

**D. RAMÓN PÉREZ HERNÁNDEZ, Consejero Delegado de TITULIZACIÓN DE ACTIVOS, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A., con CIF A-80352750 y domicilio en Madrid, calle Orense, número 58**

### **CERTIFICA**

Que, en relación con la constitución de “SRF 2017-1, Fondo de Titulización”:

el texto del Folleto de Emisión registrado con fecha 28 de marzo de 2017, coincide exactamente con el que se presenta en soporte informático que se adjunta a la presente certificación.

### **Y AUTORIZA**

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

Y para que conste y surta los efectos oportunos, emite el presente certificado en Madrid, a 28 de marzo de 2017.

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D. Ramón Pérez Hernández  
Consejero Delegado

**SRF 2017-1**  
**Fondo de Titulización**  
**ISSUE PROSPECTUS**

		<b>DBRS</b>	<b>MOODY'S</b>	<b>FITCH</b>
<b>Class A Notes</b>	<b>EUR 248,000,000</b>	<b>AAA (sf)</b>	<b>Aa2 (sf)</b>	<b>AA+ (sf)</b>
<b>Class B Notes</b>	<b>EUR 40,000,000</b>	<b>A (sf)</b>	<b>A2 (sf)</b>	<b>NR</b>
<b>Class C Notes</b>	<b>EUR 16,000,000</b>	<b>BBB (sf)</b>	<b>Baa3 (sf)</b>	<b>NR</b>
<b>Class D Notes</b>	<b>EUR 12,000,000</b>	<b>BB (sf)</b>	<b>Ba2 (sf)</b>	<b>NR</b>
<b>Class E Notes</b>	<b>EUR 84,000,000</b>	<b>NR</b>	<b>NR</b>	<b>NR</b>

*backed by Mortgage Loans represented by mortgage participations and mortgage transfer certificates assigned by*

*SRF INTERMEDIATE 2017-1 S.À R.L.*

*Sole Arranger*

*CREDIT SUISSE*

*Joint Lead Managers*

*BANK OF AMERICA   CREDIT SUISSE   DEUTSCHE BANK  
MERRILL LYNCH*

*Paying Agent*

*BNP PARIBAS SECURITIES SERVICES,  
SUCURSAL EN ESPAÑA*

*Securitisation Fund promoted and managed by*



Prospectus approved and registered with the CNMV on 28 March 2017

## **IMPORTANT NOTICE – PROSPECTUS**

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED) OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES**

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EXCEPT WITH THE PRIOR WRITTEN CONSENT OF SPAIN RESIDENTIAL FINANCE S.À R.L. AND IN A SALE COMPLYING WITH THE EXEMPTION SET OUT IN SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES OFFERED AND SOLD BY THE FUND MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF

"U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (i) IS NOT A RISK RETENTION U.S. PERSON OR (ii) IT HAS OBTAINED THE PRIOR WRITTEN CONSENT OF SPAIN RESIDENTIAL FINANCE S.À R.L., (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES.

Spain Residential Finance S.à r.l, the Fund and Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, acting through its London Branch, and Merrill Lynch International (together, the "**Joint Lead Managers**") have agreed that none of the Joint Lead Managers or any person who controls it or any director, officer, employee, agent or affiliate of the Joint Lead Managers shall have any responsibility for determining the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section 20 of the U.S. Risk Retention Rules, and none of the Joint Lead Managers or any person who controls it or any director, officer, employee, agent or affiliate of the Joint Lead Managers accepts any liability or responsibility whatsoever for any such determination.

The Prospectus is being sent at your request and by accepting the email and accessing the Prospectus, you shall be deemed to have represented to us that you have understood the agreed terms set out herein, that you are not a U.S. person (within the meaning of Regulation S) or acting for the account or benefit of such a U.S. person, that the electronic mail address that you have given to us and to which this email has been delivered is not located in the United States or its territories or possessions (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the North Mariana Islands), and that you consent to delivery of the Prospectus by electronic transmission.

If you are in the United Kingdom of Great Britain and Northern Ireland (the "**UK**"), you are a qualified investor (i) which is an investment professional within the meaning article 19(5) of the UK Financial Services and Markets Acts 2000 (Financial Promotion) Order 2005 (the "**Order**") or a high net worth entity falling within article 49 of the Order, and (ii) to whom it may otherwise lawfully be communicated (any such person being referred to as a "relevant person"); (iii) if you are in any Member State other than the UK, you are a "qualified investor" within the meaning of article 2(1)(e) of Directive 2003/71/EC as amended (the "**Prospectus Directive**"); (iv) if you are acting as a financial intermediary (as that term is used in article 3(2) of the Prospectus Directive), the securities acquired by you as a financial intermediary in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any Member State which has implemented the Prospectus Directive to qualified investors; (v) if paragraphs (ii) through

(iv) do not apply, you are outside of the UK or EEA (and the electronic mail addresses that you gave us and to which the following prospectus has been delivered are not located in such jurisdictions); and (vi) in all cases, you are a person into whose possession the following prospectus may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to deliver the following prospectus to any other person.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Fund in such jurisdiction.

The Prospectus has been sent to you in electronic format. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Management Company nor the Sole Arranger nor the Joint Lead Managers nor any person who controls the Joint Lead Managers nor any director, officer, employee, agent or affiliate of any such person nor the Fund nor the Seller (as defined below) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format herewith and the hard copy version available to you on request from the Fund and/or the Joint Lead Managers.

### **Prohibition of Sales to EEA Retail Investors**

The Notes are not intended, from the date of application of Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”), to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a “**Retail Investor**” means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to Retail Investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any Retail Investor in the EEA may be unlawful under the PRIIPs Regulation.

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This document is the prospectus (the "**Prospectus**") of SRF 2017-1 FONDO DE TITULIZACIÓN (the "**Fund**") authorised and registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*) (the "**CNMV**"), in accordance with the provisions of Regulation (EC) N°. 809/2004 dated 29 April 2004, as amended ("**Regulation 809/2004**"), which includes:

- a) a description of the main risk factors associated with the issue, with the securities and with the assets backing the issue ("**Risk Factors**");
- b) a description of certain regulatory matters applicable to the Fund ("**Certain Regulatory Disclosures**")
- c) a registration document for the securities, prepared in accordance with Annex VII of Regulation 809/2004 (the "**Registration Document**");
- d) a note on the securities prepared in accordance with Annex XIII of Regulation 809/2004 (the "**Securities Note**");
- e) an additional building block to the Securities Note prepared in accordance with Annex VIII of Regulation 809/2004 (the "**Additional Building Block**"); and
- f) a glossary of defined terms used in this Prospectus (the "**Glossary of Terms**").

## **RISK FACTORS**

### **1. RISKS DERIVED FROM THE ASSETS BACKING THE ISSUE**

#### **1.1. Risk of challenge of floor interest rates clauses**

As detailed in section 2.2.2 of the Additional Building Block, the reviewed mortgage loans which contain in the relevant deed a floor interest rate represent 25.92% of the aggregate of the mortgage loans reviewed by Deloitte as independent company (the "**Reviewed Mortgage Loans**" and the "**Reviewed Portfolio**") as at 27 February 2017 (the "**Cut-off Date**").

It is worth noting that the interest rate floor clauses in respect of the Mortgage Loans are not being applied as from 1 July 2016. Whilst the Fund should not be held liable for any amounts accrued under Interest Rate Floor Clauses before 1 July 2016 as they have not been effectively collected by the Fund (irrespective of the application of full retroactivity of the effects of the declaration of the nullity of an interest rate floor clause in the Mortgage Loans), this risk cannot be fully discarded.

There is a consolidated court ruling and resolutions from public bodies (among which, there is a non-binding report of the European Commission dated on 13 July 2015) that could serve as basis for challenging the validity of clauses regulating these floor interest rates. In particular, the Spanish Supreme Court declared floor clauses null and void in its ruling of 9 May 2013 (the "**STS Judgment**").

According to the STS Judgment, the declaration of nullity of the floor clauses, as an exception to the general rule of article 1,303 of the Civil Code, should not produce retroactive effects to the extent that retroactivity may have a negative effect on the Spanish economic public order and legal certainty. Hence, according to the STS Judgment the lenders did not have to reimburse the borrowers for any amounts corresponding to the additional interest paid by the borrowers due to the interest floor clause, but only as from 9 May 2013. This non-retroactivity doctrine was confirmed by the rulings of the Spanish Supreme Court on 16 July 2014 and 24 March 2015.

Furthermore, pursuant to the ruling of the Mercantile Court no. 11 of Madrid dated 7 April 2016 (the "**Mercantile Court Judgment**"), all floor clauses included in mortgage loan agreements entered into with consumers by Catalunya Banc, S.A. ("**CX**") and which are identical to those analysed in the Mercantile Court Judgment have been declared null and void. The floor clauses included in 1,631 Reviewed Mortgage Loans (representing 25.92 % of the Outstanding Principal Balance of the Reviewed Mortgage Loans) contain clauses which are potentially identical to those analysed in the Mercantile Court Judgment and therefore null and void. The Mercantile Court Judgment follows the doctrine of the STS Judgment on irretroactivity.

However, the Grand Chamber of the European Court of Justice (hereinafter, the "ECJ") has declared in its judgement of 21 December 2016 the full retroactivity of the effects of the declaration of the nullity of an interest rate floor clause. As a result of this, it is expected a significant increase of the claims made by debtors for the purposes of being reimbursed the amounts paid as a consequence of the application of the interest rate floor clauses.

At the Cut-off Date, 76 Reviewed Mortgage Loans (representing 1.46 % of the Reviewed Portfolio) have been claimed before a Court by their relevant Debtors in respect of IRFC Collections.

The amounts paid by the Debtors of the Reviewed Mortgage Loans as a consequence of the application of the IRFC amount to Euro 1,606,294 (including legal interest related to IRFC) from the origination of the relevant Reviewed Mortgage Loans until 31 March 2014 and Euro 2,537,376 (including legal interest related to IRFC) for the period from 1 April 2014 to 30 June 2016.

Investors should be aware that the Fund will not be covered by Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**"), the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*) (the "**FROB**"), the 2015 Fund, Spain Residential Finance S.À R.L. (the "**Retention Holder**") or any other third party in the case that it should be held liable for any amount accrued under the Interest Rate Floor Clauses, relating to the IRFC Collections paid before the IRFC 2015 Fund Cut-Off Date.

Having said that, the risk of a claim addressed against the Fund in connection with the Interest Rate Floor Clauses seems to be fairly remote given that (i) the assignment of the Mortgage Loans to the Fund will not be notified to the relevant Debtors; (ii) in case of invalidity actions (*acciones de nulidad*), since the application of the Interest Rate Floor Clauses was discontinued on 1 July 2016, no claim seeking for the restitution of the amounts paid under the Interest Rate Floor Clauses should be addressed against the Fund who has not received any amount under such Interest Rate Floor Clauses and (iii) in case of compensation actions (*acciones indemnizatorias*), since the assignment of the Mortgage Loans to the Fund will be structured as an assignment of claims, the obligation to compensate any Debtor for the damages caused at the negotiation stage cannot be considered as having been transferred jointly with the claim.

In the unlikely scenario that the Fund is sued on the basis of any of the legal actions referred above, the Fund would have to object that claims due to the same contravening the *locus standi* (*legitimación pasiva*).

Therefore, in the remote scenario that a Court declares the Fund liable for any such claims, it could have a negative impact on the amount of Available Funds to meet the Fund's payment obligations (including the servicing of the Notes).

For the purposes of the above:

**"IRFC"** or **"Interest Rate Floor Clauses"** means those clauses included in a Mortgage Loan requesting the Debtor to satisfy a minimum amount of interests by applying a floor rate and which a Spanish court have declared null.

**"IRFC Claims"** means claims submitted by a Debtor in connection with IRFC where there is a non-appealable decision by a Spanish Court whereby the Fund is under the obligation to satisfy a IRFC Payment to such Debtor.

**"IRFC Collections"** means the difference between (i) the interest effectively paid by a borrower as a consequence of applying the IRFC and (ii) the interest that would have been paid under a loan in case that the IRFC would have not been triggered and applied.

**"IRFC Payments"** means the amounts to be satisfied to the underlying Debtors under a IRFC Claim, including the IRFC Collections in connection with the relevant Mortgage Loan and any other indemnities imposed by a Spanish Court (including, without limitation, legal interest).

**"IRFC 2015 Fund Cut-Off Date"** means 31 March 2014.

Finally, recent case law (e.g. the Spanish Supreme Court judgement issued on 23 December 2015 (the ("**December Judgement**"))) has considered to be unfair several clauses allocating expenses on borrowers in connection with (i) the granting and registration of the mortgage deeds; (ii) taxes derived from the granting of the mortgage deeds (being the lender the tax obligor); and/or (iii) any costs and expenses related to the recovery of any due amount under the mortgage loans, including those derived from the foreclosure of the mortgages. As a result of this, it is possible that certain borrowers may claim to be reimbursed the amounts paid as a consequence of the application of these clauses. The Fund will not have collected any amounts from the Debtors under those concepts as all the relevant expenses were accrued and are related with facts occurred before Cut-off Date.

## 1.2. **No interest rate hedging**

The Fund will not enter into interest rate hedging for the purpose of enhancing the financial structure of the Fund and thus cover the difference between the reference interest rate for some of the Mortgage Loans and the reference interest rate of the Notes.

The weighted average interest rate on the Reviewed Mortgage Loans (including subsidies to be applied to the interest rate) is 1.466% and the weighted average interest rate on the

Notes is 2.70% (using the 3 months Euribor as of 17 March 2017, i.e -0.329%).

However, average interest rate of the Rated Notes is 0.67%. Thus, Class E Notes (retained by the Seller) might suffer losses on principal or interest. However, as stated in Section 4.4.3 of the Registration Document, only the default in the payment on any interest of the most senior class of Notes will imply the Early Liquidation of the Fund. The Class E Notes will provide credit enhancement to the structure of the Fund.

### **1.3. Reviewed Mortgage Loans with special amortization conditions**

As of 27 February 2017 one thousand three hundred and eight (1,273) Reviewed Mortgage Loans (which represent 31.56% of the Reviewed Portfolio) correspond to Reviewed Mortgage Loans with potential principal and/or interest grace periods, being 36 months the maximum principal and interest grace periods and 24.33 months the average principal and interest grace periods. As from 1 February 2015, there is no grace period in force.

Principal and/or interest grace periods requests from Debtors may be approved or rejected by Anticipa Real Estate, S.L.U. ("**Anticipa**" or the "**Servicer**") on a case by case basis. In order for any such request to be accepted by the Servicer, the following general conditions, set out in the public deeds supporting the Multi-Credit Agreements, are taken into account:

- (i) Grace periods cannot last more than twelve (12) consecutive months.
- (ii) No more than five (5) grace periods can be granted, for a total maximum of up to thirty-six (36) months.
- (iii) The current balance in the Mortgage Loan (including interest capitalized during the payment holiday period) cannot exceed the initial balance of such Mortgage Loan.
- (iv) The Mortgage Loan instalments must have been paid within thirty (30) days from the due date for at least twelve (12) months.
- (v) There are no defaults in other loans granted to the corresponding Debtor.

Significant use by Debtors of their rights of principal and interest grace periods may have an impact on the collectability expectations of the Fund due to the reduction of the amount of the Available Funds to service the Notes.

Section 2.2.2 of the Additional Building Block describes the operation of principal and interest grace periods.

#### 1.4. **No additional sources of funds after the Step-Up Date**

As of the Payment Date falling on April 2022 (the "**Step-Up Date**") the margin on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (together, the "**Rated Notes**") will be increased. There will, however, be no additional receipts or other sources of funds available to the Fund at such time, nor is it expected that any of the sources of income available to the Fund prior to the Step-Up Date will be increased. In such circumstances, after the Step-Up Date, the Fund may not have sufficient funds to pay all amounts of interest under the Notes and of principal in case of the subordinated Notes (in particular the Class E Notes). In this regards, it is worth noting that, according to paragraph 4.4.3 (iv) of the Registration Document, only the non-payment of the interest due and payable of the then most senior class of Notes shall be considered a trigger for the Early Liquidation of the Fund.

#### 1.5. **Negative Interest Rate of the Mortgage Loans**

In recent times, Euribor has shown a downward trend, having even been negative at times for a term of twelve (12) months.

The interest rate is the remuneration for the principal borrowed by virtue of the Mortgage Loans, and therefore this implies that the interest rate applicable to the Mortgage Loans should not be negative. Nevertheless, and provided that the downward trend in the evolution of Euribor continues, it is theoretically possible that the Mortgage Loans indexed to the Euribor have a negative interest rate (if the negative Euribor is below the margin).

There has been no judgment from the Spanish Supreme Court or a court of appeal resolving this matter. There are, however, some judgments and resolutions from the General Directorate of Registries and Notariarship (*Dirección General de los Registros y del Notariado*) in which the possible consequences of negative interest rates have been mentioned incidentally in connection with the issues discussed in such procedures. These do not establish conclusive views. A non binding opinion from the department of complaints and market conduct from the Bank of Spain has discarded that lenders may have to pay interest to the borrowers but, as pointed out by the Bank of Spain, this view was expressed in relation to the specific facts of the case. The Bank of Spain has not issued any guidelines on this matter and as of the date of this Prospectus there is no general binding guidance on how negative interests will be treated.

As a consequence, unless there is a legal change or a consolidated court ruling stating the contrary, it cannot be discarded that the Fund may have to pay interest to the Debtors if the Mortgage Loans indexed to Euribor have a negative interest rate.

Notwithstanding the foregoing, the Nominal Interest Rate of each class of Notes (as



described in section 4.8 of the Securities Note) will not be negative under any circumstances.

Regarding the Reviewed Mortgage Loans that conform the Reviewed Portfolio, the terms set forth in each mortgage loan agreement do not contain a specific clause that foresees a special limitation in the case that the sum of the Euribor plus the margin results in a negative interest rate and hence no mitigant to this risk can be found in the contractual terms of the Reviewed Mortgage Loans.

It is worth noting that the Servicer's IT system is not currently able to apply a negative interest (reference rate plus margin). Accordingly, as of today the floor for all the Mortgage Loans is zero (0), given that the IT system will apply an interest rate zero (0) in case that the interest rate is negative.

Consequently, if the interest rate were arithmetically negative, but as a result of the Servicer's IT system being unable to calculate and apply negative interest the Fund applied a zero (0) interest rate to the Mortgage Loans, there is a risk that the Fund may be held liable for claims by the Debtors or third parties to refund the relevant amounts.

Furthermore, it should be noted that neither BBVA, the FROB, the 2015 Fund, the Retention Holder nor any other third party has any obligation nor granted any guarantee to compensate or otherwise hold the Fund harmless for such claims. This could have a negative impact on the amount of Available Funds to meet the Fund's payment obligations (including the servicing of the Notes).

**1.6. Risk or (i) annulment / declaration of unfairness of certain clauses of the Mortgage Loans and/or (ii) limitation of certain enforcement alternatives**

There is an increasing tendency in recent years for Spanish borrowers (mostly individuals who have financed the acquisition of their home and qualify as consumers) to file claims alleging that certain provisions included in their mortgage loans are unfair/abusive (*abusivas*). In addition, there is a strong trend in Spanish case law that leans towards declaring the unfairness of many standard clauses regularly used by financial institutions in the residential mortgage market (specifically those listing the events of default).

The legal consequence of a clause being declared abusive is the nullity of the clause. This means the agreement will have to be interpreted as if the clause had never existed. That said, where the nullity of a clause would prevent ongoing operation of the mortgage loan, such clause would be regulated going forward by general default/supplementary legal regulations (eg Civil Code or Commercial Code) (See Judgment of the ECJ dated 14 June 2012, case C-618/2010). In particular, many of these clauses are analysed in the December Judgement (in respect of mortgage loans granted by certain financial entities

amongst which CX was not included). Thus, there exists a significant risk that, should the Fund be faced with a claim alleging the abusiveness of any of these clauses, they end up being declared unfair by the Spanish courts.

The above may have an impact on the ability to collect/recover in full the contractual amounts due under certain Mortgage Loan agreements or to enforce certain provisions of a Mortgage Loan in accordance with its contractual terms. This, in turn, may have an impact on the Available Funds of the Fund or on the ability to recover on a timely manner the amounts due under the Mortgage Loans and service the amounts due under the Notes.

Clauses under challenge can be divided into two main groups: (i) clauses with financial content (the "**Financial Clauses**"); and (ii) clauses that trigger an event of default (the "**Events of Default**").

Challenges on the Financial Clauses generally affect the loan's ability to generate income (or the amount thereof) to the Fund, whilst Events of Default are likely to affect the lender's ability to accelerate the loan and recover amounts due through a specific foreclosure or enforcement proceeding. Amongst the list of Financial Clauses that have been challenged in the recent times are, *inter alia*, interest rounding-up clauses, default interest rate clauses (meaning clauses setting a default interest rate in excess of 3 times the legal interest rate), 365/360 interest calculation method (which may result in lower interests being collected on the Mortgage Loans).

If a clause generating income for the Fund (e.g. a Financial Clause) is declared null and void, the Fund will no longer be allowed to apply such clause and it will be required to return to the debtor/borrower all amounts unduly collected by the Fund as a result of application of such Financial Clause.

On the other hand, if an Event of Default is declared null and void, the Fund will forego (or limit) its rights to access foreclosure or enforcement proceeding following such Event of Default.

As a general principle, any Event of Default which does not consist of a payment default (in certain cases, subject to materiality thresholds) may not be recognised by the Spanish courts as a valid cause for initiating a foreclosure or enforcement proceeding. In particular, some examples of Events of Default rejected by Spanish courts as acceleration events are, *inter alia*: (i) acceleration following failure to pay by the borrower of one (1) principal instalment (acceleration only being possible in case of the failure to pay by the borrower of three (3) principal instalments, as further described in risk factor 1.8. (*Recent case law regarding acceleration clauses consisting on the non payment of less than three (3) monthly instalments or equivalent*), (ii) failure to register the mortgage within a given time frame, (iii) borrower's misrepresentation or delivery of inaccurate information, (iv) breach of certain non-payment-related covenants, e.g. maintenance, insurance, delivery of

periodic financial information, (v) seizure or expropriation of the asset, (vi) borrower's insolvency and (vii) prohibition to sell the property.

In addition, the early termination of loan agreements has been declared valid by the Spanish Supreme Court. However, the Spanish Supreme Court has subjected the validity of such provisions to stringent requirements. In particular, in order to be valid, an early termination clause must: (i) modulate the severity of the breach that triggers the default according to the term and amount of the loan (i.e. the breach must be proportionate to the term and amount of the loan); and (ii) allow the consumer to avoid the early termination by carrying out diligent actions aimed to remedy the breach.

Please also see Risk Factors 1.1., 1.7. and 1.8. which analyse in detail certain other clauses which have been challenged by the Spanish courts.

#### **1.7. Recent case law regarding default interest clauses**

According to Article 114 of the Decree, of 8 February 1946, approving the official drafting of the Spanish Mortgage Law (*Decreto de 8 de febrero de 1946 por el que se aprueba la nueva redacción oficial de la Ley Hipotecaria*), as amended by Law 1/2013 (the "**Spanish Mortgage Law**"), default interest on mortgage loans granted for the acquisition of debtor's principal residence and secured by a mortgage on such property, shall not exceed three (3) times the legal interest rate (*interés legal del dinero*) and will only accrue on the principal pending payment.

However, if a Debtor provides evidence of being at risk of social exclusion, the above three (3) times limitation shall not apply and shall be replaced by the aggregate of the ordinary interest rate under the relevant mortgage loan plus 2% (i.e. the maximum default interest set forth in Article 4 of Royal Decree 6/2012, of 9 March 2012, on urgent measures to protect mortgagors without resources, as amended by Law 1/2013, and as amended by Royal Decree 1/2015, of 27 February, on the second opportunity mechanism, the reduction of financial burden and other labour measures, and as amended in the future (including Law 25/2015) (the "**Royal Decree 6/2012**")).

Legal interest rate is a rate published by the Bank of Spain for the purpose of calculating the amount which must be paid in relation to the default of payment obligations (by the borrowers), generally applicable in cases where such rate has not been agreed between the parties.

Therefore, Mortgage Loans granted after the enactment of Law 1/2013 (i.e. 15 May 2013) should include the said limitation on the default interest (and, on the contrary, Mortgage Loans granted before said date may contain default interest provisions in contravention of the above limitation). The three (3) times limitation will also apply to mortgage loans granted before 15 May 2013, provided that: (i) interest was agreed before 15 May 2013

but it accrued after 15 May 2013; and that (ii) although the interest accrued before 15 May 2013, it had not been paid by 15 May 2013.

Recent case law has ruled that clauses breaching the three (3) times legal interest rate limitation were unfair in loans entered into by consumers (as the term consumers is defined in Article 3 of the Royal Legislative Decree 1/2007, of 16 November, approving the Consolidated Text of the General Consumer and user protection law and other complementary laws (*Real Decreto Legislativo 1/2007, de 16 de noviembre, por el que se aprueba el texto refundido de la Ley General para la Defensa de los Consumidores y Usuarios y otras leyes complementarias*) (the "**Consumers and Users Protection Law**")). The Spanish Supreme Court declared null and void these clauses in, amongst others, its judgments of 22 April 2015, 23 December 2015 and 18 February 2016.

Furthermore, the Supreme Court in a judgement of 3 June 2016 has analysed the abusiveness of a clause included in a mortgage loan granted to a consumer which provided for a 19% default interest. The Supreme Court applied the EU Court of Justice criteria according to which the mandatory limit set out in article 114 of the Spanish Mortgage Law is not a parameter to judge whether a clause is unfair or not. Besides, the Supreme Court extends to mortgage loans the criteria set out in the Supreme Court judgement of 22 April 2015 on default interest for personal loans, according to which a clause setting a default interest higher than 2 points over the ordinary interest agreed is unfair (*abusiva*).

The consequence of these interest provisions being declared null and void is that the lender is not entitled to collect any default interest whatsoever and any defaulted interest already collected must be returned to the debtors.

There is a risk that the Debtor challenges the validity of the default interest clause in a declaratory procedure (*juicio declarativo*) and achieves a judgment declaring the clause as unfair therefore forcing the Fund to return the relevant amounts.

It is also worth noting that the Spanish Supreme Court, in its judgment dated 13 January 2015 as well as the Section 18<sup>th</sup> of the Regional Court of Madrid (*Audiencia Provincial de Madrid*), in its decision of 13 July 2015, decided not to consider unfair a clause which, being unfair according to the Spanish law, had never been applied in practice.

The investors should be aware that the unfairness of these default interest clauses is being analysed by the Spanish courts on a case by case basis. Therefore there is a risk that a judge might declare any of these clauses as unfair, despite the fact that they are not being applied in practice.

**1.8. Recent case law regarding acceleration clauses consisting on the non payment of less than three (3) monthly instalments or equivalent**

According to Article 693.2 of the Law 1/2000, of 7 January, the Civil Procedure Law (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*) (the "**Civil Procedure Law**"), amended by Law 1/2013, as of 15 May 2013 in order for a lender to accelerate a loan in full, the borrower must have failed to pay, at least, three (3) monthly instalments or equivalent.

Therefore, there is a risk related to the validity of acceleration provisions of Mortgage Loans granted before the coming into force of Law 1/2013 (i.e. before 15 May 2013). These loans usually foresee the lender's right to accelerate the loan in full if the Debtor fails to pay less than three (3) monthly instalments.

The vast majority of the Reviewed Mortgage Loans (95.18 % in terms of Outstanding Principal Balance of the Reviewed Mortgage Loans) were granted before Law 1/2013 entered into force and therefore foresee the lender's right to accelerate the loan in full provided that the Debtor fails to pay less than three (3) monthly instalments. Accordingly, the acceleration provision in the Mortgage Loans granted before Law 1/2013 entered into force might be considered unfair (*declaradas abusiva*) by the Spanish courts, where the Debtors are "consumers" (as defined in Article 3 of the Consumers and Users Protection Law).

If this provision is declared unfair, the creditor may not be entitled to accelerate the mortgage loan in full (but rather be required to enforce on a payment default-by-payment default basis) or be required to wait more than three (3) payment defaults in order to enforce which, in turn, may impact/delay the ability of the Fund to collect and recover in full the amounts due under the Mortgage Loans.

In order to mitigate this risk, it is worth noting that, in practice, none of the Mortgage Loans is accelerated until Debtors fail to pay, at least, three (3) monthly instalments. In fact, the Spanish Supreme Court, in its judgment dated 13 January 2015 as well as the Section 18<sup>th</sup> of the Regional Court of Madrid (*Audiencia Provincial de Madrid*), in its decision of 13 July 2015, decided not to consider unfair a clause which, being unfair according to the Spanish law, had never been applied in practice.

Notwithstanding the foregoing, please note that the ECJ in its judgement dated 26 January 2017 (case C-421/14) declared that all clauses which foresee the lender's right to accelerate a loan agreement in full if the borrower fails to pay less than three (3) monthly statements shall be considered unfair although such clauses had never been applied in practice. That said, no rulings have been issued so far by the Spanish courts that apply the criteria set out in the above mentioned ECJ judgement and it cannot be determined what impact, if any, this ECJ judgement may have in the future.

In any case, the unfairness of these acceleration clauses is analysed by the Spanish courts on a case by case basis. Therefore, there is a risk that a judge might declare any of these clauses as unfair, despite the fact that they are not being applied in practice, in line with ECJ's criteria.

#### **1.9. Potential delay in foreclosure proceedings**

Pursuant to Law 2/1981, of 25 March, regulating the mortgage market (*Ley 2/1981, de 25 de marzo, de regulación del mercado hipotecario*) (the "**Law 2/1981**") and its developing regulation (in particular Royal Decree 716/2009, of 24 April, developing certain aspects of the Law 2/1981 (*Real Decreto 716/2009, de 24 de abril, por el que se desarrollan determinados aspectos de la Ley 2/1981, de 25 de marzo, de regulación del mercado hipotecario y otras normas del sistema hipotecario y financiero*) (the "**Royal Decree 716/2009**") articles 30 and 31) the issuer of the mortgage participations or mortgage transfer certificates in a securitisation of mortgage loans is entitled to initiate and carry out enforcement proceedings in respect of the assigned mortgage loans.

There have been a few relatively recent first instance court rulings which have, on the basis of fact which are not necessarily equivalent to those applicable to this transaction, rejected the foreclosure of mortgage loans transferred through mortgage participations on procedural law grounds –lack of procedural standing ("*falta de legitimación activa*")- of the issuer of the mortgage participations or mortgage transfer certificates (though the basis and facts of such rulings are not necessarily analogous or identical to the circumstances applicable to the Notes and the Mortgage Loans). Some of such rulings have been quashed on appeal but it cannot be ruled out that the other first instance courts also question procedural standing and hence delay enforcement and foreclosure processes.

#### **1.10. Impact of Law 1/2013**

Law 1/2013, of 14 May, on measures to strengthen the protection of mortgagors, debt restructuring and housing rental (*Ley 1/2013, de 14 de mayo, de medidas para reforzar la protección a los deudores hipotecarios, reestructuración de deuda y alquiler social*), in its current wording ("**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 (*Ley 25/2015, de 28 de julio, de mecanismo de segunda oportunidad, reducción de la carga financiera y otras medidas de orden social*) ("**Law 25/2015**") and by Royal Decree 5/2017, of 17 March, on the amendment of Royal Decree 6/2012, of 9 March 2012, on urgent measures to protect mortgagors without resources and Law 1/2013, of 14 May, on measures to strengthen the protection of mortgagors, debt restructuring and housing rental (*Real Decreto-ley 5/2017, de 17 de marzo, por el que se modifica el Real Decreto-ley 6/2012, de 9 de marzo, de medidas urgentes de protección de deudores hipotecarios sin*

*recursos, y la Ley 1/2013, de 14 de mayo, de medidas para reforzar la protección a los deudores hipotecarios, reestructuración de deuda y alquiler social*) (“**Royal Decree 5/2017**”) consists of four chapters that introduce a set of measures that may affect the Mortgage Loans.

As a result of the foregoing, the Fund, as the holder of credit rights deriving from the Mortgage Loans, may be affected by among other things, (i) a delay for up to seven (7) years as from 15 March 2013 in the delivery of possession of the adjudicated common property by the interruption of the relocation of its occupants in situations of special vulnerability, (ii) the delay in collection of the credit rights transferred, with a possible prolonged term of the foreclosure proceedings, in court or out-of-court and (iii) obtaining in such foreclosure processes amounts lower than those that have been usually recovered until the enactment of such legislation as a consequence of, among other things, the limitation imposed on the maximum default interest rate applicable.

In connection with section IV of Law 1/2013, BBVA adhered to the amendments to the Code of Best Practices (*Código de Buenas Prácticas*) endorsed by the aforementioned Law 1/2013. The Code of Best Practices (*Código de Buenas Prácticas*), as amended, includes a set of measures that can affect the recovery of the defaulted Mortgage Loans, and therefore the Fund (which has undertaken to apply it) as follows:

- The restructuring of the debt provided in the Code of Best Practices (*Código de Buenas Prácticas*) can delay the repayment of the debt in the event that a grace period for repayment is established or the period of repayment of principal is extended. Likewise, in the event that the interest rate is reduced during the grace period, the amount to be paid to the Fund will be reduced.
- Where the restructuring of the debt set forth above is not feasible for the debtor (taking into account his/ her financial situation), then the debtor may request a release (*quita*) on the outstanding principal amount of the Mortgage Loans in accordance with the Code of Best Practices (*Código de Buenas Prácticas*) which will, accordingly, reduce the amounts to be collected by the Fund.
- The assignment of the main house as payment (*dación en pago*) as an alternative to the foreclosure proceeding, in accordance with the Code of Best Practices (*Código de Buenas Prácticas*) entails the total release of the debt guaranteed by the mortgages and of the personal responsibility of the Debtors and related third parties therefore potentially reducing the amounts that may be collected by the Fund.
- The debtor against which a mortgage foreclosure proceeding has been initiated and the delivery of possession of the adjudicated main property has been stayed in accordance with the provisions of Law 1/2013, will be entitled to request the lease of such main property for a maximum annual rent of 3% of its value at the time of

approval of the winning bid (*remate*), as determined by the appraisal (*tasación*) of an homologated valuer in accordance with the provisions of Law 2/1981.

In addition, the Fund has undertaken to apply the enhancements approved by CX's Board of Directors on 23 January 2013 (the "**Enhancements**") as further detailed in Clause 3.7.2.1 (*General principles, terms and conditions regarding servicing and custody of the Mortgage Loans*) of the Additional Building Block. Anticipa will apply the Enhancements acting as Servicer of the Fund.

As a result, to the extent that Titulización de Activos, S.G.F.T., S.A. (the "**Management Company**"), acting in the name and on behalf of the Fund, has undertaken to apply the amendments to the Code of Best Practices (*Código de Buenas Prácticas*) and the Enhancements, the Fund may be affected by the measures set out therein (being applicable to the entire portfolio of loans of the entity, including the Mortgage Loans), which may involve an extension of the period in foreclosure proceedings, and cause a decrease in the value of the Mortgage Loans.

#### **1.11. Co-ownership of the Multi-Credit Agreements**

As detailed in section 2.2.2 of the Additional Building Block, 51.93 % of the Outstanding Principal Balance of the Reviewed Mortgage Loans are Multi-Credit Agreements. On the Date of Incorporation, all existing drawdowns as of the Cut-off Date under each Multi-Credit Agreement, which comply with the representations and warranties set out in section 2.2.8 of the Additional Building Block, will be purchased by the Fund. However, any further drawdowns made by a Debtor under a Multi-Credit Agreement as from the Cut-off Date will be funded and retained by the 2015 Fund.

Consequently, if a Debtor under a Multi-Credit Agreement makes a new drawdown after the Cut-Off Date a co-ownership situation between the 2015 Fund and the Fund will arise. In this regard, specific contractual provisions (which will be implemented by the Servicer) have been put in place to regulate the distributions of proceeds obtained in connection with those co-owned loans but it is difficult to predict if such co-ownership could otherwise impact on the operation and activity of the Fund.

In relation to the above, it is worth noting that: (i) the aggregate available amount to make additional drawdowns under the Multi-Credit Agreements is Euro 54,956,860.73 and (ii) the last final date to make additional drawdowns under the Multi-Credit Agreements is 31 July 2054.

#### **1.12. Geographical concentration**

As detailed in section 2.2.2 of the Additional Building Block, in relation to the geographical concentration of the principal properties mortgaged under the Reviewed Mortgage Loans, as of 27 February 2017, there is a higher level of geographical



concentration in the following provinces, bearing in mind the percentage of the aggregate Outstanding Principal Balance of the Reviewed Mortgage Loans: Barcelona: 58.34% and Tarragona: 10.16%, representing the 68.50% over the Reviewed Portfolio.

Given these levels of concentration, any kind of situation having a negative impact on the abovementioned provinces might affect the payments on the Mortgage Loans backing the Notes Issue.

### ***Catalonian Law 24/2015***

In addition, given that 75.68% of the Reviewed Mortgage Loans is concentrated in Catalonia, investors should be aware that the Additional Provision (*Cesión de créditos garantizados con la vivienda*) (the “**Additional Provision**”) of Law 24/2015, of 29 July, on urgent measures to address the housing emergency and energy poverty, approved by the Catalan regional Parliament (*Ley 24/2015, de 29 de julio, de medidas urgentes para afrontar la emergencia en el ámbito de la vivienda y la pobreza energética*) (the “**Catalonian Law 24/2015**”), that entered into force on 6 August 2015, sets forth that, in the assignment of credits, the creditor may assign the credit it has against the debtor if the credit has been secured with the house of the debtor and the debtor is a consumer. If the assignment is for good and valuable consideration, the debtor will be released from the debt by paying to the assignee the price the assignee paid plus the legal interest and the expenses in claiming the debt.

Given that the Purchase Price of the Mortgage Loans payable by the Fund to SRF Intermediate 2017-1 S.À R.L. (the “**Seller**”) might be below par (depending on the subscription price of each Class of Notes), the Debtors may have the right (and might be incentivized) to repurchase the Mortgage Loans by paying the Fund an amount equal to the Purchase Price. The application of said Additional Provision and, therefore, the right of the Debtors to benefit from it, is legally arguable under a securitisation scheme. If Debtors exercise the abovementioned right, it would have an impact on the collectability expectations of the Fund due to the reduction of the amount of the Available Funds to service the Notes.

Additionally, Catalan Law 24/2015 sets forth some measures to avoid eviction from main residences (such as the obligation to offer a social lease to Debtors that are considered “at risk for residential exclusion”), before (a) acquiring a house resulting from a friendly repossession or transfer *in lieu* of mortgage loans over a main residence, or (b) signing the sale and purchase of a main residence, the sale of which results from the impossibility of the debtor to repay the Mortgage Loan. This may have an impact on the ability of the Fund to sell some of the properties held by it from time to time.

As from 3 June 2016 Catalan Law 24/2015 is suspended until a resolution is issued by the Constitutional Court. Such resolution might declare unconstitutional certain articles of

the Catalanian Law 24/2015 (in which case those will no longer be in force) or confirm its constitutionality (in which case, the relevant articles will apply). On 22 December 2016 the Catalanian regional Parliament approved the Law 4/2016, of 23 December, on protection measures for the right to housing of persons at risk of housing exclusion (*Ley 4/2016, de 23 de diciembre, de medidas de protección del derecho a la vivienda de las personas en riesgo de exclusión residencial*), aiming to put in place some of the provisions of Law 24/2015 that have been suspended by the Spanish Constitutional Court. In particular and, among others, those provisions regarding (i) the temporary expropriation of the use of vacant houses owned by legal persons and (ii) the obligation for purchasers of houses or claimants in foreclosure or eviction proceedings to offer a social lease to those individuals at risk of residential exclusion subject to certain conditions.

### ***Catalonian Law 14/2015***

Investors should also be aware that on 24 July 2015 a tax on vacant housing in Catalonia came into force. Its purpose was to tax the ownership of residential properties which are permanently vacant for a period of more than two (2) years without fair cause. This tax was introduced by the Law 14/2015, of 21 July, on the tax on vacant housing and amendment of tax rules and Law 3/2012 (*Ley 14/2015, de 21 de julio, del impuesto sobre las viviendas vacías, y de modificación de normas tributarias y de la Ley 3/2012*) (the "**Catalonian Law 14/2015**"). The Spanish Government has challenged the constitutionality of certain sections of this law.

### ***Impact of CDL 1/2015***

Catalonian regional Decree-Law 1/2015, dated 24 March 2015, on extraordinary and urgent measures to mobilise housing available as a result of mortgage foreclosure processes (*medidas extraordinarias y urgentes para la movilización de las viviendas provenientes de procesos de ejecución hipotecaria*) ("**CDL 1/2015**") sets forth that sales of properties which have been acquired after April 2008 as a result of the foreclosure of a mortgage or from a friendly repossession (*compensación o pago de deuda*) which are located in areas of Catalonia which have proven high demand for housing (the "**Eligible Property(ies)**") are subject to a pre-emption right (i.e. a right of first refusal) and a redemption (i.e. repurchase) right ("*derecho de tanteo y retracto*") by the Catalanian Administration.

In order for the Catalanian Administration to be in a position to exercise the above rights, the owners of the Eligible Properties that wish to sell them are required to notify their decision to the Housing Agency of Catalonia (*Agencia de la Vivienda de Cataluña*). The Catalanian Administration shall be entitled to notify the exercise of its option to purchase the property (*derecho de tanteo*) within two (2) months following receipt of the transfer notice.

Without prejudice to the applicable sanctions for breaches, if an Eligible Property is transferred without prior notice to the Catalanian Administration, or prior to the deadline set out above to exercise its option, or in terms and conditions different from those actually notified, the Catalanian Administration can dictate a resolution on whether the exercise of its redemption right (*derecho de retracto*) applies within the period of thirty (30) days after it becomes aware of the transfer and its conditions. This pre-emption (and redemption) regime will apply for a period of six (6) years as from 27 March 2015, i.e. until 27 March 2021.

On the other hand, it is worth noting that all properties acquired as a result of the foreclosure of a mortgage or from a friendly repossession must fulfil and keep up fulfilment of certain mandatory habitability requirements. Note that further to the CDL 1/2015, the Catalanian Administration can perform itself the necessary works in the properties to comply with the habitability requirements in the Eligible Properties, in case that their owners do not perform the necessary works upon request. In addition, the Catalanian Administration could impose the temporary expropriation of the use of the Eligible Properties which are vacant due to the lack of minimum habitability conditions, for a minimum period of four (4) years and a maximum period of ten (10) years.

As a result of the above, if the Fund acquires a property located in areas of Catalonia as a result of the foreclosure of a mortgage or from a friendly repossession (*compensación o pago de deuda*), there may be the risk that the sale of such property is subject to a pre-emption right (i.e. a right of first refusal) and a redemption (i.e. repurchase) right (*derecho de tanteo y retracto*) by the Catalanian Administration which might imply potential delays in the recovery of amounts by the Fund arising as a result of the requirement to allow the Catalanian Administration to exercise its rights of first refusal over the properties acquired in the context of the foreclosure or friendly repossession procedures. Furthermore, the Fund may be obliged to pay any charges and expenses arising from the performance of the works required to comply with the habitability requirements referred to above and any potential consequences in case of breach of these obligations.

#### **1.13. Concentration by date of formal execution**

As detailed in section 2.2.2 of the Additional Building Block, with regard to the year of the granting of the Reviewed Mortgage Loans that form the Reviewed Portfolio, the percentage of the aggregate Outstanding Principal Balance of the Reviewed Mortgage Loans granted between the years 2005 and 2009 is 73.84%. The years between 2005 and 2009 were the years of the real estate sector boom in Spain and, in general terms, the property valuations provided in such years by the appraisal entities could have overestimated the real market value of the properties in light of the price correction finally suffered by the Spanish real estate market on the following years.

#### **1.14. Loan to Value**

For the purposes of calculating the LTV, the appraisals of the properties mortgaged through the Reviewed Mortgage Loans are the appraisals conducted by the appraisal entities for the purpose of granting the Reviewed Mortgage Loans or conducted at a later stage (including for the purposes of further drawdowns, restructurings of the Reviewed Mortgage Loans or granting a second or subsequent ranking mortgage on the same property performed by CX) or the last available to the Servicer, being noted that the database of the Servicer does not specify whether the appraisals correspond to the granting of the Reviewed Mortgage Loans or to appraisals conducted at a later stage.

Such appraisals have been carried out in accordance with Order ECO/805/2003, of 27 March, on valuation rules of real estate and of certain rights for financial purposes (*Orden ECO/805/2003, de 27 de marzo, sobre normas de valoración de bienes inmuebles y de determinados derechos para ciertas finalidades financieras*).

The weighted average LTV of the Reviewed Portfolio is 60.88%.

Over recent years there has been decline in the market value of the real estate properties in Spain. Consequently, this could imply LTV levels to be significantly higher, which in an enforcement scenario may imply recoveries lower than the outstanding loan amounts by the Fund thus limit the Available Funds to service the Notes.

#### **1.15. Restructured Reviewed Mortgage Loans**

As detailed in section 2.2.2 of the Additional Building Block, as of 27 February 2017, 4,157 Reviewed Mortgage Loans (which represent 79.16% of the Outstanding Principal Balance of the Reviewed Mortgage Loans) have been restructured. As from 15 April 2015 (which is the date on which the Servicer started servicing the Reviewed Mortgage Loans) none of the Reviewed Mortgage Loans has been restructured.

#### **1.16. Risk of interest rate fluctuation on subsidised Mortgage Loans**

As detailed in section 2.2.2 of the Additional Building Block, 60.05% of the Outstanding Principal Balance of the Reviewed Mortgage Loans has the possibility of applying subsidies to the interest rate subject to the compliance of certain criteria that determines the level of linkage of the client with BBVA.

Customer linkage is subject to (i) the direct deposit of the salaries and or pensions of the Debtors in an account opened in an office of BBVA, (ii) the use by the Debtors of any credit cards issued by BBVA, (iii) the subscription by the Debtor of a home insurance policy or a life insurance policy issued by BBVA, (iv) the Debtors entering into a hedging

agreement in order to cover the interest rate variation risk and (v) the direct debit of any bills by the Debtors.

Therefore, there is a limited risk that in the future the interest rate applicable to the subsidised Mortgage Loans will be lower than they currently are. It should be noted that the Seller has no control on the subsidies applied to the interest rate, which are applied to the relevant Debtor upon fulfillment of the conditions set out in the corresponding Mortgage Loan agreements.

If the maximum subsidy is applied to the Reviewed Mortgage Loans with subsidised interest rate, the average interest rate of the Reviewed Portfolio would be 1.33% (the weighted average interest rate on the Reviewed Mortgage Loans being 1.466%).

The information provided in section 2.2.2 of the Additional Building Block has been calculated on the basis of the current subsidies, notwithstanding that the relevant tables include the maximum subsidies that the client could obtain.

**1.17. Risk of non-payment by the Debtors. Searches, investigations and warranties in relation to the Mortgage Loans. Limitations on the repurchase or replacement obligations by the Seller**

*Non-payment by the Debtors*

The Seller assumes no liability for non-payment by the Debtors, whether for principal, interest or any other amount owed by virtue of the Mortgage Loans.

The Noteholders will bear the risk of non-payment by the Debtors or any guarantors of security providers, always taking into account the protection offered by the Reserve Fund.

Determined levels of defaults, as shown in some of the scenarios of Section 4.10 of the Securities Notes, could have an adverse impact on the Available Funds to make principal payments and interest payments on the Notes, hence transferring the risk of default to the Noteholders.

Transfer of title to the Mortgage Loans backing the Mortgage Certificates will be complete and unconditional throughout the remaining repayment period until maturity of each Mortgage Loan backing the Mortgage Certificates. Pursuant to article 1,529 of the Civil Code and article 348 of the Commercial Code, the Seller will only be held liable vis-à-vis the Fund for the existence and legitimacy of the Mortgage Loans, in the terms and conditions declared in the Deed of Incorporation that are set forth in this Prospectus, as well as for the legal status with which it carries out the sale.

Likewise, the Seller will not grant collateral or bank guarantees, whether pursuant to the

Deed of Incorporation, or to this Prospectus, or to any other agreement or contract.

The Notes do not represent or constitute an obligation of the Seller or the Management Company.

The Seller will give certain warranties to the Fund regarding the Mortgage Loans and the Mortgage Certificates sold to the Fund on the Date of Incorporation. See section 2.2.8 of the Additional Building Block in this regard.

#### *Searches, investigations and warranties in relation to the Mortgage Loans*

Neither the Management Company, the Fund, Credit Suisse Securities (Europe) Limited ("**Credit Suisse**" or the "**Sole Arranger**"), nor Deutsche Bank AG, acting through its London Branch, or Merrill Lynch International (together with Credit Suisse, the "**Joint Lead Managers**") has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Reviewed Mortgage Loans or its related security in the Reviewed Portfolio and each relies instead on the warranties given in the Deed of Incorporation by the Seller.

As such, the Mortgage Loans may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the related security not being accepted as security for a Mortgage Loan had such matters been revealed.

The Seller and the Servicer have undertaken to notify the Fund upon becoming aware of a material breach of any representation and warranty in relation to the Mortgage Loans. However, the Seller is not obliged to monitor compliance of the Mortgage Loans with the representations and warranties following the Date of Incorporation. Given this lack of monitoring obligation by the Seller there is a risk that a breach of representations and warranties is unnoticed by the parties and, consequently, the quality of the Mortgage Loans and thus the ability of the Fund to make payments due on the Notes is diminished.

#### *Repurchase or replacement obligations by the Seller*

Furthermore, subject to and in accordance with the provisions set forth in section 2.2.9 of the Additional Building Block, the Seller has undertaken to repurchase or replace the Ineligible Mortgage Certificates that do not comply with the applicable sale representations and warranties or in respect of which there has been an amendment or novation which is not an amendment to the terms and conditions of the Mortgage Loans which complies with the provisions set out in the Deed of Incorporation and in this Prospectus (a "**Permitted Loan Variation**"), provided that (i) the reasons causing the relevant Mortgage Loan being qualified as an Ineligible Mortgage Loan (if not remedied during the applicable cure period) could have a material adverse effect on the value of the

affected Mortgage Loan and related Ancillary Rights and (ii) always subject to the Ineligibility Threshold described below.

For these purposes, "**Ineligible Mortgage Certificate**" means a Mortgage Participation or a Mortgage Transfer Certificate backed by an Ineligible Mortgage Loan.

Furthermore "**Ineligible Mortgage Loan**" means a Mortgage Loan (a) (i) which does not comply at the Date of Incorporation with one or more of the representations set forth in section 2.2.8.2 of the Additional Building Block (with reference to the Cut-off Date); or (ii) which the Mortgage Participation or the Mortgage Transfer Certificate representing such Mortgage Loan does not comply at the Date of Incorporation with one or more of the representation set forth in section 2.2.8.3 of the Additional Building Block; or (iii) in respect of which an amendment or novation which is not a Permitted Loan Variation has been effected and (b) provided further that such breach of representation set forth in paragraphs (i) and (ii) or amendment or novation which is not a Permitted Loan Variation set forth in paragraph (iii) could have a material adverse effect on the value of the Mortgage Loan and related Ancillary Rights, as determined by the Management Company and which, if capable of remedy, is not so remedied by the Seller within fifteen (15) days of notification of such breach by the Management Company to the Seller pursuant to the provisions set forth in section 2.2.9 of the Additional Building Block.

#### ***Threshold to repurchase Ineligible Mortgage Certificates***

The obligation to repurchase or replace (at the choice of the Seller) the relevant Ineligible Mortgage Loans would only be triggered once the aggregate Outstanding Principal Balance of the Mortgage Loans which are classified as Ineligible Mortgage Certificates as of the last Business Day of the immediately previous calendar month (the "**Aggregate Ineligible Mortgage Certificates Amount**") is higher than EUR 2,500,000 (the "**Ineligibility Threshold**"). Once this Ineligibility Threshold has been reached, the Seller must repurchase or replace (as its discretion, provided compliance with replacement conditions described in Section 2.2.9.4. of the Additional Building Block to the Securities Note) all (but not part) of the relevant Ineligible Mortgage Certificates no later than ninety two (92) calendar days following the relevant Ineligible Mortgage Certificates Notice after the Repurchase Cut-Off Date as further explained in section 2.2.9 of the Additional Building Block.

If any of the relevant Ineligible Mortgage Certificates represents a drawdown under a Multi-Credit Agreement and the ineligibility event is referred to one or several drawdown(s), then the only remedy available will be the repurchase or replacement by the Seller of all the Mortgage Certificates related to such Multi-Credit Agreement. If the Seller opted to replace the Ineligible Mortgage Certificates backed by Ineligible Mortgage Loans and it failed to do so within ninety two (92) calendar days following the relevant Ineligible Mortgage Certificates Notice after the Repurchase Cut-Off Date, then the Seller

will be required to repurchase the affected Ineligible Mortgage Certificates no later than 2 (two) calendar days following the scheduled Replacement Date.

Therefore, to the extent that the Aggregate Ineligible Mortgage Certificates Amount at any point is below the Ineligibility Threshold, the Seller would be under no obligation to repurchase or replace the Ineligible Mortgage Certificates backed by Ineligible Mortgage Loans. In such scenario, the Ineligible Mortgage Certificates backed by Ineligible Mortgage Loans would remain as an asset of the Fund despite not meeting all the representations in section 2.2.8.2 and 2.2.8.3 of the Additional Building Block or constituting non Permitted Loan Variations.

As from the date of the fifth (5<sup>th</sup>) anniversary of the Date of Incorporation the Ineligibility Threshold will not be applicable.

***No assurance of financial resources to repurchase or replace the Ineligible Mortgage Certificates. Retention Holder Guarantee***

There can be no assurance that the Seller will have the financial resources to repurchase or replace the Ineligible Mortgage Certificates. In order to mitigate this risk, the obligations of the Seller to pay the purchase price in relation to the repurchase of the Ineligible Mortgage Loans will be guaranteed by the Retention Holder pursuant to and in accordance with the terms of the guarantee to be provided by the Retention Holder guaranteeing (i) the obligation of the Seller to repurchase the Ineligible Mortgage Certificates under the Mortgage Certificates Purchase Agreement (and to bear any taxes, fees and expenses accrued as a result of such repurchase) and (ii) the obligation to compensate the Fund in accordance with the terms disclosed in section 3.4.2.2 of the Additional Building Block (the “**Retention Holder Guarantee**”). However, there can be no assurance that the Retention Holder will have the financial resources to honour such obligations. The Fund will have no recourse to any person other than the Retention Holder in the event that the Seller, for whatever reason, fails to meet such obligations.

Other than this Retention Holder Guarantee, no other guarantees have been granted by any public or private entities, including the Seller, the Management Company, BBVA as Originator or any other firm affiliated with or invested in by any of the above.

**1.18. Foreign nationality of Debtors**

As detailed in section 2.2.2 of the Additional Building Block, approximately 8% of the Debtors of the Mortgage Loans are not Spanish nationals. In the event that those Debtors defaulted under the relevant Mortgage Loans and they left Spain, the chances of recovery of the amounts due under such Mortgage Loans would be reduced and that may have a negative impact in the Available Funds to meet the Fund’s payment obligations.



### **1.19. Limited protection**

An investment in the Notes may be affected, *inter alia*, by a deterioration of the general economic conditions that have a negative effect on the payments of the Mortgage Loans that back the issue of the Notes by the Fund. In the event that non-payments reach an elevated level, they could reduce, or even eliminate, the protection against losses in the Mortgage Loans portfolio which the Notes benefit from as a result of the credit enhancements described under section 3.4.2 of the Additional Building Block.

Notwithstanding the foregoing considerations, the risk of the Noteholders is mitigated by the Priority of Payment Order described in section 3.4.6.2 b) and the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

### **1.20. Mortgage Loans secured by subsidised housing (VPO)**

According to the Land Registry (*Registro de la Propiedad*) information, there are 281 collaterals (corresponding to 410 Reviewed Mortgage Loans, which represent the 6.8% of the Outstanding Principal Balance of the Reviewed Mortgage Loans) that are subject to subsidized housing regimes. Additionally, there are 9 collaterals in the Reviewed Portfolio (corresponding to 18 Reviewed Mortgage Loans, which represent the 0.3% of the Outstanding Principal Balance of the Reviewed Mortgage Loans) which were subject to subsidised housing regimes (however the regime applicable to these 9 collaterals has expired).

The provisions of the different subsidised housing protection regimes vary depending on the region in which the collateral is located. The collaterals affected by these protection regimes may also be subject to pre-emption and/or redemption rights in favour of the relevant administrative authorities indicated in each regime.

In connection with the collaterals that are still subject to the corresponding subsidised housing protection regime, there is a risk that, if any of the Mortgage Loans secured by one of these collaterals is enforced and the collateral is awarded, the competent administrative authority would be entitled to exercise such pre-emption and redemption rights.

In the event that any administrative authority exercises its pre-emption right, the Fund should receive the same price for such collateral that it would have received if the sale were to a third party.

The acquisition of the subsidised housing properties is subject to specific rules. Under these rules the buyer has to comply with some economic thresholds. The exception is the acquisition by the lender through foreclosure. The reason for this exception is because it is a "by law acquisition". For the same reason the pre-emption right in the acquisition by

auction is not applicable. The pre-emption right would be however triggered in case of *deed in lieu*.

#### **1.21. Increasing instalments**

As detailed in section 2.2.2 of the Additional Building Block, as of 27 February 2017, 8.02% of the Outstanding Principal Balance of the Reviewed Mortgage Loans is subject to an increasing instalments system which may result in a higher financial burden for the Debtors.

Increased instalments derived from application of this system could lead to higher default rates under the Mortgage Loans and, consequently, a reduction in the amount of Available Funds to meet the Fund's payment obligations (including the servicing of the Notes).

#### **1.22. Mortgage Participations and Mortgage Transfer Certificates**

The Fund, represented by the Management Company, will be incorporated with some of the mortgage certificates which were issued by CX and acquired by the 2015 Fund on 15 April 2015. As of the date of its issuance, the Mortgage Participations and the Mortgage Transfer Certificates complied with the requirements set forth in the Spanish mortgage market legislation in order to be issued as a mortgage participation (*participación hipotecaria*) or mortgage transfer certificate (*certificado de transmisión de hipoteca*), as appropriate. However, it will not be checked whether the Mortgage Participations and the Mortgage Transfer Certificates will comply with the relevant requirements as of the date of their assignment to the Fund. In particular, in relation to the Mortgage Participations, it will not be checked whether the insurance policies are in force (as further detailed immediately below) or whether the Mortgage Loans backing the Mortgage Participations are secured by first ranking mortgage security registered with the Land Registry.

#### **1.23. Insurance policies related to the Mortgage Loans**

Although under the public deeds formalising the Mortgage Loans the Debtor is required to insure the mortgaged properties against the risk of fire and other damages (at least on the conditions required by the regulations governing the mortgage market and throughout the term of those Mortgage Loan agreements), there is no evidence that all insurance policies granted in connection with the Mortgage Loans are currently in force.

#### **1.24. The Servicer**

On 24 April 2015, BBVA acquired 98.4% of the share capital of CX and, with effects as from 9 September 2016 and pursuant to the procedure set forth in article 51 of Law 3/2009, of 3 April, on structural changes of mercantile companies (*Ley 3/2009, de 3 de*

*abril, sobre modificaciones estructurales de las sociedades mercantiles*) (the "**Law 3/2009**") CX was absorbed by and merged with BBVA.

At the incorporation of the Fund, BBVA, as Master Servicer of the Mortgage Participations and the Mortgage Transfer Certificates (together, the "**Mortgage Certificates**"), is responsible for the custody and management of the Mortgage Loans in accordance with the mortgage market regulations.

However, BBVA will entrust the Servicer the custody and servicing of the Mortgage Loans by way of subcontracting the services of the latter, which will act on behalf of BBVA but also on account of the Fund as provider of services, all of the foregoing without prejudice to those non-delegated functions which BBVA should carry out in its condition of issuer of the Mortgage Participations and the Mortgage Transfer Certificates. The subcontracting of the Servicer does not exempt BBVA from its responsibility in relation to the servicing of the Mortgage Loans. The Fund shall be under the obligation to indemnify BBVA if BBVA suffers any damage, financial loss or liability as a consequence of following the instructions served by the Management Company or the Servicer or for any tax consequences resulting from its servicing obligations.

If a Servicer Termination Event occurs, then (prior to the delivery of an Enforcement Notice) the Fund will be entitled to terminate the appointment of the Servicer and BBVA will assume the management and custody of the Mortgage Loans. Any substitute of the Servicer will be a services provider of BBVA in the terms stated in the paragraph above.

If BBVA is not able to act as master servicer of the Fund then the Management Company will assume the management and custody of the Mortgage Loans pursuant to article 26.1 of Law 5/2015, of 27 April, on the Business Financing Promotion (*Ley 5/2015, de 27 de abril, de Fomento de la Financiación Empresarial*) (the "**Law 5/2015**") and it shall use its reasonable endeavours to appoint a new servicer.

Any change in the Servicer could delay collection of payments on the Mortgage Loans and ultimately could adversely affect the ability of the Fund to make payments in full on the Notes.

If a Servicer Termination Event occurs, there can be no assurance that a substitute servicer with sufficient experience of servicing the Mortgage Loans would be found who would be willing and able to service the Mortgage Loans on the terms, or on substantially similar terms to those, set out in the Deed of Incorporation and in this Prospectus. Further, it may be that the terms on which a substitute servicer may be appointed are substantially different from those set out in the Deed of Incorporation and in this Prospectus and the terms may be such that the Noteholders may be adversely affected. The ability of a substitute servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the

appointment. Transition from a servicer to a substitute servicer may result in delays in the performance of servicing functions. Any delay or inability to appoint a substitute servicer may affect payments on the Mortgage Loans and hence the Fund's ability to make payments when due on the Notes.

In addition, Noteholders should be aware that the Servicer has no obligation itself to advance payments that Debtors fail to make in a timely fashion.

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

### **2.1. Seller Optional Redemption**

The Seller or its nominee (i.e. the entity appointed by the Seller) shall have the option to repurchase all (but not part) of the Mortgage Certificates (the "**Seller Portfolio Purchase**") from the Fund at any Payment Date as from (and including) the first Payment Date immediately following 5 April 2017 (the "**Disbursement Date**") (i.e. 26 July 2017), therefore, and provided that the Fund has the necessary funds to discharge in full, but not in part, its outstanding liabilities in respect of the Rated Notes, all Rated Notes will be redeemed.

In case that the Seller exercises the Seller Portfolio Purchase foreseen in the preceding paragraph and the Available Funds, on such date, are not sufficient to discharge in full the outstanding liabilities in respect of Class E Notes, the return on maturity of the Class E Notes may be affected and consequently, losses may be suffered.

The exercise by the Seller of the Seller Portfolio Purchase may have an impact on the average life, yield and term of the Rated Notes.

### **2.2. Risk linked to the extinguishment of the Fund**

The Fund will be extinguished if (i) any of the provisional ratings assigned to the Rated Notes by Moody's Investors Service España, S.A. or DBRS Ratings Limited or the provisional rating assigned to the Class A Notes by Fitch Ratings España, S.A.U. is not confirmed on or before the Disbursement Date (and, for the avoidance of doubt, no subscription payments in respect of the Rated Notes shall be disbursed until each such confirmation of the provisional ratings of the Rated Notes has been received) or (ii) an event occurs that could not be foreseen or, even if foreseen, is inevitable rendering it impossible to perform the subscription or disbursement of the Notes pursuant to article 1,105 of the Civil Code (*force majeure*); or (iii) the Notes are not fully subscribed by the end of the time period in which the Notes are expected to be fully subscribed, between 9:00 a.m. CET and 12:00 p.m. CET on 4 April 2017 (the "**Subscription Period**"); or (iv) the conditions precedent to the Subscription Agreement are not met on or before the beginning of the Subscription Period.

Additionally, the Joint Lead Managers shall by notice to the Fund, the Seller and the Retention Holder terminate the Subscription Agreement at any time before the time on the Disbursement Date when payment would be due under the Subscription Agreement to the Fund in respect of the Notes (the “**Relevant Time**”) if, in the opinion of the Joint Lead Managers (a) there shall have occurred an event that could not be foreseen or, even if foreseen, is inevitable rendering it impossible to perform the subscription or disbursement of the Notes pursuant to article 1,105 of the Civil Code (*force majeure*), (b) the final rating assigned to the Class A Notes by Fitch Ratings España, S.A.U. is either not confirmed or is not at least AA+(sf) before the Relevant Time or (c) there has been confirmation from Moody’s Investors Service España, S.A. or DBRS Ratings Limited that the ratings of the Rated Notes rated by any of them before the beginning of the Subscription Period have been downgraded or withdrawn.

In case any of the events foreseen in the preceding paragraphs occurs, the transfer of the Mortgage Certificates to the Fund, the Notes Issue, as well as the rest of documents related to the incorporation of the Fund (with the exception of the Initial Expenses Subordinated Loan Agreement) will be terminated and the Fund will be extinguished.

### **2.3. Review of the Prospectus by investors**

The Notes Issue is addressed solely to qualified investors as defined in article 39 of Royal Decree 1310/2005, of 4 November, partly developing the Law 24/1988, of 28 July, on the Spanish Securities Market Law in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*) (the “**Royal Decree 1310/2015**”).

The Notes are limited recourse instruments and there can be no assurance that the Noteholders will receive the full amounts payable at any time by the Fund under the Notes or that they will receive any return on their investment in the Notes. Prospective investors are therefore advised to review this Prospectus carefully and consider, among other things, the risk factors set out in this section before deciding whether to invest in the Notes. Prospective investors should also ensure they understand the nature of the Notes and the extent of their exposure to risk when they consider the suitability of investing in such Notes in light of their own circumstances and financial conditions. The Sole Arranger and the Joint Lead Managers have not undertaken to review the financial condition or affairs of the Fund during the life of the arrangements contemplated by this Prospectus, or to advise any investor or potential investor in the Notes or any information that is not included in this Prospectus that comes to the attention of the Sole Arranger and

the Joint Lead Managers.

#### **2.4. Yield, average life and term of the Notes**

The calculation of the Internal Rate of Return (“**IRR**”) for each Noteholder that is stipulated in section 4.10 of the Securities Note, is subject, inter alia, to future market interest rates, given the floating nature of the Nominal Interest Rate of each class of Notes, and to Mortgage Loans early redemption, default rate and recovery hypotheses that might not be fulfilled.

In particular, the Mortgage Loans pooled into the Fund can be repaid prior to their scheduled maturity when the Debtors prepay the outstanding principal of the Mortgage Loans in the terms set forth in each Mortgage Loan agreement. Furthermore, the fulfillment of the early redemption rate is influenced by a variety of demographic, economic and social factors, such as seasonality, market interest rates, the employment and financial situation of the Debtors under the Mortgage Loans and the general state of the economy, that make this unpredictable.

The risk of such early redemption will be transferred on each Payment Date to the Noteholders in accordance with the redemption rules set forth in section 4.9 of the Securities Note. Finally, the application of section 4.9.5 of the Securities Note in relation to which the Seller or its nominee (i.e. the entity appointed by the Seller) shall have the option to repurchase all (but not part) of the Mortgage Certificates from the Fund at any Payment Date as from the Payment Date following the Disbursement Date (included) (the "**Optional Redemption**") may also affect the calculation of average life and duration of the Notes.

#### **2.5. Subordination of the Notes. Deferral of Interest**

Class B Notes interest payment is subordinated to Class A Notes interest payment, Class C Notes interest payment is subordinated to Class A Notes and Class B interest payment and Class D Notes interest payment is subordinated to Class A Notes, Class B and Class C interest payment. Class B Notes principal repayment is subordinated to Class A Notes principal repayment, Class C Notes principal repayment is subordinated to Class A Notes and Class B principal repayment and Class D Notes principal repayment is subordinated to Class A Notes, Class B and Class C principal repayment. Furthermore, Class E Notes interest payment and principal repayment is subordinated to the Rated Notes interest payment and principal repayment. Nevertheless there is no certainty that these subordination rules shall protect any class of Noteholders from the risk of loss.

The payment of interest on the Class B Notes, Class C Notes and Class D Notes pursuant to the Priority of Payments will be deferred if, and for as long as, the circumstances set out in section 3.4.6.2 b) of the Additional Building Block being met. The Class A Notes interest will not be subject to these deferral rules.

The subordination rules for the different classes of Notes are set out in the Priority of Payment Order set forth in section 3.4.6.2 and the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

According to paragraph 4.4.3 (iv) of the Registration Document, only the non-payment of the interest accrued up to a Payment Date on the then most senior class of Notes shall be considered a trigger for the Early Liquidation of the Fund.

## **2.6. Default interest**

In the event that the Available Funds on a Payment Date are not sufficient to meet interest amounts due under the Notes in full, the unpaid amount of interest will be postponed. The postponed interest amount will accrue interest at the same rate and on the same basis as scheduled in respect of the corresponding class of Notes until the Payment Date on which the postponed interest is paid, without accruing default interest and without this implying capitalisation of the debt.

## **2.7. Rating of the Rated Notes**

The credit risk of the Rated Notes has been assessed by the rating agencies Moody's Investors Service España, S.A., DBRS Ratings Limited and (in respect of the Class A Notes) Fitch Ratings España, S.A.U. (the "**Rating Agencies**") as referred to in section 7.5 of the Securities Note.

The meaning of the ratings assigned to the Rated Notes can be consulted in the web pages of the Rating Agencies, this is [www.moodys.com](http://www.moodys.com), [www.dbrs.com](http://www.dbrs.com) and [www.fitchratings.com](http://www.fitchratings.com).

The Rating Agencies may revise, suspend or withdraw the final rating assigned to the Rated Notes in each class at any time, based on any information that may come to their attention and/or changes in rating methodologies and practices.

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

In general, European regulated investors are restricted under Regulation 1060/2009 from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under Regulation 1060/2009 (and such registration has not been withdrawn or suspended). Such general restriction also applies in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-

EU rating agency is certified in accordance with Regulation 1060/2009 (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website in accordance with Regulation 1060/2009 is not conclusive evidence of the status of the relevant rating agency included in such list, as there might be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in this Prospectus.

In addition to the abovementioned, there could be unsolicited ratings published in respect of the Rated Notes. If such unsolicited ratings are lower than the comparable rating assigned to the Rated Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value of the Rated Notes.

## **2.8. Potential negative yield of the Bank Accounts**

Depending on the performance of the EONIA reference interest rate, the Bank Accounts opened in the name of the Fund could generate negative interest for the Fund, which in such case will be considered Ordinary Expenses of the Fund and will be payable in accordance with the Priority of Payments. This could have a negative impact on the amount of Available Funds to meet the Fund’s payment obligations (including the servicing of the Notes).

## **2.9. Certain material interests and potential for conflicts**

Certain of the parties to the transaction have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Fund, the Seller or its affiliates and the Management Company in the ordinary course of business. Other parties to the transaction may also perform multiple roles. Accordingly, conflicts of interest may exist or may arise as a result of parties having previously engaged or in the future engaging in transactions with other parties, having multiple roles or carrying out other transactions for third parties. The parties to the transaction may be replaced by one or more new parties. It cannot be excluded that such a new party could also have a potential conflicting interest, which might ultimately have a negative impact on the ability of the Fund to perform its obligations in respect of the Notes.

In particular, the Joint Lead Managers and their affiliates will play various roles in relation to the offering of the Notes (including, in the case of Credit Suisse, acting as structurer of the transaction in their capacity as Sole Arranger and in other roles described below) and may assist clients and counterparties in transactions related to the Notes where they expect to earn fees and other revenues.



The Joint Lead Managers are part of global investment banking and securities and investment management firms that provide a wide range of financial services to a substantial and diversified client base. The Joint Lead Managers will act in their own commercial interest in their various capacities without regard to whether their interests conflict with those of the holders of the Notes or any other party.

The Joint Lead Managers may act in other transactions involving issues of residential mortgage-backed securities or other securitisation funds with assets similar to the Fund which may have an adverse effect on the price or value of the Notes.

In the ordinary course of business, the Joint Lead Managers and employees or customers of the Joint Lead Managers may actively trade in and/or otherwise hold long or short positions in the Notes, or enter into transactions similar to or referencing the Notes or the other instruments for their own accounts and for the accounts of their customers. The Joint Lead Managers do not disclose specific trading positions except where required in accordance with applicable law. If any of the Joint Lead Managers become owners of any of the Notes, through market-making activity or otherwise, any actions that they take in their capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the same class or other classes of the Notes. To the extent the Sole Arranger or the Joint Lead Managers trade in the Notes, the terms (including price) at which they trade will depend on then applicable market conditions and other factors, and may be higher or lower than the issue price of such Notes.

In addition, on 15 April 2015, Credit Suisse arranged the financing (the "**Senior Financing**") to, *inter alia*, partially finance the acquisition by Alcmena Midco S.à r.l. ("**Midco**") (a wholly owned subsidiary of the Retention Holder) of the class A notes issued by the 2015 Fund, thus entitling Midco to a majority interest in the cash flows arising from the mortgage certificates owned by the 2015 Fund.

Credit Suisse expects that such Senior Financing will be partially repaid after 31 March 2017 (the "**Date of Incorporation**") by Alcmena Pledgeco II Borrower S.C.S. (a wholly owned subsidiary of the Retention Holder). For such purposes, Alcmena Pledgeco II Borrower S.C.S. may use part of the proceeds obtained by Midco as interest and/or principal under the class A notes issued by the 2015 Fund, such payment by the 2015 Fund deriving, totally or partially, from the proceeds of the sale of the Mortgage Certificates by the 2015 Fund. In acting as a lender or an arranger of such Senior Financing, Credit Suisse will act in its own commercial interests and will not be required to take into account the interests of the Noteholders or any other party.

Credit Suisse also acted as sole arranger of SRF 2016-1, Fondo de Titulización, the proceeds of which were partially applied by Midco to repay in part the Senior Financing.

Furthermore, Anticipa will simultaneously act as servicer of the Fund, the 2015 Fund and

SRF 2016-1, Fondo de Titulización in accordance with the terms of the respective servicing agreements.

Accordingly, conflicts of interest may exist or may arise as a result of parties to this transaction: (a) having previously engaged or in the future engaging in transactions with other parties to the transaction; (b) having multiple roles in this transaction; and/or (c) carrying out other roles or transactions for third parties. In any event, pursuant to the provisions of article 26.1 of Law 5/2015, the Management Company, as manager of third parties, will be responsible for acting with utmost diligence and transparency in the defence of the best interests of the Bondholders and the funders of the Fund.

#### **2.10. Change of counterparties**

The parties to the Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as BNP Paribas Securities Services, Sucursal en España ("**BNP Paribas**") as Accounts Bank or BBVA as Collection Accounts Bank) are required to satisfy certain criteria to continue to be counterparty to the Fund.

These criteria include requirements in relation to the short-term and long-term senior unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Fund) may be required to be transferred to another entity which does satisfy the applicable ratings criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party and the cost to the Fund may therefore increase. In addition, it may not be possible to find an entity with the required ratings who would be willing to act in such role. This may reduce amounts available to the Fund to make payments of interest and principal on the Rated Notes and/or lead to a downgrade in the ratings of the Rated Notes.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including the applicable criteria (although this will not apply to mandatory provisions of law), in order to avoid the need for a replacement entity to be appointed. The consent of Noteholders may not be required in relation to such amendments and/or waivers.

#### **2.11. Risk linked to the liquidation of the 2015 Fund**

Given the connection between the 2015 Fund and the Fund (in particular, taking into account the potential co-ownership scenarios between the 2015 Fund and the Fund in relation to the Multi-Credit Agreements), in the event that the 2015 Fund is liquidated on

a date earlier than the liquidation of the Fund, it is not possible to predict the consequences of such liquidation in the operation and activity of the Fund.

**2.12. Price of the Class E Notes**

Due to the fact the Class E Notes will be fully subscribed by the Retention Holder and, consequently the price of the Class E Notes will not be subject to trading in the market, it cannot be concluded that the economic conditions of the Class E Notes correspond to the economic conditions applicable in the secondary market at the Date of Incorporation. Such statement on the value of the Class E Notes is made for informative purposes for third parties.

**2.13. Recovery of principal and interest under the Class E Notes**

The Class E Notes are subordinated to the Rated Notes and do not benefit from any credit enhancement. Therefore, any payment defaults or payment delays under the Mortgage Loans (whether from principal or interest) will have a negative effect on the ultimate principal and interest received by the Class E Noteholders.

**2.14. Liquidity and leverage risk**

There is no guarantee that a minimum volume or frequency of Notes transactions will be forthcoming in the market. There is no entity required to intervene in the secondary market, providing liquidity to the Notes by offering itself as counterparty. In particular, neither the Joint Lead Managers nor any of their affiliates are obliged to intervene in the secondary market, providing liquidity to the Notes.

Class B Notes, Class C Notes, Class D Notes and Class E Notes represent a leveraged investment in the underlying portfolio. Due to greater market volatility, changes in the market value of the Class B Notes, Class C Notes, Class D Notes and Class E Notes may be greater than changes in the market value of the underlying portfolio and hence, investment in these Notes could generally magnify the Class B, Class C, Class D and Class E Noteholders' opportunities for gain and risk of loss.

Furthermore, the Fund will not redeem the Notes other than in the event of (i) an Optional Redemption (as set forth in section 4.9.5 (*Seller Optional Redemption*) of the Securities Note) or (ii) an Early Liquidation of the Fund upon the terms set forth in section 4.4.3 of the Registration Document.

### **3. RISKS DERIVING FROM THE LEGAL STATUS AND BUSINESS OF THE FUND**

#### **3.1. Nature of the Fund and obligations of the Management Company**

The Fund is a closed isolated pool of assets without legal personality that, pursuant to Law 5/2015 is managed by the Management Company duly licensed for such purposes. The Fund's liability for its obligations vis-à-vis its creditors (including the holders of the Notes) shall be limited in recourse to the extent of its assets and none of the Management Company, the Joint Lead Managers or any of the other transaction parties shall be responsible for any of the Fund's liabilities.

The Management Company will perform for the Fund those duties attributed to it in Law 5/2015, as well as safeguarding the best interest of the holders of the Notes and the funders of the Fund.

In addition to the above, the Meeting of Creditors referred in section 4.11 of the Securities Note may agree what is necessary for the best safeguarding of the legitimate interests of the creditors of the Fund.

The Noteholders and the other ordinary creditors of the Fund shall not have any right of action either against the Fund or against the Management Company other than from non-performance of their respective duties or non-compliance with the provisions of the Deed of Incorporation, this Prospectus and the applicable laws and regulations. Any such actions will need to be resolved in the (corresponding) judicial proceedings.

Hence, the Noteholders will have no recourse to the Fund or the Management Company based only on delinquency or payment default by the Mortgage Loans or breach of agreement by third parties.

#### **3.2. Mandatory replacement of the Management Company**

In accordance with article 33 of Law 5/2015, if the Management Company is subject to an insolvency proceeding (*concurso*), without prejudice to the effects of such insolvency proceeding (as described below), it shall find another management company to replace it. If four (4) months have elapsed since the occurrence of the event requiring the 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 Notes, the Initial Expenses Subordinated Loan and the Reserve Fund Subordinated Loan (together, the "**Subordinated Loans**") will be redeemed or repaid, as the case may be, in accordance with the provisions of the Deed of Incorporation and this Prospectus, particularly in accordance with the Liquidation Priority of Payment Order (as set forth in section 3.4.6.3 of the Additional Building Block) .

### 3.3. Insolvency

#### **Application of Spanish Insolvency Law**

The insolvency proceeding (*concurso*) of any of the parties involved (whether it be the Management Company, BBVA as the collection accounts bank (the "**Collection Accounts Bank**") or any other counterparty of the Fund) could affect their contractual relations with the Fund as provided in the Law 22/2003, of 9 July, on Insolvency (*Ley 22/2003, de 9 de Julio, Ley Concursal*) (the "**Spanish Insolvency Law**").

In this respect, if the Management Company is declared under an insolvency proceeding (*concurso*), it must be replaced by another management company in accordance with the provisions of Risk Factor 3.2 above. In the event of the insolvency proceeding (*concurso*) of the Management Company, any assets of the Fund that are in the possession of the Management Company and in respect of which the Management Company has no right of use, surety or retention -except for money due to its fungible nature- and that form part of the latter's assets will be construed as belonging to the Fund, and the insolvency officials (*administración concursal*) must deliver them to the Fund.

In practice, due to the nature of the securitisation transaction in question, and except in the event of a breach by the parties, no cash amounts will become part of the assets of the Management Company since the amounts that constitute the revenues of the Fund must be deposited, in accordance with the terms set forth in the Deed of Incorporation and this Prospectus, in the accounts opened on behalf of the Fund by the Management Company (which will be involved in opening 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 Spanish Insolvency Law.

BBVA is subject to Law 11/2015, of 18 June 2015, on the recovery and resolution of credit entities and investment firms (*Ley 11/2015, de 18 de junio, de recuperación y resolución de entidades de crédito y empresas de servicios de inversión*), which implements in Spain the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**"). Application of those provisions may delay or in certain cases impede the recovery of the amounts deposited in accounts opened in BBVA.

Finally, BNP Paribas as the accounts bank (the "**Accounts Bank**") is subject to the French regulations implementing BRRD, and the Accounts Bank's liabilities (including those owed to the Fund) may also accordingly be subject to the exercise of the resolution powers of the relevant resolution authority.

## **Application of Luxembourg Insolvency Laws**

Each of the Retention Holder and the Seller (the "**Luxembourg Companies**") is incorporated and has its registered office in Luxembourg. According to article 3(1) of the Council Regulation (EC) No 1346/2000 of 29 May 2000 on insolvency proceedings, as amended and as updated (the "**Insolvency Regulation**"), there is a rebuttable presumption that a company has its centre of main interests in the jurisdiction in which it has the place of its registered office. As a result, there is a rebuttable presumption that the centre of main interests of the Luxembourg Companies is in the Grand Duchy of Luxembourg and consequently that any "main insolvency proceedings" (as defined in the Insolvency Regulation) would be opened by a Luxembourg court and be governed by Luxembourg law.

Under Luxembourg law, the following are the most frequent types of proceedings (altogether referred to as "insolvency proceedings") that may be opened against the Luxembourg Companies:

- bankruptcy proceedings (*faillite*), the opening of which may be requested by each of the Luxembourg Companies, by any of their creditors or by the courts in Luxembourg. Following such a request, the Luxembourg courts having jurisdiction might open bankruptcy proceedings if such Luxembourg Company: (i) were in a state of cessation of payments (*cessation des paiements*) and (ii) had lost its commercial creditworthiness (*ébranlement de crédit*) (together, the "**Conditions**"). The main effect of such proceedings is the suspension of all measures of enforcement against the Luxembourg Companies (except, subject to certain limited exceptions, for enforcement by secured creditors), and the payment of the secured creditors in accordance with their rank upon realisation of the assets. In addition, the managers of the Luxembourg Company must, within a month of them having become aware of such Luxembourg Company's fulfilling of the Conditions, file a petition for bankruptcy (*faillite*) with the district court of the Luxembourg Company's registered office, on pain of civil and criminal liability; and
- controlled management proceedings (*gestion contrôlée*), the opening of which might only be requested by the Luxembourg Companies and not by its creditors if such Luxembourg Company had lost its commercial creditworthiness or were not in a position to completely fulfil its obligations. The objective of controlled management proceedings would be (i) to restructure the Luxembourg Company's business or (ii) to realize its assets in good conditions. For these purposes a Luxembourg court might order a provisional suspension of payments, including a stay of enforcement of claims by secured creditors, subject to certain limited exceptions.

Luxembourg insolvency laws might also affect transactions entered into or payments made by each of the Luxembourg Companies during the pre-bankruptcy hardening period (*période suspecte*) (the "**Suspect Period**") which is a maximum of six months plus ten

days preceding the judgment declaring bankruptcy, except that in certain specific situations a Luxembourg court may set the start of the Suspect Period at an earlier date.

In particular, some specific transactions (including, *inter alia*, contracts or payments without consideration, transactions at an undervalue, payments for debts not yet matured, granting of new security for existing debts or fraudulent payments) entered into or carried out during the Suspect Period would be set aside or declared null and void, if so requested by the insolvency receiver, or may be subject to cancellation by the court upon proceedings instituted by the insolvency receiver or could be challenged by the insolvency receiver.

Contracts of the Luxembourg Companies would, in principle, not be automatically terminated on commencement of bankruptcy proceedings, save for contracts for which the identity or solvency of the Luxembourg Companies was crucial (*intuitu personae* agreements).

Insolvency proceedings may hence have a material adverse effect on the Luxembourg Companies' business and assets and the Luxembourg Companies' obligations, including with respect to any purchase or sale of all or part of the Mortgage Certificates by the Seller, any loan provided or guarantee granted by the Retention Holder or ability to comply with the Retention undertaking.

#### **3.4. Breach of agreements by third parties**

The Fund has entered into agreements with third parties for the provision of certain services in relation to the operation of the Fund and in relation to the Notes (as further described in the different sections of the Additional Building Block of this Prospectus describing the Transaction Documents).

The Noteholders could be prejudiced if any of the referred counterparties fails to fulfill any of the obligations assumed under any of the aforementioned agreements. Nevertheless, certain mechanisms are contemplated in the relevant agreements to mitigate such possible breaches. All the foregoing is without prejudice to the legal consequences of any breach by the corresponding counterparties of the applicable contractual provisions or derived from the Spanish legislation.

#### **3.5. Eurosystem eligibility**

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of IBERCLEAR, Euroclear or Clearstream but does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (“**Eurosystem Eligible Collateral**”) either upon issue or at any or all times during their life.

Such recognition will, *inter alia*, depend upon satisfaction of the Eurosystem eligibility criteria set out in the Guideline of the European Central Bank (the “**ECB**”) of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (recast) (ECB/2011/14) as amended and applicable from time to time (the “**Guideline**”). In addition, the Management Company (based on information supplied by the Servicer) will, for as long as the Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility, make loan-level data available in such manner as required by the ECB to comply with the Eurosystem eligibility criteria, subject to applicable data protection rules. Non-compliance with the eligibility criteria set out in the Guideline or with provision of loan-level data to the standards required will lead to the Class A Notes not qualifying as eligible collateral for the Eurosystem.

None of the Fund, the Management Company, the Seller, the Joint Lead Managers and the Sole Arranger gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or at any or at all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral for any reason whatever. Any potential investor in the Class A Notes should make its own conclusions and seek its own advice with respect to whether or not the Class A Notes constitute Eurosystem Eligible Collateral.

### **3.6. U.S. Foreign Account Tax Compliance withholding may affect payments on the Notes**

Sections 1471 through 1474 of the Foreign Account Tax Compliance Act (“**FATCA**”) impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign pass through payments" made to certain non-U.S. financial institutions (any such non-U.S. financial institution, an “**FFI**”) that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating FFI (collectively “**Withholdable Payments**”).

Whilst the Notes are held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding (e.g. because the required identification information is not provided).

The Fund's obligations under the Notes are discharged once it has paid the clearing systems, and the Fund has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.



The United States and the Government of the Kingdom of Spain have entered into an intergovernmental agreement to facilitate the implementation of FATCA (the “IGA”). An FFI (such as the Fund) that complies with the terms of the IGA, as well as applicable local law requirements will not be subject to withholding under FATCA with respect to Withholdable Payments that it receives. Further, an FFI that complies with the terms of the IGA will not be required to withhold under FATCA on payments it makes to Noteholders of such FFI (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). Pursuant to the IGA, an FFI is required to report certain information in respect of certain of its Noteholders to its home government, whereupon such information will be provided to the U.S. Internal Revenue Service. The Fund will undertake to comply with the IGA and any local implementing legislation, but there is no assurance that it will be able to do so.

An FFI that fails to comply with the terms of the IGA may become subject to the FATCA Withholding described above. Additionally, a failure to comply with future local implementing legislation may result in negative consequences to an FFI. The imposition of the FATCA withholding on payments made to the Fund would reduce the profitability, and thus the cash available to make payments on the Notes. Prospective investors should consult their advisers about the potential application of FATCA.

### **3.7. Political and economic risks specific to Spain**

The Mortgage Loans have been granted to individuals who were resident in Spain on the date the Mortgage Loan was granted. The Mortgage Loan portfolio may have been adversely affected by the deterioration of the Spanish economy since 2009. After rapid economic growth until 2007, Spanish gross domestic product (GDP) contracted in the period 2009-10 and 2012-13. The effects of the financial crisis were particularly pronounced in Spain given its heightened need for foreign financing as reflected by its high current account deficit and real or perceived difficulties in servicing public or private debt could increase Spain’s financing costs. In addition, unemployment levels continue to be high and a change in the current recovery of the labour market would adversely affect households’ gross disposable income. The Spanish economy is particularly sensitive to economic conditions in the Euro-zone, which is the main market for Spanish goods and services exports. Accordingly, an interruption in the recovery in the Euro-zone might have an adverse effect on Spanish economic growth. Adverse changes affecting the Spanish economy could result in increased defaults, with lower collections by the Fund and hence the amount of the Available Funds to service the Notes.

### **3.8. Economic conditions in the Euro-zone**

Concerns relating to credit risks (including that of sovereigns and those of entities which

are exposed to sovereigns) persist, in particular, with respect to current economic, monetary and political conditions in the Euro-zone. If such concerns further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any changes to, including any break-up of, the Euro-zone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the Spanish economy, the Spanish housing market, one or more of the parties to the Transaction Documents (including the Seller and/or the Servicer) and/or any borrower in respect of the underlying mortgage loans.

In particular, the economic conditions in the Euro-zone are further subject to the risks of slowdown and volatility as a result of the recent elections in the United States and the considerable uncertainty surrounding the United Kingdom's 23rd June, 2016 referendum on whether to exit the European Union and, given the United Kingdom public's vote to leave the European Union, the considerable uncertainty as to the political implementation of that mandate, the nature and timing of such an exit, the risk of contagion in other member states and whether and to what extent this could continue to negatively impact the European markets or even the future of Euro-Zone. It is also not possible to determine the impact that these matters will have on the business of the Fund (including the performance of the underlying mortgage loans), any other party to the Transaction Documents and/or any borrower in respect of the underlying mortgage loans, or on the regulatory position of any such entity or on the transactions contemplated by the Transaction Documents under EU regulation or more generally.

No assurance can be given that matters described above would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Fund to satisfy its obligations under the Notes.

#### **4. CERTAIN REGULATORY CONSIDERATIONS**

##### **4.1. Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Fund, the Management Company, the Joint Lead Managers, the Sole Arranger and any other Transaction Party makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Disbursement

Date or at any time in the future.

In particular, investors should note that the Basel Committee on Banking Supervision ("**BCBS**") has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as "**Basel III**"), including certain revisions to the securitisation framework. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio ("**NSFR**"). BCBS member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the LCR requirements refer to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements refer to implementation from January 2018). As implementation of any changes to the Basel framework (including those made via Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities (e.g. as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdictions initiatives, such as the Solvency II framework in Europe.

In addition, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement provision. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its Note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or securitised exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the Notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

It should be noted that the European Commission has published legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include

provisions intended to implement the revised securitisation framework developed by BCBS and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. With respect to the commitment of the Retention Holder to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Fund or another relevant party (or, after the Disbursement Date, by the Management Company on the Fund's behalf), please see the statements set out in the section of this Prospectus headed "*Certain Regulatory Disclosures*". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Fund, the Joint Lead Managers, the Sole Arranger or any other party to the transaction makes any representation that the information described above is sufficient in all circumstances for such purposes.

The Credit Risk Retention regulation implemented by U.S. Federal regulatory agencies including the SEC pursuant to Section 15G of the Securities Exchange Act, as amended (the "**U.S. Risk Retention Rules**") came into effect with respect to all asset classes on 24 December 2016 and generally require the "sponsor" of a "securitization transaction" to retain at least 5 percent of the "credit risk" of "securitized assets", as such terms are defined for the purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The transaction is not intended to involve the retention by a sponsor of at least five percent of the credit risk of the securitized assets for the purposes of compliance with the U.S. Risk Retention Rules, but rather is intended to rely on an exemption for non-U.S. transactions provided for in Section 20 of the U.S. Risk Retention Rules. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 percent of the dollar value (or equivalent amount in the currency in which the "ABS interests" (as defined in Section 2 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests issued in the securitization transaction are sold or transferred to, or for the account or benefit of, U.S. persons (as defined in the U.S. Risk Retention Rules, "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitization transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 percent of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

Prior to any Notes which are offered and sold by the Fund being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first disclose to Spain Residential Finance S.à r.l. that it is a Risk Retention U.S. Person and obtain the written consent of Spain Residential Finance S.à r.l. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is different from the definition of U.S. person under Regulation S, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules.

Each holder of a Note or a beneficial interest therein acquired on the Disbursement Date, by its acquisition of a Note or a beneficial interest in a Note, will be deemed, and, in certain circumstances, will be required to represent to the Fund, the Management Company, the Seller and the Joint Lead Managers that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has received the prior written consent of Spain Residential Finance S.à r.l., (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

There can be no assurance that the requirement for Spain Residential Finance S.à r.l. to give its prior written consent to any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with or will be made by such Risk Retention U.S. Persons.

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether a failure by the sponsor to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or their market value. Furthermore, the impact of the U.S. Risk Retention Rules on the securitization market generally is uncertain, and a failure by a transaction to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

None of Spain Residential Finance S.à r.l., the Seller, the Management Company, the Fund, the Joint Lead Managers or any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the securitisation transaction described herein complies as a matter of fact with the final rules promulgated pursuant to Section 15G of the U.S. Risk Retention Rules on the Disbursement Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### 4.2. Impact of financial transaction taxes

On 14 February 2013, the European Commission published its proposal (the “**Commission’s Proposal**”) for a Council Directive implementing enhanced cooperation in the area of a financial transaction tax (“**FTT**”) to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, although Estonia has since stated that it will not participate).

The proposed Directive aims to ensure that the financial sector makes a fair and substantial contribution to covering the costs of the financial crisis and creating a level playing field with other sectors from a taxation point of view. A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives from 1 January 2016, although the FTT proposal has not yet been introduced and still remains subject to negotiation between those states and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate.

Under the Commission’s Proposal (as defined above) the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT may give rise to tax liabilities for the Fund with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities (such as authorised investments)) if it is adopted based on the Commission’s Proposal. Any such tax liabilities may reduce amounts available to the Fund to meet its obligations under the Notes and may result in investors receiving less interest or principal than expected.

It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission’s Proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

#### **4.3. No assurance is given that the transaction will be designated as a simple, transparent securitisation**

On 30 September 2015, the European Commission published legislative proposals for two new regulations related to securitisation. Amongst others, the proposals include (i) provisions intended to implement the revised securitisation framework developed by BCBS and (ii) provisions intended to harmonise and replace the risk retention and due diligence requirements applicable to certain EU regulated investors (the “**STS Regulation**”).

The STS Regulation also aims to create common foundation criteria for identifying “STS securitisations”. There are still material differences between the legislative proposals and the current requirements (including with respect to application of retention requirements and the originator entities eligible to retain the required interest). Moreover, further changes may be, and have been proposed through the political negotiation process. It is not clear whether, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted. In addition, the compliance position under any adopted revised requirements of transactions entered into, and of activities undertaken by a party (including an investor), prior to adoption is uncertain. No assurance can be given that the transaction will be designated as an “STS securitisation” under the STS Regulation at any point in the future.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules). The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

#### **4.4. Change of law**

The structure of the transaction described in this Prospectus and, *inter alia*, the issue of the Notes and the ratings which are to be assigned to the Notes are based on the law and administrative practice in effect as at the date of this Prospectus as it affects the parties to the transaction and the Reviewed Portfolio and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation), administrative practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Fund to make payments under the Notes. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended and there can be no assurance that any such changes will not adversely affect the

compliance position of a transaction described in this Prospectus or of any party under any applicable law or regulation.



## **CERTAIN REGULATORY DISCLOSURES**

### **1. COMPLIANCE WITH EU RISK RETENTION REQUIREMENTS**

The Retention Holder, as an originator for the purposes of the 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 (the "**CRR**"), the Regulation (EU) No. 231/2013 of the EU Directive 2011/61/EU on Alternative Investment Fund Managers (the "**AIFMR**") and Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (the "**Solvency II Regulation**"), will retain a material net economic interest of not less than five per cent. in the securitisation contemplated by the Transaction Documents in accordance with Article 405 of the CRR ("**Article 405**"), Article 51 of the AIFMR ("**Article 51**") and Article 254 of the Solvency II Regulation ("**Article 254**") (which, in each case, is interpreted and applied on the Disbursement Date and does not take into account any corresponding national measures) (the "**Retention**").

As at the Disbursement Date, the Retention will comprise the Retention Holder holding an interest in the first loss tranche represented in this case by the Class E Notes, as required by the text of each of paragraph (d) of Article 405(1) of the CRR, paragraph (d) of Article 51(1) of the AIFMR and paragraph (d) of Article 254(2) of the Solvency II Regulation. Any change to the manner in which such interest is held will be notified to Noteholders.

In compliance with article 409 of CRR, the Retention Holder must ensure that all investors can easily access all necessary data regarding credit quality and the evolution of underlying positions and treasury flows backing the securitisation exposures, together with any information necessary to carry out detailed and documented stress tests of the cash flows backing the underlying exposures.

As to the information made available to prospective investors by the Fund, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Disbursement Date, to the quarterly investor reports provided to the Noteholders and published on the following website: [www.tda-sgft.com](http://www.tda-sgft.com).

The Retention Holder will undertake to (i) the Joint Lead Managers and the Sole Arranger in the Subscription Agreement and (ii) the Fund in the Deed of Incorporation, in each case, for so long as any Notes remain outstanding, that it will:

- (i) on the Disbursement Date hold, and thereafter it will retain a material net economic interest of not less than five per cent. of the nominal value of securitised exposures

in the securitisation contemplated by the Transaction Documents in accordance with Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR taking into account Article 56 of the AIFMR and Article 254(2)(d) of Solvency II Regulation which, in each case, is interpreted and applied on the Disbursement Date and does not take into account any corresponding national measures;

- (ii) comply with the disclosure obligations imposed on originator credit institutions under Article 409 (Disclosure to Investors) of the CRR, subject always to any requirement of law provided that the Retention Holder will not be in breach of such undertaking if the Retention Holder fails to so comply due to events, actions or circumstances beyond the Retention Holder's control;
- (iii) (subject to paragraph (iv) below), not sell, hedge or otherwise mitigate its credit risk under its material net economic interest in the securitisation as represented by the Class E Notes, except to the extent permitted by the CRR, the AIFMR and the Solvency II Regulation; and
- (iv) notwithstanding anything to the contrary herein, not sell all or any part of its interest in the Class E Notes for as long as any of the Rated Notes are outstanding.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with each of Part Five of the CRR (including Article 405), Section Five of Chapter III of the AIFMR (including Article 51) and Chapter VIII of Title I of the Solvency II Regulation (including Article 254) and any corresponding national measures which may be relevant and none of the Fund, the Management Company, the Joint Lead Managers, the Retention Holder, the Seller, the Sole Arranger or any other party to the transaction makes any representation that the information described above or in the Prospectus is sufficient in all circumstances for such purposes. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

In relation to the retention covenant to be given by the Retention Holder to the Fund in the Deed of Incorporation in accordance with the CRR, the AIFMR and the Solvency II Regulation regarding the material net economic interest to be retained by the Retention Holder in the securitisation and (in respect of CRR only) certain requirements as to providing investor information in connection therewith, the Management Company will not be under any obligation to monitor the compliance by the Retention Holder with such covenant and will not be under any obligation to take any action in relation to non-compliance with such covenant.

## **2. VOLCKER RULE**

The Fund is not now, and following the issuance of the Notes the Fund will not be, required to register as an "investment company" (as that term is defined under the

Investment Company Act of 1940, as amended (the “**Investment Company Act**”) and the Fund is not, and solely after giving effect to any offering and sale of Notes and the application of the proceeds thereof will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known the "**Volcker Rule**"). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act and under the Volcker Rule and its related regulations may be available, the Fund has relied on its own determination that the Fund would satisfy all of the elements of the exemption from the definition of “investment company” under the Investment Company Act provided by Section 3(c)(5)(C) thereunder. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a US bank or Non-US bank or a subsidiary of other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

### **3. APPOINTMENT OF THE SERVICER AS A DESIGNATED REPORTING ENTITY FOR ARTICLE 8B REQUIREMENTS**

The Servicer will be appointed by the Fund and the Retention Holder to act as the designated reporting entity for the purposes of complying with any applicable requirements under Article 8b of Regulation (EU) No 1060/2009 (as amended) and the corresponding implementing measures from time to time (including the disclosure and reporting requirements under articles 3 to 7 of Regulation (EU) No. 2015/3) (together, the Article 8b Requirements) in respect of any relevant Notes issued by the Fund. As at the date of this Prospectus, aspects of the Article 8b Requirements remain subject to further clarification.

### **4. COMPLIANCE WITH U.S. RISK RETENTION REQUIREMENTS**

The transaction is not intended to involve the retention by a sponsor of at least five per cent. of the credit risk of the securitised assets for the purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the **U.S. Risk Retention Rules**). Instead, for these purposes, the intention is to rely on an exemption for certain non-U.S. transactions provided for in Section 20 of the U.S. Risk Retention Rules. Therefore, in order to ensure that the transaction falls within this exemption, the Notes offered and sold by the Fund may not be purchased by, or for the account or benefit of, any “U.S. person” (as defined in the U.S. Risk Retention Rules) except with the prior written consent of Spain Residential Finance S.à r.l. and only where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules. See “Certain Regulatory Considerations – Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes.”

# **REGISTRATION DOCUMENT FOR MORTGAGE-BACKED NOTES (ANNEX VII OF COMMISSION REGULATION 809/2004)**

## **1. PERSONS RESPONSIBLE**

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

Mr. Ramón Pérez Hernández, acting in his capacity as Chief Executive Officer (*Consejero Delegado*), by virtue of the public deed granted on 9 April 2015 before the notary of Madrid Mr. Juan Álvarez-Sala Walther under number 935 of his official records and by virtue of the resolutions adopted by the Chief Executive Officer (*Consejero Delegado*) on 10 January 2017, for and on behalf of TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A., with registered office at calle Orense 58, Madrid (Spain) acting in turn as the management company (the “**Management Company**”) of the securitisation fund SRF 2017-1, FONDO DE TITULIZACIÓN (the “**Fund**”), assumes responsibility for the information set forth in this Registration Document.

### **1.2. Declarations by the persons responsible for the information contained in the Registration Document**

Mr. Ramón Pérez Hernández, on behalf of the Management Company, declares that, having taken all reasonable care to ensure that such is the case, the information given in this Registration Document is, to the best of his knowledge, in accordance with the facts and does not omit information likely to affect its import.

## **2. STATUTORY AUDITORS**

### **2.1. Fund Auditors**

Pursuant to the provisions of section 4.4.2 of this Registration Document, the Fund will be newly incorporated and lacks any historical financial information.

Throughout the duration of the transaction, the Fund’s annual financial statements will be subject to verification and annual review by the auditors. The annual report and the quarterly reports of the Fund set out in article 35 of Law 5/2015, of 27 April, on the Business Financing Promotion (*Ley 5/2015, de 27 de abril, de Fomento de la Financiación Empresarial*) (the “**Law 5/2015**”) will be filed with the CNMV within the deadlines set in the current regulations.

By virtue of the resolutions adopted by the Chief Executive Officer (*Consejero Delegado*) of the Management Company on 10 January 2017, for and on behalf of the Fund, Deloitte, S.L. (“**Deloitte**” or the “**Auditors**”), whose details are included in section 5.2 of this Registration Document, were appointed as the Auditors of the Fund

without specifying the number of accounting periods for which it has been appointed. If subsequently the Management Company passes a resolution to appoint new auditors for the Fund, notice would be given to the CNMV, the Rating Agencies and the Noteholders, pursuant to the provisions of section 4.1.3 of the Additional Building Block.

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

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 (*Circular 2/2016, de 20 de abril, de la Comisión Nacional del Mercado de Valores, sobre normas contables, cuentas anuales, estados financieros públicos y estados reservados de información estadística de los Fondos de Titulización*), as amended ("**Circular 2/2016**") or in accordance with the regulations applicable at any given time.

The Fund's financial year will coincide with the calendar year, starting on 1 January and ending on 31 December each year. However, as an exception, the first accounting period will start on 31 March 2017 (the "**Date of Incorporation**") and will end on 31 December 2017, and the last accounting period will end on the date of extinguishment of the Fund.

## **3. FUND RISK FACTORS ASSOCIATED WITH THE FUND**

The risk factors associated with the Fund are those detailed in section 1 (*Risks deriving from the legal status and business of the Fund*) of Risk Factors.

## **4. INFORMATION ABOUT THE FUND**

### **4.1. Statement that the Fund has been incorporated as a securitisation fund**

The Fund is a securitisation fund to be established in accordance with Law 5/2015 for the purpose of issuing the Notes and acquiring the Mortgage Certificates representing the credit rights arising from the Mortgage Loans. In particular, the Fund will be incorporated as an isolated pool of assets with no legal personality pursuant to Law 5/2015.

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

The name of the Fund will be "SRF 2017-1, FONDO DE TITULIZACIÓN". The Fund shall also be referred to as "SRF 2017-1".

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

The Management Company hereby declares that neither the incorporation of the Fund, nor the Notes to be issued backed by its assets, will be registered in the Spanish Mercantile Registry, pursuant to the exemption set forth in article 22.5 of Law 5/2015 without prejudice to the registration of this Prospectus by the CNMV, which took place on 28 March 2017, and to the filing with the CNMV, for incorporation into the public register, of a copy of the deed of incorporation of the Fund (the “**Deed of Incorporation**”) in the terms set forth in article 22 of Law 5/2015 and articles 36 and subsequents of Legislative Royal Decree 4/2015, dated 23 October, approving the consolidated text of the Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (the “**Legislative Royal Decree 4/2015**”), the contents of which will match the provisions of this Prospectus and the draft of the Deed of Incorporation filed with the CNMV. Under no circumstances will the terms of such documents contradict, modify, alter or invalidate the contents of this Prospectus.

As indicated, the assignment of the Mortgage Certificates representing the credit rights arising from the Mortgage Loans to the Fund will be formalised by means of the Mortgage Certificates Purchase Agreement (the important aspects of which are set forth in this Prospectus and the Deed of Incorporation) that will be notarised before a notary by the Management Company, on behalf of the Fund, SRF Intermediate 2017-1 S.À R.L. (the “**Seller**”) and Spain Residential Finance S.À R.L. (the “**Retention Holder**”) on the Date of Incorporation.

The Deed of Incorporation may be amended in the terms set out in article 24 of Law 5/2015 that is: (i) if the Management Company has the consent of all the Noteholders and the other creditors (excluding non-financial creditors); or (ii) if it has the consent of the Meeting of Creditors evidenced by means of the relevant Resolution, in accordance with the procedure set out in the Deed of Incorporation. The previous requirements (i) and (ii) 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.

Once the CNMV checks the compliance of the legal requirements for the amendment, the Management Company will execute the relevant deed of amendment and file an authorized copy with the CNMV, for incorporation into the public register. The amendment of the Deed of Incorporation will be communicated by the Management Company to the Rating Agencies and published by the Management Company by means of the public periodic information of the Fund and on its website. The Deed of Incorporation may also be subject to amendment at the request of the CNMV.

#### **4.4. Date of Incorporation and length of life of the Fund**

##### **4.4.1 Date of Incorporation of the Fund**

The Management Company, acting in the name and on behalf of the Fund, together with the Seller and the Retention Holder will proceed, once this Prospectus has been registered with the CNMV, to grant the Deed of Incorporation on the Date of Incorporation, in the terms set forth in Article 22 of Law 5/2015.

##### **4.4.2 Life of the Fund**

The life of the Fund will run from the Date of Incorporation provided for in the previous section until the legal maturity date of the Fund, on which the Fund will be extinguished, which is scheduled for 26 April 2063 or if such date is not a Business Day, the following Business Day (the "**Final Maturity Date**"), unless the Fund is early liquidated or extinguished in accordance with the provisions of sections 4.4.3 and 4.4.4 below, respectively.

##### **4.4.3 Early liquidation of the Fund**

The Management Company will be authorized to proceed to carry out the early liquidation of the Fund (the "**Early Liquidation**") and hence the early redemption of the Notes on a Payment Date in the following circumstances:

- (i) When the aggregate Outstanding Principal Balance of the Non-Defaulted Mortgage Loans on the last day of the Calculation Period immediately prior to the Payment Date in question is less than ten per cent (10%) of the aggregate Outstanding Principal Balance of the Mortgage Loans on the Cut-off Date, provided that the liquidation of the Mortgage Loans pending repayment, together with the other Available Funds of the Fund permits the full repayment of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (the "**Rated Notes**") and respecting the prior payments thereto, whose order of priority takes preference in accordance with the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.
- (ii) Where, in the opinion of the Management Company, exceptional circumstances concur, such as the existence of an amendment in the laws or any complementary regulatory developments, a change in the tax regulations applicable to the Fund or the establishment of withholding obligations or any other situations that might permanently affect the Fund.
- (iii) Mandatorily, in the scenario contemplated in article 33 of Law 5/2015, which sets forth 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 the declaration of an insolvency proceeding (*concurso*) thereof without a new management company having been found that is prepared to take over the management of the Fund appointed pursuant to section 3.7.1 of the Additional Building Block.

- (iv) When the Fund defaults in the payment of any interest accrued on the then most senior class of Notes on a Payment Date, and such default continues for a period of five (5) Business Days.
- (v) When it is or will become unlawful for the Fund to perform or comply with any of its obligations under or in respect of the Notes.
- (vi) On the Payment Date preceding the Final Maturity Date of the Fund by at least six (6) months, or if such date is not a Business Day, the Business Day immediately thereafter.
- (vii) In the event of the exercise of the Optional Redemption pursuant to section 4.9.5 of the Securities Note, by virtue of which the Seller or its nominee (i.e. the entity appointed by the Seller) exercises the option to repurchase all of the Mortgage Certificates from the Fund.

In any case, the Management Company (once the CNMV and the Noteholders have been informed in the manner set forth in section 4 of the Additional Building Block) will proceed with the liquidation of the Fund, in accordance with the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

It is understood, in all cases, that payment obligations derived from the Notes on the Early Liquidation date mean the Principal Amount Outstanding on that date plus the unpaid accrued interest to that date, amounts that to all legal effects will be deemed at that date past due and payable.

#### **4.4.4 Extinguishment of the Fund**

The Fund will be extinguished, in any event, as a result of the following circumstances:

- (i) upon full repayment of the Mortgage Loans;
- (ii) upon full repayment of all the obligations of the Fund towards its creditors;
- (iii) as a consequence of the Fund's early liquidation process set forth in section 4.4.3 above;
- (iv) if the Meeting of Creditors approves the extinction of the Fund in accordance with Article 23.2 b) of Law 5/2015 with the relevant majority



- (v) in the Payment Date immediately preceding the Final Maturity Date; or
- (vi) if (i) any of the provisional ratings assigned to the Rated Notes by Moody's Investors Service España, S.A. or DBRS Ratings Limited or the provisional rating assigned to the Class A Notes by Fitch Ratings España, S.A.U. is not confirmed on or before the Disbursement Date (and, for the avoidance of doubt, no subscription payments in respect of the Rated Notes shall be disbursed until each such confirmation of the provisional ratings of the Rated Notes has been received) or (ii) an event occurs that could not be foreseen or, even if foreseen, is inevitable rendering it impossible to perform the subscription or disbursement of the Notes pursuant to article 1,105 of the Civil Code (*force majeure*); or (iii) the Notes are not fully subscribed by the end of the time period in which the Notes are expected to be fully subscribed, between 9:00 a.m. CET and 12:00 p.m. CET on 4 April 2017 (the "**Subscription Period**"); or (iv) the conditions precedent to the Subscription Agreement are not met on or before the beginning of the Subscription Period or (v) the Subscription Agreement is terminated by the Joint Lead Managers at any time before the time on the Disbursement Date when payment would be due under the Subscription Agreement to the Fund in respect of the Notes (the "**Relevant Time**") if, in the opinion of the Joint Lead Managers (a) there shall have occurred an event that could not be foreseen or, even if foreseen, is inevitable rendering it impossible to perform the subscription or disbursement of the Notes pursuant to article 1,105 of the Civil Code (*force majeure*), (b) the final rating assigned to the Class A Notes by Fitch Ratings España, S.A.U. is either not confirmed or is not at least AA+(sf) before the Relevant Time or (c) there has been confirmation from Moody's Investors Service España, S.A. or DBRS Ratings Limited that the ratings of the Rated Notes rated by any of them before the beginning of the Subscription Period have been downgraded or withdrawn.

In the event that any of the situations described in the preceding paragraphs occurs, the Management Company shall inform the CNMV as set out in Section 4 of the Additional Building Block, and shall initiate the relevant steps for the extinguishment of the Fund.

In particular, upon the occurrence of any of the events foreseen in paragraph (vi) above, the incorporation of the Fund, the acquisition of the Mortgage Certificates, the other agreements related to the incorporation of the Fund (other than the Initial Expenses Subordinated Loan Agreement) and the Notes Issue will be rescinded. In this case, all cost and expenses incurred for the incorporation of the Fund will be borne by the Retention Holder by virtue of the Initial Expenses Subordinated Loan Agreement (agreement which will not be rescinded). Within thirty (30) days of the occurrence of the extinguishment of the Fund, the Management Company will grant a public deed (*acta*), which it will send to the CNMV, declaring the extinguishment of the Fund.

#### **4.4.5 Actions for the liquidation and extinguishment of the Fund**

In order for Titulización de Activos, S.G.F.T., S.A. to carry out the Early Liquidation of the Fund in those cases described in section 4.4.3 above and the extinguishment of the Fund in those cases described in paragraphs 4.4.4 (iii) to (v) above, and specifically in order for the Fund to have sufficient funds to meet its payments obligations, Titulización de Activos, S.G.F.T., S.A. shall take any or all of the followings actions:

- (i) Other than in the case of the exercise of the Optional Redemption pursuant to section 4.9.5 of the Securities Note, to sell the Mortgage Certificates remaining in the Fund at a fair market value price, which will not be less than the sum of (a) the aggregate Outstanding Principal Balance of the Mortgage Loans plus (b) the accrued and uncollected interest of the Mortgage Loans to which they correspond.

For such purpose, the Management Company shall request an offer from at least three (3) 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.

Notwithstanding the above, if none of the offers received meets the value of the principal plus accrued and unpaid interest of the Mortgage Loans pending redemption, the Management Company shall accept the best offer received for the Mortgage Loans. The Management Company may obtain any appraisal reports it deems necessary from third-party entities in order to run the liquidation process.

In such case, the Seller will enjoy a pre-emptive right over the Mortgage Loans provided that its offer at least equals the best of those made by third parties. The Seller will have five (5) Business Days, counted from the date on which it receives the notice from the Management Company with the terms and conditions in which it will dispose of the Mortgage Loans, to exercise the said right of pre-emption, and must at least match the best bid made by third parties.

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

- (ii) Sell any other assets of the Fund making its best efforts to maximise the value. For these purposes, the Management Company may request any appraisal reports it deems necessary from at least one entity specialising in the appraisal or marketing of assets similar to those to be sold, and sell the assets in question through the procedure that produces the highest market price; and/or
- (iii) To cancel those agreements which are not deemed necessary for the Fund liquidation process.

The Management Company, after allocating the reserve to pay the Liquidation Expenses

(the “**Liquidation Expenses Reserve**”), will apply all the amounts that it obtains through the disposal of the assets of the Fund, together with the rest of the Available Funds that the Fund might have at that time, to the payment of the different items, in the form, amount and in accordance with the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

In the event that, once the Fund has been liquidated and all the payments have been made pursuant to the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block, there is any remaining amount, such remaining amount will be paid to the Seller. In the event that the remaining amount is not a liquid amount and consists of Mortgage Loans that are pending rulings with respect to court or notarial proceedings initiated as a result of by Debtor default, both their continuation and the outcome of the ruling will be in favour of the Seller.

In any event, the Management Company, acting on behalf of and for the account of the Fund, will not proceed to extinguish the Fund and to cancel its registration in the pertinent administrative registries until it has proceeded to sell the remaining assets of the Fund and to distribute the Available Funds (except for the Liquidation Expenses Reserve), following the Liquidation Priority of Payment Order.

Six (6) months after the liquidation of the remaining assets of the Fund and the distribution of the Available Funds and, in any case, not later than the Final Maturity Date, the Management Company will grant a public deed (*acta*) declaring (i) the extinguishment of the Fund and the reasons, as set forth in this Prospectus, for the extinguishment, (ii) the procedure followed in notifying the Noteholders and the CNMV, and (iii) the terms of the distribution of the Available Funds in the Liquidation Priority of Payment Order. This public deed (*acta*) will be submitted by the Management Company to the CNMV.

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

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

The Fund will be incorporated in Spain, pursuant to the provisions of Law 5/2015.

The registered address of the Fund for all administrative purposes will be considered to be that of the Management Company, which is acting for and on behalf of the Fund. Therefore, the registered address of the Fund will be:

SRF 2017-1, Fondo de Titulización  
calle Orense 58, 5ª Planta  
28020, Madrid (Spain)

Telephone: +34 91 702 08 08.

b) **Legal status of the Fund**

The Fund, in accordance with article 15 of Law 5/2015, will constitute an isolated pool of assets with no legal personality, with closed-end assets and liabilities in accordance with article 20 of Law 5/2005 and it will be managed and represented by the Management Company, which is entrusted with the incorporation, management and representation of the Fund under the provisions of Law 5/2015. The Management Company, as manager of third parties, will be responsible for acting with utmost diligence and transparency in the defence of the best interests of the holders of the Notes and the funders of the Fund. The Fund will only be liable for its obligations vis-à-vis its creditors with its assets.

c) **Legislation applicable to the Fund**

The Fund will be constituted and the Notes will be issued by the Fund in accordance with Spanish law and, specifically, with (i) Law 5/2015; (ii) Legislative Royal Decree 4/2015, where applicable; (iii) Royal Decree 1310/2005, of 4 November, partly developing the Law 24/1988, of 28 July, on the Spanish Securities Market Law in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*) (the "**Royal Decree 1310/2015**"); (iv) Order EHA/3537/2005, of 10 November, on the development of article 27.4 of Law 24/1998, of 28 July, on the Spanish Securities Market Law (*Orden EHA/3537/2005, de 10 de noviembre, por la que se desarrolla el artículo 27.4 de la Ley 24/1988, de 28 de julio, del Mercado de Valores*); (v) Royal Decree 116/1992, of 14 February, on the representation of book-entry securities and the clearing and settlement of stock market transactions, (vi) Royal Decree 878/2015 of 2 October on the clearing, settlement and registration of negotiable securities represented by book entries; and (vii) any other legal and statutory provisions in force and applicable from time to time.

This Registration Document has been drawn up in accordance with the provisions of Regulation 809/2004.

**4.5.1 Tax Regime of the Fund**

There follows a brief summary of the general tax regulations applicable to the Fund. This must be construed without prejudice to the particular nature of each local

jurisdiction and of the regulations which may apply at the time the relevant income is obtained or declared.

The tax rules applicable to securitisation funds ("*fondos de titulización*") are contained in the following laws and regulations:

- a) Law 27/2014, of 27 November, on Corporate Income Tax (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*) (the "**Law 27/2014**"), and, in particular, Articles 7.1.h) and 13.1.
- b) Corporate Income Tax Regulations approved by Royal Decree 634/2015, of 10 July (*Reglamento del Impuesto sobre Sociedades, aprobado por el Real Decreto 634/2015, de 10 de julio*) ("**CIT Regulations**"), and, in particular, Articles 8, 9 and 61.k).
- c) Revised Text of the Transfer Tax and Stamp Duty Law, approved by Legislative Royal Decree 1/1993, on 24 September (*Texto Refundido de la Ley del Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados, aprobado por el Real Decreto Legislativo 1/1993, de 24 de septiembre*), and, in particular, Article 45.I.B.15 and 45.I.B.20.4.
- d) Law 37/1992, of 28 December, on Value Added Tax (*Ley 37/1992, de 28 de diciembre, del Impuesto sobre el Valor Añadido*), and, in particular, Article 20.Uno.18.n).
- e) General Regulations regarding tax management and inspection courses of action and procedures and developing the common rules of tax application procedures, approved by Royal Decree 1065/2007, of 27 July (*Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por el Real Decreto 1065/2007, de 27 de julio*) ("**General Tax Regulations**"), and, in particular, Articles 42, 43 and 44.
- f) Law 10/2014, of 26 June, on regulation, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*) (the "**Law 10/2014**"), and in particular, the First Additional Provision of said Law.

In summary, these legal provisions define the following fundamental principles:

- (i) The Fund is exempt from Capital Duty (*Operaciones Societarias*).
- (ii) The Fund is a taxpayer of the Corporate Income Tax, according to Article 7.1.h) of the Law 27/2014. Except from the provisions below, the Fund will be subject to the

general provisions of said Law 27/2014 to determine the taxable base, as well as to the applicable standard rate (25%). As an exemption:

- The Fund will not be subject to the income stripping rules limiting the tax deductibility of financial expenses.
  - Impairments on the Mortgage Certificates to be carried out by the Fund in accordance with rule 13 of the Circular 2/2016, will be deductible for tax purposes provided that the conditions set out in article 9 of the CIT Regulations are met.
- (iii) The transfer of the Mortgage Certificates to the Fund under the Mortgage Certificates Purchase Agreement will be subject to Spanish VAT, but exempt. Said transfer will not be subject to Transfer Tax and to Stamp Duty.
- (iv) Returns from the Mortgage Certificates that constitute income of the Fund will not be subject to withholding tax.
- (v) The issuance, subscription, transfer, redemption and repayment of the Notes will either be "not subject to" or "exempt from", as the case may be, VAT and Transfer Tax/Stamp Duty.
- (vi) The management services rendered to the Fund by the Management Company will be exempt from VAT.
- (vii) The Management Company, in the name and on behalf of the Fund, must comply with reporting obligations, amongst others, with those set out in the First Additional Provision of Law 10/2014. The procedure for complying with said reporting obligations is developed by Articles 42, 43 and 44 of the General Tax Regulations.

The general taxation described above is based on the current legislation applicable at the time of the Notes Issue. Such description does not intend to be exhaustive, but simply provides a general description of the tax treatment. Therefore the tax regime described above cannot be considered as a replacement of the advice required by the particular situation of each investor.

**4.6. Description of the Issuer's authorised and issued capital and the amount of any capital agreed to be issued, the number and classes of the Notes it comprises**

Not applicable.

## 5. BUSINESS OVERVIEW

### 5.1. Brief description of the Fund's main activities

The Fund will be set up as a securitisation fund (*fondo de titulización*) intended to carry out a specific transaction, pursuing the principal activities summarized below and explained in detail throughout this Prospectus.

The Fund, on its Date of Incorporation, will acquire the Mortgage Certificates, which main characteristics are described in section 2.2.2 of the Additional Building Block by means of the acquisition of the Mortgage Certificates, it will issue the Notes for the purpose of financing the acquisition of such Mortgage Certificates and, on the Disbursement Date, it will receive from the Retention Holder the Initial Expenses Subordinated Loan and the Reserve Fund Subordinated Loan (together, the "**Subordinated Loans**").

The Mortgage Loans to be sold to the Fund (through the acquisition of the Mortgage Certificates) that form part of the aggregate of the Reviewed Mortgage Loans as at 27 February 2017 reviewed by Deloitte as independent company (the "**Reviewed Portfolio**") have been originated by Catalunya Banc, S.A. ("**CX**") and by the entities Caixa d'Estalvis de Catalunya, Caixa d'Estalvis de Tarragona and Caixa d'Estalvis de Manresa that were merged into Caixa d'Estalvis de Catalunya, Tarragona i Manresa.

In turn, the banking business of Caixa d'Estalvis de Catalunya, Tarragona i Manresa was transferred (as a whole) to CX by virtue of a spin-off on 27 September 2011 (the "**Integrated Entities**"). Such Mortgage Loans, together with other assets, were transferred by CX on 15 April 2015 to the asset securitisation fund (*fondo de titulización de activos*) named "FTA2015, Fondo de Titulización de Activos (the "**2015 Fund**") by means of the issuance by CX and the subscription by the 2015 Fund of mortgage participations (*participaciones hipotecarias*) and mortgage transfer certificates (*certificados de transmisión de hipoteca*) in accordance with the provisions of Law 2/1981 and Royal Decree 716/2009, of 24 April, developing certain aspects of the Law 2/1981 (*Real Decreto 716/2009, de 24 de abril, por el que se desarrollan determinados aspectos de la Ley 2/1981, de 25 de marzo, de regulación del mercado hipotecario y otras normas del sistema hipotecario y financiero*) (the "**Royal Decree 716/2009**").

The 2015 Fund was incorporated by means of the notarial deed granted before the Notary of Barcelona Mr. Joan Carlos Ollé Favaró with number 593 of his official records, which was duly registered by the CNMV on 21 April 2015. The management company of the 2015 Fund is Haya Titulización, S.G.F.T., S.A.

On 24 April 2015, Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**") acquired 98.4% of the share capital of CX and, with effects as from 9 September 2016 and pursuant to the procedure set forth in article 51 of Law 3/2009, of 3 April, on structural changes of

mercantile companies (*Ley 3/2009, de 3 de abril, sobre modificaciones estructurales de las sociedades mercantiles*) (the "**Law 3/2009**") CX was absorbed by and merged with BBVA.

Pursuant to an agreement for the purchase of mortgage participations and mortgage transfer certificates representing mortgage loans to be entered into on 31 March 2017 (the "**Seller Purchase Agreement**"), the 2015 Fund will sell to the Seller the Mortgage Loans by means of the acquisition by the Seller of the Mortgage Certificates representing the legal and economic interest corresponding to the Mortgage Loans.

The proceeds from principal and interest (ordinary and accrued) of the Mortgage Loans received by the Fund are allocated quarterly, on each Payment Date, to the payment of any amount that the Fund is obliged to pay, in accordance with the Order of Priority of Payments established in section 3.4.6.2 of the Additional Building Block.

In addition, the Fund, represented by the Management Company, will arrange for the provision of services in order to consolidate the financial structure of the Fund, to increase the security and regularity of the payment of the Notes, and, in general, to enable the financial transformation which takes place in the Fund between the financial characteristics of the Mortgage Loans and the financial characteristics of the Notes.

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

The main functions in the framework of the securitisation transaction described in this Prospectus have been carried out by the following entities:

- TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A. is the Management Company (*sociedad gestora*) that will incorporate, manage and legally represent the Fund. The Management Company also acts as back-up servicer facilitator as set forth in paragraph 4 of section 3.7.2.4 of the Additional Building Block.

TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A. is a Spanish public limited company (*sociedad anónima*), duly authorized to manage securitisation funds, with registered address at Calle Orense, 58, Madrid (Spain) and with Tax Identification Number (NIF) A-80352750 and C.N.A.E. (*National Classification of Economic Activities*): 6920.

It is registered in the Mercantile Registry of Madrid under volume 4,280, book 0, page 183, section 8, sheet M-71,066, entry no. 5. It is also registered under number 3 with the Special Register of Mortgage Securitisation Fund Management Companies (*Registro Especial de Sociedades Gestoras de Fondos de Titulización Hipotecaria*) kept by the CNMV.

A brief description of the Management Company is included in section 6 of the



Registration Document and in 3.7.1 of the Additional Building Block to the Securities Note.

The Management Company holds no credit ratings from any rating agency.

- SRF INTERMEDIATE 2017-1 S.À R.L. ("**SRF Intermediate 2017-1**" or the "**Seller**") intervenes as Seller of the Mortgage Loans.

SRF Intermediate 2017-1 is a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, with registered office at 2-4, rue Eugène Ruppert, L-2453 Luxembourg, having a share capital of EUR12,500 and duly registered with the *Registre de Commerce et des Sociétés, Luxembourg* with number B 211365.

The Seller holds no credit ratings from any rating agency.

The Seller is a newly created entity (incorporated on 16 December 2016) and it has requested the CNMV (by virtue of a letter dated 1 March 2017) to exonerate it from filing the annual audited accounts of the preceding two financial years for the purposes of Article 17 of Law 5/2015.

The Seller will agree on 31 March 2017 to acquire a beneficial interest in the Mortgage Certificates from the 2015 Fund.

The Seller qualifies as a qualified investor in accordance with article 39 of Royal Decree 1310/2005.

- BANCO BILBAO VIZCAYA ARGENTARIA, S.A. ("**BBVA**" or the "**Collection Accounts Bank**" or the "**Originator**") intervenes as Originator of the Mortgage Loans and issuer of the Mortgage Certificates (as successor of Catalunya Banc, S.A. ("**CX**")), Master Servicer of the Mortgage Loans pursuant to Article 26.3 of Royal Decree 716/2009 and Collection Accounts Bank in relation to the Collection Accounts.

BBVA is a Spanish public limited company (*sociedad anónima*), with registered address at Plaza de San Nicolás 4, Bilbao, Spain with Tax Identification Number (N.I.F.) A-48265169 and registered with the Mercantile Registry of Vizcaya under volume 2083, page 1 and sheet BI-17A.

The ratings of the senior unsecured short-and long-term debt of BBVA which is assigned by the rating agencies are as follows:

- Moody's Investors Service Limited: Baa1 (long-term senior and unsecured

debt rating), A3 (long-term bank deposit (domestic)), and P-2 (short-term bank deposit (domestic)) and stable outlook (affirmed on 10 June 2016).

- DBRS Rating Limited: A (long-term senior and unsecured debt rating), R-1 (low) (short-term instruments rating), A (high) (long-term critical obligations rating) and R-1 (middle) (short-term critical obligations rating) and stable outlook (affirmed on 13 April 2016).
- Fitch Ratings Limited: A- (long-term) and F-2 (short-term) stable outlook (affirmed on 13 May 2016).

With effects as from 9 September 2016 and pursuant to the procedure set forth in article 51 of Law 3/2009, CX was absorbed by and merged with BBVA.

- BNP PARIBAS SECURITIES SERVICES, SUCURSAL EN ESPAÑA ("**BNP Paribas**" or the "**Paying Agent**" or the "**Accounts Bank**" or the "**Depository**") intervenes as Paying Agent, Accounts Bank and depository of the Titles.

BNP PARIBAS SECURITIES SERVICES, SUCURSAL EN ESPAÑA is the Spanish branch of the French credit institution BNP Paribas Securities Services, with registered office at Calle Ribera del Loira 28, Madrid, Spain and with Tax Identification Number W-0012958-E.

The ratings of the senior and unsecured short-and long-term debt of BNP Paribas which is assigned by the rating agencies are as follows:

- Fitch Ratings Limited: A+ (long-term) and F-1 (short-term) stable outlook (affirmed on 14 June 2016).
- Standard & Poor's Ratings Services, a division of Standard & Poor's Credit Market Services Europe Limited: A (long-term) and A-1 (short-term) negative outlook (affirmed on 11 March 2016).
- Moody's Investors Service Limited: A1 (long-term) and P-1 (short-term) stable outlook (affirmed on 28 May 2015).

BNP Paribas complies, at the date of this Prospectus, with the private ratings or the internal assessment made by DBRS and, accordingly, is able to act as the Paying Agent, the Accounts Bank and the Depository.

- CREDIT SUISSE SECURITIES (EUROPE) LIMITED ("**Credit Suisse**") intervenes as Sole Arranger and as Joint Lead Manager.

Credit Suisse is an English private limited company with a registered office at One Cabot Square, London E14 4QJ registered with Companies House with number 00891554.

Credit Suisse is the Sole Arranger as per Article 35.1 of the Royal Decree 1310/2005. In relation to the activities that the Sole Arranger may perform under Article 35.1 of the Royal Decree 1310/2005, Credit Suisse has (i) participated in the design of the financial terms of the Fund and the Notes Issue and the coordination of the Rating Agencies, (ii) engaged in temporary commercial actions and activities involved in the offering of the Notes Issue, (iii) managed the Notes placement operations, (iv) coordinated with the potential investors and (v) coordinate with the other placement entities. Credit Suisse also acts as a Joint Lead Manager.

Credit Suisse has undertaken to use their best efforts to procure subscription and purchase in respect of the Rated Notes on or before the end of the Subscription Period under the terms set out in Art. 35.1 of Royal Decree 1310/2005, subject to and in accordance with the terms of the Subscription Agreement.

In addition, on 15 April 2015, Credit Suisse arranged the Senior Financing to, *inter alia*, partially finance the acquisition by Alcmena Midco S.à r.l. ("**Midco**") (a wholly owned subsidiary of the Retention Holder) of the class A notes issued by the 2015 Fund.

Credit Suisse also acted as Sole Arranger of SRF 2016-1, Fondo de Titulización, which issued bonds the proceeds of which were partially applied by Midco to repay in part the Senior Financing.

- DEUTSCHE BANK AG, acting through its London Branch ("**Deutsche Bank**") intervenes as Joint Lead Manager.

Deutsche Bank is a financial entity incorporated under the law of the Federal Republic of Germany and having its principal place of business at Taunusanlage 12 in the City of Frankfurt (Main) and operating in the United Kingdom under branch number BR000005 at Winchester House, 1 Great Winchester Street, London, EC2N 2DB.

Deutsche Bank has undertaken to use their best efforts to procure subscription and purchase in respect of the Rated Notes on or before the end of the Subscription Period under the terms set out in Art. 35.1 of Royal Decree 1310/2005, subject to and in accordance with the terms of the Subscription Agreement.

- MERRILL LYNCH INTERNATIONAL ("**Bank of America Merrill Lynch**") intervenes as Joint Lead Manager.

Bank of America Merrill Lynch is incorporated under the laws of England having its registered office at Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, United Kingdom and its company number as 2312079.

Bank of America Merrill Lynch is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Merrill Lynch International is entered in the Financial Conduct Authority's register (Registered Number 147150).

Bank of America Merrill Lynch has undertaken to use their best efforts to procure subscription and purchase in respect of the Rated Notes on or before the end of the Subscription Period under the terms set out in Art. 35.1 of Royal Decree 1310/2005, subject to and in accordance with the terms of the Subscription Agreement.

- SPAIN RESIDENTIAL FINANCE S.À R.L. (the "**Retention Holder**") intervenes as (i) subscriber of the Class E Notes and, if applicable, subscriber of the Retention Holder Rated Notes, (ii) guarantor of the (a) the obligation of the Seller to repurchase the Ineligible Mortgage Certificates under the Mortgage Certificates Purchase Agreement (and to bear any taxes, fees and expenses accrued as a result of such repurchase) and (b) the obligation to compensate the Fund in accordance with the terms of the Retention Holder Guarantee and as disclosed in section 3.4.2.2 of the Additional Building Block and (iii) as provider of the Initial Expenses Subordinated Loan and the Reserve Fund Subordinated Loan.

The Retention Holder is a private limited liability company (*société à responsabilité limitée*) incorporated on 24 October 2013 under the laws of Luxembourg, with registered office at 2-4, rue Eugène Ruppert, L-2453, Luxembourg, having a share capital of EUR12,500 and duly registered at the Registre de Commerce et des Sociétés, Luxembourg with number B181576. The Retention Holder holds no credit ratings from any rating agency.

The Retention Holder holds a number of different assets and investments. As at the date of its last financial accounts for its financial year ending on 31 December 2016, the total assets of the Retention Holder were Euro 1,000,733,279.00. The Retention Holder subscribed for the class D notes issued by SRF 2016-1 Fondo de Titulización.

The Retention Holder is exposed to the Seller by virtue of the Seller being its wholly-owned subsidiary.

The Retention Holder holds an interest in the mortgage certificates of the 2015

Fund through its wholly-owned subsidiary Midco. On 15 April 2015 Midco acquired class A notes issued by the 2015 Fund. Such class A notes entitle Midco to a majority interest in the cash flows arising from the Spanish assets held by the 2015 Fund. The acquisition of such assets by Midco or the acquisition of other assets from CX by Midco's subsidiaries has been financed by the Senior Financing and also by shareholder funding, provided by shareholders of the Retention Holder.

Funds managed by affiliates of The Blackstone Group L.P. control the Retention Holder, the Seller, Midco and Columbus Investments S.à r.l., which is the entity who owns the Servicer, as further set forth below.

- ANTICIPA REAL ESTATE, S.L.U. ("**Anticipa**" or the "**Servicer**") intervenes as servicer of the Mortgage Loans. Anticipa is also the servicer of the mortgage loans owned by the 2015 Fund.

ANTICIPA is a Spanish limited liability company (*sociedad limitada*), with registered address at Calle Roure nº 6-8, El Prat de Llobregat, Barcelona (Spain) with Tax Identification Number (NIF) B-86963303 and registered with the Mercantile Registry of Barcelona volume 44,396, sheet B-454,894, page 168.

Anticipa holds no credit ratings from any rating agency.

Anticipa will simultaneously act as servicer of the Fund, the 2015 Fund and SRF 2016-1, Fondo de Titulización in accordance with the terms of the respective servicing agreements. Anticipa manages portfolios in a diligent manner avoiding potential conflicts of interest.

- MOODY'S INVESTORS SERVICE ESPAÑA, S.A. ("**Moody's**") intervenes as credit rating agency rating the Rated Notes.

Moody's is a credit rating agency with a registered office at Principe de Vergara, 131 - 6º Floor, 28002, Madrid, Spain.

Moody's was registered and authorised by the European Securities & Markets Authority ("**ESMA**") on 31 October 2011 as a credit rating agency 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 Ratings Agencies.

- DBRS RATINGS LIMITED ("**DBRS**") intervenes as credit rating agency rating the Rated Notes.

DBRS is a credit rating agency with a registered office at 20 Fenchurch Street 31<sup>st</sup>

Floor, London, EC3M 3BY, United Kingdom.

DBRS was registered and authorised by the ESMA on 31 October 2011 as a credit rating agency 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 Ratings Agencies.

- FITCH RATINGS ESPAÑA, S.A.U. ("**Fitch**") intervenes as credit rating agency rating the Class A Notes.

Fitch is a credit rating agency with a registered office at Paseo de Gracia, 85, 08008 Barcelona, Spain.

DBRS was registered and authorised by the ESMA on 31 October 2011 as a credit rating agency 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 Ratings Agencies.

- CLIFFORD CHANCE, S.L.P. ("**Clifford Chance**") intervenes as legal counsel to the Fund and has reviewed the tax rules applicable to the Fund as set forth in section 4.5.1 of the Registration Document and the rest of the legal issues of the Prospectus.

Clifford Chance is a Spanish professional limited liability company that provides legal advice with registered office at Paseo de la Castellana 110, Madrid (Spain), with Tax Identification Number (NIF) B-80603319 and registered with the Mercantile Registry of Madrid volume 19,751, book 0, section 8, sheet M-347,629, page 99.

- ALLEN & OVERY ("**Allen & Overy**") intervenes as legal counsel to the Joint Lead Managers and has reviewed the Prospectus and the structure of the transaction for the benefit of the Joint Lead Managers.

Allen & Overy has its registered office in Madrid at Calle Pedro de Valdivia, 10, with Tax Identification Number (NIF) N-0067503-C.

- DELOITTE, S.L. intervenes as independent company for the verification of a series of attributes of the Reviewed Mortgage Loans in order to comply with the provisions of Law 5/2015. Deloitte is also acting as auditor of the Fund.

Deloitte, S.L. is an audit firm with registered office in Madrid, at Torre Picasso, Plaza Pablo Ruiz Picasso, 1, holder of Tax Identification Code Number B-79104469.

The Management Company is not aware of any direct or indirect ownership or control relationship existing between the legal persons that are involved in the securitisation transaction, with the exception of (i) the shares that the Retention Holder owns in the Seller, and which represent 100% of the share capital of the Seller and (ii) the shares that Columbus Investments, S.à r.l. owns in the Servicer, and which represents 100% of the share capital, entities which are ultimately controlled by funds managed by The Blackstone Group L.P.

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

### **6.1. Management, administration and representation of the Fund**

As provided by Law 5/2015, the Fund will be legally represented and managed by its Management Company, TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A.

The registered name of the Management Company is Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A., with Tax Identification Number (NIF) A-80352750.

The Management Company is a Spanish public limited company (*sociedad anónima*), incorporated on 12 May 1992, with registered office at C/Orense, 58 Madrid (Spain), (Tel: +34 91 702 08 08), and registered with the Mercantile Registry of Madrid under *volume* 4,280, book 0, page 183, section 8, sheet M-71,066, entry no. 5, on 4 June 1993, and also registered under number 3 in the Special Register of Mortgage Securitisation Fund Management Companies (*Registro Especial de Sociedades Gestoras de Fondos de Titulización Hipotecaria*) kept by the CNMV.

The Management Company has been incorporated for an indefinite period of time, unless any of the events stipulated by law or its by-laws for its winding-up occurs.

### **6.2. Audit of the financial statements of the Management Company**

The Management Company has audited financial statements for 2013, 2014 and 2015, which have been filed with the CNMV and the Mercantile Registry. The audit reports on the annual financial statements for 2013, 2014 and 2015 contained no qualifications. The financial statements of the Management Company are audited by Ernst & Young, S.L., that is a Spanish limited liability company, registered in the ROAC Register (*Registro Oficial de Auditores de Cuentas*) with number S0530, with registered office at Plaza Pablo Ruiz Picasso, s/n (no number), Madrid, and with Tax Identification Number (NIF) B-78970506.

### **6.3. Principal activities**

The corporate purpose of the Management Company is the incorporation, management and legal representation of (i) securitisation funds (*fondos de titulización*); (ii) assets securitisation funds (*fondos de titulización de activos*); (iii) mortgage securitisation funds (*fondos de titulización hipotecaria*) and (iv) bank assets funds (*fondos de activos bancarios*).

The Management Company will be responsible for the administration and legal representation of the Fund, in accordance with the provisions of Law 5/2015 and the rest of the applicable legal regulations, as well as, the provisions of the Deed of Incorporation. The Management Company will perform for the Fund those duties attributed to it in Law 5/2015. The Management Company is also responsible for acting with utmost diligence and transparency in defence of the best interest of the holders of the notes issued by the Fund and the funders of the Fund. Consequently, the Management Company must subordinate its actions to safeguarding the interests of such persons, abiding by the applicable provisions in this regard prevailing from time to time. The holders of the Notes issued by the Fund and remaining creditors of the Fund will have no recourse against the Management Company, other than from non-performance of its duties or non-compliance with the provisions of the Deed of Incorporation, this Prospectus and the applicable laws and regulations.

On 28 February 2017, the Management Company had a total of 73 funds under management, the details of which are given in section 6.8 of this Registration Document.

### **6.4. Existence or non-existence of holdings in other companies by the Management Company**

The Management Company does not hold equity interests in any company.

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

The Management Company has not been granted any financing from any person or entity.

### **6.6. Litigation of the Management Company**

At the date of registration of this Prospectus, there are no disputes, litigation or insolvency-related situations which might have a material effect on the economic and financial situation of the Management Company or on its future capacity to perform the Fund management and administration duties set forth in this Prospectus.

### **6.7. Administration, management and supervisory bodies of the Management Company**

Pursuant to the provisions of the by-laws of the Management Company, and at the



date of registration of this Prospectus, the Management Company has no government bodies other than the Shareholders' Meeting and the Board of Directors.

(i) **Directors**

The members of the Board of Directors of the Management Company, as at the date of registration of the Prospectus, are as follows:

<b>Members of the Board of Directors</b>	
Jorge Rodrigo Mario Rangel de Alba	President
Aurelio Fernández Fernández-Pacheco	Director
Carmen Patricia Armendáriz Guerra	Director
Francisco Hernanz Manzano	Director
Juan Díez-Canedo Ruiz	Director
Mario Alberto Maciel Castro	Director
Miguel Ángel Garza Castañeda	Director
Ramón Pérez Hernández	Chief Executive Officer and 2 <sup>nd</sup> Vicepresident
Salvador Arroyo Rodríguez	Director and 1 <sup>st</sup> Vicepresident
Roberto Pérez Estrada	Secretary Director of the Board

Mr. Manuel Romero Rey is the Vice-Secretary (non-Director) of the Board of Directors.

(ii) **General Management**

Mr. Ramón Pérez Hernández was appointed Chief Executive Officer (*Consejero Delegado*) by virtue of the public deed dated 9 April 2015, granted before the notary public of Madrid Mr. Juan Álvarez-Sala Walther with number 935 of his official records.

On the date of this Prospectus, the professional address of the above individual, for these purposes, is the registered address of the Management Company (calle Orense, 58, Madrid (Spain), and the above individuals do not engage outside the Management Company in any activity conflicted with the Fund.

For information purposes, the following members of the Board of Directors of the Management Company engage in the following significant activities outside the company:

D. Jorge Rodrigo Rangel de Alba Brunel	Tenedora CI, S.A. de C.V.	President
	Inmuebles Mayor, S.A. de C.V. Inmobiliaria.	President
	Inmobiliaria Seguro, S.A. de C.V. Inmobiliaria.	President
	Medio Inmobiliaria, S.A. de C.V. Inmobiliaria.	President
	Servicios Electrónicos de Mercadotecnia Directa, S.A. de C.V.	President
	Mobiloffice, S.A. de C.V. Telecomunicaciones.	President
	CI Banco, S.A., Institución de Banca Múltiple.	President
	CI Casa de Bolsa, S.A. de C.V.	President
	Finanmadrid México, S.A. de C.V. SOFOM, E.R.	President
	CI Fondos, S.A. de C.V. SOSI.	President
	Autofinanciamiento RAL, S.A. de C.V.	President
Conorcio Inversor de Mercados, S.L.	President	
D. Aurelio Fernandez Pacheco	Productos Cosméticos Yanbal S.A.U.	Director/General Counsel
	Yanbal Italia S.R.L	Director/General Counsel
	Cámara de Comercio de Perú en España	Presidente
	Baygrape Enterprise S.L.	Joint Director
	Belmer Enterprise S.L.	Joint Director
	Direkt Business Enterprise S.L.	Joint Director
	Yewelry Enterprises S. L.	Joint Director
Yanbal Latam Enterprises S.L.	Joint Director	
D <sup>a</sup> Carmen Patricia Armendariz Guerra	Financiera Sustentable de México, S.A. de C.V.	General Counsel
	Grupo Financiero Banorte S.A.B. DE C.V.	Director and member of the Audit Committee
	Valores Financieros.	Founding Partner and Manager
D. Francisco Hernanz Manzano	Ged Sociedad de Inversión, S.A.	Director
	Conorcio Inversor de Mercados, S.L.	Director
D. Juan Díez-Canedo Ruiz	Financiera Local, S.A. de C.V. SOFOM, E.N.R.	President
	Conorcio Inversor de Mercados, S.L.	Director
	Grupo Aeroportuario del Pacífico (GAP) S.A.B. de C. V.	Director
	La Agrofinanciera del Noroeste S.A. de C.V	Director
D. Mario Alberto Maciel Castro	CI Banco, S.A., Institución de Banca Múltiple.	Alternate Director and General Counsel
	CI Casa de Bolsa, S.A. de C.V.	Alternate Director
	CI Fondos, S.A. de C.V. SOSI.	Alternate Director
	Finanmadrid México SA de CV Sofom ER	Alternate Director
Miguel Angel Garza Castañeda	CI Banco, S.A., Institución de Banca Múltiple.	Chief Executive Officer
	CI Casa de Bolsa, S.A. de C.V.	Chief Executive Officer
	Finanmadrid México, S.A. de C.V. SOFOM, E.R.	Chief Executive Officer
	CI Fondos, S.A. de C.V. SOSI.	Chief Executive Officer
	Libertad Servicios Financieros, S.A. de C.V., S.F.P.	Independent Director
D. Ramón Pérez Hernández	Conorcio Inversor de Mercados, S.L.	Director
D. Roberto Pérez Estrada	Tenedora CI, S.A. de C.V.	Director and Secretary
	CI Banco, S.A., Institución de Banca Múltiple.	Alternate Director, Secretary and Legal

		Executive Counsel
	CI Casa de Bolsa, S.A. de C.V.	Alternate Director, Secretary and Legal Executive Counsel
	Finanmadrid México, S.A. de C.V. SOFOM, E.R.	Secretary (non Director) and Legal Executive Counsel
	CI Fondos, S.A. de C.V. SOSI.	Secretary (non Director) and Legal Executive Counsel
	Consortio Inversor de Mercados, S.L.	Secretary (non Director)
D. Salvador Arroyo Rodríguez	Tenedora CI, S.A. de C.V.	Director
	CIBanco, S.A., Institución de Banca Múltiple.	Chief Executive Officer
	CI Casa de Bolsa, S.A. de C.V.	Director
	Finanmadrid México, S.A. de C.V. SOFOM, E.R.	Director
	CI Fondos, S.A. de C.V. SOSI.	Director
	Autofinanciamiento RAL, S.A. de C.V.	Director
	Consortio Inversor de Mercados, S.L.	Director

The Management Company is subject to supervision by the CNMV, pursuant to the provisions of the Law 5/2015.

In compliance with the provisions of the Law 24/1988, of 28 July, of the Securities Market and Royal Decree 629/1993 of 3 May, on rules of conduct in securities market and mandatory recordkeeping, at the Board Meeting held on 7 December 1993, the Board of Directors of the Management Company approved an Internal Code of Conduct which content complies with Law 5/2015.

The Internal Code of Conduct referred to in the previous paragraph has been filed with the CNMV and contains, among other items, the rules on confidentiality of information, dealings with persons subject to the Internal Code of Conduct, disclosure of material information and conflicts of interest.

The Management Company has not approved any regulations of the Board of Directors and is not subject to the application of any code of good corporate governance, except for the aforementioned internal code of conduct.

## 6.8. Funds Managed

On 28 February 2017, the Management Company had the following 73 securitisation funds under management:

Funds	Date of Incorporation	Issued	Outstanding amount of the Notes 28 February 2017
TDA IBERCAJA ICO-FTVPO - F.T.H	14-jul-09	447.200.000€	223.132.919,10€
TDA 13-MIXTO - F.T.A.	5-dic-00	389.500.000€	16.605.517,70€
TDA 14-MIXTO - F.T.A.	20-jun-01	601.100.000€	46.409.847,51€
TDA 15-MIXTO - F.T.A.	4-nov-02	450.900.000€	58.223.699,70€
TDA 16-MIXTO - F.T.A.	26-may-03	532.000.000€	61.203.294,36€
TDA 17-MIXTO - F.T.A.	24-oct-03	455.000.000€	44.284.312,70€
TDA 18-MIXTO - F.T.A.	14-nov-03	421.000.000€	68.950.002,51€
TDA 19-MIXTO - F.T.A.	27-feb-04	600.000.000€	104.087.521,59€
TDA 20-MIXTO - F.T.A.	25-jun-04	421.000.000€	76.879.015,32€
TDA 22-MIXTO - F.T.A.	1-dic-04	530.000.000€	108.189.232,08€
TDA 23 - F.T.A.	17-mar-05	860.000.000€	170.427.829,44€
TDA 24- F.T.A.	28-nov-05	485.000.000€	130.556.909,46€
TDA 25- F.T.A.	29-jul-06	265.000.000€	130.355.495,25€
TDA 26-MIXTO - F.T.A.	5-jul-06	908.100.000€	223.613.940,49€
TDA 27- F.T.A.	20-dic-06	930.600.000€	353.252.300,32€
TDA 28- F.T.A.	18-jul-07	451.350.000€	268.971.573,60€
TDA 29- F.T.A.	25-jul-07	814.900.000€	303.114.564,10€
TDA 30- F.T.A.	12-mar-08	388.200.000€	193.321.402,72€
TDA PASTOR 1 - F.T.A.	25-feb-03	494.600.000€	46.837.716,50€
TDA CAM 1 - F.T.A.	13-mar-03	1.000.000.000€	104.556.787,60€
TDA CAM 2 - F.T.A.	27-jun-03	1.100.000.000€	123.209.914,16€
TDA CAM 3 - F.T.A.	16-ene-04	1.200.000.000€	129.179.804,16€
TDA CAM 4 - F.T.A.	9-mar-05	2.000.000.000€	369.198.476,80€
TDA CAM 5 - F.T.A.	5-oct-05	2.000.000.000€	569.256.629,60€
TDA CAM 6 - F.T.A.	29-mar-06	1.300.000.000€	373.585.900,80€
TDA CAM 7 - F.T.A.	13-oct-06	1.750.000.000€	572.006.752,69€
TDA CAM 8 - F.T.A.	7-mar-07	1.712.800.000€	575.569.497,02€
TDA CAM 9 - F.T.A.	3-jul-07	1.515.000.000€	549.583.500,95€
TDA CAM 11 - F.T.A.	12-nov-08	1.716.000.000€	855.743.074,94€
TDA CAM 12 - F.T.A.	6-feb-09	1.976.000.000€	1.011.258.622,00€
TDA IBERCAJA 1 - F.T.A.	8-oct-03	600.000.000€	90.286.357,56€
TDA IBERCAJA 2 - F.T.A.	13-oct-05	904.500.000€	253.557.675,09€
TDA IBERCAJA 3 - F.T.A.	12-may-06	1.007.000.000€	335.252.240,60€
TDA IBERCAJA 4 - F.T.A.	18-oct-06	1.410.500.000€	491.213.149,88€
TDA IBERCAJA 5 - F.T.A.	11-may-07	1.207.000.000€	488.526.730,86€
TDA IBERCAJA 6 - F.T.A.	20-jun-08	1.521.000.000€	735.594.912,00€
TDA IBERCAJA 7 - F.T.A.	18-dic-09	2.070.000.000€	1.324.427.840,00€
TDA CAJAMAR 2 - F.T.A.	18-may-05	1.000.000.000€	233.430.128,50€
TDA TARRAGONA 1, F.T.A.	30-nov-07	397.400.000€	156.643.553,70€
CAIXA PENEDES 1 TDA - F.T.A.	18-oct-06	1.000.000.000€	307.456.745,00€
CAIXA PENEDES 2 TDA - F.T.A.	26-sep-07	750.000.000€	241.815.562,62€
MADRID RMBS I - F.T.A.	15-nov-06	2.000.000.000€	737.724.178,00€
MADRID RMBS II - F.T.A.	12-dic-06	1.800.000.000€	650.097.799,20€
MADRID RMBS III - F.T.A.	11-jul-07	3.000.000.000€	1.276.019.052,50€
MADRID RMBS IV - F.T.A.	19-dic-07	2.400.000.000€	953.098.273,92€
MADRID RESIDENCIAL I - F.T.A.	26-dic-08	805.000.000€	245.527.390,21€
MADRID RESIDENCIAL II - F.T.A.	29-jun-10	456.000.000€	262.106.793,60€
MADRID ICO-FTVPO I - F.T.A.	19-dic-08	260.300.000€	86.190.874,39€
SOL-LION, F.T.A.	18-may-09	4.500.000.000€	2.148.506.910,00€
CAJA INGENIEROS TDA 1 - F.T.A	30-jun-09	270.000.000€	153.976.835,72€
TDA PASTOR CONSUMO 1 - F.T.A.	26-abr-07	300.000.000€	6.538.454,18€
FTPYME TDA CAM 2 - F.T.A.	17-nov-04	750.000.000€	14.985.494,55€
FTPYME TDA CAM 4 - F.T.A.	13-dic-06	1.529.300.000€	181.345.559,75€
EMPRESAS HIPOTECARIO TDA CAM 3 - F.T.A.	7-jul-06	750.000.000€	51.633.681,37€
CAIXA PENEDES PYMES 1 - F.T.A.	22-jun-07	790.000.000€	77.928.382,60€
CAIXA PENEDES FTGENCAT 1 TDA - F.T.A.	5-ago-08	570.000.000€	105.366.364,91€
TDA SA NOSTRA EMPRESAS 1 - F.T.A.	5-ago-08	250.000.000€	21.785.803,32€
TDA SA NOSTRA EMPRESAS 2 - F.T.A.	27-mar-09	355.000.000€	63.731.219,63€
FONDO DE TITULIZACION DEL DÉFICIT DEL SISTEMA ELÉCTRICO, F.T.A.	14-ene-11	26.000.000.000€	18.490.800.000,00€
PRIVATE DRIVER ESPAÑA 2013-1 - F.T.A.	13-nov-14	686.200.000,00€	89.422.251,87€
DRIVER ESPAÑA TWO, F.T.	9-oct-15	723.600.000,00€	403.835.310,00€
DRIVER ESPAÑA THREE, F.T.	24-feb-16	886.900.000,00€	592.430.882,20€
AUTO ABS 2012 -3 - F.T.A.	23-nov-12	800.000.000€	254.531.039,60€
AUTO ABS SPANISH LOANS 2016, FT	3-oct-16	726.200.000€	726.200.000,00€
A-BEST 13, FT	27-nov-15	315.000.000€	315.000.000,00€
SRF 2016-1, FT	17-oct-16	265.000.000€	260.241.167,60€
CÉDULAS TDA 5 - F.T.A.	24-nov-04	1.500.000.000€	1.500.000.000,00€
CÉDULAS TDA 6 - F.T.A.	18-may-05	3.000.000.000€	3.000.000.000,00€
CÉDULAS TDA 7 - F.T.A.	10-jun-05	2.000.000.000€	2.000.000.000,00€
PROGRAMA CEDULAS TDA - F.T.A.	2-mar-06	Máximo 30.000.000.000€	8.575.000.000,00€
CAP-TDA 2, F.T.A.	19-may-10	Máximo 300.000.000€	-
TDA 2015-1, FT	10-dic-15	Máximo 200.000.000€	-
TDA RENOVABLES ESPAÑA I, FT	30-dic-16	Máximo 100.000.000€	-

## 6.9. Share Capital and Equity

The share capital of the Management Company has been increased to Euro 1,000,500 by virtue of a deed granted by the Notary of Madrid Mr. Manuel Richi Alberti on 20 July 2016 which has been registered with the Mercantile Registry of Madrid.

All the shares issued by the Management Company until the date of registration of this Prospectus (150,000 shares with a nominal value of Euro 6.02 each one) are ordinary shares and offer identical voting, financial and non-financial rights. All the shares are of the same class and series.

The share capital of the Management Company, as at, 31 December 2014, 31 December 2015 and 31 December 2016:

Equity (thousand of euros)	31/12/2014	31/12/2015	31/12/2016*
<b>Capital</b>	903	903	1,000.5
<b>Reserves</b>			
Legal Reserve	180.6	180.6	200.1
Other Reserves	4,981.15	3,977.26	3,860.26
<b>Profit and Loss</b>			
Net Income of the year	3,949.11	2,723.22	2,140.91
<b>TOTAL</b>	<b>10,013.86</b>	<b>7,784.08</b>	<b>7,201.77</b>

\* No audited

The Management Company declares that it has enough own resources and share capital to carry out on its business as set out in Article 29. d) of Law 5/2015.

## 6.10. Principal transactions with related parties and conflicts of interest

There are no dealings with related parties or conflicts of interest, without prejudice that Alteba Gestión de Activos Inmobiliarios, S.L.U. which, at the Registration Date of this Prospectus, has a participation of 25% in Consorcio Inversor de Mercados, S.L., carries out integral management, marketing and real property sale services of some funds managed by the Management Company.

## 7. MAIN SHAREHOLDERS OF THE MANAGEMENT COMPANY

The Management Company does not form part of any group of companies.

Without detriment thereto, the shareholding structure of the Management Company at

the time of registering this Prospectus is as follows:

<b>Shareholder</b>	<b>%</b>	<b>Shares</b>
Consortio Inversor de Mercados, S.L.	54%	81,000
Tenedora CI, S.A. de C.V.	36%	54,000
Roberto Pérez Estrada	5%	7,500
Salvador Arroyo Rodriguez	5%	7,500
<b>TOTAL</b>	<b>100%</b>	<b>150,000</b>

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

### **8.1. Declaration on commencement of operations 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 Historical financial information on security issues with an individual denomination of Euro 100,000 or more**

Not applicable.

### **8.3. Legal and arbitration proceedings**

Not applicable.

### **8.4. Material adverse change in the Fund's financial situation**

Not applicable.

## **9. THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

### **9.1. Statements or reports attributed to a person as an expert**

No such statements or report is included.

## 9.2. Information from third parties

No information from third parties is included.

## 10. DOCUMENTS ON DISPLAY

The following documents (or their copies) can be reviewed, during the period of validity of this Registration Document:

1. The current by-laws, the deed of incorporation, the annual financial statements and the audit report of the Management Company.
2. The Deed of Incorporation, once granted.
3. This Prospectus.
4. Certificates of the corporate resolutions of the Seller and the Management Company in connection with this transaction.
5. The special report required under law 5/2015 on the attributes of the Reviewed Portfolio from which the Mortgage Loans pooled in the Fund will be drawn.
6. Annual and quarterly information required under article 35 of Law 5/2015.
7. Provisional rating letters and definitive rating letters granted to each of the Rated Notes by the Rating Agencies.
8. The deed (*acta*) of disbursement of the Notes.
9. The Sole Arranger letter.
10. The Mortgage Certificates Purchase Agreement, the Initial Expenses Subordinated Loan Agreement, the Reserve Fund Subordinated Loan Agreement, the Servicing Agreement, the Retention Holder Guarantee, the Sharing Agreement, the BBVA Accounts Agreement and the Financial Services Agreement.

These documents will be available at the registered office of the Management Company, at calle Orense 58, Madrid (Spain).

A copy of the documents mentioned under 2 to 9 (except the documents mentioned under 7) will be available at the CNMV.

This prospectus will be available on the website 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 ([www.cnmv.es](http://www.cnmv.es)).

The Deed of Incorporation will be available to the public for physical examination at the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de

Valores ("**IBERCLEAR**").

In addition, this Prospectus and, where applicable, its supplements, the Deed of Incorporation and, where applicable, the other public deeds granted subsequently and the annual and quarterly reports referred in Article 34 of Law 5/2015 may be consulted on the website of the Management Company ([www.tda-sgft.com](http://www.tda-sgft.com)).



## **SECURITIES NOTE (ANNEX XIII TO REGULATION 809/2004)**

### **1. PERSONS RESPONSIBLE**

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

Mr. Ramón Pérez Hernández, acting in his capacity as Chief Executive Officer (*Consejero Delegado*), by virtue of the public deed granted on 9 April 2015 before the Notary of Madrid Mr. Juan Álvarez-Sala Walther under number 935 of his official records on behalf of TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A., sponsoring entity of SRF 2017-1, FONDO DE TITULIZACIÓN, assumes the responsibility for the content of this Securities Note, including its Additional Building Block.

#### **1.2. Declarations by the persons responsible for the information contained in the Securities Note**

Mr. Ramón Pérez Hernández, on behalf of the Management Company, declares that, having taken all reasonable care to ensure that such is the case, the information given in this Securities Note and its Additional Building Block is, to the best of his knowledge, in accordance with the facts and does not omit information likely to affect its import.

### **2. RISK FACTORS**

The risk factors with respects to the Notes are detailed under section 2 of the Risk Factors section, and the risk factors associated with the assets backing the Notes Issue are detailed under section 3 of the Risk Factors section.

### **3. KEY INFORMATION**

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

The persons taking part in the offer are as listed below:

1. TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A. is the Management Company (*sociedad gestora*) that will incorporate, manage and legally represent the Fund. The Management Company also acts as back-up servicer facilitator as set forth in paragraph 4 of section 3.7.2.4 of the Additional Building Block.
2. SRF INTERMEDIATE 2017-1 S.À R.L. intervenes as Seller of the Mortgage Loans.
3. BANCO BILBAO VIZCAYA ARGENTARIA, S.A. intervenes as Originator of

the Mortgage Loans, issuer of the Mortgage Certificates, Master Servicer of the Mortgage Loans pursuant to Article 26.3 of Royal Decree 716/2009 and Collection Accounts Bank in relation to the Collection Accounts.

4. BNP PARIBAS SECURITIES SERVICES, SUCURSAL EN ESPAÑA intervenes as Paying Agent, Accounts Bank and depositary of the Titles.
5. CREDIT SUISSE SECURITIES (EUROPE) LIMITED is the Sole Arranger as per Article 35.1 of the Royal Decree 1310/2005. In relation to the activities that the Sole Arranger may perform under Article 35.1 of the Royal Decree 1310/2005, Credit Suisse has (i) participated in the design of the financial terms of the Fund and the Notes Issue and the coordination with the Rating Agencies, (ii) engaged in temporary commercial actions and activities involved in the offering of the Notes Issue, (iii) managed the Notes placement operations, (iv) coordinated with the potential investors and (v) coordinate with the other placement entity. Credit Suisse also acts as a Joint Lead Manager.
6. DEUTSCHE BANK AG, acting through its London Branch, intervenes as a Joint Lead Manager.
7. MERRILL LYNCH INTERNATIONAL intervenes as a Joint Lead Manager.
8. SPAIN RESIDENTIAL FINANCE S.À R.L. intervenes as (i) subscriber of the Class E Notes and, if applicable, subscriber of the Retention Holder Rated Notes; (ii) guarantor of the (a) the obligation of the Seller to repurchase the Ineligible Mortgage Certificates under the Mortgage Certificates Purchase Agreement (and to bear any taxes, fees and expenses accrued as a result of such repurchase) and (b) the obligation to compensate the Fund in accordance with the terms of the Retention Holder Guarantee and as disclosed in section 3.4.2.2 of the Additional Building Block; (iii) holder of the Retention; and (iv) provider of the Initial Expenses Subordinated Loan and the Reserve Fund Subordinated Loan.
9. ANTICIPA REAL ESTATE, S.L.U. intervenes as Servicer of the Mortgage Loans.
10. MOODY'S INVESTORS SERVICE ESPAÑA, S.A. intervenes as credit rating agency rating the Rated Notes.
11. DBRS RATINGS LIMITED intervenes as credit rating agency rating the Rated Notes.
12. FITCH RATINGS ESPAÑA, S.A.U. intervenes as credit rating agency rating the Class A Notes.
13. CLIFFORD CHANCE, S.L.P. intervenes as legal counsel of the Fund and has

reviewed the tax rules applicable to the Fund as set forth in section 4.5 d) of the Registration Document and the rest of legal issues of the Prospectus.

14. ALLEN & OVERY intervenes as legal counsel to the Sole Arranger, the Joint Lead Managers and has reviewed the Prospectus and the structure of the transaction for the benefit of the Sole Arranger and the Joint Lead Managers.
15. DELOITTE, S.L. intervenes as independent company for the verification of a series of attributes of the Reviewed Portfolio in order to comply with the provisions of Law 5/2015. Deloitte is also acting as auditor of the Fund.

**3.2. Description of any interest, including conflicting interests, that is important for the issue, detailing persons involved and the nature of their interests**

The Management Company is not aware of any relationship or economic interests between the experts who have taken part in designing or advising on the incorporation of the Fund, as well as other intervening parties, including the Management Company, the Seller and BBVA (as successor of CX), as issuer of the Mortgage Certificates to be subscribed by the Fund, with the exception (i) that on 15 April 2015, Credit Suisse arranged a financing (the "**Senior Financing**") to, inter alia, partially finance the acquisition by Midco (a wholly owned subsidiary of the Retention Holder) of the class A notes issued by the 2015 Fund, thus entitling Midco to a majority interest in the cash flows arising from the Mortgage Certificates. Credit Suisse expects that such Senior Financing will be partially repaid after the Date of Incorporation of the Fund by Alcmena Pledgeco II Borrower S.C.S. (a wholly owned subsidiary of the Retention Holder) to the extent that the proceeds from the sale of the Mortgage Certificates by the 2015 Fund will be distributed by the 2015 Fund to Midco, as class A holder, and then may flow to Alcmena Pledgeco II Borrower S.C.S., and (ii) of those that are strictly professional and derive from the situations described under section 5.2 of the Registration Document.

**4. INFORMATION CONCERNING THE NOTES TO BE OFFERED AND ADMITTED TO TRADING**

**4.1. Total amount of the Notes**

The total face value of the Notes Issue will be EURO FOUR HUNDRED MILLION (Euro 400,000,000), represented by FOUR THOUSAND (4,000) Notes, each with a face value of Euro one hundred thousand (Euro 100,000), distributed in five (5) classes of Notes as described in section 4.2.1 of this Securities Note.

## 4.2. Description of the type and class of the Notes

### 4.2.1 Type and class of the Notes

The Notes are asset-backed notes that represent a debt of the Fund, accrue interest and are redeemable through early redemption or at final maturity. The Notes legally qualify as marketable fixed income securities with an explicit yield and are subject to the provisions of the Legislative Royal Decree 4/2015 and its development regulations and are issued pursuant to Law 5/2015.

The total amount of the issue is grouped in five (5) classes of Notes as follows:

- Class A floating rate Notes, with ISIN ES0305239008, for a total nominal amount of EURO TWO HUNDRED AND FORTY EIGHT MILLION (Euro 248,000,000), formed by TWO THOUSAND FOUR HUNDRED AND EIGHTY (2,480) Notes, each with a face value of EURO ONE HUNDRED THOUSAND (Euro 100,000), represented by book entries (the “**Class A**” or the “**Class A Notes**”).
- Class B subordinated floating rate Notes, with ISIN ES0305239016, for a total nominal amount of EURO FORTY MILLION (Euro 40,000,000), formed by FOUR HUNDRED (400) Notes, each with a face value of EURO ONE HUNDRED THOUSAND (Euro 100,000), represented by book entries (the “**Class B**” or the “**Class B Notes**”).
- Class C subordinated floating rate Notes, with ISIN ES0305239024, for a total nominal amount of EURO SIXTEEN MILLION (Euro 16,000,000), formed by ONE HUNDRED AND SIXTY (160) Notes, each with a face value of EURO ONE HUNDRED THOUSAND (€100,000), represented by book entries (the “**Class C**” or the “**Class C Notes**”).
- Class D subordinated floating rate Notes, with ISIN ES0305239032, for a total nominal amount of EURO TWELVE MILLION (Euro 12,000,000), formed by ONE HUNDRED AND TWENTY (120) Notes, each with a face value of EURO ONE HUNDRED THOUSAND (€100,000), represented by book entries (the “**Class D**” or the “**Class D Notes**”).
- Class E subordinated floating rate Notes, with ISIN ES0305239040, for a total nominal amount of EURO EIGHTY FOUR MILLION (Euro 84,000,000), formed by EIGHT HUNDRED AND FORTY (840) Notes, each with a face value of EURO ONE HUNDRED THOUSAND (€100,000), represented by book entries (the “**Class E**” or the “**Class E Notes**”).

On 30 March 2017, the Joint Lead Managers will determine the subscription price (i) for each Class of Rated Notes, taking into consideration general interest levels and the demand of potential investors as shown in the book building process for each Class of Rated Notes and (ii) for the Class E Notes, taking into consideration the arm's length value of such Class E Notes as assessed by the Retention Holder. The Joint Lead Managers will notify the subscription price for each Class of Notes to the Management Company. The subscription price so determined will be communicated to the CNMV by means of a relevant notice (*hecho relevante*) on 30 March 2017 and included in the Deed of Incorporation of the Fund to be executed on 31 March 2017. Accordingly, the price to be paid as consideration for the transfer and assignment of the Mortgage Certificates representing the Mortgage Loans will be between 84.1% and 100% of the Outstanding Principal Balance of the Mortgage Loans.

In any event, the subscription price shall be calculated by applying to the nominal value of each Class of Notes a percentage within the following range for each Class of Notes:

<b>Class of Notes</b>	<b>Range</b>
A	90% - 100%
B	90% - 100%
C	85% - 100%
D	75% - 100%
E	65% - 100%

The holding or subscription of one of the classes of Notes does not necessarily imply the holding of subscription of the Notes of the other classes of Notes.

#### **4.2.2 Subscription of the Notes**

On the Date of Incorporation and for the account of the Fund, the Management Company will enter into a Subscription Agreement with the Seller, the Joint Lead Managers and the Retention Holder.

In accordance with the Subscription Agreement, all the Notes are expected to be fully subscribed between 9:00 a.m. CET and 12:00 p.m. CET (the "**Subscription Period**") on 4 April 2017 (the "**Subscription Date**").

In accordance with the Subscription Agreement, (i) the Joint Lead Managers will undertake to the Fund, on a joint and several basis, to use their best efforts to procure subscription by investors of all of the Class A Notes, Class B Notes, Class C Notes and Class D Notes (the "**Joint Lead Managers Rated Notes**"), in each case, in such proportions as may be agreed between them (the Joint Lead Managers will notify the Fund and the Retention Holder by 11:00 a.m. CET on the Subscription Date (the "**Cut-Off Time**") the number and amount of Class A Notes, Class B Notes, Class C Notes and

Class D Notes that the Joint Lead Managers have procured subscription by investors); (ii) the Retention Holder will undertake to subscribe for and purchase from the Fund all of the Class E Notes; and (iii) between the Cut-Off Time and the end of the Subscription Period, the Retention Holder or its nominee(s) shall have the option, but not obligation, to procure subscription for and purchase of all remaining Class A Notes, Class B Notes, Class C Notes and Class D Notes that the Joint Lead Managers have not procured subscription for by the Cut-Off Time (the "**Retention Holder Rated Notes**").

The Joint Lead Managers will not underwrite the issue of the Notes.

If the Retention Holder or its nominee(s) elects not to, or otherwise fails to, procure the subscription of the Retention Holder Rated Notes by the end of the Subscription Period, the Subscription Agreement shall automatically terminate.

In accordance with the Subscription Agreement and the Deed of Incorporation, the Subscription Agreement shall be terminated in the event that any of the conditions precedent to the Subscription Agreement is not satisfied on the Disbursement Date.

Notwithstanding the paragraph above, the Joint Lead Managers shall by notice to the Fund, the Seller and the Retention Holder terminate the Subscription Agreement at any time before the time on the Disbursement Date when payment would otherwise be due under the Subscription Agreement to the Fund in respect of the Notes if, in the opinion of the Joint Lead Managers, there shall have been an event that could not be foreseen or, even if foreseen, is inevitable rendering it impossible to perform the subscription or disbursement of the Notes pursuant to article 1,105 of the Civil Code (*force majeure*).

If any of the situations described in the preceding paragraphs occurs, it would imply the termination of the Subscription Agreement and, therefore, the Notes will not be disbursed and the Fund will be early liquidated in accordance with Section 4.3.3 of the Registration Document.

After the admission in AIAF, the Notes may be sold to any third party investor at any time in one or more negotiated transactions or via a bookbuilding process with varying prices to be determined at the time of the sale. Notwithstanding the above, the Retention Holder is obliged to retain a material net economic interest not less than 5% of the nominal value of the securitisation, as set out in paragraph 1 (*Compliance with EU Risk Retention Requirements*) of the section entitled "Certain Regulatory Disclosures".

Except with the prior written consent of Spain Residential Finance S.à r.l. and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Fund may not be purchased by, or for the account or benefit of, any Risk Retention U.S. Person.

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

The Fund is incorporated and the Notes are issued in accordance with the Spanish law applicable to them and, in particular, with (i) the Legislative Royal Decree 4/2015; (ii) Law 5/2015; (iii) Royal Decree 1310/2015; (iv) Order EHA/3537/2005; (v) Royal Decree 116/1992 of 14 February on the representation of book-entry securities and the clearing and settlement of stock market transactions; (vi) Royal Decree 878/2015 of 2 October on the clearing, settlement and registration of negotiable securities represented by book entries and (vii) any other legal and regulatory provisions in force that apply from time to time.

In accordance with the Seventh Final Provision of Royal Decree 878/2015 of 2 October 2015 on the clearing, settlement and registration of negotiable securities represented by book entries, this Royal Decree entered into force on 3 February 2016, thus replacing Royal Decree 116/1992 of 14 February on the representation of book-entry securities and the clearing and settlement of stock market operations. 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).

This Securities Note has been prepared in accordance with the models set forth in Regulation 809/2004.

Any issue, discrepancy or dispute relating to the Fund or the Notes issued against the Fund and arising during the operation or settlement of the Fund, whether between the Noteholders or between these and the Management Company, will be heard before the Courts of Madrid, with the exception of the Subscription Agreement whose parties will submit to the courts of England.

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

The Notes will be represented by registered book entries and 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 the Legislative Royal Decree 4/2015.

In accordance with the provisions of Article 6 of Royal Decree 116/1992, of 14 February, on the representations of book entry and the clearing and settlement of stock market operations (*Real Decreto 116/1992, de 14 de febrero, sobre representación de valores por medio de anotaciones en cuenta y compensación y liquidación de operaciones bursátiles*), the denomination, number of units, nominal value and other characteristics and conditions of the Notes Issue represented in book-entry form are those included in the Deed of Incorporation and this Prospectus.

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 IBERCLEAR (and its members) with registered office at Plaza de la Lealtad nº1, Madrid, which will be 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 and represented by book entries.

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

The Notes will be denominated in Euros.

#### **4.6. Ranking of the Notes according to the subordination rules**

##### **4.6.1 Summary of the ranking of the Notes interest payments in the Fund Priority of Payments**

The ranking of the interest payments of the Notes is in the following Priority of Payments:

##### **(A) Class A Notes**

The payment of interest accrued by the Class A Notes ranks (3<sup>rd</sup>) third in the Priority of Payment Order set forth in section 3.4.6.2 of the Additional Building Block

The payment of interest accrued by the Class A Notes ranks (4<sup>th</sup>) fourth in the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

##### **(B) Class B Notes**

The payment of interest accrued by the Class B Notes ranks (5<sup>th</sup>) fifth (if such interest is not deferred in accordance with section 3.4.6.2 of the Additional



Building Block) and (9<sup>th</sup>) ninth (if such interest is deferred) in the Priority of Payment Order set forth in section 3.4.6.2 of the Additional Building Block.

The payment of interest accrued by the Class B Notes ranks (7<sup>th</sup>) seventh in the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

(C) Class C Notes

The payment of interest accrued by the Class C Notes ranks (6<sup>th</sup>) sixth (if such interest is not deferred in accordance with section 3.4.6.2 of the Additional Building Block) and (10<sup>th</sup>) tenth (if such interest is deferred) in the Priority of Payment Order set forth in section 3.4.6.2 of the Additional Building Block.

The payment of interest accrued by the Class C Notes ranks (10<sup>th</sup>) tenth in the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

(D) Class D Notes

The payment of interest accrued by the Class D Notes ranks (7<sup>th</sup>) seventh (if such interest is not deferred in accordance with section 3.4.6.2 of the Additional Building Block) and (11<sup>th</sup>) eleventh (if such interest is deferred) in the Priority of Payment Order set forth in section 3.4.6.2 of the Additional Building Block.

The payment of interest accrued by the Class D Notes ranks (13<sup>th</sup>) thirteenth in the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

(D) Class E Notes

The payment of interest accrued by the Class E Notes ranks (17<sup>th</sup>) seventeenth in the Priority of Payment Order set forth in section 3.4.6.2 of the Additional Building Block.

The payment of interest accrued by the Class E Notes ranks (21<sup>st</sup>) twenty-first in the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

**4.6.2 Summary of the ranking of the Notes repayments in the Fund order of payments**

(A) Class A Notes, Class B Notes, Class C Notes and Class D Notes

At each Payment Date (other than a Liquidation Date), the sequential repayment of the Class A Notes, Class B Notes, Class C Notes and Class D Notes by an aggregate amount equal to the Target Amortisation Amount ranks (8<sup>th</sup>) eighth in the Priority of Payment Order set forth in section 3.4.6.2 of the Additional Building Block and on a Early Liquidation date the principal repayment of (i) the Class A Notes ranks (6<sup>th</sup>) sixth, (ii) the Class B Notes ranks (9<sup>th</sup>) ninth, (iii) the Class C Notes ranks (12<sup>th</sup>) twelfth and (iv) the Class D Notes ranks (15<sup>th</sup>) fifteenth in the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

(B) Class E Notes

The principal repayment of the Class E Notes ranks (18<sup>th</sup>) eighteenth in the Priority of Payment Order set forth in section 3.4.6.2 of the Additional Building Block and twenty-second (22<sup>nd</sup>) in the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

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

Pursuant to current legislation in force, the Notes detailed in this Securities Note will offer no future or present political rights to the investors acquiring them in relation to the Fund or its Management Company, without prejudice to the rights related to the Meeting of Creditors. This is consistent with the Fund's nature as a patrimonial entity without legal personality.

The investor's economic and financial rights associated with the acquisition and ownership of the Notes will be those derived from the interest rates, yields and redemption prices with which the Notes are issued and which are detailed in sections 4.8 and 4.9 below in this Securities Note.

The Noteholders are subject, with respect to the payment of interest and principal repayment of the Notes, to the Priority of Payment Order and to the Liquidation Priority of Payment Order set forth in sections 3.4.6.2 and 3.4.6.3, respectively, of the Additional Building Block.

If the Seller Portfolio Purchase occurs during the Seller Portfolio Purchase Initial Period and the Rated Notes are redeemed pursuant to the Optional Redemption, the Noteholders of the Class A Notes, Class B Notes, Class C Notes and Class D Notes shall receive an amount equal to the Principal Amount Outstanding of the Rated Notes, plus any accrued interest, plus the Class A Make Whole Amount, the Class B Make Whole Amount, the Class C Make Whole Amount and the Class D Make Whole Amount, (as applicable) in

accordance with the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block. The Noteholders of the Class E Notes shall receive an amount equal to the Principal Amount Outstanding of the Rated Notes, plus any accrued interest in accordance with the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block but will not be entitled to receive any Make Whole Amount.

The Noteholders will have no recourse against the Management Company, other than from non-performance of its duties or non-compliance with the provisions of this Prospectus, of the Deed of Incorporation and the applicable laws and regulations. In this regard, no action of the Noteholders against the Management Company shall be based on (i) delinquency or prepayment of the Mortgage Loans; (ii) non-fulfillment by the counterparties of the operations entered in to the name and on behalf of the Fund; or (iii) the insufficiency of the credit enhancements to cover the payments of the Notes of any class.

The Noteholders shall have no actions against the borrowers under the Mortgage Loans (the "**Debtors**") that have failed to comply with their payments obligations. In this regards, the Management Company, as legal representative of the Fund and acting on its own name or through the Originator of the Mortgage Loans or the Servicer, will be the only person empowered to address any action. The duties and responsibilities of the Management Company are described in section 3.7.1.1 of the Additional Building Block.

If the Management Company convenes a Meeting of Creditors, in accordance with the Meeting of Creditors regulations, any decision to be adopted regarding the Fund or the Notes should be, as the case may be, in accordance with said rules of the Meeting of Creditors as established in section 4.11 of this Securities Note.

Any issue, discrepancy or dispute regarding the Fund or the Notes that may arise during its life or its liquidation, be it amongst the Noteholders or between the latter and the Management Company will be submitted to the courts and tribunals of the city of Madrid, with waiver of any other jurisdiction to which the parties may be entitled.

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

All the Notes will accrue, from the Disbursement Date until their total maturity, an annual nominal interest rate variable every quarter (the "**Nominal Interest Rate**"). This interest will be paid quarterly in arrears on each Payment Date on the Principal Amount Outstanding of each Note, subject in any event to the Priority of Payment Order.

The payment of interest of the Notes will be made in accordance with the Priority of

Payments set out in sections 3.4.6.2 and 3.4.6.3 of the Additional Building Block.

With regard to the accrual of the interest for the Notes Issue, accrual of interest will be divided into successive interest accrual periods (each an "**Interest Period**") that will include the days elapsed between two consecutive Payment Dates (including the initial Payment Date and excluding the final Payment Date). Exceptionally, the first Interest Period will commence on the Disbursement Date (included), and will end on the first Payment Date (excluded).

The Nominal Interest Rate accrued by the Notes during each Interest Period will be the maximum between zero percent (0%) and the result of adding (i) the Reference Interest Rate, as defined below, which is common to all the series of Notes, rounded to four decimal places, taking into account that, in the event of equal conditions for rounding up or down, the amount will always be rounded up; and (ii) the margin applicable to each class of Notes.

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.

#### **Reference Interest Rate**

The Reference Interest Rate for fixing the interest rate applicable to the Notes will be the three (3) month EURIBOR interest rate or, if necessary, its substitute (the "**Reference Interest Rate**"), determined as stated below.

#### **Fixing of the Reference Interest Rate**

The EURIBOR will be fixed according to the rules established in this section.

On each of the Interest Rate Fixing Dates, (as such term is defined below), the Management Company, with the information received from the Paying Agent, will fix the Reference Interest Rate, considering EURIBOR, determined as:

- (i) The rate offered in the euro-zone interbank market for three-month euro deposits (save that, for the first Interest Period, the rate will be obtained upon linear interpolation between the three (3) month EURIBOR rate and the six (6) month EURIBOR which appear on the Reuters-EURIBOR01 page or (A) such other page as may replace the Reuters-EURIBOR01 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-EURIBOR01 page (the "**Screen Rate**") at or about 11:00 a.m. (CET) of the Interest Rate Fixing Date.

- (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 euro-zone interbank market at or about 11:00 a.m. (CET) of the Interest Rate Fixing Date.

**"Reference Banks"** means the three (3) major banks in the euro-zone 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 time, the Screen Rate is unavailable and only two of the Reference Banks provide such quoted rate to the Paying Agent, the relevant rate will be determined on the basis of the average quoted rate of such two Reference Banks able to provide such quotations; or
- (iv) If, at the time, the Screen Rate is unavailable and only one or none of the Reference Banks provides the Paying Agent with such quoted rate, the rate in effect for the immediately preceding Interest Period to which paragraph (i) refers will apply.

On the first Interest Rate Fixing Date, in the event that the Reference Interest Rate is not published in accordance with the provisions of paragraph (i) to (iii) above, 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.

Notwithstanding the above, as an exception the Reference Interest Rate for the first Interest Period, in other words, for the period between the Disbursement Date (included) and the first Payment Date (excluded), will be the result of the linear interpolation between the three (3) month EURIBOR rate and the six (6) month EURIBOR rate, taking into account the number of days of the first Interest Period. The Interest Rate for the first Interest Period will be calculated with the following formula:

$$R = E_c + (d-t_1)/t_2*(E_1-E_c)$$

where:

R= Reference Interest Rate for the first Interest Period.

d = Number of days of the first Interest Period.

$E_c$  = three (3) month EURIBOR rate.

$E_1$  = six (6) month EURIBOR rate.

$t_1$  = Number of days corresponding to the three (3) month Euribor.

$t_2$  = Number of days corresponding to the six (6) month Euribor.

The three (3) month EURIBOR rate and the six (6) month EURIBOR rate will be fixed in accordance with the rules established in the previous paragraphs of this section for the fixing of the Reference Interest Rate.

### **Reference Interest Rate Fixing Date**

The Reference Interest Rate for each Interest Period will be fixed two (2) Business Days before the first day of each Interest Period (the "**Interest Rate Fixing Date**"). Exceptionally, for the first Interest Period, the Reference Interest Rate will be fixed two (2) Business Days before the Disbursement Date (i.e., 3 April 2017, the Disbursement Date being 5 April 2017).

### **Margin applicable to the Reference Interest Rate for each class of Notes**

The margin applicable to the Reference Interest Rate fixed as specified above, for calculating the interest rate accrued by each class of Notes in each Interest Period, will be as follows for each class of Notes:

- (a) Class A Notes: 0.90% (the "**Class A Notes Margin**").
- (b) Class B Notes: 1.90% (the "**Class B Notes Margin**").
- (c) Class C Notes: 2.50% (the "**Class C Notes Margin**").
- (d) Class D Notes: 2.60% (the "**Class D Notes Margin**").
- (e) Class E Notes: 10% (the "**Class E Notes Margin**").

The Class A Notes Margin, the Class B Notes Margin, the Class C Notes Margin and the Class D Notes Margin will increase to 1.58%, 3.32%, 4.37% and 4.55%, respectively, from the Payment Date corresponding to April 2022 (the "**Step-Up Date**") and such circumstance will be communicated to the CNMV by means of a relevant notice (*hecho relevante*) in due time.

### Formula for calculating the Interest of the Notes

The Management Company will calculate the interest accrued by each class of Notes, during each Interest Period, in accordance with the following formula for each Note:

$$I_i = N_i * r_i * \frac{n_i}{360}$$

where:

$I_i$  = Total amount of interest accrued by the Note in the Interest Period, rounded to two decimal places.

$N_i$  = Principal Amount Outstanding of the Note at the start of the Interest Period.

$r_i$  = Nominal Interest Rate on an annual basis, calculated as the sum of the Reference Interest Rate of the pertinent Interest Period plus the specified margin, not less than 0%

$n_i$  = Number of actual days in the Interest Period.

#### 4.8.1 Interest payment date

The Notes interest will be paid every quarter in arrears, on the 26<sup>th</sup> day of January, April, July and October of each year until the total redemption of the Notes. If any of these days is not a Business Day, the interest and principal for that quarter (except for the first Payment Date, which will be the interest and principal for the time elapsed between the Disbursement Date and the first Payment Date) will be paid the next Business Day unless that day falls in the next calendar month, in which case the payment day will be the immediately preceding Business Day (each of these dates, a “**Payment Date**”). The first Payment Date will be 26 July 2017. For the purposes of this Prospectus, business days (“**Business Days**”) means any day, other than a Saturday, Sunday or public holiday, which is a regular working day in each of Madrid, Luxembourg and London and is a TARGET2 Settlement Day and “**TARGET2 Settlement Day**” means any day on which the TARGET2 system is open for the settlement of payments in euro.

If on a Payment Date, and despite the mechanisms established for the protection of the rights of the Noteholders, the Available Funds are not sufficient to pay all or part of the interest accrued by the Notes and if the Available Funds only suffice to partially meet obligations that rank in the same order of priority, the amount will be distributed among the Notes involved, in proportion to the Principal Amount Outstanding of such Notes, and the amounts not collected by the Noteholders will be paid on the next Payment Date possible or such earlier date as the relevant Class of Notes becomes due and repayable in full, without accruing default interest. Any payments not made to

the Noteholders will be made on the next Payment Date on which sufficient Available Funds exist to do so, ranking immediately prior to the payments to the Noteholders corresponding to that period. The postponed interest amount will accrue interest at the same rate and on the same basis as scheduled in respect of the corresponding class of Notes until the Payment Date on which the postponed interest is paid, without accruing default interest and without this implying capitalisation of the debt.

In the event that amounts are not paid in full on the Rated Notes (other than interest amounts due on the then most senior class of Notes) as noted above such failure will not constitute an event for the Early Liquidation of the Fund as provided in section 4.4.3 of the Additional Building Block and the Management Company will not be able to early redeem the Notes (other than the then most senior class of Notes) until the Final Maturity Date.

The Fund, acting through the Management Company, will not postpone the payment of interest or principal of the Notes later than the Final Maturity Date.

Any current or future withholdings, rates and taxes to which the capital, interest or yields of the Notes are subject will be exclusively assumed by the Noteholders and, where applicable, their corresponding amount will be deducted by the entity obliged to do so in the legally established manner.

The payment will be made through the Paying Agent, using IBERCLEAR and its participative entities to distribute the amounts.

#### **4.8.2 Calculation Agent**

The Nominal Interest Rate will be calculated by the Management Company.

### **4.9. Maturity Date and redemption of the securities**

#### **4.9.1 Redemption price**

The redemption price of the Notes will be one hundred thousand Euro (€100,000) per Note, equivalent to their face value, free of charges and taxes for the Noteholders, payable progressively on each Payment Date, as set out in this section 4.9.

Each and every one of the Notes of the same class 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 Maturity Date of the Fund, i.e. 26 April 2063 or on the following Business Day, without prejudice of the redemption of the Notes prior to the Final Maturity Date in accordance with section 4.4.3 of the Registration Document and the Seller Optional Redemption in accordance with section 4.9.5 of this Securities Note.

Each class of Notes will be redeemed by reduction of their face value (as the case may be) on each Payment Date i.e. on the 26<sup>th</sup> day of January, April, July and October of each year (or the following Business Day) until full redemption thereof, as set out in this section 4.9 of the Securities Note.

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

The redemption of the Class A Notes will start on the first Payment Date.

The redemption of the Class B Notes will only commence when all Class A Notes have been redeemed in full.

The redemption of the Class C Notes will only commence when all Class B Notes have been redeemed in full.

The redemption of the Class D Notes will only commence when all Class C Notes have been redeemed in full.

The redemption of each class of the Rated Notes will be conducted on a *pro rata* and *pari passu* basis among the Rated Notes of such class, by reducing the nominal amount, until it has been completed, on each Payment Date.

The Rated Notes will be redeemed on each Payment Date from the Available Funds, by an amount equivalent to the lesser of the following amounts (the “**Target Amortisation Amount**”):

- (a) the Available Funds on that Payment Date, after deducting the amounts of items (1) to (7) in the Priority of Payment Order;
- (b) the positive difference on that Payment Date between (i) the Principal Amount Outstanding of the Notes and (ii) the Outstanding Principal Balance of the Non-Defaulted Mortgages Certificates on the last day of the Calculation Period immediately prior to the Payment Date; and
- (c) the Principal Amount Outstanding of the Rated Notes.

Consequently, the Defaulted Mortgage Certificates and the Ineligible Mortgage Certificates that have been classified as such on the last day of the Collection Period

immediately prior to the Payment Date in question will give rise to the redemption of the relevant class of Rated Notes, for an amount equivalent to the Outstanding Principal Balance of those Defaulted Mortgage Certificates and the Ineligible Mortgage Certificates as of the last day of the Collection Period immediately prior to the current Payment Date. The relevant class of the Rated Notes will be redeemed using the Available Funds, always after paying any obligations that rank before the redemption in the Priority of Payment Order or the Liquidation Priority of Payment Order.

For the purposes of the above:

**"Defaulted Mortgage Certificates"** means all Mortgage Certificates which are 12 months or more in arrears.

**"Ineligible Mortgage Certificate"** means a Mortgage Participation or a Mortgage Transfer Certificate backed by an Ineligible Mortgage Loan.

**"Ineligible Mortgage Loan"** means a Mortgage Loan (a) (i) which does not comply at the Date of Incorporation with one or more of the representations set forth in section 2.2.8.2 of the Additional Building Block (with reference to the Cut-off Date); or (ii) which the Mortgage Participation or the Mortgage Transfer Certificate representing such Mortgage Loan does not comply at the Date of Incorporation with one or more of the representation set forth in section 2.2.8.3 of the Additional Building Block; or (iii) in respect of which an amendment or novation which is not a Permitted Loan Variation has been effected and (b) provided further that such breach of representation set forth in paragraphs (i) and (ii) or amendment or novation which is not a Permitted Loan Variation set forth in paragraph (iii) could have a material adverse effect on the value of the Mortgage Loan and related Ancillary Rights, as determined by the Management Company and which, if capable of remedy, is not so remedied by the Seller within fifteen (15) days of notification of such breach by the Management Company to the Seller pursuant to the provisions set forth in section 2.2.9 of the Additional Building Block.

**"Outstanding Principal Balance of the Non-Defaulted Mortgage Certificates"** means on any relevant date, in respect of the Non-Defaulted Mortgage Certificates, the aggregate of principal amounts of the relevant Mortgage Loans due and uncollected together with the outstanding principal amounts not yet due.

**"Principal Amount Outstanding"** means, on any day; (i) in relation to a Note, the original principal amount of that Note minus the aggregate amount of any principal payments in respect of that Note which have become due and payable and been paid on or prior to that day; (ii) in relation to each class of Notes, the aggregate of the amount determined in (i) in respect of all Notes outstanding in such class of Notes; and (iii) in relation to the Notes outstanding at any time, the aggregate of the amount determined in (i) in respect of all Notes outstanding, regardless of the class of Notes.

"**Non-Defaulted Mortgage Certificates**" means all Mortgage Certificates which are less than 12 months in arrears and which were not backed by Ineligible Mortgage Loans.

#### **4.9.4 Redemption of the Class E Notes**

Subject to the Class D Notes being redeemed in full, the redemption of the Class E Notes will be conducted, on each Payment Date, on a pro rata basis among the Class E Notes, by reducing the Principal Amount Outstanding in an amount equal to the Available Funds on each Payment Date, after deducting the amounts corresponding to items in first (1<sup>st</sup>) place to seventeenth (17<sup>th</sup>) place of the Priority of Payment Order until it has been completed.

#### **4.9.5 Seller Optional Redemption**

The Seller or its nominee (i.e. the entity appointed by the Seller) shall have the option to repurchase all (but not part) of the Mortgage Certificates from the Fund (the "**Seller Portfolio Purchase**") at any Payment Date (the "**Seller Portfolio Purchase Date**") as from (and including) the first Payment Date immediately following the Disbursement Date (i.e. 26 July 2017) (the "**Optional Redemption**").

Upon the occurrence of a Seller Portfolio Purchase and provided that the Fund has the necessary funds to discharge in full, but not in part, its outstanding liabilities in respect of the Rated Notes, the Management Company, acting in the name and on behalf of the Fund, shall early liquidate the Fund and the Available Funds might not be sufficient to discharge the outstanding liabilities in respect of Class E Notes.

The purchase price for the Mortgage Certificates under the Seller Portfolio Purchase shall be an amount (the "**Reserve Price**") equal to:

- (i) the Principal Amount Outstanding of the Rated Notes as at the Seller Portfolio Purchase Date multiplied by the **Applicable Percentage**; plus
- (ii) the interest amount accrued on the Rated Notes as at the Seller Portfolio Purchase Date; plus
- (iii) an amount estimated to be required to satisfy items (1), (2) and (3) of the Liquidation Priority of Payment Order on the Seller Portfolio Purchase Date; less
- (iv) amounts standing to the credit of the Collection Accounts, the General Account, the Treasury Account, the Reserve Fund Account and the Expenses Account as at the Calculation Date immediately preceding the Seller Portfolio Purchase Date.

For this purpose, "**Applicable Percentage**" means the percentage set forth below in each of the columns for Class A, Class B, Class C and Class D Notes in respect of each of the Payment Dates set forth in the left column (and, if any of these days is not a Business Day, the next Business Day unless that day falls in the next calendar month, in which case the Payment Date will be the immediately preceding Business Day):

<b>Payment Date</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>
26 July 2017	101.58%	103.33%	104.38%	104.55%
26 October 2017	101.35%	102.85%	103.75%	103.90%
26 January 2018	101.13%	102.38%	103.13%	103.25%
26 April 2018	100.90%	101.90%	102.50%	102.60%
26 July 2018	100.68%	101.43%	101.88%	101.95%
26 October 2018	100.45%	100.95%	101.25%	101.30%
26 January 2019	100.23%	100.48%	100.63%	100.65%
Any Payment Date after 26 April 2019 (included)	100%	100%	100%	100%

The redemptions shall be made by the Fund provided that the Fund (acting through the Management Company) has given not more than forty (40) and not less than ten (10) days' prior written notice to the Noteholders (by means of a relevant notice (*hecho relevante*) published with the CNMV), and the Fund has confirmed in such notice to the Noteholders that it will have the necessary funds to discharge all its outstanding liabilities (i.e. the principal amount outstanding) in respect of the Rated Notes to be redeemed and any amount ranking prior thereto or pari passu therewith pursuant to the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block. Furthermore if the Management Company exercises the redemptions, it shall publish the appropriate relevant notice (*hecho relevante*) with the CNMV.

In any case, the effectiveness of the transfer of the Mortgage Certificates will be subject to receipt by the Management Company, on behalf of the Fund, of the purchase price of the Mortgage Certificates from the Seller which will form part of the Available Funds on the Seller Portfolio Purchase Date in an amount sufficient to satisfy the Reserve Price on the Seller Portfolio Purchase Date.

If the Seller Portfolio Purchase occurs during the period from (but excluding) the Disbursement Date to (and including) the Payment Date falling in January 2019 (the "**Seller Portfolio Purchase Initial Period**") and the Rated Notes are redeemed pursuant to the Optional Redemption, the Noteholders of the Class A Notes, Class B Notes, Class C Notes and Class D Notes shall receive an amount equal to the Principal Amount Outstanding of the Rated Notes, plus any accrued interest, plus the Class A Make Whole Amount, the Class B Make Whole Amount, the Class C Make Whole Amount and the Class D Make Whole Amount, (as applicable) in accordance with the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

The Make Whole Amounts payable to the Noteholders of the Rated Notes is a cash consideration payable in addition to the Principal Amount Outstanding and accrued interest as a consequence of the redemption of the Rated Notes on or before 26 January 2019. This additional consideration is calculated by applying to the Principal Amount Outstanding in respect of each Class of Rated Notes a percentage which varies from 0.23% to 4.55% depending on both the Class of Rated Notes (the most junior Class, the higher percentage) and the Seller Portfolio Purchase Date (the closest to the Disbursement Date, the higher percentage). Noteholders of Class E Notes will not be entitled to receive any Make Whole Amount but its Principal Amount Outstanding and interest accrued and only if there are available funds in accordance with the Liquidation Priority of Payment Order set forth in section 3.4.6.3 of the Additional Building Block.

If the Seller Portfolio Purchase occurs after the Seller Portfolio Purchase Initial Period, the Noteholders of the Rated Notes shall not have the right to receive the Make Whole Amount.

#### **4.9.6 Collection Period, Calculation Date, Calculation Period and Notification Date**

"**Calculation Date**" means the 20th day of each month, or if this is not a Business Day, the immediately previous Business Day, when the Management Company will calculate the amounts received from the Mortgage Loans during the previous Calculation Period. The first Calculation Date will be 20 April 2017.

In the event of discrepancies between the Servicer and the Management Company about the amount corresponding to the Fund on each Calculation Date, regarding the collected amounts, both parties will make their best efforts to settle such discrepancies. However, should no agreement be reached before the Calculation Date, the Servicer will provisionally deliver the Fund the amount established by the Management Company and sufficiently justified to the Servicer, notwithstanding subsequent adjustments of such amount.

"**Calculation Period**" means, in relation to each Calculation Date other than the first Calculation Date, a period that coincides with a calendar month preceding the month on which that Calculation Date falls and, in respect of the first Calculation Date, the period

running from the Cut-Off Date until the last day of the calendar month preceding the month on which such first Calculation Date falls.

**"Collection Period"** means, in relation to each Payment Date other than the first Payment Date, the three (3) calendar months preceding the month on which that Payment Date falls and, in respect of the first Payment Date, the period running from 28 February 2017 until the last day of the calendar month preceding the month on which such first Payment Date falls.

**"Notification Date"** means the second (2<sup>nd</sup>) Business Day before each Payment Date throughout the life of the Fund. On these dates, the Management Company will notify the amounts of principal and interest payable to the Noteholders, in the manner described in section 4.1 of the Additional Building Block.

#### 4.10. Indication of the yield

**NOTE FOR THE INVESTOR:**

The Management Company declares that the information in the charts displayed below is only given by way of example, and the amounts do not represent a specific obligation by the Fund to make payments to third parties on the respective dates or in the periods to which they refer. The figures have been drawn up on the hypothesis that the default, delinquency and repayment rates of the Mortgage Loans remain constant throughout the life of the Fund. However they are actually subject to constant change. Therefore any investor interested in knowing the payments that the Fund is scheduled to make in relation to the Notes on each specific date must request the pertinent information from the institutions authorised to distribute it, i.e. the Management Company and AIAF.

The main characteristic of the Notes of this Notes Issue is that their periodic redemption depends largely on the aggregate performance of the Mortgage Loans.

The average life of the Notes depends on diverse factors, the most significant of which are as follows:

- (a) The redemption system and calendar for each of the Mortgage Loans established in the corresponding deeds or in the additional contractual documentation, if subsequently amended by agreement between the parties.
- (b) The capacity of the Debtors to prepay, in full or in part, the Mortgage Loans and the speed at which such early redemption takes place in aggregate over the life of the Fund.

- (c) The floating interest rates that will apply to the majority of the Mortgage Loans, which will cause the amount of each repayment instalments to vary.
- (d) The default rates of the Debtors in making the payments under the Mortgage Loan.

The early redemptions are subject to continuous change and in this Prospectus are estimated using several assumptions for the future performance of the constant prepayment rate (“**CPR**”). This will have a direct influence on the rate at which the Notes are redeemed and hence on their average life.

To calculate the data shown in the tables contained in this section, and in view of the uncertain nature of many of the parameters, the following hypotheses have been assumed:

1. The interest rate of the Reviewed Mortgage Loans used to calculate the redemptions and interest on each of the Reviewed Mortgage Loans is the interest rate including the applicable bonifications of each of the Reviewed Mortgage Loans as of 27 February 2017.
2. The 3 month Euribor value used for the calculation of the interest on the Notes (as of 17 March 2017 is -0.329 %). For the first Payment Date, the calculation of the interpolated between 3 month Euribor (-0.329%) and 6 month Euribor (-0.237%) is -0.303%.
3. Delinquency rate of 2.42% of the Outstanding Principal Balance of the Reviewed Mortgage Loans, with a 5% recovery rate at 9 months from being flagged as Delinquent Mortgage Loans (i.e., more than 90 days in arrears).
4. Defaulted Reviewed Mortgage Loans: The annualised default rate for the portfolio is 2.3% of the Outstanding Principal Balance of the Reviewed Mortgage Loans with an 50% recovery rate at 10 months from being flagged as Defaulted Mortgage Loans.
5. The Mortgage Loans are not subject to any restructurings or grace periods after the Disbursement Date.
6. There are no Ineligible Mortgage Loans that need to be repurchased or replaced.
7. After the Disbursement Date, no further drawdown is provided to a multi-credit borrower.
8. The Disbursement Date is 5 April 2017.
9. The annual CPRs (0%, 1.8% and 4%) hold constant over the life of the Notes;

10. Interest deferement on Class C and Class D has been applied in certain scenarios. In particular, Class D interest have been deferred under scenario (b) below, under CPR 1.8% from April 2028 to January 2033, and under CPR 0% from April 2027 to October 2035. Additionally, Class C interest have been deferred under scenario (b) below, under CPR 0%, from October 2033 to January 2034.
11. The interest rate applicable to any amount credited in the bank accounts opened by the Fund in the Collection Accounts Bank is 0%, and the interest rate applicable to any amount credited in the bank accounts opened by the Fund in the Accounts Bank will be will be -0.454% (corresponding to the EONIA as of 16 March 2017, minus 0.10%).
12. The Reserve Fund is always maintained at the Reserve Fund Required Amount under all the scenarios below.
13. The amounts standing to the credit of the Expenses Account and the IRFC Reserve are not considered for the purposes of calculating the data included in the tables in this section.

Variables (3), (4) and (9) above, which are used in the tables below, come from the historical data available to the Servicer concerning FTA2015 portfolio, with similar characteristics to the Mortgage Loans. The FTA 2015 portfolio has been managed by the Servicer as of April 2015.

For variable (3), the recovery data comes from the historical data provided by the Servicer, and is the rate at which the servicer historically restructures delinquent loans with the intention of returning them to performing loans.

The prices for each of the Notes are determined in the market on a spread (discount margin) basis. Discount margins are the spreads on top of Euribor. These are different from the margins on the Notes if the Notes are not priced at par. When a note is priced at par, this implies that the discount margin and the Note margin are the same.

The nominal price for each Note is calculated by discounting the periodic cashflows (both interest and principal) of each of the Notes by this discount margin plus the relevant index (which in this case is 3 month Euribor).

The prices of each of the Notes have been determined using a fixed discount margin for each of the Notes which for the sake of the calculations herein are assumed to be 1.00%, 2.50%, 3.75% and 6% for Class A, Class B, Class C and Class D respectively.

The average life, the Internal Rate of Return and duration of the Notes, as well as the debt service of the Notes, at the indicated CPR and assuming the hypotheses described above,



would be as follow

- (a) Assuming the exercising of the Seller Portfolio Purchase on the Step-up Date (the Payment Date falling on April 2022, the portfolio is sold for an amount equal to the Reserve Price, as per Section 4.9.5. of this Securities Note:

% CPR:		0,0%	1,8%	4,0%
Class A Notes				
Average life (years)		4,1	3,8	3,5
Duration (years)		4,0	3,7	3,4
IRR		0,68%	0,68%	0,68%
Maturity Date		26/04/2022	26/04/2022	26/04/2022
Estimated Price of Issuance of the Notes		99,60%	99,63%	99,66%
% CPR:		0,0%	1,8%	4,0%
Class B Notes				
Average life (years)		5,1	5,1	5,1
Duration (years)		4,8	4,8	4,8
IRR		2,22%	2,22%	2,22%
Maturity Date		26/04/2022	26/04/2022	26/04/2022
Estimated Price of Issuance of the Notes		97,09%	97,09%	97,09%
% CPR:		0,0%	1,8%	4,0%
Class C Notes				
Average life (years)		5,1	5,1	5,1
Duration (years)		4,7	4,7	4,7
IRR		3,52%	3,52%	3,52%
Maturity Date		26/04/2022	26/04/2022	26/04/2022
Estimated Price of Issuance of the Notes		94,13%	94,13%	94,13%
% CPR:		0,0%	1,8%	4,0%
Class D Notes				
Average life (years)		5,1	5,1	5,1
Duration (years)		4,6	4,6	4,6
IRR		5,88%	5,88%	5,88%
Maturity Date		26/04/2022	26/04/2022	26/04/2022
Estimated Price of Issuance of the Notes		84,93%	84,93%	84,93%
% CPR:		0,0%	1,8%	4,0%
Class E Notes				
Average life (years)				
Duration (years)				
IRR				
Maturity Date		26/04/2022	26/04/2022	26/04/2022
Estimated Price of Issuance of the Notes		65,00%	65,00%	65,00%
% CPR:		0,0%	1,8%	4,0%
Net Losses*		4,85%	4,66%	4,44%

\*Defaults Net of recoveries.

The average life, the Internal Rate of Return and duration of the Class E Notes are not shown, because under this scenario Class E does not receive any payment of principal or interest.

SERIES A BONDS						
Flows for each €100,000.00 without withholding for the holder						
(CPR of 0%)						
Payment Date	Redemption	Gross Interest	Total	% Original Balance	% Current Balance	Current Balance
05/04/2017			-100,000.00			100,000.00
26/07/2017	2,500.85	184.18	2,685.03	2.50%	97.50%	97,499.15
26/10/2017	1,866.55	142.27	2,008.82	1.87%	95.63%	95,632.60
26/01/2018	1,859.49	139.55	1,999.04	1.86%	93.77%	93,773.11
26/04/2018	1,079.74	133.86	2,213.60	2.08%	91.69%	91,693.37
26/07/2018	2,067.90	132.35	2,200.25	2.07%	89.63%	89,625.47
26/10/2018	2,047.02	130.78	2,177.80	2.05%	87.58%	87,578.45
28/01/2019	2,023.79	130.57	2,154.36	2.02%	85.55%	85,554.66
26/04/2019	2,496.74	119.42	2,616.16	2.50%	83.06%	83,057.92
26/07/2019	2,473.04	119.88	2,592.92	2.47%	80.58%	80,584.88
28/10/2019	2,438.01	120.15	2,558.16	2.44%	78.15%	78,146.87
27/01/2020	2,424.14	112.79	2,536.93	2.42%	75.72%	75,722.73
27/04/2020	2,401.54	109.30	2,510.84	2.40%	73.32%	73,321.19
27/07/2020	2,381.45	105.83	2,487.28	2.38%	70.94%	70,939.74
26/10/2020	2,359.37	102.39	2,461.76	2.36%	68.58%	68,580.37
26/01/2021	2,299.43	100.07	2,399.50	2.30%	66.28%	66,280.94
26/04/2021	2,257.72	94.62	2,352.34	2.26%	64.02%	64,023.22
26/07/2021	2,230.50	92.41	2,322.91	2.23%	61.79%	61,792.72
26/10/2021	2,204.56	90.17	2,294.73	2.20%	59.59%	59,588.16
26/01/2022	2,180.68	86.95	2,267.63	2.18%	57.41%	57,407.48
26/04/2022	57,407.48	81.95	57,489.43	57.41%	0.00%	0.00
26/07/2022	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2022	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
27/01/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
28/04/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
28/07/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
27/10/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2026	0.00	0.00	0.00	0.00%	0.00%	0.00
	<b>100,000.00</b>	<b>2,329.49</b>	<b>102,329.49</b>	<b>100.00%</b>		

SERIES A BONDS						
Flows for each €100,000.00 without withholding for the holder						
(CPR of 1.8%)						
Payment Date	Redemption	Gross Interest	Total	% Original Balance	% Current Balance	Current Balance
05/04/2017			-100,000.00			100,000.00
26/07/2017	3,454.43	184.18	3,638.61	3.45%	96.55%	96,545.57
26/10/2017	2,553.21	140.88	2,694.09	2.55%	93.99%	93,992.26
26/01/2018	2,522.08	137.16	2,659.24	2.52%	91.47%	91,470.28
26/04/2018	2,730.53	130.57	2,861.10	2.73%	88.74%	88,739.75
26/07/2018	2,694.31	128.08	2,822.39	2.69%	86.05%	86,045.44
26/10/2018	2,649.28	125.56	2,774.84	2.65%	83.40%	83,396.16
28/01/2019	2,602.42	124.34	2,726.76	2.60%	80.79%	80,793.74
26/04/2019	3,050.64	112.77	3,163.41	3.05%	77.74%	77,743.10
26/07/2019	3,002.21	112.21	3,114.42	3.00%	74.70%	74,740.89
28/10/2019	2,942.98	111.43	3,054.41	2.94%	71.80%	71,797.91
27/01/2020	2,904.62	103.63	3,008.25	2.90%	68.89%	68,893.29
27/04/2020	2,830.67	99.44	2,930.11	2.83%	66.06%	66,062.62
27/07/2020	2,743.37	95.35	2,838.72	2.74%	63.32%	63,319.25
26/10/2020	2,699.45	91.39	2,790.84	2.70%	60.62%	60,619.80
26/01/2021	2,653.76	88.46	2,742.22	2.65%	57.97%	57,966.04
26/04/2021	2,614.00	82.75	2,696.75	2.61%	55.35%	55,352.04
26/07/2021	2,566.22	78.89	2,646.11	2.57%	52.79%	52,785.82
26/10/2021	2,520.10	77.03	2,597.13	2.52%	50.27%	50,265.72
26/01/2022	2,476.38	73.35	2,549.73	2.48%	47.79%	47,789.34
26/04/2022	47,789.34	68.22	47,857.56	47.79%	0.00%	0.00
26/07/2022	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2022	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
27/01/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
28/04/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
28/07/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
27/10/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2026	0.00	0.00	0.00	0.00%	0.00%	0.00
	<b>100,000.00</b>	<b>2,166.69</b>	<b>102,166.69</b>	<b>100.00%</b>		

SERIES A BONDS						
Flows for each €100,000.00 without withholding for the holder						
(CPR of 4%)						
Payment Date	Redemption	Gross Interest	Total	% Original Balance	% Current Balance	Current Balance
05/04/2017			-100,000.00			100,000.00
26/07/2017	4,635.89	184.18	4,820.07	4.64%	95.36%	95,364.11
26/10/2017	3,393.65	139.16	3,532.81	3.39%	91.97%	91,970.46
26/01/2018	3,324.49	134.21	3,458.70	3.32%	88.65%	88,645.97
26/04/2018	3,510.24	126.54	3,636.78	3.51%	85.14%	85,135.73
26/07/2018	3,436.52	122.88	3,559.40	3.44%	81.70%	81,699.21
26/10/2018	3,354.91	119.22	3,474.13	3.35%	78.34%	78,344.40
28/01/2019	3,272.38	116.81	3,389.19	3.27%	75.07%	75,072.02
26/04/2019	3,684.20	104.78	3,788.98	3.68%	71.39%	71,387.82
26/07/2019	3,599.79	103.04	3,702.83	3.60%	67.78%	67,788.03
28/10/2019	3,450.43	101.07	3,551.50	3.45%	64.34%	64,337.60
27/01/2020	3,344.98	92.86	3,437.84	3.34%	60.99%	60,992.62
27/04/2020	3,267.14	88.03	3,355.17	3.27%	57.73%	57,725.48
27/07/2020	3,193.10	83.32	3,276.42	3.19%	54.53%	54,532.38
26/10/2020	3,118.66	78.71	3,197.37	3.12%	51.41%	51,413.72
26/01/2021	3,043.53	75.02	3,118.55	3.04%	48.37%	48,370.19
26/04/2021	2,974.93	69.05	3,043.98	2.97%	45.20%	45,205.26
26/07/2021	2,899.82	65.52	2,965.34	2.90%	42.50%	42,495.44
26/10/2021	2,827.21	62.01	2,889.22	2.83%	39.67%	39,668.23
26/01/2022	2,757.76	57.88	2,815.64	2.76%	36.91%	36,910.47
26/04/2022	36,910.47	52.69	36,963.16	36.91%	0.00%	0.00
26/07/2022	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2022	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2023	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2024	0.00	0.00	0.00	0.00%	0.00%	0.00
27/01/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
28/04/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
28/07/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
27/10/2025	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2026	0.00	0.00	0.00	0.00%	0.00%	0.00
	<b>100,000.00</b>	<b>1,976.98</b>	<b>1,976.98</b>	<b>100.00%</b>		

SERIES B BONDS						
Flows for each €100,000.00 without withholding for the holder						
(CPR of 0%)						
Payment Date	Redemption	Gross Interest	Total	% Original Balance	% Current Balance	Current Balance
05/04/2017			-100,000.00			100,000.00
26/07/2017	0.00	495.29	495.29	0.00%	100.00%	100,000.00
26/10/2017	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/01/2018	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/04/2018	0.00	392.75	392.75	0.00%	100.00%	100,000.00
26/07/2018	0.00	397.11	397.11	0.00%	100.00%	100,000.00
26/10/2018	0.00	401.48	401.48	0.00%	100.00%	100,000.00
28/01/2019	0.00	410.21	410.21	0.00%	100.00%	100,000.00
28/04/2019	0.00	384.02	384.02	0.00%	100.00%	100,000.00
26/07/2019	0.00	397.11	397.11	0.00%	100.00%	100,000.00
28/10/2019	0.00	410.21	410.21	0.00%	100.00%	100,000.00
27/01/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
27/04/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
27/07/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
26/10/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
26/01/2021	0.00	401.48	401.48	0.00		





- (b) Assuming that (i) the Seller does not exercise the Seller Portfolio Purchase and, therefore, Margins of Class A, Class B, Class C and Class D are increased as from the Step-Up Date, and (ii) the Management Company exercises the clean-up call option when the aggregate Outstanding Principal Balance of the Non-Defaulted Mortgage Loans on the last day of the Calculation Period prior to the Payment Date in question is less than 10% of the sum of the aggregate Outstanding Principal Balance of the Mortgage Loans on the Cut-off Date, under this scenario:

% CPR:			
	0,0%	1,8%	4,0%
Class A Notes			
Average life (years)	6,4	5,2	4,2
Duration (years)	6,2	5,0	4,1
IRR	0,89%	0,84%	0,78%
Maturity Date	28/10/2030	26/07/2028	27/04/2026
Estimated Price of Issuance of the Notes	99,60%	99,63%	99,66%
% CPR:			
	0,0%	1,8%	4,0%
Class B Notes			
Average life (years)	15,3	13,0	10,7
Duration (years)	12,7	11,1	9,4
IRR	2,75%	2,70%	2,63%
Maturity Date	26/01/2034	28/07/2031	26/04/2029
Estimated Price of Issuance of the Notes	97,09%	97,09%	97,09%
% CPR:			
	0,0%	1,8%	4,0%
Class C Notes			
Average life (years)	18,0	15,4	12,9
Duration (years)	13,3	11,9	10,4
IRR	3,94%	3,91%	3,87%
Maturity Date	26/10/2035	26/01/2033	26/07/2030
Estimated Price of Issuance of the Notes	94,13%	94,13%	94,13%
% CPR:			
	0,0%	1,8%	4,0%
Class D Notes			
Average life (years)	20,0	17,1	14,2
Duration (years)	14,6	12,7	10,8
IRR	4,82%	4,90%	4,99%
Maturity Date	27/07/2037	26/10/2034	27/10/2031
Estimated Price of Issuance of the Notes	84,93%	84,93%	84,93%
% CPR:			
	0,0%	1,8%	4,0%
Class E Notes			
Average life (years)	22,8	20,0	17,5
Duration (years)			
IRR	-5,60%	-3,53%	-2,07%
Maturity Date	27/07/2037	26/07/2035	26/07/2033
Estimated Price of Issuance of the Notes	65,00%	65,00%	65,00%
% CPR:			
	0,0%	1,8%	4,0%
Net Losses*	10,91%	9,50%	8,13%

\*Defaults Net of recoveries.

**SERIE A BONDS**

Flows for each €100,000.00 without withholding for the holder  
(CPR of 0%)

Payment Date	Redemption	Gross Interest	Total	% Original Balance	% Current Balance	Current Balance
05/04/2017			-100,000.00			100,000.00
26/07/2017	2,500.85	184.18	2,685.03	2.50%	97.50%	97,499.15
26/10/2017	1,866.55	142.27	2,008.82	1.87%	95.63%	95,630.60
26/01/2018	1,859.49	139.55	1,999.04	1.86%	93.77%	93,773.11
26/04/2018	2,079.74	133.86	2,213.60	2.08%	91.69%	91,693.37
26/07/2018	2,067.90	132.35	2,200.25	2.07%	89.63%	89,625.47
26/10/2018	2,047.02	130.78	2,177.80	2.05%	87.58%	87,578.45
28/01/2019	2,023.79	130.57	2,154.36	2.02%	85.55%	85,554.66
26/04/2019	2,496.74	119.42	2,616.16	2.50%	83.06%	83,057.92
26/07/2019	2,473.04	119.85	2,592.92	2.47%	80.58%	80,584.88
28/10/2019	2,438.01	120.15	2,558.16	2.44%	78.15%	78,146.87
27/01/2020	2,424.14	112.79	2,536.93	2.42%	75.72%	75,722.73
27/04/2020	2,401.54	109.30	2,510.84	2.40%	73.32%	73,321.19
27/07/2020	2,381.45	105.83	2,487.28	2.38%	70.94%	70,939.74
26/10/2020	2,359.37	102.39	2,461.76	2.36%	68.58%	68,580.37
26/01/2021	2,299.43	100.07	2,399.50	2.30%	66.28%	66,280.94
26/04/2021	2,257.72	94.62	2,352.34	2.26%	64.02%	64,023.22
26/07/2021	2,230.50	92.41	2,322.91	2.23%	61.79%	61,792.72
26/10/2021	2,204.56	90.17	2,294.73	2.20%	59.59%	59,588.16
26/01/2022	2,180.68	86.95	2,267.63	2.18%	57.41%	57,407.48
26/04/2022	2,160.44	81.95	2,242.39	2.16%	55.25%	55,247.04
26/07/2022	1,928.17	174.70	2,102.87	1.93%	53.32%	53,318.87
26/10/2022	1,902.81	170.46	2,073.27	1.90%	51.42%	51,416.06
26/01/2023	1,881.74	164.38	2,046.12	1.88%	49.53%	49,534.32
26/04/2023	1,873.13	154.92	2,028.05	1.87%	47.66%	47,661.19
26/07/2023	1,850.83	150.72	2,001.55	1.85%	45.81%	45,810.36
26/10/2023	1,824.92	146.24	1,971.38	1.82%	43.99%	43,985.44
26/01/2024	1,805.32	140.62	1,945.94	1.81%	42.18%	42,180.12
26/04/2024	1,790.16	133.38	1,923.54	1.79%	40.39%	40,389.96
26/07/2024	1,770.33	127.72	1,898.05	1.77%	38.62%	38,619.63
28/10/2024	1,731.62	126.15	1,857.77	1.73%	36.89%	36,888.01
27/01/2025	1,723.94	116.65	1,840.59	1.72%	35.16%	35,164.07
28/04/2025	1,706.15	111.20	1,817.35	1.71%	33.46%	33,457.92
28/07/2025	1,681.53	105.80	1,787.33	1.68%	31.78%	31,776.39
27/10/2025	1,660.51	100.48	1,760.99	1.66%	30.12%	30,115.88
26/01/2026	1,640.04	95.23	1,735.27	1.64%	28.48%	28,475.84
27/04/2026	1,613.34	90.05	1,703.39	1.61%	26.86%	26,862.50
27/07/2026	1,594.56	84.95	1,679.51	1.59%	25.27%	25,267.94
26/10/2026	1,574.68	79.90	1,654.58	1.57%	23.69%	23,693.26
26/01/2027	1,548.22	75.75	1,628.97	1.55%	22.15%	22,145.04
26/04/2027	1,588.15	69.26	1,657.41	1.59%	20.56%	20,556.89
26/07/2027	1,561.62	65.01	1,626.63	1.56%	19.00%	18,995.27
26/10/2027	1,532.01	60.73	1,592.74	1.53%	17.46%	17,463.26
26/01/2028	1,513.83	55.83	1,569.66	1.51%	15.95%	15,949.43
26/04/2028	1,496.50	50.44	1,546.94	1.50%	14.45%	14,452.93
26/07/2028	1,476.21	45.70	1,521.91	1.48%	12.98%	12,976.72
26/10/2028	1,452.86	41.49	1,494.35	1.45%	11.52%	11,523.86
26/01/2029	1,436.99	36.84	1,473.83	1.44%	10.09%	10,986.87
26/04/2029	1,424.24	31.55	1,455.79	1.42%	8.66%	8,662.63
26/07/2029	1,400.61	27.39	1,428.00	1.40%	7.26%	7,262.02
26/10/2029	1,375.32	23.22	1,398.54	1.38%	5.89%	5,886.70
28/01/2030	1,348.53	19.23	1,367.76	1.35%	4.54%	4,538.17
26/04/2030	1,340.67	13.88	1,354.55	1.34%	3.20%	3,197.50
26/07/2030	3,064.31	10.11	3,074.42	3.06%	0.13%	133.19
28/10/2030	133.19	0.44	133.63	0.13%	0.00%	0.00
27/01/2031	0.00	0.00	0.00	0.00%	0.00%	0.00
28/04/2031	0.00	0.00	0.00	0.00%	0.00%	0.00
28/07/2031	0.00	0.00	0.00	0.00%	0.00%	0.00
27/10/2031	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2032	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2032	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2032	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2032	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2033	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2033	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2033	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2033	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2034	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2034	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2034	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2034	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2035	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2035	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2035	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2035	0.00	0.00	0.00	0.00%	0.00%	0.00
28/01/2036	0.00	0.00	0.00	0.00%	0.00%	0.00
28/04/2036	0.00	0.00	0.00	0.00%	0.00%	0.00
28/07/2036	0.00	0.00	0.00	0.00%	0.00%	0.00
27/10/2036	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2037	0.00	0.00	0.00	0.00%	0.00%	0.00
27/04/2037	0.00	0.00	0.00	0.00%	0.00%	0.00
27/07/2037	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2037	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2038	0.00	0.00	0.00	0.00%	0.00%	0.00
<b>100,000.00</b>	<b>5,230.13</b>	<b>105,230.13</b>	<b>100.00%</b>			

**SERIE A BONDS**

Flows for each €100,000.00 without withholding for the holder  
(CPR of 1.8%)

Payment Date	Redemption	Gross Interest	Total	% Original Balance	% Current Balance	Current Balance
05/04/2017			-100,000.00			100,000.00
26/07/2017	3,454.43	184.18	3,638.61	3.45%	96.55%	96,545.57
26/10/2017	2,553.21	140.88	2,694.09	2.55%	93.99%	93,992.36
26/01/2018	2,522.08	137.16	2,659.24	2.52%	91.47%	91,470.28
26/04/2018	2,730.53	130.57	2,861.10	2.73%	88.74%	88,739.75
26/07/2018	2,694.31	128.08	2,822.39	2.69%	86.05%	86,045.44
26/10/2018	2,649.28	125.56	2,774.84	2.65%	83.40%	83,396.16
28/01/2019	2,602.42	124.34	2,726.76	2.60%	80.79%	80,793.74
26/04/2019	3,050.64	112.77	3,163.41	3.05%	77.74%	77,743.10
26/07/2019	3,002.21	112.21	3,114.42	3.00%	74.74%	74,740.89
28/10/2019	2,942.98	111.43	3,054.41	2.94%	71.80%	71,797.91
27/01/2020	2,904.62	103.63	3,008.25	2.90%	68.89%	68,893.29
27/04/2020	2,830.67	99.44	2,930.11	2.83%	66.06%	66,062.62
27/07/2020	2,743.37	95.35	2,838.72	2.74%	63.32%	63,319.25
26/10/2020	2,699.45	91.39	2,790.84	2.70%	60.62%	60,619.80
26/01/2021	2,653.76	88.46	2,742.22	2.65%	57.97%	57,966.04
26/04/2021	2,614.00	82.75	2,696.75	2.61%	55.35%	55,352.04
26/07/2021	2,566.22	79.89	2,646.11	2.57%	52.79%	52,785.82
26/10/2021	2,520.10	77.03	2,597.13	2.52%	50.27%	50,265.72
26/01/2022	2,476.38	73.35	2,549.73	2.48%	47.79%	47,789.34
26/04/2022	2,436.54	68.22	2,504.76	2.44%	45.35%	45,352.80
26/07/2022	2,202.38	143.42	2,345.80	2.20%	43.15%	43,150.42
26/10/2022	2,159.38	137.95	2,297.33	2.16%	40.99%	40,991.04
26/01/2023	2,120.74	131.05	2,251.79	2.12%	38.87%	38,870.30
26/04/2023	2,093.84	121.57	2,215.41	2.09%	36.78%	36,776.46
26/07/2023	2,054.77	116.30	2,171.07	2.05%	34.72%	34,721.69
26/10/2023	2,012.89	111.01	2,123.90	2.01%	32.71%	32,708.80
26/01/2024	1,971.10	104.57	2,075.67	1.98%	30.73%	30,731.70
26/04/2024	1,945.69	97.18	2,042.87	1.95%	28.79%	28,786.01
26/07/2024	1,910.43	91.03	2,001.46	1.91%	26.88%	26,875.58
28/10/2024	1,858.77	87.79	1,946.56	1.86%	25.02%	25,016.81
27/01/2025	1,835.21	79.11	1,914.32	1.84%	23.18%	23,181.60
28/04/2025	1,802.86	73.31	1,876.17	1.80%	21.38%	21,378.74
28/07/2025	1,764.99	67.60	1,832.59	1.76%	19.61%	19,613.75
27/10/2025	1,730.60	62.02	1,792.62	1.73%	17.88%	17,883.15
26/01/2026	1,697.05	56.55	1,753.60	1.70%	16.19%	16,186.10
27/04/2026	1,658.59	51.18	1,709.77	1.66%	14.53%	14,527.51
27/07/2026	1,627.22	45.94	1,673.16	1.63%	12.90%	12,900.29
26/10/2026	1,595.26	40.79	1,636.05	1.60%	11.31%	11,305.03
26/01/2027	1,558.01	36.14	1,594.15	1.56%	9.75%	9,747.02
26/04/2027	1,534.34	30.48	1,564.82	1.53%	8.21%	8,212.68
26/07/2027	1,497.13	25.97	1,523.10	1.50%	6.72%	6,715.55
26/10/2027	1,457.78	21.47	1,479.25	1.46%	5.26%	5,257.77
26/01/2028	1,428.86	16.81	1,445.67	1.43%	3.83%	3,828.91
26/04/2028	1,453.19	12.11	1,465.30	1.45%	2.38%	2,375.72
26/07/2028	2,375.72	7.51	2,383.23	2.38%	0.00%	0.00
26/10/2028	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2029	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2029	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2029	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2029	0.00	0.00	0.00	0.00%	0.00%	0.00
28/01/2030	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2030	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2030	0.00	0.00	0.00	0.00%	0.00%	0.00
28/10/2030	0.00	0.00	0.00	0.00%	0.00%	0.00
27/01/2031	0.00	0.00	0.00	0.00%	0.00%	0.00
28/04/2031	0.00					

**SERIES B BONDS**  
Flows for each €100,000.00 without withholding for the holder  
(CPR of 0%)

Payment Date	Redemption	Gross Interest	Total	% Original Balance	% Current Balance	Current Balance
05/04/2017			-100,000.00			100,000.00
26/07/2017	0.00	495.29	495.29	0.00%	100.00%	100,000.00
26/10/2017	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/01/2018	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/04/2018	0.00	392.75	392.75	0.00%	100.00%	100,000.00
26/07/2018	0.00	397.11	397.11	0.00%	100.00%	100,000.00
26/10/2018	0.00	401.48	401.48	0.00%	100.00%	100,000.00
28/01/2019	0.00	410.21	410.21	0.00%	100.00%	100,000.00
26/04/2019	0.00	384.02	384.02	0.00%	100.00%	100,000.00
26/07/2019	0.00	397.11	397.11	0.00%	100.00%	100,000.00
28/10/2019	0.00	410.21	410.21	0.00%	100.00%	100,000.00
27/01/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
27/04/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
27/07/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
26/10/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
26/01/2021	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/04/2021	0.00	392.75	392.75	0.00%	100.00%	100,000.00
26/07/2021	0.00	397.11	397.11	0.00%	100.00%	100,000.00
26/10/2021	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/01/2022	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/04/2022	0.00	392.75	392.75	0.00%	100.00%	100,000.00
26/07/2022	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/10/2022	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/01/2023	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/04/2023	0.00	747.75	747.75	0.00%	100.00%	100,000.00
26/07/2023	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/10/2023	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/01/2024	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/04/2024	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/07/2024	0.00	756.06	756.06	0.00%	100.00%	100,000.00
28/10/2024	0.00	780.98	780.98	0.00%	100.00%	100,000.00
27/01/2025	0.00	756.06	756.06	0.00%	100.00%	100,000.00
28/04/2025	0.00	756.06	756.06	0.00%	100.00%	100,000.00
28/07/2025	0.00	756.06	756.06	0.00%	100.00%	100,000.00
27/10/2025	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/01/2026	0.00	756.06	756.06	0.00%	100.00%	100,000.00
27/04/2026	0.00	756.06	756.06	0.00%	100.00%	100,000.00
27/07/2026	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/10/2026	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/01/2027	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/04/2027	0.00	747.75	747.75	0.00%	100.00%	100,000.00
26/07/2027	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/10/2027	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/01/2028	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/04/2028	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/07/2028	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/10/2028	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/01/2029	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/04/2029	0.00	747.75	747.75	0.00%	100.00%	100,000.00
26/07/2029	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/10/2029	0.00	764.37	764.37	0.00%	100.00%	100,000.00
28/01/2030	0.00	780.98	780.98	0.00%	100.00%	100,000.00
26/04/2030	0.00	731.13	731.13	0.00%	100.00%	100,000.00
26/07/2030	0.00	756.06	756.06	0.00%	100.00%	100,000.00
28/10/2030	7,181.25	780.98	7,962.23	7.18%	92.82%	92,818.75
27/01/2031	7,976.99	701.76	8,678.75	7.98%	84.84%	84,841.76
28/04/2031	7,903.44	641.45	8,544.89	7.90%	76.93%	76,938.32
28/07/2031	7,832.04	581.70	8,413.74	7.83%	69.11%	69,106.28
27/10/2031	7,736.97	522.48	8,259.45	7.74%	61.37%	61,369.51
26/01/2032	7,656.58	463.99	8,120.57	7.66%	53.71%	53,712.73
26/04/2032	7,551.64	406.10	7,957.74	7.55%	46.16%	46,161.09
26/07/2032	7,456.12	349.00	7,805.12	7.46%	38.70%	38,704.97
26/10/2032	7,324.43	295.85	7,620.28	7.32%	31.38%	31,380.54
26/01/2033	7,223.86	239.86	7,463.72	7.22%	24.16%	24,156.68
26/04/2033	7,147.15	180.63	7,327.78	7.15%	17.01%	17,009.53
26/07/2033	7,427.74	128.60	7,556.34	7.43%	9.58%	9,581.79
26/10/2033	7,295.03	73.24	7,368.27	7.30%	2.29%	2,286.76
26/01/2034	2,286.76	17.48	2,304.24	2.29%	0.00%	0.00
26/04/2034	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2034	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2034	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2035	0.00	0.00	0.00	0.00%	0.00%	0.00
26/04/2035	0.00	0.00	0.00	0.00%	0.00%	0.00
26/07/2035	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2035	0.00	0.00	0.00	0.00%	0.00%	0.00
28/01/2036	0.00	0.00	0.00	0.00%	0.00%	0.00
28/04/2036	0.00	0.00	0.00	0.00%	0.00%	0.00
28/07/2036	0.00	0.00	0.00	0.00%	0.00%	0.00
27/10/2036	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2037	0.00	0.00	0.00	0.00%	0.00%	0.00
27/04/2037	0.00	0.00	0.00	0.00%	0.00%	0.00
27/07/2037	0.00	0.00	0.00	0.00%	0.00%	0.00
26/10/2037	0.00	0.00	0.00	0.00%	0.00%	0.00
26/01/2038	0.00	0.00	0.00	0.00%	0.00%	0.00
<b>100,000.00</b>	<b>38,482.81</b>	<b>138,482.81</b>	<b>100.00%</b>			

**SERIES B BONDS**  
Flows for each €100,000.00 without withholding for the holder  
(CPR of 1.8%)

Payment Date	Redemption	Gross Interest	Total	% Original Balance	% Current Balance	Current Balance
05/04/2017			-100,000			100,000.00
26/07/2017	0.00	495.29	495.29	0.00%	100.00%	100,000.00
26/10/2017	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/01/2018	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/04/2018	0.00	392.75	392.75	0.00%	100.00%	100,000.00
26/07/2018	0.00	397.11	397.11	0.00%	100.00%	100,000.00
26/10/2018	0.00	401.48	401.48	0.00%	100.00%	100,000.00
28/01/2019	0.00	410.21	410.21	0.00%	100.00%	100,000.00
26/04/2019	0.00	384.02	384.02	0.00%	100.00%	100,000.00
26/07/2019	0.00	397.11	397.11	0.00%	100.00%	100,000.00
28/10/2019	0.00	410.21	410.21	0.00%	100.00%	100,000.00
27/01/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
27/04/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
27/07/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
26/10/2020	0.00	397.11	397.11	0.00%	100.00%	100,000.00
26/01/2021	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/04/2021	0.00	392.75	392.75	0.00%	100.00%	100,000.00
26/07/2021	0.00	397.11	397.11	0.00%	100.00%	100,000.00
26/10/2021	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/01/2022	0.00	401.48	401.48	0.00%	100.00%	100,000.00
26/04/2022	0.00	392.75	392.75	0.00%	100.00%	100,000.00
26/07/2022	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/10/2022	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/01/2023	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/04/2023	0.00	747.75	747.75	0.00%	100.00%	100,000.00
26/07/2023	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/10/2023	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/01/2024	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/04/2024	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/07/2024	0.00	756.06	756.06	0.00%	100.00%	100,000.00
28/10/2024	0.00	780.98	780.98	0.00%	100.00%	100,000.00
27/01/2025	0.00	756.06	756.06	0.00%	100.00%	100,000.00
28/04/2025	0.00	756.06	756.06	0.00%	100.00%	100,000.00
28/07/2025	0.00	756.06	756.06	0.00%	100.00%	100,000.00
27/10/2025	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/01/2026	0.00	756.06	756.06	0.00%	100.00%	100,000.00
27/04/2026	0.00	756.06	756.06	0.00%	100.00%	100,000.00
27/07/2026	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/10/2026	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/01/2027	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/04/2027	0.00	747.75	747.75	0.00%	100.00%	100,000.00
26/07/2027	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/10/2027	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/01/2028	0.00	764.37	764.37	0.00%	100.00%	100,000.00
26/04/2028	0.00	756.06	756.06	0.00%	100.00%	100,000.00
26/07/2028	4,945.24	756.06	5,701.30	4.95%	95.05%	95,054.76
26/10/2028	8,682.55	726.57	9,409.12	8.68%	86.37%	86,372.21
26/01/2029	8,562.44	660.20	9,222.64	8.56%	77.81%	77,809.77
26/04/2029	8,457.06	581.82	9,038.88	8.46%	69.35%	69,352.71
26/07/2029	8,301.68	524.35	8,826.03	8.30%	61.05%	61,051.03
26/10/2029	8,140.55	466.65	8,607.20	8.14%	52.91%	52,910.48
28/01/2030	7,976.67	413.22	8,389.89	7.98%	44.93%	44,933.81
26/04/2030	7,887.48	328.53	8,216.01	7.89%	37.05%	37,046.33
26/07/2030	7,731.80	280.09	8,011.89	7.73%	29.31%	29,314.53
28/10/2030	7,569.35	228.94	7,798.29	7.57%	21.75%	21,745.18
27/01/2031	7,478.83	164.41	7,643.24	7.48%	14.27%	14,266.35
28/04/2031						











In the scenarios described above under paragraphs (a) and (b), (i) Class E Notes might not receive all accrued interest and principal due and (ii) on a given Payment Date, Class D Notes may not receive all accrued interest.

#### **4.11. Representation of the Noteholders**

The Management Company, in accordance with the provisions of article 26 of Law 5/2015, shall act with utmost diligence and transparency in defense of the best interests of the Noteholders and the funders of the Fund. Consequently, the Management Company must prioritise its action to safeguarding the interests of the holders of the Notes issued by the Fund and the funders of the Fund.

Additionally, the Meeting of Creditors shall be established upon and by virtue of the Deed of Incorporation and shall remain in force and effect until repayment to the Noteholders and other creditors of the Fund in full or extinguishment of the Fund. The provisions relating to the Meeting of Creditors are contained in the Rules (as immediately defined below). The Management Company shall be bound to act in accordance with the decisions and instructions adopted by the Meeting of Creditors in accordance with the Rules (as defined below).

The terms and conditions of the rules of the Meeting of Creditors (the "**Rules**") are the following:

### **RULES OF THE MEETING OF CREDITORS**

#### **TITLE I GENERAL PROVISIONS**

##### **1. ARTICLE 1 – GENERAL**

According to article 37 of Law 5/2015, of 27 April, on the Business Financing Promotion (*Ley 5/2015, de 27 de abril, de Fomento de la Financiación Empresarial*) (the "**Law 5/2015**"), the Meeting of Creditors will be validly constituted once the public deed for the incorporation of the Fund, assets assignment and the assets backed securities issuance is granted.

The contents of these Rules are deemed to form part of each Note issued by the Fund.

The Rules also regulate the relationship of the Noteholders with the Subordinated Loans provider (the "**Other Creditor**"). No creditor of the Fund other than the Noteholders and the Other Creditor shall have the right to vote at any Meeting of Creditors.

Any Meeting of Creditors relating to a matter not regulated under these Rules shall be regulated in accordance with article 37 of the Law 5/2015 and if applicable in accordance

with the provisions contained in Royal Decree Law 1/2010, of 2 July, approving the consolidated text of the Capital Companies Law (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) (the "**Capital Companies Law**") related to the Security-holders' Syndicate, as amended.

All and any Noteholders and the Other Creditor are members of the Meeting of Creditors and will be subject to the provisions set forth in these Rules as may be amended by the Meeting of Creditors.

The Meeting of Creditors convened by the Management Company will have the objective of the defence of the interest of the Noteholders and the Other Creditor, and without distinction between the different classes of Noteholders and Other Creditor. Any information given to one class of Noteholders must be given to the rest of Noteholders and the Other Creditor.

## 2. **ARTICLE 2 – DEFINITIONS**

All capitalised terms of these Rules not otherwise defined herein shall have the same meaning set forth in the Prospectus and the Deed of Incorporation.

**"Extraordinary Resolution"** means a resolution which is necessary to approve a Reserved Matter.

**"Resolution"** means a resolution passed by the applicable Noteholders or Other Creditor by a Meeting of Creditors or by virtue of a Written Resolution.

**"Transaction Party"** means any person who is a party to a Transaction Document and **"Transaction Parties"** means some or all of them.

**"Transaction Documents"** means the following documents: (i) the Deed of Incorporation of the Fund; (ii) the Initial Expenses Subordinated Loan Agreement; (iii) the Reserve Fund Subordinated Loan Agreement; (iv) the Financial Services Agreement; (v) the Mortgage Certificates Purchase Agreement; (vi) the Retention Holder Guarantee; (vii) the Servicing Agreement; (viii) the Sharing Agreement and (ix) the BBVA Accounts Agreement and (x) any other documents executed from time to time after the Date of Incorporation in connection with the Fund and designated as such by the relevant parties.

**"Written Resolution"** means a resolution in writing approved by or on behalf of all Noteholders and the Other Creditor for the time being outstanding who for the time being are entitled to receive notice of a meeting in accordance with the Rules for the Meeting of Creditors, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders or on behalf of the Other Creditor.

3. **ARTICLE 3 – SEPARATE AND COMBINED MEETINGS**

A Resolution or an Extraordinary Resolution which in the opinion of the Management Company affects the Notes of only one class and/or the Other Creditor shall be transacted at a separate meeting of the Noteholders of such class and/or the Other Creditor.

A Resolution or an Extraordinary Resolution which in the opinion of the Management Company affects the Noteholders of more than one class of Notes and/or the Other Creditor but does not give rise to an actual or potential conflict of interest between the Noteholders of one class of Notes and the holders of the other class of Notes and/or the Other Creditor shall be transacted either at separate Meeting of Creditors of each such class or at a single Meeting of Creditors of both classes of Notes or at a single Meeting of Creditors of both classes of Notes and the Other Creditor as the Management Company shall determine in its absolute discretion.

A Resolution or an Extraordinary Resolution which in the opinion of the Management Company affects the Noteholders of more than one class of Notes and/or the Other Creditor and gives rise to any actual or potential conflict of interest between the Noteholders of one class of Notes and the Noteholders of the other class of Notes and/or the Other Creditor shall be transacted at separate meetings of the Noteholders of each such class of Notes and of the Other Creditor.

4. **ARTICLE 4 – MEETINGS CONVENED BY NOTEHOLDERS OR THE OTHER CREDITOR**

Noteholders of a particular class of Notes holding no less than 10 per cent of the Principal Amount Outstanding of the relevant class of Notes then outstanding (or the Other Creditor holding no less than 10 per cent of the principal amount outstanding under the Subordinated Loans) are entitled to convene a Meeting of Creditors or call for a Resolution. The Noteholders and the Other Creditor can also participate in a Meeting of Creditors convened by the Management Company to consider any matter affecting their interests.

However, unless the Management Company, on behalf of the Fund, has an obligation to take such action under these Rules, the Noteholders and the Other Creditor are not entitled to instruct or direct the Management Company to take any actions, without the consent of the Meeting of Creditors.

**TITLE II**  
**MEETING PROVISIONS**

5. **ARTICLE 5 – CONVENING OF MEETING**

The Management Company may convene a meeting at any time, with the Noteholders holding not less than one-tenth of the Principal Amount Outstanding of the relevant (affected) class of Notes (or the Other Creditor holding no less than 10 per cent of the principal amount outstanding under the Subordinated Loans).

Whenever the Management Company is about to convene any such meeting, it shall immediately give notice, through a relevant fact (*hecho relevante*) at the CNMV, to the Noteholders and, as the case may be, the Other Creditor of the date thereof and of the nature of the business to be transacted thereat.

The resources needed and the costs incurred for each Meeting of Creditors will be borne by the Fund.

For each Meeting of Creditors the Management Company will designate a representative and, therefore, no commissioner (*comisario*) shall be appointed for any Meeting of Creditors.

6. **ARTICLE 6 – NOTICE**

The Management Company shall give at least 21 calendar days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is to be held) specifying the date, time and place of the initial meeting ("**Initial Meeting**") to the Noteholders and the Other Creditor.

Without prejudice to the above, the Management Company may adjourn such Initial Meeting for 10 calendar days ("**Adjourned Meeting**").

7. **ARTICLE 7 – QUORUMS AT INITIAL MEETING AND ADJOURNED MEETINGS**

The quorum at any Initial Meeting for a Resolution shall be at least one or more persons holding or representing a majority of the Principal Amount Outstanding of the Notes then outstanding in the relevant class.

The quorum at any Initial Meeting for an Extraordinary Resolution shall be at least one or more persons holding or representing not less than 75 per cent of the aggregate of the Principal Amount Outstanding of the Notes then outstanding.

The quorum at any Adjourned Meeting for any Resolution shall be at least one or more persons being or representing Noteholders of the relevant class.

The quorum at any Adjourned Meeting for an Extraordinary Resolution shall be at least one or more persons holding or representing not less than in aggregate 33 per cent. (1/3) of the Principal Amount Outstanding of the Notes then outstanding in the relevant class, except if the Reserved Matter is to decide the extinction of the Fund in accordance with Article 23.2 b) of Law 5/2015 in which case it shall be at least one or more persons holding or representing not less than 75 per cent. of the aggregate of the Principal Amount Outstanding of the Notes then outstanding.

There is no minimum quorum of the Other Creditor for a valid quorum of any Initial Meeting or Adjourned Meeting for a Resolution or an Extraordinary Resolution.

8. **ARTICLE 8 – REQUIRED MAJORITY**

A Resolution or an Extraordinary Resolution is validly passed at any Initial Meeting and/or Adjourned Meeting when not less than three-quarters of votes cast by the Noteholders and the Other Creditor attending the relevant meeting have been cast in favour of it.

An Extraordinary Resolution to decide the extinction of the Fund in accordance with Article 23.2 b) of Law 5/2015 is validly passed at any Initial Meeting and/or Adjourned Meeting when not less than three-quarters of the total outstanding principal of the Noteholders and the Other Creditor have been cast in favour for it, also taking into account those not attending the relevant meeting.

For the abovementioned majority, the entitlement of the Noteholders and the Other Creditor to vote will be determined respectively by reference to the outstanding principal of each of the Notes and the outstanding principal due to the Other Creditor.

9. **ARTICLE 9 – WRITTEN RESOLUTION**

A Written Resolution is validly passed in respect of a Class of Notes or the Other Creditor when it has been approved by or on behalf of the Noteholders and the Other Creditor (as applicable) holding one hundred per cent of the Principal Amount Outstanding of the relevant Class of Notes or the relevant credit. A Written Resolution shall take effect as if it were an Extraordinary Resolution.

10. **ARTICLE 10 – MATTERS REQUIRING AN EXTRAORDINARY RESOLUTION**

An Extraordinary Resolution is required to approve any Reserved Matter.

11. **ARTICLE 11 – RESERVED MATTERS**

The following are "**Reserved Matters**":

- (a) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest due on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity;
- (b) to change the margin on any class of Notes;
- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to alter the priority of payment of interest or principal in respect of the Notes;
- (e) to change the quorum required at any Meeting of Creditors or the majority required to pass an Extraordinary Resolution;
- (f) to authorise the Management Company or (if relevant) any other Transaction Party to perform any act or omission which are not expressly regulated under the Deed of Incorporation and other Transaction Documents;
- (g) to de-list all or part of the Notes;
- (h) to decide the extinction of the Fund in accordance with Article 23.2 b) of Law 5/2015;
- (i) to approve any proposal by the Management Company for any material modification of the Deed of Incorporation or any arrangement in respect of the obligations of the Fund under or in respect of the Notes;
- (j) to instruct the Management Company or any other person to do all things necessary to give effect to any Extraordinary Resolution;
- (k) to give any other authorisation or approval which under the Deed of Incorporation or the Notes is required to be given by Extraordinary Resolution;
- (l) to appoint any persons as a committee to represent the interests of the Noteholders and to confer upon such committee any powers which the Noteholders could themselves only exercise by Extraordinary Resolution; and
- (m) to amend this definition of Reserved Matters.

**12. ARTICLE 12 – RELATIONSHIP BETWEEN CLASSES OF NOTEHOLDERS**

In relation to each class of Notes:



- (a) a Resolution or Extraordinary Resolution of any class of Notes shall only be effective if it is sanctioned by an Extraordinary Resolution of the holders of the other class of Notes ranking senior to such class (unless the Management Company considers that none of the holders of the other class of Notes ranking senior to such Class would be materially prejudiced by the absence of such sanction); and
- (b) any Resolution or Extraordinary Resolution passed at a Meeting of Creditors of one or more classes of Notes duly convened and held in accordance with these Rules and the Deed of Incorporation shall be binding upon all Noteholders of such class or classes, whether or not present at such meeting and whether or not voting.

13. **ARTICLE 13 – RELATIONSHIPS BETWEEN NOTEHOLDERS AND THE OTHER CREDITOR**

Any resolution passed at a Meeting of Creditors duly convened and held in accordance with these Rules and the Deed of Incorporation shall be binding upon all Noteholders and the Other Creditor.

In accordance, so long as any Notes are outstanding and there is, in the Management Company's sole opinion, a conflict between the interests of the Noteholders and the Other Creditor, the Management Company will have regard solely to the interests of the Noteholders in the exercise of its discretion.

14. **ARTICLE 14 – DOMICILE**

The Meeting of Creditors domicile is located at the Management Company registered office, i.e., calle Orense, 58, Madrid.

Nevertheless the Meeting of Creditors may meet whenever appropriate at any other venue in the city of Madrid, with express specification in the notice of call to meeting.

**TITLE III**

**GOVERNING LAW AND JURISDICTION**

15. **ARTICLE 15 – GOVERNING LAW AND JURISDICTION**

These Rules and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, the laws of Spain.

All disputes arising out of or in connection with these Rules, including those concerning their validity, interpretation, performance and termination, shall be exclusively settled by the Courts of Madrid.

## **4.12. Resolutions, authorizations, and approvals for the Notes Issue**

### **4.12.1 Corporate resolutions**

#### **4.12.1.1. Resolution to sell the Mortgage Loans**

At the meeting held on 3 January 2017, the Board of Directors of BRE/Management 7, S.A. (the "**Sole Manager**"), acting as Sole Manager of the Seller, approved the acquisition of the Mortgage Certificates representing the legal and economic interest in the Mortgage Loans from the 2015 Fund and the transfer of such Mortgage Certificates to the Fund.

#### **4.12.1.2. Resolution to incorporate the Fund, acquire the Mortgage Certificates and issue the Notes**

The resolutions of the Chief Executive Officer (*Consejero Delegado*) of the Management Company granted on 10 January 2017 approved to (i) incorporate the Fund, (ii) acquire the Mortgage Certificates to be pooled in the Fund, (iii) issue the Notes and (iv) appoint Deloitte as the Auditor of the Fund.

### **4.12.2 Registration by the CNMV**

The incorporation of the Fund and the issue of the Notes are subject to the prerequisite of this Prospectus and other statutory documents being registered at the Official Register of the CNMV, pursuant to the provisions of article 22.1 d) of Law 5/2015.

This Prospectus has been registered by the CNMV in its Official Register on 28 March 2017.

### **4.12.3 Granting of the Public Deed of Incorporation of the Fund**

Once the CNMV has registered this Prospectus, (i) the Management Company, the Seller and the Retention Holder will execute the Deed of Incorporation of the Fund (which will be drafted in Spanish language) and (ii) the Management Company, the Seller and the Retention Holder will execute the Mortgage Certificates Purchase Agreement by virtue of which the Seller will assign the Mortgage Certificates to the Fund.

The Management Company declares that the contents of the Deed of Incorporation are fully consistent the provisions of the draft Deed of Incorporation sent to the CNMV. Under no circumstances will the terms of the Deed of Incorporation contradict, modify, alter or render null and void the contents of this Prospectus. The Deed of Incorporation will be executed on the Date of Incorporation.

A copy of the Deed of Incorporation will be sent to the CNMV for its registration in the

Official Register.

#### **4.12.4 Notes Issue**

The Notes Issue will be carried out by virtue of the Deed of Incorporation on 31 March 2017.

#### **4.12.5 Subscription of the Notes**

According to section 4.2.2 above of this Securities Note, before the expiry of the Subscription Period (i) the Joint Lead Managers will procure for the subscription for and purchase in respect of the Rated Notes; (ii) the Class E Notes shall be fully subscribed by the Retention Holder; and (iii) if applicable the Retention Holder or its nominee(s) will have the option, but not the obligation to procure subscription for and purchase of the Retention Holder Rated Notes.

As indicated above, the subscription of the Notes shall take place on 4 April 2017 between 9:00 a.m. CET and 12:00 p.m. CET.

#### **4.12.6 Disbursement Date and Form**

The disbursement of the Notes shall take place on the Disbursement Date, 5 April 2017.

According to the Subscription Agreement, the Joint Lead Managers, and if applicable, the Retention Holder or its nominee(s) shall make the disbursement of the subscription price of the Class A Notes, Class B Notes, Class C Notes and Class D Notes, making such disbursement by means of a deposit made to the Treasury Account, with value date on the Disbursement Date.

Likewise, the Retention Holder shall make the disbursement of the subscription price of the Class E Notes, making such disbursement by means of a deposit made to the Treasury Account, with value date on the Disbursement Date.

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

The Notes are freely transferable and can be transmitted through any legally permissible means and in accordance with the rules of AIAF. The ownership of each of the Notes will be transferred by book entry only. Registration of the transfer to the purchaser in the accounting register will have the same effects as the transfer of certificates, and from that moment onwards the transfer can be relied upon as against third parties.

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

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

On the Disbursement Date, the Management Company will immediately request the admission of the Notes to trading on the AIAF. The Management Company will also, on behalf of the Fund, request the inclusion of the Notes in IBERCLEAR so that clearing and settlement may be carried out under the operating rules 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 shall carry out its best efforts in order that the Notes Issue is included in the registries of IBERCLEAR.

The Management Company shall carry out its best efforts to achieve that the admission to trading of the Notes is carried out not later than ten (10) days after the Disbursement Date.

In the event of a failure to meet the deadline for the admission of the Notes to trading, the Management Company undertakes to report a relevant fact (*hecho relevante*) to 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 of the possible liability of the Management Company if the breach is due to reasons attributable thereto.

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 the applicable regulation, as well as the requirements by the governing bodies of the latter, and the Management Company accepts to comply with them.

It is not foreseen to enter into any agreement with an entity that will undertake to facilitate the liquidity of the Notes during the life of the issue.

### **5.2. Paying Agent**

The payment of accrued interest and principal of the Notes Issue referred to in this Securities Note will be handled by BNP Paribas, whose details are included in section 5.2 of the Registration Document.

The interest and/or the principal of the Notes will be paid until the final redemption thereof in Interest Periods in arrear, on each Payment Date in accordance with the

conditions set forth in sections 4.8 and 4.9 of this Securities Note.

On the Date of Incorporation, the Management Company, on behalf of and for the account of the Fund, will enter with BNP Paribas into a contract that regulates the deposit of the Titles representing the Mortgage Certificates, the operation of the General Account, the Treasury Account, the Reserve Fund Account and the Expenses Account and the financial servicing (paying agency) of the Notes Issue (“**Financial Services Agreement**”).

The obligations assumed by BNP Paribas as paying agent under the Financial Services Agreement are, in summary, the following:

- (i) On the Disbursement Date, the Paying Agent shall:
  - (a) make available to the Fund, before 10:00 a.m. (CET), based on the instructions received from the Management Company, the total amount of the subscription price of the Joint Lead Managers Rated Notes, the Class E Notes and, if applicable, the Retention Holder Rated Notes that, in accordance with the Subscription Agreement, is satisfied by the Joint Lead Managers and the Retention Holder or its nominee(s), respectively; and
  - (b) transfer, in the name and on behalf of the Seller, to the 2015 Fund, based on the instructions received from the Management Company, with value that same day, the Net Purchase Price of the Mortgage Certificates transferred by the Seller to the Fund on the Date of Incorporation (which, for the avoidance of doubt, will be the same price that the Seller has to pay to the 2015 Fund for the purchase of the Mortgage Certificates).

The difference between the Purchase Price and the Net Purchase Price will remain to the credit of the Treasury Account.

- (ii) The Paying Agent shall, based on the instructions received from the Management Company, pay the Initial Expenses and the Accrued Interest and transfer the Expenses Account Amount to the Expenses Account using the funds received from the Initial Expenses Subordinated Loan Agreement and standing to the credit of the Treasury Account.
- (iii) The Paying Agent shall credit, based on the instructions received from the Management Company, the Reserve Fund Account using the funds received from the Reserve Fund Subordinated Loan.
- (iv) The Paying Agent shall make the interest and principal payments under the Notes, and other payments due by the Fund, on the corresponding Payment Date on

which the same become due (or when appropriate), after receiving and according to the instructions from the Management Company.

- (v) On each Interest Rate Fixing Date, the Paying Agent shall notify to the Management Company the Reference Interest Rate that will be used as the basis for calculating the Nominal Interest Rate for the Notes for each pertinent Interest Period.

The payments to be made by BNP Paribas as 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.

In the event that the Treasury Account does not have enough credit to make payments in accordance with the instructions received from the Management Company, the Paying Agent shall notify the Management Company and no payment shall be made until further instructions are received from the Management Company.

Furthermore, BNP Paribas will act as the depository of the Mortgage Certificates and as the account bank of the General Account, the Treasury Account, the Reserve Fund Account and the Expenses Account.

The Financial Services Agreement will be terminated on the date that the Fund is liquidated.

As consideration for the services to be performed by BNP Paribas, the Fund will pay to BNP Paribas on each Payment Date a fee that is regulated in the Financial Services Agreement, which will be included in the Fund's Ordinary Expenses, as indicated in section 3.4.6.4 of the Additional Building Block.

BNP Paribas will be entitled to subcontract or delegate to third parties of recognized solvency and capacity, any service determined in the Financial Services Agreement, provided that (i) it notifies the Management Company, who will notify the Seller, the Rating Agencies, and the CNMV; (ii) it obtains the prior written authorization from the Management Company and the confirmation from the Rating Agencies that the ratings of the Rated Notes will not be affected; and (iii) the subcontractor or delegate waives any liability or claim it might have against the Fund. BNP Paribas shall be jointly and severally liable to the Fund and the Management Company of all actions of the subcontractor or delegate entity, including those due to causes not covered by the negligence of the subcontractor or delegate other than these due to force majeure under the provisions of article 1,105 of the Spanish Civil Code.

The Management Company is entitled to substitute BNP Paribas as Paying Agent and/or the Accounts Bank and/or the Depository, provided that it notifies BNP Paribas in

writing at least two (2) months in advance of the envisaged termination date and provided that (i) there is another Eligible Institution of similar financial characteristics, acceptable to the Management Company, to replace BNP Paribas in its duties under the Financial Services Agreement; (ii) this is permitted under current law; (iii) the authorization of the competent authorities is obtained when necessary; (iv) the interests of the Noteholders are not impaired; and (v) as a result of such replacement the rating given to the Rated Notes by the Rating Agencies is not prejudiced. The substitution will be reported to the CNMV, the Rating Agencies and the Seller.

All costs incurred in the voluntary substitution of BNP Paribas as the Paying Agent, the Accounts Bank or the Depository by decision of the Management Company will be for the account of the Fund (except when the substitution is caused by a gross breach by BNP Paribas of its obligations under the Financial Services Agreement, in which case, the substitution expenses, duly proved, will be paid by BNP Paribas up to a maximum amount equal to the fees paid under the Financial Services Agreement to the Paying Agent within the immediately preceding four quarters).

BNP Paribas may also terminate the Financial Services Agreement provided that it notifies the Management Company in writing at least two (2) months in advance of the envisaged termination date, and provided that (i) there is another Eligible Institution of similar financial characteristics, acceptable to the Management Company, to replace BNP Paribas in its duties under the Financial Services Agreement; (ii) the CNMV is notified and (iii) as a result of such replacement the rating given to the Rated Notes by the Rating Agencies is not prejudiced.

The costs and taxes that may be incurred in as a consequence of the resignation of BNP Paribas as Paying Agent and/or Accounts Bank and/or depository and its substitution will be on account of BNP Paribas up to a maximum amount equal to the fees paid under the Financial Services Agreement by the Fund to BNP Paribas within the immediately preceding six (6) months.

Neither the resignation by BNP Paribas nor the removal of its appointment as Paying Agent, Accounts Bank or Depository shall take any effect until the appointment of the replacement agent is effective. The termination by BNP Paribas of the performance of its functions under the Financial Services Agreement, as well as the appointment of the replacement paying agent, accounts bank or depository will be notified by the Management Company to the Rating Agencies and the CNMV.

Upon termination of the Financial Services Agreement, BNP Paribas shall deliver up to the Management Company all documents, moneys and securities belonging to the Fund and within its power as a result of the duties entrusted under the Financial Services Agreement.

Without prejudice to the provisions of the previous paragraphs, if (i) any of the provisional ratings assigned to the Rated Notes by Moody's or DBRS or the provisional rating assigned to the Class A Notes by Fitch is not confirmed on or before the Disbursement Date (and, for the avoidance of doubt, no subscription payments in respect of the Rated Notes shall be disbursed until each such confirmation of the provisional ratings of the Rated Notes has been received) or (ii) an event occurs that could not be foreseen or, even if foreseen, is inevitable rendering it impossible to perform the subscription or disbursement of the Notes pursuant to article 1,105 of the Civil Code (*force majeure*); or (iii) the Notes are not fully subscribed by the end of the Subscription Period; or (iv) the conditions precedent to the Subscription Agreement are not met on or before the beginning of the Subscription Period, the Financial Services Agreement will be terminated; or (v) the Subscription Agreement is terminated by the Joint Lead Managers at any time before the Relevant Time if, in the opinion of the Joint Lead Managers (a) there shall have occurred an event that could not be foreseen or, even if foreseen, is inevitable rendering it impossible to perform the subscription or disbursement of the Notes pursuant to article 1,105 of the Civil Code (*force majeure*), (b) the final rating assigned to the Class A Notes by Fitch Ratings España, S.A.U. is either not confirmed or is not at least AA+(sf) before the Relevant Time or (c) there has been confirmation from Moody's Investors Service España, S.A. or DBRS Ratings Limited that the ratings of the Rated Notes rated by any of them before the beginning of the Subscription Period have been downgraded or withdrawn.

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

The following is a breakdown of the Fund's estimated expenses as of the date of registration of this Prospectus (the "**Initial Expenses**"):

Fund formation expenses and Note issue expenses	Euros
Fees to the CNMV	40.000,00
AIAF fixed income market listing fee	24.200,00
Inclusion of the issue in the book entry system IBERCLEAR	3.025,00
<b>Subtotal (Prospectus registration and admission to trading expenses)</b>	<b>67.225,00</b>
Notary fees, audit and rating fees, structuring, placement and advertising of the issue, legal fees, initial fee of the Management Company and others.	2.207.775,00
<b>TOTAL EXPENSES</b>	<b>2.275.000,00</b>



## **7. OTHER INFORMATION**

### **7.1. Statement of the capacity in which the advisors involved in the issue that are mentioned in the Securities Note have acted**

1. Clifford Chance 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 4.5.1 of the Registration Document and the rest of legal issues of the Prospectus in its capacity as an independent third party.
2. Allen & Overy participates as legal advisor of the Joint Lead Managers and has reviewed the Prospectus and the structure of the transaction for the benefit of the Joint Lead Managers.

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

Not applicable.

### **7.3. Statements or reports attributed to a person as an expert**

Deloitte is acting as independent company for the verification of a series of attributes of the Reviewed Portfolio. Deloitte will be also the auditor for the Fund, as established in section 2.1. of the Registration Document.

### **7.4. Information sourced from third parties**

As part of the tasks involved in checking the information contained in this Prospectus, the Management Company has received confirmation from the Seller and the Servicer that the information about the Seller and the Mortgage Loans that is given in section 2.2.8 of the Additional Building Block is true, and that the rest of the information about Seller and the Mortgage Loans that is contained in this Prospectus is also true.

The Management Company confirms that it has accurately reproduced the information that it has received from the Seller, the Servicer and BBVA and, insofar as it knows and can tell from such information received from the Seller the Servicer and BBVA, confirms that it has not omitted any fact that might result in the information reproduced being inaccurate or misleading, nor does this Prospectus omit material facts or data that could be significant for the investor and the Fund.

### **7.5. Credit ratings assigned by the Rating Agencies**

The Rating Agencies have assigned to the Rated Notes included in this Securities Note

the following provisional ratings prior to the registration of this Prospectus:

	<b>DBRS</b>	<b>Moody's</b>	<b>Fitch</b>
<b>Class A</b>	AAA (sf)	Aa2 (sf)	AA+ (sf)
<b>Class B</b>	A (sf)	A2 (sf)	Non Rated
<b>Class C</b>	BBB (sf)	Baa3 (sf)	Non Rated
<b>Class D</b>	BB (sf)	Ba2 (sf)	Non Rated
<b>Class E</b>	Non Rated	Non Rated	Non Rated

The meaning of the ratings assigned to the Notes can be consulted in the web pages of the Rating Agencies; this is [www.moodys.com](http://www.moodys.com), [www.dbrs.com](http://www.dbrs.com) and [www.fitchratings.com](http://www.fitchratings.com).

The ratings assigned by the Rating Agencies do not constitute an evaluation of the likelihood of the Debtors repaying capital early, or of the extent to which such early repayments differ from those originally estimated. In no way do the ratings represent a rating of the level of actuarial yield.

The assigned ratings, as well as any revision or suspension thereof:

- (i) are formulated by the Rating Agencies on the basis of varied information received, the accuracy and completeness of which is not guaranteed by the Rating Agencies, and therefore the Rating Agencies will in no event be held liable for the contents thereof; and
- (ii) do not constitute and, therefore, could not in any way be interpreted as an invitation, recommendation or solicitation for investors to proceed to carry out any type of transaction with the Rated Notes and, in particular, to acquire, retain, encumber or sell such Rated Notes. The final ratings may be revised, suspended or withdrawn at any time by the Rating Agencies, depending on any information that comes to their knowledge. Such situations, which will not constitute events of Early Liquidation, will be notified immediately both to the CNMV and the Noteholders of the Rated Notes.

To perform the rating and monitoring process, the Rating Agencies rely on the accuracy and completeness of the information that they are given by the Seller, the Management Company, the Sole Arranger, the Auditors and the legal advisors.

These credit ratings are only an estimate and do not necessarily mean that potential investors do not have to conduct their own analysis of the Rated Notes that they intend to buy.

If any of the provisional ratings assigned to the Rated Notes by Moody's Investors

Service España, S.A. or DBRS Ratings Limited or the provisional rating assigned to the Class A Notes by Fitch Ratings España, S.A.U. is not confirmed on or before the Disbursement Date (and, for the avoidance of doubt, no subscription payments in respect of the Rated Notes shall be disbursed until each such confirmation of the provisional ratings of the Rated Notes has been received), this will be construed as grounds for termination of the incorporation of the Fund, the sale of the Mortgage Certificates, the Fund's agreements and the Notes Issue.

## **ADDITIONAL BUILDING BLOCK TO THE SECURITIES NOTE (ANNEX VIII OF COMMISSION REGULATION 809/2004)**

### **1. SECURITIES**

#### **1.1. Minimum amount of the Notes Issue**

The Fund, represented by the Management Company, will be incorporated with some of the mortgage certificates which were issued by CX and acquired by the 2015 Fund on 15 April 2015. As of the date of its issuance, the Mortgage Participations and the Mortgage Transfer Certificates complied with the requirements set forth in the Spanish mortgage market legislation in order to be issued as a mortgage participation (*participación hipotecaria*) or mortgage transfer certificate (*certificado de transmisión de hipoteca*), as appropriate. However, it will not be checked whether the Mortgage Participations and the Mortgage Transfer Certificates will comply with the relevant requirements as of the date of their assignment to the Fund.

The 2015 Fund will transfer the Mortgage Certificates to the Seller on the Date of Incorporation and, in turn, the Seller will transfer the Mortgage Certificates to the Fund on the same date in accordance with the Mortgage Certificates Purchase Agreement. The principal amount (i.e. nominal amount) of the Mortgage Certificates will be equal to or slightly less than EURO FOUR HUNDRED MILLION (Euro 400,000,000) as of the Cut-off Date, without prejudice to the fact that the Purchase Price related to the Mortgage Loans shall be below Euro 400,000,000 as further explained in section 3.3.2 of this Additional Building Block.

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

Not applicable.

### **2. UNDERLYING ASSETS**

#### **2.1. Confirmation that the securitised assets have the capacity to produce the funds to service the payment of the Notes**

Based on the information provided by the Seller, the Servicer and BBVA, the Management Company confirms that the Mortgage Certificates are backed by the Mortgage Loans, whose characteristics (amount, term, interest rate, etc.) demonstrate the capacity to generate flows of principal, ordinary interests, default interest, fees, etc. to make the payments due and payable in relation to the Notes and the Subordinated Loans, notwithstanding which all the payments to be made by the Fund will be made in accordance with the Priority of Payment Order or the Liquidation Priority of Payment Order and taking into account the subordination that exists

between the different classes of Notes.

However, in order to cover possible payment defaults by the Debtors and thus consolidate its financial structure and procure the largest possible coverage for the risks inherent to the Notes Issue, the Management Company, on behalf of the Fund, will proceed on the Date of Incorporation, to formalise the contracts and carry out the actions that are stipulated in section 3.4.2 of this Additional Building Block.

The Notes have different risk of failing to receive payments as and when due and therefore the Rated Notes have different credit ratings assigned by the Rating Agencies as detailed in section 7.5 of the Securities Note.

Upon occurrence of any of the circumstances listed in section 4.3.3 of the Registration Document, the Management Company may proceed with the Early Liquidation of the Fund on the terms described in section 4.4.3 of the Registration Document.

The Management Company confirms the above on the basis of (i) the representations made by the Seller with respect to the Mortgage Certificates and the Mortgage Loans, that are listed in section 2.2.8 of the Additional Building Block; (ii) all the information supplied by BBVA and the Servicer about each Mortgage Loan; (iii) the Report of the Reviewed Portfolio; and (iv) the provisional ratings assigned to the Rated Notes by the Rating Agencies.

## **2.2. Assets backing the Notes Issue**

### **Introduction**

The Fund will pool loan and facility agreements secured by a mortgage and granted by CX and the Integrated Entities to individuals domiciled in Spain for the purposes of financing the acquisition, construction or renovation of a residence located in Spain or any other purpose not related to the residence or as a subrogation made by private individuals to loans extended to developers for the construction of residences to sell or lease.

Such loans and facilities have been extended to one or more individuals (at least one of them being a Spanish resident) and are secured by first (*primer rango*), second or subsequent ranking mortgages (in which case the senior ranking mortgages (*hipotecas de rango previo*), either (i) are securing loans (granted either by CX – or the Integrated Entities - or by third parties) that have been already repaid in full but they are not cancelled with the Land Registry yet or (ii) secure a Mortgage Loan which will also be assigned to the Fund on the Date of Incorporation) over residences located in the Spanish territory and, if applicable, additionally upon other properties of the relevant Debtor (the "**Mortgage Loans**").

Regarding the second or subsequent ranking mortgages where the senior ranking mortgages

are securing credits that have been already repaid in full but they are not cancelled with the Land Registry yet, BBVA and the Servicer will do their best efforts to proceed with the registration of the cancellation of the senior ranking mortgages with the relevant Land Registries (*Registros de la Propiedad*) in the coming months.

The Mortgage Loans are not guaranteed by any additional security interest other than the mortgage security related to each Mortgage Loan although certain Mortgage Loans benefit from a personal guarantee.

On the Date of Incorporation, the mortgage certificates that CX issued in 2015 will be sold to the Seller who, in turn, will on-sell them to the Fund pursuant to the terms of the Mortgage Certificates Purchase Agreement. The Reviewed Portfolio as at 27 February 2017, which consists of 5,197 Mortgage Loans with an aggregate Outstanding Principal Balance of Euro 403,081,272.43 contains the Mortgage Loans that will be transferred to the Fund on the Date of Incorporation, except for those in relation to which incidences are detected in verifying the sample and those Mortgage Loans in excess of Euro 400,000,000. The Reviewed Mortgage Loans are sufficient in order for the Fund to acquire Mortgage Loans for an amount of Euro 400,000,000.

At the Cut-off Date, the deeds supporting 1,683 Reviewed Mortgage Loans (representing 26% of the Reviewed Portfolio) include IRFC.

## **Multi-Credit Agreements**

### ***General Conditions***

Some of the Mortgage Loans derive from multi-credit agreements (*Contratos Multicrédito*) (the "**Multi-Credit Agreements**"), that allow the Debtor to make additional drawdowns throughout the life of the multi-credit facilities granted thereunder. Each drawdown of a Multi-Credit Agreement can represent either a Mortgage Participation or a Mortgage Transfer Certificate depending on the compliance with the relevant requirements of the mortgage market regulations.

The Multi-Credit Agreements are formalised under a master agreement (*contrato marco*) which sets forth the mortgage security and regulates their economic conditions, such as the maximum available amount, the final maturity, the mechanism to make further drawdowns, the term to make additional drawdowns and the interest rate applicable to the drawdowns (including the reference interest rate and the margin to be added to such reference interest rate).

The master agreement (*contrato marco*) and the first Drawdown are executed by means of a public deed (*escritura pública*) that is registered with the relevant Land Registry. Further drawdowns are formalised in a private document in accordance with the Multi-Credit

## Agreement

Each Drawdown under a Multi-Credit Agreement is formalised as an independent loan and therefore the final maturity and the principal amount under each Drawdown is different.

Generally, the first Drawdown under a Multi-Credit Agreement is granted for the purpose of acquiring a residence and the following Drawdowns are granted for other purposes different from the acquisition of a residence.

### ***Events of default under Multi-Credit Agreements***

There are certain events of default that can be found in a large number of Multi-Credit Agreements of the Portfolio. Two examples of these events of default are:

- (i) Value decline clause: this event of default occurs when the value of the mortgage property is reduced in the percentage established in the relevant Multi-Credit Agreement. In order to determine whether there has been a reduction in the value of the mortgage property, when the Debtor applies for an additional drawdown, the lender will ask the Debtor for an updated appraisal certificate of the mortgaged property. The Debtor will request the said certificate from a valuator, at its own expense. If value of the mortgaged property indicated in the updated appraisal certificate is lower (in the percentage established in the relevant Multi-Credit Agreement) than the appraisal value indicated in the mortgage deed, the lender will be entitled to prevent the Debtor from making additional drawdowns until the said event of default is cured.
- (ii) Mortgaged property leased for an annual rent that does not cover certain costs: if the mortgaged property is leased by the Debtor for an annual rent that does not cover the amortization instalments, costs and taxes in connection with the mortgaged property, an event of default occurs.

Please note that the above-mentioned events of default are not included in all the multi-credit agreements of the Reviewed Portfolio.

The occurrence of an event of default under a Multi-Credit Agreement implies that (i) the relevant Debtor is not allowed to make new drawdowns and (ii) all the debt (including other drawdowns granted to this Debtor) can be immediately declared due and payable and the Debtor can be claimed for such debt.

### ***Conditions of new drawdowns***

The ability to make new drawdowns is subject to compliance with the specific conditions regulated in each Multi-Credit Agreement. As a general rule, in order for a Debtor to be

eligible to make additional drawdowns under a multi-credit facility, the following key conditions must be met: (i) the Debtor must not be in default; and (ii) the Debtor level of indebtedness cannot exceed an established percentage of the Debtor's net annual income (the Mortgage Loans originally granted by Caixa d'Estalvis de Manresa do not include this condition (ii) to make additional drawdowns).

Once a Debtor is eligible to make additional drawdowns, the Debtor has to fulfil additional standard formalities, for instance: (i) the unpaid principal amount corresponding to all the drawdowns cannot exceed a determined maximum amount (this maximum amount may vary on each Multi-Credit Agreement); (ii) the amount of each of the drawdowns cannot be lower than the established minimum amount (this minimum amount may vary on each Multi-Credit Agreement); and (iii) the maturity date of each of the additional drawdowns cannot exceed the maximum maturity date established in the Multi-Credit Agreement for each drawdown; among others.

In relation to how drawdowns are formalised, it is worth noting that the debtor has to request in writing a new drawdown, providing economic documentation and justifying the purpose of the loan.

Interest rate and maturity conditions vary depending on the purpose of the loan (making a distinction between main residential purchase with lower spreads and for the other purposes). In the case of home purchase (which is usually the first drawdown), the maturity of this first drawdown is the same that the maturity of the Multi-Credit Agreement.

The general conditions and limits for new drawdowns are set forth below:

- The credit limit for the last four (4) years will be the result of applying the following formula:  $L_c = (n * L_i / 48)$ , where:

$L_c$  = New credit limit.

$L_i$  = Credit limit agreed for new drawdowns.

$n$  = Number of periods remaining until the final maturity of the credit.

- No new drawdowns may be made while the outstanding principal of the existing drawdowns is more than 80% of the credit limit initially authorized;
- Maximum maturity of the new drawdowns: 10 years, not exceeding in any case the final maturity of the credit;
- Annual indebtedness of debtors (including the new drawdown) should not exceed 40% of their net annual income;



- The Debtor is not subject to an insolvency proceeding (*concurso*); and
- No drawdown request is outstanding; or
- No payments under any previous drawdown are benefiting of a payment grace periods.

Anticipa has the ability to check whether the formalities and conditions above have been complied with.

As detailed in section 2.2.2 of the Additional Building Block, 48.07% of the Outstanding Principal Balance of the Reviewed Mortgage Loans, as of 27 February 2017, are Reviewed Mortgage Loans not allowing further drawdowns and 51.93% of the Outstanding Principal Balance of the Reviewed Mortgage Loans are multi-credit facilities (allowing further drawdowns).

In relation to the multi-credit facilities, (i) the aggregate available amount to make additional drawdowns under the Multi-Credit Agreements is Euro 54,956,860.73 and (ii) the last final date to make additional drawdowns under the Multi-Credit Agreements is 31 July 2054.

### ***Allocation of payments***

#### *Single Drawdown*

It is worth noting that under Multi-Credit Agreements if a single Drawdown cannot be fully paid with the amounts collected from the relevant Debtor, such collected amounts will be used to pay the outstanding amounts in the following order: (i) charges (*comisiones*), (ii) costs and expenses; (iii) default interest, (iv) ordinary interest; and (v) principal (the "**General Rule**").

#### *Two or more Drawdowns*

If there are two or more Drawdowns outstanding, any amount collected from the Debtor will be used to pay the older Drawdown first. If there are two or more Drawdowns and all of them are from the same date, any payment made by the Debtor will be used to pay the Drawdown of a higher amount first. If there are two or more Drawdowns, all of them from the same date and for the same amount, the collected amount will be used to pay first the Drawdown identified with the lower "CCC" (each drawdown code under BBVA IT system) (i.e. generally, the older outstanding Drawdown first) (the "**Multi-Credit Rule**"). Then, the General Rule will apply to the collected amount attributable to each Drawdown.

The General Rule and the Multi-Credit Rule are the prevailing rules under the Multi-Credit Agreements.

Once there is a default under a Multi-Credit Agreement and the Servicer decides to fully accelerate the Multi-Credit Agreement, from an operative perspective all outstanding Drawdowns under the Multi-Credit Agreement will be considered as one single debt, and therefore, the Multi-Credit Rule will not apply (the General Rule will).

According to the information provided by the Servicer, the majority of the Multi-Credit Agreements contain a provision establishing that the Debtor will not be entitled to make repayments on new drawdowns without having paid the previous ones first (i.e. the older outstanding drawdowns will be paid first).

### ***Co-ownership of the Multi-Credit Agreements***

On the Date of Incorporation, all existing drawdowns as of the Cut-off Date under each Multi-Credit Agreement, which comply with the representations and warranties set out in section 2.2.8 of the Additional Building Block will be purchased by the Fund. However, any further drawdowns made by a Debtor under a Multi-Credit Agreement as from the Cut-off Date will be funded and retained by the 2015 Fund. Consequently, if a Debtor under a Multi-Credit Agreement makes a new drawdown after the Cut-Off Date (the "**Additional Credit Rights**") a co-ownership situation between the 2015 Fund and the Fund will arise.

In accordance with the Deed of Incorporation and the Seller Purchase Agreement, the Seller and the Management Company, acting in the name and on behalf of the Fund, shall agree in the Mortgage Certificates Purchase Agreement that any amounts paid by the Debtor under the relevant Multi-Credit Agreement will be allocated to the credit rights assigned to the Fund and the Additional Credit Rights in a proportional and *pari passu* manner, unless there is allocation criteria set forth in the corresponding Multi-Credit Agreement that are contradictory to the foregoing, in which case this allocation criteria will prevail.

However, in practice, this *pari passu* rule will only apply when: (i) a Multi-Credit Agreement does not include any provision stating that the older outstanding Drawdowns under the Multi-Credit Agreement will be paid first; or (ii) the Multi-Credit Agreements does include a provision stating that the older outstanding Drawdowns will be paid first but all the Drawdowns have the same date.

It is worth noting that, until the Cut-off Date, the *pari passu* rule has never applied, since a co-ownership of a Multi-Credit Agreement has never taken place. Furthermore, all the Mortgage Loans are performing.

In case of co-ownership over a Multi-Credit Agreement, the Loan to Value will increase as a result of the additional drawdown and any potential recoveries (in case of the respective Mortgage Loan defaulting and being accelerated) will be shared between the Fund and the 2015 Fund.

## **Review of attributes of mortgage loans subject to securitisation through the Fund**

Deloitte, whose details are included in section 5.2 of the Registration Document, has produced a report for the Management Company regarding certain attributes of the Reviewed Mortgage Loans in order to comply with the provisions of article 22 of Law 5/2015 (the “**Report**”).

The Report has been based on a selection of Reviewed Mortgage Loans taken from the Reviewed Portfolio, using sampling techniques, which are a generally accepted method for verifying an entity's records relating to a group of items (“population”), and make it possible to draw a conclusion about that population through the analysis of a smaller number of items (“sample”) than the total population. The confidence level indicates the probability that the actual number of items with deviations from a pattern existing in a population will not exceed a predefined limit (“accuracy”).

This Report addresses a series of quantitative and qualitative attributes of the Reviewed Mortgage Loans, in particular:

1. Identification of the Debtor;
2. Mortgage Loan formalisation;
3. Transferability of the Mortgage Loan,
4. Date of execution of the Mortgage Loan;
5. Maturity date of the Mortgage Loan;
6. Current amount of the Mortgage Loan;
7. Reference interest rate;
8. Margin over the reference interest rate;
9. Current interest rate;
10. Initial amount of the Mortgage Loan;
11. Ownership of the Mortgage Loan;
12. Mortgage security;
13. Bilateral loans;
14. Renegotiation;
15. Purpose of the Mortgage Loan;
16. Address of the property mortgaged;
17. Appraisal value;
18. Valuation entity (approved by Bank of Spain);
19. Current Loan to Value (LTV);
20. Damages insurance;
21. Reviewed Mortgage Loans given to developers;
22. Interest rate floor;
23. Interest rate cap;
24. Payments delays;

25. Payment history;
26. End of Grace Period;
27. End of AQ loan support;
28. Redemption system; and
29. Title of transferability (PH/CTH).

Selected Reviewed Mortgage Loans in respect of which incidences are detected in verifying the sample shall not be assigned to the Fund on the Date of Incorporation.

The results shall be reflected in a report prepared by Deloitte, which is one of the available documents established in section 10 of the Registration Document.

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

The securitised Mortgage Loans represented by Mortgage Certificates are governed by Spanish law.

### 2.2.2 General characteristics of the Debtors, as well as global statistical data referred to the securitised assets

The tables below show the distribution of the Reviewed Mortgage Loans. These tables have been produced with information as at 27 February 2017.

#### (a) Summary Data

Num. Mortgage Loans	5,197
Outstanding Principal Balance of the Reviewed Mortgage Loans (euros)	403.081.272,43
Original maturity weighted by original balance (Months)	364,38
Remaining term weighted by current balance (Months)	265,68
Current rate weighted by Outstanding Principal Balance of the Reviewed Mortgage Loans (%)	1,466%
Outstanding principal average balance (Euros)	77.560,38
Min. current rate (%)	0,152%
Max. current rate (%)	6,750%
Max. Outstanding Principal Balance of the Reviewed Mortgage Loans (Euros)	684.582,79
Max. year arranged	2015
Max. year maturity	2059
Original Loan Balance / Appraised Value Weighted By Original Loan Balance (%)	76,45%
Outstanding Principal Balance of the Audited Mortgage Loans / Appraised value weighted by outstanding principal balance (%)	60,88%

\*Outstanding principal average balance calculated on the basis of all drawdowns (5,197).

(b) **Distribution by Mortgage Participation (PH) / Mortgage Transfer Certificate (CTH)**

The table below shows the distribution by Mortgage Participation (PH) / Mortgage Transfer Certificate (CTH):

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by PH/CTH)

PH/CTH	Num.	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
PH	3.300	279.110.979,24	69,24%	352,19	249,59	1,304%	0,152%	6,750%
CTH	1.897	123.970.293,19	30,76%	396,55	301,91	1,831%	0,420%	6,492%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

As of the date of its issuance (i.e. 15 April 2015), the Mortgage Participations and the Mortgage Transfer Certificates complied with the requirements set forth in the Spanish mortgage market legislation in order to be issued as a mortgage participation (*participación hipotecaria*) or mortgage transfer certificate (*certificado de transmisión de hipoteca*), as appropriate. However, it will not be checked whether the Mortgage Participations and the Mortgage Transfer Certificates will comply with the relevant requirements as of the date of their assignment to the Fund.

(c) **Distribution by credit / loan**

The table below shows the distribution by credit / loan:

**REVIEWED PORTFOLIO, SRF 2016-1 ISSUE**  
(Division by Credit/loan)

Credit/Loan	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
Mortgage Loans (Without Drawdowns)	2.394	193.742.384,98	48,07%	377,70	277,64	1,472%	0,243%	6,750%
Marco	1.787							
Multi-Credit Agreement*	2.803	209.338.887,45	51,93%	351,75	254,61	1,461%	0,152%	5,952%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

\* Average number of drawdowns: 1.57

(d) **Distribution by originating entity**

The table below shows the distribution by originating entity:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by Originating entity)

Originating Entity	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
Caixa d'Estalvis de Manresa	441	25.153.221,82	6,24%	364,45	250,88	1,437%	0,431%	6,750%
Caixa d'Estalvis de Tarragona	716	66.653.079,22	16,54%	413,53	305,38	1,250%	0,243%	6,000%
CX*	4.040	311.274.971,39	77,22%	353,76	258,38	1,515%	0,152%	6,676%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

\*Mortgage Loans originated by Caixa d'Estalvis de Catalunya, Caixa d'Estalvis de Catalunya, Tarragona i Manresa or Catalunya Banc, S.A.

(e) **Distribution by purpose**

The table below shows the distribution by purpose:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by Purpose)

Loan Purpose	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
asset acquisition	4	81.770,46	0,02%	314,38	217,28	2,775%	1,487%	4,433%
auto-developing / improvement housing	262	20.329.135,64	5,04%	338,22	238,76	1,152%	0,320%	6,500%
cancellation current mortgage	505	45.229.448,84	11,22%	368,76	277,62	1,415%	0,252%	6,000%
car acquisition	21	350.097,06	0,09%	268,22	200,09	2,246%	0,788%	3,861%
developer (residential buildings)	1	88.124,70	0,02%	240,00	99,00	0,988%	0,988%	0,988%
first residence acquisition	2.396	272.704.653,85	67,66%	379,17	274,15	1,285%	0,152%	6,250%
healthcare	7	45.719,96	0,01%	198,97	162,29	2,646%	2,494%	3,252%
land acquisition	13	941.404,41	0,23%	310,60	224,19	1,724%	0,702%	3,528%
minor improvement housing	134	5.431.923,98	1,35%	327,81	224,11	1,520%	0,555%	5,500%
other financing (individuals)*	1.674	42.105.056,71	10,45%	300,37	233,34	2,874%	0,470%	6,750%
others	17	1.369.189,72	0,34%	320,14	214,96	1,744%	0,843%	5,500%
parking acquisition	7	504.379,75	0,13%	332,72	225,05	2,680%	0,802%	6,676%
restaurants and food establishments	1	14.477,39	0,00%	155,00	26,00	2,180%	2,180%	2,180%
retail acquisition	5	241.360,54	0,06%	357,93	236,77	1,587%	0,681%	3,176%
retail acquisition (economic activity)	2	152.481,82	0,04%	272,28	226,17	4,960%	2,659%	4,992%
second residence acquisition	148	13.492.047,60	3,35%	332,68	226,88	1,193%	0,470%	3,042%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

\* Subrogation from a developer mortgage and financing to individuals

None of the Reviewed Mortgage Loans relates to financing granted to property developers for the construction of homes and/or commercial premises destined for sale, or to finance leases.

(f) **Distribution by original balance**

The table below shows the distribution by original balance:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by original balance)

ORIGINAL BALANCE EUROS (Lower limit included)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
<25,000	1.306	11.256.729,52	2,79%	255,00	202,12	3,278%	0,340%	6,676%
25,000-50,000	644	16.067.744,57	3,99%	283,30	205,25	2,702%	0,340%	6,750%
50,000-75,000	461	18.662.951,88	4,63%	300,01	206,01	2,160%	0,470%	5,750%
75,000-100,000	459	26.678.543,02	6,62%	316,11	211,59	1,784%	0,181%	5,492%
100,000-125,000	449	36.055.896,36	8,95%	342,71	236,78	1,498%	0,252%	5,500%
125,000-150,000	424	42.861.065,10	10,63%	362,92	254,66	1,435%	0,252%	5,750%
150,000-175,000	344	42.038.989,88	10,43%	372,85	268,21	1,320%	0,333%	6,250%
175,000-200,000	312	45.760.110,80	11,35%	389,87	289,50	1,287%	0,388%	6,431%
200,000-225,000	267	43.942.110,54	10,90%	398,78	295,04	1,276%	0,252%	4,443%
225,000-250,000	188	35.200.373,17	8,73%	405,73	300,59	1,231%	0,252%	5,250%
250,000-275,000	107	21.315.369,55	5,29%	391,58	286,93	1,191%	0,426%	2,992%
275,000-300,000	84	19.134.587,33	4,75%	401,05	297,67	1,145%	0,252%	3,143%
300,000-325,000	49	11.399.488,18	2,83%	383,62	285,10	1,118%	0,452%	3,931%
325,000-350,000	28	7.691.305,89	1,91%	422,22	319,18	1,192%	0,472%	2,720%
350,000-375,000	16	4.732.397,22	1,17%	410,25	301,22	0,797%	0,252%	1,903%
375,000-400,000	13	3.949.340,64	0,98%	395,80	290,45	0,893%	0,444%	1,972%
400,000-425,000	11	3.528.765,29	0,88%	377,20	279,79	1,218%	0,252%	2,452%
425,000-450,000	7	2.343.569,61	0,58%	429,96	327,41	1,106%	0,152%	3,426%
450,000-475,000	9	2.971.119,48	0,74%	359,76	265,97	1,236%	0,320%	2,490%
475,000-500,000	6	2.336.768,97	0,58%	369,72	278,79	0,892%	0,492%	1,688%
500,000-525,000	4	1.307.761,33	0,32%	339,80	256,02	0,602%	0,452%	0,942%
525,000-550,000	1	467.923,04	0,12%	360,00	256,00	0,740%	0,740%	0,740%
550,000-575,000	1	495.714,72	0,12%	300,00	238,00	2,926%	2,926%	2,926%
575,000-600,000	1	524.947,34	0,13%	480,00	360,00	0,694%	0,694%	0,694%
625,000-650,000	1	504.285,75	0,13%	335,00	243,00	0,490%	0,490%	0,490%
700,000-725,000	1	571.834,90	0,14%	433,00	325,00	0,342%	0,342%	0,342%
750,000-775,000	1	22.707,60	0,01%	285,00	50,00	0,472%	0,472%	0,472%
825,000-850,000	1	184.614,57	0,05%	240,00	107,00	0,426%	0,426%	0,426%
900,000-925,000	1	389.673,39	0,10%	288,00	121,00	0,792%	0,792%	0,792%
1.200.000-1.225.000	1	684.582,79	0,17%	240,00	122,00	0,738%	0,738%	0,738%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

Intervals with no data are not shown.

Minimum	1.186,51 €
Maximum	1.200.000,00 €
Weighted average	188.722,72 €

(g) **Distribution by current balance**

The table below shows the distribution by current balance:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by outstanding principal balance)

OUTSTANDING PRINCIPAL BALANCE EUROS (Lower limit included)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
<25,000	1.739	18.365.706,18	4,56%	242,50	171,27	2,910%	0,340%	6,750%
25,000-50,000	747	26.870.488,49	6,67%	294,05	188,40	2,208%	0,181%	6,452%
50,000-75,000	533	32.996.157,50	8,19%	316,31	203,19	1,709%	0,426%	5,492%
75,000-100,000	518	45.138.221,40	11,20%	343,82	230,50	1,481%	0,252%	5,500%
100,000-125,000	403	45.361.089,74	11,25%	371,55	259,43	1,387%	0,252%	5,750%
125,000-150,000	357	48.724.449,56	12,09%	376,18	268,47	1,339%	0,388%	6,431%
150,000-175,000	297	48.124.922,23	11,94%	399,07	293,12	1,211%	0,252%	4,992%
175,000-200,000	242	45.181.461,65	11,21%	413,71	309,76	1,288%	0,252%	3,987%
200,000-225,000	146	30.704.435,21	7,62%	419,72	316,43	1,209%	0,252%	4,443%
225,000-250,000	75	17.795.453,98	4,41%	415,82	312,48	1,287%	0,252%	5,250%
250,000-275,000	46	12.047.645,90	2,99%	422,72	323,34	1,170%	0,452%	3,143%
275,000-300,000	33	9.395.968,75	2,33%	410,62	309,13	1,245%	0,472%	3,931%
300,000-325,000	21	6.519.113,92	1,62%	410,74	308,46	1,228%	0,531%	3,426%
325,000-350,000	14	4.717.335,10	1,17%	423,70	329,75	1,086%	0,152%	2,212%
350,000-375,000	4	1.450.644,55	0,36%	405,10	309,57	0,966%	0,243%	1,944%
375,000-400,000	9	3.473.810,57	0,86%	384,80	284,31	1,011%	0,320%	2,452%
400,000-425,000	3	1.233.284,07	0,31%	377,50	309,05	0,840%	0,492%	1,492%
425,000-450,000	4	1.731.795,09	0,43%	405,29	313,64	1,337%	0,492%	2,490%
450,000-475,000	1	467.923,04	0,12%	360,00	256,00	0,740%	0,740%	0,740%
475,000-500,000	1	495.714,72	0,12%	300,00	238,00	2,926%	2,926%	2,926%
500,000-525,000	2	1.029.233,09	0,26%	404,43	302,67	0,594%	0,490%	0,694%
550,000-575,000	1	571.834,90	0,14%	433,00	325,00	0,342%	0,342%	0,342%
675,000-700,000	1	684.582,79	0,17%	240,00	122,00	0,738%	0,738%	0,738%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

Intervals with no data are not shown.

Minimum	0,16 €
Maximum	684.582,79 €
Average*	77.560,38 €

\* Outstanding principal average balance calculated on the basis of all drawdowns (5,197).



(h) **Distribution by reference rate and margin**

The table below shows the distribution by reference rate and margin:

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Reference Rate and Margin)								
REFERENCE RATE AND MARGIN (%) (Lower limit included)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
<b>Fix Totals</b>	<b>117</b>	<b>2.004.067,43</b>	<b>0,50%</b>	<b>240,35</b>	<b>167,10</b>	<b>5,774%</b>	<b>4,000%</b>	<b>6,750%</b>
<b>EURIBOR 1 AÑO BOE</b>	<b>3.968</b>	<b>336.849.964,55</b>	<b>83,57%</b>	<b>369,92</b>	<b>272,46</b>	<b>1,264%</b>	<b>0,152%</b>	<b>6,676%</b>
0.0 - 0.5	5	827.935,71	0,21%	303,43	191,74	0,435%	0,181%	0,492%
0.5 - 1.0	794	93.654.696,23	23,23%	349,05	241,25	0,669%	0,152%	1,009%
1.0 - 1.5	1.087	127.267.976,00	31,57%	390,18	283,51	0,935%	0,243%	4,750%
1.5 - 2.0	306	34.104.375,17	8,46%	391,20	297,89	1,316%	0,670%	1,959%
2.0 - 2.5	553	40.319.231,23	10,00%	375,80	290,79	1,796%	0,931%	2,442%
2.5 - 3.0	380	16.772.606,54	4,16%	343,98	282,53	2,308%	1,426%	2,992%
3.0 - 3.5	194	6.371.613,31	1,58%	343,51	282,07	2,912%	2,070%	3,409%
3.5 - 4.0	329	8.800.981,56	2,18%	313,99	252,78	3,410%	2,672%	3,888%
4.0 - 4.5	113	2.792.853,56	0,69%	334,17	261,43	3,947%	3,331%	4,326%
4.5 - 5.0	110	3.374.884,95	0,84%	359,65	283,36	4,338%	3,652%	4,962%
5.0 - 5.5	46	1.367.267,32	0,34%	327,21	246,89	4,785%	4,320%	5,244%
5.5 - 6.0	22	539.814,83	0,13%	373,52	299,54	5,470%	4,920%	5,792%
6.0 - 6.5	12	196.324,61	0,05%	261,05	185,67	5,772%	5,492%	6,042%
6.5 - 7.0	17	459.403,53	0,11%	217,35	167,45	6,240%	5,626%	6,676%
<b>IRPHE EFEC</b>	<b>942</b>	<b>61.270.505,53</b>	<b>15,20%</b>	<b>348,60</b>	<b>238,59</b>	<b>2,400%</b>	<b>1,421%</b>	<b>5,882%</b>
0.0 - 0.5	546	39.503.825,04	9,80%	343,31	227,22	2,218%	1,421%	2,537%
0.5 - 1.0	179	15.238.108,31	3,78%	375,67	264,77	2,383%	1,936%	2,986%
1.0 - 1.5	126	4.032.449,33	1,00%	316,37	249,11	3,105%	2,599%	3,490%
1.5 - 2.0	23	933.628,50	0,23%	359,96	282,45	3,566%	3,128%	3,861%
2.0 - 2.5	18	482.842,19	0,12%	281,52	194,98	4,110%	3,881%	4,473%
2.5 - 3.0	21	359.668,63	0,09%	268,08	205,23	4,466%	4,201%	4,830%
3.0 - 3.5	23	668.512,60	0,17%	311,07	236,49	5,082%	4,646%	5,258%
3.5 - 4.0	5	45.754,68	0,01%	382,90	292,73	5,604%	5,599%	5,608%
4.0 - 4.5	1	5.716,25	0,00%	120,00	32,00	5,882%	5,882%	5,882%
<b>MIBOR A 1 AÑO BOE</b>	<b>40</b>	<b>815.231,63</b>	<b>0,20%</b>	<b>275,82</b>	<b>115,99</b>	<b>1,137%</b>	<b>0,790%</b>	<b>1,944%</b>
0.5 - 1.0	6	75.176,66	0,02%	253,95	66,79	0,821%	0,790%	0,938%
1.0 - 1.5	22	486.208,81	0,12%	277,04	117,18	0,993%	0,920%	1,059%
1.5 - 2.0	11	228.142,96	0,06%	279,72	136,43	1,456%	1,405%	1,492%
2.0 - 2.5	1	25.703,20	0,01%	300,00	56,00	1,944%	1,944%	1,944%
<b>TABLA I.R.P.H.</b>	<b>130</b>	<b>2.141.503,29</b>	<b>0,53%</b>	<b>245,95</b>	<b>123,25</b>	<b>2,683%</b>	<b>2,025%</b>	<b>3,451%</b>
0.0 - 0.5	20	370.077,39	0,09%	285,06	115,29	2,276%	2,025%	2,466%
0.5 - 1.0	103	1.581.580,14	0,39%	234,47	125,77	2,720%	2,425%	2,905%
1.0 - 1.5	7	189.845,76	0,05%	257,70	117,76	3,171%	3,016%	3,451%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

EURIBOR 1 AÑO BOE: Europe Interbank Offered Rate.

IRPHE EFEC: *IRPH Entidades efectivo* (effective Reference Rate for Mortgage Loans Entities).

MIBOR A 1 AÑO BOE: Madrid InterBank Offered Rate.

TABLA I.R.P.H.: IRPH Entidades nominal (nominal Reference Rate for Mortgage Loans Entities).

The reference interest rates listed above are currently applied to the Reviewed Mortgage Loans.

(i) **Distribution by Subsidised**

The table below shows the distribution by subsidised:

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by possibility of Subsidy)								
Possibility of Subsidy (Lower limit included)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
No	2.948	161.026.225,78	39,95%	333,01	234,27	1,769%	0,181%	6,750%
Yes	2.249	242.055.046,65	60,05%	387,59	286,58	1,265%	0,152%	6,487%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Current Subsidised Applying)								
Current Subsidised Applying (Lower limit included)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
No	396	41.429.617,61	17,12%	400,94	302,17	1,333%	0,252%	6,487%
Yes	1.853	200.625.429,04	82,88%	384,78	283,36	1,251%	0,152%	6,026%
<b>Total</b>	<b>2.249</b>	<b>242.055.046,65</b>	<b>100,00%</b>	<b>387,59</b>	<b>286,58</b>	<b>1,265%</b>	<b>0,152%</b>	<b>6,487%</b>

Some of the Mortgage Loans (60.05%) include subsidies to be applied to the margin, meaning a decrease in the margin to be applied to the reference rate of the relevant Mortgage Loan in order to calculate the interest applicable to the Mortgage Loan.

As a general rule, said subsidies are linked to (i) the direct deposit of the salaries and or pensions of the Debtors in an account opened in an office of BBVA, (ii) the use by the Debtors of any credit cards issued by BBVA, (iii) the subscription by the Debtor of a home insurance policy or a life insurance policy issued by BBVA, (iv) the Debtors entering into a hedging agreement in order to cover the interest rate variation risk and (v) the direct debit of any bills by the Debtors. Each product or service allows for a certain amount of subsidy, and the Debtor will only be able to benefit of a maximum bonification, as set out in the correspondent Mortgage Loan agreement.

The average interest rate of the Reviewed Mortgage Loans with subsidised interest rate is 1.27% and the average weighted discount currently applied to the Reviewed Mortgage Loans with subsidised interest rate is 0.24%. The maximum weighted average discount applicable to the subsidised interest rate of the Reviewed Mortgage Loans is 0.47%. The minimum subsidy currently applied is 0.00% and the maximum subsidy currently applied is 1.00% (both of them over the interest rate applicable to the corresponding Mortgage Loan from time to time).

(j) **Distribution by maximum subsidy over the interest rate**

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Maximum Subsidy over interest rate)									
Maximum Subsidy over interest rate (%)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE	
0,250%	1.103	124.904.180,36	51,60%	370,54	262,31	1,143%	0,320%	5,244%	
0,300%	5	519.937,30	0,21%	402,69	316,81	2,175%	1,020%	4,992%	
0,400%	78	8.008.456,01	3,31%	358,54	263,58	1,079%	0,481%	4,782%	
0,450%	4	313.312,65	0,13%	463,30	385,28	2,153%	1,392%	4,292%	
0,500%	37	4.190.432,85	1,73%	461,85	349,78	0,845%	0,333%	1,752%	
0,550%	2	161.416,73	0,07%	401,36	282,07	2,143%	1,005%	4,750%	
0,550%	132	14.805.313,49	6,12%	421,41	310,94	0,922%	0,252%	1,772%	
0,006	456	39.632.111,61	16,37%	382,10	301,06	1,930%	0,152%	5,952%	
0,750%	15	1.870.146,35	0,77%	420,00	327,78	2,117%	0,920%	5,492%	
0,800%	163	24.042.553,81	9,93%	451,29	346,06	0,819%	0,243%	1,926%	
0,850%	129	12.105.467,54	5,00%	402,92	285,19	1,252%	0,587%	2,792%	
1,000%	80	7.909.356,29	3,27%	397,33	342,30	1,913%	0,737%	6,487%	
1,200%	20	1.986.044,83	0,82%	421,80	318,80	1,007%	0,310%	1,631%	
1,700%	3	310.488,35	0,13%	360,08	265,38	1,591%	1,120%	1,931%	
1,750%	4	417.102,11	0,17%	426,30	357,71	2,174%	2,093%	2,452%	
1,800%	7	307.352,98	0,13%	240,07	171,35	1,375%	1,120%	2,220%	
1,850%	1	40.640,55	0,02%	600,00	504,00	2,055%	2,055%	2,055%	
1,900%	4	306.938,32	0,13%	379,19	292,81	2,092%	1,202%	2,152%	
2,200%	6	223.794,52	0,09%	309,35	178,06	2,220%	1,605%	2,452%	
<b>Total</b>	<b>2.249</b>	<b>242.055.046,65</b>	<b>100,00%</b>	<b>387,59</b>	<b>286,58</b>	<b>1,265%</b>	<b>0,152%</b>	<b>6,487%</b>	

The table above shows the maximum subsidy that can be applied to the interest rate, the interest rate after the application of the subsidy will never be below 0%.

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Applied Subsidy over interest rate in last update)									
Applied Subsidy over interest rate in last update (%)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE	
0,000%	396	41.429.617,61	17,12%	400,94	302,17	1,333%	0,252%	6,487%	
0,050%	45	5.507.727,86	2,28%	352,29	256,34	1,032%	0,623%	4,992%	
0,100%	295	29.373.234,83	12,13%	369,70	266,84	1,310%	0,476%	5,882%	
0,150%	223	26.279.291,63	10,86%	360,91	255,25	1,086%	0,340%	4,782%	
0,200%	272	28.130.111,73	11,62%	371,30	271,92	1,360%	0,426%	5,481%	
0,250%	396	45.816.547,75	18,93%	381,38	268,97	1,203%	0,320%	4,469%	
0,300%	136	12.185.225,73	5,03%	390,05	304,74	1,683%	0,520%	5,393%	
0,350%	2	446.684,57	0,18%	459,01	344,11	1,903%	1,903%	1,903%	
0,400%	109	10.512.558,49	4,34%	386,38	294,68	1,593%	0,590%	6,026%	
0,450%	75	10.966.253,08	4,53%	458,40	347,42	0,651%	0,531%	3,002%	
0,500%	92	9.680.008,83	4,00%	420,46	321,54	1,351%	0,152%	5,492%	
0,550%	57	5.027.656,13	2,08%	426,50	307,47	0,948%	0,470%	2,792%	
0,600%	45	4.496.519,28	1,86%	405,26	335,96	1,739%	0,326%	5,887%	
0,650%	2	111.645,51	0,05%	349,68	276,03	2,360%	1,322%	2,776%	
0,700%	31	3.734.564,55	1,54%	422,99	303,29	1,079%	0,660%	1,692%	
0,750%	4	579.344,71	0,24%	399,11	289,73	0,541%	0,310%	0,702%	
0,800%	44	4.597.649,80	1,90%	412,88	346,82	1,261%	0,243%	5,672%	
0,850%	10	786.628,59	0,32%	369,21	267,58	0,881%	0,587%	2,170%	
0,900%	3	230.988,09	0,10%	261,17	178,48	1,123%	1,120%	1,126%	
0,950%	1	12.475,69	0,01%	120,00	25,00	1,202%	1,202%	1,202%	
1,000%	11	2.150.312,19	0,89%	436,16	370,51	1,202%	0,737%	1,542%	
<b>Total</b>	<b>2.249</b>	<b>242.055.046,65</b>	<b>100,00%</b>	<b>387,59</b>	<b>286,58</b>	<b>1,265%</b>	<b>0,152%</b>	<b>6,487%</b>	

The table above shows the subsidy that is currently applied to the interest rate, the interest rate after the application of the subsidy will never be below 0%.

(k) **Distribution by current interest rate**

The table below shows the distribution by current interest rate:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by current interest rate)

CURRENT INTEREST RATE (%) (Lower limit included)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
0.0 - 0.5	95	15.617.045,92	3,87%	376,12	277,85	0,416%	0,152%	0,494%
0.5 - 1.0	1.378	159.033.879,46	39,45%	366,32	259,08	0,765%	0,501%	0,994%
1.0 - 1.5	755	81.288.616,34	20,17%	389,01	289,46	1,179%	1,002%	1,493%
1.5 - 2.0	519	41.797.234,09	10,37%	379,25	292,36	1,810%	1,502%	1,997%
2.0 - 2.5	986	64.951.684,49	16,11%	349,26	244,78	2,269%	2,001%	2,495%
2.5 - 3.0	408	13.951.094,97	3,46%	315,25	246,67	2,743%	2,502%	2,992%
3.0 - 3.5	482	12.324.813,42	3,06%	308,89	242,87	3,328%	3,001%	3,492%
3.5 - 4.0	160	4.367.071,87	1,08%	330,47	263,87	3,757%	3,500%	3,992%
4.0 - 4.5	150	4.179.039,44	1,04%	339,58	264,30	4,323%	4,000%	4,493%
4.5 - 5.0	75	1.880.572,73	0,47%	335,77	256,18	4,802%	4,510%	4,992%
5.0 - 5.5	36	1.363.205,65	0,34%	333,28	244,48	5,279%	5,034%	5,492%
5.5 - 6.0	33	749.928,75	0,19%	282,80	205,76	5,719%	5,500%	5,987%
6.0 - 6.5	117	1.535.177,84	0,38%	210,18	153,58	6,111%	6,000%	6,492%
6.5 - 7.0	3	41.907,46	0,01%	173,10	93,44	6,611%	6,500%	6,750%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

Minimum	0,152%
Maximum	6,750%
Weighted average	1,466%

(l) **Distribution by interest rate cap**

The table below shows the distribution by interest rate cap:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by Interest rate cap)

Interest rate cap (%)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
No rate Cap	3.771	316.990.389,02	78,64%	363,15	261,08	1,294%	0,152%	6,750%
8,00%	1	126.692,42	0,03%	360,00	210,00	0,494%	0,494%	0,494%
12,00%	648	51.280.643,39	12,72%	385,70	289,84	1,987%	0,588%	5,792%
13,25%	1	124.553,36	0,03%	375,00	311,00	1,193%	1,193%	1,193%
14,50%	1	15.172,54	0,00%	360,00	267,00	2,431%	2,431%	2,431%
15,00%	722	30.997.632,41	7,69%	342,90	270,16	2,192%	0,326%	6,452%
15,95%	12	1.346.175,57	0,33%	391,63	312,07	2,273%	1,252%	3,931%
18,00%	16	1.243.938,03	0,31%	350,47	288,92	2,972%	1,443%	6,492%
20,00%	25	956.075,69	0,24%	320,90	254,16	3,932%	1,722%	6,492%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

(m) **Distribution by loan arrangement date**

The table below shows the distribution by loan arrangement date:

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by loan arrangement date)									
Year Arranged	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE	
1993	1	1.077,94	0,00%	293,00	4,00	1,487%	1,487%	1,487%	
1994	1	16.607,66	0,00%	360,00	89,00	2,234%	2,234%	2,234%	
1996	4	99.484,81	0,02%	332,64	99,96	2,754%	1,944%	3,439%	
1997	24	260.968,74	0,06%	284,89	100,64	2,445%	0,472%	3,451%	
1998	23	635.661,84	0,16%	333,61	152,21	1,977%	0,737%	3,088%	
1999	60	1.568.506,46	0,39%	304,56	121,70	2,012%	0,738%	2,781%	
2000	53	2.290.357,58	0,57%	344,85	155,50	2,136%	0,181%	2,662%	
2001	59	2.934.040,61	0,73%	340,65	172,29	1,821%	0,555%	2,865%	
2002	115	6.252.654,98	1,55%	332,95	177,01	1,535%	0,543%	3,240%	
2003	140	9.152.272,38	2,27%	333,09	182,75	1,437%	0,470%	3,492%	
2004	237	20.528.848,02	5,09%	354,78	214,29	1,293%	0,472%	5,300%	
2005	418	39.975.689,29	9,92%	354,16	226,15	1,167%	0,393%	3,490%	
2006	646	72.168.356,27	17,90%	377,60	262,36	1,166%	0,340%	4,469%	
2007	547	63.652.602,64	15,79%	390,24	286,17	1,052%	0,243%	6,250%	
2008	540	51.601.065,78	12,80%	394,32	300,67	1,135%	0,252%	6,500%	
2009	914	70.228.878,46	17,42%	376,63	294,31	1,996%	0,320%	6,000%	
2010	353	15.660.244,02	3,89%	338,33	273,71	2,017%	0,152%	6,750%	
2011	315	8.835.505,00	2,19%	287,66	237,23	2,633%	0,492%	6,676%	
2012	390	14.512.231,73	3,60%	286,40	239,00	2,140%	0,452%	6,492%	
2013	189	9.975.769,86	2,47%	271,27	236,13	1,944%	0,443%	6,487%	
2014	167	12.679.849,52	3,15%	354,28	326,35	1,896%	0,526%	6,488%	
2015	1	50.598,84	0,01%	147,00	122,00	3,102%	3,102%	3,102%	
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>	
Latest Origination Date	28/01/2015								

(n) **Distribution by Seasoning**

The table below shows the distribution by seasoning:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by seasoning)

SEASONING (months) (Lower limit included)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
15 - 30	11	448.810,05	0,11%	272,48	253,82	2,380%	0,838%	3,452%
30 - 45	279	18.735.655,76	4,65%	329,03	300,20	1,952%	0,443%	6,488%
45 - 60	401	16.415.743,00	4,07%	276,50	230,82	2,009%	0,452%	6,492%
60 - 75	400	11.648.008,23	2,89%	297,66	247,03	2,622%	0,492%	6,750%
75 - 90	565	31.471.423,72	7,81%	347,94	277,69	2,018%	0,152%	6,000%
90 - 105	992	77.832.263,89	19,31%	384,92	298,61	1,779%	0,320%	6,000%
105 - 120	680	80.336.014,85	19,93%	392,94	291,43	0,997%	0,243%	6,500%
120 - 135	781	86.418.030,77	21,44%	378,48	264,00	1,166%	0,321%	4,750%
135 - 150	451	43.510.707,21	10,79%	355,79	225,53	1,175%	0,393%	3,490%
150 - 165	231	18.005.352,48	4,47%	345,22	202,82	1,369%	0,470%	5,300%
165 - 180	172	9.913.026,85	2,46%	332,50	175,24	1,488%	0,543%	3,240%
180 - 195	73	3.600.358,74	0,89%	335,31	170,32	1,771%	0,181%	2,865%
195 - 210	67	2.625.480,76	0,65%	333,26	149,76	2,181%	0,694%	2,662%
210 - 225	52	1.483.193,50	0,37%	319,75	137,55	1,931%	0,737%	3,088%
225 - 240	36	520.032,21	0,13%	292,73	105,12	2,288%	0,472%	3,451%
240 - 255	4	99.484,81	0,02%	332,64	99,96	2,754%	1,944%	3,439%
270 - 285	1	16.607,66	0,00%	360,00	89,00	2,234%	2,234%	2,234%
285 - 300	1	1.077,94	0,00%	293,00	4,00	1,487%	1,487%	1,487%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

Minimum	25
Maximum	289
Weighted average	111,00

(o) **Distribution by loan maturity date**

The table below shows the distribution by loan maturity date:

<b>REVIEWED PORTFOLIO, SRF 2017-1 ISSUE</b>									
<b>(Division by loan maturity date)</b>									
<b>MATURITY YEAR</b>	<b>Num</b>	<b>OUTSTANDING PRINCIPAL BALANCE (euros)</b>	<b>OUTSTANDING PRINCIPAL BALANCE</b>	<b>ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)</b>	<b>REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)</b>	<b>CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE</b>	<b>Min. CURRENT RATE</b>	<b>Max. CURRENT RATE</b>	
2017	67	78.202,28	0,02%	178,77	7,23	2,259%	0,738%	4,962%	
2018	94	385.222,37	0,10%	164,85	16,78	2,242%	0,581%	4,093%	
2019	103	781.451,46	0,19%	179,14	28,59	2,220%	0,737%	6,000%	
2020	85	957.739,92	0,24%	161,02	42,05	2,279%	0,540%	6,750%	
2021	138	1.765.095,18	0,44%	188,91	53,36	3,017%	0,472%	6,676%	
2022	108	1.956.805,69	0,49%	188,25	64,76	2,045%	0,520%	6,490%	
2023	106	2.467.787,25	0,61%	210,41	76,88	1,831%	0,540%	6,000%	
2024	121	3.542.364,95	0,88%	212,00	88,34	1,850%	0,526%	4,492%	
2025	124	5.128.875,62	1,27%	229,15	100,86	1,691%	0,181%	6,000%	
2026	128	4.701.747,65	1,17%	239,30	112,84	1,896%	0,426%	6,042%	
2027	150	6.365.400,39	1,58%	248,25	124,18	1,508%	0,488%	6,026%	
2028	126	5.832.652,29	1,45%	259,46	136,17	1,520%	0,502%	6,500%	
2029	171	8.280.410,57	2,05%	272,02	148,85	2,016%	0,544%	5,233%	
2030	140	7.498.928,07	1,86%	298,22	160,38	1,667%	0,476%	6,452%	
2031	178	9.276.831,69	2,30%	298,27	173,13	1,645%	0,402%	6,431%	
2032	212	11.993.952,82	2,98%	313,76	184,60	1,724%	0,490%	6,492%	
2033	186	13.317.490,66	3,30%	327,05	196,19	1,490%	0,252%	6,000%	
2034	300	22.591.651,93	5,60%	334,24	208,53	1,513%	0,452%	6,488%	
2035	356	33.200.639,94	8,24%	346,67	220,84	1,201%	0,393%	6,000%	
2036	363	37.418.963,17	9,28%	352,53	232,43	1,298%	0,252%	6,431%	
2037	234	24.672.908,17	6,12%	355,82	243,46	1,217%	0,320%	6,000%	
2038	184	17.459.172,76	4,33%	360,13	256,53	1,283%	0,384%	4,943%	
2039	175	16.907.087,33	4,19%	362,60	267,44	1,780%	0,531%	6,000%	
2040	75	6.644.344,28	1,65%	375,17	279,79	1,430%	0,152%	6,000%	
2041	116	12.260.233,47	3,04%	398,92	292,51	1,534%	0,516%	6,000%	
2042	99	11.510.283,81	2,86%	408,44	304,27	1,245%	0,388%	6,492%	
2043	133	15.319.667,54	3,80%	423,09	316,97	1,290%	0,252%	5,926%	
2044	151	16.693.711,80	4,14%	426,54	326,89	1,789%	0,342%	5,737%	
2045	70	8.888.132,53	2,21%	451,29	339,54	1,604%	0,526%	6,000%	
2046	113	17.260.707,36	4,28%	466,63	352,85	1,217%	0,470%	6,000%	
2047	111	17.238.094,98	4,28%	478,92	363,99	0,982%	0,243%	4,431%	
2048	131	15.792.057,02	3,92%	478,09	376,80	1,440%	0,252%	5,143%	
2049	203	23.925.939,92	5,94%	477,78	386,52	1,888%	0,326%	5,952%	
2050	39	3.450.653,16	0,86%	475,47	398,85	1,637%	0,592%	6,000%	
2051	18	2.729.905,80	0,68%	511,49	415,25	1,080%	0,493%	1,993%	
2052	16	2.783.715,56	0,69%	522,48	422,89	1,245%	0,581%	2,920%	
2053	17	2.799.957,62	0,69%	532,06	435,91	1,057%	0,252%	2,672%	
2054	23	3.257.861,19	0,81%	503,72	446,12	1,829%	0,559%	5,490%	
2055	5	899.875,40	0,22%	570,59	458,15	0,776%	0,555%	1,031%	
2056	9	1.601.501,72	0,40%	596,84	474,15	1,171%	0,493%	2,421%	
2057	12	2.547.019,33	0,63%	600,07	482,69	1,028%	0,570%	2,224%	
2058	5	675.475,06	0,17%	606,30	494,23	0,909%	0,252%	2,011%	
2059	2	220.752,72	0,05%	616,50	504,00	1,215%	1,026%	2,055%	
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>	

(p) **Distribution by months in arrears**

The table below shows the distribution by months in arrears:

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Months' Arrears)								
Months in Arrears	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
No arrears	4.870	373.329.871,50	92,62%	363,78	265,54	1,465%	0,152%	6,750%
1 to 30 days in arrears	327	29.751.400,93	7,38%	372,04	267,42	1,474%	0,252%	6,500%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

(q) **Distribution by payment frequency (principal)**

The table below shows the distribution by payment frequency (principal):

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Payment frequency (Principal))								
Payment frequency (Principal)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
Biannual	2	114.872,22	0,03%	294,36	192,72	1,231%	1,105%	1,655%
Monthly	5.192	402.556.698,51	99,87%	364,51	265,82	1,467%	0,152%	6,750%
Quarterly	3	409.701,70	0,10%	268,69	144,97	0,681%	0,588%	1,138%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

(r) **Distribution by payment frequency (interest)**

The table below shows the distribution by payment frequency (interest):

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Payment frequency (Interest))								
Payment frequency (Interest)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
Biannual	2	114.872,22	0,03%	294,36	192,72	1,231%	1,105%	1,655%
Monthly	5.192	402.556.698,51	99,87%	364,51	265,82	1,467%	0,152%	6,750%
Quarterly	3	409.701,70	0,10%	268,69	144,97	0,681%	0,588%	1,138%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>



(s) **Distribution by amortisation type**

The table below shows the distribution by amortisation type:

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Amortisation type)								
Amortisation type	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
French	4.931	370.756.484,11	91,98%	361,59	261,94	1,458%	0,152%	6,676%
Geometric	266	32.324.788,32	8,02%	402,03	308,57	1,556%	0,310%	6,750%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

The instalments of Reviewed Mortgage Loans with geometric amortisation system are increased on a yearly basis according to an increase ratio.

The French amortization type is mainly characterised by equal payments, growth of the principal amortization value, and the decreasing interest values.

(t) **Distribution by maximum length of grace period that could be requested by Debtors**

The table below shows the distribution by maximum length of grace period that could be requested by Debtors:

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Maximum length of grace period remaining months)									
Maximum length of grace period remaining months	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE	
0	3.924	275.886.663,36	68,44%	367,74	276,59	1,617%	0,152%	6,750%	
2	3	326.046,71	0,08%	359,86	214,65	1,280%	0,726%	2,290%	
3	3	417.448,24	0,10%	385,63	240,34	1,066%	0,626%	2,441%	
4	3	210.799,47	0,05%	365,69	254,53	0,799%	0,676%	2,625%	
5	6	631.820,80	0,16%	345,32	224,10	0,678%	0,516%	0,944%	
6	11	1.183.795,34	0,29%	335,65	197,98	1,064%	0,590%	2,392%	
7	5	720.693,42	0,18%	380,98	247,34	1,116%	0,731%	2,404%	
8	5	641.554,47	0,16%	377,09	262,66	0,647%	0,502%	1,059%	
9	8	879.391,13	0,22%	325,61	190,62	0,903%	0,637%	3,016%	
10	8	1.259.207,08	0,31%	389,32	268,88	0,823%	0,693%	1,093%	
11	7	722.068,04	0,18%	326,14	194,41	1,505%	0,702%	2,553%	
12	107	11.501.993,84	2,85%	350,85	229,62	1,014%	0,321%	2,648%	
13	6	659.636,73	0,16%	278,25	173,30	0,847%	0,340%	2,433%	
14	10	1.049.204,84	0,26%	341,84	223,72	1,273%	0,743%	2,875%	
15	9	1.181.422,74	0,29%	381,49	256,31	1,353%	0,592%	2,786%	
16	15	1.651.175,33	0,41%	378,84	257,85	1,011%	0,626%	2,430%	
17	18	2.127.163,80	0,53%	367,71	249,42	1,098%	0,531%	2,319%	
18	24	3.006.596,52	0,75%	349,22	225,71	1,384%	0,544%	2,480%	
19	16	1.961.271,51	0,49%	364,79	238,49	1,098%	0,538%	2,492%	
20	16	2.652.276,96	0,66%	399,09	278,27	1,167%	0,476%	2,282%	
21	17	2.322.115,97	0,58%	376,21	254,92	0,890%	0,544%	2,491%	
22	12	1.767.080,19	0,44%	378,93	255,64	1,218%	0,544%	2,462%	
23	7	717.045,76	0,18%	290,30	175,08	1,182%	0,693%	2,342%	
24	405	47.188.112,23	11,71%	354,20	238,21	1,071%	0,181%	3,439%	
25	9	1.451.995,00	0,36%	416,95	298,03	1,404%	0,544%	2,450%	
26	8	1.159.403,56	0,29%	379,90	255,95	0,791%	0,544%	1,481%	
27	4	627.621,24	0,16%	410,20	290,36	1,009%	0,821%	1,122%	
28	7	839.711,78	0,21%	337,59	219,25	0,944%	0,588%	2,397%	
29	27	3.197.364,40	0,79%	346,01	236,29	1,161%	0,592%	2,586%	
30	47	4.141.191,02	1,03%	359,08	248,17	1,323%	0,593%	2,662%	
31	12	1.258.927,14	0,31%	350,37	231,84	1,220%	0,443%	2,164%	
32	11	1.098.482,46	0,27%	331,16	220,47	1,273%	0,431%	2,615%	
33	15	2.047.438,50	0,51%	341,69	222,86	1,012%	0,592%	2,418%	
34	6	1.064.342,29	0,26%	414,57	299,65	1,002%	0,631%	2,294%	
35	1	229.402,04	0,06%	420,00	312,00	1,142%	1,142%	1,142%	
36	405	25.300.808,52	6,28%	360,17	252,40	1,341%	0,431%	3,971%	
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>	

Principal and/or interest grace periods requests from Debtors may be approved or rejected by the Servicer on a case by case basis. In order for any such request to be accepted by the Servicer, the following general conditions are taken into account:

- (i) Grace Periods cannot last more than twelve (12) consecutive months.
- (ii) No more than five (5) grace periods can be granted, for a total maximum of up to thirty-six (36) months.
- (iii) The current balance in the Mortgage Loan (including interest capitalized during the payment holiday period) cannot exceed the initial balance of such Mortgage Loan.
- (iv) The Mortgage Loan instalments must have been paid within thirty (30) days

from the due date for at least twelve (12) months.

(v) There are no defaults in other loans granted to the corresponding Debtor.

Since 1 February 2015 none of the Reviewed Mortgage Loans has benefited from a contractual grace period.

**(u) Distribution by personal guarantors**

The table below shows the distribution by personal guarantors:

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Guarantors)									
Number of Guarantors	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE	
Without Guarantor	4.419	337.053.895,90	83,62%	359,37	260,84	1,427%	0,152%	6,750%	
1	391	31.075.790,82	7,71%	375,94	276,31	1,735%	0,320%	6,676%	
2	340	30.207.596,87	7,49%	409,75	307,08	1,585%	0,252%	6,492%	
3	24	1.625.276,64	0,40%	373,27	269,28	2,166%	1,020%	4,990%	
4	20	2.317.513,78	0,57%	387,58	283,10	1,673%	0,742%	4,687%	
7	3	801.198,42	0,20%	360,00	270,00	1,072%	1,072%	1,072%	
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>	

**(v) Distribution by Restructured Loans**

The table below shows the distribution by restructured loans:

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Restructured)									
Restructured	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE	
No	1.040	84.019.087,56	20,84%	369,35	260,54	1,258%	0,243%	6,500%	
Yes	4.157	319.062.184,87	79,16%	362,92	267,03	1,521%	0,152%	6,750%	
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>	

The above table shows the distribution of Reviewed Mortgage Loans, identifying whether they had been restructured or not. In this sense, in order to avoid the Debtor going into default, prior to 15 April 2015, Catalunya Banc, S.A. offered different possibilities of refinancing loans as, short-term payment agreements, revolving credits, modifications of the amortization system, interest capitalization, grace periods, and others.

(w) **Distribution by end of AQ Loan support**

The table below shows the distribution by end of AQ Loan support:

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by End of AQ loan support)									
End of AQ loan support	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE	
No AQ Loan	4.583	324.735.772,04	80,56%	357,03	261,07	1,543%	0,152%	6,750%	
2009	6	1.147.922,63	0,28%	479,73	354,48	1,132%	0,543%	2,374%	
2010	10	833.125,19	0,21%	421,01	301,30	1,226%	0,576%	2,421%	
2011	74	9.590.579,68	2,38%	453,93	337,89	1,233%	0,252%	5,750%	
2012	94	11.771.947,53	2,92%	396,43	283,54	1,268%	0,470%	3,693%	
2013	179	23.187.399,48	5,75%	386,65	282,20	1,149%	0,252%	3,490%	
2014	241	29.981.058,29	7,44%	381,16	268,54	1,056%	0,252%	5,500%	
2015	10	1.833.467,59	0,45%	368,62	263,00	1,325%	0,588%	2,224%	
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>	

A quota adjustment loan ("AQ Loan") support is a specific restructuring tool used historically by CX under which a new subordinated loan was granted to a borrower to partially refinance a series of previous instalments under an original senior loan in order to reduce the arrears balance. The AQ Loan was granted with a principal and interest payment grace period. For the avoidance of doubt, the end of the AQ Loan support refers to the last date in which an instalment of the Mortgage Loan was refinanced with the AQ Loan. The AQ Loans may be secured loans.

No AQ Loans related to a Reviewed Mortgage Loan will be transferred to the Fund.

(x) **Distribution by concentration by Debtor**

The table below shows the distribution by concentration by Debtor:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Concentration by Debtor)

Debtor Concentration	NUM	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE (%)
1	3	801.198,42	0,20%
2	1	684.582,79	0,17%
3	2	654.636,04	0,16%
4	2	628.004,13	0,16%
5	2	537.597,15	0,13%
6	2	535.212,17	0,13%
7	1	524.947,34	0,13%
8	3	523.718,25	0,13%
9	1	504.285,75	0,13%
10	4	500.551,89	0,12%
Rest	5.176	397.186.538,50	98,54%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>

(y) **Distribution by Country of Origin of the primary debtor**

The table below shows the distribution by country of origin of the primary debtor:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by Country of Origin of the primary debtor\*)

Country of Origin of the primary debtor*	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
GERMANY	3	329.889,25	0,08%	316,20	220,08	1,923%	0,944%	3,637%
ARGELIA	1	86.165,27	0,02%	292,00	154,00	0,672%	0,672%	0,672%
ARGENTINA	19	1.451.447,75	0,36%	377,60	282,76	1,245%	0,809%	6,000%
ARMENIA	3	230.466,40	0,06%	416,55	311,91	1,476%	1,231%	3,943%
BELGIUM	2	170.843,48	0,04%	360,00	244,32	1,102%	1,031%	1,138%
BOLIVIA	1	105.388,29	0,03%	420,00	292,00	0,740%	0,740%	0,740%
BRAZIL	5	296.115,16	0,07%	343,86	210,75	0,951%	0,782%	2,405%
BULGARIA	13	1.061.772,35	0,26%	407,78	295,67	1,119%	0,587%	6,000%
CHILE	4	382.120,80	0,09%	384,00	312,80	1,837%	1,092%	3,092%
CHINA	8	1.226.476,62	0,30%	341,34	223,33	1,334%	0,581%	2,424%
COLOMBIA	5	278.064,19	0,07%	322,54	239,63	1,364%	1,138%	3,638%
CUBA	1	126.287,55	0,03%	360,00	267,00	1,031%	1,031%	1,031%
DENMARK	2	259.187,93	0,06%	360,00	207,09	0,746%	0,644%	0,842%
ECUADOR	24	1.937.353,85	0,48%	436,86	329,21	2,022%	0,943%	5,244%
SPAIN	4.859	370.402.339,45	91,89%	362,68	264,19	1,467%	0,152%	6,750%
U.S	1	95.119,57	0,02%	188,00	113,00	3,259%	3,259%	3,259%
PHILIPPINES	4	576.326,37	0,14%	426,51	313,77	2,380%	1,509%	4,992%
FRANCE	14	2.243.474,31	0,56%	337,68	245,87	1,303%	0,570%	5,742%
GAMBIA	1	105.073,70	0,03%	360,00	226,00	1,181%	1,181%	1,181%
GEORGIA	2	209.298,59	0,05%	354,89	229,63	1,171%	0,992%	3,431%
GUINEA	2	67.043,79	0,02%	328,61	226,36	2,550%	2,469%	4,469%
HOLLAND	6	466.604,45	0,12%	356,69	257,88	1,079%	0,310%	3,431%
HUNGARY	2	217.383,08	0,05%	300,00	187,35	1,224%	1,076%	1,287%
INDIA	4	557.063,42	0,14%	381,18	289,48	1,860%	1,043%	3,742%
ITALY	22	2.292.891,39	0,57%	382,46	292,52	1,872%	0,692%	5,750%
LITHUANIA	1	140.940,67	0,03%	515,00	386,00	0,838%	0,838%	0,838%
MOROCCO	14	838.361,10	0,21%	370,62	267,60	2,332%	1,692%	6,000%
MOLDOVA	4	563.145,62	0,14%	379,04	268,19	1,075%	0,994%	1,542%
PAKISTAN	2	294.997,65	0,07%	469,71	349,28	2,801%	2,562%	3,152%
PARAGUAY	1	216.936,96	0,05%	480,00	347,00	2,124%	2,124%	2,124%
PERU	13	1.715.585,65	0,43%	410,67	293,74	1,299%	0,252%	6,000%
POLAND	4	341.794,57	0,08%	411,29	307,00	0,987%	0,555%	6,000%
PORTUGAL	5	468.592,96	0,12%	465,61	352,64	1,341%	0,890%	6,000%
UNITED KINGDOM	37	2.767.654,79	0,69%	336,60	237,38	0,981%	0,452%	6,000%
DOMINICAN REPUBLIC	3	229.374,18	0,06%	504,03	404,29	1,530%	1,405%	6,000%
ROMANIA	70	7.029.884,25	1,74%	416,40	303,02	1,432%	0,502%	6,452%
RUSSIA	6	626.841,76	0,16%	365,19	253,82	1,393%	0,681%	3,444%
SENEGAL	4	384.278,01	0,10%	462,07	359,54	1,279%	0,943%	6,000%
SERBIA	1	137.177,71	0,03%	240,00	104,00	0,452%	0,452%	0,452%
SWEDEN	2	259.447,69	0,06%	359,09	235,68	1,156%	0,838%	3,971%
SWITZERLAND	2	76.626,57	0,02%	201,13	77,50	1,492%	0,905%	1,652%
UKRAINE	20	1.815.435,28	0,45%	411,82	311,94	1,414%	0,738%	3,792%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

\*The term "Primary Debtor" is a denomination used by Anticipa on a commercial basis and it has not any legal implication. Additionally, at least one Debtor is from Spain under each Mortgage Loan.

(z) **Distribution by Residence Type**

The table below shows the distribution by residence type:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by Residence type for the principal property)

RESIDENCE TYPE FOR THE PRINCIPAL PROPERTY	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
First residence	4.656	363.039.719,16	90,07%	364,81	265,78	1,481%	0,152%	6,676%
Not available	32	3.327.736,25	0,83%	359,01	251,58	0,914%	0,426%	2,885%
Second residence	509	36.713.817,02	9,11%	360,82	265,97	1,370%	0,252%	6,750%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

(aa) **Distribution by Collateral Type**

The table below shows the distribution by collateral type:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by Collateral type)

Collateral type	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
Houses	5.180	400.971.981,91	99,48%	364,13	265,48	1,465%	0,152%	6,750%
Land	4	420.899,84	0,10%	458,51	356,21	1,621%	1,026%	6,000%
Parking	5	644.722,30	0,16%	433,95	320,57	1,567%	1,043%	2,395%
Retail	5	672.434,17	0,17%	373,16	235,83	2,258%	2,212%	3,444%
Storage	3	371.234,21	0,09%	414,56	341,57	0,832%	0,652%	2,652%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

(bb) **Distribution by province**

The table below shows the distribution by province:

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Province of principal Property)									
Province of principal Property	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE	
Albacete	6	332.393,09	0,08%	316,98	182,69	0,982%	0,587%	3,091%	
Alicante/Alacant	148	8.929.552,53	2,22%	333,33	236,35	1,394%	0,310%	6,250%	
Almería	30	1.845.013,87	0,46%	331,40	239,37	1,066%	0,592%	3,637%	
Araba/Álava	3	375.288,07	0,09%	480,00	379,26	1,166%	0,890%	3,426%	
Asturias	1	76.113,43	0,02%	359,00	193,00	0,692%	0,692%	0,692%	
Ávila	7	575.209,14	0,14%	371,54	260,60	0,678%	0,581%	4,920%	
Badajoz	14	817.304,34	0,20%	391,24	274,25	1,478%	0,831%	4,292%	
Balears, Illes	27	2.812.192,69	0,70%	368,09	265,14	1,322%	0,537%	3,590%	
Barcelona	2.954	235.146.362,74	58,34%	369,69	271,39	1,544%	0,152%	6,750%	
Bizkaia	7	636.163,19	0,16%	350,27	252,69	0,857%	0,384%	3,384%	
Burgos	7	792.545,57	0,20%	342,98	229,66	1,075%	0,626%	4,420%	
Cáceres	1	139.324,23	0,03%	360,00	235,00	2,430%	2,430%	2,430%	
Cádiz	32	2.420.885,12	0,60%	366,10	251,92	0,910%	0,452%	4,242%	
Cantabria	7	476.138,21	0,12%	373,00	245,67	0,975%	0,838%	4,181%	
Castellón/Castelló	67	5.291.949,46	1,31%	367,23	269,89	1,440%	0,252%	6,487%	
Ciudad Real	1	286.428,70	0,07%	360,00	274,00	3,931%	3,931%	3,931%	
Córdoba	8	534.950,54	0,13%	328,25	208,04	1,151%	0,938%	3,487%	
Coruña	5	379.396,25	0,09%	322,71	198,61	1,148%	0,592%	2,557%	
Cuenca	9	590.936,50	0,15%	346,20	241,26	1,016%	0,388%	2,943%	
Girona	276	19.768.603,32	4,90%	338,87	239,41	1,542%	0,326%	5,792%	
Granada	6	291.514,45	0,07%	345,47	255,71	1,130%	0,776%	3,276%	
Guadalajara	15	1.275.581,67	0,32%	414,76	319,48	1,169%	0,526%	5,488%	
Huelva	13	1.404.307,24	0,35%	411,98	313,52	1,353%	0,737%	2,291%	
Huesca	1	119.061,54	0,03%	480,00	383,00	2,599%	2,599%	2,599%	
Jaén	6	237.503,83	0,06%	302,27	160,69	0,922%	0,772%	2,772%	
León	5	258.497,32	0,06%	269,22	171,67	1,383%	1,142%	3,642%	
Lleida	129	9.187.637,02	2,28%	355,87	256,47	1,420%	0,252%	6,000%	
Madrid	290	24.542.649,38	6,09%	358,54	268,94	1,366%	0,252%	6,452%	
Málaga	53	4.715.965,13	1,17%	361,65	254,98	0,961%	0,516%	6,488%	
Murcia	99	7.966.513,87	1,98%	369,74	265,79	1,050%	0,466%	4,752%	
Navarra	12	962.650,28	0,24%	333,46	223,09	0,977%	0,393%	4,238%	
Ourense	4	308.825,18	0,08%	360,07	233,63	1,715%	0,988%	2,487%	
Palencia	2	173.100,80	0,04%	457,37	339,69	1,713%	1,392%	3,042%	
Palmas, Las	10	1.386.222,48	0,34%	287,71	173,56	0,900%	0,738%	1,843%	
Pontevedra	7	356.419,54	0,09%	316,57	181,50	1,264%	0,590%	3,042%	
Rioja, La	4	365.756,12	0,09%	410,77	308,06	0,825%	0,676%	4,242%	
Salamanca	10	1.029.992,77	0,26%	400,25	307,95	0,883%	0,321%	3,443%	
Santa Cruz de Tenerife	20	1.500.123,36	0,37%	354,56	247,37	1,094%	0,482%	3,487%	
Segovia	9	565.713,01	0,14%	383,79	277,32	1,266%	0,642%	4,292%	
Sevilla	18	1.406.634,42	0,35%	366,90	275,13	1,269%	0,694%	4,472%	
Tarragona	575	40.969.986,34	10,16%	365,18	265,48	1,438%	0,252%	6,492%	
Toledo	12	1.447.364,79	0,36%	338,01	233,41	1,428%	0,631%	4,170%	
Valencia/València	247	16.991.314,48	4,22%	357,53	255,23	1,353%	0,442%	6,042%	
Valladolid	8	575.662,22	0,14%	404,18	281,51	1,760%	0,681%	5,952%	
Zaragoza	32	2.815.524,20	0,70%	354,57	240,57	1,482%	0,444%	4,469%	
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>	

(cc) **Distribution by lien**

The table below shows the distribution by lien:

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by Lien)								
Lien	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
First Lien	4.380	385.942.711,23	95,75%	367,58	268,05	1,420%	0,152%	6,750%
Second or further liens	817	17.138.561,20	4,25%	294,36	212,37	2,511%	0,470%	6,492%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>



### 2.2.3 Legal nature of the assets

The Mortgage Loans will be transferred by means of the sale of the Mortgage Certificates from the 2015 Fund to the Seller by virtue of the Seller Purchase Agreement and subsequently on-sold to and acquired 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 Mortgage Certificates were issued by CX and acquired by the 2015 Fund (represented by its management company), pursuant to the terms of the deed of incorporation of the 2015 Fund granted on 15 April 2015, in accordance with Law 2/1981 and Royal Decree 716/2009, and other regulations in force at the time of transfer and relating to the acquisition of mortgage markets titles.

The Mortgage Transfer Certificates (CTHs) will be represented by one global certificate (*título multiple*) (the "**CTHs Title**").

The Mortgage Participations (PHs) will be represented by one global certificate (*título multiple*) (the "**PHs Title**", and together with the CTHs Title, the "**Titles**").

Each Mortgage Transfer Certificate and each Mortgage Participation relates to the 100% of the Outstanding Principal Balance of each of the Mortgage Loans in which it participates as of the Cut-off Date; it has the same term and accrues an interest rate equal to the nominal rate duly accrued on the corresponding Mortgage Loan. Each of the Drawdowns of a Multi-Credit constitutes a PH or a CTH as the case may be.

### 2.2.4 Expiry or maturity date of the assets

Each selected Mortgage Loan has a maturity date, without prejudice to the periodic partial repayment instalments, in accordance with the special terms and conditions applicable to each one.

At any time during the life of the Mortgage Loans, the Debtors may prepay all or part of the Outstanding Principal Balance of the Mortgage Loan, ceasing the accrual of interest on the prepaid portion as from the date of prepayment.

The last final maturity date of the Mortgage Loans is 27 February 2059. The table below shows the distribution by maturity term:

**REVIEWED PORTFOLIO, SRF 2017-1 ISSUE**  
(Division by remaining term)

REMAINING TERM (months) (Lower limit included)	NUM	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE (%)	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (%)	Min. CURRENT RATE (%)	Max. CURRENT RATE (%)
0 - 50	376	2.607.588,25	0,65%	171,87	34,25	2,291%	0,540%	6,750%
50 - 100	498	11.470.664,93	2,85%	207,07	79,49	2,020%	0,472%	6,676%
100 - 150	577	24.246.661,03	6,02%	250,82	126,25	1,701%	0,181%	6,500%
150 - 200	734	42.794.561,39	10,62%	305,71	177,26	1,675%	0,252%	6,492%
200 - 250	1.293	119.920.582,58	29,75%	347,40	225,98	1,299%	0,252%	6,488%
250 - 300	569	55.159.821,37	13,68%	371,58	271,09	1,501%	0,152%	6,000%
300 - 350	476	56.632.537,28	14,05%	429,15	323,77	1,498%	0,252%	6,492%
350 - 400	561	71.700.416,84	17,79%	476,13	373,88	1,429%	0,243%	6,000%
400 - 450	79	12.464.492,84	3,09%	513,87	428,23	1,347%	0,252%	6,000%
450 - 500	32	5.863.193,20	1,45%	594,49	477,17	1,015%	0,252%	2,421%
500 - 550	2	220.752,72	0,05%	616,50	504,00	1,215%	1,026%	2,055%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

Minimum	0,00
Maximum	504,00
Weighted average	265,68

## 2.2.5 Amount of the assets

The principal amount (i.e. nominal amount) of the Mortgage Certificates will be equal to or slightly less than EURO FOUR HUNDRED MILLION (Euro 400,000,000) as of the Cut-off Date, without prejudice to the fact that the Purchase Price related to the Mortgage Loans shall be below Euro 400,000,000 as further explained in section 3.3.2 of this Additional Building Block.

The Reviewed Portfolio as at 27 February 2017, which consists of 5,197 Mortgage Loans with an aggregate Outstanding Principal Balance of Euro 403,081,272.43 contains the Mortgage Loans that will be transferred to the Fund on the Date of Incorporation, except for those in relation to which incidences are detected in verifying the sample and those Mortgage Loans in excess of Euro 400,000,000.

## 2.2.6 Loan to value ratio or level of collateralization

The ratio of the Outstanding Principal Balance of Reviewed Mortgage Loans (considering (i) in case of Reviewed Mortgage Loans derived from Multi-Credit Agreements all the Drawdowns transferred to the Fund and (ii) for Reviewed Mortgages Loans with second or subsequent ranking mortgages the amount of the Outstanding Principal Balance of the corresponding first and subsequent ranking Reviewed Mortgage Loans secured over such property) divided by the valuation or level of collateral for the Reviewed Mortgage Loans is as displayed in the “Loan to Value” (“LTV”) table below.

The current LTV ratio of the Reviewed Mortgage Loans is between 0% and 528.74%, and the average weighted ratio is 60.88%, being expressed as a percentage of (i) the aggregate amount

of (a) the amount of the Outstanding Principal Balance (considering in case of Reviewed Mortgage Loans derived from Multi-Credit Agreements all the Drawdowns transferred to the Fund) of the relevant Mortgage Loan plus (b) the amount of the Outstanding Principal Balance (considering in case of Reviewed Mortgage Loans derived from Multi-Credit Agreements all the Drawdowns transferred to the Fund) of each of the Reviewed Mortgage Loans with prior ranking mortgage (if applicable) as at the Cut-Off Date and (ii) the aggregate amount of the appraisals conducted by the appraisal entities for the purpose of granting the Reviewed Mortgage Loans or conducted at a later stage (including for the purposes of further drawdowns, restructurings of the Reviewed Mortgage Loans or granting a second or subsequent ranking mortgage on the same property performed by CX) or the last available to the Servicer. It should be noted that the database of the Servicer does not specify whether the appraisals correspond to the granting of the Reviewed Mortgage Loans or to appraisals conducted at a later stage.

Such appraisals have been carried out in accordance with Order ECO/805/2003, of 27 March, on valuation rules of real estate and of certain rights for financial purposes (*Orden ECO/805/2003, de 27 de marzo, sobre normas de valoración de bienes inmuebles y de determinados derechos para ciertas finalidades financieras*).

REVIEWED PORTFOLIO, SRF 2017-1 ISSUE (Division by current balance/appraised value ratio)									
OUTSTANDING PRINCIPAL BALANCE/APPRaised VALUE (%) (Lower limit included)	Num	OUTSTANDING PRINCIPAL BALANCE (euros)	OUTSTANDING PRINCIPAL BALANCE	ORIGINAL MATURITY WEIGHTED BY ORIGINAL BALANCE (months)	REMAINING TERM WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (months)	OUTSTANDING PRINCIPAL BALANCE/APPRaised VALUE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE (%)	CURRENT RATE WEIGHTED BY OUTSTANDING PRINCIPAL BALANCE	Min. CURRENT RATE	Max. CURRENT RATE
0 - 10	173	1.959.741,60	0,49%	213,82	86,98	7,33	2,073%	0,472%	6,750%
10 - 20	339	9.981.685,73	2,48%	257,94	149,63	15,44	1,680%	0,426%	6,492%
20 - 30	497	23.708.360,77	5,88%	289,37	181,34	25,46	1,584%	0,181%	6,500%
30 - 40	640	40.010.916,78	9,93%	319,31	213,62	35,65	1,482%	0,152%	6,452%
40 - 50	718	50.771.593,87	12,60%	347,69	237,98	45,33	1,347%	0,342%	6,026%
50 - 60	839	69.831.880,56	17,32%	361,63	249,15	54,99	1,327%	0,252%	6,488%
60 - 70	785	77.485.827,82	19,22%	393,70	285,39	65,14	1,322%	0,243%	6,000%
70 - 80	554	62.644.042,97	15,54%	409,22	300,43	74,73	1,409%	0,252%	6,492%
80 - 90	366	40.421.165,87	10,03%	423,01	323,58	83,91	1,700%	0,481%	6,000%
90 - 100	156	13.931.764,61	3,46%	436,26	352,44	94,46	2,019%	0,681%	6,000%
100 - 110	69	6.232.595,22	1,55%	416,23	331,52	104,99	1,984%	0,731%	6,000%
110 - 120	32	2.885.559,71	0,72%	468,62	381,79	112,91	2,050%	0,542%	5,488%
120 - 130	6	351.792,17	0,09%	359,60	237,03	126,65	2,035%	1,081%	4,687%
130 - 140	2	195.685,15	0,05%	410,58	277,40	130,84	1,291%	0,852%	3,046%
140 - 150	1	220.408,60	0,05%	480,00	444,00	149,48	2,542%	2,542%	2,542%
More than 150	20	2.448.251,00	0,61%	414,37	315,34	277,60	1,989%	0,722%	3,452%
<b>Total</b>	<b>5.197</b>	<b>403.081.272,43</b>	<b>100,00%</b>	<b>364,38</b>	<b>265,68</b>	<b>60,88</b>	<b>1,466%</b>	<b>0,152%</b>	<b>6,750%</b>

Minimum	0,00
Maximum	528,74
Weighted average	60,88

## 2.2.7 Asset creation method

### 1. Origination policy

The methods of creation of assets of Caixa d'Estalvis de Catalunya, Caixa d'Estalvis de Tarragona and Caixa d'Estalvis de Manresa before its merger into Caixa d'Estalvis de Catalunya, Tarragona i Manresa and the methods creation of assets of Caixa d'Estalvis de Catalunya, Tarragona i Manresa were similar, with no substantial differences in the process itself.

The method applied by CX after the transfer of the banking business of Caixa d'Estalvis de Catalunya, Tarragona i Manresa in its favour was very similar to the processes applied before by the relevant entities.

For the purposes of this section, "**Merged Entities**" means the entities Caixa d'Estalvis de Catalunya, Caixa d'Estalvis de Tarragona and Caixa d'Estalvis de Manresa that were merged into Caixa d'Estalvis de Catalunya, Tarragona i Manresa, whose banking business was transferred (as a whole) to CX by virtue of a spin-off on 27 September 2011 and CX.

The common guidelines of the origination process of the Mortgage Loans followed by the Merged Entities are exposed below:

**(i) Levels of Credit Authorization**

The Mortgage Loans were originated in accordance with internal procedures. The Merged Entities never worked with external agencies with risk capacity.

The negotiation of the Mortgage Loans in general was carried out in the branches of the Merged Entities.

For the approval of transactions, the Merged Entities established a level of authorization that varied according to the basic, mid-level and high level.

Since 2009 a zoning committee composed by branch manager and area manager (DZ-DO) were involved in the origination process. From 2011, CX branch network was clustered in three groups. The risk origination area monitoring all the process.

**(ii) Qualitative limitations**

The most significant qualitative limitations in the analysis of a transaction are indicated below, although exceptions may apply and each case may require a more in-depth analysis of one of these aspects or of others if is needed.

- (a) LTV: Analysis of the value of the collateral in relation of the principal due. Appraisal of an official surveyor is used when is mandatory by law. Verification of the characteristics of the property, especially the existence of warnings or qualifications. Factors such as the kind of residence, age of the property, location, lay-out, finishing, orientation, etc are also taken into account.
- (b) DTI: Analysis of the monthly net incomes of the applicant, personal and family status (age, number of members of the family unit, single-parent or two parent family) and employment stability (years on job, type of agreement, professional level of the obligor,

etc.).

(c) Maturity: No more than 40 years until 2013. Since 2013 no more than 30 years.

Regarding the Multi-Credit Agreements, as a general rule, in order for a debtor to be eligible to make additional drawdowns under a multi-credit facility, the following key conditions need to be analysed (and the debtor must be met): (i) the debtor must not be in default; and (ii) the debtor level of indebtedness cannot exceed an established percentage of the debtor's net annual income.

Once a debtor is eligible to make additional drawdowns, the debtor has to fulfil additional standard formalities, for instance: (i) the unpaid principal amount corresponding to all the drawdowns cannot exceed a determined maximum amount (this maximum amount may vary on each Multi-Credit Agreement); (ii) the amount of each of the drawdowns cannot be lower than the established minimum amount (this minimum amount may vary on each Multi-Credit Agreement); and (iii) the maturity date of each of the additional drawdowns cannot exceed the maximum maturity date established in the Multi-Credit Agreement for each drawdown; among others.

**(iii) Loan application process**

- The Mortgage Loan authorisation process began with a personal interview with the applicant. At this interview, a pre-analysis of the transaction was carried out, the applicant was informed of the financial conditions of the loan and of the documents required to process it, associated costs, etc., that was, the conditions of the transaction were established.
- After this first stage, the processing of the loan file began with the transaction being entered into the computer system. The IT system was called Alnova.
- The various elements of this processing, in chronological order, were as follows: Processing, Resolution (Approved, Denied, Cancelled), Pre- Formalisation and Formalisation.
- Documents provided by the customer relating to the transaction and the internal documentation generated in this regard comprise the customer's loan file.

**Internal documentation:**

- Loan application. In addition to data regarding the loan application, a declaration of the value of the assets of the mortgagor or borrower, as applicable, is included.
- Report with the proposal of the branch. Document analysing the potential borrower's

situation and proposing approval or denial of the transaction.

- List of risks generated automatically when a loan is entered. This includes the customer's positions: liabilities, assets, RAI (*Registro de Aceptaciones Impagadas*), Credit Bureau, CIRBE (*Central de Información de Riesgos del Banco de España*), ASNEF (*Asociación Nacional de Establecimiento Financieros de Crédito*) and Experian Credit Bureau's BADEXCUG financial database. This information is required of each of the participants in a transaction, be they borrowers or sureties.

In addition to this internal documentation, information is also obtained from other sources:

- Movements in the accounts (composition/nature of income and charges, frequency, diversification, origin, average/specific balances, etc.).
- Analysis of entity's credit history as borrower or surety.

#### **External documentation:**

- Proof of use of the loan
- Appraisal of the collateral, carried out by an authorised appraisal company.
- Register review of the property to be mortgaged verifying ownership of the property and status of liens or encumbrances.
- Identification by way of tax identification number (NIF), residence card, passport, foreigner identification number (NIE) or identity document of the country of origin.
- Evidence of income: personal income tax return (or equivalent), property tax return and photocopy of the three most recent payroll stubs.
- Deeds of ownership and/or register verifications of other properties owned by them. In the case of properties mortgaged by other entities, provide the 3 most recent mortgage receipts.

#### **(iv) Appraisals**

In conformity with the law in force, the appraisal of the property subject to mortgage were carried out by independent companies duly registered in an Official Register with the Bank of Spain.

By virtue of the Ministerial Orders of 30 November 1994 and 27 March 2003 and 28 February 2008, the Merged Entities only engaged five appraisal companies for the appraisal of property.

Regardless of the appraisal value, the Merged Entities, as a control mechanism, randomly confirmed the original appraisal using another appraisal by another appraisal company authorised by the Bank of Spain. Historical data have demonstrated the similarity of the appraisals of these five companies and those made using the aforesaid control mechanism; in only 2% of cases have there been discrepancies, and they have as often been higher as lower.

**(v) Insurance**

It is an essential legal requirement that the mortgaged property be insured against the risk of fire. The amount insured must not be less than new or gross replacement cost (the sum of investments necessary to replace a property with another having the same characteristics). In all transactions with mortgage collateral a damages policy is also required. The amount covered by this policy is equivalent to the appraisal value of the property to be mortgaged after deducting the value of the land.

The Merged Entities also recommended a life insurance policy to their customers, covering the unpaid principal in the event of death of the obligor. The life policy was mandatory only in those cases in which the Merged Entities deemed it to be appropriate after completing analysis of the circumstances of the obligor.

The Merged Entities' ordinary procedures included verification of all documentation related to mandatory insurance policies.

**(vi) Authority for approval**

For the resolution of transactions, the Merged Entities established a level of authorisation that varied according to the decision-making centre. Powers of approval were distributed among Branches, Regional Management and Head Office Departments with the favourable opinion of the previous centre required to obtain a resolution from a higher body.

**Scoring**

When extending Mortgage Loans to individuals, the Merged Entities used a system of objective evaluation of risk. It included two methods of valuation that complemented each other:

- (a) Behaviour Scoring: It valued the applicant's positioning with the Entity, with an advance classification using a monthly score reflecting the applicant's payment capacity, resulting from study of the behaviour of income, payments, use of credit card limits, direct debit of invoices, repayment of other loans, etc.
- (b) Loan Scoring: After applying Behaviour Scoring, if the resulting score was less than that of the requested transaction, or if information necessary to obtain that score were not available, Loan Scoring was applied. It valued the applicant's risk profile associated with

the transaction by calculating a score that translates into a probability of nonpayment. The valuation was the result of study of information from the application for the transaction, the use thereof, the percentage of mortgage insurance, etc.

The valuation obtained as a combination of the two foregoing methods was determinative for most transactions in this segment, in such manner that:

- (a) Those valuations resulting in the lowest scores, and therefore presenting the highest associated risk, were automatically denied. In no event these were reconsidered.
- (b) Positive determination for those valuations with the highest scores. This was effectuated by increasing the decision-making authority of branches, with greater administrative simplicity in the processing of such transactions. Nevertheless, the responsible body could decide contrary to the valuation that was obtained.

For other valuations, the scoring acted as a tool assisting in making the final decision.

#### **(vii) Approval criteria**

The most significant aspects in the analysis of a transaction are indicated below, although each case required a more in-depth analysis of one of these aspects or of others that are not mentioned here due to their rarity.

##### **Analysis of the applicant:**

- Personal and family status (age, number of members of the family unit, single-parent or two parent family).
- Previous history with the Entity and customer's credit history (direct debits, insurance, length of time as customer, significant experience and favorable creditworthiness in other transactions, average amounts owed, etc).
- Employment stability (years on job, type of agreement, professional level of the obligor, etc.).
- Borrowing capacity (study of borrowing capacity of the borrower, analysis of borrower's susceptibility to possible increases in interest rates).
- Wealth.

##### **Analysis of the property to be mortgaged:**

- Analysis of the appraisal, verifying especially the existence of warnings or qualifications. Factors such as the kind of residence, age of the property, location, lay-



out, finishing, orientation, etc are also taken into account.

- Analysis of the register check, verifying surface areas, ownership, liens, etc.

Right after the analysis of the above referred matters is done, the approval or rejection of the financial transaction was decided. The Merged Entities could also, depending on the financing percentage and the employment status of the applicant, ask for additional guarantees (guarantors, deposits, etc) so that the transaction may be approved.

## **2. Collection policy**

The Servicer will carry out the management of the collections and the recoveries of the amounts owed by the Debtors in connection with the Mortgage Loans as it is described below:

- (i) the Servicer will, without prejudice to the provisions of paragraph (ii) below, take all necessary actions to manage the collection of all amounts payable by the debtors as a result of the Mortgage Loans, including invoicing of the loan (calculating the amount of capital, interest, delay interest and fees the debtor has to pay) and submitting it electronically to BBVA and to the relevant debtor in a timely manner; and
- (ii) BBVA will carry out all direct debits from the debtors' accounts following the instructions given from time to time by the Servicer.

The Servicer will apply due diligence so that the payments that must be made by the debtors are collected in accordance with the contractual terms and conditions of the Mortgage Loans applicable from time to time.

The Servicer has nineteen (19) asset managers and one (1) team leader fully dedicated to primary servicing focused in the managing of performing loans and early arrears (less than 30 days). There is an additional team leader focused on the optimization of the asset managers call center and targeted recovery campaigns. Team members have an average of 6+ years experience managing performing loans and early arrears.

The Servicer monitors the loans payments exhaustively, transferring debtors with arrears to call center to start with recovery campaigns.

Once the Debtor is registered as being one day behind, the Debtor will be called by Servicer's call center and loan management team.

The Servicer objective is to return borrowers in early arrears to performing as soon as possible through proactive loan management.

With the goal of recovering amounts due within 90 days after the non-payment, the Servicer's

team uses the following processes for recovery of non-payments:

- a) Direct debit system monitors the amounts of debt daily and automatically enters payments. If a Debtor does not pay, the balance of that account is drawn to recover the debt. If such balances are not sufficient, each deposit to that account is used to partially regularize the pending amount due.
- b) The call centre team contacts with the Debtor to advice that it has not been possible to debit the line of credit invoice within a term of not more than ten (10) days after the non-payment.
- c) An automatic series of claim letters. The first is generated at five (5) days, and is a notice of non-payment to the Debtor. The second letter is sent fifteen (15) days after the non-payment, and is the first demand letter on the Debtor. The third letter is sent thirty five (35) days after the non-payment. It is the second demand letter on the Debtor and the first demand letter on the guarantors. Fifty (50) days after the non-payment, a fourth letter is sent. It is the third demand letter on the Debtor and the second demand letter on the guarantors.
- d) During this period, before making judicial claim, the debtor in arrears may negotiate an agreement with the asset manager of the Servicer. If approved, it avoids internal claim actions while the agreement is in effect. If the agreement is breached, the first non-payment date is maintained for all purposes. If any of the participants has, or it is contemplated that in the medium term it may have, payment capacity sufficient to cover the debt, the Servicer's team analyse the possibility of refinancing the transaction.

In case of early arrears, the Servicer manages proactively the collection of overdue instalments by (i) arranging payment plans (ii) arranging appropriate forbearance solutions with Debtors to resolve arrears and, if necessary, (iii) conduct renegotiation/restructuring of debt in the same terms and conditions as set forth in paragraph 3.7.2.1 (*General principles, terms and conditions regarding servicing and custody of the Mortgage Loans*) of the Additional Building Block at all times taking into account the debtor's financial situation and ability to sustain the payment plan as well as the restructured loan, should this be the case. The Servicer will ensure that debtors under event of non-payment are proactively offered a range of solutions according to their specific circumstances and are kept informed of the processes and actions being taken on their loans and that this information is communicated clearly.

- e) If the recovery or restructuring option is not possible, and the debt still has not been paid, the Servicer's team will propose an action/deed in lieu/repossess to the Credit Committee, and its necessary their approval.

In relation to the arrears policy it is worth noting the following:

- **Promise to Pay:** a Promise to Pay ('PTP') is agreed with the borrower. If the PTP is met and the account returns to being current, calls from the Servicer will stop. If the Debtor does not meet the PTP, after a two day grace period Anticipa will resume calls.
- **Reiterate:** if there are several failures to pay, the account will be moved to a higher risk category with the appropriate increase in coverage.
- **Payment Plan:** credit committees must approve any restructurings, if they are viewed as necessary to return the borrower to performing.

Any Servicer's decision with regards to the management of the Mortgage Loans in event of arrears or default will be reviewed by the person (referred to in-house by the Servicer as the asset manager) in charge of the Mortgage Loan in question and by his superior (referred to in-house by the Servicer as the team leader), and will be subsequently presented for approval to a credit committee that will meet on a frequent and regular basis.

The members of said credit committee, with voting rights, are the Servicer's CEO, Head of Loan Asset Management, Head of the Hercules Portfolio and Head of the Credit Portfolio. The decision will be adopted by a majority of the voting members present at the meeting. No quorum whatsoever will be necessary.

The committee makes its decision with a view to maximizing the recovery value in an efficient manner, and after specifically examining the value of the underlying property, the track-record of loan or credit payments, the financial capacity of the debtor with regard to the loan or credit.

In case of Mortgage Loans with between thirty (30) days in arrears and less than ninety (90) days in arrears, or Delinquent Mortgage Loan the Servicer apply the strategies set forth in paragraph 3.7.2.1 (*General principles, terms and conditions regarding servicing and custody of the Mortgage Loans*) of the Additional Building Block.

## **2.2.8 Indication of representations and warranties given to the Fund relating to the assets**

The Management Company reproduces below the representations and warranties that the Seller shall make to the Fund in the Deed of Incorporation in relation to itself, the Mortgage Loans and the Mortgage Certificates on the Date of Incorporation of the Fund. Representations contained on section 2.2.8.2 below (*Representations of the Seller with regard to the Mortgage Loans*) will be made on the Date of Incorporation by reference to the Cut-Off Date.

### **2.2.8.1. Representations of the Seller in its own respect:**

- (1) The Seller qualifies as a qualified investor in accordance with article 39 of Royal Decree 1310/2005.
- (2) It is duly incorporated and validly existing as a private limited liability company (*société à responsabilité limitée*) under the laws of Luxembourg.
- (3) The Seller is a newly created entity (incorporated on 16 December 2016) and it has requested the CNMV (by virtue of a letter dated 1 March 2017) to exonerate it from filing the annual audited accounts of the preceding two financial years for the purposes of Article 17 of Law 5/2015.
- (4) It has the corporate power and authority to sell the Mortgage Participations and the Mortgage Transfer Certificates to the Fund, to enter into and perform the obligations expressed to be assumed by it under the Deed of Incorporation and the Mortgage Certificates Loan Agreement and the other Transaction Documents to which is a party and has taken all necessary corporate action to authorise the execution, delivery and performance of the Transaction Documents to which is a party.
- (5) The execution by the Seller of the Transaction Documents to which is a party does not, and its performance of the terms of the Transaction Documents to which is a party, will not conflict with or result in a violation of (i) any provision of the articles of incorporation (status) of the Seller, (ii) the provisions of any applicable laws or regulations or (iii) any agreement or instrument to which the Seller is a party or which is binding on it. In particular, the sale of the Mortgage Participations and the Mortgage Transfer Certificates by the Seller complies with the provisions set forth in the incorporation deed of the 2015 Fund and with Spanish applicable laws and regulations and all steps and consents required thereunder in order for the Seller to sell the Mortgage Participations and the Mortgage Transfer Certificates have been complied with and/or obtained and remain in force.
- (6) No authorisations, approvals, consents, licences, exemptions, filings, registrations, notarisations or other requirements of governmental, judicial or public bodies or authorities of or in Luxembourg are required in connection with the Seller's entry into or performance of the Transaction Documents to which is a party or for their validity or enforceability against the Seller.
- (7) The Mortgage Certificates Purchase Agreement (which content has been summarised in the Deed of Incorporation and this Prospectus) constitutes the valid and binding obligation of the Seller, enforceable against it in accordance with its terms.
- (8) The sale of the Mortgage Participations and the Mortgage Transfer Certificates to the

Seller has complied with the provisions set forth in the incorporation deed of the 2015 Fund and with Spanish applicable laws and regulations. The Seller has good and marketable title to the Mortgage Participations and the Mortgage Transfer Certificates represented in the Titles (and to the Titles), free and clear from any encumbrances and is the sole legal and beneficial owner of such Mortgage Participations and the Mortgage Transfer Certificates and the Titles.

- (9) The Seller has entered into the Mortgage Certificates Purchase Agreement in the ordinary course of its business, at an arm's length basis and for good and valuable consideration and the Seller believes and has reasonable grounds for believing that conclusion by the Seller of the Mortgage Certificates Purchase Agreement would benefit it and would be in its corporate interest.
- (10) There are no judgments, orders, decrees or pending or threatened legal actions, suits or investigations or other legal or administrative proceedings to which the Seller is party which have or are likely to have any material adverse effect on free and unencumbered ownership of the Mortgage Loans or on the ability of the Seller to enter into or perform its obligations in the Transaction Documents to which is a party.

**2.2.8.2. Representations of the Seller with regard to the Mortgage Loans:**

- (1) Each of the Mortgage Loans exists and is valid and enforceable (*exigible*) in accordance with the applicable legislation and subject to case-law.
- (2) The Mortgage Loan agreements are governed by Spanish Law.
- (3) The Seller is not aware of any lien or other claim which would entitle such Debtor to reduce the amount of any payment otherwise due under the relevant Mortgage Loan (including the Debtor's set-off rights), save for any claim with respect to any amounts paid by Debtors above the contractual rate in relation to Mortgage Loans which include an interest rate floor that may be claimed by such debtors in court.
- (4) In all the Mortgage Loans, Debtors are individuals and, based on the information provided in Schedule 1 of the Deed of Incorporation (Schedule 1 lists the Mortgage Loans acquired by the Fund), at least one Debtor in each Mortgage Loan is resident in Spain.
- (5) The Seller, having made reasonable inquiries to the Servicer, is not aware that any Debtor is involved in insolvency proceedings.
- (6) Since the Cut-off Date, the terms and conditions of the Mortgage Loans in effect as of the Cut-off Date have not been subject to any variation, amendment, modification,

waiver or exclusion of time of any kind, which in any material way adversely affect the enforceability or collectability of all or a material portion of the Mortgage Certificates being transferred.

- (7) The payments of the Debtors deriving from the Mortgage Loans are not subject to any withholding tax.
- (8) The charge (*presentación al cobro*) of the pending instalments of the Mortgage Loans by the Debtor is done via direct debit to bank accounts.
- (9) The Outstanding Principal Balance on each Mortgage Loan is in Euros and no Mortgage Loan has an Outstanding Principal Balance of more than Euro 684,582.79.
- (10) The data to be provided by the Seller relating to the Mortgage Loans contained in Schedule 1 of the Deed of Incorporation is true and accurate in all material respects.
- (11) Since 31 March 2014 (i.e. the date of economic effects of the purchase of the Mortgage Loans by the 2015 Fund from CX), each Mortgage Loan has been serviced in all material respects in accordance with applicable requirements of law (including applicable codes of good practices) and the relevant terms and conditions applicable to such Mortgage Loan. As far as the Seller is aware, prior to 31 March 2014, each Mortgage Loan was serviced in all material respects in accordance with applicable requirements of law (including applicable codes of good practices) and the relevant terms and conditions applicable to such Mortgage Loan.
- (12) Neither the Seller nor the Servicer nor (as far as the Seller or the Servicer are aware) the management company of the 2015 Fund (i.e. Haya Titulización, S.G.F.T., S.A.) have received notice of any litigation or dispute (subsisting or pending) of any kind in respect of the Mortgage Loans, the Mortgage Certificates, the Debtors, the mortgaged property or mortgages themselves that could prejudice validity or enforceability (*exigibilidad*) of the Mortgage Loans or which might have a material adverse effect on the Mortgage Loans or any part of them or give rise to the application of article 1,535 of the Spanish Civil Code or any other legal provision with a similar effect.
- (13) The Debtors have no contractual right to pay a margin below the margin disclosed in Schedule 1 of the Deed of Incorporation and section 2.2.2 (j) of this Additional Building Block, save where the Mortgage Loans foresee discounts on the applicable margin in case the Debtor contracts additional BBVA products (any such discounts not exceeding 2.20%).
- (14) The Mortgage Loans are not subject to any contractual provisions preventing assignment or requiring the Obligor's consent for assignment.

- (15) As far as the Seller is aware, the Mortgage Loans have been granted in accordance with the lending policies applicable by the relevant originator at the time of origination (which are described in section 2.2.7 1. of this Additional Building Block) in all material respects.
- (16) All the Mortgage Loans have a maturity date falling no later than 27 February 2059.
- (17) Each Debtor has made at least one scheduled payment under the Mortgage Loan agreement.
- (18) All the instalments accrued since 1 February 2015 under the Mortgage Loans have been paid with no more than 35 calendar days in arrears for each instalment. Furthermore, during that period, none of the Mortgage Loans has benefited from a contractual grace period. As at Cut-off Date, none of the Mortgage Loans were in arrears for more than 35 calendar days.
- (19) There are no preferred current credit rights in relation to the Mortgage Loans, other than legal priorities.
- (20) The mortgages are constituted on properties that have already been built in Spain which are wholly owned by the respective mortgagors, and the Seller is not aware of any litigation relating to the ownership of the properties that may have adverse effects on the mortgages. In addition to a mortgage over built properties, the Mortgage Loan may also benefit from a mortgage over land.
- (21) The Mortgage Loans have been extended to individuals for acquisition, construction or renovation of a residence located in Spain or any other purpose not related to the residence or they consist of a subrogation made by private individuals to loans extended to developers for the construction of residences to sell or lease.
- (22) The Mortgage Loans are repayable in instalments on pre-scheduled payment dates and the only grace periods or similar rights that may be exercised by the Debtors, are those disclosed in Schedule 1 of the Deed of Incorporation and section 2.2.2 (u) of this Additional Building Block.
- (23) The portfolio contains both Mortgage Loans accruing fixed and variable interest. The Mortgage Loans accruing variable interest will accrue a variable interest rate referenced to (i) an official benchmarked index (Euribor 1 año/ Mibor 1 año / Tabla IPRH), or (ii) the substitute interest rate agreed in certain Mortgage Loans (for the event the official benchmark index agreed thereof is no longer an official benchmark index) or (iii) the official benchmark index called "*tipo medio para préstamos hipotecarios a más de 3 años, para la adquisición de vivienda libre, concedidos por las entidades de crédito*" (IRPHE Efectivo) (if (x) the initially agreed official benchmark index is no longer an

official benchmark index and (y) there is no contractually agreed substitute interest rate or such contractually agreed substitute interest rate is no longer an official benchmark index)

- (24) Each of the Mortgage Loans is secured by a first ranking real estate mortgage (except for 816 Mortgage Loans which are secured by second or subsequent ranking mortgages because the properties are charged with senior ranking mortgages, either because (i) the loans secured by such senior ranking mortgages (granted either by CX – or the Integrated Entities - or by third parties) have been fully repaid but they are not cancelled with the Land Registry yet or (ii) which secure a Mortgage Loan which will also be assigned to the Fund on the Date of Incorporation).

Furthermore, the mortgaged properties (i) are not affected by prohibitions concerning their availability, cancellation or any other ownership limitation and (ii) are not subject to any charges, liens or encumbrances in force ranking ahead the mortgages securing the Mortgage Loans, save preferential statutory credit rights originated in the ordinary course of business.

- (25) The collateral for the Mortgage Loans (including the mortgages) is valid and enforceable (*ejecutable*) in accordance with applicable Spanish laws and subject to relevant case law, through the enforcement (*ejecución*) of the mortgage or the Mortgage Loan by, at least, one of the judicial procedures contemplated in the Spanish Civil Procedure Law (*Ley de Enjuiciamiento Civil*) (including, without limitation, the special mortgage foreclosure proceeding (*procedimiento especial de ejecución hipotecaria*), the ordinary enforcement proceeding (*procedimiento ejecutivo ordinario*) and/or the declarative proceeding (*procedimiento declarativo*)). Furthermore, the Seller has no knowledge of the existence of any circumstance preventing enforcement (*ejecutabilidad*) under, at least, one of the before-mentioned proceedings.

- (26) All origination agreements, or master agreements (*contratos marco*) in case of Multi-Credits Agreements, supporting the Mortgage Loans are recorded in public deeds and registered with the corresponding land registries. The registration of the mortgaged properties is in force and, as far as the Seller is aware, with no contradictions and is not subject to any preferential limitation to the mortgage, in accordance with applicable Spanish regulations (except for 816 Mortgage Loans which are secured by second or subsequent ranking mortgages because the properties are charged with senior ranking mortgages, either because the loans secured by such senior ranking mortgages (granted either by CX – or the Integrated Entities - or by third parties) have been fully repaid but they are not cancelled with the Land Registry yet or which secure a Mortgage Loan which will also be assigned to the Fund on the Date of Incorporation) and for preferential statutory credit rights originated in the ordinary course of business).

- (27) All mortgaged properties were appraised by a surveyor who was duly registered in the



corresponding Official Registry at the Bank of Spain in accordance with such Spanish regulations.

- (28) The real estate assets mortgaged by virtue of the Mortgage Loans are not assets that cannot serve as collateral under article 11.1 of Royal Decree 716/2009, and the Mortgage Loans have none of the characteristics of the loans excluded or restricted by articles 12.1 a), c), d), e) and f) of Royal Decree 716/2008 from serving as collateral for the issue of mortgage participations, or by articles 12.1 a), c), d) and f) of Royal Decree 716/2009 from serving as collateral for the issue of mortgage transfer certificates.
- (29) As far as the Seller is aware, the Mortgage Loans are not attached to any issue of mortgage certificates other than the present Mortgage Certificates.
- (30) Under 99.6% of the public deeds formalising the Mortgage Loans, the Debtor is required to insure the mortgaged properties against the risk of fire and other damages, at least on the conditions required by the regulations governing the mortgage market, throughout the term of those Mortgage Loan agreements.
- (31) The Servicer has access to material mortgage files.
- (32) The assignment of the Mortgage Certificates, as well as all the acts related to these, have been legally and validly carried out in accordance with Spanish Law.
- (33) The Outstanding Principal Balance at the Cut-off Date of each of the Mortgage Loans attached to the Mortgage Participations is not in excess of 80% of the appraised value of the properties mortgaged to secure the corresponding Mortgage Loan (set out in Schedule 1 of the Deed of Incorporation) for those Mortgage Loans that finance the acquisition, renovation or construction of residences (and not in excess of 60% of the appraised value of the properties mortgaged to secure the corresponding Mortgage Loan (set out in Schedule 1 of the Deed of Incorporation) for those Mortgage Loans that finance other purposes different to the acquisition, renovation or construction of residences). Additionally, the Outstanding Principal Balance at the Cut-off Date of each of the Mortgage Loans attached to the Mortgage Transfer Certificates is not in excess of 528.74% of the appraised value of the properties mortgaged to secure the corresponding Mortgage Loan (set out in Schedule 1 of the Deed of Incorporation).
- (34) No more than 410 Mortgage Loans were granted for financing the acquisition of subsidized housing (VPO), out of which no more than 281 of the properties mortgaged as security to the Mortgage Loans are currently subject to some subsidized housing regimes (VPO). For 9 mortgaged properties, the VPO regime period has elapsed. The appraisal value that appears on the appraisal certificate for those properties mortgaged as security to the Mortgage Loans which are currently subject to some subsidized housing regimes (VPO) and are subject to a maximum sale price, is equal to or lower than the

maximum sale price of those mortgaged properties.

- (35) The Mortgage Loans are not represented by any securities, whether nominative, bearer or to order, other than the Mortgage Certificates that will be transferred by the Seller to the Fund.
- (36) Until the Cut-Off Date (excluded), the Seller has received no notification of total or partial prepayment of the Mortgage Loans.

**2.2.8.3. Representations of the Seller with regard to the Mortgage Participations and the Mortgage Transfer Certificates:**

- (1) The information included as an annex to the Mortgage Certificates (which are included as Schedule 6 of the Deed of Incorporation) is accurate and correct.
- (2) Immediately prior to the transfer of the Mortgage Certificates under the Mortgage Certificates Purchase Agreement, the Seller has ownership of the Mortgage Certificates.
- (3) The Seller is the owner of the Mortgage Certificates backed by the Mortgage Loans, free of charges and encumbrances.
- (4) The Mortgage Certificates were issued on 15 April 2015 for the same period that remains until maturity and with a capital equivalent to the outstanding balance of each of the corresponding Mortgage Loans.
- (5) The Mortgage Certificates contain all information required by Royal Decree 716/2009.
- (6) The Mortgage Certificates were issued on 15 April 2015 in accordance with the provisions of (i) Law 2/1981, (ii) Royal Decree 716/2009, (iii) and the rest of applicable regulations.
- (7) The respective corporate body of CX validly adopted all the agreements required for the issue of the Mortgage Certificates on 15 April 2015.

**2.2.9 Ineligible Mortgage Certificates**

Pursuant to the Deed of Incorporation, a Mortgage Participation or a Mortgage Transfer Certificate backed by an Ineligible Mortgage Loan shall be considered an Ineligible Mortgage Certificate (each an "**Ineligible Mortgage Certificate**").

Furthermore, pursuant to the Deed of Incorporation an "**Ineligible Mortgage Loan**" shall be a Mortgage Loan (a) (i) which does not comply at the Date of Incorporation with one or more of the representations set forth in section 2.2.8.2 of the Additional Building Block (with reference

to the Cut-Off Date); or (ii) which the Mortgage Participation or the Mortgage Transfer Certificate representing such Mortgage Loan does not comply at the Date of Incorporation with one or more of the representations set forth in section 2.2.8.3 of the Additional Building Block; or (iii) in respect of which any amendment to its terms and conditions which is not a Permitted Loan Variation has been effected and (b) provided further that such breach of representation set forth in paragraphs (i) and (ii) or amendment or novation which is not a Permitted Loan Variation set forth in paragraph (iii) could have a material adverse effect on the value of the Mortgage Loan and related Ancillary Rights, as determined by the Management Company and which, if capable of remedy, is not so remedied by the Seller within fifteen (15) days of notification of such breach by the Management Company to the Seller pursuant to the provisions set forth in this section 2.2.9.

A "**Permitted Loan Variation**" means any amendment to the Mortgage Loans made in accordance with the requirements set out in Part 4 of section 3.7.2.1 of this Additional Building Block, paragraph (B) of Part 5 of section 3.7.2.1 of this Additional Building Block, Part 6 of section 3.7.2.1 of this Additional Building Block and paragraph (A) of Part 7 of section 3.7.2.1 of this Additional Building Block.

In determining whether there could be a material adverse effect on the value of the Mortgage Loan and related Ancillary Rights under the definition of "Ineligible Mortgage Loan", the Management Company shall have regard to the assessment made for these purposes by the Servicer in each of the reports delivered to the Management Company in accordance with the Servicing Agreement.

Notwithstanding the above and for the avoidance of doubt, the Management Company shall be entitled to determine at its sole discretion and without the assessment made by the Servicer whether a breach of the representations set forth in paragraphs (i) and (ii) or amendment or novation which is not a Permitted Loan Variation set forth in paragraph (iii) of the definition of "Ineligible Mortgage Loan" could have a material adverse effect on the value of the Mortgage Loan and related Ancillary Rights.

For the purposes of determining the above, the Management Company shall be entitled to request any reports and assessment from external third parties which it considers convenient for such purposes. The fees and expenses incurred by the Management Company in relation to the referred reports and assessment from external third parties shall be borne by the Fund.

There shall be no liability or recourse against the determination made by the Management Company in accordance with the provisions set forth above (other than by the willful misconduct or gross negligence of the Management Company).

#### **2.2.9.1. Information on Ineligible Mortgage Certificates**

The Management Company, acting in the name and on behalf of the Fund, shall deliver a

notice to the Seller by not later than the twentieth (20<sup>th</sup>) day of each month (the "**Ineligible Mortgage Certificates Notice**") including (i) the aggregate Outstanding Principal Balance of the Mortgage Loans which have at any stage been classified as Ineligible Mortgage Certificates on or before the last day of the immediately previous calendar month (the "**Aggregate Ineligible Mortgage Certificates Amount**") and (ii) the relevant identification details of each of the Ineligible Mortgage Certificates.

#### **2.2.9.2. Ineligibility Threshold**

If on the last day of the immediately previous calendar month (which shall be referred as the "**Repurchase Cut-Off Date**") the Aggregate Ineligible Mortgage Certificates Amount is higher than Euro 2,500,000 (the "**Ineligibility Threshold**" and all the Ineligible Mortgage Certificates, the "**Relevant Ineligible Mortgage Certificates**"), the Seller shall, at its discretion, (i) replace all the Relevant Ineligible Mortgage Certificates, (ii) repurchase all the Relevant Ineligible Mortgage Certificates or (iii) a combination of replacement and repurchase in respect of all the Relevant Ineligible Mortgage Certificates.

For the purposes of calculating the Ineligibility Threshold, the Management Company shall have regard to the Outstanding Principal Balance of each Mortgage Loan which has been classified as an Ineligible Mortgage Loan as of the last day of the immediately previous calendar month to the month in which it was classified as Ineligible Mortgage Certificate.

If any of the Relevant Ineligible Mortgage Certificates represents a withdrawal under a Multi-Credit Agreement and the ineligibility event is referred to one or several Drawdown(s), then the only remedy available will be the repurchase or replacement by the Seller of all the Mortgage Certificates related to such Multi-Credit Agreement. For the avoidance of the doubt, the Outstanding Principal Balance of the Drawdowns under a Multi-Credit Agreement which are not Ineligible Mortgage Certificates will not be included in the calculation of the Aggregate Ineligible Mortgage Certificates Amount.

As from the date of the fifth (5<sup>th</sup>) anniversary of the Date of Incorporation the Ineligibility Threshold will not be applicable. Accordingly and for the avoidance of doubt, every last calendar day of the calendar month immediately preceding a Payment Date that falls on or after the fifth (5<sup>th</sup>) anniversary of the Date of Incorporation shall be referred to as a Repurchase Cut-Off Date, in respect of which the Seller will have the obligation (if any) to repurchase or replace all the Ineligible Mortgage Certificates outstanding.

#### **2.2.9.3. Common Terms**

The Seller must repurchase or replace (as it may freely decide) all (but not part) of the Relevant Ineligible Mortgage Certificates (including the Mortgage Loans derived from Drawdowns that have to be repurchased in accordance with the third paragraph of section 2.2.9.2 above), no later than ninety two (92) calendar days following the relevant Ineligible

Mortgage Certificates Notice after the Repurchase Cut-Off Date.

As from the Repurchase Cut-Off Date (excluded) the Seller shall be entitled to all the collections (including principal, ordinary interest, default interest and fees) from the Relevant Ineligible Mortgage Certificates (including, for the avoidance of doubt, any amounts arising from the Ancillary Rights), irrespective of the date when such amounts accrued or became due and payable provided always that such Relevant Ineligible Mortgage Certificates are in fact repurchased or replaced on the following Repurchase Date or Replacement Date, as the case may be.

For the avoidance of doubt, until the Repurchase Cut-Off Date (included) the Fund shall be entitled to all the collections (including principal, ordinary interest, default interest and fees and any other cash recovery) from the Relevant Ineligible Mortgage Certificates (including, for the avoidance of doubt, any amounts arising from the Ancillary Rights), irrespective of the date when such amounts accrued or became due and payable.

As from the relevant Repurchase Cut-Off Date, the Fund shall hold as custodian (*depositario*) any collections that it may receive in respect of the Relevant Ineligible Mortgage Certificates as from the Repurchase Cut-off Date until the last day of the month immediately preceding the Replacement Date or the Repurchase Date, as the case may be.

Such collections will not constitute Available Funds and will be kept in the General Account. Those collections will be, in case of replacement pursuant to section 2.2.9.4. below, delivered to the Seller or, in case of repurchase pursuant to section 2.2.9.5. below, set-off against the Repurchase Price in accordance with the third paragraph of section 2.2.9.5. below.

In the event that the Fund receives any collection from the Relevant Ineligible Mortgage Certificates from the last day of the month immediately preceding a Replacement Date or Repurchase Date, the Management Company shall transfer this amount to the account indicated by the Seller, once these amounts have been identified by the Servicer and the Management Company.

Any replacement or repurchase shall be made without any recourse against, or warranty or guarantee by the Fund.

The Seller will designate one or several dates to document the replacement or repurchase of the Relevant Ineligible Mortgage Certificates, provided that all the Relevant Ineligible Mortgage Certificates shall be repurchased or replaced within ninety two (92) calendar days as from the relevant Ineligible Mortgage Certificates Notice after the Repurchase Cut-Off Date.

Each reassignment and replacement agreement shall be notarized in a Spanish public document (*escritura pública*) within ten (10) Business Days from the relevant Repurchase Date or Replacement Date (as applicable).

All taxes, duties, costs and expenses arising out the replacement or repurchase shall be borne by the Seller.

#### **2.2.9.4. Replacement**

The Seller shall be entitled to replace all or part (in which case the remaining ones must be repurchased) of the Relevant Ineligible Mortgage Certificates by other mortgage certificates issued by CX on 15 April 2015 and which form part of the assets owned by the 2015 Fund provided that all the following conditions are met:

- (i) The Rating Agencies have prior confirmed that such replacement does not entail a downgrading or withdrawal of the rating assigned to the Rated Notes (unless the relevant Rating Agency cannot issue a rating agency confirmation as a matter of policy).
- (ii) The replacing Mortgage Certificates and the Mortgage Loans backing them meet the representations and warranties set out in sections 2.2.8.2 and 2.2.8.3 above.

That said, (i) references to Date of Incorporation in the definition of Ineligible Mortgage Loan shall be understood to be references to Replacement Date; (ii) reference to Cut-off Date in representation 2.2.8.2 (6), 2.2.8.2 (18), 2.2.8.2 (33) and 2.2.8.2 (36) will be deemed to be made to the last day of the month immediately preceding the Replacement Date; and (iii) reference to the information provided in Schedule 1 of the Deed of Incorporation in representations 2.2.8.2 (4), 2.2.8.2 (10) and 2.2.8.2 (13) will be deemed to be made to the information provided by the Servicer on the Repurchase Cut-off Date and which includes certain information as of the Replacement Date in relation to the Mortgage Loans, the Debtors and the mortgaged properties.

- (iii) The outstanding principal amount and the amount of all ordinary interest accrued (but not yet due and payable) under the replacing Mortgage Certificates as of the Repurchase Cut-off Date is not lower than that of the Ineligible Mortgage Certificate being replaced.

The Fund shall be entitled to receive all the collections under the replacing Mortgage Certificates as from the Repurchase Cut-Off Date.

- (iv) The replacing Mortgage Loans have similar financial characteristics to that of the Ineligible Mortgage Loan being replaced in respect of the term, guarantee and security, ranking of the mortgage, interest rate, payment frequency and loan to value.

The Seller shall notify its decision on the replacement by serving a notice to the Management Company and BBVA:

- (i) identifying the Relevant Ineligible Mortgage Certificates to be replaced;

- (ii) requesting the Management Company, acting in the name and on behalf of the Fund, to execute a replacement agreement (the date in which such agreement is executed, the "**Replacement Date**") which will include the data related to (i) the Relevant Ineligible Mortgage Certificate to be replaced and the underlying Mortgage Loan, and (ii) the replacing Mortgage Certificates and the underlying Mortgage Loan which shall be a date not later than ninety two (92) calendar days after the relevant Ineligible Mortgage Certificates Notice after the Repurchase Cut-Off Date.

A copy of the deed raising to public status such replacement agreement will be delivered to the CNMV. On the Replacement Date the Seller shall deliver a new Title (issued by BBVA) to be held by the Management Company in the name and on behalf of the Fund.

If the Relevant Ineligible Mortgage Certificates are not replaced within ninety two (92) calendar days following the relevant Ineligible Mortgage Certificates Notice after the Repurchase Cut-Off Date, the Seller shall repurchase such Relevant Ineligible Mortgage Certificates, in accordance with the procedure described in section 2.2.9.5 below, immediately and in any event no later than two (2) calendar days following the scheduled Replacement Date.

#### **2.2.9.5. Repurchase**

The Seller shall be entitled to repurchase all or part (in which case the remaining ones must be replaced) of the Relevant Ineligible Mortgage Certificates.

The Seller shall notify its decision to repurchase by serving a notice to the Management Company and BBVA:

- (i) identifying the Relevant Ineligible Mortgage Certificates to be repurchased; and
- (ii) requesting the Management Company, acting in the name and on behalf of the Fund, to execute a reassignment agreement, substantially in the form set out in the Mortgage Certificates Purchase Agreement, in order to evidence such retransfer (the date in which such reassignment agreement is executed, the "**Repurchase Date**") which shall be a date not later than ninety two (92) calendar days after the relevant Ineligible Mortgage Certificates Notice after the Repurchase Cut-Off Date.

On the Repurchase Date the Seller shall pay to the Fund the Repurchase Price of the Relevant Ineligible Mortgage Certificates to be repurchased by means of a wire transfer to the Treasury Account. The Repurchase Price will be set-off in a Repurchase Date against any collections arising from the Relevant Ineligible Mortgage Certificates as from the Repurchase Cut-Off Date until the last day of the month immediately preceding the Repurchase Date. The amounts off-set will be released and become Available Funds for the Fund.

Any collections arising from the Relevant Ineligible Mortgage Certificates as from the last day of the month immediately preceding the Repurchase Date will be reimbursed to the Seller once they have been identified by the Servicer and the Management Company.

For the purposes of the calculation of the Repurchase Price of the Mortgage Certificates which derive from Drawdowns that have to be repurchased in accordance with the procedure set forth in the third paragraph of section 2.2.9.2 above, both the Mortgage Certificates which are Ineligible Mortgage Certificates and the Mortgage Certificates not identified as Ineligible Mortgage Certificates but related to the relevant Multi-Credit Agreement shall be considered.

Title over the Relevant Ineligible Mortgage Certificates to be repurchased shall automatically be passed and re-transferred to the Seller on the Repurchase Date upon full payment by the Seller of the aggregate Repurchase Price.

The Retention Holder will grant in favour of the Fund the Retention Holder Guarantee in order to, amongst others, guarantee the payment of the Repurchase Price of the Ineligible Mortgage Certificates (and to bear any taxes, fees and expenses accrued as a result of such repurchase).

For the purposes of the above:

**"Non-Cash Balance Reduction"** means, in relation to each Mortgage Loan which has been classified as an Ineligible Mortgage Loan, the amount by which the principal amount of the Mortgage Loan has been reduced, set-off, impaired, and/or written off for any reason other than ordinary or unscheduled repayment of such Mortgage Loan.

**"Repurchase Price"** means an amount equal to (i) the principal amount outstanding of the relevant Mortgage Certificates (which might include Ineligible Mortgage Loans and Mortgage Certificates which derive from Drawdowns that have to be repurchased in accordance with the procedure set forth in third paragraph of section 2.2.9.2 above) together with the interest and fees accrued and unpaid thereunder as of the Repurchase Cut-off Date (included); plus (ii) the taxes and/or reasonable expenses of the Fund incurred, or to be incurred, in retransferring the relevant Mortgage Certificates to the Seller; plus (iii) the aggregate Non-Cash Balance Reduction of the relevant Mortgage Certificates as of the Repurchase Cut-off Date.

#### **2.2.10 Insurance policies in relation to the Mortgage Loans**

Under the public deeds formalising the Mortgage Loans, the Debtor is required to insure the mortgaged properties against the risk of fire and other damages, at least on the conditions required by the regulations governing the mortgage market, throughout the term of those Mortgage Loan agreements.

There is no evidence that all insurance policies granted in connection with the Mortgage



Loans, as indicated in the paragraph above, are currently in force.

**2.2.11 Information on the debtors where the securitized assets include obligations of five or fewer debtors which are legal persons, or if a single debtor accounts for more than 20% of the assets, or where a single debtor accounts for a material portion of the assets**

Not applicable.

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

There are none.

**2.2.13 Where the assets comprise fixed income assets, description of the principal terms and conditions**

Not applicable.

**2.2.14 Where the assets include equity securities, description of the principal terms and conditions**

Not applicable.

**2.2.15 Where more than 10% of the securitized 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 A valuation report setting out the valuation of the property and the cash flow / income streams if an important part of the assets is backed**

As concerns the assets deriving from Mortgage Loans and further to the information provided by BBVA, the valuation of the property on which the real estate mortgage is granted has been carried by valuation companies, all of them ratified and registered in the corresponding registry of the Bank of Spain. This evaluation has been carried out in accordance with the stipulations of Order ECO/805/2003.

The appraisals of the properties related to the Mortgage Loans were carried out by the valuation companies for the purpose of granting or managing Mortgage Loans, i.e. including for the purpose of further drawdowns, previous restructurings or Mortgage Loans secured by second or subsequent ranking mortgages performed by CX.

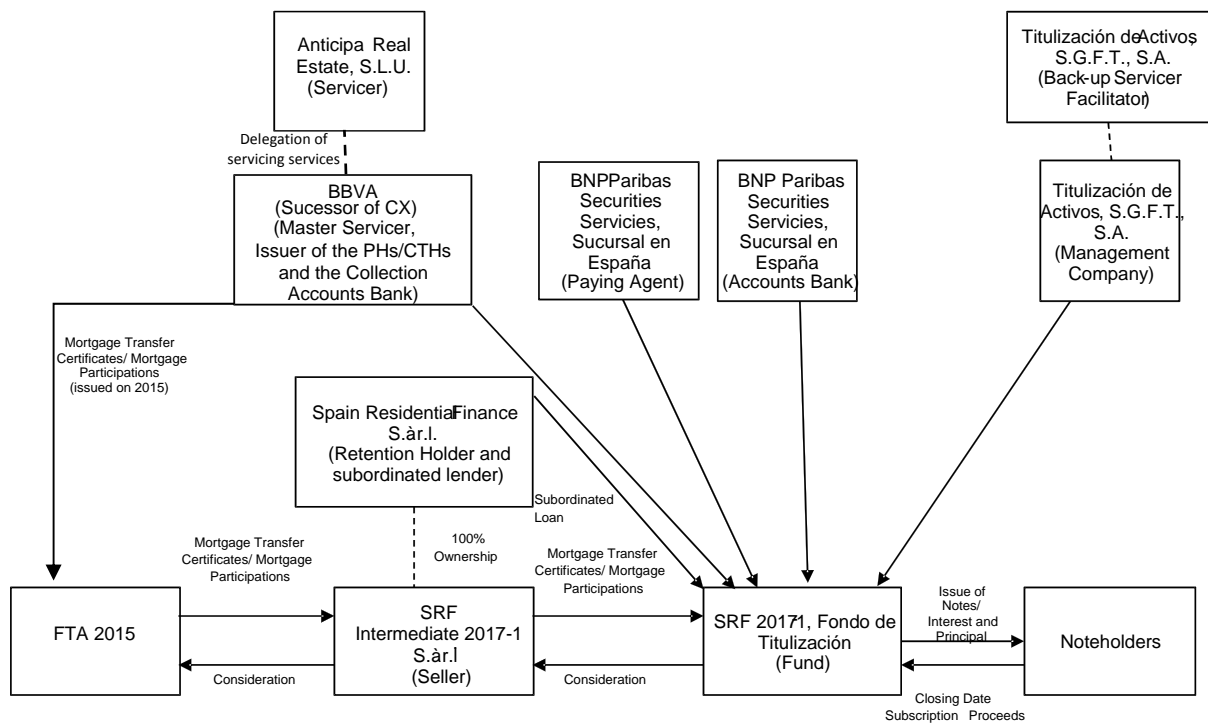
**2.3. Actively managed pool of assets backing the issue**

Not applicable.

**2.4. Where the Fund proposes to issue further securities backed by the same assets, a 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**

For the purposes of the estimation of the initial balance sheet for the Fund at the Disbursement Date, it has been considered (i) for the proceeds to be received from the Notes, the Estimated Price of Issuance of the Notes under the scenario of 1.8% CPR set forth in the tables included in Section 4.10 of the Securities Note; and (ii) for the amounts to be paid by the Mortgage Certificates the sum of (a) the product of (x) the aggregate Outstanding Principal Amount of the Mortgage Loans as of the Cut-off Date and (y) a Valuation Rate of 91.31% plus (ii) the Accrued Interest.

Nevertheless the subscription price of the Notes and the price of assignment of the Mortgage

Certificates will be determined in accordance with the terms of the Deed of Incorporation and the description in Sections 4.2.1 of the Securities Note and 3.3.2 of the Additional Building Block. The subscription price of the Notes and the price of assignment of the Mortgage Certificates will be known after the registration of this Prospectus and communicated to the CNMV by means of a relevant notice (*hecho relevante*).

Accordingly, the estimated initial balance sheet for the Fund at the Disbursement Date will be as indicated below.

ASSETS	EUROS	LIABILITIES	EUROS
Mortgage Certificates	365.760.408,00	Class A Notes	247.073.968,00
		Class B Notes	38.834.960,00
		Class C Notes	15.060.432,00
		Class D Notes	10.191.048,00
		Class E Notes	54.600.000,00
Reserve Fund Account (Initial Reserve Fund)	6.200.000,00	Reserve Fund Subordinated Loan	6.200.000,00
Treasury Account (Initial Expenses Amount + Accrued Interest Amount)	2.695.000,00	Initial Expenses Subordinated Loan	2.895.000,00
Expenses Account (Expenses Account Amount)	200.000,00		
<b>TOTAL ASSETS</b>	<b>374.855.408,00</b>	<b>TOTAL LIABILITIES</b>	<b>374.855.408,00</b>

The figures above are not notional amounts, but the estimated market value (on the Disbursement Date) of the assets and liabilities of the Fund.

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

The entities participating in the Notes Issue and a description of their duties can be found in sections 5.2 of the Registration Document and 3.1 of the Securities Note.

The Management Company, on behalf of and for the account of the Fund, will proceed on the Date of Incorporation to execute the Deed of Incorporation and the Mortgage Certificates Purchase Agreement, and to enter into the agreements that are summarized in this Additional Building Block.

The Management Company declares that the summary descriptions of those agreements contained in the relevant sections of this Prospectus, contain the most important and material information on each of the agreements and give a true and fair view of their content, and no information that might affect the contents of the Prospectus has been omitted.

### 3.3. Description of the method and date of the sale, transfer, novation, assignment of the assets, or of any right and/or obligation in the assets to the Fund

#### 3.3.1 General terms for the issue and subscription of the Mortgage Participations and the Mortgage Transfer Certificates

The Mortgage Loans will be transferred by the Seller to the Fund by means of the sale of the Mortgage Certificates to the Fund, through the Management Company, pursuant to the Mortgage Certificates Purchase Agreement and the Deed of Incorporation, in accordance with (i) Law 2/1981; (ii) Royal Decree 716/2009; (iii) Law 5/2015 and (iv) other applicable legal provisions.

The Mortgage Certificates will be acquired by the Fund in an amount equal to or slightly less than EURO FOUR HUNDRED MILLION (Euro 400,000,000), with each Mortgage Certificate representing 100% of the Outstanding Principal Balance of each relevant Mortgage Loan as of the Cut-off Date, and accruing interest at a rate equal to the nominal interest rate accrued by which each corresponding Mortgage Loan.

The Fund shall become the legal and beneficial owner of (i) all of the rights (including, without limitation, the right to collect principal, interests and fees), risks, title, interest and benefits in the Mortgage Loans and the Ancillary Rights as of the Cut-Off Date (included) and of (ii) the amount of all ordinary and default interest accrued (but not paid) under all of the Mortgage Loans up to, and including, the Cut-off Date (the “**Accrued Interest**”). The Accrued Interest will be financed by the Fund by means of the Initial Expenses Subordinated Loan.

The Fund shall be entitled to all amounts (including principal, ordinary interest, default interest and fees) paid by the Debtors or any other collections relating to the Mortgage Loans including, for the avoidance of doubt, any amounts arising from the Ancillary Rights (whether based on a liquidation price or an amount determined by a court order or other enforcement action of a mortgage guarantee or by the transfer or liquidation of the real estate awarded or as a consequence of the aforementioned enforcement actions, acting as the manager of the properties in the foreclosure process) from (but excluding) the Cut-off Date (irrespective of the date when such amounts were accrued or became due and payable).

The full and unconditional sale to the Fund of the Mortgage Loans by means of the sale to the Fund of the Mortgage Participations and the Mortgage Transfer Certificates will take place on the Date of Incorporation for the remaining term to maturity of said Mortgage Certificates, with no agreement of any kind to repurchase on the part of the Seller, with the exception of the repurchase or replacement procedure set forth in section 2.2.9 of this Additional Building Block and the Seller Optional Redemption set forth in section 4.9.5 of the Securities Note.

The Seller will not assume any responsibility whatsoever for non-payment by the Debtors, whether for principal, interest, or any other amount which the Debtors may owe pursuant to the Mortgage Loans nor does it assume the effectiveness of the security therefor. Likewise, it will not be held liable, in any form whatsoever, for directly or indirectly guaranteeing the successful conclusion of this transaction and it will not grant collateral or bank guarantees, except as described in section 2.2.9 of this Additional Building Block.

The assignment of the Mortgage Loans represented by the Mortgage Certificates will be full and

unconditional and for the whole of the remaining period up to the maturity of each Mortgage Loan. The Seller, as assignor of the Mortgage Participations and the Mortgage Transfer Certificates and in accordance with article 348 of the Commercial Code and 1,529 of the Civil Code will be responsible to the Fund for the existence and lawfulness of the Mortgage Certificates and the Mortgage Loans, as well as for its legal standing to effect the assignment of the Mortgage Participations and the Mortgage Transfer Certificates, but it will not be responsible for the solvency of the Debtors.

### **3.3.2 Price of the assignment**

The Management Company, on the Date of Incorporation, will acquire 100% of the Mortgage Participations and the Mortgage Transfer Certificates on behalf of the Fund.

The price of the Mortgage Participations and the Mortgage Transfer Certificates will be below par, that is to say, for the amount equivalent to the sum of (the "**Purchase Price**"):

- (a) the product of:
  - (i) the aggregate Outstanding Principal Amount of the Mortgage Loans as of the Cut-off Date; and
  - (ii) the Valuation Rate;

plus

- (b) the Accrued Interest.

For the purpose of the above, the "**Valuation Rate**" is the ratio of:

- (i) the aggregate subscription price of all classes of Notes (on the understanding that the subscription price of some or all Classes of Notes might be below par as described in section 4.2.1 of the Securities Note), and
- (ii) the Outstanding Principal Amount of the Mortgage Loans as of the Cut-off Date.

The Purchase Price will be reduced by offsetting an amount equal to the amount of all payments made by the Debtors in respect of the Mortgage Loans as from the Cut-off Date until 28 February 2017 (included) (the Purchase Price, reduced after the relevant offset, will be referred to as the "**Net Purchase Price**"). Collections as from (but excluding) 28 February 2017 to (but excluding) the Disbursement Date will be transferred to the Treasury Account on the next Business Day to the date in which such amount has been confirmed by BBVA and cleared and applied by the Servicer. If this date is before the Date of Incorporation, the relevant collections will be transferred on the next Business Day after the Date of Incorporation.

On 30 March 2017, the Management Company will communicate to the CNMV by means of a

relevant notice (*hecho relevante*) the (i) Valuation Rate, (ii) the Purchase Price and (iii) the Net Purchase Price.

The Net Purchase Price will be paid by the Management Company, in the name of and for the account of the Fund, to the Seller, on the Disbursement Date, from the funds obtained through the Notes Issue and the part of the funds drawdown under the Initial Expenses Subordinated Loan.

Notwithstanding the above, the Seller will instruct the Fund, represented by the Management Company, to transfer, in its name and on its behalf, on the Disbursement Date the Net Purchase Price to the 2015 Fund in accordance with the Seller Purchase Agreement by means of a wire transfer to a bank account opened in the name of the 2015 Fund.

The Seller 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, consequently, of the assignment of the Mortgage Certificates representing the credit rights arising from the Mortgage Loans (i) the obligation of the Fund to pay the price for the acquisition of the Mortgage Loans will be extinguished; and (ii) the Management Company will be obliged to reimburse to the Seller any credit right which may have accrued to the Fund by the assignment of the Mortgage Loans.

Additionally, the Retention Holder will undertake to meet any initial expenses that may have been incurred in incorporating the Fund by means of the Initial Expenses Subordinated Loan.

### **3.3.3 Description of the rights conferred upon the Fund for the acquisition of the Mortgage Certificates**

The Fund, as legal holder of the Mortgage Participations and the Mortgage Transfer Certificates, will hold the rights generally recognized by applicable law and in the Mortgage Participations and the Mortgage Transfer Certificates.

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 Mortgage Loans represented by the Mortgage Certificates:

- (i) All amounts due for the repayment of the principal of the Mortgage Loans.
- (ii) All amounts due for the ordinary interest on the Mortgage Loans.
- (iii) All amounts due for the default interest on the Mortgage Loans.

- (iv) All fees due for the early cancellation or partial prepayment of the Mortgage Loans payable in case of advance payments, as well as fees for fixed interest rates.
- (v) All amounts received from the repurchase of Ineligible Mortgage Certificates by the Seller, in accordance with the provisions of section 2.2.9 of this Additional Building Block.
- (vi) Any amounts or assets received through judicial or notarial enforcement of the guarantees, for payment in kind (*dación en pago*) 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 Debtor, the acquisition at the auction price or for the amount determined by judicial resolution or any amounts received from leases entered into with Debtors having surrendered their dwelling in lieu of payment.
- (vii) All potential rights or indemnities in favor of the Seller, including those arising from any accessory right to the Mortgage Loans, as well as from the insurance agreements (either as indemnification or advance payment).

All the above mentioned rights will accrue in favor of the Fund as from the Cut-off Date.

### **3.3.4 Representation of the Mortgage Certificates and deposit of the Titles**

The Mortgage Transfer Certificates will be represented by the CTHs Title. The Mortgage Participations will be represented by the PHs Title.

Both in the event that the Seller proceeds to repurchase an Ineligible Mortgage Certificate in accordance with the provisions of section 2.2.9 of this Additional Building Block, or the Management Company, on behalf of the Fund, proceeds to foreclose a Mortgage Loan, in accordance with the provisions of section 3.7.1 of this Additional Building Block or to sell the Mortgage Transfer Certificates or the Mortgage Participations in the event of the Early Liquidation of the Fund, according to the terms set forth in section 4.4.3 of the Registration Document, and for any other circumstances which may arise, BBVA will undertake in the Servicing Agreement to split any global Title representing the Mortgage Transfer Certificates or the Mortgage Participations into as many individual or multiple titles as may be required, or to substitute or exchange them, in order to achieve the aforementioned purposes.

The global Titles and the individual titles into which they might be split will remain on deposit with the Paying Agent who will act as the depository for them.

Moreover, BBVA shall undertake to substitute the PHs Title and the CTHs Title representing the Mortgage Participations and the Mortgage Transfer Certificates, respectively, on a annual

basis and in such other events as specifically provided for in the Servicing Agreement.

### **3.3.5 Other legal system requirements for the Mortgage Certificates**

Pursuant to the provisions of article 32 of Royal Decree 716/2009, the Mortgage Participations and the Mortgage Transfer Certificates will be transferrable by written declaration on the title itself and, generally, by any of the means allowed under law, with the acquisition and ownership limited to institutional or qualified investors and not permitted for the non-specialized public, as stipulated in article 29 of Royal Decree 716/2009. The purchaser must inform the issuer of the Mortgage Certificates both of such a transfer and of the address of the new owner. In accordance with the provisions of the deed of incorporation of the 2015 Fund, the management company of the 2015 Fund has obtained the prior approval of BBVA and the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*) (the "**FROB**") for the transfer of the Mortgage Participations and the Mortgage Transfer Certificates.

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

### **3.3.6 Notification to the Debtors**

The Debtors will not be notified of the assignment of the Mortgage Loans to the Fund by the Seller (nor the assignment from 2015 Fund to the Seller although Debtors were notified of the assignment from CX to 2015 Fund). However, in the event a Servicer Termination Event occurs or the declaration of insolvency (*concurso*) of BBVA, the Management Company may request the Servicer to notify the Debtors, the insurance companies and any respective guarantors thereof, of the transfer of the outstanding Mortgage Loans to the Fund, as well as the fact that the payments deriving from such Mortgage Loans will only release the debt if payments are made into the General Account opened in the name of the Fund. However, if the Servicer has not given the notice to the Debtors within ten (10) Business Days of receipt of the request or in the case of insolvency proceeding (*concurso*) as regards the Servicer, the Management Company itself, either directly or through a new servicer it has designated, will notify the Debtors, the insurance companies and any respective guarantors thereof.

Notwithstanding the provisions of the previous paragraph, in the Servicing Agreement BBVA as Master Servicer and issuer of the Mortgage Certificates will grant the broadest powers required in law so that the Management Company and the Servicer might notify the Debtors about the transfer of the Mortgage Loans to the Fund.

If any of the Debtors of the Mortgage Loans has a liquid, due and payable credit right against



the 2015 Fund, with the result that one or more of the Mortgage Loans are set off against such right, the 2015 Fund will remedy this circumstance such that the set-off does not apply, or if it is not possible to remedy it, the 2015 Fund will deposit in the appropriate account with the Fund the amount which was set off plus the interest due from the date of set off until the date on which the deposit is made, calculated in accordance with the terms and conditions applicable to the corresponding Mortgage Loan.

### **3.4. Explanation of the Flow of Funds**

#### **3.4.1 (a) How the cash flow from the assets will meet the Fund's obligations to its creditors**

As illustrated in section 3.1 of this Additional Building Block, the cash flow from the Mortgage Loans will meet the Fund's obligations as described below:

- a) Payments by the Debtors under the underlying Mortgage Loans, as repayment of principal and payment of interest, indemnification from insurers and in any other category will be deposited in the relevant Collection Account and shall be transferred to the General Account within two (2) Business Days from the date on which such amounts are deposited in the Master Account.
- b) The Available Funds will be used on each Payment Date to meet the payment obligations of the Fund in accordance with the Priority of Payment Order or the Liquidation Priority of Payment Order.
- c) On each Payment Date, the Expenses Account will be funded with the amount required in order for the balance to be up to its maximum amount (i.e. Euro 200,000) with the resources on each Payment Date available for this purpose.
- d) IRFC Payments to be satisfied to the underlying Debtors under the IRFC Claims will be released from the IRFC Reserve and deposited in the Treasury Account, within two (2) Business Days from the date on which the IRFC Collections is deposited in the Reserve Account by the 2015 Fund and/or the Retention Holder.
- e) On a Repurchase Date, the Fund will receive from the Seller the Repurchase Price of any Ineligible Mortgage Loans and Mortgage Certificates which derive from Drawdowns that have to be repurchased in accordance with the procedure set forth in third paragraph of section 2.2.9.2 of this Additional Building Block that are repurchased by the Seller and will apply it in the Payment Date following the applicable Collection Period in accordance with the corresponding Priority of Payment Order or Liquidation of Payment Priority Order.

#### **3.4.1. (b) IRFC Reserve**

The IRFC Reserve will be established on the Date of Incorporation. Whilst the Fund should not be held liable for any amounts accrued under Interest Rate Floor Clauses before 1 July 2016 as they have not been effectively collected by the Fund (irrespective of the application of full retroactivity of the effects of the declaration of the nullity of an interest rate floor clause in the Mortgage Loans), this risk cannot be fully discarded.

Accordingly, to confront the event that the Fund is held liable for any amounts accrued before 1 July 2016, the IRFC Reserve will be funded with:

- (i) compensations paid by the 2015 Fund to the Fund as a consequence of IRFC Collections as from the IRFC 2015 Fund Cut-Off Date to 1 July 2016.

In accordance with the terms and conditions of the Seller Purchase Agreement, the 2015 Fund will agree to satisfy to the Seller any IRFC Payments due to the underlying Debtors in connection with IRFC Collections as from the IRFC 2015 Fund Cut-Off Date to 1 July 2016. In-turn, by means of the Mortgage Certificates Purchase Agreement, the Seller will assign in favour of the Fund the right to receive such compensation.

The estimation of the IRFC Payments due to the underlying Debtors in connection with IRFC Collections as from the IRFC 2015 Fund Cut-Off Date to 30 June 2016 is Euro 2,537,376.

- (ii) compensations paid by the Retention Holder to the Fund under the Retention Holder Guarantee.

By means of the Retention Holder Guarantee entered into between the Retention Holder and the Fund, the Retention Holder will compensate the Fund for an amount equal to:

- (a) any amount due by 2015 Fund to the Fund in connection with IRFC Collections as from the IRFC 2015 Fund Cut-Off Date to 1 July 2016 (as further described in paragraph (i) above) but unpaid.

If the 2015 Fund has not satisfied the abovementioned compensation within three (3) Business Days as from the date when it is due, the Retention Holder will pay to the Fund such amount payable to the Debtors within fifteen (15) Business Days after the date of the written request delivered by the Fund to the Retention Holder in accordance with the terms of the Retention Holder Guarantee.

- (b) any other amount (other than those covered under paragraph (a) above) which must be satisfied by the Fund to a Debtor in connection with the application of the IRFC as from the IRFC 2015 Fund Cut-Off Date to 1 July 2016. These amounts will include, without limitation, indemnities imposed by the Spanish Courts, legal costs and legal interests accrued on IRFC Collections.

Any deviation of the estimation of the compensation amounts described in paragraph (i) above, which results in the Fund being obliged to satisfy an IRFC Payment over and above the compensation amounts effectively received from the 2015 Fund in accordance with paragraphs (i) above shall be covered by the Retention Holder Guarantee.

For the avoidance of doubt, the Retention Holder Guarantee will not cover any IRFC Payments due to the underlying Debtors in connection with IRFC Collections prior to IRFC 2015 Fund Cut-Off Date.

The IRFC Reserve will be applied in order to satisfy IRFC Payments due to the Debtors in connection with IRFC Claims. The Fund will apply the amounts credited in the IRFC Reserve on the date when the IRFC Payment becomes due once the 2015 Fund or the Retention Holder had deposited the IRFC Collections in the Reserve Fund Account (which, for the avoidance of doubt, may be a date other than a Payment Date) and without following any of the Orders of Priority of Payments.

The amounts that form the IRFC Reserve will be deposited in the Reserve Fund Account under the terms referred to in section 3.4.4.4 of this Additional Building Block.

For the purposes of the above:

**"IRFC"** or **"Interest Rate Floor Clauses"** means those clauses included in a Mortgage Loan requesting the Debtor to satisfy a minimum amount of interests by applying a floor rate and which a Spanish court have declared null.

**"IRFC Claims"** means claims submitted by a Debtor in connection with IRFC where there is a non-appealable decision by a Spanish Court whereby the Fund is under the obligation to satisfy a IRFC Payment to such Debtor.

**"IRFC Collections"** means the difference between (i) the interest effectively paid by a borrower as a consequence of applying the IRFC and (ii) the interest that would have been paid under a loan in case that the IRFC would have not been triggered and applied.

**"IRFC Payments"** means the amounts to be satisfied to the underlying Debtors under a IRFC Claim, including the IRFC Collections in connection with the relevant Mortgage Loan and any other indemnities imposed by a Spanish Court (including, without limitation, legal interest).

**"IRFC Reserve"** means the reserve to be funded by the Management Company, in representation and on behalf of the Fund, in accordance with the provisions of this section 3.4.2.2.

**"IRFC 2015 Fund Cut-Off Date"** means 31 March 2014.

### 3.4.2 Information on any 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, or generally to transform the financial characteristics of the Notes and to complement the management of the Fund, the Management Company on behalf of the Fund, will enter into the agreement and transactions described below in the Prospectus and in the Deed of Incorporation, in accordance with applicable legal provisions.

In particular, the subordination of the Notes (in particular the Class E Notes) and the Reserve Fund (the characteristics of which are set forth in section 3.4.2.1 below) will provide credit enhancement to the structure of the Fund.

#### 3.4.2.1. Reserve Fund

The Reserve Fund will be established on the Date of Incorporation as a credit enhancement mechanism for the purpose of providing liquidity to cover interest on the Class A Notes for as long as these remain outstanding (the "**Reserve Fund**").

The Reserve Fund will be initially financed on the Disbursement Date from the amount of the Reserve Fund Subordinated Loan, i.e. for an amount of EURO SIX MILLION TWO HUNDRED THOUSAND (Euro 6,200,000) (the "**Initial Reserve Fund**") that represents 2.5% of the Principal Amount Outstanding of the Class A Notes on the Disbursement Date.

On each Payment Date, the Reserve Fund will be credited (if necessary) up to the minimum level required on such Payment Date (the "**Reserve Fund Required Amount**") with the resources on each Payment Date available for this purpose, according to the Priority of Payment Order.

The Reserve Fund Required Amount will be, on each Payment Date, the higher of (i) 2.5% of the Principal Amount Outstanding of the Class A Notes after the previous Payment Date and (ii) 1.75% of the Principal Amount Outstanding of the Class A Notes on the Disbursement Date.

The Reserve Fund Required Amount will not be reduced on any Payment Date if, after the previous Payment Date, the Reserve Fund is below the Reserve Fund Required Amount.

However, on the Payment Date on which the Class A Notes will be redeemed in full, the Reserve Fund Required Amount will be equal to zero (€0), therefore, on each Payment Date on which the Class A Notes can be redeemed in full, the Reserve Fund Required Amount is zero (€0).

The Reserve Fund will be applied on each Payment Date in order to comply with the Priority

of Payment Order as Available Funds. In addition, on the Final Maturity Date of the Fund (or the date on which the Fund is early liquidated or extinguished in accordance with the provisions of section 4.4.3 and 4.4.4 of the Registration Document, respectively) any amounts outstanding at the Reserve Fund will be applied in order to comply with the Liquidation Priority of Payment Order as Available Funds.

The amounts that form the Reserve Fund will be deposited in the Reserve Fund Account under the terms referred to in section 3.4.4.4 of this Additional Building Block. The amounts deposited in the Treasury Account shall also be used by the Management Company to fund the Reserve Fund Required Amount in case that the resources deposited in the Reserve Fund Account are not sufficient. The Reserve Fund will be credited (if necessary) by the Paying Agent out of the amount standing to the credit of the Treasury Account in accordance with the Priority of Payment Order set out in section 3.4.6.2 of this Additional Building Block and following written instructions provided by the Management Company to the Accounts Bank.

### **3.4.3 Details of any subordinated debt financing**

The Retention Holder will grant the Fund the Subordinated Loans, the main terms and conditions whereof are described below.

#### **3.4.3.1. Reserve Fund Subordinated Loan Agreement**

The Retention Holder will grant a subordinated loan to the Fund in accordance with the provisions of the Reserve Fund Subordinated Loan Agreement (the “**Reserve Fund Subordinated Loan**”) that the Management Company will use to endow the Initial Reserve Fund.

The total amount of the Reserve Fund Subordinated Loan will be EURO SIX MILLION TWO HUNDRED THOUSAND (Euro 6,200,000).

The amount of the Reserve Fund Subordinated Loan will be deposited into the Reserve Fund Account on the Disbursement Date.

The Reserve Fund Subordinated Loan will be redeemed on each Payment Date by an amount equal to the amount by which the Reserve Fund Required Amount is reduced on each Payment Date, subject to the Priority of Payment Order or the Liquidation Priority of Payment Order, as appropriate.

The interest on the Reserve Fund Subordinated Loan will be calculated on the basis of an annual rate, variable quarterly and payable on each Payment Date which will be the higher of (i) zero and (ii) the sum of the Reference Interest Rate determined for each Interest Period plus a margin of ten per cent (10%). The interest will be settled on each Payment Date, and will be calculated on the following basis: (i) the actual number of effective days in each Interest Period and (ii) a 360 day year.

All of the amounts that are to be paid to the Retention Holder pursuant to the provisions set forth in the previous paragraphs, will be subject to the Priority of Payment Order (as set forth in section 3.4.6.2 of this Additional Building Block) or to the Liquidation Priority of Payment Order (as set forth in section 3.4.6.3 of this Additional Building Block), as appropriate.

All of the amounts which, as specified in the prior paragraphs, have not been paid to the Retention Holder will be paid on the following Payment Dates in which the Available Funds permit said payment according to the Priority of Payment Order or to the Liquidation Priority of Payment Order, as appropriate, and will be paid in preference to the amounts required to be paid under the Reserve Fund Subordinated Loan on said Payment Date.

The amounts owing to the Retention Holder and remaining unpaid according to the provisions of the prior paragraphs will not accrue default interest in its favor.

The Reserve Fund Subordinated Loan shall be terminated in the event that (i) any of the provisional ratings assigned to the Rated Notes by Moody's Investors Service España, S.A. or DBRS Ratings Limited or the provisional rating assigned to the Class A Notes by Fitch Ratings España, S.A.U. is not confirmed on or before the Disbursement Date (and, for the avoidance of doubt, no subscription payments in respect of the Rated Notes shall be disbursed until each such confirmation of the provisional ratings of the Rated Notes has been received) or (ii) an event occurs that could not be foreseen or, even if foreseen, is inevitable rendering it impossible to perform the subscription or disbursement of the Notes pursuant to article 1,105 of the Civil Code (*force majeure*); or (iii) the Notes are not fully subscribed by the end of the Subscription Period; or (iv) the conditions precedent to the Subscription Agreement are not met on or before the beginning of the Subscription Period or (v) the Subscription Agreement is terminated by the Joint Lead Managers at any time before the Relevant Time if, in the opinion of the Joint Lead Managers (a) there shall have occurred an event that could not be foreseen or, even if foreseen, is inevitable rendering it impossible to perform the subscription or disbursement of the Notes pursuant to article 1,105 of the Civil Code (*force majeure*), (b) the final rating assigned to the Class A Notes by Fitch Ratings España, S.A.U. is either not confirmed or is not at least AA+(sf) before the Relevant Time or (c) there has been confirmation from Moody's Investors Service España, S.A. or DBRS Ratings Limited that the ratings of the Rated Notes rated by any of them before the beginning of the Subscription Period have been downgraded or withdrawn.

#### **3.4.3.2. Initial Expenses Subordinated Loan**

The Retention Holder will grant a subordinated loan to the Fund in accordance with the provisions of the Initial Expenses Subordinated Loan Agreement (the "**Initial Expenses Subordinated Loan**") that the Management Company will use to fund the Initial Expenses of the Fund, the Accrued Interest and the Expenses Account.

The total amount of the Initial Expenses Subordinated Loan will be EURO TWO MILLION EIGHT HUNDRED AND NINETY FIVE THOUSAND (€2,895,000) and it will be divided as follows:

- (i) Euro 2,275,000 for the funding of the Initial Expenses (the "**Initial Expenses Amount**");
- (ii) Euro 420,000 being equal to the amount of all ordinary and default interest accrued (but not yet paid) under all of the Mortgage Loans up to, and including, the Cut-off Date (the "**Accrued Interest**"); and
- (iii) Euro 200,000 for the funding of the Expenses Account (the "**Expenses Account Amount**").

The Initial Expenses Amount, the Accrued Interest and the Expenses Account Amount will be deposited into the Treasury Account on the Disbursement Date. After the deposit of such amounts, the Expenses Account Amount will be immediately transferred from the Treasury Account to the Expenses Account.

The Initial Expenses Subordinated Loan will be redeemed on each Payment Date by an amount equal to the Available Funds, after deducting the amounts corresponding to items in first (1<sup>st</sup>) place to twelfth (12<sup>th</sup>) place of the Priority of Payment Order or in first (1<sup>st</sup>) place to sixteenth (16<sup>th</sup>) place of the Liquidation Priority of Payment Order, as appropriate.

The interest on the Initial Expenses Subordinated Loan will be calculated on the basis of an annual rate, variable quarterly and payable on each Payment Date which will be the higher of (i) zero and (ii) the sum of the Reference Interest Rate determined for each Interest Period plus a margin of ten per cent (10%). The interest will be settled on each Payment Date, and will be calculated on the following basis: (i) the actual effective days in each Interest Period and (ii) a 360 day year.

All of the amounts that are to be paid to the Retention Holder pursuant to the provisions set forth in the previous paragraphs, will be subject to the Priority of Payment Order (as set forth in section 3.4.6.2 of this Additional Building Block) or to the Liquidation Priority of Payment Order (as set forth in section 3.4.6.3 of this Additional Building Block), as appropriate.

All of the amounts which, as specified in the prior paragraphs, have not been paid to the Retention Holder will be paid on the following Payment Dates in which the Available Funds permit said payment according to the Priority of Payment Order or to the Liquidation Priority of Payment Order, as appropriate, and will be paid in preference to the amounts required to be paid under the Initial Expenses Subordinated Loan on said Payment Date.

The amounts owing to the Retention Holder and remaining unpaid according to the provisions of the prior paragraphs will not accrue default interest in its favour.

If the Fund has been extinguished for any of the reasons set forth in paragraph (v) of Section 4.4.4 of the Registration Document, then the Retention Holder shall only make available to the Fund the Initial Expenses Amount, to satisfy the Initial Expenses of the Fund effectively incurred.

### **3.4.4 Parameters for the investment of temporary liquidity surpluses and a description of the parties responsible for such investment**

#### **3.4.4.1. Collection Accounts**

In accordance with the provisions of the accounts agreement to be entered into by the Management Company, on behalf of the Fund, the Servicer and BBVA (the "**BBVA Accounts Agreement**"), on the Date of Incorporation, the Management Company, acting in the name and on behalf of the Fund, will open with the Collection Accounts Bank the following euro bank accounts in the Fund's name (the "**Collection Accounts**"):

- (i) a "**Master Account**", which will be an euro denominated account established in the name of the Fund with BBVA that will be used to deposit the funds received from the Instalments Account, the Prepayments Account and the Other Payments Account. The amounts deposited in the Master Account shall be transferred by BBVA following the instructions from the Servicer to the General Account no later than 2:00 pm on the Business Day following the receipt of such instruction.

The Servicer will issue a daily instruction for the transfer of the available amounts each day to the General Account. BBVA and the Servicer have agreed, that the issue of such instructions is automatic, to the extent possible.

- (ii) a "**Instalments Account**" which will be an euro denominated account established in the name of the Fund with BBVA where the direct debit receipts of the Debtors shall be booked. The amounts deposited in the Instalments Account shall be transferred by BBVA following the instructions from the Servicer to the Master Account no later than 2:00 pm on the Business Day following the receipt of such instruction. The Servicer will give instruction of the transfer to BBVA on the same date that such amounts have been confirmed by BBVA and cleared and applied by the Servicer.

- (iii) a "**Prepayments Account**" which will be an euro denominated account established in the name of the Fund with BBVA in relation to which the Debtors or third parties shall be able to make manual payments (*ingresos en efectivo o ingresos de cheques*) and funds transfers (*transferencias*). The amounts deposited in the Prepayments Account shall be transferred by BBVA following the instructions from the Servicer to the Master Account no later than 2:00 pm on the Business Day following the receipt of such instruction. The Servicer will give instruction of the transfer to BBVA on the same date that such amounts have been cleared, identified and applied by the Servicer



to the payment of each relevant Mortgage Loan.

- (iv) a "**Other Payments Account**" which will be an euro denominated account established in the name of the Fund with BBVA which shall be used to collect the amounts derived from (i) the sale or rent of any property that could eventually be owned by the Fund in accordance with the provisions of the Servicing Agreement and received through any means of payment by the purchasers or the tenants; (ii) the amounts corresponding to indemnification arising from the insurance contracts to cover damage to the mortgaged properties used to guarantee the Mortgage Loans; and (iii) the amounts received from third party guarantors. The amounts deposited in the Other Payments Account shall be transferred by BBVA following the instructions from the Servicer to the Master Account no later than 2:00 pm on the Business Day following the receipt of such instruction. The Servicer will give instruction of the transfer to BBVA on the same date that such amounts have been confirmed by BBVA and cleared and applied by the Servicer.

The amounts credited from time to time in each of the Collection Accounts shall not accrue any interest in favour of the Fund.

As consideration for the services to be performed by the Collection Accounts Bank under the BBVA Accounts Agreement, the Management Company, on behalf of the Fund, will pay to the Collection Accounts Bank in accordance with the fixed maximum amounts set out in section 3.7.2.8 of this Additional Building Block and according to the Priority of Payment Order (as set forth in section 3.4.6.2 of this Additional Building Block) or to the Liquidation Priority of Payment Order (as set forth in section 3.4.6.3 of this Additional Building Block), provided that the Available Funds are sufficient to meet such payment.

All of the amounts which, as specified in the prior paragraphs, have not been paid to the Collection Accounts Bank will be paid on the following Payment Dates in which the Available Funds permit said payment, and will be paid in preference to the amounts required to be paid as fees under the BBVA Accounts Agreement on said Payment Date. The amounts owing to the Collection Accounts Bank and remaining unpaid will not accrue interest in its favour.

No fees will be applicable to transfers of funds between the Collection Accounts.

The Servicer will check if the amounts, in accordance with the terms of the BBVA Accounts Agreement, have been correctly billed by the Collection Accounts Bank.

The Management Company and the Servicer will have signing rights over the Collection Accounts. Accordingly, in case of failure by the Servicer to give instructions to the Collection Accounts Bank, the Management Company shall be entitled to give those instructions.

Pursuant to the terms of the BBVA Accounts Agreement, any legal entity (i) with which the Collection Accounts Bank may merge or transform into; (ii) to which the Collection Accounts Bank activity is globally transferred; (iii) with which the Collection Accounts Bank agrees to transmit the rights and obligations assumed by virtue of the BBVA Accounts Agreement; or (iv) that arises from a merge, conversion, concentration or global transfer in which the Collection Accounts Bank is a part, may be, as far as permitted by applicable law, the successor as Collection Accounts Bank in the BBVA Accounts Agreement without any further procedure and after the date of effects. By virtue of this transfer by subjective novation, the successor will acquire and assume the same rights and obligations under the BBVA Accounts Agreement as it would have subscribed the BBVA Accounts Agreement on the Date of Incorporation. The Collection Accounts Bank may notify immediately to the Management Company, on the name and on behalf of the Fund, such merge, conversion or transfer. In any case, the appointment of the new Collection Accounts Bank may not suppose any cost or additional expense for the Fund or the Management Company.

#### **3.4.4.2. General Account**

In accordance with the provisions of the Financial Services Agreement, on the Date of Incorporation, the Management Company, acting in the name and on behalf of the Fund, will open with the Accounts Bank (i.e. BNP Paribas) a euro bank account in the Fund's name (the "**General Account**"), through which it will receive all the amounts received or recovered in relation to the Mortgage Loans within two (2) Business Days from the date on which such amounts are deposited in / transferred to the Master Account.

Before 11:30 a.m. (CET) on the second (2<sup>nd</sup>) Business Day prior to any Payment Date, the amounts standing to the credit of the General Account during the Collection Period falling immediately prior to such Payment Date shall be transferred by the Accounts Bank into the Treasury Account in accordance with the instructions received from the Management Company four (4) Business Days prior to any Payment Date.

The Management Company may instruct from time to time to the Accounts Bank to transfer from the General Account to the Expenses Account the amounts which will be used by the Fund to pay the Loans & REO Expenses incurred by the Fund.

The Accounts Bank will provide to the Fund all of the customary services relating to the maintenance and administration of said account, in accordance with normal banking practices.

The General Account will not be allowed to have a negative balance to the detriment of the Fund. The balances in the General Account will remain as available cash.

The amounts credited from time to time in the General Account shall accrue interest at a rate equal to the daily EONIA rate as published in the official website of the Bank of Spain: (a) reduced by 20bps, if the EONIA is positive; or (b) reduced by 10bps if the EONIA is negative

or equal to 0%. In case of positive EONIA, the offered remuneration is subject to a “floor 0%”.

The applicable interest (a) will be calculated on the basis of a 360 day year; (b) shall accrue on a daily basis; (c) shall be paid monthly on the first day of the following calendar month, with value date the first day of the following calendar month to settle; and (d) in case the interest rate is negative, the negative interest due by the Fund will be invoiced by the Accounts Bank to the Fund. This payment will be considered as Ordinary Expenses of the Fund and will be done on the following Payment Date according to the Priority of Payments provided that the Fund has enough Available Funds.

#### **3.4.4.3. Treasury Account**

In accordance with the provisions of the Financial Services Agreement on the Date of Incorporation, the Management Company, acting in the name and on behalf of the Fund, will open with the Accounts Bank (i.e. BNP Paribas) a euro bank account in the Fund’s name (the "**Treasury Account**"), that will be used, following the instructions of the Management Company, to make all the payments of the Fund, in accordance with Priority of Payment Order or the Liquidation Priority of Payment Order, as appropriate.

On the Disbursement Date, the Treasury Account will receive the effective amount of:

- (i) the payment for the subscription of the Notes; and
- (ii) the Initial Expenses Subordinated Loan.

Such proceeds will be applied on the Disbursement Date to:

- (i) pay the Net Purchase Price to acquire the Mortgage Certificates;
- (ii) pay the Initial Expenses of the Fund; and
- (iii) fund the Expenses Account Amount.

It is worth noting that an amount equal to the difference between the Purchase Price and the Net Purchase Price (thus is, the amount on which the Purchase Price is reduced by offsetting the collections as from the Cut-Off Date to 28 February 2017) will remain credited in the Treasury Account on the Disbursement Date.

Before 11:30 a.m. (CET) on the second (2<sup>nd</sup>) Business Day prior to any Payment Date, the Treasury Account will receive the amounts then standing to the credit of the General Account during the Collection Period falling immediately prior to such Payment Date. In addition, the Treasury Account will receive any amounts related to the IRFC Collections released from the IRFC Reserve in accordance with section 3.4.4.2 above. Moreover, before 11:30 a.m. (CET) on the second (2<sup>nd</sup>) Business Day prior to any Payment Date, in which the Reserve Fund will be credited, the Treasury Account will receive the amounts standing to the credit of the Reserve Fund Account.

The Paying Agent will follow any instructions of the Management Company at all times

regarding the payments to be made from the Treasury Account. These instructions shall be forwarded by the Management Company at least four (4) Business Days prior to the Ex-Dividend Date.

In accordance with current Iberclear rules, "**Ex-Dividend Date**" is the same date as the Payment Date, but this may change in the future. The Ex-Dividend Date is the date on which, if the Notes are sold before this date, the interest plus any potential early redemption belongs to the seller of the Notes; if sold on or after the Ex-Dividend Date, the purchaser is entitled to the interest of the Notes and any potential early redemption.

The Accounts Bank will provide to the Fund all of the customary services relating to the maintenance and administration of said account, in accordance with normal banking practices.

The Treasury Account will not be allowed to have a negative balance to the detriment of the Fund. The balances in the Treasury Account will remain as available cash.

The amounts credited from time to time in the Treasury Account shall accrue interest at a rate equal to the daily EONIA rate as published in the official website of the Bank of Spain: (a) reduced by 20bps, if the EONIA is positive; or (b) reduced by 10bps if the EONIA is negative or equal to 0%. In case of positive EONIA, the offered remuneration is subject to a "floor 0%".

The applicable interest (a) will be calculated on the basis of a 360-day year; (b) shall accrue on a daily basis; and (c) shall be paid monthly on the first day of the following calendar month, with value date the first day of the following calendar month to settle; and (d) in case the interest rate is negative, the negative interest due by the Fund will be invoiced by the Accounts Bank to the Fund. This payment will be considered as Ordinary Expenses of the Fund and will be done on the following Payment Date according to the Priority of Payments provided that the Fund has enough Available Funds.

#### **3.4.4.4. Reserve Fund Account**

In accordance with the provisions of the Financial Services Agreement on the Date of Incorporation, the Management Company, acting in the name and on behalf of the Fund, will open with the Accounts Bank (i.e. BNP Paribas) a euro bank account in the Fund's name (the "**Reserve Fund Account**"), that will be used to deposit the amount which constitutes the Reserve Fund at any time.

Additionally, the IRFC Reserve will also be deposited in the Reserve Fund Account, being treated, for all purposes, as a separate amount, with an independent accountant treatment. In addition, all the regulations of the Reserve Fund (i.e. how it is credited and applied on each Payment Date) shall not apply to the IRFC Reserve.

On the Disbursement Date, the Reserve Fund Account will receive the effective amount of the Reserve Fund Subordinated Loan.

Before 11:30 a.m. (CET) on the second (2<sup>nd</sup>) Business Day prior to any Payment Date, in which the Reserve Fund will be credited, the amounts standing to the credit of the Reserve Fund Account shall be transferred by the Accounts Bank into the Treasury Account in accordance with the instructions received from the Management Company four (4) Business Days prior to such Payment Date. On each Payment Date, the Reserve Fund will be credited (if necessary) by the Paying Agent out of the amount standing to the credit of the Treasury Account in accordance with the Priority of Payment Order set out in section 3.4.6.2 of this Additional Building Block and following written instructions provided by the Management Company to the Accounts Bank.

The Accounts Bank will provide to the Fund all of the customary services relating to the maintenance and administration of said account, in accordance with normal banking practices.

The Reserve Fund Account will not be allowed to have a negative balance to the detriment of the Fund. The balances in the Reserve Fund Account will remain as available cash.

The amounts credited from time to time in the Reserve Fund Account shall accrue interest at a rate equal to the daily EONIA rate as published in the official website of the Bank of Spain: (a) reduced by 20bps, if the EONIA is positive; or (b) reduced by 10bps if the EONIA is negative or equal to 0%. In case of positive EONIA, the offered remuneration is subject to a "floor 0%".

The applicable interest, (a) will be calculated on the basis of a 360-day year; (b) shall accrue on a daily basis; (c) shall be paid monthly on the first day of the following calendar month, with value date the first day of the following calendar month to settle; and (d) in case the interest rate is negative, the negative interest due by the Fund will be invoiced by the Accounts Bank to the Fund. This payment will be considered as Ordinary Expenses of the Fund and will be done on the following Payment Date according to the Priority of Payments provided that the Fund has enough Available Funds.

#### **3.4.4.5. Expenses Account**

In accordance with the provisions of the Financial Services Agreement, on the Date of Incorporation, the Management Company, acting in the name and on behalf of the Fund, will open with the Accounts Bank (i.e. BNP Paribas) a euro bank account in the Fund's name (the "**Expenses Account**"), that will be used by the Fund to pay the Loans & REO Expenses (as this term is defined below) incurred by the Fund during the Collection Period immediately following the Payment Date in which the Expenses Account is funded in accordance with the Priority of Payment Order.

The expenses which will be funded through the Expenses Account will be the following (the "Loans & REO Expenses"):

LIKELY EXPENSES WHEN MANAGING RMBS	
Friendly period expenses	Request to Informa of Debtor's labor activities
	Request to Land Registry of Index files
	Request to Land Registry of registrar verification
	Request of property valuation
	Request of copies ( <i>copias simples</i> ) of the Mortgage Loans public deeds
	Novation expenses/Sale and Purchase expenses (Notary, Registry, Agencies, Taxes) if not paid by the Debtor
	Sending telegram, burofax or registered letter
	Application for the energy efficiency certificate (related to the sale of the property on the CV of the property)
	Application for the certificate of occupancy (related to the sale of the property on the CV of the property)
	Request of certificate to Residents' association
	Capital gains payment
	APIs fees payment (sale of the property and marketing)
	Other expenses related to the friendly period
Lawsuit period expenses	GESLICO (auctions documentation)
	Court fees for submitting the demand of enforcement
	Lawyer's fees
	Attorney's fees ( <i>procurador</i> )
	Expenses to recover the property: occupancy report, incentive to the delivery of the possession, incentive to vacate the property, notarial deed...
	Alarm and armored door installation
	Registrar fees
	Cash-out in case auction (judicial proceeding allocation)
	Payment of auction's transfers
	Other expenses related to the lawsuit period
Management of repossessed properties	Maintenance and adaptation (end-use product)
	Technical consulting (end-use product)
	Marketing of the property for rental
	Marketing of the property for sale
	Residents' association installment
	Residents' association installments in arrears
	IBI (Property tax)
	Municipal taxes
	Supplies (energy, water ..)
	Mortgage cancellation fees
	Request of commercial valuation
	Power of attorney related to the sale of the property
	Eviction tax
	Extraordinary expenses - sanctions
	Financial fees
	Additional cost/Property acquisition fee
Capex in case of PoA and sale	
Other expenses related to repossessed properties	

The Expenses Account shall be funded on the Disbursement Date with an amount of Euro 200,000 drawdown from the Initial Expenses Subordinated Loan. On each Payment Date, the Expenses Account will be funded up to a maximum amount of Euro 200,000 with the resources on each Payment Date available for this purpose, according to the Priority of Payment Order.

In the event that the balance of the Expenses Account is not sufficient to pay any amount related to the Loans & REO Expenses, the Servicer could (if there is no possibility to make such payment after the next Payment Date when the Expenses Account holds positive balance again): (i) ask the Management Company to advance the monies to pay those Loans & REO Expenses, in which case, the Management Company will transfer this amount to the Expenses Account from the General Account or (ii) the Servicer could pay in advance the relevant amount and ask for the reimbursement on the next Payment Date. The reimbursement of such amounts to the Servicer will be deemed an Extraordinary Expense of the Fund.

In relation to the limb (i) above, the Expenses Account will receive the amounts from the General Account transferred by the Management Company in order to pay the Loans & REO Expenses incurred by the Fund (which for the avoidance of doubt, could be paid in a date different to a Payment Date).

The Management Company and the Servicer will have signing rights over the Expenses Account to pay the Loans & REO Expenses.

The Accounts Bank will provide to the Fund all of the customary services relating to the maintenance and administration of said account, in accordance with normal banking practices.

The Expenses Account will not be allowed to have a negative balance to the detriment of the Fund. The balances in the Expenses Account will remain as available cash.

The amounts credited from time to time in the Expenses Account shall accrue interest at a rate equal to the daily EONIA rate as published in the official website of the Bank of Spain: (a) reduced by 20bps, if the EONIA is positive; or (b) reduced by 10bps if the EONIA is negative or equal to 0%. In case of positive EONIA, the offered remuneration is subject to a “floor 0%”.

The applicable interest, (a) will be calculated on the basis of a 360-day year; (b) shall accrue on a daily basis; (c) shall be paid monthly on the first day of the following calendar month, with value date the first day of the following calendar month to settle; and (d) in case the interest rate is negative, the negative interest due by the Fund will be invoiced by the Accounts Bank to the Fund. This payment will be considered as Ordinary Expenses of the Fund and will be done on the following Payment Date according to the Priority of Payments.

#### **3.4.4.6. Eligible Accounts Bank: Rating Agencies Criteria**

The Accounts Bank will be required at all times to be an Eligible Institution. Should the Accounts Bank cease to be an Eligible Institution, the Bank Accounts held with it will be transferred to another Eligible Institution or shall be guaranteed by an Eligible Institution within 30 calendar days from the date on which the Accounts Bank ceased to be an Eligible Institution.

“**Eligible Institution**” means a depository institution organised under the laws of any state which is a member of the European Union:

(a) which:

- (i) with respect to Moody’s, whose bank deposit have the following ratings: Baa3 or P-3 for its long and short-term risk or another equivalent one recognized expressly by Moody’s;
- (ii) with respect to DBRS, whose senior unsecured debt have the following ratings: A in accordance with DBRS’ minimum rating to act as Eligible Institution, which shall be the higher of :
  - (A) if the Eligible Institution has a long-term Critical Obligation Rating ("**COR**") by DBRS, one notch below that COR; and
  - (B) the public rating assigned by DBRS to the Eligible Institution or, where there is no such rating, the private ratings or the internal assessments made by DBRS; and
- (iii) with respect to Fitch, whose senior unsecured debt have the following ratings: A- or F1 for its long and short-term risk,

or

(b) whose obligations under the Financial Services Agreement to which it is a party are guaranteed by an Eligible Institution.

The Accounts Bank shall promptly notify the Management Company, acting in the name and on behalf of the Fund, if the Accounts Bank ceases to be an Eligible Institution.

All the costs incurred in the transfer of the Bank Accounts to another Eligible Institution or the granting of a guarantee by an Eligible Institution will be paid by the Fund.

### **3.4.5 How payments are collected in respect of the assets**

#### **3.4.5.1. Frequency of payments**

In accordance with the provisions of section 3.7.1 of the Additional Building Block the Servicer will, without prejudice to the provisions of paragraph below, take all necessary actions to manage the collection of all amounts payable by the Obligors arising from the Mortgage Loans.



BBVA will redirect all direct debits from the Debtors' accounts following the instructions given from time to time by the Servicer.

Furthermore, the Servicer will be responsible for managing the collection of any other amounts, including those corresponding to indemnification arising from the insurance contracts to cover damage to the mortgaged properties used to guarantee the Mortgage Loans and amounts received from third party guarantors that will be deposited in the Other Payments Account.

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

The Fund will receive the amounts paid deriving from the Mortgage Loans, as repayment of principal and payment of interest, indemnification from insurers and in any other category, and will deposit them in the Master Account opened with BBVA as Collection Accounts Bank. The amounts deposited in the Master Account shall be transferred by BBVA following the instructions from the Servicer to the General Account no later than 2:00 pm on the Business Day following the receipt of such instruction. The Servicer will issue a daily instruction for the transfer of the available amounts each day to the General Account.

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

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

The source and application of the amounts available to the Fund on the Disbursement Date will be as follows:

**1. Source:** The Fund will have funds available from the following sources:

- a) Disbursement of the Notes Issue.
- b) Amount of principal of the Initial Expenses Subordinated Loan.
- c) Amount of principal of the Reserve Fund Subordinated Loan.
- d) Collections as from 28 February 2017.

**2. Application:** The Fund, in turn, will apply the abovementioned funds for the following items:

- a) Payment of the Net Purchase Price of the Mortgages Certificates.
- b) Payment of the Initial Expenses.
- c) Credit the Initial Reserve Fund.
- d) Credit the Expenses Account.

**3.4.6.2. Source and application of funds beginning on the first Payment Date and until the last Payment Date or the liquidation of the Fund, exclusive**

From the Date of Incorporation until the total repayment of the Notes, the source and application of payments of the Fund will be as described below.

**a. Available Funds: Source**

The available resources that the Fund has on each Payment Date, which will be deposited in the Treasury Account for the distribution of the pertinent amounts to the Noteholders and to the rest of the Fund's creditors for the payment of the pertinent fees (the “**Available Funds**”), will equal the sum of:

- a) Any amount that, as interest and repayment of principal, corresponds to the Mortgage Loans received during the Collection Period immediately preceding such Payment Date, including without limitation amounts received from the enforcement of the security of the Mortgage Loans and or sale of real estate properties, or of mortgage certificates, or other assets relating to the Mortgage Loans;
- b) The amounts corresponding to the Reserve Fund;
- c) Interest accrued on the balances of the General Account, the Treasury Account, the Reserve Fund Account and the Expenses Account received during the Collection Period immediately preceding such Payment Date;
- d) Any amounts received from the repurchase of Ineligible Mortgage Certificates by the Seller, in accordance with the provisions of section 2.2.9 of this Additional Building Block, as well as, any amounts received from the Retention Holder under the Retention Holder Guarantee in connection with the repurchase of Ineligible Mortgage Certificates;
- e) Where applicable, any other amounts that the Fund may have received from the Mortgage Loans, as set forth in section 3.3.3 of this Additional Building Block, (including fees, amounts derived from insurance policies) during the Collection Period immediately preceding such Payment Date; and
- f) Immediately following the Disbursement Date, an amount equal to the difference between the Purchase Price and the Net Purchase Price (thus is, the amount on which the Purchase Price is reduced by offsetting the collections as from the Cut-Off Date to 28 February 2017) which shall remain credited in the Treasury Account.

The following amounts will not be considered as Available Funds and, therefore, will not be applied in accordance with the Orders of Priority of Payments described in sections 3.4.6.2 b. or 3.4.6.3:

- (i) the amounts credited in the IRFC Reserve and deposited in the Reserve Fund Account;
- (ii) any collections arising from Ineligible Mortgage Certificates as from the relevant Repurchase Cut-Off Date provided the relevant Ineligible Mortgage Certificate is actually repurchased; and
- (iii) any amounts identified by the Management Company as required to cover the Differential Amount.

**b. Available Funds: Application**

In general, the Available Funds, as defined in paragraph a. of this section will be applied, on each Payment Date, to meeting, irrespective of the time that they become due, the payment obligations on each Payment Date in the following order of priority, except with respect to point (1) below, which may be applied at any time as and when due and payable (the “**Priority of Payment Order**”):

- (1) Payment of:
  - (a) Ordinary Expenses, including the payment of the Management Company’s fee and excluding the payment of the Servicer's fee and BBVA's fee for the Non-Delegable Services and the Banking Services, which ranks second (2<sup>nd</sup>) in the priority order);
  - (b) Extraordinary Expenses (whether prepaid or not by the Management Company and properly documented);
  - (c) taxes payable by the Fund; and
  - (d) the funding of the Expenses Account, up to a maximum amount of Euro 200,000, to pay the Loans & REO Expenses.
- (2) Payment of fees to the Servicer and to BBVA for the Non-Delegable Services and the Banking Services.
- (3) Interest payment to Class A Notes.
- (4) To credit the Reserve Fund by an amount equal to the Reserve Fund Required Amount.
- (5) Interest payment to Class B Notes (if not deferred).
- (6) Interest payment to Class C Notes (if not deferred).
- (7) Interest payment to Class D Notes (if not deferred).

- (8) Sequential repayment of the Rated Notes by an aggregate amount equal to the Target Amortisation Amount.
- (9) Interest payment to Class B Notes (if deferred).
- (10) Interest payment to Class C Notes (if deferred).
- (11) Interest payment to Class D Notes (if deferred).
- (12) Payment of the eventual compensation to BBVA.
- (13) Interest payment to Initial Expenses Subordinated Loan.
- (14) Principal repayment of Initial Expenses Subordinated Loan.
- (15) Interest Payment to Reserve Fund Subordinated Loan.
- (16) Principal repayment of Reserve Fund Subordinated Loan.
- (17) Interest payment to Class E Notes.
- (18) Provided that the Rated Notes have been redeemed in full, principal repayment of Class E Notes.
- (19) Payment to the Seller as remuneration or compensation for the financial intermediation performed, which will be equal to the difference between the Available Funds and payments of the Fund on the corresponding Payment Date (calculated in accordance with the cash (settlement) approach (*critério de caja*)).

The payment of the interest to Class B Notes will be deferred if and for as long as:

- (i) the cumulative balance of any Mortgage Loans which have been considered Defaulted Mortgage Loans (including former Defaulted Mortgage Loans that are subsequently not in arrears anymore and no longer qualify as Defaulted Mortgage Loans) is equal to or greater than the Class B Interest Deferral Trigger; and
- (ii) the Class A Notes have not been fully redeemed.

**"Class B Interest Deferral Trigger"** means 22% of the Outstanding Principal Balance of the Mortgage Loans as at the Cut-off Date.

The payment of the interest to Class C Notes will be deferred if and for as long as:

- (i) the cumulative balance of any Mortgage Loans which have been considered Defaulted Mortgage Loans (including former Defaulted Mortgage Loans that are subsequently not in arrears anymore and no longer qualify as Defaulted Mortgage Loans) is equal to or greater than the Class C Interest Deferral Trigger; and
- (ii) the Class B Notes have not been fully redeemed.

**"Class C Interest Deferral Trigger"** means 20% of the Outstanding Principal Balance of the Mortgage Loans as at the Cut-off Date.

The payment of the interest to Class D Notes will be deferred if and for as long as:

- (i) the cumulative balance of any Mortgage Loans which have been considered Defaulted Mortgage Loans (including former Defaulted Mortgage Loans that are subsequently not in arrears anymore and no longer qualify as Defaulted Mortgage Loans) is equal to or greater than the Class D Interest Deferral Trigger; and
- (ii) the Class C Notes have not been fully redeemed.

**"Class D Interest Deferral Trigger"** means 15% of the Outstanding Principal Balance of the Mortgage Loans as at the Cut-off Date

In the event the Available Funds were insufficient to make any of the above payments, the following rules would apply, except for the occurrence of the event described in section 4.4.3 (iv) of the Registration Document, in which case it will trigger the early liquidation of the Fund:

- The Available Funds will be applied to the different items mentioned in the established priority order and pro rata to the required amount among those entitled to receive payment.
- The amounts that remain unpaid will rank, on the next Payment Date, in an order of priority that places them immediately before the actual position for the same payment in question.
- The amounts owed by the Fund in relation to the Notes (i.e. interest payment) that are not paid on their respective Payment Dates will accrue additional interest. The postponed interest amount will accrue interest at the same rate and on the same basis as scheduled in respect of the corresponding class of Notes until the Payment Date on which the postponed interest is paid, without accruing default interest and without this implying capitalisation of the debt.

### **3.4.6.3. Liquidation Priority of Payment Order**

If the Fund is liquidated according to the rules set forth in section 4.4.3 of the Registration Document, the Available Funds, as defined in section a) supra, will be applied to the following items (the “**Liquidation Priority of Payment Order**”):

- (1) Fund the Liquidation Expenses Reserve.
- (2) Payment of:
  - (a) Ordinary Expenses (including the payment of the Management Company’s fee and excluding the payment of the Servicer's fee and BBVA's fee for the Non-Delegable Services and the Banking Services, which ranks third (3<sup>rd</sup>) in the priority order);
  - (b) Extraordinary Expenses (whether prepaid or not by the Management Company and properly documented); and
  - (c) taxes payable by the Fund.
- (3) Payment of fees to the Servicer and to BBVA for the Non-Delegable Services and the Banking Services.
- (4) Interest payment to Class A Notes.
- (5) If the Seller Portfolio Purchase occurs during the Seller Portfolio Purchase Initial Period, the Class A Make Whole Amount.
- (6) Principal repayment of the Class A Notes.
- (7) Interest payment to Class B Notes.
- (8) If the Seller Portfolio Purchase occurs during the Seller Portfolio Purchase Initial Period, the Class B Make Whole Amount.
- (9) Principal repayment of the Class B Notes.
- (10) Interest payment to Class C Notes.
- (11) If the Seller Portfolio Purchase occurs during the Seller Portfolio Purchase Initial Period, the Class C Make Whole Amount.
- (12) Principal repayment of the Class C Notes.

- (13) Interest payment to Class D Notes.
- (14) If the Seller Portfolio Purchase occurs during the Seller Portfolio Purchase Initial Period, the Class D Make Whole Amount.
- (15) Principal repayment of the Class D Notes.
- (16) Payment of the eventual compensation to BBVA.
- (17) Interest payment to Initial Expenses Subordinated Loan.
- (18) Principal repayment of Initial Expenses Subordinated Loan.
- (19) Interest payment to Reserve Fund Subordinated Loan.
- (20) Principal repayment of Reserve Fund Subordinated Loan.
- (21) Interest payment to Class E Notes.
- (22) Principal repayment of the Class E Notes.
- (23) Payment to the Seller of the remuneration or compensation for financial intermediation which will be equal to the difference between the Available Funds and payments of the Fund on the relevant date (calculated in accordance with the cash (settlement) approach (*criterio de caja*)).

In the event the Available Funds were insufficient to make any of the above payments, the Available Funds will be applied to the different items mentioned in the established priority order and pro rata to the required amount among those entitled to receive payment.

#### **3.4.6.4. Fund Expenses**

Pursuant to the provisions of the Priority of Payment Order and the Liquidation Priority of Payment Order, described in the previous paragraphs, the Management Company will pay, and charge to the Fund, all of the Fund operating expenses, including the Initial Expenses, the Ordinary Expenses, the Extraordinary Expenses, the Loans & REO Expenses and the Liquidating Expenses that accrue throughout its life.

##### **(i) Initial expenses**

The estimate of the Initial Expenses incurred in the incorporation of the Fund and the Notes Issue is detailed in section 6 of the Securities Note. The initial expenses will be paid with the Initial Expenses Subordinated Loan and without being subject to the Priority of

Payments.

**(ii) Expenses throughout the life of the Fund**

The Management Company will send instructions to the Paying Agent for the payment of all the Fund operating expenses, including both the periodic Ordinary Expenses and also the Extraordinary Expenses that accrue throughout its life.

Merely by way of illustration, the Management Company will pay, on behalf of the Fund, the following expenses:

- The following are considered ordinary expenses (the “**Ordinary Expenses**”): expenses that may arise from mandatory administrative verifications, registrations and authorizations not included in the Initial Expenses; the fees payable to the Ratings Agencies for monitoring and maintaining the rating of the Rated Notes; expenses relating to the Notes bookkeeping, involving their representation by the book-entry system, any admission-related expenses that arise from time to time, and the maintenance of all of the above, not included in the Initial Expenses; fees and expenses incurred for the sale of real estate assets (including, for the avoidance of doubt, those amounts indicated in section 3.7.2.9 of the Additional Building Block); the expenses incurred in the annual financial audit of the Fund and in the reporting on the portfolio to the European Data Warehouse; any negative interest rate of the Bank Accounts, if applicable at any time; the expenses incurred in the redemption of the Notes (ie. Iberclear); the expenses incurred in the announcements and notifications relative to the Fund and/or the Notes; the Paying Agent's fee, the Servicing Fee, the BBVA's fee for the Non-Delegable Services and the Banking Services, the Collection Accounts Bank's fee and the Management Company's fee.

It is estimated that the Ordinary Expenses for the first year of the life of the Fund will amount to Euro ONE MILLION ONE HUNDRED AND SEVENTY THOUSAND (€1,170,000). It is expected that the annual amount of Ordinary Expenses will drop throughout the life of the Fund due to the fact that the amount of some of the Ordinary Expenses of the Fund are calculated as a percentage on the current balance of the transaction, which logically will drop over time. Such percentage is estimated around 0.27%.

- The following are considered extraordinary expenses (the “**Extraordinary Expenses**”): expenses arising from the preparation and formal execution of the amendment of the Deed of Incorporation and of the Fund's Agreements, as well as for the execution of additional contracts; where applicable, the amount of Initial Expenses that exceeds the initial amount available for Initial Expenses; the Loans & REO Expenses incurred by the Fund which exceed Euro 200,000 on each Collection Period; the cost incurred for each Meeting of Creditors; in general, all fees, costs, expenses and taxes required to be



paid in order to preserve the existence of the Fund or to maintain it in good standing or to comply with the applicable legislation; extraordinary audit and legal advice expenses; the expenses required for initiating the enforcement of the Mortgage Loans by the Fund pursuant to article 31 of Royal Decree 716/2009, and in general, any other extraordinary expenses incurred by the Fund or by the Management Company, on behalf of and for the account of the same.

- The following are considered Loans & REO Expenses: expenses duly incurred by the Servicer for its servicing activities including, without limitation, (i) the expenses incurred by the Servicer in order to manage and sell the properties which have been awarded to the Fund and (ii) the repairs or improvements made in the properties, as described in section 3.4.4.5. of the Additional Building Block.
- Any expenses that are incurred in liquidating the Fund will be considered liquidation expenses (“**Liquidation Expenses**”).

### **3.4.7 Other arrangements upon which payments of interest and principal to investors and to the lender under the Subordinated Loans are dependent**

#### **3.4.7.1. Financial Services Agreement**

The Management Company, on behalf of and for the account of the Fund, will enter into a Financial Services Agreement with the Paying Agent and Accounts Bank for the financial servicing of the Notes Issue, whose main terms and conditions are described in section 5.2 of the Securities Note and sections 3.4.4.2, 3.4.4.3, 3.4.4.4 and 3.4.4.5 of this Additional Building Block.

### **3.5. Name, address and significant business activities of originators of the securitized assets**

The Mortgage Loans that are sold to the Fund were originated by CX and the Integrated Entities.

CX was the beneficiary company, after a spin-off and as full legal successor, of the banking business of Caixa d’Estalvis de Catalunya, Tarragona i Manresa, pursuant to the spin-off deed executed before the Notary Public of Barcelona, Mr. José Alberto Marín Sánchez, on 27 September 2011, with number 1620 of his official records, which caused entry 21 in the sheet opened for Catalunya Banc, S.A. at the Commercial Registry of Barcelona.

Caixa d’Estalvis de Catalunya, Tarragona i Manresa was, in turn, the full successor, following the merger with creation of a new legal entity, of Caixa d’Estalvis de Catalunya, Caixa d’Estalvis de Tarragona and Caixa d’Estalvis de Manresa, pursuant to a deed of merger executed before the Notary Public of Barcelona, Mr. José Marqueño de Llano, on 30 June

2010, with number 1265 of his official records, which was recorded at the Commercial Registry of Barcelona, at Folio 1, Tome 41.978, sheet -400372, 1st entry.

On 24 April 2015, BBVA acquired 98.4% of the share capital of CX and, with effects as from 9 September 2016 and pursuant to the procedure set forth in article 51 of Law 3/2009, CX was absorbed by and merged with BBVA.

BBVA is an entity of Spanish nationality, with registered address at Plaza de San Nicolás 4, Bilbao, Spain with Tax Identification Number (N.I.F.) A-48265169 and registered with the Mercantile Registry of Vizcaya under volume 2083, page 1 and sheet BI-17A.

The seller of the Mortgage Loans that are sold to the Fund is SRF Intermediate 2017-1.

SRF Intermediate 2017-1 is a private limited liability company (*société à responsabilité limitée*) incorporated on 16 December 2016 under the laws of Luxembourg, with registered address at 2, rue Eugene Ruppert, L-2453 Luxembourg, having a share capital of EUR12,500, and duly registered at the *Registre de Commerce et des Sociétés, Luxembourg* with number B 211.365.

**3.6. Return and/or repayment of the securities with others that are not assets of the Issuer**

Not applicable.

**3.7. Servicer, calculation agent or equivalent**

**3.7.1 Description of the duties and responsibilities undertaken by the Management Company regarding the management and legal representation of the Fund and Noteholders**

**3.7.1.1. Duties and responsibilities of the Management Company**

The Fund will be incorporated by “TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A.” as the Management Company duly authorised for such purposes and, consequently, to act as the manager and legal representative of the Fund, pursuant to the provisions of Law 5/2015.

As the manager of third party funds, the Management Company will be required to act with utmost diligence and transparency in defence of the best interests of the Noteholders and the funders of the Fund.

The Noteholders will have no recourse against the Management Company, other than from non-performance of its duties or non-compliance with the provisions of the Deed of Incorporation, this Prospectus and the applicable laws and regulations. In this regard, no action

of the Noteholders against the Management Company shall be based on (i) delinquency or prepayment of the Mortgage Loans; (ii) non-fulfillment by the different parties of the operations entered in to the name and on behalf of the Fund (other than the Management Company); or (iii) the insufficiency of the credit enhancements to cover the payments of the Notes of any class.

Merely by way of illustration, and notwithstanding any other actions stipulated in the Deed of Incorporation and this Prospectus, the duties of the Management Company, according to the legislation applicable at the registration of the Prospectus, will be as follows:

- (i) Verify that the amount of the revenues effectively received by the Fund matches the proceeds that the Fund should have received, in accordance with the provisions of the different agreements from which such revenues derive. Should it be necessary, the Management Company will take any action, either in court or out of court, necessary or appropriate to protect the rights of the Fund and the Noteholders.
- (ii) Apply the Available Funds to the payment of the Fund's obligations, as provided in the Deed of Incorporation and this Prospectus.
- (iii) Extend the term or modify the agreements it has entered into on behalf of the Fund in order to allow the Fund to operate on the terms stipulated in the Deed of Incorporation, this Prospectus and the laws applicable from time to time.
- (iv) Replace each of the providers of services to the Fund, on the terms established in the Deed of Incorporation and this Prospectus, provided that this is permitted under current law and, if and when necessary, the authorization of the CNMV is obtained, the Rating Agencies are notified and such action is not detrimental to the interests of the Noteholders. In particular, in the event that the Servicer is in breach of its obligations as the servicer of the Mortgage Loans, the Management Company will take any steps necessary to ensure the proper servicing of the Mortgage Loans, without prejudice to the obligations and responsibilities of the Management Company in accordance with articles 26 and 30.4 of Law 5/2015.
- (v) Open, in the name of the Fund, the Bank Accounts and the Collection Accounts, initially with BNP Paribas and BBVA, respectively, and verify that the funds obtained from collections are deposited into the General Account, under the terms stated in this Prospectus.
- (vi) Issue the appropriate instructions to the Accounts Bank and the Collection Accounts Bank regarding the Bank Accounts and the Collection Accounts, respectively.
- (vii) Issue appropriate instructions to the Paying Agent regarding payments to be made to the Noteholders and, where applicable, to other entities in charge of making payments.

- (viii) Calculate the amounts due and payable under the Notes and to instruct the Paying Agent to make the Notes and the Subordinated Loans principal and interest payments.
- (ix) Calculate and make the rest of payments of the Fund that must be made in accordance with the Priority of Payment Order or the Liquidation Priority of Payment Order, as appropriate.
- (x) Calculate the Available Funds and movements of funds which it shall have to make once the application thereof has been carried out in accordance with the relevant order of priority of payments, ordering transfers of funds between the various asset and liability accounts and the applicable payment instructions, including those assigned to meet the financial servicing on the Notes.
- (xi) Calculate and settle the amounts which, for interest and fees, must be received and paid by the various asset and liability financial accounts, as well as the fees to be paid for the various financial services arranged and the amounts which, for repayment of principal and interest, pertain to the Notes and the Subordinated Loans.
- (xii) Monitor the actions of the Servicer for recovery of non-payments, giving instructions, when applicable, in order to bring a foreclosure proceeding and, as the case may be, with regard to the position to be adopted in real property auctions and exercise the actions which apply when circumstances occur which so require.
- (xiii) Carry the accounting of the Fund with due separation from the accounting of the Management Company, and render accounts and comply with the tax or other legal obligations applicable to the Fund.
- (xiv) Appoint and, as the case may be, replace and dismiss the auditor with the prior approval of the CNMV, where necessary.
- (xv) Produce and submit to the competent agencies and the CNMV any documents and information that must be submitted, under current regulations and produce and disclose to the Noteholders any information that is legally required.
- (xvi) Make appropriate decisions relating to the liquidation of the Fund, including the decision to proceed with the Early Liquidation of the Fund, pursuant to the provisions of the Deed of Incorporation and this Prospectus.
- (xvii) Determine the interest rate to be applied for each class of Notes and the Subordinated Loans in each Interest Period.
- (xviii) Make available to the public, as required by law, any documents and information

necessary in accordance with the Deed of Incorporation and this Prospectus.

- (xix) On behalf of the Fund, provide the Rating Agencies with periodic information regarding the situation of the Fund and the behavior of the Mortgage Loans in order to allow them to continue rating the Rated Notes. Similarly, it will supply the said information whenever reasonably requested to do so by the Rating Agencies and, in any event, whenever a change occurs in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company or in the interested parties.
- (xx) Prepare and send, for and on behalf of the Fund, any report or documentation that the Fund must produce, under Spanish or European Union legislation.
- (xxi) Perform all of the duties that correspond to the Management Company in relation to the Meeting of Creditors.

#### **3.7.1.2. Resignation and replacement of the Management Company**

The Management Company shall be substituted in managing and representing the Fund, in accordance with articles 32 (Resignation) and 33 (Forced Substitution) of Law 5/2015 and to the extent applicable, other regulations to be established in the future.

##### **Resignation**

The Management Company may resign its management and authorised representation function with respect to all or part of the funds managed whenever it deems this fit, requesting its substitution, which should be authorized by the CNMV, in accordance with the procedure and the conditions to be established in Law 5/2015.

The Management Company may in no event resign its duties until and unless all requirements and formalities have been complied with in order for its substitute to take over its duties.

The substitution expenses originated shall be borne by the Management Company and may in no event be passed on to the Fund.

##### **Forced substitution**

- (i) In the event that the Management Company is declared insolvent (*en concurso*), it shall find a substitute management company, in accordance with the provisions of the foregoing section.
- (ii) Always in the event for which provision is made in the preceding section, if four months (4) have elapsed from the occurrence determining the substitution and no new management company has been found to take over management of the Fund, there shall

be an Early Liquidation of the Fund, in accordance with the provisions of the Deed of Incorporation and this Prospectus.

The Management Company agrees to execute such notarial deeds and private documents as may be necessary for it to be substituted by another management company, in accordance with the system for which provision is made in the preceding paragraphs of this section. The substitute management company shall be substituted in the Management Company's rights and duties under the Deed of Incorporation and this Prospectus. Furthermore, the Management Company shall hand to the substitute management company such accounting records and data files as it may have to hand over in connection with the Fund.

### **3.7.1.3. Subcontracting of the Management Company**

The Management Company will be empowered to subcontract or delegate the provision of any of the services which it has to carry out with regard to their functions concerning the administration and legal representation of the Fund to third parties with acknowledged solvency and capacity, in accordance with what is set out in this Prospectus on the condition that the subcontractor or delegate has renounced the exercise of any action claiming liability against the Fund.

In any case, the subcontracting or delegation of any service (i) cannot involve any additional cost or expense for the Fund, (ii) must be legally possible, (iii) must not give rise to a drop or withdrawal in the rating granted to the Rated Notes by the Rating Agencies, and (iv) will be subject to notification to the CNMV, and, if legally necessary, it will have its previous authorisation. Notwithstanding any subcontracting or delegation, the Management Company will not be exonerated nor released from any of the liabilities assumed by virtue of this Prospectus which are legally attributable to or required from it due to this subcontracting or delegating.

### **3.7.1.4. Remuneration of the Management Company**

The Management Company will receive as remuneration for its services, an initial fee (which has been included in the Initial Expenses of the Fund). Additionally it will receive, on each Payment Date, starting on the first Payment Date (inclusive), a quarterly management fixed fee. The Management Company's fee will be revised on an annual basis in accordance with the consumer price index. Such fee will be free of taxes and expenses.

Exceptionally, on the first Payment Date, the remuneration of the Management Company will be calculated in terms of the number of days elapsed since the Date of Incorporation.

In case that the current legislation applicable is modified, implying additional requirements to the Management Company, the reasonable expenses incurred by the Management Company will be borne by the Fund.

### 3.7.2 Servicing and custody of the Mortgage Loans and deposit of the Mortgage Certificates

In accordance with the legal provisions applicable to Mortgage Certificates, BBVA, as Master Servicer, will retain formal servicing of the Mortgage Loans but the relevant duties will effectively be carried out through Anticipa as servicer (the "**Servicer**") by way of subcontracting the services of the latter. Anticipa will act on behalf of BBVA but on account and for the benefit of the Fund. All the foregoing should be understood without prejudice to those Non-Delegable Services which are obligations of BBVA that cannot be delegated and must be retained by BBVA as issuer of the Mortgage Certificates and supervised credit institution. The subcontracting of the Servicer does not exempt BBVA from its responsibility in relation to the functions subcontracted to the Servicer.

As Master Servicer, BBVA's audited Annual Accounts (Balance Sheet and Profit & Loss Account) for 2014, 2015 and 2016 fiscal years have been deposited with the CNMV. These documents are available on the website of the CNMV (<http://www.cnmv.es/AUDITA/2014/15532.pdf>/<http://www.cnmv.es/AUDITA/2015/16162.pdf>) and <https://www.cnmv.es/AUDITA/2016/16757.pdf>) and BBVA ([https://shareholdersandinvestors.bbva.com/TLBB/fbinir/mult/AnnualAccountsManagementReportBBVA2014\\_tcm927-546992.pdf](https://shareholdersandinvestors.bbva.com/TLBB/fbinir/mult/AnnualAccountsManagementReportBBVA2014_tcm927-546992.pdf)/[https://shareholdersandinvestors.bbva.com/TLBB/fbinir/mult/AnnualReport2015\\_tcm927-569151.pdf](https://shareholdersandinvestors.bbva.com/TLBB/fbinir/mult/AnnualReport2015_tcm927-569151.pdf)) and [https://shareholdersandinvestors.bbva.com/TLBB/fbinir/mult/2016Annualaccounts\\_tcm927-643414.pdf](https://shareholdersandinvestors.bbva.com/TLBB/fbinir/mult/2016Annualaccounts_tcm927-643414.pdf)).

In case of termination of BBVA as Master Servicer, the Management Company will assume the servicing of the Mortgage Loans pursuant to article 26 of Law 5/2015. The Management Company shall make its best efforts to subcontract a third entity to carry out the servicing of the Mortgage Loans. The subcontracting of this third party Servicer does not exempt the Management Company from its responsibility in relation to the servicing of the Mortgage Loans.

The Servicer is a real estate and loan management company with registered offices in Spain, C/ Roure, 6-8, 4<sup>a</sup> planta, 08820 El Prat de Llobregat (Barcelona) and NIF number B86963303. Its headquarters are based in Barcelona with offices in Madrid, Valencia and Málaga. It has an established track record of servicing residential assets and loans, specialised in offering integrated management solutions in the areas of financial and real-estate assets, with more than twenty years' experience in the sector. As from 15 April 2015, the Servicer started servicing the Reviewed Mortgage Loans.

The sole shareholder of Anticipa is the Luxembourg entity Columbus Investments S.à r.l. which is part of the The Blackstone Group L.P.

At 28 February 2017, Anticipa managed 79,627 loans (including secured and unsecured loans to individuals and corporate entities) and 11,710 REO (Real Estate Owned) units (including housing, parking, storage, and commercial units, as well as, land and projects in various stages of development) across several portfolios.

At 10 January 2017, Anticipa had 298 employees. At the end of 2016, Anticipa executed a layoff (*expediente de regulación de empleo*) for technical reasons, because of the termination of two management contracts.

The charts below show individual Anticipa's audited Annual Accounts (Balance Sheet and Profit & Loss Account) for 2014, 2015 fiscal years and unaudited Annual Accounts (Balance Sheet and Profit & Loss Account) for first half of 2016. The audit reports corresponding to 2014 and 2015 fiscal years were issued without reservations and qualifications.



<b>PROFIT AND LOSS ACCOUNT (EURO)</b>	Half-Yearly Jun 2016	Fiscal Year 2015	Fiscal Year 2014
<b>CONTINUING OPERATIONS</b>			
<b>Net revenues of ordinary business</b>	<b>29,104,840</b>	<b>74,689,918</b>	<b>28,205,406</b>
Provision of Services	29,104,840	74,689,918	28,205,406
<b>Other Operating Income</b>	<b>909,075</b>	-	-
<b>Personnel expenses</b>	<b>- 12,308,339</b>	<b>- 18,955,552</b>	<b>- 7,334,157</b>
Wages, Salaries and Similar Expenses	- 9,279,730	- 14,698,476	- 5,873,142
Social Contributions	- 3,028,609	- 4,257,076	- 1,461,015
<b>Other Operating Expenses</b>	<b>- 12,545,122</b>	<b>- 26,721,511</b>	<b>- 12,717,823</b>
External Services	- 12,536,459	- 26,711,101	- 12,711,097
Taxes	- 8,650	- 9,089	- 4,584
Other Current Operating Expenses	- 13	- 1,321	- 2,142
<b>Amortisation of Intangible Assets</b>	<b>- 2,851,351</b>	<b>- 5,684,582</b>	<b>- 2,456,138</b>
Deterioration and Result From Disposals of Fixed Assets	-	- 1,019	-
Result from disposals and Other	-	- 1,019	-
Other Results	- 946	- 1,169	-
<b>OPERATING RESULTS</b>	<b>2,308,157</b>	<b>23,326,085</b>	<b>5,697,288</b>
<b>Financial Income</b>	<b>23,261</b>	<b>40,286</b>	<b>38,108</b>
Of Negotiable Securities and Other Financial Instruments	23,261	40,286	38,108
<b>Financial Expenses</b>	<b>- 230,857</b>	<b>- 782,209</b>	<b>- 391,586</b>
On Debts with Group and Associated Companies	- 227,555	- 715,315	- 328,444
On debts to third parties	- 3,302	- 66,894	- 63,142
<b>Exchange differences</b>	<b>- 44</b>	-	-
<b>FINANCIAL RESULT</b>	<b>- 207,639</b>	<b>- 741,923</b>	<b>- 353,478</b>
<b>EARNINGS BEFORE TAX</b>	<b>2,100,518</b>	<b>22,584,162</b>	<b>5,343,810</b>
Tax on Profits	- 525,130	- 6,130,421	- 1,698,586
<b>RESULT FOR THE YEAR FROM CONTINUOUS OPERATIONS</b>	<b>1,575,389</b>	<b>16,453,741</b>	<b>3,645,224</b>
<b>FISCAL YEAR RESULT</b>	<b>1,575,389</b>	<b>16,453,741</b>	<b>3,645,224</b>

ASSETS (EURO)	Half-Yearly Jun 2016	Fiscal Year 2015	Fiscal Year 2014	NET ASSETS AND LIABILITIES (EURO)	Half-Yearly Jun 2016	Fiscal Year 2015	Fiscal Year 2014
<b>NON-CURRENT ASSETS</b>	<b>14,397,179</b>	<b>15,108,989</b>	<b>14,228,900</b>	<b>NET ASSETS</b>	<b>24,476,257</b>	<b>22,900,869</b>	<b>6,448,224</b>
Intangible Assets	6,386,164	7,615,691	6,629,973	OWN FUNDS -			
Information Technology	6,386,164	6,267,045	1,095,665	Share Capital	3,000	3,000	3,000
Other Intangible Assets	-	1,348,646	5,534,308	Reserves	3,644,128	3,644,128	-
Tangible Assets	1,273,423	790,712	256,101	Legal and Statutory Reserves	600	600	-
Technical Facilities and Other Tangible Assets	1,273,423	790,712	239,502	Other Reserves	3,643,528	3,643,528	-
Tangible Fixed Assets and Advances Paid	-	-	16,599	Other Shareholder Contributions	2,800,000	2,800,000	2,800,000
Long-term Financial Investments	6,152,586	6,117,579	6,097,499	Prior year's results	16,453,741	-	-
Other Financial Assets	6,152,586	6,117,579	6,097,499	Fiscal Year Results	1,575,389	16,453,741	3,645,224
Deferred Tax Assets	585,007	585,007	1,245,327	<b>NON-CURRENT LIABILITIES</b>	<b>12,000,000</b>	<b>14,400,000</b>	<b>23,142,760</b>
<b>CURRENT ASSETS</b>	<b>43,511,054</b>	<b>41,507,977</b>	<b>27,858,909</b>	Long-term Debts	-	-	3,742,760
Commercial Stock	-	29,959	-	Debts with Credit Entities	-	-	3,742,760
Advances to Suppliers	-	29,959	-	Long-term Debts with Group and Associated Companies	12,000,000	14,400,000	19,400,000
Trade Debtors and Other Receivable Accounts	13,805,312	25,131,623	24,109,406	<b>CURRENT LIABILITIES</b>	<b>21,431,976</b>	<b>19,316,097</b>	<b>12,496,825</b>
Customers from Sales and Provision of Services	2,808,618	14,599,579	20,339,514	Short-term Provisions	6,374,760	-	-
Customers, Group and Associated Companies	10,087,636	10,222,737	3,670,009	Short-term Debts	1,557,572	21,227	1,327,342
Sundry Debtors	497,438	243,525	48,945	Debts with Credit Entities	946,119	10,095	1,327,342
Employees	85,310	65,782	50,938	Other Financial Liabilities	611,452	11,132	-
Other credits with Public Administrations	7,373	-	-	Short-term Debts with Group and Associated Companies	-	870,608	328,444
Down Payment Payables	318,937	-	-	Suppliers and Other Payable Accounts	13,499,645	18,424,262	10,841,039
Short-term Investments Group and Associat. Co	482,722	-	-	Suppliers	5,453,964	4,990,439	4,545,866
Short-term Financial Investments	51,178	55,771	81,154	Suppliers, Group and Associated Companies	-	133,452	-
Corporate Loans	7,623	12,716	38,099	Customer advances	64,229	-	-
Other Financial Assets	43,555	43,055	43,055	Sundry Accounts Payable	4,379,290	10,269,768	1,053,015
Short-term Accrual Accounts	69,439	44,666	56,406	Current tax liabilities	1,014,477	-	-
Cash and Other Equivalent Liquid Assets	29,102,403	16,245,958	3,611,943	Employees	1,420,717	1,508,329	748,285
				Other Public Entities Debt	1,166,967	1,522,274	4,493,873
<b>TOTAL ASSETS</b>	<b>57,908,234</b>	<b>56,616,966</b>	<b>42,087,809</b>	<b>TOTAL NET ASSETS AND LIABILITIES</b>	<b>57,908,234</b>	<b>56,616,966</b>	<b>42,087,809</b>

### 3.7.2.1. General principles, terms and conditions regarding servicing and custody of the Mortgage Loans

The activities of BBVA as Master Servicer of the Mortgage Loans subcontracted to the Servicer will be carried out by the latter pursuant to the following criteria and guidelines:

- (a) To service the Mortgage Loans with the diligence of an orderly businessman and loyal entrepreneur, meeting the highest ethical and quality standards existing on the market.
- (b) To comply with all applicable legislation and, in particular, with legislation regarding personal data protection and bank secrecy.
- (c) To apply the code of best practices set forth in the Annex to the Royal Decree 6/2012, of 9 March 2012, on urgent measures to protect mortgagors without resources (the "**Code of Best Practices**"), as amended by Law 1/2013, and as amended by Royal Decree 1/2015, of 27 February, on the second opportunity mechanism, the reduction of financial burden and other social measures, and as amended in the future (including Law 25/2015) (the "**Royal Decree 6/2012**") as well as the enhancements approved by CX's Board of Directors on 23 January 2013 (the "**Enhancements**") consisting of:
  - (i) excluding from the calculation of maximum income indicated in section 3.1.a) of Royal Decree 6/2012 any income of co-debtors not residing in the dwelling;
  - (ii) including (y) the annual Public Indicator of Multiple Effects Income with fourteen

(14) monthly salary instalments and (z) any regular income (or amounts equivalent to an average monthly amount) that is duly accredited, in the calculation of the maximum limit under section 3.1.1a) of Royal Decree 6/2012;

- (iii) applying the Code of Best Practices set forth in the Annex to Royal Decree 6/2012 to securitised Mortgage Loans;
- (iv) admitting for consideration and assessment proposals including missing or untraceable guarantors, when debtors provide any document evidencing said circumstance;
- (v) applying the restructuring and surrender in lieu of payment measures under the Code of Best Practices to debtors whose acquisition price of the dwelling has not exceeded Euro three hundred thousand (Euro 300,000), irrespective of the municipality in which the dwelling is located, and extending said limit, exclusively as regards the application of the restructuring measures, to the following amounts and in the following circumstances:

	Family having two or fewer people dependent on the debtor	Family having three or more people dependent on the debtor
Municipalities with over 1 million inhabitants	€350,000	€400,000
Municipalities between 500,001 and 1 m. inhabitants or those integrated in metropolitan areas of municipalities exceeding 1m. inhabitants	€315,000	€360,000

- (vi) offering a two (2) year lease to debtors having surrendered their dwelling in lieu of payment, with a rent not to exceed three per cent (3%) of the updated appraised value per year, save where the total amount of the debt at the time of the surrender in lieu of payment was lower, in which case the percentage will be applied on this latter figure.

The application of Royal Decree 6/2012 by the Servicer will be subject to (i) the applicable legislation and (ii) the guidelines and recommendations that the Bank of Spain may issue from time to time.

Particularly, the Servicer shall inform the Debtors of the measures foresee under Royal Decree 6/2012 before carrying out the actions set out in paragraph (A) of Section 5,

Section 6 and paragraph (A) of Section 7 below.

- (d) To apply the conditions agreed with the Debtors of the Mortgage Loans.
- (e) To take steps for collection at all times with respect to the Mortgage Loans in BBVA's name and on account of the Fund, as applicable.
- (f) To refrain from any statements or acts liable to mislead third parties into thinking that any recovery or other acts are being carried out in its own name.
- (g) Provide the Assistance and Collaboration Services so that BBVA may comply with the obligations derived from the applicable legislation or the relevant authorities (Bank of Spain, CNMV, Data Protection Agency, judges and courts, SEPBLAC, etc).
- (h) To provide the Services with, at least, the same quality standard used for any of its customers.
- (i) To dedicate to the provision of the Services, any material and human resources that are necessary to meet the objectives contemplated herein.

The Servicer, when performing its duties, will follow any instructions that the Management Company, acting in the name and on behalf of the Fund, may give it over the term of the Servicing Agreement, subject to the provisions therein, the Mortgage Certificates Purchase Agreement and the Deed of Incorporation.

In relation to what it is established in letters b) and g) above, it corresponds to BBVA, as a general principle, establishing the criteria for decision-making, particularly due to their special relevance but not limited thereto, for anti money laundering issues and terrorism finance, Customer Service related issues (*Servicio de Atención al Cliente* or SAC), Bank of Spain's Risk Information Center (*Central de Información de Riesgos del Banco de España* or CIRBE), any regulatory matter (Bank of Spain, CNMV, Courts and Tribunals, etc.) and tax matters.

## **General criteria regarding management of the Mortgage Loans**

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

The Servicer, as a part of the Services, will retain all deeds, policies, certificates, documents and electronic files related to the Mortgage Loans, as well as the other documentation formalised under the Mortgage Loans as a result of servicing thereof by the Servicer, in safe custody, and will not give up possession, custody and control thereof without prior written consent of the Management Company, acting in the name and on behalf of the Fund, unless so required by a competent authority, always notifying the Management Company, acting in the name and on behalf of the Fund.

The Servicer will keep all electronic files related to the Mortgage Loans in such manner as to be easily identified and distinguished from those related to other credits (and in particular those referring to any other credit rights serviced by the Servicer).

The Servicer will provide reasonable access at all times to the aforesaid deeds, policies, certificates, documents and records, to the Management Company, acting in the name and on behalf of the Fund, as well as to BBVA when reasonably required (without needing the authorisation of the Management Company, acting in the name and on behalf of the Fund).

## **2. Management of collections and payments to the Fund**

The management of the collection of the amounts owed by the debtors of the Mortgage Loans will be carried out as follows:

- (i) the Servicer will, without prejudice to the provisions of paragraph (ii) below, take all necessary actions to manage the collection of all amounts payable by the Debtors as a result of the Mortgage Loans, including invoicing of the loan (calculating the amount of principal, interest, default interest and fees the Debtor has to pay) and submitting it electronically to BBVA and to the relevant debtor in a timely manner; and
- (ii) BBVA will direct all direct debits from the Debtors' accounts following the instructions given from time to time by the Servicer.

Furthermore, the Servicer will be responsible for managing the collection of any other amounts not expressly included in the paragraph (i) above, including those corresponding to (i) indemnifications arising from the insurance contracts to cover damage to the mortgaged properties used to secure the Mortgage Loans and (ii) third party guarantors which correspond to the Fund as holder of the Mortgage Loans represented by the Mortgage Participations and the Mortgage Transfer Certificates as well as the proceeds from the sale or renting of the foreclosed properties.

The Servicer will apply due diligence so that the payments that must be made by the Debtors are collected in accordance with the contractual terms and conditions of the Mortgage Loans applicable from time to time.

In accordance with the BBVA Accounts Agreement, BBVA, on behalf of the Fund, will receive the amounts paid deriving from the Mortgage Loans, corresponding to the Fund, as repayment of principal and payment of interest, indemnification from insurers and any other category in the relevant accounts opened by the Fund in BBVA, as described in Section 3.4.4.1 of this Additional Building Block.

BBVA will in no case pay any amount to the Fund not previously received deriving from the

Mortgage Loans and the Servicer will not instruct otherwise.

### **3. Interest rate calculation**

The Servicer will calculate the interest rates applicable in each of the interest periods as contemplated in the corresponding agreements giving rise to each Mortgage Loan, making any communications and notifications contemplated in each respective agreement to this effect.

In this regard, BBVA will provide the Servicer, as applicable according to the agreements and sufficiently in advance, with any information that may be necessary to calculate the interest rate, with respect to those Mortgage Loans that need such data in order to calculate their interest rate.

### **4. Subrogation of the Mortgage Loans**

The Servicer may allow subrogations of the Debtor's position in the Mortgage Loan agreements, solely and exclusively when the characteristics of the new debtor are similar to the characteristics of the previous debtor and provided that:

- (i) the maximum amount of Mortgage Loans in relation to which Debtor might be subrogated during the life of the Fund cannot exceed five per cent (5%) of the Outstanding Principal Balance of the Mortgage Loans at the Cut-off Date of the Fund;
- (ii) the new debtors fulfil both BBVA's and the Fund's ordinary internal control protocols (KYC "Know your Customer"); and
- (iii) any expenses deriving from any such subrogation are completely payable by the Debtors.

In any case, the Management Company must be notified by the Servicer of any subrogation carried out in accordance with the preceding paragraphs.

The Management Company, representing the Fund, will at any time be able to restrict the subrogation criteria hereunder and, in particular, when these criteria might negatively affect the ratings of the Rated Notes.

The Debtor may also seek subrogation to the position of the creditor under the provisions of Law 2/1994, of 30 March, on the subrogation and amendment of mortgage loans (*Ley 2/1994, de 30 de marzo, por la que se regula la subrogación y la modificación de los Préstamos Hipotecarios*), which will lead to the related payment of the amount owed, which will result in prepayment of the relevant Mortgage Loans.

**5. Authority and actions related to renegotiation of Mortgage Loans with less than thirty (30) days in arrears**

- (A) Under no circumstances may the Servicer enter into renegotiations at its own initiative and without a request to this end from the Debtor.

If a renegotiation is requested by the Debtor, the Servicer cannot:

- (i) amend any of the terms and conditions which may result in (a) a reduction of the principal due; (b) the change in the repayment calendar applicable to a Mortgage Loan; (c) the change of variable interest rate to fixed interest rate; or (d) the increase of the principal balance of the Mortgage Loan (provided that additional Drawdowns under the Multi-Credit Agreements are allowed which in no case shall be transferred to the Fund);
  - (ii) write off or cancel the Mortgage Loans or any guarantees or security granted in respect thereof for any reason other than the repayment of the Mortgage Loans; and
  - (iii) waive or compromise on said guarantees or security or, in general, undertake any act that restricts the status, legal effectiveness, or economic value of the Mortgage Loans, the guarantees or the security.
- (B) BBVA and the Management Company, acting in the name and on behalf of the Fund, authorize the Servicer to renegotiate the terms and conditions of the Mortgage Loans with less than thirty (30) days in arrears upon a request from the Debtors, without the prior consent of the Management Company, subject to the following requirements and limitations:
- (i) In order to allow the amendment of a term of the Mortgage Loan, it is necessary that during the last three (3) months prior to the date in which such clause is amended all the instalments of such Mortgage Loan have been paid within thirty (30) days of the due date.
  - (ii) The Servicer may renegotiate the interest reference rate of the Mortgage Loans to a rate considered as a market interest reference rate. For the purposes of this procedure, a market interest reference rate is the interest reference rate offered by lenders in the Spanish loan market.

In addition, the margin on the reference index may not be renegotiated (a) below 0.50% if the reference rate used is Euribor/Mibor or (b) below minus zero point four per cent (-0.4%) if the reference rate used is the Average Mortgage Loan Reference Index ("*tipo medio para préstamos hipotecarios a más de 3 años para*

*la adquisición de vivienda libre concedidos por las entidades de crédito") (IRPH Efectivo)* and provided further that the Servicer should apply the discounts over the margin if so applicable under the terms of the corresponding Mortgage Loan agreement.

- (iii) The Servicer may renegotiate the maturity date of the Mortgage Loans provided that, as a result of such renegotiation, the maturity date of the Mortgage Loan does not extend beyond the date falling four (4) years before the Final Maturity Date.

Additionally, the renegotiation of the terms and conditions of the Mortgage Loans set forth in paragraph (B) above is subject to the following:

- (a) The Servicer is authorised to agree the amendment of the terms and conditions of the Mortgage Loans of no more than five per cent (5%) of the Outstanding Principal Balance of all the Mortgage Loans at the Cut-off Date of the Fund, except for the amendments to be made by as a result of the enactment of laws or regulations or imposed by judicial resolutions (including, without limitation, the application of the Royal Decree 6/2012 and the Enhancements).
- (b) Any costs and expenses (including notary and registry fees) incurred in the amendment of the Mortgage Loans are at the expense of the Debtor, without the Fund nor BBVA being held liable for such expenses under any circumstances.

In any event, after any renegotiation in accordance with the provisions of this section, the Servicer will inform the Management Company of the conditions resulting from each renegotiation.

The Management Company, representing the Fund, will at any time be able to restrict the requirements set out in paragraph (B) of Section 5 above and paragraph (A) of Section 7 below and, in particular, when these requirements might negatively affect the ratings of the Rated Notes, provided that the obligations of the Servicer derived from the implementation of the Royal Decree 6/2012 will not be affected.

**6. Authority and actions related to renegotiation of Mortgage Loans with between thirty (30) days in arrears and less than ninety (90) days in arrears**

In case of Mortgage Loans with between thirty (30) days in arrears and less than ninety (90) days in arrears, the Servicer shall aim to manage proactively the collection of overdue instalments by (i) arranging payment plans (ii) arranging appropriate forbearance solutions with debtors to resolve arrears and, if necessary, (iii) conduct renegotiation/restructuring of debt in the same terms and conditions as set forth in paragraphs (ii), (iii) and (a) of paragraph (B) of Section 5 above; whilst at all times



taking into account the debtor's financial situation and ability to sustain the payment plan as well as the restructured loan, should this be the case.

The Servicer will ensure that Debtors under event of non-payment are proactively offered a range of solutions according to their specific circumstances and are kept informed of the processes and actions being taken on their loans and that this information is communicated clearly.

**7. Authority and actions related to the management of the Delinquent Mortgage Loans**

**(A) Management of the Delinquent Mortgage Loans.**

The Management Company and BBVA, as responsible of the custody and management of the Mortgage Loans authorize the Servicer to carry out the management of the Delinquent Mortgage Loans and provided that the procedure established below is followed.

The Servicer will ensure that Debtors under Delinquent Mortgage Loans are proactively offered a range of solutions according to their specific circumstances and are kept informed of the processes and actions being taken on their loans and that this information is communicated clearly.

The Servicer may carry out, in accordance with the solution agreed, partial or total removals of debt in respect of the Delinquent Mortgage Loans provided that the alternative strategies without removal in respect of the Mortgage Loans would produce, from a net present value (NPV) basis, a worse outcome than the strategy which includes a partial or total removal of debt.

The different alternative strategies, among others, including such partial or total removal of debt, are listed below:

- (i) The restructuring of the Delinquent Mortgage Loan by modifying the maturity, the interest rate, subject to the terms, conditions and limitations set forth in paragraphs (A) of section 5 above and paragraphs (ii), (iii) and (a) of paragraph (B) of Section 5 above. In this strategy the Servicer may not reduce the principal due. However, when necessary, a part of the loan could be forgiven, but only conditional upon the other part of the loan, that has been restructured, being fully paid off.
- (ii) The sale by the Debtor, or by the Servicer on behalf of the Debtor (by means of a power of attorney), of the underlying property, allocating the net sale price to the total or partial repayment of the debt (taking into account, without limitation, for

the determination of the sale price the applicable circumstances of the real estate market at such time, costs of sale and deadlines to complete the sale).

The remaining debt after the collection of the relevant amounts to the sale of the property, if any, could be partially or totally removed.

- (iii) In order to avoid the judicial or extrajudicial enforcement of the Delinquent Mortgage Loan, in case the strategies under (i) and (ii) above are demonstrated unfruitful, the Servicer may accept the payment of the debt by the repossession of the underlying property ('deed in lieu'). Such deed in lieu will be executed at the price of an ECO valuation ("*tasación ECO*" in accordance with Order ECO/805/2003, of 27 March, on valuation rules of real estate and of certain rights for financial purposes (*Orden ECO/805/2003, de 27 de marzo, sobre normas de valoración de bienes inmuebles y de determinados derechos para ciertas finalidades financieras*) (an "**ECO Valuation**") (to be provided by an independent valuer for these purposes).

The remaining debt after the deed in lieu, if any, could be partially or totally removed.

In case of extension of the maturity date of a Delinquent Mortgage Loan, the new maturity date shall not fall within the four (4) year immediately preceding the Final Maturity Date or after the Final Maturity Date.

**(B) Judicial or extrajudicial actions in the legal context in force at any given time**

- **Undertaken by the Servicer**

The Servicer, in the name of BBVA and on behalf of the Fund will exercise, in accordance with the principles, terms and conditions set forth in paragraph (C) below, the corresponding actions against the Debtors that breach their payment obligations deriving from the Mortgage Loans and, if applicable, against the guarantors or security providers. The aforesaid actions must be exercised using the judicial or extrajudicial enforcement procedure in the legal context in force at any given time, that applies in accordance with the provisions of the Law 1/2000, of 7 January, the Civil Procedure Law (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*) (the "**Civil Procedure Law**"), and in the case of a mortgage foreclosure proceeding, the rules established in paragraph (C) below will be followed.

For the foregoing purposes, and if necessary, the Management Company, acting in the name and on behalf of the Fund, will grant authority to BBVA, with the right of delegation to the Servicer, so that the latter, acting through any of its duly authorised attorneys with sufficient authority for that purpose may, in accordance with the instructions of the Management Company, acting in the name and on behalf of the

Fund, in BBVA's name and on account of the Fund, by way of any judicial or extrajudicial proceeding, demand of the debtor of any of the Mortgage Loans and, if applicable, the guarantors or security providers, the payment of the debt, and exercise the judicial action against them, in addition to other authority required for exercise of its functions.

- **Undertaken by the Management Company, acting in the name and on behalf of the Fund**

In addition to the judicial actions against the debtors by the Servicer, for and on behalf of BBVA, in accordance with the foregoing, and in the event the Servicer or BBVA fails to comply with its obligations to file or continue with the relevant judicial process, the Fund as holder of the PHs and CTHs will also have an action against the debtors breaching their payment obligations deriving from the Mortgage Loans and, if applicable, against the guarantors or security providers, on the terms established in article 31 of Royal Decree 716/2009. Such action must be exercised using the corresponding judicial proceedings as provided in the Civil Procedure Law, if applicable satisfying the standing requirements authorising it to do so.

If legally necessary, and for the purposes of the provisions of the Civil Procedure Law to be exercised on the terms established in article 31 of Royal Decree 716/2009, BBVA will grant, on demand of the Management Company, an irrevocable power of attorney, as broad and sufficient as may be required by law, so that the Management Company, acting in the name and on behalf of the Fund, and the Servicer may (i) notify the Debtor of any of the Mortgage Loans about the transfer of the Mortgage Loans to the Fund and (ii) make notarial demand on the Debtor of any of the Mortgage Loans and, if applicable, on the guarantors, for payment of their debt.

Should BBVA be involved in any corporate restructuring operations, BBVA undertakes, should it be necessary to ensure that the powers of attorney referred to above remain in force, to ensure that the successor or assignee entity of BBVA (immediately, and in any case within a maximum of five (5) business days following the date of the relevant corporate restructuring operation) grants new powers of attorney to the Servicer and the Management Company, acting in the name and on behalf of the Fund, as applicable, in the same terms as those initially granted by BBVA.

Also, in the event of non-payment by any Debtor (or, if applicable, third party guarantors or security providers), the Management Company, acting in the name and on behalf of the Fund, will have the following authority contemplated in article 31 of Royal Decree 716/2009:

- (i) To compel the Servicer so that, in the name and on behalf of BBVA, can bring

the mortgage foreclosure action.

- (ii) To participate on an equal basis with BBVA in foreclosure pursued by the latter against the debtor, appearing for that purpose in any foreclosure proceedings brought by the Servicer, for and on behalf of BBVA (the Management Company, acting in the name and on behalf of the Fund, in this regard being entitled to request award of the mortgaged property on the terms set forth in the Civil Procedure Law).
- (iii) If the Servicer, for and on behalf of BBVA, does not commence foreclosure proceedings within sixty (60) business days from the notarial notice demanding payment of the debt, the Management Company, acting in the name and on behalf of the Fund will have subsidiary standing to initiate the mortgage foreclosure action on the Mortgage Loans for both principal and interest.
- (iv) If the proceedings pursued by the Servicer, in the name and on behalf of BBVA, are halted, the Management Company, acting in the name and on behalf of the Fund may be subrogated in the position of the former and continue the foreclosure proceedings without the need to wait for the indicated time limit to expire.

In the events provided in paragraphs (iii) and (iv), the Management Company, acting in the name and on behalf of the Fund may apply to the competent judge or notary to initiate or continue the relevant mortgage foreclosure proceedings, submitting with the application the original Title of the CTH and or PH, the notarial demand contemplated in paragraph (iii) above and the registry certificate of registration and survival of the mortgage. BBVA will be obliged to issue a certificate of the existing balance of the Mortgage Loan.

The Management Company, acting in the name and on behalf of the Fund, will engage the legal services necessary to undertake the functions and judicial actions contemplated in this section, the reasonable expenses of which, on market terms, duly justified, will be the responsibility of the Servicer.

**(C) Mortgage foreclosure on properties**

The Servicer, acting in the name and on behalf of BBVA and on behalf of the Fund, will only start an enforcement proceeding if, based on appropriate valuations or reliable information, has indicative reasons to support that the sale price of the property may be equal to or higher than the appraisal value or the recovery for the Fund will be maximised or, in the event that this premise is not fulfilled, the Debtor cannot be found and/or there are subsequent charges so that the foreclosure is the only way to partially or totally recover the debt.

The following are specific provisions applicable to foreclosure proceedings on properties mortgaged to secure the Mortgage Loans.

- (a) The Servicer, acting in the name of BBVA and on behalf of the Fund might, subject to the provisions of any applicable laws, request the award of the properties subject to foreclosure as payment for its credit within any foreclosure proceedings on properties mortgaged to secure the Mortgage Loans.
- (b) The Servicer undertakes to attend the auctions in the name of BBVA and on behalf of the Fund, in which: (i) in the event of third party bids, it may improve the position to a limit equal to the total amount of debt, and (ii) in the event that there are no bidders ("*subasta desierta*"), it will request the award of the property and will be entitled to transfer the award ("*cesión de remate*") to the Fund and will formalise such transfer in the term provided in the Law.

To this end, in the act of transferring the award before the Court Clerk (*Secretario Judicial*), in order to incorporate it to his record (*acta*) as a way of certifying the transfer, it will be required to bring a certificate signed jointly by the Servicer, on behalf of BBVA, and the Management Company acting in the name and on behalf of the Fund.

In case that the Court Clerk (*Secretario Judicial*) does not considers sufficient the certificate to prove the transfer of the award, or the payment of the price, and request further documentary evidence, a partial record of the Deed of Incorporation and the deed of incorporation of the 2015 Fund will also be provided; if necessary for the effectiveness of the transfer of the award, the Fund will exceptionally proceed to transfer the total price of award to BBVA in order to certify the payment to the relevant Court. In such exceptional case, BBVA will return the amount to the Fund within the next day of receipt to the Other Payments Account.

If, upon the enforcement of a mortgage over a property which constitutes the main home of a Debtor and in case that there are no bidders at an auction ("*subasta desierta*"), the legal minimum awarding price set forth from time to time (currently, and in case of no bidders, 70% of the value that the property came to auction, or if the amount owed for all concepts is lower than that percentage by 60%) is higher than the amount owed by the Debtor under the Mortgage Loan, the Fund shall satisfy the difference between the legal minimum awarding price and the debt of the Mortgage Loan updated as of the auction day (the "**Differential Amount**").

The Servicer, on behalf of BBVA, and acting in the name of the Fund will

consign the Differential Amount in the Court.

In the case of enforcement of a mortgage over a property which constitutes the main home of a Debtor and which arises from Mortgage Loans which derive from Multi-Credit Agreements and there is a co-ownership between the 2015 Fund and the Fund, the Fund will satisfy, if applicable, the Differential Amount. The proceeds of the potential sale of the property in the future will be distributed between the 2015 Fund and the Fund in accordance with the provisions of the Sharing Agreement.

In such cases where due to the error of not having requested the transfer of the award in favour of the Fund is not requested within the period set forth by law, or where the Court does not admit, for any circumstance, the transfer of the award in favour of the Fund, or in any other circumstance that may arise and requires BBVA to be awarded the property, BBVA and the Management Company, acting in the name and on behalf of the Fund, undertake to formalise the transfer of the property from BBVA to the Fund within 15 days since the date of the award of the property to BBVA, by means of the notification by the Court of the Award Decree (*Decreto de Adjudicación*) to BBVA, by means of the execution of the relevant deed of transfer before a notary.

All expenses and fees (Notary, Registry, Transfer Tax and Stamp Duty, etc.) derived from the award of the property to BBVA as well as the transfer from BBVA to the Fund, will be borne by the Fund, except where the cause of the lack of award to the Fund is only and exclusively attributable to BBVA, being such expenses and fees then borne by the latter. The lack of award to the Fund will be regarded as only and exclusively attributable to BBVA in the event that the Servicer is not granted by BBVA with enough powers to carry out the management of the transfer award in the name of BBVA and on behalf of the Fund.

In the event that the properties were awarded to the Fund or in any other manner the Fund became the owner of any property, the Servicer shall sell the properties as soon as practicable and in line with prevailing market conditions, or if provided at any stage, in strict compliance with any criteria and procedures indicated by the Management Company from time to time.

- (c) The management and sale of the awarded properties are among the duties of the Servicer. Particularly, the Servicer undertakes to collect all the information necessary for the sale, deliver it to the Management Company (amongst others, the judicial information and, if applicable, the deed of sale and purchase) and to coordinate the sale of the properties with the Notary Public appointed for these purposes.

- (d) In addition, in relation to the properties awarded to the Fund either as a consequence of the enforcement of the security attached to the Mortgage Loans transferred to the Fund, or by virtue of any other process, the Servicer undertakes to: (i) carry out any acts necessary for the sale of the assets; and (ii) carry out any acts before the Land Registry (*Registro de la Propiedad*) in connection with the sale of the properties that it deems necessary.

Notwithstanding the above, the Management Company shall at any time provide the Servicer with specific instructions which may differ from the processes of the Servicer mentioned above, and in such case the Servicer agrees it will always act in accordance with the latest instructions received from the Management Company from time to time.

**(D) Management by the Servicer of the remaining debt of the Mortgage Loans**

In case of *deed in lieu* or mortgage foreclosure, if the total relief has not been granted as regards the remaining debt, the remaining amount will be maintained as an unsecured loan of the original debtor (the "**Remaining Loans**"), on the terms of the original deed (*escritura pública*) documenting the relevant Mortgage Loan, as it may have been amended by the parties.

The Servicer shall also service such Remaining Loans, and in connection with those Remaining Loans:

- BBVA will cancel the Mortgage Participations and the Mortgage Transfer Certificates corresponding to the Mortgage Certificates over which the mortgage security has been enforced.

The Fund, represented by the Management Company, will assume all the rights and obligations derived from the Remaining Loans.

- BBVA will be released from the obligation of management and custody of the Remaining Loans.
- BBVA and the Management Company, acting on behalf of the Fund, undertake to issue on a monthly basis a certificate of ownership of the Remaining Loans.

The Servicer may remove partially or totally this amount for the purpose of the efficient repossession of the underlying property in case of deed in lieu or foreclosure.

However, the Servicer may negotiate the terms of repayment of the remaining amount of the debt and manage its recovery, but always subject to the same processes applied in relation to other unsecured debt managed by the Servicer and in the interests of the Fund.

**(E) Limitations on evictions**

The Servicer, in the name and on behalf of BBVA, and the Management Company, acting in the name and on behalf of the Fund, as the case may be, will comply with all current and applicable regulations at any time relating to suspension of evictions. In this regard, Law 1/2013, of 14 May, on measures to strengthen the protection of mortgagors, debt restructuring and housing rental (*Ley 1/2013, de 14 de mayo, de medidas para reforzar la protección a los deudores hipotecarios, reestructuración de deuda y alquiler social*), in its current wording ("**Law 1/2013**") (as amended by Law 25/2015) suspended the evictions in foreclosure process for 7 years as from 15 March 2013 when (i) the collateral is the main residence and (ii) the debtor is in social exclusion risk as this term is defined in Law 1/2013.

**3.7.2.2. Rules in case of enforcement of a Mortgage Loan under the Multi-Credit Agreements**

In the event of enforcement of a Mortgage Loan which derives from a Multi-Credit Agreement and that there is co-ownership between the 2015 Fund and the Fund, if no third party bidder is awarded the property, the Fund (and not the 2015 Fund) shall be awarded the property.

For the above purposes, an agreement (the "**Sharing Agreement**") will be entered into on 31 March 2017 by and between the Servicer, the 2015 Fund, represented by its management company and the Fund, represented by the Management Company whereby if the Fund became the owner of a property as a result of any procedure (including, without limitation, the foreclosure of the relevant mortgage security or the friendly repossession (*deed in lieu*)), and the Fund subsequently disposed of such property, the proceeds obtained would be applied, first to pay back to the Fund any amounts advanced by the latter for the purposes of paying the Differential Amount in the relevant mortgage enforcement procedure (if any), subsequently to cover expenses, taxes and fees incurred by the holding and sale of the relevant property, and the remainder will be distributed by the Servicer between the 2015 Fund and the Fund pro rata to outstanding debt owed by the relevant Debtor to each of the 2015 Fund and the Fund.

For the avoidance of doubt, the Fund, acting through its Management Company, will have full power to decide how and when to maintain market or sell the relevant properties.

**3.7.2.3. Notice of assignment to the debtors of the Mortgage Loans**

The Debtors will not be notified of the assignment of the Mortgage Loans to the Fund by the Seller. However, in the event a Servicer Termination Event or the declaration of the insolvency (*concurso*) of BBVA occurs, the Management Company may request the Servicer to notify the Debtors, the insurance companies and any respective guarantors thereof, of the transfer of the outstanding Mortgage Loans to the Fund, as well as the fact that the payments deriving from such Mortgage Loans will only release the debt if payments are made into the



General Account opened in the name of the Fund. However, if the Servicer has not given the notice to the Debtors within ten (10) Business Days of receipt of the request or in the case of insolvency proceeding (*concurso*) as regards the Servicer, the Management Company itself, either directly or through a new servicer it has designated, will notify the Debtors, the insurance companies and any respective guarantors thereof.

Additionally, in such case where it would be advisable for maximizing the collections, the Servicer is entitled to inform the Debtors of the assignment of the Mortgage Loans to the Fund.

The parties to the Servicing Agreement shall comply with all legal obligations applicable from time to time in relation to assignment of claims (including, if applicable, the obligation to notify to the underlying debtors if it were legally necessary).

The Management Company, acting in the name and on behalf of the Fund, acknowledges and accepts that it will refrain from notifying the Debtors about the transfer of the Mortgage Loans to the Fund until the occurrence of a Servicer Termination Event or the declaration of the insolvency proceeding (*concurso*) of BBVA.

If legally necessary, and for the purposes of the provisions of the Civil Procedure Law to be exercised on the terms established in article 31 of Royal Decree 716/2009, BBVA will grant, on demand of the Servicer or the Management Company, an irrevocable power of attorney, as broad and sufficient as may be required by law, so that the Management Company acting in the name and on behalf of the Fund and the Servicer may (i) notify the debtor of any of the Mortgage Loans about the transfer of the Mortgage Loans to the Fund and (ii) make notarial demand on the debtor of any of the Mortgage Loans and, if applicable, on the guarantors, for payment of their debt.

Upon the occurrence of a Servicer Termination Event and as further described in section 3 (*Succession Protocol*) below, the Servicer, if so required by the Management Company, has undertaken that it will carry out any actions required by the Management Company to effect the referred notifications and it shall deliver to the Management Company, any information and/or documentation necessary for such purposes.

Any costs, fees and expenses incurred by the Fund in connection with the notifications to the Debtors made in accordance with this section and the delivery of any information and/or documentation required by the Management Company for such purposes will be borne by the Fund.

#### **3.7.2.4. Term**

The subcontracting of the Services to the Servicer will remain in force for as long as the Servicer acts as servicer of the Mortgage Loans attached to the Mortgage Participations or the Mortgage Transfer Certificates. In the event that the subcontracting in favour of the Servicer is

terminated, BBVA, as responsible for the servicing of the Mortgage Loans, will subcontract a Substitute Servicer (as defined below) in consultation with the Management Company.

### **1. Termination Events**

If any of the following events (if in relation to the Servicer, each, a "**Servicer Termination Event**") occurs:

- (a) default is made by the Servicer on the due date of any payments due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 6 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Management Company requiring the default to be remedied;
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, and in the reasonable opinion of the Management Company, such default is materially prejudicial to the interests of the Noteholders and such default continues unremedied for a period of 6 business days after the earlier of the Servicer becoming aware of its default and receipt by the Servicer of written notice from the Management Company requiring the default by the Servicer to be remedied or such default has occurred and has been cured on 3 previous occasions;
- (c) the revocation of an applicable license, registration or regulatory permission held by it required to perform any of the services under the Servicing Agreement, other than as a result of or arising out of a change in applicable law. At the Registration Date, no licenses or authorisations are required in order for Anticipa to perform any of the referred services and, therefore, this Servicer Termination Event is not applicable at the Registration Date; or
- (d) if the Servicer brings any action aimed at its winding up or liquidation, is dissolved (other than pursuant to a consolidation, amalgamation or merger); becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due, applies for a declaration of voluntary insolvency (*concurso voluntario*), a receiver is appointed in respect of itself or its assets, or is declared insolvent (*concurso*) by a court; makes a general assignment, arrangement or composition with or for the benefit of its creditors,

then BBVA, with the prior written consent of the Management Company, or the Management Company may at once or at any time thereafter while such default continues by notice in writing to the Servicer as to a Servicer Termination Event terminate the Servicer's appointment as Servicer with effect from a date (not earlier than the date of the notice) specified in the notice.

Upon and following the termination of the appointment of the Servicer, the provisions in parts 3 and 4 below shall apply. In particular, the Servicer shall continue providing the Services during the time from the termination or ordinary expiration date to effective assumption of the tasks by BBVA or by the new designated substitute servicer unless so directed by the Management Company.

## **2. Termination at the Servicer's request**

The Servicer, with the prior written consent of the Management Company, acting in the name and on behalf of the Fund, may early terminate the Servicing Agreement in the event of serious, repeated and unjustified breaches by BBVA of the obligations that prevent proper provision of the Services, with the breaches, if curable, not having been cured to the satisfaction of the Servicer within the thirty (30) business days following the date BBVA receives notice advising of the breach in question, provided that the breaches by BBVA are the result of *mens rea* or gross negligence and provided that (i) such resignation is approved by the Management Company, (ii) the Management Company has designated a new servicer, (iii) the Servicer has compensated the Fund for the damages that the resignation and the substitution may cause thereto, and (iv) there is no negative impact on the rating of the Rated Notes.

The foregoing will apply without generating an obligation for the Fund to compensate or indemnify the Servicer.

Upon and following the termination of the appointment of the Servicer as servicer under the Servicing Agreement as per the above, the provisions in part 3 below shall apply. In particular, the Servicer shall continue providing the Services during the time from the termination or ordinary expiration date to effective assumption of the tasks by BBVA or by the new designated Substitute Servicer unless so directed by the Management Company.

## **3. Succession Protocol**

Upon the occurrence of a Servicer Termination Event or termination of the Servicing Agreement at the Servicer's request, the Servicer will ensure that all management and custody tasks are assigned in an orderly manner to the new servicer without detriment to the Fund.

This obligation will particularly include, without limitation, a commitment to:

- (a) provide BBVA, the Management Company or the new servicer (the "**Substitute Servicer**") indicated by BBVA and the Management Company, acting in the name and on behalf of the Fund, with the available records, documentation and information available related to the Mortgage Loans in orderly form on the terms contemplated in the Succession Protocol (as defined below), and as regards files that are deposited with the courts, the Servicer will provide BBVA, the Management Company and the Substitute Servicer with the details thereof and the courts where they are deposited and will

cooperate with BBVA, the Management Company and the Substitute Servicer in obtaining them until the date so specified in the relevant notice sent by BBVA or the Management Company as to a Servicer Termination Event terminating the Servicer's appointment as Servicer;

- (b) continue providing the Services during the time from the termination or ordinary expiration date to effective assumption of the tasks by BBVA or by the new designated Substitute Servicer unless so directed by the Management Company;
- (c) carry out any actions required by the Management Company to effect the notifications to the Debtors and deliver to the Management Company, any information and/or documentation necessary for such purposes.
- (d) transfer the personal data of the Debtors to the Substitute Servicer ensuring that the provisions of the Organic Law 15/1999, of 13 December, on the Protection of Personal Data (*Ley Orgánica 15/1999, de 13 de diciembre, de Protección de Datos de Carácter Personal*) are complied with at all times in such transfers and that the substitute Servicer is an entity or person authorised to handle such personal data, and meets the requirements described therein.
- (e) collaborate with the Substitute Servicer if the latter is entrusted by the Management Company with such notification obligation, the appointment of the Substitute Servicer to the Debtors; and
- (f) collaborate with BBVA, the Management Company and/or with the new Substitute Servicer during the term which is required and for a maximum term of one (1) year as from the date on which the latter has assumed its duties. To this end, the Servicer covenants to provide any necessary transitional services to guarantee that the succession takes place in any orderly manner. The Servicer will continue to be entitled to all fees agreed herein during the required term in accordance with the above.

Without prejudice to the foregoing, BBVA and the Servicer will also cooperate in good faith to achieve this objective, taking as a starting point the protocol which will include the corresponding migration plan (the "**Succession Protocol**").

The reasonable and arm's length basis costs that BBVA or the Fund may incur as a consequence of the replacement of the Servicer will be borne by the Servicer.

#### **4. Back-up servicer facilitator**

Upon the occurrence of a Servicer Termination Event, or in case of termination at the Servicer's request, the Management Company will carry out any actions required to find, select and appoint a Substitute Servicer. The Management Company will make its best efforts

to find a Substitute Servicer within sixty (60) days from the date of the relevant Servicer Termination Event.

The Management Company will ensure that the process of search and appointment of the Substitute Servicer is open and competitive, and will take into account, the following factors in order to ensure that the Substitute Servicer is suitable and competent and able to perform the servicing functions in a diligent and efficient manner:

- (a) experience in the servicing of mortgage loans in Spain, preferably with experience in loans with similar characteristics to the Mortgage Loans;
- (b) experience in the management of defaulted loans, judicial foreclosing procedures, and the management of the foreclosed properties;
- (c) enough human and technical capabilities to assume the role of servicer of the Mortgage Loans;
- (d) presence in the geographical areas where most of the Debtors are resident, and where most of the properties securing the Mortgage Loans are located;
- (e) ability to adapt their systems to particular, non-standard characteristics of the Mortgage Loans;
- (f) ability to communicate to the Debtors the new situation, and (if needed) modify the payment instructions, so the payments are made to the new servicer's accounts; and
- (g) ability to report to BBVA, the Management Company and the Rating Agencies all the information required to be provided under the Servicing Agreement.

Once the most appropriate Substitute Servicer has been selected, the formal appointment must take place, and a new servicing and subcontracting agreement will be executed between the Substitute Servicer, BBVA and the Fund (represented by the Management Company).

BBVA and the Management Company agree that the terms and conditions of the servicing and subcontracting agreement should be as similar as possible to those agreed in the Servicing Agreement, with the necessary changes required to conform to the particularities of the Substitute Servicer.

The new servicing and subcontracting agreement should also contain the terms and conditions of the migration of the personal data from the Servicer to the Substitute Servicer, including the delivery of all the documentation, records, data files and databases related to the Mortgage Loans and necessary for a proper servicing.

### **3.7.2.5. Subcontracting**

The Servicer will be entitled to subcontract the Services to a third party with acknowledged solvency and ability. When the subcontracting is total or is related to certain services, the Servicer must obtain the prior approval of BBVA and the Management Company, acting in the name and on behalf of the Fund, of the subcontracting entity (which approval may not be denied other than for reasons of reputation (integrity) or objective lack of material and human resources sufficient to perform that function, duly justified).

The Servicer will be liable for any actions taken by its subcontractors in relation to performance of the Servicing Agreement, so no subcontracting will entail additional expenses or costs or service fees for BBVA or the Management Company, acting in the name and on behalf of the Fund, or will release or free the Servicer from its binding responsibilities, or by law, including the liability vis-à-vis the Fund and the Management Company.

When the subcontracting is total or the services to be subcontracted are among those specified in the Deed of Incorporation and in this Prospectus, the subcontracting by the Servicer shall be communicated by the Management Company to the Rating Agencies and the CNMV.

### **3.7.2.6. Services to be provided by BBVA**

BBVA will undertake the obligation to provide the services described below (the "**Non-Delegable Services**").

Bearing in mind that the Non-Delegable Services must be provided by BBVA in its condition of (i) formal owner of the Mortgage Loans and (ii) issuer of the Mortgage Participations and Mortgage Transfer Certificates in compliance with the provisions of Royal Decree 716/2009, both in the case that the Servicer provides Assistance and Collaboration Services or Subcontracted Non-Delegable Services, BBVA has to receive from the Servicer all the information necessary to provide the mentioned services.

The Servicer, when carrying out the Assistance and Collaboration Services, undertakes to deliver the necessary information that pursuant to the regulation in force from time to time may be needed for the provision of the Non-Delegable Services by BBVA in the format that the latter requests allowing its treatment to ensure the effective provision of Non-Delegable Services, in accordance with the applicable regulation in each moment, without that implying the effective provision by the Servicer of the Non-Delegable Services.

The Subcontracted Non-Delegable Services will be provided in accordance with the terms and conditions agreed by BBVA and the Servicer.

Regarding anti-money laundering and terrorism financing, Customer Service, CIRBE, regulatory (Bank of Spain, CNMV, courts and tribunals) and tax issues, the Assistance and Collaboration Services will be provided by the Servicer.

In the event of subcontracting in a third party of the Assistance and Collaboration Services to be provided by the Servicer, the subcontracting shall be subject to the provisions of Section 3.7.2.5 above.

The following are Non-Delegable Services:

- (a) any reports and statements to be sent to the Bank of Spain or the competent authority, further to the reporting obligations established in the banking regulations;
- (b) the communications to be sent to Debtors in compliance with the regulations on transparency and the protection of clients;
- (c) the tax notices to be submitted to the tax authorities and to Debtors;
- (d) the procedures to update "Know your Customer" (KYC) information and documentation and the control and the instructions deriving from applying the due diligence measures, in compliance with the provisions of Law 10/2010, of 28 April 2010, on the prevention of money laundering and terrorist financing (*Ley 10/2010, de 28 de abril, de prevención del blanqueo de capitales y de la financiación del terrorismo*) and the regulations implementing it;
- (e) dealing with and settling complaints and claims filed by Debtors with the customer service department or service, pursuant to the provisions of Order ECO/734/2004, of 11 March, on customer service departments and services and the banking ombudsman (*Orden ECO/734/2004, de 11 de marzo, sobre los departamentos y servicios de atención al cliente y el defensor del cliente de las entidades financieras*);
- (f) formal accounting of the Mortgage Loans (i.e. towards Bank of Spain);
- (g) to redirect any direct debits to be made to Debtor current accounts;
- (h) the issue and substitution of the Titles representing the Mortgage Participations and the Mortgage Transfer Certificates, including the following:
  - (i) replace the Titles representing the Mortgage Participations and the Mortgage Transfer Certificates at the end of each year;
  - (ii) replace the Titles representing the Mortgage Participations and the Mortgage Transfer Certificates on each Repurchase Date or Replacement Date on which the Seller repurchases or replaces the Mortgage Loans in accordance with section 2.2.9 of this Additional Building Block (for which purposes the Management Company will notify to BBVA ten (10) Business Days in advance to the Repurchase Date or

Replacement Date, as applicable);

- (iii) issue individual titles representing a Mortgage Participation or a Mortgage Transfer Certificate when so necessary or desirable to facilitate the enforcement of the Mortgage Loans before a Spanish court; and
  - (iv) take any other action at any other time in relation with the issue, when necessary of Titles representing the Mortgage Participations and the Mortgage Transfer Certificates, if so reasonably required by Servicer (acting following the instructions of the Management Company).
- (i) any other established in current or future banking regulations as being non-delegable.

#### **3.7.2.7. Servicer's remuneration**

As consideration for the custody and servicing of the Mortgage Loans, the Servicer shall be entitled to receive from the Fund a quarterly servicing fee (the "**Servicing Fee**"), payable in arrears on each Payment Date.

The amount of the Servicing Fee payable on each Payment Date shall be equal to 0.22% per annum of the aggregate Outstanding Principal Balance of the Mortgage Loans as of the last day of the immediately preceding Collection Period (VAT or any applicable tax, if any, inclusive).

The Servicing Fee shall be paid in Euros and shall be calculated with reference to the number of days effectively elapsed in the relevant period of accrual of the Servicing Fee and a year of 360 days (Actual/360).

Any Servicing Fee accrued but not paid on the corresponding Payment Date on which it is due will be added to the Servicing Fee due on the next occurring Payment Date. For the avoidance of doubt, no default interest (or any other penalty) will accrue on any due but unpaid Servicing Fee.

For clarification purposes, the Servicing Fee will include any assistance and collaboration services (the "**Assistance and Collaboration Services**") included in the Services that the Servicer has to provide to BBVA to comply with the Non-Delegable Services (and provided that they are not Subcontracted Non-Delegable Services). The Assistance and Collaboration Services are those that the Servicer must provide so that BBVA may perform the Non-Delegable Services or any others for which the participation of the Servicer is essential so that BBVA can fulfill the requirements derived from the applicable legislation or the relevant authorities (Bank of Spain, CNMV, SEPBLAC, judges and courts), without prejudice to any services required to be included in the future so that BBVA may perform such Non-Delegable Services (provided that they are not Subcontracted Non-Delegable Services).

The fee described in this Section will be the only remuneration for servicing received by the



Servicer for all Services (including the Assistance and Collaboration Services, but not including the Subcontracted Non-Delegable Services, in the event that the Servicer performs any of them).

The Servicer will provide on the seventh Business Day of the month in which there is a Payment Date, to the Management Company, acting in the name and on behalf of the Fund, the Servicing Fee it intends to invoice, in order to enable the Management Company, acting in the name and on behalf of the Fund, to verify calculation of the Servicing Fee and settle them on the relevant Payment Date.

If the Servicer is replaced in this servicing task, the Management Company, acting in the name and on behalf of the Fund will be entitled to change the foregoing fee structure in favour of the new Servicer, which may differ from the one currently established although maintaining coherence as regards the global amount of remuneration received by the Servicer at such time.

### **3.7.2.8. BBVA's remuneration**

#### **1. BBVA's fee for Non-Delegable Services**

As indicated above BBVA will provide the Non-Delegable Services, which in those cases permitted pursuant to their nature, may be subcontracted in whole or in part with third parties (the "**Subcontracted Non-Delegable Services**"). The subcontracting of the Subcontracted Non-Delegable Services does not exempt BBVA from its responsibility in relation to such services.

The Subcontracted Non-Delegable Services shall be specified by BBVA at the time it decides to subcontract any of such services, either with the Servicer, or third parties unrelated to the Servicing Agreement, for the price and on the arms' length conditions freely agreed and expressly providing the manner in which such services must be provided. For such purpose, BBVA undertakes to obtain, whenever possible three market quotes (always requesting one from the Servicer) and to communicate to the Management Company, acting in the name and on behalf of the Fund, the Subcontracted Non-Delegable Services following this procedure. The Management Company, acting in the name and on behalf of the Fund shall validate that the mentioned procedure has been followed and that the subcontracting has been made in arms' length conditions (respecting, in any case, BBVA's freely taken decision to subcontract such services).

BBVA will be entitled to unilaterally cancel the subcontracting of the Subcontracted Non-Delegable Services on the terms that the parties agree in the relevant subcontracting agreement. Any subcontracting cancelled by BBVA shall be properly communicated to the Management Company.

To this effect, BBVA will be entitled to receive from the Fund, for in advance periods on each

one of the Payment Dates and during the term of the Servicing Agreement (insofar as BBVA remains obliged to provide the Non-Delegable Services under the Servicing Agreement), a servicing fee for the following amounts:

- (i) A fixed amount of Euro 38,000 per annum, plus VAT if not exempt, for the Non-Delegable Services other than Subcontracted Non-Delegable Services; and
- (ii) a fixed amount of Euro 22,000 per annum, plus VAT if not exempt, for the Subcontracted Non-Delegable Services. For clarification purposes, the payments made to the Servicer for the Subcontracted Non-Delegable Services will be debited against said maximum of Euro 22,000. The Banking Services referred below are included in this amount (including the services to be provided by BBVA under the BBVA Accounts Agreement).

The servicing fee of BBVA as per this section will be updated annually, on each anniversary date of the Servicing Agreement, on the basis of the IPC (*Consumer Price Index*) published on the month previous to the corresponding review and it will be payable on each Payment Date.

Without prejudice to the servicing fee payable to BBVA being established on an annual basis, it will be payable in equal prorated amounts on each Payment Date.

## **2. Fee for BBVA's Banking Services**

The Management Company, acting in the name and on behalf of the Fund and BBVA have agreed on the provision by BBVA of banking services (the "**Banking Services**"). In this regard, the fees payable to BBVA for these services are included in the fixed amount agreed for the Subcontracted Non-Delegable Services referred above (although these Services are not Subcontracted Non-Delegable Services).

In the event that the Management Company, acting in the name and on behalf of the Fund, and BBVA reach an annual agreement on the provision by BBVA of additional banking services, BBVA will provide said banking services and will be entitled to receive the fee agreed by BBVA and the Management Company, acting in the name and on behalf of the Fund for such services, within the terms agreed by them.

In this latter case, the Servicer shall be in charge of controlling that the banking services provided by BBVA correspond to the ones agreed between the Management Company, acting in the name and on behalf of the Fund and BBVA.

## **3. Maximum aggregate limit**

The fixed total amounts that BBVA is entitled to receive for the performance (i) by itself or through third parties, of the Non-Delegable Services (including the Subcontracted Non-Delegable Services) indicated above, and (ii) of the Banking Services indicated above

(including the services delivered under the BBVA Accounts Agreement), on a joint and cumulative basis, cannot exceed the maximum aggregate amount of Euro 60,000 per annum (starting on the day in which the Non-Delegable Services were first provided), plus VAT if not exempt. The Servicer will check whether the maximum aggregate limit has been surpassed.

The abovementioned maximum aggregate amount, as well as the maximum aggregate amounts provided for in paragraphs (i) and (ii) of Section 1 above, would be reduced proportionately in case that the Seller repurchases any of the Mortgage Loans.

### **3.7.2.9. Reimbursement of amounts**

The Servicing Fee and the servicing fees of BBVA set forth in, respectively, Sections 3.7.2.7. and 3.7.2.8. above, will be paid on each Payment Date in accordance with the applicable Priority of Payments Order and provided that the Fund has sufficient liquidity in accordance with the Priority of Payment Order or the Liquidation Priority of Payment Order, as the case may be.

Likewise, the Servicer and, if applicable, BBVA, will be entitled to the reimbursement of any amounts for the following items:

- (i) amounts for Stamp duty that the Servicer or BBVA (in the latter case, as "lender of record") have been obliged to pay outside its ordinary business, which may have accrued and been paid by BBVA or the Servicer as a consequence of observing and complying with the instructions assumed, when performing the Services with regard to any Mortgage Loans;
- (ii) amounts for Transfer Tax that the Servicer or BBVA (in the latter case, as "lender of record") have been obliged to pay, which may have accrued and been paid by BBVA or the Servicer as a consequence of observing and complying with the instructions assumed when performing the Services (with regard to any Mortgage Loans);
- (iii) amounts for the Value Added Tax that have not been able to be recovered or offset by the Servicer or BBVA, which the Servicer or BBVA (in the case of the latter, as "lender of record") have been obliged to pay outside its ordinary business, and which have accrued and have been paid by BBVA or by the Servicer as a consequence of observing and complying with the instructions assumed, when performing the Services with regard to any Mortgage Loans.

Said amounts (which shall be considered as Ordinary Expenses of the Fund), duly justified by BBVA or the Servicer, will be paid by the Fund on each Payment Date.

### **3.7.2.10. Indemnity**

The Servicer and the Retention Holder shall be under the obligation to indemnify BBVA if BBVA suffers any damage, financial loss or liability as a consequence of following the instructions served by the Servicer.

The Fund shall be under the obligation to indemnify BBVA if BBVA suffers any damage, financial loss or liability as a consequence of following the instructions served by the Management Company or the Servicer (in this case, only if the Servicer and the Retention Holder fail to indemnify BBVA as indicated in the paragraph above) or for any tax consequences resulting from its servicing obligations.

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

Spain Residential Finance is acting as lender in the Initial Expenses Subordinated Loan and the Reserve Fund Subordinated Loan.

BNP Paribas is acting as (i) the Paying Agent; (ii) custodian of the Titles and (iii) Accounts Bank.

BBVA is acting as Collection Accounts Bank.

Details of the full name, address and brief description of the above entities is included in section 5.2 of the Registration Document.

## **4. POST-ISSUANCE INFORMATION**

### **4.1. Indication of whether or not it intends to provide post-issuance transaction information regarding securities to be admitted to trading and the performance of the underlying collateral. Where the Issuer has indicated that it intends to report such information, specification of what information will be reported, where such information can be obtained and the frequency with which such information will be reported**

The information proposed to be provided after the Notes Issue is described below.

#### **4.1.1 Issue, verification and approval of annual financial statements and other accounting documentation of the Fund**

For the financial year 2017 and thereafter, the annual report referred in article 35.1 of Law 5/2015 containing, among others, the annual financial statements (balance sheet, profit & loss account and management report) and audit report shall be submitted to the CNMV within four (4) months of the close of each fiscal year.

Additionally, according to article 35.3 of Law 5/2015, the Management Company will present the Fund's quarterly financial statements to the CNMV within two (2) months of the end of

each calendar quarter.

**4.1.2 Obligations and periods envisaged for making periodic information on the financial and economic situation of the Fund available to the public and the CNMV**

Within seven (7) Business Days after each Payment Date, the Management Company will send to the CNMV and AIAF a report that will contain the information referred to below and, in any event, the information legally required from time to time:

**(i) With regard to the Notes and relative to each Payment Date:**

1. Amount of the initial nominal balance.
2. Amount of the matured nominal balance.
3. Amount of the Principal Amount Outstanding.
4. Amount of the nominal balance matured and actually paid to the Noteholders.
5. Total interest accrued on the Notes of each class since the previous Payment Date
6. Interest accrued since the Disbursement Date that should have been but was not paid on previous Payment Dates will accrue interest at the same rate and on the same basis as scheduled in respect of the corresponding class of Notes.

**(ii) With regard to the Mortgage Loans and relative to each Payment Date:**

1. Outstanding Principal Balance of the Mortgage Loans.
2. Amount of the scheduled principal and early repayments of the Mortgage Loans.
3. Constant prepayment rates.
4. Outstanding Principal Balance of the Mortgage Loans that have been declared Defaulted Mortgage Loans and percentages of Delinquent Mortgage Loans with respect to the total of the Outstanding Principal Balance of the Mortgage Loans.

**(iii) With regard to the financial and economic situation of the Fund and relative to each Payment Date:**

1. Balance of each Bank Account and the interest generated by them.
2. Fund's Expenses and amount of the Reserve Fund.

Additionally, the information about the Mortgage Loans and the information about

the economic and financial situation of the Fund will be sent to the CNMV in accordance with the instructions given in Circular 2/2016.

#### **4.1.3 Other ordinary and extraordinary disclosure obligations and material disclosure requirements**

##### **4.1.3.1. Ordinary periodic notification**

On each Interest Rate Fixing Date, the Management Company will proceed to notify the Noteholders of the interest rate applicable to the Notes for the next Interest Period.

Each quarter, on each Notification Date (the second (2<sup>nd</sup>) Business Day before each Payment Date), the Management Company will provide the Noteholders with, inter alia, the following information:

- The interest and reimbursement of principal of the Notes to be paid to the Noteholders on the relevant Payment Date.
- If applicable the interest and redemption amounts accrued and unpaid on the Notes, due to insufficiency of Available Funds in accordance with the Priority of Payments.
- The Principal Amount Outstanding of the Notes, after the redemption to be paid on the relevant Payment Date and the percentages that such balances represent with respect to the initial face value of each Note.
- Information sent by BBVA and the Servicer about the Mortgage Loans as well as a summary of the retention obligations declared by the Retention Holder of the significant net economic interest.

The above notifications will be made as established in section 4.1.3.3 infra and also provided to the Paying Agent, the AIAF and IBERCLEAR on each Notification Date.

##### **4.1.3.2. Extraordinary notification**

The following will be subject to extraordinary notification:

- (i) Any amendment to the Deed of Incorporation. Such amendment will also be reported to the Rating Agencies.
- (ii) Pursuant to article 36 of Law 5/2015, the Management Company shall forthwith notify any particularly material event affecting the Mortgage Loans and the Notes. Particularly material events for the Fund shall be deemed to be those likely to have a material adverse effect on the Fund's ability to make payments on the Notes.

In particular, a material event shall be considered to be any material change in the Deed of Incorporation, as the case may be, any significant modification of the assets or liabilities of the Fund and in the event of termination of the incorporation of the Fund or a possible decision for Early Liquidation of the Fund and early redemption for any of the reasons envisaged in the present Prospectus. In this case, the affidavit of termination of the Fund and liquidation procedure followed as referred to in section 4.4.3 of the Registration Document will be sent to the CNMV and the Rating Agencies.

#### 4.1.3.3. **Noteholders notification procedure**

The notifications that the Management Company has to give to the Noteholders regarding the Fund will be made as follows:

(i) **Ordinary notification.**

Ordinary notification will be made through publication of an announcement either in the AIAF Daily Bulletin or any other substituting it or with similar characteristics or through publication of an announcement in a widely circulated newspaper in Spain of a general or economic and financial nature. In addition, the Management Company or the Paying Agent can distribute this or other information in the interests of the Noteholders through financial market distribution channels and systems such as Reuters, Bridge Telerate, Bloomberg or any other with similar characteristics.

(ii) **Extraordinary notifications**

Extraordinary notification will be made through publication of an announcement either in the AIAF Daily Bulletin, or in such other as may replace it or with similar characteristics, or through publication of an announcement in a widely circulated newspaper in Spain of either a general or business and financial nature, and in any case through the filling of the appropriate relevant fact (*hecho relevante*) at the CNMV, such notifications being deemed effective on the date of the abovementioned publication of announcement, which may fall on any day of the year, whether a Business or Non-Business Day (as stipulated in this Prospectus).

(iii) **Notifications and other information**

The Management Company may make notifications and other information of interest available to the Noteholders, through its own Internet pages or other means of remote transmission with similar characteristics.

This Prospectus has been endorsed on each and every page and signed in Madrid, on behalf of the Fund

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Mr. Ramón Pérez Hernández  
Chief Executive Officer (*Consejero Delegado*)  
TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A.



## GLOSSARY OF TERMS

"**2015 Fund**" means the asset securitisation fund (*fondo de titulización de activos*) named "FTA2015, Fondo de Titulización de Activos" to which CX transferred the Mortgage Loans on 15 April 2015 by means of the issuance by CX and the subscription by the 2015 Fund of mortgage participations (*participaciones hipotecarias*) and mortgage transfer certificates (*certificados de transmisión de hipoteca*) in accordance with the provisions of Law 2/1981 and Royal Decree 716/2009.

"**Accounts Bank**" means BNP Paribas or any successors from time to time.

"**Accrued Interest**" means, in connection with the Mortgage Loans to be assigned to the Fund, the interest in an amount equal to the amount of all ordinary and default interest accrued (but not paid) under all of the Mortgage Loans up to, and including, the Cut-off Date.

"**Additional Building Block**" means the additional building block to the Securities Note prepared in accordance with Annex VIII to Regulation 809/2004.

"**Adjourned Meeting**" means an adjourned meeting of a Meeting of Creditors as defined in article 6 of the Rules.

"**Aggregate Ineligible Mortgage Certificates Amount**" means the aggregate Outstanding Principal Balance of the Mortgage Loans which are classified as Ineligible Mortgage Certificates as of the last Business Day of the immediately previous calendar month.

"**AIAF**", means the Spanish AIAF Fixed Income Market.

"**AIFMR**" means 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.

"**Ancillary Rights**" means each of the benefits and ancillary rights (*derechos accesorios*) relating to each of the Mortgage Loans (including, for the avoidance of doubt, any Related Security and all rights, title, interest and benefits under the insurance policies entered into by the Debtors).

"**Anticipa**" means Anticipa Real Estate, S.L.U.

"**Applicable Percentage**" means the percentage set forth below in each of the columns for Class A, Class B, Class C and Class D Notes in respect of each of the Payment Dates set forth in the left column (and, if any of these days is not a Business Day, the next Business Day unless that day falls in the next calendar month, in which case the Payment Date will be the

immediately preceding Business Day):

<b>Payment Date</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>
26 July 2017	101.58%	103.33%	104.38%	104.55%
26 October 2017	101.35%	102.85%	103.75%	103.90%
26 January 2018	101.13%	102.38%	103.13%	103.25%
26 April 2018	100.90%	101.90%	102.50%	102.60%
26 July 2018	100.68%	101.43%	101.88%	101.95%
26 October 2018	100.45%	100.95%	101.25%	101.30%
26 January 2019	100.23%	100.48%	100.63%	100.65%
Any Payment Date after 26 April 2019 (included)	100%	100%	100%	100%

"**Assistance and Collaboration Services**" means those Services that the Servicer must provide so that BBVA may perform the Non-Delegable Services or any others for which the participation of the Servicer is essential so that BBVA can fulfill the requirements derived from the applicable legislation or the relevant authorities (Bank of Spain, CNMV, SEPBLAC, judges and courts), without prejudice to any services required to be included in the future so that BBVA may perform such Non-Delegable Services (provided that they are not Subcontracted Non-Delegable Services).

"**Auditors**" means Deloitte.

"**Available Funds**" means the available resources that the Fund has on each Payment Date, which will be deposited in the Treasury Account for the distribution of the pertinent amounts to the Noteholders and to the rest of the Fund's creditors for the payment of the pertinent fees, pursuant to section 3.4.6.2.a. of the Additional Building Block.

"**Bank Accounts**" means each of the General Account, the Treasury Account the Reserve Fund Account and the Expenses Account.

"**Bank of America Merrill Lynch**" means Merrill Lynch International.

"**BBVA**" means Banco Bilbao Vizcaya Argentaria, S.A.

"**BBVA Accounts Agreement**" means the agreement to be entered into on the Date of Incorporation by the Management Company, in the name and on behalf of the Fund, the Servicer and BBVA in order to regulate the Master Account, the Instalments Account, the Prepayments Account and the Other Payments Account.

"**BNP Paribas**" means BNP Paribas Securities Services, Sucursal en España.

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council, of 15 May 2014, establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**Business Day**" means any day, other than a Saturday, Sunday or public holiday, which is a regular working day in each of Madrid, Luxembourg and London and is a TARGET2 Settlement Day.

"**Calculation Date**" means the 20th day of each month, or if this is not a Business Day, the immediately previous Business Day, when the Management Company will calculate the amounts received from the Mortgage Loans during the previous Calculation Period. The first Calculation Date will be 20 April 2017.

"**Calculation Period**" means in relation to each Calculation Date other than the first Calculation Date, a period that coincides with a calendar month preceding the month on which that Calculation Date falls and, in respect of the first Calculation Date, the period running from the Cut-off Date until the last day of the calendar month preceding the month on which such first Calculation Date falls.

"**Catalonian Law 14/2015**" means Law 14/2015, of 21 July, on the tax on vacant housing and amendment of tax rules and Law 3/2012, approved by the Catalonian regional Parliament.

"**Catalonian Law 24/2015**" means Law 24/2015, of 29 July, on urgent measures to address the housing emergency and energy poverty, approved by the Catalonian regional Parliament.

"**Certain Regulatory Disclosures**" means the part of this Prospectus describing certain regulatory matters applicable to the Fund.

"**Circular 2/2016**" means CNMV Circular 2/2016, of 20 April, on accounting standards, annual financial statements, public financial statements and confidential statistical information statements of Securitisation Funds.

"**Civil Code**" means the Civil Code published by virtue of the Royal Decree of 29 July 1889 and the other preparatory provisions.

"**Civil Procedure Law**" means Law 1/2000, of 7 January, the Civil Procedure Law.

"**CIT Regulations**" means the Corporate Income Tax Regulations approved by Royal Decree

634/2015, of 10 July.

**"Class A" or "Class A Notes"** means the TWO THOUSAND FOUR HUNDRED AND EIGHTY (2,480) Notes, each with a face value of EURO ONE HUNDRED THOUSAND (Euro 100,000), represented by book entries.

**"Class A Make Whole Amount"** means the cash consideration payable to the Class A Noteholders in relation to the Seller Portfolio Purchase in accordance with the Liquidation Priority of Payment Order, which is an amount equal to the result of applying to the Principal Amount Outstanding of the Class A Notes the percentage indicated in the table below for each of the Payment Dates set forth in the left column (and, if any of these days is not a Business Day, the next Business Day unless that day falls in the next calendar month, in which case the Payment Date will be the immediately preceding Business Day):

<b>Payment Date</b>	<b>Class A</b>
26 July 2017	1.58%
26 October 2017	1.35%
26 January 2018	1.13%
26 April 2018	0.90%
26 July 2018	0.68%
26 October 2018	0.45%
26 January 2019	0.23%

**"Class A Notes Margin"** means 0.90% or, as from the Step-Up Date, 1.58%.

**"Class B" or "Class B Notes"** means the FOUR HUNDRED (400) Notes, each with a face value of EURO ONE HUNDRED THOUSAND (Euro 100,000), represented by book entries.

**"Class B Interest Deferral Trigger"** means 22% of the Outstanding Principal Balance of the Mortgage Loans as at the Cut-off Date.

**"Class B Make Whole Amount"** means the cash consideration payable to the Class B Noteholders in relation to the Seller Portfolio Purchase in accordance with the Liquidation Priority of Payment Order, which is an amount equal to the result of applying to the Principal Amount Outstanding of the Class B Notes the percentage indicated in the table below for each of the Payment Dates set forth in the left column (and, if any of these days is not a Business Day, the next Business Day unless that day falls in the next calendar month, in which case the Payment Date will be the immediately preceding Business Day):

<b>Payment Date</b>	<b>Class B</b>
26 July 2017	3.33%
26 October 2017	2.85%
26 January 2018	2.38%
26 April 2018	1.90%
26 July 2018	1.43%
26 October 2018	0.95%
26 January 2019	0.48%

"**Class B Notes Margin**" means 1.90% or, as from the Step-Up Date, 3.32%.

"**Class C**" or "**Class C Notes**" means the ONE HUNDRED AND SIXTY (160) Notes, each with a face value of EURO ONE HUNDRED THOUSAND (Euro 100,000), represented by book entries.

"**Class C Interest Deferral Trigger**" means 20% of the Outstanding Principal Balance of the Mortgage Loans as at the Cut-off Date.

"**Class C Make Whole Amount**" means the cash consideration payable to the Class C Noteholders in relation to the Seller Portfolio Purchase in accordance with the Liquidation Priority of Payment Order, which is an amount equal to the result of applying to the Principal Amount Outstanding of the Class C Notes the percentage indicated in the table below for each of the Payment Dates set forth in the left column (and, if any of these days is not a Business Day, the next Business Day unless that day falls in the next calendar month, in which case the Payment Date will be the immediately preceding Business Day):

<b>Payment Date</b>	<b>Class C</b>
26 July 2017	4.38%
26 October 2017	3.75%
26 January 2018	3.13%
26 April 2018	2.50%
26 July 2018	1.88%
26 October 2018	1.25%
26 January 2019	0.63%

"**Class C Notes Margin**" means 2.50% or, as from the Step-Up Date, 4.37%.

"**Class D**" or "**Class D Notes**" means the ONE HUNDRED AND TWENTY (120) Notes, each with a face value of EURO ONE HUNDRED THOUSAND (Euro 100,000), represented by book entries.

"**Class D Interest Deferral Trigger**" means 15% of the Outstanding Principal Balance of the Mortgage Loans as at the Cut-off Date.

"**Class D Make Whole Amount**" means the cash consideration payable to the Class D Noteholders in relation to the Seller Portfolio Purchase in accordance with the Liquidation Priority of Payment Order, which is an amount equal to the result of applying to the Principal Amount Outstanding of the Class D Notes the percentage indicated in the table below for each of the Payment Dates set forth in the left column (and, if any of these days is not a Business Day, the next Business Day unless that day falls in the next calendar month, in which case the Payment Date will be the immediately preceding Business Day):

Payment Date	Class D
26 July 2017	4.55%
26 October 2017	3.90%
26 January 2018	3.25%
26 April 2018	2.60%
26 July 2018	1.95%
26 October 2018	1.30%
26 January 2019	0.65%

"**Class D Notes Margin**" means 2.60% or, as from the Step-Up Date, 4.55%.

"**Class E**" or "**Class E Notes**" means the EIGHT HUNDRED AND FORTY (840) Notes, each with a face value of EURO ONE HUNDRED THOUSAND (Euro 100,000), represented by book entries.

"**Class E Notes Margin**" means 10%.

"**CNMV**" means the Spanish Securities and Exchange Commission.

"**Collection Accounts**" means, together, the Master Account, the Instalments Account, the Prepayments Account and the Other Payments Account.

"**Collection Accounts Bank**" means BBVA, which is the bank where the Collection Accounts will be opened by the Fund.

"**Collection Period**" means, in relation to each Payment Date other than the first Payment Date, the three (3) calendar months preceding the month on which that Payment Date falls and,

in respect of the first Payment Date, the period running from 28 February 2017 until the last day of the calendar month preceding the month on which such first Payment Date falls.

"**Commercial Code**" means the Commercial Code published by virtue of the Royal Decree of 22 August 1885.

"**Consumers and Users Protection Law**" means Royal Legislative Decree 1/2007, of 16 November, approving the Consolidated Text of the General Consumer and user protection law and other complementary laws.

"**CPR**" means the constant prepayment rate of each Mortgage Loan.

"**Credit Suisse**" means Credit Suisse Securities (Europe) Limited.

"**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.

"**CTHs Title**" means the global certificate (*título múltiple*), which the Originator will issue on the Date of Incorporation to the Fund, pursuant to the terms set forth in the Deed of Incorporation and which represents the CTHs as amended or replaced from time to time.

"**Cut-off Date**" means 27 February 2017.

"**Cut-Off Time**" means 11:00 a.m. CET on the Subscription Date.

"**CX**" means Catalunya Banc, S.A.

"**Date of Incorporation**" means the date of execution of the Deed of Incorporation, on 31 March 2017.

"**DBRS**" means DBRS Ratings Limited.

"**Debtors**" means the relevant borrowers under each Mortgage Loan.

"**December Judgment**" means the Spanish Supreme Court Judgment of 23 December 2015 (in respect of mortgage loans granted by certain financial entities amongst which CX was not included).

"**Deed of Incorporation**", means the public deed of incorporation of the Fund and issue of the Notes entered into on the Date of Incorporation by the Management Company, on behalf of and for the account of the Fund, the Seller and the Retention Holder.

"**Defaulted Mortgage Certificates**" means all Mortgage Certificates which 12 months or more in arrears.

"**Defaulted Mortgage Loans**" means all Mortgage Loans which are 12 months or more in arrears.

"**Delinquent Mortgage Loan**" means each Mortgage Loan which are more than 90 days in arrears.

"**Deloitte**" means Deloitte, S.L.

"**Depository**" means BNP Paribas as depository of the Titles or any successors from time to time.

"**Deutsche Bank**" means Deutsche Bank AG, acting through its London Branch.

"**Differential Amount**" means the difference between the legal minimum awarding price and the debt of the Mortgage Loan updated as of the auction day that the Fund shall satisfy if the legal minimum awarding price set forth from time to time is higher than the amount owed by the Debtor under the Mortgage Loan, in the frame of the enforcement of a mortgage over a property which constitutes the main home of a Debtor and in case that there are no bidders at an auction ("*subasta desierta*").

"**Disbursement Date**" means 5 April 2017, the day on which the amount for the subscription of the Notes should be disbursed.

"**Drawdown**" means each individual drawdown under a Mortgage Loan or a Multi-Credit Agreement.

"**Early Liquidation**" means the liquidation of the Fund, and hence the early redemption of the Notes on a Payment Date prior to the Final Maturity Date, in accordance with the cases and procedure set out in section 4.4.3 of the Registration Document.

"**ECB**" means the European Central Bank.

"**ECJ**" means the European Court of Justice.

"**ECO Valuation**" means a valuation in accordance with Order ECO/805/2003, of 27 March, on valuation rules of real estate and of certain rights for financial purposes (*Orden ECO/805/2003, de 27 de marzo, sobre normas de valoración de bienes inmuebles y de determinados derechos para ciertas finalidades financieras*).

"**EEA**" means the European Economic Area.

"**Eligible Institution**" means a depository institution organised under the laws of any state



which is a member of the European Union:

(a) which:

- (i) with respect to Moody's, whose bank deposit have the following ratings: Baa3 or P-3 for its long and short-term risk or another equivalent one recognized expressly by Moody's;
- (ii) with respect to DBRS, whose senior unsecured debt have the following ratings: A in accordance with DBRS' minimum rating to act as Eligible Institution, which shall be the higher of :
  - (C) if the Eligible Institution has a long-term Critical Obligation Rating ("**COR**") by DBRS, one notch below that COR; and
  - (D) the public rating assigned by DBRS to the Eligible Institution or, where there is no such rating, the private ratings or the internal assessments made by DBRS; and
- (iv) with respect to Fitch, whose senior unsecured debt have the following ratings: A- or F1 for its long and short-term risk,

or

(b) whose obligations under the Financial Services Agreement to which it is a party are guaranteed by an Eligible Institution.

**"Enhancements"** means the enhancements approved by the CX Board of Directors on 23 January 2013, described in section 3.7.2 of the Additional Building Block.

**"ESMA"** means the European Securities and Markets Authority.

**"Eurosystem Eligible Collateral"** means the assets recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life.

**"Ex-Dividend Date"** means the date on which, if the Notes are sold before this date, the interest plus any potential early redemption belongs to the seller of the Notes; if sold on or after the Ex-Dividend Date, the purchaser is entitled to the interest of the Notes and any potential early redemption.

**"Expenses Account"** means the euro denominated account established in the name of the Fund with the Accounts Bank that will be used by the Fund to pay the Loans & REO Expenses incurred by the Fund during the Collection Period immediately following the Payment Date in

which the Expenses Account is funded in accordance with the Priority of Payment Order.

**"Expenses Account Amount"** means the amount of the Initial Expenses Subordinated Loan applied for the funding of the Expenses Account Amount.

**"Extraordinary Expenses"**: means the expenses arising from the preparation and formal execution of the amendment of the Deed of Incorporation and of the Fund's Agreements, as well as for the execution of additional contracts; where applicable, the amount of Initial Expenses that exceeds the initial amount available for Initial Expenses; the Loans & REO Expenses incurred by the Fund which exceed Euro 200,000 on each Collection Period; the cost incurred for each Meeting of Creditors; in general, all fees, costs, expenses and taxes required to be paid in order to preserve the existence of the Fund or to maintain it in good standing or to comply with the applicable legislation; extraordinary audit and legal advice expenses; the expenses required for initiating the enforcement of the Mortgage Loans by the Fund pursuant to article 31 of Royal Decree 716/2009, and in general, any other extraordinary expenses incurred by the Fund or by the Management Company, on behalf of and for the account of the same.

**"Extraordinary Resolution"** means a resolution which is necessary to approve a Reserved Matter.

**"FATCA"** means the Foreign Account Tax Compliance Act.

**"Final Maturity Date"** means 26 April 2063.

**"Financial Services Agreement"** means the agreement to be entered into on the Date of Incorporation by the Management Company, on behalf of and for the account of the Fund, and BNP Paribas in order to regulate the deposit of the Titles, the General Account, the Treasury Account, the Reserve Fund Account and the Expenses Account and the financial servicing (paying agency) of the Notes Issue.

**"Fitch"** means Fitch Ratings España, S.A.U.

**"FROB"** means the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*).

**"Fund"** means SRF 2017-1, Fondo de Titulización.

**"Fund's Agreements"** means the following documents: (i) the Subscription Agreement; (ii) the Initial Expenses Subordinated Loan Agreement; (iii) the Reserve Fund Subordinated Loan Agreement; (iv) the Financial Services Agreement; (v) the Mortgage Certificates Purchase Agreement; (vi) the Retention Holder Guarantee; (vii) the Servicing Agreement; (viii) the Sharing Agreement; (ix) the BBVA Accounts Agreement and (x) any other agreements executed from time to time after the Date of Incorporation in connection with the Fund and

designated as such by the relevant parties.

**"Fund's Expenses"** means each of the Initial Expenses, the Ordinary Expenses, the Extraordinary Expenses, the Loans & REO Expenses and the Liquidation Expenses.

**"General Account"** means the euro denominated account established in the name of the Fund with the Accounts Bank that will be used to receive all the amounts that the Fund must receive arising from the Mortgage Loans.

**"General Tax Regulations"** means General Regulations regarding tax management and inspection courses of action and procedures and developing the common rules of tax application procedures, approved by Royal Decree 1065/2007, of 27 July.

**"Glossary of Terms"** means this glossary including the defined terms used in this Prospectus.

**"Guideline"** mean Guideline of the European Central Bank, of 20 September 2011, on monetary policy instruments and procedures of the Eurosystem (recast) (ECB/2011/14) as amended and applicable from time to time.

**"IBERCLEAR"** means the entity "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A."

**"Ineligible Mortgage Certificate"** means a Mortgage Participation or a Mortgage Transfer Certificate backed by an Ineligible Mortgage Loan.

**"Ineligible Mortgage Certificates Notice"** means the notice that the Management Company, acting in the name and on behalf of the Fund, shall deliver to the Seller by not later than the twentieth (20<sup>th</sup>) day of each month including (i) the Aggregate Ineligible Mortgage Certificates Amount and (ii) the relevant identification details of each of the Ineligible Mortgage Certificates.

**"Ineligible Mortgage Loan"** means a Mortgage Loan (a) (i) which does not comply at the Date of Incorporation with one or more of the representations set forth in section 2.2.8.2 of the Additional Building Block (with reference to the Cut-off Date); or (ii) which the Mortgage Participation or the Mortgage Transfer Certificate representing such Mortgage Loan does not comply at the Date of Incorporation with one or more of the representation set forth in section 2.2.8.3 of the Additional Building Block; or (iii) in respect of which an amendment or novation which is not a Permitted Loan Variation has been effected and (b) provided further that such breach of representation set forth in paragraphs (i) and (ii) or amendment or novation which is not a Permitted Loan Variation set forth in paragraph (iii) could have a material adverse effect on the value of the Mortgage Loan and related Ancillary Rights, as determined by the Management Company and which, if capable of remedy, is not so remedied by the Seller within fifteen (15) days of notification of such breach by the Management Company to the Seller pursuant to the provisions set forth in section 2.2.9 of the Additional Building Block.

**"Initial Expenses"** means the Fund's expenses incurred in the incorporation of the Fund and the issue of the Notes.

**"Initial Expenses Amount"** means the amount of the Initial Expenses Subordinated Loan applied for the funding of the Initial Expenses Amount.

**"Initial Expenses Subordinated Loan"** means the loan granted by the Retention Holder to the Fund in accordance with the provisions of the Initial Expenses Subordinated Loan Agreement that will be executed on the Date of Incorporation.

**"Initial Expenses Subordinated Loan Agreement"** means the agreement to be entered into on the Date of Incorporation by the Management Company, on behalf of and for the account of the Fund, and the Retention Holder in order to fund the Initial Expenses of the Fund, the Accrued Interest and the Expenses Account.

**"Initial Meeting"** means an initial meeting of a Meeting of Creditors as defined in article 6 of the Rules.

**"Initial Reserve Fund"** means the amount of the Reserve Fund that will be initially financed on the Disbursement Date that represents 2.5 % of the principal amount outstanding of the Class A Notes on the Disbursement Date.

**"Insolvency Regulation"** means Council Regulation (EC) No 1346/2000, of 29 May 2000, on insolvency proceedings, as amended.

**"Instalments Account"** means the euro denominated account established in the name of the Fund with BBVA where the direct debit receipts of the Debtors shall be booked. The amounts deposited in the Instalments Account shall be transferred by BBVA to the Master Account in accordance with the provisions of the BBVA Accounts Agreement.

**"Integrated Entities"** means the entities Caixa d'Estalvis de Catalunya, Caixa d'Estalvis de Tarragona and Caixa d'Estalvis de Manresa that were merged into Caixa d'Estalvis de Catalunya, Tarragona i Manresa, whose banking business was transferred (as a whole) to CX by virtue of an spin-off on 27 September 2011.

**"Interest Period"** means each period of time that will include the days elapsed between two consecutive Payment Dates (including the initial Payment Date and excluding the final Payment Date). Exceptionally, the first Interest Period will commence on the Disbursement Date (including the latter), and will end on the first Payment Date (excluding the latter).

**"Interest Rate Fixing Date"** means the day which is two (2) Business Days before the first day of each Interest Period on which the Reference Interest Rate for each Interest Period will be

fixed. Exceptionally, for the first Interest Period, the Reference Interest Rate will be fixed two (2) Business Days before the Disbursement Date (i.e., 3 April 2017, the Disbursement Date being 5 April 2017).

**"IRFC"** or **"Interest Rate Floor Clauses"** means those clauses included in a Mortgage Loan requesting the Debtor to satisfy a minimum amount of interests by applying a floor rate and which a Spanish court have declared null.

**"IRFC Claims"** means claims submitted by a Debtor in connection with IRFC where there is a non-appealable decision by a Spanish Court whereby the Fund is under the obligation to satisfy a IRFC Payment to such Debtor.

**"IRFC Collections"** means the difference between (i) the interest effectively paid by a borrower as a consequence of applying the IRFC and (ii) the interest that would have been paid under a loan in case that the IRFC would have not been triggered and applied.

**"IRFC Payments"** means the amounts to be satisfied to the underlying Debtors under a IRFC Claim, including the IRFC Collections in connection with the relevant Mortgage Loan and any other indemnities imposed by a Spanish Court (including, without limitation, legal interest).

**"IRFC Reserve"** means the reserve to be funded by the Management Company, in representation and on behalf of the Fund, in accordance with the provisions of section 3.4.2.2 of the Additional Building Block.

**"IRFC 2015 Fund Cut-Off Date"** means 31 March 2014.

**"IRR"** means the interest rate of return.

**"Issuer"** means the Fund.

**"Joint Lead Managers"** means Credit Suisse, Bank of America Merrill Lynch and Deutsche Bank.

**"Joint Lead Managers Rated Notes"** means the Rated Notes in respect of which the Joint Lead Managers will use their best efforts to procure subscription for and purchase from the Fund.

**"Law 1/2013"** means Law 1/2013, of 14 May, on measures to strengthen the protections of mortgagors, debt restructuring and housing rental (as amended by Law 25/2015 and Royal Decree 5/2017).

**"Law 2/1981"** means Law 2/1981, of 25 March, regulating the mortgage market.

"**Law 3/2009**" means Law 3/2009, of 3 April, on structural changes of mercantile companies.

"**Law 5/2015**" means Law 5/2015, of 27 April, on the Business Financing Promotion.

"**Law 10/2014**" means Law 10/2014, of 26 June, on regulation, supervision and solvency of credit institutions.

"**Law 25/2015**" means Law 25/2015, of 28 July, on the second chance mechanism, reduction of financial burden and other social measures

"**Law 27/2014**" means Law 27/2014, of 27 November, on Corporate Income Tax.

"**Legislative Royal Decree 4/2015**" means Legislative Royal Decree 4/2015, dated 23 October, approving the consolidated text of the Securities Market Law.

"**Liquidation Expenses**" means any expenses that are incurred in liquidating the Fund.

"**Liquidation Expenses Reserve**" means the reserve to be allocated by the Management Company to pay the Liquidation Expenses.

"**Liquidation Priority of Payment Order**" means the Priority of Payments applicable according to section 3.4.6.3 of the Additional Building Block.

"**Loans & REO s Expenses**" means the expenses that will be funded through the Expenses Account and listed in section 3.4.4.5 of the Additional Building Block.

"**LTV**" means "Loan to Value", i.e., the ratio between the Outstanding Principal Balance of the Mortgage Loan (including Outstanding Principal Balance of further drawdowns in the case of Multi-Credit Agreements and in the event of subordinated Mortgage Loans, the Outstanding Principal Balance of any pari passu or prior ranking Mortgage Loans) and the appraisal of the collateral securing such Mortgage Loan.

"**Luxembourg Companies**" means the Retention Holder and the Seller.

"**Make Whole Amount**" means, together, the Class A Make Whole Amount, the Class B Make Whole Amount, the Class C Make Whole Amount and the Class D Make Whole Amount.

"**Management Company**" means Titulización de Activos, S.G.F.T., S.A.

"**Master Account**" means the euro denominated account established in the name of the Fund with BBVA that will be used to deposit the funds received from the Instalments Account, the Prepayments Account and the Other Payments Account. The amounts deposited in the Master Account shall be transferred by BBVA to the General Account in accordance with the

provisions of the BBVA Accounts Agreement

“**Master Servicer**” means BBVA acting as master servicer of the Mortgage Loans, as issuer of the Mortgage Certificates, as established in article 26 of Royal Decree 716/2009 and subject to the provisions of the Servicing Agreement. Please see section 3.7.2 of the Additional Building Block for further details on the appointment of the Servicer.

"**Meeting of Creditors**" means the meeting of the Noteholders and the Other Creditor that shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Fund.

"**Merged Entities**" means the entities Caixa d’Estalvis de Catalunya, Caixa d’Estalvis de Tarragona and Caixa d’Estalvis de Manresa that were merged into Caixa d’Estalvis de Catalunya, Tarragona i Manresa, whose banking business was transferred (as a whole) to CX by virtue of a spin-off on 27 September 2011 and CX.

"**Midco**" means Alcmena Midco S.a.r.l.

"**MiFID II**" means the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

"**Moody’s**" means Moody’s Investors Service España, S.A.

"**Mortgage Certificates**" means the Mortgage Participations and the Mortgage Transfer Certificates.

"**Mortgage Certificates Purchase Agreement**" means the agreement to be entered into on the Date of Incorporation by the Seller, the Management Company, in the name and on behalf of the Fund and the Retention Holder, under which, amongst other, the transfer of the Mortgage Certificates to the Fund will take place.

"**Mortgage Loans**" means the loan and facility agreements secured by a mortgage and granted by CX and the Integrated Entities to individuals domiciled in Spain for the purposes of financing the acquisition, construction or renovation of a residence located in Spain or any other purpose not related to the residence or as a subrogation made by private individuals to loans extended to developers for the construction of residences to sell or lease. Such loans and facilities have been extended to one or more individuals (at least one of them being a Spanish resident) and are secured by first (*primer rango*) or subsequent ranking mortgages (in which case the senior ranking mortgages (*hipotecas de rango previo*), either (i) are securing loans (granted either by CX – or the Integrated Entities - or by third parties) that have been already repaid in full but they are not cancelled with the Land Registry yet or (ii) secure a Mortgage Loan which will also be assigned to the Fund on the Date of Incorporation) over residences

located in the Spanish territory and, if applicable, additionally upon other properties of the relevant Debtor.

**"Mortgage Participations"** or **"PHs"** means the mortgage participations ("*participaciones hipotecarias*") set forth in the PHs Title.

**"Mortgage Transfer Certificates"** or **"CTHs"** means the mortgage transfer certificates ("*certificados de transmisión de hipoteca*") set forth in the CTHs Title.

**"Multi-Credit Agreements"** means the multi-credit agreements ("*Contratos Multicrédito*") included in the portfolio of Mortgage Loans.

**"Net Purchase Price"** means the Purchase Price corresponding to the Mortgage Participations and the Mortgage Transfer Certificates as reduced by offsetting an amount equal to the amount of all payments made by the Debtors in respect of the Mortgage Loans as from the Cut-off Date until 28 February 2017 (included).

**"Nominal Interest Rate"** means the annual nominal interest rate variable every quarter that all the Notes will accrue, from the Disbursement Date until their total maturity. This interest will be paid quarterly in arrears on each Payment Date on the Principal Amount Outstanding of each Note.

**"Non-Cash Balance Reduction"** means, in relation to each Mortgage Loan which has been classified as an Ineligible Mortgage Loan, the amount by which the principal amount of the Mortgage Loan has been reduced, set-off, impaired, and/or written off for any reason other than ordinary or unscheduled repayment of such Mortgage Loan.

**"Non-Defaulted Mortgage Certificates"** means all Mortgage Certificates which are less than 12 months in arrears and which were not backed by Ineligible Mortgage Loans.

**"Non-Defaulted Mortgage Loans"** means all Mortgage Loans which are less than 12 months in arrears and which were not deemed to be Ineligible Mortgage Loans.

**"Non-Delegable Services"** means the services to be assumed by BBVA in accordance with the Servicing Agreement and described in section 3.7.2.7 of the Additional Building Block.

**"Noteholders"** means the holders of the Notes at the relevant date.

**"Notes"** means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

**"Notes Issue"** means the issuance of the Notes by the Fund under the Deed of Incorporation.



**"Notification Date"**, will mean the second (2<sup>nd</sup>) Business Day before each Payment Date throughout the life of the Fund. On these dates, the Management Company will notify the amounts of principal and interest payable to the Noteholders, in the manner described in section 4.1 of the Additional Building Block.

**"Obligors"** means each Debtor and each third party guarantor or security provider in respect of a Mortgage Loan.

**"Optional Redemption"** means the redemption in full of the Rated Notes in the event that the Seller Portfolio Purchase is executed.

**"Order EHA/3537/2005"** means Order EHA/3537/2005, of 10 November, on the development of article 27.4 of Law 24/1998, of 28 July, on the Spanish Securities Market Law.

**"Ordinary Expenses"** means expenses that may arise from mandatory administrative verifications, registrations and authorizations not included in the Initial Expenses; the fees payable to the Ratings Agencies for monitoring and maintaining the rating of the Rated Notes; expenses relating to the Notes bookkeeping, involving their representation by the book-entry system, any admission-related expenses that arise from time to time, and the maintenance of all of the above, not included in the Initial Expenses; fees and expenses incurred for the sale of real estate assets (including for the avoidance of doubt, those amounts indicated in section 3.7.2.9 of the Additional Building Block); the expenses incurred in the annual financial audit of the Fund and in the reporting on the portfolio to the European Data Warehouse; any negative interest rate of the Bank Accounts, if applicable at any time; the expenses incurred in the redemption of the Notes (ie. Iberclear); the expenses incurred in the announcements and notifications relative to the Fund and/or the Notes; the Paying Agent's fee, the Servicing Fee, the BBVA's fee for the Non-Delegable Services and the Banking Services, the Collection Accounts Bank's fee and the Management Company's fee.

**"Originator"** means BBVA.

**"Other Creditor"** means the provider of the Subordinated Loans.

**"Other Payments Account"** means the euro denominated account established in the name of the Fund with BBVA which shall be used to collect the tenants rent via direct debit in case the Fund has in the future any repossessed property with tenants in accordance with the provisions of the Servicing Agreement. The amounts deposited in the Other Payments Account shall be transferred by BBVA to the Master Account in accordance with the provisions of the BBVA Accounts Agreement.

**"Outstanding Principal Balance of the Mortgage Loans"** means on any relevant date, in respect of the Mortgage Loans, the aggregate of principal amounts due and uncollected together with the outstanding principal amounts not yet due.

**"Outstanding Principal Balance of the Reviewed Mortgage Loans"** means at the Cut-off Date, in respect of the Reviewed Mortgage Loans, the aggregate of principal amounts due and uncollected together with the outstanding principal amounts not yet due.

**"Outstanding Principal Balance of the Non-Defaulted Mortgage Certificates"** means on any relevant date, in respect of the Non-Defaulted Mortgage Certificates, the aggregate of principal amounts of the relevant Mortgage Loans due and uncollected together with the outstanding principal amounts not yet due.

**"Paying Agent"** means BNP Paribas or any successors from time to time.

**"Payment Date"** means the 26<sup>th</sup> day of January, April, July and October of each year until the total redemption of the Notes. If any of these days is not a Business Day, the next Business Day unless that day falls in the next calendar month, in which case the payment day will be the immediately preceding Business Day.

**"Permitted Loan Variation"** means any amendment to the Mortgage Loans made in accordance with the requirements set out in Part 4 of section 3.7.2.1 of the Additional Building Block, paragraph (B) of Part 5 of section 3.7.2.1 of the Additional Building Block, Part 6 of section 3.7.2.1 of the Additional Building Block and paragraph (A) of Part 7 of section 3.7.2.1 of the Additional Building Block.

**"PHs Title"** means the global certificate (*título múltiple*), which the Originator will issue on the Date of Incorporation to the Fund, pursuant to the terms set forth in the Deed of Incorporation and which represent the PHs as amended or replaced from time to time.

**"Prepayments Account"** means the euro denominated account established in the name of the Fund with BBVA in relation to which the Debtors or third parties shall be able to make manual payments and funds transfers. The amounts deposited in the Prepayments Account shall be transferred by BBVA to the Master Account in accordance with the provisions of the BBVA Accounts Agreement.

**"Principal Amount Outstanding"** means, on any day; (i) in relation to a Note, the original principal amount of that Note minus the aggregate amount of any principal payments in respect of that Note which have become due and payable and been paid on or prior to that day; (ii) in relation to each class of Notes, the aggregate of the amount determined in (i) in respect of all Notes outstanding in such class of Notes; and (iii) in relation to the Notes outstanding at any time, the aggregate of the amount determined in (i) in respect of all Notes outstanding, regardless of the class of Notes.

**"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 Funds.

**“Priority of Payment Order”** means the order of Priority of Payments applicable according to section 3.4.6.2 of the Additional Building Block.

**"PRIIPs Regulation"** means the Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs).

**"Prospectus"** means this securitisation prospectus in connection with the Notes Issue.

**"Purchase Price"** means the amount equal to sum of (i) the product of (a) the aggregate Outstanding Principal Amount of the Mortgage Loans as of the Cut-off Date and (b) the Valuation Rate plus (ii) the Accrued Interest.

**"Rated Notes"** means the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

**“Rating Agencies”** means DBRS, Moody’s and Fitch.

**"Reference Banks"** means the three major banks in the euro-zone 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.

**"Reference Interest Rate"** means the reference interest rate for fixing the interest rate applicable to the Notes and estimated in accordance with section 4.8 of the Securities Note.

**"Registration Date"** means 28 March 2017.

**"Registration Document"** means the registration document prepared in accordance with Annex VII of Regulation 809/2004.

**"Regulation 809/2004"** means Regulation (EC) N°. 809/2004 dated 29 April 2004, as amended.

**"Regulation 1060/2009"** means Regulation (EC) No 1060/2009 of the European Parliament and the Council of 16 September 2009 on credit rating agencies.

**"Related Security"** means any guarantee or security interest issued or granted in order to secure the obligations of the Debtors under the Mortgage Loans.

**"Relevant Time"** means the time on the Disbursement Date when payment would otherwise be due under the Subscription Agreement to the Fund in respect of the Notes.

**"Remaining Loans"** means, in case of *deed in lieu* or mortgage foreclosure, if the total relief has not been granted as regards the remaining debt, the remaining amount that will be maintained as an unsecured loan of the original Debtor on the terms of the original deed (*escritura pública*) documenting the relevant Mortgage Loan, as it may have been amended by the parties thereto.

**"Report"** means the report produced by Deloitte as independent company regarding certain attributes of the Mortgage Loans in order to comply with the provisions of article 22 of Law 5/2015.

**"Repurchase Cut-Off Date"** means the last day of the immediately previous calendar month on which the Aggregate Ineligible Mortgage Certificates Amount is higher than Euro 2,500,000 and, as from the date of the fifth (5<sup>th</sup>) anniversary of the Date of Incorporation, every last calendar day of the calendar month immediately preceding a Payment Date that falls on or after the fifth (5<sup>th</sup>) anniversary of the Date of Incorporation.

**"Repurchase Price"** means an amount equal to (i) the principal amount outstanding of the relevant Mortgage Certificates (which might include Ineligible Mortgage Loans and Mortgage Certificates which derive from Drawdowns that have to be repurchased in accordance with the procedure set forth in third paragraph of section 2.2.9.2 of the Additional Building Block) together with the interest and fees accrued and unpaid thereunder as of the Repurchase Cut-off Date (included); plus (ii) the taxes and/or reasonable expenses of the Fund incurred, or to be incurred, in retransferring the relevant Mortgage Certificates to the Seller; plus (iii) the aggregate Non-Cash Balance Reduction of the relevant Mortgage Certificates as of the Repurchase Cut-off Date.

**"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 3.4.2.1 of the Additional Building Block.

**"Reserve Fund Account"** means the euro denominated account established in the name of the Fund with the Accounts Bank in which the Reserve Fund will be deposited.

**"Reserve Fund Required Amount"** means, on each Payment Date, the funds available to be allocated to the Reserve Fund until the required level is reached for that Payment Date, according to the Priority of Payment Order.

**"Reserve Fund Subordinated Loan"** means the loan granted by the Retention Holder to the Fund in accordance with the provisions of the Reserve Fund Subordinated Loan Agreement that will be executed on the Date of Incorporation.

**"Reserve Fund Subordinated Loan Agreement"** means the agreement to be entered into on the Date of Incorporation by the Management Company, on behalf of and for the account of the Fund, and the Retention Holder in order to fund the Initial Reserve Fund.

**"Reserved Matters"** means the matters referred as "Reserved Matters" in article 11 of the Rules.

**"Reserve Price"** means the purchase price for the Mortgage Certificates under the Seller Portfolio Purchase for an amount equal to:

- (i) the Principal Amount Outstanding of the Rated Notes as at the Seller Portfolio Purchase Date multiplied by the Applicable Percentage; plus
- (ii) the interest amount accrued on the Rated Notes as at the Seller Portfolio Purchase Date; plus
- (iii) an amount estimated to be required to satisfy items (1), (2) and (3) of the Liquidation Priority of Payment Order on the Seller Portfolio Purchase Date; less
- (iv) amounts standing to the credit of the Collection Accounts, the General Account, the Treasury Account, the Reserve Fund Account and the Expenses Account as at the Calculation Date immediately preceding the Seller Portfolio Purchase Date.

**"Resolution"** means a resolution passed by the applicable Noteholders or Other Creditor by a Meeting of Creditors or by virtue of a Written Resolution.

**"Retail Investor"** means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

**"Retention"** means the retention of a material net economic interest of not less than 5% of the nominal value in the securitisation to be carried out by the Retention Holder as originator for the purposes of the CRR, the AIFMR and the Solvency II Regulation.

**"Retention Holder"** means Spain Residential Finance S.à r.l.

**"Retention Holder Guarantee"** means the guarantee to be provided by the Retention Holder in favour of the Fund (represented by the Management Company) guaranteeing (i) the obligation of the Seller to pay the price in relation to the repurchase of the Ineligible Mortgage Certificates under the Mortgage Certificates Purchase Agreement (and to bear any taxes, fees and expenses accrued as a result of such repurchase) and (ii) the obligation to compensate the Fund in accordance with the terms disclosed in section 3.4.2.2 of the Additional Building Block.

**Retention Holder Rated Notes** means all remaining Class A Notes, Class B Notes, Class C Notes and Class D Notes that the Joint Lead Managers have not procured subscription for by

the Cut-Off Time and that the Retention Holder or its nominee(s) shall have the option, but not the obligation, to procure subscription for and purchase.

**"Reviewed Mortgage Loans"** means any of the mortgage loans that included within the Reviewed Portfolio.

**"Reviewed Portfolio"** means the aggregate of the Reviewed Mortgage Loans as at 27 February 2017 reviewed by Deloitte as independent company from which the Mortgage Loans to be assigned to the Fund will be selected.

**"Risk Factors"** means the part of this Prospectus describing the main risk factors associated with the issue, with the securities and with the assets backing the issue.

**"Risk Retention U.S. Persons"** means U.S. persons (as defined in the U.S. Risk Retention Rules)

**"Royal Decree 116/1992"** means Royal Decree 116/1992, of 14 February, on the representations of book entry and the clearing and settlement of stock market operations.

**"Royal Decree 6/2012"** means Royal Decree 6/2012, of 9 March 2012, on urgent measures to protect mortgagors without resources, as amended by Law 1/2013, and as amended by Royal Decree 1/2015, of 27 February, on the second opportunity mechanism, the reduction of financial burden and other labour measures, and as amended in the future (including Law 25/2015).

**"Royal Decree 716/2009"** means Royal Decree 716/2009, of 24 April, developing certain aspects of the Law 2/1981.

**"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 1310/2015"** means Royal Decree 1310/2005, of 4 November, partly developing the Law 24/1998, of 28 July, on the Spanish Securities Market Law in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose.

**"Royal Decree 5/2017"** means Royal Decree 5/2017, of 17 March, on the amendment of Royal Decree 6/2012, of 9 March 2012, on urgent measures to protect mortgagors without resources and Law 1/2013, of 14 May, on measures to strengthen the protection of mortgagors, debt restructuring and housing rental.

**"Rules"** means the rules applicable to the Meeting of Creditors.

**"Screen Rate"** means the Reuters-EURIBOR01 page or (i) such other page as may replace the Reuters-EURIBOR01 page for similar service for the purpose of displaying such information or (ii) 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-EURIBOR01 page.

**"Securities Note"** means the securities note prepared in accordance with Annex XIII of Regulation 809/2014.

**"Seller"** means SRF Intermediate 2017-1.

**"Seller Purchase Agreement"** means the agreement for the purchase of mortgage loans to be entered into on the Date of Incorporation by the 2015 Fund, represented by its management company and the Seller, by virtue of which, the 2015 Fund will sell to the Seller the Mortgage Loans by means of the acquisition by the Seller of the Mortgage Certificates representing the legal and economic interest corresponding to the Mortgage Loans.

**"Seller Portfolio Purchase"** means the option that the Seller or its nominee (i.e. the entity appointed by the Seller) shall have to repurchase all (but not part) of the Mortgage Certificates from the Fund on the Seller Portfolio Purchase Date as from the Payment Date following the Disbursement Date (included).

**"Seller Portfolio Purchase Date"** means the Payment Date on which the Seller Portfolio Purchase is executed.

**"Seller Portfolio Purchase Initial Period"** means the period from (but excluding) the Disbursement Date to (and including) the Payment Date falling in January 2019.

**"Senior Financing"** means the financing provided by Credit Suisse and/or the arrangement for the provision of financing to, *inter alia*, partially finance the acquisition by Midco (a wholly owned subsidiary of the Retention Holder) of the class A notes issued by the 2015 Fund, thus entitling Midco to a majority interest in the cash flows arising from the Mortgage Certificates on 15 April 2015.

**"Servicer"** means the entity subcontracted by BBVA for the provision of all the services related to the management of the Mortgage Loans other than the Non-Delegated Services, being Anticipa or the entity that may succeed it.

**"Servicer Termination Event"** means the occurrence of any of the following events in relation to the Servicer:

- (a) default is made by the Servicer on the due date of any payments due and payable by it under the Servicing Agreement and such default continues unremedied for a period of

6 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Management Company requiring the default to be remedied;

- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement and, in the reasonable opinion of the Management Company, such default is materially prejudicial to the interests of the holders of the Notes and such default continues unremedied for a period of 6 Business Days after the earlier of the Servicer becoming aware of its default and receipt by the Servicer of written notice from the Management Company requiring the default by the Servicer to be remedied or such default has occurred and has been cured on 3 previous occasions;
- (c) the revocation of an applicable licence, registration or regulatory permission held by it required to perform any of the services hereunder, other than as a result of or arising out of a change in applicable law; or
- (d) if the Servicer brings any action aimed at its winding up or liquidation, is dissolved (other than pursuant to a consolidation, amalgamation or merger); becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due, applies for a declaration of voluntary insolvency (*concurso voluntario*), a receiver is appointed in respect of itself or its assets, or is declared insolvent (*concurso*) by a court; makes a general assignment, arrangement or composition with or for the benefit of its creditors.

**"Services"** means all the services for servicing and custody of the Mortgage Loans to be provided by the Servicer.

**"Servicing Agreement"** means the agreement to be entered into on the Date of Incorporation by the Management Company, in the name and on behalf of the Fund, BBVA, the Servicer and the Retention Holder, and by virtue of which, amongst other things, (i) BBVA will subcontract Anticipa as Servicer of the Mortgage Loans, (ii) BBVA and Anticipa will undertake to exercise the servicing of the Mortgage Loans (as the case maybe) and (iii) the relations between BBVA, the Servicer and the Management Company will be regulated.

**"Servicing Fee"** means the fee for the custody and servicing of the Mortgage Loans, that Servicer shall be entitled to receive from the Fund, payable in arrears on each Payment Date.

**"Sharing Agreement"** means the agreement to be entered into by and between the Servicer, the 2015 Fund, represented by its management company and the Fund, represented by the Management Company, whereby if the Fund became the owner of a property as a result of any procedure (including, without limitation, the foreclosure of the relevant mortgage security or the friendly repossession (*deed in lieu*)), and the Fund subsequently disposed of such property,



the proceeds obtained would be applied, first to pay back to the Fund any amounts advanced by the latter for the purposes of paying the Differential Amount in the relevant mortgage enforcement procedure (if any), subsequently to cover expenses, taxes and fees incurred by the holding and sale of the relevant property, and the remainder will be distributed by the Servicer between the 2015 Fund and the Fund pro rata to outstanding debt owed by the relevant Debtor to each of the 2015 Fund and the Fund.

"**Sole Arranger**" means Credit Suisse.

"**Solvency II Regulation**" means Regulation (EU) 2015/35, of 10 October 2014, supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance.

"**Spanish Insolvency Law**" means Law 22/2003, of 9 July, on Insolvency, as amended.

"**Spanish Mortgage Law**" means the Decree dated 8 February 1946, on the approval of the official drafting of the Spanish Mortgage Law, as amended by Law 1/2013.

"**SRF Intermediate 2017-1**" means SRF Intermediate 2017-1 S.à r.l.

"**Stamp Duty**" means "*Impuesto sobre Actos Jurídicos Documentados*".

"**Step-Up Date**" means the Payment Date falling on April 2022.

"**Subcontracted Non-Delegable Services**" means the Non-Delegable Services under the Servicing Agreement which in those cases permitted pursuant to their nature, may be subcontracted in whole or in part with third parties.

"**Subordinated Loans**" means the Initial Expenses Subordinated Loan and the Reserve Fund Subordinated Loan.

"**Subscription Agreement**" means the agreement to be entered into on the Date of Incorporation by the Management Company, in representation and on behalf of the Fund, the Seller, the Joint Lead Managers and the Retention Holder.

"**Subscription Date**" means 4 April 2017.

"**Subscription Period**" means the period of time in which is expected to be fully subscribed the Notes, between 9:00 a.m. CET and 12:00 p.m. CET on the Subscription Date.

"**Target Amortisation Amount**" means an amount equal to the lesser of (i) the Available Funds on that Payment Date, after deducting the amounts of items (1) to (7) in the Priority of Payment Order; (ii) the positive difference on that Payment Date between (x) the Principal

Amount Outstanding of the Notes and (z) the Outstanding Principal Balance of the Non-Defaulted Mortgage Certificates on the last day of the Calculation Period immediately prior to the Payment Date; and (iii) the Principal Amount Outstanding of the Rated Notes.

**"TARGET2 Settlement Day"** means any day on which the TARGET2 system is open for the settlement of payments in euro.

**"TARGET2 system"** means the Trans European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

**"Titles"** means, together, the PHs Title and the CTHs Title.

**"Transaction Party"** means any person who is a party to a Transaction Document and "Transaction Parties" means some or all of them.

**"Transaction Documents"** means the following documents: (i) the Deed of Incorporation of the Fund; (ii) the Subscription Agreement; (iii) the Initial Expenses Subordinated Loan Agreement; (iv) the Reserve Fund Subordinated Loan Agreement; (v) the Financial Services Agreement; (vi) the Mortgage Certificates Purchase Agreement; (vii) the Retention Holder Guarantee; (viii) the Servicing Agreement; (ix) the Sharing Agreement; (x) the BBVA Accounts Agreement and (xi) any other documents executed from time to time after the Date of Incorporation in connection with the Fund and designated as such by the relevant parties.

**"Transfer Tax"** means *Impuesto sobre Transmisiones Patrimoniales*.

**"Treasury Account"** means the euro denominated account established in the name of the Fund with the Accounts Bank that will be used to, following the instructions of the Management Company, make all the payments of the Fund, in accordance with Priority of Payment Order or to the Liquidation Priority of Payment Order, as appropriate.

**"U.S. Risk Retention Rules"** means the credit risk retention regulation implemented by U.S. Federal regulatory agencies, including the SEC, pursuant to Section 15G of the Securities Exchange Act of 1934 (as amended).

**"Valuation Rate"** means a valuation rate which will be determined on the basis of the ratio of (i) the subscription price of all Notes, and (ii) the Outstanding Principal Balance of the Mortgage Loans as of the Cut-off Date and communicated to the CNMV by means of a relevant notice (*hecho relevante*).

**"VAT"** means Value Added Tax.

**"Written Resolution"** means a resolution in writing signed by or on behalf of all Noteholders

and the Other Creditor for the time being outstanding who for the time being are entitled to receive notice of a meeting in accordance with the Rules for the Meeting of Creditors, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders or on behalf of the Other Creditor.