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DBRS Ratings Limited

BBVA-9 PYME FTA

DBRS Close Date
26 December 2012

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Ratings

Debt	Par Amount (EUR)	Current Credit Enhancement (EUR)	Investor Coupon (per annum)	CUSIP/ISIN	DBRS Rating	Rating Action
Series A	400,000,000	154,600,000	3 month EURIBOR + 0.30%	ES0370463004	A (sf)	New Rating
Series B	70,000,000	84,600,000	3 month EURIBOR + 0.50%	ES0370463012	BB (sf)	New Rating

Notes:
* The Credit Enhancement is based on the aggregate of (i) the Portfolio and (ii) the Reserve Fund.

Kingdom of Spain, Sovereign Rating: A (low) Negative Trend
Transaction Close Date: 26 December 2012

Transaction Summary

BBVA-9 PYME FTA (the "Issuer"), a "Fondo de Titulización", is a special purpose vehicle ("SPV") incorporated in accordance with Spanish legislation for the purpose of issuing asset-backed securities and acquiring loans. The SPV issued two series of asset-backed Notes to finance the purchase of the small and medium sized ("SME") loans (at par) granted by Banco Bilbao Vizcaya Argentaria S.A. ("BBVA" or the "Originator"). In addition, the SPV entered into a Start-Up Loan Facility (EUR 700,000) to finance the initial expenses of the SPV, and a Subordinated Loan (EUR 84,600,000) to finance a Reserve Fund account. Interest income received by the SPV will be distributed quarterly on the Payment Dates according to the Priority of Payments established for payments of the Issuer.

The DBRS ratings of the BBVA-9 PYME FTA Notes are listed on Page 1.

- Series A Notes due December 2044 ("Series A Notes" or the "Senior Notes").
- Series B Notes due December 2044 ("Series B Notes" or the "Junior Notes").

The Series A Notes and the Series B Notes together are referred to as the "Notes".

The Series A Notes are senior in interest and principal and are supported by the subordination provided by the Portfolio, the Reserve Fund and the Excess Interest. The Series B Notes are junior in interest and principal to the Series A Notes. The rating of the Series A Notes addresses the timely payment of interest and the ultimate payment of principal under the transaction documents. The rating of the Series B Notes addresses the ultimate payment of interest, as defined in the transaction documents, and ultimate payment of principal payable on or before the Final Maturity Date.

DBRS has based its analysis on what it regards as the Performing Portfolio (the "Portfolio"), which is the balance of the Collateral. As of the portfolio data supplied for the 24 December 2012, the Portfolio contains loans with a balance of EUR 470,013,938.

The proceeds from the issuance of the Notes was used to pay the Originator for the purchase of its Portfolio. As mentioned above, the subordinated loan funded the initial balance of the Reserve Fund. The balance of the Reserve Fund is EUR 84,600,000 (or 18% of the balance of the Notes). The Reserve Fund can be used to pay down the outstanding principal of the Notes only on the Payment Date on which the Notes would be fully repaid.

DBRS based the ratings primarily on:

- an evaluation of the underlying portfolio of SME loans;
- the historical performance information provided by the Originator;
- the credit enhancement provided through the Performing Portfolio and the Reserve Fund;
- the legal and structural integrity of the transaction; and
- the operational capabilities of the Originator and the Servicer.

Methodologies Applied

The following are the primary methodologies and commentaries that DBRS applied to assign a rating to the above referenced transaction, which can be found on www.dbrs.com under the heading Methodologies. Alternatively, please contact info@dbrs.com, or contact the primary analysts whose contact information is listed in this report.

- *Master European Granular Corporate Securitisations (SME CLOs),* June 2011
- *Legal Criteria for European Structured Finance Transactions,* April 2012
- *Unified Interest Rate Model for U.S. and European Structured Credit,* January 2012
- *Cash Flow Assumptions for Corporate Credit Transactions,* February 2012
- *Operational Risk Assessment for European Structured Finance Servicers,* November 2012

Rating Rationale

The ratings are based upon a review by DBRS of the following analytical considerations:

- The transaction's capital structure, and the form and sufficiency of available credit enhancement.
- Relevant credit enhancement in the form of subordination, Reserve Fund and excess spread.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms of the transaction documents.
- The Originator's capabilities with respect to originations, underwriting, servicing, and financial strength.
- The credit quality of the collateral, and the ability of the Servicers to perform collection activities on the collateral.
- The structure of the Priority of Payments.
- The legal structure and presence of legal opinions addressing the assignment of the assets to the Issuer, and the consistency with the DBRS *Legal Criteria for European Structured Finance Transactions*.

Strengths

- The EUR 84,600,000 Reserve Fund, which corresponds to 18% of the initial aggregate balance of the Portfolio and is available as additional credit enhancement for the Notes.
- The credit enhancement levels are sufficient to support the ratings of the Notes.
- Low obligor concentration, with the exception of the largest obligor which represents 0.94% of the portfolio balance. The 10 largest obligors represent 7.03% of the Portfolio's balance.
- Relatively low regional concentration with the largest three regions accounting for 19.20% (Catalonia), 12.04% (Madrid) and 11.71% (Basque Country) of the Portfolio.

Challenges

- The challenging economic environment in Spain.
- The exposure of the Issuer to BBVA as the Originator, Servicer, Account Bank, and Paying Agent.
- Approximately 16.21% of the portfolio is exposed to the aggregate Real Estate and Construction sectors.
- The absence of any interest rate hedging arrangements, thus exposing the Issuer to basis and re-pricing risk.

Mitigating Factors

- The Reserve Fund is available to pay the interest and fee shortfalls in the Priority of Payments.
- The transaction is a static transaction which will allow the Notes to pay down as rapidly as possible.
- The exposure to interest rate risk is addressed in DBRS analysis by incorporating stressed spread assumptions in its cash flow modelling.
- DBRS maintains public ratings, private ratings, or internal assessments in order to evaluate and monitor the potential risk that counterparties pose to the performance of the Notes. At the time

of assigning these ratings, all transactions participants either meet or exceed DBRS counterparty requirements, which are publicly available in the published legal criteria referenced at the end of this report.

Transaction Parties and Relevant Dates

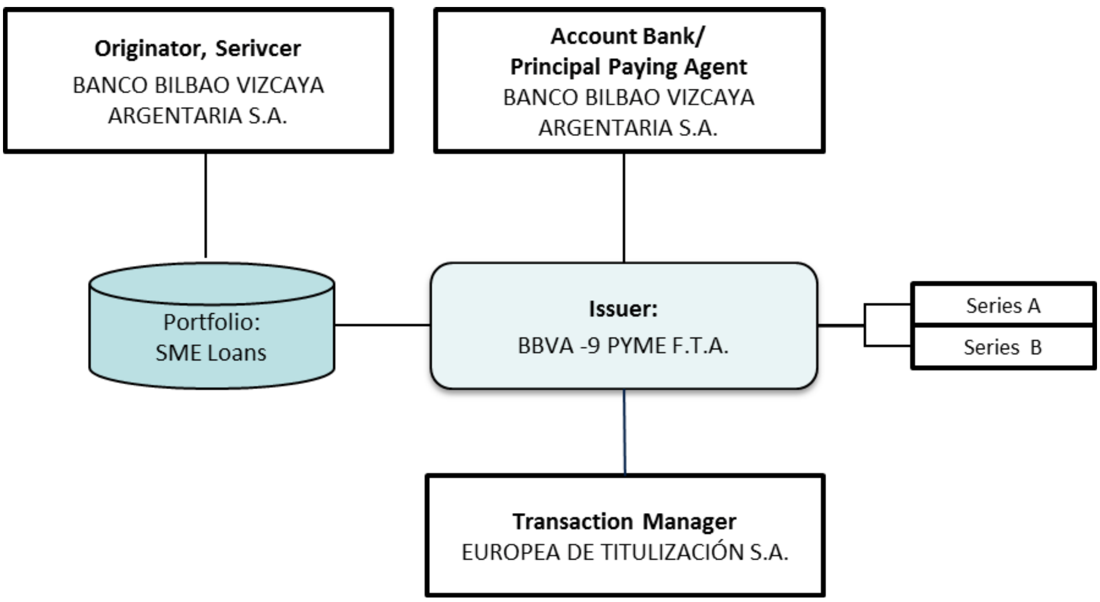
Transaction Parties

Type	Name	Current Rating
Issuer	BBVA-9 PYME FTA	N/A
Originator/Seller	BBVA	A / R-1 (Low) Negative Trend
Servicer	BBVA	A / R-1 (Low) Negative Trend
Account Bank	BBVA	A / R-1 (Low) Negative Trend
Paying Agent	BBVA	A / R-1 (Low) Negative Trend
Transaction Administrator	Europea de Titulización, S.A., S.G.F.T.	N/A
Arranger	BBVA	A / R-1 (Low) Negative Trend

Relevant Dates

Type	Date
Issue Date	24 December 2012
DBRS Rating Date	26 December 2012
First Interest Payment Date	19 March 2013
Payment Frequency	Quarterly, on the 18th day of March, June, September & December.
Call Date	When the asset balance is less than the 10%of the original portfolio
Legal Final Maturity Date	December 18, 2044

Transaction Structure



Transaction and Counterparty Overview

DBRS evaluates the potential credit impact on DBRS ratings based on the performance of counterparties that face issuers in the capacity of derivative counterparties, account banks, custodian, or other roles. To minimise the impact that the failure of such counterparties would have on the DBRS rated debt, each counterparty is required to satisfy minimum rating, or other requirements as outlined in the current publicly available DBRS *Legal Criteria for European Structured Finance Transactions*. For this transaction, each counterparty satisfies such criteria, based upon DBRS public ratings, private ratings, or private internal assessments.

Role	Counterparty Name	Minimum Rating	Actual Rating
Issuer Account Bank/Paying Agent	BANCO BILBAO VIZCAYA ARGENTARIA S.A.	BBB	A / R-1 (low) Negative Trend

Issuer

BBVA-9 PYME FTA is an SPV created in accordance with Spanish securitisation law and regulated by Royal Decree 926/1998. Under the securitisation laws, the SPV is a separate and independent patrimony from the Originator ("Patrimonio Separado"), but does not have any legal personality or capacity. The Issuer is represented by Europea de Titulización, S.A., S.G.F.T. (the "Management Company" or "Sociedad Gestora"). All acts performed and all contracts, transactions or agreements executed by the Management Company on behalf of the Issuer are considered, under Spanish law, as acts performed, and transactions, agreements or contracts executed by the Issuer.

Originator and Servicer

BBVA was formed through multiple mergers, the last of which took place in 1999 between Banco Bilbao Vizcaya and Argentaria. BBVA is now an important international financial group, employing over 100,000 staff, both domestically and internationally across 7,000 branches.

BBVA will be responsible for the collection of all payments due by the borrowers on the loans, managing relationships with borrowers, monitoring the performance of the loans and initiating recovery processes against defaulted or non-performing borrowers. BBVA will transfer all the collections received on to the Treasury Account within two business days.

Management Company

Europea de Titulización, S.A., S.G.F.T. ("EdT") acts as the Transaction Administrator and legal representative of the Issuer and will be responsible for all administrative functions, including priority of payments calculations, instructing payments from and to the Treasury Account, maintaining the financial accounting of the Issuer, preparing performance reports and providing information to the regulators and rating agencies. The Transaction Administrator is also responsible for representing the note holders' interests in the Issuer, as well as determining whether counterparties should be replaced under certain circumstances.

BBVA owns 87.5% of Europea de Titulización, S.A., S.G.F.T.

Collections Account Bank

BBVA will act as the Collections Account Bank. All payments received on the loans will be initially domiciled in the Collections Account. All collections are then transferred to the Treasury and Interest Accounts within two business days.

Account Bank and Paying Agent

BBVA will act as the Account Bank and maintain the Treasury Account, where all the collections and Reserve Fund amounts will be held.

As per the transaction documentation, in case of withdrawal of the rating or downgrade of the Long Term Rating of the Account Bank below BBB, the Account Bank must either i) be replaced within 30 calendar days by a financial institution with a DBRS public rating, private rating or internal assessment of at least

BBB, or ii) find a guarantor with a public rating, private rating, or internal assessment from DBRS of at least BBB. If there are any costs incurred by these options, they will be at the expense of the original Account Bank or a guaranteed Account Bank.

Origination and Servicing

DBRS conducted an operational review of BBVA's SME operations in October 2012 in Madrid, Spain. DBRS considers the originations and servicing practices of BBVA to be consistent with those observed among other Spanish SME lenders.

The initial creation of the BBVA group began in 1857 when the Spanish Board of Trade sponsored the creation of Banco de Bilbao. Until the 1890s, Banco de Bilbao was the only bank in the area surrounding Bilbao. Following several mergers and acquisitions throughout the 20th century, Banco de Bilbao and Banco de Vizcaya merged in 1988 to form BBV. Furthermore in 1998, the Corporacion Bancaria de España, along with Caja Postal, Banco Hipotecario and Banco Exterior merged to form Argentaria. BBVA was created in 1999 by the merger of BBV and Argentaria. The final integration of the group's retail businesses in Spain in 2001 led to the creation of the large branch network under the BBVA banner.

BBVA is currently the second largest bank is Spain and has operations in approximately 40 countries, particularly Latin America. Over the last several years, the bank has expanded into the U.S. and Asia. As of the end-June 2012, BBVA had total assets of approximately EUR 550 billion.

DBRS downgraded BBVA's issuer and senior debt rating to A / R-1 with a Negative Trend in August 2012 following the sovereign downgrade of Spain.

Origination and sourcing

All loans are sourced entirely through BBVA's branch network, which incorporates business centres for large companies and franchises for new projects. The network has reduced from 3,547 offices as at end-2010 to 3,369 as at end-June 2012.

BBVA offers the standard products common in the Spanish market, including: secured loans (backed by mortgage or other guarantee), and unsecured loans and facilities. Unsecured products are generally short terms, typically less than 18 months, while secured loans have a maximum term of 30 years. However, secured loans can be extended by an additional five years, following a review by credit risk and subject to management approval. Variable and fixed rates are available, as well as monthly, quarterly and semi-annual payment options. Monthly payments are the most common and represent over half of all loans within the bank's portfolio.

Borrowers are grouped into one of three categories based on annual turnover. Where smaller **SMEs** are defined as having annual revenue over EUR 2 million, **Corporates** are defined as companies with turnover between EUR 5 million to EUR 100 million. **Large Corporates** denote companies with turnover exceeding EUR 100 million.

Underwriting

While the origination and loan approval processes are generally performed at the branch level, all applications are submitted to a regional team for review and approval. The review includes an analysis of financial statements, historical analysis of the debtor's exposure to both BBVA and the wider Spanish banking system, and valuations for secured loans.

As is consistent with the overall Spanish market, full income verification is conducted on all customers. This verification includes collection of the last two years of audited financial statements, tax returns, acts of incorporation and lists of outstanding loans.

Each client is given a specific rating. The rating together with the amount of the loan determines the level of authority that will approve or decline the loan. Occasionally a loan application will be passed to a more senior level depending on the risk or exposure and this will be at the 'holding risk' team.

Within the approval process, each applicant is given a credit score. Credit Scores are derived using: income and employment data received from the applicant, internal sourced data and external data. Internally sourced data is particularly important for existing bank clients and helps determine the subsequent behavioural score. This data is very granular and BBVA has over 20 years of data to use. In addition, external data is obtained for SME and corporate applicants from 'Informa' and other external databases.

Although the internal rating is used for assessing risk, it is not the driver for accepting or declining a loan. The acceptability of the loan is determined by the analyst assessing all the data provided.

BBVA uses internal rating models for its SME and corporate clients. The models were developed in 2002 and follow the "internal ratings-based" (IRB) approach. The models are used initially for assessing the borrower's creditworthiness and overall risk profile. The models are also used as an on-going monitoring tool. At the time of the review, the monitoring-component of the system was recently implemented and was being used in a support capacity, pending future validation and back-testing. SME loans are reviewed monthly, and upon the receipt of a new loan application; corporate ratings are reviewed annually, and following a corporate reorganisation or restructure.

All models and parameters are validated by BBVA's internal validation department, as well as by the bank's internal audit department. The majority of models have been approved by the central bank and are subject to on-going supervision. The validation department selects models to be reviewed annually, triggered by changes in economic cycle, policy changes and/or the model's age regardless of the predictive capacity of the model. Credit risk parameters are recalibrated annually and must be validated both internally and by the Bank of Spain.

Valuations

BBVA has an internal appraisal department responsible for: carrying out valuations of select properties, managing external valuers, and reviewing all valuations conducted by external appraisers. All appraisals are performed according to BBVA guidelines and standard valuation templates are used.

Assets are officially re-valued once every three years as per the Bank of Spain guidelines, although values are checked more frequently using statistical models.

Summary strengths

- No external sourcing channels for new originations.
- Standard lending policy across all regions and centralised decision making authority.

Summary weaknesses

- Overrides to credit policy are allowed.
  Mitigant(s): Clear separation of authorisation processes exists the risk management division is responsible for the override process, and the centralised credit division provides approval for all overrides.

Servicing

The operational loan management department, centralised in Madrid, is responsible for all loan management and servicing activities. Primary borrower contact is managed at the branch level, including early arrears management activities.

Monitoring is divided into two lines: Statistical and Client. Statistical monitoring is conducted through the monitoring tool and through monthly monitoring committees. In the committee meetings, the current status of the clients and the monitoring risk policies are reviewed, taking into account the different geographical areas and the branches with a similar client portfolio. The client monitoring, however, uses an alert system. The alert system has: general risk alerts; business risk alerts and rating alerts. The general risk alerts are controlled by a tool using daily and weekly information. When alerts are triggered a meeting is scheduled to review the current situation. The ratings are analysed monthly to determine if the client needs to provide a new balance sheet data, if the rating of the client has dropped significantly, or if the rating is below the BBB threshold, thus necessitating a monitoring review and action plan. The alerts and rating together are used to categorise the clients into: Operative; Watch; Reduce or Extinguish.

The monitoring process in Commercial Banking is the responsibility of the monitoring analysts within the Risk Department. Each monitoring analyst controls a specific geographical area with approximately 50 branches. The main functions of the monitoring analyst are: to communicate and to apply the general policies of the Risk Department; to create specific action plans for their zone; and to provide assistance and guidance to the branches with monitoring according to the Risk policies.

The Large Companies and Corporate Bank area performs their monitoring functions primarily in the Central Office, with additional monitoring teams in each region. Their main functions are: to review the indicators and evolution of risk quality; to conduct daily monitoring of the irregular investments (transaction in arrears); to coordinate and to review the client's rating; to follow the clients with "WATCH" and "WITH PROBLEMS" alerts; and to provide answers regarding the Risk Portfolio

DBRS reviewed the bank's origination and servicing systems as part of the operational assessment, and believes them to be sufficient to meet BBVA's operational needs.

Like most Spanish banks, payments are primarily made through direct debit, although borrowers can submit payments via bank transfer or pay directly at the branch. In line with the rest of the Spanish market, the majority of loans are on monthly payment schedules, although the Portfolio does include some quarterly, semi-annual and annual schedules.

The bank follows standard collections and arrears management strategies, including compliance with regulatory guidelines surrounding the definitions of delinquency, watch list, and default. Borrower contact is managed through the local branch. Automated, standard letters are generated through the servicing system and sent to the borrower on approximately day 10 and day 45.

The Recoveries Department is staffed by 184 people in three different areas: Operations, Outsourcing/Externalisation, and Judicial Process. Low risk profile clients (where the risk in consumer loans is less than EUR 1,500) are controlled by the Externalisation Department. The Externalisation Department is responsible for the monitoring process of all smaller delinquent transactions/clients which have been outsourced to specialized recovery companies.

The Recovery Process is aided by a Recovering Tool that stores client data, as well as information concerning the history and developments in the Recovery Process.

The Recoveries Department is responsible for the following:

- Payments agreements, extrajudicial agreements that can be forced by the court;
- Communications, internal policies concerning the communications and legal obligations; and,
- Collateral Assets, providing information about all the assets and collateral of the client.

The bank's internal rating system is used to monitor the loan and helps to set the appropriate workout strategy. Legal proceedings are generally initiated only after a loan is officially classified as a default and all previous attempts at an out-of-court resolution have been exhausted.

Timelines and recovery rates are consistent with BBVA's peers.

Summary strengths

- Standard Spanish servicing practices.
- Timelines and recovery rates are consistent with BBVA's peers.

Opinion on Back-Up Servicer: No backup servicer has been specified at closing. DBRS believes that BBVA's current financial condition mitigates the risk of a disruption in servicing following a servicer insolvency or event of default.

Interest Rate Risk

The Issuer has not entered into any interest rate hedging agreements and is therefore exposed to basis risk, as well as potential liquidity risks due to the timing mismatches between payments on the Series A Notes and Series B Notes (quarterly), and payments collected on the Portfolio (a mixture of mainly monthly and quarterly paying loans), along with some semi-annual paying and a small amount of annual-paying debt.

The timing mismatch could result in a temporary shortfall, which could lead to the default of the Series A Notes or the Series B Notes. DBRS considers this risk to be mitigated by the fact that the Portfolio benefits from a granular principal amortisation schedule (assuming 0% unscheduled pre-payments). The Principal Proceeds generated by the amortisation of the Portfolio can be used to cover the senior fees and interest due on the Series A Notes and Series B Notes. In addition, the Reserve Fund is specifically designed to cover potential shortfalls on the Notes over the life of the Notes.

The basis risk could affect the performance of the transaction, leading to an interest shortfall resulting from adverse movements in the interest rate index on the Notes versus the interest rate indices on the Portfolio. This risk is partially mitigated by the excess spread that the Portfolio generates and can be used to cover this potential interest shortfall.

DBRS has analysed the historical relationship between different EURIBOR indices and has determined average basis risk between the different indices pairs. Based on the interest rate distribution of the Portfolio, DBRS assumed a stressed basis of 0.57%.

Legal Structure

The Issuer is incorporated and regulated under Spanish laws. The key Spanish securitisation laws regulating this transaction are (i) Royal Decree 926/1998 governing Asset-Backed Securitisation Funds and Securitisation Funds Managing Companies, and (ii) Law 19/1992 on Real Estate Investment Companies and Funds and Mortgage Securitisation Funds.

The securitisation laws do not include a full and complete legal framework for securitisations and, in many respects, the legal analysis relies on general law regarding commingling, tax, transfer of assets, and risks related to the counterparties of the Issuer. In addition, the general laws of the mortgage market, Law 2/1981 and Royal Decree 716/2009 (the “Mortgage Market Laws”) are key considerations in mortgage-backed securities transactions, and any rating analysis by DBRS also takes these laws into consideration.

More details on the legal framework in Spain can be found on the DBRS *Legal Criteria for European Structured Finance Transactions* methodology, published April 2012 in the section “Addendum – Spain”.

Current Transfer/Assignment of Receivables

In Spanish securitisations, the transfer of receivables must be made in writing, but the consent of the underlying obligor is not necessary. Neither Royal Decree 926/1998 nor the Mortgage Market Laws require the formalisation of the transfer in a public deed. However, the transfer of receivables either through the issuance of mortgage securities (Participaciones Hipotecarias or Certificados de Transmisión de Hipoteca) or through the ordinary transfer of non-mortgage receivables is usually documented in a public deed for the record of the date of execution for purposes of its effect vis-à-vis third parties and, therefore, to be recognised by regulators or insolvency officers.

In this transaction, the transfer of the loans and the Credit Rights on the mortgaged collateral from BBVA to the Issuer is done directly in the public deed on the date of incorporation of the Issuer. The transfer of the Credit Rights from the mortgage loans is also transferred on the incorporation date through the issuance of mortgage transfer certificates (Certificados de Transmisión de Hipoteca) and their subscription by the Issuer.

Representations Relating to the Loans Given to the Issuer

The following is a selection of the representations given to the Issuer relating to the collateral at the Transaction Close Date. For a full list, please see the Prospectus.

- All the Credit Rights are duly documented and formalised, and the corresponding agreements are available to the Management Company.
- All the Credit Rights exist, are valid and enforceable.
- BBVA rightfully holds all the Credit Rights, and that there are no restrictions to their sale to the Issuer.
- All the loans have been granted to SMEs according as SMEs European Commission definition.
- The loans were originated by BBVA in its normal course of business and using its normal criteria.
- The loans from which the Credit Rights are derived are being serviced by BBVA.
- There are no legal claims against the Credit Rights that may adversely affect their validity.
- BBVA has no knowledge of any bankruptcy of any of the borrowers included in this Portfolio.
- None of the loans have been made to employees of, or companies related to, BBVA.
- None of the Credit Rights finance unfinished real estate promotions.
- None of the loans allow payment holiday periods.
- None of the loans come from the renegotiation of a previous loan in arrears.
- All the principal of all the loans has been drawn down prior to inclusion in the loan portfolio.

Buy-Back/Indemnity Mechanics for the Breach

In case it is detected that any Credit Rights have hidden defects, the seller will agree to repair the hidden defect within 30 days following its identification or notification. In case the above is not possible, the seller will replace the asset for another of similar characteristics within 30 days.

In the case of mortgage loans, the seller will replace the corresponding Mortgage Transfer Certificate with another of similar characteristics that is acceptable to EdT and does not affect the ratings of the Notes. The affected seller will pay the replacement expenses.

Financial Structure

Transaction Cash Flow

The Servicer will collect all payments received on interest and principal (including recoveries) from the portfolio on an on-going basis. On each Payment Date, the amounts available on the Treasury Account will be distributed in accordance with the Priority of Payments as summarised below.

Priority of Payments

(i) Taxes and ordinary and extraordinary expenses.
(ii) Interest due on the Series A Notes.
(iii) Interest due on the Series B Notes, unless the cumulative balance of Defaulted Loans is greater than or equal to 5% of the Initial Balance of the Loans, at which point the payment is moved to (v) place.
(iv) Amortisation withholding amount.
(v) Interest due on Series B Notes when this payment is deferred from (iii) place in the order of priority as established therein.
(vi) Withholding of an amount sufficient for the Required Reserve Fund Amount to be maintained.
(vii) Subordinated Loan interest due.
(viii) Subordinated Loan principal to the extent amortised.
(ix) Start-Up Loan interest due.
(x) Start-Up Loan principal to the extent amortised.
(xi) Servicer fees established in the Servicing Agreement.
(xii) Financial Intermediation Margin.

Early Liquidation Events

The early liquidation of the Issuer will occur for the following reasons:

- Performing balance of Credit Rights is less than 10% of the initial balance of Credit Rights, provided that such sale would result in the full redemption of all the outstanding Notes.
- If there are circumstances that affect the financial balance of the Issuer.
- If the Management Company is declared bankrupt, and, after four months, there is no replacement.
- If any of the Notes have defaulted.
- If the Management Company has the consent of all note holders to liquidate the Issuer after one year since the inception of the transaction has elapsed.
- Six months before the Legal Final Maturity Date.

Liquidation Priority of Payments

(i) Reserve to meet the final tax, administrative or advertising termination and liquidation expenses.
(ii) Taxes and ordinary and extraordinary expenses.
(iii) Interest due on the Series A Notes.
(iv) Principal due on the Series A Notes.
(v) Interest due on the Series B Notes.
(vi) Principal due on the Series B Notes.
(vii) In the event of the credit facility or the loan being arranged payment of the financial expenses accrued and repayment of principal of the credit facility or the loan taken out.
(viii) Subordinated Loan interest due.
(ix) Subordinated Loan principal.
(x) Start-Up Loan interest due.
(xi) Start-Up Loan principal.
(xii) Servicer fees established in the Servicing Agreement.
(xiii) Financial Intermediation Margin.

Payment Timing

Interest due on the Notes for each subsequent period is determined two days before the start of the current period Payment Date. The transaction pays interest and principal on a quarterly basis on the 18th day of March, June, September and December. Interest on the Notes is based on 3 month EURIBOR.

Security

Claims

The Portfolio consists of Credit Rights granted by BBVA to SMEs and self-employed individuals in Spain. At the time of the rating, approximately 34.7% of the outstanding balance of Credit Rights were secured by first lien mortgages on residential and commercial property situated in Spain.

Servicer Agreement

BBVA will act as the Servicer of the Portfolio SME loans. The Servicer will continue to manage the collection of all the amounts owed by the debtors and that derive from the Credit Rights. The Servicer will employ standard due diligence to ensure that the payments are collected in accordance with the terms and contractual conditions of the Credit Rights.

Mechanics of Servicing

The Servicer is expected to monitor and manage the Credit Rights sold to the Issuer with the same care and diligence as it does to its own loans. The Servicer will be responsible for the collection of all payments due by the borrowers on the Credit Rights, managing relationships with borrowers, monitoring the performance of the loans, and initiating recovery processes against defaulted or non-performing borrowers.

The Servicer is allowed to negotiate changes to existing loans within the permitted variations foreseen in the Servicing Agreement. The permitted variations are mainly limited to changes in the interest rate and maturity of the Credit Rights.

Commingling Risk

The Servicer will pay all of the amounts received from loans within two business days of being collected to the Issuer's Treasury Account opened with the Account Bank. However, as the Account Bank is BBVA, there is a significant amount of exposure of the Issuer to BBVA. Nevertheless, DBRS gains comfort from the fact that BBVA is rated A / R-1 (low) Negative Trend, and that there exist provisions established in the transaction documentation to take certain remedial actions if once the long term rating of BBVA falls below BBB.

Once the Servicer is downgraded below BBB (low) by DBRS, it must either: appoint a Back-Up Servicer, appoint a replacement Servicer, or constitute a deposit to mitigate the commingling risk.

Servicer Termination

The Servicer Agreement can be terminated under certain conditions by the Management Company. The primary reasons for which a Servicer could be terminated are a breach of the obligations of the Servicer under the Servicer Agreement, the insolvency or bankruptcy of the Servicer, or if the Servicer ceases to have the necessary authorisation by the Bank of Spain to provide such services. In cases where a Servicer Agreement is terminated, the Management Company will appoint a replacement Servicer.

The Servicer Agreement can also be voluntarily terminated by the Servicer only once the Servicer has proposed a new replacement Servicer, which does not add additional costs to the Issuer and does not negatively impact the rating of the Notes. Any event of the Servicer replacement needs to be communicated to the Comisión Nacional del Mercado de Valores ("CNMV"), the Spanish financial securities markets regulator, and the rating agencies.

Credit Enhancement

The Notes benefit from credit enhancement in the form of the excess of the balance of the collateral above the notional of the aggregate outstanding balance of the Notes in question, and the Notes senior to the ones in question. Additionally, the transaction also benefits from the excess spread that will be used to pay down the Notes and replenish the Reserve Fund in case of defaults of the loans leading to a shortfall in the interest proceeds.

At the time of Issuance, the assets of the Issuer were:

Asset (as of the DBRS Rating Date)	Balance (EUR)
Total Credit Rights	470,013,938
Reserve Fund	84,600,000
Performing Asset Sub Total	**554,613,938**

Source: BBVA and DBRS
Note: Numbers might not add up to total shown due to rounding

And the current capital structure and credit enhancements of the Notes are:

Debt (as of the DBRS Rating Date)	Balance (EUR)	Credit Enhancement (EUR)
Series A Notes	400,000,000	154,600,000
Series B Notes	70,000,000	84,600,000

Reserve Account

The Reserve Fund is available to cover missed interest and principal payments on the Series A Notes and Series B Notes throughout the life of the transaction. As of the Issue Date, the balance in the Reserve Fund (the "Initial Reserve Fund") equalled EUR 84,600,000, equivalent to 18% of the aggregate Portfolio balance at closing.

The purpose of the Reserve Fund is to:

- Offset losses from defaulted Credit Rights.
- Provide additional funds to pay any shortfalls in the amount available to pay the senior expenses and interest on the Notes.

At any point, the Reserve Fund will be the minimum of:

- EUR 84,600,000; and
- The higher of:
  - 36% of the Outstanding Principal Balance of the Notes.
  - EUR 42,300,000.

No reduction of the Required Reserve Fund level will be made in the event of any of the following:

- During the first three years of the transaction.
- That on the current Payment Date, the Reserve Fund cannot achieve its Required Reserve Fund amount required for such Payment Date.
- The Outstanding Principal Balance of the Non Defaulted Credit Rights in arrears equal or above 90 days is higher than 1.0% of the Outstanding Principal Balance of the Non-Defaulted Credit Rights.

Performance Triggers

Interest on the Series B Notes can be deferred to a lower priority on the Priority of Payments to allow excess spread to be used either to pay down the Series A Notes and replenish the Reserve Fund, or to prevent principal proceeds from the Portfolio being used to pay interest on the Series B Notes.

Interest on the Series B Notes will be deferred to a lower priority if the cumulative balance of Defaulted Loans is greater than or equal to 5% of the Initial Balance of the loans (defaulted loans are defined in the transaction documents as loans in arrears for more than 18 months).

Data Quality

BBVA provided a complete data set regarding the information on the loan portfolio that is consistent with the DBRS data template. BBVA has also provided historical data on the performance of SME loans. The historical data was organised by vintages, with information on the number and value of loans over 90 days in arrears. BBVA provided data from 2004 to the end of 2011 but was not able to provide default information for 2012. For the historical defaults analysis, calculations were performed considering the last six years of available data.

DBRS determined key inputs used in our analysis based on historical performance data provided for the Originator and Servicer, as well as analysis of the current economic environment.

The sources of information used for this rating include parties involved in the rating, including but not limited to EdT and BBVA. DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

Collateral Analysis

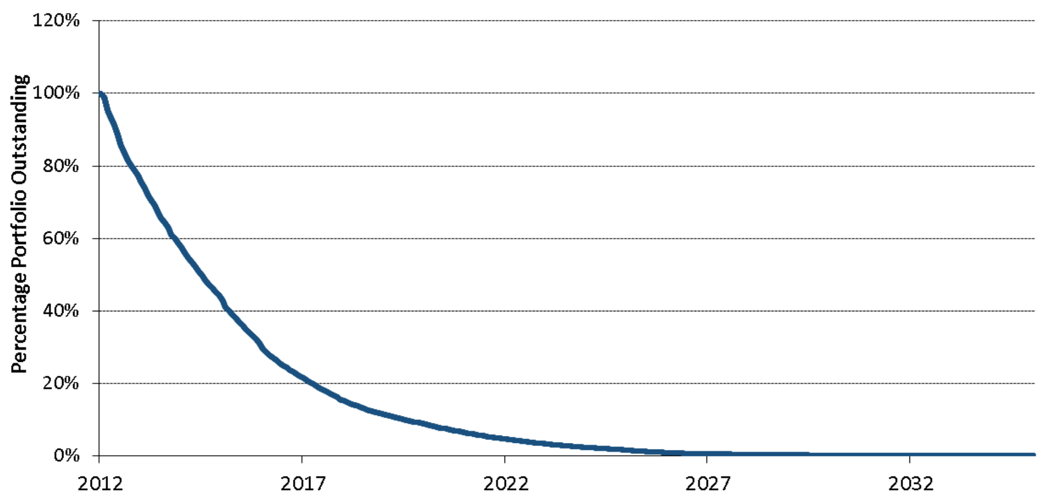
Collateral Balance Summary (as of 24 December 2012)

Borrower Type	Micro-companies	67.44%,
	Enterprises	15.07%
	SME	17.49%
Performing Balance (EUR)	470,013,938	
Number of Loans	2,992	
Number of Borrowers	2,785	
Floating/Fixed Loan Mix	Floating	81.58%
	Fixed	18.42%
Average Loan Size (EUR)	157,090	
Average Borrower Exposure (EUR)	168,766	
Weighted Average Interest Rate	Floating Spread	2.66%
	Fixed Rate	5.85%
Weighted Average Maturity (Years)	5.92	
Mortgage 1st Lien Percentage	34.66%	
Weighted Average Life (Years)	3.43 years	
Obligor Concentration	Largest	0.94%
	Top 10 Largest	7.03%
	Top 20 Largest	11.90%
Loan Origination Dates	2003 - 2012	
Delinquency (EUR)	Loans in arrears up to 30 days	3,669,452

Source: BBVA and DBRS

Amortisation Profile

As of the DBRS closing date, the collateral portfolio has a weighted average life of 3.43 years. The Notes have been amortising from the first Payment Date. The scheduled amortisation profile (assuming 0% CPR) of the underlying loans is below.



Source: BBVA and DBRS

Portfolio Distribution – Collateral Type

The Portfolio of loans benefits from multiple types of guarantees including mortgages, personal guarantees and pledges, other assets and cash deposits. As per the DBRS SME methodology, DBRS will assign a senior secured recovery rate to those loans benefiting from first lien mortgage collateral (34.66% of the portfolio). The remaining loans will be treated as senior unsecured. The resulting recovery rates for the Notes are:

	Percentage of Portfolio Balance	AA/A Recovery Rates	BBB and below Recovery Rates
Secured Percentage	36.44%	34.50%	37.00%
Unsecured Percentage	65.34%	24.50%	27.00%
Total / WA Recovery Rates	**100.00%**	**27.97%**	**30.47%**

Source: BBVA and DBRS
Note: Numbers might not add up to total shown due to rounding

Portfolio Distribution – Borrower Location by Region

Region	Percentage of Portfolio Balance
Catalonia	19.24%
Madrid	12.04%
Basque Country	11.71%
Valencia	12.74%
Andalusia	10.94%
Canary Islands	6.45%
Castilla-León	4.16%
Galicia	4.34%
Aragon	3.01%
All Other Regions	*15.37%*
Total	**100.00%**

Source: BBVA and DBRS
Note: Numbers might not add up to total shown due to rounding

Portfolio Distribution – Loan Interest Payment Frequency

Region	Percentage of Portfolio Balance
Annual	1.62%
Semi-Annual	7.24%
Quarterly	27.39%
Monthly	63.75%
Total	**100.00%**

Source: BBVA and DBRS

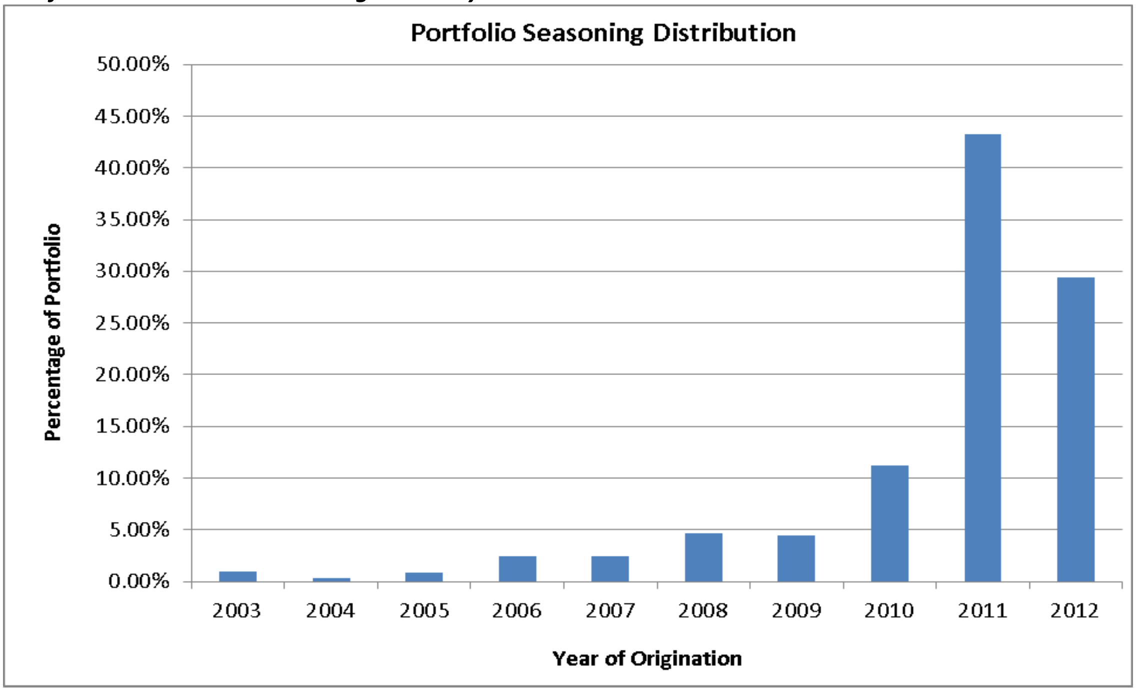
Portfolio Distribution – Borrower Industry Sector Classification

The Portfolio exhibits a moderate distribution with respect to industry concentrations. Aggregate Construction plus Real Estate activities are at approximately 16.2%, which is comparable to other Spanish SME CLOs.

Industry Classification	Percentage of Portfolio Balance
Manufacturing	24.50%
Wholesale & Retail Trade; Automotive Repair	19.43%
Construction	8.28%
Real Estate Activities	7.93%
Hotels & Food Service	6.84%
Administration & Support	6.18%
Professional, Scientific & Technical Services	4.58%
Agriculture	4.28%
Communications & IT	2.75%
Goods Transportation	3.26%
Finance & Insurance	2.96%
Health & Social Work	2.38%
Arts & Entertainment	1.78%
Utilities	1.68%
All Other Industries	*3.18%*
Total	**100.00%**

Source: BBVA and DBRS
Note: Numbers might not add up to total shown due to rounding

Portfolio Distribution – Loan Origination by Year



Source: BBVA and DBRS

Portfolio Distribution – Amortisation Type

Amortisation Type	Number of Loans	Percentage of Portfolio Balance
French	2,176	65.95%
Customised	636	24.93%
Bullet	155	7.96%
Semi-bullet	25	1.17%
Total	**2,992**	**100.00%**

Source: BBVA and DBRS

Note: Numbers might not add up to total shown due to rounding

Portfolio Distribution – Largest Borrower Exposures

The top ten obligors represent 7.03% of the outstanding balance of the performing Portfolio balance.

Ranking	Balance (EUR)	Percentage of Portfolio Balance	Region	Industry
1	4,400,000	0.94%	Asturias	Construction
2	4,009,000	0.85%	Madrid	Communications & IT
3	4,000,000	0.85%	Balearic Islands	Hotels & Food Service
4	3,852,601	0.82%	Madrid	Construction
5	3,000,000	0.64%	Madrid	Real Estate
6	2,921,520	0.62%	Valencian Community	Wholesale & Retail Trade; Automotive Repair
7	2,900,000	0.62%	Madrid	Finance & Insurance
8	2,671,314	0.57%	Basque Country	Finance & Insurance
9	2,650,577	0.56%	Galicia	Wholesale & Retail Trade; Automotive Repair
10	2,650,000	0.56%	Valencian Community	Professional, Scientific & Technical Services
Total	**33,055,501**	**7.03%**		

Source: BBVA and DBRS

Note: Numbers might not add up to the totals shown due to rounding

DBRS Analysis

Asset Analysis
Based on the analysed portfolio and its characteristics, as well as the Originator's historic default performance, DBRS used its SME Large Pool Model to determine a lifetime default rate at the required rating level. Break even default rates on the Series A Notes were determined using the DBRS CDO Cash Flow Model. Referencing the *Master European Granular Corporate Securitisations (SME CLOs)* methodology, the minimum break even default rate is computed over nine combinations of default timing and interest rate stresses.

At the A (sf) and BB (sf) ratings levels, the average break even default rate over the nine scenarios must exceed the level from the SME Large Pool Model.

Average Annualised Default Rate
The average annualised default rate is determined from the historical data supplied by the Originator. The probability of default derived from the historic data provided a base case upon which risk adjustments were applied. A sovereign adjustment was required, as the rating of the Kingdom of Spain is below AA (low).

For this transaction DBRS considered an annual base case probability of default ("PD") of 3.37%. The DBRS base case PD is based on the performance data, provided by BBVA, based on the last six years.

Granularity Default Risk
The basis of the DBRS analysis is that the portfolio is granular so that the impact of any one borrower defaulting is not greater than for any other one. However, when the size of the largest borrowers is too large, this is no longer true and can be dealt with in several ways.

It was determined that the portfolio for this transaction was of sufficient granularity, and therefore no additional stresses were required.

Sovereign Default Risk
In the analysis of securitisation transactions, the effect of external influences is often minimised through restrictive requirements. For example, the risk of the Account Bank defaulting - and the Issuer being unable to have access to its money - is reduced by setting a minimum rating for the Account Bank and making it a requirement that such bank be changed if its rating drops below the threshold. If the Account Bank is not changed in this situation, then the transaction runs the risk of its rating being reduced irrespective of the performance of the assets.

In May 2011, DBRS published the commentary, *The Effect of Sovereign Risk on Securitisations in the Euro Area*, which discussed the risks faced by European securitisations as the rating of the domiciled country declined. The impact of sovereign default on structured securitisations is difficult to predict, as there are no historical examples to reference.

Based on this discussion, DBRS therefore stresses the annualised default rate for a transaction once the rating of the domicile country is below AA (low). The amount that the default rate is increased by depends on the Weighted Average Life of the portfolio and the actual rating of the country. The rating of the Kingdom of Spain is A (low), and the annualised default rate was adjusted accordingly.

Correlation
Based on the *Master European Granular Corporate Securitisations (SME CLOs)* methodology, the correlation must be selected from a range. The transaction has moderate/high industry concentrations and moderate/high regional concentrations (with 19.24% in Catalonia and 12.04% in Madrid as the two largest regional concentrations) thus the correlation was set as the "high" range. Therefore, DBRS decided to use the high-level correlation of 17.5% at the A (sf) rating level and 14.5% at the BB (sf) rating level for the analysis.

Recovery Rates

DBRS applies the recovery rates as defined in its *Master European Granular Corporate Securitisations (SME CLOs)* methodology. For collateral benefitting from a first lien mortgage guarantee, DBRS applies a higher recovery rate than that applied to collateral without such a senior mortgage guarantee. In addition, the recovery rate assumed is lower for higher target ratings, reflecting an additional stress on the higher rated Notes.

1st Lien Mortgage Seniority?	Percentage of Portfolio	AA/A Recovery Rates	BBB and below Recovery Rates
Yes	33.32%	34.50%	37.00%
No	66.68%	24.50%	27.00%
Total	**100.00%**		
Weighted Average Recovery Rates		**28.18%**	**30.33%**

Source: BBVA and DBRS
Note: Numbers are based in the provisional portfolio

Overall Rating Parameter Inputs for the Large Pool Model

The inputs used to calculate the portfolio default rate are:

Parameters	Amounts
WAL of Portfolio (Years)	3.43
Assumed 1 Year Default Rate	3.37%
Correlation for rating of "A"	17.5%
Correlation for rating of "BB"	14.5%

The expected portfolio Lifetime Total Default Rates for the required ratings (based on the inputs described in the table above) are indicated below:

Target Rating	Correlation	Lifetime Total Default Rate
A (sf)	17.5%	46.31%
BB (sf)	14.5%	23.93%

Interest Rate Scenarios

The purpose of the interest rate stress scenarios is to determine whether the transaction has any systemic interest rate risk exposure, such as due to having all floating rate liabilities and at least some fixed rate assets without a swap. To do this, in addition to the forward interest rate curve, increasing and decreasing interest rate scenarios are run.

The higher the target rating, the more extreme the level of interest rate stress that is used. For example, the interest rates assumed under the increasing interest rate stress scenario are higher for a target rating of AAA (sf) than they are for a target rating of BB (sf). The increasing and decreasing interest rate stress scenarios are referred to as the "Up" scenario and the "Down" scenario, respectively. The interest rate stresses are discussed in the DBRS methodology *Unified Interest Rate Model for U.S. and European Structured Credit*, published in January 2012.

There are three rating-specific interest rate stress scenarios:

- AAA (sf)
- AA/A (sf)
- BBB (sf) and below

For this transaction, the "AA/A (sf)" and "BBB (sf) and below" scenarios were used.

Default Timing Vectors Scenarios

In addition to the interest rate scenarios, DBRS also varies the timing of when the defaults occur. This is specified in the *Cash Flow Assumptions for Corporate Credit Securitizations* methodology, published in February 2012. There are three scenarios, which are used for all target ratings:

Default Vector	Year 1	Year 2	Year 3	Year 4
Front	40%	30%	20%	10%
Back	20%	30%	40%	10%
Smooth	30%	30%	30%	10%

Thus, for all ratings, the relevant interest rate scenario is run for each of the default timing vectors.

Overall Cash Flow Model Summary

The Lifetime Total Default Rate is the cumulative default rate that the transaction must survive if the specified Notes are assigned the target rating, under the nine interest rate and default timing vector scenarios described above.

Specifically, in order to pass the A (sf) rating level, the Series A Notes must not have any losses when, on average, 46.31% of the portfolio is defaulted, as per the default timing vectors above, under all three "AA/A (sf)" interest rate scenarios. In addition, interest must be paid on a timely basis. In order to pass the BB (sf) rating level, the Series B Notes must not have any losses when, on average, 23.93% of the portfolio is defaulted, as per the default timing vectors above, under all three "BBB (sf) and below" interest rate scenarios.

Cash Flow Model Results

Factor / Result	Series A Notes	Series B Notes
Recovery Rate	28.18%	30.33%
Recovery Delay (Years)	1 year	1 year
Target Rating	A (sf)	BB (sf)
Minimum Required Lifetime Default Rate	46.31%	23.93%
Average Actual Default Rate	46.98%	27.83%
Cushion	0.67%	3.90%
Result	**PASS**	**PASS**

Note: Numbers are based on the provisional portfolio

The results of the break-even default rate analysis indicate that the Series A Notes can withstand a higher default level than the level required for the A (sf) rating. Therefore, DBRS was able to assign A (sf) rating to the Series A Notes.

The results of the break-even default rate analysis indicate that the Series B Notes can withstand a higher default level than the level required for the BB (sf) rating. Therefore, DBRS was able to assign BB (sf) rating to the Series B Notes.

Due to the current counterparty rating triggers in the transaction documents being set at BBB, and as per DBRS criteria, the rating will be capped at A (sf) for the most senior tranche.

Assessment of the Sovereign

On the Issue Date, the DBRS ratings on the Kingdom of Spain's long-term foreign and local currency debt were A (low) Negative Trend. The negative trends reflect the uncertainty at that time with the financial markets, as well as the downside risks to the European and Spanish growth outlook.

For more information, please refer to the most recent published press release by DBRS regarding the Kingdom of Spain.

Monitoring and Surveillance

The rating of the Notes depends on the portfolio performance and counterparties' ratings. The main triggers that DBRS will rely on for monitoring are:

- Maintenance of the Reserve Fund at the required level;
- Updated SME default data from BBVA;
- Downgrade, below certain trigger levels, of the public or private internal credit ratings by DBRS of the counterparties engaged in the transaction;
- Default and recovery performance of the portfolio; and
- Any event of default by the Issuer.

DBRS will monitor the transaction on an on-going basis to ensure that it continues to perform as expected. Any subsequent changes in the rating will be publicly announced.

Note:
All figures are in Euros unless otherwise noted.

This report is based on information as of December 2012, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.