

**SERIES INFORMATION MEMORANDUM**

**DOURO FINANCE B.V.**

*(incorporated with limited liability in the Netherlands under registered number 55482643)*

**Series 2017-408 USD 10,000,000 Secured Limited Recourse Credit-Linked Securities due 2026**

**This Series Information Memorandum includes the Issue Terms relating to the Securities. Investors should note that such Issue Terms supersede in their entirety any term sheets which may have been circulated previously.**

**The Securities are only intended for highly sophisticated and knowledgeable investors who are capable of understanding and evaluating the risks involved in investing in the Securities and who are required to read the "Risk Factors" section of the Douro Finance B.V. information memorandum dated 8 July 2016.**

**Arranger and Dealer  
Banco Bilbao Vizcaya Argentaria, S.A.**

**The date of this Series Information Memorandum is 28 March 2017**

## GENERAL

This Series Information Memorandum dated 28 March 2017 under which the Series 2017-408 USD 10,000,000 Secured Limited Recourse Credit-Linked Securities due 2026 (the **Securities**) are described, is supplemental to the Information Memorandum dated 8 July 2016 (the **Information Memorandum**) relating to the EUR 5,000,000,000 Limited Recourse Secured Debt Issuance Programme (the **Programme**) of Douro Finance B.V. (the **Issuer**) and is issued in conjunction with, and incorporates by reference, the Information Memorandum. This Series Information Memorandum constitutes a prospectus issued in compliance with Directive 2003/71/EC (the **Prospectus Directive**) as amended. It should be read together with the Information Memorandum as one document. To the extent that the Information Memorandum is inconsistent with this Series Information Memorandum, this Series Information Memorandum shall prevail. Terms defined in the Information Memorandum shall, unless the context otherwise requires, bear the same meanings herein.

The Issuer accepts responsibility for the information contained in this Series Information Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Series Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Arranger, the Counterparty, the Calculation Agent, the Realisation Agent, Banco Bilbao Vizcaya Argentaria, S.A. (in any other capacity in which it acts under the Programme), the Trustee, any Dealer, or any Agent (each as defined herein and together the "Programme Parties") are affiliated (except for Deutsche Trustee Company Limited acting as Trustee and Deutsche Bank AG, London Branch acting as Authentication Agent and Common Safekeeper which both form part of Deutsche Group AG) and has separately verified the information contained herein and accordingly none of the Programme Parties makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied in connection with the Securities or their distribution and none of them accepts any responsibility or liability therefor. None of the Programme Parties undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Series Memorandum or to advise any investor or potential investor in the Securities of any information coming to the attention of any of such Programme Parties.

Application has been made to the Irish Stock Exchange plc (the **Irish Stock Exchange**) for the Securities to be admitted to the Official List and trading on its regulated market. There can be no assurance that any such admission to trading will be obtained.

The Series Information Memorandum has been approved by the Central Bank of Ireland (the **Central Bank**) as competent authority under the Prospectus Directive. The Central Bank only approves this Series Information Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

The information relating to the Charged Assets and the Counterparty (each as defined herein) and each issuer of the Charged Assets (an **Underlying Obligor**), the Reference Entity and the Reference Obligation (each as defined below) has been accurately reproduced from information published by the Counterparty and each Underlying Obligor and Reference Entity (as applicable). Such information has been accurately reproduced from such sources and, so far as the Issuer is aware and is able to ascertain from such sources, no facts have been omitted from such sources which would render the reproduced information inaccurate or misleading.

The Securities will not be rated.

**Prospective purchasers should be aware of the risks involved in investing in the Securities (see the “Risk Factors” section in the Information Memorandum and in this Series Information Memorandum below).**

Neither the delivery of this Series Information Memorandum nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Securities is correct as of any time subsequent to the date indicated in the document containing the same.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Series Information Memorandum or any other information supplied in connection with the Programme or the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee (as defined herein) or the Dealer (as defined herein).

This Series Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of the Information Memorandum and this Series Information Memorandum and the offer or sale of Securities may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the relevant Dealer do not and will not represent that the Information Memorandum or this Series Information Memorandum may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been or will be taken by the Issuer, the Trustee or any Dealers (save for the approval of this document as a prospectus by the Central Bank and, in the case of the Information Memorandum only, as may be specified in a Series Information Memorandum relating to any other series of securities of the Issuer) which is intended to permit a public offering of the Securities or distribution of the Information Memorandum or this Series Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, the Securities may not be offered or sold, directly or indirectly, and neither the Information Memorandum nor this Series Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Information Memorandum, this Series Information Memorandum or any Securities come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of the Information Memorandum and this Series Information Memorandum and the offer or sale of Securities in the United States, the European Economic Area (including the United Kingdom, the Netherlands, Italy, the Kingdom of Spain and Ireland) and Hong Kong (see the "*Subscription and Sale and Transfer Restrictions*" in this Series Information Memorandum).

**Claims of the Securityholders and the Counterparty will be limited in recourse to the Mortgaged Property.**

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States and the Securities are in bearer form and are subject to U.S. tax law requirements. Consequently, the Securities may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, any person who is (i) a "U.S. person" (as defined in Regulation S under the Securities Act (**Regulation S**)), (ii) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the United States Commodity Futures Trading Commission (the **CFTC**), as amended, modified or supplemented from time to time, under the United States Commodity Exchange Act, as amended (the **CEA**), (iii) a person other than a "Non-United States person" as defined in CFTC Rule 4.7, or (iv) a "United States person" as defined in the

U.S. Internal Revenue Code of 1986, as amended (the **Code**) and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a **U.S. Person**). In addition, the Issuer has not been and will not be registered as an "investment company" under the United States Investment Company Act of 1940, as amended. For a description of certain restrictions on offers and sales of Securities in the United States or to U.S. Persons, see the "Subscription and Sale and Transfer Restrictions" section in the Information Memorandum and such further restrictions as may be described in the Information Memorandum and in this Series Information Memorandum, as the case may be.

**The Securities have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Series Information Memorandum or the Information Memorandum. Any representation to the contrary is a criminal offence in the United States.**

The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Securities. Any investment in the Securities does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank.

If any commissions or fees relating to the issue and sale of the Securities have been paid or are payable by the Dealer to an intermediary, then such intermediary may be obliged to fully disclose to its clients the existence, nature and amount of any such commissions or fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such intermediary, including any legislation, regulation and/or rule implementing the Markets in Financial Instruments Directive (2004/39/EC) (**MIFID**), or as otherwise may apply in any non-EEA jurisdictions. Investors in the Securities who have purchased an interest in Securities through an intermediary (including by way of introducing broker) should request details of any such commission or fee payment from such intermediary before making any purchase thereof.

The language of this Series Information Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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## **RISK FACTORS**

*The purchase of the Securities involves substantial risks and is suitable only for sophisticated purchasers who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Securities. The Securities are not principal protected and purchasers of the Securities are exposed to full loss of principal. The Issuer believes that the following factors may affect either its ability to fulfil its obligations under the Securities or the performance of the Securities. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive.*

*The Securities are complex financial instruments and involve a high degree of risk and prospective purchasers should be prepared to sustain a loss of all or part of their investment.*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Securities issued under the Programme.*

*Prospective purchasers should also read the detailed information set out elsewhere in the Information Memorandum and in this Series Information Memorandum, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.*

*Prospective purchasers should note that certain of the risks below may relate only to the issue of Securities. Accordingly, such prospective purchasers should review carefully the Information Memorandum, this Series Information Memorandum as well as the following section by way of a general introduction to the risks associated with limited recourse investments and the Issuer.*

### **Investor suitability**

Prospective purchasers of the Securities should reach an investment decision only after carefully considering the suitability of the Securities in light of their particular circumstances. Investment in the Securities may only be suitable for investors who:

- (a) have substantial knowledge and experience in financial, business matters and expertise in assessing credit risk which enable them to evaluate the merits and risks of an investment in the Securities and the rights attaching to the Securities;
- (b) are capable of bearing the economic risk of an investment in the Securities for an indefinite period of time;
- (c) are acquiring the Securities for their own account (as principal and not as agent) for investment, not with a view to resale, distribution or other disposition of the Securities (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (d) recognise that it may not be possible to make any transfer of the Securities for a substantial period of time, if at all.

## **Independent review and advice**

Each prospective purchaser of the Securities must determine, based on its own independent review (including as to the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer, the Counterparty, any Reference Entity and Reference Obligation and any relevant obligor in respect of the Charged Assets and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, to assess the economic, social and political condition of the jurisdiction in which each relevant obligor is located and determine whether an investment in the Securities is appropriate in its particular circumstances.

In so doing, and without restricting the generality of the preceding paragraph, such prospective purchaser must determine that its acquisition and holding of the Securities (i) is fully consistent with its (or if it is acquiring the Securities in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether it is acquiring the Securities as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Securities. None of the Issuer, the Trustee, the Dealer(s) or any of their respective affiliates is acting as an investment adviser, or assumes any fiduciary obligation, to any purchaser of Securities.

Neither the Information Memorandum nor this Series Information Memorandum is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation or as constituting an invitation or offer that any recipient of the Information Memorandum or this Series Information Memorandum should purchase any of the Securities. The Trustee and the Dealer(s) expressly do not undertake to review the financial condition, creditworthiness or affairs of any relevant obligor(s).

## **No secondary market**

Neither the Issuer, the Trustee, the Agents, the Dealer nor any of their respective affiliates is under an obligation to provide liquidity for the Securities and no secondary market is expected to develop in respect of the Securities. Whilst the Securities may be listed or admitted to trading on the Irish Stock Exchange, the Issuer does not expect a trading market for the Securities to develop. In the unlikely event that a secondary market does develop, there can be no assurance that it will provide the Securityholders with liquidity of investment or that it will continue for the life of the Securities. Accordingly, the purchase of the Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Securities and the financial and other risks associated with an investment in the Securities. Purchasers must be prepared to hold the Securities for an indefinite period of time or until final redemption or maturity of the Securities.

## **Limited recourse**

Claims against the Issuer by the Securityholders of a Series and by the Counterparty will be limited to the Mortgaged Property relating to such Series. The proceeds of realisation of such Mortgaged Property may be less than the sums due to the Securityholders and the Counterparty. Any shortfall will be borne by the Securityholders and by the Counterparty in accordance with the Security Ranking Basis specified in the relevant Issue Terms. Each Securityholder, by subscribing for or purchasing such Securities, will be deemed to accept and acknowledge that it is fully aware that, in the event of a shortfall, (i) the Issuer shall be under no obligation to pay, and the other assets (if any) of the Issuer including, in particular, assets securing other Series of Securities or Alternative Investments will not be available for payment of, such shortfall, (ii) all claims in respect of such shortfall shall be extinguished, and (iii) the Trustee, the Securityholders and the Counterparty shall have no further claim against the Issuer in respect of such unpaid amounts and will accordingly not be able to petition for the winding up of the Issuer as a consequence of such shortfall.

The Securities of each Series are direct, limited recourse obligations of the Issuer alone and not of the officers, members, directors, employees, securityholders or incorporator of the Issuer, the Counterparty, any Reference Entity or the issuer(s) or obligor(s) in respect of the Charged Assets or any of their respective successors or assigns. Furthermore, they are not obligations of, or guaranteed in any way by, any Dealer(s).

### **Credit risk**

The ability of the Issuer to meet its obligations under the Securities will be dependent, where applicable, upon the payment of principal and interest due on the Charged Assets, the payment of all sums due from the relevant Counterparty under the Charged Agreements, upon the Principal Paying Agent and the Custodian making the relevant payments when received and upon all parties to the Transaction Documents (other than the Issuer) performing their respective obligations thereunder. Moreover, in certain cases, the security for the Securities will be limited to the claims of the Issuer against the Counterparty under the Charged Agreements. Accordingly, Securityholders are exposed, *inter alia*, to the creditworthiness of the issuer(s) or obligor(s) in respect of the Charged Assets, the Counterparty, the Principal Paying Agent, the other Paying Agents and the Custodian, in addition to the creditworthiness of any Reference Entities.

The Issuer will hold cash (if any) comprising the Charged Assets in the Cash Deposit Account, Issuer Series Account or other such account specified in the Issue Terms. Any cash held by the Account Bank on behalf of the Issuer will be held by the Account Bank in its capacity as banker, and not as trustee. The Issuer and the Securityholders will therefore be exposed to the credit risk of the Account Bank on an unsecured basis for the period during which the cash is held by the Account Bank on behalf of the Issuer.

The Securities are Credit-Linked Securities and involve additional credit risk in relation to each relevant Reference Entity specified in the applicable CDS Transaction. In addition, the Securities will redeem early if a Credit Event occurs to the Issuer of the Charged Assets and therefore Securityholders are exposed to the credit risk of the Issuer of the Charged Assets also.

### **Business relationships**

Each of the Issuer, the Dealer(s), the Trustee, the Agents and/or any of their affiliates may have existing or future business relationships with any Counterparty, issuer(s) or obligor(s) in respect of any Charged Assets or any Reference Entity of any Series of Securities (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for a Securityholder. Furthermore, the Dealer(s), the Trustee, the Agents or any of their respective affiliates may buy, sell or hold positions in obligations of, or act as investment or commercial bankers, advisers or fiduciaries to, or hold directorship and officer positions in, any issuer(s) or obligor(s) in respect of Charged Assets or any Reference Entity.

### **Conflicts of Interest**

Each of the Counterparty and any of its affiliates is acting or may act in a number of capacities in connection with the issue of Securities. The Counterparty and any of its affiliates acting in such capacities in connection with the issue of Securities shall have only the duties and responsibilities expressly agreed to by it in the relevant capacity and shall not, by virtue of its or any other affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. Each of the Counterparty and any of its affiliates in its various capacities in connection with the issue of Securities may enter business dealings, including the acquisition of investment securities as contemplated by the Transaction Documents from which it may derive revenues and



profits in addition to any fees stated in various documents, without any duty to account therefor, provided that any such revenue, profits or fees will be paid or received only in accordance with applicable regulations.

Various potential and actual conflicts of interest may arise between the interests of the Securityholders and either the Issuer and/or the Counterparty, as a result of the various businesses, management, investment and other activities of such persons, and none of such persons is required to resolve such conflicts of interest in favour of the Securityholders. The Securities are Credit-Linked Securities and consequently, unless Auction Settlement (as defined in the Issue Terms) applies, the Counterparty will determine if a Credit Event has occurred and select the cheapest Reference Obligation(s) or deliverable obligation(s) practicable, thereby maximising a Securityholder's loss. The following briefly summarises some of those conflicts, but is not intended to be an exhaustive list of all such conflicts. The Counterparty shall manage any conflicts of interest in accordance with its conflicts of interest policy.

Such persons may (a) deal in Charged Assets or securities or other obligations of any Reference Entity, (b) enter into other credit derivatives involving Reference Entities that may include the Reference Entities in respect of the Credit-Linked Securities (including credit derivatives to hedge its obligations under the Swap Agreement), (c) advise and distribute securities on behalf of, arrange or manage transactions on behalf of, accept deposits from, make loans or otherwise extend credit to and generally engage in any kind of commercial or investment banking or other business with, any Reference Entity or any other person or other entity having obligations relating to any Reference Entity and (d) act with respect to such business in the same manner as if the Securities did not exist, regardless of whether any such relationship or action might have an adverse effect on any Reference Entity (including, without limitation, any action which might constitute or give rise to a Credit Event), the Charged Assets, the Securities, or on the position of any other party to the transaction described herein or otherwise.

#### **No Obligations owing by the Calculation Agent**

The Calculation Agent shall have no obligations to the Securityholders, and shall only have the obligations expressed to be binding on it pursuant to the Agency Agreement, unless otherwise specified in the Issue Terms. All designations and calculations made by the Calculation Agent in respect of any Securities shall be conclusive and binding on the Securityholders.

#### **Legal opinions**

No legal opinions relating to the Securities will be obtained on issue with respect to the laws of England and of the Netherlands and no legal opinions will be obtained with respect to any other applicable laws and no investigations will be made into the validity or enforceability of the laws of any other jurisdiction in respect of the obligations under the Securities.

No legal opinions will be obtained in relation to:

- (a) the laws of the country of incorporation of any Reference Entity or the issuer(s) or obligor(s) in respect of the Charged Assets;
- (b) the laws of the country in which the obligations of any Reference Entity or the Charged Assets are situated; or
- (c) the laws of the country which are expressed to govern any obligations of the Reference Entity or the Charged Assets.

Such laws, depending upon the circumstances, may affect, among other things, the validity and legal and binding effect of the obligations of any Reference Entity and/or Charged Assets and the effectiveness and ranking of the security for the Securities. Consequently, no responsibility is accepted by the Issuer in relation to such matters.

### **Legality of purchase**

None of the Issuer, the Dealer(s) or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities by a prospective purchaser of the Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

### **Hiring Incentives to Restore Employment Act withholding may affect payments on the Securities**

The U.S. Hiring Incentives to Restore Employment Act (the "**HIRE Act**") imposes a 30% withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation – Hiring Incentives to Restore Employment Act*."

### **Modifications to the terms of the Securities**

The attention of prospective purchasers is drawn to Condition 19 (*Meeting of Securityholders, Modification, Waiver and Substitution*) and in particular, the provision that the Trustee shall agree to make any modification (whether or not it may be materially prejudicial to the Securityholders) requested by the relevant Dealer(s) in respect of a Series of Securities if, and to the extent that, such modification is to correct an error in the Conditions arising from a discrepancy between the Conditions and the final termsheet provided to the initial Securityholders, as certified by the relevant Dealer(s) to the Trustee.

### **Trustee Indemnity**

Upon the occurrence of an Event of Default in relation to the Securities, Securityholders may be required to provide an indemnity to the Trustee to its satisfaction as provided for in Condition 11 (*Events of Default*) before the Trustee gives notice to the Issuer accelerating the Securities. The Trustee shall not be obliged to take any action if not indemnified, secured and/or prefunded to its satisfaction.

### **Provision of information**

Neither the Issuer, the Trustee, the Agents, the Dealer(s) nor any of their respective affiliates makes any representation as to the credit quality of the Counterparty, any issuer(s) or obligor(s) in respect of the Charged Assets or any Reference Entity for any Series of Securities. Any of such persons may have acquired, or during the term of the Securities may acquire, non-public information with respect to such Counterparty, any issuer(s) or obligor(s) in respect of the Charged Assets or Reference Entity. None of such persons is under any obligation to make available any information relating to, or keep under review on the Securityholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of any issuer(s) or obligor(s) in respect of the Charged Assets or any Reference Entities or conduct any investigation or due diligence into any such issuer(s) or obligors(s) in respect of the Charged Assets or any Reference Entities.

## **Market Conditions**

Any liquidity shortage and volatility in the credit markets will introduce a variety of increased risks relating to several aspects of the Issuer's operations. Such additional risks include the inability of the Issuer to sell its assets which, among other things, may render it unable to dispose of underperforming or defaulted assets and satisfy its obligations in respect of the redemption of the Securities. Such market conditions may also lead to the inability of the Issuer to determine a reliable valuation of its assets. All of such factors could materially adversely affect the interests of Securityholders.

Concerns have been raised since the financial crisis with respect to economic, monetary and political conditions in the Eurozone (including the credit risk of sovereigns and of those entities which have exposure to sovereigns). If such concerns persist and/or such conditions 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 Eurozone), then these matters may increase stress in the financial system generally and/or may adversely affect the Issuer, one or more of the other parties to the Transaction Documents (including the Vendor and/or the Counterparty) and/or any obligor in respect of the Charged Assets. Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described herein and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Securityholders, the market value of the Securities and/or the ability of the Issuer to satisfy its obligations under the Securities.

## **Comparative Returns**

Risk-adjusted returns and absolute returns on the Securities may be lower than that of comparable investments. Each prospective purchaser should be aware that any return on the Securities may not exceed or even equal the return that might have been achieved had the amount of its initial investment been placed on deposit for the same period.

## **Eurosystem Eligibility**

There may be an intention for certain Securities to be held in a manner which will allow Eurosystem eligibility. This simply means that such Securities are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that such Securities will be 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. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

## **The Charged Assets**

The value of any Charged Assets may have a direct impact on the amounts payable to Securityholders in respect of the Securities upon early redemption. The Charged Assets may comprise the benefit of loans, securities, cash and/or other assets.

Prospective purchasers are advised to review carefully any offering documents for or description of the Charged Assets before deciding whether an investment in the Securities is suitable for them.

## **Illiquid Charged Assets**

The Charged Assets may comprise assets which are not admitted to any public trading market and may therefore be illiquid and not readily realisable.

### **Credit Risk of Banco Bilbao Vizcaya Argentaria S.A. group entities as a Counterparty**

The Issuer has entered into a Swap Agreement with BBVA as Counterparty. To the extent that BBVA fails to make due and timely payment or delivery under the Swap Agreement, as the case may be, such agreement may be terminated, the security enforced and the Securities redeemed and a loss of principal or a delay in payment under the Securities may result.

Investors will be exposed to the credit risk of BBVA group entities as the Counterparty. In the event of an insolvency of an issuer or obligor in respect of the Charged Assets and/or a Counterparty, various insolvency and related laws applicable to such entity(ies) may limit the amount investors may recover and determine or affect when such recovery may be made. In the event that a Counterparty fails to make due and timely payment or delivery under the Swap Agreement, it is likely that the liquidation proceeds of Charged Assets issued or guaranteed by any entity in the same group at such time are likely to be significantly less than par and may be zero which means that an investor may lose some or all of the money it has invested in the Securities.

### **The value of the Charged Assets may be less than the value of the Securities**

Due to potential market volatility and other factors, the market value of the Charged Assets at any time will vary, and may vary substantially, from the principal amount of such Charged Assets. To the extent that the nominal amount and/or market value of the Charged Assets is at any time less than the outstanding principal amount and/or market value of the Securities an investor's exposure to the obligations of the Counterparty under the Swap Agreement is increased. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition, or the amount received or recovered upon maturity, of such Charged Assets, or that the proceeds of any such sale or disposition would be sufficient to repay principal of the Securities of the related Series and amounts payable prior thereto. Where this is the case and the Counterparty is unable to perform its obligations under the Swap Agreement, as the case may be, the Issuer will be unable to meet the payments owed to investors under the Securities in full, resulting in investors losing some or all of the money invested in Securities.

### **Further issues**

The terms of the Securities may provide for the issue of further securities fungible with the existing Tranche(s) thereof in certain circumstances. The additional Charged Assets which the Issuer may be required to provide as security for such further securities relative to the aggregate nominal amount of the further securities may be such as to affect the value of the original security provided for the Securities.

### **Substitution of Initial Charged Assets for Cash Collateral where Initial Charged Assets are not delivered**

Where the Securities are secured by Cash Collateral on the Issue Date prospective purchasers should be aware that Initial Charged Assets may be substituted, pursuant to Condition 4(c) (*Substitution with Cash Collateral*), for the Cash Collateral following the Issue Date. If an event of default (howsoever described in the terms and conditions of the Initial Charged Assets) has occurred with respect to the Initial Charged Assets prior to the delivery by the Vendor of all or any part of the Initial Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the Issuer and sold by the Selling Agent in accordance with the Agency Agreement.

## **Early Redemption**

The Securities may be redeemed early in certain circumstances, including where there is an event of default in relation to the Securities or, as the Securities are Credit-Linked Securities, following occurrence of an Event Determination Date in respect of the CDS Transaction, where there is an event of default or credit event in relation to the Charged Assets, where certain regulatory events occur (which may also lead to an adjustment), where an illegality event occurs and where there is a termination under a Swap Agreement. Prospective purchasers should note that the amount payable on early redemption may be significantly less than the amount that would otherwise have been payable at maturity of the Securities. Prospective purchasers should note in particular that pursuant to Condition 7(j) (*Cessation of interest*), on early redemption, interest payable on the Securities will cease to accrue from, and including, the immediately preceding Interest Payment Date or, if none, the Interest Commencement Date or, in the case of early redemption following occurrence of an Event Determination Date in respect of the CDS Transaction, the Interest Payment Date immediately preceding the Event Determination Date.

## **Physical Delivery**

As the Securities provide for physical delivery, the Calculation Agent may determine that a Settlement Disruption Event is subsisting and/or where Failure to Deliver due to Illiquidity is specified as applying in the Issue Terms, that it is impossible or impracticable to deliver when due some or all of the Relevant Assets due to illiquidity in the relevant market. A Settlement Disruption Event is an event beyond the control of the Issuer, as a result of which, in the opinion of the Calculation Agent, delivery of the specified assets to be delivered by or on behalf of the Issuer in accordance with the Conditions is not practicable. Any such determination may affect the value of the Securities and/or may delay settlement in respect of the Securities and/or lead to cash settlement in whole or in part rather than physical settlement in respect of the Securities.

The Issuer will not be responsible for any such consequences and shall not be obliged to compensate Securityholders. Securityholders will be solely responsible for determining whether they are permitted to hold the Relevant Assets, including under applicable securities laws.

## **Expenses for Physical Delivery**

As the Securities provide for physical delivery, all expenses arising from the delivery of the Relevant Assets in respect of such Securities shall be for the account for the relevant Securityholders and no delivery of the Relevant Assets shall be made until all expenses have been paid to the satisfaction of the Issuer and the relevant Securityholders.

## **Asset Transfer Notices**

As the Securities which provide for physical delivery, the investor must deliver a duly completed Asset Transfer Notice within 180 calendar days of the Cut-Off Date or the Issuer will be discharged in respect of its obligations under the Securities.

If an Asset Transfer Notice is not provided or is incomplete by the Cut-Off Date, the Calculation Agent may nevertheless deliver the Relevant Assets in a commercially reasonable manner at the risk of the Securityholder.

## **Risks relating to Credit-Linked Securities**

The Securities are Credit-Linked Securities where the redemption amount payable is dependent upon whether certain events ("**Credit Events**") have occurred in respect of one or more Reference Entity/Entities

and, if so, on the value of certain specified assets of such Reference Entity/Entities or where, if such events have occurred, on redemption or cancellation (as applicable) the Issuer's obligation is to deliver certain specified assets.

Prospective investors in the Securities should be aware that (i) they may receive no or a limited amount of interest (or other periodic payments), (ii) payments may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment.

### **Currency Risk**

An investment in Securities denominated or payable in a currency other than the currency of the jurisdiction of a particular purchaser (the "**Purchaser's Currency**"), entails significant risks that are not associated with a similar investment in a security denominated and/or payable in the Purchaser's Currency. These risks include, but are not limited to:

- (a) the possibility of significant market changes in rates of exchange between the Purchaser's Currency and the currency in which the Securities are denominated and/or payable;
- (b) the possibility of significant changes in rates of exchange between the Purchaser's Currency and the currency in which the Securities are denominated and/or payable resulting from the official redenomination or revaluation of the currency; and
- (c) the possibility of the imposition or modification of foreign exchange controls by either the jurisdiction of the purchaser or foreign governments.

### **UK Banking Act 2009**

The Banking Act 2009 (the "**Banking Act**"), which originally came into effect on 21 February 2009, includes (amongst other things) provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK incorporated entities (such as any UK bank acting as Principal Paying Agent or Custodian and, including authorised deposit-taking institutions and investment firms) and powers to recognise and give effect to certain resolution actions in respect of third country institutions. In addition, those extended tools may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution or in the same group as an EEA credit institution or investment firm. Relevant transaction parties for these purposes include any UK deposit-taker/investment firm or non-EEA deposit-taker/investment firm, or relevant UK banking group company. In particular, such tools include share and property transfer powers (including powers for partial property transfers), bail-in powers, certain ancillary powers (including powers to modify contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by UK authorities. It is possible that the extended tools described above could be used prior to the point which an application for insolvency proceedings with respect to a relevant entity could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools (such tools being one of the extended tools conferred on UK authorities).

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the extended tools provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the United Kingdom. The Banking Act includes provisions related to compensation in respect of instruments and orders made under it. In general, there is considerable uncertainty about the

scope of the powers afforded to UK authorities under the Banking Act and how the authorities may choose to exercise them.

If an instrument or order were to be made under the Banking Act in respect of any UK bank acting as Principal Paying Agent or Custodian, such action may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in modifications to any unsecured liability of such entity under the Transaction Documents, and, more generally, affect the ability of such entity to perform its obligations under the Transaction Documents.

One of the five stabilisation options conferred upon UK authorities by the Banking Act is the bail-in option. The provisions in the Banking Act which relate to the bail-in option were included in the statute following the promulgation of the Bank Recovery and Resolution Directive (referred to in the following section) and in order to give effect to the provisions of that Directive in England and Wales, Scotland and Northern Ireland.

### **Bank Recovery and Resolution Directive**

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD provides that it will be applied by Member States from 1 January 2015, except for the general bail-in tool (see below) which is to be applied from 1 January 2016.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (a publicly controlled entity created for this purpose); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims including the Securities to equity (the "**general bail-in tool**"), which equity could also be subject to any future write-down.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. If a credit institution or investment firm subject to the BRRD acts as a Counterparty, an issuer or obligor in respect of Charged Assets, an Account Bank or other Agent, obligations of any such entity may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Securityholders, the price or value of their investment in any Securities and/or the ability of the Issuer to satisfy its obligations under any Securities.

## **European Market Infrastructure Regulation**

European Regulation 648/2012 of the European Parliament and Council on OTC Derivatives, Central Counterparties and Trade Repositories dated 4 July 2012, known as the European Market Infrastructure Regulation (**EMIR**) entered into force on 16 August 2012. EMIR and the regulations made under it impose certain obligations on parties to OTC derivative contracts according to whether they are “financial counterparties”, such as European investment firms, alternative investment funds, credit institutions and insurance companies, or other entities which are “non-financial counterparties” or third country entities equivalent to “financial counterparties” or “non-financial counterparties”.

EMIR establishes certain requirements for OTC derivative contracts, including mandatory clearing obligations, bilateral risk-management requirements and reporting requirements. These requirements are subject to phased implementation. Investors should be aware that currently EMIR imposes certain obligations on the Issuer, to the extent it enters into derivative transactions, and future requirements of EMIR are likely to impose further obligations on the Issuer.

Financial counterparties will be subject to a general obligation, to clear through a duly authorised or recognised central counterparty all “eligible” OTC derivative contracts entered into with other counterparties subject to the clearing obligation. They must also report the details of all derivative contracts to a trade repository and undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty such as timely confirmation of terms, portfolio reconciliation and compression and the implementation of dispute resolution procedures. Non-cleared OTC derivatives entered into by financial counterparties must also be marked to market and collateral must be exchanged. Non-financial counterparties are exempted from the clearing obligation and certain of the additional risk mitigation obligations (such as posting of collateral) provided the gross notional value of all derivative contracts entered into by the non-financial counterparty and other non-financial counterparties within its “group”, excluding eligible hedging transactions, do not exceed certain thresholds (set per asset class of OTC derivatives).

If the Issuer is required to comply with certain obligations under EMIR which may give rise to additional costs and expenses for the Issuer, this may in turn reduce amounts available to make payments with respect to the Securities. In particular, there is a particular risk that derivative transactions to which the Issuer enters into become subject to (i) the requirement to exchange segregated collateral with the Counterparty, which forms part of a risk-mitigation requirement, or (ii) mandatory clearing. It is not currently possible to conclude with any certainty whether the Issuer will be or become subject to such requirements or obligations as there remains legislative uncertainty with respect to the scope of such requirements and obligations, which are not yet in effect. However, irrespective of becoming subject to such requirements or obligations, and irrespective of it becoming necessary to amend or replace derivative transactions into which the Issuer enters, the Issuer may in any event have to bear certain costs or fees arising out of steps it is required to take to comply with the requirements of EMIR.



Investors should be aware that the Issuer will be required to disclose the details of any derivative transaction into which it enters to a “trade repository” and/or to regulatory consequence of the requirements of the trade reporting obligation under EMIR.

The Issuer has entered into an "EMIR Obligations Agreement" dated 15 September 2013 with Banco Bilbao Vizcaya Argentaria, S.A. in order to facilitate compliance with EMIR.

Given the material and presently unknown extent of the risks which may affect the Securities as a consequence of the implementation of EMIR, potential investors in the Securities should take independent advice and make an independent assessment about such risks in the context of any potential investment decision with respect to the Securities.

### **The UK's EU Referendum**

Pursuant to the European Referendum Act 2015, a referendum on the UK's membership of the EU (the "**UK's EU Referendum**") was held on 23 June 2016 with the majority voting to leave the EU. Whilst the result of the UK's EU Referendum does not bind the UK Government or the UK Parliament to a particular course of action, it is currently expected that the UK Government will exercise its right under Article 50 of the Lisbon Treaty to leave the EU. The timing and the manner of the UK's withdrawal from the EU is currently unknown and may not become clear in the short-term. Whilst the medium- to long-term consequences of the decision to leave the EU remain uncertain, it is expected that there will be a short-term negative impact to the general economic conditions in the UK and business and consumer confidence in the UK, which may in turn have a negative impact elsewhere in the EU and more widely. This may be affected by the length of time it takes for the UK to leave the EU and the terms of any future arrangements the UK has with the remaining member states of the EU.

Deteriorating business, consumer or investor confidence could lead to (i) reduced levels of business activity; and (ii) higher levels of default rates and impairment resulting from changes in credit ratings, share prices and solvency of counterparties.

No assurance can be given that such matters would not adversely affect the market value and/or the liquidity of the Securities in the secondary market.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Securities, which amount to USD 10,000,000, will be used by the Issuer to purchase the Charged Assets from the Vendor.

### **Method of Payment**

On the Issue Date, delivery of beneficial interests in the Securities has been made in book-entry form through the facilities of Euroclear or Clearstream, Luxembourg, in each case against payment thereof in immediately available funds.

## ISSUE TERMS

Issue Terms dated 27 March 2017

**Douro Finance B.V.**

*(incorporated with limited liability in the Netherlands under registered number 55482643)*

**Series 2017-408 USD 10,000,000 Secured Limited Recourse Credit-Linked Securities due 2026** (the "Securities")

**under the EUR 5,000,000,000  
Limited Recourse Secured Debt Issuance Programme**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Information Memorandum dated 8 July 2016 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended (which includes the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"). Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Issue Terms, the Information Memorandum and the Series Information Memorandum. The Information Memorandum, the Series Information Memorandum and these Issue Terms are available for viewing during normal office hours at the office of the Principal Paying Agent in Madrid and copies may be obtained from the principal office of the Issuer.

### Terms of the Securities

The Securities have the "**Terms**" as set out in these Issue Terms, which will complete and modify (i) the Bearer Securities Base Conditions Module, July 2016 Edition and (ii) the General Definitions Module, July 2016 Edition (the "**General Definitions Module**"), both of which are incorporated by reference into these Issue Terms (together, the "**Conditions**") and are set out in full in the Information Memorandum.

As used herein, the term "**CDS Transaction**" means the credit default swap transaction with an effective date of 27 March 2017 entered into between the Issuer and the Counterparty pursuant to a 2002 ISDA Master Agreement and Schedule thereto (in the form of the Swap Schedule Terms Module, July 2016 Edition) dated as of 9 March 2017 and governed by English law (the "**Master Agreement**") as supplemented by a credit default swap transaction confirmation with an effective date of 27 March 2017, as amended and/or supplemented from time to time (the "**CDS Transaction Confirmation**") and "**Swap Transaction**" means the swap transaction with an effective date of 27 March 2017 entered into between the Issuer and the Counterparty pursuant to the Master Agreement as supplemented by a swap transaction confirmation with an effective date of 27 March 2017, as amended and/or supplemented from time to time (the "**Swap Transaction Confirmation**"). The terms "**Credit Event**", "**Event Determination Date**", "**Auction Settlement Date**", "**Cash Settlement Date**", "**Settlement Date**" and "**Reference Entity**" shall all have the meanings given to them in the CDS Transaction Confirmation.

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|----|----------------------------|--|
| 1. | Issuer:                    | Douro Finance B.V.   |
| 2. | Description of Securities: | Series 2017-408 USD 10,000,000 Secured Limited Recourse Credit-Linked Securities due 2026. |
| 3. | Principal Amount:          | USD 10,000,000.  |

- |     |   |   |
|-----|---|---|
| (a) | Issue Date:   | 27 March 2017.  |
| (b) | Issue Price:  | 100 per cent. of the Principal Amount.  |
| 4.  | Status of the Securities:                                   | The Securities will constitute direct, secured, limited recourse obligations of the Issuer and will rank <i>pari passu</i> and without preference among themselves. |
| 5.  | Date of corporate authorisation for issuance of Securities: | 17 March 2017.  |
| 6.  | Type of Securities:   | The Securities are Credit Linked Securities.  |

## INTEREST

- |    |                                    |                 |
|----|------------------------------------|-----------------|
| 7. | Fixed Rate Security Provisions:    | Not applicable. |
| 8. | Floating Rate Security Provisions: | Applicable.     |

The Securities are Floating Rate Securities with effect from and including the Interest Commencement Date which pay interest, in arrear, on the Interest Payment Dates set out in paragraph 8(b) below and in accordance with Condition 7(b), at the Rate of Interest set out below in paragraph 8(f).

- |     |                                       |   |
|-----|---------------------------------------|---|
| (a) | Interest Rate Basis:                  | Floating Rate.  |
| (b) | Interest Payment Dates:               | 22 February, 22 May, 22 August and 22 November in each year from and including 22 May 2017 up to and including the Scheduled Maturity Date. |
| (c) | Interest Commencement Date:           | The Issue Date  |
| (d) | Adjustment of Interest Payment Dates: | Applicable. Interest Periods will be adjusted accordingly.  |
| (e) | (i) Business Day Convention:          | Modified Following Business Day Convention.   |
|     | (ii) Business Days:                   | TARGET not applicable.  |
| (f) | ISDA Determination:                   | Applicable.   |
|     | Floating Rate Option:                 | USD-LIBOR-BBA.  |
|     | Designated Maturity:                  | 3 months.   |
|     | Reset Date:                           | As per the Conditions.  |
|     | Margin:                               | Plus 2.00 per cent.   |
| (g) | Screen Rate Determination:            | Not Applicable.   |

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|-----|--|-----------------|
| (h) | Day Count Fraction:  | Act/360.        |
| (i) | Minimum Interest Rate:   | Not applicable. |
| (j) | Maximum Interest Rate:   | 6.00 per cent.  |
| (k) | Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Securities, if different from those set out in the Conditions: | Not Applicable. |
| (l) | Linear Interpolation:  | Applicable.     |

#### PROVISIONS RELATING TO REDEMPTION

- |     |  |   |
|-----|--|---|
| 9.  | Maturity Date:   | 22 May 2026 (the “ <b>Scheduled Maturity Date</b> ”), subject to adjustment in accordance with the Business Day Convention, subject to postponement in accordance with Condition 8(k) ( <i>Maturity Date extension</i> ).   |
| 10. | Final Redemption Amount:   | An amount in USD per Security equal to the Specified Denomination.  |
| 11. | Early Redemption Amount other than pursuant to Condition 8(c)(iii) ( <i>Following occurrence of an Event Determination Date</i> ): | As set out in the Conditions.   |
| 12. | Early Redemption Amount pursuant to Condition 8(c)(iii) ( <i>Following occurrence of an Event Determination Date</i> ):            | In respect of the mandatory redemption of the Securities pursuant to Condition 8(c)(iii) ( <i>Following occurrence of an Event Determination Date</i> ), the Securities shall be redeemed by the delivery of the Entitlement.   |
| 13. | Provisions relating to Condition 8(l) ( <i>Physical Delivery</i> )   |   |
|     | (i) Physical Delivery:   | Applicable.   |
|     | (ii) Entitlement:  | In respect of each Security, such Security’s <i>pro rata</i> share of: the Relevant Assets and/or any cash amount received in connection therewith; any Cash Settlement Amount; and/or any Additional Cash Settlement Amount (each as defined in the CDS Transaction Confirmation), as the case may be, that is |

received by the Issuer in its capacity as Party B under the CDS Transaction following the occurrence of an Event Determination Date (as defined in the CDS Transaction) under the CDS Transaction.

(iii) Relevant Assets:

The aggregate principal amount of any Deliverable Obligations (as defined in the CDS Transaction) delivered to the Issuer in its capacity as Party B under the CDS Transaction (the “**Relevant Assets**”).

(iv) Failure to Deliver due to Illiquidity: Applicable.

## PROVISIONS RELATING TO SECURITY

14. Charged Assets: USD 10,000,000 nominal amount of USD 1,000,000,000 2.85 per cent Fixed Rate Notes due 2026 issued by Commonwealth Bank of Australia. ISIN CODE: US2027A1HT70 (the “**Initial Charged Assets**”).

Pursuant to the Charged Agreement, on each date on which (i) coupon or interest is scheduled to be paid in respect of the Charged Assets or (ii) redemption proceeds are due in respect of the maturity of one or more of the Charged Assets (“**Charged Asset Redemption Proceeds**”), pursuant to the terms of the Swap Transaction, the Issuer shall pay such coupon, interest or Charged Asset Redemption Proceeds to the Counterparty. From the time of payment to the Counterparty, such coupon, interest or Charged Asset Redemption Proceeds will not form part of the Charged Assets.

15. Net Settlement: Not applicable.

16. Substitution of Charged Assets:

(i) At the direction of the Counterparty pursuant to Condition 4(b)(i) (*Substitution at direction of Counterparty*): Not applicable.

(ii) Applicable notice period for giving of a Substitution Notice pursuant to Condition 4(b)(i) (*Substitution at direction of Counterparty*): Not applicable.

(iii) At the direction of the Securityholders pursuant to Condition 4(b)(ii) (*Substitution at the request of Securityholders*): Not applicable.

(iv) At the direction of the Loan Servicer pursuant to Condition 4(b)(iii) (*Substitution by the Loan Servicer*): Not applicable.

(v) Substitution with Cash Collateral pursuant to Condition 4(c) (*Substitution with Cash Collateral*): Applicable.

17. Charged Agreements:

(a) Counterparty: Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Asia Nivel 1 28050 Madrid.

(b) Swap Agreement: The Master Agreement as supplemented by (i) the CDS Transaction Confirmation and (ii) the Swap Transaction Confirmation (the CDS Transaction Confirmation together with the Swap Transaction Confirmation and the Master Agreement, the "**Swap Agreement**").

The Calculation Agent under the Charged Agreement shall be the Counterparty (the "**Swap Calculation Agent**").

*The forms of the Swap Transaction Confirmation and the CDS Transaction Confirmation are set out in the Annexes hereto see Form of Credit Default Swap Transaction Confirmation – Annex 1 and Form of Swap Transaction Confirmation – Annex 2).*

18. (a) Security Ranking Basis: Counterparty Priority Basis.

(b) Instructing Creditor: For the purposes of these Securities only, the Instructing Creditor shall be the Counterparty.

19. Custodian's account details: Clearstream Account No. 18038 or such other account as may be advised by the Custodian from time to time.

20. Counterparty Account details: Account No: 14923 held with Banco Bilbao Vizcaya Argentaria, S.A.

21. Additional Charging Document: Not applicable.

## GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

22.	Closing Date and Time:	Close of business on 27 March 2017.
23.	Pre Closing Date and Time:	Not applicable.
24.	Form of Securities:	Bearer Securities.  The Securities will be issued in global bearer form, evidenced on issue by a Temporary Bearer Global Security. Beneficial interests in a Temporary Bearer Global Security will be exchangeable for beneficial interests in a Permanent Bearer Global Security on or after the date which is 40 days after the date on which the Temporary Bearer Global Security is issued and upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations.
25.	Whether TEFRA rules applicable or not applicable:	Applicable.
26.	Applicable TEFRA rules:	TEFRA D.
27.	Specified Currency:	USD.
28.	Specified Denomination:	USD 200,000.
29.	Rating:	The Securities will not be rated.
30.	Listing:	Application has been made to the Irish Stock Exchange for the Securities to be listed on the Official List and trading on its regulated market. No assurance is given as to when or whether such listing application will be granted.
31.	Common Code and ISIN:	158047527 and XS1580475272
32.	Applicable United States Selling Restrictions:	Regulation S.
33.	Governing law:	English law.
34.	New Global Note:	Yes.
35.	Securities to be held under New Safekeeping Structure:	Not applicable.
36.	Securities intended to be held in a manner which would allow Eurosystem eligibility:	No. Whilst the designation is specified as "no" at the date of these Issue Terms, should the Eurosystem eligibility criteria be amended in the future such that the Securities are capable of meeting them the Securities



may then be deposited with one of the International Central Securities Depositories (ICSDs) as common safekeeper. Note that this does not necessarily mean that the Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

## **USE OF PROCEEDS AND NET PROCEEDS**

- |     |  |  |
|-----|--|--|
| 37. | Reasons for the offer:                 | See "Use of Proceeds" in the Information Memorandum. |
| 38. | Dealer fees / commissions / discounts: | Not applicable.                                      |

## **AGENTS AND OTHER PARTIES**

- |     |                            |  |
|-----|----------------------------|--|
| 39. | Party and specified office |  |
| (a) | Trustee:                   | Deutsche Trustee Company Limited of Winchester House, 1 Great Winchester Street, London EC2N 2DB.        |
| (b) | Principal Paying Agent:    | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Oceanía Nivel 1 28050 Madrid. |
| (c) | Custodian:                 | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Oceanía Nivel 1 28050 Madrid. |
| (d) | Calculation Agent:         | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Oceanía Nivel 1 28050 Madrid. |
| (e) | Vendor:                    | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Asia Nivel 1 28050 Madrid.    |
| (f) | Account Bank:              | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Oceanía Nivel 1 28050 Madrid. |
| (g) | Selling Agent:             | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Oceanía Nivel 1 28050 Madrid. |
| (h) | Authentication Agent:      | Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N                |

2DB.

- (i) Issuer's Agent for Service of Process: Banco Bilbao Vizcaya Argentaria, S.A. at its principal London office, for the time being at One Canada Square, 44<sup>th</sup> Floor, London E14 5AA.
- (j) Common Safekeeper: Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB.

## ADDITIONAL TERMS

40. Additional Terms:
- (i) Condition 8(c)(v) (*Following the exercise of a call option in relation to the Charged Assets*) shall apply to the Securities.
  - (ii) Condition (8)(c)(iii) shall be amended by deleting the following words “Condition 8(c)(i)(A), (C), (D), (E) or (F)” and replacing them with the words “Condition 8(c)(i)(A), (C), (D), (E), (F) or (G)” in the third from last paragraph thereof.
  - (iii) Condition 8 shall be amended by including a new Condition 8(c)(i)(G) as follows:

“(G) if the Credit Derivatives Determination Committees (as defined in the Credit Derivatives Definitions) resolves that a Credit Event (as defined in the Credit Derivatives Definitions) has occurred in relation to any obligor of the Charged Assets (where “**Credit Derivatives Definitions**” and “**Credit Event**” each has the meaning given to such term in the Credit Default Swap Transaction Confirmation) provided that for such purposes the particular applicable Credit Events shall be those applicable to the elections stated for the particular transaction type that would be applicable to the issuer of the Charged Assets were it a Reference Entity as set out in the last version of the Credit Derivatives Physical Settlement Matrix as published by the International Securities and Derivatives Association as of the Issue Date”
  - (iv) Initial Securityholder’s right to bid for the Charged Assets following early redemption of the Securities. If the Securities are due to be redeemed prior to the Maturity Date pursuant to the Conditions, other than pursuant to Condition 8(c)(iii) (Following occurrence of an Event Determination Date), the Selling Agent

shall, in the course of complying with its functions and duties set out in Clause 26 of the Agency Agreement, invite the Initial Securityholder to make an offer to purchase the Charged Assets (if any). If the Initial Securityholder wishes to accept such invitation, it shall provide a firm bid for the Charged Assets to the Selling Agent for its consideration, within one Business Day of its receipt of such offer. The Selling Agent shall inform the Initial Securityholder whether or not it accepts the bid, the bid may be accepted if it is the best received by the Selling Agent provided that the Selling Agent retains its rights under Clause 26 of the Agency agreement to buy the Charged Assets itself for its own account for a price equal to or higher than the best quotation from the Initial Securityholder or any other third party as the case may be.

**“Initial Securityholder”** means E-Sun Bank, provided that it is demonstrated to the satisfaction of the Trustee that during the period from and including the time of the relevant event causing the early redemption of the Securities, up to and including the date due for payment of the Early Redemption Amount, E-Sun Bank is and continues to be the legal owner and beneficial holder of 100% of the aggregate principal amount of Securities outstanding at such time. To the extent that this is not the case then the provisions of this paragraph 40(iv) (*Initial Securityholder’s right to bid for the Charged Assets following early redemption of the Securities*) shall not apply.

(v) Condition (8)(k) shall be amended by deleting the following words “the Calculation Agent may at its option notify the Securityholders in accordance with Condition 15 (Notices) that the Maturity Date has been postponed to a date (such date the “Postponed Maturity Date”) being the fifth Business Day immediately following (x) the Termination Date of the CDS Transaction or if earlier (y) the date as of which the Calculation Agent determines the Termination Date of the CDS Transaction is the Scheduled Termination Date determined under the CDS Transaction” and replacing them with the words “the Maturity Date shall be postponed to a date (such date the **“Postponed Maturity Date”**) being either (x) the Termination Date of the CDS Transaction or ,if earlier, (y) the third Business Day immediately following the date as of

which the Calculation Agent determines the Termination Date of the CDS Transaction is the Scheduled Termination Date determined under the CDS Transaction and the Calculation Agent may at its option notify the Securityholders in accordance with Condition 15 (Notices) that the Maturity Date has been so postponed. Failure to provide such notice shall not affect the postponement of the Maturity Date in accordance with these provisions in any way.

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Name:

Title:

## ANNEX 1

### FORM OF CREDIT DEFAULT SWAP TRANSACTION CONFIRMATION

Date: 14 March 2017

To: Douro Finance B.V.

From: Banco Bilbao Vizcaya Argentaria, S.A.

Our reference: Securities ISIN Code: XS1580475272

**Re: Series 2017-408 USD 10,000,000 Secured Limited Recourse Credit-Linked Securities due 2026 (the "Securities") – Credit Default Swap Transaction Confirmation**

Ladies and Gentlemen:

The purpose of this letter agreement is to set forth the terms and conditions of the single Transaction entered into between Banco Bilbao Vizcaya Argentaria, S.A. ("**Party A**") and Douro Finance B.V. ("**Party B**") on the Trade Date specified below (the "**Transaction**"). This constitutes a "**Confirmation**" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions (the "**Definitions**") as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") are incorporated by reference herein. The definitions and provisions contained in the 2014 ISDA Credit Derivatives Definitions, (the "**Credit Derivatives Definitions**") each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation, subject to the modifications and exclusions below. In the event of any inconsistency between the Definitions and/or the Credit Derivatives Definitions and this Confirmation, the provisions of this Confirmation will prevail. In the event of any inconsistency between the Definitions and the Credit Derivatives Definitions, the provisions of the Credit Derivatives Definitions will prevail for purposes of this Transaction.

For the purposes of this Confirmation, all references in the Definitions to a "**Swap Transaction**" shall be deemed to apply to the Transaction referred to herein.

Words and expressions defined in the Conditions (as the same may be amended, modified or supplemented from time to time, the "**Conditions**") of the Series 2017-408 USD 10,000,000 Secured Limited Recourse Credit-Linked Securities due 2026 (the "**Securities**") to be issued by Party B (such Conditions as set out in the issue terms for the Securities to be dated on or around 27 March 2017 (the "**Issue Terms**")) will bear the same meanings in this Confirmation and in the event of any inconsistency between words and meanings defined in the Conditions and words and expressions defined in this Confirmation, the provisions of this Confirmation will prevail. References herein to "**paragraphs**" and "**Additional Provisions**" are to the paragraphs and Additional Provisions hereof, and references to numbered Conditions are to such sections of the Conditions, in each case unless the context requires otherwise.

This Confirmation supplements, forms part of, and is subject to the ISDA Master Agreement dated as of the Trade Date specified hereon (as the same may be amended, modified or supplemented from time to time, the

"Agreement") to be entered into between Party A and Party B by their execution of the Trust Instrument dated 27 March 2017 between them and certain other persons for purposes including constituting and prescribing the Conditions of the Securities. All provisions contained in the Agreement will govern this Confirmation except as expressly modified below.

**1. The terms of the particular Transaction to which this Confirmation relates are as follows (but subject always to the Additional Provisions set out in paragraph 2, which will prevail over this paragraph 2 in the case of any inconsistency):**

Notional Amount	USD 10,000,000
Trade Date:	9 March 2017
Effective Date:	27 March 2017
Scheduled Termination Date:	22 May 2026
Calculation Agent:	Banco Bilbao Vizcaya Argentaria, S.A.
Calculation Agent City:	Madrid
Termination Currency:	USD
Business Days:	London and New York
Business Day Convention:	Modified Following (which, subject to Sections 1.14, 1.39, 2.2(k), 3.33(a) and 12.10 of the Credit Derivatives Definitions, shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day).
Reference Entity:	Goldman Sachs Gp Inc
Financial Reference Entity Terms:	Applicable
Subordinated European Insurance Terms:	Not Applicable
Standard Reference Obligation:	Applicable
Seniority Level:	Senior
Accrued Interest:	Exclude Accrued Interest
Reference Obligation:	The obligation identified as follows:  Primary Obligor: Goldman Sachs Gp Inc  Maturity: 18 January 2018

Coupon: 5.95 per cent

CUSIP/ISIN: US38141GFG47

Consequences of Multiple Successors:

Where, pursuant to Section 2.2(a)(iii) or Section 2.2(a)(iv) of the Credit Derivatives Definitions, more than one Successor would be identified (each such entity a “**Multiple Successor Entity**”) in respect of an affected reference entity (the “**Affected Reference Entity**”), notwithstanding Section 2.2(a)(iii), (iv) or (vi), as the case may be, of the Credit Derivatives Definitions:

(a) There shall only be one Successor in respect of the Affected Reference Entity and such Successor shall be any one of the Multiple Successor Entities as selected by the Calculation Agent, in its sole and absolute discretion (the “**Selected Successor**”);

(b) Sections 2.2(n) and 2.2(h) of the Credit Derivatives Definitions shall not apply; and

(c) The Floating Rate Payer Calculation Amount and Fixed Rate Payer Calculation Amount for the Selected Successor shall be the Floating Rate Payer Calculation Amount or Fixed Rate Payer Calculation Amount, as applicable, for the Affected Reference Entity prior to such a Successor being identified.

**Fixed Payments**

Fixed Rate Payer:

Party A (the “**Buyer**”)

Fixed Rate Payer Calculation Amount:

An amount equal to the Notional Amount

Fixed Rate Payer Payment Dates:

22 February, 22 May, 22 August and 22 November in each year from and including 22 May 2017 up to and including the earlier of the Scheduled Termination Date and the Fixed Rate Payer Payment Date immediately preceding the date on which the relevant Event Determination Date occurs (if any), subject to adjustment in accordance with the Business Day Convention. For the avoidance of doubt, if the relevant Event Determination Date has occurred on or prior to 22 May 2017, there will be no Fixed Rate Payer Payment Dates.

Fixed Rate:

1.15 per cent per annum

Fixed Rate Day Count Fraction:

ACT/360

## **Floating Payments**

Floating Rate Payer:	Party B (the “ <b>Seller</b> ”)
Floating Rate Payer Calculation Amount:	An amount equal to the Notional Amount
Notifying Party:	Buyer
Notice of Publicly Available Information:	Not applicable
Credit Events:	As set out in Annex I hereto
Obligations:	As set out in Annex I hereto
Obligation Characteristics:	As set out in Annex I hereto
Excluded Obligations:	None
All Guarantees:	As set out in Annex I hereto
Credit Event Backstop Date:	means the later to occur of (A) the Trade Date and (B) (a) for purposes of any event that constitutes a Credit Event for purposes of the Credit Derivative Transaction (or with respect to a Repudiation/Moratorium, if applicable, the event described in Section 4.6(a)(ii) ( <i>Repudiation/Moratorium</i> )), as determined by DC Resolution, the date that is the sixty calendar days prior to the Credit Event Resolution Request Date, or (b) otherwise, the date that is sixty calendar days prior to the earlier of (i) the Notice Delivery Date, if the Notice Delivery Date occurs during the Notice Delivery Period and (ii) the Credit Event Resolution Request Date, if the Notice Delivery Date occurs during the Post Dismissal Additional Period. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day convention.”

## **Settlement Terms**

Settlement Method:	Physical Settlement
Physical Settlement Amount:	An amount in USD calculated as follows:  1. If:  (MV Charged Assets - Swap Transaction Termination Amount) $\leq$ outstanding Aggregate Principal Amount;



then the Physical Settlement Amount shall be an amount in USD equal to:

**(MV Charged Assets - Swap Transaction Termination Amount)**

2. If:

(MV Charged Assets - Swap Transaction Termination Amount) > outstanding Aggregate Principal Amount;

then the Physical Settlement Amount shall be an amount in USD equal to:

**outstanding Aggregate Principal Amount**

Where

“**MV Charged Assets**” means an amount in USD equal to the market value of the Charged Assets, as determined by the Counterparty, on the Event Determination Date (or if the Event Determination Date occurs pursuant to Section 1.16(a)(ii) or 14.1(b)(i), the day on which the DC Credit Event Announcement occurs) (the “**Determination Date**”), by reference to the highest firm bid price in USD that the Counterparty is able to obtain from 5 major dealers (one of whom shall be the Initial Securityholder (as defined below)) for the sale of the Charged Assets forming part of the Mortgaged Property in respect of the Securities on the Determination Date and including for the avoidance of doubt the amount standing to the credit of the Cash Deposit Account, if any. If none of the 5 major dealers provides a firm quote, then the MV Charged Assets shall be determined by the Counterparty in good faith and in a commercially reasonable manner.

“**Swap Transaction Termination Amount**” means an amount in USD equal to the Early Termination Amount determined in respect of the Swap Transaction.

“**outstanding Aggregate Principal Amount**” means on any date, the aggregate principal amount of the Securities outstanding on such date.

Physical Settlement:

The aggregate nominal amount of Deliverable Obligations to be delivered to the Seller on the Physical Settlement Date pursuant to Section 8.1 of the Credit Derivatives Definitions shall be an amount equal to the Deliverable Obligations Amount.

Where the Deliverable Obligations are securities, the Buyer shall, on the Physical Settlement Date

(1) deliver to the Seller a number of Deliverable Obligations equal to the nearest whole number (rounded down) calculated by dividing the Deliverable Obligations Amount by the denomination of the relevant Deliverable Obligation (the “**Deliverable Obligations Denomination**”). This amount the “**Underdelivery Deliverable Obligations Number**” and

(2) pay to the Seller in cash an amount in USD equal to:

$$(\text{Deliverable Obligations Amount} - (\text{Underdelivery Deliverable Obligations Number} * \text{Deliverable Obligations Denomination})) * \text{Relevant Final Price}$$

where:

“**Deliverable Obligations Amount**” is an amount in USD calculated as follows:

1. If:

$$(\text{MV Charged Assets} - \text{Swap Transaction Termination Amount}) \leq \text{outstanding Aggregate Principal Amount};$$

then the Deliverable Obligations Amount shall be an amount in USD equal to:

$$(\text{MV Charged Assets} - \text{Reference CDS Settlement Amount} - \text{Swap Transaction Termination Amount}) / \text{Relevant Final Price}$$

2. If:

$$(\text{MV Charged Assets} - \text{Swap Transaction Termination Amount}) > \text{outstanding Aggregate Principal Amount};$$

then the Deliverable Obligations Amount shall be an amount in USD equal to:

**outstanding Aggregate Principal Amount**

Where,

“**Reference CDS Settlement Amount**” means an amount in USD equal to the Auction Settlement Amount or, if Fallback Settlement Method is

applicable, the Cash Settlement Amount that would be determined under the Reference Credit Default Swap Transaction.

**“Reference Credit Default Swap Transaction”** means a hypothetical credit default swap transaction between the parties hereto having identical terms to this Transaction provided that the section of this Confirmation entitled ‘Settlement Terms’ shall be deemed to be deleted and replaced in its entirety with the ‘Settlement Terms in relation to the Reference Credit Default Swap Transaction’ as set out at Annex II hereto.

**“Relevant Final Price”** means the Auction Final Price or, if Fallback Settlement Method is applicable, the Final Price, that would be determined under the Reference Credit Default Swap Transaction.

**“Initial Securityholder”** means, on any date, E-Sun Bank provided that it is demonstrated to the satisfaction of the Counterparty that, on such date, E-Sun Bank is and continues to be, the legal owner and beneficial holder of 100% of the aggregate principal amount of Securities outstanding on such date. To the extent that this is not the case then references to the Initial Securityholder in this Confirmation shall be ignored.

Deliverable Obligation Category: As set out in Annex I hereto

Deliverable Obligation Characteristics: As set out in Annex I hereto

### **3. Additional Provisions**

#### ***Special Provisions applicable to Physical Settlement - Additional Cash Settlement Amount***

If the remainder of the following formula, determined as of the date for determination of the Deliverable Obligations Amount, is a positive number (the **“Additional Cash Settlement Amount”**),

**(MV Charged Assets - Swap Transaction Termination Amount) - outstanding Aggregate Principal Amount**

then, on the Physical Settlement Date, Party A shall pay to Party B an amount in USD equal to the Additional Cash Settlement Amount. If the remainder of such formula is a negative amount, then no amount shall be payable in respect thereof by either party.

#### ***Determinations and calculations by the Calculation Agent***

Notwithstanding any provision of the Credit Derivatives Definitions, the Calculation Agent shall not be required to consult with the Buyer or the Seller in relation to any determination or calculation made or to be made by the Calculation Agent.

Party A will act as Calculation Agent and will act reasonably and in good faith according to its customary practices and procedures, provided, however, that absent manifest error, the Calculation Agent's computations hereunder will be binding for all purposes.

Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation in its discretion.

#### ***Additional Termination Event and other termination***

Subject as provided below, if at any time an Early Termination Date occurs in respect of the Swap Transaction evidenced by the Swap Transaction Confirmation (the “**Swap Transaction**”), an Additional Termination Event shall be deemed to occur in respect of this Transaction and the Defaulting Party or Affected Party, as applicable, under the Swap Transaction will be the Affected Party under this Transaction. In these circumstances, an Early Termination Event shall occur immediately without any requirement for the giving of notice pursuant to Section 6(b)(iv) and the Early Termination Date of the Swap Transaction shall be the Early Termination Date of this Transaction.

In the case of an Additional Termination Event as described above or any termination of this Transaction by reason of an Event of Default or a Termination Event, the Early Termination Amount is required to take into account the creditworthiness of the Reference Entity and the Calculation Agent may, at its option, but is not required to, determine that the Early Termination Date should be delayed until following such date on which the Physical Settlement Amount, Cash Settlement Amount or Auction Settlement Amount, as applicable, may be determined.

#### **4. Account Details**

Account Details for Party A: To be advised

Account Details for Party B: To be advised

and/or such other accounts as will be advised by one party to the other as and when necessary.

#### **5. Offices**

The Office of Party A for this Transaction is C/ Saucedá, 28 Edificio Oceanía Nivel 1 28050 Madrid.

The Office of Party B for this Transaction is De Entree 99-197, 1101 HE Amsterdam, Netherlands.

#### **6. This Transaction Not a Contract of Insurance**

The parties confirm that this Transaction is not intended to be and does not constitute a contract of surety, insurance, guarantee or indemnity. Without prejudice to the provisions of this Confirmation, the parties acknowledge that the payments to be made by Seller will be made independently and are not conditional upon Buyer sustaining or being exposed to risk or loss and that the rights and obligations of the parties hereunder are not dependent upon Buyer owning or having any legal, equitable or other interest in the Reference Obligation.

#### **7. Additional Representations**

Party B represents to Party A on the date hereof that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for this Transaction):

- (i) **Transactions in the Charged Assets** - It understands that Party A and its successors and its affiliates may engage in proprietary trading for its own account in the Charged Assets or similar instruments and that such trading may affect the value of the Charged Assets.
- (ii) **Concerning the Calculation Agent** - It acknowledges that the Calculation Agent is not acting as a fiduciary for or as an advisor to either party in respect of its duties as Calculation Agent in respect of this Transaction and any determination by the Calculation Agent in the course of such duties shall be conclusive and binding on each party (in the absence of manifest error) and no liability shall attach to the Calculation Agent in respect thereof.

This message will be the only form of Confirmation dispatched by us. Please execute and return it to:

Banco Bilbao Vizcaya Argentaria, S.A.

Attention: Pablo Cabanes

Tesorería - Documentación

CIUDAD BBVA c/ Saucedá, 28 28050 MADRID Spain

Phone: +34 91 537 8465

Fax: +34 91 537 0955

## Annex I

### STANDARD TERMS FOR NORTH AMERICAN CORPORATES

Business Days:	<b>USD:</b> London & New York	<b>EUR:</b> London, New York & TARGET	<b>GBP:</b> London
	<b>JPY:</b> London & Tokyo	<b>CHF:</b> London & Zurich	<b>CAD:</b> London, New York & Toronto
All Guarantees:	Not Applicable		
Credit Events:	Bankruptcy		
	Failure to Pay		
	Restructuring	Mod R	Applicable
Obligation(s):	Obligation Category:	Borrowed Money	
	Obligation Characteristics:	None	
	Deliverable Obligation Category:	Bond or Loan	
	Deliverable Obligation Characteristics:	Not Subordinated  Specified Currency  Assignable Loan  Consent Required Loan  Transferable  Maximum Maturity: 30 years  Not Bearer	
Financial Reference Entity Terms	Applicable		

## **Annex II**

### **Settlement Terms in respect of Reference Credit Default Swap Transaction**

#### **Settlement Terms**

Settlement Method:	Auction Settlement
Fallback Settlement Method	Cash Settlement
Reference Price	100 per cent
Settlement Amount:	The Auction Settlement Amount or, if Fallback Settlement Method applies, the Cash Settlement Amount.
Auction Settlement Amount:	The Auction Settlement Amount shall be calculated pursuant to Section 12.4 of the Credit Derivatives Definitions provided that the Auction Settlement Amount shall not exceed an amount equal to (i) the MV Charged Assets (ii) plus the absolute value of the Swap Transaction Termination Amount (if a negative number) or minus the absolute value of the Swap Transaction Termination Amount (if a positive number).
Terms relating to Cash Settlement (for the purposes of Fallback Settlement Method):	
Valuation Date:	A Business Day selected by the Calculation Agent in its sole discretion that falls not less than five Business Days and not more than one hundred and twenty two Business Days after the Event Determination Date (or if the Event Determination Date occurs pursuant to Section 1.16(a)(ii)(Event Determination Date) or 14.1(b)(i), the day on which the DC Credit Event Announcement occurs) or, if later, following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable.
Valuation Time:	A time falling in the period which the Calculation Agent determines in a commercially reasonable manner is a period in which any relevant market in respect of the relevant Reference Obligation is likely to be most liquid.
Valuation Method:	Market provided that if fewer than three Full Quotations are provided, it will be deemed that the Market Value cannot be determined. In such case the Calculation Agent shall determine the Market Value as the Market

Value it determines would have been determined had three or more Full Quotations been provided by reference to such source(s) as it determines appropriate an acting in good faith and in a commercially reasonable manner.

Accrued Interest:

Exclude Accrued Interest

Quotation Method:

Bid

Quotation Amount:  
Notional Amount.

An amount of the Reference Obligation equal to the

Dealers:

Six dealers (other than one of the Parties or any Affiliate of the Parties) in obligations of the type of the Obligation for which Quotations are to be obtained as selected by the Calculation Agent.

Cash Settlement Amount:

The Cash Settlement Amount shall be calculated pursuant to Section 7.3 of the Credit Derivatives Definitions provided that the Cash Settlement Amount shall not exceed an amount equal to (i) the MV Charged Assets (ii) plus the absolute value of the Swap Transaction Termination Amount (if a negative number) or minus the absolute value of the Swap Transaction Termination Amount (if a positive number).

Cash Settlement Date:

Three Business Days immediately following the date on which the Final Price is determined.”



**EXECUTION PAGE OF CONFIRMATION - DOURO FINANCE B.V. SERIES 2017-408**

Yours faithfully

for and on behalf of

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

By:

By:

Name:

Name:

Confirmed as of the date first above written:

**DOURO FINANCE B.V.**

By:

Name:

## ANNEX 2

### FORM OF SWAP TRANSACTION CONFIRMATION

Date: 14 March 2017

To: Douro Finance B.V.

From: Banco Bilbao Vizcaya Argentaria, S.A.

Our reference: Securities ISIN Code: XS1580475272

**Re: Series 2017-408 USD 10,000,000 Secured Limited Recourse Credit-Linked Securities due 2026**

Ladies and Gentlemen:

The purpose of this letter agreement is to set forth the terms and conditions of the single Transaction entered into between Banco Bilbao Vizcaya Argentaria, S.A. ("**Party A**") and Douro Finance B.V. ("**Party B**") on the Trade Date specified below (the "**Transaction**"). This constitutes a "**Confirmation**" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions (the "**Definitions**") as published by the International Swaps and Derivatives Association, Inc. are incorporated by reference herein. In the event of any inconsistency between the Definitions and this Confirmation, the provisions of this Confirmation will prevail.

For the purposes of this Confirmation, all references in the Definitions to a "**Swap Transaction**" shall be deemed to apply to the Transaction referred to herein. Words and expressions defined in the Conditions (as the same may be amended, modified or supplemented from time to time, the "**Conditions**") of the Series 2017-408 USD 10,000,000 Secured Limited Recourse Credit-Linked Securities due 2026 (the "**Securities**") to be issued by Party B (such Conditions as set out in the issue terms for the Securities to be dated on or around 27 March 2017 (the "**Issue Terms**")) will bear the same meanings in this Confirmation and in the event of any inconsistency between words and meanings defined in the Conditions and words and expressions defined in this Confirmation, the provisions of this Confirmation will prevail. References herein to "**paragraphs**" and "**Special Provisions**" are to the paragraphs and Special Provisions hereof, and references to numbered Conditions are to such sections of the Conditions, in each case unless the context requires otherwise.

1. This Confirmation supplements, forms part of, and is subject to the ISDA Master Agreement dated as of the Trade Date specified hereon (as the same may be amended, modified or supplemented from time to time, the "**Agreement**") to be entered into between Party A and Party B by their execution of the Trust Instrument dated 27 March 2017 between them and certain other persons for purposes including constituting and prescribing the Conditions of the Securities. All provisions contained in the Agreement will govern this Confirmation except as expressly modified below.

**2. The terms of the particular Transaction to which this Confirmation relates are as follows (but subject always to the Special Provisions set out in paragraph 3, which will prevail over this paragraph 2):**

Trade Date: 9 March 2017

Effective Date: 27 March 2017

Termination Date: The Maturity Date of the Securities or, if applicable, the earlier of (i) the Early Redemption Date or (ii) the Optional Call Redemption Date (as defined in the Conditions).

Termination Currency: USD

Business Days: New York

### **2.1 Initial Exchange Amount:**

On the Effective Date, Party B will pay to Party A an amount equal to USD 315,000

### **2.2. Variable Amounts - Party A:**

From and including the Effective Date to and including the Termination Date, Party A will pay to Party B:

- (i) on each Interest Payment Date, an amount equal to the interest amounts payable under the Securities in respect of such Interest Payment Date; and
- (ii) on the Maturity Date of the Securities, the Final Redemption Amounts payable under the Securities in respect of such date.
- (iii) On the Early Redemption Date of the Securities pursuant to Condition 8(c)(iii) (*Following occurrence of an Event Determination Date*) Party A shall pay to Party B an amount in USD equal to the Physical Settlement Amount payable by Party B to Party A under the CDS Transaction.

### **2.3. Variable Amounts – Party B:**

From and including the Effective Date to and including the Termination Date, Party B will pay to Party A:

- (i) amounts equal to and in the same currency as each amount of coupon or interest which is scheduled to be paid in respect of the Charged Assets in accordance with the terms and conditions thereof and any Charged Assets Redemption Proceeds it is due to receive (as defined in the Issue Terms), each such amount being payable by Party B on the date on which such amount is scheduled to be paid to Party B;
- (ii) amounts equal to each Fixed Amount payable under the CDS Transaction on each Fixed Rate Payer Payment Date (as defined in the Confirmation for the CDS Transaction) under the CDS Transaction; and

For the avoidance of doubt, no Variable Amounts payable by Party B to Party A hereunder (including, without limitation, under this paragraph) shall be reduced on account of any deduction or withholding from any payment in respect of any Charged Assets that are securities (if any) on account of any present or future

tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any such payment in respect of such Charged Assets, or on account of any right of set-off, or for any other reason whatsoever.

### **3. Special Provisions**

#### **3.1. Transfer of Charged Assets**

##### *(i) Final transfer of Charged Assets on the Maturity Date or on the Optional Call Redemption Date*

On the earlier of (i) the Maturity Date or (ii) the Optional Call Redemption Date pursuant to Condition 8(d)(i) Party B shall transfer to Party A all Charged Assets (if any), including any cash credited to the Cash Deposit Account free and clear of any interest of Party B or the Trustee.

##### *(ii) Transfer of Charged Assets on the Early Redemption Date following a Credit Event*

On the Early Redemption Date (if any) of the Securities pursuant to Condition 8(c)(iii) (*Following occurrence of an Event Determination Date*), Party B shall transfer to Party A all Charged Assets including the cash credited to the Cash Deposit Account (if any) free and clear of any interest of Party B or the Trustee.

#### **3.2. Calculation of Section 6(e) payment**

Subject to paragraph 3.3 below, where the Transaction becomes subject to termination and an Early Termination Amount falls to be calculated pursuant to Section 6(e) of the Agreement, for the purposes of such calculation under Section 6(e), in addition to those assumptions set out in Part 5 of the Schedule to the Agreement, it shall be assumed that amounts equal to each Fixed Amount will be deemed to be payable by Party B to Party A on the scheduled due dates for such payments until the Scheduled Termination Date of the CDS Transaction.

#### **3.3. Additional Termination Event**

If at any time prior to the Termination Date of this Transaction a Termination Date is designated in respect of the CDS Transaction (other than in the circumstances described in sub-paragraphs 3.3(i) and (ii) below), an Additional Termination Event shall be deemed to occur in respect of this Transaction and Party B will be deemed to be the sole Affected Party under this Transaction. In these circumstances an Early Termination Event will occur without any requirement for the giving of notice pursuant to Section 6(b)(iv) and the Termination Date of the CDS Transaction will be the Early Termination Date of this Transaction.

(i) Where the Scheduled Termination Date of the CDS is a date that falls prior to the Scheduled Maturity Date of the Securities and CDS Transaction is terminated as a result of the occurrence of the Scheduled Termination Date, this shall not be an Additional Termination Event hereunder.

(ii) If at any time prior to the Termination Date of this Transaction an Event Determination Date has occurred in respect of the CDS Transaction, an Additional Termination Event shall be deemed to occur in respect of this Transaction and Party B will be deemed to be the sole Affected Party under this Transaction. In these circumstances, an Early Termination Event shall occur without any requirement for the giving of notice pursuant to Section 6(b)(iv) and the Early Termination Date of this Transaction will be the Early Redemption Date. The Early Termination Amount (if any) in respect of such Early Termination Date shall be calculated as of the second Business Day prior to the Early Redemption Date but will not take into account the payment of such amounts and delivery of such assets as may be payable or deliverable (as applicable) pursuant to paragraph 2.2(iii) 3.1(ii)

above on the Early Redemption Date, and such payment and delivery will occur as of the Early Redemption Date notwithstanding the designation of the Early Termination Event.

#### **4. Account Details**

Account Details for Party A: To be advised

Account Details for Party B: To be advised

and/or such other accounts as will be advised by one party to the other as and when necessary.

#### **5. Offices**

The Office of Party A for this Transaction is C/ Saucedo, 28 Edificio Oceanía Nivel 1 28050 Madrid.

The Office of Party B for this Transaction is De Entree 99-197, 1101 HE Amsterdam, Netherlands.

#### **6. Calculation Agent**

Party A will act as Calculation Agent and will act reasonably and in good faith according to its customary practices and procedures, provided, however, that absent manifest error, the Calculation Agent's computations hereunder will be binding for all purposes.

#### **7. Additional Representations**

**Transactions in the Charged Assets** - Party B represents to Party A on the date hereof (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for this Transaction) that it understands that Party A and its successors and its affiliates may engage in proprietary trading for its own account in the Charged Assets or similar instruments and that such trading may affect the value of the Charged Assets.

This message will be the only form of Confirmation dispatched by us. Please execute and return it to:

**Banco Bilbao Vizcaya Argentaria, S.A.**

Attention: Pablo Cabanes

Tesorería - Documentación

CIUDAD BBVA c/ Saucedo, 28 28050 MADRID Spain

Phone: +34 91 537 8465

Fax: +34 91 537 0955

**EXECUTION PAGE OF CONFIRMATION - DOURO FINANCE B.V. SERIES 2017-408**

Yours faithfully

for and on behalf of

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

By:

By:

Name:

Name:

Confirmed as of the date first above written:

**DOURO FINANCE B.V.**

By:

Name:

## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

### United States

The Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may include Securities in bearer form that are subject to U.S. tax law requirements. Consequently, the Securities may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, any person who is (i) a "U.S. person" (as defined in Regulation S), (ii) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the CFTC, as amended, modified or supplemented from time to time, under the CEA, (iii) a person other than a "Non-United States person" as defined in CFTC Rule 4.7, or (iv) a "United States person" as defined in the Code and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a "U.S. Person").

### Hong Kong

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Securities have not been authorised by the Hong Kong Securities and Futures Commission. The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities (except Securities which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong and any rules made under that Ordinance.

### European Union

#### *Public Offer Selling Restriction under the Prospectus Directive*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the

"**Relevant Implementation Date**") it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Series Information Memorandum as completed by the Issue Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

## **United Kingdom**

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

## **Spain**

Neither the Securities nor this Series Information Memorandum have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*). Therefore, neither the Securities nor this Series Information Memorandum are intended for any public offer of the Securities in the Kingdom of Spain in compliance with the requirements of Royal Decree 4/2015, of 23 October, on the Spanish Securities Market (as amended from time to time) implementing the Prospectus Directive, Royal Decree 1310/2005, of 4 November, on admission to listing and on issues and public offers of securities (as amended from time to time) and any other regulation developing them which may be in force from time to time. Accordingly, no Securities will be offered, marketed nor may copies of this Series Information Memorandum or of any other document relating to the Securities be distributed in the



Kingdom of Spain, except in other circumstances which are exempted from the rules on public offerings pursuant to Article 35 of Royal Decree 4/2015, of 23 October, on the Spanish Securities Market.

Any offer of the Securities or distribution of copies of this Series Information Memorandum or any other document relating to the Securities in the Kingdom of Spain shall be made under circumstances which are exempted from the rules on public offerings. Except when the offer is addressed to qualified investors, any offer or placement of the Securities must be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Kingdom of Spain in accordance with Royal Decree 4/2015, of 23 October, on the Spanish Securities Market.

## **Ireland**

The Dealer represents, warrants and agrees that, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Securities or Alternative Investments, or do anything in Ireland in respect of the Securities or Alternative Investments, otherwise than in conformity with the provision of:

- (a) the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued by the Central Bank of Ireland under Section 1363 of the Companies Act 2014 (as amended) (the “Companies Act”);
- (b) the Companies Act;
- (c) the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended) of Ireland and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland;
- (d) the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Central Bank of Ireland under Section 1370 of the 2014 Act, and will assist the Issuer in complying with its obligations thereunder; and
- (e) Notice BSD C01/02 dated 12th November, 2002 issued by the Central Bank and Financial Services Authority pursuant to Section 8(2) of the Central Bank Act 1971 (as amended).

## **Netherlands**

### **Act on Financial Supervision**

Securities (including rights representing an interest in any Global Security) may not, directly or indirectly, be, (or announced to be) offered, sold, resold, delivered or transferred as part of their initial distribution or at any time thereafter to, or to the order of, or for the account of, any person anywhere in the world other than to:

- (a) persons who do not form part of the “public”, as that term is interpreted by the applicable regulator pursuant to 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; and
- (b) Qualified Investors within the meaning of Section 1:1 of the Financial Supervision Act (Wet op het financieel toezicht).

## Savings Certificates Act

In addition and without prejudice to the relevant restrictions set out above, Securities that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever ("**Zero Coupon Securities**") in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or an admitted institution (*toegelaten instelling*) of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Savings Certificates Act (*Wet inzake spaarbewijzen*) as amended from time to time. No such mediation is required in respect of:

- (a) the transfer and acceptance of Zero Coupon Securities whilst in the form of rights representing an interest in a Zero Coupon Instrument in global form;
- (b) the initial issue of Zero Coupon Securities in definitive form to the first holders thereof;
- (c) the transfer and acceptance of Zero Coupon Securities in definitive form between individuals not acting in the conduct of a business or profession; or
- (d) the transfer and acceptance of such Zero Coupon Securities within, from or into the Netherlands if all Zero Coupon Securities (either in definitive form or as rights representing an interest in a Zero Coupon Instrument in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Securities have to be complied with and, in addition thereto, if such Zero Coupon Securities in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 March 1987 attached to the Royal Decree of 11 March 1987 as published in the Official Gazette 1987, 129, as amended from time to time, each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Securities.

## Republic of Italy

The offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of this Series Information Memorandum or of any other document relating to the Securities be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24th February, 1998, as amended, (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14th May 1999, as amended from time to time ("**Regulation No.11971**");or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No.11971.

Any offer, sale or delivery of the Securities or distribution of copies of this Series Information Memorandum or any other document relating to the Securities in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29th October, 2007 (as amended from time to time) and Legislative Decree No. 385 of 1st September, 1993, as amended (the "**Banking Act**");
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

*Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Securities on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Securities being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

## **France**

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Securities to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Series Information Memorandum, the relevant Issue Terms or any other offering or marketing material relating to the Securities and such offers, sales and distributions have been and shall only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, other than individuals as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Neither this Series Information Memorandum nor any other offering material has been or will be filed with the French *Autorité des Marchés Financiers* ("**AMF**") for prior approval or submitted for clearance to the AMF.

## **Switzerland**

Neither this Series Information Memorandum nor any other offering or marketing material relating to the Issuer or the Securities have been or will be filed with or approved by any Swiss regulatory authority. The Securities do not constitute a collective investment scheme within the meaning of the Swiss Collective Investment Scheme Act ("**CISA**"). Therefore, they are not subject to authorisation by the Swiss Financial Market Supervisory Authority and potential investors do not benefit from the specific investor protection provided under the CISA.

## **Portugal**

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Series Information Memorandum has not been and will not be registered or filed with or approved by the Portuguese Securities Exchange Commission (*Comissão do Mercado de Valores Mobiliários*, "**CMVM**") nor has a prospectus recognition procedure been commenced

with the CMVM. The Securities may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the *Código dos Valores Mobiliários* (the "**Portuguese Securities Code**") enacted by Decree Law no. 486/99 of 13th November 1999 (as amended and restated from time to time) unless the requirements and provisions applicable to the public offering in Portugal are met and the above mentioned registration, filing, approval or recognition procedure is made in relation to the Securities. In addition, the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions or sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Securities in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code and in circumstances which could qualify the issue of the Securities as an issue in the Portuguese market otherwise than in accordance with all applicable laws and regulations and, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) it has not directly or indirectly distributed and will not directly or indirectly distribute any document, circular, advertisements or any offering material except in accordance with all applicable laws and regulations; (iii) all offers, sales and distributions by it of the Securities have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or other securities legislation or regulations, qualify as a private placement of Securities only (*offerta particular*); (iv) it will comply with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive and any applicable CMVM Regulations, determinations and/or opinions and all relevant Portuguese securities laws and regulations, and in any such case that may be applicable to it in respect of any offer or sale of Securities by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including compliance with the rules and regulations that require the publication of a prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

## **Taiwan**

The Securities have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Securities in Taiwan.

## **Korea (Republic of Korea)**

The Securities have not been and will not be registered under the Financial Investment Services and Capital Markets Act (the "**FSCMA**"). The Dealer has represented and agreed, and each new Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any Securities in Korea or to, or for the account or benefit of, any Korean resident (as such term is defined in the Foreign Exchange Transaction Law (the "**FETL**")), except as otherwise permitted under applicable Korean laws and regulations, including the FSCMA and the FETL and the decrees and regulations thereunder. The Securities may not be resold to Korean residents unless the purchaser of the Securities complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the FETL and its subordinate decrees and regulations) in connection with the purchase of the Securities.

## The People's Republic of China

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell any of the Securities in the People's Republic of China (for such purposes, not including Hong Kong, Macau SAR or Taiwan) or to residents of the People's Republic of China unless such offer or sale is made in compliance with all applicable laws and regulations of the People's Republic of China.

## Chile

Neither the Issuer nor the Securities have been registered with the "*Registro de Valores*" nor the "*Registro de Valores Extranjeros*" before the "Superintendencia de Valores y Seguros" (the "**SVS**") pursuant to Law No. 18,045, the Ley de Mercado de Valores ("**Law 18,045**"), and regulations thereunder therefore, such Securities are not overseen by the SVS and, hence, there is no obligation to provide public information of such Securities in the Republic of Chile. This Information Memorandum does not constitute an offer of, or an invitation to subscribe for or purchase, the Securities in The Republic of Chile, other than to individually identified buyers pursuant to a Private Offering, and subject to SVS's *Norma de Carácter General Número 336*, within the meaning of Article 4 of Law 18,045 (an offer that is not addressed to the public at large or to a certain sector or specific group of the public). Therefore, such Securities cannot be subject to a public offer in the Republic of Chile as long as they are not registered in the appropriate Securities Registry ("**Registro de Valores**").

This Series Information Memorandum does not constitute an offer to any other person or to the general public in Chile to acquire the Securities. Each prospective investor in Chile, by accepting the delivery of this Series Information Memorandum, agrees to the foregoing and will not make photocopies or any other reproduction, either physical or electronic, of this Series Information Memorandum or any other documents referred to herein.

## Colombia

This document does not constitute a public offer in the Republic of Colombia. The offer of the Securities may only be addressed to less than one hundred specifically identified investors. The Securities may not be promoted or marketed in Colombia or to Colombian residents, unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign products in Colombia.

The Securities have not been, and will not be, registered in the National Securities and Issuers Registry (*Registro Nacional de Valores y Emisores*) of Colombia or traded on the Colombian Stock Exchange (Bolsa de Valores de Colombia). Therefore, the securities may not be publicly offered in Colombia or traded on the Colombian Stock Exchange.

This Series Information Memorandum is for the sole and exclusive use of the addressee as an offeree in Colombia, and this Series Information Memorandum shall not be interpreted as being addressed to any third party in Colombia or for the use of any third party in Colombia, including any shareholders, administrators or employees of the addressee.

The recipient of the Securities acknowledges that certain Colombian laws and regulations (specifically foreign exchange and tax regulations) are applicable to any transaction or investment made in connection with the Securities being offered and represents that it is the sole party liable for full compliance with any such laws and regulations.

## **Mexico**

The Securities have not been, and will not be, registered with the National Securities Registry maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or the "CNBV") and, therefore, the Securities may not be publicly offered or sold in Mexico, publicly or otherwise, except that the Securities may be offered in Mexico to institutional and accredited investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law.

## **Peru**

The Securities have not been, and will not be, registered with the Superintendency of Securities Market (*Superintendencia del Mercado de Valores*, or "SMV"). If through any private offering an institutional investor acquires Securities that are not registered with the SMV, such Securities may not be sold or transferred by such institutional investor unless such transfer or sale is made to another institutional investor as defined by the Peruvian Securities Market Law (*Ley del Mercado de Valores*) or such Securities have been registered under the SMV's Public Registry.

Notice to Private Pension Funds and Insurance Companies in Peru: Private Pension Funds (*Administradoras Privadas de Fondos de Pensiones*) and Insurance Companies (*Compañías de Seguros*) in Peru should seek their own legal advice as to the eligibility of the Securities and legal, financial and technical advice as to their capacity to acquire the Securities in compliance with the limits set forth by applicable Peruvian law. In particular, to acquire the Securities, Peruvian Private Pension Funds should register the Securities as provided by the applicable regulation approved by the Peruvian Bank and Insurance Superintendency (*Superintendencia de Banca, Seguros y AFP*) and, if applicable, to register the particular placement procedure through which such Securities are acquired.

## **General**

The Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Securities or possesses or distributes the Information Memorandum or this Series Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer, the Trustee nor any Dealer represents that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Series of Securities, the relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in this Series Information Memorandum.

## DESCRIPTION OF THE INITIAL CHARGED ASSETS AND THE OBLIGOR UNDER THE INITIAL CHARGED ASSETS

*The information in the following sections concerning the Initial Charged Assets, the Underlying Obligor is a summary only of certain terms and conditions of the Initial Charged Assets and has been extracted from the Pricing Supplements relating to the Initial Charged Assets and from Bloomberg's on screen information service published by the Underlying Obligor and the Issuer accepts responsibility for accurately reproducing such extracts. Such information has not been independently verified by the Issuer. So far as the Issuer is aware and is able to ascertain from the information published by Bloomberg and the Underlying Obligor, no facts have been omitted which would render the information reproduced herein inaccurate or misleading.*

### A. Description of the Initial Charged Assets

(i) USD 10,000,000 nominal amount of USD 1,000,000,000 2.85 per cent Fixed Rate Notes due 2026 issued by Commonwealth Bank of Australia. ISIN CODE: US2027A1HT70.

Issuer:	Commonwealth Bank of Australia
Guarantor:	Not Applicable
Form/Status:	Senior Unsecured Notes
Issue Date:	24 September 2015
Aggregate Principal Amount issued:	USD 1,000,000,000
Denomination:	USD 2,000 or integral multiples of USD 1,000 in excess thereof.
First Interest Payment Date:	18 November 2016
Maturity Date:	18 May 2026
Interest Rate:	2.85 % per annum
Interest Payment Dates:	Semi-annual
ID Codes:	ISIN: US2027A1HT70
Listing:	Regulated Stock Exchange of Berlin (Bloomberg Code XBER).
Governing Law:	New York law.
Method of Origination/ Creation:	The Initial Charged Assets were created by their issuance by the Issuer of the Initial Charged Assets

### B. Obligor under the Initial Charged Assets

Name:	Commonwealth Bank of Australia
Guarantor:	Not applicable
Address:	Ground Floor Tower 1 201 Sussex Street Sydney, NSW 2000 Australia
Nature of Business:	Financial services
Listing:	Regulated Stock Exchange of Berlin (Bloomberg Code XBER)



## DESCRIPTION OF THE REFERENCE ENTITY AND THE REFERENCE OBLIGATION

*The information in the following sections concerning the Reference Entity and the Reference Obligation has been accurately reproduced from Bloomberg's on screen information service published by the Reference Entity and the Issuer accepts responsibility for accurately reproducing such extracts. Such information has not been independently verified by the Issuer. So far as the Issuer is aware and is able to ascertain from the information published by Bloomberg and the Reference Entity, no facts have been omitted which would render the information reproduced herein inaccurate or misleading.*

### A. Reference Entity

Name:	Goldman Sachs Gp Inc
Guarantor:	Not applicable.
Address:	200 West Street New York, NY 10282 United States
Country of Incorporation:	United States
Nature of Business:	Banking Services
Listing:	Regulated Stock Exchange of Berlin (Bloomberg Code XBER)

### B. Reference Obligation.

Primary Obligor:	Goldman Sachs Gp Inc
Guarantor	Not applicable
Issue Date:	18 January 2008
Aggregate Principal Amount issued:	USD 3,200,000,000.
Denomination:	USD 2,000 or integral multiples of USD 1,000 in excess thereof.
Maturity Date:	18 January 2018
Interest Rate:	5.95 per cent
Interest Payment Dates:	Semiannual

ISIN Code:	ISIN: US38141GFG47
Listing:	Regulated Stock Exchange of Berlin (Bloomberg Code XBER)
Governing Law:	New York Law

## **DESCRIPTION OF THE COUNTERPARTY**

### **BUSINESS OF THE COUNTERPARTY**

Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA") is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has a portfolio of investments in some of Spain's leading companies.

BBVA was incorporated in Spain for an unlimited term on 28th January, 2000. BBVA was formed as the result of a merger by absorption of Argentaria into BBV, which was registered at the Vizcaya Mercantile Registry (Registro Mercantil de Vizcaya) on 28th January, 2000.

In 2012 BBVA's organisational structure was divided into five business areas (Spain, Eurasia, Mexico, the United States and South America) and, in addition, BBVA continues to have a separate "Corporate Activities" business area which handles BBVA's general management functions. These mainly consist of structural positions for interest rates associated with the euro balance sheet and exchange rates, together with liquidity management and shareholders' funds. This area also books the costs from central units that have a strictly corporate function and makes allocations to corporate and miscellaneous provisions, such as early retirement and others of a corporate nature. It also includes the Industrial and Financial Holdings Unit and the Group's Spanish real estate business.

The registered office of BBVA is at Plaza San Nicolas 4, Bilbao, Spain.

BBVA has securities admitted to trading on the regulated market of the Madrid Stock Exchange and the New York Stock Exchange.

## INCORPORATION OF DOCUMENTS BY REFERENCE

The following document is hereby incorporated into this Series Information Memorandum:

The Information Memorandum dated 8 July 2016 (the **Information Memorandum**) relating to the EUR 5,000,000,000 Limited Recourse Secured Debt Issuance Programme (the **Programme**) of Douro Finance B.V. is hereby incorporated into this Series Information Memorandum.

This document has been published in electronic format on the website of the Irish Stock Exchange and can be viewed at:

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_a17b6bd7-595e-46a0-87c8-da96dfb539d6.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_a17b6bd7-595e-46a0-87c8-da96dfb539d6.PDF)

## GENERAL INFORMATION

1. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have had in such period a significant effect on the financial position or profitability of the Issuer.
2. No material fees are payable by the Issuer in respect of which the Issuer does not have the right of reimbursement. The estimated total expenses related to the admission to trading on the Irish Stock Exchange are approximately EUR 3,000.
3. The auditors of the Issuer are Deloitte Accountants B.V. Orlyplein 10, 1043 DP Amsterdam, Netherlands. The auditors of the Issuer are Chartered Accountants and members of the Netherlands Institute for Chartered Accountants (*Nederlands Instituut voor Registeraccountants*).
4. The Issuer does not intend to provide any post-issuance information in relation to the Securities. The Issuer does not intend to provide any post-issuance information in relation to the Charged Assets or the Charged Agreements.
5. For the life of the Series Information Memorandum, copies of the following documents (together with any other documents specified in this Series Information Memorandum) will, when published (to the extent applicable), be available in physical format for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and from the specified offices of the Paying Agents, Registrar and Transfer Agents (if any) in respect of such Securities:
  - (i) the Memorandum and Articles of Association of the Issuer;
  - (ii) the Trust Instrument relating to such Securities (and the documents incorporated therein, including, *inter alia*, the Agency Agreement, the Charged Agreements and the Sale Agreement);
  - (iii) a copy of the Information Memorandum and this Series Information Memorandum relating to such Securities, together with any other document required or permitted to be published by the Irish Stock Exchange;
  - (iv) the audited annual financial statements of the Issuer for the year ended 31 December, 2014;
  - (v) the audited annual financial statements of the Issuer for the year ended 31 December, 2015;
  - (vi) any future information memoranda, prospectus, offering circulars and supplements including Issue Terms (save that, any Issue Terms relating to Securities which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Security and such holder must produce evidence satisfactory to the Issuer, Paying Agent, Registrar or Transfer Agent as to its holding of Securities and identity) to the Information Memorandum and any other documents incorporated therein by reference.

In addition a copy of the Information Memorandum and this Series Information Memorandum in respect of listed Securities will be available free of charge from the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)).

6. There has been no significant change in the financial or trading position of the Issuer since 31 December 2015 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2015.
7. Banco Bilbao Vizcaya Argentaria, S.A. is acting solely in its capacity as listing agent for the Issuer in connection with the Securities and is not itself seeking admission of the Securities to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.
8. Any websites referred to herein do not form part of this prospectus.
9. The issue of the Securities was authorised by a resolution of the Board of Directors of the Issuer passed on 17 March 2017.
10. The Calculation Agent is Banco Bilbao Vizcaya Argentaria, S.A. of CIUDAD BBVA c/ Saucedo, 28 28050 Madrid. The Calculation Agent is appointed pursuant to the Agency Agreement. The Issuer may terminate the appointment of the Calculation Agent at any time with the prior written approval of the Trustee with 45 days' prior written notice to that effect. Notwithstanding the previous provision, the Calculation Agent may be removed if the Calculation Agent becomes incapable of acting or is adjudged bankrupt or insolvent. In this case, the Issuer must appoint a replacement Calculation Agent.

**REGISTERED OFFICE OF THE ISSUER**

Douro Finance B.V.  
De Entree 99 -197  
1101 HE Amsterdam  
Netherlands

**ARRANGER AND DEALER**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
CIUDAD BBVA c/ Saucedo, 28 28050 Madrid  
Spain

**TRUSTEE**

**Deutsche Trustee Company Limited**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**PRINCIPAL PAYING AGENT, ACCOUNT BANK, CALCULATION AGENT, AGENT BANK AND  
CUSTODIAN**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
CIUDAD BBVA c/ Saucedo, 28 28050 Madrid

**VENDOR**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
CIUDAD BBVA c/ Saucedo, 28 28050 MADRID Spain

**THE COUNTERPARTY**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
CIUDAD BBVA c/ Saucedo, 28 28050 MADRID Spain

**THE AUTHENTICATION AGENT**

**DEUTSCHE BANK AG, LONDON BRANCH**

Winchester House  
1 Great Winchester Street  
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