrative authorisation.

II.3 Evaluation of the risk inherent to the Bonds performed by rating agencies recognised by the CNMV

The *Sociedad Gestora* has requested an evaluation of the credit risk of the Bonds from S&P and Fitch (hereinafter, collectively, the “**Rating Agencies**”) which are rating agencies recognised by the CNMV.

On 27 November, S&P assigned to each Series of Bonds, on a preliminary basis, the rating set out below and expects to assign an identical final rating prior to the closure of the Subscription Period:

Series	Rating
ACA	AAA
ASA	AAA
BCA	AA+
BSA	AA
CCA	AA+
CSA	A
DCA	AA+
DSA	BBB
ESA	BB

On 24 November, Fitch assigned to each Series of Bonds, on a preliminary basis, the rating set out below and expects to assign an identical final rating prior to the closure of the Subscription Period:

Series	Rating
ACA	AAA
ASA	AAA
BCA	AA+
BSA	AA
CCA	AA+
CSA	A
DCA	AA+
DSA	BBB
ESA	BB

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

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

Ratings by S&P

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

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

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

Long-Term Credit Rating

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

Obligations rated “BB”, “B”, “CCC”, “CC”, and “C” are regarded as having significant speculative characteristics. “BB” indicates the least degree of speculation and “C” the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or mayor exposures to adverse conditions.

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

Short-Term Credit Rating

- A-1 A short-term obligation rated “A-1” is rated in the highest category by Standard & Poor’s. The obligor’s capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor’s capacity to meet its financial commitment on these obligations is extremely strong.
- A-3 A short-term obligation rated “A-3” exhibits adequate protection parameters. However adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Ratings by Fitch IBCA:

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

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

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

Long-Term Credit Rating

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

Short-Term Credit Rating

- F1 Maximum credit rating. Indicates the highest capacity to repay the financial obligations on a timely basis. A “+” may be added to indicate an exceptionally high credit capacity.
- F3 Adequate credit rating. Indicates an adequate financial capacity to repay the financial obligations on a timely basis although an adverse change in the short term could result in a reduction towards the speculative grade.

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

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

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

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

This Offering Circular relates to an Issue of nine thousand (9,000) Bonds grouped in five Classes which are divided into nine (9) Series for an aggregate nominal value equal to the Maximum Amount of the Securitised Loans.

II.4.1 *Legal regime applicable to the Bonds, specifying the procedures guaranteeing the certainty and effectiveness of the rights of their first holder as well as those subsequent holders. Implications on the financial servicing of each of the Series produced by the link between the payment schedule regarding the principal and interests of said Bonds and the income and collections flows from the Securitised Loans.*

The Bonds are floating-rate debt securities with an explicit income and are subject to the legal regime established for the same in Law 24/1988, of 28 July, on the Securities Market, as modified by Law 37/1998, of 16 November.

As set out in section II.5.1 below, the Bonds will be represented in book-entry form. Bondholders shall be identified as such as per the records of the Member Entities of the Securities Clearing and Settlement Service (*Servicio de Compensación y Liquidación de Valores, S.A.*) (“**SCLV**”), which shall be appointed as the entity responsible for maintaining the book-entry register for the Bonds. In accordance with article 15 of Royal Decree 116/1992, the person or entity appearing in the entries of the book entry register shall be deemed to be the legal holder of the respective Bonds and, thus, will be entitled to request the *Sociedad Gestora*, which will act for and on behalf of the *Fondo*, to pay all amounts owing under the Bonds.

The Bonds may be freely transferred by any means admitted in Law. The title to each Bond shall be transferred by means of a new book-entry. Registration of the transfer in favour of the transferee in the book-entry register will have the same effect as delivering the Bonds and, from that moment, the transfer shall be effective against third parties. In this regard, any person purchasing the Bonds from its legal holder according to the book-entry register shall not be subject to any claim unless such person had acted in bad faith or with gross negligence.

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

The order of priority of payments (set forth in section V.6.1.2 hereof), shall be binding on the Bondholders in respect of the interest accrued on the Bonds and the repayment of principal.

Financial servicing of the Bonds is based on the cash-flows of the Securitised Loans incorporated to the *Fondo*. The *Fondo* will meet its payment obligations pursuant to such quarterly incomes, being such amounts temporally invested on the Operating Account. The limited global protections of the *Fondo* and their ability to assume the risk that resources of the *Fondo* are not sufficient have been considered by the Rating Agencies in order to assign to each of the Series of Bonds the rating set out on section II.3 herein.

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

a) Risk of default under the Securitised Loans

The Bondholders will bear the risk of the Securitised Loans being unpaid once the protection for each of the them has finalised.

Such protection shall be limited to the amount available under the Subordinated Facility or the balance of the Cash Collateral Account and, if any, the Principal Outstanding Amount of the more subordinated Classes of Bonds.

However, the holders of the Bonds of the Guaranteed Series are protected from such risk of non-payment by virtue of the State Guarantee, as indicated in section II.15.2 of this Offering Circular.

BBVA, as Originator of the Securitised Loans, does not assume any liability for any payment default by the Obligors, whether relating to principal, interest or any other amount owed under the Loans. Likewise, BBVA will not guarantee directly or indirectly the success of the transaction and will not grant any guarantees or enter into any repurchase agreement regarding the Securitised Loans (without prejudice to the provisions in sections IV.2.2.3 (iv) and (vi) hereof).

b) Risk of prepayment under the Securitised Loans

During the Renewal Period, the risk of the prepayment of the Securitised Loans shall, be transferred to the *Fondo*. However, this will not affect the *Fondo*, since during such Period the *Sociedad Gestora*, for and on behalf of the *Fondo*, shall purchase on a quarterly basis on each Purchase Date, New Loans to replace the amount under the Securitised Loans which has been repaid or prepaid by the Obligors during the previous Calculation Period.

Once the Renewal Period has ended, the risk of the prepayment of the Securitised Loans shall be transferred on each Payment Date to the Bondholders as per section II.11 of this Offering Circular.

c) Risk of interest rate and nominal value

In order to mitigate the risk from the difference between interest rates and nominal value of the Securitised Loans and the Bonds, the *Fondo* shall entered into the Swap Agreement (as described on section V.4.3 herein).

d) Risk of limited liquidity

Liquidity of the Bonds shall be limited to the existence of market-makers securing a minimum period and a minimum volume of marketing for the Bonds in the secondary market.

e) Other considerations

Not the outstanding amounts for unpaid interest neither the Allocated Losses as principal shall accrue default interest in favour of the Bondholders.

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

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

The Servicio de Compensación y Liquidación de Valores, S.A. with registered address at calle Orense nº 34, 28020 Madrid, shall be the entity responsible for the book-entry register for the Issue.

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

This Offering Circular relates to an issue of nine thousand (9,000) Bonds divided into nine Series for an aggregate nominal value of nine hundred million (900,000,000) Euros equal to the Maximum Amount of the Securitised Loans, the Bonds of each Series being broken down as follows:

(i) Class A: consisting of 8,019 Bonds and comprising two Series:

Series ACA: consisting of 6,415 Bonds; and

Series ASA: consisting of 1,604 Bonds;

(ii) Class B: consisting of 252 Bonds and comprising two Series:

Series BCA: consisting of 201 Bonds; and

Series BSA: consisting of 51 Bonds;

(iii) Class C: consisting of 288 Bonds and comprising two Series:

Series CCA: consisting of 144 Bonds; and

Series CSA: consisting of 144 Bonds;

(iv) Class D: consisting of 270 Bonds and comprising two Series:

Series DCA: consisting of 40 Bonds; and

Series DSA: consisting of 230 Bonds;

(v) Class E: comprising Series BSA and consisting of 171 Bonds

II.7 Nominal and actual value of each Bond, with an indication, when such exists, of the issue premium expressed in proportion over the nominal and in monetary units by value. Currency in which each of the Series of Bonds are expressed; conversion option

The nominal value of each Bond is one hundred thousand (100,000) Euros. The Bonds are issued at 100% of their nominal value. Therefore, the amount which any subscriber of the Bonds shall have to pay for each Bond shall be equal to the nominal value thereof. The price received by the *Sociedad Gestora* for and on behalf of the *Fondo* shall be the actual amount paid by the subscriber.

All of the Bonds are denominated in Euros.

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

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

II.9 Mention, if appropriate, of the existence of fees to be paid by the holders of the Bonds, represented in book-entry form, by reason of registration thereof and the maintenance of accounts.

The fee for inclusion in the Central Register of the SCLV shall be paid by the *Fondo* and cannot be passed on to the Bondholders.

However, the Member Entities of the SCLV may establish in accordance with applicable law such fees and expenses to be paid by the Bondholders for the administration of securities as they may freely determine and which have been notified to the Bank of Spain and/or the CNMV as supervisory body.

II.10 Interest rate

II.10.1 Nominal Interest Rate

a) Accrual of Interest

Notwithstanding provisions set out on section V.1.3.3.3. hereof related to Allocated Amounts (as defined in the List of Definitions attached as Annex 11 hereto), the principal outstanding of each Bond shall accrue daily interest at the Interest Rate (as defined below) applicable to the relevant Series on the basis of the number of actual days in each Calculation Period (as defined below) divided by three hundred and sixty days.

In order to determine the Interest Rate applicable at any time to each Series of Bonds, the length of the Issue shall be divided into successive periods of time (each one hereinafter referred to as a “**Calculation Period**”), the first of which will commence on, and include, the Settlement Date (as defined in the List of Definitions attached as Annex 11 hereto) and will end on, but exclude, the first Payment Date. The second and successive Calculation Periods will commence on, and include, the Payment Date occurring at the end of the Calculation Period immediately prior thereto and shall end on, but exclude, the next following Payment Date.

“**Payment Date**” shall mean 27 January, 27 April, 27 July and 27 October of each year during the life of the *Fondo* (except 27 January 2001) except that if any of such dates is not a Business Day, the Payment Date will be the first following day that is a Business Day. First Payment Date will be on 27 April 2000.

b) Nominal Interest Rate

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

The Margin applicable to each Series of Bonds shall be the figure set out below for each Series of Bonds:

Series	Minimun Margin
ACA	0.00 %
ASA	0.30 %
BCA	0.00 %
BSA	0.50 %
CCA	0.00 %
CSA	0.70 %
DCA	0.00 %
DSA	1.50 %
ESA	3.50 %

c) Reference Rate: EURIBOR

For the purposes of the Issue, EURIBOR means the rate calculated by BRIDGE System as mandated by FBE (*Federation Bancaire de l'Union Europeene*) for deposits in euros for a period of 3 months (or five (5) months, if the first Calculation Period) which appears on Reuters Page EURIBOR01 and on Telerate Page 248 (or in any other page which may replace such pages in the future) as of 11.00 a.m. (Central European Time) on the day which is two Business Days immediately preceding the commencement of the relevant Calculation Period.

If it were not possible to calculate the EURIBOR in the manner foreseen in the previous paragraph, EURIBOR shall be determined on the basis of the rates at which deposit in euros are offered by the Reference Banks (as defined below) at approximately 11.00 a.m. (Central European Time) on the day that is two Business Days preceding the commencement of the relevant Calculation Period, to prime banks in the Euro-zone interbank market for a period of 3 months (or five (5) months, if the first Calculation Period) commencing on that day.

BBVA as Paying Agent will request the principal Euro-zone office of each Reference Bank to provide a quotation of its rate. If at least 2 quotations are provided, the reference rate for the Calculation Period shall be the arithmetic mean of the rates quoted.

“**Reference Banks**” shall mean four principal banks in the Euro-zone interbank market, selected by BBVA as Paying Agent.

d) Interest rate calculation dates

The Interest Rate applicable to each Series in each Calculation Period shall be calculated by the *Sociedad Gestora* on the day that is two Business Days preceding the Payment Date on which the relevant Calculation Period commences, and shall be notified by *Sociedad Gestora* to the Bondholders by way of a publication in the *Boletín Diario del Mercado de AIAF*, to the Paying Agent, to the CNMV, to the SCLV and to the governing body of the *Mercado AIAF de Renta Fija* no later than the day that is two Business Days following such Payment Date.

The interest rate applicable to each Series for the first Calculation Period shall be calculated in accordance with subsection c) above, on the bases of the 5-month EURIBOR reference interest rate at 11:00 am (Central European Time) of the day which is two Business Days preceding the Settlement Date.

e) Formula for the calculation of interest

For each Calculation Period and for each Series, the calculation of interest payable on the relevant Payment Date shall be made in accordance with the following formula:

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

Whereby:

I = Interest payable on a given Payment Date, rounded up to nearest hundred part of Euro.

P = Principal outstanding on each Series of Bonds on the second Business Day immediately prior to such Payment Date.

R = Nominal Interest Rate expressed as an annual percentage.

d = Actual number of days in the relevant Calculation Period.

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

For information purposes only, set out below is the information of EURIBOR 3-month rates, supplied by Reuter's EURIBOR01 electronic page, on the dates indicated, as well as the nominal interest rates which would be applied to each Series of Bonds:

Payment Date (theoretical)	Fixing Date of rate	EURIBOR 3 months	ACA Bond Series	ASA Bond Series	BCA Bond Series	BSA Bond Series	CCA Bond Series	CSA Bond Series	DCA Bond Series	DSA Bond Series	ESA Bond Series
27/01/1999	25/01/1999	3.069%	3.069%	3.369%	3.069%	3.569%	3.069%	3.769%	3.069%	4.569%	6.569%
01/03/1999	26/02/1999	3.098%	3.098%	3.398%	3.098%	3.598%	3.098%	3.798%	3.098%	4.598%	6.598%
29/03/1999	26/03/1999	2.991%	2.991%	3.291%	2.991%	3.491%	2.991%	3.691%	2.991%	4.491%	6.491%
27/04/1999	23/04/1999	2.594%	2.594%	2.894%	2.594%	3.094%	2.594%	3.294%	2.594%	4.094%	6.094%
27/05/1999	25/05/1999	2.579%	2.579%	2.879%	2.579%	3.079%	2.579%	3.279%	2.579%	4.079%	6.079%
28/06/1999	25/06/1999	2.660%	2.660%	2.960%	2.660%	3.160%	2.660%	3.360%	2.660%	4.160%	6.160%
27/07/1999	23/07/1999	2.685%	2.685%	2.985%	2.685%	3.185%	2.685%	3.385%	2.685%	4.185%	6.185%
27/08/1999	25/08/1999	2.686%	2.686%	2.986%	2.686%	3.186%	2.686%	3.386%	2.686%	4.186%	6.186%
27/09/1999	24/09/1999	2.690%	2.690%	2.990%	2.690%	3.190%	2.690%	3.390%	2.690%	4.190%	6.190%
27/10/1999	25/10/1999	3.451%	3.451%	3.751%	3.451%	3.951%	3.451%	4.151%	3.451%	4.951%	6.951%
29/11/1999	26/11/1999	3.446%	3.446%	3.746%	3.446%	3.946%	3.446%	4.146%	3.446%	4.946%	6.946%
27/12/1999	24/12/1999	3.449%	3.449%	3.749%	3.449%	3.949%	3.449%	4.149%	3.449%	4.949%	6.949%
27/01/2000	25/01/2000	3.322%	3.322%	3.622%	3.322%	3.822%	3.322%	4.022%	3.322%	4.822%	6.822%
28/02/2000	25/02/2000	3.598%	3.598%	3.898%	3.598%	4.098%	3.598%	4.298%	3.598%	5.098%	7.098%
27/03/2000	24/03/2000	3.772%	3.772%	4.072%	3.772%	4.272%	3.772%	4.472%	3.772%	5.272%	7.272%
27/04/2000	25/04/2000	3.998%	3.998%	4.298%	3.998%	4.498%	3.998%	4.698%	3.998%	5.498%	7.498%
29/05/2000	26/05/2000	4.401%	4.401%	4.701%	4.401%	4.901%	4.401%	5.101%	4.401%	5.901%	7.901%
27/06/2000	23/06/2000	4.529%	4.529%	4.829%	4.529%	5.029%	4.529%	5.229%	4.529%	6.029%	8.029%
27/07/2000	25/07/2000	4.626%	4.626%	4.926%	4.626%	5.126%	4.626%	5.326%	4.626%	6.126%	8.126%
28/08/2000	25/08/2000	4.870%	4.870%	5.170%	4.870%	5.370%	4.870%	5.570%	4.870%	6.370%	8.370%
27/09/2000	25/09/2000	4.827%	4.827%	5.127%	4.827%	5.327%	4.827%	5.527%	4.827%	6.327%	8.327%
27/10/2000	25/10/2000	5.103%	5.103%	5.403%	5.103%	5.603%	5.103%	5.803%	5.103%	6.603%	8.603%

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

Payment of interest accrued on the Bonds of each Series shall rank as follows within the ordinary order of priority of payments set out in section V.6.1.2.2 hereof:

- (i) Class A Bonds (Series ACA and ASA): Fifth (5th) place in the order of priority of payments to be made from the Interest Distribution Amount (as defined in the List of Definitions attached as Annex 11);

- (ii) Class B Bonds (Series BCA and BSA): Sixth (6th) place in the order of priority of payments to be made from the Interest Distribution Amount;
- (iii) Class C Bonds (Series CCA and CSA): Seventh (7th) place in the order of priority of payments to be made from the Interest Distribution Amount;
- (iv) Class D Bonds (Series DCA and DSA): Eighth (8th) place in the order of priority of payments to be made from the Interest Distribution Amount;
- (v) Class E Bonds (Series ESA): Ninth (9th) place in the order of priority of payments to be made from the Interest Distribution Amount.

All of the above without prejudice to the provisions in relation to the State Guarantee for the Guaranteed Series in sections II.15.2 and V.1.3.3.3 hereof and the provisions in relation to the interests on the Allocated Amounts in section V.6.1.2.1 hereof.

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

Without prejudice to the provisions in sections II.15.2 and V.1.3.3.3 hereof in relation to the Allocated Losses and the State Guarantee in favour of the Guaranteed Series, interest accrued on each Bond shall be paid on each Payment Date from the Interest Distribution Amount in accordance with the following rules: (a) the interest accrued on each Class of Bonds shall be paid sequentially, so that the payment of interests of Bonds of each Class shall not be made without the interests accrued on the Bonds of the preceding Senior Class having been paid; (b) interest accrued on the Bonds of each Series of the same Class shall be paid, in the order of payments set out hereof, pro rata to the aggregate amount of interest accrued on the Bonds of each of such Series, and (c) interest accrued on the Bonds of the same Series shall be paid pro rata amongst them.

Without prejudice to the provisions in sections II.15.2 and V.1.3.3.3 hereof in relation to the Allocated Losses and the State Guarantee in favour of the Guaranteed Series, in the event that the Interest Distribution Amount on any Payment Date is not sufficient to pay interest accrued on the Bonds of one or more Series in accordance with the order of priority of payments set out in section V.6.1.2.2. of this Offering Circular, payment of such interest shall be deferred in whole or in part, as the case may be. Deferred interest shall be paid on the first Payment Date on which Interest Distribution Amounts are sufficient therefor. Deferred interest shall not accrue interest whatsoever.

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

II.11 Amortisation of the Bonds

II.11.1 Amortisation Price

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

II.11.2 Place in the order of payments of the Fondo held by principal payments for the Bonds and precise indication of the section and pages of this Offering Circular that describe the rules regarding the order of priority of payments and, in particular, those that affect principal payments

Payment of principal outstanding on the Bonds of each Class shall rank as follows within the ordinary order of priority of payments set out in section V.6.1.2.3 hereof and shall be made in accordance with section II.11.3 below:

- (i) Class A Bonds (Series ACA and ASA): Fourth (4th) place in the order of priority of payments to be made from the Principal Distribution Amount (as defined in the List of Definitions attached as Annex 11 hereto);
- (ii) Class B Bonds (Series BSA): Sixth (6th) place in the order of priority of payments to be made from the Principal Distribution Amount;

- (iii) Class C Bonds (Series CCA and CSA): Eighth (8th) place in the order of priority of payments to be made from the Principal Distribution Amount;
- (iv) Class D Bonds (Series DCA and DSA): Tenth (10th) place in the order of priority of payments to be made from the Principal Distribution Amount;
- (v) Class E Bonds (Series ESA): Twelfth (12th) place in the order of priority of payments to be made from the Principal Distribution Amount.

Payment (or reimbursement to the State, as the case may be) of Allocated Losses (as defined in Annex 11 of this Offering Circular) written off on each Class shall rank as follows within the order of ordinary payments set forth in Section V.6.1.2.3 of this Offering Circular and shall be made in accordance with the manner set out in Section II.11.3 below:

- (i) Class A Bonds (Series ACA and ASA): Third (3rd) place in order of priority of payments to be made from the Principal Distribution Amount;
- (ii) Class B Bonds (Series BCA and BSA): Fifth (5th) place in order of priority of payments to be made from the Principal Distribution Amount;
- (iii) Class C Bonds (Series CCA and CSA): Seventh (7th) place in order of priority of payments to be made from the Principal Distribution Amount;
- (iv) Class D Bonds (Series DCA and DSA): Ninth (9th) place in order of priority of payments to be made from the Principal Distribution Amount; and
- (v) Class E Bonds (Series ESA): Eleventh (11th) place in order of priority of payments to be made from the Principal Distribution Amount.

All of the above without prejudice to the provisions in sections II.15.2 and V.1.3.3.3 on the State Guarantee in favour of the Guaranteed Series.

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

II.11.3.1 Ordinary Amortisation

The amortisation of Bonds shall commence once the Renewal Period has ended.

Without prejudice to the provisions in sections II.15.2 and V.1.3.3.3 hereof, on the Located Amounts and the State Guarantee in favour of the Guaranteed Series, the Bonds shall be partially repaid on each Payment Date not included in the Renewal Period from the Principal Distribution Amount up to the amount of Available Principal for Amortisation (as both terms are defined on Annex 11 herein) and in accordance with the following rules: (a) each Class of Bond shall be amortised on a sequential basis, so that the amortisation of a junior class of Bonds shall not commence before the preceding Senior Class of Bonds have been fully amortised; and (b) all the Bonds of a same Class shall be amortised on a pro rata basis amongst them.

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

II.11.3.2. Early Amortisation

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

II.12 Financial servicing

Financial servicing shall be made through BBVA as Paying Agent for the Issue with the residency for these purposes at Vía de los Poblados s/n (28033) Madrid.

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

In particular, the Paying Agent shall:

- (i) pay to the *Fondo* prior to fourteen (2.00 p.m.) hours (Madrid time) on the Settlement Date the amounts received from the Underwriters (as defined in the List of Definitions attached as Annex 11 hereto) in accordance with the provisions of the Underwriting Agreement, by transferring such amounts into the Operating Account;
- (ii) deliver to the *Sociedad Gestora* the information, duly completed by each of the Underwriters, relating to the dissemination on placing of the Issue of the Bonds using the model established therefore by the CNMV and specifying the same for each of their Series;
- (iii) on each of the Payment Dates make, if provided with necessary funds to the effect by the *Sociedad Gestora* (for and on behalf of the *Fondo*), payment of interest, and if applicable, amortisation of Bonds;
- (iv) notify to the *Sociedad Gestora* prior to twelve hours (12:00 p.m.) (Central European Time) of the day that is two Business Days preceding the commencement of each Calculation Period, the EURIBOR reference rate to be used for calculating the Interest Rate applicable to each Class of Bonds during such Period, pursuant to the provisions of section II.10.1 above.

In consideration for the services to be provided by the Paying Agent pursuant to the Paying Agency Agreement, the *Sociedad Gestora*, for and on behalf of the *Fondo*, shall pay on each Payment Date a periodic fee of eleven thousand two hundred and sixty-nine (11, 269) Euros (hereinafter, the “**Paying Agency Fee**”).

II.12.1 Financial Servicing Chart

The main feature of the Bonds is that the Renewal Period is equivalent to its scarcity period and that its amortisation rhythm is on the basis of the repayment schedule of each securitised Loan and of the possible prepayments of the Securitised Loans (as well as on the speed of such prepayments).

In this regard, prepayments of the Securitised Loans, considered in this Offering Circular by using different hypothetical annual constant prepayment ratios (“TACP”) will have a direct impact on the amortisation rhythm of the Bonds and, therefore, on the average life and maturity thereof.

There also other factors which have an impact on the average life and maturity of the Bonds. Such factors (together with the figures assumed therefor in order to produce all the following tables and charts) are as follows:

- (a) that EURIBOR equals 5 % and remains the same on each calculation Period;
- (b) that the TACP remains the same for all the life span of the Bonds;
- (c) that the Settlement Date is 5 December 2000;
- (d) that the Renewal period ends on 27 July 2003;
- (e) that New Loans are purchased on each Purchase Date for an amount equal to that paid or prepaid by the Obligor in the preceding Calculation Period;
- (f) that no Obligor defaults under the Securitised Loans;
- (g) that the amortisation profile of the Securitised Loans once the Renewal Period ends is equal to the amortisation profile of the Initial Loans; and
- (h) that BBVA exercises the Repurchase Right on the first Payment Date on which the aggregate Principal Amount Outstanding is equal or less than twenty percent (20 %) of the Maximum Amount

On said assumptions, the following table shows the average life (in years) and the final maturity of each series of Bonds in relation to two different TACP. If the TACP is zero (this means that there is not any early amortisation), the expected average life of the Classes B, C, D and E will be 6.9 years.

	TACP = 0%		TACP = 10%	
Serie	Average Life	Maturity	Average Life	Maturity
Series ACA/ASA	4.71	27/10/2007	4.30	27/01/2007
Serie BSA	6.90	27/10/2007	6.15	27/01/2007
Series CCA/CSA	6.90	27/10/2007	6.15	27/01/2007
Series DCA/DSA	6.90	27/10/2007	6.15	27/01/2007
Serie ESA	6.90	27/10/2007	6.15	27/01/2007

(all figures are expressed in Euros)

The following tables shows, on the assumptions referred to above, the cash flows for each Series of Bonds, for a TACP equal to 0% and a TACP equal to 10%:

(1) TACP = 0%

SERIES ACA AND ASA BONDS

Payment Date	Amortisation of principal per Bond	Payment of Interest Series ACA	Payment of Interest Series ASA	Principal outstanding per Bond
05/12/00				100,000.00
27/04/01	0.00	1,986.11	2,105.28	100,000.00
27/07/01	0.00	1,263.89	1,339.72	100,000.00
27/10/01	0.00	1,277.78	1,354.44	100,000.00
27/01/02	0.00	1,277.78	1,354.44	100,000.00
27/04/02	0.00	1,250.00	1,325.00	100,000.00
27/07/02	0.00	1,263.89	1,339.72	100,000.00
27/10/02	0.00	1,277.78	1,354.44	100,000.00
27/01/03	0.00	1,277.78	1,354.44	100,000.00
27/04/03	0.00	1,250.00	1,325.00	100,000.00
27/07/03	0.00	1,263.89	1,339.72	100,000.00
27/10/03	7,705.50	1,277.78	1,354.44	92,294.50
27/01/04	7,537.73	1,179.32	1,250.08	84,756.77
27/04/04	6,371.60	1,071.23	1,135.51	78,385.17
27/07/04	7,468.55	990.70	1,050.14	70,916.62

Payment Date	Amortisation of principal per Bond	Payment of Interest Series ACA	Payment of Interest Series ASA	Principal outstanding per Bond
27/10/04	6,664.46	906.16	960.53	64,252.16
27/01/05	6,991.38	821.00	870.26	57,260.78
27/04/05	6,017.18	715.76	758.71	51,243.60
27/07/05	5,866.67	647.66	686.52	45,376.93
27/10/05	5,997.23	579.82	614.61	39,379.70
27/01/06	5,298.28	503.19	533.38	34,081.42
27/04/06	4,991.93	426.02	451.58	29,089.49
27/07/06	4,660.89	367.66	389.72	24,428.60
27/10/06	4,590.73	312.14	330.87	19,837.87
27/01/07	4,202.41	253.48	268.69	15,635.46
27/04/07	3,977.92	195.44	207.17	11,657.54
27/07/07	3,284.52	147.34	156.18	8,373.02
27/10/07	8,373.02	106.99	113.41	0.00
TOTAL	100,000.00	23,890.61	25,324.04	

SERIES BCA AND BSA BONDS

Payment Date	Amortisation of principal per Bond	Payment of Interest Series BCA	Payment of Interest Series BSA	Principal outstanding per Bond
05/12/00				100,000.00
27/04/01	0.00	1,986.11	2,184.72	100,000.00
27/07/01	0.00	1,263.89	1,390.28	100,000.00
27/10/01	0.00	1,277.78	1,405.56	100,000.00
27/01/02	0.00	1,277.78	1,405.56	100,000.00
27/04/02	0.00	1,250.00	1,375.00	100,000.00
27/07/02	0.00	1,263.89	1,390.28	100,000.00
27/10/02	0.00	1,277.78	1,405.56	100,000.00
27/01/03	0.00	1,277.78	1,405.56	100,000.00
27/04/03	0.00	1,250.00	1,375.00	100,000.00
27/07/03	0.00	1,263.89	1,390.28	100,000.00
27/10/03	0.00	1,277.78	1,405.56	100,000.00
27/01/04	0.00	1,277.78	1,405.56	100,000.00
27/04/04	0.00	1,263.89	1,390.28	100,000.00
27/07/04	0.00	1,263.89	1,390.28	100,000.00
27/10/04	0.00	1,277.78	1,405.56	100,000.00
27/01/05	0.00	1,277.78	1,405.56	100,000.00
27/04/05	0.00	1,250.00	1,375.00	100,000.00
27/07/05	0.00	1,263.89	1,390.28	100,000.00
27/10/05	0.00	1,277.78	1,405.56	100,000.00
27/01/06	0.00	1,277.78	1,405.56	100,000.00
27/04/06	0.00	1,250.00	1,375.00	100,000.00
27/07/06	0.00	1,263.89	1,390.28	100,000.00

Payment Date	Amortisation of principal per Bond	Payment of Interest Series BCA	Payment of Interest Series BSA	Principal outstanding per Bond
27/10/06	0.00	1,277.78	1,405.56	100,000.00
27/01/07	0.00	1,277.78	1,405.56	100,000.00
27/04/07	0.00	1,250.00	1,375.00	100,000.00
27/07/07	0.00	1,263.89	1,390.28	100,000.00
27/10/07	100,000.00	1,277.78	1,405.56	0.00
TOTAL	100,000.00	34,958.33	38,454.17	

SERIES CCA AND CSA BONDS

Payment Date	Amortisation of principal per Bond	Payment of Interest Series CCA	Payment of Interest Series CSA	Principal outstanding per Bond
05/12/00				100,000.00
27/04/01	0.00	1,986.11	2,264.17	100,000.00
27/07/01	0.00	1,263.89	1,440.83	100,000.00
27/10/01	0.00	1,277.78	1,456.67	100,000.00
27/01/02	0.00	1,277.78	1,456.67	100,000.00
27/04/02	0.00	1,250.00	1,425.00	100,000.00
27/07/02	0.00	1,263.89	1,440.83	100,000.00
27/10/02	0.00	1,277.78	1,456.67	100,000.00
27/01/03	0.00	1,277.78	1,456.67	100,000.00
27/04/03	0.00	1,250.00	1,425.00	100,000.00
27/07/03	0.00	1,263.89	1,440.83	100,000.00
27/10/03	0.00	1,277.78	1,456.67	100,000.00
27/01/04	0.00	1,277.78	1,456.67	100,000.00
27/04/04	0.00	1,263.89	1,440.83	100,000.00
27/07/04	0.00	1,263.89	1,440.83	100,000.00
27/10/04	0.00	1,277.78	1,456.67	100,000.00
27/01/05	0.00	1,277.78	1,456.67	100,000.00
27/04/05	0.00	1,250.00	1,425.00	100,000.00
27/07/05	0.00	1,263.89	1,440.83	100,000.00
27/10/05	0.00	1,277.78	1,456.67	100,000.00
27/01/06	0.00	1,277.78	1,456.67	100,000.00
27/04/06	0.00	1,250.00	1,425.00	100,000.00
27/07/06	0.00	1,263.89	1,440.83	100,000.00
27/10/06	0.00	1,277.78	1,456.67	100,000.00
27/01/07	0.00	1,277.78	1,456.67	100,000.00
27/04/07	0.00	1,250.00	1,425.00	100,000.00
27/07/07	0.00	1,263.89	1,440.83	100,000.00
27/10/07	100,000.00	1,277.78	1,456.67	0.00
TOTAL	100,000.00	34,958.33	39,852.50	

SERIES DCA AND DSA BONDS

Payment Date	Amortisation of principal per Bond	Payment of Interest Series DCA	Payment of Interest Series DSA	Principal outstanding per Bond
05/12/00				100,000.00
27/04/01	0.00	1,986.11	2,581.94	100,000.00
27/07/01	0.00	1,263.89	1,643.06	100,000.00
27/10/01	0.00	1,277.78	1,661.11	100,000.00
27/01/02	0.00	1,277.78	1,661.11	100,000.00
27/04/02	0.00	1,250.00	1,625.00	100,000.00
27/07/02	0.00	1,263.89	1,643.06	100,000.00
27/10/02	0.00	1,277.78	1,661.11	100,000.00
27/01/03	0.00	1,277.78	1,661.11	100,000.00
27/04/03	0.00	1,250.00	1,625.00	100,000.00
27/07/03	0.00	1,263.89	1,643.06	100,000.00
27/10/03	0.00	1,277.78	1,661.11	100,000.00
27/01/04	0.00	1,277.78	1,661.11	100,000.00
27/04/04	0.00	1,263.89	1,643.06	100,000.00
27/07/04	0.00	1,263.89	1,643.06	100,000.00
27/10/04	0.00	1,277.78	1,661.11	100,000.00
27/01/05	0.00	1,277.78	1,661.11	100,000.00
27/04/05	0.00	1,250.00	1,625.00	100,000.00
27/07/05	0.00	1,263.89	1,643.06	100,000.00
27/10/05	0.00	1,277.78	1,661.11	100,000.00
27/01/06	0.00	1,277.78	1,661.11	100,000.00
27/04/06	0.00	1,250.00	1,625.00	100,000.00
27/07/06	0.00	1,263.89	1,643.06	100,000.00
27/10/06	0.00	1,277.78	1,661.11	100,000.00
27/01/07	0.00	1,277.78	1,661.11	100,000.00
27/04/07	0.00	1,250.00	1,625.00	100,000.00
27/07/07	0.00	1,263.89	1,643.06	100,000.00
27/10/07	100,000.00	1,277.78	1,661.11	0.00
TOTAL	100,000.00	34,958.33	45,445.83	

SERIES ESA BONDS

Payment Date	Amortisation of principal per Bond	Payment of Interest Series ESA	Principal Outstanding per Bond
05/12/00			100,000.00
27/04/01	0.00	3,376.39	100,000.00
27/07/01	0.00	2,148.61	100,000.00
27/10/01	0.00	2,172.22	100,000.00
27/01/02	0.00	2,172.22	100,000.00
27/04/02	0.00	2,125.00	100,000.00

Payment Date	Amortisation of principal per Bond	Payment of Interest Series ESA	Principal Outstanding per Bond
27/07/02	0.00	2,148.61	100,000.00
27/10/02	0.00	2,172.22	100,000.00
27/01/03	0.00	2,172.22	100,000.00
27/04/03	0.00	2,125.00	100,000.00
27/07/03	0.00	2,148.61	100,000.00
27/10/03	0.00	2,172.22	100,000.00
27/01/04	0.00	2,172.22	100,000.00
27/04/04	0.00	2,148.61	100,000.00
27/07/04	0.00	2,148.61	100,000.00
27/10/04	0.00	2,172.22	100,000.00
27/01/05	0.00	2,172.22	100,000.00
27/04/05	0.00	2,125.00	100,000.00
27/07/05	0.00	2,148.61	100,000.00
27/10/05	0.00	2,172.22	100,000.00
27/01/06	0.00	2,172.22	100,000.00
27/04/06	0.00	2,125.00	100,000.00
27/07/06	0.00	2,148.61	100,000.00
27/10/06	0.00	2,172.22	100,000.00
27/01/07	0.00	2,172.22	100,000.00
27/04/07	0.00	2,125.00	100,000.00
27/07/07	0.00	2,148.61	100,000.00
27/10/07	100,000.00	2,172.22	0.00
TOTAL	100,000.00	59,429.17	

(2) TACP = 10 %

SERIES ACA AND ASA BONDS

Payment Date	Amortisation of principal per Bond	Payment of Interest Series ACA	Payment of Interest Series ASA	Principal outstanding per Bond
05/12/00				100,000.00
27/04/01	0.00	1,986.11	2,105.28	100,000.00
27/07/01	0.00	1,263.89	1,339.72	100,000.00
27/10/01	0.00	1,277.78	1,354.44	100,000.00
27/01/02	0.00	1,277.78	1,354.44	100,000.00
27/04/02	0.00	1,250.00	1,325.00	100,000.00
27/07/02	0.00	1,263.89	1,339.72	100,000.00
27/10/02	0.00	1,277.78	1,354.44	100,000.00
27/01/03	0.00	1,277.78	1,354.44	100,000.00
27/04/03	0.00	1,250.00	1,325.00	100,000.00

Payment Date	Amortisation of principal per Bond	Payment of Interest Series ACA	Payment of Interest Series ASA	Principal outstanding per Bond
27/07/03	0.00	1,263.89	1,339.72	100,000.00
27/10/03	10,377.41	1,277.78	1,354.44	89,622.59
27/01/04	9,980.33	1,145.18	1,213.89	79,642.26
27/04/04	8,449.54	1,006.59	1,066.99	71,192.72
27/07/04	9,094.77	899.80	953.78	62,097.95
27/10/04	7,975.22	793.47	841.08	54,122.73
27/01/05	7,910.51	691.57	733.06	46,212.22
27/04/05	6,731.02	577.65	612.31	39,481.20
27/07/05	6,309.05	499.00	528.94	33,172.15
27/10/05	6,133.69	423.87	449.30	27,038.46
27/01/06	5,308.14	345.49	366.22	21,730.32
27/04/06	4,835.13	271.63	287.93	16,895.19
27/07/06	4,370.05	213.54	226.35	12,525.14
27/10/06	4,121.23	160.04	169.65	8,403.91
27/01/07	8,403.91	107.38	113.83	0.00
TOTAL	100,000.00	21,801.90	23,110.02	

SERIES BCA AND BSA BONDS

Payment Date	Amortisation of principal per Bond	Payment of Interest Series BCA	Payment of Interest Series BSA	Principal outstanding per Bond
05/12/00				100,000.00
27/04/01	0.00	1,986.11	2,184.72	100,000.00
27/07/01	0.00	1,263.89	1,390.28	100,000.00
27/10/01	0.00	1,277.78	1,405.56	100,000.00
27/01/02	0.00	1,277.78	1,405.56	100,000.00
27/04/02	0.00	1,250.00	1,375.00	100,000.00
27/07/02	0.00	1,263.89	1,390.28	100,000.00
27/10/02	0.00	1,277.78	1,405.56	100,000.00
27/01/03	0.00	1,277.78	1,405.56	100,000.00
27/04/03	0.00	1,250.00	1,375.00	100,000.00
27/07/03	0.00	1,263.89	1,390.28	100,000.00
27/10/03	0.00	1,277.78	1,405.56	100,000.00
27/01/04	0.00	1,277.78	1,405.56	100,000.00
27/04/04	0.00	1,263.89	1,390.28	100,000.00
27/07/04	0.00	1,263.89	1,390.28	100,000.00
27/10/04	0.00	1,277.78	1,405.56	100,000.00
27/01/05	0.00	1,277.78	1,405.56	100,000.00
27/04/05	0.00	1,250.00	1,375.00	100,000.00
27/07/05	0.00	1,263.89	1,390.28	100,000.00
27/10/05	0.00	1,277.78	1,405.56	100,000.00

Payment Date	Amortisation of principal per Bond	Payment of Interest Series BCA	Payment of Interest Series BSA	Principal outstanding per Bond
27/01/06	0.00	1,277.78	1,405.56	100,000.00
27/04/06	0.00	1,250.00	1,375.00	100,000.00
27/07/06	0.00	1,263.89	1,390.28	100,000.00
27/10/06	0.00	1,277.78	1,405.56	100,000.00
27/01/07	100,000.00	1,277.78	1,405.56	0.00
TOTAL	100,000.00	31,166.67	34,283.33	

SERIES CCA AND CSA BONDS

Payment Date	Amortisation of principal per Bond	Payment of Interest Series CCA	Payment of Interest Series CSA	Principal outstanding per Bond
05/12/00				100,000.00
27/04/01	0.00	1,986.11	2,264.17	100,000.00
27/07/01	0.00	1,263.89	1,440.83	100,000.00
27/10/01	0.00	1,277.78	1,456.67	100,000.00
27/01/02	0.00	1,277.78	1,456.67	100,000.00
27/04/02	0.00	1,250.00	1,425.00	100,000.00
27/07/02	0.00	1,263.89	1,440.83	100,000.00
27/10/02	0.00	1,277.78	1,456.67	100,000.00
27/01/03	0.00	1,277.78	1,456.67	100,000.00
27/04/03	0.00	1,250.00	1,425.00	100,000.00
27/07/03	0.00	1,263.89	1,440.83	100,000.00
27/10/03	0.00	1,277.78	1,456.67	100,000.00
27/01/04	0.00	1,277.78	1,456.67	100,000.00
27/04/04	0.00	1,263.89	1,440.83	100,000.00
27/07/04	0.00	1,263.89	1,440.83	100,000.00
27/10/04	0.00	1,277.78	1,456.67	100,000.00
27/01/05	0.00	1,277.78	1,456.67	100,000.00
27/04/05	0.00	1,250.00	1,425.00	100,000.00
27/07/05	0.00	1,263.89	1,440.83	100,000.00
27/10/05	0.00	1,277.78	1,456.67	100,000.00
27/01/06	0.00	1,277.78	1,456.67	100,000.00
27/04/06	0.00	1,250.00	1,425.00	100,000.00
27/07/06	0.00	1,263.89	1,440.83	100,000.00
27/10/06	0.00	1,277.78	1,456.67	100,000.00
27/01/07	100,000.00	1,277.78	1,456.67	0.00
TOTAL	100,000.00	31,166.67	35,530.00	

SERIES DCA AND DSA BONDS

Payment Date	Amortisation of principal per Bond	Payment of Interest Series DCA	Payment of Interest Series DSA	Principal outstanding per Bond
05/12/00				100,000.00
27/04/01	0.00	1,986.11	2,581.94	100,000.00
27/07/01	0.00	1,263.89	1,643.06	100,000.00
27/10/01	0.00	1,277.78	1,661.11	100,000.00
27/01/02	0.00	1,277.78	1,661.11	100,000.00
27/04/02	0.00	1,250.00	1,625.00	100,000.00
27/07/02	0.00	1,263.89	1,643.06	100,000.00
27/10/02	0.00	1,277.78	1,661.11	100,000.00
27/01/03	0.00	1,277.78	1,661.11	100,000.00
27/04/03	0.00	1,250.00	1,625.00	100,000.00
27/07/03	0.00	1,263.89	1,643.06	100,000.00
27/10/03	0.00	1,277.78	1,661.11	100,000.00
27/01/04	0.00	1,277.78	1,661.11	100,000.00
27/04/04	0.00	1,263.89	1,643.06	100,000.00
27/07/04	0.00	1,263.89	1,643.06	100,000.00
27/10/04	0.00	1,277.78	1,661.11	100,000.00
27/01/05	0.00	1,277.78	1,661.11	100,000.00
27/04/05	0.00	1,250.00	1,625.00	100,000.00
27/07/05	0.00	1,263.89	1,643.06	100,000.00
27/10/05	0.00	1,277.78	1,661.11	100,000.00
27/01/06	0.00	1,277.78	1,661.11	100,000.00
27/04/06	0.00	1,250.00	1,625.00	100,000.00
27/07/06	0.00	1,263.89	1,643.06	100,000.00
27/10/06	0.00	1,277.78	1,661.11	100,000.00
27/01/07	100,000.00	1,277.78	1,661.11	0.00
TOTAL	100,000.00	31,166.67	40,516.67	

SERIES ESA BONDS

Payment Date	Amortisation of principal per Bond	Payment of Interest Series ESA	Principal Outstanding per Bond
05/12/00			100,000.00
27/04/01	0.00	3,376.39	100,000.00
27/07/01	0.00	2,148.61	100,000.00
27/10/01	0.00	2,172.22	100,000.00
27/01/02	0.00	2,172.22	100,000.00
27/04/02	0.00	2,125.00	100,000.00
27/07/02	0.00	2,148.61	100,000.00
27/10/02	0.00	2,172.22	100,000.00
27/01/03	0.00	2,172.22	100,000.00

Payment Date	Amortisation of principal per Bond	Payment of Interest Series ESA	Principal Outstanding per Bond
27/04/03	0.00	2,125.00	100,000.00
27/07/03	0.00	2,148.61	100,000.00
27/10/03	0.00	2,172.22	100,000.00
27/01/04	0.00	2,172.22	100,000.00
27/04/04	0.00	2,148.61	100,000.00
27/07/04	0.00	2,148.61	100,000.00
27/10/04	0.00	2,172.22	100,000.00
27/01/05	0.00	2,172.22	100,000.00
27/04/05	0.00	2,125.00	100,000.00
27/07/05	0.00	2,148.61	100,000.00
27/10/05	0.00	2,172.22	100,000.00
27/01/06	0.00	2,172.22	100,000.00
27/04/06	0.00	2,125.00	100,000.00
27/07/06	0.00	2,148.61	100,000.00
27/10/06	0.00	2,172.22	100,000.00
27/01/07	100,000.00	2,172.22	0.00
TOTAL	100,000.00	52,983.33	

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

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

$$100.000 = \sum_{i=1}^N a_i \cdot (1+I)^{\frac{-n_i}{365}}$$

Where:

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

a_i = Total amortisation amount and interest received by the investors

n_i = Number of days between the Settlement Date and each Payment Date

On the assumptions referred in section II.12.1 hereof and also on the assumption that the TACP equals zero then the Bondholders' IRR would be 5.165 % for Series ACA, 5.481 % for Series ASA, 5.165 % for Series BCA, 5.693 % for Series BSA, 5.176 % for Series CCA, 5.904 % for Series CSA, 5.176 % for Series DCA, 6.753 % for Series DSA and 8.896 % for Series ESA.

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

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

On the assumptions referred to in section II.12.1 hereof and also on the assumption that the TACP equals zero, then the actual return rate for the *Fondo* will be 5.46% (calculated once expenses of the *Fondo* have been deducted).

Set out below are the fees and expenses which the *Fondo* will incur throughout its creation until and including the Payment Date (hereinafter “**Set-up Expenses**”):

- Duties payable to the CNMV for the registration and verification of the Offering Circular and for the supervision of the admission to Listing of the Issue of Bonds plus duties payable to Mercado AIAF de Renta Fija for the admission to listing of the Issue, plus duties payable to SCLV, plus notarial expenses:	148,173.33 Euros
- Rating Agencies for Rating the Issue and Legal and tax advisers and auditors:	557,678.90 Euros
- Publicity expenses (required by the applicable rules and others which are commercial):	15,365.77 Euros
- Underwriting Fee:	900,000 Euros
- Incorporation Fee:	36,060 Euros
	Total 1,657,278 Euros

II.15 Guarantees for the Issue

II.15.1 BBVA in no event guarantees this Issue, pursuant to the provisions of article 2.2b) 2º of the Royal Decree.

II.15.2 State Guarantee

Pursuant to Ministerial Order dated 29 November 2000, the Ministry of Finance and Economy has granted a state guarantee (*aval*) (the “**State Guarantee**”) in favour of the *Fondo*, under the following terms and conditions:

- The Kingdom of Spain State irrevocably and unconditionally guarantees, waiving all rights under Article 1830 of the Commercial Code, the payment of the obligations of the *Fondo* under the Bonds of the Series ACA, BCA, CCA and DCA (hereinafter, the “**Guaranteed Series**”).

The State Guarantee covers both the principal and interest corresponding to the Bonds pertaining to the Guaranteed Series.
- The State Guarantee shall remain in full force and effect until full and final repayment is made in respect of all of the payment obligations under the Bonds of the Guaranteed Series. In any event, the State Guarantee shall expire on 28 January 2019, except that if such date is not a Business Day, the first following date that is a Business Day.
- The effectiveness of the State Guarantee will be subject to (i) the verification and registration of this Offering Circular at the CNMV, (ii) the execution of the Incorporation Deed of the *Fondo* and (iii) the delivery to the General Directorate of Treasury and Financial Policy of a copy of the letters issued by the Rating Agencies assigning a credit rating to the Bonds, a certificate issued by BBVA representing that the Securitised Loans meet the terms and conditions set forth in the master agreement attached to the Order dated 28 May 1999 as annex and a copy of this Offering Circular.
- The State Guarantee may be partially enforced, as many times as required and without any restrictions on the amounts thereof.

- Each enforcement of the State Guarantee may be carried out, in respect of the Guaranteed Series:
 - (a) on each Payment Date, in order to pay the interest accrued on said Bonds, provided the Interest Distribution Amount is not sufficient for said purpose, and for an amount equal to the excess of the interest accrued on such Bonds over the Interest Distribution Amount available for the payment thereof; and
 - (b) on each Payment Date on which a Loss Amount is allocated to the Bonds, for an amount equal to the Allocated Loss written off on to the Bonds of the Guaranteed Series (as such terms are defined on Annex 11 herein).
- Each enforcement of the State Guarantee will take place through a written notice from the *Sociedad Gestora* to the General Directorate of Treasury and Financial Policy, stating the occurrence of the circumstances described in letters (a) or (b) of the preceding paragraph, and the amount claimed, if any, for each of those concepts.
- Payment of the amounts owned by the Kingdom of Spain pursuant to each enforcement of the State Guarantee shall be made by the General Directorate of Treasury and Financial Policy within a maximum period of three (3) months from the relevant date of enforcement.
- The granting of the State Guarantee shall not give rise to any fee whatsoever.
- The *Sociedad Gestora* shall be required to notify the General Directorate of Treasury and Financial Policy the principal outstanding on the Bonds on each Guaranteed Series on each payment Date.

The *Sociedad Gestora* shall be required to deliver to the General Directorate of Treasury and Financial Policy: (i) a copy of the letter confirming the credit rating of the Bonds, assigned by a rating agency recognised by the CNMV, (ii) a certificate issued by the BBVA, representing that the Securitised Loans meet the terms and conditions set forth in the master agreement attached to the Order dated 28 May 1999, and (iii) a copy of the Offering Circular.

- The Kingdom of Spain will be subrogated in the claims of the holders of Bonds of the Guaranteed Series in respect of those amounts paid under the State Guarantee, and will rank in the same position that such holders would have otherwise occupied within the order of priority of payments as established in the Deed of Incorporation of the *Fondo* and indicated in section V.6.1.2 of this Offering Circular

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

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

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

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

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

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

Likewise, the *Sociedad Gestora* will apply for the inclusion of the Bonds being issued in the SCLV in order that they be cleared and settled in accordance with the operational regulations approved or that may be

approved in the future by the SCLV as regards securities listed on the *Mercado AIAF de Renta Fija* and represented in book entry form.

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

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

The *Sociedad Gestora*, for and on behalf of the *Fondo* and in accordance with the provisions of article 7 of Royal Decree 116/1992, once the Deed of Incorporation has been granted, will file a copy thereof with the SCLV as the entity responsible for the book entry register of the Bonds. Similarly, the *Sociedad Gestora*, for and on behalf of the *Fondo* will file various copies of the Deed of Incorporation with the governing body of the *Mercado AIAF de Renta Fija* and with the CNMV for the purpose of registration in the registers set forth in articles 7 and 92 of Law 24/1988. The *Sociedad Gestora*, the SCLV and the governing body of the *Mercado AIAF de Renta Fija* must, at all times, have a copy of the Deed of Incorporation available to the Bondholders as well as to the general public, in accordance with article 8 of Royal Decree 116/1992.

II.18 Subscription and acquisition requests

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

The Bonds are targeted at institutional investors (as defined in Article 7.1 section a) of Royal Decree 291/1992 of 27 March relating to issues and public offers for the sale of securities, as amended by Royal Decree 2590/1998 of 7 December) resident in Spain and abroad.

II.18.1 Adequacy of the Bonds to cover the legal requirements

The Bonds to be issued are adequate to meet the following legal requirements on subscription and acquisition by certain investors:

- (i) Bonds of Series ACA, BCA, CCA and DCA are calculated on a zero weighing on the solvency coefficient to be met by Credit Entities and *Sociedades y Agencias de Valores* pursuant to Ministerial Order dated 30 December 1992 and Ministerial Order dated 29 December 1999, as amended by Ministerial Order dated 13 April 2000.

Bonds of Series ACA, BCA, CCA and DCA have a the abovementioned zero weighing due to the fact that such Series are secured by the State Guarantee described on section II.15.2 herein.

- (ii) Bonds of Series ASA, BSA, CSA, DSA and ESA are not calculated on a zero weighing on the solvency coefficient to be met by Credit Entities and *Sociedades y Agencias de Valores*.
- (iii) Once the Bonds are listed in *Mercado AIAF de Renta Fija*, the Bonds will be suitable for investment of the technical provisions of insurance companies in accordance with the *Reglamento de Ordenación y Supervisión de los Seguros Privados* approved by Royal Decree 2486/1990 of 28 November, for the inclusion in obligatory reserves of *Sociedades de Garantía Recíproca* in accordance with Royal Decree 2345/1996 of 8 November, for investment of assets of Pension Funds in accordance with the provisions of Article 84 of Royal Decree 1307/1988 relating to the *Reglamento de Planes y Fondos de Pensiones* and finally, for calculation of investment ratios of *Instituciones de Inversión Colectiva* with the restrictions established in the specific regulations for each type of *Institución de Inversión Colectiva*.

II.18.3 Subscription Period and Settlement Date

The subscription period for the Bonds (hereinafter the “**Subscription Period**”) shall start at sixteen (4:00 p.m.) hours (Madrid time) on 1 December 2000 and shall end at twenty (8:00 p.m.) hours

(Madrid time) on 4 December 2000, the settlement date (hereinafter the “**Settlement Date**”) being the day that is one Business Days following the date of closing of the Subscription Period (thus, 5 December 2000).

Bonds not subscribed for during the Subscription Period shall be subscribed for by each of the Underwriters for an amount equal to the difference between the commitment amount and the placement amount.

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

Subscription applications must be made to the offices of Banco Bilbao Vizcaya Argentaria, S.A. and Crédit Agricole Indosuez, Sucursal en España (hereinafter, the “**Underwriters**”) at the addresses set out below:

Banco Bilbao Vizcaya Argentaria, S.A.
Vía de los Poblados, s/n (28033 - MADRID)

Crédit Agricole Indosuez, Sucursal en España
Paseo de la Castellana 1 (28046-MADRID)

II.18.5 Method and dates for payment

Subscribers of Bonds shall pay to the relevant Underwriter the subscription price of the Bonds on the Settlement Date before ten (10:00 a.m.) hours (Madrid time). On the same date, prior to eleven (11:00 hours) hours (Madrid Time), the Underwriters shall pay the Paying Agent the subscription price corresponding to its underwriting commitment of the Bonds, prior discounting the amount of the relevant Underwriting Fee, in order for such Paying Agent to deposit such price in the Operating Account, opened in BBVA by the *Sociedad Gestora* for and on behalf of the *Fondo*.

II.18.6 Delivery of Documents confirming subscription

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

II.19 Placing and Allotment of the Bonds

II.19.1 Entities intervening in the placement. The global amount relating to the fees agreed between the various underwriters and the Sociedad Gestora.

Placement of the Bonds shall be carried out by BBVA and Crédit Agricole Indosuez, Sucursal en España as set out in section II.18.3 above.

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

Underwriter	Amount Underwritten (% over the total value of each Series)	Underwriting Fee (% over the insured value)
BBVA	Serie ACA: 50 %	Serie ACA: 0.10 % (320,750 Euros)
	Serie ASA: 100 %	Serie ASA: 0.10 % (160,400 Euros)
	Serie BCA: 50 %	Serie BCA: 0.10 % (10,050 Euros)
	Serie BSA: 100 %	Serie BSA: 0.10 % (5,100 Euros)
	Serie CCA: 50 %	Serie CCA: 0.10 % (7,200 Euros)
	Serie CSA: 100 %	Serie CSA: 0.10 % (14,400 Euros)
	Serie DCA: 50 %	Serie DCA: 0.10 % (2,000 Euros)
	Serie DSA: 100 %	Serie DSA: 0.10 % (23,000 Euros)
	Serie ESA: 100 %	Serie ESA: 0.10 % (17,100 Euros)
Crédit Agricole Indosuez, Sucursal en España	Serie ACA: 50 %	Serie ACA: 0.10 % (320,750 Euros)
	Serie ASA: 0 %	Serie ASA: 0,10 % (0 Euros)
	Serie BCA: 50 %	Serie BCA: 0.10 % (10,050 Euros)
	Serie BSA: 0 %	Serie BSA: 0.10 % (0 Euros)
	Serie CCA: 50 %	Serie CCA: 0.10 % (7,200 Euros)
	Serie CSA: 0 %	Serie CSA: 0.10 % (0 Euros)
	Serie DCA: 50 %	Serie DCA: 0.10 % (2,000 Euros)
	Serie DSA: 0 %	Serie DSA: 0.10 % (0 Euros)
	Serie ESA: 0 %	Serie ESA: 0.10 % (0 Euros)

The Issue shall be placed in the national and international institutional investors market.

All requests must be equal or multiples of one hundred thousand (100,000) Euros (nominal amount of each Bond) and allotment shall be made by the Underwriters at their discretion ensuring however that there is no discriminatory treatment between requests with similar characteristics, provided that the Underwriters may give priority to petitions from their clients as they deem appropriate.

Bonds which cannot be placed during the Subscription Period shall be subscribed for by the Underwriters up to the total amount underwritten by each of them.

II.19.2 Representation of the Manager

BBVA and Crédit Agricole Indosuez, Sucursal en España will act in the Issue as Managers (*Entidades Directoras*) and set out below is the representation signed by the persons with sufficient power to do so on behalf of each of the Managers, which is attached to this Offering Circular as Annex 5 in which the following representation required by legislation in force relating to the securities market is contained:

(i) BBVA:

“Mr.[] , for and on behalf of BANCO BILBAO VIZCAYA ARGENTARIA, S.A., with registered address for these purposes at Clara del Rey 26 (28002 Madrid) , duly empowered therefor and in relation to the creation of the FONDO DE TITULIZACION DE ACTIVOS BBVA-2 FTPYME ICO, for a maximum amount of nine hundred and seventy five million (975,000,000) Euros and the ISSUE OF NINE SERIES OF BONDS for a total amount of nine hundred million (900,000.00) Euros.

HEREBY REPRESENTS

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

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

In witness whereof and to all appropriate effects, this declaration is issued in Madrid on [] November 2000.”

(i) Crédit Agricole Indosuez, Sucursal en España:

“Mr.[] , for and on behalf of CRÉDIT AGRICOLE INDOSUEZ, SUCURSAL EN ESPAÑA, with registered address for these purposes at Paseo de la Castellana 1 (28046 Madrid) , duly empowered therefor and in relation to the creation of the FONDO DE TITULIZACION DE ACTIVOS BBVA-2 FTPYME ICO, for a maximum amount of nine hundred and seventy five million (975,000,000) Euros and the ISSUE OF NINE SERIES OF BONDS for a total amount of nine hundred million (900,000.00) Euros.

HEREBY REPRESENTS

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

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

In witness whereof and to all appropriate effects, this declaration is issued in Madrid on [] November 2000.”

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

The *Sociedad Gestora* will execute an underwriting agreement (the “**Underwriting Agreement**”) with BBVA and Crédit Agricole Indosuez, Sucursal en España.

The main purpose of the Underwriting Agreement is as follows:

- (i) placement of the maximum amount of Bonds possible by the Underwriters, which will receive the subscription requests and be responsible for the placement of the Bonds, ensuring that no discriminatory practices are performed;
- (ii) notification of the subscribers by the Underwriters as regards the allocation of the Bonds corresponding thereto and receipt of the moneys from the payment of the subscription price of the respective Bonds; and
- (iii) subscription by the Underwriters, up to the total amount underwritten by each of them, of the Bonds which have not been subscribed by investors.

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

Not applicable as the Bonds are to be represented solely in book-entry form.

II.21 Governing Law and Jurisdiction

The Bonds shall be issued in accordance with, and will be governed by, Spanish law. For any disputes relating to the Bonds, the parties submit, with express waiver to any other forum which may apply to them, to the courts and tribunals of Madrid, Spain.

II.22 Taxation of Income arising from the Bonds

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

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

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

Taxation on the Income of Individuals

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

9 December, on Income Tax and other Tax Regulations, provided that, 30% reduction set forth in Article 24.2 of the above mentioned law should be applicable if such income is obtained in a period of more than two years.

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

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

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

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

Corporation Tax

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

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

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

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

Income obtained by a non-resident through a permanent establishment

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

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

Income obtained by a non-resident with no permanent establishment

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

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

II.22.3 Capital Taxes

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

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

Legal entities are not subject to this tax.

II.22.4 Indirect taxation on the transfer of the Bonds

Transfers of securities shall be exempt from ITPAJD and VAT.

II.22.5 Tax on Transfers and Donations

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

Where the beneficiary is a Spanish company or an entity not resident in Spain, the income obtained shall be taxed in accordance with the rules of CT and Income Tax of No-Residents in Spain, as appropriate.

II.23 Object of the Issue

The object of the Issue is the partial financing of the *Fondo*. The proceeds obtained from the subscription of the Bonds shall be used for payment of the Initial Price.

The *Fondo* has been sponsored by the *Sociedad Gestora* within a securitisation transaction carried out under the Royal Decree and the Ministerial Order of the Ministry of Finance and Economy of 28 May, by virtue of which BBVA intends to securitise certain claims arising from certain bilateral loans granted to individuals or companies (forty percent (40%) of which would be rendered as PYMES (SME)) which are collectively defined in this Offering Circular as the “**Securitised Loans**”.

II.24 Entities that have undertaken to act as market makers for the Bonds.

No entity has undertaken to act as a market maker for the Bonds.

II.25 Design of the transaction

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

- Europea de Titulización, S.A., Sociedad Gestora de Fondos de Titulización, as sponsor of the *Fondo*.
- BBVA as entity that has designed the Fondo, as originator and Manager.
- Clifford Chance, S.C., as legal advisors.

III. GENERAL INFORMATION ABOUT THE *FONDO*

III.1 Denomination and regulatory regime

The legal name of the *Fondo* will be “Fondo de Titulización de Activos BBVA- 2 FTPYME ICO”.

The *Fondo* shall be governed by the Royal Decree and other regulations which may be approved by the Minister of Economy and Finance and the CNMV thereunder; by the Order issued by the Ministry of Finance and Economy on 28 May 1999; by the Law 19/1992 of 7 July, on the Regime for Companies and Property Investment Funds and on Mortgage Securitisation Funds, in all those aspects not contemplated in the Royal Decree; by the Law 24/1998 of 28 July, on Securities Markets, modified by Law 37/1998 of 16 November, in relation to its supervision and inspection; and by such any from time to time applicable laws and regulations.

III.2 Legal Nature of the *Fondo*

The *Fondo* shall constitute a separate estate, with no legal personality, and shall be open (*abierto*) and renewable (*renovable*) on the assets side, in accordance with article 4.1.b) of Royal Decree.

In accordance with the Fifth Additional Provision of Law 3/1994 of 14 April, adapting Spanish law on credit entities to the Second Banking Directive and introducing other modifications in relation to the financial system, in the event of bankruptcy or suspension of payments of BBVA, the transfer of the Securitised Loans in favour of the *Fondo* may only be challenged in accordance with the second paragraph of article 878 of the Commercial Code through action taken by the receivers or liquidators (*síndicos*), evidencing the existence of fraud, and the *Fondo* shall enjoy an absolute right of separation in accordance with the terms of articles 908 and 909 of the Commercial Code.

III.2.1 The *Fondo's* assets

On the Incorporation Date, the assets of the *Fondo* shall consist of the Initial Loans and of the Set-up Expenses.

Subsequent to the Incorporation Date, the assets of the *Fondo* shall be modified as a result of the total or partial repayment of the Initial Loans and of any purchase of New Loans.

The assets of the *Fondo* shall also include the balance at any given time of the Operating Account and of the Cash Collateral Account, the CCA Eligible Investments and the unamortised Set-up Expenses.

III.2.2 The *Fondo's* liabilities

On the Settlement Date, the liabilities of the *Fondo* shall consist of the various Series of Bonds issued pursuant to the Issue and of the Set-up Expenses Loan.

Subsequent to the Settlement Date, the liabilities of the *Fondo* shall be modified as a result of the addition of the amounts from time to time outstanding under the Subordinated Facility and the Advance Payment Facility.

III.3 Incorporation and Verification

III.3.1 Requirements for the incorporation of the *Fondo*

The incorporation of the *Fondo* and the Issue of Bonds are subject to the requirements mentioned in section I.2 of this Offering Circular and in particular to the verification and prior registration by the CNMV of this Offering Circular.

III.3.2 Incorporation

The *Fondo* shall be incorporated by virtue of a public deed. Within five Business Days as from the verification and registration by the CNMV of this Offering Circular, the *Sociedad Gestora*, as

sponsor and manager of the *Fondo*, and BBVA, as Originator of the Securitised Loans and as Servicer of such Securitised Loans, shall execute the Deed of Incorporation in accordance with the Royal Decree.

III.4 Mercantile Registry

Neither the incorporation of the *Fondo* nor the Issue of the Bonds will be registered with the Mercantile Registry pursuant to article 5.4 of the Royal Decree.

III.5 The Deed of Incorporation and its amendments

The Deed of Incorporation of the *Fondo* shall have the minimum contents set out in section 1 and 2 of Article 6 of the Royal Decree. Any amendments to the Deed of Incorporation shall require a public deed to be executed and shall be communicated to the Rating Agencies and to the CNMV for publication, as the case may be, as a material fact, or through verification and registration of a supplement to this Offering Circular. For such purpose, the purchase of New Loans shall not be deemed to be an amendment to the Deed of Incorporation nor be subject to the execution of the relevant public deed.

No amendment of the Deed of Incorporation shall prejudice the Bondholders.

III.6 Consultation of documentation

This Offering Circular has been verified by and registered with the CNMV on 28 November 2000. It is available for consultation by the public, free of charge, at the registered office of the *Sociedad Gestora*. It may also be consulted at the CNMV at Paseo de la Castellana, 19, Madrid.

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

The registration of this Offering Circular with the CNMV only implies recognition that it contains all the information required by the relevant regulations and may never make the CNMV liable for any inaccuracies or misrepresentations therein.

III.7 Management and representation of the *Fondo*

The administration and representation of the *Fondo* shall correspond to the *Sociedad Gestora*, EUROPEA DE TITULIZACION, S.A., Sociedad Gestora de Fondos de Titulización, sponsor of the *Fondo*. The *Sociedad Gestora* is authorised to constitute *Fondos de Titulización de Activos* and, therefore, to administer and represent such *Fondos* in accordance with Royal Decree, by virtue of the authorisation of the Minister of Economy and Finance dated 4 October 1999, granted in accordance with the Single Transitional Provision of the Royal Decree.

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

The *Sociedad Gestora* shall, in its capacity as the manager of the business of third parties, represent and defend the interests of the Bondholders and of those any other creditors of the *Fondo*.

The *Sociedad Gestora*'s general obligations shall include the following:

- (i) to manage the *Fondo* so that its asset value is zero at any time;
- (ii) to manage the assets of the *Fondo*;
- (iii) to supervise and carry out, for and on behalf of the *Fondo*, any managerial or otherwise duties referred to in this Offering Circular and in the Royal Decree;
- (iv) to take, for and on behalf of the *Fondo*, such actions as required by the agreements entered into for and on behalf of the *Fondo*, and to make and receive any payments under such agreements;

- (v) to determine the need or appropriateness of amending the Deed of Incorporation and to comply with all the applicable legal and administrative requirements to this effect;
- (vi) to comply with its formal, documentary and information obligations vis-à-vis the CNMV, the Rating Agencies, the General Directorate of Treasury and Financial Policy and any other supervisory body;
- (vii) to take any other ancillary or advisable actions for the performance of the aforementioned actions, as well as any other activities foreseen in the Deed of Incorporation and in this Offering Circular.

III.7.2 Diligence levels of the Sociedad Gestora

III.7.2.1 Diligence

The *Sociedad Gestora* shall carry out its activities diligently in accordance with the Royal Decree, representing the *Fondo* and defending the interests of the Bondholders and of the other creditors of the *Fondo* as though its own interests were at stake, avoiding conflicts of interests and giving priority to the interests of the Bondholders and the other creditors of the *Fondo*.

III.7.2.2 Available means

The *Sociedad Gestora* shall have the necessary means, including appropriate computer systems, to carry out its functions in relation to the administration of the *Fondo*.

III.7.2.3 Code of Conduct

The *Sociedad Gestora* shall comply with the applicable code of conduct.

The *Sociedad Gestora* has established its Internal Code of Conduct in compliance with the provisions of Chapter II of Royal Decree 629/1993, of 3 May, on the rules of conduct in the securities markets, which Internal Code has been communicated to the CNMV.

III.7.2.4 Absence of Conflicts.

The *Sociedad Gestora* may act as *sociedad gestora* of the *Fondo de Titulización de Activos BBVA-2 FTPYME ICO*, as well as of any *Fondo de Titulización*, without such simultaneous management thereof entailing, in any way whatsoever, any breach of its obligations regarding its diligence as the *Sociedad Gestora* of the *Fondo* or other *Fondos de Titulización*.

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

The *Sociedad Gestora* shall carry out the financial management of the *Fondo*. Such duty shall include the following obligations:

In relation to the Securitised Loans

- (i) to carry out, without prejudice to BBVA's obligations in its capacity as Servicer, the financial management of the Securitised Loans, diligently and for the benefit of the Bondholders and the other creditors of the *Fondo*, provided that, where a risk exist that the value of such Securitised Loans could worsen or change to the detriment of the *Fondo's* financial performance, the *Sociedad Gestora* will have the capacity to sell such loans in order to preserve, to the extent possible, the financial performance of the *Fondo* as long as the amount obtained by the such sale is not less than the Principal Amount Outstanding on the relevant Securitised Loan (except in the case of Securitised Loans in relation to which Unpaid Amounts or Losses exist, in which case the amount obtained from such sale shall not be less than a price determined taking into account the prospects of recovery by a third party agreed by BBVA and the *Sociedad Gestora* and approved by the Rating Agencies); in particular, the

Sociedad Gestora may assign any Securitised Loans in the event of requests made by the Obligors, whose acceptance could prejudice the Bondholders;

- (ii) to verify that the Securitised Loans collectively meet the Global Securitisation Requirements;
- (iii) to select and purchase New Loans during the Renewal Period to replace the amounts amortised during the previous Calculation Period;
- (iv) to bring to an end the Renewal Period and the purchase of New Loans at the appropriate time in accordance with the provisions hereof;
- (v) to take all necessary or appropriate actions to exercise and comply with the rights and obligations undertaken for and on behalf of the *Fondo* under the Securitised Loans Sale and Transfer Agreements;
- (vi) to notify the Obligors of the transfer of the Securitised Loans, where so required in accordance with this Offering Circular;
- (vii) to raise each assignment of any mortgage-backed Securitised Loans to public document status and to record the same at the Property Registry, when so required in accordance with this Offering Circular; and
- (viii) to start, for and on behalf of the *Fondo*, the enforcement of the Guarantees.

In relation to the Issue

- (i) to refrain from taking any actions which may affect adversely the rating of any of the Series and to endeavour to take any measures which are reasonably feasible in order to prevent the rating of all of the Series from being adversely affected at any time;
- (ii) to apply for the admission of the Bonds to listing on the *Mercado AIAF de Renta Fija*;
- (iii) to calculate the amount of interest accrued on each Series of Bonds during each Calculation Period;
- (iv) to calculate the corresponding amounts for the amortisation of each Series of Bonds on each Payment Date;
- (v) to enforce the State Guarantee;
- (vi) make an advance, if applicable, under the Liquidity Facility for an amount equal to that payable by the Kingdom of Spain under the State Guarantee in relation to the interest accrued on the Bonds of the Series BCA, CCA and DCA on the relevant Payment Date; and
- (vii) to maintain follow-up systems in respect of the Bonds issued by the *Fondo*, and to collaborate in the audits carried out on the *Fondo*.

In relation to the other agreements executed for and on behalf of the Fondo

- (i) to execute, for and on behalf of the Fondo, those agreements contemplated in this Offering Circular;
- (ii) if the rating of the short-term unsecured and unsubordinated debt assigned by any of the Rating Agencies to the counterparty(ies) to the Subordinated Facility Agreement, the Advance Payment Facility Agreement and the Swap Agreement falls below A1+ or F1+, the *Sociedad Gestora* shall have a maximum period of one (1) month from the date it becomes aware of such downgrade, to replace the counterparty(ies) affected by such situation, unless the performance of the obligations of such counterparty(ies) is properly secured or otherwise agreed with the Rating Agencies or, in the case of the Subordinated Facility Agreement and/or the Advance Payment Facility Agreement, the *Sociedad Gestora* draws all amounts available under, respectively, the Subordinated Facility and/or Advance Payment Facility;

- (iii) if the rating of the short-term unsecured and unsubordinated debt assigned by any of the Rating Agencies to the Servicer falls below A3 or F3, the *Sociedad Gestora* shall have a maximum period of one (1) month from the date it becomes aware of such downgrade, to replace the Servicer (unless the performance of the obligations of the Servicer is properly secured or otherwise agreed with the Rating Agencies); and
- (iv) will not incur in expenses which are unreasonable or deviate from the market price in relation to any services necessary or appropriate for the adequate management of the *Fondo* rendered by third parties.

In relation to cash management

- (i) to open and maintain, for and on behalf of the *Fondo*, the Operating Account and the Cash Collateral Account;
- (ii) to ensure that the Collections and the Recovery Amounts from the Securitised Loans are deposited in the Operating Account;
- (iii) to arrange the transfers between the different accounts and to give the corresponding payment instructions;
- (iv) to meet, on each Payment Date, the *Fondo*'s payment obligations under the Swap Agreement and to apply the Recoveries Distribution Amount, the Interest Distribution Amount and the Principal Distribution Amount to fulfil the *Fondo*'s other payment obligations in the order of priority of payment established in section V.6.1.2 hereof;
- (v) to apply the amounts drawn under the Subordinated Facility to fund the Interest Difference and/or any Losses;
- (vi) to invest the funds deposited in the Cash Collateral Account in financial instruments with a short term credit rating assigned by the Rating Agencies no lower than A1+ and F+ and a residual maturity of no more than three (3) months and/or on sight deposits or term deposits of no more than three (3) months in BBVA or a credit entity whose short-term unsecured and unsubordinated debt has a rating assigned by the Rating Agencies no lower than A1+ and F1+, provided that such financial instruments do not worsen the rating of the Bonds; and
- (vii) to cancel the *Fondo*'s accounts at any credit entity if the rating of such entity's short-term unsecured and unsubordinated debt assigned by the Rating Agencies falls below A1+ or F1+, and to transfer the balance in said accounts to any other account(s) opened for such purpose by the *Sociedad Gestora* at credit entities whose short-term unsecured and unsubordinated debt has a rating no lower than A1+ and F1+, within a maximum period of one (1) month from the time it becomes aware of such downgrade.

In relation to the Annual Accounts

- (i) to appoint the auditors of the *Fondo*;
- (ii) to provide the CNMV with its annual accounts and auditors report in relation to the *Fondo*, within the first four (4) months following the close of the *Fondo*'s financial year; and
- (iii) to deposit the *Fondo*'s annual accounts with the Mercantile Registry, on an annual basis.

Information Obligations

- (i) to notify the CNMV, if applicable, its resignation as manager of the *Fondo*;
- (ii) to provide the CNMV and the Rating Agencies, on a quarterly basis, with a report on the financial performance of the *Fondo* in the form attached as Annex 6 to this Offering Circular;
- (iii) to provide the CNMV and the Rating Agencies with a report on the terms and conditions of the New Loans acquired in the previous quarter;

- (iv) to notify the General Directorate of Treasury and Financial Policy on each Payment Date of the Principal Amount Outstanding on the Bonds of the Guaranteed Series;
- (v) subsequent to each purchase of New Loans, to provide the General Directorate of Treasury and Financial Policy with a certificate issued by BBVA, representing that the New Loans meet the terms and conditions of the master agreement attached to the Order of 28 May 1999;
- (vi) to provide the CNMV with any other periodic information it may require in relation to the *Fondo* and the issue of Bonds; and
- (vii) to make any other necessary notifications to the CNMV, any other administrative authority, the Rating Agencies and the Bondholders.

III.7.4 Resignation and replacement of the Sociedad Gestora

III.7.4.1 Resignation

The *Sociedad Gestora* may resign its administration and legal representation duties in accordance with the requirements of Article 18 of the Royal Decree, by written notification to the CNMV which must include the designation of a replacement *Sociedad Gestora*. The *Sociedad Gestora* may never resign the exercise of its duties until all requirements necessary for its replacement have been met. Any expenses arising from such replacement shall be borne by the *Sociedad Gestora* and may in no event be charged to the *Fondo*.

III.7.4.2 Insolvency of the Sociedad Gestora. Replacement of the Sociedad Gestora.

In the event that the *Sociedad Gestora* is declared to be in suspension of payments or bankruptcy, the *Sociedad Gestora* shall find a replacement *Sociedad Gestora*, in accordance with Article 19 of the Royal Decree, within four (4) months of such declaration, failing which, at the end of such four-month period, the *Fondo* shall be early terminated and liquidated in accordance with the provisions of the Deed of Incorporation.

III.7.4.3 Publicity on the substitution of the Sociedad Gestora

Substitution of the *Sociedad Gestora* shall be published within the following fifteen (15) days to its substitution through an announce in two (2) national newspapers and in the *Boletín Diario del Mercado AIAF*.

III.8 Expenses and Taxes

III.8.1 Expenses

The *Sociedad Gestora* shall pay from the assets of the *Fondo* all expenses associated with its management and representation.

The *Sociedad Gestora* shall pay all expenses in connection with the incorporation, verification and registration of the *Fondo*, the purchase of the Initial Loans, the Issue of the Bonds and of its admission to listing referred to in section II.14 of this Offering Circular. Such expenses shall be paid by the *Sociedad Gestora*, for and on behalf of the *Fondo*, from the moneys from the Set-up Expenses Loan. If any such expenses require payment prior to the incorporation of the *Fondo*, they shall be paid directly by the *Sociedad Gestora*, which shall be reimbursed, once the *Fondo* has been incorporated, from the Set-up Expenses Loan.

After the incorporation of the *Fondo*, the *Sociedad Gestora* shall pay, for and on behalf of the *Fondo*, all expenses required for the *Sociedad Gestora* to carry out its duties, which include both ordinary periodical expenses and extraordinary expenses incurred throughout the life of the *Fondo*. The *Sociedad Gestora* shall pay *inter alia*:

- (a) the expenses incurred in respect of mandatory verifications, registrations and administrative authorisations;

- (b) if applicable, the expenses incurred in respect of the modification of the Deed of Incorporation and/or of the agreements entered into by the *Sociedad Gestora* for and on behalf of the *Fondo*, as well as of the execution of additional agreements;
- (c) the financial expenses related to the Issues of Bonds, other liabilities of the *Fondo* and the hedging transactions;
- (d) the Rating Agencies fees for the monitorisation and maintenance of the ratings corresponding to the Bonds;
- (e) the expenses arising from the amortisation of Bonds;
- (f) the bookkeeping expenses in respect of the accounting records corresponding to the Bonds;
- (g) any expenses which may arise from the sale of the Securitised Loans and the other assets of the *Fondo* for the liquidation thereof;
- (h) the expenses arising from procedures related to the Securitised Loans;
- (i) the expenses arising from the administration of the *Fondo* and of the Securitised Loans;
- (j) the fees and commissions charged to the *Fondo* pursuant to agreements concerning services and financial transactions;
- (k) the expenses arising from announcements and notifications concerning the *Fondo* and/or the Bonds; and
- (l) the expenses related to audits and legal advice.

III.8.2 Value Added Tax

Services rendered to the *Fondo* by the *Sociedad Gestora* shall be exempt of Value Added Tax.

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

III.9 Termination and Liquidation of the *Fondo*

III.9.1 Termination

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

- (i) When all of the Bonds have been fully amortised and, in the event that said amortisation is the result of one or more allocations of Losses in accordance with Section V.1.3.3.3 of this present Offering Circular, when are fully repaid to the Bondholders or, as the case maybe, when three (3) years have elapsed as from the date when the last of such allocations took place.
- (ii) When BBVA exercises its right to repurchase (the “**Repurchase Right**”) over the Securitised Loans which is conferred upon it in the Securitised Loans Sale and Transfer Agreements.
- (iii) When three (3) years have elapsed as from the last date of termination of the Securitised Loans or from the date on which the unpaid amounts under the Securitised Loans, if any, are fully paid by the Obligor.
- (iv) Where, in the opinion of the *Sociedad Gestora*, exceptional circumstances have arisen that make it impossible, or extremely difficult, to maintain the financial equilibrium of the *Fondo*. The *Sociedad Gestora*, insofar as is legally possible, shall not cause the *Fondo* to be terminated, if the payment obligations under the Bonds of all Series with no Allocated Losses cannot be fully discharged.

- (v) Where a default evidencing a serious and permanent imbalance in respect of any of the issued securities or of an unsubordinated loan occurs or it is foreseen that such a default will occur. In this case, the *Sociedad Gestora*, after informing the CNMV, will then proceed to liquidate the *Fondo*, in accordance with the rules set out in the Deed of Incorporation. Notwithstanding this, the *Sociedad Gestora*, insofar as is legally possible, shall not cause the *Fondo* to be terminated, if the payment obligations under the Bonds of all Series with no Allocated Losses cannot be fully discharged;
- (vi) Where the *Sociedad Gestora* has been declared in suspension of payments (*suspensión de pagos*) or bankruptcy (*quiebra*), provided that such circumstance duress for four (4) months and that there is not other *sociedad gestora* assuming the managing of the *Fondo*; and
- (vii) in any event, on 27 January 2019 or, if such date is not a Business Day, on the first following day that is a Business Day.

Should any of the events described in sections (i) to (vi) above occur, the *Sociedad Gestora* shall inform the Bondholders, (through its publication on the *Boletín Diario del Mercado AIAF*), the CNMV, SCLV and the regulator of the *Mercado AIAF*, and take such actions and steps as required to proceed to the liquidation of the *Fondo*. The date on which the termination of the *Fondo* takes place according to the previous paragraphs shall be named hereinafter the “**Termination Date**”.

III.9.2 Liquidation

The *Sociedad Gestora* shall proceed to liquidate the *Fondo*, when the *Fondo* is terminated in accordance with section III.9.1 above.

Liquidation of the *Fondo* shall take place through the application of the assets of the *Fondo* in the following order of payment (with the understanding that when various items occupy the same order of priority of payment, assets shall be applied pro rata to the amount of each item:

1. Payment of those taxes which must be borne by the *Fondo*.
2. Payment of those costs and expenses related to the liquidation of the *Fondo*.
3. Repayment of amount outstanding under the Advance Payment Facility and payment of the interest accrued thereon.
4. Repayment of the Set-up Expenses Loan and payment of the interest accrued thereon.
5. Payment of any due and yet unpaid amounts relating to the Administration Fee (as defined in the List of Definitions attached as Annex 11 hereto), the Paying Agency Fee (as defined in the List of Definitions attached as Annex 11 hereto) and the Servicing Fee (as defined in the List of Definitions attached as Annex 11 hereto) and any other fees or expenses relating to the services rendered by third parties incurred by the *Fondo*.
6. Amortisation of Class A Bonds (including, if applicable, payment of Amounts Allocated to Bonds of the ASA Series and reimbursement of the amounts paid to the *Fondo* by the Kingdom of Spain under the State Guarantee, in relation to the Bonds of the ACA Series) and payment of interest due to the holders of Class A Bonds (including, if applicable, the interest on Amounts Allocated to Bonds of the ASA Series which accrual and payment had been elapsed pursuant to section V.1.3.3.3).
7. Amortisation of Class B Bonds (including, if applicable, payment of Amounts Allocated to Bonds of the BSA Series and reimbursement of the amounts paid to the *Fondo* by the Kingdom of Spain under the State Guarantee, in relation to the Bonds of the BCA Series) and payment of interest due to the holders of Class B Bonds (including, if applicable, the interest on Amounts Allocated to Bonds of the BSA Series which accrual and payment had been elapsed pursuant to section V.1.3.3.3).

8. Amortisation of Class C Bonds (including, if applicable, payment of Amounts Allocated to Bonds of the CSA Series and reimbursement of the amounts paid to the *Fondo* by the Kingdom of Spain under the State Guarantee, in relation to the Bonds of the CCA Series) and payment of interest due to the holders of Class C Bonds (including, if applicable, the interest on Amounts Allocated to Bonds of the CSA Series which accrual and payment had been elapsed pursuant to section V.1.3.3.3.)
9. Amortisation of Class D Bonds (including, if applicable, payment of Amounts Allocated to Bonds of the DSA Series and reimbursement of the amounts paid to the *Fondo* by the Kingdom of Spain under the State Guarantee, in relation to the Bonds of the DCA Series) and payment of interest due to the holders of Class D Bonds (including, if applicable, the interest on Amounts Allocated to Bonds of the DSA Series which accrual and payment had been elapsed pursuant to section V.1.3.3.3).
10. Amortisation of Class E Bonds (including, if applicable, payment of Amounts Allocated to Bonds of the BSA Series) and payment of interest due to the holders of Class E Bonds (including, if applicable, the interest on Amounts Allocated to Bonds of the ESA Series which accrual and payment had been elapsed pursuant to section V.1.3.3.3).
11. Payment of any amounts due under the Subordinated Facility and of any other amount owing to BBVA not included in the above sections.

Once the *Fondo* has been liquidated and payments have been made in the aforementioned order of priority, BBVA shall acquire legal title in the loan claims, if any, derived from the remaining Securitised Loans. Such acquisition shall imply no cost or payment obligation for BBVA.

III.10 Fees

III.10.1 Incorporation Fee of the Sociedad Gestora

The *Sociedad Gestora* shall be paid by the *Fondo*, a flat fee equal to thirty-six thousand and thirty-six EUR (36,060 €) for creating the *Fondo* (the “**Incorporation Fee**”).

The Incorporation Fee shall be paid on the Settlement Date.

III.10.2 Administration Fee of the Sociedad Gestora

The *Sociedad Gestora* shall be paid by the *Fondo* for its administration and representation functions a periodic fee equal to 0.03 % per annum on the principal amount outstanding balance of the Bonds at the beginning of each Calculation Period (the “**Administration Fee**”).

The Administration Fee shall accrue on the basis of the number of actual days in each Calculation Period during the life of the *Fondo*. Exceptionally, Administration Fee for the first Calculation Period shall accrue on the nominal value of the Issue from the Incorporation Date to the first Payment Date and shall be calculated on the basis of the actual days falling within the period between such dates. The Administration Fee shall be paid on arrears on each Payment Date in accordance to the order of priority of payments of the *Fondo*. If the Available Funds on a Payment Date are not sufficient to pay the full amount of the corresponding Administration Fee, the unpaid sum shall be accumulated without any penalty and added to the amounts payable on the following Payment Dates.

In any event, the Administration Fee for each Calculation Period will not be less than the proportional amount of forty two and seventy thousand (42,070) Euros for the actual days on the relevant Calculation Period. If during the life of the *Fondo*, the annual General Consumer Price Index published by the *Instituto Nacional de Estadística*, increases, such minimum amount of the Administration Fee will be increased accordingly, from year 2002 (inclusive) and with effects from the 1st January of each year.

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

III.10.3 Servicing Fee

BBVA shall be paid by the *Fondo*, for the exercise of its Servicing Duties (as defined in Annex 11) in respect of the Administration, Collection of Securitised Loans, a periodic fee of 0,005% of the principal amount outstanding balance of the Bonds at the beginning of each Calculation Period (the “**Servicing Fee**”).

The Servicing Fee shall be paid on each Payment Date ending a Calculation Period. If the Available Funds on any Payment Date are not sufficient to pay the full amount of the corresponding Servicing Fee, the unpaid sum shall be accumulated without any penalty and added to the amounts payable on the following Payment Dates.

III.10.4 Paying Agency Fee

BBVA shall be paid by the *Fondo* for its services performed under the Paying Agency Agreement, a periodic fee of eleven thousand two hundred and sixty-nine (11,269) Euros (the “**Paying Agency Fee**”).

The Paying Agency Fee shall be paid on each Payment Date ending a Calculation Period. If the Available Funds on any Payment Date are not sufficient to pay the full amount of the corresponding Paying Agency Fee, the unpaid sum shall be accumulated without any penalty and added to the amounts payable on the following Payment Dates.

III.11 Fiscal Regime applying to the *Fondo*

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

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

IV. INFORMATION ABOUT THE FEATURES OF THE SECURITISED ASSETS

IV.1 Purpose of the *Fondo*

The purpose for which the *Fondo* is incorporated is to securitise the loan claims owned by BBVA that will be assigned by BBVA and acquired by the *Fondo* and which have been defined as the Securitised Loans, being those write off from the balance of BBVA.

The assets of the *Fondo* will consist of the Securitised Loans purchased by the *Sociedad Gestora* for and on behalf of the *Fondo*. In addition to the Securitised Loans, the balance of the Operating Account and the Cash Collateral Account, the CCA Eligible Investments and the unamortised Set-up Expenses will also form part of the assets of the *Fondo*.

The liabilities of the *Fondo* will consist of the nine Series of Bonds issued (grouped for the purposes of its amortisation into five Classes), backed by the assets of the *Fondo*, under the terms described in Chapter 2 of this Offering Circular.

The *Fondo*'s liabilities will also consist of: (i) the Set-up Expenses Loan which shall be used to pay for the Set-up Expenses (ii) the amounts outstanding under the Subordinated Facility (which shall be used to meet, in certain cases of default under the Securitised Loans, the payment obligations of the *Fondo*), (iii) the amounts outstanding under the Advance Payment Facility, which will be used to advance to the holders of Bonds of the Series BCA, CCA and DCA the amounts corresponding to interest accrued on such Bonds that must be paid by the Kingdom of Spain under the State Guarantee.

IV.2 Securitised Assets

IV.2.1 *Maximum amount of the securitised assets. Identification of assets which will constitute the securitised assets.*

IV.2.1.1 *Amount of the Fondo's assets*

The Maximum Amount of the Securitised Loans shall be equal to the aggregate nominal value of the Issue, i.e., nine hundred million (900,000,000) Euros.

The Securitised Loans will be composed by the Initial Loans purchased by the *Fondo* on the Date of Incorporation and by the New Loans which it may subsequently purchase in compliance with this Offering Circular.

IV.2.1.2 *Description of the Securitised Loans*

The Securitised Loans which will form part of the assets of the *Fondo* will be composed exclusively by loan claims owned by BBVA originating from bilateral loan facilities granted non-financial companies with headquarters in Spain, and which comply with the Individual Securitisation Requirements specified in section IV.2.1.3 below.

Part of the Securitised Loans will be covered by a financing contract entered into between BBVA and the *Instituto de Crédito Oficial* (ICO) (the "**ICO Facility**"), which provides for ICO to finance the amounts which BBVA may lend to PYMES (as defined in Annex 11 herein), provided that such lending complies with the requirements established in the ICO Facility.

On the Incorporation Date, the *Fondo* will purchase from BBVA the Initial Loans for an amount equal to or slightly lower than the Maximum Amount.

For the purpose of renovating the *Fondo*'s assets, the *Sociedad Gestora* will purchase for and on behalf of the *Fondo*, on each Payment Date during the Renewal Period (each of

them, a “**Purchase Date**”), New Loans to replace the amounts prepaid or repaid, by the Obligors under the Securitised Loans during the preceding Calculation Period.

The maximum amount to be applicable by the Sociedad Gestora for the incorporation of New Loans (the “**Renewal Amount**”) will be equal to the Principal Collection amount (as defined in the List of Definitions attached as Annex 11) during the Calculation Period ending on the relevant Purchase Date, plus the Principal Collection amount not applied for the incorporation of New Loans on the preceding Purchase Date. For this purpose, the part of the Principal Collection amount not applied on the acquisition of New Loans will remain in the Collection Account until the following Purchase Date.

“**Renewal Period**” means the period of time between the Settlement Date and the earliest of the following: (a) the tenth Payment Date, (b) the Payment Date on which the aggregate unrecovered Losses as from the Settlement Date plus sixty percent (60%) of the Delinquent Amounts (as defined in Annex 11 herein) exceeds one percent (1%) of the Maximum Amount of the Securitised Loans, (c) the date on which BBVA is declared bankrupt or goes into temporary receivership, (d) the date on which the rating of BBVA’s long term unsecured and unsubordinated debt assigned by any of the Rating Agencies falls below BBB, and (e) the Payment Date on which a Deficiency of the Renewal Amount occurs. For this purpose, the date referred in (a) above is a Payment Date (falling within the Renewal Period) on which the New Loans will be acquired and the dates referred to in (b) to (e) above will be deemed to fall out of the Renewal Period and, therefore, no acquisition of New Loans will take place on such dates.

A Deficiency of the Renewal Amount will occur where the difference between the Renewal Amount on a Payment Date and the principal outstanding on the loans offered by BBVA which comply with the Securitisation Requirements exceeds five percent (5%) of such Renewal Amount.

IV.2.1.3 Securitisation Requirements

Individual Securitisation Requirements

Each one of the Securitised Loans must individually comply with the following requirements (the “**Individual Securitisation Requirements**”):

- (i) it shall be a bilateral loan granted by an entity of the BBVA group to a company (or individual) with headquarters in Spain;
- (ii) it shall be denominated and payable exclusively in pesetas or in Euros;
- (iii) it shall be secured by means of a personal guarantee or by a mortgage or pledge;
- (iv) it shall accrue interest at a fixed rate or at a floating rate;
- (v) it shall have a maturity date no later than 31 December 2015;
- (vi) that in the case of Securitised Loan subject to financing by the *Instituto de Crédito Oficial*, such Securitised Loan shall comply with the conditions established in the agreements entered into between BBVA and the said entity;
- (vii) that, the Obligor shall be up to date in its payment obligations under the Securitised Loan at the time for its transfer to the Fondo;
- (viii) it shall have been originated in the ordinary course of business of the lender;
- (ix) BBVA shall hold its ownership free of charges and claims;
- (x) it must have complied with BBVA’s Credit Approval Policy at the time it was granted;

- (xi) it shall be a loan in respect of which BBVA has not received any notice of counter claim or set-off prior to its transfer to the *Fondo*;
- (xii) payments by the Obligor will not be subject to any withholding tax;
- (xiii) no essential provision or section of the loan will have been waived, amended or modified in any way, except where this is in accordance with BBVA's Collection Policy (as defined in the List of Definitions contained in Annexe 8);
- (xiv) there will be no impediment for its transfer to the *Fondo*;
- (xv) it will be valid and binding payment obligation of the Obligor, enforceable in accordance with its terms (except in cases where, as a result of insolvency proceedings, this enforceability is restricted);
- (xvi) the Obligor will not be in an insolvency situation at the time of its transfer to the *Fondo*;
- (xvii) it shall be governed by Spanish law; and
- (xviii) it shall be documented in a public deed or in a document witnessed by an official stockbroker, BBVA keeping, as the case may be, the original of the public deed or a copy of such document.

Global Securitisation Requirements

In addition, the portfolio of Securitised Loans must collectively comply on the Incorporation Date and after each purchase of New Loans by the *Fondo* with the following requirements (the “**Global Securitisation Requirements**”, and together with the Individual Requirement of Securitisation, the “**Securitisation Requirements**”):

- (i) the average weighted final maturity for the Securitised Loans will not be greater than six (6) years;
- (ii) The average weighted duration for the Securitised Loans will not be greater than thirty three (33) months;
- (iii) the percentage of the Principal Amount Outstanding of the mortgage-backed Securitised Loans over the total Principal Amount Outstanding will not be less than forty percent (40 %);
- (iv) the percentage of the Principal Amount Outstanding of the Securitised Loans having the benefit of the financing of the ICO Facility over the total Principal Amount Outstanding will not be less than forty percent (40 %);
- (v) the portfolio of Securitised Loans will comply with the requirements set out in the Ministerial Order of 28 May 1999;
- (vi) there will be no Obligor whose representation in the portfolio of Securitised Loans is greater than one and a half percent (1.5 %) of the total Principal Amount Outstanding;
- (vii) the aggregate Principal Amount Outstanding corresponding to the six (6) Obligors with the highest representation in Principal Amount Outstanding portfolio of Securitised Loans will not be greater six percent (6 %) of the total Principal Amount Outstanding;
- (viii) the aggregate Principal Amount Outstanding corresponding to Obligors performing the same economic activity will not be greater than twenty-five percent (25 %) of the total Principal Amount Outstanding;

- (ix) the aggregate Principal Amount Outstanding corresponding to the Obligors belonging to the three (3) sectors of economic activity with the greatest representation in the portfolio of Securitised Loans will not be greater than forty percent (40 %) of the total Principal Amount Outstanding; and
- (x) the aggregate Principal Amount Outstanding corresponding to the Obligors of the three (3) Autonomous Communities with the greatest representation in the portfolio of Securitised Loans will not be greater than fifty percent (50 %) of the total Principal Amount Outstanding.

IV.2.1.4. *The Initial Loans*

The Initial Loans arise from loans granted by either Banco Bilbao Vizcaya, S.A., or by a credit entity belonging at the time of the granting of the loan to the Banco Bilbao Vizcaya Group (currently Banco Bilbao Vizcaya Argentaria Group) and further merged into Banco Bilbao Vizcaya Argentaria, S.A. Details of the Initial Loans shall be recorded on the Deed of Incorporation, together with a description of the main terms of each one of them.

The Initial Loans have to comply with all the Individual Securitisation Requirements.

The Initial Loans will be transferred to the *Fondo* on the Incorporation Date pursuant to the Mortgage Loans Sale and Transfer Master Agreement and to the Non-Mortgage Loans Sale and Transfer Master Agreement described in section IV.2.2 below. The purchase price of the Initial Loans will be equal to the aggregate Principal Amount Outstanding on the Incorporation Date (the “**Initial Price**”).

The *Fondo* will pay the Initial Price on the Settlement Date.

Certain information is provided below in relation to a portfolio of loans (hereinafter, the “**Selected Portfolio**” and the “**Selected Loans**”) selected as at 31 October 2000 from the whole portfolio of loans owned by BBVA which comply with the Individual Securitisation Requirements. The Selected Portfolio allows for verification of the Global Securitisation Requirements and is helpful to show the characteristics that the portfolio of Initial Loans is expected to have on the Incorporation Date.

As at 31 October 2000, the Selected Portfolio has the following characteristics:

- (i) the average weighted final maturity of the Selected Loans is 60 months;
- (ii) the averaged weighted duration of the Selected Loans is thirty three (33) months;
- (iii) the percentage of the Principal Amount Outstanding of the Selected Loans secured by means of a mortgage over the aggregate Principal Amount Outstanding is 40.3% percent.;
- (iv) the percentage of the Principal Amount Outstanding of the Selected Loans that benefit from financing under the ICO Facility over the aggregate Principal Amount Outstanding is 41.7% percent;
- (v) it complies with the requirements set out in the Ministerial Order of 28 May 1999;
- (vi) the Principal Amount Outstanding corresponding to the Obligor with the highest representation in the Selected Portfolio is zero point eighty nine per cent (0.89%) of the aggregate Principal Amount Outstanding;
- (vii) the aggregate Principal Amount Outstanding corresponding to the six (6) Obligors with the highest representation in the Selected Portfolio is three point thirty two percent (3.32%) of the aggregate Principal Amount Outstanding;
- (viii) the aggregate Principal Amount Outstanding corresponding to Obligors from the same economic sector is twenty four percent (24%) of the aggregate Principal Amount Outstanding;

- (ix) the aggregate Principal Amount Outstanding corresponding to the Obligors belonging to the three (3) sectors of economic activity with the greatest representation in the Selected Portfolio is thirty eight point four percent (38.4%) of the aggregate Principal Amount Outstanding; and
- (x) the aggregate Principal Amount Outstanding corresponding to the Obligors of the three (3) Autonomous Communities with the greatest representation in the Selected Portfolio is forty seven percent (47%) of the aggregate Principal Amount Outstanding.

The following tables set out the Selected Portfolio in relation to different parameters.

GEOGRAPHIC DISTRIBUTION OF THE SELECTED PORTFOLIO

Autonomous Region	Loans	% Loans	Outstanding Outstanding	% Principal Outstanding
ANDALUCIA	618	10.0%	94,079,614	10.4%
ARAGON	292	4.7%	29,853,480	3.3%
ASTURIAS	68	1.1%	10,635,931	1.2%
BALEARES	123	2.0%	23,910,527	2.7%
CANARIAS	233	3.8%	84,965,469	9.4%
CANTABRIA	53	0.9%	8,900,298	1.0%
CASTILLA- LA MANCHA	205	3.3%	30,427,986	3.4%
CASTILLA- LEON	281	4.6%	41,655,342	4.6%
CATALUÑA	2073	33.6%	183,436,948	20.4%
COMUNIDAD VALENCIANA	442	7.2%	84,656,535	9.4%
EXTREMADURA	131	2.1%	8,262,163	0.9%
GALICIA	119	1.9%	23,561,866	2.6%
LA RIOJA	75	1.2%	12,745,564	1.4%
MADRID	572	9.3%	130,762,572	14.5%
MURCIA	92	1.5%	13,455,076	1.5%
NAVARRA	63	1.0%	10,521,729	1.2%
PAIS VASCO	723	11.7%	108,902,500	12.1%
	6,163	100.0%	900,733,597	100.0%

DISTRIBUTION OF SELECTED PORTFOLIO BY TYPE OF FACILITY

Security	Loans	% Loans	Outstanding Outstanding	% Principal Outstanding
Mortgage	1,185	19.2%	362,636,052	40.3%
Others*	4,978	80.8%	538,097,546	59.7%
	6,163	100.0%	900,733,597	100.0%

* Audited figures are available in relation to Selected Loans which are not secured by way of a mortgage. In the sample selected by the auditors, and representative of the whole securitisation portfolio, two percent (2 %) of the loans were backed by pledges of shares represented in book entry form or participations in Investment Funds; one percent (1 %) of the loans were backed by pledges of fixed-term deposits in BBVA, and the rest benefited from third party guarantees.

**DISTRIBUTION OF THE SELECTED PORTFOLIO BY SECTOR OF
ECONOMIC ACTIVITY**

SECTOR	Loans	% Loans	Outstanding Outstanding	% Principal Outstanding
Construction	795	12.9%	215,927,038	24.0%
Corporate Equipment and Services	457	7.4%	70,275,601	7.8%
Steel/Iron	374	6.1%	59,966,579	6.7%
Restaurants	107	1.7%	56,688,315	6.3%
Agriculture	447	7.3%	52,873,187	5.9%
Road transportation	469	7.6%	49,521,194	5.5%
Retailers	409	6.6%	49,235,452	5.5%
Industrial Machinery	322	5.2%	41,201,065	4.6%
House Furniture	206	3.3%	35,360,725	3.9%
Chemicals/Plastics	221	3.6%	32,181,285	3.6%
Food	222	3.6%	32,143,744	3.6%
Others *	2,134	34.6%	205,359,412	22.8%
	6,163	100.0%	900,733,597	100.0%

* Distribution by sector of economic activity provided by BBVA according to the classification by sectors attached hereto as Annex 10. Point “Others” includes 15 sectors with an aggregate representation less than 3% on the Selected Portfolio balance.

**DISTRIBUTION OF SELECTED PORTFOLIO
BY TYPE OF FACILITY**

Type of Loan	Loans	% Loans	Outstanding Outstanding	% Principal Outstanding
ICO Facility	3,870	62.8%	375,852,842	41.7%
Others	2,293	37.2%	524,880,755	58.3%
	6,163	100.0%	900,733,597	100.0%

**DISTRIBUTION OF THE SELECTED
PORTFOLIO BY PRINCIPAL OUTSTANDING**

Amount Borrowed (in Euros)	Loans	% Loans	Outstanding Outstanding	% Principal Outstanding
0-30.000	1,925	31.2%	33,816,288	3.8%
30.001-60.000	1,357	22.0%	72,959,421	8.1%
60.001-180.000	1,690	27.4%	208,970,195	23.2%
180.001-300.000	534	8.7%	122,498,679	13.6%
300.001-600.000	385	6.2%	172,940,851	19.2%
More than 600.000	272	4.4%	289,548,163	32.1%
	6,163	100.0%	900,733,597	100.0%

**DISTRIBUTION THE SELECTED PORTFOLIO
BY YEAR OF MATURITY**

Year of Maturity	Loans	% Loans	Outstanding Outstanding	% Principal Outstanding
2000-2002	1,254	20.3%	130,791,422	14.5%
2003-2004	2,238	36.3%	245,608,743	27.3%
2006-2007	2,107	34.2%	356,217,594	39.5%
2008-2012	496	8.0%	139,545,851	15.5%
2013-2015	68	1.1%	28,569,986	3.2%
	6,163	100.0%	900,733,597	100.0%

DISTRIBUTION OF THE SELECTED PORTFOLIO BY AGE

Age of Loan	Loans	% Loans	Outstanding Outstanding	% Principal Outstanding
≤ 1 year	2,582	28.9%	334,172,165	37.1%
> 1 year y ≤ 2 years	2,144	27.9%	254,907,608	28.3%
> 2 years y ≤ 3 years	553	17.2%	136,010,773	15.1%
> 3 years y ≤ 4 years	543	12.3%	90,974,093	10.1%
> 4 years y ≤ 5 years	203	7.0%	53,143,282	5.9%
≥ 5 years	138	6.7%	31,525,676	3.5%
	6,163	100.0%	900,733,597	100.0%

**DISTRIBUTION OF THE SELECTED PORTFOLIO
BY REFERENCE RATE**

Reference Rate	Loans	% Loans	Outstanding Outstanding	% Principal Outstanding
EURIBOR 3 M	875	14.2%	166,637,895	18.5%
EURIBOR 6 M	2,659	43.1%	339,714,554	37.7%
EURIBOR 1 Y	1,192	19.3%	219,727,913	24.4%
MIBOR 1 Y	1,022	16.6%	77,718,529	8.6%
FIXED	220	3.6%	46,118,203	5.1%
OTHER	195	3.2%	50,816,503	5.6%
TOTAL	6,163	100.0%	900,733,597	100.0%

OTHER ASPECTS OF THE SELECTED PORTFOLIO

Risk concentration

The Selected Portfolio reflects both the profile of the customers in the Spanish market. Consequently, the Selected Portfolio is significantly diversified between the different Spanish regions as well as between the different economic sectors. It should be noticed that in the portfolio which was initially securitised the Construction sector had the largest presence, representing twenty-four percent (24%) therein. This representation is in line with this sector's greater contribution to the Spanish economy.

There are no significant individual concentrations, given that there are no Obligor's representation in the securitisation portfolio is greater than one and a half percent (1,5%) therein.

Expected renewal of the Securitised Loans

In accordance with the historic performance of the Selected Portfolio, a material TACP is not relevant.

Pursuant to the ordinary amortisation profile of the Selected Portfolio and the assumption that the Renewal Period ends on 27 July 2003, the aggregate principal amount of the New Loans to be acquired by the *Fondo* will be six hundred and thirty-seven millions five hundred and thirty-four thousand three hundred and twenty-eight comma seventy three (637,534,328.73) Euros, this is seventy point eighty four per cent (70.84 %) of the Initial Principal Amount Outstanding.

Historical Delinquent

In 15 of 6,163 loans included in the Selected Portfolio a delay greater than ninety (90) days in their payments have occurred. It means that 0.26 % of such loans, representing a 0.24% of the Principal Amount Outstanding of the Selected Portfolio, has been sometime in an irregular situation. To the date of the selection (31 October 2000), all the loans in the Selected Portfolio were not in default.

IV.2.1.5 The New Loans

On each Purchase Date during the Renewal Period, the *Sociedad Gestora*, for and on behalf of the *Fondo*, will purchase from BBVA New Loans to replace the amounts which have been prepaid or repaid by the Obligors under the Securitised Loans during the preceding Calculation Period for the purpose of renovating the assets of the *Fondo*. The New Loans must comply with all the Securitisation Requirements.

The transfer to the *Fondo* of each New Loan will take place in the form provided by in the Mortgage Loans Sale Transfer and Master Agreement or in the Non-Mortgage Loans Sale and Transfer Master Agreement (described in IV.2.2 below), depending on whether the New Loan is or is not a mortgage-backed loan. The purchase price of the New Loans will be equal to the aggregate Principal Amount Outstanding of the New Loans in the relevant Purchase Date (hereinafter, the "**Price**").

The *Fondo* will pay BBVA the on the relevant Purchase Date.

Upon each acquisition of New Loans, the *Sociedad Gestora* shall send to the CMNV a document, also undersigned by BBVA, containing:

- (a) a description of the principal characteristics of the New Loans acquired; and
- (b) a representation by the *Sociedad Gestora* that the New Loans comply with the Securitisation Requirements.

The *Sociedad Gestora* has joined the CNMV Cifradoc System for the purpose of the telematic communication of information about the New Loans, which shall be made in electronic form following the format of the document shown in Annex 9. The *Sociedad Gestora*'s representation in relation to the compliance by the New Loans with the Securitisation Requirements shall also be communicated via the Cifradoc system.

IV.2.2 Securitised Loans Sale and Transfer Agreements

On the Incorporation Date, the *Sociedad Gestora*, for and on behalf of the *Fondo*, shall enter into the following agreements with BBVA:

- (i) an agreement for the transfer of loan claims, formalised in a private document (the “**Mortgage Loans Sale and Transfer Master Agreement**”), pursuant to the *Fondo* will acquire from BBVA the mortgage-backed Securitised Loans;
- (ii) an agreement for the transfer of loan claims, formalised in a public deed (the “**Non-Mortgage Loans Sale and Transfer Master Agreement**”), pursuant to the *Fondo* will acquire from BBVA the Securitised Loans not secured by way of mortgage.

IV.2.2.1 Purpose

The purpose of the Securitised Loans Sale and Transfer Agreements is:

- (i) the transfer by BBVA to the Fondo of the Initial Loans on the Incorporation Date; and;
- (ii) the establishment of BBVA’s obligation to sell New Loans that may be selected by the Sociedad Gestora, in accordance with IV.2.2.2 below, under the terms and conditions established in the Securitised Loans Sale and Transfer Agreements.

IV. 2.2.2 Procedure for the acquisition of New Loans

The procedure to be followed for the selection of New Loans which may be purchased by the *Sociedad Gestora* during the Renewal Period is the following:

- (a) Every three months, on the eighth Business Day prior to each Purchase Date (the “**Offer Dates**”), BBVA will send to the *Sociedad Gestora* by electronic system an electronic file with details of all eventual New Loans owned by it.

BBVA will represent and warrant to the *Sociedad Gestora* that such eventual New Loans comply with all the Individual Securitisation Requirements referred to in section IV.2.1.3 above.

- (b) The *Sociedad Gestora* will select New Loans randomly from those offered in the electronic file by BBVA, for an amount as close as possible to the amount which has been repaid or prepaid by the Obligors under the Securitised Loans during the preceding Calculation Period. This random selection must comply with the Global Securitisation Requirements referred to in section IV.2.1.3 above.

The *Sociedad Gestora* will provide BBVA with an electronic file containing a list of all New Loans selected by it.

- (c) On each Purchase Date during the Renewal Period, BBVA and the *Sociedad Gestora* will formalise, for and on behalf of the *Fondo*, the transfer of the New Loans selected by the *Sociedad Gestora* in the form provided for in section IV.2.2.3 below.

IV.2.2.3 Terms and conditions of the transfer of the Securitised Loans

Each transfer of the Securitised Loans under the Securitised Loans Sale and Transfer Agreements will be subject to the following terms and conditions:

- (i) The transfer of each Securitised Loan shall encompass the aggregate Principal Amount Outstanding on the Incorporation Date (in the case of the Initial Loans) or on the relevant Purchase Date (in the case of the New Loans), and interest pending to be liquidated.

The purchase price of each Subordinated Loan will be equal to 100 per cent of its Principal Amount Outstanding on the Incorporation Date (in the case of the Initial Loans) or on the relevant Purchase Date (in the case of the New Loans).

- (ii) The transfer of the Securitised Loans to the *Fondo* shall be full and unconditional and for the entire residual period until their maturity.

- (iii) The transfer of the Securitised Loans will comprise that of any and all forms of security or personal guarantees which may have been granted as security for each Securitised Loan (hereinafter, the “**Guarantees**”) and of the ancillary rights therein. However, the effectiveness of the transfer of any mortgages shall be conditional upon the registration of the transfer of the relevant Securitised Loan in the Property Registry.
- (iv) The transfer of those Securitised Loans not secured by way of mortgage shall be formalised in a public deed.

The transfer of those Securitised Loans secured by way of mortgage shall be formalised in a private document. However, if (a) an Obligor defaults under such a Securitised Loan and such default is continuing after nine (9) months have elapsed or if (b) any amount owed by an Obligor under such a Securitised Loan is declared to be a Loss, or (c) if, on the opinion of the *Sociedad Gestora*, it is advisable for the defence of the rights of the bondholders and other creditors of the *Fondo*, the *Sociedad Gestora* and BBVA shall immediately proceed to formalise the transfer of such relevant Loan in a public deed and register this with the Property Registry.

Moreover, if the rating of the long term unsecured and unsubordinated debt of BBVA assigned by any of the Rating Agencies falls below BBB, the *Sociedad Gestora* and BBVA shall immediately proceed to formalise the transfer of all mortgage-backed Securitised Loans then owned by the *Fondo* in a public deed and register this with the Property Registry.

All costs and taxes arising from the formalisation in public deed and registration with the Property Registry of the transfer of such mortgage-backed Securitised Loans shall borne by BBVA. To this effect, BBVA shall open an escrow account on the Settlement Date for and on behalf of the *Fondo* and shall deposit therein the amount necessary to pay for such costs and taxes. The *Sociedad Gestora* will be entitled to dispose of the funds in this account for the purpose of paying, not being subject to the order of priority of payments, such costs and taxes (if any and not being paid directly by BBVA), BBVA being entitled to be returned the remaining credit balance. Prior to the acquisition of the mortgage-backed New Loans, the *Sociedad Gestora* shall check the amount deposited in such account in order to confirm that such amount is sufficient for paying the aforementioned costs and taxes and, if this is not the case, shall require BBVA to deposit the amount necessary to this effect prior or simultaneously to such acquisition. If the rating of the long term unsecured and unsubordinated debt of BBVA assigned by any of the Rating Agencies falls below A1+ or F1+, the *Sociedad Gestora* shall, within the period of one (1) month from the date on which acknowledge such circumstance, cancel the restricted account and transfer the amounts deposits therein into an account opened to this effects in a credit entity which rating of the long term unsecured and unsubordinated debt assigned by the Rating Agencies do not fall bellow A1+ and F1+. Prior consent of the Rating Agencies, the restricted account can be substituted by a pledge granted by BBVA over fixed interest securities negotiable in an official market securing the obligation to pay all the costs and expenses incurred as a consequence of raising to public deed and recording in the relevant Land Registry the assignment of the mortgage-backed New Loans.

- (v) Prior to the date on which assignment of a non mortgage-backed Securitised Loan is notified to the relevant Obligor or a mortgage-backed Securitised Loan is recorded at the relevant Land Registry, as the case may be, BBVA shall take by its own and on behalf of the *Fondo* all judicial actions (including, as the case may be, enforcement of Guarantees) in order for the Obligors to satisfy their payment obligations under the relevant Securitised Loans. Once notice is delivered or mortgage-backed Securitised Loans is recorded at the Land Register, as the case may be, such actions will be taken by the *Sociedad Gestora* (or its representatives duly appointed by the *Sociedad Gestora* to this effects) on behalf of the *Fondo*.

- (vi) In the event that any of the Securitised Loans does not comply with the Securitisation Requirements on the date of its transfer to the *Fondo*, the party aware of this circumstance shall give written notice to the other. Within five (5) Business Days, both parties shall remedy this circumstance, and should it not be possible, they shall replace the relevant Securitised Loan for another with an equal or lower Principal Amount Outstanding, the selection of which shall be made in the form provided for in subsections (a) and (b) of section IV.2.2.2 above.

The replacement shall take place by the simultaneous cancellation of the transfer of the defective Securitised Loan(s) and the transfer to the *Fondo* of the Securitised Loan for which it is to be replaced. Such transfer shall be effected with the same formalities established for each purchase of New Loans, the *Sociedad Gestora* having the obligation to send to the CNMV through the Cifradoc system a representation that the new Securitised Loan(s) complies with the Securitisation Requirements as well as information on its characteristics. BBVA shall pay the *Fondo* any Unpaid Amounts and Losses relating to the Securitised Loan by crediting the Operating Account. Moreover, in the event that the Principal Amount Outstanding of the new Securitised Loan(s) is less than that of the replaced Securitised Loan, BBVA shall pay the *Fondo* the difference (together with interest accrued on such difference) by crediting the Operating Account.

In the event that such replacement does not take place within the referred period of five (5) Business Days, the *Sociedad Gestora* shall cancel the transfer of the defective Securitised Loan, in which case BBVA shall reimburse its Principal Amount Outstanding as well as any Unpaid Amount and any Losses relating to it by crediting the Operating Account.

- (vii) BBVA shall be liable to the *Fondo* for any damages the *Fondo* may suffer as the result of the exercise by any Obligor of a right of set-off against BBVA. BBVA shall pay the *Fondo* an amount equal to that which has been set off by the Obligor plus, if applicable, the interest accrued on such amount between the date in which the right of set off was exercised (inclusive) and the date of payment by BBVA to the *Fondo* (exclusive) calculated at a rate equivalent to that set out in the corresponding Securitised Loan.
- (viii) BBVA will not undertake any obligation to repurchase the Securitised Loans, except as provided in sections IV.2.2.3.(iv) and (vi) above.

IV.2.2.4 Repurchase Right

The *Fondo* will grant a repurchase right to BBVA (hereinafter, the “**Repurchase Right**”) over the whole Securitised Loans if any of the following circumstances occur:

- (i) if, at any time, the Principal Amount Outstanding of the Securitised Loans is equal or less than twenty percent (20%) of the Maximum Amount of the Securitised Loans;
- (ii) if there is a change in the applicable laws or regulations which would have an adverse effect on the efficiency of the transaction in relation to BBVA’s capital requirements; or
- (iii) if the rating of the short-term unsecured and unsubordinated debt of BBVA assigned by any of the Rating Agencies falls below A1+ or F1+.

The amount which BBVA shall pay the *Fondo* as a result of the exercise of the Repurchase Right will be equal to the sum of the repurchase price of each Securitised Loan which will be:

- (a) for Securitised Loans without Unpaid Amounts or Losses: its Principal Amount Outstanding on the Payment Date on which the Right of Repurchase is exercised

(together with interest accrued up to such date); and

- (b) for Securitised Loans which have Unpaid Amounts and/or Losses: the price designated taking into account the expectations of recovery by a third party agreed by BBVA and the *Sociedad Gestora* and approved by the Rating Agencies.

Once the Repurchase Right has been exercised, BBVA will become the legal holder of the Securitised Loans and will be entitled to receive interest and any other amounts payable thereunder.

The exercise of the Repurchase Right (which, shall always take place on a Payment Date and over all of the Securitised Loans) shall be subject to:

- (a) the prior obtention by BBVA of all administrative consents and authorisations required;
- (b) BBVA giving 30 days prior notice in writing to the *Sociedad Gestora* and the CNMV; and
- (c) the price BBVA pays the *Fondo* being sufficient for the *Fondo* to pay the principal outstanding on the Bonds (excluding any Allocated Losses) as well as interest accrued thereon up to the Payment Date.

The exercise of the Repurchase Right by BBVA shall cause the *Fondo* to be determined and liquidated in accordance with Section III.9 of this Offering Circular.

IV.2.3 Actions in the event of default under the Securitised Loans

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

Should article 1435 of the Law of Civil Procedure (*Ley de Enjuiciamiento Civil*) be applicable, the *Fondo* shall, through the *Sociedad Gestora*, be able to take executive action (*acción ejecutiva*) under article 1429.1º or 1429.6º of said Law of Civil Procedure against the Obligors who fail to comply with their payment obligations under the Securitised Loans transferred in a public document.

The *Fondo* shall, through the *Sociedad Gestora*, be able to take action to enforce the Guarantees prior registration in the case of mortgage-backed Securitised Loans, of their transfers with the Property Registry. Such action should be exercised through the procedures set out in the Spanish civil and procedural laws or, in the case of mortgage-backed Securitised Loans, in the Mortgage Law.

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

The Bondholders and the other creditors of the *Fondo* shall not be able to take any action against the *Fondo* or the *Sociedad Gestora* in the event of non-payment of the Bonds as a consequence of the non-payment of a Securitised Loan by the corresponding Obligor or in the event of a counterpart under the agreements entered into by the *Sociedad Gestora* for and on behalf of the *Fondo* failing to complied its obligations under the relevant agreement. The Bondholders and the other creditors of the *Fondo* shall not be able to take any actions against the *Sociedad Gestora* other than those arising from the non-performance of its duties. Such actions shall be heard in the relevant ordinary trial (*juicio declarativo*) corresponding to the amount of the claim.

IV.3. Servicing of the Securitised Loans incorporated into the *Fondo*. Substitution

BBVA will service and manage the Securitised Loans incorporated into the *Fondo*, in accordance with the subsection of Article 2.2 b) of the Royal Decree. The mandate in favour of BBVA for the servicing of these Securitised Loans will be revocable.

The *Sociedad Gestora* will be in charge of the financial management of the *Fondo*, in accordance hereof, notwithstanding the services provided by BBVA, in its capacity as Servicer, pursuant to the Servicing Agreement.

IV.3.1 Servicing Agreement

IV.3.1.1 Service of Collections

BBVA will accept the mandate received from the *Sociedad Gestora*, for and on behalf of the *Fondo*, to service and collect the Securitised Loans incorporated into the assets of the *Fondo* (hereinafter, the “**Servicing Duties**”), pursuant to a servicing agreement which will be entered into by BBVA and the *Sociedad Gestora*, acting for and on behalf of the *Fondo* (hereinafter, the “**Servicing Agreement**”).

BBVA, as servicer of the Securitised Loans, will send to, and receive from, the Obligors any type of communications whatsoever which may be required, forwarding the same to the *Sociedad Gestora*. As a servicer of the Securitised Loans, BBVA shall never be entitled to renegotiate the terms and conditions of the Securitised Loans with the Obligors.

IV.3.1.2 Diligence of the Servicer. Collection Policy.

BBVA will service the Securitised Loans incorporated into the *Fondo* with the diligence of a prudent business man (*ordenado comerciante*), as if such Securitised loans were its own. BBVA will carry out the Management Duties in accordance with the Collection Policy of BBVA which is attached hereto as Annex 8 (hereinafter, the “**Collection Policy**”). Any modification of the Collection Policy in relation to the Securitised Loans shall be communicated to the Rating Agencies and to the CNMV in order to make such modification available to the general public, where appropriate, as a material fact or by means of the verification and registration of a supplement to this Offering Circular.

IV.3.1.3 Management Duties

BBVA shall accept the mandate received from the *Sociedad Gestora*, for and on behalf of the *Fondo*, to perform the Duties related to the Securitised Loans. In particular, BBVA shall:

- (i) perform the Management Duties in relation to the Securitised Loans according to the Collection Policy and not to introduce any changes to the Collection Policy in relation to the Securitised Loans without first notifying the *Sociedad Gestora*, so as to enable the latter to take the necessary steps to reach an agreement with the Rating Agencies and communicate the proposed changes to the CNMV to be released to the public;
- (ii) service the Securitised Loans, dedicating the same time and attention and applying the same level of skill, care and diligence which would be dedicated and applied in the servicing of its own loans;
- (iii) custody the Securitised Loans purchased by the *Fondo* so that they are separately identifiable from other assets the collection of which is serviced by BBVA, and so that it is possible to independently identify them as held on account of the *Sociedad Gestora* for and on behalf of the *Fondo*;
- (iv) use their best endeavours to ensure that the amounts owed by the Obligors are collected in accordance to the contractual terms and conditions of the Securitised Loans;

- (v) to release, according to its usual practice, the mortgage Guarantees upon termination of the relevant Securitised Loans;
- (vi) in the event of non-payment of the Securitised Loans, take all actions which it would normally take in relation to loans from its own portfolio for the collection of the defaulting amounts (including taking any legal actions) and, without prejudice to its right of reimbursement from the *Fondo*, have the obligation to advance the amounts necessary for the performance of such actions;
- (vii) inform the *Sociedad Gestora* of the payment requirements, claims, legal decisions and any other circumstances affecting the collection of the amounts owed to the *Fondo* by the Obligors, and provide the *Sociedad Gestora* with all the documentation required to initiate legal proceedings if so required;
- (viii) in relation to Securitised Loans with floating interest rate, calculate such rate and comply with the communications and notifications provided for in the relevant agreements;
- (ix) custody all documents and electronic registers in relation to the Securitised Loans, and not to abandon their possession or control without the prior written consent of the *Sociedad Gestora*, except where a document is required to initiate proceedings to claim under a Securitised Loan or by any relevant authority;
- (x) enable the access, at all times, of the *Sociedad Gestora* or the auditors of the *Fondo* (if so authorised by it) to all documents and electronic registers relating to the Securitised Loans;
- (xi) send the *Sociedad Gestora* information periodically in relation to the compliance by the Obligors of their obligations under each one of the Securitised Loans, providing details of delinquency and actions in the event of delays, as well as in relation to the modifications in such Securitised Loans that had been previously authorised by the *Sociedad Gestora*;
- (xii) prepare and send the *Sociedad Gestora* additional information which it may reasonably demand in relation to the Securitised Loans;
- (xiii) if the rating of its short term unsecured and unsubordinated debt assigned by any of the Rating Agencies falls below A1 or F1, (unless performance by the Servicer of its obligations is properly secured or otherwise agreed with the Rating Agencies), notify each one of the Obligors that their payment obligations under the Securitised Loans will only be discharged if the relevant payment is made into the Collection Account.
- (xiv) duly observe the instructions of the *Sociedad Gestora*.

In the case of a default of an Obligor under a Securitised Loan, BBVA, as Servicer, shall take all necessary actions (including bringing any relevant claims on behalf of the *Fondo*) in order for the Obligors to satisfy their payment obligations under the Securitised Loans and shall enforce the Guarantees.

In the event that (a) BBVA fails to comply with its obligations as Servicer referred to in the paragraph above, or (b) BBVA ceases to be the Servicer, or (c) BBVA is declared in suspension of payments or bankruptcy or subject to administrative intervention, BBVA will provide the *Sociedad Gestora* with such documentation as may be necessary for taking the relevant actions for the collection of the Securitised Loans. To this effect, BBVA shall provide the relevant certification reflecting the amount owed by each of the Obligors and the *Sociedad Gestora*, for and on behalf of the *Fondo*, shall notify the Obligors that the payment obligations under the Securitised Loans shall only be discharged if they are paid into the Operating Account.

IV.3.1.4 Term

BBVA will carry out the Servicing Duties until (i) the Securitised Loans have been fully redeemed, (ii) all of BBVA's obligations in relation to the Securitised Loans have been cancelled, or (iii) the liquidation of the *Fondo* has concluded, all of this without prejudice to any possible revocation of its mandate pursuant to the Servicing Agreement and Section IV.3.1.12 of this Offering Circular.

IV.3.1.5 Deputy Servicer

BBVA will have the capacity to entrust any third party whose short-term unsecured and unsubordinated debt has a rating assigned by the Rating Agencies no lower than F3 and A3 or any subsidiary of BBVA (the “**Deputy Servicer**”), with all or certain Management Duties which it has undertaken to perform, providing that the Deputy Servicer waives any future claims for liability against the *Sociedad Gestora* and that such delegation is approved by the *Sociedad Gestora*. The choice of such third party shall remain at the discretion of BBVA, subject to the above-mentioned criteria. In any case, the delegation of any Servicing Duty: (i) may not entail any additional cost or expense charged to the *Fondo*, (ii) must be legally feasible and (iii) must not lead to a downgrade of the rating of any Series of Bonds. In accordance with Article 262 of the Commercial Code, BBVA will not be exonerated or released from any of its obligations and liability under the Servicing Agreement and the relevant legislation.

IV.3.1.6 Banco Bilbao Vizcaya Argentaria, S.A.'s liability

BBVA will undertake to service the Securitised Loans with the diligence of a prudent business man, performing the Management Duties relating to the Securitised Loans as if they were its own assets and will be liable to the *Sociedad Gestora* for any loss which could arise as a result of its negligence.

If BBVA fails to comply with its obligations under the Servicing Agreement, the *Sociedad Gestora* may undertake or require BBVA to fulfil such obligations.

IV.3.1.7 Indemnity

BBVA will indemnify the *Fondo*, through its *Sociedad Gestora*, for any damage, loss or costs it incurs as a result of a breach of BBVA's obligations in relation to the servicing of the Securitised Loans or of any wilful misconduct or negligence in the performance of its Management Duties.

IV.3.1.8 Consideration

BBVA shall receive for the performance of its Management Duties a periodic fee equal to 0.005 % quarterly of the principal amount outstanding on the Bonds at the beginning of each Calculation Period (the “**Servicing Fee**”). The Servicing Fee shall be satisfied in arrears on each Payment Date.

If the Available Funds in a Payment Date are not sufficient to pay fully the relevant Servicing Fee, the unpaid amounts shall be added without any penalty to the amounts payable on the next Payment Date.

Similarly, on each Payment Date BBVA will have the right to be reimbursed all the duly justified extraordinary costs incurred in relation to the servicing of the Securitised Loans. Such costs shall be paid in accordance with section V.6.1.2 herein.

IV.3.1.9 Absence of guarantees

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

IV.3.1.10 Receipt and payment of collections

BBVA, as Servicer, will receive, on behalf of the *Fondo*, any amounts paid by the Obligors in relation to the Securitised Loans, both for principal as well as interests, fees or for any other applicable item and it will deposit such amounts in the Operating Accounts. Likewise, BBVA will deposit in the Operating Account any amounts prepaid by the Obligors under the Securitised Loans.

IV.3.1.11 Information

BBVA must inform the *Sociedad Gestora* on a monthly basis of the level of compliance on the part of the Obligors of their obligations under the Securitised Loans.

IV.3.1.12 Early Termination of the Servicing Agreement

In the event that BBVA is (i) declared in suspension of payments or bankrupt or subject to administrative intervention, (ii) the rating of its short-term unsecured and unsubordinated debt assigned by any of the Rating Agencies falls below A3 or F3, or (iii) BBVA breaches its obligations under the Servicing Agreement, the *Sociedad Gestora* must (unless otherwise agreed with the Rating Agencies) notify the Obligors of the transfer of Securitised Loans and find another servicer whose short-term unsecured and unsubordinated debt has a rating assigned by any of the Rating Agencies no lower than A3 or F3 to replace BBVA within a maximum term of one (1) month as from the time when the *Sociedad Gestora* becomes aware of the relevant event. If the *Sociedad Gestora* fails to find a new servicer with such a credit rating within a month, the *Sociedad Gestora* shall directly perform the Management Duties and will consequently be responsible for the servicing of the Securitised Loans. During such one-month period, BBVA shall continue to perform the Management Duties on the understanding that, if this is not legally possible, the *Sociedad Gestora* shall directly perform the Management Duties while it finds a new servicer with the credit rating required herein.

In the event that the *Sociedad Gestora* shall directly perform the management of the Securitised Loans, the Administration Fee shall be increase in an amount equal to the Management Fee accrued during the period performing such obligations.

IV.3.2 Financial Administration of the Fondo

The *Sociedad Gestora*, in the performance of the activities within the scope of its corporate object, will carry out the administration and management of the *Fondo*'s assets as provided in section III.7 herein.

IV.3.3 Substitution

During the Renewal Period, the amount of the Securitised Loans prepaid or repaid by the Obligors shall be substituted by New Loans.

After the expiry of the Renewal Period, no substitution will take place in the event of payment of the Securitised Loans incorporated into the *Fondo*.

V. ECONOMIC AND FINANCIAL INFORMATION ABOUT THE *FONDO*

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

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

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

- (i) the Securitised Loans (described in Chapter IV of this Offering Circular);
- (ii) the from time to time balance of the Operating Account (described in section V.1.2.1 of this Offering Circular);
- (iii) the from time to time balance of the Cash Collateral Account (described in section V.1.2.2 of this Offering Circular) and the CCA Eligible Investments in which the *Sociedad Gestora* may invest the aforementioned balance (also described in section V.1.2.2 of this Offering Circular);
- (iv) the unamortised amount of the Set-up Expenses.

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

- (i) the Bonds issued pursuant to the Issue (described in Chapter II of this Offering Circular);
- (ii) the Set-up Expenses Loan (described in Section V.2.1 of this Offering Circular);
- (iii) the amounts outstanding, at any given time, under the Subordinated Facility (described in section V.2.2 hereof); and
- (iv) the amounts outstanding, at any given time, under the Advance Payment Facility (described in section V.2.3 hereof)

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

BALANCE (Euros)	
ASSETS	LIABILITIES
Securitised Loans: 900,000,000	Series ACA Bonds: 641,500,000
	Series ASA Bonds: 160,400,000
	Series BCA Bonds: 20,100,000
	Series BSA Bonds: 5,100,000
	Series CCA Bonds: 14,400,000
	Series CSA Bonds: 14,400,000
	Series DCA Bonds: 4,000,000
	Series DSA Bonds: 23,000,000
	Series ESA Bonds: 17,100,000
Set-up Expenses: 1,657,278	Set-up Expenses Loan: 1,657,278

Memorandum Accounts

Assets	Liabilities
Amount available under the Subordinated Facility: 31,500,000	Amount available under the Subordinated Facility: 31,500,000
Amount available under the Advance: Payment Facility: 1,540,000	Amount available under the Advance: Payment Facility: 1,540,000

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

The amount of the assets and liabilities of the *Fondo* will decrease throughout its life as a result of the payment of the Securitised Loans by the Obligors and of the resulting progressive repayments by the *Sociedad Gestora*, for and on behalf of the *Fondo*, of the outstanding Set-up Expenses Loan, the Bonds and, if applicable, the amount outstanding under the Subordinated Facility and the amount outstanding under the Advance Payment Facility.

The *Sociedad Gestora* will execute, for and on behalf of the *Fondo*, several agreements, with the aim of neutralising the differences in interest rates and base rates between the Securitised Loans included in the *Fondo* and the Bonds or other liabilities of the *Fondo* and, in general, transforming the financial characteristics of the Securitised Loans. These agreements are, in addition to the Subordinated Facility Agreement (described in section V.2.2 of this Offering Circular) and the Advance Payment Facility Agreement (described in section V.2.3 of this Offering Circular), the Operating Account Agreement (described in section V.4.1 of this Offering Circular), the Cash Collateral Account Agreement (described in section V.4.2 of this Offering Circular) and the Swap Agreement (described in section V.4.3 of this Offering Circular).

V.1.2 The Accounts of the Fondo

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

The main features of these Accounts are set out below.

V.1.2.1 Operating Account

On the Date of Incorporation, the *Sociedad Gestora* will open an account (hereinafter, the “**Operating Account**”), the main purpose of which will be:

- (i) to receive all amounts (except for the Recoveries, as is defined in Annex 11) transferred by the Servicer corresponding to any amounts paid by, or recovered from, the Obligors (whether it be principal, interests, commissions, costs or any other concept) related to any Securitised Loans, (hereinafter, the “**Collections**”);
- (ii) to receive the Recoveries;
- (iii) to receive and make the payments which must be made to the Counterparty pursuant to the Swap Agreement;
- (iv) to receive and make payments from, or to, the Cash Collateral Account;

- (v) to receive the amounts obtained from the enforcement of the State Guarantee;
- (vi) to make all payments arising from the liabilities of the *Fondo*;
- (vii) to receive interest accrued on the balance of the Collection Account;
- (viii) to receive, if applicable, any amounts required to be deducted or withheld from interest accrued on the Bonds and payable by the *Fondo* until such amounts are paid to the relevant tax authorities; and
- (ix) to receive the amount available under the Advance Payment Facility, if the *Sociedad Gestora* drawdowns such amount as a consequence of the credit rating of BBVA's short term unsecured and unsubordinated debt assigned by the Rating Agencies falls below A1+ or F1+.

The *Sociedad Gestora*, for follow-up and control purposes only during each Calculation Period, will differentiate a sub-account for each of the following items:

- (i) Collections related to principal payments (hereinafter, the “**Principal Collections**”);
- (ii) Recoveries corresponding to principal;
- (iii) Collections related to interest, commissions, fees or any item other than principal (hereinafter, the “**Interest Collections**”);
- (iv) Recoveries corresponding to interest, commissions, expenses or any other item other than principal.

V.1.2.2 *Cash Collateral Account*

The purpose of the Cash Collateral Account is to permit the *Fondo* to fulfil its payment obligations derived from its liabilities (subject to the order of priority set out in Section V.6.1.2 of this Offering Circular) in the event of one or more of the Securitised Loans being declared as Losses or have Unpaid Interest Amounts being Delinquent Amounts.

The Cash Collateral Account shall be opened with BBVA, by the *Sociedad Gestora*, for and on behalf of the *Fondo*, on the Incorporation Date.

The *Sociedad Gestora* will credit the Cash Collateral Account for the total amount available under the Subordinated Facility in the event that the credit rating of BBVA's short term unsecured and unsubordinated debt assigned by the Rating Agencies falls below A1+ or F1+ and the *Sociedad Gestora* must draw such amount in accordance with section V.2.3 hereof.

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

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

V.1.3 *Operational Procedure*

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

V.1.3.1 *Cash flows on the Settlement Date*

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

On the same date the *Sociedad Gestora* will charge the Operating Account in order to pay BBVA, as Originator, the Initial Price and satisfy the Set-up Expenses.

V.1.3.2 *Collections and Payments of the Securitised Loans after the Settlement Date*

The Servicer shall deposit the amounts paid by, or recovered from, the Obligors in relation to the Securitised Loans in the Collection Account.

V.1.3.3 *Non-payment by the Obligors*

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

V.1.3.3.1 *Non-payments of interest or other amounts (other than principal)*

In the event that an Obligor fails to pay any amounts corresponding to interest, commissions or any item other than principal (hereinafter, the “**Unpaid Interest Amounts**”) being such amounts recovered prior to its calculation as Delinquent Amounts (as such term is defined in the List of Definitions attached as Annex 11), such amounts will be Interest Collections for this purposes and therefore will be applied by the *Sociedad Gestora* to met the payment obligations of the *Fondo* under the Swap Agreement.

If such Unpaid Interest Amounts are recovered later that their calculation as Delinquent Amounts, such amounts shall be calculated as Recoveries (as such term is defined in the List of Definitions attached as Annex 11) and will be applied pursuant to the priority of payments set out on section V.6.1.2.1 hereof.

V.1.3.3.2 *Non Payments of Principal*

If an Obligor fails to pay any amounts corresponding to principal not being Losses (hereinafter, the “**Unpaid Principal Amounts**”) the *Sociedad Gestora* will not pay neither allocate such amounts to the Bonholders since such amounts are not recovered or deemed as Losses, delaying the amortisation calendar initially scheduled.

When an Unpaid Principal Amount becomes a Loss, the procedure shall be that set out in section V.1.3.3.3 hereof.

V.1.3.3.3 *Losses*

An Unpaid Principal Amount shall be deemed to be a Loss, subject to accounting and tax principles applied to the *Fondo*, when:

- (i) the relevant Obligor has been declared bankrupt or insolvent; or
- (ii) the *Sociedad Gestora*, based on the information provided by the Servicer, deems that there are not reasonable expectations to recover such Unpaid Amount.

Declaration as Losses of an amount due by an Obligor under a Securitised Loan involves the declaration as Losses of the full amount of the relevant Securitised Loan even is such Securitised Loan is not terminated.

In the event that, one or more Unpaid Principal Amounts are declared to be Losses on a Payment Date, the *Sociedad Gestora*, for and on behalf of the *Fondo*, shall make an advance under the Subordinated Facility (or, as the case may be, against the Cash Collateral Amount) for an amount equal to the sum of the Loss Amounts declared on such Payment Date (the “**Loss Amount**”) and shall credit such amount into the Operating Account in order to meet the payment obligations of the *Fondo* payable from the Principal Distribution Amount, in the order of priority of payments set out in section V.6.1.2.3 below.

In the event that the amount available under the Subordinated Facility (or, as applicable, the balance in the Cash Collateral Account), once funded the Interest Difference, if any, is less than the Loss Amount, the difference will be written off on the Bonds in the following order:

1. Class E Bonds (Series ESA), on a pro rata basis;
2. Class D Bonds, (Series DSA and DCA) on a pro rata basis;
3. Class C Bonds, (Series CSA and CCA) on a pro rata basis;
4. Class B Bonds, (Series BCA and BSA) on a pro rata basis; and
5. Class A Bonds (Series ASA and ACA), on a pro rata basis.

As a result of the aforementioned allocation:

- (i) the Bonds pertaining to Series ESA, DSA, CSA, BSA, ASA shall be deemed provisionally to have been amortised for principal in an amount equal to that which, within the corresponding Series, should be written off on each Bond (hereinafter, the “**Allocated Amount**”), pursuant to which the repayment of principal and the accrual and payment of interest on such Allocated Amount shall be suspended; and
- (ii) on the same Payment Date, the *Sociedad Gestora* shall enforce the State Guarantee in an amount equal to the Allocated Amounts of the Bonds pertaining to the Guaranteed Series (hereinafter, the “**Guaranteed Allocated Amounts**”) plus, if applicable, the excess of the interest accrued on the Bonds of the Guaranteed Series over the Interest Distribution Amount available for the payment thereof (on the understanding that interest will continue to be accrued on the Guaranteed Allocated Amounts until the Payment Date on which such Guaranteed Allocated Amounts are paid by the *Fondo* from the amounts paid by the Kingdom of Spain under the State Guarantee).

If, subsequent to one or more allocations, the *Fondo* receives any amount corresponding to a Loss, these amounts shall be considered Recoveries (as defined in the List of Definitions attached hereto as Annex 11) and shall be applied in accordance with the order established in section V.6.1.2.1 hereof.

V.1.3.4 Recoveries

The Recoveries shall be credited to the Operating Account.

The Recoveries shall be used to fulfil the payment obligations of the *Fondo* payable from the Recoveries Distribution Amount (as defined in the List of Definitions in Annex 11) in the order of priority set out in section V.6.1.2.1 of this Offering Circular.

V.1.3.5 Payment to the Bondholders and other creditors of the Fondo

On each Payment Date, the *Sociedad Gestora* will apply the Recoveries Distribution Amount, the Interest Distribution Amount and the Principal Distribution Amount (as defined

in the List of Definitions in Annex 11 of this Offering Circular) to fulfil the payment obligations of the *Fondo* in the order set out in section V.6.1.2 of this Offering Circular.

V.2 Financing of the *Fondo*

The liabilities of the *Fondo* are disclosed in section III.2.2 of this Offering Circular. The *Fondo* will get financing by means of: (i) the Issue of Bonds (described in Chapter II of this Offering Circular), the Bonds of the Guaranteed Series being guaranteed by the State Guarantee (described in section II.15.2 hereof), (ii) the Set-up Expenses Loan, (iii) the Subordinated Facility and (iv) the Advance Payment Facility.

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

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

V.2.1 The Set-up Expenses Loan Agreement

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

Lender:

BBVA

Amount and delivery:

One million six hundred and fifty seven thousand two hundred and seventy-eight (1,657,278) Euros. The amount of the Set-up Expenses Loan Agreement shall be delivered by BBVA on the Incorporation Date through its fund in the Collection Account.

Object

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

Maturity

The first of the following dates : (a) the twelfth Payment Date and (b) Termination Date.

Repayment

The Set-up Expenses Loan must be repaid by the *Fondo* within the twelve (12) first Payment Dates by means of ongoing quarterly repayments.

Interest

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

V.2.2 The Subordinated Facility Agreement

Upon execution of the Deed of Incorporation, the *Sociedad Gestora*, for and on behalf of the *Fondo*, shall enter into a Subordinated Facility Agreement (the “**Subordinated Facility Agreement**”) with the following characteristics:

Lender

Although the initial lender under the Subordinated Facility Agreement will be BBVA, in the event that the credit rating of the short-term unsecured and unsubordinated debt of BBVA assigned by

any of the Rating Agencies falls below A1+ or F1+, the *Sociedad Gestora* (unless performance by BBVA of its obligations under the Subordinated Facility Agreement is properly secured or otherwise agreed with the Rating Agencies) shall: (a) replace BBVA, within one month, by another credit entity whose short-term unsecured and unsubordinated debt has a credit rating assigned by the Rating Agencies no lower than A1+ or F1+ , or (b) withdraw the total amount available under the Subordinated Facility.

Maximum Amount

The maximum amount available under the Subordinated Facility Agreement will be equal to:

- (i) for each Calculation Period during the Renewal Period: 3.5% of the Maximum Amount of the Securitised Loans;
- (ii) for each of the Calculation Periods falling within the period between the Payment Date on which the Renewal Period ends and the last of the following dates:
 - (a) the tenth Payment Date subsequent to the Payment Date on which the Renewal Period ends and
 - (b) the Payment Date on which the available amount under the Subordinated Facility (on the understanding that the maximum amount should be calculated pursuant to this section (ii) minus the drawdown amount) is equal or greater than five per cent (5%) of the Principal Amount Outstanding of the Securitised Loans on such Payment Date

two and a half percent (2,5%) of the Maximum Amount of the Securitised Loans plus sixty per cent (60%) of the outstanding (calculated on the Payment Date on which the relevant Calculation Period commences) Delinquent Amounts in the Renewal Period (on the understanding that if, on any Payment Date, prepayments exceed ten per cent (10%) of the Principal Amount Outstanding of the Securitised Loans, then the maximum amount under the Subordinated Facility may be reduced with the consent of the Rating Agencies); and

- (iii) for each of the remaining Calculation Periods until the termination of the Fondo: sixty percent (60 %) of the then outstanding Delinquent Amounts on the first Payment Date of the relevant Calculation Period plus the highest of the following amounts:
 - (a) 2.5 % of the Principal Amount Outstanding of the Securitised Loans on the Payment Date beginning the relevant Calculation Period, and
 - (b) the aggregate Principal Amount Outstanding corresponding to the three (3) Obligors with the largest Principal Amount Outstanding on the Payment Date beginning the relevant Calculation Period.

All of the above on the understanding that the maximum amount of the Subordinated Facility for each Calculation Period shall never exceed the amount of the Subordinated Facility for the preceding Calculation Period.

If the *Sociedad Gestora* draws the total amount available under the Subordinated Facility due to the credit rating of BBVA's short term unsecured and unsubordinated debt assigned by the Rating Agencies falls below A1+ or F1+, on each Payment Date, for and on behalf of the *Fondo*, should repay the excess, if any, of the balance of the Cash Collateral Account (once applied the Available Funds on such Payment Date) over the maximum amount of the Subordinated Facility applicable on the immediately following Calculation Period.

Object

To allow the *Fondo* to fund the Interest Difference (as defined in the bellow) and Losses.

"Interest Difference" means, on each Payment Date, the excess (if any) of the interest to be paid to the Bondholders on such Payment Date over the Swap Interest (as such term is defined in the List of Definitions attached as Annex 11).

Maturity date

The Subordinated Facility Agreement shall expiry on the Termination Date.

Repayment

The amounts drawn under the Subordinated Facility must be repaid by the *Fondo*:

- (a) on each Payment Date, pursuant to the Principal Distribution Amount in accordance with the priority of payments of the *Fondo* set out on section V.6.1.2.3 herein; and
- (b) on the Termination Date, for the amount outstanding on such date and in accordance with the priority of payments of the *Fondo* set out on section V.6.1.2.3 herein.

Availability Fee and financial margin

BBVA shall be entitled to receive from the *Fondo* as floating availability fee and financial margin, a floating amount, aggregate to the termination of the *Fondo*, being equal to the positive, if any, difference between the income and expenses of the *Fondo* on each accounting period, prior to close-up its official accounts and minus the amount related to the negative amounts of previous accounting periods that could be set off in order to rectify the accounting profit for the purpose of the Corporate Tax, so that the financial margin (the “**Financial Margin**”) of the *Fondo* is extracted. Without prejudice of its annual accrual, such Availability Fee shall be paid on the maturity date of the Subordinated Facility in accordance with the order of priority of payments of the *Fondo*.

Subordination

The obligation to redeem the principal and to pay the Financial Margin will be subordinated to any other payment obligations of the *Fondo* whatsoever, present or future.

V.2.3 The Advance Payment Facility Agreement

Upon execution of the Deed of Incorporation, the *Sociedad Gestora* shall execute, for and on behalf of the *Fondo*, a facility agreement (hereinafter, the “**Advance Payment Facility Agreement**”) under the following terms and conditions:

Creditor

Although the *Sociedad Gestora* shall initially enter into the Advance Payment Facility Agreement with BBVA, in the event that the rating of the short-term unsecured and unsubordinated debt of BBVA assigned by any of the Rating Agencies falls below A1+ or F+, the *Sociedad Gestora* (unless performance by BBVA of its obligations is properly secured or otherwise agreed with the Rating Agencies) will: (a) replace BBVA, within one (1) month, by another credit entity whose short-term unsecured and unsubordinated debt has a credit rating assigned by the Rating Agencies no lower than A1+ and F+, or (b) draw all amounts available under the Advance Payment Facility.

Amount

The maximum amount under the Advance Payment Facility for each Calculation Period shall be equal to four percent (4%) of the aggregate principal amount outstanding on the Bonds of the Series BCA, CCA and DCA on the Payment Date on which the relevant Calculation Period commences.

If the *Sociedad Gestora* draws the total amount available under the Advance Payment Facility in accordance with the preceding sub-section, on each Payment Date the *Sociedad Gestora*, for and on behalf of the *Fondo*, should repay the excess of such amount over the maximum amount of the Advance Payment Facility applicable on the immediately following Calculation Period.

Object

To provide the *Fondo* with the amounts required in order to pay the holders of the Bonds of the Series BCA, CCA and DCA, the amounts which the Kingdom of Spain must pay under the State Guarantee corresponding to interest accrued on such Bonds.

Maturity

The Advance Payment Facility Agreement shall expire on the Termination Date.

Interest

The amounts drawn by the *Sociedad Gestora*, for and on behalf of the *Fondo*, pursuant to the Advance Payment Facility Agreement, shall accrue daily interest in favour of BBVA from day to day on the basis of the actual number of days elapsed and a year of (360) days. Accrued interest shall be paid on each Payment Date. The applicable interest rate will be equal to EURIBOR plus a spread of 0.10 % per annum.

Repayment

Amounts drawn under the Advance Payment Facility shall be repaid by the *Sociedad Gestora*, for and on behalf of the *Fondo*, on each Payment Date from the amounts paid by the Kingdom of Spain pursuant to the enforcement of the State Guarantee on the preceding Calculation Period related to interest accrued on Bonds of Series BCA, CCA and DCA.

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

V.3.1 Analysis of the prepayment ratio

A chart showing the life and maturity of the Bonds in relation for two different annual prepayment ratios is contained in section II.12 hereof.

V.3.2 Analysis of default

The chart set out below reflects the default ratios of the Securitised Loans which would affect each Series of Bonds. Such calculations have been made assuming that EURIBOR is always annual 5% and that the recovery ratio is similar to the historical one.

Percentage of Delinquency of the Securitised Loans	Affected Series
0% - 7%	-
7.1% - 10.8%	ESA
10.9% - 16.8%	ESA, DSA
16.9% - 23.2%	ESA, DSA, CSA
23.3% - 28.8%	ESA, DSA, CSA, BSA
More than 28.8%	ESA, DSA, CSA, BSA, ASA

The above chart shows that, due to credit enhancement, defaults up to 7% are absorbed by the Subordinated Facility. However, if the default ratio exceeds 7%, Series ESA would be affected. Series ASA would not be affected, unless the default ratio exceeds 28.8%. Historical default ratio for the loan portfolio of the Corporate Banking Department of Banco Bilbao Vizcaya, S.A. (currently, Banco Bilbao Vizcaya Argentaria, S.A.), which has been less than 3.28%, is shown in section VII.1 of this Offering Circular.

Guaranteed Series would never be affected since payments due to holders of Bonds of such Series are guaranteed by the Kingdom of Spain by virtue of the Guarantee State.

V.3.3 Income and expenses flows of the *Fondo*

The numerical diagram bellow shows the incomes and payments (in the order of priority of payments set out in section V.6.1 hereof) to be made by the *Fondo* during its life.

Such diagram is based on the assumptions described in section II.12.1 hereof and, in particular, on the assumption that the interest rate of the Bonds and the TACP are constant during the life of the *Fondo*. Therefore this numerical diagram is just for e exemplification purposes.

CASH FLOWS OF THE FONDO						
EUROS						
TACP = 0,00%						
			COBROS			
Date	Subordinated Facility Limit	Principal Amount Outstanding	Principal Amortised	Limits on the Operating Account	Swap Net Payment	Subordinated Facility Drawdown
Apr-01	31,500,000.00	900,000,000.00	81,420,434.93	17,193,371.42	18,780,121.50	0.00
Jul-01	31,500,000.00	900,000,000.00	61,790,432.64	13,931,543.83	12,054,327.31	0.00
Oct-01	31,500,000.00	900,000,000.00	61,790,432.64	14,097,353.34	12,181,874.79	0.00
Jan-02	31,500,000.00	900,000,000.00	61,790,432.64	14,093,117.43	12,180,113.93	0.00
Apr-02	31,500,000.00	900,000,000.00	61,790,432.64	13,797,716.29	11,919,736.41	0.00
Jul-02	31,500,000.00	900,000,000.00	61,790,432.64	13,945,515.84	12,047,283.88	0.00
Oct-02	31,500,000.00	900,000,000.00	61,790,432.64	14,097,353.34	12,174,831.36	0.00
Jan-03	31,500,000.00	900,000,000.00	61,790,432.64	14,093,117.43	12,173,070.50	0.00
Apr-03	31,500,000.00	900,000,000.00	61,790,432.64	13,797,716.29	11,912,692.98	0.00
Jul-03	31,500,000.00	900,000,000.00	61,790,432.64	13,945,515.84	12,040,240.45	0.00
Oct-03	29,337,335.84	838,209,595.50	61,790,404.50	14,097,353.34	12,160,064.13	0.00
Jan-04	20,955,239.89	777,764,538.63	60,445,056.87	13,173,635.83	11,352,641.52	0.00
Apr-04	19,444,113.47	726,670,678.23	51,093,860.40	12,139,303.66	10,311,848.70	0.00
Jul-04	18,166,766.96	666,780,375.78	59,890,302.45	11,323,637.56	9,651,815.82	0.00
Oct-04	16,669,509.39	613,338,071.04	53,442,304.74	10,543,635.97	8,974,859.20	0.00
Jan-05	15,333,451.78	557,274,194.82	56,063,876.22	9,721,923.49	8,277,815.44	0.00
Apr-05	13,931,854.87	509,022,428.40	48,251,766.42	8,709,561.43	7,384,422.10	0.00
Jul-05	12,725,560.71	461,977,601.67	47,044,826.73	8,077,347.54	6,842,402.13	0.00
Oct-05	11,549,440.04	413,885,814.30	48,091,787.37	7,430,854.80	6,302,914.48	0.00
Jan-06	10,347,145.36	371,398,906.98	42,486,907.32	6,726,430.98	5,676,046.11	0.00
Apr-06	9,284,972.67	331,368,620.31	40,030,286.67	5,962,000.77	5,011,738.07	0.00
Jul-06	7,349,823.59	293,992,943.40	37,375,676.91	5,427,071.25	4,550,173.55	0.00
Oct-06	6,429,496.99	257,179,879.53	36,813,063.87	4,916,660.50	4,111,818.89	0.00
Jan-07	5,587,018.84	223,480,753.74	33,699,125.79	4,362,929.14	3,631,836.31	0.00
Apr-07	4,789,545.33	191,581,813.26	31,898,940.48	3,790,368.35	3,123,964.24	0.00
Jul-07	4,131,081.18	165,243,247.38	26,338,565.88	3,364,894.28	2,746,978.83	0.00
Oct-07	0.00	0.00	165,243,247.38	3,003,745.90	2,406,400.41	0.00
						170,653,393.69

CASH FLOWS OF THE FONDO									
EUROS									
TACP=0,00%									
PAGOS									
Date	Acquisition of New Loans	Principal Amortisation of the Bonds	Swap Net Amount	Expenses	Bonds Interest	Set-Up Expenses Loan Interest	Set-Up Expenses Loan Amort.	Administration fee + Servicing Fee	Total
Apr-01	81,420,434.93	0.00	17,193,371.42	73,524.10	18,491,091.67	21,130.29	138,106.45	56,269.00	117,393,927.84
Jul-01	61,790,432.64	0.00	13,931,543.83	73,524.10	11,767,058.33	19,369.43	138,106.45	56,269.00	87,776,303.79
Oct-01	61,790,432.64	0.00	14,097,353.34	73,524.10	11,896,366.67	17,608.57	138,106.45	56,269.00	88,069,660.78
Jan-02	61,790,432.64	0.00	14,093,117.43	73,524.10	11,896,366.67	15,847.72	138,106.45	56,269.00	88,063,664.00
Apr-02	61,790,432.64	0.00	13,797,716.29	73,524.10	11,637,750.00	14,086.86	138,106.45	56,269.00	87,507,885.34
Jul-02	61,790,432.64	0.00	13,945,515.84	73,524.10	11,767,058.33	12,326.00	138,106.45	56,269.00	87,783,232.37
Oct-02	61,790,432.64	0.00	14,097,353.34	73,524.10	11,896,366.67	10,565.14	138,106.45	56,269.00	88,062,617.35
Jan-03	61,790,432.64	0.00	14,093,117.43	73,524.10	11,896,366.67	8,804.29	138,106.45	56,269.00	88,056,620.57
Apr-03	61,790,432.64	0.00	13,797,716.29	73,524.10	11,637,750.00	7,043.43	138,106.45	56,269.00	87,500,841.92
Jul-03	61,790,432.64	0.00	13,945,515.84	73,524.10	11,767,058.33	5,282.57	138,106.45	56,269.00	87,776,188.94
Oct-03	0.00	61,790,404.50	14,097,353.34	68,889.81	11,896,366.67	3,521.71	138,106.45	53,179.48	88,047,821.97
Jan-04	0.00	60,445,056.87	13,173,635.83	65,270.08	11,097,346.90	1,760.86	138,106.45	50,157.23	84,971,334.22
Apr-04	0.00	51,093,860.40	12,139,303.66	60,649.60	10,203,596.56	0.00	0.00	47,602.53	73,545,012.76
Jul-04	0.00	59,890,302.45	11,323,637.56	57,131.07	9,550,076.74	0.00	0.00	44,608.02	80,865,755.83
Oct-04	0.00	53,442,304.74	10,543,635.97	52,349.96	8,880,573.33	0.00	0.00	41,935.90	72,960,799.90
Jan-05	0.00	56,063,876.22	9,721,923.49	49,178.80	8,189,503.93	0.00	0.00	39,132.71	74,063,615.15
Apr-05	0.00	48,251,766.42	8,709,561.43	45,439.83	7,302,262.15	0.00	0.00	36,720.12	64,345,749.95
Jul-05	0.00	47,044,826.73	8,077,347.54	41,803.66	6,766,230.59	0.00	0.00	34,367.88	61,964,576.40
Oct-05	0.00	48,091,787.37	7,430,854.80	38,709.20	6,232,241.99	0.00	0.00	31,963.29	61,825,556.64
Jan-06	0.00	42,486,907.32	6,726,430.98	35,846.34	5,610,360.82	0.00	0.00	29,838.95	54,889,384.40
Apr-06	0.00	40,030,286.67	5,962,000.77	32,964.35	4,950,936.29	0.00	0.00	27,837.43	51,004,025.51
Jul-06	0.00	37,375,676.91	5,427,071.25	30,268.58	4,493,936.33	0.00	0.00	25,968.65	47,352,921.71
Oct-06	0.00	36,813,063.87	4,916,660.50	27,680.40	4,060,010.50	0.00	0.00	24,127.99	45,841,543.26
Jan-07	0.00	33,699,125.79	4,362,929.14	25,417.30	3,583,975.97	0.00	0.00	22,443.04	41,693,891.23
Apr-07	0.00	31,898,940.48	3,790,368.35	23,347.27	3,079,768.88	0.00	0.00	20,848.09	38,813,273.07
Jul-07	0.00	26,338,565.88	3,364,894.28	21,464.91	2,705,982.76	0.00	0.00	19,531.16	32,450,438.99
Oct-07	0.00	165,243,247.38	3,003,745.90	19,258.32	2,395,131.41	0.00	0.00	11,269.00	170,653,393.69

CASH FLOWS OF THE FONDO							
EUROS							
TACP=10,00%							
				COBROS			
Date	Subordinated Facility Limit	Principal Amount Outstanding	Principal Amortised	Interests on The Operating Account	Swap Net Payment	Subordinated Facility Drawdown	Total
Apr-01	31,500,000.00	900,000,000.00	87,765,922.92	17,219,282.16	18,780,121.50	0.00	123,765,326.59
Jul-01	31,500,000.00	900,000,000.00	83,216,485.90	14,107,272.51	12,054,327.31	0.00	109,378,085.72
Oct-01	31,500,000.00	900,000,000.00	83,216,485.90	14,270,866.00	12,181,874.79	0.00	109,669,226.69
Jan-02	31,500,000.00	900,000,000.00	83,216,485.90	14,266,623.40	12,180,113.93	0.00	109,663,223.23
Apr-02	31,500,000.00	900,000,000.00	83,216,485.90	13,971,222.26	11,919,736.41	0.00	109,107,444.57
Jul-02	31,500,000.00	900,000,000.00	83,216,485.90	14,119,021.81	12,047,283.88	0.00	109,382,791.60
Oct-02	31,500,000.00	900,000,000.00	83,216,485.90	14,270,859.31	12,174,831.36	0.00	109,662,176.57
Jan-03	31,500,000.00	900,000,000.00	83,216,485.90	14,266,623.40	12,173,070.50	0.00	109,656,179.80
Apr-03	31,500,000.00	900,000,000.00	83,216,485.90	13,971,222.26	11,912,692.98	0.00	109,100,401.14
Jul-03	31,500,000.00	900,000,000.00	83,216,485.90	14,119,021.81	12,040,240.45	0.00	109,375,748.17
Oct-03	28,587,424.22	816,783,549.21	83,216,450.79	14,270,859.31	12,157,469.39	0.00	109,644,779.49
Jan-04	20,419,588.73	736,751,282.94	80,032,266.27	13,336,637.46	11,070,781.97	0.00	104,439,685.70
Apr-04	18,418,782.07	668,994,421.68	67,756,861.26	12,278,276.38	9,780,686.09	0.00	89,815,823.72
Jul-04	16,724,860.54	596,063,461.05	72,930,960.63	11,433,292.79	8,906,067.37	0.00	93,270,320.79
Oct-04	14,901,586.53	532,110,171.87	63,953,289.18	10,633,918.42	8,051,377.74	0.00	82,638,585.33
Jan-05	13,302,754.30	468,675,792.18	63,434,379.69	9,783,909.36	7,217,584.66	0.00	80,435,873.71
Apr-05	11,716,894.80	414,699,742.80	53,976,049.38	8,759,983.75	6,253,286.52	0.00	68,989,319.65
Jul-05	10,367,493.57	364,107,470.85	50,592,271.95	8,108,274.83	5,625,360.76	0.00	64,325,907.54
Oct-05	9,102,686.77	314,921,410.74	49,186,060.11	7,442,516.95	5,026,684.96	0.00	61,655,262.02
Jan-06	7,873,035.27	272,355,436.08	42,565,974.66	6,729,112.18	4,385,741.45	0.00	53,680,828.30
Apr-06	6,808,885.90	233,582,528.61	38,772,907.47	5,954,876.98	3,748,523.26	0.00	48,476,307.71
Jul-06	4,963,477.44	198,539,097.66	35,043,430.95	5,410,281.28	3,289,514.11	0.00	43,743,226.35
Oct-06	4,137,273.86	165,490,954.29	33,048,143.37	4,888,739.39	2,868,118.43	0.00	40,805,001.19
Jan-07	0.00	0.00	165,490,954.29	4,329,228.24	2,409,603.54	0.00	172,229,786.06

CASH FLOWS IN EUROS										
EUROS										
TACP= 10,00%										
PAGOS										
Date	Acquisition of New Loans	Principal Amortisation of the Bonds	Swap Net Amount	Expenses	Bonds Interest	Set-Up Expenses Loan Interest	Set-Up Expenses Loan Amort.	Administration fee + Servicing Fee	Total	
Apr-01	87,765,922.92	0.00	17,219,282.16	73,524.10	18,491,091.67	21,130.29	138,106.45	56,269.00	123,765,326.59	
Jul-01	83,216,485.90	0.00	14,107,272.51	73,524.10	11,767,058.33	19,369.43	138,106.45	56,269.00	109,378,085.72	
Oct-01	83,216,485.90	0.00	14,270,866.00	73,524.10	11,896,366.67	17,608.57	138,106.45	56,269.00	109,669,226.69	
Jan-02	83,216,485.90	0.00	14,266,623.40	73,524.10	11,896,366.67	15,847.72	138,106.45	56,269.00	109,663,223.23	
Apr-02	83,216,485.90	0.00	13,971,222.26	73,524.10	11,637,750.00	14,086.86	138,106.45	56,269.00	109,107,444.57	
Jul-02	83,216,485.90	0.00	14,119,021.81	73,524.10	11,767,058.33	12,326.00	138,106.45	56,269.00	109,382,791.60	
Oct-02	83,216,485.90	0.00	14,270,859.31	73,524.10	11,896,366.67	10,565.14	138,106.45	56,269.00	109,662,176.57	
Jan-03	83,216,485.90	0.00	14,266,623.40	73,524.10	11,896,366.67	8,804.29	138,106.45	56,269.00	109,656,179.80	
Apr-03	83,216,485.90	0.00	13,971,222.26	73,524.10	11,637,750.00	7,043.43	138,106.45	56,269.00	109,100,401.14	
Jul-03	83,216,485.90	0.00	14,119,021.81	73,524.10	11,767,058.33	5,282.57	138,106.45	56,269.00	109,375,748.17	
Oct-03	0.00	83,216,450.79	14,270,859.31	67,366.38	11,896,366.67	3,521.71	138,106.45	52,108.18	109,644,779.49	
Jan-04	0.00	80,032,266.27	13,336,637.46	62,524.19	10,820,283.90	1,760.86	138,106.45	48,106.56	104,439,685.70	
Apr-04	0.00	67,756,861.26	12,278,276.38	56,953.90	9,679,013.46	0.00	0.00	44,718.72	89,815,823.72	
Jul-04	0.00	72,930,960.63	11,433,292.79	52,630.92	8,812,364.28	0.00	0.00	41,072.17	93,270,320.79	
Oct-04	0.00	63,953,289.18	10,633,918.42	47,379.53	7,966,123.70	0.00	0.00	37,874.51	82,638,585.33	
Jan-05	0.00	63,434,379.69	9,783,909.36	43,746.49	7,139,135.39	0.00	0.00	34,702.79	80,435,873.71	
Apr-05	0.00	53,976,049.38	8,759,983.75	39,791.83	6,181,490.70	0.00	0.00	32,003.99	68,989,319.65	
Jul-05	0.00	50,592,271.95	8,108,274.83	36,097.14	5,559,789.25	0.00	0.00	29,474.37	64,325,907.54	
Oct-05	0.00	49,186,060.11	7,442,516.95	32,999.31	4,966,670.58	0.00	0.00	27,015.07	61,655,262.02	
Jan-06	0.00	42,565,974.66	6,729,112.18	30,215.45	4,330,639.23	0.00	0.00	24,886.77	53,680,828.30	
Apr-06	0.00	38,772,907.47	5,954,876.98	27,540.61	3,698,034.53	0.00	0.00	22,948.13	48,476,307.71	
Jul-06	0.00	35,043,430.95	5,410,281.28	25,122.12	3,243,196.04	0.00	0.00	21,195.95	43,743,226.35	
Oct-06	0.00	33,048,143.37	4,888,739.39	22,890.50	2,825,684.39	0.00	0.00	19,543.55	40,805,001.19	
Jan-07	0.00	165,490,954.29	4,329,228.24	19,258.32	2,398,334.54	0.00	0.00	11,269.00	172,229,786.06	

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

The *Sociedad Gestora* will arrange for and on behalf of the *Fondo* the operations described immediately below, with the aim of increasing the security and regularity with regard to the payment of the Bonds, of neutralising the differences in interest rates between the Securitised Loans incorporated into the *Fondo* and the Bonds or other liabilities and, in general, of transforming the financial characteristics of the Securitised Loans.

The *Sociedad Gestora*, with a view to ensuring compliance with the operational procedures of the *Fondo* set out in this Offering Circular, in the Deed of Incorporation and in the regulations in force from time to time, will be entitled to extend or amend the agreements which it has entered into for and on behalf of the *Fondo*, to replace each of the counterparties of such agreements and even, if necessary, to enter into additional agreements; all of the above subject to the legislation from time to time in force.

Specifically, the *Sociedad Gestora*, for and on behalf of the *Fondo*, will enter into the following agreements:

- (i) the Subordinated Facility Agreement;
- (ii) the Advance Payment Facility Agreement;
- (iii) the Operating Account Agreement;
- (iv) the Cash Collateral Account Agreement; and
- (v) the Swap Agreement.

The main terms and conditions of the aforementioned agreements (except for the Subordinated Facility Agreement and the Advance Payment Facility Agreement, described in Sections V.2.2, V.2.3 and V.2.4 respectively) are as follows.

V.4.1. Operating Account Agreement

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

Object

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

Interest

The balance of the Operating Account will accrue interests on a daily basis, at a rate equal to EURIBOR minus a spread of 0.10 % per annum, on the basis of the actual number of days elapsed and a year of three hundred and sixty-five (365) days. Such interest shall be liquidated on each Payment Date.

Expiry

The Operating Account Agreement will expire upon termination and, as the case may be, liquidation of the *Fondo*.

Counterparty

Even though BBVA will be the initial counterparty of the Operating Account Agreement, this may change throughout the life of the *Fondo*. In the event that the rating of the short-term unsecured and unsubordinated debt of BBVA assigned by any of the Rating Agencies falls below A1+ or F1+, the

Sociedad Gestora (unless performance by BBVA of its obligations is properly secured or otherwise agreed with the Rating Agencies) will: (i) open an account in Euros with a credit entity whose short-term unsecured and unsubordinated debt has a credit rating assigned by the Rating Agencies no lower than A1+ and F1+ (entering into the corresponding agreement with the aim of obtaining the maximum remuneration for possible for the balances); (ii) transfer the existing balance in the Operating Account to the new account; and (iii) cancel the Operating Account opened in BBVA. If the credit rating of BBVA's short-term unsecured and unsubordinated debt assigned by the Rating Agencies regains the A1+ and F1+ rating, the *Sociedad Gestora* shall transfer said amounts to an account opened with BBVA.

V.4.2 Cash Collateral Account Agreement

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

Object

Opening of the Cash Collateral Account and remuneration by BBVA of the balance existing at any given time in the Cash Collateral Account.

Interest

The balance of the Cash Collateral Account will accrue interests on a daily basis, at a rate equal to EURIBOR minus a spread of 0.10 % per annum, on the basis of the actual number of days elapsed and a year of three hundred and sixty-five (365) days. Such interest shall be liquidated on each Payment Date.

Expiry

The Cash Collateral Account Agreement will expire on the Termination Date.

Counterparty

Even though BBVA will be the initial counterparty under the Cash Collateral Account Agreement, this circumstance may change through the life of the *Fondo*. In the event that the rating of the short-term unsecured and unsubordinated debt of BBVA assigned by any of the Rating Agencies falls below A1+ or F1+, the *Sociedad Gestora* (unless performance by BBVA of its obligations is properly secured or otherwise agreed with the Rating Agencies) will: (i) open an account in Euros with a credit entity with a short-term unsecured and unsubordinated debt rating assigned by the Rating Agencies no lower than A1+ and F1+ (entering into the corresponding agreement with the aim of obtaining the maximum remuneration for the balance); (ii) transfer the existing balance in the Cash Collateral Account to the new account; and (iii) cancel the Cash Collateral Account opened in BBVA. If the credit rating of BBVA's short-term unsecured and unsubordinated debt assigned by the Rating Agencies does not regain the A1+ and F1+ rating, the *Sociedad Gestora* shall transfer said amounts to an account opened with BBVA.

V.4.3 Swap Agreement

It is foreseen that on the Date of Incorporation, the *Sociedad Gestora*, for and on behalf of the *Fondo*, will enter into swap agreement with BBVA (hereinafter, the “**Swap Agreement**”) with the following characteristics:

Object

The Swap Agreement is aimed to hedge the interest rate and base rate risks which arise from the differences between the payment flows of the Securitised Loans and the payment flows derived from certain liabilities of the *Fondo*.

Payment Dates

The payment dates under the Swap Agreement shall be each Payment Date.

Payment

On each Payment Date:

- (a) the *Sociedad Gestora*, for and on behalf of the *Fondo*, shall pay the Counterparty:
 - (i) the amount of all Interest Collections received by the *Fondo* during the Calculation Period ending on such Payment Date, plus
 - (ii) the interest accrued on the balance of the Operating Account and the Cash Collateral Account and the financial recoveries of the CCA Eligible Investments received by the *Fondo* during the Calculation Period ending on such Payment Date; y
- (b) The Counterparty shall pay the *Fondo* an amount equal to the sum of:
 - (i) the amount of the payment which the *Fondo* is required to make on such Payment Date for the repayment of the Set-up Expenses Loan (hereinafter, the “**Swap Principal Amount**”);
 - (ii) the total amount of payments to be paid by the *Fondo* on such Payment Date as interest corresponding to principal of the Bonds equivalent to the Notional Amount (as defined in the List of Definitions attached hereto as Annex 11), allocating the Notional Amount, for this purpose, successfully and until its limit, amongst Class A, Class B, Class C, Class D and Class E Bonds (hereinafter, such amount, the “**Swap Interest**”).
 - (iii) the total amount of payments which the *Fondo* is required to make on such Payment Date in respect of interest accrued on the Set-up Expenses Loan, of interest accrued on the amount outstanding under the Advance Payment Facility; and
 - (iv) the total amount of payments which the *Fondo* is required to make on such Payment Date in respect of the Administration Fees, Servicing Fees, the Paying Agency Fees and any other fees and expenses incurred in the provision of services by third parties or other fees and expenses.

Termination Date

The first of the following dates:

- (a) 27 January 2019, or, if such date is not a Business Day, the first following day that is a Business Day; and
- (b) the Termination Date.

Although the *Sociedad Gestora* will initially enter into the Swap Agreement with BBVA (hereinafter, the “**Counterparty**”), in the event that the rating of the short-term unsecured and unsubordinated debt of BBVA assigned by any of the Rating Agencies falls below A1+ or F1+, the *Sociedad Gestora* will replace BBVA with another credit entity whose short-term unsecured and unsubordinated debt has a rating assigned by the Rating Agencies no lower than A1+ and F1+ (unless performance by BBVA of its obligations is properly secured or otherwise agreed with the Rating Agencies).

V.5 Accounting principles used by the *Fondo*

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

The financial year of the Fondo shall coincide with the calendar year. As an exception, the Fondo's first financial year shall commence on the Incorporation Date. The last financial year shall end on the Termination

Date.

Set Up expenses shall be amortised during the period beginning on the Incorporation Date and ending on 31 December 2003.

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

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

V.6.1.1 On the Settlement Date

The origin and application of the Available Funds on the Settlement Date shall be as follows:

Origin

The Available Funds on the Settlement Date will comprise:

- (a) The proceeds from the Issue.
- (b) The amount of the Set-up Expenses Loan.

Application.

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

- 1. Payment of the Set-up Expenses of the *Fondo*.
- 2. Payment to BBVA of the Initial Principal Price of the Initial Loans

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

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

- (i) to meet its payment obligations under the Swap Agreement, in accordance with the provisions of section V.4.3 hereof;
- (ii) apply the Recoveries Distribution Amount, the Interest Distribution Amount and the Principal Distribution Amount in the manner established in sections V.6.1.2.1, V.6.1.2.2 and V.6.1.2.3 below; and
- (iii) once all payments to be made from the Recoveries Distribution Amount, the Interest Distribution Amount and the Principal Distribution Amount have been satisfied, it shall:
 - (a) enforce, if applicable, the State Guarantee;
 - (b) make an advance under the Advance Payment Facility for an amount equal to that owed by the Kingdom of Spain under the State Guarantee corresponding to the interest accrued on the Bonds of the BCA, CCA and DCA Series and pay such amount to the holders of such Bonds; and
 - (c) apply the amounts paid by the Kingdom of Spain in the preceding Calculation Period under the State Guarantee corresponding to the Allocated Loss written off on the Bonds of the Guaranteed Series to amortise such Bonds and pay the interest accrued and not satisfied of Series ACA with the amounts corresponding to such interest paid by the Kingdom of Spain by virtue of the State Guarantee during the preceding Calculation Period.

V.6.1.2.1 *Composition and distribution of the Recoveries Distribution Amount*

On each Payment Date, the Recoveries Distribution Amount will comprise of the Recoveries during the previous Calculation Period.

The Recoveries Distribution Amount will be applied to meet the *Fondo's* payment obligations in the following order:

1. Payment of interest corresponding to the Allocated Losses written off on the Series ASA Bonds, the accrual and payment of which had been suspended as per section V.1.3.3.3, and repayment to the Kingdom of Spain of the interest corresponding to the Allocated Losses written off on the Series ACA Bonds paid by the State under the State Guarantee.
2. Payment of interest corresponding to the Allocated Losses written off on the Series BSA Bonds, the accrual and payment of which had been suspended as per section V.1.3.3.3, and repayment to the Kingdom of Spain of the interest corresponding to the Allocated Loss written off on the Series BCA Bonds paid by the Kingdom of Spain under the State Guarantee.
3. Payment of interest corresponding to the Allocated Losses written off on the Series CSA Bonds, the accrual and payment of which had been suspended as per section V.1.3.3.3, and repayment to the Kingdom of Spain of the interest corresponding to the Allocated Loss written off on the Series CCA Bonds paid by the Kingdom of Spain under the State Guarantee.
4. Payment of interest corresponding to the Allocated Loss written off on the Series DSA Bonds, the accrual and payment of which had been suspended as per section V.1.3.3.3, and repayment to the Kingdom of Spain of the interest corresponding to the Allocated Loss written off on the Series DCA Bonds paid by the Kingdom of Spain under the State Guarantee.
5. Payment of interest corresponding to the Allocated Loss written off on the Series ESA Bonds, the accrual and payment of which had been suspended as per section V.1.3.3.3.
6. Accumulation to the Interest Distribution Amount.

When various items occupy the same position in the order of priority, payments shall be made pro rata to the amount of each item.

V.6.1.2.2 *Composition and distribution of the Interest Distribution Amount*

The Interest Distribution Amount on each Payment Date will comprise:

- (a) The payment made by the Counterparty under the Swap Agreement, except for the Swap Principal Amount.
- (b) The amount available under the Subordinated Facility (or the balance of the Cash Collateral Account, as the case may be) up to the limit of the Interest Difference.
- (c) The surplus Recoveries Distribution Amount.
- (d) The amounts paid by the Kingdom of Spain in the preceding Calculation Period under the State Guarantee corresponding to the interest accrued on the Bonds of the BCA, CCA and DCA Series.

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

1. Payment of the *Fondo*'s ordinary and extraordinary expenses including the Administration Fee and the Paying Agency Fee, and the remaining fees and expenses incurred by the *Fondo* with respect to services rendered by third parties incurred (excluding the Servicing Fee).
2. Payment of the Servicing Fee.
3. Payment of the interest accrued on the principal outstanding under the Advance Payment Facility and repayment of the principal outstanding under the Advance Payment Facility.
4. Payment of the interests accrued on the principal outstanding under the Set-up Expenses Loan.
5. Payment of the interest accrued on the Class A Bonds (Series ACA and ASA).
6. Payment of the interest accrued on the Class B Bonds (Series BCA and BSA).
7. Payment of the interest accrued on the Class C Bonds (Series CCA and CSA).
8. Payment of the interest accrued on the Class D Bonds (Series DCA and DSA).
9. Payment of the interest accrued on the Class E Bonds (Series ESA).
10. Accumulation to the Principal Distribution Amount.

When various items occupy the same position in the order of priority, payments shall be made pro rata to the amount of each item.

V.6.1.2.3 Composition and distribution of the Principal Distribution Amount

The Principal Distribution Amount on each Payment Date will comprise:

- (a) The Principal Collections in the preceding Calculation Period.
- (b) The amount of the payment made by the Counterparty of the Swap Agreement corresponding to the Swap Principal Amount.
- (c) The amount available under the Subordinated Facility (or, as applicable, the balance of the Cash Collateral Account) up to the amount of the Loss Amount.
- (d) The surplus of the Interest Distribution Amount.

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

1. Repayment of the principal outstanding under the Set-up Expenses Loan.
2. Payment of the Price of the New Loans purchased on such Payment Date.
3. Payment of the Allocated Losses written off on the Series ASA Bonds in accordance with the provisions of section V.1.3.3.3 and repayment to the Kingdom of Spain of the Allocated Losses written off on the Series ACA Bonds which has paid by the State pursuant to the State Guarantee up to the Available Principal for Amortisation with the limit of the amount of the Recoveries Distribution Amount as Principal (as such term is defined in the List of Definitions attached as Annex 11) not applied previously (on the understanding that such limit shall not apply on the Payment Date on which the Series ASA Bonds, excluding the Allocated Losses thereof, have been fully amortised).
4. Amortisation of the Class A (Series ACA and ASA) Bonds up to the amount of the Available Principal for Amortisation.

5. Payment of the Allocated Losses written off on the Series BSA Bonds in accordance with the provisions of section V.1.3.3.3 and repayment to the Kingdom of Spain of the Allocated Losses written off on the Series BCA Bonds which has paid by the Kingdom of Spain pursuant to the State Guarantee up to the Available Principal for Amortisation with the limit of the amount of the Recoveries Distribution Amount as Principal not applied previously (on the understanding that such limit shall not apply on the Payment Date on which the Series BSA Bonds, excluding the Allocated Losses thereof, have been fully amortised)..
6. Amortisation of the Class B (Series BCA and BSA) Bonds up to the amount of the Available Principal for Amortisation.
7. Payment of the Allocated Losses written off on the Series CSA Bonds in accordance with the provisions of section V.1.3.3.3 and repayment to the Kingdom of Spain of the Allocated Losses written off on the Series CCA Bonds which has paid by the Kingdom of Spain pursuant to the State Guarantee up to the Available Principal for Amortisation with the limit of to the amount of the Recoveries Distribution Amount as Principal not applied previously (on the understanding that such limit shall not apply on the Payment Date on which the Series CSA Bonds, excluding the Allocated Losses thereof, have been fully amortised).
8. Amortisation of the Class C (Series CCA and CSA) Bonds up to the amount of the Available Principal for Amortisation.
9. Payment of the Allocated Losses written off on the Series DSA Bonds in accordance with the provisions of section V.1.3.3.3 and repayment to the Kingdom of Spain of the Allocated Losses written off on the Series DCA Bonds which has paid by the Kingdom of Spain pursuant to the State Guarantee up to the Available Principal for Amortisation with the limit of to the amount of the Recoveries Distribution Amount as Principal not applied previously (on the understanding that such limit shall not apply on the Payment Date on which the Series DSA Bonds, excluding the Allocated Losses thereof, have been fully amortised).
10. Amortisation of the Class D (Series DCA and DSA) Bonds up to the amount of the Available Principal for Amortisation.
11. Payment of the Allocated Losses written off on the Series ESA Bonds up to the Available Principal for Amortisation with the limit of the amount of the Recoveries Distribution Amount not applied previously (on the understanding that such limit shall not apply on the Payment Date on which the Series ESA Bonds, excluding the Allocated Losses thereof, have been fully amortised).
12. Amortisation of the Class E (Series ESA) Bonds up to the amount of the Available Principal for Amortisation.
13. Repayment of the Subordinated Facility up to the amount of the Recoveries Distributions Amounts not applied previously and payment of any other amount owned by BBVA not included in the preceding paragraphs.

When various items occupy the same position in the order of priority, payments shall be made pro rata to the amount of each item.

VI. INFORMATION ABOUT THE *SOCIEDAD GESTORA*

EUROPEA DE TITULIZACION, S.A., Sociedad Gestora de Fondos de Titulización is the *sociedad gestora* which constitutes the Fondo de Titulización de Activos BBVA-2 FTPYME ICO.

VI.1 Corporate name and registered address

The registered address of the *Sociedad Gestora* is “EUROPEA DE TITULIZACION, S.A., Sociedad Gestora de Fondos de Titulización”. Its registered address is located at calle Lagasca, number 120, Madrid. It holds C.I.F. (Fiscal Identification Code) number A-80514466, and C.N.A.E. (National Classification of Economic Activities) 0074.

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

EUROPEA DE TITULIZACION, Sociedad Gestora de Fondos de Titulización, S.A. was incorporated as a *Sociedad Gestora de Fondos de Titulización Hipotecaria* by virtue of a public deed executed on 19 January 1993, before Mr Roberto Blanquer Uberos, Notary in Madrid, under number 117 of his official records, as per the authorisation of the Ministry of Finance and Economy, issued by virtue of the Ministerial Order dated 17 December 1992, further to the report issued by the *Comisión Nacional del Mercado de Valores*. The conversion of this entity into a *Sociedad Gestora de Fondos de Titulización de Activos* was authorised by the Ministry of Finance and Economy on 4 October 1999 pursuant to the single Transitional Provision of the Royal Decree. It is registered with the Mercantile Registry of Madrid in Tome 5.461, Book O, Folio 49, Section 8, Page M-89335, entry number 1 of the Companies Book, and the Special Register for *Sociedades Gestoras de Fondos de Titulización* maintained by the aforementioned Commission, under number 2.

EUROPEA DE TITULIZACION, S.A., Sociedad Gestora de Fondos de Titulización, was incorporated for an indefinite term, notwithstanding any event which may give rise to the winding-up thereof, established by law or the Articles of Association.

VI.3 Corporate Object

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

“The corporate object of the Company is exclusively to promote, administer and legally represent both fondos de titulización de activos and fondos de titulización hipotecaria. Moreover, pursuant to the applicable legislation, it will (as a manager of the business of third parties) represent and defend the interests of the holders of the securities issued by the Fondos that it administers and of the other creditors of those Fondos”.

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

The *Sociedad Gestora*’s Articles of Association, accounting and financial statements, or any other document indicated in this Offering Circular, may be accessed at its registered address, calle Lagasca, number 120, Madrid.

VI.5 Share Capital

VI.5.1 *Par value subscribed and paid up share capital*

The share capital of EUROPEA DE TITULIZACION, S.A., Sociedad Gestora de Fondos de Titulización, fully paid-up, amounts to THREE HUNDRED MILLION PESETAS (300,000,000.- Ptas.), represented by 1,250 Series A registered shares each with a par value of 45,950 pesetas, and 1,250 Series B registered shares each with a par value of 194.050 pesetas.

VI.5.2 *Classes of shares*

All the shares are of the same class and confer identical voting and economic rights.

VI.5.3 Evolution of the share capital over the last three years

The share capital has not changed over the last three years.

VI.6 Details regarding shareholdings

VI.6.1 Existence or not of shareholdings in other companies

There are no shareholdings in any other companies.

VI.6.2 Group of companies to which the Company belongs

For the purposes of Article 42 of the Commercial Code, BBV TITULIZACION, S.A., Sociedad Gestora de *Fondos* de Titulización, belongs to the BBVA Group.

VI.6.3 Owners of significant shareholdings

The share capital of EUROPEA DE TITULIZACION, Sociedad Gestora de Fondos de Titulización, S.A. is held by the following companies, with an indication of their corresponding participation stake:

Name of the shareholder company	Participation stake
Banco Bilbao Vizcaya Argentaria, S.A.	82.97 %
J.P. Morgan España, S.A.	4.00 %
Caja de Ahorros del Mediterráneo	1.53 %
Bankinter, S.A.	1.53 %
Barclays Bank, S.A.	1.53 %
Citibank España, S.A.	1.53 %
Deutsche Bank Credit, S.A.	0.77 %
Deutsche Bank, S.A.E.	0.77 %
Banco Atlántico, S.A.	0.77 %
Banco Cooperativo Español, S.A.	0.77 %
Banco Pastor, S.A.	0.77 %
Banco de la Pequeña y Mediana Empresa, S.A.	0.77 %
Banco Urquijo, S.A.	0.77 %
BNP España, S.A.	0.77 %
Caja de Ahorros y Monte de Piedad de Madrid	0.38 %
Caja de Ahorros de Salamanca y Soria, Caja Duero	0.38 %
	100.00 %

VI.7 Corporate Bodies

Pursuant this entity's Articles of Association, the management and control thereof corresponds to the General Shareholders Meeting and the Board of Directors. The capacities and authorities of these bodies are those which correspond to them in accordance with the *Ley de Sociedades Anónimas* and in Law 19/1992, dated 7 July, in relation to corporate object.

The Board of Directors comprises the following persons:

- **President:** Ms Rosario Martín Gutierrez de Cabiedes
- **Vice-president:** Mr José Antonio Alvarez Alvarez
- **Members:** Mr José Manuel Aguirre Larizgoitia
Mr Alvaro Badiola Guerra

Mr Alberto Charro Pastor

Mr Vicente Esparza Olcina

Ms Ana Fernández Manrique

Ms Carmen Pérez de Muniaín

Mr Jesús del Pino Durán

Mr Antonio Uguina Zamorano

Mr David Pérez Renovales (for and on behalf of Bankinter, S.A.)

Mr José María Castellón Leal (for and on behalf of Barclays Bank, S.A.)

Mr José Miguel Raboso Díaz (for and on behalf of Citibank España, S.A.)

Mr Jorge Sáenz de Miera (for and on behalf of Deutsche Bank Credit, S.A.)

Mr Xabier Tintoré Belil (for and on behalf of J.P. Morgan España, S.A.)

Mr Arnaud Tellier

Mr Mario Masiá Vicente (General Manager)

- **Non-director Secretary:** Ms Belén Rico Arévalo
- **Legal Counsel:** Mr Ernesto Antón Azcoiti

There is also a Delegated Committee formed by Ms Rosario Martín Gutiérrez de Cabiedes, Mr José Antonio Alvarez Alvarez, Mr Antonio Uguina Zamorano, Mr. Carmen Pérez de Muniaín and Mr Mario Masía Vicente (General Manager).

VI.8 Joint interest in the Company of the persons indicated in VI.7

The persons referred to in section VI.7. above do not hold or represent, either directly or indirectly any share or obligation, except for those persons who has been explicitly indicated to be acting for and on behalf of a shareholder company and only in his/her capacity under said representation.

VI.9 Lenders of the *Sociedad Gestora* in excess of 10%

It has not received any loans from any person or entity whatsoever.

VI.10 Indication of whether the *Sociedad Gestora* is subject to any insolvency proceedings, or whether significant court action or claims exist that may affect, in the future, its capacity to perform the management and administration of the *Fondo* as set out in this Offering Circular

The *Sociedad Gestora* is not subject to any insolvency proceedings and no court action or claims currently exist that might affect, in the future, its capacity to perform the management and administration of the *Fondo* as set out in this Offering Circular.

VII. RECENT DEVELOPMENT AND PROSPECTS FOR THE *FONDO*

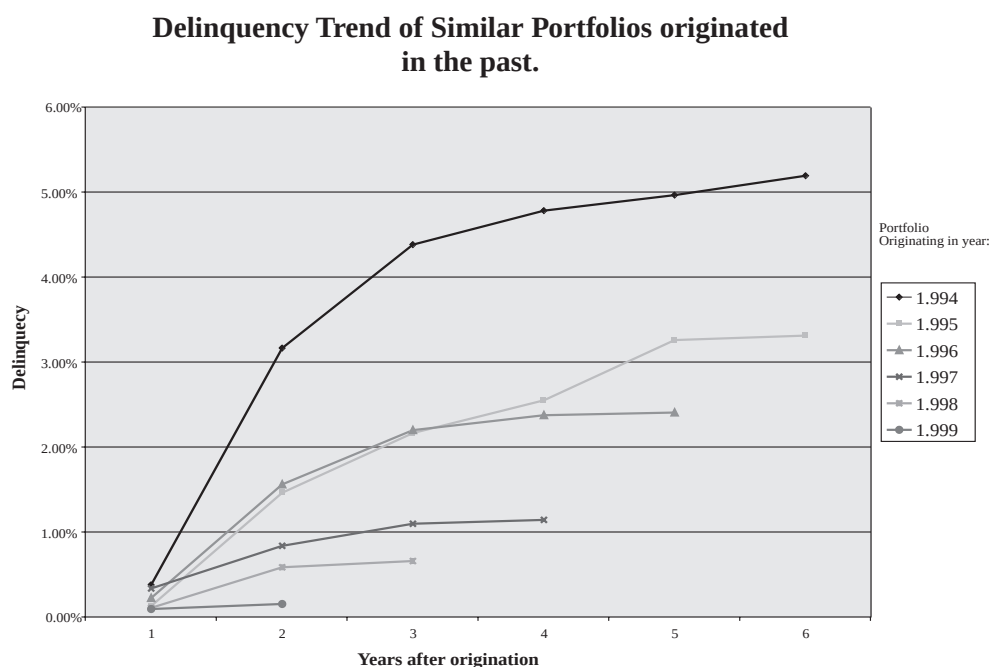
VII.1 Historical development of the Corporate Banking Portfolio of BBVA, regards late payments and recovering payments.

The following table indicates the accumulated delinquency and the recovery of delinquent amounts in the loan portfolios of the Corporate Banking Department of BBVA which were originated in each of the years specified. These portfolios are made up of loans which originated in the past and with a similar scheme to the portfolio to be securitised. It is possible to infer the expected losses in respect of the Securitised Loans during the life span of the *Fondo* from the losses sustained by such portfolios through the life thereof.

The data set forth below have been updated to 31 May 2000, as a result of which it should be emphasised that, although no change is foreseen for the portfolio originated in 1994 and 1995 (due to the fact that, at present, the corresponding amounts are almost fully repaid) and that it is expected that recoveries in relation to the portfolios originated in 1996 increase more than delinquency, the delinquency and recovery figures for the portfolios originating in the subsequent years may vary considerably.

Similar portfolios originated in the past			
<i>Originating in year</i>	<i>Aggregate Delinquency</i>	<i>Aggregate Recoveries</i>	<i>Net Loss</i>
1994	5.20%	66.14%	1.76%
1995	3.32%	47.66%	1.74%
1996	2.41%	44.13%	1.35%
1997	1.15%	39.12%	0.70%
1998	0.66%	52.80%	0.31%
1999	0.16%	5.41%	0.15%

The graph provided below indicates the trend of the delinquency percentage over time in respect of such portfolios until the accumulated rate (indicated in the table above) is reached.



As it may be deduced from the graph above, the delinquency ratio is considerably lower in portfolios of more recent origination. This is mainly due to two factors, the favourable business cycle enjoyed by the Spanish economy in recent years, and the steady improvement, since 1995, of the risk monitoring systems put in place by BBVA which, as indicated by the data, has led to an improvement of the credit rating of the portfolio. Therefore, the securitised portfolio, as in the case of recently originated portfolios, is expected to generate considerably lower losses than those brought about by portfolios originated in the past.

VII.2 Risks

In particular, the prospects for the *Fondo* depend on the evolution of specific risk factors. Below is a summary of certain factors which prospective investors should consider before deciding to purchase the Bonds. The following information is not complete and prospective investors should consider all the information contained in this Offering Circular.

VII.2.1 Risks inherent to the Securitised Loans

Performance of the Securitised Loans

The collectibility of the Securitised Loans is subject to credit, liquidity, interest rate and other risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, the financial performance of the Obligor and other similar factors. If, subject to the order of priority for payments set out in section V.6.1.2 of this Offering Circular, the funds available to pay the holders of a particular Series of Bonds were not sufficient to pay all the amounts due, then Bondholders of such Series would bear their proportionate percentage of such insufficiency and any resulting loss.

However, the holders of Bonds of the Guaranteed Series are protected from such risk by virtue of the State Guarantee.

VII.2.2 Structural risks

No recourse to parties other than the Fondo

The Bonds are liabilities of the *Fondo* alone. In particular, the Bonds do not constitute any liability, debt or other obligation of any kind of BBVA, the *Sociedad Gestora*, or any of their respective affiliates. None of such entities guarantees the Bondholders the payment thereof.

Reliance on creditworthiness of BBVA.

BBVA will perform a number of roles in the transaction, including lender under the Loan for Set-up Expenses, depository of the Accounts of the *Fondo*, Counterparty to the Swap Agreement, the Advance Payment Facility Agreement and the Subordinated Facility Agreement, Servicer and Paying Agent. As a result, Bondholders rely not only on the creditworthiness of the Obligor, but also on the creditworthiness of BBVA under the various roles BBVA assumes in the transaction. In the event that BBVA's creditworthiness declines, the roles initially assumed by BBVA will have to be transferred to other suitable counterparties with sufficient rating, or else the *Fondo* may be terminated early if no suitable counterparty can be found.

Reliance on BBVA's servicing standards

BBVA will agree to service the Securitised Loans in accordance with the servicing standards described in Annex 8 of this Offering Circular and will be required to exercise the same care and apply the same policies that it exercises in servicing for its own account other facilities comparable to the Securitised Loans. Therefore, the *Fondo* is relying on the compliance by BBVA of its customary loan maintenance and collection policies in relation to the servicing, collection, enforcement and administration of the Securitised Loans.

Effects of Subordination

With respect to investors holding Bonds of one or several Series of subordinated Bonds, payment of the principal on the subordinated Bond will not commence until the final principal payment on

the more senior Series of Bonds. In addition, if the Interest Distribution Amount on a Payment Date is insufficient to cover the interest accrued on all the Bonds, the interest accrued on the senior Bonds will be paid first. If delinquencies and losses in relation to the Securitised Loans increase, a permanent delay and/or reduction in principal and interest payments on the subordinated Bonds might take place.

However, the holders of Bonds of the Guaranteed Series are protected from such risk by virtue of the State Guarantee.

Credit enhancement

Although credit enhancement has been provided with respect to each Series of Bonds, the amount available is limited. If the amount available under any credit enhancement in relation to a Series of Bonds is exhausted to zero (0), BBVA shall have no obligation to fund such deficiency and the Bondholders of the affected Series will bear directly the credit and other risks associated with their investment in the *Fondo*.

However, the holders of Bonds of the Guaranteed Series are protected from such risk by virtue of the State Guarantee.

VII.2.3 Risks in relation to the Bonds

Payment and maturity

The Securitised Loans may be repaid at any time. As a result, there is no certainty about the final Payment Date of any Series of Bonds.

Significance of the ratings

Any rating assigned to the Bonds of a Series by the Rating Agencies will reflect such Rating Agency's assessment of the likelihood that the Bondholders of such Series will receive the payments of interest and principal required to be made based on the value of the Securitised Loans and the availability of credit enhancement with respect of such Series. However, any such rating will not address the likelihood that the principal of the Bonds of such Series will be paid on a scheduled date. The rating is not a recommendation to purchase, hold or sell Bonds of such series, and such rating will not comment as to the marketability of such Bonds, any market price or suitability for a particular investor. There is no assurance that any rating will remain for any given period of time or that any rating will not be lowered or withdrawn entirely by a Rating Agency if, in such rating Agency's judgement, circumstances so warrant.

Limited liquidity

Without prejudice to the fact that the Bonds are to be traded on the *Mercado AIAF de Renta Fija*, there is currently no liquid secondary market for the Bonds.

Annex 1

Certificates of the resolutions passed by:

- (A) the Delegated Board of the Board of Directors of the *Sociedad Gestora* approving the incorporation of the *Fondo* and the Issue of the nine Series of Bonds; and
- (B) the Permanent Delegated Board of Banco Bilbao Vizcaya Argentaria, S.A. approving the transfer of the Securitised Loans to the *Fondo*.

**Certificate of the resolution passed by the Delegated Board of the Board of
Directors of the *Sociedad Gestora* approving the incorporation of the *Fondo* and
the Issue of the Nine Series of Bonds**

Certificate of the resolution passed by the Permanent Delegated Board of Banco Bilbao Vizcaya Argentaria, S.A. approving the transfer of the Securitised Loans to the *Fondo*.

Annex 2

Report produced by Arthur Andersen y Cía., S. Com regarding the Selected Loans

Annex 3

Letters from Standard & Poor's España, S.A. and Fitch Ratings España, S.A.U.

Annex 4

Representation by Banco Bilbao Vizcaya Argentaria, S.A. as the Originator

Annex 5
Representation by the Managers

Annex 6

Information on the financial performance of the *Fondo*

INFORMATION PREPARED PERIODICALLY FOR THE DELIVERY THEREOF,
ON A QUARTERLY BASIS, TO THE RATING AGENCIES AND THE CNMV

FONDO DE TITULIZACION DE ACTIVOS BBVA-2 FTPYME ICO

PERIODICAL INFORMATION REGARDING THE FINANCIAL PERFORMANCE OF THE FONDO

Information on [], in accordance with section III.7.3 of the Offering Circular relating to the Issue.

1. Information relating to the Bonds (for each Bond)

		Class A	Class B	Class C	Class D	Class E
1.a	<i>Principal Outstanding</i>					
1.b	<i>%Principal Outstanding</i>					
2	<i>Interest accrued and paid</i>					
3	<i>Interest accrued and unpaid</i>					
4	<i>Repayments due and paid</i>					
5	<i>Repayment Deficit</i>					

2. Information relating to the Securitised Loans

1.	<i>Principal Amount Outstanding of Loans</i>
2.	<i>Principal Collections</i>
3.	<i>Interest accrued on the Loans</i>
4.	<i>Interest Collections</i>
5.	<i>Defaults</i>
6.	<i>Recoveries</i>
7.	<i>(a) Losses</i>

3. Information relating to prepayment of the Securitised Loans

(b) Months	Month 1	Month 2	Month 3	Quarter
<i>Prepayments</i>				
<i>Annual prepayment rate</i>				

The historic annual prepayment rate is []. Assuming such a rate, the current estimates of the average life and maturity of each of the Series of Bonds are as follows:

	Historic annual prepayment rate [] %	
Class	Average Life	Maturity
ACA		
ASA		
BSA		
CCA		
CSA		
DCA		
DSA		
ESA		

4. Information relating to the economic and financial position of the *Fondo*.

State of Origin and Application of Funds

ORIGIN OF FUNDS	
TOTAL ORIGIN OF FUNDS	

(C) APPLICATION OF FUNDS	
TOTAL APPLICATION OF FUNDS	

Annex 7

Credit Approval Policy

The Initial Loans originate from the loan portfolio recorded in the Balance Sheet of the Corporate Banking Department of Banco Bilbao Vizcaya, S.A. (hereinafter “**BBV**”) and therefore were granted in accordance with the said company’s credit approval policy in force in all its branch offices in Spain.

Any New Loans which are incorporated into the *Fondo* in the future will originate from the loan portfolio executed by the Corporate Banking Department of Banco Bilbao Vizcaya Argentaria, S.A. and will have been granted in accordance with the new Entity’s credit approval policy.

BBV’s credit approval policy is maintained in BBVA. This policy for credit approval and risk control in respect of Corporate Banking was introduced in 1994 – date on which the Corporate Banking Department separated from Commercial Banking - and is subject to annual review.

The credit approval policy in BBVA is described below:

1. General principles of Credit Risk Management in BBVA.

The credit risk is actively managed in BBVA during the whole operation with a clear distribution of responsibilities during the different phases of treatment of the same: analysis, approval, monitoring and, if applicable, management of recovered amounts.

An efficient delegation system in the taking of decisions together with a strict application of the risk analysis criteria imposed by the Central Risk Departments render compatible both the rapid response required in the daily management of the business and the principles involving independence in said analysis.

2. Analysis and approval of operations.

The procedure for the approval of loans is initiated in the branch office. Following an analysis of the characteristics of each operation and of the risk to be assumed in respect of each of the clients, the relevant proposals are studied and, where appropriate, the loan is approved.

The analysis carried out at any level in the decision making chain will revise the exact documentation and will follow the analysis techniques set forth in the formalities required and, adequately documented, by BBV’s Risk Control Central Unit.

3. Delegation system.

The procedure for analysis and approval is based on a delegation system which ensures that each unit takes decisions within the authorities assigned thereto. In this way, the amount of delegation defines the maximum risk which any unit may assume with a client or group of clients.

The execution of this delegation system implies that all those operations which due to the amount, type or maturity fall outside the authorities corresponding to their level, are referred to the immediately higher authority.

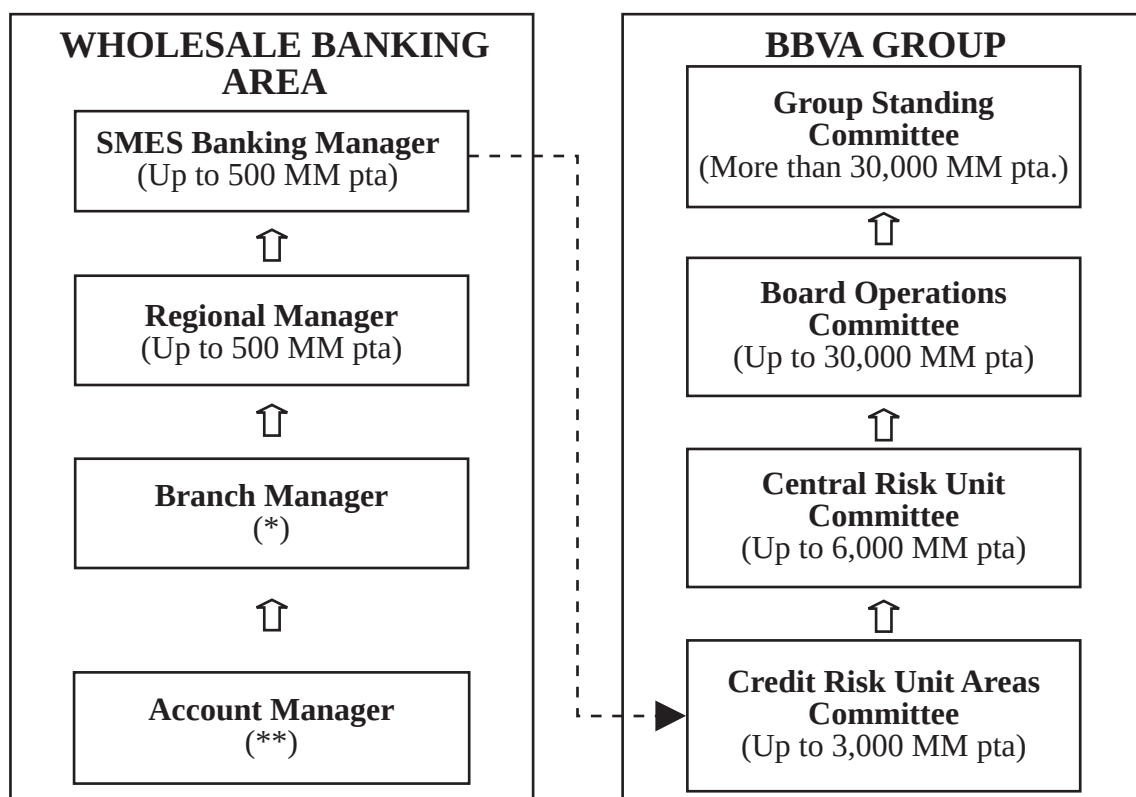
All decisions which are taken exercising the level of assigned delegation have to be recorded so that they can be authorised by means of the periodic reviews of the analysis and approval procedure.

The delegation of authorisations to allow operations does not free the delegating Unit from its responsibility vis-à-vis the final economic results of the operation.

Units which intervene in the credit approval procedure.

The internal bodies which intervene in the analysis and approval of the credit risk are as follows, bearing in mind their corresponding delegation level:

Delegation scheme in BBVA for Corporate Banking clients



(*) The amount of delegation varies from 20 to 250 MM pta, with an average of 75 MM

(**) The amount of delegation changes from person to person

A great part of the operations proposed in the Corporate Banking Sector are confined to the level of Branch Office or Regional Department. However, for operations in which the amount exceeds the aforementioned authorities, the proposals have to be forwarded to higher authorities, as set forth in the previous graph.

- **Branch Office**

The Risk Committee of each branch office is authorised to approve loans or credits up to the amount allocated in its level of authorities. In this regard, the branch office does not have the authority to approve operations for a period above three years, and the amount of the delegation at branch level varies from twenty million (20,000,000) to two hundred and fifty million (250,000,000) pesetas, the average being some seventy-five million pesetas (75,000,000 ptas).

- **Regional Department**

For operations with amounts exceeding the corresponding level of delegation, the Risk Committee for the branch offices prepares a recommendation which is sent to its Regional Department.

The amount delegated to the Regional Department may reach up to five hundred million pesetas (500,000,000 ptas). The team of analysts corresponding to this level will be responsible for analysing the Proposal, studying the recommendation and, where appropriate, approving the same if this falls within its jurisdiction.

Any operations which exceed one thousand five hundred million pesetas (1,500,000,000 Ptas.) should be forwarded to the centralised bodies within the BBVA group for analysis. These bodies are as follows, according to their level of delegation:

- **Risk Control Central Unit**

This unit analyses and manages the risk for each of the operations, both in terms of the individual risks of the operation and in terms of global portfolio risks. It has the power to approve loans or credit facilities which do not exceed three thousand million pesetas (3,000,000,000 Ptas).

Internally, the Risk Control Central Unit is structured around twelve departments or business areas which are specialised in different sectors of the economy for larger companies or institutions: (i) food, drink and tobacco, (ii) basic industries, (iii) manufacturing industries, (iv) chemical and textile industries, (v) the real estate sector, (vi) tourism, transportation and commerce, (vii) public sector, (viii) financial institutions, (ix) country-risk, (x) construction, (xi) services and (xii) project financing. For smaller companies, the Unit is structured around four geographical areas.

- **Operations Technical Committee.**

This Committee is empowered to approve any operations which do not exceed six thousand million pesetas (6,000,000,000 Ptas).

- **Operations Committee.**

This Committee has the power to approve operations not exceeding thirty thousand million pesetas (30,000,000,000 Ptas).

- **Permanent Delegated Committee.**

This Committee is empowered to approve operations above thirty thousand million pesetas (30,000,000,000 Ptas).

Approval by any of the bodies mentioned above requires a favourable report from each of the lower bodies.

3. **Risk Monitoring.**

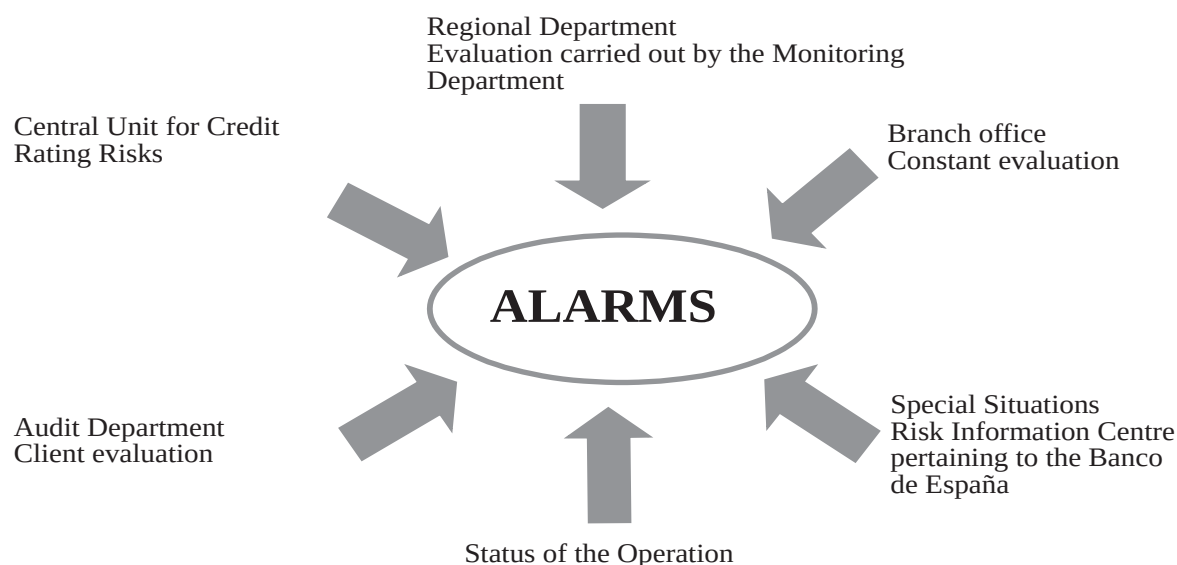
The BBVA Group has a monitoring system which manages the risk during the whole operation, in order to detect sufficiently in advance any sign which could imply a deterioration in the creditworthiness. Therefore the main aim of said monitoring is to ensure foresight.

This need to manage the risk beyond the authorisation of the operation is due to the changing nature of the economic and financial position of the client, the economic context and other variables which may determine the creditworthiness thereof.

Alarm system

The main tool used in the BBVA Group to carry out an effective monitoring of the risk is based on a computerised alarm system. This system enables the information to be processed actively, in this way facilitating an active response to any eventuality which could deteriorate the creditworthiness.

The system automatically classifies the clients as those: without signals, minor signals, moderate signals, major signals and very major signals.



Structuring of the monitoring processes.

The identification process for problematic situations involving credit risk is implemented in the following manner:

A. Monitoring of the creditworthiness:

- Monitoring of clients.

Clients with outstanding payments, refinanced operations, historical delinquency, etc.

- Monitoring of products.

High level of non-payment of commercial bills, exceeded credit limits, drawee concentration risk, etc.

- Monitoring of branch offices.

Monitoring of those units with poorer indicators of the creditworthiness, review of compliance with the level of delegation in the approval of operations, etc.

B. Control of the process for the risk approval:

- Review of the quality of the analysis of clients and operations.
- Review of files and documentation.
- Review of the use of the delegation.
- Review of the correct recording of the operations.
- Control of the time from the presentation of the proposal until a decision is taken.

The role of each unit in the monitoring of the risk.

A. Branch Office

- Constant contact with the clients and collection of data.
- Evaluation of clients (Client Monitoring System).
- Adoption of corrective measures.

B. Regional Department

This department has a special unit to monitor the risk. Its role entails the:

- Monitoring of clients, branch offices and products. Particularly those with alarms.
- Co-ordination and participation in the Risk Control Committee (monthly minimum).
- Rating of clients.
- Proposal of actions to improve the creditworthiness and verification of the correct compliance therewith.

C. Corporate Banking Department

- Participating in the Risk Monitoring Committees.
- Proposal and control of special measures.
- Collection, processing and distribution of information for the monitoring of the risk.

D. Risk Control Central Unit.

- Validation of the monitoring processes.
- Participation in the design and development of the processes and tools for the approval and monitoring of the risk.
- Co-operation with the Audit Department.

Monitoring of the indicators of the creditworthiness by sector and geographical area.

Annex 8

Securitised Loans

The Collection Policy relating to the Securitised Loans is divided into three different stages on a timely basis:

I. DELAYED PAYMENT WHICH IS PENDING CONFIRMATION (DàD+10)

This is the period of time from the due date (D) until ten (10) days after this first day. During this period, the amount pending repayment is entered in a transitory account.

During this phase, the office shall contact the client in order to reach an amicable agreement in relation to the delayed payment. At the same time, the progress of the affected transaction will be monitorised by the other units (Alarm System).

Office can contact the Legal Department at any time.

II. CONFIRMED DELINQUENCY (D+10àD+90)

The period between ten (10) days after the date when payment is due and ninety (90) days the aforementioned date.

During this period, if there is a credit balance in the client's account, this account may be debited in the necessary amount and applied to the payment of the amounts due, according to the order of priority set out in for each loan.

At this time, amicable attempts to obtain repayment will be intensified and periodic contacts will be set up with each of the offices entrusted with the administration of these loans.

III. DELINQUENCY

Ninety (90) days after the date when a payment is due, as per the guidelines of the Banco de España, the amount owed by the debtor will be entered in the accounts and registered as "Delinquent" (*Mora*).

From this point, the Legal Department will begin an individual examination of each of the loans and credit facilities, for the purposes of designing a strategy, together with the person responsible for such loans and credit facilities, aimed at obtaining payment from the debtor. Without prejudice to the initiation of the relevant proceedings, whether declarative or executive, along with the enforcement of any mortgage or pledges which may be held, attempts will be made to pursue any possibility of receiving payment extra-judicially.

IV. LOSS

A loan which is delinquent will be written-off either (i) automatically after thirty-six (36) months have elapsed from the date on which it went into delinquency (or six (6) years in the event of mortgage loans) or (ii) at the request of the legal department once the client has become bankrupt.

In the event that payment of the amounts owed by the client is made, this will be entered in the Profit and Loss account.

Annex 9

Form of notice to the CNMV

Representation of [*Sociedad Gestora*]

Mr. [], in my capacity of [] of [*name of the Sociedad Gestora*], duly empowered to this effects, acting the former in the name and on behalf of FONDO DE TITULIZACION DE ACTIVOS BBVA - 2 FTPYME ICO (hereinafter, the “*Fondo*”) and in compliance with article 2.2.c) 2º of Royal Decree 926/1998, 14 May, on *Fondos de Titulización de Activos* and *Sociedades Gestoras de Fondos de Titulización*,

REPRESENTS

That on the Purchase Date [], the *Fondo* has purchased from Banco Bilbao Vizcaya Argentaria, S.A., [] New Loans, being its aggregate principal amount equal to [] EUR.

That on this date we have noticed to the *Comisión Nacional del Mercado de Valores* a detailed list of the New Loans purchased and its characteristics through the appropriate informatic file to such end.

That the New Loans incorporated to the *Fondo* comply with the Individual Securitisation Requirements set forth on the Incorporation Deed of the *Fondo*.

That the New Loans incorporated to the *Fondo*, including the New Loans purchased on the Purchase Date mentioned above, comply, in aggregate, with the Global Securitisation Requirements set forth on the Incorporation Deed of the *Fondo*.

Annex 10

Classification by Sectors

1. Aerospace & Defence
2. Air transport
3. Automotive
4. Beverage & Tobacco
5. Radio & Television
6. Brokers, Dealers & Investment houses
7. Building & Development
8. Business equipment & services
9. Cable & satellite television
10. Chemicals & plastics
11. Clothing/textiles
12. Conglomerates
13. Containers & glass products
14. Cosmetics/toiletries
15. Drugs
16. Ecological services & equipment
17. Electronics/electrical
18. Equipment leasing
19. Farming/agriculture
20. Financial intermediaries
21. Food/drug retailers
22. Food products
23. Food service
24. Forest products
25. Health care
26. Home furnishings
27. Lodging & casinos
28. Industrial equipment
29. Insurance
30. Leisure goods/activities/movies
31. Non-ferrous metals/minerals
32. Oil & gas
33. Publishing
34. Rail industries
35. Retailers (except food & drug)
36. Steel
37. Surface transport
38. Telecommunications
39. Utilities
- Other

Annex 11

List of Definitions List of Definitions

For clarity purposes the definitions listed bellow are ordered according to the English capitalised terms included in this English translation of the Folleto Informativo and not according to the Spanish capitalised terms included in the Spanish Folleto Informativo.

A

Accounts - Cuentas: means, collectively, the Operating Account and the Cash Collateral Account.

Administration Fee - Comisión de Administración: means the fee that the *Fondo* will pay the *Sociedad Gestora* for its administration and representation services.

Advance Payment Facility - Línea de Anticipos: means the facility granted by BBVA to the *Fondo*, pursuant to the Advance Payment Facility Agreement.

Advance Payment Facility Agreement - Contrato de Línea de Anticipos: means the credit facility agreement between the *Sociedad Gestora*, for and on behalf of the *Fondo*, and BBVA, as described in section V.2.4. of this Offering Circular.

Allocated Loss - Importe Imputado: means the excess of Losses over the amount available under the Subordinated Facility (or, as applicable over the credit balance of the Cash Collateral Account) on a Payment Date that has been written off on each Bond within the relevant Series pursuant to section V.1.3.3.3 of this Offering Circular.

Available Funds - Fondos Disponibles: means, (i) on the Settlement Date, the sum of the amounts listed in points (a) to (b) in section V.6.1.1 of this Offering Circular and (ii) on each Payment Date, the sum of the Interest Distribution Amount, the Principal Distribution Amount and the Recoveries Distribution Amount.

Available Principal for Amortisation - Principal Disponible para Amortización: means on each Payment Date the sum of: (a) the Principal Collections on the preceding Calculation Period, (b) the amount available under the Subordinated Facility (or the balance of the Cash Collateral Account, as the case may be) up to the Losses, and (c) the excess of the Recoveries Distribution Amount for Principal not previously applied, being such amount equal to the less of the following: (i) the excess over the Interest Distribution Amount and (ii) the Recoveries Distribution Amount for Principal.

B

BBVA: means Banco Bilbao Vizcaya Argentaria, S.A.

Bonds - Bonos: means the debt securities (grouped in eight Series ACA, ASA, BCA, BSA, CCA, CSA, DCA, DSA and ESA) issued by the *Fondo*.

Business Day - Día Hábil: means any day excluding Saturday, Sunday or National Holidays in Madrid on which TARGET (Trans-European Automated Real-Time Gross-Settlement Express Transfer System) operates normally.

C

Calculation Period - Período de Cálculo: means each of the successive periods of time into which the Issue is divided in order to calculate the Interest Rate for each Series of Bonds.

Cash Collateral Account - Cuenta de Reserva: means account number 0182-3009-56-0013000013 opened in the name of the *Fondo* at BBVA.

Cash Collateral Account Agreement - Contrato de Apertura de la Cuenta de Reserva: means the account opening agreement between the *Sociedad Gestora*, for and on behalf of the *Fondo*, and BBVA as described in section V.4.2 of this Offering Circular.

CCA Eligible Investments - Inversiones de Reserva: means the financial instruments denominated in Euros with a short-term credit rating assigned by the Rating Agencies no lower than A1+ and F1+ and a residual maturity of no more than three months and, in any event, maturing prior the following Payment Date, and/or the overnight or term deposits of no more than three (3) months in BBVA and, in any event, maturing prior the immediately following Payment Date, in BBVA or another credit entity whose short-term unsecured and unsubordinated debt has a credit rating assigned by the Rating Agencies no lower than A1+ and F1+, in which the *Sociedad Gestora*, for and on behalf of the *Fondo*, will invest the daily balance of the Cash Collateral Account.

Class - Clase: means each of the classes of Bonds (A, B, C, D and E) in which the nine Series of Bonds are grouped for the amortisation thereof.

CNMV: means the National Securities Market Commission in Spain (*Comisión Nacional del Mercado de Valores*).

Collections - Cobros: means any amounts received by the *Fondo* from the Servicer corresponding to any amounts paid by the Obligors voluntarily or obligatorily, whether on or after maturity (except the Recoveries), under any category of payments (albeit principal, interest, commission, expenses or any other) by reason of the Securitised Loans.

Collection Policy - Política de Cobros: means BBVA's collection policy in relation to the Securitised Loans that is attached to this Offering Circular as Annex 8.

Counterparty - Contrapartida: means the counterparty of the Swap Agreement.

Credit Approval Policy - Política de Concesión de Crédito: means BBVA's credit approval policy that is attached to this Offering Circular as Annex 7.

D

Deed of Incorporation - Escritura de Constitución: means the deed for the incorporation of the *Fondo* and the Issue of Bonds.

Deficiency of the Renewal Amount - Insuficiencia del Importe de Renovación: means the situation that happens on a Payment Date where the difference between the relevant Renewal Amount and the Principal Amount Outstanding of the loans claims being offered by BBVA which meet the Securitisation Requirements exceeds five percent (5%) of the relevant Renewal Amount.

Delinquent Amounts - Cantidades Morosas: means the from time to time Unpaid Amounts, which have remained unpaid for more than ninety (90) days from its maturity or the amount of those Securitised Loans provisioned as doubtful in relation to its insolvency risk pursuant to Circular 4/1991,14 June (or any other rule replacing such Circular), passed by Bank of Spain and the general policy of privionment of Banco de España and the Collection Policy of BBVA.

Deputy Manager - Gestor Delegado: means a third party whose short-term unsecured and unsubordinated debt has a credit rating assigned by the Rating Agencies no lower than A3 and F3 or any subsidiary of BBVA to whom BBVA may delegate the performance of the Servicing Duties.

E

EURIBOR: Means the reference rate, calculated by BRIDGE System as mandated by FBE (*Federation Bancaire de l'Union Europeene*) for three (3) month (or five (5) months for the first Calculation Period) deposits in Euros which appears Reuters Page EURIBOR and on Telerate Page 248 (or on any other page which may replace the former in the future) at 11:00 a.m. (Central European Time) on the day that is two Business Days preceding the commencement of the relevant Calculation Period. If EURIBOR cannot be thus determined, EURIBOR shall be determined by reference to the rates at which the Reference Banks are offering deposits in Euros around 11:00 a.m. (Central European Time) on the day that is two (2) Business Days preceding the commencement of the relevant Calculation Period to prime banks in the Euro-zone interbank market for three (3) months (or five (5) months for the first Calculation Period) commencing on that day. BBVA, in its capacity as Paying Agent, shall request from the principal office in the Euro-zone of each Reference Bank a quotation for such rate. If more than one quotation is obtained, the reference interest rate for the Calculation period shall be the arithmetic mean of the quotations.

F

Fitch: means Fitch Ratings España, S.A.U.

Financial Margin - Margen Financiero: the floating fee that BBVA is entitled to receive under the Subordinated Facility Agreement.

Fixing Date - Fecha de Fijación: means any of the Business Days comprised in the Book-building Period on which the *Sociedad Gestora* determines the Margin applicable to each Series of Bonds.

Fondo - Fondo: means “*Fondo de Titulización de Activos BBVA-2 FTPYME ICO*”.

G

Guarantees - Garantías: means any personal guarantee or security which secures compliance by the Obligors of their obligations under the Securitised Loans.

Global Securitisation Requirements - Requisitos Globales de Titulización: means the requirements which must be met collectively by the portfolio of Securitised Loans on the Incorporation Date of the *Fondo* and further to each acquisition of New Loans, as described in section IV.2.1.3 hereof.

Guaranteed Allocated Losses - Importes Imputados Avalados: means Allocated Losses corresponding to Bonds pertaining to the Guaranteed Series.

Guaranteed Series - Series Avaladas: means, collectively, the Series ACA, CCA and DCA.

I

ICO: means “Instituto de Crédito Oficial”, the Spanish Official Credit Institute.

ICO Line - Línea ICO: the financing provided by the ICO to BBVA in respect of the facilities granted by the latter to PYMES (SME) in accordance with the financing agreement between BBVA and ICO.

Incorporation Date - Fecha de Constitución: means the date on which the Deed of Incorporation of the *Fondo* is executed.

Incorporation Fee - Comisión de Constitución: means the remuneration that the *Sociedad Gestora* will receive from the *Fondo* on the Settlement Date as consideration for structuring and incorporating the *Fondo*.

Individual Securitisation Requirements - Requisitos Individuales de Titulización: means the requirements which must be met individually by each of the Securitised Loans in order to be included in the assets of the *Fondo*, as described in section IV.2.1.3 hereof.

Initial Loans - Préstamos Iniciales: means the Securitised Loans which will be purchased by the *Fondo* from BBVA on the Incorporation Date.

Initial Price - Precio Inicial: means, for each Initial Loan, an amount equal to the Principal Amount Outstanding thereon on the Incorporation Date.

Interest Collections - Cobros de Intereses: means the Collections corresponding to amounts paid by the Obligors corresponding to interest, fees, expenses or any item other than principal for the Securitised Loans.

Interest Difference - Diferencia de Intereses: means on each Payment Date the excess, if any of the interest payable to the bondholders on such Payment Date over the Swap Interest.

Interest Distribution Amount - Intereses Disponibles: means on each Payment Date the sum of (a) the payment made by the Swap Counterparty excluding the Swap Principal Amount, (b) the amount available under the Subordinated Facility (or, as the case may be, the balance of the Cash Collateral Account) up to the Unpaid Interest Amounts, (c) the surplus Recoveries Distribution Amount, and (d) the amounts paid by the Kingdom of Spain in the preceding Calculation Period under the State Guarantee corresponding to the interest accrued on the Bonds of the BCA, CCA and DCA Series.

Interest Price - Precio por Intereses: means, for each New Loan, an amount equal to the portion of interest accrued thereon as from its last interest payment date (inclusive) up to the corresponding Purchase Date (exclusive).

Interest Rate - Tipo de Interés: means the interest rate applicable to each Series of Bonds, which is the result of adding the margin applicable to each Series of Bonds to the EURIBOR, as described in section II.1.6.1 of this Offering Circular.

Issue - Emisión: means the issue of eight Series of Bonds issued by the *Fondo* in accordance with Chapter II of this Offering Circular.

L

Liquidity Difference - Diferencia de Liquidez: means, on each Payment Date, the excess of the Unpaid Interest Amounts over the amount available under the Liquidity Facility.

Losses - Cantidades Fallidas: means the Unpaid Amounts (i) for which the relevant Obligor has been declared bankrupt or (ii) that the *Sociedad Gestora*, based on the information provided by the Servicer, deems it cannot reasonably expect to recover, and subject to tax and accounting rules of the *Fondo*.

M

Margin - Margen: means the margin applicable to each Series of Bonds which, together with EURIBOR, shall determine the Interest Rate for each Series of Bonds in a given Calculation Period.

Maximum Amount - Importe Máximo: means the maximum principal outstanding amount of the Securitised Loans, equal to nominal value of the Issue, nine hundred millions Euros (900,000,000 €).

Mortgage Loans Sale and Transfer Master Agreement - Contrato Marco de Compraventa de Préstamos Hipotecarios: means the sale and purchase agreement entered into by the *Sociedad Gestora*, for and on behalf of the *Fondo*, and BBVA, executed in the form of a private document, pursuant to which the *Fondo* shall acquire the mortgage-backed Securitised Loans.

N

New Loans - Nuevo Préstamos: means the Securitised Loans which the *Sociedad Gestora* shall purchase from BBVA during the Renewal Period, in order to renovate the assets of the *Fondo*.

Non-Mortgage Loans Sale and Transfer Master Agreement - Contrato Marco de Compraventa de Préstamos No Hipotecarios: means the sale and purchase agreement entered into by the *Sociedad Gestora*, for and on behalf of the *Fondo*, and BBVA, executed in the form of a public deed, pursuant to which the *Fondo* shall acquire the Securitised Loans which are not mortgage-backed loans.

Nominal Amount - Importe Nominal: means for each Payment Date, an amount equal to (i) the Principal Outstanding Amount of the Securitised Loans on the immediate preceding Payment Date (or the Incorporation Date, as the case may be), plus (ii) the Principal Collections not invested in the acquisition of New Loans and deposited in the Operating Account on the preceding Payment Date, minus (iii) the aggregate Principal Outstanding Amount on the preceding Payment Date (or the Incorporation Date, as the case may be) of the Securitised Loans with Delinquent Amounts on the relevante Payment Date.

O

Obligor - Deudor Cedido: means individual(s) or corporation(s) who at any given time are (a) borrower(s) in each of the Securitised Loans.

Offer Date - Fecha de Oferta: means the eighth Business Day before each Purchase Date.

Offering Circular - Folleto Informativo: means this complete Offering Circular on the incorporation of the *Fondo* and the Issue of nine Series of Bonds, verified and registered in the official registers of the CNMV on 28 November 2000.

Operating Account - Cuenta de Cobros: means account number 0182-3009-52-0013000006 opened in the name of the *Fondo*, at BBVA.

Originator - Cedente: means Banco Bilbao Vizcaya, S.A. as originator of the Securitised Loans which are incorporated into the assets of the *Fondo*.

P

Paying Agency Agreement - Contrato de Agencia de Pagos: means the paying agency agreement in relation to the Issue between BBB and the *Sociedad Gestora* for and on behalf of the *Fondo*.

Paying Agency Fee - Comisión del Agente de Pagos: means the remuneration that the Paying Agent will receive from the *Fondo* for performing the obligations arising from the Paying Agency Agreement.

Paying Agent - Agente de Pagos: means BBVA in its condition as paying agent of the Issue

Payment Date - Fecha de Pago: means 27 January, 27 April, 27 July and 27 October of each year during the life of the *Fondo* (except 27 January 2001), or, if such day is not a Business Day, the first following day that is a Business Day.

Principal Amount Outstanding - Saldo Vivo: means, in relation to each loan at any given time, the principal outstanding plus the principal past-due and unpaid, excluding, if applicable, the Losses in relation thereto.

Principal Collections - Cobros de Principal: means the Collections corresponding to amounts paid by the Obligor corresponding to principal of the Securitised Loans.

Principal Distribution Amount - Principal Disponible: means, on each Payment Date, the sum of (a) the Principal Collections in the previous Calculation Period; (b) the portion of the payment made by the Swap Counterparty corresponding to the Swap Principal Amount, (c) the amount available under the Subordinated Facility (or, as applicable, the balance of the Cash Collateral Account), up to the amount of the Principal Loss Amount, and (d) the surplus Interest Distribution Amount.

Principal Loss Amount - Importe de Principal Fallido: means, on each Payment Date, the sum of the Principal Losses in respect of the Securitised Loans which are declared as such on said Date.

Price - Precio: means, for each New Loan, an amount equal to the Principal Amount Outstanding thereon on the relevant Purchase Date.

Purchase Date - Fecha de Compra: means each Payment Date during the Renewal Period

PYME (SME) - PYME: means the economic unit, being either an individual or a legal entity, which meets the following requirements at the time its application is made:

- (a) the entity employs less than 250 workers;
- (b) the entity does not have an annual turnover above 40,000,000 Euros or a general balance exceeding 27,000,000 Euros; and
- (c) less than 25 % of the entity's share capital or voting rights is owned by other entities which do not meet the above requirements, unless they are public holding companies, venture capital companies or institutional investors and provided that these companies do not individually or collectively exercise any control over the relevant entity.

R

Rating Agencies - Agencias de Calificación: means, collectively, Standard & Poor's España, S.A. and Fitch Ratings España, S.A.U.

Recoveries - Cantidades Recuperadas: means any Unpaid Interest Amount being Delinquent Amounts and Losses which, in both cases, have been paid to, or recovered by, the *Sociedad Gestora*, for and on behalf of the *Fondo* (net of recovery expenses).

Recoveries Distribution Amount - Recuperaciones Disponibles: means, for each Payment Date, the Recoveries during the previous Calculation Period.

Recoveries Distribution Amount for Principal - Recuperaciones Disponibles por Principal: means on each Payment Date the Recoveries on the preceding Calculation Period corresponding to recoveries of Losses.

Reference Banks - Bancos de Referencia: means four large banks in the Euro-zone interbank market selected by BBVA in its capacity as Paying Agent.

Refinanced Amount - Importe Refinanciado: means an amount equal to the principal of each Liquidity Advance made previously to replace any Unpaid Interest Amounts which have not been recovered or declared on such Payment Date.

Renewal Amount - Importe de Renovación: means the maximum amount that the *Sociedad Gestora* may apply on each Purchase Date to purchase New Loans.

Renewal Period - Período de Renovación: means the period of time between the Settlement Date and the earliest of the following dates: (a) the tenth Payment Date, (b) the Payment Date on which the aggregate unrecovered Losses as from the Settlement Date plus sixty percent (60 %) of the Delinquent Amounts exceeds one percent (1 %) of the Maximum Amount of the Securitised Loans, (c) the date on which BBVA is declared to be bankrupt or in temporary receivership, (d) the date on which the rating of BBVA's short-term unsecured and unsubordinated debt assigned by any of the Rating Agencies falls below BBB, and (e) the Payment Date on which a Deficiency of the Renewal Amount occurs.

Right of Repurchase - Derecho de Recompra: means the right to repurchase the Securitised Loans granted to BBVA in the Securitised Loans Sale and Transfer Agreements .

Royal Decree - Real Decreto: means Royal Decree 926/1998, of 14 May, which regulates the *Fondos de Titulización de Activos* and *Sociedades Gestoras de Fondos de Titulización*.

Royal Decree 116/1992 - Real Decreto 116/1992: means Royal Decree 116/1992, of 14 February, on representation of securities in book entry form and settlement and clearing of securities market transactions.

S

S&P: means Standard & Poor's España, S.A.

SCLV: means *Sistema de Compensación y Liquidación de Valores, S.A.*.

Securitised Loans - Préstamos Titulizados: means the loan claims included in the *Fondo* and which arise from bilateral loans granted to non financial entities with headquarters in Spain.

Securitised Loans Sale and Transfer Agreements - Contratos de Compraventa de Préstamos Titulizados: means, collectively, the Mortgage Loans Sale and Transfer Master Agreement and the Non-Mortgage Loans Sale and Transfer Master Agreement.

Securitisation Requirements - Requisitos de Titulización: means, collectively, the Individual Securitisation Requirements and the Global Securitisation Requirements.

Selected Loans - Préstamos Seleccionados: means the loans comprised in the Selected Portfolio.

Selected Portfolio - Cartera Seleccionada: means the loan portfolio selected as at 31 October 2000 from all the loans owned by BBVA which meet the Individual Securitisation Requirements, certain information on which is disclosed in Chapter IV herein.

Series - Serie: means each of the Series of the Bonds (ACA, ASA, BSA, CCA, CSA, DCA, DSA and ESA) issued pursuant to the Issue, all Bonds pertaining to the same Series holding the same rights.

Servicer - Gestor de Cobros: means the counterparty of the Servicing Agreement, which will be BBVA at the time when the *Fondo* is constituted.

Servicing Agreement - Contrato de Administración y Gestión de los Préstamos Titulizados: means the agreement for the administration and collection of the Securitised Loans entered into by BBVA and the *Sociedad Gestora*, for and on behalf of the *Fondo*, as described in section IV.3.1 of this Offering Circular.

Servicing Duties - Funciones de Gestión: means services consisting of the administration, servicing and collection of the Securitised Loans included in the assets of the *Fondo*, which arise from the Servicing Agreement between BBVA and the *Sociedad Gestora*.

Servicing Fee - Comisión del Gestor: means the remuneration that the Servicer will receive from the *Fondo* for performing the Servicing Duties.

Set-up Expenses - Gastos de Constitución: means certain expenses incurred in setting up the *Fondo*, referred to in Section II.14 of the Offering Circular.

Set Up Expenses Loan - Préstamo para Gastos de Constitución: means the loan granted by BBVA to the *Fondo* pursuant to the Set-up Expenses Loan Agreement.

Set-up Expenses Loan Agreement - Contrato de Préstamo para Gastos de Constitución: means the loan agreement between the *Sociedad Gestora*, for and on behalf of the *Fondo*, and BBVA, as described in section V.2.2 of this Offering Circular.

Settlement Date - Fecha de Desembolso: means 5 December 2000.

Sociedad Gestora - Sociedad Gestora: means EUROPEA DE TITULIZACIÓN, S.A., Sociedad Gestora de Fondos de Titulización.

State Guarantee - Aval - means the guarantee issued by the Kingdom of Spain by virtue of Ministerial Order dated 29 November 2000, pursuant to which the Kingdom of Spain irrevocably and unconditionally guarantees the full payment of the obligations of the *Fondo* in respect of the Bonds of the Guaranteed Series.

Subordinated Facility - Línea de Crédito Subordinada: means the facility granted by BBVA to the *Fondo*, pursuant to the Subordinated Facility Agreement (the terms and conditions of which are described in section V.2.3 hereof).

Subordinated Facility Agreement - Contrato de Línea de Crédito Subordinada: means the facility agreement between the *Sociedad Gestora*, for and on behalf of the *Fondo*, and BBVA, as described in section V.2.3 of this Offering Circular.

Subscription Period - Período de Suscripción: means the period described in section II.19.3 of this Offering Circular.

Swap Agreement - Contrato de Permuta: means the swap agreement between the *Sociedad Gestora*, for and on behalf of the *Fondo*, and BBVA as described in section V.4.3. of this Offering Circular.

Swap Interest - Interés Permutado: means the amount paid on each Payment Date by the Counterparty of the Swap Agreement corresponding to the total amount of payments to be paid by the *Fondo* on such Payment Date as interest corresponding to Bonds backed by the Notional Amount.

Swap Principal Amount - Principal Permutado: means the amount paid on each Payment Date by the Counterparty to the Swap Agreement corresponding to the payments which the *Fondo* is required to make on said Payment Date in respect of repayment of the Set-up Expenses Loan.

T

Termination Date: means the date on which the *Fondo* expires pursuant to the provisions set out on section III.9 hereof.

U

Underwriters - Entidades Aseguradoras y Colocadoras de Bonos: means, together, BBVA and Crédit Agricole Indosuez, Sucursal en España.

Underwriting Agreement - Contrato de Aseguramiento y Colocación de Bonos: means the underwriting agreement between the *Sociedad Gestora*, for and on behalf of the *Fondo*, and BBVA and Crédit Agricole Indosuez, Sucursal en España as described in II.19.13 of this Offering Circular.

Underwriting Fee - Comisión de Aseguramiento y Colocación: means the remuneration that the Underwriters will receive from the *Fondo* for complying with their obligations under the Underwriting Agreement.

Unpaid Amounts - Cantidades Impagadas: means due and unpaid amounts owed by the Obligor under of the Securitised Loans, to the extent that such amounts must not be deemed to be Losses.

Unpaid Interest Amounts - Cantidades de Intereses Impagadas: means any Unpaid Amounts which correspond to interest, commissions or any other item other than principal.

Unpaid Principal Amounts- Cantidades de Principal Impagadas: means any Unpaid Amounts which correspond to principal.