

D. José Antonio Trujillo, en su condición de apoderado de la sociedad InterMoney Titulización, Sociedad Gestora de Fondos de Titulización, S.A., con domicilio en Madrid, calle Príncipe de Vergara, 131 planta 3 y C.I.F.: A-83774885, en relación con la constitución de **“IM SABADELL PYME 10, FONDO DE TITULIZACIÓN”**, cuyo Folleto Informativo ha sido inscrito en los registros oficiales de la Comisión Nacional del Mercado de Valores el 28 de julio de 2016,

DECLARA

Que el contenido del Folleto Informativo de **“IM SABADELL PYME 10, FONDO DE TITULIZACIÓN”** que ha sido registrado por la Comisión Nacional del Mercado de Valores con fecha 28 de julio de 2016, coincide exactamente con el que se presenta adjunto a la presente declaración en soporte informático;

Y AUTORIZA

La difusión del texto del citado Folleto Informativo a través de la página de internet de la Comisión Nacional del Mercado de Valores.

Y para que conste a los efectos oportunos, expido la presente en Madrid, a 28 de julio de 2016.

José Antonio Trujillo  
PRESIDENTE  
*InterMoney Titulización, S.G.F.T., S.A.*

# IM SABADELL PYME 10, FONDO DE TITULIZACIÓN ISSUE PROSPECTUS € 1,750,000,000

CLASS	AMOUNT	INTEREST RATE	DBRS	MOODY'S	SCOPE
A	1,448,100,000	EUR 3M + 0.75%	AA (sf)	Aa3 (sf)	AA <sub>SF</sub>
B	301,900,000	EUR 3M + 0.90%	CCC (low) (sf)	B2 (sf)	B <sub>SF</sub>

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## **BANCO DE SABADELL, S.A.**

*(incorporated with limited liability under the laws of the Kingdom of Spain)*

*DIRECTOR AND SUBSCRIBER*

BANCO DE SABADELL, S.A.

*Paying Agent*

BANCO DE SABADELL, S.A.

*Fund sponsored and managed by:*



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This document is the information memorandum (the “**Prospectus**”) for IM SABADELL PYME 10, FONDO DE TITULIZACIÓN (the “**Fund**”) approved by and registered with the Comisión Nacional del Mercado de Valores (Spanish Securities Market Commission, “**CNMV**”) on 28 July 2016, in accordance with the provisions of Commission Regulation (EC) No 809/2004 of 29 April 2004, as amended (“**Regulation 809/2004**”), which includes the following:

1. A description of the main risk factors relating to the issue, to the securities and to the assets which back up the issue (the “**Risk Factors**”);
2. A registration document for the securities, drawn up in accordance with Annex VII of Regulation 809/2004 (the “**Registration Document**”);
3. A note on the securities drafted in accordance with Annex XIII of Regulation 809/2004 (the “**Securities Note**”);
4. An additional building block to the Securities Note prepared in accordance with the module provided for in Annex VIII of Regulation 809/2004 (the “**Additional Building Block**”); and
5. A glossary of definitions (the “**Definitions**”) used in this Prospectus.

# IM SABADELL PYME 10, FONDO DE TITULIZACIÓN

## RISK FACTORS

### 1. RISK FACTORS OF THE ASSETS BACKING THE ISSUE

#### (i) Minimum interest rates:

As detailed in section 2.2.2 of the Additional Building Block, in relation to the interest rates applicable to the Loans, a total of 1,530 loans with an Outstanding Principal Balance of 363,800,996 Euros, 19.31% of the total balance, are Loans with a minimum applicable interest rate.

As the Fund does not include any interest rate hedging, the evolution of interest rates must be taken into consideration when analysing the Notes issued by the Fund. Further, there are legal resolutions and rulings by public authorities, Judgment of the Spanish Tribunal Supremo (Supreme Court) of 9 May 2013 (No 241/12 (ES:TS:2013:1916)) and the judgments of 25 March 2015 and 29 April 2015 (respectively, judgment No 139/2015 (ES:TS:2015:1280) and judgment No 222/2015 (ES:TS:2015:2207)), as well as, a non-binding report from the European Commission dated 13 July 2015, and the most recent opinion of advocate general Mengozzi delivered on 13 July 2016 (ECLI:EU:C:2016:552) on the Joined Cases C-154/15, C-307/15 and C-308/15 presented to the European Court of Justice, that could serve as the basis to prevent the application of the clauses that regulate minimum rates and, specifically for the terms included in such report, applicable from the date in which the loan was granted, in which case the flow of collections obtained by the Fund from the Loans with such clauses would be affected negatively.

If, as a consequence of the above, the effect is a situation forcing the Liquidation of the Fund caused by a situation that might permanently affect the Fund, as described in section 4.4.3 (ii) of the Registration Document, the Liquidation Priority of Payments would be applied, described in section 3.4.6.c) of the Additional Building Block.

Under the terms and conditions of the sale of the assets to the Fund, the Fund and the Assignor will agree in the Deed of Incorporation that any consequence derived from a possible cancellation of these minimum interest rate clauses will only affect the Fund from the date in which such cancellation is decreed by judgment, with the Assignor assuming any compensation that might correspond to the Debtor of the Loan until that date.

#### (ii) Risk of non-payment of the Loans:

The Noteholders will run the risk of non-payment of the Assets pooled in the Fund. However, credit enhancement measures have been taken as described in section 3.4.2 of the Additional Building Block.

BANCO DE SABADELL, as the Assignor, assumes no liability for non-payment by the Obligors, whether for principal, interest or any other amount they may owe under the Loans.

BANCO DE SABADELL will not assume, in any other form, responsibility for guaranteeing directly or indirectly the success of the transaction, nor will they grant guarantees or repurchase agreements of the Loans, without prejudice to the compromises described in sections 2.2.9, 3.3.c) and 3.7.2 of the Additional Building Block and which relate to the replacement of the Loans that do not meet the declarations described in section 2.2.8 of the Additional Building Block, the responsibility of the sale itself, the credit enhancements described in this Prospectus and their obligations as servicers of the Assets.

The Notes issued by the Fund do not represent or constitute an obligation for the Assignor or the Management Company. No public or private institution, including the Assignor, the Management Company and any other company affiliated or participated by them, have extended any guarantees.

**(iii) Limited protection:**

An investment in Notes may be affected by, inter alia, a deterioration in general economic conditions having an adverse effect on the payments under the Loans that back the issue of the Fund. In the event that non-payments should reach an elevated level, they could reduce, or even eliminate, the protection against losses in the Loan portfolio enjoyed by the Notes as a result of the credit enhancements described in section 3.4.2 of the Additional Building Block. Notwithstanding the foregoing considerations, the risk of the Noteholders is mitigated by the priority of payments described in section 3.4.6 b) of the Additional Building Block.

**(iv) Unsecured Loans:**

On July 8, 2016, 65.96% of the Outstanding Principal Balance of the Preliminary Portfolio corresponds to Loans with personal guarantees from the Obligor. This data can be found in section 2.2.2.15. of the Additional Building Block.

**(v) Risk of prepayment of the Assets:**

The Loans pooled into the Fund are subject to prepayment if the Obligor make an early repayment upon the terms set forth in each of the Loan agreements from which the Assets derive.

The funds from such prepayment will become part of the Available Resources, as described in section 3.4.6 of the Additional Building Block. The risk of prepayment shall be transferred to the Noteholders quarterly through the partial redemption of the Notes on each Payment Date, as established in section 4.9.3 of the Securities Note.

**(vi) Geographical concentration:**

As specified in section 2.2.2.25. of the Additional Building Block, the geographical regions that show a greater concentration based on the percentage of Outstanding Balance of the Assets, are the following: Barcelona: 26.24%, Madrid: 17.33% and Asturias: 5.45%, representing a total of 49.03%.

Given the levels of concentration, any negative event affecting these geographical regions could negatively impact on the payments to be made by the Obligor in these regions under the Loans backing the issue of the Notes.

**(vii) SME Mortgage Loans. Impact of Law 1/2013:**

The current text of Law 1/2013 of 14 May on measures to strengthen the protections for mortgage Obligors, debt restructuring and social rent (“**Law 1/2013**”), as amended by Law 25/2015 of 28 July on the second-chance mechanism, reduction of financial burden and other social measures (“**Law 25/2015**”) consists of four Sections that introduce a set of measures that could affect the SME Mortgage Loans.

As a result of the foregoing, the Fund, as the holder of credit rights derived from the SME Mortgage Loans, may be affected by, among other things, (i) a delay in delivery of possession of the common property awarded due to the interruption, for up to four (4) years, of the relocation of the occupants thereof in situations of special vulnerability, (ii) a delay in collection of the credit rights transferred, with a possible prolonged period for the foreclosure proceedings, whether in court or out-of-court, and (iii) obtaining amounts resulting from such foreclosure processes lower than could have been obtained until now due to, among other things, the limit on the applicable maximum default interest rate.

In connection with Section IV of Law 1/2013, it should be noted that BANCO DE SABADELL has adhered to the amendments to the Code of Good Practice endorsed by the aforementioned Law 1/2013. As a result, to the extent that the Management Company acknowledges and agrees that BANCO DE SABADELL has adhered to the amendments to the Code of Good Practice, the Fund may be affected by the measures set out therein (which are applicable to the SME mortgage portfolio of loans), and which may entail an extension of the period for foreclosure proceedings and cause a loss in the value of the SME Mortgage Loans.

**(viii) Negative interest rates:**

According to the information provided in section 2.2.2 of the Additional Building Block, 63.08% of the Outstanding Principal Balance of Preliminary Portfolio has variable interest rate, calculating the interest rate applicable to Loans as the sum of the reference interest rate plus the corresponding margin. Following a downward trend in the reference interest rates of the Loans could be the case in which these interest rate to be applied to the Loans turn out negative. In that event BANCO DE SABADELL will consider that the value of the interest rate is equal to zero.

**2. RISK FACTORS SPECIFIC TO THE SECURITIES**

**(i) Optional Redemption of all the Notes issued**

As describen in section 4.9.3. of the Securities Note, the Management Company shall carry out upon BANCO DE SABADELL request the Early Liquidation of the Fund: (i) When BANCO DE SABADELL requests it either on the 20th August 2020 or on any Payment Date from the 20th August 2020 onwards; or, (ii) when the Outstanding Balance of the Assets yet to be reimbursed, excluding the Defaulted Assets, is equal or lower than twenty percent (20%) of the Outstanding Balance of the Assets on the Date of Incorporation of the Fund.

This possibility of optional redemption could affect the average life of the Notes issued by the Fund.

**(ii) Rating of the Notes:**

The credit risk of the Notes has been assessed by the rating agencies DBRS Ratings Limited, Moody's Investors Service España, S.A. and Scope Ratings AG (Scope) (the "**Rating Agencies**").

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

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

If, before the Subscription Date, the Rating Agencies do not confirm any of the provisional ratings assigned, this will be reported immediately to the CNMV and made public as provided for in section 4 of the Additional Building Block. This circumstance will result in the termination of the incorporation of the Fund, the Notes issue and all agreements save for the Subordinated Loan for Initial Expenses Agreement.

**(iii) Limited liquidity:**

BANCO DE SABADELL, as Subscriber, has committed to subscribe all the Notes. The subscription of the Notes in no way limits any other use of such Notes or their possible future sale. BANCO DE SABADELL, as Subscriber, have stated that once the Notes are subscribed their intention is to use them as guarantee assets in credit transactions in the Euro system.

Nevertheless, if during the life of the Fund BANCO DE SABADELL sell the Notes in the market, there is no guarantee that the Notes will be traded on the market with a minimum frequency or volume. There is no commitment by any entity to engage in secondary trading to provide liquidity to the Notes.

**(iv) Yield and duration:**

The calculation of the average life, yield and duration of the Notes set forth in section 4.10 of the Securities Note is subject to, inter alia, estimates of Asset prepayment rates that may not materialise, as well as future market interest rates, given the variable nature of nominal interest rates, defaults and recoveries. Fulfilment of the loan prepayment rate is also influenced by a variety of economic and social factors such as market interest rates, default rates, redemption rates, the economic situation and social factors of the Obligors and the overall level of economic activity, which makes forecasting impossible.

**(v) Default interest:**

Deferred payments of interest shall not accrue default interest in favour of the Noteholders.

### 3. RISK FACTORS OF THE FUND

#### i. **Applicability of the Insolvency Act:**

##### **Assignor:**

Pursuant to the provisions of the Second Additional Provision of Law 22/2003 of 9 July (the “**Insolvency Act**”), the bankruptcy provisions of Law 5/2015 will apply, and therefore, in the event of the insolvency (as this term is defined in the Insolvency Act) of the Assignor, the sale of the Assets may be rescinded only if an action for such rescission is pursued in which fraud is demonstrated to have existed in that sale.

In the event of the insolvency of the Assignor, all Fund assets held by the Assignor, except for cash due to the fungible nature thereof, will become the property of the Fund and must be made available under the terms of Articles 80 and 81 of the Insolvency Act.

Notwithstanding the above, this Prospectus and the Deed of Incorporation envisage certain mechanisms aimed at mitigating the aforementioned effects in relation to cash due to its fungible nature.

According to the interpretation of a majority of legal scholars regarding Articles 80 and 81 of the Insolvency Act, if the Assignor is declared insolvent, monies received and held thereby on behalf of the Fund in its capacity as counterparty to certain agreements it signs before the date of declaration of insolvency may be affected by the results of the insolvency.

If the Assignor becomes insolvent, the assignment of the Assets to the Fund may be subject to return in compliance with the provisions of article 71 of the Insolvency Law, in the event that the existence of fraud is verified by the insolvency administrators, which in any case, in compliance with provisions of the Insolvency Law and the paragraph 4 of article 16 of the Law 5/2015 (in reference to Article 15 of Law 2/1981), will not affect to the rights of bona fide third parties.

##### **Management Company:**

In the event of insolvency of the Management Company, it must be replaced by another management company in accordance with the provisions of Article 33 of Law 5/2015.

In the event of the bankruptcy of the Management Company, as the case may be, any assets of the Fund that are in the possession of the Management Company, and with respect whereto the latter has no right of use, surety or retention (except for cash due to its fungible nature) and that form part of the latter’s assets will be construed as belonging to the Fund, and the receivers in bankruptcy must deliver them to the Fund. In practice, due to the cash flow arrangements in this transaction, and except in the event of a breach by the Management Company of the terms of the relevant agreements, no cash amounts will become part of the assets of the Management Company given that amounts which constitute revenues of the Fund must be deposited, in the terms set forth in the Deed of Incorporation and in this Prospectus, in the accounts opened on behalf of the Fund by the Management Company (which is involved in opening and operating such accounts not only as the agent of the Fund, but as its legal representative. Therefore, the Fund would be

entitled to absolute separation of those assets from the Management Company in this respect, in the terms set forth in Articles 80 and 81 of the Insolvency Act).

Notwithstanding the foregoing, the insolvency of any of the Parties (whether the Assignor or any other counterparty of the Fund) could affect their contractual relationships with the Fund.

**ii. Breach of agreements by third parties:**

The Fund has entered into agreements with certain third parties for the provision of certain services in relation to the operation of the Fund and in relation to the Notes. These agreements include the Subordinated Loan for Initial Expenses Agreement, the Subordinated Loan for the Reserve Fund Agreement, the Financial Agency Agreement and the Direction and Subscription Agreement.

The Noteholders may be adversely affected if any of the parties thereto breach the obligations assumed under any of the aforesaid agreements.

**iii. Mandatory replacement of the Management Company:**

The Management Company shall proceed to find a Management company to replace it if in compliance with article 33 of the Law 5/2015 the Management Company is declared insolvent.

If four (4) months have elapsed from the occurrence of the event for the mandatory replacement and a new management company that is prepared to take over the management of the Fund has not been found, a trigger event for the Early Liquidation of the Fund will occur and the Liquidation Priority of Payments will apply in accordance with the provisions of the Deed of Incorporation and this Prospectus.

Likewise, the Management Company shall proceed to find a Management company that replaces it if the authorization to act as a Management company were revoked.

**iv. Limitation of legal actions against the Management Company:**

The Noteholders and the other creditors of the Fund may only bring an action against the Fund's Management Company in the case of a breach of its duties or failure to observe the provisions of the Deed of Incorporation or this Prospectus in accordance with article 26.2 of the Law 5/2015.

The Noteholders and the Other Creditors of the Fund shall not have any rights of action either against the Fund or against the Management Company in the event of a payment default of the amounts due by the Fund arising from (i) the existence of delinquency or repayment of the Assets, (ii) the failure by the Assignor or by the counterparties of the transactions entered into on behalf of the Fund to comply with their duties, or (iii) the event that the financial transactions aimed at hedging or generally enhancing and covering the financial obligations of the Notes are not sufficient.

**v. Lack of legal personality of the Fund.**

The Fund constitutes a separate set of assets and liabilities, lacking legal personality. Consequently, the Management Company will be in charge of its administration and representation and must comply with the legally established obligations in connection with the Fund.



# REGISTRATION DOCUMENT FOR SECURITIES (ANNEX VII OF THE CE 809/2004 REGULATIONS)

## 1. PERSONS RESPONSIBLE

### 1.1 Persons responsible for the information appearing in the Registration Document.

Mr. José Antonio Trujillo del Valle, acting in the name and on behalf of INTERMONEY TITULIZACIÓN, S.G.F.T., S.A., with business address at: Príncipe de Vergara 131 28002 Madrid (Spain), assumes responsibility for the information contained in this Registration Document.

Mr. José Antonio Trujillo del Valle acts in his capacity of Chairman of the Board of Directors of the Management Company and exercises the powers that were expressly conferred to him for the incorporation of the Fund by the Board of Directors of the Management Company at its meeting held on the 31<sup>t</sup> of May 2016.

INTERMONEY TITULIZACIÓN, SGFT, S.A., is the promoter of IM SABADELL PYME 10, FONDO DE TITULIZACIÓN and will be in charge of its legal administration and representation.

### 1.2 Declaration by those responsible for the Registration Document.

Mr. José Antonio Trujillo del Valle, having taken all reasonable care to ensure that such is the case, declares that the information given in the Registration Document is, to the best of his knowledge, in accordance with the facts and does not omit anything that could affect its content.

## 2. STATUTORY AUDITORS OF THE FUND

### 2.1 Auditors of the Fund.

In accordance with the provisions of section 4.4.2 of this Registration Document, the Fund is newly incorporated and therefore lacks historical financial information.

The Board of Directors of the Management Company, at its meeting held on 31<sup>st</sup> May 2016 during which it was resolved to create this Fund and appoint Ernst & Young as Auditors of the Fund, whose particulars are detailed in section (5.2 g) of this Registration Document.

Throughout the duration of the Fund, the annual financial statements will be subject to audit by the Auditors on an annual basis. Such audit reports will be filled with the CNMV.

The Management Company will inform the CNMV and the Rating Agencies of any change that might take place in the future as regards the appointment of the auditors of the Fund.

## **2.2 Fiscal years, accounting principles and statutory filing of annual financial statements.**

The Fund's income and expenses will be reported in accordance with the accounting principles in force pursuant to CNMV Circular 2/2016 of 20 April, on accounting standards, annual financial statements, public financial statements and confidential statistical information statements of Securitisation Funds, as amended ("*Circular 2/2016*") or with the regulations applicable at any given time.

The fiscal year of the Fund will coincide with a calendar year. However, as an exception, the first fiscal year will start on the Date of Incorporation of the Fund, and the last fiscal year will end on the date on which the Fund is scheduled to expire.

The Management Company will submit the annual financial statements of the Fund to the CNMV, together with the auditor's report on these accounts, within four (4) months of the end of the Fund's fiscal year (i.e., before 30 April each year), according to paragraph 5 of article 22 of the Law 5/2015.

## **3. RISK FACTORS**

The specific risk factors of the Fund are those described in section I of the document included at the beginning of this Prospectus, called "RISK FACTORS".

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

### **4.1 Statement that the Issuer has been created as a securitisation Fund.**

The IM SABADELL PYME 10, FONDO DE TITULIZACIÓN is a securitisation fund established in accordance with Law 5/2015 for the purpose of acquiring the Assets assigned to the Fund by BANCO DE SABADELL and issuing the Notes referred to in the Securities Note.

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

The Fund will be incorporated with the name "IM SABADELL PYME 10, FONDO DE TITULIZACIÓN". The Fund will also be referred to as "IM SABADELL PYME 10".

### **4.3 Registration of Issuer.**

The incorporation of the Fund and the issue of the Notes must firstly be registered in the official registers of the CNMV.

This Prospectus was registered with the CNMV on 28 July 2016.

The incorporation of the Fund also requires the granting of the appropriate Deed of Incorporation.

The Management Company has elected not to register the creation of the Fund or the issuance of the Notes with the Commercial Registry, pursuant to Article 22.5 of Law 5/2015. This is without prejudice to the registration of the Prospectus with the CNMV.

#### **4.4 Date of Incorporation and period of activity of the Fund.**

##### **4.4.1 Date of Incorporation.**

It is expected that the execution of the Deed of Incorporation, and thus the Fund's Date of Incorporation, will be 29 July 2016.

The Deed of Incorporation may be amended on the terms set out in Article 24 of Law 5/2015, that is, if the Management Company has the consent of all Noteholders and the Other Creditors (excluding non-financial creditors). The previous requirement will not be necessary if the amendment is of minor importance, in the CNMV's opinion, which will have to be evidenced by the Management Company.

The Deed of Constitution can also be amended at the request of the CNMV.

##### **4.4.2 Period of activity of the Fund.**

It is expected that the Fund will do business from the Date of Incorporation until the Final Date, i.e., until 20 May 2049 or, if such date is not a Business Day, the following Business Day, without prejudice to the provisions of sections 4.4.3 and 4.4.4 below.

The Final Date will be 20 May 2049, which corresponds to the Payment Date immediately following the 42 months after the last maturity of the Assets.

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

The Management Company has the power to carry out an Early Liquidation of the Fund and thereupon an Early Redemption of the Notes at any time for the entire issue of the Notes upon the terms set forth in this section, in the following instances:

- (i) When the Outstanding Balance of the Assets excluding the amount of Defaulted Assets is less than 10% of the outstanding balance thereof on the Date of Incorporation, provided that the amount of the sale of the Assets pending repayment, together with the remaining Available Resources, allows for total repayment of all outstanding amounts to the Noteholders, and respecting the prior payments thereto, whose order of priority takes preference as established in the Liquidation Priority of Payments described in section 3.4.6 c) of the Additional Building Block;
- (ii) Where, under the reasonable opinion of the Management Company, exceptional circumstances take place, such as the existence of a change in regulations or additional legislative developments, the existence of a change in the applicable tax regulations to the Fund, the establishment of retention

obligations or any other situations that might permanently affect the Fund, the Management Company, after having informed the CNMV, will proceed to liquidate the Fund in an orderly manner.

- (iii) Mandatorily, (i) in the instance contemplated in Article 33 of Law 5/2015, which establishes the obligation to liquidate the Fund if four (4) months have elapsed since the occurrence of an event giving rise to the mandatory replacement of the Management Company due to a declaration of insolvency thereof or (ii) in the event of revocation of the authorisation thereof without a new management company having been found that is prepared to take over management of the Fund appointed pursuant to section 3.7.2 of the Additional Building Block;
- (iv) On the Payment Date preceding the Final Date of the Fund by at least six (6) months, or if such date is not a Business Day, the Business Day immediately thereafter;
- (v) In the event that the Management Company has the consent and express acceptance of all the Noteholders and all those who have existing contracts with the Fund, both in relation to payment of the amounts entailed by such Early Liquidation of the Fund and in relation to the procedure that must be followed for such payment; and
- (vi) In the event of an Banco Sabadell's Optional Redemption pursuant to section 4.9.3 of the Securities Note.

Notice of the liquidation of the Fund shall be provided to the CNMV and thereafter to the Noteholders, as well as the Rating Agencies, in the manner established in section 4 of the Additional Building Block, at least fifteen (15) Business Days in advance of the date on which the Early Redemption of the Notes is to take place.

#### **4.4.4 Cancellation of the Fund.**

In accordance with article 23 of the Law 5/2015, cancellation of the Fund shall take place:

- (i) upon full repayment of the credit rights pooled therein;
- (ii) upon full repayment of all the obligations of the Fund towards its creditors;
- (iii) as a consequence of the completion of the Early Liquidation of the Fund process established in section 4.4.5 below;
- (iv) upon reaching the Final Date; or
- (v) if the provisional ratings of the Notes are not confirmed as final prior the Subscription Date.

Upon the occurrence of any of the situations described above, the Management Company shall inform the CNMV as established in section 4 of the Additional Building Block, and shall commence the pertinent steps for cancellation of the Fund.

#### **4.4.5 Actions for the liquidation and cancellation of the Fund.**

In order for the Management Company to carry out the liquidation and cancellation of the Fund and any Early Liquidation of the Fund or Early Redemption of the Notes in those cases described in section 4.4.3 above, and specifically in order for the Fund to have sufficient funds to meet its payment obligations, the Management Company shall take any or all of the following actions:

- (i) Sell the Assets at a price that may not be less than the sum of the Outstanding Balance of the Assets plus accrued and unpaid interest on the outstanding Assets. For such purpose, the Management Company shall request an offer from at least five (5) entities among those most active in the purchase and sale of similar assets, and may not sell them at a price less than the best offer received. The Assignor will have a pre-emptive right to acquire such Assets on the terms established by the Management Company at the time of the liquidation, such that it will have priority over third parties in acquiring the Assets. In order to exercise the pre-emptive right, the Assignor shall have the term of ten (10) Business Days from the date on which the Management Company gives notice thereto of the relevant terms (price, form of payment, etc.) on which the disposal of the Assets will occur. The offer of the Assignor must at least equal the best of the offers made by third parties and be completed within 20 days of acceptance by the Management Company.

If no offer meets the value of the principal plus accrued and unpaid interest of the Assets pending redemption, the Management Company shall accept the best offer received for the Assets which, in its judgment, covers the market value thereof. The Management Company may obtain any appraisal reports it deems necessary from third-party entities in order to set the market value. In such instance, the Assignor will also enjoy the aforementioned pre-emptive right, provided that its offer at least equals the best of those made by third parties.

Under no circumstances shall this pre-emptive right entail an agreement or impose an obligation to repurchase the Assets on the part of the Assignor; and/or

- (ii) Cancel those contracts not necessary for liquidation of the Fund.

The Management Company shall immediately apply all amounts obtained from the disposal of the Assets of the Fund towards payment of the various obligations, in the form, amount and order of priority established in the Liquidation Priority of Payments described in section 3.4.6 c) of the Additional Building Block.

In any case, the Management Company, acting on behalf of the Fund, shall not cancel the Fund until it has liquidated the Assets and any other remaining Fund

assets and distributed the Fund's liquid funds, following the Liquidation Priority of Payments provided for in section 3.4.6 c) of the Additional Building Block.

Upon the passage of six (6) months from the liquidation of the Assets and any other remaining assets of the Fund and the distribution of the Available Resources, and always prior to the Final Date, the Management Company shall execute a statement before a notary public to the following effects (a) termination of the Fund as well as the grounds contemplated in this Registration Document giving rise to such termination, (b) means to notify the Noteholders and the CNMV, and (c) terms of distribution of the Available Resources from the Fund following the Liquidation Priority of Payments provided for in section 3.4.6 c) of the Additional Building Block. In addition, the Fund shall comply with any such further administrative steps as may be applicable at that time. The Management Company shall send such notarised statement to the CNMV.

Upon the occurrence of the grounds for termination set forth in section 4.4.4(v) above (if the provisional ratings for the Notes have not been confirmed as final prior the Subscription Date), the Fund as well as the issuance of the Notes and the contracts executed by the Management Company on behalf of the Fund shall be terminated, except for the Subordinated Loan for Initial Expenses Agreement, out of which the incorporation and issue expenses incurred by the Fund shall be paid. Such termination shall be immediately reported to the CNMV, and upon the expiry of one (1) month from the occurrence of the grounds for termination, the Management Company shall execute before a notary public a statement which it will send to the CNMV, Iberclear, AIAF and the Rating Agencies, declaring the termination of the Fund and the grounds thereof.

#### **4.5 Domicile and legal form of the Issuer, legislation under which it operates.**

##### **a) Domicile of the Fund.**

The Fund has no registered address as it has no legal personality. The address of the Fund for all purposes will be considered to be that of the Management Company, which is the following:

INTERMONEY TITULIZACIÓN, S.G.F.T., S.A.  
Príncipe de Vergara 131 28002 Madrid (Spain)  
Telephone: +34 91 4326488

##### **b) Legal personality of the Fund.**

According to Article 20 of Law 5/2015, the Fund will constitute a separate set of assets and liabilities, lacking legal personality, with closed-end assets and liabilities, and the Management Company shall be responsible for the incorporation, management and legal representation of the Fund.

**c) Legislation under which it operates and country of incorporation.**

The Fund shall be incorporated and the Notes issued in accordance with the laws of Spain, and specifically in accordance with the legal rules set forth in (i) Law 5/2015 and implementing provisions; (ii) Royal Decree-Law 4/2015; (iii) Royal Decree 116/1992; (iv) Royal Decree 878/2015; (v) Royal Decree 1310/2005; (vi) Order EHA/3537/2005; and (vii) other legal and regulatory provisions in force and applicable from time to time.

This Prospectus has been prepared following the forms established in Regulation 809/2004, relating to the application of Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in the prospectus, as well as the format, inclusion by reference, the publication of such prospectus and the dissemination of advertisements, as amended under Commission Delegated Regulation (EC) No 486/2012 of 30 March 2012 and Commission Delegated Regulation (EC) No 862/2012 of 4 June 2012.

**d) Tax rules applicable to the Fund.**

The tax rules applicable to the securitisation funds are contained in (i) Article 7.1.h) of Law 27/2014 of 27 November on Corporate Income Tax ("**Law 27/2014**"); (ii) Article 61 of the Corporate Income Tax Regulation, as enacted by Royal Decree 634/2015 of 10 July 8 ("**Royal Decree 634/2015**"); (iii) Article 20.One.18 of Law 37/1992 of 28 December on Value Added Tax ("**Law 37/1992**"), as amended by Law 28/2014 of 27 November; and (iv) Article 45.I.B) of the Restated Text of the Transfer Tax and Stamp Duty Act approved by Royal Legislative Decree 1/1993 of 24 September ("**Transfer Tax and Stamp Duty Law**"). In sum, these legal provisions define the following fundamental principles:

- (i) The Fund is exempt from the concept of "Capital Duty" (Article 45.I.B.20.4 of the Transfer Tax and Stamp Duty Law). The Fund is subject to the general provisions of Law 27/2014. Taxable income is calculated in accordance with the provisions of Section IV of Law 27/2014. The general rate in force for tax periods beginning from 2016 onward is 25%.
- (ii) In this regard, Rule 13 of Circular 2/2016 of 20 April of the CNMV, that repealed Circular 2/2009 of 25 March, sets forth the standards pursuant to which securitisation funds must adjust valuations due to impairment of the value of the financial assets. Article 13.1 of Law 27/2014, applicable to tax periods beginning from 1 January 2015 onward, states that the Corporate Income Tax Regulation will apply to those circumstances determining the deductibility of value adjustments made on account of losses in the value of debt securities valued at amortised cost and included in mortgage-backed securities funds and asset-backed securities funds.

- (iii) Pursuant to Article 16.6.a) of Law 27/2014, in force since January 2015, the limitation on the tax deductibility of financial expenses shall not apply to the Fund.
- (iv) The returns on Loans or other credit rights that constitute income of the Fund shall not be subject to any withholding tax according to article 61.k) of the Royal Decree 634/2015
- (v) The management services rendered by the Management Company of the Fund shall be exempt from Value Added Tax according to article 20.One.18º.n) of the Law 37/1992.
- (vi) Depending on whether the investor is a corporation for the purposes of Value Added Tax, the issuance, subscription, transfer, redemption and repayment of the Notes, will either be “not subject to” or “exempt from,” as applicable, Value Added Tax (Article 20.1.18º.k) of Law 37/1992) and Transfer Tax and Stamp Duty (Article 45.I.B.15 of the Transfer Tax and Stamp Duty Law).
- (vii) The transfer of the Assets to the Fund is a transaction subject to and exempt from Value Added Tax (Article 20.One.18º.e) of Law 37/1992) provided that the assets transferred are credits or loans;
- (viii) The issuance, transmission, reimbursement and cancelation of Mortgage Shares and Mortgage Transfer Certificates is exempt from Transfer Tax and Stamp Duty Tax according to Article 45.I.C.5º of the Transfer Tax and Stamp Duty Law.
- (ix) The Fund must comply with general reporting obligations, as well as those stipulated in Articles 42, 43 and 44 of Royal Decree 1065/2007 of 27 July approving the General Regulations on tax management and inspection procedures, and on the development of common rules for taxation procedures.

#### **4.6 Description of the amount of the Fund’s authorised and issued capital.**

Not applicable.

### **5. DESCRIPTION OF THE COMPANY: FONDO DE TITULIZACIÓN.**

#### **5.1 Brief description of the Issuer’s principal activities.**

The Issuer is a securitisation fund and, as such, its main activity consists of ( i) acquiring from BANCO DE SABADELL the credit rights derived from Loans granted to small and medium sized non-financial businesses or self-employed individuals (The “SME Loans”) and (ii) the issuance of Notes.

The earnings from interest and repayments of the Loans received by the Fund are allocated quarterly, on each Payment Date, to the payment of interest and repayment of the



principal of the Notes in accordance with the Priority of Payments set forth in section 3.4.6 b) of the Additional Building Block.

In addition, the Fund, represented by the Management Company, will agree to a number of financial transactions and the provision of services in order to strengthen the financial structure of the Fund, to increase the security and regularity of the payment of the Notes, to cover the temporary mismatches in the schedule for flows of principal and interest on the Assets and on the Notes or, in general, enable the financial transformation which takes place in the Fund between the financial characteristics of the Loans and the financial characteristics of the Notes.

## **5.2 General description of the parties to the securitisation.**

- a) **INTERMONEY TITULIZACIÓN, S.G.F.T., S.A.** participates as Management Company of the Fund, as coordinating entity of the Rating Agencies and of the relationship with the supervisory authorities and market operators, and financial advisor in respect of the structure of the transaction.

INTERMONEY TITULIZACIÓN, S.G.F.T., S.A. is a Securitisation Funds management Company with a registered office at Calle Príncipe de Vergara 131, 28002 Madrid (Spain) and Tax Identification Code no. A83774885 a brief description of this company and of its duties is provided in section 6 of the Registration Document and section 3.7.2 of the Additional Building Block.

It is registered in the Commercial Register of Madrid, at Volume 19277, book 0, sheet 127, section 8, Page M-337707, Entry 1, on 21 October 2003. It is also registered at the Special Registry of the CNMV with number 10.

- b) **BANCO DE SABADELL, S.A.** participates as the Assignor of the Loans, issuer of the MSs and the MTCs, subscriber of the Notes, Paying Agent, counterparty to the Financial Agency Agreement (Treasury Account), depository of the Multiple Titles and counterparty of the Fund in Subordinated Loan for Initial Expenses Agreement and in Subordinated Loan for the Reserve Fund Agreement. Additionally the Management Company has contracted BANCO DE SABADELL (the "**Servicer** ") the administration and management of the Fund's Assets as described in section 3.7.1. of the Additional Building Block.

BANCO DE SABADELL, S.A. is a Spanish financial credit institution with an address at Plaza San Roc 20, Sabadell (Barcelona), and there is a brief description of this institution in section 3.5 of the Additional Building Block.

BANCO DE SABADELL, S.A. is registered in the Commercial Register of Barcelona at Volume 20.093, Sheet 1, Page B-1561, Entry 580 and registered in the Registry of Financial Credit Institutions of the Bank of Spain with number 0081.

The ratings of the unsubordinated and unsecured short- and long-term debt of BANCO DE SABADELL, S.A., as assigned by the rating agencies, are the following:

RATINGS			
	MOODY'S	S&P	DBRS
Long Term	Ba1	BB+	BBB (high)
Short Term	NP	B	R-1 (low)
Outlook	Estable	Estable	Estable
Confirmed	08/04/2016	27/01/2016	29/09/2015

- c) **DBRS RATINGS LIMITED** (“**DBRS**”) participates as a credit rating agency rating the Notes.

DBRS is a credit rating agency with a registered office at 20 Fenchurch Street 31st Floor, London EC3M 3BY, United Kingdom.

- d) **MOODY'S INVESTORS SERVICE ESPAÑA, S.A** (“**Moody's**”) participates as a credit rating agency rating the Notes.

Moody's is a credit rating agency with a registered office at Príncipe de Vergara 131, 28002 Madrid, Spain and with Tax Identification Number ES A80448475.

- e) **SCOPE RATINGS AG** (**SCOPE**) participates as a credit rating agency rating the Notes.

Scope is a credit rating agency with a registered office at Lennéstrasse 5, D-10785, Berlin (Germany).

The above rating agencies were registered and authorised by the European Securities & Markets Authority (“**ESMA**”) on 31 October 2011 as credit rating agencies in the European Union pursuant to the terms of European Community Regulation no 1060/2009 of the European Parliament and of the Council of 16 September 2009, regarding Credit Rating Agencies.

- f) **CMS ALBIÑANA & SUAREZ DE LEZO, S.L.P.** (“**CMS**”) participates as legal adviser in respect of the transaction structure and has revised the tax system of the Fund established in section 4.5.d) of the Registration Document.

CMS is a limited liability company incorporated in Spain, with Tax Identification Code: B-87100211, and with business address at: Paseo de Recoletos, 7-9, 28004 Madrid; it is registered in the Commercial Register of Madrid in Volume 16121, Sheet 80, 8th Section, Page M-273039.

- g) **ERNST & YOUNG, S.L.** has been appointed as Auditor of the Fund. It also acts as the accounts auditor of the Management Company. Likewise, it will issue an audit report

on the Preliminary Portfolio (“**Audit Report on the Preliminary Portfolio**”) from which the Loans to be assigned to the Fund will be extracted. I

Ernst & Young, S.L. is an audit firm with a registered office in Madrid, at Torre Picasso, Plaza Pablo Ruiz Picasso, s/n, holder of Tax Identification Code Number A-78970506, and registered with the Official Registry of Certified Public Accountants (*Registro Oficial de Auditores de Cuentas; R.O.A.C.*) under number S0530 and registered with the Commercial Register of Madrid, in Volume 19.073, Sheet 156, Section 8, Page 23.123.

There is no knowledge of any direct or indirect ownership relationship or control relationship as concerns the legal persons participating in the securitisation.

## **6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF THE MANAGEMENT COMPANY**

### **6.1 Corporate bodies of the Management Company.**

In accordance with articles 25 and 26 of the Law 5/2015, securitisation funds are not separate legal entities, and securitisation fund management companies are entrusted with the incorporation, management and legal representation of these funds, as well the representation and defence of the interests of the holders of the securities issued on the basis of the funds they administer and of the other unsecured creditors thereof.

By virtue of the foregoing, this section presents information regarding INTERMONEY TITULIZACIÓN, S.G.F.T., S.A. in its capacity as Management Company creating, administering and representing IM SABADELL PYME 10, FONDO DE TITULIZACIÓN.

#### **a) Name and registered office.**

- Registered name: INTERMONEY TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A.
- Registered office: Príncipe de Vergara 131, 28002 Madrid.
- Tax Identification Code: A83774885

### **6.2 Incorporation and registration with the Commercial Register.**

InterMoney Titulización, S.G.F.T., S.A. was incorporated through a public deed executed on 16<sup>th</sup> October 2003, before the Notary of Madrid Mr. Antonio Huerta Trolez, and recorded in his notarial book of records under number 2572, with the prior authorisation of the Ministry of Economy and Treasury on 6 October 2003. It is registered in the Commercial Register of Madrid at Volume 19277, Book 0, Sheet 127, Section 8, Page M-337707, Entry 1, on 21 October 2003. It is also registered in the Special Registry of the CNMV with number 10.

The duration of the Management Company is indefinite, in the absence of grounds for the dissolution thereof under law or the Bylaws.

### **6.3 Annual Report**

The annual accounts of INTERMONEY TITULIZACIÓN for the years ended 31 December 2013, 31 DEcember 2014 and 31 December 2015 have been audited by PriceWaterhouse Coopers SL, with address in Madrid, inscribed in the ROAC (Official Register of Auditors) with the number S0242.

The annual reports for the years 2013, 2014 and 2015 do not present exceptions.

### **6.4 Corporate purpose**

As required by article 25 of the Law 5/2015, Article 2 of the Management Company's Bylaws states that: "the company shall have as its exclusive purpose the organisation, management and legal representation of Asset Securitisation Funds, Mortgage Securitisation Funds and Banking Assets Funds (FAB)". As a manager of third party businesses, it is responsible for the representation and defence of the interests of the holders of the securities issued based on the Funds it administers and the other unsecured creditor.

### **6.5 Description of the Management Company's principal activities.**

The total assets managed by the Management Company as of 28 July 2016 are as follows:

SECURITIZATION FUND	Date of Incorporation	Initial Balance of the Bonds (euros)	Balance of the bonds at 31/12/2015 (euros)
<b>Hipotecaria (FTH)</b>		<b>2.000.000.000,00</b>	<b>444.888.503,10</b>
IM Pastor 3, FTH	09/06/2005	1.000.000.000,00	269.583.012,70
IM Pastor 2, FTH	23/06/2004	1.000.000.000,00	175.305.490,40
<b>Activos (FTA and FT)</b>		<b>98.278.133.206,87</b>	<b>22.203.971.695,63</b>
IM BCC Cajamar PYME 1, FT	22/07/2016	1.000.000.000,00	—
IM Marlan 1, FT	13/04/2016	47.900.000,00	—
IM BCC Cajamar 1, FT	14/01/2016	750.000.000,00	0,00
IM GBP MBS 3, FT	04/12/2015	900.000.000,00	900.000.000,00
IM FORTIA 1, FT	24/07/2015	400.000.000,00	50.000.000,00
IM EVO RMBS 1, FT	17/07/2015	500.000.000,00	500.000.000,00
IM Lico División, FTA	29/05/2015	58.800.000,00	44.206.097,48
IM GBP Empresas VI, FTA	25/03/2015	3.000.000.000,00	2.273.409.174,00
IM GEDESCO TRADE FINANCE, FTA	04/02/2015	50.000.000,00	50.000.000,00
IM AURIGA PYMES EUR 1, FTA	26/09/2014	2.000.000,00	47.000.000,00
ALPHA 3-IM, FTA	10/01/2014	7.155.754,37	0,00
ALPHA 2-IM, FTA	10/01/2014	40.122.044,75	0,00
ALPHA 1-IM, FTA	10/01/2014	76.742.810,52	0,00
FAB 2013 TEIDE, FAB	20/12/2013	86.000.000,00	86.000.000,00
IM Cajamar Empresas 6, FTA	19/12/2013	95.400.000,00	0,00
FAB 2013 BULL, FAB	13/12/2013	50.363.516,00	40.481.453,57
IM BCG RMBS 2, FTA	22/11/2013	1.183.000.000,00	1.040.598.386,10
IM Cajamar Empresas 5, FTA	27/03/2013	675.000.000,00	316.929.573,50
IM Grupo Banco Popular Empresas V, FTA	27/02/2013	2.650.000.000,00	527.673.167,50
Tiber Spain, FTA	16/02/2013	428.114.081,23	602.378,20
IM CFS RMBS 1, FTA	14/12/2012	283.500.000,00	0,00
IM Cti Tarjetas 1, FTA	23/11/2012	1.000.000.000,00	1.000.000.000,00
IM Cajamar Empresas 4, FTA	21/02/2012	1.144.500.000,00	395.492.785,80
IM BES Empresas 1, FTA	16/11/2011	485.000.000,00	0,00
IM Banco Popular FTPYME 3, FTA	28/10/2011	1.300.000.000,00	0,00
IM FTPYME Sabadell 9, FTA	27/10/2011	1.500.000.000,00	0,00
IM UNNIM RMBS 1, FTA	29/07/2011	820.000.000,00	0,00
IM Grupo Banco Popular Leasing 2, FTA	17/06/2011	1.500.000.000,00	0,00
IM Caja Laboral Empresas 1, FTA	18/05/2011	294.500.000,00	33.403.662,50
Cédulas Grupo Banco Popular 5, FTA	27/04/2011	2.350.000.000,00	0,00
IM Grupo Banco Popular Empresas 4, FTA	31/03/2011	2.500.000.000,00	0,00
IM Cédulas 15, FTA	17/12/2010	1.600.000.000,00	0,00
IM Cajastur MBS 1, FTA	22/11/2010	615.000.000,00	425.324.652,00
IM Cédulas 14, FTA	24/03/2010	1.200.000.000,00	0,00
IM Banco Popular MBS 2, FTA	10/03/2010	685.000.000,00	458.219.496,80
IM BCG RMBS 1, FTA	30/10/2009	400.000.000,00	0,00
IM Sabadell Empresas 5, FTA	17/07/2009	900.000.000,00	0,00
IM Grupo Banco Popular Empresas 3, FTA	30/06/2009	2.250.000.000,00	0,00
IM Bankoa MBS 1, FTA	25/06/2009	530.000.000,00	0,00
IM Empresas Pastor 7, FTA	24/04/2009	520.000.000,00	0,00
IM Cajamar Empresas 3, FTA	28/01/2009	870.000.000,00	0,00
IM Sabadell Empresas 3, FTA	19/12/2008	1.740.000.000,00	0,00
IM Sabadell RMBS 3, FTA	05/12/2008	1.440.000.000,00	671.112.478,08
IM FTGENCAT Sabadell 4, FTA	14/11/2008	500.000.000,00	0,00
IM Banco Popular MBS 1, FTA	12/11/2008	6.000.000.000,00	0,00
IM Cajamar Empresas 2 FTPYME, FTA	08/10/2008	400.000.000,00	0,00
IM Banco Popular FTPYME 2, FTA	26/09/2008	1.000.000.000,00	0,00
IM FTPYME Sabadell 7, FTA	22/09/2008	1.000.000.000,00	0,00
Cédulas Grupo Banco Popular 4, FTA	20/06/2008	1.000.000.000,00	0,00
IM Sabadell RMBS 2, FTA	18/06/2008	1.400.000.000,00	607.223.410,50
IM grupo banco popular Finanzaciones 1, FTA	03/06/2008	1.100.000.000,00	0,00
IM Caja Laboral 2, FTA	23/05/2008	600.000.000,00	405.828.786,36
IM Caixa Girona Empresas 1, FTA	23/04/2008	350.000.000,00	0,00
IM Terrassa RMBS 1, FTA	22/04/2008	500.000.000,00	0,00
IM Grupo Banco Popular Leasing 1, FTA	15/02/2008	1.680.000.000,00	0,00
IM Cajamar 6, FTA	06/02/2008	2.000.000.000,00	1.030.210.786,38
IM Grupo Banco Popular Empresas 2, FTA	29/11/2007	2.500.000.000,00	0,00
IM FTGENCAT Sabadell 3, FTA	28/11/2007	350.000.000,00	0,00
IM Cédulas 12, FTA	16/11/2007	1.050.000.000,00	0,00
IM Cajamar Empresas 1, FTA	14/11/2007	1.080.000.000,00	0,00
IM Sabadell Empresas 1, FTA	24/10/2007	1.000.000.000,00	0,00
IM Goya Hipotecario 1, FTA	17/10/2007	1.900.000.000,00	0,00
IM Cajamar 5, FTA	12/09/2007	1.015.000.000,00	453.201.636,80
IM Préstamos Fondos Cédulas, FTA	25/07/2007	351.900.000,00	70.483.878,96
IM Grupo Banco Popular FTPYME II, FTA	02/07/2007	2.039.000.000,00	0,00
White Tower Europe 2007-1, FTA	22/05/2007	107.835.000,00	0,00
Cédulas Grupo Banco Popular 3, FTA	23/04/2007	2.000.000.000,00	2.000.000.000,00
IM Cédulas 10, FTA	16/02/2007	1.300.000.000,00	1.300.000.000,00
IM Caja Laboral 1, FTA	04/12/2006	910.800.000,00	334.813.816,40
IM Grupo Banco Popular FTPYME I, FTA	29/11/2006	2.030.000.000,00	180.060.885,88
IM Grupo Banco Popular Empresas 1, FTA	18/09/2006	1.832.400.000,00	105.679.802,88
IM Cajamar 4, FTA	13/09/2006	1.012.000.000,00	417.496.189,40
IM Terrassa MBS 1, FTA	19/06/2006	525.000.000,00	121.492.694,02
IM FTGENCAT Sabadell 2, FTA	29/06/2006	500.000.000,00	71.250.503,37
IM Cédulas 9, FTA	06/06/2006	1.275.000.000,00	1.275.000.000,00
IM Pastor 4, FTA	05/06/2006	920.000.000,00	325.503.480,20
Cédulas Grupo Banco Popular 2, FTA	07/04/2006	3.000.000.000,00	0,00
IM Cédulas 7, FTA	28/03/2006	1.250.000.000,00	1.250.000.000,00
IM Cajamar 3, FTA	08/03/2006	1.215.600.000,00	404.934.631,50
INTERMONEY MASTER CÉDULAS, FTA / IM Cédulas M1	29/11/2005	1.655.000.000,00	1.655.000.000,00
IM Terrassa 1 FTGENCAT, FTA	28/11/2005	320.000.000,00	0,00
IM Ceres 2 Cajamar, FTA	25/11/2005	400.000.000,00	0,00
IM Cédulas 5, FTA	10/06/2005	1.250.000.000,00	1.250.000.000,00
IM Cédulas 4, FTA	08/03/2005	2.075.000.000,00	0,00
IM Banco Popular FTPYME 1, FTA	22/12/2004	2.000.000.000,00	0,00
IM FTPYME Sabadell 3, FTA	18/11/2004	600.000.000,00	0,00
IM Cédulas 3, FTA	16/11/2004	1.060.000.000,00	0,00
IM Cajamar 1, FTA	23/07/2004	370.000.000,00	85.337.887,45
IM Cédulas 2, FTA	07/06/2004	1.475.000.000,00	0,00
IM Ceres 1 Cajamar, FTA	04/06/2004	450.500.000,00	0,00
IM Cédulas 1 Grupo Banco Popular, FTA	05/02/2004	2.000.000.000,00	0,00
<b>TOTAL</b>		<b>100.278.133.206,87</b>	<b>22.648.860.198,73</b>

## 6.6 Share capital.

### (i) Nominal amount subscribed and paid-up:

The share capital of the Management Company is one million euros (€1,000,000), represented by one hundred thousand (100,000) registered shares having a par value of ten euros (€10) each one of them, which are correlatively numbered from one (1) to one hundred thousand (100,000), both inclusive, and all of them are subscribed and fully paid-up.

### (ii) Series of shares:

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

In accordance with the Sixth Transitory Provision of Law 5/2015, the Management Company shall comply with the new requirements of Article 29.1.d) of Law 5/2015, within a maximum period of eighteen (18) months from the entry into force of such law (i.e, from 28 April 2015).

Equity of the Management Company:

<b>EQUITY</b>	<b>31/12/2013</b>	<b>31/12/2014</b>	<b>31/12/2015</b>
Share Capital	1.000,00	1.000,00	1.000,00
Legal Reserve	200,00	200,00	200,00
Voluntary Reserve	1.112,00	1.176,00	1.274,00
Reserves adapted to NPGC (New General Plan for Accounting, in the Spanish original)	0	0	0
Undistributed Results	364,00	98,00	169,39
<b>TOTAL</b>	<b>2.675,79</b>	<b>2.474,00</b>	<b>2.642,97</b>

Data in thousands of Euros.

Source: Audited annual reports.

## 6.7 Shareholding in other companies

There are no shareholdings of the Management Company in any other companies.

## 6.8 Administrative, management and supervisory bodies.

The Management Company is an entity registered with and supervised by CNMV. The governance and management of the Management Company are entrusted by the Bylaws to the shareholders acting at a General Shareholders' Meeting and to the Board of Directors. Their powers of such bodies are those corresponding thereto under the provisions of the

Companies Act (*Ley de Sociedades de Capital*) and Law 5/2015, as regards the corporate purpose.

### **Board of Directors**

The Board of Directors is made up of the following persons:

Mr. José Antonio Trujillo del Valle (Chairman and CEO)

Mr. Rafael Bunzl Csonka

Mrs. Beatriz Senís Gilmartín

Mr. Iñigo Trincado Boville

Mr. Javier de la Parte Rodríguez

Mrs. Miriam Blanco Caso. Non-Director Secretary

### **CEO and Managing Director**

Mr. José Antonio Trujillo del Valle

**Main activities of the persons referred to in paragraph 6.6 above which are performed outside of the Management Company if such activities are significant in relation to the Fund**

<b>NAME</b>	<b>Positions in other companies</b>
Iñigo Trincado Boville	Chief Executive of <i>Corretaje e Información Monetaria y de Divisas, S.A</i>
Rafael Bunzl Csonka	CEO of <i>Corretaje e Información Monetaria y de Divisas, S.A</i>
Javier de la Parte Rodríguez	Advisor and CEO of <i>Intermoney Valores, S.V., S.A.</i> Chairman of the Board of Wind to Market, S.A. Advisor at <i>Intermoney Energía, S.A.</i> Advisor at <i>Intermoney Valora Consulting, S.A.</i>
Beatriz Senís Gilmartín	Director of the Control Department at <i>Corretaje e Información Monetaria y de Divisas, S.A</i>

The professional address of all the members of the Board of Directors is Príncipe de Vergara 131, 3rd Floor, Madrid.

### **6.9 Entities from which the Management Company has borrowed more than 10%.**

The Management Company has not received any loan or credit facility from any person or entity.

### **6.10 Significant litigation or disputes.**

On the date of verification of this Prospectus, the Management Company is not involved in any situation of insolvency and there is no significant litigation or dispute that may affect its financial-economic situation or hereafter affect its ability to carry out the duties of management and administration of the Fund as established in this Prospectus.

## **7. MAJOR SHAREHOLDERS OF THE MANAGEMENT COMPANY**

**a) The ownership of the shares of the Management Company is distributed as follows:**

<b>SHAREHOLDERS</b>	<b>% Share capital</b>	<b>No. shares</b>
<i>Corretaje e Información Monetaria y de Divisas, S.A.</i>	70%	70,000
Directors and Employees of the Company	30%	30,000

**b) Description of the nature of such control and measures in place to ensure that such control is not abused.**

For the purposes of Article 5 of Royal Decree-Law 4/2015, INTERMONEY TITULIZACIÓN, S.G.F.T., S.A. is part of the group “Corretaje e Información Monetaria y de Divisas, S.A.”.

In accordance with article 29.1.j) of the Law 5/2015, the Management Company adheres to the Internal Code of Conduct of Corretaje e Información Monetaria y de Divisas, S.A that affects that was presented to the CNMV on 2 February 2006 and updated in May 2010.

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

**8.1 Declaration regarding the initiation of trading and financial statements of the Issuer prior to the date of the Registration Document.**

The Management Company declares that on the date of verification of this Registration Document, the Fund was not yet incorporated and, therefore, had not commenced operations, nor had any financial statements been made regarding such operations.

**8.2 Historical Financial Information.**

Not applicable.

**8.2.bis This paragraph may be used only for issues of asset-backed securities having a denomination per unit of at least €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 AND STATEMENT BY EXPERTS AND STATEMENTS OF ANY INTEREST**

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

Not applicable.

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

Not applicable.

**10. DOCUMENTS ON DISPLAY**

The following documents (or copies thereof) will be available to the public during the effective period of this Registration Document:

- a) The Deed of Incorporation of the Fund.
- b) The certification of the resolutions adopted by the Board of Directors of the Management Company, at its meeting held on 31 May 2016, by virtue of which it was agreed, among other things: the incorporation of the Fund, the acquisition by the Fund of the Assets assigned by BANCO DE SABADELL, the issue of the Notes against the Fund and the appointment of the Auditors of the Fund.
- c) This Prospectus.
- d) Audit Report on the Preliminary Portfolio, from which the Assets to be assigned to the Fund will be extracted, prepared by the Auditors.
- e) Annual Financial Statements and auditors' report of the Management Company.
- f) Letters disclosing provisional ratings and letters disclosing final ratings by DBRS, Moody's and Scope.
- g) The current Bylaws and deed of incorporation of the Management Company.
- h) The contracts to be signed by the Management Company in the name and on behalf of the Fund, inter alia, the Direction and Subscription Agreement, the Financial Agency Agreement, the Subordinated Loan for Initial Expenses Agreement and the Subordinated Loan for the Reserve Fund Agreement.

A copy of all of the above documents may be inspected at the registered office of the Management Company.

In addition, a copy of all documents mentioned above other than those set forth in f),g) and h) may be inspected at the CNMV at Calle Edison 4, Madrid, and at Paseo de Gracia 19, 4ª planta, Barcelona.

A copy of the Prospectus will be available to the public on the websites of the CNMV ([www.cnmv.es](http://www.cnmv.es)) and AIAF ([www.aiaf.es](http://www.aiaf.es)). Additionally, the annual and quarterly information required under Article 35 of Law 5/2015 will be available on the website of the CNMV.

The Deed of Incorporation will be available to the public within Iberclear.

Furthermore, this Prospectus, the Deed of Incorporation and the annual and quarterly reports referred to above may be consulted on the website of the Management Company ([www.imtitulizacion.com](http://www.imtitulizacion.com)).

## **SECURITIES NOTE (ANNEX XIII OF THE CE 809/2004 REGULATIONS)**

### **1. PERSONS RESPONSIBLE**

#### **1.1 Persons responsible for the information appearing in the Securities Note and in the Additional Building Block.**

Mr. José Antonio Trujillo del Valle, acting in the name and on behalf of INTERMONEY TITULIZACIÓN, S.G.F.T., S.A., (Príncipe de Vergara 131, 3rd Floor, Madrid), sponsoring entity of IM SABADELL PYME 10, FONDO DE TITULIZACIÓN assumes responsibility for the information contained in this Securities Note and in the Additional Building Block.

José Antonio Trujillo del Valle acts as CEO of INTERMONEY TITULIZACIÓN, S.G.F.T., S.A., by virtue of his appointment agreed in the Board Meeting of 16 October 2003, and the powers granted to him by the Board of Directors at its the meeting held on 31 May 2016.

#### **1.2 Declaration by those responsible for the Securities Note and the Additional Building Block.**

Mr. José Antonio Trujillo del Valle, having taken all reasonable care to ensure that such is the case, declares that the information contained in the Securities Note and the Additional Building Block is, to the best of his knowledge, in accordance with the facts and contains no omission that could affect its content.

### **2. RISK FACTORS**

The specific risk factors regarding the Assets backing the issue and regarding the securities are those described respectively in sections 2 and 3 of the document incorporated at the beginning of this Prospectus under the heading "RISK FACTORS".

### **3. ESSENTIAL INFORMATION**

#### **3.1 Interest of natural and legal persons involved in the issue**

The identity of the legal persons participating in the offer and the direct or indirect participation held by them are described in section 5.2 of the Registration Document. The interest of such persons as participants in the offer of the issue of Notes is as follows:

- a) **INTERMONEY TITULIZACIÓN, S.G.F.T., S.A.** participates as the Management Company of the Fund, as coordinating entity of the Rating Agencies and of the relationship with the supervisory authorities and market operators, as financial advisor on the structure of the transaction.
- b) **BANCO DE SABADELL, S.A.** participates as the Assignor of the SME Loans, issuer of the MSs and the MTCs, subscriber of the Notes, collection agent, counterparty to the Financial Agency

Agreement (Treasury Account), depository of the Multiple Titles and counterparty of the Fund in the Subordinated Loan for Initial Expenses Agreement and in the Subordinated Loan for the Reserve Fund Agreement. Additionally the Management Company has contracted BANCO DE SABADELL (the "Servicer ") the administration and management of the Fund's Assets as described in section 3.7.1. of the Additional Building Block.

- c) **DBRS, Moody's and Scope** participate as the Credit Rating Agencies for the Notes.
- d) **CMS ALBIÑANA & SUAREZ DE LEZO, S.L.P.** participates as the legal advisor on the structure of the transaction and has reviewed the tax rules applicable to the Fund as described in section 4.5.d) of the Registration Document.
- e) **ERNST & YOUNG** has been appointed as the Auditor of the Preliminary Portfolio, auditor of the Fund and accounts auditor of the Management Company.

### **3.2 Description of any interest, including conflicts that may be important to the issue and details of the individuals involved and nature of such interest.**

The Management Company is not aware of the existence of any other significant economic entitlement or interest of the aforementioned entities that participate in the issue.

## **4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING**

### **4.1 Total amount of the securities.**

#### **a) Total issue amount**

The total of the Notes issued amounts to ONE THOUSAND SEVEN HUNDRED AND FIFTY MILLION EUROS (€1,750,000,000), represented by SEVENTEEN THOUSAND FIVE HUNDRED (17,500) Notes each with a face value of ONE HUNDRED THOUSAND EUROS (€100,000), distributed in TWO (2) classes of Notes (Class A and Class B):

- Class A: 14,481 Notes, with a principal value each of 100,000 Euros each.
- Class B: 3,019 Notes, with a principal value each of 100,000 Euros each.

The National Agency of Codification has assigned the following ISIN codes to the Notes:

- Class A: ISIN ES0305154009
- Class B: ISIN ES0305154017

#### **b) Subscription of the Notes**

BANCO DE SABADELL will subscribe 100% of the Bonds and will not perceive any fee as Subscriber. The price of subscription of the Bonds is 100%.

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

The Notes will have the legal nature of negotiable fixed-income securities with an explicit yield, and are subject to the rules established in Royal Decree-Law 4/2015 and the Regulations in

implementation thereof, and are issued pursuant to Law 5/2015. The Notes are redeemable through early redemption or at final maturity.

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

The Notes are issued in accordance with the laws of Spain and, in particular, according to legal rules set forth in (i) Law 5/2015 and implementing provisions; (ii) the Restated Text of the Securities Market Act approved by Royal Decree-Law 4/2015; (iii) Royal Decree 1310/2005 (iv) Royal Decree 878/2015 and Royal Decree 116/1992; (v) Order 3537/2005 of the Ministry of the Economy and Finance of 10 November 2005, which implemented Article 27.4 of the Securities Market Act; and (vi) any such other legal and regulatory provisions as may be in force and applicable from time to time.

In accordance with the Seventh Final Provision of Royal Decree 878/2015, this Royal Decree entered into force on 3 February 2016, thus replacing Royal Decree 116/1992.

However, the Second Additional Provision of Royal Decree 878/2015 provides that the amendments introduced by Royal Decree 878/2015 will not be applicable to fixed-income securities admitted to trading in regulated markets (*mercados secundarios oficiales*) (like the Notes), until such date and within the terms to be determined by the Ministry of Economy and Competitiveness (such date is expected to be around September 2017).

Until such date and for such fixed-income securities, Royal Decree 116/1992 will remain in force, with the exception of Section 1 of Chapter II of Title I (Articles 29 to 35 of Royal Decree 116/1992, both inclusive), which will be repealed and replaced by Section 1 of Chapter II of Title I of Royal Decree 878/2015 (Articles 30 to 38, both inclusive).

In addition, the exercise of rights and obligations linked to such fixed-income securities will be governed by Article 44 of Royal Decree 878/2015.

This Securities Note has been prepared following the forms established in Annex XIII of Regulation 809/2004.

Any issue, discrepancy or dispute relating to the Fund or the Notes issued with the backing of the Fund and arising during the operation or liquidation thereof, whether among the Noteholders or between the Noteholders and the Management Company, will be submitted to the Courts of Madrid, with the parties expressly waiving any other forum to which they may be entitled.

#### **4.4 Representation of the securities.**

The Notes will be represented by book entries in accordance with the provisions of Law 5/2015, will be created as such by virtue of their corresponding book entry, and will be made out to the bearer. The Deed of Incorporation will give rise to the effects provided for in Article 7 of Royal Decree-Law 4/2015.

In accordance with the provisions of Article 6 of Royal Decree 116/1992, the denomination, number of units, nominal value and other characteristics and conditions of the Note Issue represented in book-entry form are those included in the Deed of Incorporation and this Prospectus.

Please note that, Royal Decree 116/1992 has been superseded by Royal Decree 878/2015 that entered into force on 3 February 2016 pursuant its Seventh Final Provision.

In addition, the exercise of rights and obligations linked to such fixed-income securities will be governed by Article 44 of Royal Decree 878/2015.

The Noteholders will be identified as such (for their own account or that of third parties) as recorded in the book-entry register maintained by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear), with registered office in Madrid, at Plaza del la Lealtad 1, 28014, which has been appointed as the entity in charge of the book-entry registry of the Notes. Thus, clearance and settlement of the Notes will be made in accordance with the rules of operation that are or may hereafter be established by Iberclear regarding securities admitted to trading in the AIAF Fixed-Income Market and represented by the book entries.

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

The Notes will be denominated in EUROS.

#### **4.6 Ranking of the securities according to Subordination.**

##### **4.6.1 Summary of the priority of the payment of interest on the Notes in the priority of payments of the Fund**

The payment of interest accrued by the Class A Notes occupies the (2nd) (second) place in the application of Available Resources in the Priority of Payments set forth in section 3.4.6.b) of the Additional Building Block and the (3rd) (third) place in the application of the Available Resources for Liquidation in the Liquidation Priority of Payments established in section 3.4.6.c) of the Additional Building Block.

The payment of interest due by the Class B Notes occupies the (5th) (fifth) place in the application of Available Resources in the Priority of Payments set forth in section 3.4.6.b) of the Additional Building Block and the (5th) (fifth) place in the application of the Available Resources for Liquidation in the Liquidation Priority of Payments set forth in section 3.4.6.c) of the Additional Building Block.

##### **4.6.2 Summary of the priority of the payments of principal on the Notes in the priority of payments of the Fund**

The repayment of the Outstanding Principal Balance of the Class A Notes occupies the (3<sup>rd</sup>) (third) place in the application of Available Resources in the Priority of Payments set forth in section 3.4.6.b) of the Additional Building Block and the (4<sup>th</sup>) (fourth) place in the application of the Available Resources for Liquidation in the Liquidation Priority of Payments set forth in section 3.4.6.c) in the Additional Building Block.

The repayment of the Outstanding Principal Balance of the Class B Notes occupies the (6<sup>th</sup>) (sixth) place in the application of Available Resources in the Priority of Payments set forth in section 3.4.6.b) of the Additional Building Block and the (6<sup>th</sup>) (sixth) place in the application of the Available Resources for Liquidation in the Liquidation Priority of Payments set forth in section 3.4.6.c) in the Additional Building Block.

#### **4.7 Description of the rights attached to the securities and procedure for exercise of said rights.**

The Notes described in this Securities Note do not create present and/or future rights for the investor as regards the IM SABADELL PYME 10, FONDO DE TITULIZACIÓN. This is consistent with the FONDO DE TITULIZACION nature as a patrimonial entity without legal personality.

The rights of investor associated with the acquisition and holding of the Notes will be those derived from the right to receive interest payments, returns and other form of repayment are set forth in sections 4.8 and 4.9 below.

The Noteholders may not bring an action against the Management Company unless it breaches its payment obligations as described in this Prospectus or the Deed of Incorporation. Pursuant to applicable law, the Management Company is the only authorised representative of the Fund as regards third parties and in any legal proceedings (but this is without prejudice of representations rights which may be granted by the Management Company to third parties).

The obligations of the Assignor and of the other entities in any way participating in the transaction are limited to those included in the corresponding agreements related to the IM SABADELL PYME 10, FONDO DE TITULIZACIÓN, with the most significant ones being described in this Prospectus and in the Deed of Incorporation.

Any question, discrepancy or dispute concerning the Fund or the Notes issued with the backing thereof and that may arise during the operation or liquidation thereof, whether among the Noteholders or between the Noteholders and the Management Company, will be submitted to the Courts of Madrid, waiving any other forum to which the parties may be entitled.

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

The return on the Notes will be determined through a variable interest rate as provided below:

- a) The Notes will accrue nominal variable interest payable quarterly on each Payment Date, provided that the Fund has sufficient liquidity in the Treasury Account, in accordance with the Priority of Payments established in section 3.4.6 of the Additional Building Block. The interest payable to the Notes on each Payment Date will be calculated on the Outstanding Balance of the Notes on precedent Payment Date.

Withholding, contributions or taxes now or hereafter applicable to the principal, interest or returns on the Notes shall be the sole responsibility of the Noteholders, and the amount thereof will be deducted by the Management Company, on behalf of the Fund, through the Paying Agent in the manner legally provided.

- b) The term of the issue of the Notes will be divided into successive Interest Accrual Periods comprising the days elapsed between each Payment Date, including the initial Payment Date and excluding the final Payment Date in each Interest Accrual Period. However, the First Interest Accrual Period will have a duration greater than three months, equivalent to the days actually elapsed between the Disbursement Date, inclusive, and the expected First Payment Date (21 November 2016), exclusive.
- c) The nominal interest rate applicable to the Notes for each Interest Accrual Period will be determined by the Management Company, on behalf of the Fund, on the Rate Setting Date, which will be the second Business Day according to the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET) schedule prior to each Payment Date, at 11 a.m. (Madrid time) on such day, and will apply to the next Interest Accrual Period.

The nominal interest rate of the Notes for the First Interest Accrual Period will be determined as established in section d) below, based on the Reference Interest Rate at 11 a.m. (Madrid time) on the second Business Day prior to the Disbursement Date.

The Noteholders will be notified of the nominal interest rates determined for the following Interest Accrual Periods on the dates and in the manner established in section 4 of the Additional Building Block using those channels that are generally accepted in the market and which guarantee the appropriate diffusion of information in time and content and specifically through the publication in the Daily Bulletin (*Boletín Diario*) of the AIAF and the website of the Management Company ([www.imtitulizacion.com](http://www.imtitulizacion.com)).

- d) The nominal interest rate determined for each Interest Accrual Period will be the higher of: (i) zero and the sum of (ii) (a) the Reference Interest Rate, calculated as stipulated below, and (b) margin of 0.75% per annum to the Class A and margin of to 0.90% per annum to the Class B.

All of the foregoing will be rounded off to the nearest one thousandth of one point.

- e) The Reference Interest Rate will be the following:
- (i) the rate offered in the eurozone interbank market for three-month euro deposits (except for the First Interest Period) which appear on the Reuters-EuriborØ1 page or (A) such other page as may replace the Reuters-EuriborØ1 page for similar service for the purpose of displaying such information or (B) if that service ceases to display similar information, such other page or such equivalent service that displays this information (or, if more than one, the one which is used by the Paying Agent) or may replace the Reuters-EuriborØ1 page (the “**Screen Rate**”) at or about 11.00 a.m. (Madrid time) on the Rate Setting Date.

By way of exception, the Reference Interest Rate for the First Interest Accrual Period



will be from the result of the linear interpolation of the 3-month EURIBOR rate and the 6-month EURIBOR rate and quoted at approximately 11.00 a.m. on the Rate Setting Date, taking into account the number of days of the First Interest Accrual Period, according to the following formula.

$$R = E3 + \left[ \frac{E6 - E3}{d6 - d3} \right] \times (dt - d3)$$

Where:

R = Reference Interest Rate for the First Interest Accrual Period

dt = Number of days of the First Interest Accrual Period

d3 = Number of days corresponding to the three (3)-month Euribor

d6 = Number of days corresponding to the six (6)-month Euribor

E3= Three (3)-month Euribor rate

E6 = Six (6)-month Euribor rate

- (ii) if the Screen Rate is unavailable at the time for euro deposits in respect of the relevant period, then the rate for any relevant period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded upwards) of the rates notified to the Paying Agent at its request by each of the Reference Banks as the rate at which euro deposits in respect of the relevant period in a representative amount are offered by the Reference Bank to leading banks in the eurozone interbank market at or about 11.00 a.m. (Madrid time) on the Rate Setting Date.

**“Reference Banks”** means the three major banks in the eurozone inter- bank market selected by the Paying Agent from time to time and, if any such bank is unable or unwilling to continue to act, such other bank as may be appointed by the Paying Agent on behalf of the Fund to act in its place.

- (iii) if, at the relevant time, the Screen Rate is unavailable and only two of the Reference Banks provide such quoted rate to the Paying Agent, the relevant rate determined on the basis of the quoted rate of other Reference Banks able to provide such quotations; or
- (iv) if, at the relevant time, the Screen Rate is unavailable and only one or none of the Reference Banks provides the Paying Agent with such a quoted rate, the rate in effect for the immediately preceding Interest Period to which paragraph (i) refers.

On the first Rate Setting Date, in the event that the Reference Interest Rate is not published in accordance with the provisions of paragraphs (i) to (iii), the rate applied will be the rate published on the last Business Day on which such Reference Interest Rate was published.

The Management Company will keep copies of the Screen Rate printouts sent by the Paying Agent or, if appropriate, the quote statements from the banks referred to in section (ii) above, as documents accrediting the EURIBOR rate determined.

On each of the Rate Setting Dates, the Paying Agent will notify the Management Company of the Reference Interest Rate that will serve as the basis for the calculation of the nominal interest rate applicable to the Notes.

- f) The nominal interest rate will accrue on the effective days elapsed in each Interest Accrual Period for which it has been determined, and will be calculated on the basis of a year of three hundred and sixty (360) days.
- g) The interest rate accrued for the Notes will be payable quarterly, on each Payment Date, i.e., on the 20 day of February, May, August and November each year until total redemption, provided that the Fund has sufficient liquidity in the Treasury Account in accordance with the Priority of Payments established for the Notes in section 3.4.6 of the Additional Building Block.

In the event that any of the dates established in the above paragraph is not a Business Day, the payment of the interest will be made on the Business Day immediately afterwards, and the interest corresponding to the Interest Accrual Period in progress will accrue up to (but not including) the aforementioned Business Day.

- h) The first payment of interest on the Notes will take place on 21<sup>st</sup> November 2016, and interest will accrue at the corresponding nominal interest rate from the Disbursement Date (inclusive) to 21<sup>st</sup> November 2016 (exclusive).
- i) The interest payable to each Class of Notes on each Payment Date for each Interest Accrual Period will be calculated in accordance with the following formula:

$$I = N * r * \frac{n}{360}$$

Where:

I = Interest payable on a specific Payment Date.

N = Outstanding Principal Balance of the Notes at the beginning of the Interest Accrual Period .

r = Nominal interest rate expressed as an annual percentage.

n = Number of calendar days in the Interest Accrual Period.

The Noteholders will be notified of the interest through the CNMV, AIAF and Iberclear, calculated as established above, and the amount of the interest accrued and unpaid as described in section 4 of the Additional Building Block, at least one (1) calendar day in advance of each Payment Date.

- j) The payment of the accrued interest will take place on each Payment Date, provided that the Fund has sufficient liquidity in the Treasury Account in accordance with the Priority of Payments provided for in section 3.4.6 of the Additional Building Block.

In the event that on a Payment Date, the Fund is totally or partially unable to pay the interest accrued on the Notes in accordance with the Priority of Payments provided for in section 3.4.6 of the Additional Building Block, the amounts that the Noteholders do not receive will be paid on the following Payment Date on which the Fund has sufficient liquidity to do so in accordance with the aforementioned Priority of Payments.

Amounts deferred will not accrue default interest.

#### **4.8.1 Valid period during which interest may be claimed**

The interest on the Notes will be paid until the full redemption of the Notes on each Payment Date provided that the Fund has sufficient Available Resources for such purpose in accordance with the Priority of Payments included in section 3.4.6 of the Additional Building Block.

Through its Management Company, the Fund cannot defer the payment of interest on the Notes beyond the Final Date or, if the Final Date does not fall on a Business Day, the following Business Day.

The withholding, rates and taxes now or hereafter applicable to the capital, interest or returns on these Notes will be paid exclusively by the Noteholders and the amounts will be deducted by the corresponding entity as legally provided.

#### **4.8.2 Description of any episode of market distortion of underlying rate**

Not applicable.

#### **4.8.3 Rules for adjustment of underlying rates**

Not applicable.

#### **4.8.4 Calculation Agent**

This will be the Management Company.

### **4.9 Redemption of the securities.**

#### **4.9.1 Redemption price**

The redemption price of the Notes will be ONE HUNDRED THOUSAND EUROS (€100,000) per Note, equivalent to their face value, free of charges and taxes for the Noteholder, payable progressively on each principal Payment Date, as set out in the following sections.

Each and every one of the Notes will be amortised in the same amount through the reduction of the face value of each one.

#### **4.9.2 Date and forms of redemption**

The final maturity of the Notes will take place on the date on which they are fully redeemed or on the Final Date of the Fund, 20 May 2049 or on the following Business Day, without prejudice to the Management Company redeeming the issue of Notes prior to the Final Date of the Fund in accordance with section 4.4.3 of the Registration Document.

The Notes will be redeemed by reduction of their face value on the 20 day of February, May, August and November of each year (or the following Business Day) until full redemption thereof in accordance with the ordinary redemption rules set forth below, unless there are not sufficient Available Resources in the Treasury Account.

#### **4.9.3 Redemption of the Notes**

##### **Theoretical Amount, Amount Available for Amortisation**

For each Payment Date, the Theoretical Amount shall be the positive difference on the Payment Date between (a) the Outstanding Principal Balance of the Notes, and (b) the sum of the Outstanding Balance of the Non-defaulted Assets that correspond to the last day of the month prior to the month of the Payment Date.

On each Payment Date, the Amount Available for Amortisation shall be the lesser of the following amounts:

- a) The Theoretical Amount, and
- b) The Available Resources on such Payment Date as described in section 3.4.6 of the Additional Building Block, minus the amounts corresponding to the concepts mentioned in sections (1) and (2) (inclusive) on the Priority of Payments described in section 3.4.6 of the Additional Building Block. Once the Class A Notes have been fully amortised, there will be the Available Resources after the payment of interest on Class B Notes in accordance with the Priority of Payments described in 3.4.6. of the Additional Building Block.

The Amount Available for Amortisation will be applied on each Payment Date to the redemption of the Class A Notes by means of partial redemptions as from the First Payment Date until the total face value is reached, distributed pro rata among each Class A Notes by means of reducing the face value of each Class A Note, and without prejudice to the Liquidation Priority of Payments described in section 3.4.6. c) of the Additional Building Block referring to the application of Available Resources for Liquidation.

Secondly, once Class A Notes have been fully amortised, the Amount Available for Amortisation will be applied on each Payment Date to the redemption of the Class B Notes by means of partial redemptions as from the Payment Date until the total face value is reached, distributed pro rata among each Class B Notes by means of reducing the face value of each Class B Note, and without

prejudice to the Liquidation Priority of Payments described in section 3.4.6. c) of the Additional Building Block referring to the application of Available Resources for Liquidation.

#### **Early redemption of all the Notes issued**

Regardless of the obligation of the Fund, through the Management Company, to redeem the Notes on the Final Date of the Fund or make partial redemptions on each Payment Date as stated in the foregoing sections, the Management Company is authorised at any time to engage in an early liquidation of the Fund and along therewith the advanced redemption of all the Notes issued, upon the terms set forth in section 4.4.3 of the Registration Document, and to distribute the Available Resources for Liquidation in accordance with the Liquidation Priority of Payments contained in section 3.4.6 c) of the Additional Building Block.

#### **Optional redemption of all the Notes issued**

The Management Company shall carry out upon BANCO DE SABADELL request the Early Liquidation of the Fund:

- (i) When BANCO DE SABADELL requests it either on the 20th August 2020 or on any Payment Date from the 20th August 2020 onwards; or
- (ii) When the Outstanding Balance of the Assets yet to be reimbursed, excluding the Defaulted Assets, is equal or lower than twenty percent (20%) of the Outstanding Balance of the Assets on the Date of Incorporation of the Fund,

provided, in both cases above, that the payment obligations deriving from the Notes may be completely fulfilled and cancelled upon the terms set forth in section 4.4.3 of the Registration Document, and to distribute the Available Resources for Liquidation in accordance with the Liquidation Priority of Payments contained in section 3.4.6 c) of the Additional Building Block.

In any case, it will be understood that the payment obligations deriving from the Notes on the date of Early Liquidation of the Fund are the Outstanding Balance of the Notes on that date plus any interest accrued and not paid until the said date; to all intents and purposes, these amounts will be legally considered to be due and payable on that date.

#### **4.10 Indication of investor yield and calculation method**

The average life, return, duration and final maturity of the Notes depend on several factors, of which the most significant are the following:

- (i) The schedule and system of redemption of each of the Loans established in the corresponding agreements.
- (ii) The ability of the Obligors to totally or partially redeem the Loans in advance and the speed with which this redemption takes place throughout the life of the Fund. Thus, the redemption of the Loans by the Obligors, subject to ongoing changes, and estimated in this Prospectus through the use of several assumptions regarding the

behavior of the future CPR, which will directly influence the speed of the redemption of the Notes, and, therefore, the average life and duration of the Notes.

- (iii) The variable interest rates applicable to many of the Loans, which will cause the amount of the redemption in each instalment to vary.
- (iv) The default of the Obligors as regards payment of the Loan instalments.

The following charts have been prepared on the basis of the following hypothesis that remain constant during the term of the Fund and derived from the Preliminary Portfolio, as described below:

- (i) The interest rate of the Loans used to calculate the redemptions and interest on each of the selected Loans is the interest rate of each of the selected Loans on 8 July 2016 and remain constant during the term of the Fund In case of loans with a bonus interest rate it is assumed that these bonuses remain constant and do not increase.;
- (ii) The average interest rate of the portfolio on 8 July 2016 is 3.76%.
- (iii) The Loan repayment systems remains constant as the same applied on 8 July 2016;
- (iv) Asset default: Annual rate of 1% with 50% recovery a year later;
- (v) Delinquency rate: Annual rate of 6.83% with 50% recovery a year later;
- (vi) The Disbursement Date is 3 August 2016;
- (vii) The annual CPRs (0%, 5%, 8% and 12%) hold constant over the life of the Notes. Those rates are coherent with those observed by BANCO DE SABADELL from loans similar to those of the Preliminary Portfolio. BANCO DE SABADELL considers that the more realistic CPR at present is 5%;
- (viii) Reference Interest Rate of the Notes: the calculation has been carried out applying a margin of 0.75% to the Class A Notes and 0.90% to the Class B Notes, at a Reference Interest Rate equal to -0.297%, (three-month EURIBOR on 20 July 2016) as described in section 4.8 of the Securities Note). The Reference Interest Rate of the Notes is assumed constant throughout the life of the Fund.
- (ix) It is assumed that the remuneration of the Treasury Account is equal to 0%.
- (x) There is not principal deficiency, that is all the Notes are fully paid.
- (xi) The weighted average cost of the liabilities under the hypothesis is 0.86%.
- (xii) Is assumed that the Reserve Fund is fully funded and there are no withdrawals at any time.

Items (iv) and (vii) above, which are used in the tables below, come from the historical data provided by the Assignor concerning portfolios with similar characteristics to the credit rights granted by BANCO DE SABADELL to SME or self-employed individuals.

In preparing the tables included below, the grace periods for the principal of the Assets, if any, and the periodicity in the payment of the corresponding instalments have both been taken into account.

To calculate the cash flows of the Notes below, the mechanism of the Reserve Fund refers strictly to the Priority of Payments and the description of the corresponding instruments described in this Prospectus.

The average life of the Notes, IRR and Duration for different CPR, assuming the hypothesis described above, would be as follows:

IM SABADELL PYME 10, FT					
Scenario		0% TAA	5% TAA	8% TAA	12% TAA
Class A	Average Life (years)	2,39	2,01	1,84	1,65
	IRR	0,460%	0,460%	0,460%	0,460%
	Duration (years)	2,36	1,99	1,82	1,64
Class B	Average Life (years)	9,06	7,28	6,35	5,59
	IRR	0,613%	0,613%	0,613%	0,613%
	Duration (years)	8,77	7,08	6,19	5,46
Fund's Net Accumulated Default		1,21%	0,95%	0,82%	0,70%
Date of the Liquidation of the Fund		20/11/2025	20/02/2024	20/02/2023	20/05/2022

The Management Company expressly states that the charts for the debt service of the Notes described above are merely theoretical and for descriptive purposes, and do not represent any obligation to pay, taking into account that:

- The Outstanding Principal Balance of the Notes on each Payment Date and, therefore, the interest to be paid on each of them will depend on the prepayment and non-payment of and on the level of actual default on the Loans.
- It is assumed that the Management Company will exercise the option of Early Liquidation of the Fund as described in paragraph 4.4.3. (i) of the Registration Document and BANCO DE SABADELL will not exercise the Opcional Redemption at 20% as described in paragraph 4.9.3. of the Securities Note.
- As has been indicated in 4.10 above, in order to produce the tables below constant CPR of (0%, 5%, 8% and 12%) rates have been assumed for the entire life of the Fund.

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER CPR= 0% (AMOUNTS IN EUR)**

Payment Date	Class A			Class B		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
03/08/2016						
21/11/2016	9.941,19	138,42	10.079,61	0,00	184,25	184,25
20/02/2017	7.784,18	103,12	7.887,30	0,00	152,43	152,43
22/05/2017	7.661,65	94,21	7.755,86	0,00	152,43	152,43
21/08/2017	7.056,27	85,44	7.141,71	0,00	152,43	152,43
20/11/2017	6.379,20	77,36	6.456,56	0,00	152,43	152,43
20/02/2018	5.673,97	70,82	5.744,79	0,00	154,10	154,10
21/05/2018	5.340,37	62,86	5.403,23	0,00	150,75	150,75
20/08/2018	4.862,98	57,44	4.920,42	0,00	152,43	152,43
20/11/2018	4.556,14	52,44	4.608,58	0,00	154,10	154,10
20/02/2019	4.268,83	47,17	4.316,00	0,00	154,10	154,10
20/05/2019	4.096,51	40,85	4.137,36	0,00	149,08	149,08
20/08/2019	3.588,93	37,48	3.626,41	0,00	154,10	154,10
20/11/2019	3.295,39	33,33	3.328,72	0,00	154,10	154,10
20/02/2020	2.896,06	29,51	2.925,57	0,00	154,10	154,10
20/05/2020	2.669,63	25,59	2.695,22	0,00	150,75	150,75
20/08/2020	2.314,42	23,07	2.337,49	0,00	154,10	154,10
20/11/2020	2.081,20	20,39	2.101,59	0,00	154,10	154,10
22/02/2021	1.946,87	18,37	1.965,24	0,00	157,45	157,45
20/05/2021	1.882,38	14,87	1.897,25	0,00	145,73	145,73
20/08/2021	1.713,10	13,55	1.726,65	0,00	154,10	154,10
22/11/2021	1.591,44	11,82	1.603,26	0,00	157,45	157,45
21/02/2022	1.375,05	9,62	1.384,67	0,00	152,43	152,43
20/05/2022	1.297,48	7,78	1.305,26	0,00	147,40	147,40
22/08/2022	1.088,64	6,77	1.095,41	0,00	157,45	157,45
21/11/2022	1.007,53	5,31	1.012,84	0,00	152,43	152,43
20/02/2023	920,51	4,16	924,67	0,00	152,43	152,43
22/05/2023	896,16	3,10	899,26	0,00	152,43	152,43
21/08/2023	867,16	2,08	869,24	0,00	152,43	152,43
20/11/2023	820,37	1,08	821,45	0,00	152,43	152,43
20/02/2024	126,39	0,15	126,54	3.251,94	154,10	3.406,04
20/05/2024	0,00	0,00	0,00	3.811,05	145,85	3.956,90
20/08/2024	0,00	0,00	0,00	3.679,75	143,22	3.822,97
20/11/2024	0,00	0,00	0,00	3.403,98	137,55	3.541,53
20/02/2025	0,00	0,00	0,00	3.193,28	132,30	3.325,58
20/05/2025	0,00	0,00	0,00	3.050,26	123,23	3.173,49
20/08/2025	0,00	0,00	0,00	2.849,06	122,68	2.971,74
20/11/2025	0,00	0,00	0,00	76.760,68	118,29	76.878,97
<b>Total</b>	<b>100.000,00</b>	<b>1.098,16</b>	<b>101.098,16</b>	<b>100.000,00</b>	<b>5.541,16</b>	<b>105.541,16</b>



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

Payment Date	Class A			Class B		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
03/08/2016						
21/11/2016	11.834,41	138,42	11.972,83	0,00	184,25	184,25
20/02/2017	8.915,43	100,96	9.016,39	0,00	152,43	152,43
22/05/2017	8.589,10	90,75	8.679,85	0,00	152,43	152,43
21/08/2017	7.813,71	80,91	7.894,62	0,00	152,43	152,43
20/11/2017	6.994,10	71,97	7.066,07	0,00	152,43	152,43
20/02/2018	6.174,94	64,66	6.239,60	0,00	154,10	154,10
21/05/2018	5.731,98	56,26	5.788,24	0,00	150,75	150,75
20/08/2018	5.161,13	50,32	5.211,45	0,00	152,43	152,43
20/11/2018	4.771,32	44,90	4.816,22	0,00	154,10	154,10
20/02/2019	4.401,44	39,38	4.440,82	0,00	154,10	154,10
20/05/2019	4.156,19	33,16	4.189,35	0,00	149,08	149,08
20/08/2019	3.617,12	29,47	3.646,59	0,00	154,10	154,10
20/11/2019	3.291,26	25,28	3.316,54	0,00	154,10	154,10
20/02/2020	2.871,68	21,47	2.893,15	0,00	154,10	154,10
20/05/2020	2.630,38	17,75	2.648,13	0,00	150,75	150,75
20/08/2020	2.269,47	15,10	2.284,57	0,00	154,10	154,10
20/11/2020	2.039,47	12,48	2.051,95	0,00	154,10	154,10
22/02/2021	1.874,01	10,33	1.884,34	0,00	157,45	157,45
20/05/2021	1.795,98	7,51	1.803,49	0,00	145,73	145,73
20/08/2021	1.610,31	5,87	1.616,18	0,00	154,10	154,10
22/11/2021	1.492,60	4,09	1.496,69	0,00	157,45	157,45
21/02/2022	1.281,45	2,25	1.283,70	0,00	152,43	152,43
20/05/2022	682,52	0,76	683,28	2.547,09	147,40	2.694,49
22/08/2022	0,00	0,00	0,00	4.876,01	153,44	5.029,45
21/11/2022	0,00	0,00	0,00	4.553,26	141,11	4.694,37
20/02/2023	0,00	0,00	0,00	4.074,91	134,17	4.209,08
22/05/2023	0,00	0,00	0,00	3.918,94	127,96	4.046,90
21/08/2023	0,00	0,00	0,00	3.721,75	121,99	3.843,74
20/11/2023	0,00	0,00	0,00	3.472,38	116,31	3.588,69
20/02/2024	0,00	0,00	0,00	72.835,66	112,24	72.947,90
<b>Total</b>	<b>100.000,00</b>	<b>924,05</b>	<b>100.924,05</b>	<b>100.000,00</b>	<b>4.451,56</b>	<b>104.451,56</b>

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

Payment Date	Class A			Class B		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
03/08/2016						
21/11/2016	13.002,15	138,42	13.140,57	0,00	184,25	184,25
20/02/2017	9.593,78	99,62	9.693,40	0,00	152,43	152,43
22/05/2017	9.130,18	88,63	9.218,81	0,00	152,43	152,43
21/08/2017	8.241,76	78,18	8.319,94	0,00	152,43	152,43
20/11/2017	7.328,73	68,74	7.397,47	0,00	152,43	152,43
20/02/2018	6.435,67	61,01	6.496,68	0,00	154,10	154,10
21/05/2018	5.923,65	52,40	5.976,05	0,00	150,75	150,75
20/08/2018	5.294,92	46,20	5.341,12	0,00	152,43	152,43
20/11/2018	4.854,94	40,58	4.895,52	0,00	154,10	154,10
20/02/2019	4.436,65	34,95	4.471,60	0,00	154,10	154,10
20/05/2019	4.149,81	28,85	4.178,66	0,00	149,08	149,08
20/08/2019	3.593,23	25,01	3.618,24	0,00	154,10	154,10
20/11/2019	3.249,94	20,85	3.270,79	0,00	154,10	154,10
20/02/2020	2.819,97	17,09	2.837,06	0,00	154,10	154,10
20/05/2020	2.571,49	13,53	2.585,02	0,00	150,75	150,75
20/08/2020	2.208,46	10,85	2.219,31	0,00	154,10	154,10
20/11/2020	1.981,08	8,29	1.989,37	0,00	154,10	154,10
22/02/2021	1.800,45	6,13	1.806,58	0,00	157,45	157,45
20/05/2021	1.716,72	3,70	1.720,42	0,00	145,73	145,73
20/08/2021	1.524,13	1,93	1.526,06	0,00	154,10	154,10
22/11/2021	142,29	0,17	142,46	6.080,11	157,45	6.237,56
21/02/2022	0,00	0,00	0,00	5.769,10	143,16	5.912,26
20/05/2022	0,00	0,00	0,00	5.472,49	129,93	5.602,42
22/08/2022	0,00	0,00	0,00	4.561,04	130,18	4.691,22
21/11/2022	0,00	0,00	0,00	4.275,23	119,07	4.394,30
20/02/2023	0,00	0,00	0,00	73.842,03	112,55	73.954,58
<b>Total</b>	<b>100.000,00</b>	<b>845,13</b>	<b>100.845,13</b>	<b>100.000,00</b>	<b>3.879,40</b>	<b>103.879,40</b>

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER CPR= 12% (AMOUNTS IN EUR)**

Payment Date	Class A			Class B		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
03/08/2016						
21/11/2016	14.598,96	138,42	14.737,38	0,00	184,25	184,25
20/02/2017	10.497,33	97,79	10.595,12	0,00	152,43	152,43
22/05/2017	9.832,34	85,77	9.918,11	0,00	152,43	152,43
21/08/2017	8.780,27	74,51	8.854,78	0,00	152,43	152,43
20/11/2017	7.733,87	64,46	7.798,33	0,00	152,43	152,43
20/02/2018	6.736,57	56,21	6.792,78	0,00	154,10	154,10
21/05/2018	6.129,42	47,36	6.176,78	0,00	150,75	150,75
20/08/2018	5.422,51	40,87	5.463,38	0,00	152,43	152,43
20/11/2018	4.916,26	35,04	4.951,30	0,00	154,10	154,10
20/02/2019	4.435,77	29,35	4.465,12	0,00	154,10	154,10
20/05/2019	4.096,96	23,42	4.120,38	0,00	149,08	149,08
20/08/2019	3.519,53	19,47	3.539,00	0,00	154,10	154,10
20/11/2019	3.156,08	15,40	3.171,48	0,00	154,10	154,10
20/02/2020	2.715,07	11,74	2.726,81	0,00	154,10	154,10
20/05/2020	2.459,69	8,41	2.468,10	0,00	150,75	150,75
20/08/2020	2.095,98	5,75	2.101,73	0,00	154,10	154,10
20/11/2020	1.873,51	3,33	1.876,84	0,00	154,10	154,10
22/02/2021	999,88	1,18	1.001,06	3.247,99	157,45	3.405,44
20/05/2021	0,00	0,00	0,00	7.620,73	140,99	7.761,72
20/08/2021	0,00	0,00	0,00	6.669,37	137,35	6.806,72
22/11/2021	0,00	0,00	0,00	6.150,97	129,84	6.280,81
21/02/2022	0,00	0,00	0,00	5.189,42	116,32	5.305,74
20/05/2022	0,00	0,00	0,00	71.121,52	104,83	71.226,35
<b>Total</b>	<b>100.000,00</b>	<b>758,48</b>	<b>100.758,48</b>	<b>100.000,00</b>	<b>3.416,56</b>	<b>103.416,56</b>

#### **4.11 Representation of the security holders.**

The Management Company, in accordance with the provisions of Article 26 of Law 5/2015, shall act with utmost diligence and transparency in defence of the best interests of the Noteholders and financiers of the Fund. Consequently, the Management Company must subordinate its actions to safeguarding the interests of the holders of the Notes issued by the Fund.

#### **4.12 Resolutions, authorisations and approvals by virtue of which the securities are issued.**

##### **(i) Corporate resolutions**

###### ***Resolution to create the Fund, acquire the Loans, subscribe the MSs and the MTCs and issue the Notes:***

The Board of Directors of the Management Company, at its meeting held on 31 May 2016, resolved to (i) incorporate the Fund, (ii) appoint Ernst & Young as Auditors, (iii) acquire the Loans, namely the SME Loans and SME Mortgage Loans, the latter to be pooled in the Fund through the issue of MSs and MTCs and (iv) issue the Notes.

###### ***Resolution to assign the Loans:***

The *Consejo de Administración* of BANCO DE SABADELL, at its meeting held on 30 June 2016, approved the assignment to the Fund of the Loans owned by the Assignor and particularly the SME Mortgage Loans through the issue of the MSs and the MTCs.

##### **(ii) Registration by the CNMV**

This Prospectus was registered in the Official Registers of the CNMV on 28 July 2016.

##### **(iii) Certification of the Deed of Incorporation of the Fund**

Once the registration of this Prospectus has been carried out by the CNMV, the Management Company together with BANCO DE SABADELL, which acts as the assignor of the Loans and the issuer of the MSs and the MTCs, will proceed to grant the Deed of Incorporation of the Fund.

The Management Company, on behalf of the Fund, represents that the text of the Deed of Incorporation will coincide with the draft of the Deed of Incorporation delivered to the CNMV, and in no case will the terms of the Deed of Incorporation contradict, modify, alter or invalidate the rules set forth in this Prospectus.

The Management Company will forward a copy of the Deed of Incorporation to Iberclear and to the CNMV for filing with the Official Registers.

#### **4.13 Issue date.**

The issue date of the Notes will be 29 July 2016.

#### **4.13.1 Group of potential investors**

The issuance of the Notes is directed towards qualified investors (as defined in Article 39 of Royal Decree 1310/2005). However, BANCO DE SABADELL will subscribe 100% of the Notes in order to make available liquid assets that can be used as guarantee of credit operations in the Euro System. As a consequence of this, the conditions of the Notes do not constitute a price estimation for these products in the secondary market or of the valuations that could possibly take place in the Euro System in order to use them as guarantee instruments in its loan operations within the banking system.

This note regarding the value of the Notes is made in order to inform third parties, specifically investors taking bonds as guarantees, like the European Central Bank for credit operations in the Euro System.

Once the Notes are listed at the AIAF Market, if the subscriber takes the decision to sell them, any investor may purchase the bonds.

By subscribing the Notes, each Noteholder accepts the terms of the Deed of Incorporation and this Prospectus.

#### **4.13.2 Subscription Date**

The Management Company will enter into a Direction and Subscription Agreement of the Notes by virtue of which BANCO DE SABADELL will undertake to subscribe all the Notes.

The Subscription Date will be the business day prior to the Disbursement Date.

#### **4.13.3 Disbursement Date and form**

The Disbursement Date will be 3 August 2016.

The disbursement of the amounts of the Notes will be paid by BANCO DE SABADELL.

On the Disbursement Date, the Subscriber will pay to the Fund through the Paying Agent the amount of the Notes into the Treasury Account, for value that same day.

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

The Notes may be freely transferred by any means allowed by law and in accordance with the Law and AIAF standards. The ownership of each Note will be transferred by book-entry transfer. The registration of the transfer in favour of the acquirer in the book-entry register will have the same effects as the transfer of the certificates and, as from such time, the transfer may be challenged by third parties.

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

#### **5.1 Indication of the market where the securities will be listed and traded.**

In compliance with the provisions of article 18 of the Law 5/2015, on the Disbursement Date, the Management Company will immediately request the admission of this issue of Notes to trading on the AIAF. The Management Company will also, on behalf of the Fund, request the inclusion of the issue in Iberclear so that clearance and settlement may be carried out under the operating norms established or

that may be approved in the future by Iberclear with regard to the securities admitted to trading on the AIAF and represented by book entries.

The Management Company undertakes to complete the registration of the issue on the AIAF within a period of thirty (30) days from the Disbursement Date once the corresponding authorisations have been obtained.

The Management Company, in the name and on behalf of the Fund, states that it is aware of the requirements and conditions that may be requested for the listing, maintenance and de-listing of the securities with AIAF in accordance with applicable regulations as well as the requirements by the governing bodies of the latter, and the Management Company undertakes to comply therewith.

In the event of a failure to meet the deadline for admission of the Notes to trading, the Management Company undertakes to provide a notice of material event with the CNMV and make the announcement in the Daily Bulletin of the AIAF or in any other media generally accepted by the market which guarantees adequate dissemination of the information, in time and content, concerning the reasons for such breach and the new date for admission of the issued securities to trading, without prejudice to the possible liability of the Management Company if the breach is due to reasons attributable thereto.

It is not expected that there will be an agreement with any entity to provide liquidity for the Notes during the term of the issue.

## **5.2 Paying Agent.**

The Management Company, on behalf of the Fund, appoints BANCO DE SABADELL, which undertakes to be the Paying Agent in order to carry out the issue of the Notes. The obligations assumed by BANCO DE SABADELL in its condition as Paying Agent include the following:

(i) **Disbursement of issue**

The Paying Agent will pay the Fund, before 10:00 (Madrid time) on the Disbursement Date and at the value on that same day, all amounts which are paid thereto by the Noteholders in accordance with what is established in the Direction and Subscription Agreement, through a deposit in the Treasury Account of the Fund.

(ii) **Notice of EURIBOR Reference Rate**

At each of the Rate Setting Dates, the Paying Agent will notify the Management Company of the reference interest rate that will serve as a basis for the Management Company to calculate the nominal interest rate applicable to the Notes.

(iii) **Payments from the Fund**

On each of the Payment Dates of the Notes, the Paying Agent will make the payment of interest and repayment of the principal of the Notes in accordance with the instructions received from the Management Company.

The payments to be made by the Paying Agent will be made through the corresponding entities participating in Iberclear, in whose registers the Notes are recorded, in accordance with the procedures in force regarding this service.

If there are no Available Resources in the Treasury Account on a Payment Date, the Paying Agent will not be required to make any payments.

The functions of the Paying Agent and the contract conditions are established under the Financial Agency Agreement. The Financial Agency Agreement shall be fully terminated in the event that the Rating Agencies do not confirm the provisional ratings assigned to the Notes as final ratings prior the Subscription Date.

In payment for services rendered through the Financial Agency Agreement, the Fund, will pay the Paying Agent an annual periodical fee of 7,500 Euros, subject to the Fund's Priority of Payments applicable on each Payment Date, except on the first Payment Date in which the annual fee will be adjusted in relation to the number of days of the first Interest Accrual Period.

The Paying Agent may subcontract or delegate to third parties with acknowledged capacity, the functions regulated in the Financial Agency Agreement, when (i) legally possible, (ii) there is prior written consent from the Management Company on behalf of the Fund, (iii) the ratings assigned to the Notes are not downgraded, and (iv) the subcontractor or delegate has waived the right to claim any responsibility from the Fund. The Paying Agent may cancel such subcontracts or delegations under the same terms. Said subcontracting will not exonerate the Paying Agent from any responsibility derived from the actions of the subcontractor or delegated party and will remain the responsible entity vis-à-vis the Fund and Management Company.

In any event, this subcontracting or delegation will not incur in extra costs or expenses for the Fund or the Management Company. Neither one of them will assume any additional responsibility as a result of such subcontracting or delegation.

The substitution will not adversely affect the ratings assigned to the Notes by the Rating Agencies. Any subcontracting will be notified to the *CNMV* and must enjoy, if legally necessary, its previous approval.

The Management Company will be entitled to replace the Paying Agent –in all or some of its functions covered in the Financial Agency Agreement- provided (i) it is legally possible, (ii) the ratings assigned to the Notes are not downgraded and (iii), when necessary, the appropriate authorisations from the relevant authorities have been issued. The replacement will be notified to the *CNMV* and to the Rating Agencies.

#### **DBRS Criteria**

On behalf of the Fund the Management Company shall apply the provisions of the Legal Criteria for European Structured Finance Transactions document published by DBRS in February 2016. The Paying Agent must have a long-term risk rating on the DBRS scale of no less than BBB, according to the DBRS Minimum Rating Required.

In the event that the Paying Agent loses the minimum rating required herein or any of the ratings are withdrawn, the Management Company must, with prior notice to the Rating Agencies and within a maximum period of thirty (30) calendar days of the date on which this situation arises, adopt one of the options described below to allow an appropriate level of guarantee to be maintained with respect to the commitments deriving from the duties set forth in the respective agreement and to ensure that the rating awarded to the Notes by DBRS is not downgraded:

- i. obtain similar guarantees or commitments from a credit entity or entities with a DBRS Minimum Rating Required no lower than BBB for long-term debt, so as to guarantee the undertakings assumed by the Paying Agent. In such case, all expenses will be met by the Paying Agent.
- ii. replace the Paying Agent with an entity with a DBRS Minimum Rating Required of no lower than BBB for long-term debt, in order for the new entity to assume, under the same conditions, the functions of the affected Paying Agent as established in its respective agreement. In such case, all expenses will be considered Extraordinary Expenses of the Issuer.

## 6. EXPENSES OF THE ADMISSION TO LISTING AND TRADING

The following expenses are forecast:

ISSUE EXPENSES	EUROS
CNMV Registration Fees	60.000,00
AIAF	66.550,00
IBERCLEAR	1.210,00
Rating Agencies	413.820,00
Notary fees, legal advice, audit, initial commission of the Management Company and others.	408.420,00
<b>TOTAL EXPENSES</b>	<b>950.000,00</b>

## 7. ADDITIONAL INFORMATION

### 7.1 Persons and entities advising the issue.

CMS ALBIÑANA & SUAREZ DE LEZO S.L.P. participates as legal advisor with respect to the structure of the transaction and has reviewed the tax rules applicable to the Fund set forth in section 4.5.d) of the Registration Document, in its capacity as an independent third party.

### 7.2 Information in the Securities Note reviewed by auditors.

Not applicable.

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

Ernst & Young –the name, address and registration data of which are specified in section 5.2 of the Registration Document– has prepared an audit report on the main attributes of the Assets that is included in section 2.2 of the Additional Building Block, as of the date 8 July 2016.



#### 7.4 Information sourced from third parties.

The Management Company confirms that the information provided by BANCO DE SABADELL in its capacity as Assignor has been accurately reproduced in sections 2.2.2, 2.2.6 and 2.2.8 of the Additional Building Block and that, as far as it is aware and has been able to ascertain based on the information provided by BANCO DE SABADELL, no facts have been omitted that would render the information inaccurate or misleading.

#### 7.5 Ratings given by rating agency.

On 27 July 2016, the Notes included in this Securities Note were given the following provisional ratings by the Rating Agencies, which are DBRS, Moody's and Scope, respectively:

Notes	DBRS	Moody's	Scope
Class A	AA (sf)	Aa3 (sf)	AA <sub>SF</sub>
Class B	CCC (low) (sf)	B2 (sf)	B <sub>SF</sub>

A failure by the Rating Agencies to confirm any of the provisional ratings prior the Subscription Date will be immediately reported to the CNMV and made public as provided for in section 4 of the Additional Building Block. This circumstance will result in the termination of the incorporation of the Fund, the Notes issue and all agreements except for the Subordinated Loan for Initial Expenses Agreement.

As of 31 October 2011, the abovementioned Rating Agencies are registered and authorised by the ESMA as European Union Credit Rating Agencies in accordance with the provisions of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, on Credit Rating Agencies.

The meaning of the ratings assigned by the Credit Rating Agencies can be found in their respective web sites ([www.moody.com](http://www.moody.com), [www.dbrs.com](http://www.dbrs.com) and [www.scoperatings.com](http://www.scoperatings.com)).

## **ADDITIONAL BUILDING BLOCK TO THE SECURITIES NOTE (ANNEX VIII OF COMMISSION REGULATION (EC) NO 809/2004)**

### **1. THE SECURITIES**

#### **1.1 Amount of the issue.**

The Fund, which is represented by the Management Company, will be incorporated with the Assets that BANCO DE SABADELL will assign to the Fund on the Date of Incorporation, the principal amount of which will be equal to or slightly lower than ONE THOUSAND SEVEN HUNDRED AND FIFTY MILLION EUROS (€1,750,000,000), which amount represents the nominal value of the issue of the Class A and Class B Notes.

The Management Company estimates, based on the information provided by BANCO DE SABADELL as regards the amortization rate and the default of the Loans, that the outstanding balance of the Preliminary Portfolio as at the date of registration of this Prospectus is sufficient to incorporate the Fund with the initial assets specified in the previous paragraph.

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

Not applicable.

### **2. THE UNDERLYING ASSETS**

#### **2.1 Confirmation that the Assets have the capacity to produce funds to service payments on the securities.**

The Management Company confirms that the flows of principal, ordinary interest and any other amounts generated by the Assets permit the payments due and payable under the Notes of all Classes that are issued to be paid in accordance with the contractual nature thereof.

However, in order to cover possible failures of Obligors to pay, in accordance with the applicable legislation, credit enhancement will be put in place in order to increase the security or regularity of the payment of the Notes and mitigate or neutralise differences in interest rates on the assets and the Notes, and which are described in sections 3.4.2, 3.4.3 and 3.4.4 of this Additional Building Block. Such enhancements, however, may prove to be in exceptional circumstances insufficient.

## 2.2 Assets backing the issue.

The Fund will pool in its assets the credit rights derived from the Loans provided by BANCO DE SABADELL to small and medium sized non-financial businesses and self-employed individuals registered in Spain, in order to finance their business activities (the “Loans”). The definition of the small and medium sized business has been made in accordance with the Technical Application No.9 / 2014 of Bank of Spain (entities that, regardless of their legal form, perform an economic activity whose annual turnover or, if the entity is part of a consolidated group, the consolidated group is less than 50 million euros).

The assignment of the SME Mortgage Loans will be implemented by means of the issue by the Assignor and the subscription/acquisition by the Fund of Loans and the “Mortgage Shares” or “MSs” as the SME Mortgage Loans meet all the requirements set forth in Law 2/1981 and Chapter II of Royal Decree 716/2009 and the “Mortgage Transfer Certificates” or “MTCs” as the SME Mortgage Loans do not meet all the above mentioned requirements. This information is consistent with the content set out in Annex I of Royal Decree 716/2009 regarding the special accounting register of mortgage loans and credits. The assignment of the SME Loans deriving from loans without mortgage guarantee will be implemented directly.

Both SME Mortgage Loans and non-mortgage SME Loans may have other guarantees different from the personal guarantee and the mortgage guarantee that characterizes the SME Mortgage Loan; These additional guarantees can be both personal guarantee provided by a third-party guarantors or in-rem guarantee; this Prospectus does not collect any information regarding the aforementioned additional guarantees and have not been taken into account for the purposes of this transaction.

### **Audit of Loans subject to securitisation through the fund.**

In order to comply with the provisions of Article 22 of Law 5/2015, the Preliminary Portfolio was the subject of a report prepared by the Auditor of the Fund, which dealt with a number of qualitative and quantitative items (attributes) of a sample of this Preliminary Portfolio.

The attributes dealt with in the Audit Report on the Preliminary Portfolio are as follows:

- Nature of the Obligor and Loan formalisation;
- SME/self employed confirmation
- Identification of the Borrower;
- Ownership of the Loans;
- Date of execution of the Loans;
- Date of maturity of the Loans;
- Initial amount of the Loans;
- Current amount of the Loans;
- Reference interest rate;
- Spread over the reference interest rate;
- Interest rate applied;
- Delays in payment;

- Transfer of the Loans;
- Purpose of the Loans;
- Bankruptcy situation;
- Loans given to developers;
- Financial leasing;
- Syndicated operations;
- Renegotiation;
- Type of guarantee;

Additionally, for those loans with mortgage guarantee the following attributes have been revised:

- Mortgage Loan;
- Address of the property mortgaged and/or property registration;
- Valuation;
- Loan to Value (LTV);
- Finished dwelling;
- Damage and fire Insurance.

Those loans of the Preliminary Portfolio that during the verification of the sample do not fulfil the above mentioned attributes will not be assigned to the Fund.

#### **2.2.1 Legal jurisdiction governing the Asset pool.**

The assets securitised are governed by Spanish law.

#### **2.2.2 General characteristics of the Obligors.**

The following tables show the relevant distributions of the Loans that are included in the Preliminary Portfolio, dated 8 July 2016.

## 1. Distribution by Outstanding Principal

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Outstanding Principal Balance Not Due

Outstanding Principal Balance Not Due (€)	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
[0 - 50.000)	10.461	323.004.342,96	17,15%	42	67	5,17	3,53
[50.000 - 100.000)	3.661	256.278.656,04	13,60%	64	89	4,62	3,15
[100.000 - 150.000)	1.311	159.792.571,27	8,48%	88	115	4,00	2,76
[150.000 - 200.000)	725	123.784.404,72	6,57%	91	120	3,67	2,38
[200.000 - 250.000)	400	89.354.847,94	4,74%	89	121	3,51	2,29
[250.000 - 300.000)	346	94.360.025,20	5,01%	115	158	3,30	1,92
[300.000 - 350.000)	223	71.846.678,12	3,81%	118	159	3,10	1,99
[350.000 - 400.000)	171	63.701.176,46	3,38%	100	140	3,43	2,14
[400.000 - 450.000)	102	43.154.959,64	2,29%	115	161	3,24	2,17
[450.000 - 500.000)	91	43.228.114,40	2,29%	120	162	3,21	1,77
[500.000 - 550.000)	65	34.165.548,47	1,81%	107	146	3,05	2,04
[550.000 - 600.000)	50	28.747.667,10	1,53%	112	160	2,78	1,62
[600.000 - 650.000)	51	31.990.002,31	1,70%	101	133	3,13	2,13
[650.000 - 700.000)	41	27.597.839,65	1,47%	129	166	2,93	1,71
[700.000 - 750.000)	41	29.706.784,41	1,58%	117	160	3,17	2,04
[750.000 - 800.000)	39	30.211.198,72	1,60%	80	118	2,83	2,02
[800.000 - 850.000)	24	19.682.597,53	1,04%	89	131	3,05	1,98
[850.000 - 900.000)	24	20.951.126,56	1,11%	108	142	3,12	2,06
[900.000 - 950.000)	24	22.050.249,77	1,17%	115	157	2,61	1,64
[950.000 - 1.000.000)	15	14.603.882,66	0,78%	141	187	2,58	1,69
[1.000.000 - 1.500.000)	110	131.529.403,41	6,98%	126	170	2,75	1,66
[ > 1.500.000)	85	224.057.033,78	11,89%	94	129	2,86	2,16
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

Minimum (€):	3.181,81
Maximum (€):	12.424.450,00
Average Principal Balance(€):	104.307,81

## 2. Distribution by Origination Date

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Origination date

Origination date	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
2006	25	10.114.805,45	0,54%	115	230	2,81	0,81
2007	115	37.153.319,49	1,97%	112	220	2,38	0,66
2008	119	45.656.729,16	2,42%	120	217	2,15	0,96
2009	145	48.915.905,45	2,60%	115	198	2,42	1,33
2010	440	89.613.270,35	4,76%	117	189	2,47	1,40
2011	684	112.677.319,64	5,98%	129	188	3,27	1,37
2012	1.160	132.533.570,61	7,04%	101	150	4,09	1,98
2013	1.655	163.082.100,53	8,66%	84	119	5,02	2,86
2014	7.036	663.965.572,17	35,25%	75	98	4,05	2,89
2015	6.681	580.086.518,27	30,79%	81	95	3,6	2,70
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

Minimum origination date:	01/09/2006
Maximum origination date:	30/09/2015
Weighted average seasoning:	34 months

### 3. Distribution by Current Interest Rate

Dated July 8th 2016

#### IM SABADELL PYME 10 Distribution by Current Interest Rate

Current Rate (%)	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
[0,00 - 0,50)	32	12.608.294,06	0,67%	136	236	0,43	0,45
[0,50 - 1,00)	124	36.727.416,40	1,95%	185	261	0,76	0,72
[1,00 - 1,50)	249	68.431.630,69	3,63%	109	148	1,32	0,79
[1,50 - 2,00)	318	108.445.580,72	5,76%	140	173	1,72	1,47
[2,00 - 2,50)	724	214.982.828,89	11,41%	117	155	2,17	1,64
[2,50 - 3,00)	877	200.189.112,94	10,63%	105	138	2,69	1,83
[3,00 - 3,50)	1.456	232.386.432,72	12,34%	95	131	3,2	2,12
[3,50 - 4,00)	1.339	204.798.977,58	10,87%	84	119	3,68	2,58
[4,00 - 4,50)	1.686	179.443.865,83	9,53%	76	108	4,18	2,91
[4,50 - 5,00)	3.278	191.329.643,76	10,16%	53	75	4,76	3,77
[5,00 - 5,50)	3.165	175.705.025,32	9,33%	55	78	5,22	4,19
[5,50 - 6,00)	1.717	100.500.006,30	5,33%	61	86	5,73	4,21
[6,00 - 6,50)	978	53.716.185,77	2,85%	58	89	6,21	4,37
[6,50 - 7,00)	908	48.734.847,58	2,59%	58	93	6,72	4,56
[7,00 - 7,50)	399	18.939.711,02	1,01%	56	87	7,18	5,15
[7,50 - 8,00)	411	19.845.923,32	1,05%	49	84	7,71	4,80
[8,00 - 8,50)	213	10.205.789,32	0,54%	52	85	8,19	7,61
[8,50 - 9,00)	109	4.153.689,46	0,22%	57	92	8,64	8,51
[9,00 - 9,50)	53	1.815.424,50	0,10%	61	89	9,06	9,16
[9,50 - 10,00)	18	661.681,24	0,04%	84	114	9,64	--
[10,00 - 10,50)	6	177.043,70	0,01%	45	77	10	--
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

Minimum:	0,22
Maximum:	10

### 4. Distribution by Current Interest Rate for Fixed Loans

Dated July 8th 2016

#### IM SABADELL PYME 10 Distribution by Current Interest Rate for Fixed Loans

Current Rate (%)	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)
[1,00 - 1,50)	1	406.336,01	0,06%	167	241	1,35
[1,50 - 2,00)	5	2.073.409,88	0,30%	287	333	1,75
[2,00 - 2,50)	214	52.845.555,98	7,60%	120	147	2,17
[2,50 - 3,00)	345	53.663.187,51	7,72%	97	118	2,71
[3,00 - 3,50)	456	57.221.239,84	8,23%	68	85	3,18
[3,50 - 4,00)	638	65.543.098,80	9,42%	61	80	3,69
[4,00 - 4,50)	623	51.202.815,03	7,36%	61	79	4,16
[4,50 - 5,00)	2.178	108.000.792,30	15,53%	48	65	4,78
[5,00 - 5,50)	2.397	113.575.761,79	16,33%	50	71	5,23
[5,50 - 6,00)	1.266	68.085.834,27	9,79%	61	85	5,74
[6,00 - 6,50)	758	39.316.327,65	5,65%	58	88	6,2
[6,50 - 7,00)	678	35.083.113,13	5,04%	59	93	6,69
[7,00 - 7,50)	326	14.483.074,44	2,08%	56	86	7,19
[7,50 - 8,00)	379	17.876.855,59	2,57%	48	82	7,71
[8,00 - 8,50)	200	9.606.033,54	1,38%	53	85	8,19
[8,50 - 9,00)	103	3.953.659,75	0,57%	58	93	8,64
[9,00 - 9,50)	51	1.768.019,54	0,25%	62	90	9,06
[9,50 - 10,00)	18	661.681,24	0,10%	84	114	9,64
[10,00 - 10,50)	6	177.043,70	0,03%	45	77	10
<b>Total</b>	<b>10.642</b>	<b>695.543.839,99</b>	<b>100,00%</b>	<b>65</b>	<b>87</b>	<b>4,69</b>

## 5. Distribution by Interest Type (Fixed or Floating)

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Interest Type (Fixed or Floating)

Interest Type	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Floating	7.418	1.188.255.271,13	63,08%	101	140	3,20	2,32
Fixed	10.642	695.543.839,99	36,92%	65	87	4,69	--
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

## 6. Distribution by Reference Interest Rate

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Reference Interest Rate

Reference Interest Rate	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
EUR6	4.361	491.342.740,40	26,08%	70	103	3,79	2,45
EURH	1.347	414.035.979,64	21,98%	160	213	2,61	1,84
EUR12	1.661	257.776.362,37	13,68%	70	97	3,14	2,85
EUR3	31	22.894.027,64	1,22%	62	104	2,09	2,10
ICO6M	18	2.206.161,08	0,12%	38	120	1,95	1,53
FIXED	10.642	695.543.839,99	36,92%	65	87	4,69	--
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

EURH	Average monthly EUR12 published by the Bank of Spain, paragraph 19.1 of the Statistics Bulletin, legal interest rates, EURIBOR,
EUR6	Interbanking interest rate for 6-month Euro deposits
EUR12	Interbanking interest rate for 12-month Euro deposits
EUR3	Interbanking interest rate for 3-month Euro deposits
ICO6M	EUR6 published by the Spanish Credit Institute (Instituto de Crédito Oficial -ICO)

## 7. Distribution by Maximum Interest Rates

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Maximum Interest Rate

Maximum Interest Rate	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Fixed	10.642	695.543.839,99	36,92%	65	87	4,69	--
< 10,00)	8	1.122.148,08	0,06%	236	274	1,13	1,12
[10,00 - 10,50)	3	1.034.851,39	0,05%	135	180	2,54	1,76
[11,00 - 11,50)	4	242.585,29	0,01%	179	273	2,05	0,39
[12,00 - 12,50)	1.364	314.860.396,97	16,71%	122	165	3,23	2,61
[13,00 - 13,50)	1	351.491,09	0,02%	246	341	1,50	0,25
[15,00 - 15,50)	211	96.240.315,57	5,11%	116	199	2,74	1,20
No Cap	5.827	774.403.482,74	41,11%	90	123	3,25	2,34
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

## 8. Distribution by Minimum Interest Rates

Dated July 8th 2016

IM SABADELL PYME 10  
Distribution by Minimum Interest Rate

Minimum Interest Rate	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Fixed	10.642	695.543.839,99	36,92%	65	87	4,69	--
No Floor	5.888	824.454.275,51	43,77%	95	129	3,22	2,39
[1,00 - 1,50)	105	21.176.909,83	1,12%	69	120	1,45	0,12
[1,50 - 2,00)	30	14.565.431,05	0,77%	149	215	1,68	1,05
[2,00 - 2,50)	124	65.553.854,43	3,48%	118	175	2,10	1,39
[2,50 - 3,00)	146	49.946.927,64	2,65%	130	189	2,62	1,51
[3,00 - 3,50)	204	64.937.391,33	3,45%	134	185	3,16	2,03
[3,50 - 4,00)	177	56.499.789,04	3,00%	117	174	3,65	2,37
[4,00 - 4,50)	710	85.779.209,37	4,55%	89	127	4,53	3,67
[4,50 - 5,00)	30	5.151.817,81	0,27%	151	198	4,76	3,75
[5,00 - 5,50)	4	189.665,12	0,01%	61	83	5,00	4,88
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

The current percentage of Loans over the Preliminary Portfolio that have applied their minimum interest rate is 14,50%. If it was not applied the minimum interest rate, the weighted average rate would be 3,57%. For avoiding of doubt, we have assumed the following considerations to obtain the rate that would be applied if we do not take into account the application of the minimum interest rate:

- We have grouped the Loans by the reset month; and
- We have taken the EurH of the month immediately previous to the reset month.

## 9. Distribution by Interest Rate Reset Period

Dated July 8th 2016

IM SABADELL PYME 10  
Distribution by Interest Rate Reset Period

Months	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
3	46	23.906.618,18	2,01%	61	103	2,15	2,15
6	4.543	504.089.565,15	42,42%	69	103	3,83	2,52
12	2.829	660.259.087,80	55,57%	127	170	2,76	2,17
<b>Total</b>	<b>7.418</b>	<b>1.188.255.271,13</b>	<b>100,00%</b>	<b>101</b>	<b>140</b>	<b>3,20</b>	<b>2,32</b>



## 10. Distribution by Applied Margin

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Applied Margin

Applied Margin (%)	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
< 0,00) (*)	90	13.514.139,60	1,14%	28	83	1,47	-0,50
[0,00 - 0,50)	55	19.084.394,45	1,61%	136	223	1,85	0,39
[0,50 - 1,00)	370	139.465.444,20	11,74%	140	213	2,1	0,68
[1,00 - 1,50)	608	181.390.149,84	15,27%	132	180	2,39	1,17
[1,50 - 2,00)	962	186.101.730,92	15,66%	112	152	2,74	1,66
[2,00 - 2,50)	880	170.512.819,29	14,35%	98	131	2,94	2,13
[2,50 - 3,00)	457	103.651.035,48	8,72%	93	121	3,19	2,66
[3,00 - 3,50)	767	102.262.293,52	8,61%	81	108	3,59	3,14
[3,50 - 4,00)	424	76.486.201,22	6,44%	80	105	3,98	3,65
[4,00 - 4,50)	2.019	131.761.361,09	11,09%	58	81	5,02	4,19
[4,50 - 5,00)	182	24.161.685,09	2,03%	78	104	4,68	4,63
[5,00 - 5,50)	138	12.229.320,98	1,03%	83	113	5,17	5,14
[5,50 - 6,00)	277	16.039.356,33	1,35%	54	80	5,68	5,68
[6,00 - 6,50)	52	4.380.914,30	0,37%	76	102	6,21	6,14
[6,50 - 7,00)	24	1.079.034,00	0,09%	45	71	6,88	6,78
[7,00 - 7,50)	88	5.137.633,02	0,43%	35	65	7,04	7,04
[7,50 - 8,00)	10	351.981,60	0,03%	46	73	7,78	7,72
[8,00 - 8,50)	9	456.600,04	0,04%	39	64	8,38	8,26
[8,50 - 9,00)	4	141.771,20	0,01%	62	85	8,57	8,60
> 9,00)	2	47.404,96	0,00%	44	73	9,08	9,16
<b>Total</b>	<b>7.418</b>	<b>1.188.255.271,13</b>	<b>100,00%</b>	<b>101</b>	<b>140</b>	<b>3,2</b>	<b>2,32</b>

(\*) Loans with an applied margin below zero are loans under an agreement ("Convenio") to which is applied a negative differential. In any case the interest final rate applied to those loans should be at least equal to zero.

## 11. Distribution by Discount over the Interest Rate

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Discount over the Interest Rate

Distribution by Discount over the Interest Rate	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Without Discount	17.803	1.846.835.638,57	98,04%	83	117	3,78	2,34
With Discount	257	36.963.472,55	1,96%	301	330	2,02	1,68
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

Total the current percentage of Loans over the Preliminary Portfolio that have suffered a discount over their interest rate is 1,62%. If it was applied the maximum discount over each Loan that can be subject of suffering such discount, the weighted average rate of the portfolio would be 3,74%.

The maximum discount over the interest rate that could be applied to all Loans is 1%, subject to the compliance of certain vinculation criteria between BANCO DE SABADELL and the debtors.

## 12. Distribution by Principal Payment Frequency

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Principal Payment Frequency

Principal Payment Frequency	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Irregular frequency (*)	42	24.095.386,76	1,28%	74	109	2,77	2,53
Annual	24	3.336.818,18	0,18%	54	80	3,17	2,50
6-months	228	47.734.571,26	2,53%	45	71	3,22	2,37
Quarterly	447	102.282.185,38	5,43%	69	100	2,99	2,16
Monthly	17.295	1.699.357.960,75	90,21%	91	124	3,83	2,32
Bullet (**)	24	6.992.188,79	0,37%	11	29	3,61	3,60
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

(\*) Loans with irregular frequency correspond to loans with an amortization table initially agreed between the lender and the debtor.

(\*\*) All Bullet loans have a single payment at the end of the loan.

### 13. Distribution by Interest Payment Frequency

Dated July 8th 2016

#### IM SABADELL PYME 10 Distribution by Interest Payment Frequency

Interest Payment Frequency	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Annual	26	3.431.818,18	0,18%	52	78	3,16	2,50
6-Months	220	35.410.428,44	1,88%	46	73	3,35	2,12
Quarterly	570	151.147.006,79	8,02%	64	94	2,96	2,35
Monthly	17.244	1.693.809.857,71	89,91%	91	124	3,83	2,32
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

### 14. Distribution by Amortisation System

Dated July 8th 2016

#### IM SABADELL PYME 10 Distribution by Amortisation System

Amortisation System	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Bullet	24	6.992.188,79	0,37%	11	29	3,61	3,60
Irregular frequency	42	24.095.386,76	1,28%	74	109	2,77	2,53
Linear amortisation	4.378	522.848.330,86	27,75%	69	102	3,67	2,34
Constant quota	13.616	1.329.863.204,71	70,59%	96	129	3,80	2,28
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

Bullet: Loans where the payment of the full amount of principal is done on the maturity date.

Irregular frequency: Loans where the payments of principal and interest have been fixed between the debtor and Banco Sabadell according to a predefined calendar.

Linear amortisation: Loans where the payment of principal is the same on each principal payment date during the life of the Loan.

Constant quota: Loans where the payments of principal and interest are calculated according to the French amortisation method.

### 15. Distribution by Type of Guarantee (personal vs. real estate)

Dated July 8th 2016

#### IM SABADELL PYME 10 Distribution by Type of Guarantee

Type of Guarantee	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
With Mortgage Guarantee	2.123	641.265.159,71	34,04%	157	205	2,97	1,91
Personal Guarantee of the Obligor	15.937	1.242.533.951,41	65,96%	52	77	4,15	2,66
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

## 16. Distribution by MSs, MTCs and Loans Without Mortgage Guarantee

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by MSs, MTCs and Loans without Mortgage Guarantee

Distribution by Eligible Loans	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Mortgage Shares (MSs)	1.060	444.701.238,42	23,61%	142	197	2,93	1,83
Mortgage Transfer Certificates (MTCs)	1.063	196.563.921,29	10,43%	190	222	3,05	2,13
Without Mortgage Guarantee	15.937	1.242.533.951,41	65,96%	52	77	4,15	2,66
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

The distribution shown in this table reflect the portfolio information at July 8. Since the final determination of the loans to be transferred by MSs or by MTCs will be on the Date of Incorporation, these distribution could be slightly different.

## 17. Distribution by Type of Property

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Type of Property

Type of Property	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Flat	1.006	209.078.561,42	32,60%	212	259	2,63	1,71
Commercial Premise	493	168.480.071,13	26,27%	125	170	3,05	2,16
Industrial	351	148.337.668,13	23,13%	111	162	3,32	2,02
Terraced house	185	48.992.026,96	7,64%	223	271	2,62	1,43
Plot	33	20.699.840,07	3,23%	95	165	3,27	2,03
Apartment Block	8	17.330.704,98	2,70%	153	190	3,58	1,93
Other	3	3.808.088,75	0,59%	158	180	2,23	1,36
Rural land	20	7.389.005,85	1,15%	99	143	3,32	2,34
School building	5	7.001.101,52	1,09%	145	189	3,98	2,37
Hospital	5	4.454.333,31	0,69%	106	147	3,26	1,79
Residential	6	3.285.103,85	0,51%	79	169	2,08	1,00
Commercial Use and Offices	1	1.350.000,00	0,21%	54	121	2,71	1,15
Garage	7	1.058.653,74	0,17%	171	193	1,92	1,56
<b>Total</b>	<b>2.123</b>	<b>641.265.159,71</b>	<b>100,00%</b>	<b>157</b>	<b>205</b>	<b>2,97</b>	<b>1,91</b>

## 18. Distribution by Province of Guarantee

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Province of Guarantee

Province of Guarantee	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Barcelona	507	145.905.821,07	22,75%	165	219	2,94	1,90
Madrid	296	131.773.031,50	20,55%	166	220	2,78	1,60
Asturias	165	47.959.951,56	7,48%	172	219	2,74	1,58
Girona	109	27.662.412,09	4,31%	154	206	3,26	2,32
Baleares	54	25.454.248,36	3,97%	145	209	2,67	1,65
Tarragona	95	20.058.410,87	3,13%	147	195	3,53	2,25
Cadiz	28	18.518.964,18	2,89%	107	149	2,34	1,95
Málaga	65	18.050.755,07	2,81%	155	190	3,45	2,40
Las Palmas	31	17.142.302,75	2,67%	136	161	2,86	2,13
Valencia	87	14.559.464,33	2,27%	161	217	2,85	1,89
Alicante	98	13.702.934,64	2,14%	162	202	3,24	2,30
Vizcaya	34	13.130.835,94	2,05%	142	190	3,72	2,51
Valladolid	15	11.599.657,81	1,81%	150	193	3,15	2,00
León	44	11.342.036,25	1,77%	176	207	2,90	1,62
Guipúzcoa	56	9.920.321,22	1,55%	218	242	2,59	1,92
Sevilla	38	8.540.653,15	1,33%	164	218	2,45	1,78
Pontevedra	23	8.120.641,86	1,27%	188	224	2,98	2,33
La Coruña	30	8.002.421,83	1,25%	147	182	3,52	2,40
Lleida	35	7.047.860,68	1,10%	144	192	3,48	2,28
Murcia	53	6.188.278,77	0,97%	177	199	3,46	2,56
Navarra	18	5.945.523,95	0,93%	112	153	3,48	1,84
Castellón	24	5.501.462,56	0,86%	147	191	3,04	2,10
Huelva	8	4.779.446,83	0,75%	104	181	2,55	1,35
Logroño	13	4.693.012,48	0,73%	196	229	2,58	2,24
Ourense	10	4.510.550,12	0,70%	160	181	3,35	3,43
Santa Cruz	22	4.450.088,03	0,69%	125	176	2,99	1,61
Cuenca	7	4.123.792,97	0,64%	129	154	3,91	3,74
Huesca	16	3.777.744,41	0,59%	124	154	3,69	3,33
Álava	9	3.371.585,85	0,53%	91	145	2,69	1,65
Almería	9	3.296.087,91	0,51%	104	153	4,04	1,82
Cantabria	6	3.108.889,51	0,48%	122	153	3,29	2,96
Zaragoza	15	2.859.027,10	0,45%	190	217	3,13	2,38
Toledo	9	2.640.080,25	0,41%	114	160	3,04	1,01
Jaén	7	2.495.210,31	0,39%	136	177	3,15	2,56
Granada	14	2.420.932,44	0,38%	134	187	3,22	2,07
Cáceres	7	2.417.474,43	0,38%	108	157	3,15	1,93
Palencia	6	2.362.793,57	0,37%	122	166	3,50	1,68
Albacete	7	2.268.297,76	0,35%	153	186	1,78	1,46
Guadalajara	10	2.175.134,43	0,34%	121	174	3,09	2,08
Lugo	10	2.052.207,32	0,32%	132	159	3,82	2,90
Badajoz	4	1.958.747,91	0,31%	64	91	3,48	3,65
Córdoba	8	1.294.140,22	0,20%	154	180	3,59	1,48
Ciudad Real	6	1.223.064,88	0,19%	76	145	3,29	2,07
Salamanca	4	990.545,48	0,15%	171	216	2,86	0,91
Ceuta	2	857.444,32	0,13%	76	91	1,87	1,83
Burgos	2	318.726,45	0,05%	62	121	3,22	1,50
Zamora	2	305.365,34	0,05%	129	189	3,36	1,15
Segovia	3	217.375,26	0,03%	266	304	3,37	0,90
Ávila	1	106.300,00	0,02%	165	181	2,31	1,55
Teruel	1	63.103,69	0,01%	168	181	1,99	2,00
<b>Total</b>	<b>2.123</b>	<b>641.265.159,71</b>	<b>100,00%</b>	<b>157</b>	<b>205</b>	<b>2,97</b>	<b>1,91</b>

## 19. Distribution by Valuation Type

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Valuation Type

Valuation Type	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Current Valuation	90	57.723.110,06	9,00%	111	174	2,93	1,88
Initial Valuation	2.033	583.542.049,65	91,00%	162	208	2,97	1,91
<b>Total</b>	<b>2.123</b>	<b>641.265.159,71</b>	<b>100,00%</b>	<b>157</b>	<b>205</b>	<b>2,97</b>	<b>1,91</b>

All the valuations have been done according to the provisions of Order ECO/805/2003.

## 20. Distribution by LTV ratio

Dated July 8th 2016

### IM SABADELL PYME 10

#### Distribution by LTV

Distribution by LTV (*)	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)	Average Current LTV (%) (only mortgage loans)
< 10	73	23.998.100,91	118,04%	78	150	3,45	1,89	6,65
10,00 - 20,00	146	52.113.555,88	256,34%	94	156	3,20	2,02	15,63
20,00 - 30,00	160	66.804.643,10	328,61%	110	174	3,23	1,74	25,11
30,00 - 40,00	190	98.623.930,55	485,12%	131	187	2,90	1,90	34,66
40,00 - 50,00	179	97.307.074,46	478,65%	134	192	2,81	1,73	44,48
50,00 - 60,00	283	83.659.103,83	411,51%	160	205	3,11	2,03	55,25
60,00 - 70,00	433	95.932.338,29	471,88%	187	224	3,06	2,07	64,70
70,00 - 80,00	290	57.697.692,91	283,81%	210	239	2,86	2,05	75,53
80,00 - 90,00	269	44.799.098,38	220,36%	262	288	2,48	1,82	84,14
90,00 - 100,00	100	20.329.621,40	100,00%	265	285	2,40	1,87	93,41
<b>Total</b>	<b>2.123</b>	<b>641.265.159,71</b>	<b>100,00%</b>	<b>157</b>	<b>205</b>	<b>2,97</b>	<b>1,91</b>	<b>48,74</b>

(\*) Only for Mortgage Loans

<b>Maximum LTV:</b>	<b>98,03</b>
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The calculation of the LTV is as follow:

LTV= P/V being,

P= Outstanding Principal Balance not due

V= Sum of the appraisal values of the guarantees. We have used for the LTV calculation the last appraisal values availables, original or current, of all the guarantees.

## 21. Distribution by Maturity Date (months)

Dated July 8th 2016

### IM SABADELL PYME 10

#### Distribution by Maturity Date (months)

Maturity Date	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
0 - 12	811	52.748.968,27	2,80%	9	41	3,86	2,53
12 - 24	3.459	205.116.039,71	10,89%	17	44	4,06	2,65
24 - 36	2.861	199.045.579,04	10,57%	30	61	4,37	2,55
36 - 48	3.773	287.027.642,19	15,24%	41	65	4,15	2,95
48 - 60	1.756	158.592.339,80	8,42%	52	81	4,25	2,53
60 - 72	1.955	220.074.006,97	11,68%	65	93	3,89	2,61
72 - 84	788	95.702.203,21	5,08%	76	111	3,73	2,14
84 - 96	296	44.481.611,21	2,36%	89	146	4,10	2,12
96 - 108	403	92.475.985,48	4,91%	101	145	3,43	2,19
108 - 120	260	49.317.971,95	2,62%	113	148	3,77	2,30
120 - 132	244	67.352.145,45	3,58%	126	173	3,22	2,04
132 - 144	147	40.504.687,89	2,15%	136	183	3,52	2,11
144 - 156	98	32.318.586,62	1,72%	150	192	3,61	2,44
156 - 168	251	88.839.169,69	4,72%	161	194	3,12	2,21
168 - 180	115	40.759.552,97	2,16%	172	214	2,83	1,60
180 - 192	64	23.359.616,83	1,24%	187	250	3,00	1,28
192 - 204	50	14.530.690,32	0,77%	196	249	2,89	1,59
204 - 216	49	12.452.894,75	0,66%	212	254	3,45	1,95
216 - 228	108	31.958.960,57	1,70%	221	246	3,01	1,82
228 - 240	61	13.632.722,85	0,72%	231	266	2,6	1,82
240 - 252	38	14.259.668,48	0,76%	245	314	2,23	0,93
252 - 264	46	9.656.673,57	0,51%	256	315	1,93	1,27
264 - 276	27	6.674.504,50	0,35%	270	322	1,96	1,28
276 - 288	63	11.389.498,84	0,60%	282	331	2,03	1,26
288 - 300	46	12.479.176,44	0,66%	292	344	1,91	1,13
300 - 312	53	12.957.300,80	0,69%	306	357	2,14	1,15
312 - 324	32	5.490.982,92	0,29%	318	356	2,56	1,80
324 - 336	35	9.617.283,67	0,51%	329	359	2,52	1,98
336 - 348	100	19.908.647,25	1,06%	342	361	1,87	1,67
348 - 360	71	11.073.998,88	0,59%	349	361	2,06	1,69
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

<b>Minimum:</b>	2
<b>Maximum:</b>	351
<b>Latest maturity date:</b>	30/09/2045

## 22. Distribution by Maturity Date

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Maturity Date

Maturity Date (year)	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
2016	1	6.411,26	0,00%	2	104	4,25	0,75
2017	3.291	193.254.566,59	10,26%	13	42	3,96	2,69
2018	2.283	161.808.954,31	8,59%	25	54	4,23	2,38
2019	4.083	280.806.886,84	14,91%	37	63	4,38	2,91
2020	2.487	218.583.803,44	11,60%	48	73	3,97	2,62
2021	1.726	190.186.778,60	10,10%	62	91	4,16	2,66
2022	1.388	157.122.195,76	8,34%	72	101	3,65	2,33
2023	354	46.248.733,80	2,46%	85	140	4,09	1,92
2024	341	79.253.548,74	4,21%	98	143	3,68	2,37
2025	327	56.986.228,80	3,03%	108	148	3,49	2,14
2026	217	55.712.837,95	2,96%	121	165	3,63	2,20
2027	230	61.086.829,58	3,24%	131	175	3,34	2,02
2028	77	30.652.761,57	1,63%	145	199	3,46	2,59
2029	188	77.131.144,47	4,09%	159	192	3,18	2,19
2030	198	50.151.393,23	2,66%	167	199	2,87	1,96
2031	60	27.510.002,43	1,46%	180	242	3,09	1,16
2032	58	21.748.821,72	1,15%	192	247	2,75	1,45
2033	40	7.313.365,21	0,39%	204	266	3,57	1,87
2034	88	28.887.490,53	1,53%	217	247	3,25	1,94
2035	103	23.475.508,63	1,25%	227	253	2,66	1,76
2036	28	13.308.215,33	0,71%	243	306	2,24	1,05
2037	51	10.136.178,78	0,54%	252	319	2	1,05
2038	26	6.756.247,14	0,36%	265	323	1,72	1,24
2039	45	8.572.219,90	0,46%	277	328	2,28	1,29
2040	69	14.740.218,46	0,78%	289	338	1,87	1,15
2041	32	9.620.922,93	0,51%	301	352	2,17	1,24
2042	55	10.271.693,80	0,55%	311	356	2,21	1,27
2043	27	8.490.314,30	0,45%	326	359	2,6	2,04
2044	72	15.070.164,42	0,80%	338	361	2,06	1,79
2045	115	18.904.672,60	1,00%	348	361	1,91	1,63
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

Minimum:	31/08/2016
Maximum:	30/09/2045
Weighted average Maturity Date:	08/10/2023

## 23. Bullet Loans Maturity Date detail

Dated July 8th 2016

### IM SABADELL PYME 10 Maturity Date (Bullets Loans)

Maturity Date (Bullets Loans)	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
2017	16	6.192.188,79	88,56%	10	28	3,64	3,61
2018	7	770.000,00	11,01%	24	39	3,32	3,50
2019	1	30.000,00	0,43%	42	61	5,50	--
<b>Total</b>	<b>24</b>	<b>6.992.188,79</b>	<b>100,00%</b>	<b>11</b>	<b>29</b>	<b>3,61</b>	<b>3,42</b>

## 24. Distribution by Debtor Group Concentration

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Debtor Group Concentration

Distribution by Debtor Group Concentration	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Debtor Group 1	1	12.424.450,00	0,66%	78	117	2,00	2,00
Debtor Group 2	1	10.500.000,00	0,56%	41	61	2,75	2,75
Debtor Group 3	5	9.092.310,28	0,48%	157	187	3,30	1,85
Debtor Group 4	1	8.614.609,77	0,46%	162	181	2,33	2,25
Debtor Group 5	8	8.253.794,70	0,44%	54	79	5,11	3,70
Debtor Group 6	1	4.800.000,00	0,25%	97	109	3,51	3,34
Debtor Group 7	2	4.743.385,34	0,25%	54	70	2,72	2,65
Debtor Group 8	2	4.654.953,53	0,25%	132	181	4,23	2,21
Debtor Group 9	1	4.315.000,00	0,23%	156	181	4,13	2,63
Debtor Group 10	3	4.021.938,29	0,21%	57	85	3,98	1,15
Debtor Group 11	2	4.009.302,57	0,21%	143	168	2,94	1,26
Debtor Group 12	6	3.990.000,25	0,21%	54	114	2,75	1,02
Debtor Group 13	2	3.825.648,34	0,20%	129	153	3,93	3,75
Debtor Group 14	1	3.712.385,05	0,20%	44	61	1,65	1,65
Debtor Group 15	3	3.637.299,81	0,19%	53	91	3,70	1,62
Debtor Group 16	1	3.630.952,37	0,19%	61	85	5,18	4,30
Debtor Group 17	1	3.625.000,00	0,19%	29	61	2,99	0,80
Debtor Group 18	3	3.446.428,17	0,18%	40	62	2,26	2,00
Debtor Group 19	1	3.416.715,48	0,18%	116	145	3,48	3,50
Debtor Group 20	4	3.403.185,60	0,18%	46	89	4,28	2,65
Debtor Group 21	1	3.313.978,45	0,18%	140	181	3,79	3,75
Debtor Group 22	2	3.280.000,00	0,17%	10	29	3,64	3,59
Debtor Group 23	1	3.249.999,94	0,17%	39	61	1,86	1,00
Debtor Group 24	1	3.200.000,00	0,17%	217	241	2,68	1,30
Rest	18.006	1.762.637.773,18	93,57%	87	121	3,79	2,31
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

The top 10 debtor groups represent a 3.79% over the total portfolio.

## 25. Distribution by Province of Debtor

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Province of Debtor

Province of Debtor	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Barcelona	5.461	494.332.482,35	26,24%	84	118	4,12	2,53
Madrid	2.411	326.527.083,36	17,33%	97	134	3,51	2,09
Asturias	848	102.759.967,51	5,45%	115	153	3,49	1,87
Valencia	791	70.048.301,05	3,72%	76	111	3,72	2,33
Vizcaya	357	67.906.818,12	3,60%	93	121	3,41	2,47
Baleares	452	65.915.957,04	3,50%	80	121	3,07	1,97
Girona	781	60.827.888,10	3,23%	82	118	4,11	2,66
Alicante	935	57.326.267,74	3,04%	70	92	3,95	2,44
Tarragona	513	43.752.467,48	2,32%	86	120	4,29	2,74
Guipúzcoa	381	38.975.108,04	2,07%	100	125	3,28	2,09
Pontevedra	214	37.778.961,60	2,01%	73	99	3,78	2,76
Murcia	531	36.454.984,62	1,94%	80	105	3,96	2,52
Lleida	464	34.577.123,71	1,84%	69	102	4,16	2,60
Málaga	322	32.840.837,99	1,74%	99	130	4,1	2,69
León	296	31.865.978,46	1,69%	102	131	3,6	1,95
La Coruña	263	30.407.893,65	1,61%	92	121	3,72	2,25
Las Palmas	196	28.459.101,95	1,51%	104	131	3,57	2,36
Navarra	167	27.363.974,92	1,45%	76	107	2,91	1,94
Castellón	248	25.945.924,88	1,38%	69	96	3,41	2,01
Sevilla	189	24.871.414,84	1,32%	92	136	3,34	2,05
Zaragoza	256	23.562.866,59	1,25%	65	95	3,68	2,39
Valladolid	140	22.856.689,64	1,21%	104	144	3,66	2,07
Cádiz	178	19.414.944,06	1,03%	97	132	3,86	2,51
Álava	107	17.996.894,51	0,96%	62	93	2,87	2,03
Santa Cruz	114	14.452.201,69	0,77%	79	111	3,41	2,00
Huesca	155	12.191.235,51	0,65%	67	92	3,89	3,02
Toledo	114	11.225.294,57	0,60%	68	102	3,75	2,06
Logroño	89	11.097.346,00	0,59%	71	108	3,98	3,02
Lugo	131	10.521.481,50	0,56%	74	100	3,98	2,67
Burgos	67	9.854.813,50	0,52%	32	56	3,31	3,00
Ourense	63	8.453.924,60	0,45%	110	131	3,51	3,08
Cantabria	78	7.936.561,17	0,42%	87	117	3,94	2,95
Granada	70	6.717.049,71	0,36%	87	124	3,94	1,82
Albacete	123	6.650.108,62	0,35%	70	103	3,72	2,28
Cuenca	36	6.411.146,21	0,34%	102	126	3,85	3,71
Almería	50	6.409.047,38	0,34%	101	133	4	2,08
Guadalajara	31	5.640.755,11	0,30%	81	114	2,85	2,08
Badajoz	32	5.581.316,93	0,30%	51	71	3,51	3,11
Córdoba	48	5.540.703,01	0,29%	100	119	3,23	1,97
Palencia	49	5.252.505,72	0,28%	78	111	3,85	1,93
Jaén	39	4.533.763,21	0,24%	108	137	3,51	2,62
Cáceres	24	3.609.797,76	0,19%	170	211	3,01	1,63
Segovia	33	3.553.650,13	0,19%	87	128	3,78	1,93
Salamanca	56	2.917.724,56	0,15%	41	66	4,34	2,69
Ciudad Real	41	2.865.316,36	0,15%	102	128	4,48	2,84
Zamora	29	2.487.598,04	0,13%	85	137	3,51	1,54
Huelva	34	2.068.132,53	0,11%	91	120	3,91	1,76
Soria	9	1.932.419,65	0,10%	65	120	3,88	2,94
Ceuta	11	1.308.101,36	0,07%	67	84	3,02	2,30
Ávila	18	1.111.313,47	0,06%	64	115	3,46	1,70
Teruel	10	535.617,42	0,03%	116	148	3,93	1,84
Mejilla	5	170.253,19	0,01%	49	66	5,17	--
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>



## 26. Distribution by Loan Purpose

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Loan Purpose

Loan Purpose	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)
Acquisition of long term assets	6.454	480.448.996	26,63%	53	80	4,30
Acquisition / Construction or rehabilitation of other long term assets	2.224	420.155.142	22,22%	108	151	3,47
Other financing to the business activity	3.327	376.120.086	19,97%	77	107	3,88
Financing working capital	4.780	358.254.366	19,51%	44	70	3,96
Acquisition and rehabilitation of housing	1.004	210.187.516	11,03%	224	271	2,42
Other	271	38.633.007	0,65%	71	100	3,88
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>

## 27. Distribution by Self-Employed or Company (Segmentation)

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Self-Employed or Company

Segmentation	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Self-Employed	4.325	355.125.509,45	18,85%	170	207	3,58	1,88
Company	13.735	1.528.673.601,67	81,15%	68	101	3,79	2,41
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

## 28. Distribution by Obligor Field of Activity (CNAE year 2009)

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Standard Industrial Classification (CNAE 2009)

Standard Industrial Classification	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Wholesale trade, except of motor vehicles and motorcycles	1.993	197.180.275,65	10,47%	64	94	3,71	2,40
Retail trade, except of motor vehicles and motorcycles	2.136	187.678.600,57	9,96%	115	149	3,88	2,21
Real estate activities	593	161.423.672,60	8,57%	123	172	2,92	1,82
Food and beverage service activities	1.628	138.103.563,36	7,33%	85	115	4	2,42
Land transport and transport via pipelines	1.338	88.022.182,12	4,67%	87	115	4,45	2,66
Accommodation	399	84.879.652,88	4,51%	81	116	3,23	2,10
Human health activities	768	67.799.026,95	3,60%	114	146	3,94	2,42
Crop and animal production, hunting and related service activities	639	58.732.477,81	3,12%	82	112	3,87	2,52
Manufacture of food products	483	55.036.543,48	2,92%	55	91	3,68	2,19
Wholesale and retail trade and repair of motor vehicles and motorcycles	578	49.382.574,31	2,62%	82	116	4,01	2,59
Manufacture of fabricated metal products, except machinery and equipment	459	41.820.697,45	2,22%	61	89	3,75	2,41
Sports activities and amusement and recreation activities	363	37.118.327,79	1,97%	68	94	4,61	3,20
Residential care activities	89	33.597.474,20	1,78%	139	173	3,55	2,01
Legal and accounting activities	349	33.427.918,02	1,77%	166	199	3,37	2,19
Other professional, scientific and technical activities	343	33.207.059,44	1,76%	122	156	3,85	2,41
Other personal service activities	405	32.817.272,16	1,74%	132	163	3,8	2,33
Specialised construction activities	483	32.794.132,37	1,74%	96	125	3,85	2,61
EDUCATION	311	28.309.992,73	1,50%	102	133	4,38	2,99
Manufacture of chemicals and chemical products	140	27.482.782,80	1,46%	53	93	3,1	1,80
Office administrative, office support and other business support activities	181	27.415.317,23	1,46%	82	114	3,1	1,87
Electricity, gas, steam and air conditioning supply	139	25.449.494,65	1,35%	75	126	3,28	1,79
Architectural and engineering activities; technical testing and analysis	301	25.426.723,88	1,35%	109	142	3,83	2,43
Manufacture of machinery and equipment n.e.c.	212	25.257.867,22	1,34%	70	104	3,92	2,31
Construction of buildings	128	22.139.464,38	1,18%	98	140	3,62	2,59
Warehousing and support activities for transportation	192	22.000.430,96	1,17%	57	91	4,38	2,71
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	147	18.318.423,71	0,97%	64	94	4,23	2,65
Rental and leasing activities	180	17.905.419,50	0,95%	59	87	3,42	2,20
Manufacture of beverages	119	17.513.672,94	0,93%	66	94	3,43	2,39
Computer programming, consultancy and related activities	234	17.339.112,23	0,92%	67	92	4,2	3,25
Manufacture of rubber and plastic products	201	16.627.599,33	0,88%	46	75	4,09	2,61
Manufacture of other non-metallic mineral products	91	15.181.076,63	0,81%	53	77	3,15	2,20
Manufacture of textiles	144	14.887.482,02	0,79%	62	86	3,59	2,35
Financial service activities, except insurance and pension funding	4	12.093.826,07	0,64%	43	62	2,88	2,86
Other manufacturing	112	11.519.937,91	0,61%	53	89	4,37	2,34
Manufacture of paper and paper products	89	11.445.432,93	0,61%	61	96	3,34	1,92
Activities of head offices; management consultancy activities	140	10.963.387,84	0,58%	69	94	4,15	3,15
Manufacture of motor vehicles, trailers and semi-trailers	57	10.845.770,83	0,58%	30	59	3,59	1,69
Printing and reproduction of recorded media	170	10.360.332,12	0,55%	50	77	4,57	2,94
Gambling and betting activities	83	10.093.263,85	0,54%	70	95	4,26	2,93
Fishing and aquaculture	38	10.054.569,20	0,53%	72	99	3,66	3,10
Manufacture of basic metals	66	8.496.777,07	0,45%	46	74	3,24	1,81
Services to buildings and landscape activities	98	8.490.140,18	0,45%	68	88	4,05	3,01
Travel agency, tour operator and other reservation service and related activities	57	8.256.507,56	0,44%	82	118	3,91	2,14
Advertising and market research	115	6.906.123,99	0,37%	65	95	4,37	2,98
Civil engineering	85	6.811.812,24	0,36%	37	61	4,3	2,77
Repair and installation of machinery and equipment	81	6.777.622,80	0,36%	103	127	4,2	2,60
Telecommunications	76	6.271.331,87	0,33%	35	59	4,16	4,04
Publishing activities	46	5.904.643,79	0,31%	72	91	3,47	2,82
Motion picture, video and television programme production, sound recording and music publishing activities	54	5.835.305,26	0,31%	34	54	3,94	2,88
Manufacture of electrical equipment	63	5.225.091,38	0,28%	73	114	3,76	1,72
Waste collection, treatment and disposal activities; materials recovery	46	5.201.220,95	0,28%	73	101	3,88	2,62
Manufacture of computer, electronic and optical products	49	5.190.684,21	0,28%	28	59	4,14	3,46
Manufacture of basic pharmaceutical products and pharmaceutical preparations	22	5.120.715,69	0,27%	38	72	2,75	1,25
Manufacture of furniture	74	4.945.050,19	0,26%	45	74	4	2,22
Activities auxiliary to financial services and insurance activities	46	4.375.428,59	0,23%	166	205	3,11	1,96
Veterinary activities	60	4.218.623,56	0,22%	168	207	4,03	2,07
Creative, arts and entertainment activities	67	4.055.792,57	0,22%	118	142	4,78	3,20
Manufacture of leather and related products	63	3.853.608,45	0,20%	43	70	4,12	2,69
Water transport	14	3.696.743,33	0,20%	73	120	3,17	1,02
Manufacture of wearing apparel	54	3.467.611,17	0,18%	54	80	4,06	2,81
Information service activities	32	3.326.549,70	0,18%	81	103	3,83	3,08
Forestry and logging	45	3.149.086,56	0,17%	68	90	4,71	2,40
Other mining and quarrying	29	2.995.534,13	0,16%	48	82	3,88	2,21
Scientific research and development	33	2.967.676,86	0,16%	85	135	3,7	1,93
Repair of computers and personal and household goods	36	1.893.989,36	0,10%	131	169	3,74	1,70
Security and investigation activities	36	1.880.488,66	0,10%	32	52	4,46	3,55
Manufacture of other transport equipment	6	1.877.505,67	0,10%	136	172	3,21	2,32
Social work activities without accommodation	25	1.826.865,60	0,10%	76	117	4,19	2,62
Remediation activities and other waste management services	15	1.639.435,51	0,09%	82	127	3,65	1,19
Employment activities	21	1.263.957,38	0,07%	50	81	3,9	2,10
Water collection, treatment and supply	7	1.181.814,35	0,06%	100	158	2,33	0,82
Air transport	8	989.462,71	0,05%	77	103	4,96	2,33
Postal and courier activities	14	697.777,64	0,04%	172	203	3,47	2,44
Undifferentiated goods- and services-producing activities of private households for own use	8	656.997,31	0,03%	128	187	2,66	1,23
Sewerage	10	593.666,60	0,03%	29	49	4,08	4,37
Mining support service activities	4	431.616,19	0,02%	36	53	5,1	4,37
Activities of membership organisations	5	352.035,51	0,02%	48	81	3,76	2,34
Programming and broadcasting activities	10	313.775,74	0,02%	37	63	5,49	3,78
Activities of households as employers of domestic personnel	6	298.878,08	0,02%	102	137	4,2	1,85
Mining of coal and lignite	3	271.859,14	0,01%	18	43	4,2	1,80
Libraries, archives, museums and other cultural activities	5	212.232,57	0,01%	37	56	5,45	5,45
Insurance, reinsurance and pension funding, except compulsory social security	4	129.897,26	0,01%	27	48	4,89	4,81
Manufacture of tobacco products	3	94.341,62	0,01%	29	79	4,71	1,88
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

## 29. Distribution by Days in Arrears

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Days in Arrears

Days in Arrears	Number of loans	Outstanding Principal Balance Not Due (€)	Principal in arrears (€)	Interest in arrears (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
No days in arrears	17.415	1.827.691.090,40	0,00	0,00	97,02%	88	121	3,73	2,29
[1 - 10]	291	32.201.648,25	428.825,25	107.524,28	1,71%	92	124	3,99	3,16
[10 - 20]	208	11.586.169,36	215.684,43	27.964,09	0,62%	59	89	4,87	2,97
[20 - 30]	31	1.696.583,43	21.268,21	5.423,70	0,09%	90	134	6,17	2,13
[ > 31]	115	10.623.619,68	363.033,72	62.908,98	0,56%	81	111	4,27	3,15
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>1.028.811,61</b>	<b>203.821,05</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

The maximum days in arrears is 49. Notwithstanding, Loans with any amount in arrears more than 30 days shall not be assigned to the Fund.

## 30. Distribution by End Date of Grace Period

Dated July 8th 2016

### IM SABADELL PYME 10 Distribution by Date of the End of the Holiday Principal Payment

Date End of Holiday Principal Payment	Number of loans	Outstanding Principal Balance Not Due (€)	Outstanding Principal Balance Not Due (%)	Weighted Average Term to Maturity (months)	Weighted Average Initial Maturity (months)	Weighted Average Current Rate (%)	Average margin (%) (only floating interest rate loans)
Bullet	24	6.992.188,79	0,37%	11	29	3,61	3,60
Without Holiday Principal Payment	17.578	1.803.525.581,85	95,74%	87	121	3,76	2,29
2016	371	53.527.708,20	2,84%	96	111	3,71	2,82
2017	86	19.713.632,28	1,05%	109	136	3,07	2,56
2018	1	40.000,00	0,00%	104	121	5,95	--
<b>Total</b>	<b>18.060</b>	<b>1.883.799.111,12</b>	<b>100,00%</b>	<b>88</b>	<b>121</b>	<b>3,75</b>	<b>2,32</b>

Minimum:	15/07/2016
Maximum:	08/02/2018

### **2.2.3 Legal nature of the Assets.**

The Assets securitised by means of their assignment to the Fund are credit rights deriving from Loans provided by BANCO DE SABADELL.

The Loans with Mortgage Guarantee will be assigned by means of the issuance by BANCO DE SABADELL of MSs or MTCs which will be fully subscribed by the Fund through its Management Company, in accordance with the Deed of Incorporation and upon the terms established therein and in this Prospectus.

The MSs and the MTCs will be issued and subscribed in accordance with Fourth Additional Provision of Law 5/2015, Law 2/1981, Royal Decree 716/2009, and other regulations in force at the time of transfer and relating to the acquisition of mortgage market titles.

The MSs and the MTCs will be represented in two Multiple Titles containing the minimum details provided for in Royal Decree 716/2009.

Each MS or MTC relates to 100% of the outstanding principal of each of the SME Mortgage Loans which it assigns; it will have the same term and will accrue an interest rate equal to the nominal rate duly accrued on the corresponding SME Mortgage Loan.

The assignment of the SME Loans deriving from loans without mortgage guarantee will be implemented directly and is governed by Spanish common law, i.e. Articles 1526 *et seq* of the Civil Code.

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

Each of the selected Loans matures in accordance with the particular terms thereof, without prejudice to partial periodic repayment instalments.

The Obligors may prepay all or part of the outstanding principal at any time during the term of the Loans, ceasing the accrual of interest on the prepaid portion as from the date of repayment.

The last final maturity of the selected Loans is 30 September 2045. Therefore, the Final Date is 20 May 2049, as previously described in section 2.2.2 of the Additional Building Block.

### **2.2.5 Amount of the Assets.**

The Assets of the Fund assigned and issued by BANCO DE SABADELL and selected from among those comprising the audited Preliminary Portfolio, until reaching an amount equal to or marginally greater than ONE THOUSAND SEVEN HUNDRED AND FIFTY MILLION EUROS (€1,750,000,000).

The selected loans from the Preliminary Portfolio, from which the Loans to be assigned to the Fund on the Date of Incorporation will be extracted, is made up of 18,060 Loans, the outstanding principal of

which amounts to € 1,883,799,111.12 as of 8 July 2016. Loans with arrears of more than thirty (30) days will not be assigned.

#### **2.2.6 Loan-to-value ratio or level of collateralization for those Loans with mortgage guarantee.**

The current LTV ratio for the SME Mortgage Loans, expressed as a percentage of the amount of the outstanding principal and the initial valuation assessment of the properties currently mortgaged through the selected SME Mortgage Loans, is between 0% and 94%, and the average weighted ratio is 48.74%.

#### **2.2.7 Method of origination or creation of the assets by BANCO DE SABADELL and principal lending criteria.**

BANCO DE SABADELL Group has a Risk Appetite Framework in place to ensure the proactive control and management of all of the group's risks. Within this Framework, risk management and control has been embodied in a broad framework of principles, policies, procedures, and advanced valuation methods, forming an efficient decision-taking structure within a risk function governance which is in line with both Spanish and European regulations.

Credit risk exposure is subjected to rigorous monitoring and control through regular reviews of borrowers' creditworthiness and their ability to meet their obligations to the Group, with exposure limits for each counterparty being adjusted to levels that are deemed to be acceptable.

The Loans selected to be assigned to the Fund were granted by the branch network of Banco de Sabadell, S.A. using its current procedures to analyse and evaluate risk operations. These procedures are very stable through time, so current procedures are almost identical to those existing at the moment of granting selected Loans. They are described as follows:

#### **Analysis**

- Carried out by the "basic management teams" (BMTs) that are comprised of an individual from the sales area and another from the risk management of the corresponding Banco Sabadell Area. In this sense, BANCO DE SABADELL has several BMTs in place for different regions and portfolios.
- This analysis is mainly based on the evaluation of 5 aspects of the business and the risks that are described to follow.

##### **1. Functionality and management capacity**

Analysis based on the philosophy and objectives of the company, the characteristics of its components and its management approach, structure of the organisation and the capacity and management style of its executives.

##### **2. Competitive position within the Market**

Competitive position of the company or company group as a result of (i) the type of product offered, its degree of maturity and the possibility of replacement, (ii) field of activity, (iii)

complexity, (iv) seniority, (v) research and development of the production process, (vi) customer and suppliers' concentration, (vii) situation in respect of the competition, (viii) market size and (ix) distribution channels.

### **3. Economic and Financial aspects**

Balance analysis, analysis of the business account, analysis of the evolution, trend and projection, financial environment, partners, group of companies and degree of implication, debt and liquidity, cash flow generation, scope for growth and self-financing. Understanding of the customer and the group, background, cross-sales, asset/liability positions, links to the company, partner analysis and group to which it belongs, analysis of third party experience as payee, bank return.

### **4. Historical data**

Knowledge of the client and its group, background, cross-sales, asset/liability positions, link to BANCO DE SABADELL, analysis of its partners and the group to which it belongs, analysis of the experience of third parties as payee, bank return.

### **5. Guarantees**

Evaluation of the guarantees provided by the customer to Banco de Sabadell and the obligations contracted by the latter and other financial providers, liquidity and ease to execute them, opportunity and need.

The evaluation of these 5 aspects is articulated through a statistical model that results in a rating indicating the arrears probability of the customer in the following 12 months.

The weight of each aspect in the rating depends on the concrete model used, which in turn depends on the size of the company. Within this framework, "Economic and Financial aspects", as well as "Competitive position" have more weight in bigger companies, while "Historical Data" and "Functionality and management capacity" have more weight for smaller companies. Guarantees are not included in rating models.

There are different rating models for current customers and non-customers.

## **Decision**

The decision is taken from the above described rating and a series of data and parameters that can be summarised as follows:

- Coherence of the customer's request with its activity / business.
- Customer's payment capacity in relation to its current and future situation.
- Guarantees provided by the customer.
- That the circulating amount of the customer in the hands of Banco de Sabadell is in accordance with its total sales volume.
- That Banco de Sabadell's total risk with the customer is in proportion to the customer's own resources. In this sense the permanence of the customer's own properties on the balance sheet

is valued positively.

- For long-term transactions, with greater flexibility in relation with the percentage over own resources, a greater implication of the customer is necessary and/or greater and improved guarantees of any kind.
- Internal and external arrears Data Bases are consulted (RAI, Asnef, etc.).
- For customers with medium and high ratings, Banco de Sabadell aims to be their principal bank, whereas for low ratings, it reinforces the solvency with additional guarantees, while new risk takes into consideration the rating

The implementation of advanced methodologies for managing risk exposures benefits the process in ensuring that proactive measures can be taken once a risk has been identified. In this sense, advanced internal models for credit ratings as a basic part of the decision-making process have been in place for over fifteen years. The Group, following best practices, uses these models in order to improve the overall efficiency of the process. These models not only allow ordinal ordering of borrowers, but are also the basis for quantitative measurement of the risk, and they therefore allow multiple uses of these measurements in key management processes: fine adjustment in the delegation of powers, efficient risk monitoring, global risk management, risk-adjusted profits and analysis of the group's solvency are some examples.

#### **Autonomy**

- The decision process includes the level of autonomy, designed to determine the minimum level of decision awarded to the risk file. It is based on the risk (both customer and group), on expected losses and guarantees provided. For each of these levels, there is a basic management team, comprised of an individual from the sales area and one from the risk management area of Banco de Sabadell. Both components of the BMT must approve the transactions and if no agreement is reached the transaction must be referred to the immediately above level.
- Certain characteristics of the customer and/or the risk requested present an exception to the autonomy generally granted (for example, risks for directors, special sectors, political parties, etc.).

#### **Monitoring**

- In order to obtain a good level of risk quality, together with rating systems and an optimal analysis in risk granting, it is also essential to carry out a comprehensive monitoring of the portfolio once the credits are operative.

The process of monitoring is initiated as a result of one or more of the following situations:

- Validity of the rating
  - Variations in any of the 5 business and risk aspects
  - Early Warning Tool, behavioural warnings and others
- 
- EWTs (Early Warning Tool) is a monitoring tool based on a statistical model generated from the bank's own data in order to give a global valuation of customers with business risk and that is weighed by both negative and positive aspects of its behaviour.

- The comprehensive monitoring system anticipates the detection of customers that present symptoms that may decrease their solvency, and can therefore present problems in the future. From the point of detection, a full analysis is carried out at the end of which one of the following decision is taken:
  1. OK. Customers continue their normal relationship, although in some cases a new revision date is established.
  2. REVIEW REQUIRED. A Review of the customer is initiated. The advice is to manually add to the file the No More Risks warning whilst the review is on-going. A new review date is calculated in relation to the assessment of the customer.
  3. TO BE CANCELLED. Customers with which a business relationship is no longer desirable and therefore an exit is planned.
  4. PRE-LITIGIOUS. Customers with problems but that due to their specific characteristics, guarantees or other factors, with a preventive and specialised policy it is possible to stop them from entering into the “litigious” category. Or, if such prevention is not possible, their conditions can be improved with more guarantees, executive documents, etc.
  5. LITIGIOUS. Customers for whom a decision has been made to judicially claim against them as they present a complicated situation that is generally irreversible. Recovery Management takes over the management of the files. Nevertheless, the basic management team takes part in the recovery of this type of debts. However, before any decision is taken Recovery Management must be notified and authorisation obtained, to prevent a situation that might obstruct the procedures initiated.

### **Recovery assessment**

In the event of a default of any of the loans, the following procedure is initiated.

The process begins with the decision to forward the file to the Recovery Unit, once all friendly recovery avenues have been attempted. The individual responsible for the Account initiates a report detailing all actions taken, reasons for forwarding the file and possibilities for Recovery. This report is sent to the Risk Analyst who must complete and authorise it and, these have a limited time to decide if the file must be moved forward. Finally, the file reaches the Prevention and Monitoring Management who must authorise its forwarding to Recovery.

In a parallel circuit, Analysis Managers assess the management of the loan issue and its monitoring who must receive a copy of the file. Once Prevention and Monitoring has authorised the file, it is passed on to Recovery Management.

Upon receipt of the file in Recovery Management, it is assigned to a judicial recovery management portfolio, which may be of an Internal Bank Lawyer to External lawyer belonging to an external provider, depending on the type of customer and the debt amount, in order to initiate the corresponding documental preparation and start legal action necessary to recover the debt through execution of the collateral (depending on the type of process).



If the file does not meet certain policies set by BANCO DE SABADELL, the file is assigned to a portfolio of extrajudicial recovery, which can be internal or belonging to the external providers. In any applicable situations (above 100 Euros), the Obligor is notified in advance by burofax of its incorporation to the Asnef-Equifax and Experian data files.

### **2.2.8 Representations and other warranties given to the Issuer relating to the Assets.**

The Management Company reproduces below the representations and guarantees that the Assignor, as the owner of the Loans and issuer of the MSs and the MTCs, will make to the Management Company, acting on behalf of the Fund, on the Date of Incorporation of the Fund on the deed of incorporation of the Fund:

#### **a) BANCO DE SABADELL:**

1. BANCO DE SABADELL is a company duly organised in accordance with applicable law and is registered in the Commercial Register of Barcelona and in the Registry of Financial Credit Entities of the Bank of Spain, and is equally empowered to participate in the commercial and mortgage market.
2. BANCO DE SABADELL has not been in a situation of insolvency, suspension of payments, bankruptcy or insolvency proceedings (in accordance with the provisions of the Insolvency Act) on the date of this Prospectus or at any time since its incorporation.
3. The corporate decision-making bodies of BANCO DE SABADELL have validly adopted all resolutions required to (i) assign the SME Loans and SME Mortgage Loans through direct assignment and the issuance of the MSs and the MTCs, and (ii) validly execute the agreements and commitments undertaken therein.
4. BANCO DE SABADELL is in possession of the annual financial statements for the last two completed years, which are duly audited. The Auditors' Report for 2015 is unqualified. The audited annual financial statements for the years 2015 and 2014 are deposited with the CNMV and the Commercial Register.
5. The Assignor complies with current data protection legislation and any anti-money laundering regulations.
6. That it is indicated in section 2.2.8.2 of this Additional Building Block, BANCO DE SABADELL complies with Regulation on CRR, the Regulation on AIFM and the Regulation on Solvency II.

#### **b) Loans:**

1. BANCO DE SABADELL is the full owner of the Loans free of liens and encumbrances and has no knowledge that any Obligor can raise any objections to the payment of any amount regarding the Loans.
2. As of the date of assignment of each Loan, BANCO DE SABADELL has no knowledge that any Obligor is insolvent.
3. BANCO DE SABADELL warrants that on the Date of Incorporation there will be no arrears greater than thirty (30) days.
4. The Loans exist, are valid and are enforceable in accordance with Spanish law
5. The data concerning the Loans included the Prospectus and in the Deed of Incorporation are complete and faithfully and accurately reflect the reality of such

Loans.

6. The Loans have not been subject to any change, amendment, modification or waiver of any kind which in any material way adversely affects the enforceability or collectability of all or a portion of the Assets being transferred.
7. As regards the Loans, no person has a preferential right to the Fund.
8. All the Obligors are self-employed individuals residing in Spain or non-financial SME (according to the Technical Application No.9 / 2014 of Bank of Spain) incorporated in Spain.
9. None of the Loans refinance existing Loans.
10. To the best of BANCO DE SABADELL's knowledge, none of the Obligors is in a position to oppose a settlement right ("derecho de compensación").
11. The Loans are repaid by the Obligors via direct debit.
12. On the Date of Incorporation, the outstanding balance on each Loan is in euros.
13. As of the Date of Incorporation, each Obligor has made at least one scheduled payment under the Loan agreement.
14. BANCO DE SABADELL is not aware of any Obligor holding any credit right against BANCO DE SABADELL that may entitle them to exercise any set-off rights.
15. The information contained in this Prospectus regarding the Preliminary Portfolio is complete and faithfully conforms to reality.
16. Both the assignment of the Loans and the issue of the MSs and the MTCs, as well as all the acts relating thereto, have been legally and validly performed or will be legally and validly performed based on market standards.
17. BANCO DE SABADELL has faithfully followed the standard set forth in the lending policy appearing in section 2.2.7 of this Additional Building Block as regards the policy on the assignment of each and every one of the Loans.
18. The Loans were originated in the ordinary course of business of BANCO DE SABADELL and have been and are being administered by BANCO DE SABADELL in accordance with customary market procedures.
19. None of the Loans has been originated by an entity other than BANCO DE SABADELL that currently are parte of the group Banco Sabadell.
20. On the date of assignment of each Loan, BANCO DE SABADELL is not aware of the existence of litigation of any kind as regards the Loans that may prejudice the validity thereof or give rise to the application of Article 1,535 of the Spanish Civil Code (in reference to the right of termination by the Obligor of a disputed loan that is being sold).
21. On the Date of Incorporation BANCO DE SABADELL undertakes to provide the Management Company with all the initial and the periodical information regarding the Loans in accordance with the software applications of the Management Company.
22. The payments of the Obligors deriving from the Loans are not subject to any withholding tax.
23. The Loan agreements are governed by Spanish law.
24. At the Date of Incorporation, BANCO DE SABADELL has received no notification of total or partial prepayment of the Loans.

25. Each of the SME Mortgage Loans is secured by a first-priority real estate mortgage over the relevant properties and they are not affected by prohibitions concerning their disposal, cancellation or any other ownership limitation.
26. All the SME loans not guaranteed by a mortgage Loan have been formalised in a private agreement or a loan policy.
27. All the SME Loans guaranteed by a SME Mortgage Loan are recorded in public instruments (“Escritura Pública”), and all the mortgages are duly granted and registered in the corresponding Land Registries. The registration of the properties mortgaged is in force and with no contradictions and is not subject to any limitation with priority over the mortgage, in accordance with applicable legal provisions.
28. The mortgages cover properties that are wholly owned by the mortgagor, and the Assignor is not aware of any litigation regarding the ownership thereof.
29. All the properties mortgaged are completed (except in the case of land) properties (flat, commercial premise, industrial, terraced house and other) located in Spain and have been previously appraised by an appraiser duly registered in the corresponding Official Registry of the Bank of Spain, and such appraisal is shown in the relevant certificate.
30. The SME Mortgage Loans guaranteed by mortgages are not subject to any issue of mortgage notes, MSs or MTCs other than the issuance of the actual MSs or MTCs.
31. BANCO DE SABADELL is not aware of the existence of any circumstance preventing the enforcement of the mortgage security.
32. The Loans are fully drawn.
33. None of the Loans have a final maturity date subsequent to 30 September 2045.
34. None of the Mortgage Loans have been granted to finance real estate developments to build or restore homes and/or commercial or industrial properties for sale or rent, and neither are they land financing;
35. None of the Loans corresponds to a financial lease.
36. None of the Loans corresponds to a syndicated transaction.
37. The Assignor may freely transfer its interest in the Loans and their security related thereto without breaching any term or condition of the Loans. In case it the Loan was not transferable without the debtor's consent, such consent had been previously obtained.
38. The assets on which mortgages have been established as security for the Loans have been insured against fire and damages through individual or global policies arranged in favour of BANCO DE SABADELL.

**c) MSs and MTCs:**

1. The MSs and the MTCs will be issued in accordance with the provisions of (i) Royal Decree 716/2009 and (ii) the Fourth Additional Provision of Law 5/2015.
2. The MTCs will be issued to the extent that part of the SME Mortgage Loans are not eligible under Article 3 of Royal Decree 716/2009, for purposes of being subject to MSs.
3. The MSs and the MTCs will be issued for the same period that remains until maturity and for the same interest rate as each of the corresponding SME Mortgage Loans.

4. On the Date of Incorporation, the outstanding balance of each of the SME Mortgage Loans, which are fully drawn, will be equivalent to the principal amount of the corresponding MS or MTC.
5. The respective corporate decision-making body of the Assignor has validly adopted all resolutions required for the issuance of the MSs and MTCs.
6. With regards to the requirements for the issuance of the MSs and the MTCs, ALL SME Mortgage Loans:
  - a. Have a fire and damages insurance through individual or global policies arranged in favour of BANCO DE SABADELL.
  - b. Are secured by first-priority real estate property mortgages.

Both items a) and b) are attributes that are part of the audit report on the Preliminary Portfolio from which the Loans to be assigned to the Fund will be extracted. Law 2/1981 and Royal Decree 716/2009 state that MSs cannot be issued when the outstanding balance of the loan exceeds 60% (80% in some cases) of the appraisal value of the mortgaged property. Therefore, with the information available at the date of register of this Prospectus, the LTV ratio is the only differentiator between MSs and MTCs.

The aforementioned characteristics of the Assignor, of the Loans and of the MSs and the MTCs must exist on the Date of Incorporation.

The Management Company has obtained from the Assignor the representations and warranties regarding both the Loans and the Assignor itself, as described in this section and as will be ratified in the Deed of Incorporation.

#### **2.2.8.2. Compliance with Regulation 575/2013**

In compliance with the provisions of article 405 of the Regulation 575/2013, of 26th June, on prudential requirements of credit institutions and investment companies, amending the Regulation (EU) no. 648/2012 (the “**Regulation on CRR**”), article 51 of the Regulation (UE) N° 231/2013 of 19 December 2012 known as the Regulation of Management of Alternative Investment Funds (the “**Regulation on AIFM**”) and article 254 of the regulation (UE) 2015/35 of 10 October 2014 (the “**Regulation on Solvency II**”) the Assignor has informed the Management Company that it will retain during the term of the Fund, in a constant manner, a significant net economic interest pursuant to the terms required by the Regulation on CRR. In this respect, the Assignor has informed the Management Company that the words “in a constant manner” mean that the net economic interest retained will not be subject to reduction in the credit risk, to short positions or to other types of hedge and that it will not be sold. The Assignor will undertake, by virtue of the Deed of Incorporation, to include in the web page, [https://www.grupbancsabadell.com/es/XTD/INDEX/?url=/es/INFORMACION\\_ACCIONISTAS\\_E\\_I NVERSORES/INFORMACION\\_FINANCIERA/EMISIONES\\_Y\\_FOLLETOS/COMPROMISO\\_DE\\_RETE NCION/index.html](https://www.grupbancsabadell.com/es/XTD/INDEX/?url=/es/INFORMACION_ACCIONISTAS_E_I NVERSORES/INFORMACION_FINANCIERA/EMISIONES_Y_FOLLETOS/COMPROMISO_DE_RETE NCION/index.html) (or any other web page that replaces it in the future) a reference to the location where all the updated details on the retention requirement of net economic interest can be found.

Notwithstanding the foregoing, certain details relating to the said retention are provided in this Prospectus below. In particular:

- That, in compliance with the provisions of letter c) of the said article 405 and letter c) of paragraph 1 of article 51 of the Regulation on AIFM, the Assignor, in its capacity of originator of the securitization, will undertake under the Deed of Incorporation to retain, in a constant manner, the principal of the Subordinated Loan for the Reserve Fund, the Subordinated Loan for Initial Expenses or the outstanding balance of the Class B Notes, equivalent to, at least, 5% of the nominal value of the securitized exposures.
- That, under the Deed of Incorporation, the Assignor will undertake to communicate the Management Company, on a monthly basis, the compliance with the retention commitment assumed so that the latter can publish such information on its web site ([www.imtitulizacion.com](http://www.imtitulizacion.com)). For the purposes of this communication, the Assignor must explicitly state that it has not carried out any action (credit risk hedging, sale, taking short positions, etc.) that might have undermined the application of the retention requirement.

In compliance with the provisions of article 409 of the Regulation on CRR, the Assignor must ensure that potential investors can easily access all relevant data on credit quality and evolution of the various underlying exposures, cash flows and the real guarantees backing the securitization exposures, and as much information as necessary to perform the thorough and documented stress tests as regards cash flows and the value of the real guarantees backing the underlying exposures.

#### **2.2.9 Substitution of the Assets.**

In the case of prepayment of the Assets initially pooled together due to the prepayment of the corresponding Loan, the affected Assets will not be substituted.

If subsequent to the Date of Incorporation, it is detected that an Asset does not conform on the Date of Incorporation to the conditions and characteristics contained in section 2.2.8 of this Additional Building Block, as the corresponding Loan does not so conform, the party that has become aware of such circumstance, whether it be the Assignor or the Management Company, shall notify the other party of such circumstance in writing. BANCO DE SABADELL undertakes within a thirty (30) calendar days period from the mentioned notification to immediately substitute or, if applicable, prepay the corresponding MS or MTC (if applicable) subject to the prior consent of the Management Company and the Rating Agencies so that such substitution does not entail a reduction in the credit rating of the Notes.

The substitution will be made through the incorporation of Loans part of BANCO DE SABADELL'S portfolio that can be included within a Securitisation Fund with the same characteristics as the Loan underpinning the MS and/or MTC being substituted.

In the event that once thirty (30) calendar days have elapsed from the notification above mentioned, there are no Loans in BANCO DE SABADELL'S portfolio with characteristics similar to the Loan underpinning the substituted Loan, BANCO DE SABADELL undertakes to prepay the affected Loan, immediately repaying the outstanding principal in cash, the interest due and unpaid as well as any amount that may correspond to the Fund at such date by virtue of the corresponding Loan.

In any of the above cases, the aforementioned replacement of the Assets shall be communicated to the CNMV and to the Rating Agencies.

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

The assets on which mortgages have been established as security for the Loans have been insured against fire and damages through individual or global policies arranged in favour of BANCO DE SABADELL.

In the event of the absence of individual policies or when the amounts insured by the debtors are insufficient, the properties mortgaged as guarantee of the SME Mortgage Loans will be insured with a global policy of 204,265,910 Euros for the appraisal value of the property minus the uninsurable elements. The mentioned global policy has been arranged with Zurich Insurance PLC, Sucursal en España.

The information provided in this paragraph is included for the purpose of showing the concentration in a single insurance company.

**2.2.11 Information relating to the Obligors where the Assets comprise obligations of five (5) or fewer Obligors which are legal persons, or where an Obligor accounts for twenty percent (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 between the Issuer, the guarantor and the Obligor if it is material to the issue.**

It is not known whether there are significant relationships concerning the issue of the Notes as regards the Fund, the Assignor, the Management Company or other persons involved in the transaction other than those included in section 5.2 of the Registration Document.

**2.2.13 Where the Assets comprise fixed income securities, a description of the principle terms and conditions**

Not applicable.

**2.2.14 Where the Assets comprise equity securities, a description of the principal terms and conditions.**

Not applicable.

**2.2.15 Where more than ten percent (10%) of the Assets comprise equity securities that are not traded on a regulated or equivalent market, a description of the principal terms and conditions.**

Not applicable.

**2.2.16 Where a material portion of the Assets is secured on or backed by real property, a valuation report relating to the property setting out both the valuation of the property and cash flow/income streams.**

As concerns the Assets deriving from SME Mortgage Loans, the valuation of the property securing the real estate mortgage has been performed by appraisers that comply with BANCO DE SABADELL's requirements:

- Ranking of the Top 20
- Without holding shares on the capital of any financial institution,
- With national implementation,
- All of them are ratified by and registered in the corresponding registry of the Bank of Spain.

The policy above applies both for the SME Mortgage Loans and for the total mortgage portfolio of BANCO DE SABADELL.

Such appraisal is carried out in accordance with the provisions of Order ECO/805/2003. The appraisals of the properties relating to the SME Mortgage Loans were performed on the date of the SME Mortgage Loans and in some cases updated after that date. The criteria used by BANCO DE SABADELL for updating the initial valuations of its whole portfolio are those set out in paragraphs 79 to 81 and 130 of Annex 1 of Circular 4/2016 of Bank of Spain. That instruction states that entities will have until December 31, 2017 to complete the update of the valuations of reference of all collateral and foreclosed assets or received in payment of debts requiring complete individual appraisals, under the Order ECO 805 / 2003 of 27 March. The distribution between initial and updated appraisals is included in section 2.2.2.12.

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

Not applicable.

**2.4 Where an Issuer proposes to issue further securities backed by the same Assets, a prominent 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.**

BANCO DE SABADELL will assign to the Fund directly the Assets deriving from SME Loans, and the Assets deriving from SME Mortgage Loans through the issuance of the MSs and the MTCs.

The Fund will acquire the Assets and will issue the Notes from which it will obtain the funds or resources for the purchase of the Assets. It will periodically obtain funds from the repayment of the principal and interest on the Loans which will be used to repay the Notes and to pay interest to the holders thereof. This transaction will be formalised through the Deed of Incorporation, which will be executed by the Management Company, on behalf and at the expense of the Fund, and by BANCO DE SABADELL.

Thus, through the Deed of Incorporation of the Fund the following will take place:

- a) the assignment to the Fund of the Assets deriving from Loans. In the case of Assets derived from SME Mortgage Loans the assignment will be made through the issuance by BANCO DE SABADELL and the subsequent subscription by the Fund of the corresponding MSs and MTCs,
- b) the issuance of Notes in the amount of ONE THOUSAND SEVEN HUNDRED AND FIFTY MILLION EUROS (€1,750,000,000), distributed in two (2) classes of Notes.

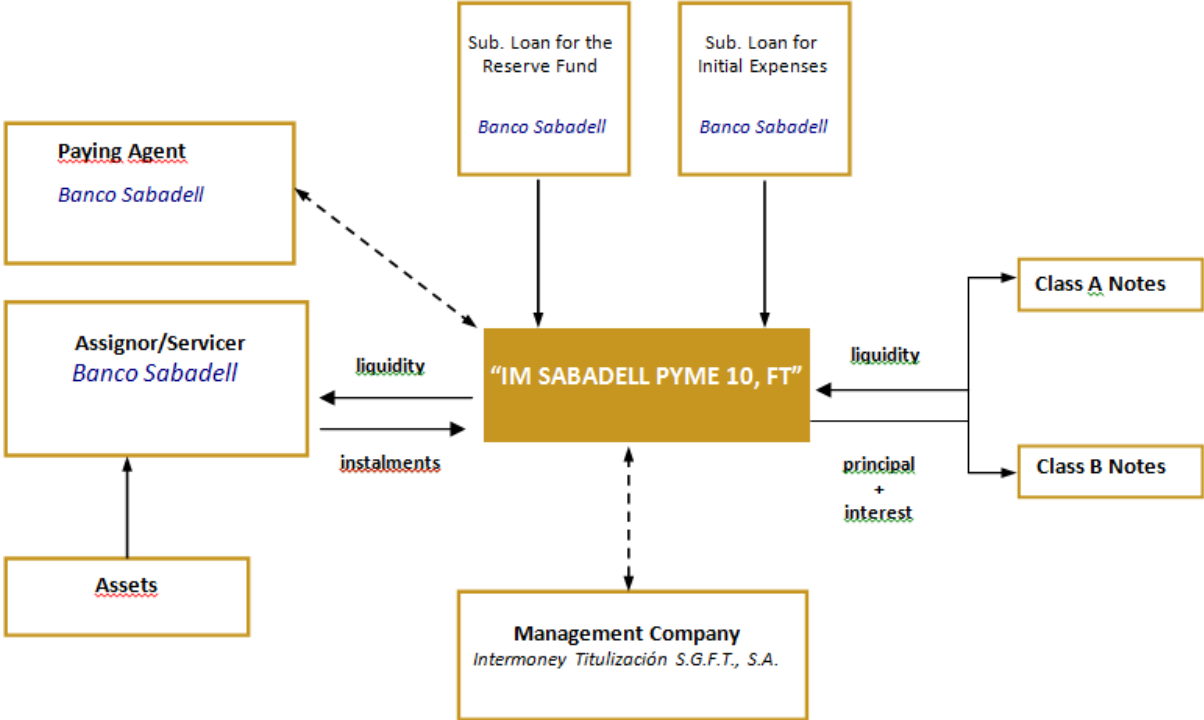
A copy of the Deed of Incorporation will be delivered to the CNMV and to Iberclear to be included in their official registers prior to the Subscription Date.

In order to consolidate its financial structure and achieve the broadest possible hedge of the risks inherent to the issue of Notes, the Management Company, on behalf of the Fund, will enter into, among others, the following agreements:

- Subordinated Loan for Initial Expenses Fund Agreement, with BANCO DE SABADELL, which will be used to finance the expenses of the incorporation of the Fund and the issuance of the Notes and which will be applied to comply with the payment obligations set forth in the Priority of Payments described in sections 3.4.6 b) and 3.4.6 c) of the Additional Building Block, respectively.
- Subordinated Loan for the Reserve Fund Agreement, with BANCO DE SABADELL, which will be used to finance the Reserve Fund and which will be applied to comply with the payment obligations set forth in the Priority of Payments described in sections 3.4.6 b) and 3.4.6 c) of the Additional Building Block, respectively.
- Financial Agency Agreement with BANCO DE SABADELL, by virtue of which BANCO DE SABADELL will provide an agreed variable return for the amounts deposited by the Fund through its Management Company in the Treasury Account and will act as Paying Agent.



The following is an explanatory diagram of the transaction:



**Initial balance sheet of the Fund**

The balance sheet of the Fund at the Disbursement Date will be as follows:

ASSETS		LIABILITIES	
Credit Rights	1.750.000.000	A Bonds	1.448.100.000
		B Bonds	301.900.000
Treasury	84.075.000	Sub. Loan for Initial Expenses	950.000
		Sub. Loan for the Reserve Fund	83.125.000
<b>Total Assets</b>	<b>1.834.075.000</b>	<b>Total Liabilities</b>	<b>1.834.075.000</b>

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

The description of the entities which are participating in the issue and the functions which they carry out are contained in sections 5.2 of the Registration Document and 3.1 of the Securities Note.

### **3.3 Description of the method and of the date of sale, transfer, novation or assignment of the Assets.**

#### **a) Assignment of the Assets.**

The assignment of the Loans by BANCO DE SABADELL will be effective from the Date of Incorporation of the Fund. It will be implemented through the Deed of Incorporation and will be carried out as determined below.

The Obligors will not be notified of the assignment of the Loans to the Fund by BANCO DE SABADELL. However, in the event of insolvency proceedings, or indications of insolvency, or if the Management Company considers it to be reasonably justified, the Management Company may request the Servicer to notify the Obligors and any respective guarantors thereof, of the transfer of the outstanding Loans to the Fund, as well as the fact that the payments deriving from such Loans will only release the debt if payment is made into the Treasury Account opened in the name of the Fund. However, if the Servicer has not given the notice to the Obligors within five (5) Business Days of receipt of the request, or in the case of insolvency proceedings as regards the Servicer, the Management Company itself, either directly or through a new servicer it has designated, will notify the Obligors and any respective guarantors thereof.

The SME Mortgage Loans will be assigned also in the Date of Incorporation through the issuance of the MSs and the MTCs by BANCO DE SABADELL.

These MSs and MTCs will be subscribed by the Management Company, on behalf of the Fund, to be pooled in the Fund, by virtue of the Deed of Incorporation and upon the terms thereof, in accordance with the legislation on the mortgage market (Law 2/1981, Royal Decree 716/2009, the Fourth Additional Provision of Law 5/2015 and other applicable legal provisions). Each MS or MTC relates to 100% of the outstanding principal of each of the SME Mortgage Loans which it assigns; it will have the same term and will accrue an interest rate equal to the nominal rate duly accrued on the corresponding SME Mortgage Loan and imply the transfer, from the Date of Incorporation, of as many accessory rights derived from the corresponding SME Mortgage Loan under the terms provided in the respective contracts that are inherent to them.

The participation in the SME Mortgage Loans through the issue of MSs and MTCs will be for the whole of the remaining period until the final maturity of the SME Mortgage Loans.

The MSs and the MTCs issued pursuant to the provisions of the Deed of Incorporation will be represented by two Multiple Titles issued by the Assignor, representing each one the corresponding MSs and MTCs issued. These Multiple Titles will be deposited with the Paying Agent.

Both in the event that any MS or MTC should be substituted as prescribed in section 2.2.9 of this Additional Building Block, and in the event that the Management Company, acting for and on behalf of the Fund, should proceed to foreclose a SME Mortgage Loan, 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, the corresponding MSs or MTCs have to be sold to a third party, BANCO DE SABADELL agrees to split, as the case may be, any multiple title into such individual or multiple titles as may be required, or to substitute or exchange the same for the above purposes.

BANCO DE SABADELL, as issuing entity, will keep a special book in which it will note the MSs and the MTCs issued and the changes of address of which it has been notified by the holder of each one of the SME Mortgage Loans, and will also record (i) the dates of execution and maturity of the SME Mortgage Loans, (ii) their amounts and form of settlement, and (iii) the registration data of the mortgages securing the SME Mortgage Loans.

The Management Company, on behalf of the Fund, will subscribe the MSs and the MTCs issued by BANCO DE SABADELL in the Deed of Incorporation so that they may be immediately included within the Fund.

Given the nature of the Fund as a qualified investor and the subscription by the latter of the MSs and the MTCs, for the purposes of paragraph two, Article 29.1 of Royal Decree 716/2009, the issuance of the MSs and MTCs shall not be subject to a marginal notation in each recording of the mortgage pertaining to each of the Mortgage Transfers with the Land Registry.

As established by Royal Decree 716/2009, the MSs and the MTCs shall be transferable through a written declaration on the certificate itself and, in general, by any of the means permitted by law. Notice of the transfer of the MS and the MTC and the address of the new holder shall be given by the transferee to the Assignor.

The transferor will not be liable as regards the solvency of BANCO DE SABADELL or for the solvency of the Obligor, or for the sufficiency of the mortgage it guarantees.

**b) Terms and conditions of the assignment of the Assets.**

The assignment of the Loans will be full and unconditional and for the whole of the remaining period up to the maturity of each Loan. BANCO DE SABADELL, as Assignor and in accordance with Article 348 of the Commercial Code and Article 1,529 of the Civil Code, will be responsible to the Fund for the existence and lawfulness of the Loans, as well as for its legal standing to effect the assignment and issue of the MSs and the MTCs, but it will not be responsible for the solvency of the Obligors.

The Assignor does not assume the risk of non-payment of the Loans and therefore does not assume any liability for non-payment by the Obligors, whether of principal, interest or of any other amount they may owe with respect to the Loans, nor does it assume the effectiveness of the security therefor. Nor will it in any other manner assume liability as regards directly or indirectly guaranteeing the success of the transaction, or give security or Notes or enter into repurchase or substitution agreements as regards the Loans, except as described in section 2.2.9 of this Additional Building Block or, if applicable, a potential repurchase further to the exercise of the Optional Redemption set forth in section 4.9.3 of the Securities Note.

The assignment of each Loan will be made for the whole of the outstanding balance on the Date of Incorporation and will be for the whole of the ordinary and default interest with respect to each Loan being assigned on such date.

Specifically, and by way of description and not limitation, the assignment will include all accessory rights in accordance with the provisions of Article 1,528 of the Civil Code; thus, it will give the Fund the following rights as regards the Loans:

1. All amounts due for the repayment of the principal of the Loans.
2. All amounts due for the ordinary interest on the Loans.
3. All amounts due for the default interest on the Loans.
4. For the SME Mortgage Loans, any amounts or assets received through judicial or notarial enforcement of the guarantees or due to the availability or use of the property awarded to the Fund in enforcement of the mortgage security or in the temporary administration or possession of the property (in the process of foreclosure) up to the amount owed by the respective Obligor, the acquisition at the auction price or for the amount determined by judicial resolution.
5. All potential rights or indemnities in favour of BANCO DE SABADELL, including those arising from any accessory right to the Loans as well as from the insurance agreements (either as indemnification or advance payment).

In the event of prepayment of the Loans by total or partial advanced repayment of the principal, the substitution of the affected Assets will not take place.

All the above mentioned rights will accrue in favour of the Fund as from the Date of Incorporation.

The rights of the Fund arising from the Loans are linked to the payments made by the Obligors against the Loans and are therefore directly affected by the evolution, delays, prepayments or any other incidents regarding these Loans.

All possible expenses or costs that may arise for the Assignor from recovery actions in the event of the Obligor failing to comply with its obligations, including enforcement actions against such Obligors, will be paid by the Fund.

**c) Price for sale or assignment of the Assets.**

The price of the sale or assignment of the Assets will be at par, that is to say, for the unpaid principal of the Loans, and will be paid into the Treasury Account on the Disbursement Date.

The Assignor will not receive interest for the deferral of the payment of the sale price from the Date of Incorporation to the Disbursement Date.

In the event of termination of the incorporation of the Fund, and thus the assignment of the

Assets, (i) the obligation of the Fund to pay the price for the acquisition of the Assets will be extinguished, (ii) the Management Company will be obliged to reimburse BANCO DE SABADELL as regards any rights that may have accrued to the Fund due to the assignment of the Assets, and (iii) it will cancel the MSs and the MTCs.

### **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 the holders of the securities.**

The amounts received by the Fund deriving from the Assets will be deposited by the Servicer into the Treasury Account before midnight (12:00 p.m.) on the day following receipt. Therefore, the Fund will be receiving daily income in the Treasury Account due to the amounts received for the Assets.

The collection dates of the Fund will be all the Business Days on which payments are made by the Obligors as regards the Loans.

In the event that it is considered necessary in order to better defend the interests of the Noteholders and on the condition that there is a compulsory substitution of the Assignor as Servicer of the Loans, the Management Company will instruct the Assignor to give notice thereof to each of the Obligors of the Loans, and, from the time this notification takes effect, the Obligors will directly pay the amounts they are obliged to pay as regards the Loans into the Treasury Account, opened in the name of the Fund with the Fund's counterparty to the Financial Agency Agreement.

In no case will the Assignor pay any amounts to the Fund that it has not previously received from the Obligors in payment of Loans.

On a quarterly basis, on each Payment Date, the holders of the Notes will be paid the interest due and the repayment of the principal of the Notes will occur in accordance with the terms set out in sections 4.6.1 and 4.6.2 of the Securities Note and the Priority of Payments included in section 3.4.6 of this Additional Building Block.

On each Payment Date, the Available Resources to pay the obligations of the Issuer to the Noteholders will be the income obtained for the Loans (detailed in section 3.3 b) of the Additional Building Block) calculated on each Determination Date, the interest due from the Cash Flow Treasury, the amount in the Reserve Fund, the proceeds of any liquidation, and when applicable, the Assets of the Fund.

#### **3.4.2 Information on any credit enhancements**

##### **3.4.2.1 Credit enhancements**

In order to strengthen the financial structure of the Fund, to increase the security or the regularity of the payment of the Notes, to cover temporary mismatches of the schedule of flows of principal and interest on the Loans and the Notes, or generally to transform the

financial characteristics of the Notes issued, and to complement the management of the Fund, the Management Company, on behalf of the Fund, will enter into the agreements and transactions described below in the instrument of execution of the Deed of Incorporation, in accordance with applicable legal provisions.

The credit enhancements included in the structure of the Fund are as follows:

**a) Reserve Fund.**

This mitigates the possible losses derived from defaulted Loans. It is included using funds from Subordinated Loan for the Reserve Fund, as specified in section 3.4.2.2 below. On the Date of Incorporation, the Reserve Fund will be equal to 4.75% of the Initial Principal Balance of the Assets.

**b) Financial Agency Agreement.**

The account opened in the name of the Fund by the Management Company (Treasury Account) is remunerated at certain rates and will guarantee a return for the amounts deposited with a minimum floor of 0%.

**c) Subordination and postponement of payment of principal and interest between the Class A and the Class B Notes.**

Class B Notes will be repaid after full repayment of the Class A Notes.

### **3.4.2.2 Reserve Fund**

The Reserve Fund will initially be financed from the Subordinated Loan for the Reserve Fund on the Disbursement Date.

The provider of Subordinated Loan for the Reserve Fund will not be required to replenish the Reserve Fund or to pay any additional amount after the Date of Incorporation. If the Reserve Fund needs to be adjusted in order to comply with the Initial Reserve Fund Required Amount, such adjustment shall be made by the Management Company, to the extent there are Available Resources, up to the “**Initial Reserve Fund Required Amount**” pursuant to the applicable Priority of Payment.

**a) Reserve Fund Amount:**

1. On the Disbursement Date, the Reserve Fund will be funded from the funds of the Subordinated Loan for the Reserve Fund, for an amount equal to EIGHTY-THREE MILLION ONE HUNDRED AND TWENTY FIVE THOUSAND (€83,125,000) (the “Initial Reserve Fund Required Amount”), equivalent to 4.75% of the Initial Principal Balance of the Assets.
2. On each Payment Date, other than a date of liquidation, the Management Company will calculate the Reserve Fund Amount as the maximum between (i) zero and (ii) the difference between the Initial Reserve Fund Required Amount minus the accumulated amount of all the withdrawals from the Reserve Fund on prior Payment Dates, plus the accumulated amount of all the amounts applied on

prior Payment Dates to the provision of the Initial Level of the Reserve Fund (point (4) of section 3.4.6. b) of the Additional Building Block).

On each Payment Date, other than a date of liquidation, the withdrawal from the Reserve Fund shall be the lesser of the following:

- i. the Reserve Fund Amount; and
- ii. the positive difference between (a) the amounts due for taxes and Ordinary and Extraordinary expenses of the Fund and interest accrued by the Class A Notes (and once these are fully amortised, interest accrued by the Class B Notes); and (b) items (1), (2), (3) and (4) of the Available Resources as described in section 3.4.6. of the Additional Building Block; if the difference is negative, then zero.

On the Final Date or in any other date of liquidation, the withdrawal from the Reserve Fund will be the Reserve Fund Amount.

The amount of this Reserve Fund will be paid into the Treasury Account on the Disbursement Date, and will be the subject of the Financial Agency Agreement of the Treasury Account to be signed with BANCO DE SABADELL in accordance with section 3.4.4. of the Additional Building Block.

**b) Use:**

The Reserve Fund will be applied on each Payment Date in order to comply with the payment obligations contained in the Priority of Payments included in section 3.4.6 b) below. On each Payment Date, other than the Liquidation Date, the Reserve Fund will be applied to pay interest on the Class A Notes and, once the Class A Notes are fully amortised, to pay interest on the Class B Notes. On the Date of Liquidation of the Fund, the amounts of the Reserve Fund will become part of the Available Resources in order to make the corresponding payments, in accordance with the Liquidation Priority of Payments.

**3.4.3 Details of any subordinated debt finance**

**a) Subordinated Loan for the Reserve Fund Agreement**

The Management Company, on behalf of the Fund, will enter into a Subordinated Loan for the Reserve Fund Agreement with BANCO DE SABADELL in the total amount of EIGHTY-THREE MILLION ONE HUNDRED AND TWENTY FIVE THOUSAND (€83,125,000), and which will be used for financing the Reserve Fund as described in paragraph 3.4.2.2. above.

The Subordinated Loan for the Reserve Fund Agreement shall be fully terminated in the event that the Rating Agencies do not confirm the provisional ratings assigned to the Notes as final ratings prior the Subscription Date.

All amounts due under the Subordinated Loan for the Reserve Fund Agreement corresponding to the principal used shall be payable on each Payment Date as long as the Available Resources allow such payment in the Priority of Payments or, upon liquidation of the Fund, in the Liquidation Priority of Payments.

Subordinated Loan for the Reserve Fund will accrue nominal annual interest, payable on each Payment Date, calculated each quarter for each Interest Accrual Period, which will be the higher of (i) zero and (ii) the sum of (a) the Reference Interest Rate of the Notes plus (b) a margin of 1.00% per annum to the Final Maturity Date. Interest will only be paid if the Fund has sufficient liquidity in accordance with the Priority of Payments or, where applicable, the Liquidation Priority of Payments described in sections 3.4.6 b) and 3.4.6 c) below, respectively. Interest accrued, which should be paid on a particular Payment Date, will be calculated on the basis of (i) the number of days in each Interest Accrual Period and (ii) a year containing three hundred and sixty (360) days.

The amounts due and not paid from the Loan will not accrue penalty interest in favour of the creditors.

**b) Subordinated Loan for Initial Expenses Agreement**

The Management Company, on behalf of the Fund, will enter into a Subordinated Loan for Initial Expenses Agreement with BANCO DE SABADELL in the total amount of NINE HUNDRED AND FIFTY THOUSAND EUROS (€ 950,000), and which will be used for financing the expenses of incorporation of the Fund and the expenses of the issuance of the Notes.

The Subordinated Loan for Initial Expenses Agreement shall be fully terminated in the event that the Rating Agencies do not confirm the provisional ratings assigned to the Notes as final ratings prior the Subscription Date except for the initial expenses of incorporation of the Fund and the issuance of the Notes.

All amounts due under the Subordinated Loan for Initial Expenses Agreement corresponding to the principal used shall be payable on each Payment Date as long as the Available Resources allow such payment in the Priority of Payments or, upon liquidation of the Fund, in the Liquidation Priority of Payments.

Subordinated Loan for Initial Expenses will accrue nominal annual interest, payable on each Payment Date, calculated each quarter for each Interest Accrual Period, which will be the higher of (i) zero and (ii) the sum of (a) the Reference Interest Rate of the Notes plus (b) a margin of 1.00% per annum to the Final Maturity Date. Interest will only be paid if the Fund has sufficient liquidity in accordance with the Priority of Payments or, where applicable, the Liquidation Priority of Payments described in sections 3.4.6 b) and 3.4.6 c) below, respectively. Interest accrued, which should be paid on a particular Payment Date, will be calculated on the basis of (i) the number of days in each Interest Accrual Period and (ii) a year containing three hundred and sixty (360) days.



The amounts due and not paid from the Loan will not accrue penalty interest in favour of the creditors.

**c) Rules of subordination among the Class A Notes and the Class B Notes**

- A. The payment of interest due on the Class A Notes occupies (2nd) (second) place in the Priority of Payments provided for in section 3.4.6 b) of this Additional Building Block.
  
- B. The payment of interest due on the Class B Notes occupies (5th) (fifth) place in the Priority of Payments provided for in section 3.4.6 b) of this Additional Building Block, and consequently is reduced in rank as regards the payment of interest and repayment of principal due on the Class A Notes.

Sections 4.6.1 and 4.6.2 of the Securities Note provide details on the priority of the payment of interest and repayment of the principal on the Class A Notes and of the Class B Notes in the Priority of Payments of the Fund.

**3.4.4 An indication of any investment parameters for the investment of temporary liquidity surpluses and description of the parties responsible for such investment**

The Management Company, on behalf of the Fund, and BANCO DE SABADELL will enter into the Financial Agency Agreement under which BANCO DE SABADELL will guarantee a return for the amounts deposited by the Fund through its Management Company in the Treasury Account. Specifically, the Financial Agency Agreement will determine the amounts the Fund receives as:

- i. principal and interest on the Assets;
- ii. any other amounts that are received in payment of the ordinary principal or interest and default interest regarding the Assets;
- iii. the amount which constitutes the Reserve Fund at any time;
- iv. the sum to which the return on the balance of the Treasury Account amounts; and
- v. any other amount that in accordance with the Deed of Incorporation and the Prospectus should be deposited in the Treasury Account.
- vi. The proceeds of the liquidation, if any, and where applicable, of the Fund's assets.

All collections and payments during the whole life of the Fund will be centralised in the Treasury Account.

On the Disbursement Date, the Treasury Account will receive the effective amount of the payment for the subscription of the issued Notes and the initial amount of the Subordinated Loan for Initial Expenses and the Subordinated Loan for the Reserve Fund, and will pay the price to acquire the Assets assigned by BANCO DE SABADELL at the initial amount and the expenses of constituting the Fund.

Through its Management Company, BANCO DE SABADELL guarantees the Fund an annual return for the amounts deposited in the Treasury Account, equal to the highest between (i) zero and (ii) 3-month EURIBOR reference rate. The return on the Treasury Account shall be subject to a 0% floor.

The calculation of the return on the Treasury Account will be made by taking the effective days based on a year of three hundred and sixty-five (365) days. The settlement of interest will be monthly, on the last day of each month.

### **DBRS Criteria**

The Management Company, on behalf of the Fund, shall apply the provisions of the Legal Criteria for European Structured Finance Transactions document published by DBRS in February 2016. The entity providing the Treasury Account or the account opened by the Fund to replace or complement it must have a long-term risk rating on the DBRS scale of no less than BBB high not under review negative, according to the DBRS Minimum Rating Required.

In the event that the provider of the Treasury Account concerned loses the minimum rating required herein, or any of the ratings are withdrawn, the Management Company must, with prior notice to the Rating Agencies and within a maximum period of thirty (30) calendar days of the date on which this situation arises, adopt one of the options described below to allow an appropriate level of guarantee to be maintained with respect to the commitments relating to the Treasury Account:

- i. obtain from one or more entities with DBRS Minimum Rating Required of at least BBB high (not under review negative), an unconditional and irrevocable guarantee on first demand, securing, upon first request of the Management Company, the timely compliance by the account holder with its obligation to repay the amounts deposited therein, for as long as the situation remains downgraded; or
- ii. transfer the balances deposited in the account opened with the affected providing entity to another account or accounts opened on behalf of the Fund in one or more entities whose DBRS Minimum Rating Required has a minimum rating of BBB high (not under review negative). The Management Company shall arrange the highest possible return for the balance of the aforementioned accounts.

In the event that the BANCO DE SABADELL regains its DBRS Minimum Rating Required of BBB high and in the event of situation ii), the Management Company will then subsequently return the balance back to BANCO DE SABADELL.

The provider of the Treasury Account undertakes to immediately notify the Management Company, and throughout the life of the Bond issue, of any modification or withdrawal of the rating assigned by the Credit Rating Agencies.

### **Scope criteria**

In the event that the provider of the Treasury Account concerned loses the minimum rating required of long term risk rating of BBB- assigned by Scope, or in the absence of a public rating, the provider of the Treasury Account loses the private rating or internal credit valuations of

BBB- for long-term debt, the Management Company must, with prior notice to the Rating Agencies and within a maximum period of thirty (30) calendar days of the date on which this situation arises, adopt one of the options described below to allow an appropriate level of guarantee to be maintained with respect to the commitments relating to the Treasury Account:

- i. Obtain from one or more entities with minimum credit ratings for long-term of at least BBB- for its subordinated and unsecured debt (and without affecting the ratings Scope has assigned to the Bonds) an unconditional and irrevocable guarantee on first demand, securing, upon first request of the Management Company, the timely compliance by the account holder with its obligations to repay the amounts deposited therein, for as long the situation remains downgraded; or
- ii. Transfer the balances deposited in the account opened with the affected providing entity to another account or accounts opened on behalf of the Fund in one or more entities whose long term debt has a minimum rating of BBB- for its subordinated and unsecured debt. The Management Company shall arrange the highest possible return for the balance of the aforementioned accounts.

In the event that BANCO DE SABADELL regains its Scope long term debt minimum rating of BBB- for its subordinated and unsecured debt and in the event of situation ii), the Management Company will then subsequently return the balance back to BANCO DE SABADELL.

All costs, expenses and taxes incurred by the implementation and execution of the above options will be considered Extraordinary Expenses of the Fund.

The Management Company will be entitled to replace the provider of the Treasury Account – in all or some of its functions covered in the Financial Agency Agreement- provided (i) it is legally possible, (ii) the ratings assigned to the Notes are not downgraded and (iii), when necessary, the appropriate authorisations from the relevant authorities have been issued. The replacement will be notified to the CNMV and to the Rating Agencies.

#### **3.4.5 How payments are collected in respect of the Assets.**

As is specified in section 3.7.1 of the present Additional Building Block, as the collection agent on behalf of the Fund in an account opened with BANCO DE SABADELL, BANCO DE SABADELL will receive any amounts paid by the Obligors deriving from the Loans as regards both principal and interest, plus amounts for prepayment of the Loans and for the insurance policies, if any, assigned to the Fund, depositing such amounts in the Treasury Account in favour of the Fund. At the same time, it will receive whatever amounts are paid by the Obligors by way of cancellation and prepayment fees and will deposit them daily in the Treasury Account.

The Servicer will diligently ensure that the payments to be made by the Obligors are collected in accordance with the contractual terms and conditions of the respective Loans.

Each Collection Period is defined as the calendar month from the Date of Incorporation and until the extinction of the Fund. Exceptionally, the first Collection Period will begin on the Date of Incorporation and will end on 31 August 2016. Payments from the Servicer will take place

every Business Day of each Collection Date into the Treasury Account, and will correspond to the amount paid by the Debtors of the Loans in the immediately prior Collection Period.

Nevertheless, if the Management Company considers it necessary in the best interest of the Noteholders and in the event of the forced replacement of any of the Servicers, it will instruct the Servicer to notify each Debtor to pay the amount due directly into the Treasury Account or the account opened to such purpose by the Management Company, provided both DBRS's and Scope's criteria requirements described in section 3.4.4. of the Additional Building Block are met.

In no case will the Servicer pay any amount that has not been previously received from the Obligors in payment of the Loans.

### **Control of the deposited amounts originated by the Assets**

In the first five Business Days of each month the Assignor, as Servicer, will forward to the Fund, as information relating to the Loans administered, a detailed report including the following:

- Outstanding principal to be paid from each Loan, differentiating between matured and outstanding.
- The amounts received during the previous Collection Period from the established principal from each Loan, including prior default recoveries.
- Amounts received during the previous Collection Period from prepayments of principal of each Loan, indicating the value date of such prepayments.
- Amounts received during the previous Collection Period from regular interest from each Loan (including prior default recoveries).
- Amounts received during the previous Collection Period from penalty interest from each Loan (including prior default recoveries).
- Current quota and date of the next payment by Loan.
- Current interest rate for each Loan and starting date, if applicable.
- Margin over the current interest rate, if applicable.
- Term to maturity (in months) of each Loan.
- List of Loans declared Defaulted during the previous Collection Period.
- Amount defaulted of each Loan of principal, due and not paid.
- Amount of the defaulted of each Loan of interest, due and not paid.
- Number of defaulted quotas for each Loan.
- Modifications carried out on the Loan conditions, in particular those that relate to loans in default.

Additionally, the Assignor will provide any other information related to the Loans that is requested by the Management Company and that is necessary to carry out its functions.

The Collection Adjustment Date is the 15<sup>th</sup> of each month or the Business Day that immediately precedes them. On this date, the Management Company and the Assignor will proceed to adjust the amounts effectively deposited in the Treasury Account in the Collection Period that corresponds to the month immediately prior to such date, to those that should have been deposited in accordance with each of the agreements of the Assets.

In the event of discrepancies between the Assignor and the Management Company regarding the amount of adjustment on the Collection Adjustment Date, all parties will try and resolve such discrepancies, despite the fact that in the event that no agreement is reached prior to such date, the Assignor will provisionally forward to the Fund the amount established by the Management Company, sufficiently justified, regardless of whether adjustments are made to this amount at a later date.

#### **3.4.6 Source and application of Funds.**

On the Date of Disbursement the Fund will receive the amounts from the subscription of the Notes, the Subordinated Loan for Initial Expenses and the Subordinated Loan for the Reserve Fund and will apply such amounts to the following payments: sale price for assignment of the Assets, payment of the expenses of incorporation of the Fund and issuance of the Notes, and endowment of the Reserve Fund.

From the Date of Disbursement until the total repayment of the Notes, the source and application of the amounts that may be drawn by the Fund will be as described below:

##### **a) Source:**

The Available Resources on each Payment Date will come from the following:

1. Revenue obtained from the Loans as interest.
2. The return obtained from the reinvestment of the Reserve Fund as well as from the amounts deposited in the Treasury Account.
3. Revenue obtained from the Loans as principal.
4. Any income obtained from early cancellation or partial prepayment fees.
5. The amount corresponding to the Reserve Fund.
6. Any other amounts that the Fund may receive, including the revenue from the enforcement of the security for the Assets.

The Available Resources will be applied in order to address the payments described in the Priority of Payments described below in section b).

##### **b) Application**

On each Payment Date, the Management Company, on behalf of the Fund, will apply the Available Resources amount to the following payments and retentions, in accordance with the Priority of Payments described below.

1. Payment of the Ordinary Expenses and Extraordinary Expenses of the Fund.

2. Payment of interest due and payable on the Class A Notes.
3. Repayment of the Outstanding Principal Balance of the Class A Notes.
4. Retention of a sufficient amount to reach the Initial Reserve Fund Required Amount, in accordance with the stipulations in section 3.4.2.2 of this Additional Building Block. Once the Class A Notes are fully amortised, the retention will be postponed to the payment of Outstanding Principal Balance of the Class B Notes.
5. Payment of interest due and payable on the Class B Notes.
6. Repayment of the Outstanding Principal Balance of the Class B Notes.
7. Payment of interest due and payable on the Subordinated Loan for Initial Expenses Agreement.
8. Payment of interest due and payable on the Subordinated Loan for the Reserve Fund Agreement.
9. Payment of principal due on the Subordinated Loan for Initial Expenses Agreement.
10. Payment of principal due on the Subordinated Loan for the Reserve Fund Agreement.
11. A quarterly payment of a variable amount to BANCO DE SABADELL as remuneration or compensation for the financial intermediation performed, which will be equal to the difference between the income and expenses booked for the Fund on the corresponding Payment Date, the "Variable Commission".

**The Ordinary Expenses in first place in the above order of priority are broken down, solely for purposes of information, into the following:**

- Expenses incurred in verifying registrations and compulsory official authorisations;
- Expenses incurred in keeping the book-entry registry of the Notes and placing them on organised secondary markets;
- Expenses incurred in administering the Fund including the Management Company fees;
- Expenses incurred in administering the Portfolio to the Servicer including the Servicer fees;
- Expenses incurred in repaying the Notes including the Paying Agent fees;
- Expenses deriving from the annual audits of the financial statements of the Fund;
- Notary expenses;
- Expenses deriving from the maintenance of the ratings of the Notes;
- Expenses related to the notifications that must be made to the holders of outstanding Notes in accordance with the provisions of this Prospectus.
- In general, any other expenses incurred by the Management Company and deriving from their work of representation and management of the Fund.

The estimated Ordinary Expenses of the Fund for 2016 are 170,000 euros. Since Ordinary Expenses have fixed and variable elements, an estimation of the percentage will represent on the Outstanding Principal Balance of the Assets can not be established. In any case, since a part of said current expenses is variable and linked to the Outstanding Principal Balance of the Assets, we estimate that the Ordinary Expenses will decrease over the life of the Fund.

### **Extraordinary Expenses.**

Extraordinary Expenses are those expenses derived from preparation and execution of the amendment of the Deed of Incorporation and the agreements, and by the execution of additional agreements; the amount of the initial expenses of incorporation of the Fund and issuance of Notes exceeding the principal amount of Subordinated Loan for Initial Expenses; the extraordinary expenses of audits and legal advice; ; all expenses that may arise from the sale of credit rights and the remaining assets of the Fund for the liquidation thereof; those necessary to commence enforcement of the Loans and those arising from the required actions for recovery; and generally, all other extraordinary expenses borne by the Fund.

If an item remains unpaid on a Payment Date prior to the current Payment Date, the Priority of Payments will be followed strictly in this section, beginning with the oldest item.

### **c) Liquidation Priority of Payments**

The Management Company will liquidate the Fund when its liquidation takes place on the Final Date or at any time at which the Early Liquidation of the Fund takes place according to sections 4.4.3 and 4.4.4 of the Registration Document, by applying the following Available Resources (the “**Available Resources for Liquidation**”): (i) Available Resources, and (ii) amounts obtained by the Fund from time to time upon disposing of the MSs and the MTCs and the remaining assets, in the following order of payment priority (the “**Liquidation Priority of Payments**”):

1. Reserve to pay the Liquidation Expenses of the Fund.
2. Payment of the Ordinary Expenses and the Extraordinary Expenses.
3. Payment of the interest of the Class A Notes.
4. Repayment of the Outstanding Principal Balance of the Class A Notes.
5. Payment of the interest of the Class B Notes.
6. Repayment of the Outstanding Principal Balance of the Class B Notes.
7. Payment of the interest of the Subordinated Loan for the Initial Expenses Agreement.
8. Payment of the interest of the Subordinated Loan for the Reserve Fund Agreement.
9. Payment of the Outstanding Principal Balance due on the Subordinated Loan for Initial Expenses Agreement.
10. Payment of the Outstanding Principal Balance due on the Subordinated Loan for the Reserve Fund Agreement.
11. Payment to BANCO DE SABADELL of the Variable Commission.

### **3.5 Name, address and significant business activities of the Assignor**

The Assignor of the Assets is BANCO DE SABADELL, with a registered office at Plaça Sant Roc, 20 08201 Sabadell (Spain). As a financial credit entity, its main activity consists of banking activities, although it has some interests in insurance, investment and pension fund management, financial mediation, global custody, equity management and mediation both in domestic and international markets.

The following table shows a comparison of the relevant information for BANCO DE SABADELL at December 2015, December 2014 and first quarter of 2016.

The consolidated annual financial statements of the Assignor for 2014 and 2015 have been audited and deposited with the CNMV. The information regarding first quarter of 2016 is pending audit.

They have been prepared in accordance with the International Financial Reporting Standards applicable to BANCO DE SABADELL under Regulation EC 1606/2002 and Bank of Spain Circular 6/2008.

### Balance sheet

(€ million)	31.12.14	31.12.15	31.03.16
Cash and balance with Central Banks	1.190	6.139	5.559
Trading and derivatives portfolios and other financial assets	3.253	3.098	4.146
Available-for-sale financial assets	21.096	23.460	24.255
Loans and advances	117.895	154.754	149.020
Balances with financial institutions	4.623	6.206	3.762
Loans to customers (net)	110.836	146.816	143.525
Debt securities	2.436	1.732	1.733
Investments in associated companies	513	341	366
Property, plant and equipment	3.983	4.189	4.197
Intangible assets	1.591	2.081	2.011
Other assets	13.824	14.566	14.468
<b>Total assets</b>	<b>163.346</b>	<b>208.628</b>	<b>204.021</b>
Trading and derivatives portfolios	2.254	2.335	2.923
Financial liabilities at amortised cost	145.580	189.469	184.104
Central banks	7.202	11.566	11.020
Credit institutions	16.288	14.725	12.958
Customer deposits	98.208	132.876	130.757
Debt and other tradable securities	20.196	26.407	25.120
Subordinated liabilities	1.012	1.473	1.451
Other financial liabilities	2.673	2.422	2.799
Liabilities under insurance contracts	2.390	2.218	2.245
Provisions	395	346	335
Other liabilities	1.510	1.492	1.625
<b>Subtotal liabilities</b>	<b>152.130</b>	<b>195.860</b>	<b>191.232</b>
Shareholders' equity	10.224	12.275	12.539
Valuation adjustments	937	456	212
Minority interest	55	37	38
<b>Equity</b>	<b>11.216</b>	<b>12.768</b>	<b>12.789</b>
<b>Total liabilities and equity</b>	<b>163.346</b>	<b>208.628</b>	<b>204.021</b>
Contingent risks	9.133	8.356	8.243
Contingent liabilities	14.770	21.131	19.926



## INCOME STATEMENTS

(€ million)	FY14	FY15	1Q16
<b>Net interest income</b>	<b>2.259.706</b>	<b>3.202.830</b>	<b>973.893</b>
Income from equity method and dividends	8.729	51.707	21.573
Net fees and commissions	860.891	1.087.763	277.802
Results from financial transactions (net)	1.763.604	1.208.161	308.091
Foreign exchange (net)	99.556	53.507	2.906
Other operating income/expense	-191.960	-125.598	-16.694
<b>Gross operating income</b>	<b>4.800.526</b>	<b>5.478.370</b>	<b>1.567.571</b>
Personnel expenses	-1.202.604	-1.457.341	-415.528
Non-recurrent	-33.309	-39.848	-10.274
Recurrent	-1.169.295	-1.417.493	-405.254
Other general expenses	-570.714	-829.174	-249.181
Non-recurrent	-6.865	-23.973	-7.662
Recurrent	-563.849	-805.201	-241.519
Amortization & depreciation	-278.104	-328.862	-97.167
<b>Pre-provisions income</b>	<b>2.749.104</b>	<b>2.862.993</b>	<b>805.695</b>
Provisions for NPLs	-1.541.051	-1.371.827	-276.343
Other impairments	-958.608	-961.336	-158.566
Gains on sale of assets	236.948	-16.960	-3.066
Badwill	0	231.891	0
<b>Profit before tax</b>	<b>486.393</b>	<b>744.761</b>	<b>367.720</b>
Income tax	-109.748	-32.516	-114.429
<b>Consolidated net profit</b>	<b>376.645</b>	<b>712.245</b>	<b>253.291</b>
Minority interest	4.968	3.804	1.290
<b>Attributable net profit</b>	<b>371.677</b>	<b>708.441</b>	<b>252.001</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Secured loans	62.444.496	92.739.951	90.251.833
Impairment adjustments	7.865.530	6.738.174	5.847.290
<b>Doubtful assets</b>	<b>15.726.087</b>	<b>12.482.401</b>	<b>10.723.795</b>
Mortgage-secured doubtful assets	10.520.551	7.308.197	nd
Other financial collateral	2.228.791	2.878.060	nd
Others	2.976.745	2.296.144	nd
Coverage ratio of doubtful assets	49,2%	53,1%	53,4%
Coverage ratio of doubtful assets (includes conting	49,4%	53,6%	54,1%
Doubtful assets	15.909.945	12.560.806	10.811.965
Of which: Contingent risk	-195.073	-89.827	-97.201
Of which: Debt securities	11.215	11.422	9.031

At the end of the first half of 2016 BANCO DE SABADELL's delinquency rate and mortgage delinquency rate are 6.83% and 4.56% respectively.

**3.6 Return on and/or repayment of the security is linked to others which are not Assets of the Issuer.**

Not applicable.

**3.7 Servicer of the Loans and responsibilities of the Management Company.**

**3.7.1 Servicer of the Loans**

The Fund will pool the Assets derived from the SME Mortgage Loans and from non-mortgage SME Loans. In accordance with paragraph 3.3.a) of the Additional Building Block, the assignment of the Assets derived from SME Mortgage Loans will be implemented through the subscription by the Fund of the Mortgage Shares and the Mortgage Transfer Certificates issued by BANCO DE SABADELL. In accordance with Article 26.3 of the Royal Decree 716/2009, BANCO DE SABADELL will retain the administration and custody of the SME Mortgage Loans from which are derived Assets assigned to the Fund.

In accordance with article 26.1b) of Law 5/2015 the Management Company will administer and manage the non-mortgage SME Loans from which the Assets assigned to the Fund are derived.

Without prejudice to the provisions of the two paragraphs above, for the purposes of developing the activities of the administration and management of the Loans (both SME Mortgage Loans and non-mortgage SME Loans) acquired by the Fund, the Management Company will sign with BANCO DE SABADELL on the Deed of Incorporation the terms for the Loans administration.

BANCO DE SABADELL, as Servicer of the Loans, assumes the commitments referred above, to the Management Company and to the Fund, until the total extinguishment of of the SME Loan or until the cancellation or liquidation of the SME Loans, as appropriate, being obliged to take whatever actions be necessary to the effectiveness and success of the Loans in accordance with the terms agreed on the Deed of Incorporation. Those terms are summarized below.

The Servicer, BANCO DE SABADELL, will accept the mandate received from the Management Company and it is committed to exercise the administration, management and custody of the non- mortgage SME Loans and the administration and custody of the SME Mortgage Loans in the terms agreed on the Deed of Incorporation and summarized in this paragraph 3.7.1., and, if necessary, to comply with the instructions of the Management Company in relation to the Loans. The Servicer agrees to indemnify, as appropriate, to the Management Company or to the Fund for the breach of the obligations assumed as Servicer in the Deed of Incorporation.

The Servicer may carry out any actions it considers reasonably necessary or appropriate within the limits set out in this section and in the Deed of Incorporation.

The mandate of the Management Company in favor of the Servicer will have, to the extent that the law permits, the character of revocable so that, in the event that the Servicer verify a

breach on their terms agreed on the Deed of Incorporation or in the Prospectus or in case of the occurrence of events that, in the opinion of the Management Company, damages or risks the financial structure of the Fund or the rights and interests of the Noteholders, including among others, the cases of insolvency, intervention by the Bank of Spain or liquidation of the Servicer or in case of process of resolution on the terms contained in the Act 11/2015, the Management Company may, as long as permitted by current legislation, may (i) replace the Servicer or (ii) instruct the Servicer to subcontract or delegate such functions to another entity that, in its opinion, has the technical capacity to carry them out, provided previous notification to the Rating Agencies and as long as the ratings assigned to the Notes are not affected. All this, without prejudice to the obligations and responsibilities under Article 26.1 b) and 30.4. Law 5/2015 regarding the administration and management of the Fund's assets that correspond to the Management Company.

The Management Company will take into consideration proposals made by the Servicer in relation to its replacement. The Servicer is obliged to carry out such subcontracting or delegation.

The Servicer, by virtue of the mandate given by the Management Company, undertakes the following:

- i. To carry out the administration and management of the Assets acquired by the Fund as established by the ordinary rules and procedures of administration and management set out in the Deed of Incorporation;
- ii. To continue to administer the Loans, dedicating the same time and attention and the same level of expertise, care and diligence in its administration as it would dedicate and exercise in the administration of its own loans. In any case, it will exercise an appropriate level of expertise, care and diligence as regards the provision of the services stipulated in this Additional Building Block and in the Deed of Incorporation;
- iii. That the procedures it applies and will apply for the administration and management of the Loans are and will continue to be in accordance with applicable laws and legal provisions;
- iv. To faithfully comply with the instructions given by the Management Company;
- v. To compensate the Fund for the damages that may derive from failure to comply with the obligations acquired.

A succinct description of the ordinary rules and procedures of administration and custody of the Loans governed by the Deed of Incorporation of the Fund is set forth in the following sections.

#### **1. Term**

The services will be provided by BANCO DE SABADELL until all obligations assumed by BANCO DE SABADELL in relation to such Loans are extinguished upon full repayment of the Loans, without prejudice to the possible early revocation of its mandate if legally possible.

In the case of a breach by the Servicer of the obligations established in this Additional Building Block due to a drop in its credit rating that entails a prejudice or risk to the financial

structure of the Fund or to the rights and interests of the Noteholders, as well as due to insolvency of the Servicer, or if the Management Company considers it to be reasonably justified, the Management Company, if legally possible, and with prior notice to the Rating Agencies, may take one of the following actions. This is without prejudice of the obligation and responsibilities derived from article 26.1 b) and 30.4, of the 5/2015 Law in relation to the servicing and management of the Assets grouped in the asset Fund correspond to the Management Company:

- i. replace the Servicer with another entity that, in the opinion of the Management Company, has the suitable legal and technical capacity, provided that the rating of the Notes is not adversely affected; or
- ii. require the Servicer to subcontract, delegate or be guaranteed in the performance of such obligations by another entity that, in the opinion of the Management Company, has the suitable legal and technical capacity, provided that the rating of the Notes is not adversely affected.

In the case of insolvency of the Servicer, the only possible action will be (i) above.

The Management Company will take into account the proposals made by the Servicer both in connection with the subcontracting, delegation or appointment of the new servicing provider for the fulfilment of its obligations, and in connection with the entity that may guarantee the performance of such obligations.

Notwithstanding the foregoing, the Management Company, on behalf of the Fund, will have the final decision as regards the appointment of the new servicer and any of the aforementioned actions.

The Servicer may voluntarily resign from the administration and management of the Loans if allowed by applicable law, provided that (i) such resignation is approved by the Management Company, (ii) the Management Company has designated a new servicing provider, (iii) the Servicer has compensated the Fund for the damages that the resignation and substitution may cause thereto, and (iv) there is no negative impact on the rating of the Notes.

## **2. Custody of the deeds, documents and files.**

The Servicer will maintain all the deeds, policies, documents and IT files related to the Assets and will not abandon their custody or control unless there is written prior authorisation from the Management Company, except when a document is requested to initiate recovery proceedings of a SME Loan, or it is requested by any other authorised entity, in which case it will notify the Management Company.

The Servicer will provide reasonable access, at any given time, to any such deeds, policies, documents and IT files, to the Management Company or to the auditors of the Fund, with the authorisation of the Management Company. Furthermore, if the Management Company requests it, it will provide, in the 15 Business Days following

such request and free of charge, copy or photocopy of any of such documents.

**3. Collection management.**

The Servicer will continue to manage the collection of all the amounts owed by the Obligors and that derive from the Loans, together with any other concept. The Servicer will employ the due diligence to guarantee that the payments are collected in accordance with the terms and contractual conditions of the Loans.

The Servicer's payment to the Fund of the amounts received from such Loans will be carried out following section 3.4.5 above.

**4. Determining the interest rate.**

For Loans with a variable interest rate the Servicer will continue to determine such interest rates in accordance with the appropriate policies or public deeds of the loans, undertaking the necessary notifications.

**5. Information.**

On the Date of Incorporation, the Servicer will deposit at the notary an encrypted file with the personal data necessary to issue the collection orders to the Obligors (hereon, **Personal Data Register** or **PDR**). In addition, the Servicer agrees to annually update the information contained in the PDR with the data corresponding end of each year. The distribution of this file is limited by the Data Protection Act and the notary will only provide such information to the Management Company, upon written request of the latter, if necessary in connection with the management of the Assets. The access to the file to the Management Company can not be denied.

**6. Servicer fee**

The Servicer will receive on each Payment Date a quarterly fee of 0.01% calculated on the Outstanding Principal Balance of the Assets on the previous Payment Date. This fee will be understood gross, including any direct or indirect tax or withholding it might be subject to. The Fund will pay this fee, in accordance with the Priority of Payments and the Liquidation Priority of Payment described in sections 3.4.6. of the Additional Building Block.

**7. Servicer Alert**

The Management Company, as part of its role of surveillance and control of the servicing of the Loans, is in a position to detect breaches in the level of diligence expected from the Servicer and the possibility of a Servicer Alert situation. It is the obligation of the Management Company to identify if the nature of the deterioration of the service will require the replacement of the Servicer. If this need is confirmed, the Management Company will notify:

- The Servicer.
- The CNMV, as supervisor of the Fund.
- The Bank of Spain, as supervisor of the Servicer.
- The creditors of the Fund, through a material event notice.
- The bankruptcy administrator for the Servicer, if applicable.
- The Credit Rating Agencies.

A Servicer Alert will be: (i) any interruption of the flow of periodical information originating at the Servicer and (ii) the deterioration of the contents of such information. In any event, and irrespective of the causes the Management Company believes may trigger the procedure that predates a possible replacement, an Administration Alert will also be: (iii) the deterioration of the solvency of the Servicer, measured by current legislation during a period of 6 months and (iv) when the Servicer is declared bankrupt or it is undergoing a resolution process, as described in Law 11/2015.

In the event that this breach is detected or in the event of a Service Alert:

- i. firstly, the *Management Company* will notify the affected Servicer, who will have a term of 30 Business Days to assess and, if necessary, resolve the Service Alert; and
- ii. secondly, and if such Service Alert is not adequately resolved and the affected Servicer must be replaced, the *Management Company* will notify this situation to:
  - the CNMV, as supervisor of the *Fondo*.
  - the Bank of Spain, as supervisor of the Servicer.
  - the creditors of the *Fondo*, as a Relevant notice.
  - the administrator of the bankruptcy of the Servicer, if applicable.
 the Credit Rating Agencies.

### **7.1. Preliminary procedure in the event of the replacement of the Servicer**

In the event of a Servicer Alert or when the Management Company considers a Servicer Alert has been triggered, and therefore, a substitution is possible, the following procedure will be followed:

- The Management Company will request a consultation of the PDR that has been deposited at a notary.
- The Management Company will carry out tests in the form of an issue of SME Loan payment invoices to the Obligor and will have the process audited externally to guarantee the precision of the result.
- The Management Company will select an entity that could eventually replace the Servicer. It may contact entities supervised by the Bank of Spain and included in its registers, in the following order of preference:
  - Bank and Credit Cooperatives, incorporated in Spain.
  - Branches of EU Credit Entities with permanent residence in Spain.
  - Branches of non-EU Credit Entities with permanent residence in Spain.
  - Credit Finance establishments incorporated as public limited company in Spain.

- Only in the event that none of the above can be appointed may other entities be contacted.
- To appoint the new servicer, the Management Company will take the following into consideration: (i) experience in loan servicing, (ii) experience in arrears loan servicing, (iii) experience in defaulted loan servicing, (vi) regional presence, (v) solvency, (vi) information and control systems and mechanisms, and (vii) cost. The Management Company may request expert reports (to be paid by the Fund) to conclude the decision-making process.

## **7.2. Specific Servicer replacement situations**

In any event, the replacement of the Servicer must be justified by:

- i. Breach of the servicing obligations, proven by the Management Company.
- ii. A corporate, administrative or legal decision to liquidate and dissolve the Servicer.
- iii. The disappearance of the Servicer for any other reason.
- iv. The occurrence of events related to the Servicer or the performance of its duties that, in the opinion of the Management Company, imply damage or risk to the financial structure of the Fund or to the rights and interests of the Noteholders.
- v. The Servicer is undergoing a resolution process, as described in Law 11/2015.

The replacement of the Servicer will follow the terms and conditions established in the Deed of Incorporation.

In the event of a Servicer Alert or whenever the Management Company considers that a Servicer Alert has been triggered, it will implement the replacement process to substitute the Servicer in a term of sixty (60) days.

## **7.3. Contingency plan to replace the Servicer**

In accordance with the Deed of Incorporation, once the Management Company has made the decision to replace the Servicer, the following processes will take place:

- a) Formalisation of the new servicing agreement with the new servicer.
- b) Activation of the information recovery procedure necessary for the management of the Loans. This includes:
  - Asset database and document transfer from the Servicer.
  - Recovery of the PDR file generated by the Servicer.
  - Forwarding of all the Asset data in the hands of the Management Company to the new servicer.
- c) Activation of the process to notify the Obligors of the sale together with the updating of the payment instruction process. This process will follow the terms set out in the Deed of Incorporation and the Prospectus. In accordance with section 3.3 of this Additional Building Block, payments derived from Loans to

which the Fund is entitled will only be releasable if they are made in its name into the Treasury Account or into the account designated by the Management Company to such effect.

- d) Notification of the decision to replace to all parties involved, including the CNMV and the Credit Rating Agencies.

In any event, the Management Company may consider the following as causes for the Liquidation of the Fund, under the terms described in section 4.4.3.(ii) of the Registration Document:

- i. A reasonable expectation that the replacement process could take longer than six (6) months, or
- ii. Once the process has been set in motion, it takes longer than nine (9) months to conclude.

#### **8. Subrogation of the Obligor to the Loans**

The Servicer will be authorised to permit subrogations in the position of the Obligor in the SME Loan agreements only in those cases in which the new Obligor has similar features in respect of risk profile and others to those of the previous Obligor and such features conform to the Loan assignment standards described in section 2.2.7 of this Additional Building Block, and provided that the expenses deriving from such subrogation are paid in full by the Obligor.

The Management Company may totally or partially limit this authority of the Servicer, or subject the power to conditions, if such subrogations may negatively affect the ratings of the Notes given by the Rating Agencies.

The Management Company must in any case be immediately notified of any subrogation by the Servicer in accordance with the preceding paragraph. The subrogation of the Loan must not adversely or otherwise affect the Loan portfolio.

In addition the Obligor may request subrogation of the Loans to the Servicer pursuant to Law 2/1994 on the subrogation and amendment of Loans.

The subrogation of a new creditor in the Loan and the resulting payment of the amount owed will give rise to a mandatory prepayment of the Loan and of the corresponding MS or MTC.

#### **9. Powers and actions relating to procedures for renegotiation of the Loans.**

The Management Company generally authorises the Servicer to enter into renegotiations with respect of the Loans, without its prior consent, under the terms and conditions described below.

The Servicer may not release security for any reason other than the payment of the



Loans, waive or compromise on such security, forgive the Loans in whole or in part or generally perform any act that reduces the rank, legal effectiveness or economic value of the Loans.

Under no circumstances may BANCO DE SABADELL enter into renegotiations on the interest rate that could result in a reduction in the interest rate applicable to an asset on its own initiative and without a request to this end from an Obligor.

The Management Company authorises BANCO DE SABADELL to renegotiate the interest rate on loans when requested to do so by an Obligor. The renegotiation of the applicable interest rate cannot result in the interest rate being adjusted to a level or index other than the interest rates or indices used in loans provided by BANCO DE SABADELL.

Any such renegotiation will need to comply with the following requirements:

- a) In renegotiating the interest rate clause of the loans, BANCO DE SABADELL must ensure that the new terms are at the market interest rate and are no different than those applied by the Servicer in renegotiating its loans. For purposes of this procedure, a market interest rate is the interest rate offered by lenders in the Spanish loan market.
- b) Interest rates may be renegotiated to change a given variable interest rate to another fixed rate of interest.

The powers of renegotiation given to BANCO DE SABADELL in this section are subject to the following limitations:

- a) No increase in the amount of credit will be allowed.
- b) Renegotiations of a reduction in the instalments agreed will be allowed, with a limit of 15% of the Initial Principal Balance of the Assets.
- c) The margin on the reference index may not be renegotiated below the weighted average margin of the Bonds on the date on which modification is made.
- d) The maturity date on a loan may be extended, provided that the new maturity date of the loan does not occur after the Final Maturity Date.

In any event, after any renegotiation in accordance with the provisions of this section, BANCO DE SABADELL will immediately inform the Management Company of the terms and conditions resulting from such renegotiation.

Under exceptional circumstances, the Management Company, on behalf of the Fund, may suspend or amend the authorisation and requirements for renegotiation by the Servicer set forth in this section.

If the Servicer fails to comply with the provisions of this section in relation to the renegotiation of any of the Loans, the replacement procedure described in section 2.2.9 of this Additional Building Block shall apply with respect to the Loan in question (without prejudice to the liability of the Servicer for such circumstance). This does not mean that the Servicer guarantees the successful conclusion of the transaction, but rather the remedy of the effects of the breach of its obligations, in accordance with Article 1,124 of the Civil Code. The Management Company will immediately inform the CNMV of the repayment of the Assets resulting from the Servicer's breach. The costs incurred to cure the Servicer's breach must be paid by the Servicer and cannot be passed on to the Fund.

In connection with Section IV of Law 1/2013, it should be noted that BANCO DE SABADELL has adhered to the amendments to the Code of Good Practice endorsed by the aforementioned Law 1/2013, modified by Royal Decree 1/2015, of 27 February. As a result, to the extent that the Management Company acknowledges and agrees that BANCO DE SABADELL has adhered to the amendments to the Code of Good Practice, the Fund may be affected by the measures set out therein (which are applicable to the entire portfolio of loans, including the SME Loans), and which may entail an extension of the period for foreclosure proceedings and cause a loss in the value of the SME Mortgage Loans.

## **10. Procedure in the event of arrears**

In the event of Obligor arrears related to the Assets, the Servicer will carry out the standard procedures for this type of situation if it still held ownership of the Assets in this situation and in accordance with good banking practice, as long as such actions do not damage the management of the Fund or the rating assigned to the Notes. Any legal action considered necessary by the Servicer in order to reclaim and collect the amounts due from the Debtors are also included in the mandate.

## **11. Legal actions**

The Servicer and the Management Company, as legal representative of the Fund, will carry out the appropriate actions against the Obligors that are in breach of their payment obligations derived from the Assets. Such actions must follow legal foreclosure procedures set out in Art.517 and following of *Ley de Enjuiciamiento Civil* or the alternative applicable procedure. If this is not possible, the Servicer and the Management Company will initiate the appropriate judicial or extra-judicial procedures. Specifically, the Servicer undertakes to: (i) carry out any judicial or extrajudicial action of the Fund against the Obligor, in its own name and in the

interest of the Management Company, as legal representative of the Fund; and (ii) carry out any necessary or convenient actions for the full effectiveness of such actions.

Furthermore, the Management Company, as manager of the Fund, and holder of the Assets, will also participate with the same rights as the Servicer in the judicial or extra-judicial procedure initiated to claim the amounts due to the Fund.

When necessary, the Management Company grants in the Deed of Incorporation a power wide and sufficient enough in the Law to the Assignor so that may, acting through any of their authorised representatives, in accordance with the instructions of the Management Company in the name and on behalf of the Fund, or in its own name but on behalf of the Management Company, request through any judicial or extrajudicial method for the Obligor the payment of the debt, and to act judicially against them making use of its faculties as Servicer. These powers may be extended and modified through another deed if necessary.

Furthermore, the Servicer will carry out legal actions if, during a period of six (6) months (provided there are no circumstances or regulatory changes that justify failing this period), the Obligor of a Defaulted Asset does not reinitiate payment to the Servicer and if the latter, with the consent of the Management Company, does not obtain a satisfactory payment compromise for the Fund. The Assignor, as Servicer, in any event, will immediately proceed to present the legal action if the Management Company, in the name of the Fund, and prior analysis of the specifics of the case, deems it necessary.

If after six (6) months from the oldest arrear, and without the reinitiating of payments by the Obligor or without restructuring the debt, the BANCO DE SABADELL, as Servicer has, without due justification, not presented the legal action, injunction or other, the Management Company, in the name of the Fund, will directly proceed to the corresponding judicial or out-of-court procedure to recover the debt in full. And, in the absence of a reasonable justification may directly proceed to start the procedure, despite the responsibilities of the Servicer in this matter.

In the event of the halting of the Servicer's recovery procedure without sufficient reason, the Management Company, in the name of the Fund, may continue with the judicial procedure if legally possible.

In any event, the Management Company will be entitled, in the terms established by current legislation, to request the allocation as payment of its credit, of the properties and goods being repossessed through any of the procedures initiated to demand the fulfilment of the obligations of the Obligors of the Assets assigned to the Fund.

Once the judicial or extra-judicial procedures to claim the amounts due from the Obligor, the Servicer must protect the interests of the Fund under any circumstance, and will carry out any actions that generate the least damage during the corresponding procedure.

The Servicer undertakes to duly notify of the extra-judicial payment claims made to the Obligors. Equally, the Servicer undertakes to notify every month of the situation of the judicial or extra-judicial procedures initiated against the Obligors (initiating the claim, the notification of the foreclosure, the legal claim for payment, the Obligor's opposition, the initiation of urgent

request and the conclusion of the procedure), together with any other circumstances that affect the collection of the amounts due and pending payment from the Assets. Further, the Servicer will provide the Management Company with all the documentation requested in relation with such Assets, and in particular, the specific documentation necessary for the Management Company to initiate or continue, in each case, the judicial or extra-judicial actions.

Specifically, the Servicer undertakes to notify the Management Company of the places, date and conditions of the auctions of the goods or properties and rights, in the fifteen (15) days following the final notification of the judicial sentence that forces the celebration of the auction, so that the Management Company can adopt the measures it considers necessary and can instruct the Servicer, on how to proceed.

The Servicer undertakes to attend the auctions under the instructions of the Management Company, and to proceed in such a way that it will only bid or request the property in favour of the Fund in accordance with such instructions. In the absence of instruction, the Servicer will act, depending on each case, in such a way as it considers convenient and subject to the identical procedures used with the remainder of the loans in its portfolio, and always taking into consideration the interests of the Fund.

In the event that goods, properties or rights of any type are assigned to the Fund, the Servicer will proceed to sell them in the shortest possible term and under market conditions.

Among the roles of the Servicer, is the management of such sale. Specifically, the Servicer undertakes to compile all the necessary documentation for the sale and forward it to the Management Company (among others the legal documentation and, in its case, the purchase deed), and to coordinate the sale with the notary selected to such end. Additionally, and in relation with the properties assigned to the Fund as a consequence of the execution of the guarantees associated to the Assets, or via any other procedure, the Servicer undertakes to (i) find a real estate agency and use it to carry out all the necessary actions in order to sell the property (if the Servicer does not have their own real estate department or any company of the group); and (ii) carry out all the necessary procedures with the Property Register in relation to the sale of the property.

BANCO DE SABADELL will enjoy a preferential right to purchase the goods or properties assigned to the Fund during the 10 Business Days that follow the date in which the Management Company notifies its intention to sell the good or right. This right implies that the Servicer may purchase the goods or rights under the same conditions as were offered to the Management Company.

### **3.7.2 Management Company.**

The administration and legal representation of the Fund is vested in the Management Company (“Intermoney Titulización”), whose name, address and significant business activities are described in section 6 of the Registration Document upon the terms established by Law 5/2015 (especially those related to Article 26) and other applicable regulations, without prejudice to the provisions of the Deed of Incorporation. In accordance with Article 30.4 of the Law 5/2015, the responsibility of the

Management Company will not be, in any case, affected by the fact that delegated functions to third parties or by a new sub-delegation, nor shall the Management Company delegate its functions to the extent of becoming an instrument or entity devoid of content.

The Management Company is also responsible for representing and defending the interests of the Noteholders and of the Other Creditors of the Fund. Accordingly, the Management Company shall at all times take into account the interests of the Noteholders, acting in the defence thereof and adhering to applicable law and regulations for such purpose.

By way of example and without prejudice to other actions provided for in this Additional Building Block, the actions to be performed by the Management Company in furtherance of its duties of administration and legal representation of the Fund are as follows:

- (i) verify that the amount of income actually received by the Fund corresponds to the amounts to be received by the Fund in accordance with the terms and conditions of each Asset and the terms and conditions of the various contracts;
- (ii) validate and control the information it receives from the Servicer regarding the Loans as regards collections of ordinary payments, prepayments of principal, payments of unpaid instalments, and status and control of non-payments;
- (iii) calculate the Available Resources and the movements of funds it will have to make once they have been applied in accordance with the relevant Priority of Payments, ordering transfers of funds between the various asset and liability accounts and making the applicable payment instructions, including those allocated to pay the financial servicing on the Notes;
- (iv) calculate and settle the amounts for interest and fees that must be received and paid by the various asset and liability financial accounts, as well as the fees to be paid for the various agreed financial services and the amounts pertaining to the Notes for the repayment of principal and for interest;
- (v) handle the accounting of the Fund with due separation thereof from that of the Management Company, and render accounts and comply with the tax or other legal obligations applicable to the Fund;
- (vi) furnish the holders of Notes issued against the Fund, the CNMV and the Rating Agencies with such information and notices as are established by applicable legal provisions, and especially those contemplated in this Prospectus;
- (vii) enter into, extend or amend agreements it has executed on behalf of the Fund, replace each of the providers of services to the Fund by virtue of such agreements, and also, if necessary, enter into additional agreements, all of the foregoing subject to applicable law, after obtaining the prior authorisation, if required, from the CNMV or competent governmental body, and after notifying the Rating Agencies, and provided that such actions do not lead to a decrease in the rating of the Notes and do not impair the interests of the Noteholders, so as to ensure that the Fund operates in accordance with the terms set forth herein and by law in force from time to time;

- (viii) appoint and replace, as applicable, the financial auditor charged with auditing the annual financial statements of the Fund;
- (ix) prepare and submit to the CNMV and other competent bodies all documents and information that must be submitted pursuant to applicable legal provisions and the terms of this Prospectus, or when so requested by the CNMV and other competent bodies, as well as preparing and submitting to the Rating Agencies any information they may reasonably request thereof;
- (x) make appropriate decisions in relation to the liquidation of the Fund, including the decision for early termination of the Notes issued and liquidation of the Fund, in accordance with the provisions of this Prospectus; and
- (xi) pay the Ordinary Expenses and the Extraordinary Expenses incurred by the Management Company on behalf of the Fund.

The Management Company shall perform its activities with the diligence required thereof in accordance with Law 5/2015, representing the Fund and defending the interests of the Noteholders and of the Other Creditors of the Fund as if handling its own interests, caring for the levels of diligence, reporting and defence of the interests of the former and avoiding situations involving conflicts of interest, and giving priority to the interests of the Noteholders and to those of the Other Creditors of the Fund over its own. The Management Company will be liable to the Noteholders and Other Creditors of the Fund for all damages caused thereto by a breach of its duties or failure to observe the provisions of the Deed of Incorporation and of this Prospectus. It will be liable for the penalties applicable thereto pursuant to the provisions of Law 5/2015.

The Management Company has the necessary resources, including suitable technology information systems, to discharge its duties of administering the Fund as attributed thereto by Law 5/2015.

#### **Resignation and replacement of the Management Company**

The Management Company will be replaced in the administration and representation of the Fund in accordance with the provisions established by applicable law. Thus, in accordance with the provisions of Article 32 of Law 5/2015, the Management Company will be replaced using the following procedure:

- (i) In accordance with Article 32 of Law 5/2015, the Management Company may resign from its duties when it so deems appropriate and voluntarily request its replacement in a written communication addressed to the CNMV disclosing the appointment of the replacement management company. In no case may the Management Company resign from the performance of its duties until all of the requisites and formalities for its replacement to be able to fully assume its duties in relation to the Fund have been met. All expenses arising from such replacement shall be paid by the Management Company itself, and may not in any event be attributed to the Fund.
- (ii) The Management Company shall be replaced if it is subject to any of the grounds for dissolution under Articles 360 et seq. of the Companies Act (*Ley de Sociedades de Capital*). The Management Company shall notify the CNMV of the occurrence of any of such grounds. In such case, the Management Company must comply with the provisions of paragraph (i)

above prior to its dissolution.

- (iii) If the Management Company is declared insolvent or its authorisation revoked, in accordance with Articles 33 and 27 of Law 5/2015, respectively, a management company must be appointed to replace it. The replacement must become effective within four (4) months of the date of occurrence of the event causing the replacement. If the Management Company has not appointed a new management company within four (4) months of the event causing the replacement, there shall be an Early Liquidation of the Fund and redemption of the Notes, requiring the actions contemplated in section 4.4.3(iii) of the Registration Document.
- (iv) The replacement of the Management Company and appointment of the new company, approved by the CNMV in accordance with the provisions of the above paragraphs, shall be reported to the Rating Agencies and shall be published within a period of fifteen (15) days by means of an announcement in the bulletin of the AIAF.
- (v) The Management Company undertakes to execute any public or private documents needed to proceed with the replacement thereof by another management company in accordance with the procedure explained in the preceding paragraphs of this section. The replacement management company shall subrogate to the rights and obligations of the Management Company as established in this Additional Building Block. Furthermore, the Management Company must deliver to the new management company any documents and accounting and database records relating to the Fund that are in its possession.

#### **Subcontracting of the Management Company**

Pursuant to Article 30.4 of the Law 5/2015 and the provisions of the Prospectus, the Management Company will be entitled to subcontract or delegate the provision of any of the services to be performed in its duties of administration and legal representation of the Fund to reputable third parties, provided that the subcontractor or delegate waives any actions against the Fund for liability.

In any case, the subcontracting or delegation of any service (i) cannot involve any additional cost or expense for the Fund, (ii) must be lawful, (iii) must not cause a decrease in the rating of the Notes by the Rating Agencies, and (iv) shall be communicated to the CNMV, and if legally required shall have the prior approval thereof. Such subcontracting or delegation will not be a waiver of or release the Management Company from any of the liabilities assumed by virtue of this Prospectus that are legally attributable thereto or that may be enforced against it.

#### **Compensation of the Management Company for the performance of its duties**

The Deed of Incorporation shall provide that the Management Company has the right to receive an initial fee and, on each Payment Date of the Notes, provided the Fund has Available Resources in the Treasury Account in accordance with the Priority of Payments contemplated under section 3.4.6 b) of the Additional Building Block, to a periodic administration fee payable quarterly on each Payment Date equal to a fixed amount and a variable amount calculated on the Outstanding Principal Balance of the Assets, on the immediately prior Payment Date. The fee accruing from the Date of Incorporation of the Fund to the First Payment Date of the Notes shall be adjusted in proportion to the days elapsing between both dates, calculated on the nominal value of the Notes issued.

### **3.8 Name and address and brief description of any swap counterparties and any providers of other material forms of credit/liquidity enhancement or accounts.**

Section 5.2 of the Registration Document contains a brief description of the counterparties to the contracts described below.

**a) Financial Agency Agreement.**

BANCO DE SABADELL is the Fund's counterparty to the Financial Agency Agreement. A description of the agreement is included in section 3.4.4 of this Additional Building Block.

**b) Subordinated Loan for the Reserve Fund Agreement**

BANCO DE SABADELL is the Fund's counterparty to the Subordinated Loan for the Reserve Fund Agreement. A description of the Subordinated Loan for the Reserve Fund Agreement is included in section 3.4.3 a) of this Additional Building Block.

**c) Subordinated Loan for Initial Expenses Fund Agreement**

BANCO DE SABADELL is the Fund's counterparty to the Subordinated Loan for Initial Expenses Agreement. A description of the Subordinated Loan for Initial Expenses Agreement is included in section 3.4.3 b) of this Additional Building Block.

#### **4. POST-ISSUANCE REPORTING**

**a) Obligations and deadlines envisaged for the preparation, auditing and approval of the annual and quarterly financial statements and management report.**

The Management Company shall present the Fund's annual financial statements mentioned in sub-section 1 of Article 35 of Law 5/2015, together with the auditors' report in respect thereof, to the CNMV within four (4) months following the close of the Fund's fiscal year, which shall coincide with the calendar year (i.e. prior to 30 April of each year).

Additionally, according to sub-section 3 of Article 35 of Law 5/2015, the Management Company shall present the Fund's quarterly financial statements to the CNMV within two (2) months of the end of each calendar quarter.

**b) Obligations and deadlines contemplated for availability to the public and delivery to the CNMV and the Rating Agency of periodic information on the economic/financial status of the Fund.**

The Management Company, in its management and administration of the Fund, undertakes to supply the information described below and any other additional information as may be reasonably requested thereof with the utmost diligence possible and within the deadlines provided.



**b.1 Regular periodic notices.**

For so long as the Notes remain outstanding, during the period between the Rate Setting Date and the Payment Date (unless such dates fall on a bank holiday in Madrid, in which case they will change to the following Business Days) and at least one (1) calendar day in advance of each Payment Date, the Management Company undertakes to provide the notices described below to the CNMV, AIAF and Iberclear:

- (i) The resulting interest on the Notes for the current Interest Accrual Period;
- (ii) The repayment of the principal of the Notes for the current Interest Accrual Period;
- (iii) The actual average prepayment rates of the Assets, as of the Determination Date corresponding to the Payment Date in question;
- (iv) The average residual life of the Notes calculated pursuant to the assumptions regarding such actual average prepayment rate;
- (v) The Outstanding Principal Balance of each Note (after the repayment to be made on the Payment Date in question), and the percentage that such Outstanding Principal Balance represents of the total initial face value of each Note;
- (vi) The amounts outstanding for matured principal/interest payments on the Notes;
- (vii) The nominal interest rates resulting for the Notes for the following Interest Accrual Period;

In addition, the Management Company shall submit quarterly to the CNMV the interim financial information of the Fund, in the terms and formats prescribed by Circular 2/2016, of the CNMV.

In accordance with Law 5/2015, the Management Company must publish the following information on its website ([www.imtitulizacion.com](http://www.imtitulizacion.com)):

- a) its deeds of incorporation, and any public deeds granted subsequently;
- b) the Issue Prospectus and any supplements thereto; and
- c) the Annual Financial Statements and quarterly reports.

The notices will be provided according to the provisions of section b.3. below.

**b.2 Special notices.**

Pursuant to Article 36 of Law 5/2015, the Management Company must immediately notify any material event specifically relevant to the situation or development of the Fund to the CNMV and to its creditors. Material facts specifically relevant to the Fund shall be those that could have a significant impact on the Notes issued or on the Assets. In particular, material facts shall include any relevant modification to the assets or liabilities of the Fund, any amendment to the Deed of Incorporation, and, if applicable, the resolution on the setting-up of the Fund or any eventual decision regarding the

Early Liquidation of the Fund and Early Redemption of the Notes for any of the causes established in this Prospectus. In the case of the latter, the Management shall also submit to the CNMV the certificate executed before a public notary evidencing the winding-up of the Fund and subsequent liquidation procedure described in section 4.4.3 of the Registration Document.

This section also includes, among other things, changes in the ratings of the Notes and the steps to be taken if triggers are activated due to a downgrade in the rating of the counterparty to the financial agreements or due to any other cause.

**b.3 Procedure.**

Notices to Noteholders which, pursuant to the above, must be provided by the Fund, through its Management Company, shall be provided as follows:

1. The regular periodic notices referred to in section b.1. supra, by publication in the AIAF daily bulletin, or any other that may hereafter replace it or another of similar characteristics, or by publication as a material event at the CNMV. The requirements of Law 5/2012 shall be complied with via the website of the Management Company ([www.imtitulizacion.com](http://www.imtitulizacion.com)).
2. The special notices described under section b.2) supra, by publication with the CNMV as a material event.

**c) Reporting to the CNMV.**

Information regarding the Fund will be forwarded to the CNMV according to the formats contained in Circular 2/2016, as well as any information in addition to the above that is required by the CNMV or pursuant to the applicable legal provisions at any time.

**d) Reporting to the Rating Agencies.**

The Management Company shall provide the Rating Agencies with periodic information on the status of the Fund and the performance of the Loans so that they may monitor the ratings of the Notes and the special notices. It will also use its best efforts to provide such information when reasonably requested to do so and, in any case, when 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.

**e) Information to be furnished by BANCO DE SABADELL to the Management Company.**

In addition, BANCO DE SABADELL undertakes to inform the Management Company, on behalf of the Fund, on a monthly basis and in any case at the request thereof, of any non- payments, prepayments or changes in interest rates, and promptly notify BANCO DE SABADELL of payment demands, judicial actions, and any other circumstances that affect the Loans.

BANCO DE SABADELL shall also provide the Management Company with all documentation the latter may request in relation to such Loans, and particularly the documentation required by the Management Company to commence any judicial actions.

**MR JOSE ANTONIO TRUJILLO DEL VALLE, for and on behalf of INTERMONEY TITULIZACIÓN, S.G.F.T., acting in his capacity as CEO of the Management Company, hereby signs this Prospectus in Madrid on 27 July 2016.**

## DEFINITIONS

In order to properly interpret this Prospectus, the terms written with capital letters will be understood in accordance with the definitions given for each one below, unless they are expressly given another meaning and also according to the definition which was attributed to them as defined terms in this Prospectus. The terms which are not expressly defined will be understood in their natural and obvious meanings in accordance with their general use. The terms which are in singular include the plural and vice-versa to the extent that the text so requires.

The capitalised terms listed below will have the following meanings:

**“Additional Building Block”** means the Additional Building Block to the Securities Note regarding the issuance of Notes prepared in accordance with Annex VIII of Regulation (EC) No 809/2004, approved by the CNMV on 10 March 2016.

**“AIFMR”** means the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012, supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

**“AIAF”** means AIAF Mercado de Renta Fija, S.A., the securities exchange for fixed-income securities located in Madrid on which the Notes are expected to be listed.

**“Assets”** means the credit rights that will be the assets of the Fund and it is made up of credit rights deriving from the Loans provided by the Assignor.

**“Assignor”** means BANCO DE SABADELL, S.A.

**“Audit Report on the Preliminary Portfolio”** means the audit report on the Preliminary Portfolio from which the Loans to be assigned to the Fund will be extracted, drafted by Ernst & Young.

**“Auditors of the Fund”** means Ernst & Young, S.L.

**“Available Resources”** means the amounts received by the Fund as principal of and interest on the Assets, the returns on the Treasury Account, the Reserve Fund and any amounts that the Fund may receive as established in section 3.4.6 a) of the Additional Building Block, which will be applied on each Payment Date to the payments established in the Priority of Payments included in section 3.4.6 b) of the Additional Building Block.

**“BANCO DE SABADELL”** means Banco de Sabadell, S.A.

**“Business Day”** means any day that is not one of the following:

- i. Saturday;
- ii. Sunday;
- iii. A holiday according to the TARGET calendar (only for the purposes of determining the nominal interest rate applicable for each Interest Accrual Period). Apart from the days recognised in paragraphs (i) and (ii) above, it also includes 1 January, Good Friday, Easter Monday, 1 May, and 25 and 26 December; and
- iv. Public holidays in Madrid (for the purposes of determining the nominal interest rate applicable for each Interest Accrual Period and for the other terms and conditions of the issue).

**“Circular 2/2016”** means Circular 2/2016 of 20 April, on accounting standards, annual financial statements, public financial statements and confidential statistical information statements of Securitisation Funds, as amended from time to time.

**“Civil Code”** means the Civil Code (*“Código Civil”*) published by virtue of Royal Decree of 24 July 1889 and the other preparatory provisions.

**“Civil Procedural Act”** or **“Law 1/2000”** means Law 1/2000 of 7 January on Civil Procedure.

**“Class A Notes”** means the securitisation Notes issued against the Fund in the total nominal amount of ONE THOUSAND FOUR HUNDRED AND FORTY-EIGHT MILLION, ONE HUNDRED THOUSAND EUROS (€1,448,100,000), made up of FOURTEEN THOUSAND FOUR HUNDRED AND EIGHTY-ONE (14,481) Notes each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

**“Class B Notes”** means the securitisation Notes issued against the Fund in the total nominal amount of THREE HUNDRED AND ONE MILLION NINE HUNDRED THOUSAND EUROS (€301,900,000), made up of THREE THOUSAND AND NINETEEN (3,019) Notes each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

“**CNMV**” means the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

“**Collection Adjustment Date**” means the 15<sup>th</sup> of each month (or the immediately prior Business Day) in which the Management Company will proceed to adjust with the Servicer the amounts they have effectively deposited in Treasury Account during the Collection Period of the calendar month immediately prior to such Date, with those that should have been deposited in accordance with the agreement of each Loan.

“**Collection Period**” means each calendar month from the Date of Incorporation until the extinction of the Fund. The first Collection Period will begin on the Date of Incorporation and end on 31 August 2016.

“**Commercial Code**” means the Commercial Code (“*Código de Comercio*”) published by virtue of Royal Decree of 22 August 1885.

“**CPR**” means Constant Annual Pre-Payment Rate (“*Tasa de Amortización Anticipada*”).

“**Date of Incorporation**” means the day on which the Deed of Incorporation is authorised. The Date of Incorporation is scheduled for 29 July 2016.

“**DBRS**” means DBRS Ratings Limited.

“**DBRS Minimum Rating Required**” is the higher of:

- (i) in case the entity has long-term *Critical Obligation Rating* (“**COR**”) by DBRS, a notch lower than such COR; and
- (ii) the public rating assigned by DBRS to the Paying Agent or, if the public rating does not exist, the private rating or internal valuation done by DBRS (“**DBRS Rating**”);

“**DBRS RATING**” means as the Public rating assigned by DBRS, or if it does not exist the Internal Rating assigned by DBRS and if it does not exist DBRS Internal assessment.

“**Deed of Incorporation**” means the Deed of Incorporation of the Fund (“*Escritura de Constitución*”) for the Securitisation of Assets, IM SABADELL PYME 10, Assignment of Assets and the Issue of Securitisation Notes.

“**Defaulted Assets**” means those Assets that (a) are in arrears for a period equal or exceeding 12 months for amounts due; or (b) are classified as defaulted by the Management Company because there is reasonable doubt that they will be repaid in full; or (c) the debtor has been declared insolvent.

**“Determination Date”** means two Business Days prior to a Payment Date.

**“Determination Period”** means each of the periods included between two consecutive Determination Dates, including the initial Determination Date of the corresponding period in each Determination Period and excluding the Determination Date at the end of the corresponding period.

**“Direction and Subscription Agreement”** means the management and subscription agreement to be entered into by the Management Company, for and on behalf of the Fund and BANCO DE SABADELL.

**“Disbursement Date”** means 3 August 2016.

**“Early Liquidation of the Fund”** means the liquidation of the Fund and, thus, the prepayment of the issue of Notes on a date prior to the Final Date, in accordance with the cases and procedure set out in section 4.4.3 of the Registration Document.

**“Early Redemption of the Notes”** means the redemption of the Notes on a date prior to the Final Maturity Date in the event of Early Liquidation of the Fund in accordance with the requirements set forth in section 4.4.3 of the Registration Document.

**“Ernst & Young”** means Ernst & Young, S.L.

**“Final Date”** means 20 May 2049.

**“Final Maturity Date”** means the last date of maturity of the Loans included in the Preliminary Portfolio, i.e., 30 September 2045, or, if this is not a Business Day, the immediately following Business Day.

**“Financial Agency Agreement”** means the guaranteed interest-rate reinvestment agreement of the Treasury Account and the paying agent agreement to be signed by the Management Company, acting on behalf and in representation of the Fund, and BANCO DE SABADELL, by virtue of which BANCO DE SABADELL will provide an agreed variable return for the amounts deposited into the Treasury Account by the Fund.

**“First Interest Accrual Period”** means the period from the Disbursement Date (inclusive) to the First Payment Date (exclusive).

**“First Interest Rate”** means the applicable interest rate for the First Interest Accrual Period.

**“First Payment Date”** means 21 November 2016.

**“Fund”** means Issuer.

**“Iberclear”** means the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores.

**“Initial Reserve Fund”** means the Reserve Fund created on the Disbursement Date in an amount equal to EIGHTY THREE MILLION ONE HUNDRED AND TWENTY FIVE THOUSAND EUROS (€83,125,000).

**“Interest Accrual Periods”** means each of the periods into which the issue of the Notes is divided, and includes the days actually elapsed between each Payment Date, including the initial Payment Date of the corresponding period in each Interest Accrual Period and excluding the final Payment Date of the corresponding period.

**“INTERMONEY TITULIZACIÓN”** means Intermoney Titulización, S.G.F.T., S.A.

**“IRR”** means the Internal Rate of Return for the Noteholders.

**“Issuer”** means IM SABADELL PYME 10, FUND DE TITULIZACIÓN.

**“Law 37/1992”** means Law 37/1992 of 28 December on Value Added Tax.

**“Law 22/2003”** or **“Insolvency Act”** means Law 22/2003 of 9 July on Insolvency.

**“Law 5/2015”** means Law 5/2015 of 27 April on the Promotion of Corporate Finance.

**“Law 27/2014”** means Law 27/2014 of 27 November on Corporate Income Tax.

**“Law 11/2015”** means Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms.

**“Liquidation Expenses”** means those that arise from the liquidation of the Fund.

**“Liquidation Priority of Payments”** means the order of priority of the payment or deduction obligations of the Fund as regards the application of the Available Resources for Liquidation.

**“Loans”** means SME Loans and SME Mortgage Loans.



“**LTV**” means “Loan-to-Value”, i.e., the ratio between the outstanding principal balance and the appraisal of each SME Mortgage Loan.

“**Management Company**” means INTERMONEY TITULIZACIÓN, S.G.F.T., S.A. or the entity who may substitute it in such roles.

“**Mortgage Shares**” or “**MS**” means the mortgage shares (“*Participaciones Hipotecarias*” or “*PHs*”) to be issued by BANCO DE SABADELL regarding the SME Mortgage Loans included in the SME portfolio in accordance with the provisions of section 3.3.a) of the Additional Building Block.

“**Mortgage Transfer Certificates**” or “**MTC**” means the mortgage transfer certificates (“*Certificados de Transmisión de Hipoteca*” or “*CTHs*”) to be issued by BANCO DE SABADELL regarding the SME Mortgage Loans included in the SME portfolio in accordance with the provisions of section 3.3.a) of the Additional Building Block.

“**Multiple Title**” means each security instrument representing the MSs and the MTCs issued by BANCO DE SABADELL on the SME Mortgage Loans.

“**Nominal Interest Rate**” means the interest rate applicable to the Class A and Class B Notes on each interest Payment Date obtained from adding the margin corresponding to the Notes to the Reference Interest Rate.

“**Non-defaulted Assets**” means those loans not considered as Defaulted Assets.

“**Notes**” means the securitisation Notes issued against the Fund in the total nominal amount of ONE THOUSAND SEVEN HUNDRED AND FIFTY MILLION EUROS (€1,750,000,000), made up of SEVENTEEN THOUSAND FIVE HUNDRED (17,500) Notes each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

“**Noteholders**” means the holders of the Notes.

“**Obligors**” means the self-employed individuals residing in Spain and SME incorporated in Spain to whom BANCO DE SABADELL has provided the Loans from which the securitised Assets derive.

“**Outstanding Balance of the Assets**” means the principal amounts due and uncollected together with the principal amounts of the Assets not yet due.

**“Outstanding Principal Balance of the Class A Notes”** means, on each day, the principal amount of the Class A Notes upon issue less the aggregate amount of all principal payments on the Class A Notes that have been repaid on or prior to such date.

**“Outstanding Principal Balance of the Class B Notes”** means, on each day, the principal amount of the Class B Notes upon issue less the aggregate amount of all principal payments on the Class B Notes that have been repaid on or prior to such date.

**“Paying Agent”** means BANCO DE SABADELL.

**“Payment Dates”** means the 20 day of February, May, August and November of each year, or, if any of such dates is not a Business Day, the Business Day immediately thereafter.

**“PDR”** means Personal Data Register.

**“Preliminary Portfolio”** means the preliminary portfolio of loans from which the Loans giving rise to the Assets to be assigned to the Fund will be extracted on the Date of Incorporation, and it is made up of the Preliminary Portfolio.

**“Priority of Payments”** means the order of priority for the application of the payment or deduction obligations of the Fund, both as regards the application of the Available Resources.

**“Prospectus”** means, collectively, the table of contents, the document describing the risk factors, the Registration Document, the Securities Note, the Additional Building Block and the document containing the definitions.

**“Rate Setting Date”** means the second Business Day in accordance with the Tran-European Automated Real-time Gross Settlement Express Transfer System (TARGET) calendar prior to the commencement of each Interest Accrual Period. For the avoidance of doubt, the Rate Setting Date for the First Interest Accrual Period will be the the second Business Day prior to the Disbursement Date.

**“Rating Agencies”** means DBRS, Moody’s and Scope.

**“Reference Interest Rate”** means the interest rate used as the base rate for purposes of calculating the Nominal Interest Rate.

**“Registration Document”** means the Registration Document, prepared in accordance with Annex VII of Regulation (EC) No 809/2004 and approved by the CNMV on 10 March 2016.

**“Regulation on AIFM”**: means the Regulations (UE) n° 231/2013, of 19th December 2012, known as the Regulations of Alternative Management Investment Funds.

**“Regulation on CRR”** means Regulation (EU) No 575/2013 of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

**“Regulation on Solvency II”**: means the Regulations (UE) 2015/35, of 10th October 2014.

**“Regulation (EC) No 809/2004”** means Commission Regulation (EC) No 809/2004 of 29 April 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.

**“Regulation (EC) 1606/2002”** means Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

**“Reserve Fund”** means the reserve fund to be funded by the Management Company, in representation and on behalf of the Fund, in accordance with the provisions of section 3.4.2 of the Additional Building Block.

**“Reserve Fund Amount”** means the minimum Reserve Fund amount in accordance with the provisions of section 3.4.2.2 of the Additional Building Block.

**“Royal Decree 116/1992”** means Royal Decree 116/1992 of 14<sup>th</sup> February on the representations of book entry and the clearing and settlement of stock market operations.

**“Royal Decree 1065/2007”**: means Royal Decree 1065/2007 of 27<sup>th</sup> July, which enacted the General Regulations on tax inspection and management actions and procedures and implementing the common rules on applicable tax procedures.

**“Royal Decree 716/2009”** means Royal Decree 716/2009 of 24<sup>th</sup> April implementing certain aspects of Law 2/1981 of 25 March on regulation of the mortgage market and other rules of the mortgage and financial systems.

**“Royal Decree 1310/2005”** means Royal Decree 1310/2005 of 4<sup>th</sup> November partially implementing Law 24/1988 of 28 July on the Stock Market as regards the admission to negotiation of securities on official secondary markets, public offers of sale or subscription and the prospectus required for such purposes.

**“Royal Decree 634/2015”** means Royal Decree 634/2015 of 10 July approving the Corporate Income Tax Regulations.

**“Royal Decree 878/2015”** means Royal Decree 878/2015 of 2 October on the clearing, settlement and registration of negotiable securities represented by book entries representations of book entry and the clearing and settlement of stock market operations.

**“Royal Decree-Law 4/2015”** means Royal Decree-law 4/2015 of 23<sup>rd</sup> October approving the restated text of the Spanish Securities Market Act.

**“Scope”** means Scope Ratings AG.

**“Securities Note”** means the Securities Note regarding the issuance of Notes prepared in accordance with Annex XIII of Regulation (EC) No 809/2004, approved by the CNMV on 10 March 2016.

**“Servicer”** means the entity contracted by the Management Company as is defined in section 3.7.1 of the Additional Building Block to perform the tasks of administration and management of the Loans (both SME Mortgage Loans as non-mortgage SME Loans) from which the Assets grouped by the Fund derived. In the Date of Incorporation will be BANCO DE SABADELL, S.A.

**“Servicer Alert”** means the conditions and procedure described in section 3.7.1.7. of the Additional Building Block for the replacement of the Servicer.

**“SME”** means non-financial small and medium corporates.

**“SME Loans”** means loans provided by BANCO DE SABADELL to SME or self-employed individuals to finance transactions involving SME activities.

**“SME Mortgage Loans”** means loans provided by BANCO DE SABADELL to SME or self-employed individuals to finance transactions involving SME activities, secured by first-priority property mortgages.

**“Subordinated Loan for Initial Expenses”** means the loan formalised pursuant to the Subordinated Loan for Initial Expenses Agreement defined below.

**“Subordinated Loan for the Reserve Fund”** means the loan formalised pursuant to the Subordinated Loan for the Reserve Fund Agreement defined below.

**“Subordinated Loan for Initial Expenses Agreement”** means the Subordinated Loan for Initial Expenses Agreement in the amount of NINE HUNDRED AND FIFTY THOUSAND (€950,000) EUROS to be signed by the Management Company on behalf of the Fund and BANCO DE SABADELL, which will be used to finance the expenses of incorporation of the Fund and the issuance of the Notes.

**“Subordinated Loan for the Reserve Fund Agreement”** means the Subordinated Loan for the Reserve Fund Agreement in the amount of EIGHTY-THREE MILLION ONE HUNDRED AND TWENTY FIVE THOUSAND (€83,125,000) EUROS to be signed by the Management Company on behalf of the Fund and BANCO DE SABADELL, which will be used to finance the Reserve Fund.

**“Subscription Date”** means 2 August 2016.

**“Tax Information Agreement”** means any governmental or inter-governmental arrangement, or other arrangement between competent authorities, for the cross-border exchange of tax information applicable in any jurisdiction (or any treaty, law, regulation, or official guidance enacted, issued or amended in any jurisdiction that facilitates the implementation of such arrangement) including (without limitation) FATCA, any arrangement analogous to FATCA, and any bilateral or multilateral tax information agreement.

**“Theoretical Amount”** means the positive difference on the Payment Date between (a) the Outstanding Principal Balance of the Notes, and (b) the sum of the Outstanding Balance of the Non-defaulted Assets that correspond to the last day of the month prior to the month of the Payment Date.

**“Transfer Tax and Stamp Duty Law”** means Royal Legislative Decree 1/1993 of 24<sup>th</sup> September.

**“Treasury Account”** means the account to be opened in the name of the Fund by the Management Company at BANCO DE SABADELL, the operation of which will be covered by the Financial Agency Agreement.

**“V.A.T.”** means Value Added Tax (*“Impuesto sobre el Valor Añadido”*).