MOODY'S
INVESTORS SERVICE

NEW ISSUE REPORT

BBVA-10 PYME FONDO DE TITULIZACIÓN

ABS/SME Loans/Spain

Closing Date

16 December 2015

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Definitive Ratings

Series	Original Rating	Amount (€ Million)	% Of Notes	Legal Final Maturity	Coupon	Subordi-Nation	Reserve Fund	Total Credit Enhan-cement*
Series A	Aa2(sf)	596.7	76.5%	Jan-2048	3mEurib+0.3%	23.5%	5%	28.5%
Series B	B3(sf)	183.3	23.5%	Jan-2048	3mEurib+0.5%	0%	5%	5%
Total		**780.0**	**100%**					

The ratings address the expected loss posed to investors by the legal final maturity. In Moody's opinion the structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

* No benefit attributed to excess spread for this calculation.

The subject transaction is a cash securitisation of a €780 million static pool comprising loans extended to small and medium-sized enterprises (SME) and self-employed individuals located in Spain. The portfolio consists of standard loans, some secured by real estate and some unsecured.

Asset Summary (audited pool-cut 18 November 2015)

Sellers/Originators:	Banco Bilbao Vizcaya Argentaria S.A. (BBVA) (A3 Not on Watch /P-2 Not on Watch; Outlook: Stable)
Servicer(s):	BBVA
Receivables:	Standard loans granted to Spanish SMEs
Methodology Used:	Moody's Global Approach to Rating SME Balance Sheet Securitizations (2015-10-30)
Model Used:	CDOROM & ABSROM
Total Amount:	€880 million (definitive pool selected at closing: €780 million)
Length of Revolving Period:	Static
Number of Loans:	4,943
Number of Borrowers:	4,663
Effective Number:	566
Weighted Average (WA) Remaining Term:	6.8 years

Asset Summary (Continued)

WA Seasoning:	5.0 years
WAL Years:	3.7 years (assuming 0% CPR)
WA Interest Rate:	2.58%
WA Current LTV (First Lien):	53.5% (all mortgages in the portfolio are first-lien)
Delinquency Status:	No assets more than 30 days in arrears at closing

Liabilities, Credit Enhancement and Liquidity

Excess Spread Range:	None guaranteed as transaction is unhedged
Credit Enhancement/Reserves:	5% Reserve fund Subordination of the notes Pool spread
Form of Liquidity:	Cash reserve and principal to pay interest
Number of Interest Payments Covered by Liquidity:	No liquidity line for interest payments. However, at closing cash reserve would cover more than one year of interest and senior fees, even considering three-month EURIBOR equal to 4% and 0.5% of stressed senior fees.
% of Reserve Fund Dedicated to Liquidity:	None. Cash reserve does not have a liquidity ledger.
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	20 January, 20 April, 20 July, 20 October First payment date: 20 April 2016
Hedging Arrangements:	None

Counterparties

Issuer:	BBVA-10 PYME FONDO DE TITULIZACIÓN
Sellers/Originators:	BBVA (A3 Not on Watch /P-2 Not on Watch; Outlook: Stable)
Servicer:	BBVA
Back-up Servicer:	None
Back-up Servicer Facilitator:	Europea de Titulización S.G.F.T; S.A. (Not Rated) plays this role as part of its function as management company
Cash Manager:	Europea de Titulización S.G.F.T; S.A.
Back-up Cash Manager:	None
Interest Rate Swap Counterparty:	Not applicable
F/X Swap Counterparty:	Not applicable
Basis Counterparty:	Not applicable
Issuer Account Bank:	BBVA
Collection Account Bank:	BBVA
Paying Agent:	BBVA
Note Trustee (Management Company):	Europea de Titulización S.G.F.T; S.A.
Issuer Administrator:	Europea de Titulización S.G.F.T; S.A.
Arranger:	BBVA
Lead Managers:	BBVA
Other Parties:	Not applicable

Moody's View

Country Rating	Spain (Baa2; Not on Watch / (P)P-2; Not on Watch; Outlook: Positive)
Outlook for the Sector:	Stable
Unique Feature:	Asset type and structure previously seen in the market.
Degree of Linkage to Originator:	Strong. BBVA will act as servicer, issuer account bank and paying agent.
Originator's Securitisation History:	
# of Precedent Transactions in Sector:	14 precedent SME transactions originated by BBVA (most rated by Moody's).
% of Book Securitised:	N/A
Behaviour of Precedent Transactions:	The performance of previous SME deals originated by BBVA is in line with the market average.
Key Differences between Subject and Precedent Transactions:	No relevant differences with most precedent transactions.
Portfolio Relative Performance:	
Default Rate Assumed/Ranking:	13.78%. Comparison can be found in "Benchmarking Analysis".
Coefficient of Variation Assumed on Default Rate/Ranking:	43.1%. Comparison can be found in "Benchmarking Analysis".
Recovery Rate Assumed/Ranking:	55%. Comparison can be found in "Benchmarking Analysis".
Potential Rating Sensitivity:	
Tables Interpretation:	Table 1: When the rating was assigned, if the assumed default probability of 13.78% used in determining the initial rating was changed to 17.91% and the recovery rate of 55% was changed to 50%, the model-indicated rating for Series A and Series B of Aa2(sf), and B3(sf) would be A2(sf), and Caa2(sf) respectively.
Factors Which Could Lead to a Downgrade:	Worse-than-expected performance of the underlying collateral and an increase in counterparty risk, such as a downgrade of the rating of BBVA.

EXHIBIT 1

		RECOVERY RATE		
	PORTFOLIO WA PROBABILITY OF DEFAULT (PD) ASSUMPTION	55%	50%	45%
Series A	13.78%	**Aa2***	Aa2 (0)	Aa3 (1)
	15.85%	Aa3 (1)	Aa3 (1)	A1 (2)
	17.91%	A1 (2)	A2 (3)	A3 (4)
Series B	13.78%	**B3***	B3 (0)	Caa1 (1)
	15.85%	Caa1 (1)	Caa1 (1)	Caa1 (1)
	17.91%	Caa1 (1)	Caa2 (2)	Caa2 (2)

Results are model-indicated ratings, which are one of the many inputs considered by Moody's rating committees, which take quantitative and qualitative factors into account in determining actual ratings. The analysis assumes that the deal has not aged. It is not Moody's intention to measure how the rating of the security might migrate over time, but rather, to measure how the initial rating of the security might have differed if key rating input parameters were varied.

Results under base-case assumptions indicated by ' * '. Change in model-indicated rating (number of notches) is noted in parentheses.

Moody's estimates a cumulative mean probability of default (PD) for the portfolio and the corresponding proxy rating applying its SME methodology.

Strengths and Concerns

Strengths:

» **Portfolio security:** 51.1% of the portfolio is secured by first-lien mortgages on real estate properties, with an estimated weighted average loan-to-value (LTV) of 53.5%.

» **Seasoning:** The weighted average seasoning of the pool (5 years) is high compared with other recent Spanish deals.

» **Simple structure:** The capital structure of the transaction is simple, as explained in the section "Structure, Legal Aspects and Associated Risks".

» **Granular portfolio:** The audited portfolio's effective number of obligors is over 560.

» **Portfolio arrears:** No loans in arrears as of the closing date have been included in the final portfolio.

Concerns and Mitigants:

Moody's rating committees particularly focused on the following factors, listed in order of those most likely to affect the ratings:

» **High degree of linkage to the originator:** Besides acting as servicer, BBVA holds the accounts receiving the pool collections and the reserve fund (commingling risk). Different triggers have been put in place in the deal to protect it against the different risks derived from this strong linkage. This feature has been taken into account in our analysis – as more fully explained in "Treatment of Concerns".

» **Interest rate risk:** Around 85% of the pool balance consist of floating rate loans and 15% consist of fixed rate loans, whereas the notes are floating liabilities. Therefore, the structure is exposed to interest rate and basis risk as the transaction is not protected by an interest rate swap. This feature has been taken into account in our analysis as described in the section "Structure, Legal Aspects and Associated Risks".

» **Exposure to real estate:** 28.7% of the portfolio is exposed to the Construction and Building sector (according to our industry classification), which includes 16.4% corresponding to loans granted to real estate developers. This feature has been taken into account in our quantitative analysis as described in section "Treatment of Concerns".

» **Bullet loans:** Loans reported as having bullet or "semi-bullet" maturities represent around 4% of the securitised pool. This risk has been treated in our quantitative analysis as further explained under "Credit Analysis" section.

» **"Shared Collateral"**: A portion of the mortgages (10.9% of the mortgage sub-pool) is collateralised by one or more properties that serve as collateral for more than one loan. The analysis carried out in this regard is further explained in the Credit Analysis section under "Derivation of Recovery Rate Assumption".

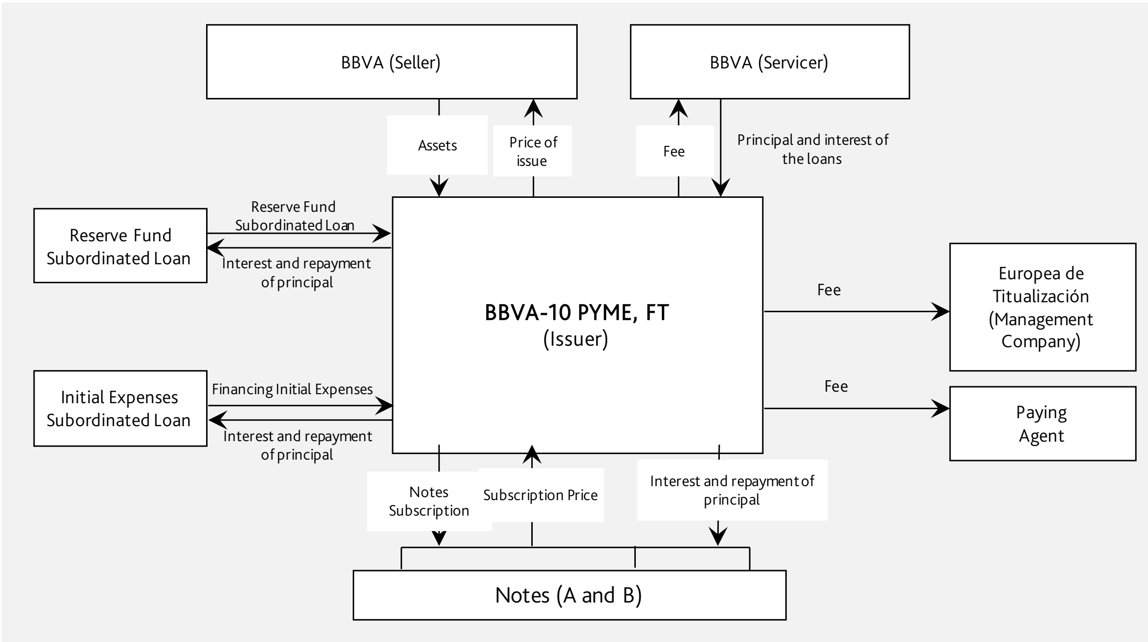
» **Sovereign risk:** The Spanish country ceiling is currently Aa2, which signifies the maximum rating that we will assign to a domestic issuer, including structured finance transactions backed by Spanish receivables. For additional details see "Treatment of Concerns" section below.

Deferral of interest: The possibility of deferring interest payments on Series B notes benefits the repayment of the Series A, but increases the expected loss on the class being deferred.

Structure, Legal Aspects and Associated Risks

EXHIBIT 2

Structure Chart



Allocation of Payments/Waterfall: On each quarterly payment date, the *Fondo's* available funds (i.e., amounts received from the portfolio, the reserve fund and interest earned on the treasury account) will be applied in the following simplified order of priority:

1. Senior expenses
2. Interest on Series A
3. Interest on Series B (if not deferred)
4. Principal repayment on Series A and B (sequential)
5. Interest on Series B (if deferred)
6. Reserve fund replenishment
7. Junior costs

Allocation of Payments/PDL mechanism: A principal deficiency ledger (PDL) is defined as the negative difference between the principal available funds and a target principal amount. A target principal amount is the difference between the notes' outstanding principal and the performing assets. A non-performing asset is defined as (i) one with any amount due but unpaid for more than 18 months; or (ii) one written off according to management's discretion, following the instructions provided by the Servicer.

The "artificial write-off" speeds up the amortisation of non-performing loans (NPLs); therefore, the amount of notes collateralised by NPLs is minimised, and, consequently, the negative carry. However, the most significant benefit for the transaction is that the amount of excess spread trapped in the structure is larger (the excess spread between the "artificial write-off" time and the "natural write-off" time would otherwise be lost). Therefore, the transaction makes better use of the excess spread, allowing for lower levels of other credit enhancement figures.

Performance Triggers

Trigger	Conditions	Consequence
Interest deferral for Series B	The cumulative outstanding balance of loans in arrears between 90 and 540 days exceeds 10.0% of the original pool balance.	Interest payments on Series B will be brought to a more junior position (until Series A is fully redeemed) and will be paid after the principal repayment.
Termination of Reserve Fund Amortisation	The outstanding balance of loans in arrears between 90 and 540 days exceeds 1.0% of the outstanding balance of the performing assets; or The reserve fund is not funded at its required level on the corresponding payment date; or Less than three years have elapsed since closing.	The target amount of the reserve fund will not be reduced on any payment date on which these occur

Reserve Fund: At closing, the reserve fund was funded up front with a subordinated loan granted by the originator for an amount equal to 5% of the notes. It provides both credit and liquidity protection to the notes.

After the first three years of the transaction, the reserve fund may amortise over the life of the transaction so that it amounts to the lower of the following:

» 5% of the initial balance of the notes

The higher of:

» 10% of the outstanding balance of the notes

» 2.5% of the initial balance of the notes

The reserve fund will be used to cover potential shortfalls on interest or principal on an ongoing basis.

Assets:

Asset transfer:

True Sale: According to the legal opinion received, the sale of credit rights has been carried out in compliance with Spanish securitisation law.

Bankruptcy Remoteness: Under Spanish securitisation law, a Spanish SPV (*Fondo de Titulización*) is not subject to the Spanish Insolvency Act. Only the management company, acting in the best interest of the noteholders, can decide to liquidate the *Fondo*.

Claw-back risk upon default of the Originator: Claw-back risk is limited to those activities performed during a period of two years prior to the declaration of the bankruptcy state, even in the absence of fraud. However, the activities performed under the regular business of the originator may not be cancelled under any circumstances, as the transfer of credit rights forms part of the normal activity of BBVA.

Interest Rate Mismatch: Around 15% of the portfolio corresponds to fixed-rate loans and 85% to floating-rate loans (mainly 3-month, 6-month and 12-month EURIBOR), whereas the notes will be floating liabilities (linked to 3-month EURIBOR). As a result, the *Fondo* will be subject to base rate mismatch risk on the floating portion of the portfolio (i.e., the risk that the reference rate used to compute the interest amount payable on the notes will differ from the interest rate payable on the underlying SME loans) and fixed-floating risk (i.e., the risk that the reference rate of the notes will differ from the interest rates payable on this portion of the portfolio).

Our analysis takes into account the potential interest rate exposure and is based on the observed historical volatility between the interest rate payable on the notes and the respective interest rates payable by the assets. The resulting adjustment to the gross margin on the loans would currently be in the range of 50bps.

The fixed-floating risk is quantified by making stressed assumptions on the evolution of the 3-month EURIBOR.

Cash Commingling: BBVA collects all of the payments under the loans in its portfolio under a direct debit scheme into its account and transfers them every two days to a treasury account in the name of the SPV. As a result, in the event of insolvency of BBVA, until notification is delivered to the relevant debtors to redirect their payments, payments by the underlying debtors will continue to be collected by BBVA and may be commingled with other funds belonging to BBVA.

Mitigant: The following mechanisms have been put in place to mitigate this risk:

» Triggers are in place to protect the treasury account from a possible downgrade of the Issuer Account Bank rating. If BBVA's long- term rating falls below Baa3 it will have to find a suitably rated guarantor or substitute.

» BBVA may notify the debtors of the transfer of the loans. The management company also has the ability to carry out the notification.

Set-off: 100% of obligors have accounts with the seller.

Mitigant: Set-off is very limited because only unpaid instalments prior to the declaration of insolvency might be offset against the deposits held by the debtors (considered as fully due and payable prior to the insolvency

Originator Profile, Servicer Profile and Operating Risks

Date of Operations Review:	19 November 2015

Originator Background:

Rating:	BBVA (A3 Not on Watch /P-2 Not on Watch; Outlook: Stable)
Financial Institution Group Outlook for Sector:	Stable
Ownership Structure:	N/A
Asset Size:	EUR 673 billion (at end-March 2015)
% of Total Book Securitised:	4.05% (as of November 2015)
Transaction as % of Total Book:	2.86%
% of Transaction Retained:	100%

Servicer & Back-Up Servicer Background:

Servicer and Its Rating:	BBVA (A3 Not on Watch /P-2 Not on Watch; Outlook: Stable)
Total Number of Receivables Serviced:	N/A
Number of Staff:	N/A
Servicer Assessment:	
Strength of Back-up Servicer Arrangement:	Not applicable
Back-up Servicer and Its Rating:	Not applicable
Ownership Structure:	N/A
Regulated by:	Bank of Spain

Originator Related Triggers

Key Servicer Termination Events:	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders)
Downgrade of Original Servicer's Rating to Certain Level	N/A
Appointment of Back-up Servicer Upon:	N/A
Key Cash Manager Termination Events:	Insolvency
Notification of Obligors of True Sale	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders).
Conversion to Daily Sweep	Not applicable (sweeping every 48 hours since closing).
Notification of Redirection of Payments to SPV's Account	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders).
Accumulation of Set Off Reserve	N/A
Receivable Administration:	
Method of Payment:	100% by direct debit
% of Obligors with Account at Originator:	100%

Cash Manager:

Cash Manager and Its Rating:	Europea de Titulización S.G.F.T; S.A. (Not Rated)
Main Responsibilities:	» Keeping the fund's accounts separate from that of the management company. » Complying with its formal, documentary and reporting duties to the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores or CNMV), the rating agencies and any other supervisory body. » Appointing and, if necessary, replacing and dismissing the auditor responsible for reviewing and audit the *Fondo's* annual accounts. » Complying with the calculation duties provided for and taking the actions laid down in the Deed of Constitution and in the Prospectus. » Checking that the amounts actually paid to the *Fondo* matches the amounts that must be received by the *Fondo*, on the terms of issue of the pass-through certificates and on the terms of the relevant credits. » Calculating and determining on each determination date the principal to be amortised and repaid on each bond series on the relevant payment date. » Verifying that the amounts credited to the treasury account return the yield set in the agreement. » Instructing the transfer of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the bonds. » Calculating the available funds, the available funds for the notes amortisation, the liquidation available funds and the payment or withholding obligations to be complied with, and applying the same in the priority of payments or, as the case may be, in the liquidation priority of payments. » The management company may extend or amend the agreements entered into on behalf of the *Fondo*, and substitute, as necessary, each of the *Fondo's* service providers on the terms provided for in each agreement.

Calculation Timeline:	Determination Date: Five days before the payment date.
Back-up Cash Manager and Its Rating:	N/A
Main Responsibilities of Back-up Cash Manager:	N/A

Collateral Description

EXHIBIT 3

Portfolio Breakdown by Year of Origination

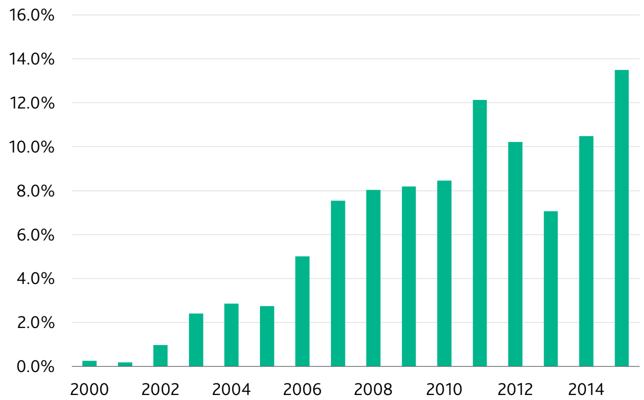


EXHIBIT 4

Portfolio Breakdown by Year of Maturity

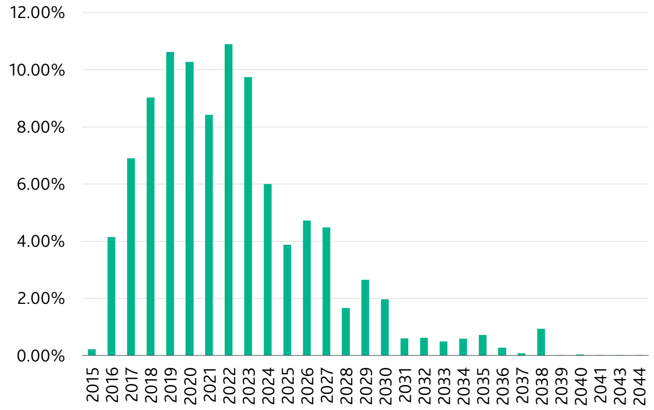


EXHIBIT 5

Portfolio Breakdown by Industry Diversification (Top 10 Industries)

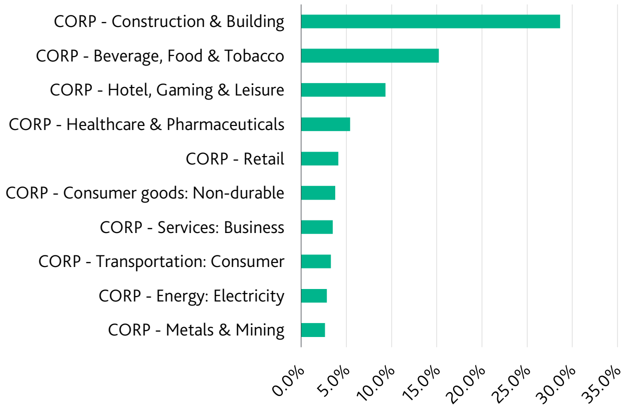
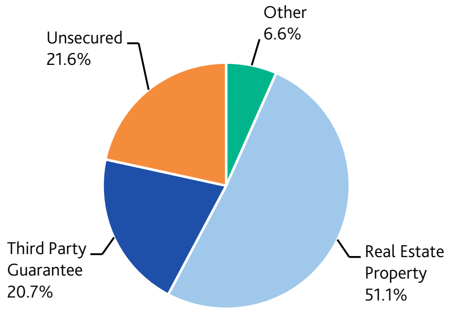


EXHIBIT 6

Portfolio Breakdown by Guarantee Type



Audits: Performed by Deloitte S.L. in compliance with the Spanish regulatory framework.

Product Description: The portfolio consists of standard loans extended to Spanish companies. Over half of the loans are secured by real estate (51.1%), 27.3% are secured by other types of guarantees (personal guarantees, financial guarantees, etc.) and the remaining 21.56% are unsecured. Regarding the loan purpose, 40.5% of the loans were granted to fund general working capital, 24.6% to fund the purchase of real estate, 14.8% to project finance, 13.4% to fund fixed assets and the remaining 6.7% to other purposes.

The portfolio breakdown by company size is the following: 17.1% companies with turnover less than €1 million, 33.8% turnover between €1 million and €5 million, 35.1% turnover between €5 million and €50 million and 14% self-employed individuals. The loans were originated mainly between 2007 and 2015 (85.6%), with a weighted-average seasoning of 5 years and a weighted-average remaining term of 6.8 years. The longest loan matures in 2044. Geographically, the pool is concentrated in Catalonia (24.3%) and Andalusia (15.6%). Most loans are subject to French amortisation (76.3%), 19.8% are subject to lineal amortisation and 4.0% to bullet (or "semi-bullet") amortisation.

Around 4.0% of the portfolio corresponds to loans currently in principal grace period and the average remaining time to finish it is around 7 months.

In terms of debtor concentration, the pool is granular and includes exposures up to 0.9% of the issuance amount. Around 28.6% of the portfolio is concentrated in the "Construction and Building" sector according to our industry classification. Loans to real estate developers represent 16.4% of the total pool volume.

Eligibility Criteria:

The key eligibility criteria are as follows:

» The loans have been granted to SMEs and self-employed individuals.

» The pool will not include lease contracts or syndicated loans.

» The mortgaged real estate assets are finished properties and are located in Spain.

» All the loans are euro-denominated and pay by direct debit

» No loan is the result of a delinquent loan renegotiation.

No loans more than 30 days in arrears included at closing.

Additional Information on Borrowers:

Top Debtor Concentration:	0.9%	
Top 5 Debtors:	4.3%	
Top 10 Debtors:	8.0%	
Top 25 Debtors:	15.7%	
Industry Concentration:	Construction & Building	28.6%
	Beverage, Food & Tobacco	15.2%
	Hotel, Gaming & Leisure	9.3%
Geographic Diversity:	Catalonia (24.3%) and Andalusia (15.6%)	

Additional Information on Portfolio:

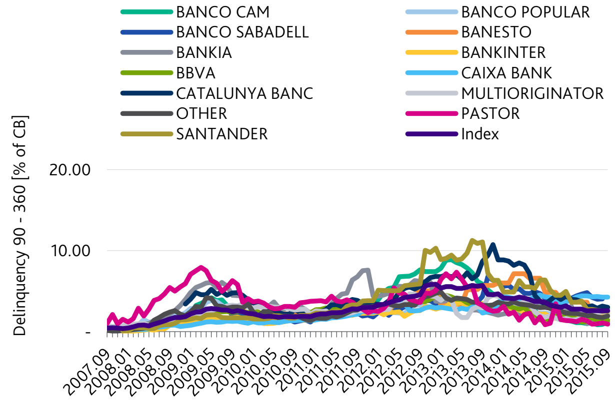
Number of Contracts:	4,943	
Type of Contracts:	100% standard loans.	
Contract Amortisation Style:	76.3% French, 19.8% lineal amortisation, 4.0% bullet and "soft bullet"	
% Large Corporates (annual turnover more than €50 million):	0%	
% Bullet Loans:	1.46% (pure bullet)	
% Real Estate Developers:	16.4%	
WA Interest Rate:	2.6%	
LTV(first-lien):	53.5%	
Guarantees:	Mortgage - First lien	51.1%
	Third party	20.7%
	Unsecured	21.6%
	Other	6.6%

Credit Analysis

Precedent Transactions' Performance: BBVA has traditionally been one of the most active originators in the securitisation of SME loans in Spain. The performance of the originator's precedent transactions is average compared with that of the remaining Spanish originators in the SME segment (details in exhibits 7 and 8).

EXHIBIT 7

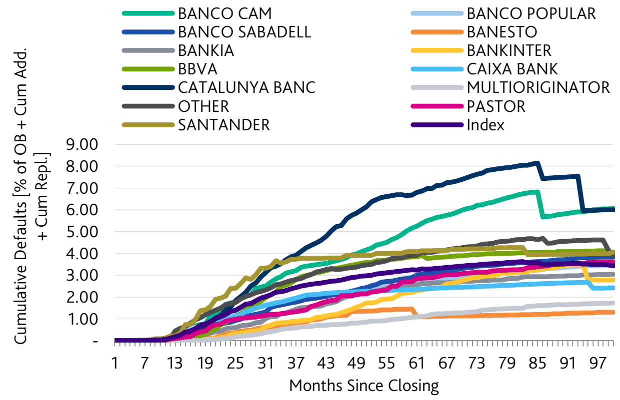
Spanish SME 90-360 Days Delinquency – trend by originator



Source: Moody's Investors Service, Moody's Performance Data Service (periodic investor/servicer reports)

EXHIBIT 8

Spanish SME Cumulative Defaults – seasoning by originator



Source: Moody's Investors Service, Moody's Performance Data Service (periodic investor/servicer reports)

Default Definition: In this transaction, a defaulted asset is defined as (i) one with any amount due but unpaid for more than 18 months; or (ii) one written off according to management's discretion, following the instructions provided by the Servicer.

Data Quantity and Content: Moody's has received quarterly origination data in order to perform a vintage analysis. Additionally, Moody's has received line-by-line information on default probabilities according to BBVA's internal ratings/scorings. In addition, Moody's disposes of significant information about historical performance of previous BBVA SME deals.

In Moody's view, the quantity of data received is in line with those transactions which have achieved investment grade ratings in this sector.

Assumptions:

Assumptions	
CPR:	10%
Distribution:	Inverse Normal
Default rate:	13.78%
Stdev/mean:	43.1%
Timing of default:	Flat over 3.75 years
Recoveries:	Mean 55% (stochastic recoveries)
Recovery lag:	50% (in second year after default) and 50% (in third year)
Correlation Default/ Recoveries:	10%
Amortisation profile:	Actual pool amortisation
Fees:	0.25%
Fees floor:	€100,000
EURIBOR (three-month):	4%

Derivation of default rate assumption: Moody's analysed the performance monitoring data on previous deals as well as other sources of information (like macroeconomic data) to determine the default assumption.

Moody's has complemented the monitoring data analysis with a top-down approach, as detailed below.

Moody's splits the portfolio into three sub-pools based on the economic sector in which the debtor was active: (i) Real Estate Developer, (ii) Construction and Building, and (iii) all other industries. Moody's rating proxies assumed are shown in the table below.

Borrower's Main Sector Of Activity	Rating Proxy
Construction & Building	B2
Real Estate Developer	Caa1
Other industries	Ba3

The above-mentioned assumptions include some adjustments that take into account the current macro-economic environment as well as the originator's underwriting ability. Moody's has taken into consideration the current performance of BBVA's SME deals in its assumptions.

Moody's further adjusted the assumptions to account for the size of the companies (one notch down for micro/small enterprises and self-employed individuals) and assumed a Caa3 rating proxy for loans which have been in arrears more than 60 days in the last 3 years. For bullet loans the PD was increased considering an additional one year exposure to default at the time of refinancing. Among those loans that we have treated as bullet (4% of the total portfolio), 2.5% correspond to "semi-bullet" loans, i.e., loans whose last instalment represents more than 25% of the original balance.

Timing of defaults: We tested several timing of default curves to assess the robustness of the ratings. In the base-case scenario, the timing of defaults curve assumed is flat over 3.75 years.

Derivation of Recovery Rate Assumption: Assumptions for recoveries were made on the basis of (i) historical recovery information provided specifically for this deal and data available from previous deals of Santander; (ii) statistical information on the Spanish SME market; (iii) feedback from Moody's corporate team; and (iv) other quantitative and pool-derived aspects.

One characteristic of the transaction is that 10.89% of the mortgage subpool consists of loans where the underlying property serves as collateral for more than one loan ("shared collateral"). While this introduces some uncertainties with regards to recoveries, there are a number of mitigating factors:

» All mortgages in the pool are first lien, as provided in the transaction's Representations & Warranties.

» In those cases where properties serve as collateral for two or more loans, the claim of such loans will rank *pari passu* (irrespective whether all loans belong to the securitised pool or whether collateral is shared with loans outside the pool). Note that no loans from third party lenders are involved, i.e., BBVA is the creditor in all cases.

» The above *pari passu* status is formalised through inscription of the two or more loans under the same lien in the Land Registry (*Registro de la Propiedad*).

» Also as provided in the Representations & Warranties, the originator will not grant new loans collateralised by mortgaged properties linked to the securitised pool, or, if any, new loans will rank junior to those included in the securitised pool.

Modelling Approach: Given the number of assets and the size of the exposures in the portfolio (see section entitled "Collateral Description"), Moody's derived the default distribution curve by using the inverse normal density law. To determine such distribution, two main input parameters needed to be assessed: (i) the mean default probability of the portfolio, and (ii) the standard deviation of the default distribution (estimated using CDOROM).

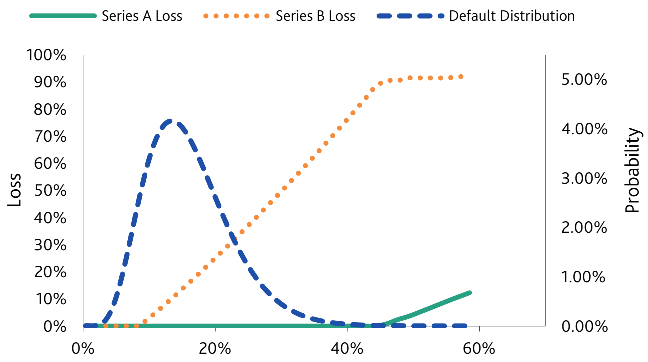
Moody's tested the credit enhancement levels by using its ABSROM cash flow model, which has been adjusted to take into account a number of structural features.

Moody's considered how the cash flows generated by the collateral were allocated to the parties within the transaction, and the extent to which various structural features of the transaction might provide additional protection to investors, or act as a source of risk. In addition, Moody's analysed the strength of triggers to reduce the exposure of the portfolio to originator or servicer bankruptcy.

To determine the rating assigned to each series of notes, Moody's used an expected loss methodology that reflected the probability of default for each series of notes. With this purpose, and in order to allocate losses to the notes in accordance with their priority of payment and relative size, Moody's built a cashflow model that reproduces many deal-specific characteristics (the main input parameters of the model have been described above). By weighting each default scenario's severity result on the notes with its probability of occurrence, Moody's calculated the expected loss average for each series of notes as well as the expected average life. Moody's then compared the quantitative values to Moody's idealised expected loss table to determine the ratings assigned to each series of the notes.

EXHIBIT 9

Defaults Distribution and Loss Sensitivity



The green line in exhibit 8 represents each default scenario on the default distribution curve for the loss suffered by the notes (in our modeling). For default scenarios up to 45.9%, the line is flat at zero, hence the series A notes are not suffering any loss. The first default scenario under which the notes suffer a loss is 45.9%. The steepness of the curve then indicates the speed of the increase of losses suffered by the notes.

The rating of the notes has therefore been based on an analysis of:

» The characteristics of the securitised pool

» The macroeconomic environment

» Sector-wide and originator specific performance data

» Protection provided by credit enhancement and liquidity support against defaults and arrears in the pool

» The legal and structural integrity of the issue

Treatment of Concerns:

» **High degree of linkage to originator (Commingling risk)**: The deal is exposed to commingling risk. Considering the deal characteristics and the mitigants in place, we have assessed the probability and impact of a default of BBVA on the ability of the Issuer to meet its obligations under the transaction, including the impact of the loss of any cash held with BBVA should it default and any loss that may be incurred after that time due to any delay in redirecting payments to a new account or taking any other appropriate action.

» **Exposure to real estate***:* Approximately 28.6% of the portfolio is exposed to the Construction and Building sector (according to Moody's industry classification) and 16.4% corresponds to loans granted to real estate developers. In our top down-approach, we assumed a higher default probability for obligors operating in this industry (rating proxy of B2 and Caa1 respectively) than for the rest of obligors (rating proxy of Ba3).

» **Sovereign risk:** Spain's country ceiling captures our assessment of 'country' risks that need to be factored into the rating of all locally domiciled obligors (i.e. risks that arise from immutable political, institutional, financial and economic factors within the country). They include the risk of systemic economic disruption, the crystallisation of severe financial stability risks and factors implying regulatory and legal uncertainty such as the possibility of currency redenomination. The assessment of country risk takes into account a number of the same factors that we consider when determining a sovereign's credit strength. Hence the highest achievable rating for most Spanish structured finance transactions is now Aa2(sf). This ceiling also applies to Spanish structured finance transactions issued by non-Spanish issuers, as these are backed entirely by Spanish assets with material exposure to the risks reflected in the country ceiling.

Benchmarking Analysis

Performance Relative to Sector: The performance of BBVA's transactions is average compared with that of the remaining Spanish originators in the SME segment, as shown in exhibits 6 and 7 above. Please note that performance shown is affected by several factors, such as the age of the transaction, the pool-specific characteristics, the presence of a revolving period, etc.

Benchmark Table

Deal Name	BBVA-10 PYME, FT	FONCAIXA PYMES 6, FTA	BBVA Empresas 6, FTA	BBVA Empresas 5, FTA
Country	Spain	Spain	Spain	Spain
Closing Date	December 2015	October 2015	December 2011	March 2011
Currency of Rated Issuance	Euro	Euro	Euro	Euro
Rated Notes Volume (excluding NR and Equity)	780,000,000	1,120,000,000	1,200,000,000	1,250,050,000
Originator	BBVA	Caixabank	BBVA	BBVA
Long-term Rating (*)	A3 (Not on Watch)	Baa2 (Stable outlook)	Aa3	Aa2 (on review for possible downgrade)
Short-term Rating (*)	P-2 (Not on Watch)	P-2	P-1	P-1
Servicer (*)	BBVA	Caixabank	BBVA	BBVA
Long-term Rating (*)	A3 (Not on Watch)	Baa2 (Stable outlook)	Aa3	Aa2 (on review for possible downgrade)
Short-term Rating (*)	P-2 (Not on Watch)	P-2	P-1	P-1
Contract Information (as % Total Pool)				
(Fully) amortising contracts %	96.0%	98.5%	87.7%	86.0%
Bullet / balloon contracts %	4.0%	1.5%	12.3%	14.0%
Method of payment - Direct Debit (minimum payment)	100%	100%	100%	100%
Floating rate contracts %	85.0%	81.1%	91.7%	90.7%
Fixed rate contracts %	15.0%	18.9%	8.3%	9.3%
WA initial yield (Total Pool)	2.58%	2.67%	3.99%	2.92%
WAL of Total Pool (in years)	3.7	4.8	4.3	3.8
WA seasoning (in years)	5.0	6.0	2.0	0.6
WA remaining term (in years)	6.8	8.4	7.6	8.1
Portfolio share in arrears > 30 days %	0%	0%	1.2%	0.6%
No. of contracts	4,943	32,613	3,644	6,339
Obligor Information (as % Total Pool)				
No. of obligors	4,663	28,734 (incl. groups)	3,397	6,106
Name 1st largest industry	Construction & Building	Beverage, Food & Tobacco	Construction & Building	Construction & Building
2nd largest industry	Beverage, Food & Tobacco	Construction & Building	Beverage, Food & Tobacco	Beverage, Food & Tobacco
3rd largest industry	Hotel, Gaming & Leisure	Services: Business	Hotel, Gaming & Leisure	Healthcare & Pharmaceuticals
Size % 1st largest industry	28.6%	15.8%	40.5%	29.1%
2nd largest industry	15.2%	15.6%	15.5%	14.3%
3rd largest industry	9.3%	13.8%	9.4%	5.6%
Effective Number (obligor group level)	566	1,425	222	211
Single obligor (group) concentration %	0.9%	1.5%	1.8%	1.6%
Top 10 obligor (group) concentration %	8.0%	5.6%	15.5%	14.1%
Collateral Information (as % Total Pool)				
WA RE collateralisation level (WA LTV)	53.5%	5.2%	49.0%	52.8%
Collateralised by first lien mortgage	51.1%	44.6%	64.3%	42.4%
Geographical Stratification (as % Total Pool)				
Name 1st largest region	Catalonia	Catalonia	Catalonia	Catalonia
2nd largest region	Andalusia	Madrid	Madrid	Madrid
Size % 1st largest region	24.3%	27.5%	23.7%	26.3%
2nd largest region	15.6%	14.3%	18.0%	17.9%
Asset Assumptions				
Gross default / Net loss definition in this deal	18 months	12 months	18 months	18 months
Type of default / loss distribution	Inverse Normal	Inverse Normal	User Defined	User Defined
Mean gross default rate - initial pool	13.8%	13%	20.2%	14.9%
Stdev.	5.9%	5.6%	8.1%	6.8%
CoV	43.1%	42.8%	40.1%	42.6%
Stochastic Recoveries modelled?	Yes	Yes	Yes	Yes

Deal Name		BBVA-10 PYME, FT	FONCAIXA PYMES 6, FTA	BBVA Empresas 6, FTA	BBVA Empresas 5, FTA
Country		Spain	Spain	Spain	Spain
Mean recovery rate		55.00%	50.00%	51.5%	47.5%
Stdev. recovery rate (if any)		20.00%	20.00%	20%	20%
Correlation severity / default		10.00%	10.00%	10%	10%
Correlation severity		10.00%	10.00%	10%	10%
Prepayment Rate(s)		10.00%	5.00%	8%	8%
Capital structure (as % Total Pool) (*)					
Size of	Aaa-rated class			67.0% (Aaa)	78.0% (Aaa)
	Aa-rated class	76.5% (Aa2)	82% (Aa3)		
	A-rated class				22.0% (A3)
	Baa-rated class				
	Ba-rated class			20.0% (Ba3)	
	B-rated class or below	23.5% (B3)	18% (Caa2)	13.0% (B3)	
Equity					
Reserve fund		5%	4%	12.0%	20.0%

(*) as of the date of assigning the rating to the transaction

Parameter Sensitivities

Parameter Sensitivities provide a quantitative, model-indicated calculation of the number of notches that a Moody's-rated structured finance security may vary if certain input parameters used in the initial rating process differed. The analysis assumes that the deal has not aged. It is not Moody's intention to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might differ as certain key parameters vary.

Parameter sensitivities for this transaction were calculated in the following manner: We assumed nine scenarios derived from the combination of mean default rate: 13.78% (base case), 15.85% (base + 2.1%) and 17.91% (base + 4.1%) and recovery rate: 55% (base case), 50% (base – 5%) and 45% (base – 10%). The 13.8% - 55% scenario represents the base case assumptions used in the initial rating process.

The exhibits below show the parameter sensitivities for this transaction with respect to all Moody's-rated tranches*.

EXHIBIT 10

		Recovery Rate		
	Portfolio WA PD Assumption	55%	50%	45%
Series A	13.78%	**Aa2***	Aa2 (0)	Aa3 (1)
	15.85%	Aa3 (1)	Aa3 (1)	A1 (2)
	17.91%	A1 (2)	A2 (3)	A3 (4)
Series B	13.78%	**B3***	B3 (0)	Caa1 (1)
	15.85%	Caa1 (1)	Caa1 (1)	Caa1 (1)
	17.91%	Caa1 (1)	Caa2 (2)	Caa2 (2)

* Results under base case assumptions indicated by asterisk ' * '.

Change in model-indicated rating (# of notches) is noted in parentheses.

Results are model-indicated ratings, which are one of the many inputs considered by rating committees, which take quantitative and qualitative factors into account in determining actual ratings. The analysis assumes that the deal has not aged. The model does not intend to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might have differed if key rating input parameters were varied.

Worst-case scenarios: When the rating was assigned, if the assumed default probability of 13.78% used in determining the initial rating was changed to 17.91% and the recovery rate of 55% was changed to 50%, the model-indicated rating for Series A and Series B of Aa2(sf), and B3(sf) would be A2(sf), and Caa2(sf) respectively.

Monitoring

Moody's will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

Originator Linkage: Besides acting as servicer, BBVA holds the accounts receiving the pool collections and the reserve fund.

Significant Influences: In addition to the counterparty issues noted, the following factors may have a significant impact on the subject transaction's ratings: further deterioration in the real estate market causing longer recovery lags and higher price declines than the stressed values which were assumed in our modelling .

Counterparty Rating Triggers	Condition	Remedies
Issuer Account Bank	Loss of Baa3	Replace/Eligible guarantor

Monitoring Report: We have reviewed the standard monitoring report (publicly available at the management company website for previous similar deals) and would welcome the following important data in addition to the information reflected on the report:

» All the transaction's triggers details

» The amount of gross excess spread before write offs

» The cumulative 90 days "defaults" (as obtained for the rating process of the deal)

» Quarterly loan-by-loan pool evolution reports (including recovery data)

» Detail on prepayments due to loan refinancing/restructuring

Moody's Related Research

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions please refer to the following reports:

Rating Methodology:

» Moody's Global Approach to Rating SME Balance Sheet Securitizations, October 2015 (SF418754)

Cross Sector Rating Methodology:

» The Temporary Use of Cash in Structured Finance Transactions: Eligible Investment and Bank Guidelines, December 2015 (SF421520)

Special Reports:

» Structural Features in the Spanish RMBS Market – Artificial Write-Off Mechanisms: Trapping the Spread", January 2004 (SF29881)

» Spanish SME Performance Indices, September 2015 (SF421409)

Credit Opinion:

» Banco Bilbao Vizcaya Argentaria, S.A.

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Appendix 1: Originator's Underwriting and Collection Practices

Originator Ability:	With total assets of EUR 673 billion at end-March 2015, BBVA is Spain's second-largest financial group - after Banco Santander (EUR 1.4 trillion in assets) - and second-largest domestic bank, with market shares of around 16% in loans and 14.5% in deposits. BBVA has also built up a solid franchise in Latin America, holding a nearly share 23% of deposits in Mexico, as well as a 13% share of retail loans and 11% share of deposits in South America. At year-end 2014, net loans in Spain accounted for over 50% of the group's loan book, followed by the US with 14% and Mexico with a 13% share.
Sales and Marketing Practices:	» Number of employees: 27,062 as of 31 December 2014 » Origination channels: there are two business units in charge of providing lending services to SMEs, i.e. 1) Commercial Banking ("*Banca Comercial*"), for companies with less than EUR 5 million of annual turnover and self-employed individuals; and 2) Enterprise Banking ("*BEC Segmento Empresas*"), for companies with an annual turnover between EUR 5 million and EUR 150 million.
Underwriting Policies and Procedures:	» Underwriting function is provided by 3,278 branches (3,147 corresponding to the Commercial Banking unit and 131 to the Enterprise Banking unit) coordinated by regional areas ("*Direcciones Territoriales*"). » Authorisation level is based on the loan amount and scoring/rating result, and varies by branch type and employee (taking into account his/her experience, level of qualification, etc.). » Loan credit is analysed based on borrower payment capacity and borrower profile. All loans go through the rating/scoring system and there are a number of filters. » Credit history and indebtedness checks are performed through CIRBE, RAI, ASNEF, etc. Internal information on BBVA customer accounts is also searched.
Collateral Valuation Policies and Procedures:	» Valuation process: In line with standard practise in the market (valuators certified by the Bank of Spain)
Closing Policies and Procedures:	» In line with the market standards.
Credit Risk Management:	» BBVA has a proactive approach towards risk throughout the whole life of the loan during the surveillance and origination process. Risk control is carried out by an experienced team using specialised, internally developed tools. » The risk monitoring is carried out mainly in each of the regional areas ("*Direcciones Territoriales*"), supported by the Central Headquarters ("*Administración Central*").
Originator Stability:	–
Quality Controls and Audits:	» Regular loan book audits at branch level and central risk department level. » Audits of underwriting practices to policy compliance are performed on a regular basis by internal and external auditors as well as the Bank of Spain. » The servicing collection activities are under the same code of conduct, internal and external auditing procedures as the rest of the activities of the bank. » BBVA has a fraud prevention department. There is an internal code of conduct whereby, in case of suspicion, all employees know how to proceed and transfer the deal to the fraud prevention department for its analysis.
Regulated by:	» Bank of Spain
Management Strength and Staff Quality	» Staff have access to policies via the intranet. » BBVA works closely with various external companies that help with some mechanical parts of the underwriting process, such as telephone calls. » Employees are trained on a continuous basis to meet area and market needs.
Arrears Management:	
Number of Receivables per Collector:	» No data available
Staff Description:	» Staff turnover varies depending on the phase. In the early stage of the arrears, the branch network and specialised employees are involved. For the late-stage arrears, there is a more specialised workforce since more judicial and banking knowledge is needed. » Compensation is linked to collection performance through a bonus scheme.
Early Stage Arrears Practices:	» The recoveries management is carried out by several business units, depending on the characteristics of the debtor and the loan: 1) for debtors corresponding to the Commercial Banking ("*Banca Comercial*") department, there are three specialized units, i.e. a) Outsourcing ("*Externalización*"), in charge of supervising the outsourced services, b) Operations ("*Operaciones*"), which takes care of the management and accounting of the payments made under arrears, and is also responsible for the pre-judicial phase; and c) Judicial Unit ("*Unidad Judicial*"), in charge of the riskier clients, carrying out both agreement procedures and judicial procedures. 2) for debtors corresponding to the Enterprise Banking ("*BEC Segmento Empresas*") department, there is a Recovery Unit ("*Unidad de Recuperaciones*") and a Judicial Services Unit ("*Unidad de Servicios Jurídicos*"). Once a loan is in arrears, the procedure to be followed depends on the amount owed by the debtor's business group to BBVA and also depends on the nature of the debtor (if the debtor is a real estate developer there is a special procedure). » Regardless the characteristics of the borrower or the loan, in early stage of arrears BBVA's main goal is to reach a friendly agreement in order to regularise the borrower's situation.
Late Stage Arrears Practices:	» Should the borrower's regularisation mentioned above fails, judicial procedures are initiated. » BBVA has an in-house legal team and also outsources part of the legal services.
Average Time to Repossess:	» Not available
Loan Modifications:	» In line with market general practises.

Report Number: SF423775

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