

PROSPECTUS

July 2013

**RURAL HIPOTECARIO XIV**  
**FONDO DE TITULIZACIÓN DE ACTIVOS**  
**ISSUE OF ASSET-BACKED BONDS**  
**EUR 225,000,000**

**Series A**  
**Series B**

**EUR 202,500,000**  
**EUR 22,500,000**

**DBRS / Fitch**  
**A(sf) / Asf\***  
**BB(low)(sf) / Bsf\***  
\*Negative  
outlook

**Backed by mortgage certificates and pass-through certificates issued on  
mortgage loans by**

**Bantierra**

*Lead Manager*



*Subscriber*

**Bantierra**

*Fund established and managed by*



Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores  
on July 11, 2013

**Material Event  
concerning**

**RURAL HIPOTECARIO XIV FONDO DE TITULIZACIÓN DE ACTIVOS**

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

- On December 22, 2015, once the CNMV had checked compliance with the provisions of article 7 of Act 19/1992, as worded before the entry into force of Business Financing Act 5/2015, April 27 (“Act 5/2015”, which does not apply to the Fund in accordance with Transitional Provision Seven concerning the transitional system for securitisation funds, section 1 of which provides that securitisation funds established before the entry into force of Act 5/2015 will continue to be governed until terminated by the provisions applicable thereto upon being established), the Management Company amended the Fund’s Deed of Constitution, observing the procedure provided for in subparagraph 3.a) of that article, namely that the consent of all holders of the securities issued by the Fund, and of lenders and other creditors, be secured.
- The Deed of Constitution has been amended with the consent of CAJA RURAL DE ARAGÓN, S.C.C. (“**CAJA RURAL DE ARAGÓN**”) as the current holder, collectively, of all the Bonds issued by the Fund, lenders and financial creditors to the Fund, and with the consent of BANCO COOPERATIVO ESPAÑOL, S.A. as counterparty to the Financial Swap Agreement signed by the Management Company, for and on behalf of the Fund. In addition, the amendment of the Deed of Constitution has been moved by CAJA RURAL DE ARAGÓN and BANCO COOPERATIVO ESPAÑOL, S.A. for the purpose of setting a floor for the Nominal Interest Rate of the Bonds in order to comply with the provisions of article 63 of Guideline (EU) 2015/510, as amended by Guideline 2015/732 of the European Central Bank of April 16, 2015, in order for Series A Bonds to be considered eligible as collateral in Eurosystem credit operations.
- On January 4, 2016, the CNMV has filed in its official records the deed amending the deed of constitution of the Fund.
- Following the inclusion of the floor for the Nominal Interest Rate applicable to the Bonds, the following section of the Fund Prospectus shall henceforth read as follows:

Section	Description
<p><b>4.8.1.2 Securities Note (Nominal Interest Rate)</b></p>	<p>The Nominal Interest Rate applicable to the Bonds in each Series and determined for each Interest Accrual Period shall be the higher of:</p> <p>a) zero (0); and</p> <p>b) the rate resulting from adding:</p> <p>(i) the Reference Rate, as established in the following section, and</p> <p>(ii) a margin for each Series, as follows:</p> <p>- Series A: 0.30% margin.</p> <p>- Series B: 0.50% margin.</p> <p>The resultant Nominal Interest Rate shall be expressed as a percentage to three decimal spaces rounding the relevant figure to the nearest thousandth, rounding up when equidistant.</p>

Madrid, January 5, 2016.

José Luis Casillas González  
Attorney-In-Fact

Paula Torres Esperante  
Attorney-In-Fact

**Material Event  
concerning**

**RURAL HIPOTECARIO XIV Fondo de Titulización de Activos**

As provided for in the Prospectus for **RURAL HIPOTECARIO XIV Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On July 16, 2015 the Fund’s Treasury Account is to be effectively transferred to CITIBANK INTERNATIONAL LTD, Sucursal en España (“**CITIBANK**”), following the signature, on July 9, 2015, of a new Guaranteed Interest Rate Account (Treasury Account) Agreement by the Management Company, for and on behalf of the Fund, CITIBANK and BANCO COOPERATIVO ESPAÑOL, S.A. and the relevant notice to BARCLAYS BANK, PLC Sucursal en España, as the former provider of the Fund’s Treasury Account. CITIBANK is to be designated on the same effective date as the Bond Paying Agent, following the signature on July 9, 2015 of a new Paying Agent Agreement by the Management Company, for and on behalf of the Fund, CITIBANK and BANCO COOPERATIVO ESPAÑOL, S.A. and the relevant notice to BARCLAYS BANK, PLC Sucursal en España, as the former Paying Agent.

The ratings for CITIBANK INTERNATIONAL LTD’s short- and long-term unsecured and unsubordinated debt obligations assigned by the Rating Agencies are currently as follows:

	<b>Fitch</b>	<b>DBRS</b>
<b>Short-term</b>	F1	R-1 (low)
<b>Long-term</b>	A	A

- As a result of the new Agreements referred to above, the following sections of the Fund Prospectus shall henceforth read as follows:

<b>Section</b>	<b>Description</b>
<b>3.4.4.1 Building Block Paragraphs 2 et seq. (Treasury Account)</b>	CITIBANK shall pay an annual nominal interest rate, floating quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each Interest Accrual Period to the positive daily balances if any on the Treasury Account, equal to the higher of (i) zero percent (0.00%); and (ii) the interest rate resulting from increasing (a) the Euribor rate currently calculated and distributed by the financial information system Global Rate Set Systems Ltd (GRSS) under a European Money Markets Institute (EMMI) mandate and three- (3-) month EURIBOR ACI, set at 11am (CET) on the second Business Day preceding the first day of each interest accrual period (b) by a 0.20% margin. That interest will be in force until July 16, 2018. Interest shall be settled on each Payment Date and be calculated based on: (i) the exact number of days in each interest accrual period, and (ii) a three-hundred-and-sixty (360-) day year. The first interest accrual period shall comprise the days elapsed between July 16, 2015 and August 5, 2015.

Section	Description
	<p>In the event that the unsecured and unsubordinated debt obligations of CITIBANK INTERNATIONAL LTD or the institution in which the Treasury Account is opened (the "Treasury Account Provider") should at any time during the life of the Bond Issue be downgraded below BBB in the long-term according to the public rating assigned by DBRS or, where there is no such rating, the internal assessments and/or private ratings made by DBRS (the "DBRS Rating"), or below F2 or BBB+ respectively in the short- or long-term by Fitch, the Management Company shall, within not more than thirty (30) calendar days from the occurrence of any such circumstances, do one of the following to allow a suitable level of security to be maintained with respect to the commitments made by the Treasury Account Provider under this Agreement in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:</p> <p>a) Obtain from an institution with unsecured and unsubordinated debt obligations having a long-term DBRS Rating of at least BBB (such rating not to be "Under Review (Negative)"), and rated at least as high as F2 and BBB+ respectively in the short- and long-term by Fitch, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by the Treasury Account Provider of its obligation to repay amounts credited to the Treasury Account, for such time as the Treasury Account Provider's debt obligations remain downgraded below BBB and/or F2 and/or BBB+.</p> <p>b) Transfer the Treasury Account to an institution with unsecured and unsubordinated debt obligations having a long-term DBRS Rating at least as high as BBB (such rating not to be "Under Review (Negative)") and rated at least as high as F2 and BBB+ respectively in the short- and long-term by Fitch, and arrange the highest possible yield for its balances, which may differ from that arranged with CITIBANK under this Agreement.</p> <p>In the event that the Treasury Account Provider's debt obligations should be downgraded or removed by the Rating Agencies, it shall notify the Management Company</p> <p>All costs, expenses and taxes incurred in connection with putting in place and arranging the above options shall be borne by BANCO COOPERATIVO.</p> <p>BANCO COOPERATIVO shall agree, upon a credit rating downgrade of the Treasury Account Provider triggering one of a) or b) above, to use commercially reasonable efforts in order that the Management Company may do one of the above.</p> <p>In the event that the short-term unsecured and unsubordinated debt obligations of BANCO COOPERATIVO should be upgraded back to a long-term DBRS Rating at least as high as BBB (such rating not to be "Under Review (Negative)") and to a rating at least as high as F2 and BBB+ respectively in the short- and long-term by Fitch, before July 16, 2018, the Management Company may transfer the balances to BANCO COOPERATIVO as the new treasury account provider subject to CITIBANK and BANCO COOPERATIVO so agreeing.</p>
<p><b>3.4.7.1 Building Block Paragraphs 4 et seq. (Paying Agent Agreement)</b></p>	<p>In the event that the unsecured and unsubordinated debt obligations of CITIBANK INTERNATIONAL LTD or the institution servicing the Bonds (in both cases, the "Paying Agent") should, at any time during the life of the Bond Issue, be subject to a downgrade of the long-term public rating assigned by DBRS or, where there is no such rating, the internal assessments made by DBRS (the "DBRS Rating") below BBB in the long-term, or a downgrade of the short- or long-term credit rating respectively below F3 or BBB- by Fitch, the Management Company shall, within not more than thirty (30) calendar days from the occurrence of such circumstance, do one of the following:</p>

Section	Description
	<p>(i) obtain from an institution with unsecured and unsubordinated debt obligations having a long-term DBRS Rating at least as high as BBB (such rating not to be “Under Review (Negative)”) and rated at least as high as F3 and BBB- respectively in the short- and long-term by Fitch, an unconditional, irrevocable, first demand guarantee securing payment to the Fund, merely upon the Management Company so requesting, of the commitments made by the Paying Agent, for such time as the downgrade below BBB and/or F3 and/or BBB-remains in place; or</p> <p>(ii) revoke the Paying Agent’s designation as Paying Agent and thereupon designate another institution in accordance with clause 7.3 below.</p> <p>BANCO COOPERATIVO shall agree, forthwith upon a credit rating downgrade of the Paying Agent as set out in the preceding paragraph, to use commercially reasonable efforts in order that the Management Company may do one of (i) or (ii) above.</p> <p>Notwithstanding the above, the Management Company shall not be able to revoke the designation of CITIBANK as Paying Agent until July 16, 2016. In addition, CITIBANK may decline to carry on discharging its duties from July 16, 2016.</p> <p>The Fund shall not pay CITIBANK any fee as Paying Agent.</p>

Madrid, July 15, 2015

Mario Masiá Vicente  
General Manager

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This document is a prospectus (the “**Prospectus**”) registered at the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*), as provided for in Commission Regulation (EC) No. 809/2004 of April 29, 2004, as currently worded (“**Regulation 809/2004**”) and Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose (“**Royal Decree 1310/2005**”), and comprises:

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

## RISK FACTORS

### 1 RISKS DERIVED FROM THE ISSUER'S LEGAL NATURE AND OPERATIONS.

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

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

The Management Company shall discharge for the Fund the functions attributed to it in Royal Decree 926/1998, which include enforcing Bondholders' interests as the manager of third-party portfolios. There shall be no syndicate of bondholders. Therefore, the capacity to enforce Bondholders' interests shall depend on the Management Company's means.

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

In accordance with article 19 of Royal Decree 926/1998, where the Management Company is adjudged insolvent or has its licence to operate as a securitisation fund management company revoked by the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*) (the "CNMV"), it shall find a substitute management company. In any such event, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, the Fund shall be liquidated early and the Bonds issued by the same shall be redeemed early, as provided for in the Deed of Constitution and in this Prospectus.

#### c) Limitation of actions.

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

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

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

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

Both NUEVA CAJA RURAL DE ARAGÓN, S.C.C. (the "Originator") and the Fund Management Company may be declared insolvent.

Pursuant to Additional Provision 5 of Act 3/1994, April 14, adapting Spanish laws in the matter of Credit Institutions to the Second Banking Coordination Directive and introducing other financial system changes, as currently worded ("Act 3/1994"), the assignment of the Mortgage Loan receivables to the Fund by issuing Mortgage Certificates and Pass-Through Certificates can only be rescinded or contested as provided for in article 71 of Bankruptcy Act 22/2003, July 9, as currently worded (the "Bankruptcy Act") by the receivers, who shall have to prove the existence of fraud.

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

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

Notwithstanding all of the above, the insolvency of any party involved (be that the Originator, the Management Company or any other Fund counterparty institution) could in any event affect its contractual relations with the Fund.

## **2 RISKS DERIVED FROM THE SECURITIES.**

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

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

### **b) Liquidity.**

Notwithstanding the foregoing, if the Bonds are subsequently sold on the market, there is no assurance that the Bonds will be traded on the market with a minimum frequency or volume.

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

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

### **c) Yield and duration.**

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

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

**d) Late-payment interest.**

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

**e) Subordination of the Bonds.**

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

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

**f) Bond Rating.**

The credit risk of the Bonds issued by the Fund has been assessed by DBRS Ratings Limited and Fitch Ratings España S.A. (the "**Rating Agencies**").

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

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

**g) Ratings not confirmed.**

The Rating Agencies' failure to confirm the provisional ratings given to the Bonds by 1pm (CET) on July 15, 2013 shall be an event of termination of the establishment of the Fund and the Bond Issue.

**3 RISKS DERIVED FROM THE ASSETS BACKING THE ISSUE.**

**a) Risk of default on the Mortgage Loans.**

Holders of the Bonds issued by the Fund shall bear the risk of default on the Mortgage Loans backing the issue of the Mortgage Certificates and the Pass-Through Certificates pooled in the Fund.

The Originator shall have no liability whatsoever for the Obligors' default of principal, interest or any other Mortgage Loan amount they may owe. Pursuant to article 348 of the Commercial Code, the Originator shall be liable to the Fund exclusively for the existence and lawfulness of the Mortgage Loans, and for the personality with which Mortgage Certificates and Pass-Through Certificates will be issued, on the terms and conditions declared in the Deed of Constitution and set out in this Prospectus. The Originator will have no liability whatsoever to directly or indirectly guarantee that the transaction will be properly performed nor give any guarantees or security, nor indeed agree to repurchase Mortgage Loan Mortgage Certificates or Pass-Through Certificates, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution or redemption of Mortgage Certificates and Pass-Through Certificates when any of them or of the underlying Mortgage Loans fail to conform, upon the Fund being established, to the representations given in section 2.2.8 of the Building Block.

**b) Limited Liability.**

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

**c) Limited Protection.**

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

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

**d) Mortgage Certificate and Pass-Through Certificate early amortisation risk.**

There will be an early amortisation of Mortgage Certificates and Pass-Through Certificates pooled in the Fund when Obligors prepay the portion of Mortgage Loan principal pending repayment, or in the event that the Originator should be substituted in the relevant Mortgage Loans by any other financial institution licensed to do so, or in any other event having the same effect.

That prepayment risk shall pass quarterly on each Payment Date to Bondholders upon the Bonds being partially amortised, in accordance with the provisions of the conditions for amortisation of each Series and of the rules for Distribution of Available Funds for Amortisation on each Payment Date, given in sections 4.9.2 and 4.9.3.5 of the Securities Note.

**e) Geographical concentration.**

The number of mortgage loans selected at June 18, 2013 to be assigned to the Fund upon being established with mortgage security located, as detailed in section 2.2.2.k) of the Building Block, in (i) Aragón, is 2,010 (79.98% of the total), the outstanding principal being EUR 180,172,516.47 (76.20% of the total), in (ii) Catalonia, is 281 (11.04% of the total), the outstanding principal being EUR 28,166,733.62 (11.91% of the total), and in (iii) La Rioja, is 117 (4.60% of the total), the outstanding principal being EUR 12,816,939.21 (5.42% of the total).

Given this concentration level, any circumstance whatsoever having a substantial adverse effect on Aragón, Catalonia or La Rioja could affect payments of the Mortgage Loans backing the Fund's Issue of Asset-Backed Bonds.

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

Selected portfolio selected mortgage loans originated in the years 2007, 2008, 2009 and 2010 account for 56.72%, in terms of outstanding principal, of the total selected portfolio. The weighted average age of the portfolio is 59.34 months at June 18, 2013, the selected portfolio selection date. Presumably, given this concentration and based on experience, the delinquency rate has not reached its highest value and it is therefore likely that the Mortgage Loan delinquency rate may rise in the coming months.

**g) Going concern risk.**

As set out in the audit report on the consolidated annual accounts of BANTIERRA for the year 2012 issued by Deloitte, S.L., and specifically regarding note "2.11 Going concern note" of the consolidated annual report, reference is made to the "existence of major uncertainty as to the Group's capability to continue as a going concern and therefore as to realisation of its consolidated assets and liquidation of its consolidated liabilities at the amounts and as they are ranked in the consolidated annual accounts for the year 2012, which have been drawn up assuming that it will continue as a going concern, which will however depend on the outcome of the expected measures."

In the event that BANTIERRA should discontinue its operations as set out in the preceding paragraph, BANTIERRA would cease to be the Mortgage Loan Servicer and BANCO COOPERATIVO, as counterparty under the Servicing Agreement and potential replacement for the Servicer, would discharge the duties of Mortgage Loan Servicer.

#### **h) Impact of Act 1/2013.**

Act 1/2013, May 14, implementing measures to boost the protection of mortgagors, debt restructuring and social rentals ("Act 1/2013") introduces a number of measures which may affect recovery of unpaid Mortgage Loans and, therefore, the Fund, mainly as follows :

- The two-year stay of eviction in awards of the main residence of people who are in the specially vulnerable and financial circumstances provided for would delay repossession by the Fund of any such residences and therefore their marketing and sale.
- The limitation of default interest applicable to Mortgage Loans for the purchase of the main residence reduces the default interest amount recoverable in Mortgage Loans where the agreed default interest exceeds three times the legal interest of money.
- Where a court holds that one or several Mortgage Loan clauses are abusive, it may extend or invalidate the recovery proceedings and reduce the amount which may be claimed by the Fund.
- Upon the mortgaged home being awarded to repay a Mortgage Loan, the obligor may be released from liability where 65% of the outstanding debt is covered within five years thereafter or 80% of the debt is covered within ten years thereafter, and the amounts which the Fund may claim from obligors subsequently to the award may be reduced.
- At an auction with no bidders of the main residence securing the Mortgage Loans, the Fund may request the award of the asset at 70 percent of the auction value if the total debt is above that percentage, compared to 60 percent before Act 1/2013, and therefore the amounts which the Fund may claim from obligors subsequently to the award may be reduced.

In addition, application to the Mortgage Loans of the measures laid down in the Best Practice Code, as amended by Act 1/2013, on the terms set out in section 3.7.2.1.6 of the Building Block to this Prospectus, could delay collection (restructuring plan including payment exclusions or extended deadlines, etc.) and reduce the amounts to be claimed by the Fund (restructuring plan including lower interest rates, reduced amounts, handover in lieu of payment fully cancelling the rest of the debt, etc.).

#### **i) Mortgage loan margin risk.**

Out of the portfolio mortgage loans selected at June 18, 2013, 17.28% in terms of outstanding principal allow reductions in the margin applicable for determining the floating nominal interest rate (the "eligible mortgage loans"), the average margin weighted by the outstanding principal including the reductions in force at that date being 0.86% (0.76% for the entire selected portfolio). In the event that all obligors with eligible mortgage loans should have met the requirements listed in section 2.2 of the Building Block in relation to mortgage loan reductions at June 18, 2013, the margin of the eligible mortgage loans at that date would have been 0.44% (0.678% for the entire selected portfolio).

The average margin of the Bond Issue upon the Fund being established weighted by the Outstanding Principal Balance of Series A and B Bonds will be 0.32% (0.30% margin applicable to Series A Bonds and 0.50% margin applicable to Series B Bonds).

Mortgage loan interest accrued, calculated using the above margin, even in the event of the maximum reduction being applied, plus the relevant benchmark index (including where interest rate floor clauses do not apply as set out in 2.2.2 i) of the Building Block), would allow payment of the periodic expenses listed in the 1<sup>st</sup> place in the Priority of Payments and Series A and B Bond interest in the Priority of Payments. Nevertheless, in order to cover for potential payment defaults by the securitised Mortgage Loan Obligors, a number of credit enhancement transactions have been arranged allowing the amounts payable to the Bonds in each Series to be covered to a different extent and mitigating the interest risk due to the different terms of the interest clauses of the Mortgage Loans and of the Bonds in each Series. In exceptional circumstances, the enhancement transactions could actually fall short. The credit enhancement transactions are described in sections 3.4.2, 3.4.3 and 3.4.4 of the Building Block.

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

## **SECURITIES REGISTRATION DOCUMENT**

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

### **1. PERSONS RESPONSIBLE**

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

Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, the company sponsoring RURAL HIPOTECARIO XIV FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Registration Document.

Mr Mario Masiá Vicente, the Management Company's General Manager, is acting using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and March 31, 2010, and by the Board of Directors' Executive Committee at its meetings held on January 28, 2000 and November 23, 2009, and specifically for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee on May 13, 2013.

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

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

### **2. STATUTORY AUDITORS**

#### **2.1 Fund's Auditors.**

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

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

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

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

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

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

### **3. RISK FACTORS**

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

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

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

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

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

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

- RURAL HIPOTECARIO XIV FTA
- RURAL HIPOTECARIO XIV F.T.A.

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

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

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

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

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

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

The Management Company shall with the Originator proceed to execute on July 12, 2013 a public deed whereby RURAL HIPOTECARIO XIV FONDO DE TITULIZACIÓN DE ACTIVOS will be established, the Originator will assign the Mortgage Loan receivables by issuing, and upon the Fund subscribing for, the Mortgage Certificates and the Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds (the "**Deed of Constitution**"), on the terms provided in article 6 of Royal Decree 926/1998.

The Management Company represents that the contents of the Deed of Constitution shall match the draft Deed of Constitution it has submitted to the CNMV and the terms of the Deed of Constitution shall at no event contradict, change, alter or invalidate the contents of this Prospectus, notwithstanding the need to complete the respective details and amounts of the Mortgage Loan Mortgage Certificates and Pass-Through Certificates to be issued and subscribed for under the Deed of Constitution.

As provided for in article seven of Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7, as currently worded ("**Act 19/1992**"), the Deed of Constitution may be amended, upon request by the Management Company and subject to the requirements therein set down.

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

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

The Fund shall be in existence until May 12, 2055) or the following Business Day if that is not a Business Day (the "**Final Maturity Date**"), other than in the event of Early Liquidation before then as set forth in section 4.4.3 of this Registration Document or if any of the events laid down in section 4.4.4 of this Registration Document should occur.

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

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

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

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

- (ii) Where, in any event or circumstance whatsoever unrelated to the Fund's operations, a substantial alteration occurs or the financial balance of the Fund is permanently damaged as provided for in article 11.b) of Royal Decree 926/1998. This event includes such circumstances as changes in the law or supplementary implementing regulations, the establishment of withholding obligations or other situations which might permanently affect the financial balance of the Fund.
- (iii) Mandatorily, in the event that the Management Company should be adjudged insolvent and/or have its licence to operate as a securitisation fund management company revoked by the CNMV, or the statutory term to do so or otherwise four months should elapse without a new management company being designated in accordance with the provisions of section 3.7.1.3 of the Building Block of this Prospectus.
- (iv) When a default occurs indicating a major permanent imbalance in relation to any of the Bonds issued or that it is about to occur.
- (v) If the Management Company should have the express consent and acceptance of all Bondholders in each Series and of any existing lenders and creditors to the Fund, as regards both payment of amounts resulting from, and the procedure for, such Early Liquidation.
- (vi) Upon the lapse of thirty-six (36) months from the date of the last maturity of the Mortgage Loan receivables, even if amounts are still due and payable thereunder.

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

- (i) That Bondholders be given not less than fifteen (15) Business Days' notice, as prescribed in section 4.1.3.2 of the Building Block, of the Management Company's resolution to proceed to Early Liquidation of the Fund.
- (ii) That the Management Company previously notify the CNMV and the Rating Agencies of that notice.

- (iii) The notice of the Management Company's resolution to proceed to Early Liquidation of the Fund shall contain a description of (i) the event or events triggering Early Liquidation of the Fund, (ii) the liquidation procedure, and (iii) the manner in which Bond payment obligations are to be honoured and settled in the Liquidation Priority of Payments.

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

- (i) Proceed to sell the Mortgage Certificates and the Pass-Through Certificates remaining in the Fund at a reasonable market price, initially not less than the sum of the principal still outstanding plus interest accrued and not paid on the relevant Mortgage Loans, subject to the provisions of paragraph (iv) below.
- (ii) Proceed to terminate such agreements as are not necessary for the Fund liquidation procedure.
- (iii) Be entitled to arrange for a loan which shall be fully allocated to early amortisation of the Bonds in the Series then outstanding. Financial expenses due shall be paid and loan principal shall be repaid in accordance with the Liquidation Priority of Payments.
- (iv) Finally, both due to the preceding actions falling short and the existence of Mortgage Certificates, Pass-Through Certificates or other remaining assets of the Fund, the Management Company shall proceed to sell them and shall therefore invite a bid from at least five (5) entities which may, in its view, give a reasonable market value, in Early Liquidation events other than (i) and (v). The Management Company shall be bound to accept the best bid received for the Mortgage Certificates, the Pass-Through Certificates and the assets on offer. In order to set the reasonable market value, the Management Company may secure such valuation reports as it shall deem necessary.

In (i) and (iv) above, however, the Originator shall have a pre-emptive right and may therefore voluntarily acquire with priority over third parties the Mortgage Certificates and the Pass-Through Certificates and other assets originating from the same still on the assets of the Fund, and in (iii) above, the Originator shall have priority to grant to the Fund the loan, if any, designed for early amortisation of the Bonds in the Series then outstanding. The Management Company shall in relation to (iv) above send the Originator a list of the assets and of third-party bids received, if any, and the Originator may use that right for the Mortgage Certificates and the Pass-Through Certificates or other remaining assets offered by the Management Company within ten (10) Business Days of receiving said notice, and provided that its bid is at least equal to the best of the third-party bids, if any. The Originator shall communicate to the Management Company that the exercise of the pre-emptive right was subject to its usual revision procedures and that the exercise of that right is not designed to implicitly support securitisation.

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

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

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

- (i) Upon the Mortgage Certificates and Pass-Through Certificates pooled therein being fully amortised.
- (ii) Upon the Bonds issued being fully amortised.
- (iii) When the Early Liquidation procedure established in section 4.4.3 above is over.

- (iv) At all events, upon final liquidation of the Fund on the Final Maturity Date on May 12, 2055) or the following Business Day if that is not a Business Day.
- (v) Upon the establishment of the Fund terminating in the event that the Rating Agencies should not confirm any of the assigned provisional ratings as final ratings by 1pm (CET) on July 15, 2013. In this event, the Management Company shall terminate the establishment of the Fund, subscription for the Mortgage Certificates and the Pass-Through Certificates by the Fund and issue of the Bonds.

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

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

Upon a period of six (6) months elapsing from liquidation of the Fund's remaining assets and distribution of the Liquidation Available Funds, and at all events by the Final Maturity Date, the Management Company shall execute a statutory declaration before a notary declaring (i) that the Fund has terminated, and the events prompting its termination, (ii) as the case may be, how Bondholders and the CNMV were notified, and (iii) how the Liquidation Available Funds were distributed in the Liquidation Priority of Payments; this shall be the subject of an extraordinary notice and all other appropriate administrative procedures will be observed. The Management Company will submit that statutory declaration to the CNMV.

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

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

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

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

The establishment of the Fund is subject to Spanish Law and in particular is carried out pursuant to the legal system provided for by (i) Royal Decree 926/1998 and implementing regulations, (ii) Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) Additional Provision Five of Act 3/1994, (iv) Securities Market Act 24/1988, July 28, as currently worded (the "**Securities Market Act**"), (v) Mortgage Market Regulation Act 2/1981, March 25, as currently worded ("**Act 2/1981**"), (vi) Royal Decree 716/2009, April 24, implementing certain aspects of Act 2/1981, and other mortgage and financial

system rules, as currently worded (“**Royal Decree 716/2009**”), (vii) Royal Decree 1310/2005, November 4, (viii) Regulation (EC) 809/2004, as amended by Commission Delegated Regulation (EU) No. 486/2012, March 30, 2012 (“**Regulation 486/2012**”), and (ix) all other legal and statutory provisions in force and applicable from time to time.

#### 4.5.1 Tax system of the Fund.

In accordance with the provisions of Royal Decree 926/1998, Act 19/1992, Royal Decree 716/2009, article 7.1.h) of the Consolidation of the Corporation Tax Act approved by Legislative Royal Decree 4/2004, March 5, article 20.One.18 of Value Added Tax Act 37/1992, December 28, article 59.k of the Corporation Tax Regulations approved by Royal Decree 1777/2004, July 30, articles 45.I.B).15 and 45.I.B).20.4 of the Consolidation of the Capital Transfer and Documents Under Seal Tax Act approved by Legislative Royal Decree 1/1993, September 24, Additional Provision Five of Act 3/1994, April 14, and Personal Income Tax Act 35/2006, November 28, partly amending the Corporation, Non-Resident Income and Wealth Tax Acts, and all other applicable rules and regulations, the most relevant characteristics of each tax under the current tax system of the Fund are mainly as follows :

- (i) The establishment of the Fund, and all transactions entered into by the Fund are subject to and exempt from under the “corporate transactions” category of Capital Transfer and Documents under Seal Tax.
- (ii) Bond issue, subscription, transfer, repayment and redemption are not subject to or exempt from, as the case may be, payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (iii) The Fund pays Corporation Tax, the taxable income being determined in accordance with the provisions of Title IV of the Corporation Tax Act, applying the general rate in force from time to time, which currently stands at 30%, and subject to common rules regarding tax credit, set-off of losses and other substantial constituent elements of the tax.

Rule 13 of Circular 2/2009, as worded by Circular 4/2010, October 14, both of the CNMV, provides that securitisation funds must make valuation adjustments for impairment in the value of financial assets. The amendment made by Act 2/2010, March 1, to article 12.2 of the consolidation of the Corporation Tax Act, approved by Legislative Royal Decree 4/2004, March 5, which applies to tax periods commencing from January 1, 2009, provides that the rules relating to the circumstances determining deductibility of valuation adjustments due to impairment in the value of debt instruments valued at their depreciated cost held by mortgage securitisation funds and asset securitisation funds shall be laid down by way of implementing regulations. Until such implementing regulations are established, the aforesaid Act 2/2010 has introduced a Transitional Provision thirty-one in the consolidation of the Corporation Tax Act, which makes provision for a transitional tax system whereby the set criteria for credit institutions regarding deductibility of the specific client insolvency risk cover shall apply.

- (iv) As for returns on the Mortgage Certificates and Pass-Through Certificates, loans or other receivables constituting Fund income, there shall be no Corporation Tax withholding or interim payment obligation.
- (v) The management and custody services provided to the Fund are exempt from Value Added Tax.
- (vi) Assignment of the Mortgage Loan receivables by issuing and upon the Fund subscribing for the Mortgage Certificates and the Pass-Through Certificates is a transaction exempt from and subject to Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (vii) Fulfilment of the reporting duties established by Additional Provision Two of Financial Intermediary Investment Ratios, Equity and Reporting Duties Act 13/1985, as worded by Act 6/2011, April 11, shall apply to the Fund.

The procedure to satisfy those reporting duties is set out in Royal Decree 1065/2007, July 27, approving General Regulations for tax management and inspection actions and procedures and implementing rules common to procedures applicable to taxes, and as worded by Royal Decree 1145/2011, July 29, amending those General Regulations .

- (viii) The posting and assignment of collateral to the Fund is subject to the general tax system, and there are no special provisions in the field of Capital Transfer and Documents Under Seal Tax Act for Securitisation Funds.

**4.6 Issuer's authorised and issued capital.**

Not applicable.

**5. BUSINESS OVERVIEW**

**5.1 Brief description of the issuer's principal activities.**

The Fund's activity is to subscribe for a set of mortgage participation certificates (the "**Mortgage Certificates**") and a set of pass-through certificates (the "**Pass-Through Certificates**") issued by NUEVA CAJA RURAL DE ARAGÓN, S.C.C. (the "**Originator**") on mortgage loans it owns granted to Spanish individuals or individuals residing in Spain with senior real estate mortgage security on finished homes (and their annexes -parking spaces and/or lumber rooms- if any), located in Spain (each of them a "**Mortgage Loan**" and, collectively, the "**Mortgage Loans**") and to issue asset-backed bonds (either the "**Asset-Backed Bonds**" or the "**Bonds**"), the subscription for which is designed to finance the acquisition of the Pass-Through Certificates.

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

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

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

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

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

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

TIN: A-805144 66 Business Activity Code No.: 6630

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

- NUEVA CAJA RURAL DE ARAGÓN, S.C.C. (“**BANTIERRA**”) will be the Originator of the Mortgage Loan receivables by issuing Mortgage Certificates and Pass-Through Certificates and the Bond Issue Subscriber.

BANTIERRA is a credit co-operative incorporated in Spain and entered in the Companies Register of SARAGOSSA, Book 0, Folio 108, Sheet Z-52070, its code number at the Bank of Spain being 3191.

In addition, it will be the Fund’s counterparty in the Subordinated Loan, Start-Up Loan, Commingling Reserve, Financial Intermediation Margin and Mortgage Loan Servicing Agreements.

TIN: F-45003993 Business Activity Code No.: 6419

Registered office: San Voto, 6 50003 Saragossa (Spain).

BANTIERRA has not been rated by the Rating Agencies.

- BANCO COOPERATIVO ESPAÑOL S.A. (“**BANCO COOPERATIVO**”) shall be the Lead Manager of the Bond Issue.

Out of the functions and activities that lead managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, BANCO COOPERATIVO has, together with the Management Company, structured the financial terms of the Fund and the Bond Issue.

It shall also take on the duties of article 35.3 of said Royal Decree.

In addition, it shall be the Fund’s counterparty in the Mortgage Certificate and Pass-Through Certificate Custody and Mortgage Loan Servicing Agreements (as the Servicer’s potential substitute in certain circumstances).

BANCO COOPERATIVO is a bank incorporated and registered in Spain and entered in the Bank of Spain’s Special Register of Banks and Bankers under code number 0198.

TIN: A-79496055 Business Activity Code No.: 6419

Registered office: Calle Virgen de los Peligros number 4, Madrid 28013

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

	<b>DBRS Ratings</b>	<b>Fitch Ratings</b>
<b>Short-term</b>	R-1 (low) (April 2013)	F3 (June 2012)
<b>Long-term</b>	BBB (high) (April 2013)	BBB (June 2012)
<b>Outlook</b>	Negative	Negative

- BARCLAYS BANK PLC, SUCURSAL EN ESPAÑA (“**BARCLAYS**”) will be the Fund’s counterparty in the Guaranteed Interest Rate Account (Treasury Account) and Paying Agent Agreements.

Barclays Bank PLC, Sucursal en España, is a branch of Barclays Bank PLC. Barclays Bank PLC is a bank incorporated in accordance with the laws of England, with registered office at 1 Churchill Place, E14 5HP, London (United Kingdom).

TIN: W-0061418J Business Activity Code No.: 6419

Registered office: Plaza de Colón, 1 28046 Madrid (Spain).

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

	DBRS Ratings	Fitch Ratings
<b>Short-term</b>	R-1 (high) (March 2013)	F1 (October 2012)
<b>Long-term</b>	AA (March 2013)	A (October 2012)
<b>Outlook</b>	Negative	Stable

- DBRS Ratings Limited (“**DBRS**”) is one of the Rating Agencies rating each Bond Issue Series .

DBRS is a rating agency with place of business at 1 Minster Court, 10<sup>th</sup> Floor, Mincing Lane, London, EC3R 7AA, United Kingdom, is privately owned and operated and provides independent assessments in North America, Europe and Asia. The DBRS ratings are all available online at Bloomberg and at its website ([www.dbrs.com](http://www.dbrs.com)).

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

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

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

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

TIN: A-58090655

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

- The law firm J&A Garrigues S.L.P. (“**GARRIGUES**”), independent adviser, has provided legal advice for establishing the Fund and issuing the Bonds and has been involved in reviewing this Prospectus, the transaction and financial service agreements referred to herein and the Deed of Constitution.

TIN: B-81709081

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

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

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

TIN: B-79104469

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

BANCO COOPERATIVO has a 0.7965% interest in the share capital of EUROPEA DE TITULIZACIÓN.

BANTIERRA has a 9.97% interest in the share capital of BANCO COOPERATIVO.

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

## **6. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES**

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

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

EUROPEA DE TITULIZACIÓN was incorporated in a public deed executed on January 19, 1993 before Madrid Notary Mr Roberto Blanquer Uberos, his document number 117, with the prior authorisation of the Economy and Finance Ministry, given on December 17, 1992, and was entered in the Companies Register of Madrid at volume 5,461, book 0, folio 49, section 8, sheet M-89355, entry 1, on March 11, 1993; the company was re-registered as a Securitisation Fund Management Company in accordance with the provisions of chapter II and of the single transitional provision of Royal Decree 926/1998, pursuant to an authorisation granted by a Ministerial Order dated October 4, 1999 and in a deed executed on October 25, 1999 before Madrid Notary Mr Luis Felipe Rivas Recio, his document number 3,289, which was entered under number 33 of the sheet opened for the Company in said Companies Register.

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

### **6.2 Audit.**

The annual accounts of EUROPEA DE TITULIZACIÓN for the years ended December 31, 2012, 2011 and 2010 have been audited by the firm Deloitte S.L. and are unqualified.

In addition, Deloitte S.L. has audited BANTIERRA's annual accounts for the year ended December 31, 2012.

### **6.3 Principal activities.**

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

EUROPEA DE TITULIZACIÓN manages 93 securitisation funds at the registration date of this Prospectus, 10 being mortgage securitisation funds and 83 being asset securitisation funds.

The following table itemises the 93 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances as at June 30, 2013.

Securitisation Fund	Establishment	Initial	Bond Issue		Bond Issue		Bond Issue
		Bond Issue	Balance 30.06.2013	Balance 31.12.2012	Balance 31.12.2012	Balance 31.12.2012	
		EUR	EUR	??	EUR	??	EUR
<b>TOTAL</b>		<b>167,054,696,652.96</b>	<b>48,455,003,898.35</b>	<b>-8.92%</b>	<b>53,198,158,405.18</b>	<b>-29.76%</b>	<b>75,734,822,721.19</b>
<b>Mortgage (FTH)</b>		<b>15,117,046,652.96</b>	<b>1,927,965,743.81</b>	<b>-28.80%</b>	<b>2,707,929,306.59</b>	<b>-43.88%</b>	<b>4,825,448,177.29</b>
Bankinter 12 FTH	06.03.2006	1,200,000,000.00	Liquidated	-100.00%	619,867,304.96	-8.21%	675,335,112.16
Valencia Hipotecario 2 FTH	07.12.2005	950,000,000.00	380,391,064.00	-6.98%	408,929,627.85	-10.22%	455,492,117.00
Bankinter 11 FTH	28.11.2005	900,000,000.00	444,846,206.80	-4.55%	466,053,438.64	-8.04%	506,798,281.44
Bankinter 7 FTH	18.02.2004	490,000,000.00	145,618,217.36	-5.59%	154,244,617.24	-10.19%	171,741,825.58
Bankinter 5 FTH	16.12.2002	710,000,000.00	162,841,115.20	-6.82%	174,763,197.44	-11.20%	196,795,424.22
Rural Hipotecario IV FTH	14.11.2002	520,000,000.00	96,405,666.23	-7.58%	104,315,846.15	-13.84%	121,068,226.42
Bancaja 4 FTH	05.11.2002	1,000,000,000.00	165,232,986.20	-6.99%	177,644,322.50	-12.45%	202,902,679.75
Bankinter 4 FTH	24.09.2002	1,025,000,000.00	230,920,289.18	-7.08%	248,511,950.01	-12.85%	285,146,195.52
Rural Hipotecario III FTH	14.05.2002	325,000,000.00	48,042,678.70	-9.36%	53,004,438.64	-16.25%	63,289,695.61
Bankinter 3 FTH	22.10.2001	1,322,500,000.00	220,000,973.39	-8.14%	239,495,896.56	-14.98%	281,709,433.86
Rural Hipotecario II FTH	29.05.2001	235,000,000.00	Liquidated	-100.00%	23,505,328.60	-22.60%	30,368,147.80
Bankinter 2 FTH	25.10.1999	320,000,000.00	33,666,546.75	-10.45%	37,593,338.00	-17.70%	45,680,814.23
<b>Asset (FTA)</b>		<b>151,937,650,000.00</b>	<b>46,527,038,154.54</b>	<b>-7.85%</b>	<b>50,490,229,098.59</b>	<b>-28.80%</b>	<b>70,909,374,543.90</b>
BBVA Securitised Funding 1 FTA	11.03.2013	850,000,000.00	850,000,000.00				
BBVA-9 PYME FTA	24.12.2012	470,000,000.00	403,431,560.00	-14.16%	470,000,000.00		
BBVA RMBS 11 FTA	11.06.2012	1,400,000,000.00	1,355,410,702.80	-2.14%	1,385,045,356.80		
Rural Cédula I FTA	09.03.2012	1,000,000,000.00	1,000,000,000.00	0.00%	1,000,000,000.00		
Valencia Activos 1 FTA	24.01.2012	1,313,000,000.00	739,862,159.43	-22.39%	953,345,414.84		
BBVA EMPRESAS 6 FTA	19.12.2011	1,200,000,000.00	755,109,172.80	-16.72%	906,686,971.20	-24.44%	1,200,000,000.00
BBVA RMBS 10 FTA	20.06.2011	1,600,000,000.00	1,508,541,545.60	-1.78%	1,535,816,342.40	-3.12%	1,585,356,332.80
BBVA Empresas 5 FTA	14.03.2011	1,250,000,000.00	588,195,155.00	-14.94%	691,536,477.50	-28.46%	966,680,795.00
MBS BANCAJA 8 FTA	23.12.2010	450,000,000.00	385,494,366.60	-5.36%	407,340,751.05	-5.79%	432,383,935.05
BBVA CONSUMO 5 FTA	20.12.2010	900,000,000.00	Liquidated	-100.00%	653,197,680.00	-27.42%	900,000,000.00
MBS BANCAJA 7 FTA	23.07.2010	875,000,000.00	748,118,819.00	-4.38%	782,388,818.75	-6.28%	834,820,490.00
BBVA Empresas 4 FTA	19.07.2010	1,700,000,000.00	498,081,300.00	-22.11%	639,461,120.00	-40.94%	1,082,682,060.00
BBVA RMBS 9 FTA	19.04.2010	1,295,000,000.00	1,130,450,307.00	-2.50%	1,159,438,364.00	-4.54%	1,214,533,621.00
BBVA Empresas 3 FTA	21.12.2009	2,600,000,000.00	554,284,991.00	-23.51%	724,657,427.00	-40.27%	1,213,320,472.00
BBVA Consumo 4 FTA	09.12.2009	1,100,000,000.00	350,227,926.49	-24.13%	461,633,062.85	-38.30%	748,147,485.39
Rural Hipotecario XII FTA	04.11.2009	910,000,000.00	707,711,584.42	-4.57%	741,610,270.72	-6.61%	794,086,349.32
Bancaja Leasing 1 FTA	22.10.2009	800,000,000.00	410,035,961.60	-10.83%	459,831,161.60	-15.02%	541,087,654.40
VAL Bancaja 1 FTA	27.05.2009	300,000,000.00	239,450,505.89	-4.45%	250,589,832.27	-6.55%	268,141,616.07
Bancaja - BVA VPO 1 FTA	03.04.2009	390,000,000.00	289,219,941.48	-4.69%	303,442,444.50	-7.66%	328,624,627.26
PYME Valencia 2 FTA	13.03.2009	500,000,000.00	160,137,094.50	-10.29%	178,507,602.00	-21.82%	228,326,636.75
BBVA Empresas 2 FTA	09.03.2009	2,850,000,000.00	766,820,388.96	-17.14%	925,441,740.00	-27.16%	1,270,431,239.52
Rural Hipotecario XI FTA	25.02.2009	2,200,000,000.00	1,531,006,486.46	-5.47%	1,619,574,325.93	-7.46%	1,750,043,247.92
MBS Bancaja 6 FTA	02.02.2009	1,000,000,000.00	706,103,995.20	-6.26%	753,257,358.40	-8.16%	820,172,342.40
Valencia Hipotecario 5 FTA	17.12.2008	500,000,000.00	354,285,719.60	-7.11%	381,387,786.80	-7.27%	411,306,184.40
Bancaja 13 FTA	09.12.2008	2,895,000,000.00	2,283,649,298.29	-4.22%	2,384,255,734.22	-4.88%	2,506,568,867.33
PYME Bancaja 7 FTA	10.10.2008	1,100,000,000.00	300,945,095.60	-11.47%	339,925,156.88	-21.09%	430,779,963.92
Bankinter 4 FTPYME FTA	15.09.2008	400,000,000.00	176,082,588.80	-8.77%	193,007,619.20	-19.06%	238,451,557.60
BBVA-8 FTPYME FTA	21.07.2008	1,100,000,000.00	208,345,655.09	-17.65%	253,004,418.65	-31.33%	368,427,294.83
Rural Hipotecario X FTA	25.06.2008	1,880,000,000.00	1,217,607,360.00	-4.97%	1,281,247,318.72	-8.17%	1,395,269,544.96
BBVA RMBS 5 FTA	26.05.2008	5,000,000,000.00	3,338,156,245.00	-3.88%	3,473,006,620.00	-7.73%	3,764,085,210.00
BBVA Consumo 3 FTA	14.04.2008	975,000,000.00	151,346,765.70	-24.24%	199,771,051.35	-39.85%	332,127,673.80
BBVA-7 FTGENCAT FTA	11.02.2008	250,000,000.00	41,179,667.83	-14.23%	48,011,449.56	-29.10%	67,713,518.78
Valencia Hipotecario 4 FTA	21.12.2007	978,500,000.00	Liquidated	-100.00%	683,115,598.52	-6.51%	730,678,561.24
Bankinter 3 FTPYME FTA	12.11.2007	617,400,000.00	244,357,868.13	-8.22%	266,240,220.06	-17.38%	322,251,014.76
BBVA Empresas 1 FTA	05.11.2007	1,450,000,000.00	172,339,022.56	-18.48%	211,409,728.48	-31.03%	306,513,931.68
FTPYME Bancaja 6 FTA	26.09.2007	1,027,000,000.00	178,555,489.11	-8.80%	195,781,583.31	-19.65%	243,661,792.11
BBVA RMBS 3 FTA	23.07.2007	3,000,000,000.00	2,159,718,971.25	-2.11%	2,206,218,117.00	-3.87%	2,295,059,461.95
PYME Valencia 1 FTA	20.07.2007	865,300,000.00	176,676,091.72	-7.93%	191,891,277.64	-17.41%	232,347,770.92
Bancaja 11 FTA	16.07.2007	2,022,900,000.00	1,277,467,782.40	-4.14%	1,332,644,151.70	-6.86%	1,430,795,244.20
BBVA Leasing 1 FTA	25.06.2007	2,500,000,000.00	363,924,921.94	-15.07%	428,474,670.28	-29.49%	607,684,886.08
BBVA-6 FTPYME FTA	11.06.2007	1,500,000,000.00	172,962,142.82	-21.72%	220,944,959.20	-29.62%	313,922,380.73
BBVA Finanzia Autos 1 FTA	30.04.2007	800,000,000.00	96,373,308.80	-22.23%	123,917,974.40	-39.09%	203,440,042.40
MBS Bancaja 4 FTA	27.04.2007	1,873,100,000.00	934,226,134.93	-5.50%	988,556,514.82	-9.12%	1,087,706,925.47
Rural Hipotecario IX FTA	28.03.2007	1,515,000,000.00	859,739,675.30	-2.63%	882,919,085.37	-8.17%	961,453,690.59
BBVA RMBS 2 FTA	26.03.2007	5,000,000,000.00	3,001,710,000.00	-3.27%	3,103,285,680.00	-6.04%	3,302,634,480.00
BBVA RMBS 1 FTA	19.02.2007	2,500,000,000.00	1,525,054,300.00	-2.95%	1,571,465,000.00	-5.56%	1,664,011,440.00
Bancaja 10 FTA	26.01.2007	2,631,000,000.00	1,509,964,153.60	-4.69%	1,584,331,437.50	-6.47%	1,693,844,378.20
BBVA Consumo 2 FTA	27.11.2006	1,500,000,000.00	144,683,805.85	-26.71%	197,424,231.10	-42.23%	341,753,989.31
Ruralpyme 2 FTPYME FTA	24.11.2006	617,050,000.00	135,864,585.20	-12.59%	155,436,189.90	-19.48%	193,034,343.10
Bankinter 13 FTA	20.11.2006	1,570,000,000.00	894,608,421.54	-3.95%	931,390,085.64	-7.68%	1,008,858,308.40
Valencia Hipotecario 3 FTA	15.11.2006	911,000,000.00	453,955,690.61	-5.73%	481,552,108.42	-9.47%	531,949,182.01
BBVA-5 FTPYME FTA	23.10.2006	1,900,000,000.00	139,372,882.46	-18.74%	171,509,186.01	-33.98%	259,776,174.72
PYME Bancaja 5 FTA	02.10.2006	1,178,800,000.00	130,708,560.72	-9.70%	144,749,613.68	-20.61%	182,328,322.54

Securitisation Fund	Establishment	Initial	Bond Issue		Bond Issue		Bond Issue
		Bond Issue	Balance 30.06.2013	Balance 31.12.2012	Balance 31.12.2012	Balance 31.12.2012	
		EUR	EUR	??%	EUR	??%	EUR
Bankinter 2 PYME FTA	26.06.2006	800,000,000.00	197,743,254.20	-11.35%	223,058,139.40	-17.60%	270,714,253.40
Consumo Bancaja 1 FTA	26.06.2006	612,900,000.00	25,609,224.96	-28.12%	35,628,108.78	-48.46%	69,129,871.11
Rural Hipotecario VIII FTA	26.05.2006	1,311,700,000.00	615,958,275.68	-5.31%	650,526,703.24	-8.91%	714,150,476.76
BBVA Consumo 1 FTA	08.05.2006	1,500,000,000.00	113,632,412.25	-25.13%	151,782,722.25	-41.59%	259,861,757.25
MBS Bancaja 3 FTA	03.04.2006	810,000,000.00	321,971,692.40	-6.46%	344,196,319.60	-9.35%	379,688,629.20
Bancaja 9 FTA	02.02.2006	2,022,600,000.00	861,107,710.00	-5.85%	914,571,180.00	-7.57%	989,461,110.00
BBVA Autos 2 FTA	12.12.2005	1,000,000,000.00	83,867,329.00	-25.39%	112,413,951.55	-40.06%	187,547,696.65
EdT FTPYME Pastor 3 FTA	05.12.2005	520,000,000.00	30,085,678.63	-18.36%	36,853,151.50	-28.24%	51,353,879.15
Rural Hipotecario Global I FTA	18.11.2005	1,078,000,000.00	424,966,933.40	-5.57%	450,044,933.05	-9.96%	499,841,141.46
BBVA-4 PYME FTA	26.09.2005	1,250,000,000.00	48,356,164.50	-17.08%	58,317,666.27	-33.71%	87,973,993.23
Bankinter 10 FTA	27.06.2005	1,740,000,000.00	728,864,095.40	-4.96%	766,897,823.29	-9.02%	842,937,929.07
MBS Bancaja 2 FTA	27.06.2005	809,200,000.00	239,973,138.00	-6.38%	256,322,268.48	-10.22%	285,510,004.48
BBVA Hipotecario 3 FTA	13.06.2005	1,450,000,000.00	145,217,323.48	-18.36%	177,877,037.75	-30.12%	254,546,844.27
Rural Hipotecario VII FTA	29.04.2005	1,100,000,000.00	388,882,939.32	-6.27%	414,883,935.55	-10.54%	463,741,689.86
Bancaja 8 FTA	22.04.2005	1,680,100,000.00	613,049,806.28	-4.94%	644,886,934.82	-6.85%	692,321,542.11
Bankinter 9 FTA	14.02.2005	1,035,000,000.00	417,364,260.17	-4.81%	438,438,842.62	-9.29%	483,338,069.03
BBVA-3 FTPYME FTA	29.11.2004	1,000,000,000.00	35,179,393.66	-23.30%	45,865,077.14	-36.88%	72,659,980.28
Ruralpyme 1 FTPYME FTA	23.11.2004	214,000,000.00	19,708,574.92	-12.21%	22,449,450.40	-23.88%	29,493,440.50
BBVA Autos 1 FTA	25.10.2004	1,000,000,000.00	3,658,745.70	-63.71%	10,081,044.00	-72.04%	36,059,304.40
FTPYME Bancaja 3 FTA	11.10.2004	900,000,000.00	44,599,508.26	-16.86%	53,641,656.52	-24.78%	71,308,545.46
Bancaja 7 FTA	12.07.2004	1,900,000,000.00	538,173,343.68	-5.43%	569,061,855.46	-9.45%	628,416,583.55
Rural Hipotecario VI FTA	07.07.2004	950,000,000.00	293,731,855.26	-6.23%	313,238,820.31	-10.77%	351,034,856.65
MBS Bancaja 1 FTA	17.05.2004	690,000,000.00	100,858,058.22	-9.94%	111,987,643.74	-18.23%	136,059,620.14
Valencia Hipotecario 1 FTA	23.04.2004	472,000,000.00	120,942,764.83	-7.72%	131,054,401.95	-13.49%	151,493,874.02
Bankinter 8 FTA	03.03.2004	1,070,000,000.00	324,172,023.55	-5.59%	343,352,648.80	-10.51%	383,670,352.11
Bancaja 6 FTA	03.12.2003	2,080,000,000.00	437,298,931.68	-5.97%	465,084,397.44	-10.81%	521,443,332.28
Rural Hipotecario V FTA	28.10.2003	695,000,000.00	172,651,708.86	-6.94%	185,534,300.30	-12.27%	211,494,692.56
Bankinter 6 FTA	25.09.2003	1,350,000,000.00	406,238,923.22	-6.07%	432,478,967.09	-10.83%	484,996,548.29
FTPYME Bancaja 2 FTA	19.09.2003	500,000,000.00	28,881,097.55	-16.54%	34,602,897.20	-24.17%	45,634,369.40
Bancaja 5 FTA	14.04.2003	1,000,000,000.00	194,259,823.65	-6.30%	207,311,985.20	-11.69%	234,741,926.20
Bancaja 3 FTA	29.07.2002	520,900,000.00	138,887,064.75	-10.92%	155,919,014.67	-19.11%	192,757,357.15
BCL Municipios I FTA	21.06.2000	1,205,000,000.00	89,589,930.00	-12.33%	102,188,130.00	-20.32%	128,247,180.00

#### 6.4 Share capital and equity.

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

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

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

(EUR)	31.12.2012	??% **	31.12.2011	??%	31.12.2010
<b>Equity *</b>	<b>26,063,642.39</b>	<b>15.40%</b>	<b>22,586,328.87</b>	<b>37.68%</b>	<b>16,405,469.49</b>
Capital	1,803,037.50	0.00%	1,803,037.50	0.00%	1,803,037.50
Reserves	24,260,604.89	16.73%	20,783,291.37	42.33%	14,602,431.99
<i>Legal</i>	360,607.50	0.00%	360,607.50	0.00%	360,607.50
<i>Voluntary</i>	23,899,997.39	17.03%	20,422,683.87	43.40%	14,241,824.49
<b>Year's profit</b>	<b>5,098,776.85</b>	<b>-12.02%</b>	<b>5,795,522.54</b>	<b>-6.23%</b>	<b>6,180,859.38</b>

\* Does not include year's profit

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

There are no shareholdings in any other company.

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

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

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

### **Board of Directors**

The Board of Directors has the following membership:

<b>Chairman:</b>	Mr Sergio Fernández-Pacheco Ruiz-Villar <sup>(*) (**)</sup>
<b>Vice-Chairman:</b>	Mr Pedro María Urresti Laca <sup>(**)</sup>
<b>Directors<sup>(**)</sup>:</b>	Mr Ignacio Echevarría Soriano <sup>(*) (**)</sup> Mr Mario Masiá Vicente <sup>(*)</sup> Mr Justo de Rufino Portillo <sup>(*) (**)</sup> Mr Antonio Muñoz Calzada, on behalf of Bankinter, S. A. Mr Ignacio Benloch Fernández-Cuesta, on behalf of Banco Cooperativo Español, S.A.

**Non-Director Secretary:** Ms Belén Rico Arévalo

(\*) Member of the Board of Directors' Executive Committee.

(\*\*) Proprietary Directors for BBVA. Mr Carlos José Alsina Costa was appointed director at the General Shareholders' Meeting held on July 20, 2013, and he will accept his appointment at the next meeting of the Board of Directors and that appointment is therefore yet to be entered in the relevant registers. In addition, the removal of directors Mr Jorge Sáenz-Azcúnaga Carranza and Ms Ana Fernández Manrique is yet to be entered in the relevant registers.

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

### **General Manager.**

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

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

Mr Ignacio Benloch Fernández-Cuesta is currently a member of staff of BANCO COOPERATIVO, which is in turn the Lead Manager and Subscriber, and counterparty in the Mortgage Loan Servicing (as the Servicer's potential substitute in certain circumstances) and Mortgage Certificate and Pass-Through Certificate Custody Agreement entered into by the Fund, represented by the Management Company.

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

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

## 6.9 **Litigation in the Management Company.**

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

**7. MAJOR SHAREHOLDERS**

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

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

Name of shareholder company	Holding (%)
Banco Bilbao Vizcaya Argentaria, S.A.	87.5041
J.P. Morgan España, S.A.	4.0000
Banco de Sabadell, S.A.	3.0737
Bankinter, S.A.	1.5623
Banco Cooperativo Español, S.A.	0.7965
Banco Popular Español, S.A.	0.7658
CaixaBank, S.A.	0.7658
BNP Paribas España, S.A.	0.7658
Bankia, S.A.	0.3829
Banco de Caja España de Inversiones, Salamanca y Soria, S.A.	0.3829
	<b>100.0000</b>

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

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

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

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

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

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

Not applicable.

**8.2 bis Historical financial information for issues of securities having a denomination per unit of at least EUR 100,000.**

Not applicable.

**8.3 Legal and arbitration proceedings.**

Not applicable.

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

Not applicable.

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

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

No statement or report is included.

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

No information sourced from a third party is included.

**10. DOCUMENTS ON DISPLAY**

**10.1 Documents on display.**

If necessary, the following documents or copies thereof shall be on display during the life of the Fund:

- a) the Deed of Constitution of the Fund;
- b) the transcripts of the Management Company's and the Originator's corporate resolutions;
- c) this Prospectus;
- d) the audit report on certain features and attributes of a sample of all of the Originator's selected mortgage loans from which the Mortgage Loans will be taken to issue the Mortgage Certificates and the Pass-Through Certificates to be subscribed for by the Fund upon being established;
- e) the Rating Agencies' letters notifying the provisional and final ratings assigned to each Series in the Bond Issue;
- f) the letter from BANCO COOPERATIVO taking responsibility, with the Management Company, for the Securities Note;
- g) the notarial certificate of payment of the Bond Issue, once the Bond Issue is paid up;
- h) the Management Company's annual accounts and the relevant audit reports; and
- i) the Management Company's articles of association and memorandum of association.

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

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

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

In addition, the documents listed in a) to g) are on display at the CNMV.

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

## **SECURITIES NOTE**

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

### **1 PERSONS RESPONSIBLE**

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

Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, the company sponsoring RURAL HIPOTECARIO XIV FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note (including the Building Block).

Mr Mario Masiá Vicente, the Management Company's General Manager, is acting using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and March 31, 2010, and by the Board of Directors' Executive Committee at its meetings held on January 28, 2000 and November 23, 2009, and specifically for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee on May 13, 2013.

Mr Ignacio Benlloch Fernández-Cuesta and Mr Ramón Carballás Varela, duly authorised for these presents, for and on behalf of BANCO COOPERATIVO ESPAÑOL S.A., Lead Manager of the Bond Issue by RURAL HIPOTECARIO XIV FONDO DE TITULIZACIÓN DE ACTIVOS, take responsibility for the contents of this Securities Note.

Mr Ignacio Benlloch Fernández-Cuesta is acting as attorney-in-fact for the Lead Manager BANCO COOPERATIVO using the powers conferred on him before Madrid Notary Mr José María de Prada Guaita on March 25, 1997, his document number 642.

Mr Ramón Carballás Varela is acting as attorney-in-fact for the Lead Manager BANCO COOPERATIVO using the powers conferred on him before Madrid Notary Mr José María de Prada Guaita on May 3, 2001, his document number 1031.

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

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

Mr Ignacio Benlloch Fernández-Cuesta and Mr Ramón Carballás Varela declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

### **2 RISK FACTORS**

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

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

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

### 3 KEY INFORMATION

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

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

- a) EUROPEA DE TITULIZACIÓN is the Fund Management Company.
- b) BANCO COOPERATIVO and EUROPEA DE TITULIZACIÓN have structured the financial terms of the Fund and of the Bond Issue.
- c) BANTIERRA is the Originator of the Mortgage Loan receivables by issuing the Mortgage Certificates and the Pass-Through Certificates to be pooled in the Fund. In addition, it shall be the Fund's counterparty in the Subordinated Loan, Start-Up Loan, Mortgage Loan Servicing, Commingling Reserve and Financial Intermediation Agreements. In addition, BANTIERRA is involved as Bond Issue Subscriber.
- d) BANCO COOPERATIVO is involved as Lead Manager of the Bond Issue and as Fund counterparty under the Mortgage Certificate and Pass-Through Certificate Custody and Mortgage Loan Servicing Agreements (as potential substitute in certain circumstances).
- e) BARCLAYS is involved as Paying Agent of the Bond Issue and shall be the Fund's counterparty in the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- f) DELOITTE have audited certain features and attributes of a sample of all the Originator's selected mortgage loans from which the Mortgage Loans will be taken to be assigned to the Fund upon being established.
- g) GARRIGUES, an independent adviser, has provided legal advice for establishing the Fund and the Bond Issue and has been involved in reviewing this Prospectus, the transaction and financial service agreements referred to herein and the Deed of Constitution.
- h) DBRS and Fitch are the Rating Agencies that have assigned the rating to each Bond Issue Series.

The Management Company is not aware of the existence of any other significant link or economic interest between the aforesaid institutions involved in the Bond Issue, other than what is strictly professional derived from their involvement as detailed in this section and in section 5.2 of the Registration Document.

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

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

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

The total face value amount of the Issue of Asset-Backed Bonds (the "**Bond Issue**") is EUR two hundred and twenty-five million (225,000,000.00), consisting of two thousand two hundred and fifty (2,250) Bonds denominated in Euros and comprised of two Series, as follows:

- a) Series A having a total face amount of EUR two hundred and two million five hundred thousand (202,500,000.00) comprising two thousand and twenty-five (2,025) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A**" or "**Series A Bonds**").
- b) Series B having a total face amount of EUR twenty-two million five hundred thousand (22,500,000.00) comprising two hundred and twenty-five (225) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series B**" or "**Series B Bonds**").

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

The Bonds are issued at 100 percent of their face value.

Bond issue expenses and taxes shall be borne by the Fund. The issue price of the Bonds in each Series shall be EUR one hundred thousand (100,000) per Bond, clear of taxes and subscription costs for the subscriber through the Fund. Subscribing for or holding Bonds in one Series does not imply subscribing for or holding Bonds in the other Series.

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

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

BANCO COOPERATIVO shall be involved as Lead Manager in the Bond Issue and shall receive a Bond Issue management fee of 0.022% of the total face value amount of the Bond Issue.

BANTIERRA shall receive no fee whatsoever for subscribing for Bond Issue.

The Management and Subscription Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on July 15, 2013.

#### **4.2 Description of the type and class of the securities.**

The Bonds legally qualify as marketable fixed-income securities with an explicit yield and are subject to the system prescribed in the Securities Market and implementing regulations.

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

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

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

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

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

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

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

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

The Bonds shall be denominated in Euros.

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

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

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

Payment of interest accrued by Series A Bonds is (i) second (2<sup>nd</sup>) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1 of the Building Block, and (ii) third (3<sup>rd</sup>) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series B Bonds is (i) fourth (4<sup>th</sup>) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be sixth (6<sup>th</sup>), and (ii) fifth (5<sup>th</sup>) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

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

The Amortisation Withholding amount designed for amortising the Bonds as a whole without distinction between those Series is fifth (5<sup>th</sup>) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block.

Bond principal in each Series shall be repaid in accordance with the rules for Distribution of Available Funds for Amortisation given in section 4.9.3.5 of this Securities Note.

Repayment of Series A Bond principal is fourth (4<sup>th</sup>) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

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

#### **4.7 Description of the rights attached to the securities.**

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

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

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

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

All matters, disagreements, actions and claims arising out of the Management Company establishing the Fund, managing and being the authorised representative of the Fund and the Bond Issue by the same shall be heard and ruled upon by the competent Spanish Courts and Tribunals.

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

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

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

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

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

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

For interest accrual purposes, the duration of each Bond Series shall be divided into successive interest accrual periods (“**Interest Accrual Periods**”) comprising the exact number of days elapsed between every two consecutive Payment Dates, each Interest Accrual Period including the beginning Payment Date but not including the ending Payment Date. Exceptionally,

- (i) the duration of the first Interest Accrual Period shall be equivalent to the exact number of days elapsed between the Closing Date, July 16, 2013, inclusive, and the first Payment Date, August 12, 2013, exclusive; and
- (ii) the duration of the last Interest Accrual Period shall be equivalent to the exact number of days elapsed between the last Payment Date prior to Fund liquidation and the liquidation date, exclusive.

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

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

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

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

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

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

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

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

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be one- (1-) month Euribor, set at 11am (CET) on the Business Day preceding the Closing Date.

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

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

Exceptionally, the substitute Reference Rate for the first Interest Accrual Period shall be the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable one- (1-) month deposit transactions in Euros in an amount equivalent to the face amount of the Bond Issue, declared by the banks as provided for in paragraph one above, following a simultaneous request to each of their headquarters by the Paying Agent as soon as possible after 11am (CET) on the Business Day preceding the Closing Date.

The substitute Reference Rate shall be expressed as a percentage rounding the relevant figure to the nearest thousandth, rounding up when equidistant.

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

- iii) If the rates established in i) and ii) above should not be available or be impossible to obtain, the last Reference Rate or substitute Reference Rate applied to the next preceding Interest Accrual Period shall apply, and so on for subsequent Interest Accrual Periods whilst matters remain the same. For the first Interest Accrual Period, this shall be one- (1-) month Euribor available immediately before 11am (CET) on the Business Day preceding the Closing Date, calculated and distributed as described in the first paragraph of i) above.

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

#### 4.8.1.4 Interest Rate Fixing Date.

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

Exceptionally, the Management Company shall determine the Nominal Interest Rate applicable to each Series for the first Interest Accrual Period as provided for in sections 4.8.1.2 and 4.8.1.3 above, on the Business Day preceding the Closing Date, and shall notify the same by 1pm (CET) on July 15, 2013 to the Subscriber. The Management Company will also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

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

#### 4.8.1.5 Formula for calculating interest.

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

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

Where:

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

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

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

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

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

Interest on the Bonds in each Series will be paid until the Bonds are finally amortised by Interest Accrual Periods in arrears on February 12, May 12, August 12 and November 12 in each year, or the following Business Day if any of those is not a Business Day (each of those dates, a "**Payment Date**"), and interest for the then-current Interest Accrual Period will accrue until said first Business Day, not inclusive, on the terms established in section 4.8.1.2 of this Securities Note.

The first interest Payment Date for the Bonds in each Series shall be August 12, 2013, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, July 16, 2013, inclusive, and August 12, 2013, exclusive.

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

- public holiday in the city of Madrid, or
- non-business day in the TARGET 2 calendar (or future replacement calendar).

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

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

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

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

The Fund, through its Management Company, may not defer Bond interest payment beyond May 12, 2055), the Final Maturity Date, or the following Business Day if that is not a Business Day.

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

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

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

The redemption price of the Bonds in each Series shall be EUR one hundred thousand (100,000.00) per Bond, equivalent to 100 percent of their face value, payable as established in section 4.9.2 below.

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

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

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

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

The first partial amortisation of Series A Bonds shall occur on the first Payment Date, August 12, 2013, in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A Bonds shall occur on the Final Maturity Date (May 12, 2055) or the following Business Day if that is not a Business Day), notwithstanding potential full amortisation before that date due to the partial amortisation for which provision is made or because the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to Early Amortisation of the Bond Issue before the Final Maturity Date.

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

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

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

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (May 12, 2055) or the following Business Day if that is not a Business Day), notwithstanding potential full amortisation before that date due to the partial amortisation for which provision is made, or because the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to Early Amortisation of the Bond Issue before the Final Maturity Date.

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

Irrespective of the Final Maturity Date and subject to Early Amortisation of the Bond Issue in the event of Early Liquidation of the Fund, the Fund shall, through its Management Company, proceed to partial amortisation of the Bonds in each Series on each Payment Date other than the Final Maturity Date or upon Early Liquidation of the Fund on the specific amortisation terms for each Series established in sections 4.9.2.1 to 4.9.2.2 of this Securities Note and on the terms described hereinafter in this section common to the two Series.

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

Determination dates (the “**Determination Dates**”) will be the dates falling on the fifth (5<sup>th</sup>) Business Day preceding each Payment Date on which the Management Company on behalf of the Fund will make all necessary calculations to distribute or withhold the Available Funds and the Available Funds for Amortisation which the Fund shall dispose of on the relevant Payment Date, in the Priority of Payments. The first Determination Date shall be August 5, 2013.

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

- (i) the duration of the first Determination Period shall be equal to the days elapsed between the date of establishment of the Fund, inclusive, and the first Determination Date, August 5, 2013, inclusive, and
- (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which Early Liquidation of the Fund concludes, as provided for in section 4.4.3.3 of the Registration Document, on which the Mortgage Certificates, Pass-Through Certificates and assets remaining in the Fund have been liquidated and all the Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date but including the last date.

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

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

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

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

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

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

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

Doubtful Mortgage Loans (the “**Doubtful Mortgage Loans**”) shall be deemed to be Mortgage Loans that are delinquent at a date with a period of arrears equal to or greater than eighteen (18) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment based on indications or information received from the Servicer. Non-doubtful Mortgage Loans (the “**Non-Doubtful Mortgage Loans**”) shall be deemed to be Mortgage Loans that are not deemed to be Doubtful Loans at a date.

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

On each Payment Date, the Available Funds shall be used in fourth (4<sup>th</sup>) place in the Priority of Payments for withholding the amount altogether allocated to amortising the Bonds, without distinguishing between the various Series (“**Amortisation Withholding**”), in an amount equal to the positive difference, if any, at the Determination Date preceding the relevant Payment Date, between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans.

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

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

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

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

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

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

The final maturity date (the “**Final Maturity Date**”) and consequently final amortisation of the Bonds shall be on May 12, 2055) or the following Business Day if that is not a Business Day, without prejudice to the Management Company, for and on behalf of the Fund, and in accordance with the provisions of sections 4.9.2 to 4.9.4 of this Securities Note, proceeding to amortise any or both Series in the Bond Issue before the Final Maturity Date. Final amortisation of the Bonds on the Final Maturity Date shall be made subject to the Liquidation Priority of Payments.

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

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

- i) Each Mortgage Loan repayment schedule and system as established in the relevant contracts.
- ii) The Obligor's capacity to prepay the Mortgage Loans in whole or in part and the aggregate prepayment pace throughout the life of the Fund. In this sense, Mortgage Loan prepayments by Obligor, subject to continual changes, and estimated in this Prospectus using several performance assumptions of the future effective constant annual early amortisation or prepayment rate (hereinafter also “**CPR**”), are very significant and shall directly affect the pace at which the Bonds are amortised, and therefore their average life and duration.
- iii) The floating interest rates which shall apply to each Mortgage Loan resulting in the repayment amount on every instalment differing.

iv) The Obligors' delinquency in payment of Mortgage Loan instalments.

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

- Mortgage Loan interest rate: the prevailing interest rate of each mortgage loan selected at June 18, 2013 has been used for calculating the repayment and interest instalments of each selected mortgage loan;
- Mortgage Loan portfolio delinquency: 2.4% of the Outstanding Balance of the Mortgage Loans (the Originator's private individual home mortgage delinquency rate at March 31, 2012, set out in section 3.5 of the Building Block), with 60% recoveries within 18 months of becoming doubtful (based on the performance of mortgage loans previously securitised by CAJA RURAL DE ARAGÓN, S.C.C. and CAJA RURAL ARAGONESA Y DE LOS PIRINEOS, S.C.C., entities merged into BANTIERRA);
- Mortgage Loan portfolio doubtful rate: 1.08% (the result of applying 45% not recovered to 2.4% of the Mortgage Loan portfolio, as set out in the preceding paragraph), with 60% recovery within 18 months of becoming doubtful;
- cumulative Mortgage Loan portfolio doubtful rates from the establishment of the Fund with respect to the initial Outstanding Balance of the Mortgage Loans upon the Fund being established: 8.95% for a 5% CPR; 8.22% for a 6% CPR; and 7.55% for a 7% CPR;
- that the Mortgage Loan prepayment rate remains constant throughout the life of the Bonds;
- that the Treasury Account yield, after the first interest accrual period, remains at 3-month Euribor (the yield is guaranteed for the first two years in the Treasury Account Agreement);
- that the Bond Closing Date is July 16, 2013; and
- that there is no extension of the term of any of the selected mortgage loans.

The actual adjusted life and the yield or return on the Bonds will also depend on their floating rate. The following nominal interest rates are assumed for each Series for the first Interest Accrual Period, resulting from 1-month Euribor (0.122%) at July 8, 2013, and the margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A Bonds	Series B Bonds
<b>Nominal interest rate</b>	0.422%	0.622%

For subsequent Interest Accrual Periods, the floating interest rate of the Bonds in each Series is assumed to be constant as follows, resulting from 3-month Euribor (0.217%) at July 8, 2013, and the margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A Bonds	Series B Bonds
<b>Nominal interest rate</b>	0.517%	0.717%

The weighted average interest rate of the mortgage loans selected at June 18, 2013, as detailed in section 2.2.2.h) of this Building Block, is 2.31%, which is above the 0.44% weighted average interest rate of the Bonds that has been presumed for hypothetical purposes for the first Interest Accrual Period.

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

Assuming that the Management Company shall exercise the Early Liquidation of the Fund and Early Amortisation of the Bond Issue option provided in section 4.4.3 of the Registration Document when the Outstanding Balance of the Mortgage Loans is less than 10% of their initial Outstanding Balance upon the Fund being established, the average life, return (IRR) for the Bond subscriber, duration and final maturity of the Bonds for different CPRs, based on the performance over the past twelve months of mortgage loans previously securitised by the Originator, would be as follows:

<b>% CPR:</b>	<b>5.00%</b>	<b>6.00%</b>	<b>7.00%</b>
	<b>Series A Bonds</b>		
<b>Average life (years)</b>	6.81	6.30	5.84
<b>IRR</b>	0.524%	0.524%	0.524%
<b>Duration (years)</b>	6.60	6.11	5.68
<b>Final maturity</b>	12 08 2031	12 08 2030	13 08 2029
<b>(in years)</b>	18.08	17.08	16.09
	<b>Series B Bonds</b>		
<b>Average life (years)</b>	18.08	17.08	16.09
<b>IRR</b>	0.729%	0.728%	0.728%
<b>Duration (years)</b>	16.84	15.97	15.09
<b>Final maturity</b>	12 08 2031	12 08 2030	13 08 2029
<b>(in years)</b>	18.08	17.08	16.09

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

- Whereas CPRs are assumed to be constant respectively at 5.00%, 6.00% and 7.00% throughout the life of the Bond Issue, as explained above actual prepayment changes continually.
- The Outstanding Principal Balance of the Bonds on each Payment Date and hence interest payable on each such dates shall depend on the actual Mortgage Loan prepayment, delinquency and default rates.
- Whereas Bond nominal interest rates are assumed to be constant for each Series from the second Interest Accrual Period, the interest rate in all the Series is known to float.
- The assumed values referred to at the beginning of this section 4.10 are at all events taken for granted.
- It is assumed that the Management Company will exercise the Early Liquidation option of the Fund and thereby proceed to Early Amortisation of the Bond Issue when the Outstanding Balance of the Mortgage Loans is less than 10% of the initial Outstanding Balance upon the Fund being set up, as provided in section 4.4.3 of the Registration Document.

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 5%**

Payment Date	Serie A Bonds			Serie B Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS</b>	<b>100,000.00</b>	<b>3,563.14</b>	<b>103,563.14</b>	<b>100,000.00</b>	<b>13,139.87</b>	<b>113,139.87</b>
16/07/2013						
12/08/2013	1,350.51	31.65	1,382.16	0.00	46.65	46.65
12/11/2013	2,556.22	130.34	2,686.56	0.00	183.23	183.23
12/02/2014	2,517.04	126.96	2,644.00	0.00	183.23	183.23
12/05/2014	2,434.04	119.60	2,553.64	0.00	177.26	177.26
12/08/2014	2,436.72	120.42	2,557.14	0.00	183.23	183.23
12/11/2014	2,394.76	117.20	2,511.96	0.00	183.23	183.23
12/02/2015	2,372.17	114.04	2,486.20	0.00	183.23	183.23
12/05/2015	2,309.63	107.29	2,416.91	0.00	177.26	177.26
12/08/2015	2,308.22	107.85	2,416.07	0.00	183.23	183.23
12/11/2015	2,267.87	104.80	2,372.67	0.00	183.23	183.23
12/02/2016	2,225.92	101.80	2,327.73	0.00	183.23	183.23
12/05/2016	2,155.41	96.71	2,252.12	0.00	179.25	179.25
12/08/2016	2,138.51	96.02	2,234.53	0.00	183.23	183.23
14/11/2016	2,098.19	95.22	2,193.41	0.00	187.22	187.22
13/02/2017	2,059.29	89.43	2,148.73	0.00	181.24	181.24
12/05/2017	1,987.09	83.88	2,070.98	0.00	175.27	175.27
14/08/2017	1,980.31	86.92	2,067.23	0.00	187.22	187.22
13/11/2017	1,937.39	81.56	2,018.95	0.00	181.24	181.24
12/02/2018	1,899.82	79.03	1,978.84	0.00	181.24	181.24
14/05/2018	1,833.77	76.54	1,910.32	0.00	181.24	181.24
13/08/2018	1,824.88	74.15	1,899.03	0.00	181.24	181.24
12/11/2018	1,787.31	71.76	1,859.07	0.00	181.24	181.24
12/02/2019	1,752.29	70.19	1,822.48	0.00	183.23	183.23
13/05/2019	1,692.56	66.40	1,758.96	0.00	179.25	179.25
12/08/2019	1,684.44	64.92	1,749.36	0.00	181.24	181.24
12/11/2019	1,648.07	63.41	1,711.48	0.00	183.23	183.23
12/02/2020	1,613.61	61.24	1,674.85	0.00	183.23	183.23
12/05/2020	1,564.62	57.82	1,622.44	0.00	179.25	179.25
12/08/2020	1,547.89	57.04	1,604.93	0.00	183.23	183.23
12/11/2020	1,511.61	54.99	1,566.60	0.00	183.23	183.23
12/02/2021	1,478.80	52.99	1,531.79	0.00	183.23	183.23
12/05/2021	1,428.17	49.38	1,477.55	0.00	177.26	177.26
12/08/2021	1,416.44	49.15	1,465.59	0.00	183.23	183.23
12/11/2021	1,384.86	47.28	1,432.14	0.00	183.23	183.23
14/02/2022	1,355.33	46.44	1,401.77	0.00	187.22	187.22
12/05/2022	1,305.17	41.29	1,346.46	0.00	173.28	173.28
12/08/2022	1,293.88	41.94	1,335.82	0.00	183.23	183.23
14/11/2022	1,265.37	41.10	1,306.47	0.00	187.22	187.22
13/02/2023	1,237.69	38.14	1,275.82	0.00	181.24	181.24
12/05/2023	1,193.22	35.32	1,228.54	0.00	175.27	175.27
14/08/2023	1,179.77	36.11	1,215.88	0.00	187.22	187.22
13/11/2023	1,151.67	33.42	1,185.09	0.00	181.24	181.24
12/02/2024	1,125.56	31.91	1,157.47	0.00	181.24	181.24
13/05/2024	1,090.27	30.44	1,120.71	0.00	181.24	181.24
12/08/2024	1,073.78	29.02	1,102.80	0.00	181.24	181.24
12/11/2024	1,045.36	27.92	1,073.28	0.00	183.23	183.23
12/02/2025	1,020.16	26.54	1,046.69	0.00	183.23	183.23
12/05/2025	983.91	24.37	1,008.28	0.00	177.26	177.26
12/08/2025	974.01	23.89	997.90	0.00	183.23	183.23
12/11/2025	953.29	22.60	975.89	0.00	183.23	183.23
12/02/2026	931.40	21.34	952.74	0.00	183.23	183.23
12/05/2026	898.41	19.46	917.87	0.00	177.26	177.26
12/08/2026	889.52	18.92	908.44	0.00	183.23	183.23
12/11/2026	866.79	17.75	884.54	0.00	183.23	183.23
12/02/2027	845.60	16.60	862.20	0.00	183.23	183.23
12/05/2027	817.35	14.98	832.33	0.00	177.26	177.26
12/08/2027	806.51	14.41	820.92	0.00	183.23	183.23
12/11/2027	786.91	13.34	800.25	0.00	183.23	183.23
14/02/2028	768.14	12.57	780.71	0.00	187.22	187.22
12/05/2028	745.20	10.80	755.99	0.00	175.27	175.27
14/08/2028	734.58	10.53	745.11	0.00	187.22	187.22
13/11/2028	717.00	9.23	726.23	0.00	181.24	181.24
12/02/2029	700.74	8.29	709.03	0.00	181.24	181.24
14/05/2029	677.14	7.38	684.52	0.00	181.24	181.24
13/08/2029	665.80	6.49	672.29	0.00	181.24	181.24
12/11/2029	647.75	5.62	653.38	0.00	181.24	181.24
12/02/2030	632.33	4.83	637.16	0.00	183.23	183.23
13/05/2030	608.73	3.91	612.64	0.00	179.25	179.25
12/08/2030	593.77	3.15	596.93	0.00	181.24	181.24
12/11/2030	573.70	2.40	576.10	0.00	183.23	183.23
12/02/2031	557.23	1.65	558.88	0.00	183.23	183.23
12/05/2031	536.19	0.88	537.07	0.00	177.26	177.26
12/08/2031	152.37	0.20	152.57	100,000.00	183.23	100,183.23

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

Payment Date	Serie A Bonds			Series B Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS</b>	<b>100,000.00</b>	<b>3,293.00</b>	<b>103,293.00</b>	<b>100,000.00</b>	<b>12,412.91</b>	<b>112,412.91</b>
16/07/2013						
12/08/2013	1,467.03	31.65	1,498.68	0.00	46.65	46.65
12/11/2013	2,835.85	130.18	2,966.04	0.00	183.23	183.23
12/02/2014	2,782.55	126.44	2,908.99	0.00	183.23	183.23
12/05/2014	2,677.47	118.76	2,796.23	0.00	177.26	177.26
12/08/2014	2,675.46	119.22	2,794.68	0.00	183.23	183.23
12/11/2014	2,620.52	115.69	2,736.21	0.00	183.23	183.23
12/02/2015	2,586.87	112.23	2,699.10	0.00	183.23	183.23
12/05/2015	2,507.19	105.26	2,612.45	0.00	177.26	177.26
12/08/2015	2,501.07	105.50	2,606.57	0.00	183.23	183.23
12/11/2015	2,448.87	102.19	2,551.06	0.00	183.23	183.23
12/02/2016	2,395.73	98.96	2,494.69	0.00	183.23	183.23
12/05/2016	2,310.47	93.71	2,404.17	0.00	179.25	179.25
12/08/2016	2,287.13	92.74	2,379.86	0.00	183.23	183.23
14/11/2016	2,236.45	91.67	2,328.12	0.00	187.22	187.22
13/02/2017	2,187.74	85.82	2,273.56	0.00	181.24	181.24
12/05/2017	2,101.05	80.22	2,181.27	0.00	175.27	175.27
14/08/2017	2,090.23	82.86	2,173.09	0.00	187.22	187.22
13/11/2017	2,038.51	77.48	2,115.99	0.00	181.24	181.24
12/02/2018	1,992.40	74.82	2,067.22	0.00	181.24	181.24
14/05/2018	1,913.97	72.21	1,986.18	0.00	181.24	181.24
13/08/2018	1,901.46	69.71	1,971.17	0.00	181.24	181.24
12/11/2018	1,856.16	67.23	1,923.39	0.00	181.24	181.24
12/02/2019	1,813.77	65.51	1,879.28	0.00	183.23	183.23
13/05/2019	1,743.46	61.75	1,805.21	0.00	179.25	179.25
12/08/2019	1,731.98	60.15	1,792.13	0.00	181.24	181.24
12/11/2019	1,689.04	58.53	1,747.57	0.00	183.23	183.23
12/02/2020	1,648.36	56.29	1,704.65	0.00	183.23	183.23
12/05/2020	1,591.48	52.94	1,644.42	0.00	179.25	179.25
12/08/2020	1,570.79	52.01	1,622.80	0.00	183.23	183.23
12/11/2020	1,529.12	49.94	1,579.06	0.00	183.23	183.23
12/02/2021	1,491.09	47.92	1,539.01	0.00	183.23	183.23
12/05/2021	1,433.05	44.45	1,477.50	0.00	177.26	177.26
12/08/2021	1,418.87	44.05	1,462.93	0.00	183.23	183.23
12/11/2021	1,382.66	42.18	1,424.84	0.00	183.23	183.23
14/02/2022	1,348.66	41.23	1,389.89	0.00	187.22	187.22
12/05/2022	1,292.72	36.47	1,329.20	0.00	173.28	173.28
12/08/2022	1,279.29	36.86	1,316.16	0.00	183.23	183.23
14/11/2022	1,246.85	35.94	1,282.79	0.00	187.22	187.22
13/02/2023	1,215.50	33.16	1,248.67	0.00	181.24	181.24
12/05/2023	1,166.28	30.53	1,196.81	0.00	175.27	175.27
14/08/2023	1,151.22	31.04	1,182.26	0.00	187.22	187.22
13/11/2023	1,120.08	28.54	1,148.62	0.00	181.24	181.24
12/02/2024	1,091.04	27.08	1,118.12	0.00	181.24	181.24
13/05/2024	1,052.28	25.65	1,077.93	0.00	181.24	181.24
12/08/2024	1,033.96	24.28	1,058.24	0.00	181.24	181.24
12/11/2024	1,003.40	23.18	1,026.58	0.00	183.23	183.23
12/02/2025	976.00	21.85	997.85	0.00	183.23	183.23
12/05/2025	936.79	19.89	956.69	0.00	177.26	177.26
12/08/2025	925.55	19.33	944.87	0.00	183.23	183.23
12/11/2025	902.58	18.10	920.68	0.00	183.23	183.23
12/02/2026	878.80	16.91	895.71	0.00	183.23	183.23
12/05/2026	843.58	15.24	858.82	0.00	177.26	177.26
12/08/2026	833.46	14.64	848.10	0.00	183.23	183.23
12/11/2026	809.40	13.53	822.94	0.00	183.23	183.23
12/02/2027	786.91	12.47	799.37	0.00	183.23	183.23
12/05/2027	756.83	11.05	767.88	0.00	177.26	177.26
12/08/2027	745.28	10.43	755.70	0.00	183.23	183.23
12/11/2027	724.56	9.44	734.00	0.00	183.23	183.23
14/02/2028	704.77	8.67	713.44	0.00	187.22	187.22
12/05/2028	680.60	7.22	687.82	0.00	175.27	175.27
14/08/2028	668.99	6.80	675.79	0.00	187.22	187.22
13/11/2028	650.56	5.71	656.27	0.00	181.24	181.24
12/02/2029	633.44	4.86	638.29	0.00	181.24	181.24
14/05/2029	609.04	4.03	613.07	0.00	181.24	181.24
13/08/2029	597.53	3.23	600.77	0.00	181.24	181.24
12/11/2029	579.25	2.45	581.70	0.00	181.24	181.24
12/02/2030	563.32	1.71	565.04	0.00	183.23	183.23
13/05/2030	539.69	0.95	540.64	0.00	179.25	179.25
12/08/2030	193.94	0.25	194.19	100,000.00	181.24	100,181.24

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

Payment Date	Serie A Bonds			Series B Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS</b>	<b>100,000.00</b>	<b>3,054.42</b>	<b>103,054.42</b>	<b>100,000.00</b>	<b>11,687.94</b>	<b>111,687.94</b>
16/07/2013						
12/08/2013	1,584.68	31.65	1,616.33	0.00	46.65	46.65
12/11/2013	3,117.09	130.03	3,247.12	0.00	183.23	183.23
12/02/2014	3,048.10	125.91	3,174.01	0.00	183.23	183.23
12/05/2014	2,919.56	117.91	3,037.47	0.00	177.26	177.26
12/08/2014	2,911.50	118.03	3,029.52	0.00	183.23	183.23
12/11/2014	2,842.35	114.18	2,956.53	0.00	183.23	183.23
12/02/2015	2,796.54	110.42	2,906.96	0.00	183.23	183.23
12/05/2015	2,698.93	103.25	2,802.18	0.00	177.26	177.26
12/08/2015	2,686.97	103.16	2,790.13	0.00	183.23	183.23
12/11/2015	2,622.07	99.61	2,721.68	0.00	183.23	183.23
12/02/2016	2,556.99	96.15	2,653.14	0.00	183.23	183.23
12/05/2016	2,456.51	90.75	2,547.26	0.00	179.25	179.25
12/08/2016	2,425.93	89.52	2,515.46	0.00	183.23	183.23
14/11/2016	2,364.40	88.20	2,452.60	0.00	187.22	187.22
13/02/2017	2,305.43	82.29	2,387.72	0.00	181.24	181.24
12/05/2017	2,204.29	76.66	2,280.95	0.00	175.27	175.27
14/08/2017	2,188.74	78.92	2,267.66	0.00	187.22	187.22
13/11/2017	2,127.99	73.54	2,201.52	0.00	181.24	181.24
12/02/2018	2,073.15	70.76	2,143.91	0.00	181.24	181.24
14/05/2018	1,982.65	68.05	2,050.70	0.00	181.24	181.24
13/08/2018	1,966.01	65.46	2,031.46	0.00	181.24	181.24
12/11/2018	1,912.96	62.89	1,975.85	0.00	181.24	181.24
12/02/2019	1,863.23	61.05	1,924.28	0.00	183.23	183.23
13/05/2019	1,782.88	57.31	1,840.20	0.00	179.25	179.25
12/08/2019	1,767.68	55.62	1,823.30	0.00	181.24	181.24
12/11/2019	1,718.33	53.90	1,772.23	0.00	183.23	183.23
12/02/2020	1,671.59	51.63	1,723.22	0.00	183.23	183.23
12/05/2020	1,607.36	48.34	1,655.70	0.00	179.25	179.25
12/08/2020	1,582.64	47.29	1,629.93	0.00	183.23	183.23
12/11/2020	1,535.85	45.20	1,581.05	0.00	183.23	183.23
12/02/2021	1,492.89	43.17	1,536.06	0.00	183.23	183.23
12/05/2021	1,428.24	39.86	1,468.10	0.00	177.26	177.26
12/08/2021	1,411.48	39.31	1,450.79	0.00	183.23	183.23
12/11/2021	1,370.99	37.45	1,408.44	0.00	183.23	183.23
14/02/2022	1,332.90	36.41	1,369.32	0.00	187.22	187.22
12/05/2022	1,272.02	32.04	1,304.06	0.00	173.28	173.28
12/08/2022	1,256.40	32.20	1,288.60	0.00	183.23	183.23
14/11/2022	1,220.47	31.20	1,251.67	0.00	187.22	187.22
13/02/2023	1,185.89	28.61	1,214.50	0.00	181.24	181.24
12/05/2023	1,132.76	26.17	1,158.93	0.00	175.27	175.27
14/08/2023	1,116.11	26.42	1,142.53	0.00	187.22	187.22
13/11/2023	1,082.38	24.12	1,106.50	0.00	181.24	181.24
12/02/2024	1,050.87	22.71	1,073.57	0.00	181.24	181.24
13/05/2024	1,009.36	21.33	1,030.69	0.00	181.24	181.24
12/08/2024	989.42	20.01	1,009.43	0.00	181.24	181.24
12/11/2024	957.16	18.93	976.09	0.00	183.23	183.23
12/02/2025	928.02	17.66	945.68	0.00	183.23	183.23
12/05/2025	886.68	15.90	902.58	0.00	177.26	177.26
12/08/2025	874.22	15.26	889.48	0.00	183.23	183.23
12/11/2025	849.51	14.11	863.62	0.00	183.23	183.23
12/02/2026	824.33	12.99	837.32	0.00	183.23	183.23
12/05/2026	787.66	11.51	799.17	0.00	177.26	177.26
12/08/2026	776.49	10.86	787.35	0.00	183.23	183.23
12/11/2026	751.56	9.83	761.39	0.00	183.23	183.23
12/02/2027	728.22	8.84	737.05	0.00	183.23	183.23
12/05/2027	697.06	7.62	704.68	0.00	177.26	177.26
12/08/2027	684.96	6.96	691.91	0.00	183.23	183.23
12/11/2027	663.58	6.05	669.64	0.00	183.23	183.23
14/02/2028	643.22	5.29	648.50	0.00	187.22	187.22
12/05/2028	618.44	4.14	622.57	0.00	175.27	175.27
14/08/2028	606.15	3.58	609.74	0.00	187.22	187.22
13/11/2028	587.32	2.68	590.00	0.00	181.24	181.24
12/02/2029	569.78	1.91	571.69	0.00	181.24	181.24
14/05/2029	545.21	1.16	546.38	0.00	181.24	181.24
13/08/2029	345.86	0.45	346.31	100,000.00	181.24	100,181.24

#### 4.11 Representation of security holders.

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

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

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

##### a) Corporate resolutions.

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

EUROPEA DE TITULIZACIÓN's Board of Directors' Executive Committee resolved on May 13, 2013 that:

- i) RURAL HIPOTECARIO XIV FONDO DE TITULIZACIÓN DE ACTIVOS be set up in accordance with the legal system for which provision is made in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and all other legal and statutory provisions in force and applicable from time to time.
- ii) Pass-through certificates and/or mortgage participation certificates issued by BANTIERRA on loans owned thereby granted to individuals with real estate mortgage security on finished homes (and annexes, if any) located in Spain and shown on its assets, be pooled in the Fund.
- iii) The Bonds be issued by the Fund.

###### ***Resolution to issue the Mortgage Loan Mortgage Certificates and/or Pass-Through Certificates:***

The Management Board of BANTIERRA resolved, at meetings held on December 28, 2012 and June 25, 2013, that the issue of mortgage loan mortgage participation certificates and/or pass-through certificates to be subscribed for by the Fund be authorised.

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

The condition precedent for the Fund to be established and the Bonds to be issued is that this Prospectus and all other supporting documents be entered in the Official Registers of the CNMV, in accordance with the provisions of article 5 of Royal Decree 926/1998.

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

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

Upon the CNMV registering this Prospectus, the Management Company shall with the Originator proceed to execute on July 12, 2013 a public deed whereby RURAL HIPOTECARIO XIV FONDO DE TITULIZACIÓN DE ACTIVOS will be established, the Originator will issue and the Fund will subscribe for Mortgage Loan Mortgage Certificates and Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds, on the terms provided in article 6 of Royal Decree 926/1998.

The Management Company represents that the contents of the Deed of Constitution shall match the draft Deed of Constitution it has submitted to the CNMV and the terms of the Deed of Constitution shall at no event contradict, change, alter or invalidate the contents of this Prospectus, notwithstanding the need to complete the respective details and amounts of the Mortgage Loan Mortgage Certificates and Pass-Through Certificates to be respectively issued and subscribed for under the Deed of Constitution.

The Management Company shall submit a copy of the Deed of Constitution to the CNMV to be entered in the Official Registers by July 16, 2013.

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

The Bond issue date shall be July 12, 2013.

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

The Bond Issue shall be fully subscribed for by BANTIERRA (the “Subscriber”).

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

The Subscriber shall subscribe for the Bond Issue on July 15, 2013 and pay to the Fund by 2pm (CET) on July 16, 2013 (the “Closing Date”), for same day value, the issue price at the face value of all the Bonds subscribed for.

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

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

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

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

In fulfilment of the provisions of article 2.3 of Royal Decree 926/1998, the Management Company shall, upon the Bonds having been paid up, apply for this Bond Issue to be listed on AIAF Mercado de Renta Fija (“AIAF”), which is a qualified official secondary securities market pursuant to transitional provision six of Act 37/1998, November 16, amending the Securities Market Act, and a regulated market, as contained in the Annotated Presentation of Regulated Markets and Additional Provisions under the Investment Services Directive 93/22, published in the Official Journal of the European Communities on July 11, 2009. The Management Company undertakes to do all such things as may be necessary in order that definitive admission to trading is achieved not later than one month after the Closing Date.

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

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

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

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

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

The Management Company shall, for and on behalf of the Fund, enter with BARCLAYS into a paying agent agreement to service the Bond Issue, the most significant terms of which are given in section 3.4.7.2 of the Building Block.

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

The expected expenses deriving from setting up the Fund and issue and admission to trading of the Bond Issue are EUR four hundred thousand (400,000.00). These expenses include, inter alia, the initial Management Company fee, the Lead Manager's fee, rating and legal advice fees, notary's fees, CNMV fees, AIAF and Iberclear fees for including the Bonds in the register of book entries, the initial fee payable to European DataWarehouse ("ED") and Prospectus translation expenses.

**7 ADDITIONAL INFORMATION.**

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

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

BANCO COOPERATIVO and EUROPEA DE TITULIZACIÓN have structured the financial terms of the Fund and of the Bond Issue.

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

Not applicable.

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

DELOITTE have audited certain features and attributes of a sample of the selected mortgage loans on the terms set forth in section 2.2 of the Building Block and have audited BANTIERRA's and the Management Company's annual accounts for the year ended December 31, 2012.

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

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

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

The Management Company confirms that the information sourced from BANTIERRA in relation to the selected mortgage loans, the Mortgage Certificates, the Pass-Through Certificates and the Originator itself has been accurately reproduced and, to the best of its knowledge and ability to determine based on that information provided by the Originator, that no fact has been omitted which might result in the information reproduced being inaccurate or deceptive.

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

DBRS and Fitch have, on July 9, 2013, assigned the following provisional ratings to each Bond Series, and expect to assign the same final ratings by 1pm (CET) on July 15, 2013.

Bond Series	DBRS Rating	Fitch Rating
Series A	A (sf)	Asf*
Series B	BB(low) (sf)	Bsf*
		*Negative outlook

If the Rating Agencies should not confirm any of the assigned provisional ratings as final by 1pm (CET) on July 15, 2013, this circumstance would forthwith be notified to the CNMV and be publicised in the manner for which provision is made in section 4.1.2.2 of the Building Block. Furthermore, this circumstance would result in the establishment of the Fund, the Bond Issue and issue of and subscription for the Pass-Through Certificates terminating, as provided for in section 4.4.4.(iv) of the Registration Document.

### Rating considerations.

The rating assigned to Series A Bonds by DBRS is an opinion with respect to those bonds as to timely interest payment and principal payment by or on the Final Maturity Date, in accordance with the transaction documents.

The rating assigned to Series B Bonds by DBRS is an opinion with respect to those bonds as to timely interest payment and principal payment by or on the Final Maturity Date, in accordance with the transaction documents.

The DBRS Bond ratings are not an opinion as to underlying obligation repayment probability or frequency or the possibility of the bondholder obtaining a return below what is expected.

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

The aforementioned Rating Agencies have been registered and authorised on October 31, 2011 as rating agencies in the European Union in accordance with Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies.

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

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

In carrying on the rating and monitoring process, the Rating Agencies rely on the accuracy and wholeness of the information provided by the Originator, DELOITTE, as auditors of certain features and attributes of a sample of the selected mortgage loans, and GARRIGUES, as independent legal advisers.

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

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

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

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

### **1. SECURITIES**

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

The Fund shall be set up with the Mortgage Certificates and the Pass-Through Certificates, representing Mortgage Loan receivables, which shall be issued by BANTIERRA and subscribed for by the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR two hundred and twenty-five million (225,000,000.00), the face value amount of the Bond Issue.

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

Not applicable.

### **2. UNDERLYING ASSETS**

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

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

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

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

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

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

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

The portfolio of selected mortgage loans from which the Mortgage Loans will be taken in order for their receivables to be mostly assigned to the Fund upon being established by having BANTIERRA issue and the Fund subscribe for the Mortgage Certificates and Pass-Through Certificates is made up of mortgage loans owned by BANTIERRA granted to individuals residing in Spain with senior real estate mortgage security on finished homes (and their annexes -parking spaces and/or lumber rooms- if any), located in Spain and comprises 2,545 mortgage loans, their outstanding principal at June 18, 2013 being EUR 236,455,740.52 and the overdue principal being EUR 15,061.87. There are no homes bound to an officially protected housing scheme securing the mortgage loans.

Out of the selected portfolio mortgage loans, 97.44%, in terms of outstanding principal, are mortgage loans granted to resident Spanish individuals, whereas the remaining 2.564% are mortgage loans granted to resident foreign individuals.

Out of the selected portfolio mortgage loans, 21.70%, in terms of outstanding principal, are secured by third parties (personal surety, bonds or guarantees).

The selected mortgage loans allowing for a margin reduction (404 loans with an outstanding principal of EUR 40,869,662.75 at June 18, 2013 and with a 0.858% weighted average margin, which includes the reductions in place at the portfolio selection date) start from an initial 1.80% spread. Eligibility for that margin reduction shall depend on the following requirements being satisfied:

- (a) The mortgage loan obligor shall have arranged for direct payment at BANTIERRA of the salary, pension or unemployment benefit or work-related revenues in the case of self-employed workers. The amount paid in directly shall be at least EUR 800 monthly. The margin reduction if this requirement is satisfied is 0.25%.
- (b) A valid multi-risk household insurance shall have be in place, insuring the contents of the mortgaged property at least at the value set in the appraisal of the property. The insurance shall be purchased through BANTIERRA. The margin reduction if this requirement is satisfied is 0.10%.

Additionally, and only in the event that any borrower should satisfy both requirements (a) and (b) above, the spread may benefit from the following additional reductions:

- (a) Having life insurance in place for the loan repayment risk, naming BANTIERRA as the beneficiary and covering at least 100% of the outstanding debt on the mortgage loan, and purchased through BANTIERRA: 0.25%.
- (b) Having payment protection insurance in place insuring regular mortgage loan instalment payment for reasons derived from unemployment or temporary disability, purchased through BANTIERRA: 0.15%.
- (c) Holding a credit card marketed by BANTIERRA and using the same for buying items worth in excess of EUR 600 in the immediately preceding six months: 0.10%.
- (d) Paying by direct debit at BANTIERRA at least 3 essential home utility or regular supply bills: 0.05%.
- (e) The borrower having a pension plan in place taken out through BANTIERRA and into which a yearly contribution of at least EUR 400 is made: 0.10%.

The aforementioned reductions shall no longer be applied upon the interest rate being reset provided that the eligibility requirements are not satisfied. They shall be checked every six months, on the last day of the month before the month in which the interest rate is reset.

The details of the 2,545 selected mortgage loans for the issue of the Mortgage Certificates and the issue of the Pass-Through Certificates, based on the criteria for loans to be eligible for issues of mortgage securities established in Chapter II of Royal Decree 716/2009, at the mortgage loan selection date, is as follows:

	No. Principal (EUR)	%
<b>Eligible loans</b>	2.470	97.05
	225.290.948.70	95.28
<b>Ineligible Loans</b>	75	2.95
	11.164.791.82	4.72
<b>Total loans</b>	<b>2.545</b>	<b>100.00</b>
	<b>236.455.740.52</b>	<b>100.00</b>

Mortgage Loan receivables assigned to the Fund by issuing mortgage participation certificates are so assigned because the relevant Mortgage Loans satisfy all the requirements established in Chapter II of Royal Decree 716/2009, and are therefore considered eligible loans for mortgage participation certificates to be issued. Mortgage Loan receivables assigned to the Fund by issuing pass-through certificates are so assigned because the relevant Mortgage Loans do not satisfy all the requirements established in Chapter II of Royal Decree 716/2009, and are not therefore considered eligible loans for mortgage participation certificates to be issued.

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

DELOITTE has audited the significant features of the selected mortgage loans .

That audit was made using sampling techniques consisting of analysing a number of transactions fewer (sample) than the full selection of mortgage loans (population), allowing a conclusion to be arrived at regarding that population. The verification deals with a number of both quantitative and qualitative attributes regarding the sample transactions and specifically regarding: loan and mortgage origination, loan purpose, identification of the borrower, loan origination date, loan maturity date, initial loan amount, current loan balance, reference rate or benchmark index, interest rate spread, interest rate applied, mortgaged property, mortgaged property address, appraisal value, current loan-to-value ratio, mortgage security, arrears in payment, damage insurance and mortgage loan transfer. The Originator shall not assign to the Fund s elected mortgage loans in respect of which errors are detected in verifying the sample.

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

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

The securitised assets are governed by Spanish Law.

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

### a) Information as to number and distribution of the selected mortgage loan obligors.

The following table gives the concentration of the ten obligors weighing most in the portfolio of selected mortgage loans as at June 18, 2013.

Mortgage loan portfolio at 18.06.2013				
Classification by Obligor				
	Mortgage loans		Outstanding principal	
		%	(EUR)	%
Obligor 1	1	0.039	466,309.49	0.197
Obligor 2	1	0.039	416,239.09	0.176
Obligor 3	1	0.039	391,694.86	0.166
Obligor 4	1	0.039	388,736.20	0.164
Obligor 5	1	0.039	382,770.55	0.162
Obligor 6	1	0.039	368,949.63	0.156
Obligor 7	1	0.039	361,040.31	0.153
Obligor 8	1	0.039	346,136.26	0.146
Obligor 9	1	0.039	345,823.46	0.146
Obligor 10	1	0.039	343,508.55	0.145
Total top 10 obligors	10	<b>0.393</b>	<b>3,811,208.40</b>	<b>1.612</b>
<b>Total obligors: 2,526</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>

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

The following table gives the distribution of the selected mortgage loans according to their origination date by six-monthly intervals, and the weighted average, minimum and maximum age.

Mortgage loan portfolio at 18.06.2013				
Classification by loan origination date				
Date interval	Mortgage loans		Outstanding principal	
		%	(EUR)	%
01.01.1994 to 30.06.1994	1	0.04	13,348.04	0.01
01.01.1995 to 30.06.1995	1	0.04	17,510.60	0.01
01.01.1996 to 30.06.1996	2	0.08	44,304.43	0.02
01.07.1996 to 31.12.1996	7	0.28	252,866.17	0.11
01.01.1997 to 30.06.1997	14	0.55	297,512.97	0.13
01.07.1997 to 31.12.1997	10	0.39	212,502.23	0.09
01.01.1998 to 30.06.1998	18	0.71	536,343.92	0.23
01.07.1998 to 31.12.1998	14	0.55	530,633.60	0.22
01.01.1999 to 30.06.1999	21	0.83	755,784.51	0.32
01.07.1999 to 31.12.1999	15	0.59	593,324.16	0.25
01.01.2000 to 30.06.2000	30	1.18	1,464,133.06	0.62
01.07.2000 to 31.12.2000	29	1.14	787,158.29	0.33
01.01.2001 to 30.06.2001	41	1.61	1,370,555.10	0.58
01.07.2001 to 31.12.2001	42	1.65	1,849,670.05	0.78
01.01.2002 to 30.06.2002	47	1.85	2,465,485.55	1.04
01.07.2002 to 31.12.2002	53	2.08	3,353,696.02	1.42
01.01.2003 to 30.06.2003	65	2.55	3,227,493.90	1.36
01.07.2003 to 31.12.2003	40	1.57	2,503,866.90	1.06
01.01.2004 to 30.06.2004	66	2.59	4,090,627.30	1.73
01.07.2004 to 31.12.2004	68	2.67	5,041,352.96	2.13
01.01.2005 to 30.06.2005	107	4.20	8,236,670.60	3.48
01.07.2005 to 31.12.2005	80	3.14	6,064,315.73	2.56
01.01.2006 to 30.06.2006	101	3.97	9,057,123.96	3.83
01.07.2006 to 31.12.2006	93	3.65	9,198,109.39	3.89

Mortgage loan portfolio at 18.06.2013				
Classification by loan origination date				
Date interval	Mortgage loans		Outstanding principal	
		%	(EUR)	%
01.01.2007 to 30.06.2007	71	2.79	8,434,521.85	3.57
01.07.2007 to 31.12.2007	107	4.20	10,512,910.91	4.45
01.01.2008 to 30.06.2008	126	4.95	14,728,283.98	6.23
01.07.2008 to 31.12.2008	104	4.09	10,284,390.76	4.35
01.01.2009 to 30.06.2009	145	5.70	16,403,131.05	6.94
01.07.2009 to 31.12.2009	194	7.62	22,670,934.97	9.59
01.01.2010 to 30.06.2010	219	8.61	24,519,060.79	10.37
01.07.2010 to 31.12.2010	234	9.19	26,557,977.85	11.23
01.01.2011 to 30.06.2011	132	5.19	14,458,923.69	6.11
01.07.2011 to 31.12.2011	166	6.52	17,424,832.37	7.37
01.01.2012 to 30.06.2012	82	3.22	8,496,382.86	3.59
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>
	<b>59.34</b>	<b>Months</b>	<b>Weighted average age</b>	
<b>21.02.1994</b>	<b>232.01</b>	<b>Months</b>	<b>Maximum age</b>	
<b>30.03.2012</b>	<b>14.63</b>	<b>Months</b>	<b>Minimum age</b>	

**c) Information regarding outstanding selected mortgage loan principal.**

The following table gives the distribution of the outstanding mortgage loan principal as at June 18, 2013 by EUR 25,000 intervals, and the average, minimum and maximum amount.

Mortgage loan portfolio at 18.06.2013				
Classification by outstanding principal				
Principal interval (EUR)	Mortgage loans		Outstanding principal	
	No.	%	(EUR)	%
0.00 - 24,999.99	326	12.81	5,579,594.41	2.36
25,000.00 - 49,999.99	458	18.00	16,909,212.03	7.15
50,000.00 - 74,999.99	355	13.95	22,213,435.52	9.39
75,000.00 - 99,999.99	368	14.46	32,043,091.52	13.55
100,000.00 - 124,999.99	360	14.15	40,200,394.04	17.00
125,000.00 - 149,999.99	253	9.94	34,649,986.93	14.65
150,000.00 - 174,999.99	181	7.11	29,202,947.93	12.35
175,000.00 - 199,999.99	99	3.89	18,398,345.01	7.78
200,000.00 - 224,999.99	42	1.65	8,947,101.52	3.78
225,000.00 - 249,999.99	36	1.41	8,450,543.78	3.57
250,000.00 - 274,999.99	24	0.94	6,237,997.67	2.64
275,000.00 - 299,999.99	22	0.86	6,277,154.76	2.65
300,000.00 - 324,999.99	6	0.24	1,866,207.72	0.79
325,000.00 - 349,999.99	8	0.31	2,703,987.55	1.14
350,000.00 - 374,999.99	2	0.08	729,989.94	0.31
375,000.00 - 399,999.99	3	0.12	1,163,201.61	0.49
400,000.00 - 424,999.99	1	0.04	416,239.09	0.18
450,000.00 - 474,999.99	1	0.04	466,309.49	0.20
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>
<b>Average principal:</b>			<b>92,909.92</b>	
<b>Minimum principal:</b>			<b>1,970.09</b>	
<b>Maximum principal:</b>			<b>466,309.49</b>	

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

The selected mortgage loans are all floating interest rate mortgage loans. The following table gives the mortgage loan distribution according to benchmark indices applicable to the loans for determining the nominal interest rate.

<b>Mortgage loan portfolio at 18.06.2013</b>					
<b>Classification by Interest rate benchmark index</b>					
<b>Benchmark Index</b>	<b>Mortgage loans</b>		<b>Outstanding principal</b>		<b>% Margin*</b>
		<b>%</b>	<b>(EUR)</b>	<b>%</b>	
12-Month Euribor / Mibor	2,475	97.25	233,957,040.38	98.94	0.76
Savings Bank Mortgage Loan Reference Rate	69	2.71	2,421,110.71	1.02	0.23
All Institutions Mortgage Loan Reference Rate	1	0.04	77,589.43	0.03	0.50
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>	<b>0.76</b>

\*Average margin weighted by the outstanding principal, including margin reductions in place at June 18, 2013. Had all margin reductions been in place at that date, the average portfolio margin would have been 0.687%.

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

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

<b>Mortgage loan portfolio at 18.06.2013</b>				
<b>Classification by benchmark index reset period</b>				
<b>Interest rate reset period</b>	<b>Mortgage loans</b>		<b>Outstanding principal</b>	
		<b>%</b>	<b>(EUR)</b>	<b>%</b>
Yearly	1,664	65.38	147,144,031.77	62.23
Six-Monthly	881	34.62	89,311,708.75	37.77
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>

**f) Information regarding selected mortgage loan instalment payment frequency.**

The following table gives the selected mortgage loan distribution based on mortgage loan instalment payment frequency.

<b>Mortgage loan portfolio at 18.06.2013</b>				
<b>Classification by instalment payment frequency</b>				
<b>Frequency</b>	<b>Mortgage loans</b>		<b>Outstanding principal</b>	
		<b>%</b>	<b>(EUR)</b>	<b>%</b>
Monthly	2,545	100.00	236,455,740.52	100.00
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>

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

The following table gives the selected mortgage loan distribution according to expiry of the mortgage loan principal repayment exclusion period. No details are given of intervals with no contents.

Mortgage loan portfolio at 18.06.2013				
Classification by principal repayment exclusion period				
Expiry of the principal exclusion period	Mortgage loans		Outstanding principal	
		%	(EUR)	%
No Exclusion	2,532	99.49	234,983,421.07	99.38
01.10.2013 to 31.12.2013	13	0.51	1,472,319.45	0.62
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>

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

The following table gives the distribution of the selected mortgage loans by 0.25% nominal interest rate intervals applicable as at June 18, 2013 (including, as the case may be, margin reductions, minimum interest rates and maximum interest rates), and their average, minimum and maximum values. The nominal interest rates applicable to the mortgage loans range between 0.85% and 5.75%.

Mortgage loan portfolio at 18.06.2013					
Classification by applicable nominal interest rate					
Interest Rate % Interval	Mortgage loans		Outstanding principal		% Interest Rate*
		%	(EUR)	%	
0.7500 - 0.9999	39	1.53	5,590,195.83	2.36	0.99
1.0000 - 1.2499	315	12.38	30,786,049.56	13.02	1.13
1.2500 - 1.4999	284	11.16	21,762,807.93	9.20	1.37
1.5000 - 1.7499	299	11.75	24,039,123.23	10.17	1.61
1.7500 - 1.9999	195	7.66	19,533,350.24	8.26	1.84
2.0000 - 2.2499	210	8.25	21,750,009.39	9.20	2.04
2.2500 - 2.4999	77	3.03	7,039,994.99	2.98	2.26
2.5000 - 2.7499	164	6.44	18,374,170.05	7.77	2.50
2.7500 - 2.9999	180	7.07	19,433,261.21	8.22	2.76
3.0000 - 3.2499	239	9.39	21,988,255.76	9.30	3.00
3.2500 - 3.4999	38	1.49	2,986,606.30	1.26	3.26
3.5000 - 3.7499	210	8.25	19,424,476.29	8.21	3.51
3.7500 - 3.9999	81	3.18	6,952,733.83	2.94	3.77
4.0000 - 4.2499	94	3.69	7,606,910.79	3.22	4.00
4.2500 - 4.4999	9	0.35	671,248.83	0.28	4.27
4.5000 - 4.7499	81	3.18	7,116,287.60	3.01	4.53
4.7500 - 4.9999	10	0.39	591,518.07	0.25	4.79
5.0000 - 5.2499	14	0.55	633,740.99	0.27	5.02
5.5000 - 5.7499	5	0.20	162,950.76	0.07	5.50
5.7500 - 5.9999	1	0.04	12,048.87	0.01	5.75
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>	
<b>Weighted average:</b>					<b>2.31 %</b>
<b>Simple average:</b>					<b>2.34 %</b>
<b>Minimum:</b>					<b>0.85 %</b>
<b>Maximum:</b>					<b>5.75 %</b>

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

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

Part of the selected mortgage loans have had a minimum nominal interest rate floor set for applicable nominal interest rate variability. The minimum nominal interest rates applicable to the selected mortgage loans as at June 18, 2013 range between 1.00% and 5.75%.

The following table gives the selected mortgage loan distribution by 1.00% minimum nominal interest rate intervals applicable for determining the nominal interest rate.

<b>Mortgage loan portfolio at 18.06.2013</b>					
<b>Classification by applicable minimum nominal interest rates</b>					
<b>Minimum % Interest Rate Interval</b>	<b>Mortgage loans %</b>		<b>Outstanding principal (EUR) %</b>		<b>Weighted average minimum % Int. Rate*</b>
1.00 - 1.99	27	1.06	3,456,454.75	1.46	1.75
2.00 - 2.99	485	19.06	57,754,808.85	24.43	2.43
3.00 - 3.99	511	20.08	49,033,677.04	20.74	3.30
4.00 - 4.99	168	6.60	13,870,134.61	5.87	4.25
5.00 - 5.99	19	0.75	747,997.72	0.32	5.12
No minimum applicable NIR	1,335	52.46	111,592,667.55	47.19	
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>	

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

In relation to those clauses, so-called "interest rate floor clauses", a recent Judgment no. 241/2013 of the Supreme Court's Civil Chamber dated May 9, 2013 has ruled that the interest rate floor clauses contained in certain mortgage loan deeds entered into with consumers for three lenders are null and avoid in that they are lacking transparency, albeit ruling the subsistence of the relevant agreements and that the judgment had no retrospective effect.

For the avoidance of doubt, it is noted that in the analysis of the selected portfolio mortgage loans by the Rating Agencies, the existence of interest rate floor clauses was not considered, and therefore the hypothetical elimination of interest rate floor clauses, as the case may be, would not have a bearing on the Bond rating.

The Originator has advised the Management Company that the use of clauses providing for interest rate floors and/or caps in retail loans with mortgage security, the Originator's stated commercial and business policy will be adjusted.

The signature of any such clauses with clients shall conform at all times to the requirements laid down in both legal and statutory regulations and the rules issued by the Bank of Spain to be used in loans with mortgage security.

Part of the selected mortgage loans have had a maximum nominal interest rate ceiling set for applicable nominal interest rate variability. The maximum nominal interest rates applicable to the selected mortgage loans as at June 18, 2013 range between 12.00% and 30.00%.

The following table gives the selected mortgage loan distribution by 1.00% maximum nominal interest rate intervals applicable for determining the nominal interest rate. No details are given of intervals with no contents.

Mortgage loan portfolio at 18.06.2013							
Classification by applicable maximum nominal interest rates							
Maximum % Interest Rate Interval	Mortgage loans %		Outstanding principal (EUR) %		Weighted average maximum % Interest Rate*		
12.00 - 12.99	465	18.27	49,191,860.82	20.80	12.00		
13.00 - 13.99	1	0.04	18,039.73	0.01	13.00		
14.00 - 14.99	14	0.55	1,075,318.93	0.45	14.00		
15.00 - 15.99	1,404	55.17	139,672,464.32	59.07	15.00		
16.00 - 16.99	3	0.12	88,401.73	0.04	16.00		
17.00 - 17.99	111	4.36	15,285,536.41	6.46	17.00		
30.00 - 30.99	385	15.13	16,854,889.86	7.13	30.00		
No maximum applicable NIR	162	6.37	14,269,228.72	6.03			
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>			

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

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

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

Mortgage loan portfolio at 18.06.2013						
Classification by final repayment year						
Final repayment year	Mortgage loans %		Outstanding principal (EUR) %		Residual Life wa* Months Date	
2013	1	0.04	5,903.39	0.00	5.59	05.12.2013
2014	6	0.24	54,822.43	0.02	14.04	19.08.2014
2015	22	0.86	309,165.26	0.13	26.51	03.09.2015
2016	42	1.65	748,162.19	0.32	36.19	24.06.2016
2017	57	2.24	1,112,189.85	0.47	48.64	07.07.2017
2018	55	2.16	1,382,020.01	0.58	60.30	27.06.2018
2019	59	2.32	1,776,483.38	0.75	72.91	16.07.2019
2020	64	2.51	2,224,491.00	0.94	84.45	01.07.2020
2021	74	2.91	2,688,080.68	1.14	96.38	29.06.2021
2022	71	2.79	3,383,056.07	1.43	108.21	25.06.2022
2023	84	3.30	3,948,624.54	1.67	120.70	10.07.2023
2024	76	2.99	4,540,430.23	1.92	132.91	15.07.2024
2025	72	2.83	3,633,764.96	1.54	144.88	15.07.2025
2026	73	2.87	4,285,063.60	1.81	157.17	24.07.2026
2027	65	2.55	4,540,036.98	1.92	168.73	11.07.2027
2028	53	2.08	3,730,710.26	1.58	181.12	22.07.2028
2029	72	2.83	5,556,709.61	2.35	192.55	05.07.2029
2030	122	4.79	9,586,101.83	4.05	204.05	20.06.2030
2031	117	4.60	9,714,872.07	4.11	216.48	03.07.2031
2032	103	4.05	10,312,354.98	4.36	228.12	21.06.2032
2033	84	3.30	9,146,851.58	3.87	241.30	28.07.2033
2034	119	4.68	13,108,343.67	5.54	252.55	05.07.2034
2035	142	5.58	15,522,459.00	6.56	264.29	27.06.2035
2036	113	4.44	13,620,415.19	5.76	276.37	29.06.2036
2037	81	3.18	10,998,168.31	4.65	287.21	25.05.2037
2038	97	3.81	12,332,396.03	5.22	300.22	25.06.2038
2039	123	4.83	17,225,252.24	7.28	312.42	01.07.2039
2040	159	6.25	21,681,213.68	9.17	325.17	23.07.2040

Mortgage loan portfolio at 18.06.2013						
Classification by final repayment year						
Final repayment year	Mortgage loans		Outstanding principal		Residual Life wa*	
		%	(EUR)	%	Months	Date
2041	98	3.85	14,043,676.00	5.94	336.86	14.07.2041
2042	54	2.12	7,368,768.52	3.12	346.52	04.05.2042
2043	44	1.73	5,937,972.04	2.51	359.50	03.06.2043
2044	41	1.61	6,768,151.68	2.86	373.32	28.07.2044
2045	49	1.93	6,963,178.47	2.94	385.35	29.07.2045
2046	23	0.90	3,254,855.34	1.38	397.05	20.07.2046
2047	12	0.47	2,162,490.39	0.91	406.23	25.04.2047
2048	3	0.12	331,873.21	0.14	419.64	07.06.2048
2049	3	0.12	403,444.19	0.17	436.76	10.11.2049
2050	7	0.28	1,445,621.62	0.61	443.05	20.05.2050
2051	5	0.20	607,566.04	0.26	456.72	10.07.2051
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>		
	<b>Weighted average:</b>				<b>266.56</b>	<b>04.09.2035</b>
	<b>Simple average:</b>				<b>223.35</b>	<b>28.01.2036</b>
	<b>Minimum:</b>				<b>5.59</b>	<b>5.12.2013</b>
	<b>Maximum:</b>				<b>459.99</b>	<b>18.10.2051</b>

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

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

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

Mortgage loan portfolio at 18.06.2013				
Classification by Autonomous Communities				
	Mortgage loans		Outs tanding principal	
		%	(EUR)	%
Andalusia	2	0.08	168,950.99	0.07
Aragón	2,010	78.98	180,172,516.47	76.20
Catalonia	281	11.04	28,166,733.62	11.91
Extremadura	2	0.08	138,757.95	0.06
Galicia	3	0.12	251,471.87	0.11
Castile-León	6	0.24	477,652.25	0.20
Madrid	86	3.38	11,228,738.31	4.75
Castile La Mancha	3	0.12	416,714.41	0.18
Murcia	1	0.04	101,115.95	0.04
Navarre	2	0.08	242,569.36	0.10
La Rioja	117	4.60	12,816,939.21	5.42
Valencian Community	32	1.26	2,273,580.13	0.96
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>

**l) Information regarding any arrears in collecting selected mortgage loan interest or principal instalments and current principal amount, if any, of loans that are more than 30, 60 and 90 days in arrears.**

The following table gives the number of mortgage loans, the outstanding principal and the overdue principal of selected mortgage loans in arrears as at June 18, 2013 in payment of amounts due.

Arrears in payment of instalments due at 18.06.2013				
Interval Days	Mortgage loans	Outstanding principal	Overdue principal	% on Total outstanding principal
In good standing	2,465	229,721,127.62	0.00	
1 to 15 days	56	4,258,359.93	10,368.54	0.0044
16 to 30 days	24	2,476,252.97	4,693.33	0.0020
<b>Total</b>	<b>2,545</b>	<b>236,455,740.52</b>	<b>15,061.87</b>	<b>0.0064</b>

In accordance with the Originator's representation in section 2.2.8.2.(18) of the Building Block, none of the Mortgage Loans that will finally be assigned to the Fund upon being established shall have any payments more than one (1) month overdue on their assignment date.

**m) Loan to value ratio or level of collateralisation.**

The ratio, expressed as a percentage, of the initial outstanding principal as at June 18, 2013 to the appraisal value of the selected mortgage loan mortgaged properties ranged between 0.82% and 97.22%, and the average ratio weighted by the outstanding principal of each mortgage loan is 56.58%.

The following table gives the distribution of the mortgage loans by 5.00% intervals of that ratio.

Mortgage loan portfolio at 18.06.2013					
Classification by loan to value ratio					
Ratio Intervals	Mortgage loans		Outstanding principal		(% ) Loan to Value*
		%	(EUR)	%	
0.01 - 5.00	28	1.10	372,691.63	0.16	3.43
5.01 - 10.00	73	2.87	1,591,190.71	0.67	7.99
10.01 - 15.00	129	5.07	3,600,311.28	1.52	12.76
15.01 - 20.00	153	6.01	5,320,209.75	2.25	17.41
20.01 - 25.00	141	5.54	7,036,304.04	2.98	22.54
25.01 - 30.00	149	5.85	8,997,037.67	3.80	27.54
30.01 - 35.00	147	5.78	9,010,311.74	3.81	32.35
35.01 - 40.00	145	5.70	11,355,949.62	4.80	37.47
40.01 - 45.00	150	5.89	14,324,054.92	6.06	42.64
45.01 - 50.00	151	5.93	14,681,351.98	6.21	47.49
50.01 - 55.00	152	5.97	16,558,240.14	7.00	52.90
55.01 - 60.00	185	7.27	22,808,209.07	9.65	57.72
60.01 - 65.00	213	8.37	25,567,272.24	10.81	62.58
65.01 - 70.00	215	8.45	28,148,767.92	11.90	67.47
70.01 - 75.00	282	11.08	35,552,307.71	15.04	72.65
75.01 - 80.00	157	6.17	20,366,738.28	8.61	76.94
80.01 - 85.00	38	1.49	5,940,657.53	2.51	82.08
85.01 - 90.00	26	1.02	3,376,069.50	1.43	87.45
90.01 - 95.00	9	0.35	1,528,804.74	0.65	91.98
95.01 - 100.00	2	0.08	319,260.05	0.14	96.30
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>	
<b>Weighted Average:</b>					<b>56.58 %</b>
<b>Simple Average:</b>					<b>47.74 %</b>
<b>Minimum:</b>					<b>0.82 %</b>
<b>Maximum:</b>					<b>97.22 %</b>

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

There is no overcollateralisation in the Fund since the Outstanding Balance of Mortgage Loans which the Originator shall assign to the Fund upon being set up shall be equal to or slightly above EUR two hundred and twenty-five million (225,000,000.00), the face value amount of the Bond Issue.

**n) Information on use of the home.**

The following table gives the distribution of the selected mortgage loans by use of the home.

<b>Mortgage loan portfolio at 18.06.2013</b>				
<b>Classification by use of the home</b>				
<b>Use</b>	<b>Mortgage loans</b>		<b>Outstanding principal</b>	
		<b>%</b>	<b>(EUR)</b>	<b>%</b>
Main home	2,506	98.47	233,394,150.05	98.71
Main and second homes	38	1.49	3,032,186.49	1.28
Second home	1	0.04	29,403.98	0.01
<b>Total</b>	<b>2,545</b>	<b>100.00</b>	<b>236,455,740.52</b>	<b>100.00</b>

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

The selected assets to be securitised are loans with real estate mortgage security, originated in a public deed (the **'Mortgage Loans'**) granted by the Originator to individuals with real estate mortgage security on finished homes (and their annexes -parking spaces and/or lumber rooms- if any) located in Spain.

The Mortgage Loans were originated in a public deed subject to the Mortgage Act, mortgage market regulation laws and ancillary laws.

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

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

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

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

The final maturity date of the selected mortgage loans at June 18, 2013 lies between December 5, 2013 and October 18, 2051.

**2.2.5 Amount of the assets.**

The Fund shall be set up with the Mortgage Certificates and the Pass-Through Certificates, representing Mortgage Loan receivables, issued by the Originator and subscribed for by the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR two hundred and twenty-five million (225,000,000.00), the face value amount of the Bond Issue.

The selected mortgage loan portfolio from which the Mortgage Loans will be taken in order for their receivables to be assigned to the Fund when it is established upon the Originator issuing and the Fund subscribing for Mortgage Certificates and Pass-Through Certificates comprises 2,545 mortgage loans, their outstanding principal at June 18, 2013 being EUR 236,455,740.52 and the overdue principal being EUR 15,061.87.

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

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

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

The mortgage loans selected for assignment to the Fund have been granted by the Originator (without any intermediary whatsoever being involved) following its usual current credit risk analysis and assessment procedures for granting mortgage loans to individuals at the date of grant of the loans. Those procedures are described below:

### **Admission and analysis policies.**

Any risk transaction entails the existence of a correlatively numbered proposal. An analysis is made in the following order, and the process is stopped where the set requirements are not satisfied. That results in the risk being refused or negatively reported on.

Document analysis. Checking that the documentary information is as required for the analysis to be made:

- Full proposal.
- Supporting report.
- Economic data (income, payslips, corporation tax, etc.).
- Asnef / Experian.
- Cirbe.
- Rai.
- Wealth tax return, contracts, appraisals, etc.
- Customer (borrower/guarantor) analysis. Applicant's identification and business (legal entity/individual and activity) for, depending on these variables, the analysis is different.
- Transaction analysis.
- Intended use of funds.
- Repayment capacity based on repayment schedule.
- Cash flow stability.
- Analysis of collaterals.
- Credit standing.
- Assessment of collaterals and availability if the contract is enforced. This is the last analysis made and collaterals must always be considered in the event that the repayment forecasts based on customer and transaction analysis do not come true. Admission of the risk must not therefore be based only on the collaterals.

### **Transaction origination.**

Upon being analysed, the transaction is approved by the competent body, as empowered.

### **SYSTEM CONTROL**

The IT system has set empowerment parameters for every branch/person based on amounts. In addition, the correct application of such terms as rates, fees and time limits is channelled through the lending lines, a system instrument grouping the various transaction types depending on the parameters set by the head office, which is exclusively responsible for maintaining and changing those lines based on the guidelines set from time to time.

The system turns down transactions that are not within the set limits. The risks area processes approval after checking that the proposal is authorised by the competent body.

Scoring and rating tools are used, although initially they are not binding until their efficiency and accuracy are known.

The Electronic Document Management system (GED) in risks is used as a tool assisting not only filing problems but in addition improving processing circuit control and monitoring, minimising operational risk and expediting access.

## **CONTROLLING DEEDS**

Transactions originated directly at the head office, including Saragossa urban area and metropolitan area branch transactions. A check is made and a draft is prepared to be sent to the notary's office. The bank controls processing by arrangements with agents (collection and payment of deeds at notaries' offices, payment of Taxes and submission to the Land Registry).

Transactions originated in all other branches: The file is received at the head office (proposal, appraisal and simple copy) and recorded therein until the original deed is fully entered in the register and submitted. Registration is controlled by the branch.

These procedures are controlled claiming transactions not received using a computerised office application. Terms are checked against the approved proposal. Deeds are filed at the head office.

### **Empowerment Level**

Risk acceptance needs to be delegated in order for admission procedures to be swifter and for everyone to take responsibility for their quality.

The empowerment figure granted is the maximum amount to be arrived at with a customer or group of customers considered as a business group or family unit.

That figure shall be authorised by the bank's highest decision-making body and is cascaded down the hierarchic line.

Authority is conferred on an individual, analysing the extent to which it needs to be used.

The figure authorised is given for unrestricted customers, and is subject to review, supporting documents and decision-making, based on the standards set by the bank.

For loans with security interest: a distinction will be made between residential and other mortgage loans. The authority shall be conditional on the loan-to-value ratio and loan repayment-to-income ratio.

The decision-making bodies' empowerment levels are set on the basis of the followed scaled powers:

<b>Body</b>	<b>€ Amount</b>
<b>MANAGEMENT BOARD/EXECUTIVE COMMITTEE</b>	<b>More than 3,000,000</b>
<b>RISKS COMMITTEE WITH OFFICE OF GENERAL MANAGER</b>	<b>Up to 3,000,000</b>
<b>RISKS COMMITTEE WITHOUT OFFICE OF GENERAL MANAGER</b>	<b>Up to 2,000,000</b>
<b>RISKS AREA</b>	<b>Up to 1,000,000</b>
<b>REGIONAL MANAGERS</b>	<b>Up to 250,000</b>
<b>BRANCH MANAGERS</b>	<b>Up to 120,000 and 150,000</b>

### **Mortgage loan recovery procedure**

This procedure consists of detecting problematic transactions, obtaining information, analysing the chances of taking action and designing the debt collection strategy.

The following are the stages in the recovery procedure:

### **1.- Commencement of the recovery procedure.**

Transactions arrive at the recovery department following the set procedure, or, as the case may be, in anticipation where there are serious doubts as to collection.

### **2.- Identification and progress of the obligor.**

The working philosophy is to encourage branches to anticipate default and delinquency situations and apply the BANTIERRA standard then in force to manage the client. Ongoing client knowledge and monitoring should allow problem transactions to be singled out early.

The above is supplemented with existing computerised tools which detect doubtful transactions and trigger commencement of the recovery procedure:

- The branches detect default and delinquency situations on a daily basis through the IRIS computer application incidents manager, IRIS lists, etc.
- BANTIERRA has several IRIS system applications for both detection and information and support.

### **3.- Contacting the client.**

The aim in establishing telephone contact or holding a personal meeting with the client, depending on the problem the obligor has, is to study the situation resulting from the problem, and seeing whether the client is willing and able to settle the debt.

### **4.- Obtaining information on the borrower.**

The first step upon detecting default or potential default is always taken from the branch in order to collect information on the chances of recovery and the obligor's collaterals.

To do so, direct contact is established with the client based on client knowledge and the regular provision of documentation or information, or various information sources are used to look into the real chances of collection or the collaterals BANTIERRA has with respect to the obligor. A search in the Index Register will provide details as to any properties registered to the obligors' names. An attempt is also made to search for the ownership of vehicles or ascertain whether the borrower works for any company.

### **5.- Consensus as to steps to be taken.**

Court foreclosure shall be the last decision to be made or step to be taken at BANTIERRA. In any case, a schedule of payments is established or the debt is rearranged in order for payment to be made easier, depending on the repayment capacity that has been or may be established and the collaterals offered by the obligor. Depending on the outcome of the meeting with the client, the relevant file shall be drawn up from the branch for the risks department and a decision shall be made jointly by the branch manager and the regional manager of BANTIERRA on the step to be taken: (short-term) payments schedule, refunding or foreclosure, unless the client provides a definitive and imminent solution to the default.

### **6.- Drawing up the file.**

In drawing up the relevant file, deadlines are set and documents and reports to be submitted are defined.

### **7.- Approach in the payments schedule file.**

Upon receiving the file, the risks department will review the data provided and analyse the client and the client's position. The client will be contacted and the transaction and the short-term commitment made shall be monitored.

### **8.- Debt rearrangement or conversion approach.**

The branch will send the risks department documents on the relevant transaction to provide an overall solution to the problem which is feasible for the client.

### **9.- Foreclosure and submission to the Legal Department.**

If there is to be foreclosure, the debt is certified and the set documents are sent to the legal department in order for collection in court to be commenced.

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

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

The Management Company sets out below the representations and warranties which the Originator shall, as holder of the Mortgage Loan receivables until assigned to the Fund and as issuer of the Mortgage Certificates and/or the Pass-Through Certificates, declare and give to the Fund and the Management Company in the Deed of Constitution, in relation to itself and the Mortgage Loans, the Mortgage Certificates and the Pass-Through Certificates.

#### **1. In relation to itself.**

- (1) That it is a credit institution duly incorporated in accordance with the laws in force for the time being, entered in the Companies Register and the Bank of Spain's Register of Credit Institutions, and is authorised to operate in the mortgage market.
- (2) That neither at today's date nor at any time since it was incorporated has it been decreed to be insolvent, or bankrupt, or in suspension of payments under former laws, nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.
- (3) That it has obtained all necessary authorisations, including those required of its corporate bodies and, as the case may be, third parties who may be affected by the assignment of the Mortgage Loan receivables, to issue the Mortgage Certificates and the Pass-Through Certificates, to validly execute the Fund Deed of Constitution, the agreements relating to the establishment of the Fund and to fulfil the undertakings made.
- (4) That it has audited annual accounts for the financial years ended December 31, 2012 and 2011, and that the audited annual accounts for the years 2012 and 2011 have been filed with the Companies Register and, in addition, the audited annual accounts for the financial year 2012 have been filed with the CNMV. The audit report on the year 2012 annual accounts is unqualified.

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

- (1) That the Mortgage Loan receivables are assigned to the Fund by issuing the Mortgage Certificates and the Pass-Through Certificates in the Originator's ordinary course of business and they are issued at arm's length in accordance with Act 2/1981, Royal Decree 716/2009 and as established by Additional Provision Five of Act 3/1994 and other applicable laws. Mortgage Loan receivables assigned to the Fund by issuing mortgage participation certificates are so assigned because the relevant Mortgage Loans satisfy all the requirements established in Chapter II of Royal Decree 716/2009. Mortgage Loan receivables assigned to the Fund by issuing pass-through certificates are so assigned because the relevant Mortgage Loans do not satisfy all the requirements established in Chapter II of Royal Decree 716/2009. This information shall be consistent with the contents laid down in schedule I to Royal Decree 716/2009 relating to the special book register of mortgage loans and credits.
- (2) That the Mortgage Certificates and the Pass-Through Certificates are issued for the same term remaining until maturity and for the same interest rate of each of the underlying Mortgage Loans.
- (3) That all the Mortgage Loans exist and are valid and enforceable in accordance with the applicable laws.
- (4) That it is the legal and beneficial owner of each of the Mortgage Loans and there is no obstacle whatsoever for the Mortgage Certificates and the Pass-Through Certificates to be issued.
- (5) That the details of the Mortgage Certificates and the Pass-Through Certificates and the Mortgage Loans included in the schedules to the Deed of Constitution accurately reflect the current status of those Mortgage Loans and the Mortgage Certificates and the Pass-Through Certificates and are full and accurate, and match the data files sent to the Management Company on those Mortgage Loans.

- (6) That the Mortgage Loans are secured with a senior real estate mortgage on the legal and beneficial ownership of each and every one of the mortgaged properties .
- (7) That the Mortgage Loans are all originated in a public deed, and the mortgages are all duly granted and entered in the relevant Land Registries. The registration of the mortgaged properties is in force and has not been howsoever opposed and is subject to no limitation whatsoever taking precedence over the mortgage, in accordance with the applicable regulations.
- (8) That the Mortgage Loans all stand as a valid and binding payment obligation for the relevant Obligor and are enforceable on their own terms.
- (9) That the Mortgage Loans are all denominated and payable exclusively in Euros , and the capital or principal has been fully drawn down.
- (10) That all the Mortgage Loan payment obligations are satisfied by directly debiting an account at the Originator.
- (11) That the Mortgage Loans have been granted to individuals resident in Spain for the purpose of financing the purchase, building or renovation of homes and their annexes (parking spaces and/or lumber rooms), if any, or are subrogations by resident private individuals in respect of financing granted to developers of properties designed to be sold.
- (12) That the mortgages are granted on real properties already built wholly legally and beneficially owned by the respective mortgagor and to the best of the Originator's knowledge there is no litigation over the ownership of those properties which might detract from the mortgages.
- (13) That the properties mortgaged under the Mortgage Loans are not ineligible assets, and are not affected by any circumstance which might render them ineligible, to be tendered as security under article 11.1 of Royal Decree 716/2009, nor do the Mortgage Loans have any of the credit features excluded or restricted under articles 12.1 a), c), d) and f), as the case may be, e) and 12.2 of Royal Decree 716/2009.
- (14) That no Mortgage Loan is secured with a mortgage for which a contradictory registry entry exists recording a claim, sub-mortgage or attachment, and no Mortgage Loan is subject to any condition precedent or secured by a security or maximum-sum mortgage.
- (15) That the mortgaged properties are all finished homes (and their annexes -parking spaces and/or lumber rooms-, if any) located in Spain and have been appraised by institutions entered in the bank of Spain's Register of Institutions , evidence of which appraisal has been duly provided in the form of a certificate. The appraisals carried out satisfy all the requirements established in the mortgage market laws.
- (16) That the outstanding principal balance of each Mortgage Certificate does not on the date of issue thereof and of assignment to the Fund exceed 80% of the appraisal value of the properties mortgaged as security for the relevant Mortgage Loan. Similarly, the outstanding principal balance of each Pass-Through Certificate does not on the date of issue thereof and of assignment to the Fund exceed 100% of the appraisal value of the properties mortgaged as security for the relevant Mortgage Loan.
- (17) That the properties mortgaged as security for the Mortgage Loans all have at least damage insurance under policies for the benefit of the Originator and the insured sum is not less than the appraisal value of the mortgaged property or mortgaged properties, excluding elements that are uninsurable by nature, or the Originator has taken out a secondary general insurance policy ensuring damage and fire insurance in the event of that insurance not existing or of the insured sums falling short of (a) the appraisal value of the mortgaged property or mortgaged properties, excluding elements that are uninsurable by nature, in the case of Mortgage Certificates, or (b) the lower of: (i) the current Mortgage Loan balance or (ii) the appraisal value of the mortgaged property or properties, excluding elements that are uninsurable by nature, in the case of Pass-

Through Certificates , and that the Originator is not aware of the purchased insurance premiums heretofore accrued not having been paid in full.

- (18) That the Mortgage Loans are not perfected in registered, negotiable or bearer securities, other than the Mortgage Certificates and the Pass-Through Certificates issued to be pooled in the Fund.
- (19) That upon the issue of the Mortgage Certificates and the Pass-Through Certificates none of the Mortgage Loans have any payments that are more than one (1) month overdue.
- (20) That, to the best of its knowledge, no Mortgage Loan Obligor holds any receivable against the Originator whereby that Obligor might be entitled to a set-off which might adversely affect the rights conferred by the Mortgage Certificates and the Pass-Through Certificates.
- (21) That the Originator has strictly adhered to the policies for granting credit in force at the time in granting each and every one of the Mortgage Loans and in accepting, as the case may be, the subrogation of subsequent borrowers in the initial borrower's position and in this connection section 2.2.7 of the Building Block sets out the mortgage lending policies to individuals .
- (22) That the deeds recording the mortgages granted on the Mortgage Loan properties have all been duly filed in records of the Originator suitable therefor, and are at the Management Company's disposal, for and on behalf of the Fund, and the Mortgage Loans are all clearly identified both in data files and by means of their deeds.
- (23) That upon the issue of the Mortgage Certificates and the Pass-Through Certificates the outstanding capital balance of each Mortgage Loan on the date of issue is equivalent to the capital amount of the relevant Mortgage Certificate or Pass-Through Certificate.
- (24) That the final maturity date of the Mortgage Loans is at no event after October 18, 2051.
- (25) That, after being granted, the Mortgage Loans have been serviced and are still being serviced by the Originator in accordance with its set customary procedures.
- (26) That, to the best of its knowledge, there is no litigation whatsoever in relation to the Mortgage Loans which may detract from their validity or which may result in the application of Civil Code article 1535, nor do any circumstances exist which may result in the purchase agreement of the home mortgaged as security for the Mortgage Loans being ineffective.
- (27) That, to the best of its knowledge, there has been no failure to pay in full the premiums accrued heretofore by the insurance taken out referred to in paragraph (18) above.
- (28) That on the date of issue it has received no notice of full prepayment of the Mortgage Loans.
- (29) That the Mortgage Loan payment frequency is monthly.
- (30) That, upon the issue of the Mortgage Certificates and the Pass-Through Certificates , at least two interest instalments have fallen due on each Mortgage Loan.
- (31) That the information about the Mortgage Certificates, Pass-Through Certificates and Mortgage Loans given in the Prospectus is accurate and strictly true.
- (32) That, to the best of its knowledge, no circumstance whatsoever exists which might prevent the mortgage security of each Mortgage Loan from being enforced.
- (33) That the Mortgage Loans are not earmarked for any issue whatsoever of mortgage debentures, mortgage bonds, mortgage participation certificates or pass-through certificates, other than the issue of the Mortgage Certificates or the Pass-Through Certificates, and, during their life, the Mortgage Loans shall not be earmarked for any issue whatsoever of mortgage debentures, mortgage bonds, other mortgage participation certificates or other pass-through certificates.

- (34) That, to the best of its knowledge, no third party has a preferred right over the Fund in and to the Mortgage Loans, as holder of the Mortgage Certificates and the Pass-Through Certificates .
- (35) That none of the Mortgage Loans have clauses allowing deferment of periodic interest payment and principal repayment, other than the principal repayment exclusion period there may be as set out in section 2.2.2.g) of the Building Block.
- (36) That none of the Mortgage Loans are an extension or reinstatement of earlier loans in arrears.
- (37) That none of the Mortgage Loans has officially protected housing as security.

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

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

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

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

- (ii) In the event that there should be no substitution of the affected Mortgage Certificates or Pass-Through Certificates in accordance with rule (i) above, the affected Mortgage Certificates or Pass-Through Certificates not substituted shall be cancelled early. That cancellation shall take place by a repayment in cash to the Fund by the Originator of the outstanding principal of the affected Mortgage Certificates or Pass-Through Certificates not substituted, interest accrued and not paid, calculated until the repayment date, and any other amount owing to the Fund under those Mortgage Certificates or Pass-Through Certificates.

(iii) In the event of (i) and (ii) above occurring, the Originator shall be vested in all the rights attaching to the Mortgage Certificates or Pass-Through Certificates accruing from the date of substitution or repayment to the Fund or accrued and not due, and overdue amounts on that same date.

3. In particular, the amendment by the Originator during the life of the Mortgage Loans of their terms without regard to the limits established in the special laws applicable and, in particular, to the terms agreed between the Fund, represented by the Management Company, and the Originator in this Prospectus, in the Deed of Constitution and in the Servicing Agreement, which would therefore be an absolutely exceptional amendment, would constitute a unilateral breach by the Servicer of its duties which should not be borne by the Fund or by the Management Company.

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

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

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

In accordance with the Originator's representation (17) given in section 2.2.8.2 of this Building Block, the properties mortgaged as security for the Mortgage Loans have at least damage and fire insurance under policies for the benefit of the Originator and the insured sum is not less than the appraisal value of the mortgaged property or mortgaged properties, excluding elements that are uninsurable by nature, or the Originator has taken out a secondary general insurance policy ensuring damage insurance cover in the event of that insurance not existing or of the insured sums falling short of (a) the appraisal value of the mortgaged property or mortgaged properties, excluding elements that are uninsurable by nature, in the case of Mortgage Certificates or, in the case of Pass-Through Certificates, (b) the lower of: (i) the current Mortgage Loan balance or (ii) the appraisal value of the mortgaged property or properties, excluding elements that are uninsurable by nature. To this end, the Originator has taken out a general insurance policy with Seguros Generales Rural S.A. de Seguros y Reaseguros to cover those risks in the event of the damage insurance policy taken out by the Obligor not existing or falling short. The total insured sum under these policies amounts to EUR 26,175,650.48.

Other than the general insurance policy described above, no details are included regarding concentration of the insurers because that has not been considered significant.

The Originator shall upon the Fund being established complete the assignment attached to the issue of the Mortgage Certificates and the Pass-Through Certificates of the rights in which it is vested as beneficiary of those damage insurance contracts entered into by the Obligors, and the insurance policy taken out by the Originator. All amounts the Originator should have received under these policies shall therefore be for the Fund, as the holder of the Mortgage Certificates and the Pass-Through Certificates.

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

Not applicable.

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

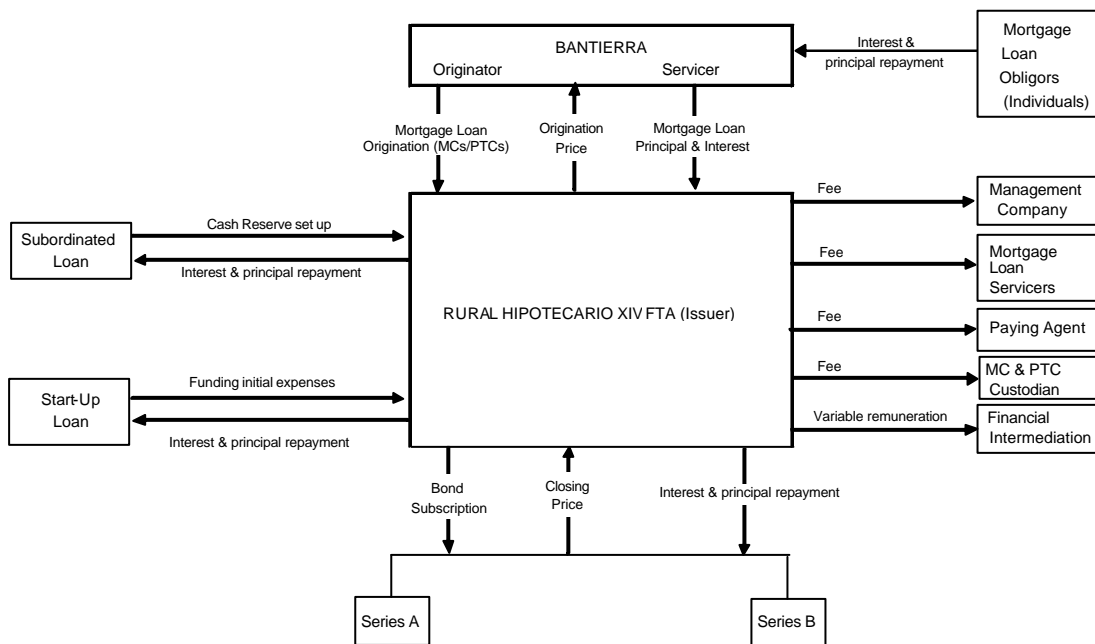
**2.4 Where the Issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.**

Not applicable.

**3. STRUCTURE AND CASH FLOW**

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

Transaction structure diagram.



### **Initial balance sheet of the Fund.**

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

<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Receivables</b>	<b>225,125,000.00</b>	<b>Obligations and securities</b>	<b>225,000,000.00</b>
Mortgage Loans (MCs/PTCs) (adjustment excess to EUR 150,000.00)	225,125,000.00	Series A Bonds	202,500,000.00
		Series B Bonds	22,500,000.00
Acquisition expenses	to be determined	Set-up and admission expenses	to be determined
<b>Liquid assets</b>	<b>to be determined</b>	<b>Credit institution payables</b>	<b>12,810,000.00</b>
Treasury Account (Cash Reserves)*	12,040,000.00	Start-Up Loan	770,000.00
Accrued interest receivable		Subordinated Loan	12,040,000.00
		<b>Short-term creditors</b>	<b>to be determined</b>
		Mortgage Loan accrued interest**	to be determined

**(Amounts in EUR)**

\* It is assumed that all the Fund set-up and Bond issue and admission expenses are met on the actual Closing Date, as detailed in section 6 of the Securities Note, and that they amount to EUR 400,000.00.

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

- (i) EUROPEA DE TITULIZACIÓN is the Management Company that will establish, manage and be the authorised representative of the Fund.
- (ii) BANCO COOPERATIVO and EUROPEA DE TITULIZACIÓN have structured the financial terms of the Fund and the Bond Issue.
- (iii) BANTIERRA is the Originator of the Mortgage Loan receivables by issuing the Mortgage Certificates and the Pass-Through Certificates to be pooled in the Fund. In addition, it shall be the Fund's counterparty in the Subordinated Loan, Start-Up Loan, Mortgage Loan Servicing, Commingling Reserve and Financial Intermediation Agreements. In addition, BANTIERRA shall be the Bond Issue Subscriber.
- (iv) BANCO COOPERATIVO is involved as Lead Manager of the Bond Issue and as Fund counterparty under the Mortgage Certificate and Pass-Through Certificate Custody and Mortgage Loan Servicing Agreements (as potential substitute in certain circumstances)
- (v) BARCLAYS is involved as Paying Agent of the Bond Issue and shall be the Fund's counterparty in the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- (vi) GARRIGUES, an independent adviser, has provided legal advice for establishing the Fund and issuing the Bonds and has been involved in reviewing this Prospectus, the transaction and financial service agreements referred to herein and the Deed of Constitution.
- (vii) DELOITTE have audited certain features and attributes of a sample of all of the Originator's selected mortgage loans from which the Mortgage Loans will be taken to be assigned to the Fund upon being established.
- (viii) DBRS and Fitch are the Rating Agencies that have assigned the rating to each Bond Issue Series.

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

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

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

#### **3.3.1 Perfecting the assignment of the Mortgage Loan receivables to the Fund.**

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

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

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

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

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

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

Given that the Mortgage Certificates and the Pass-Through Certificates are securities that may only be subscribed for and held by investors qualifying as institutional investors, for the purposes of paragraph two of article 32.1 of Royal Decree 716/2009, the issue of the Mortgage Certificates and the Pass-Through Certificates shall not be subject to a marginal note on each entry of the mortgage underlying each of the Mortgage Loans in the Land Registry.

In the event of the Originator being decreed insolvent, the issue of the Mortgage Certificates and the Pass-Through Certificates and their subscription by the Fund may only be revoked as provided for in the insolvency laws if whoever exercises the relevant termination action proves that the Originator issued and the Fund subscribed for the Mortgage Certificates and the Pass-Through Certificates fraudulently, all as provided for in Additional Provision Five of Act 3/1994 and articles 10 and 15 of Act 2/1981.

The Originator's assignment of the Mortgage Loan receivables to the Fund shall not be notified to the respective Obligors and that notice shall not be necessary in order for the assignment to be effective.

However, the Management Company shall instruct the Servicer as to the requirement to notify the respective Obligors of the assignment of outstanding Mortgage Loan receivables (and third-party guarantors and mortgaged property insurers, if any) whenever the Management Company deems it justified and in any case in the events of replacement of the Servicer, decree of insolvency or liquidation of the Originator, using for such notice of assignment such means of communication as the Management Company shall deem swiftest and most effective.

For all the purposes set out in the preceding paragraph, the Management Company shall be entitled to request the Originator as Servicer and the latter shall be bound to supply all such information as the Management Company shall deem necessary or expedient.

The Servicer shall notify Obligors (and third-party guarantors and mortgaged property insurers, if any) of the assignment of the outstanding Mortgage Loan receivables forthwith upon receiving the Management Company's instructions and shall in any event prove to the Management Company within not more than five (5) Business Days of those instructions being sent that Obligors (and third-party guarantors and mortgaged property insurers, if any) were actually notified, enclosing an acknowledgement of receipt of such notices.

In any event, from the date on which the Originator as Servicer receives the relevant instructions from the Management Company, it shall forthwith transfer to the Fund's Treasury Account any Mortgage Loan amount to which the Fund is entitled and which may then be in its possession and shall continue to transfer daily any Mortgage Loan amount it shall receive to which the Fund is entitled.

However, the Originator shall empower the Management Company as extensively as may be required at Law in order that the Management Company may notify Obligors of the assignment of the outstanding Mortgage Loans (and third-party guarantors and mortgaged property insurers, if any) whenever the Management Company deems it appropriate. In any event, the Management Company shall forthwith give Obligors (and third-party guarantors and mortgaged property insurers, if any) satisfactory notice, either directly or as the case may be through a new Servicer it shall have designated, of the assignment in the events of replacement of the Servicer, decree of insolvency, liquidation of the Servicer or because the Management Company deems it reasonably justified, if the Servicer fails to prove to the Management Company within five (5) Business Days as set out above notice by the Servicer on the Obligors of the outstanding Mortgage Loans serviced by the same.

In the above connection, the Originator shall agree to forthwith notify the Management Company of the occurrence of a decree of insolvency or the passing of a resolution to put in place its liquidation.

The Servicer shall bear the expense of notifying Obligors of the outstanding Mortgage Loans (and third-party guarantors and mortgaged property insurers, if any), even in the event of such notice being given by the Management Company, and shall agree to assist the Management Company in notifying those Obligors.

### **3.3.2 Mortgage Certificate and Pass-Through Certificate issue and subscription terms.**

1. The Mortgage Loan receivables will be fully and unconditionally assigned, perfected upon the Mortgage Certificates and the Pass-Through Certificates being issued and subscribed for by the Fund, from the date of establishment of the Fund and for the entire term remaining until maturity of each Mortgage Loan.

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

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

2. The issue of the Mortgage Certificates and the Pass-Through Certificates shall be made for all the outstanding principal pending repayment on each Mortgage Loan on the issue date, which shall be the date on which the Fund is established, and for all ordinary and late-payment interest and all other amounts, real estate, assets, securities or rights whatsoever under each Mortgage Loan.
3. The Fund shall have rights in and to the Mortgage Loans from the date on which the Mortgage Certificates and the Pass-Through Certificates are issued by the Originator and subscribed for by the Fund upon the Fund being established. Specifically, for illustration, without limitation, the Mortgage Certificates and the Pass-Through Certificates shall confer on the Fund, as their holder, the following rights in relation to each Mortgage Loan:
  - a) To receive all Mortgage Loan capital or principal repayment amounts accrued.
  - b) To receive all Mortgage Loan principal ordinary interest amounts accrued. Interest shall in addition include Mortgage Loan interest accrued and not due from the last interest settlement date, before or on the issue date of the Mortgage Certificates and the Pass-Through Certificates, and overdue interest as at that same date.
  - c) To receive all Mortgage Loan late-payment interest amounts.
  - d) To receive any other amounts, real properties, assets, securities or rights received as payment of Mortgage Loan principal, interest or expenses, either in the form of the auction sale price or amount determined by a court decision or out-of-court procedure in enforcing the mortgage or non-mortgage securities, on the sale or utilisation of properties or assets or securities awarded or given as payment, upon foreclosing, in the administration or interim possession of the properties, assets or securities in foreclosure proceedings.
  - e) To receive all possible rights or compensations on the Mortgage Loans accruing for the Originator and derived therefrom, including those derived from the Mortgage Loan insurance contracts which are also assigned to the Fund, and those derived from any right collateral to the Mortgage Loans, including full or partial early repayment fees.
4. Until execution of the Deed of Constitution, the Originator shall be the beneficiary of the damage insurance contracts entered into by the Obligors in relation to the mortgaged properties, as security for the Mortgage Loans, up to the insured sum.

The Originator shall thereupon perfect the assignment attached to the issue of the Mortgage Certificates and the Pass-Through Certificates of the rights the Originator has as beneficiary of the damage insurance contracts taken out by the Obligors and of the general damage insurance policy taken out by the Originator. As the holder of the Mortgage Certificates and the Pass-Through Certificates, the Fund shall therefore be entitled to all such insurance amounts the Originator would have received.

5. In the event of Mortgage Loan prepayment upon a full or partial repayment of the principal, there will be no direct substitution of the affected Mortgage Certificates and Pass-Through Certificates.
6. The Fund's rights resulting from the Mortgage Certificates and the Pass-Through Certificates are linked to the Obligors' payments and the Mortgage Certificates and the Pass-Through Certificates are therefore directly affected by the evolution, late payments, prepayments or any other incident in connection with the Mortgage Loans.

7. The Fund shall defray any and all expenses or costs resulting for the Originator derived from recovery actions in the event of a breach by the Obligors of their obligations, including enforcement proceedings against the same.
8. In the event of renegotiation consented to by the Management Company, for and on behalf of the Fund, of the Mortgage Loans, or their due dates, the change in the terms shall affect the Fund.

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

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

The Fund, represented by the Management Company, shall pay the Originator the total Mortgage Certificate and Pass-Through Certificate subscription amount on the Closing Date of the Bond Issue, for same day value, upon the subscription for the Bond Issue being paid up. The Originator shall receive no interest on the deferment of payment until the Closing Date.

If the establishment of the Fund and hence the issue of and subscription for the Mortgage Certificates and the Pass-Through Certificates should terminate, (i) the Fund’s obligation to pay the total Mortgage Certificate and Pass-Through Certificate subscription price shall terminate, and (ii) the Management Company shall be obliged to restore to the Originator any rights whatsoever accrued for the Fund upon subscription for the Mortgage Certificates and the Pass-Through Certificates.

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

In compliance with the provisions of article 40 bis of Royal Decree 216/2008, February 15, in relation to the capital of financial institutions (“**Royal Decree 216/2008**”), introduced by Royal Decree 771/2011, June 3, and of rule fifty-six bis of Bank of Spain Circular 3/2008, May 22, to credit institutions, on determination and control of minimum capital requirements (“**Circular 3/2008**”), added by Bank of Spain Circular 4/2011, November 30, the Originator has notified the Management Company that it shall on an ongoing basis retain a material net economic interest in the Fund on the terms required by the Bank of Spain. In this regard, the Originator has notified the Management Company that “on an ongoing basis” shall be construed in the sense that the net economic interest retained is not covered or sold, other than for adjustments derived from repayment of the Subordinated Loan described below and which do not affect fulfilment of the retention commitment. The Originator shall agree in the Deed of Constitution to include at its website a reference to the location where all the updated details concerning retention of a net economic interest may be found.

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

- That, pursuant to article 40 bis.1.d) and rule 56bis of Circular 3/2008, the Originator, as originator of the securitisation, shall agree in the Deed of Constitution to retain on an ongoing basis the Subordinated Loan principal (first loss tranche), thereby for the retention to initially equal 5.35% of the Outstanding Balance of the Loans (securitised exposures) and at all times a ratio of not less than five percent (5%) of the Outstanding Balance of the Loans from time to time, on the terms required to that end by the Bank of Spain.
- That the Originator shall agree in the Deed of Constitution to notify the Management Company, on a quarterly basis, of fulfilment of the retention commitment taken on in order for the latter in turn to post that information at its website [www.edt-sg.com](http://www.edt-sg.com). In connection with such notice, the Originator shall explicitly declare that it has not taken any action (credit risk cover, sale, short positions, etc.) undermining the application of the retention requirement.

In compliance with the provisions of paragraph two of article 40 quater of Royal Decree 216/2008 and rule 56bis of Circular 3/2008, the Originator shall make sure that potential investors may readily access all the relevant details in order that they may comply with their due diligence obligations. Accordingly, if the Bonds should be transferred to third parties, whatever the amount transferred may be, the Originator shall include at its website (or any future replacement website), a reference to the location where those details may be found which, to the extent considered relevant, shall include information as to credit quality and evolution of the underlying exposures, cash flows and real securities backing the securitisation exposures, and all such information as may be necessary in order to carry out thorough, documented stress tests with respect to the cash flows and the value of the real securities, if any, backing the underlying exposures.

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

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

Mortgage Loan amounts received by the Servicer will be paid by the Servicer into the Fund's Treasury Account on the day after the date on which they are received by the Servicer or the following business day if that is not a business day, and for same day value.

The weighted average interest rate of the mortgage loans selected as at June 18, 2013, as detailed in section 2.2.2.h) of this Building Block, is 2.31%, which is above the 0.44% weighted average nominal interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note.

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

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

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

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

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

Mitigates the credit risk derived from Mortgage Loan delinquency and default and the interest rate risk occurring in the Fund because the Mortgage Loans are subject to floating interest with benchmark indices and reset and settlement periods differing from the floating interest established for the Bonds based on 3-month Euribor with quarterly accrual and settlement periods.

- (ii) Treasury Account.

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

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

- (iv) Commingling Reserve.

Mitigates the risk, in the event of insolvency of the Servicer, administration by the Bank of Spain or liquidation of the Servicer, notice to Obligor of the Mortgage Loan assignment by the Servicer or because the Management Company deems it reasonably justified, of the Fund not receiving Mortgage Loan amounts due to the Fund and paid to the Servicer.

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

The Management Company shall set up two cash reserves on the Closing Date (the **‘Principal Cash Reserve’** and the **‘Secondary Cash Reserve’**) by drawing fully the available Subordinated Loan principal and shall subsequently, on each Payment Date, keep the same provisioned in the relevant amounts in accordance with the following sections and in the Priority of Payments.

The characteristics of the Principal Cash Reserve and the Secondary Cash Reserve shall be as follows:

##### **3.4.2.2.1 Principal Cash Reserve**

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

1. The Principal Cash Reserve shall be set up on the Closing Date in an amount of EUR eleven million two hundred and fifty thousand (11,250,000.00) (the **‘Principal Cash Reserve’**), equivalent to 5.00% of the face amount of the Bond Issue.
2. Subsequently to being set up, on each Payment Date, the Principal Cash Reserve shall be provisioned in such amount as may be necessary to keep the same amount of eleven million two hundred and fifty thousand (11,250,000.00) out of the Available Funds in the Priority of Payments of the Fund.

###### **Yield.**

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

###### **Application.**

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

##### **3.4.2.2.2 Secondary Cash Reserve**

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

1. The Secondary Principal Cash Reserve shall be set up on the Closing Date in an amount of EUR seven hundred and ninety thousand (790,000.00) (the **‘Initial Secondary Cash Reserve’**).
2. Subsequently to being set up, on each Payment Date, the Secondary Cash Reserve shall be provisioned in the amount of the Required Secondary Cash Reserve established hereinafter out of the Available Funds in the Fund Priority of Payments.

The Secondary Cash Reserve amount required on each Payment Date (the **‘Required Secondary Cash Reserve’**) shall be 0.39% of the Outstanding Principal Balance of Series A Bonds.

###### **Yield.**

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

###### **Application.**

The Secondary Cash Reserve shall be applied on each Payment Date to satisfying Fund payment obligations on each Payment Date (obligations in 1<sup>st</sup> and 2<sup>nd</sup> place) in the Priority of Payments and, upon liquidation of the Fund, in the Liquidation Priority of Payments.

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

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

The Management Company shall on the date of establishment of the Fund, for and on behalf of the Fund, enter with the Originator into an agreement whereby it shall grant to the Fund a commercial subordinated loan (the **"Subordinated Loan"**) totalling EUR twelve million and forty thousand (12,040,000.00) (the **"Subordinated Loan Agreement"**).

The Subordinated Loan amount shall be delivered on the Closing Date and be applied to setting up the Principal Cash Reserve and the Secondary Cash Reserve on the terms for which provision is made in section 3.4.2.2 of this Building Block, although granting of the Loan by no means guarantees performance of the securitised Mortgage Loans.

Subordinated Loan principal shall be repaid on each Payment Date in an amount equal to the positive difference between (i) the Required Secondary Cash Reserve at the relevant Payment Date and (ii) the Required Secondary Cash Reserve at the relevant Payment Date, and in the application order provided for that event in accordance with the application of Available Funds in the Priority of Payments.

The Subordinated Loan shall at all events be finally due on the Final Maturity Date or, as the case may be, on the date on which the Management Company proceeds to Early Liquidation subject to the Liquidation Priority of Payments.

Outstanding Subordinated Loan principal shall earn annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Bond Reference Rate determined for each Interest Accrual Period, and (ii) a 1.00% margin. Interest shall be settled and be payable on each Interest Accrual Period ending date on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty (360-) day year. The first interest settlement date shall be August 12, 2013. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments, as appropriate.

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

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

The Subordinated Loan Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on July 15, 2013.

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

The Management Company shall, for and on behalf of the Fund, enter with the Originator into a commercial loan agreement totalling EUR seven hundred and seventy thousand (770,000.00) (the **"Start-Up Loan Agreement"**).

The Start-Up Loan amount shall be delivered on the Closing Date and be allocated to financing the Fund set-up and Bond issue and admission expenses, to financing payment of accrued interest as at the Mortgage Certificate and the Pass-Through Certificate issue date, to financing the fee payable to the Lead Manager and the initial fee for ED and to partly financing the assignment of the Mortgage Loans, at the difference between the total face capital of the Mortgage Certificates and the Pass-Through Certificates and the face amount of the Bond Issue.

Outstanding Start-Up Loan principal will earn annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Bond Reference Rate determined for each Interest Accrual Period, and (ii) a 1.00% margin. Interest shall be settled and be payable on each Interest Accrual Period ending date on each Payment Date, and shall be calculated based on: (i) the exact

number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty (360-) day year. The first interest settlement date shall be August 12, 2013. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or Liquidation Priority of Payments, as the case may be.

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

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

- (i) The portion of Start-Up Loan principal actually used to finance the Fund set-up and Bond issue and admission expenses, to finance the fee payable to the Lead Manager and the initial fee for ED and to finance payment of accrued interest at the Mortgage Certificate and Pass-Through Certificate issue date shall be repaid in twenty (20) consecutive quarterly instalments in an equal amount, on each Payment Date, the first of which shall be the first Payment Date, August 12, 2013, and the following until the Payment Date falling on May 12, 2018, inclusive.
- (ii) The portion of Start-Up Loan principal used to partly finance Pass-Through Certificate subscription and the portion, if any, not used, shall be repaid on the first Payment Date, August 12, 2013.

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

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

#### **3.4.3.3 Commingling Reserve.**

The Management Company shall, for and on behalf of the Fund, enter with the Originator into a commercial reserve agreement (the "**Commingling Reserve Agreement**" or "**Commingling Reserve**").

The Originator shall pay the Commingling Reserve amount on the Closing Date into the Treasury Account opened in the Fund's name.

The Commingling Reserve is designed to protect the Fund in the event that Mortgage Loan amounts received by the Servicer and owing to the Fund should not be paid to the Fund in the following events: insolvency decree, administration by the Bank of Spain or liquidation of the Servicer, notice to Obligors of the Mortgage Loan assignment by the Servicer or because the Management Company deems it reasonably justified.

The characteristics of the Commingling Cash Reserve shall be as follows:

##### **Commingling Reserve amount.**

1. The Commingling Reserve shall be set up on the Closing Date in an initial amount equal to EUR three million seven hundred and twelve thousand five hundred (3,712,500.00) (the "**Initial Commingling Reserve**").
2. Subsequently to being set up, on each Payment Date, the Cash Reserve shall be provisioned up to the Required Commingling Reserve amount established hereinafter out of the Available Funds in the Priority of Payments of the Fund.

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

- (i) EUR three million seven hundred and twelve thousand five hundred (3,712,500.00).
- (ii) The higher of:
  - a) 1.65% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
  - b) The aggregate amount of Mortgage Loan repayment and interest instalments during the month with the highest collection of repayment and interest instalments during the twelve (12) months preceding the then-current Payment Date.

The Required Commingling Reserve amount on a Payment Date may not however exceed the Required Commingling Reserve amount on the preceding Payment Date.

**Drawing.**

In the event of an insolvency decree, administration by the Bank of Spain or liquidation of the Servicer, notice to Obligors of the Mortgage Loan assignment by the Servicer or because the Management Company deems it reasonably justified, the Commingling Reserve amount shall be drawn down on each Payment Date or upon liquidation of the Fund in an amount equal to the lower of the following: (i) the Commingling Reserve amount at the preceding Determination Date, and (ii) the Mortgage Loan amount received by the Servicer and not paid into the Fund during the preceding Determination Period.

**Yield.**

The Commingling Reserve amount shall remain credited to the Treasury Account and will be remunerated in terms of the Guaranteed Interest Rate Account (Treasury Account) Agreement. Commingling Reserve interest shall be paid to the Servicer as appropriate but shall not be subject to the Priority of Payments or, as the case may be, the Liquidation Priority of Payments.

**Commingling Reserve Repayment.**

The Commingling Reserve amount shall be repaid to the Servicer on each Payment Date or, upon liquidation, as follows:

- (a) By reducing the Commingling Reserve amount, but not subject to the Priority of Payments, at a sum equal to the existing difference, if positive, between i) the Commingling Reserve amount balance at the preceding Determination Date, minus the amount, if any, to be drawn on the relevant Payment Date or upon liquidation of the Fund, and ii) the Required Commingling Reserve amount at the relevant Payment Date.
- (b) If the Commingling Reserve amount has been drawn on preceding Payment Dates to be used in the Available Funds for reimbursement, subject to the Priority of Payments, in an amount equal to the existing difference, if positive, between (i) the Commingling Reserve amount available at the preceding Determination Date, increased by the amount paid by the Servicer into the Fund during the preceding Determination Period for amounts drawn on preceding Payment Dates, and (ii) the Required Commingling Reserve amount at the relevant Payment Date.

All Commingling Reserve amounts repayable by the Fund and not paid to the Servicer because of a shortfall of Available Funds in the Priority of Payments shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments of the Fund. Payment of amounts not paid on preceding Payment Dates shall take precedence over the Commingling Reserve Amount payable on that Payment Date, in the Priority of Payments or, upon liquidation of the Fund, in the Liquidation Priority of Payments.

The Commingling Reserve Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on July 15, 2013.

#### **3.4.3.4 Subordination of Series B Bonds.**

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds, in accordance with the provisions of section 4.9.3.5 of the Securities Note, as provided in the Priority of Payments and in the Fund Liquidation Priority of Payments.

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

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

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

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

- (i) cash amount received upon subscription for the Bond Issue being paid up;
- (ii) Mortgage Loan principal repaid and interest collected;
- (iii) any other Mortgage Loan amounts received owing to the Fund;
- (iv) Subordinated Loan principal drawn down and the Principal Cash Reserve and the Secondary Cash Reserve amount from time to time;
- (v) Start-Up Loan principal drawn down;
- (vi) the amounts of the returns obtained on actual Treasury Account balances;
- (vii) Commingling Reserve amount; and
- (viii) the amounts, if any, of interim withholdings on the return on investments to be effected on each relevant Payment Date on the Bond interest paid by the Fund, until due for payment to the Tax Administration.

BARCLAYS shall pay an annual nominal interest rate, floating quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each interest accrual period to the positive daily balances if any on the Treasury Account. The interest rate applicable to each interest accrual period shall be equal to three- (3-) month Euribor set at 11am (CET) on the second Business Day preceding the start of each interest accrual period (the "**Guaranteed Interest Rate**"). Exceptionally, the interest rate applicable to the first interest accrual period shall be equal to the Reference Rate determined for the first Bond Interest Accrual Period. Interest shall be settled on each interest accrual period ending date on each of February 5, May 5, August 5 and November 5, and shall be calculated based on: (i) the exact number of days in each interest accrual period, and (ii) a three-hundred-and-sixty (360-) day year. The first interest accrual period shall comprise the days elapsed between the date of establishment of the Fund and August 5, 2013.

BARCLAYS agrees with the Management Company to maintain the Guaranteed Interest Rate for a period of two (2) years from the date of establishment of the Fund.

At least sixty (60) Business Days in advance of the end of the period of two (2) years referred to in the preceding paragraph, BARCLAYS shall offer the Management Company a new Guaranteed Interest Rate replacing the rate theretofore in place. The Management Company shall have sixty (60) Business Days after receiving the notice from BARCLAYS within which to accept or reject the new Guaranteed Interest Rate, subject to an agreement being first arrived at with BANCO COOPERATIVO. If the Management Company should not accept the new Guaranteed Interest Rate, the Guaranteed Interest Rate Account

(Treasury Account) Agreement shall terminate, at no cost whatsoever for BARCLAYS, on the end date of the period of two (2) years specified in the preceding paragraph (if the Management Company should have formally replied turning down the Guaranteed Interest Rate, the effective termination date shall be counted from the date of receipt of that reply by BARCLAYS; if the Management Company should not have replied to the notice by BARCLAYS regarding the new Guaranteed Interest Rate, the effective date of receipt shall be the end date of the aforementioned period of sixty (60) Business Days) and BARCLAYS shall transfer the amount paid into the Treasury Account and interest accrued at the effective termination date to the new treasury account opened in the Fund's name specified by the Management Company, following an agreement with BANCO COOPERATIVO.

In the event that the unsecured and unsubordinated debt obligations of BARCLAYS or of the institution at which the Treasury Account is opened (the "**Treasury Account Provider**") should, at any time during the life of the Bond Issue, be downgraded below BBB based on the public rating assigned by DBRS or, where there is no such rating, the internal assessments made and/or private ratings given by DBRS (the "**DBRS Rating**") in the long-term, or be downgraded in the short- or long-term respectively below F2 or BBB+ by Fitch, the Management Company shall, within not more than thirty (30) calendar days from the occurrence of any such circumstances, do one of the following to allow a suitable level of guarantee to be maintained with respect to the Treasury Account Provider's commitments under the Guaranteed Interest Rate Account (Treasury Account) Agreement in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

- a) Obtain from an institution with unsecured and unsubordinated debt obligations having a long-term DBRS Rating at least as high as BBB (such rating not to be "Under Review (Negative)") and rated in the short- and long-term respectively at least as high as F2 and BBB+ by Fitch, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by the Treasury Account Provider of its obligation to repay the amounts credited to the Treasury Account, for such time as the Treasury Account Provider remains downgraded below the aforementioned BBB and/or F2 and/or BBB+ ratings.
- b) Transfer the Treasury Account to an institution with unsecured and unsubordinated debt obligations having a long-term DBRS Rating at least as high as BBB (such rating not to be "Under Review (Negative)") and rated in the short- and long-term respectively at least as high as F2 and BBB+ by Fitch, arranging the highest possible yield for its balances, which may differ from that arranged with BARCLAYS under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

In the event that the Treasury Account Provider's debt obligations should be downgraded or removed by the Rating Agencies, it shall notify the Management Company.

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

BANCO COOPERATIVO shall agree, upon a credit rating downgrade of the Treasury Account Provider triggering one of a) or b) above, to use commercially reasonable efforts in order that the Management Company may do one of the above.

After the period of two (2) years from the date of establishment of the Fund, in the event that BANCO COOPERATIVO's short-term unsecured and unsubordinated debt obligations should be upgraded to a long-term DBRS Rating at least as high as BBB (such rating not to be "Under Review (Negative)") and a short- and long-term rating respectively at least as high as F2 and BBB+ by Fitch, the Management Company shall transfer the balances to BANCO COOPERATIVO under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

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

The Servicer shall manage collection of all amounts payable by the Obligors under the Mortgage Loans underlying the Mortgage Certificates and the Pass-Through Certificates, and any other item including under the mortgaged property damage insurance contracts. The Servicer shall use every effort in order for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Mortgage Loans.

Mortgage Loan amounts received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account or upon the same being moved, as the case may be, into such account as may be designated by the Management Company, on the day next succeeding the date on which they are received by the Servicer, or the following business day if that is not a business day, for same day value. In this connection, business days shall be taken to be all those that are business days in the banking sector in the city of Madrid.

The Servicer shall at no event pay any Mortgage Loan payment amount whatsoever to the Fund not previously received from the Obligor.

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

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

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

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

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

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

- a) Paying the price for subscribing for the Mortgage Certificates and the Pass-Through Certificates .
- b) Paying the Fund set-up and Bond issue and admission expenses .
- c) Setting up the Principal Cash Reserve and the Secondary Cash Reserve .
- d) Setting up the Commingling Reserve.

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

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

##### **3.4.6.2.1 Available Funds: source and application.**

**1. Source.**

The available funds on each Payment Date (the **"Available Funds"**) to meet the payment or withholding obligations listed in section 2 below shall be the following amounts credited to the Treasury Account:

- a) Mortgage Loan principal repayment income received during the Determination Period preceding the relevant Payment Date.
- b) Mortgage Loan ordinary and late-payment interest income received during the Determination Period preceding the relevant Payment Date.
- c) The return received on amounts credited to the Treasury Account.
- d) The Principal Cash Reserve and the Secondary Cash Reserve amount on the Determination Date preceding the relevant Payment Date.

- e) The Commingling Reserve drawn, if any.
- f) Any other amounts received by the Fund during the Determination Period preceding the relevant Payment Date, including those resulting from the sale or utilisation of real estate, assets, securities or rights awarded to the Fund.
- g) Additionally, on the first Payment Date, the part of the Start-Up Loan principal not used.

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

## **2. Application.**

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

1. Payment of the Fund's properly supported taxes and ordinary<sup>(1)</sup> and extraordinary<sup>(2)</sup> expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement, the periodic fee payable to ED, the Custodian fee and reimbursement of the Commingling Reserve amount drawn in accordance with the rules for repaying the same. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicer, provided they are all properly supported, and the Mortgage Loan servicing fee in the event of substitution of a new servicer other than BANCO COOPERATIVO, shall be made to the Servicer under the Servicing Agreement in this priority.
2. Payment of interest due on Series A Bonds.
3. Withholding of an amount sufficient for the Secondary Cash Reserve amount to be maintained.
4. Payment of interest due on Series B Bonds unless this payment is deferred to 6<sup>th</sup> place in the order of priority.  

This payment shall be deferred to 6<sup>th</sup> place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Mortgage Loans since the Fund was established, reckoned at the amount of the Outstanding Balance at the Doubtful Mortgage Loan classification date, is in excess of 10.00% of the initial Outstanding Balance of the Mortgage Loans upon the Fund being established and provided that Series A Bonds have not been and are not to be fully amortised on the relevant Payment Date.
5. Amortisation withholding in an amount equal to the positive difference existing at the Determination Date preceding the relevant Payment Date between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans.  

Depending on the liquidity existing on each Payment Date, the amount actually applied to Amortisation Withholding shall be included among the Available Funds for Amortisation to be applied to Bond amortisation in accordance with the rules for Distribution of Available Funds for Amortisation established in section 3.4.6.2.2 below.
6. Payment of interest due on Series B Bonds when this payment is deferred from 4<sup>th</sup> place in the order of priority as established therein.
7. Withholding of an amount sufficient for the Principal Cash Reserve amount to be maintained.
8. Payment of Start-Up Loan interest due.
9. Repayment of Start-Up Loan principal to the extent amortised.

10. Payment of Subordinated Loan interest due.
11. Repayment of Subordinated Loan principal in the amount amortised.
12. Payment to the Servicer under the Servicing Agreement of the Mortgage Loan servicing fee.

In the event that any other institution should replace it as Servicer, payment of the Mortgage Loan servicing fee accrued by the other institution, to wit the new servicer, shall take 1<sup>st</sup> place above, along with the other payments included therein, other than in the event that the new servicer should be BANCO COOPERATIVO, in which case payment of the servicing fee shall remain in the same 12<sup>th</sup> place.

13. Payment of the Financial Intermediation Margin.

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

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

The Fund's ordinary expenses in its first year, including the management fee due to the Management Company and those derived from the Paying Agent Agreement, are estimated at EUR ninety thousand (90,000.00). Because most of those expenses are directly related to the Outstanding Principal Balance of the Bond Issue and the Outstanding Balance of the Mortgage Loans and those balances shall fall throughout the life of the Fund, the Fund's ordinary expenses will also fall as time goes by.

- (2) The following shall be considered extraordinary expenses of the Fund:
- a) Expenses, if any, deriving from preparing and perfecting an amendment of the Deed of Constitution and of the agreements, and from entering into additional agreements.
  - b) Expenses required to enforce Mortgage Loans and collaterals and deriving from any recovery actions required.
  - c) Expenses necessary for management, administration, maintenance, valuation and sale of real properties, chattels, securities or rights awarded as payment for Mortgage Loans or for their operation.
  - d) Extraordinary expenses of audits and legal advice.
  - e) The remaining amount, if any, of the initial Fund set-up and Bond issue and admission expenses in excess of the Start-Up Loan principal.
  - f) In general, any other requisite extraordinary expenses or those not determined among ordinary expenses borne by the Fund or by the Management Company for and on behalf of the Fund.

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

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

The Available Funds for Amortisation on each Payment Date shall be the Amortisation Withholding amount actually applied out of the Available Funds in fifth (5<sup>th</sup>) place in the order of application on the relevant Payment Date.

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

The Available Funds for Amortisation shall be applied on each Payment Date sequentially in the first place to amortising Series A until fully amortised and secondly to amortising Series B.

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

The Management Company shall proceed to liquidate the Fund upon the Fund being liquidated on the Final Maturity Date or upon Early Liquidation in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document, by applying the following available funds (the "**Liquidation Available Funds**"): (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Mortgage Certificates and the Pass-Through Certificates and the remaining assets, and (iii) additionally, as the case may be, the loan, as provided for in section 4.4.3.3.(iii) of the Registration Document, which shall be fully allocated to early amortisation of Bonds in the Series then outstanding, in the following order of priority of payments (the "**Liquidation Priority of Payments**"):

1. Reserve to meet the final tax, administrative or advertising termination and liquidation expenses.
2. Payment of the Fund's properly supported taxes and ordinary and extraordinary expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement, the periodic fee payable to ED, the Custodian fee and reimbursement of the Commingling Reserve amount drawn in accordance with the rules for repaying the same. Only expenses prepaid or disbursed on the Fund's behalf by and Mortgage Loan amounts reimbursable to the Servicer, provided they are all properly supported, and the Mortgage Loan servicing fee in the event of substitution of a new servicer other than BANCO COOPERATIVO, shall be made to the Servicer under the Servicing Agreement in this priority.
3. Payment of interest due on Series A Bonds.
4. Repayment of Series A Bond principal.
5. Payment of interest due on Series B Bonds.
6. Repayment of Series B Bond principal.
7. In the event of a loan being arranged as provided for in section 4.4.3.3.(iii) of the Registration Document, payment of the financial expenses accrued and repayment of principal of the loan taken out.
8. Payment of Start-Up Loan interest due.
9. Repayment of Start-Up Loan principal.
10. Payment of Subordinated Loan interest due.
11. Repayment of Subordinated Loan principal.
12. Payment to the Servicer under the Servicing Agreement of the Mortgage Loan servicing fee.

In the event that any other institution should replace it as Servicer, payment of the Mortgage Loan servicing fee accrued by the other institution, to wit the new servicer, shall take 2<sup>nd</sup> place above, along with the other payments included therein, other than in the event that the new servicer should be BANCO COOPERATIVO, in which case payment of the servicing fee shall remain in the same 12<sup>th</sup> place.

13. Payment of the Financial Intermediation Margin.

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

**3.4.6.4 Financial Intermediation Margin.**

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

The Originator shall be entitled to receive from the Fund a variable subordinated remuneration (the "**Financial Intermediation Margin**") which shall be determined and accrue upon every quarterly period ending, comprising, other than for the first period, the three calendar months preceding each Payment Date, in an amount equal to the positive difference, if any, between income and expenditure, including losses brought forward from previous years, accrued by the Fund with reference to its accounts and before the close of the months of January, April, July and October, these being the last month in each quarterly period. Exceptionally, the first period shall be comprised between the date of establishment of the Fund and July 31, 2013, inclusive, this being the last day of the month preceding the first Payment Date, August 12, 2013.

The Financial Intermediation Margin accrued at the close of the months of January, April, July and October shall be settled on the Payment Date next succeeding the last day of each of said months, provided that the Fund has sufficient liquidity in the Priority of Payments of the Fund or, upon liquidation of the Fund, in the Liquidation Priority of Payments.

If the Fund should not have sufficient liquidity on a Payment Date in the Priority of Payments to pay the full Financial Intermediation Margin, the Financial Intermediation Margin amount accrued and not paid shall accumulate without any penalty whatsoever on the Financial Intermediation Margin payable on the following Payment Date until fully paid.

The Financial Intermediation Agreement shall be fully terminated in the event that the Rating Agencies should not confirm any of the provisional ratings assigned to each Bond Series as final by 1pm (CET) on July 15, 2013.

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

**3.4.7.1 Bond Issue Paying Agent.**

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

The Management Company shall, for and on behalf of the Fund, enter with BARCLAYS and BANCO COOPERATIVO into a paying agent agreement to service the Bond Issue by the Fund (the "**Paying Agent Agreement**").

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

- (i) On each Bond Payment Date, paying interest and, as the case may be, repaying Bond principal through Iberclear, after deducting the total amount of the interim tax withholding for return on investments to be made by the Management Company, on the Fund's behalf, in accordance with applicable tax laws.
- (ii) On each Interest Rate Fixing Date, notifying the Management Company of the Reference Rate determined to be used as the basis for the Management Company to calculate the Nominal Interest Rate applicable to each Bond Series.

In the event that the rating of the Paying Agent's unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, have its long-term DBRS Rating downgraded below BBB, or be downgraded in the short- or long-term respectively below F3 or BBB- by Fitch, the Management Company shall within not more than thirty (30) calendar days, from the occurrence of any such circumstance, do one of the following:

- (i) obtain from an institution with unsecured and unsubordinated debt obligations having a long-term DBRS Rating at least as high as BBB (such rating not to be "Under Review (Negative)") and/or rated in the short- and long-term respectively at least as high as F3 and BBB- by Fitch, an unconditional and irrevocable first demand guarantee securing payment to the Fund, merely upon the Management Company so requesting, of the commitments made by the Paying Agent, for such time as the Paying Agent remains downgraded below BBB and/or F3 and/or BBB-, or
- (ii) revoke the Paying Agent's designation and thereupon designate another institution with unsecured and unsubordinated debt obligations having a long-term DBRS Rating at least as high as BBB (such rating not to be "Under Review (Negative)") and rated in the short- and long-term respectively at least as high as F3 and BBB- by Fitch to take its place before terminating the Paying Agent Agreement, or, as the case may be, under a new paying agent agreement, and subject to prior notice being served on the Rating Agencies .

In the event that the Paying Agent's debt obligations should be downgraded or removed by the Rating Agencies, it shall notify the Management Company. BANCO COOPERATIVO shall agree, upon a credit rating downgrade of the Paying Agent triggering one of (i) or (ii) above, to use commercially reasonable efforts in order that the Management Company may do one of the above.

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

In consideration of the services provided by the Paying Agent, the Fund shall pay it on each Payment Date during the term of the agreement, a fee, which shall be paid provided that the Fund has sufficient liquidity and in the Priority of Payments or, upon liquidation of the Fund, in the Liquidation Priority of Payments. If BARCLAYS should be replaced as Paying Agent, the Management Company shall be entitled to change the fee payable to the replacement entity, which may be higher than that established with BARCLAYS.

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

The Paying Agent Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on July 15, 2013.

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

The originator and assignor of the securitised Mortgage Loans is BANTIERRA. The Originator is a credit co-operative incorporated in Spain and with registered office at Calle San Voto, 6 in Saragossa (Spain).

#### Significant business activities of the Originator.

The following is selected individual financial information for the Originator at March 31, 2013, December 31, 2012 and December 31, 2011 and how the latter two dates compare. Both the financial information at December 31, 2012 and the information at December 31, 2011 have been audited. The financial information as at March 31, 2013 has not been audited. The information has been prepared in accordance with Bank of Spain Circular 4/2004, including the changes made thereto by Circular 6/2008.

	31.03.2013	31.12.2012 (A)	31.12.2011 <sup>(*)</sup> (B)	(A-B)/(B)
<b>BALANCE SHEET (EUR million)</b>				
Total assets	6.151	6.131	6.020	1,84
Customer credits (gross)	4.645	4.720	4.873	-3,14
Balance-sheet customer funds	4.032	4.053	4.208	-3,68
Other customer funds managed	623	622	573	8,55
Total customer funds managed	4.655	4.675	4.781	-2,22
Net assets	396	392	344	13,95
Equity (including retained earnings)	388	385	338	13,91
<b>PROFIT &amp; LOSS ACCOUNT<sup>(**)</sup> (EUR million)</b>				
Interest margin	17	91	28	225,00
Gross margin	30	182	45	304,44
Operating profit or loss	4	-55	4	-1.475,00
Pre-tax profit or loss	3	14	5	180,00
Year's profit or loss from continuing operations	3	15	4	275,00
Year's consolidated profit or loss	3	15	4	275,00
<b>RELEVANT RATIOS (%)</b>				
Operating margin/ATM	0,8	1,7	0,8	
ROE	3,4	3,7	4,4	
ROA	0,2	0,2	0,2	
RORWA	0,3	0,4	0,4	
Efficiency ratio	58,09	40,44	59,66	
Efficiency ratio with depreciation	63,47	44,47	65,18	
Delinquency rate	13,74	13,73	12,06	
Home mortgage delinquency rate (individuals)	2,4	2,5	3,0	
Coverage rate	83,07	87,02	68,14	
<b>CAPITAL RATIOS (BIS REGULATIONS) (%)</b>				
TIER I	100	100	89,41	
TIER II	0	0	10,59	
TOTAL	100	100	100	
Principal capital <sup>(***)</sup>	9,16			
<b>ADDITIONAL INFORMATION</b>				
Number of shares	6.250.982	6.248.035	5.499.761	
Number of members	110.930	110.651	108.664	
Number of employees	859	859	969	
Number of branches	250	257	321	

<sup>(\*)</sup> This is provided solely and exclusively for comparative purposes.

<sup>(\*\*)</sup> Consolidated profit and loss account comprised between 15.09.2011, Group commencement date, and 31.12.2011

<sup>(\*\*\*)</sup> As per Bank of Spain circular 7/2012 applicable from 1.1.2013

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

Not applicable.

**3.7 Administrator, calculation agent or equivalent.**

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

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

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

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

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

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

- (i) Keeping the Fund's accounts duly separate from the Management Company's own, rendering accounts and satisfying tax and any other statutory obligations of the Fund.
- (ii) Making such decisions as may be appropriate in connection with liquidation of the Fund, including the decision to proceed to Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in accordance with the provisions of the Deed of Constitution and this Prospectus. Moreover, making all appropriate decisions in the event of the establishment of the Fund terminating.
- (iii) Complying with its formal, documentary and reporting duties to the CNMV, the Rating Agencies and any other supervisory body.
- (iv) Appointing and, as the case may be, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts.
- (v) Providing Bondholders, the CNMV and the Rating Agencies with all such information and notices as may be prescribed by the laws in force for the time being and specifically as established in the Deed of Constitution and in this Prospectus.
- (vi) Complying with the calculation duties provided for and taking the actions laid down in the Deed of Constitution and in this Prospectus and in the various Fund transaction agreements or in such others as the Management Company may enter into in due course for and on behalf of the Fund.
- (vii) The Management Company may extend or amend the agreements entered into on behalf of the Fund, substitute, as the case may be, each of the Fund service providers on the terms provided for in each agreement, and indeed, if necessary, enter into additional agreements, including a loan agreement in the event of Early Liquidation of the Fund, and amend the Deed of Constitution, on the terms laid down in article 7 of Act 19/1992. In any event, those actions shall require that the Management Company first notify the CNMV and notify the Rating Agencies, and provided that such changes are not detrimental to the rating assigned to the Bonds by the Rating Agencies. Amendment of the Deed of Constitution shall require that the Management Company first notify the CNMV, proving that the requirements established in the aforesaid article 7 are satisfied. Upon the CNMV

checking that the statutory requirements for amendment are satisfied, the Management Company shall execute the relevant deed of amendment and submit a certified copy thereof to the CNMV. The amendment of the Deed of Constitution shall be notified by the Management Company to the Rating Agencies and be disclosed by the Management Company through the Fund's periodic public information, and be posted at the Management Company's website. The Deed of Constitution or the agreements may also be corrected upon a request by the CNMV.

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

### **3.7.1.3 Resignation and substitution of the Management Company.**

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

#### *Resignation.*

- (i) The Management Company may resign its management and authorised representative duties with respect to all or part of the funds managed whenever it deems this fit, applying to be substituted in a letter addressed to the CNMV, including a designation of the substitute management company. That letter shall enclose a letter from the new management company, declaring its willingness to take over that function and applying for the appropriate authorisation.
- (ii) The CNMV's substitution authorisation shall be subject to meeting of the following requirements:

- (a) The substituted Management Company's delivery of the accounting records and data files to the new management company. That delivery will only be taken to have been made when the new management company is able to fully take over its function and that circumstance is notified to the CNMV.
- (b) The rating accorded to the Bonds by the Rating Agencies should not fall as a result of the proposed substitution.
- (iii) The Management Company may in no event resign its duties until and unless all requirements and formalities have been complied with in order for its substitute to take over its duties.
- (iv) The substitution expenses originated shall be borne by the resigning Management Company and may in no event be passed on to the Fund.
- (v) The substitution shall be published within fifteen days by means of a notice inserted in two nationwide newspapers and in the bulletin of the organised secondary market where the Bonds issued by the Fund are listed. Furthermore, the Management Company shall notify the Rating Agencies of that substitution.

*Forced substitution.*

- (i) In the event that the Management Company should be adjudged insolvent or have its licence to operate as a securitisation fund management company revoked by the CNMV, it shall find a substitute management company, in accordance with the provisions of the foregoing section.
- (ii) In the event for which provision is made in the preceding section, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, there shall be Early Liquidation of the Bond Issue, in accordance with the provisions of sections 4.4.3 and 4.4.4 of this Prospectus Registration Document and of the Deed of Constitution.

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

**3.7.1.4 Subcontracting.**

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

**3.7.1.5 Management Company's remuneration.**

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

- (i) An initial fee which shall accrue upon the Fund being established and be payable on the Closing Date.

(ii) A periodic fee on the Outstanding Principal Balance of the Bond Issue, which shall accrue daily from the establishment of the Fund until it terminates and be settled and paid by Interest Accrual Periods in arrears on each Payment Date subject to the Priority of Payments or, as the case may be, the Liquidation Priority of Payments. The periodic fee amount on each Payment Date may not be below the minimum amount determined. The minimum amount shall be cumulatively reset in the same proportion, from the year 2014, inclusive, and effective as of January 1 of each year.

(iii) Fee for preparing the file and for each submission to ED.

If on a Payment Date, in the Priority of Payments, the Fund should not have sufficient liquidity to settle the above-mentioned fee, the amount due shall accrue interest equal to the Bond Reference Rate for the relevant Interest Accrual Period. The unpaid amount and accrued interest shall be accumulated for payment to the fee payable on the following Payment Date, unless that absence of liquidity should continue, in which case the amounts due shall build up until fully paid in the Priority of Payments or, upon liquidation of the Fund, in the Liquidation Priority of Payments.

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

BANTIERRA, Originator of the Mortgage Loan receivables upon the Mortgage Certificates and the Pass-Through Certificates being issued to be subscribed for by the Fund, as established in article 2.2.b) of Royal Decree 926/1998 and article 26.3 of Royal Decree 716/2009, shall agree to service and manage the Mortgage Loans underlying the Mortgage Certificates and the Pass-Through Certificates, and relations between the Originator (hereinafter in regard to that Agreement the "**Servicer**"), BANCO COOPERATIVO as the Servicer's potential substitute in certain circumstances, and the Fund, represented by the Management Company, shall be governed by the Mortgage Loan Servicing Agreement (the "**Servicing Agreement**") in relation to custody, management and servicing of the Mortgage Loans.

The registered office and significant business activities of BANTIERRA are respectively given in section 5.2 of the Registration Document and in section 3.5 of this Building Block. The registered office of BANCO COOPERATIVO is given in section 5.2 of the Registration Document.

The Servicer and BANCO COOPERATIVO, as the Servicer's potential substitute in certain circumstances, shall accept the appointment received from the Management Company and thereby agree as follows:

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

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

The most relevant terms of the Servicing Agreement are given hereinafter in the following paragraphs of this section.

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

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

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

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

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

The Servicer shall continue managing collection of all Mortgage Loan amounts payable by the Obligors to which the Fund is entitled under the underlying Mortgage Certificates and Pass-Through Certificates and any other item including under the damage insurance contracts. The Servicer shall use all reasonable efforts for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Mortgage Loans.

Mortgage Loan amounts received by the Servicer shall be paid in full into the Fund's Treasury Account or upon the same being moved, as the case may be, into such account as may be designated by the Management Company, on the day next succeeding the date on which they are received by the Servicer, or the following business day, for same day value, if that is not a business day, in accordance with the set terms and conditions. In this connection, business days shall be taken to be all those that are business days in the banking sector in the city of Madrid.

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

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

Because the Mortgage Loans are floating-rate Mortgage Loans, the Servicer shall continue fixing the interest rates applicable in each interest period as established in the relevant Mortgage Loan deeds, submitting such communications and notices as may be established therein.

#### **4. Information.**

The Servicer shall regularly communicate to the Management Company the information relating to the individual characteristics of each Mortgage Loan underlying the Mortgage Certificates and the Pass-Through Certificates, to fulfilment by Obligors of their Mortgage Loan obligations, to delinquency status and ensuing changes in the characteristics of the Mortgage Loans, and to actions to demand payment in the event of late payment and court and out-of-court actions, real estate or asset auctions and, as the case may be, the award or giving of the same to the Fund and the possessory status and circumstances thereof, the foregoing using the procedures and timing established in the Servicing Agreement.

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

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

The Servicer shall be authorised to allow substitutions in the Obligor's position under the Mortgage Loan documents underlying the Mortgage Certificates and the Pass-Through Certificates, exclusively where the new Obligor's characteristics are not less creditworthy than those of the former Obligor and those characteristics observe the mortgage lending policies described in section 2.2.7 of this Building Block, and further provided that the expenses derived from that change are fully borne by the Obligors. The Management Company may fully or partially limit this power of the Servicer or set conditions therefor, in the event that those substitutions might adversely affect the ratings accorded to the Bonds by the Rating Agencies.

The Obligor may apply for subrogation to the Servicer in connection with the Mortgage Loans pursuant to Act 2/1994. Subrogation of a new creditor under the Mortgage Loan and the ensuing payment of the amount due shall, as the case may be, result in Mortgage Loan prepayment and early amortisation of the respective Mortgage Certificate or Pass-Through Certificate.

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

The Servicer may not voluntarily cancel the Mortgage Loans underlying the Mortgage Certificates and the Pass-Through Certificates or their mortgages and securities for any reason other than Mortgage Loan payment, relinquish or settle in regard thereto, forgive the Mortgage Loans in full or in part or extend the same, or in general do anything that may diminish the status, legal effectiveness, ranking or economic value of the Mortgage Loans or of the mortgages, without prejudice to its heeding requests by Obligors using the same efforts and procedure as if they were own mortgage loans.

BANTIERRA has adhered to the Best Practice Code provided for in Royal Decree-Act 6/2012, March 9, on urgent measures for protecting insolvent mortgagors ("**Royal-Decree Act 6/2012**"), and intends to adhere to the Best Practice Code approved by Act 1/2013. Pursuant to article 5.3 of Royal Decree-Act 6/2012, on April 10, 2013, the Official State Gazette published a Decision dated April 8, 2012, of the Secretary of State of the Economy and Business Support listing the institutions that have notified their voluntary adhesion to the Best Practice Code for a feasible restructuring of debts secured with a mortgage on a main residence, including BANTIERRA.

Given the financial capacity of obligors on the exclusion threshold, the Management Company will initially authorise BANTIERRA, as Servicer, to apply the measures laid down in the Best Practice Code to any Mortgage Loans lying within the scope of application of that Best Practice Code, provided that the requirements laid down in Royal Decree-Act 6/2012 are met. In this connection, the Servicer shall first notify the Management Company of requests made by Obligors, enclosing all documents received from the Obligor to prove that the Obligor is on the exclusion threshold established in the aforesaid Royal Decree-Act and the proposed measures to be adopted in accordance with the aforementioned Best Practice Code.

Subject to the above and the provisions hereinafter laid down, any novation changing a Mortgage Loan entered into by the Servicer shall be made exclusively with the prior consent of the Management Company, on behalf of the Fund, and the Servicer agrees to seek such consent from the Management Company as soon as it is aware that an Obligor has requested a change. The Management Company shall nevertheless initially authorise the Servicer to entertain and accept Mortgage Loan interest rate renegotiations and extended terms without requiring the Management Company's prior consent, subject to the following generic enabling requirements.

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

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

1. The Servicer may under no circumstance entertain on its own account and without being so requested by the Obligor, interest rate renegotiations which may result in a decrease in the interest rate applicable to a Mortgage Loan. The Servicer shall not encourage interest rate renegotiation and shall act in relation to such renegotiation bearing in mind the Fund's interests at all times.

2. The Servicer may, subject to the provisions of paragraph 3 below, renegotiate the Mortgage Loan interest rate clause on terms that are considered at arm's length and no different from those applied by the Servicer in renegotiating or granting its floating-rate mortgage loans and credits. In this connection, arm's length floating interest rate shall be deemed to be the interest rate offered by the Servicer on the Spanish market for loans or credits granted to individuals with real estate mortgage security on finished homes (and their annexes -parking spaces and/or lumber rooms- if any) located in Spain with amounts and other terms substantially similar to the renegotiated Mortgage Loan.
3. Renegotiation of the interest rate applicable to a Mortgage Loan shall in no event be to a fixed rate, nor (i) result in its being changed to a floating interest rate with a benchmark index for determination other than the Euribor index or with a reset frequency differing from that of the Mortgage Loan upon the Fund being established, nor (ii) may it be carried out if previously, or as a result of renegotiating, the average margin or spread weighted by the outstanding principal of the Mortgage Loans on their respective benchmark indices is less than 65 percentage basis points.

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

The final maturity or final repayment date of the Mortgage Loans may be extended or deferred ("**extending the term**") subject to the following rules and limitations:

- (i) The Servicer may in no case entertain on its own account, i.e. without being so requested by the Obligor, a change in the final maturity date of the Mortgage Loan which may result in an extension of that date. The Servicer, without encouraging an extension of the term, shall act in relation to such extension bearing in mind the Fund's interests at all times.
- (ii) The aggregate of the initial capital or principal of the Mortgage Certificates and the Pass-Through Certificates for the Mortgage Loans with respect to which the maturity date is extended may not exceed 10.00% of the face amount of the total initial capital or principal of the Mortgage Certificates and the Pass-Through Certificates.
- (iii) The term of a specific Mortgage Loan may be extended provided that the following requirements are met:
  - a) That the Mortgage Loan capital or principal repayment and interest instalment frequency is at all events maintained or increased, maintaining the same repayment system.
  - b) That the new final maturity or final repayment date does not extend beyond October 18, 2051.

The Management Company may at any time during the term of the Servicing Agreement, on behalf of the Fund, cancel, suspend or change any of the powers or authorisations for the Mortgage Loans to be amended as set out in this section 6 by the Servicer.

If there should be any amendment of a Mortgage Loan, the Servicer shall forthwith notify the Management Company of the terms resulting from each amendment. Such notice shall be made through the software or data file provided for the terms of the Mortgage Loans to be updated.

In the event of amendment of the Mortgage Loans, with the Management Company's consent, for and on behalf of the Fund, the change in the terms shall affect the Fund.

The contractual documents supporting novation of the renegotiated Mortgage Loans will be kept by the Servicer, in accordance with the provisions of paragraph 2 of this section.

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

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

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

In the event of the Obligor's default of payment obligations, the Servicer shall do the things described in the Servicing Agreement, taking for that purpose the steps it would ordinarily take if they were its own portfolio mortgage loans, in accordance with standard banking usage and practice for collecting overdue amounts, and shall be bound to advance such expenses as may be necessary for those things to be done, notwithstanding its right to be reimbursed by the Fund. These actions include all such court and out-of-court actions as the Servicer may deem necessary to claim and collect amounts due by the Obligor.

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

The Servicer shall, using its fiduciary title to the Mortgage Loans, take all relevant actions against Obligor failing to meet their Mortgage Loan payment obligations. Such action shall be brought using the appropriate court enforcement procedures prescribed by articles 517 et seq. of the Civil Procedure Act.

For the above purposes, and for the purposes prescribed by Civil Procedure Act articles 581.2 and 686.2 and in the event that this should be necessary, the Management Company shall confer in the Deed of Constitution as full and extensive a power of attorney as may be required at Law on the Servicer in order that the Servicer may, acting through any of its attorneys-in-fact duly empowered for such purpose, for and on behalf of the Management Company as the Fund's authorised representative, demand any Mortgage Loan Obligor in or out of court to pay the debt and bring a legal action against the same, in addition to other powers required to discharge its duties as Servicer. These powers may be extended and amended in another deed if need be.

The Servicer shall generally apply for foreclosure, advancing all necessary expenses to do so, if, for a period of six (6) months, a Mortgage Loan Obligor in default of payment obligations should fail to resume payments or the Servicer, with the Management Company's consent, should fail to obtain a payment commitment satisfactory to the Fund's interests. In the event of Mortgage Loan default or application of the measures laid down in the Best Practice Code, payment agreements and terms shall not be subject to the terms and calculation laid down in paragraph 6 above, other than as regards the latest final maturity date of February 4, 2052. The Servicer shall in any event forthwith proceed to apply for such foreclosure if the Management Company, acting for the Fund, and after analysing the specific circumstances of the case, should deem this necessary.

In addition to the legal actions in the event of default by any Obligor as established in this section, the Management Company shall, acting for and on behalf of the Fund, have the following remedies provided for mortgage participation certificates in article 31 of Royal Decree 716/2009, which also apply to the Mortgage Certificates and the Pass-Through Certificates:

- (i) To demand the Servicer to apply for foreclosure.
- (ii) To take part on an equal standing with the Servicer, as issuer of the Mortgage Certificates and the Pass-Through Certificates, in the foreclosure the latter shall have instituted against the Obligor, intervening to that end in any foreclosure proceedings commenced by the former.
- (iii) If the Servicer should fail to take that action within sixty (60) calendar days of a notice served through a Notary demanding payment of the debt, the Management Company, for and on behalf of the Fund, shall be secondarily entitled to bring the foreclosure action on the Mortgage Loan for both principal and interest.
- (iv) In the event that the proceedings instituted by the Servicer should come to a standstill, the Fund, duly represented by the Management Company, may be subrogated in the former's position and continue the foreclosure proceedings, without the above period having to elapse.

In events (iii) and (iv) above, the Management Company, for and on behalf of the Fund, may apply to the Judge or Notary with jurisdiction to commence or continue with the respective foreclosure proceedings, attaching to the application the original Mortgage Certificate or Pass-Through Certificate, the notice served through a Notary provided for in section (iii) above and an office certificate as to registration and subsistence of the mortgage. The Servicer shall be bound to issue a certification of the balance outstanding on the Mortgage Loan.

If this should be required by law, and for the purposes of the provisions of the Civil Procedure Act, the Servicer shall confer in the Deed of Constitution an irrevocable and as extensive and sufficient a power of attorney as may be required by Law in order for the Management Company, acting for and on behalf of the Servicer, to demand through a Notary payment of the debt by the Obligor under any of the Mortgage Loans underlying the Mortgage Certificates and the Pass-Through Certificates.

The Management Company, for and on behalf of the Fund as holder of the Mortgage Certificates and the Pass-Through Certificates, may also take part with equal rights with the Servicer in the foreclosure proceedings and may in this sense, on the terms for which provision is made in the Civil Procedure Act, request the award of the mortgaged property as payment of the Mortgage Loan.

The Servicer agrees to promptly advise of payment demands, legal actions and all and any other circumstances affecting collection of overdue amounts on the serviced Mortgage Loans. Furthermore, the Servicer will provide the Management Company with all such documents as the latter may request in relation to said Mortgage Loans and in particular the documents required for the Management Company to take legal recovery actions, as the case may be.

#### **8. Mortgage Loan mortgaged property insurance.**

The Servicer shall not take or fail to take any action resulting in cancellation of any mortgage property fire and damage insurance policy or reducing the amount payable in any claim thereunder. The Servicer shall use all reasonable efforts and in any event use the rights conferred under the insurance policies or the Mortgage Loans in order for those policies (or any other policy granting equivalent cover) to be kept in force and fully effective in relation to each Mortgage Loan and the respective property to which the Mortgage Loan refers.

Whenever the Servicer receives notice of non-payment of policy premiums by any Obligor, the Servicer shall demand the Obligor to pay the same and indeed take out fire and damage insurance on the Obligor's behalf where it is able to do so under the Mortgage Loan deed, advancing payment of the premiums, without prejudice to being reimbursed by the Obligor for amounts so paid.

In the event of a claim, the Servicer shall coordinate actions for collecting compensations derived from mortgaged property damage insurance policies on the terms and conditions of the Mortgage Loans and the actual policies, paying the amounts received, if any, to the Fund.

In the event of insolvency, administration by the Bank of Spain, liquidation or substitution of the Servicer or because the Management Company deems this reasonably justified, the Management Company may demand the Servicer, at any time and at its cost, and for the purposes laid down in the second paragraph of article 40 of Insurance Contract Act 50/1980, October 8, as currently worded, to notify the relevant insurers of the transfer of the Mortgage Loan receivables, and that payments of indemnities under the relevant damage or Mortgage Loan security insurance policies will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify insurers within five (5) Business Days of receiving the request and in the event of insolvency or liquidation of the Servicer, the Management Company shall itself directly or, as the case may be, through a new Servicer it shall have designated, notify the insurers observing insolvency rules, as appropriate.

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

In the exceptional event that any Mortgage Loan Obligor should have a liquid receivable, due and payable vis-à-vis the Servicer, and because the assignment is made without the Obligor being aware, any Mortgage Loan should be fully or partially set-off against that claim, the Servicer shall remedy such circumstance or, if that is not possible, the Servicer shall proceed to pay to the Fund the amount set off plus accrued interest which would have been payable to the Fund until the date on which the payment is made, calculated on the terms applicable to the relevant Mortgage Loan.

## **10. Subcontracting.**

The Servicer may subcontract any of the services it may have agreed to provide under the Servicing Agreement other than those that may not be so delegated in accordance with the laws in force for the time being. That subcontracting may in no event result in an additional cost or expense for the Fund or the Management Company, and may not result in the rating assigned to each Bond Series by the Rating Agencies being downgraded. Notwithstanding any subcontracting or subdelegation, the Servicer shall not be excused or released under that subcontract or subdelegation from any of the liabilities undertaken in the Servicing Agreement which may legally be attributed or ascribed to it.

## **11. Award of real properties.**

The Servicer agrees to notify the Management Company of the places, dates, terms and valuation of the real properties mortgaged as security for the Mortgage Loans and of all other assets attached as a result of the court or out-of-court proceedings commenced against the Obligors, auctions scheduled, and proposed action and bid, in suitable advance in order that the Management Company may do such things as it shall see fit and submit instructions on the subject to the Servicer in suitable time.

The Servicer agrees to attend auctions of real properties or other assets, but shall thereat abide at all times by the instructions it shall have received from the Management Company, and shall therefore only tender a bid or apply for the award of the real estate or the asset to the Fund, fulfilling the instructions received from the Management Company.

As for repossession of awarded homes, Chapter I of Act 1/2013 provides for a two-year stay from the entry into force of that Act 1/2013 (i.e. until May 15, 2015) for eviction where in court or out-of-court foreclosure proceedings the Fund is awarded the main residence of people who are in the specially vulnerable and financial circumstances provided for in the aforementioned Act 1/2013.

In the event of real properties or other assets being awarded or given as payment to the Fund, the Servicer shall send to the Management Company the relevant title deeds, and shall do all things necessary for the same to be entered in the register and repossessed.

The Management Company shall proceed, through the Servicer (or, as the case may be, directly through third parties), to sell the properties within the shortest possible space of time and at arm's length and the Servicer shall actively assist in expediting their disposal.

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

The services shall be provided by the Servicer until all obligations undertaken by the Servicer as issuer of the Mortgage Certificates and the Pass-Through Certificates terminate, once all the Mortgage Loans have been repaid, or when liquidation of the Fund concludes after it terminates, without prejudice to the possible early revocation of its appointment under the Servicing Agreement.

In the event of a breach by the Servicer of any of the obligations imposed in the Servicing Agreement on the Servicer, the Management Company shall be entitled to demand the Servicer to perform as agreed or, as the case may be and where this is legally possible and after first notifying the Rating Agencies, terminate the Servicing Agreement without prejudice to the Servicer's contractual liability, if any, consequent upon that breach. Similarly, both upon a breach by and in the event of the Servicer's credit rating falling or there being a change in its financial position which may be detrimental to or place the financial structure of the Fund at risk, or be detrimental to the ratings assigned to the Bonds by the Rating Agencies, the Management Company shall be entitled, where this is legally possible, to terminate the Servicing Agreement with the Servicer.

In the event of termination of the Agreement with the Servicer, the Management Company shall previously designate a new Servicer for the Mortgage Loans, provided that the new Servicer accepts the obligations contained in the Servicing Agreement. If however the Management Company shall not have designated a new Servicer, BANCO COOPERATIVO shall be automatically designated as the new Servicer. The new Servicer shall, upon a written request from the Management Company and where that is legally possible, take over the servicing and management function of the Mortgage Loans, on terms and conditions matching those contained in the Servicing Agreement. In that connection, the parties agree to enter into such documents as might be necessary.

The Management Company shall instruct the Servicer as to the requirement to notify the respective Obligors of the assignment of outstanding Mortgage Loans whenever the Management Company deems it fit and in any event upon the Servicer being substituted or in the event of a decree of insolvency, liquidation of the Servicer or because the Management Company deems it reasonably justified, using for such notice of assignment such means of communication as the Management Company shall deem swiftest and most effective.

For all the purposes set out in the preceding paragraph, the Management Company shall be entitled to request and the Servicer shall be bound to supply all such information as the Management Company shall deem necessary or expedient.

The Servicer shall notify Obligors of the assignment of the outstanding Mortgage Loans forthwith upon receiving the Management Company's instructions and shall in any event prove to the Management Company within not more than five (5) Business Days of those instructions being sent that Obligors were actually notified, enclosing an acknowledgement of receipt of such notices.

In any event, from the date on which the Servicer receives the relevant instructions from the Management Company, it shall forthwith transfer to the Fund's Treasury Account any Mortgage Loan amount to which the Fund is entitled and which may at that time be in its possession and shall continue to transfer daily any Mortgage Loan amount it shall receive to which the Fund is entitled.

However, the Servicer shall empower the Management Company as extensively as may be required at Law in order that the Management Company may notify Obligors of the assignment of the outstanding Mortgage Loans whenever the Management Company deems it appropriate. In any event, the Management Company shall forthwith give Obligors satisfactory notice, either directly or as the case may be through a new Servicer it shall have designated, of the assignment upon the Servicer being substituted or in the event of a decree of insolvency, or indications thereof, liquidation of the Servicer or because the Management Company deems it reasonably justified, if the Servicer fails to prove to the Management Company within five (5) Business Days as set out above notice by the Servicer on the Obligors of the outstanding Mortgage Loans.

In the above connection, the Servicer shall agree to forthwith notify the Management Company of the occurrence of a decree of insolvency or the passing of a resolution to put in place its liquidation.

The Servicer shall bear the expenses of notifying Obligors of the outstanding Mortgage Loans, even in the event of such notice being given by the Management Company, and shall agree to assist the Management Company in notifying those Obligors.

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

The Servicing Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by 1pm (CET) on July 15, 2013.

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

The Servicer shall at no time have any liability whatsoever in relation to the Management Company's obligations as Fund manager and manager of Bondholders' interests, nor in relation to the Obligors' Mortgage Loan obligations, without prejudice to the liabilities undertaken thereby as issuer of the Mortgage Certificates and the Pass-Through Certificates.

The Servicer takes on the obligation to indemnify the Fund or its Management Company for any damage, loss or expense resulting for the same on account of any breach by the Servicer of its obligations to service, manage and report on the Mortgage Loans and the properties awarded or given as payment to the Fund established under the Servicing Agreement or in the event of breach as established in paragraph 3 of section 2.2.9 of this Building Block.

The Management Company shall, for and on behalf of the Fund, have recourse against the Servicer where the breach of the obligation to pay any and all principal repayment and interest and other Mortgage Loan amounts paid by the Obligors owing to the Fund does not result from Obligors' default but is attributable to the Servicer.

Upon the Mortgage Loans terminating, the Fund shall, through its Management Company, retain a right of action against the Servicer until fulfilment of its obligations.

Neither Bondholders nor any other creditor of the Fund shall have any direct right of action whatsoever against the Servicer; that right shall lie with the Management Company, as the representative of the Fund, who shall have that right on the terms described in this section.

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

In consideration of the servicing and management of the Mortgage Loans, the Servicer shall be entitled to receive in arrears on each Payment Date during the term of the Servicing Agreement, a subordinated servicing fee equal to 0.01% per annum, inclusive of VAT if there is no exemption, which shall accrue on the exact number of days elapsed in each Determination Period preceding the Payment Date and on the sum of the mean daily Outstanding Balance of the Mortgage Loans and of the daily mean net book value of the properties awarded to the Fund during that Determination Period. If the Servicer should be replaced in that servicing task, the Management Company will be entitled to change the above percentage fee for the new Servicer, which may be in excess of the fee previously established. The servicing fee will be paid on the relevant Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

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

Furthermore, on each Payment Date, the Servicer shall be entitled to reimbursement of all Mortgage Loan servicing and management expenses of an exceptional nature incurred, such as in connection with legal and/or recovery actions, including procedural expenses and costs, or managing, maintaining, valuing and overseeing the sale of assets or properties awarded or given as payment to the Fund, after first justifying the same. Those expenses will be paid whenever the Fund has sufficient liquidity and in the Priority of Payments or, upon liquidation of the Fund, in the Liquidation Priority of Payments.

### **3.7.3 Mortgage Certificate and Pass-Through Certificate Custody.**

The Management Company shall, for and on behalf of the Fund, enter with BANCO COOPERATIVO (in this connection the "Custodian") into a Mortgage Certificate and Pass-Through Certificate Custody Agreement. That custody shall be established for the benefit of the Fund and BANCO COOPERATIVO shall therefore hold the documents representing the Mortgage Certificates and the Pass-Through Certificates in custody as directed by the Management Company.

In consideration of the services to be provided by the Custodian, the Fund shall pay a fee of 0.01 per thousand per annum, inclusive of tax, if any, on the mean daily outstanding balance of the Mortgage Certificates and the Pass-Through Certificates during each Determination Period, and during the term of the agreement, payable on each Bond Payment Date for periods in arrears, provided that the Fund has sufficient liquidity in the Priority of Payments or, upon liquidation of the Fund, in the Liquidation Priority of Payments.

If the Fund, through its Management Company, should not have sufficient liquidity in the Fund Priority of Payments and fail on a Payment Date to pay the full fee due, unpaid amounts shall accumulate without any penalty whatsoever on the fee payable on the following Payment Dates, until paid in full.

The Mortgage Certificate and Pass-Through Certificate Custody Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Bond Series as final by 1pm (CET) on July 15, 2013.

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

BARCLAYS is the Fund's counterparty in the transactions listed below. The details relating to BARCLAYS are given in section 5.2 of the Registration Document.

- (i) Treasury Account:  
Guaranteed Interest Rate Account (Treasury Account) Agreement  
Description in section 3.4.4.1 of this Building Block.

BANTIERRA is the Fund's counterparty in the transactions listed below. The details on that institution and its activities are respectively given in section 5.2 of the Registration Document and in section 3.5 of this Building Block.

- (i) Subordinated Loan:  
Subordinated Loan Agreement  
Description in section 3.4.3.1 of this Building Block.
- (ii) Start-Up Loan:  
Start-Up Loan Agreement  
Description in section 3.4.3.2 of this Building Block.
- (iii) Commingling Reserve:  
Commingling Reserve Agreement  
Description in section 3.4.3.3 of this Building Block.

## **4. POST-ISSUANCE REPORTING**

### **4.1 Obligations and deadlines set to publicise and submit to the CNMV the periodic information on the economic and financial status of the Fund.**

As part of its Fund management and administration duty, the Management Company agrees to submit as promptly as possible or by the deadlines given, the information described hereinafter and such additional information as may be reasonably required of it.

#### **4.1.1 Ordinary information.**

The Management Company agrees to give the notices detailed below, observing the recurrence provided in each case.

**a) Notices to Bondholders referred to each Payment Date.**

1. Within the period comprised between the Interest Rate Fixing Date and not more than two (2) Business Days after each Payment Date, it shall proceed to notify Bondholders of the Nominal Interest Rate resulting for each Bond Series, and for the Interest Accrual Period after that Payment Date.
2. Quarterly, at least one (1) calendar day in advance of each Payment Date, it shall proceed to notify Bondholders of the following information:
  - i) Interest resulting from the Bonds in each Series, along with the amortisation of the Bonds.
  - ii) Furthermore, and if appropriate, interest and amortisation amounts accrued thereby and not settled due to a shortfall of Available Funds, in accordance with the rules of the Priority of Payments.
  - iii) The Outstanding Principal Balances of the Bonds in each Series, after the amortisation to be settled on each Payment Date, and the ratios of such Outstanding Principal Balances to the initial face amount of each Bond.
  - iv) Obligors' Mortgage Loan principal prepayment rate during the three calendar months preceding the Payment Date.
  - v) The average residual life of the Bonds in each Series estimated assuming that Mortgage Loan principal prepayment rates shall be maintained and making all other assumptions as provided in section 4.10 of the Securities Note.

The foregoing notices shall be made in accordance with the provisions of section 4.1.3 below and will also be notified to the CNMV, the Paying Agent, AIAF, Iberclear and the Rating Agencies, not less than one (1) Business Day before each Payment Date.

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

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

1. Outstanding Balance.
2. Interest and principal amount of instalments in arrears.
3. Mortgage Loan interest rate.
4. Mortgage Loan maturity dates.
5. Outstanding Balance of Doubtful Mortgage Loans and cumulative Outstanding Balance of Doubtful Mortgage Loans from the date of establishment of the Fund.

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

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

This information shall be submitted to the CNMV using the forms contained in CNMV Circular 2/2009, March 25, on Securitisation Fund accounting rules, annual accounts, public financial statements and non-public statistical information statements.

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

Annual Accounts (balance sheet, profit & loss account and management report) and audit report within the period provided for by law to do so or, otherwise, within four (4) months of the close of each fiscal year, which shall also be filed with the CNMV.

#### **4.1.2 Extraordinary notices.**

The following shall be the subject of an extraordinary notice:

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

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

#### **4.1.3 Procedure to notify Bondholders.**

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

1. Ordinary notices.

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

2. Extraordinary notices.

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

Exceptionally, the Nominal Interest Rate determined for the Bonds in each Series for the first Interest Accrual Period shall be notified in writing by the Management Company by 1pm (CET) on July 15, 2013 to the Subscriber and to the Lead Manager. In addition, the Management Company shall also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

3. Notices and other information.

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

#### **4.1.4 Information to the CNMV.**

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

#### **4.1.5 Information to the Rating Agencies.**

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

**Mario Masiá Vicente, as General Manager for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, signs this Prospectus at Madrid, on July 9, 2013.**

## GLOSSARY OF DEFINITIONS

“**Act 1/2013**” shall mean Act 1/2013, May 14, implementing measures to boost the protection of mortgagors, debt restructuring and social rentals.

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

“**Act 2/1981**” shall mean Mortgage Market Regulation Act 2/1981, March 25, as currently worded.

“**Act 2/1994**” shall mean Mortgage Loan Subrogation and Amendment Act 2/1994, March 30.

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

“**Act 35/2006**” shall mean Personal Income Tax Act 35/2006, November 28, partly amending the Corporation, Non-Resident Income and Wealth Tax Acts

“**Act 6/2011**” shall mean Act 6/2011, April 11, amending Financial Intermediary Investment Ratios, Equity and Reporting Duties Act 13/1985, May 25, Securities Market Act 24/1988, July 28, and Legislative Royal Decree 1298/1986, June 28, in relation to adapting credit institutions law in force to European Communities law.

“**AIAF**” shall mean AIAF Fixed-Income Market (*AIAF Mercado de Renta Fija*).

“**Amortisation Withholding**” shall mean, on each Payment Date, the positive difference, if any, on the Determination Date preceding the relevant Payment Date, between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans.

“**Available Funds for Amortisation**” shall mean the amount to be allocated to Bond amortisation on each Payment Date and which shall be the Amortisation Withholding amount applied out of the Available Funds in fourth (4<sup>th</sup>) place of the order of application on the relevant Payment Date.

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

“**BANCO COOPERATIVO**” shall mean BANCO COOPERATIVO ESPAÑOL, S.A.

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

“**BARCLAYS**” shall mean BARCLAYS BANK PLC, Sucursal en España.

“**Bond Issue**” shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR two hundred and twenty-five million (225,000,000.00), consisting of two thousand two hundred and fifty (2,250) Bonds comprised of two Series (Series A and Series B).

“**Bond Paying Agent Agreement**” shall mean the Bond paying agent agreement entered into by the Management Company, for and on behalf of the Fund, and BARCLAYS, as Paying Agent, and in the presence of BANCO COOPERATIVO.

“**Bonds**” shall mean Series A Bonds and Series B Bonds issued by the Fund.

“**Business Day**” shall mean any day other than a public holiday in the city of Madrid or non-business day in the TARGET 2 calendar (or future replacement calendar).

“**Capital Transfer and Documents Under Seal Tax Act**” shall mean the Consolidation of the Capital Transfer and Documents Under Seal Tax Act, approved by Legislative Royal Decree 1/1993, September 24.

“**CET**” shall mean “Central European Time”.

“**Circular 3/2008**” shall mean Bank of Spain Circular 3/2008, May 22, to credit institutions, on determination and control of minimum capital requirements, as currently worded.

“**Civil Procedure Act**” shall mean Civil Procedure Act 1/2000, January 7.

“**Closing Date**” shall mean July 16, 2013, the date on which the cash amount of the subscription for the Bonds shall be paid up.

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

“**Commingling Reserve Agreement**” shall mean the reserve agreement entered into by the Management Company, for and on behalf of the Fund, and the Originator, amounting to EUR three million seven hundred and twelve thousand five hundred (3,712,500.00).

“**Commingling Reserve**” shall mean the reserve set up by the Originator for the Fund, in accordance with the provisions of the Commingling Reserve Agreement.

“**Corporation Tax Act**” shall mean the Consolidation of the Corporation Tax Act, approved by Legislative Royal Decree 4/2004, March 5.

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

“**DBRS Rating**” shall mean the public rating assigned by DBRS or, where there is no such rating, the internal assessments made and/or private ratings given by DBRS with respect to an entity’s debt obligations.

“**DBRS**” shall mean DBRS Ratings Limited.

“**Deed of Constitution**” shall mean the public deed recording the establishment of the Fund, issue by the Originator of and subscription by the Fund for the Mortgage Loan Mortgage Certificates and Pass-Through Certificates, and issue by the Fund of the Asset-Backed Bonds .

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

“**DELOITTE**” shall mean DELOITTE AUDITORES S.L.

“**Determination Dates**” shall mean the dates falling on the fifth (5<sup>th</sup>) Business Day preceding each Payment Date.

“**Determination Period**” shall mean the exact number of days elapsed between every two consecutive Determination Dates, each Determination Period excluding the beginning Determination Date and including the ending Determination Date. Exceptionally, (i) the duration of the first Determination Period shall be equal to the days elapsed between date of establishment of the Fund, inclusive, and the first Determination Date, August 5, 2013, inclusive, and (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which Early Liquidation of the Fund concludes, as provided for in section 4.4.4.3 of the Registration Document, on which the assets remaining in the Fund have all been liquidated and the Liquidation Available Funds have all been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date but including the last date.

“**Distribution of Available Funds for Amortisation**” shall mean the rules for applying the Available Funds for Amortisation between each Series on each Payment Date established in section 4.9.3.5 of the Securities Note.

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

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

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

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

**“Euribor”** shall mean the Euro Interbank Offered Rate which is the term interbank deposit offered rate in Euros calculated as the daily average of the quotations supplied for fifteen maturity terms by a panel of Banks from among the most active banks in the Euro zone. The rate is quoted based on a count of the actual days to maturity and a 360-day year, and is set at 11am (CET time), accurate to three decimal places.

**“Final Maturity Date”** shall mean the final Bond amortisation date, i.e. May 12, 2055) or the following Business Day if that is not a Business Day.

**“Financial Intermediation Agreement”** shall mean the agreement designed to remunerate the Originator for the financial intermediation process carried out, enabling the financial transformation defining the Fund’s activity, the assignment to the Fund of the Mortgage Loans and the rating assigned to each Bond Series, entered into between the Management Company, for and on behalf of the Fund, and the Originator.

**“Fitch”** shall mean both Fitch Ratings España, S.A.U. and Fitch Ratings Limited.

**“Fund”** shall mean RURAL HIPOTECARIO XIV FONDO DE TITULIZACIÓN DE ACTIVOS.

**“Guaranteed Interest Rate Account (Treasury Account) Agreement”** shall mean the guaranteed interest rate account (Treasury Account) agreement entered into by the Management Company, for and on behalf of the Fund, and BARCLAYS in the presence of BANCO COOPERATIVO.

**“Iberclear”** shall mean Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.

**“Initial Secondary Cash Reserve”** shall mean the Secondary Cash Reserve set up on the Closing Date out of the Subordinated Loan drawn down amounting to EUR seven hundred and ninety thousand (790,000.00).

**“Interest Accrual Period”** shall mean the days elapsed between every two consecutive Payment Dates, including the beginning Payment Date, but not including the ending Payment Date. The first Interest Accrual Period shall begin on the Closing Date, inclusive, and end on the first Payment Date, exclusive.

**“Interest Rate Fixing Date”** shall mean the second Business Day preceding each Payment Date.

**“IRR”** shall mean internal rate of return as defined in section 4.10.1 of the Securities Note.

**“Issuer”** shall mean the Fund.

**“Lead Manager”** shall mean BANCO COOPERATIVO.

**“Liquidation Available Funds”** shall mean, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or upon Early Liquidation, the amounts to be allocated to meeting the Fund’s payment or withholding obligations, as follows: (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Mortgage Certificates and the Pass-Through Certificates and of the assets remaining, and (iii) additionally the loan, if any, as established in section 4.4.3.3.(iii) of the Registration Document, which shall be fully used for early amortisation of the Bonds in the outstanding Series .

**“Liquidation Priority of Payments”** shall mean the order of priority of the Fund’s payment or withholding obligations for applying the Liquidation Available Funds on the Final Maturity Date or upon Early Liquidation of the Fund.

**“LTV”** shall mean the ratio, expressed as a percentage, of the outstanding principal amount of a mortgage loan to the appraisal value of the properties mortgaged as security for the same.

**“Management and Subscription Agreement”** shall mean the Bond Issue management and subscription agreement entered into between the Management Company, for and on behalf of the Fund, and BANCO COOPERATIVO.

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

**“Mortgage Act”** shall mean the Mortgage Act of February 8, 1946.

**“Mortgage Certificate and Pass-Through Certificate Custody Agreement”** shall mean the Mortgage Certificate and Pass-Through Certificate supporting document custody agreement entered into between the Management Company, for and on behalf of the Fund, and BANCO COOPERATIVO, as Lead Manager, and BANTIERRA, as Subscriber.

**“Mortgage Certificates”** shall mean the Mortgage Loan mortgage participation certificates issued by the Originator and subscribed for by the Fund.

**“Mortgage Loans”** shall mean the mortgage loans owned by the Originator granted to individuals with senior real estate mortgage security on finished homes located in Spain, assigned to the Fund upon the Originator issuing and the Fund subscribing for Mortgage Certificates and Pass-Through Certificates.

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

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

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

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

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

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

**“Outstanding Balance of the Mortgage Loans”** shall mean the sum of outstanding capital or principal and overdue capital or principal not paid into the Fund for each and every one of the Mortgage Loans .

**“Outstanding Principal Balance of the Bond Issue”** shall mean the sum of the Outstanding Principal Balance of Series A and B making up the Bond Issue.

**“Outstanding Principal Balance of the Series”** shall mean the sum of the outstanding principal to be repaid (outstanding balance) at a date on all the Bonds making up the Series.

**“Pass-Through Certificates”** shall mean the Mortgage Loan pass-through certificates issued by the Originator and subscribed for by the Fund.

**“Paying Agent”** shall mean the Bond servicing firm. The Paying Agent shall be BARCLAYS (or any other institution taking its stead as Paying Agent).

**“Payment Date”** shall mean February 12, May 12, August 12 and November 12 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be August 12, 2013.

**“Principal Cash Reserve”** shall mean the principal cash reserve set up on the Closing Date and subsequently provisioned on each Payment Date up to a sum of EUR eleven million two hundred and fifty thousand (11,250,000.00).

**“Priority of Payments”** shall mean the order of priority for applying the Fund’s payment or withholding obligations both for applying the Available Funds and for distributing the Available Funds for Amortisation.

**“Rating Agency”** shall mean DBRS and Fitch.

**“Reference Rate”** shall mean, other than for the first Interest Accrual Period, three- (3-) month Euribor set at 11am (CET) on the Interest Rate Fixing Date, or, if this Euribor rate should not be available or be impossible to obtain, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note. The Reference Rate for the first Interest Accrual Period shall mean one- (1-) month Euribor, set at 11am (CET) on the Business Day preceding the Closing Date, or, upon the failure or impossibility to obtain that Euribor rate, the substitute rate for which provision is made in section 4.8.1.3 of the Securities Note.

**“Regulation (EC) No. 809/2004”** shall mean Commission Regulation (EC) No. 809/2004, April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

**“Required Secondary Cash Reserve”** shall mean, on each Payment Date, 0.39% of the Outstanding Principal balance of Series A.

**“Royal Decree 116/1992”** shall mean Book Entries and Stock Exchange Transaction Clearing and Settlement Royal Decree 116/1992, February 14.

**“Royal Decree 1310/2005”** shall mean Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose.

**“Royal Decree 716/2009”** shall mean Royal Decree 716/2009, April 24, implementing certain aspects of Mortgage Market Regulation Act 2/1981, March 25, and other mortgage and financial system rules .

**“Royal Decree 771/2011”** shall mean Royal Decree 771/2011, June 3, amending Royal Decree 216/2008, February 15, in relation to the capital of financial institutions and Royal Decree 2606/1996, December 20, in relation to credit institution deposit guarantee funds.

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

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

**“Securities Market Act”** shall mean Securities Market Act 24/1988, July 28, as currently worded.

**“Series A Bonds”** shall mean Series A Bonds issued by the Fund having a total face amount of EUR two hundred and two million five hundred thousand (202,500,000.00) comprising two thousand and twenty-five (2,025) Bonds having a unit face value of EUR one hundred thousand (100,000).

**“Series A”** shall mean Series A Bonds issued by the Fund.

**“Series B Bonds”** shall mean Series B Bonds issued by the Fund having a total face amount of EUR twenty-two million five hundred thousand (22,500,000.00) comprising two hundred and twenty-five (225) Bonds having a unit face value of EUR one hundred thousand (100,000).

**“Series B”** shall mean Series B Bonds issued by the Fund.

**“Servicer”** shall mean the institution in charge of custody and servicing of the Mortgage Loans under the Mortgage Loan Servicing Agreement, i.e. BANTIERRA.

**“Servicing Agreement”** shall mean the Mortgage Loan Servicing Agreement entered into with BANTIERRA and BANCO COOPERATIVO.

**“Start-Up Loan Agreement”** shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and the Originator, totalling EUR seven hundred and seventy thousand (770,000.00).

**“Start-Up Loan”** shall mean the loan granted by the Originator to the Fund, in accordance with the provisions of the Start-Up Loan Agreement.

**“Subordinated Loan Agreement”** shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and the Originator, totalling EUR twelve million and forty thousand (12,040,000.00).

**“Subordinated Loan”** shall mean the loan granted by the Originator to the Fund, in accordance with the provisions of the Subordinated Loan Agreement.

**“Subscriber”** shall mean BANTIERRA.

**“Treasury Account Provider”** shall mean BARCLAYS or any replacement entity in which the Treasury Account is opened.

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

**“Value Added Tax Act”** shall mean Value Added Tax Act 37/1992, December 28.