European - Structured Finance

Structured Credit - Spain

Rating Report

13 February 2012

Insight beyond the rating.

DBRS Ratings Limited

Transaction Close Date
12 March 2009

DBRS Close Date
29 November 2011

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BBVA EMPRESAS 2, F.T.A.

Ratings

Debt	Current Par Amount (EUR)	Current Credit Enhancement (EUR)	Investor Coupon (p.a.)	DBRS Rating	Rating Action
Series A	837,231,240	779,163,674	3 month EURIBOR + 0.30%	AAA (sf)	New Rating
Series B	153,900,000	--	3 month EURIBOR + 0.50%	NR	--
Series C	279,300,000	--	3 month EURIBOR + 0.80%	NR	--

Kingdom of Spain, Sovereign Rating: AA Negative Trend
Transaction Close Date: 12 March 2009
DBRS Rating Date: 29 November 2011

Transaction Summary

BBVA Empresas 2, F.T.A., 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 three series of asset-backed Notes to finance the purchase of the small and medium sized (“SME”) loans (at par). In addition, the SPV entered into a Start-up Loan Facility to finance the initial expenses of the SPV and a Subordinated Loan to finance a Reserve Fund account. Interest income received by the SPV will be distributed quarterly on the Payment Date according to the Cash Flow Waterfall established for payments of the Issuer.

The DBRS ratings of the BBVA Empresas 2, F.T.A. Notes are listed on Page 1. This securitisation has been structured as a public transaction with Series A, Series B and Series C Notes (collectively, the "Bonds"). The Series A Notes are senior and are supported by the subordination provided by the Bonds, and the EUR 451,733,142 from the current balance of the Reserve Fund.

DBRS based the rating primarily on:

- an evaluation of the underlying portfolio of SME and Corporate loans;
- the historical performance information and internal ratings information provided by the Originator;
- the credit enhancement provided through the Reserve Fund and the Bonds; and
- the legal and structural integrity of the transaction.

BBVA Empresas 2, F.T.A.

Report Date
13 Febuary 2012

Rating Rationale

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

- The evaluation of the underlying portfolio of loans granted to Spanish SMEs and Corporates;
- The evaluation of the operational capabilities of the Originator and Servicer;
- The evaluation of the credit quality and potential mitigants to the credit exposure of counterparties to the transaction;
- The historical performance information provided by the Originator;
- The credit enhancement provided through the performing portfolio in excess of the outstanding balance of the Class A Notes, the Reserve Fund and the excess interest;
- The structure of the Priority of Payments; and
- The legal and structural integrity of the transaction.

Strengths

- The credit enhancement level of EUR 779.16 million, as of the DBRS Rating Date, was sufficient to support the AAA (sf) ratings of the Series A Notes.
- The Reserve Fund was funded, on the Transaction Closing Date, at EUR 465.98 million, which corresponded to 16.35% of the initial aggregate balance of the Bonds. As of the DBRS Ratings Date, the Reserve Fund balance was EUR 451.73 million.
- Under the Interest Rate Swap Agreement (the "Swap"), the Swap Counterparty will pay the Issuer the weighted average coupon on the Bonds plus 0.50% per annum.

Challenges

- Approximately 24% of the portfolio is exposed to the combined real estate and construction sectors.
- Geographic concentration to obligors in Catalonia and Madrid with 25% and 17% of the portfolio generated in these respective regions.
- The challenging economic environment in Spain.

Mitigating Factors

- The Cash Reserve is available to pay the interest on the Bonds.
- The Hedging Agreement is intended to mitigate the basis risk as well as potential liquidity risks due to the timing mismatches between payment of the Bonds (quarterly) and the portfolio of Credit Rights (a mixture of monthly, quarterly and semi-annual paying loans).
- The transaction has paid down substantially, with the Series A Notes at approximately 34.6% of its initial balance.
- DBRS maintains public ratings, private ratings, or private internal assessments to evaluate and monitor the potential risk that counterparties pose to the performance of the Bonds. 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.

Assessment of the Sovereign

At the DBRS Rating Date, the ratings on the Kingdom of Spain's long-term foreign and local currency debt were AA with Negative Trends. The Negative trends reflected the uncertainty at that time with the financial markets, as well as downside risks to the European and Spanish growth outlooks.

Shortly thereafter, the ratings were downgraded by DBRS to AA (low).

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

Transaction Parties and Relevant Dates

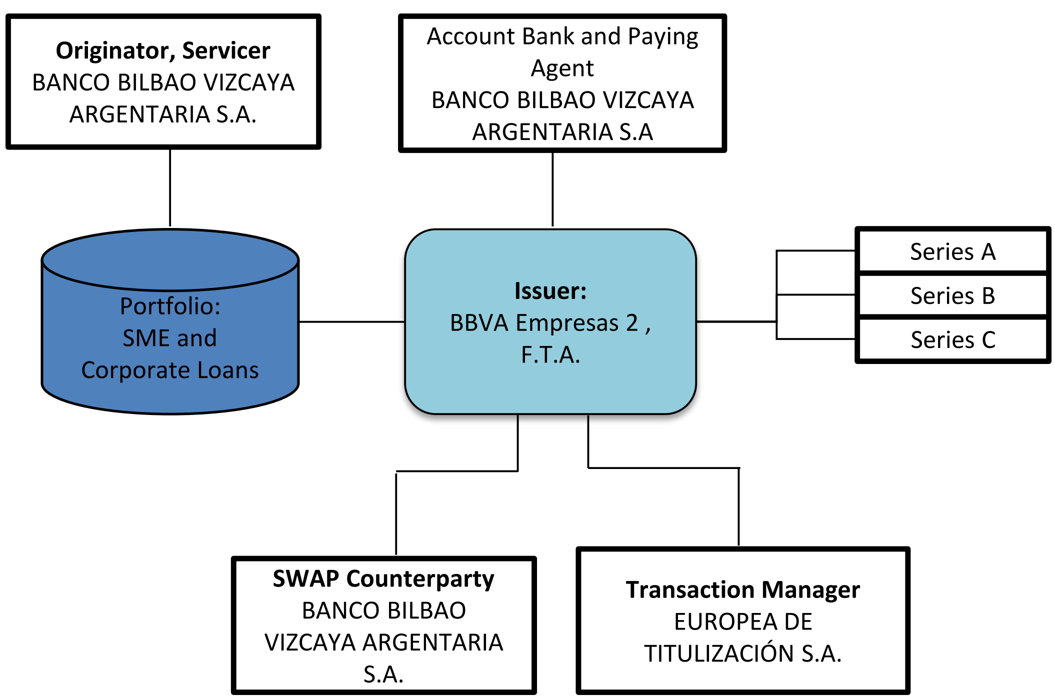
Transaction Parties

Type	Name	Ratings as of DBRS Rating Date	Current Ratings
Issuer	BBVA Empresas 2 F.T.A.	N/A	N/A
Originator/Seller	BANCO BILBAO VIZCAYA ARGENTARIA S.A.	AA / R-1 (high)	AA (low) / R-1 (middle)
Servicer	BANCO BILBAO VIZCAYA ARGENTARIA S.A.	AA / R-1 (high)	AA (low) / R-1 (middle)
Issuer Account Bank	BANCO BILBAO VIZCAYA ARGENTARIA S.A.	AA / R-1 (high)	AA (low) / R-1 (middle)
Swap Counterparty	BANCO BILBAO VIZCAYA ARGENTARIA S.A.	AA / R-1 (high)	AA (low) / R-1 (middle)
Paying Agent	BANCO BILBAO VIZCAYA ARGENTARIA S.A.	AA / R-1 (high)	AA (low) / R-1 (middle)
Transaction/Fund Manager	EUROPEA DE TITULIZACIÓN S.A.	N/A	N/A
Arranger(s)	EUROPEA DE TITULIZACIÓN S.A.	N/A	N/A

Relevant Dates

Type	Date
Issue Date	12 March 2009
DBRS Rating Date	29 November 2011
First Interest Payment Date after DBRS Rating	16 February 2012
Payment Frequency	Quarterly, on the 16th day of February, May, August, and November
Legal Final Maturity Date	16 August 2041

Transaction Structure



Original Capital Structure

Debt	Original Par Amount (EUR)	Original Credit Enhancement (EUR)	Investor Coupon (p.a.)	DBRS Rating
Series A	2,416,800,000	899,175,000	3 month EURIBOR + 0.30%	NR
Series B	153,900,000	745,275,000	3 month EURIBOR + 0.50%	NR
Series C	279,300,000	465,975,000	3 month EURIBOR + 0.80%	NR

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, collateral posting, or other requirements as outlined in the current publicly available DBRS European legal criteria. For this transaction, each counterparty satisfies such criteria, based upon DBRS public ratings, DBRS private ratings, or DBRS private internal assessments of the creditworthiness of counterparties that do not have a public DBRS rating.

Counterparty Name	Role	Minimum Rating	Ratings as of DBRS Rating Date	Current Rating
Issuer Account Bank/ Paying Agent	BANCO BILBAO VIZCAYA ARGENTARIA S.A.	A	AA / R-1 (high)	AA (low) / R-1 (middle)
Swap Counterparty	BANCO BILBAO VIZCAYA ARGENTARIA S.A.	A	AA / R-1 (high)	AA (low) / R-1 (middle)

Issuer

BBVA Empresas 2, F.T.A. (the “Issuer”) 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. (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

BANCO BILBAO VIZCAYA ARGENTARIA S.A (“BBVA”) was formed through multiple mergers, the last of which took place in 1999 between Banco Bilbao Vizcaya and Argentaria. In 1988, Banco Bilbao Vizcaya was created through a merger of Banco de Bilbao (“BB”) and Banco de Vizcaya (“BV”). The original banks, Banco de Bilbao and Banco de Vizcaya, were founded in 1857 and 1901, respectively. Historically, both banks expanded in the 1960’s, each opening more branches and offering more products. BBVA is now an important international financial group, employing over 100,000 staff, both domestically and internationally across 7,000 branches.

Although the original banks both began in the Basque Country in Spain, national and international expansion was key to their success. Their global growth has brought them to 40 foreign markets across Europe, Latin America, the southern United States, and Asia.

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 one business day.

Management Company
EUROPEA DE TITULIZACIÓN S.A. ("EdT") acts as the Transaction Administrator and legal representative of the Issuer and will be responsible for all administrative functions including waterfall 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.

Collections Account
BBVA will act as the Collection Account Bank.

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.

Reserve Account Bank
BBVA is the Reserve Account Bank.

Account Banks Rating Requirements
As per the transaction documentation, in the case of a downgrade of the rating of the Account Banks, the Custodian Bank or the Paying Agent below "A", or the withdrawal of the rating, then the relevant bank must be replaced within 30 days by a bank with a DBRS rating or internal assessment of at least "A". If there are any costs incurred by this replacement, they will be at the expense of the original bank counterparty.

Origination and Servicing

DBRS visited BBVA's headquarters in June 2011 as part of its analysis of the transaction. The focus of the visit was to assess and understand the origination and servicing procedures of BBVA regarding SME loans. The overview of BBVA's origination and servicing procedures (including areas such as credit risk assessment and recoveries) was satisfactory.

Originator Profile
BBVA is a large banking entity with retail banking operations in Spain, Portugal, Mexico, South America and the southern United States. BBVA is one of the most prominent banks in Spain, where they have a significant market share. However, given the current economic situation, BBVA is looking to emerging markets to provide new growth opportunities. The geographical distribution of their profits reflects their domestic strength (Spain constitutes 32.4% of profit) and their interest in developing countries (Mexico and Latin America represent 29.6% and 19.0% of their profits, respectively).

BBVA began participating in securitisations in 1995, but their involvement in the market solidified in 2004. Today, BBVA is one of the most important originators in the Spanish securitisation market, having originated more than 30 transactions spanning all asset types (RMBS, ABS, SME and leases). All of BBVA's SPVs are issued through EdT, of which BBVA owns a majority share (87.5%).

BBVA has DBRS ratings of AA (low) /R-1 (middle) with Stable trend. Our commentary on BBVA can be accessed on www.dbrs.com.

Business Department
Dating back to the inception of the originating banks, BBVA has a longstanding history of commercial and corporate lending. BBVA now distinguishes between: "Commercial Banking" (smaller entities) and "Companies and Corporate Banking" (large companies and corporations).

The **Commercial Banking** area within BBVA manages the bank activity related to individual borrowers, self-employed, micro-companies, and SMEs. Within BBVA, SMEs are defined as companies with turnover under EUR 2 million and fewer than 25 employees. Currently, BBVA has approximately one million Commercial Banking clients, distributed primarily in the following sectors: Shops; Agriculture economies; SME; and Freelance and Micro-companies.

Commercial Banking aims to cover all of the specific needs of these smaller clients, including: Capital Financing; Asset Finance; various Services (including, among others, account services and investment funds) and Intermediation. Commercial Banking is divided into seven regions, each with their own manager. Within these regions, there are 3,369 Branches, of which 617 are specialized in SMEs and 324 in rural areas. The goals of these regions are to enable management of the clients and to improve the relationship between BBVA and its clients.

Large Companies and Corporate Banking specialise in companies which have annual turnover in excess of EUR 2 million. BBVA has approximately 83,800 clients managed by this area.

Corporate Banking has 178 specialised branches within the following seven regions:

- Northwest (Galicia, Castilla Leon, Asturias)
- North (Cantabria, Basque Country, Aragon, Navarra and Rioja)
- Catalonia
- East (Valencian Community, Murcia and Alicante)
- Center (Madrid and Castilla la Mancha)
- South (Andalucia and Extremadura)
- Canary Islands

Corporate clients are assigned personal managers to provide individualized, total management of the client.

Risk Department

The application process begins in the Risk Department at the branch level, when an agent receives a client's application. Along with the application, the mandatory supporting documentation is collected, including: financial estates, income taxes, delinquent data base checks, bank statements and reporting to Central de Riesgos ("CIRBE"), the service run by the Banco de España that reports all delinquent payments by borrowers in Spain. Depending on the seniority of the agent and the nature of the application, certain transactions can be approved at this stage of the process.

If a **Commercial Banking** agent does not have the ability to automatically approve a transaction, the application is escalated to the next level of authority (Branch Director, Regional Director, and Central Risk Department). In Commercial Banking, the approval authority is provided to the individual, rather than to the position. In contrast, the **Large Companies and Corporate Banking** sector has risk functions in the Central Office and has a formalized structure where the authority to approve is determined based on the internal rating of the client and the amount of the transaction.

The Rating Model

The Rating Model systems are analytical tools to give a rating based on objective data and homogenous criteria for the Bank clients. BBVA's Rating Model was created in 2002 through internal development. Approved by the Bank of Spain, the Rating Model has evolved over the years, and the criteria have been tightened recently. The internal rating is used to help to create the Risk policies, to help monitor the current Risk Delegations of powers, and to set prices. In the origination process, the Rating Model helps to homogenize the admission criteria and decentralize the decisions.

The BBVA's rating model assigns a rating to the clients by analysing two types of information:

- Quantitative factors: financial estate data, cash flows, financial structure, debts, assets.

- Qualitative factors: industry of the company, market position, market share, company group, shareholders.

Ratings are assigned a value between 0 and 100, which then corresponds to an alphabetic rating between AAA and CCC. The rating is based on the probability that the client will fall delinquent in the next year. Different models are used based on the size of the organization, classified by Corporate, Companies, and SME.

In addition to the rating, the model also identifies areas of concern as: "variables to explain" or "conditioning variables". "Variables to explain" do not directly impact the rating but indicate areas where more analysis is required. "Conditioning variables" are used to create a condition, or to limit the rating.

Monitoring Process

Monitoring is divided into two lines: Statistical and Client. Statistical monitoring is conducted through the monitoring tool and 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. Business risk is analysed by another automated system that reviews client data on a monthly basis. 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 categorize 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 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 give answer about the Risk Portfolio.

Recovery Process

The Recoveries Department is staffed by 184 people in three different areas: Operations, Outsourcing/Externalization, and Judicial Process. For clients with higher risk profiles (in excess of EUR 15,000), the Operation Department centrally controls the pre-litigation activities. When necessary, they will also prepare the judicial file for delinquent clients/transactions. Low risk profile clients (where the risk in consumer loans is less than EUR 1,500) are controlled by the Externalization Department. The Externalization Department is responsible for the monitoring process of all smaller delinquent transactions/clients which have been outsourced to specialized recovery companies. When the risk is below EUR 15,000, the litigation process is controlled and monitored by the Judicial Department with the consultation of internal and external lawyers.

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 Recovery 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.
- Collateral Assets, providing information about all the assets and collateral of the client.

Delinquent loans are classified as: “Specific Issues” if the global risk position of this client is greater than EUR 30,000; or “Rest of the Issues,” in which case the recovery process will be treated like an individual. Once a client is delinquent, there is proactive management with the clients and the guarantor to try to achieve a solution. At the same time, BBVA starts the judicial process with the preparation of the judicial file and the analysis of the Client and guarantors solvency. Depending of the result of this analysis, BBVA will be able to decide whether to start the judicial process, or to take special actions (including analysing managers and shareholders responsibility, investigating other possible options, which can include criminal action).

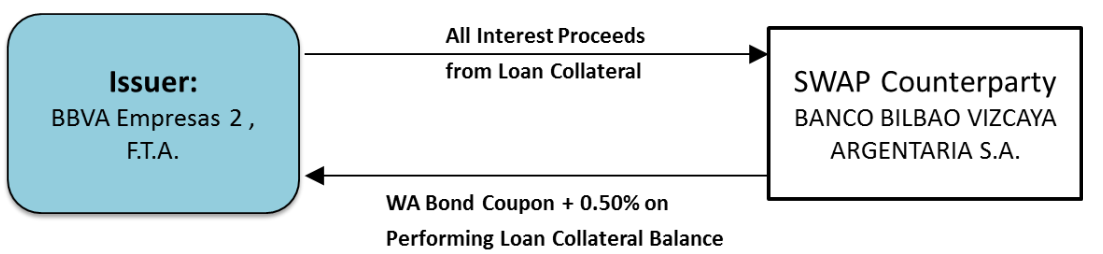
Both **Commercial** and **Large Company or Corporate Banking** are processed in a similar manner. However, the Recovery Department and the Legal Department are responsible for the Recovery Process for larger clients, either by the judicial process or refinancing.

IT System

BBVA’s Information Systems have been implemented to include contingency planning for business continuity and system recovery, data management practices to preserve both data integrity and confidentiality, and to provide sufficient back-up facilities. The continuity plan includes an external location in the Tres Cantos village outside of Madrid. The goal of their plan is to be able to continue essential business activities in various buildings, both in Vaguada where the backup system is located and in an alternate Madrid location with 200 workstations. BBVA is also currently developing a new back-up system with the goal of reducing recovery time.

Hedge Agreement

The Issuer has entered into a Swap with BBVA as the Swap Counterparty which is summarised below:



In this way, the transaction is hedged against interest rate mismatches due to different reference indices, such as 3 month EURIBOR versus 1 month EURIBOR, or different payment schedules.

Legal Structure

Law(s) Impacting Transaction

The Issuer is incorporated and regulated under Spanish laws. The key Spanish securitization laws regulating this transaction are the (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 July 2011 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. 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.
- 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.
- 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 Bonds. 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 ongoing basis. On each Payment Date, the amounts available on the Treasury Account will be distributed in accordance with the Priority of Payments as summarized below.

BBVA Empresas 2, F.T.A.

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13 Febuary 2012

Priority of Payments

(i) Payment of the taxes and expenses.
(ii) Payment of the Servicer fee.
(iii) Payment, if applicable, of the net amount under the Swap, and, if the termination is due to a breach by the SPV, any amount due in termination of the Swap.
(iv) Payment of the interest due on the Series A Notes.
(v) Payment of the interest due on the Series B Notes unless the cumulative balance of Doubtful Loans is greater than EUR 712.5 million, at which point payment is moved to the eighth position.
(vi) Payment of interest due on Series C Bonds, unless the cumulative balance of Doubtful Loans is greater than EUR 513.0 million at which point payment is moved to the ninth position.
(vii) Payment of the amortisation amount which is equal to the positive difference, if any, between (i) the Outstanding Principal Balance of the Bonds and (II) the Outstanding Balance of the non-Doubtful Loans.
(viii) Payment of interest due on Series B Notes when this payment is deferred from the fifth place in the order of the Priority of Payments.
(ix) Payment of interest due on Series C Notes when this payment is deferred from the sixth place in the order of the Priority of Payments.
(x) Withholding of the amount sufficient for the Required Cash Reserve amount to be maintained.
(xi) Payment of the settlement payment amount payable by the Fund under the Financial Swap Agreement other than in the events provided for in the third place above.
(xii) Payment of Subordinated Loan interest due.
(xiii) Repayment of Subordinated Loan principal to the extent amortised.
(xiv) Payment of Start-Up Loan interest due.
(xv) Repayment of Start-Up Loan principal to the extent amortised.
(xvi) Payment of the Financial Intermediation Margin.

Note Redemption

- The Series B Notes will only amortise once the Series A Notes have been fully redeemed.
- The Series C Notes will only amortise once the Series B Notes have been fully redeemed.

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 Bonds.
- 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 Bonds 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) Payment of the Fund’s properly supported taxes and ordinary and extraordinary expenses.
(iii) Payment to the Servicer of the fee established in the Servicing Agreement.
(iv) Payment of amounts, if any, due on the net amount payable by the SPV upon termination of the Financial Swap, and, only in the event of termination of that Agreement following a breach by the Fund or because the Fund is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amount payable by the Fund.
(v) Payment of interest due on Series A Notes.
(vi) Repayment of Series A Notes principal.
(vii) Payment of interest due on Series B Notes.

(viii) Repayment of Series B Notes principal.
(ix) Payment of interest due on Series C Notes.
(x) Repayment of Series C Notes principal.
(xi) In the event of the credit facility or the loan being arranged as provided for in Section 4.4.3.3. (iii) of the Registration Document, payment of the financial expenses accrued and repayment of principal of the credit facility or the loan taken out.
(xii) Payment of the settlement payment amount payable by the SPV under the Swap other than in the events provided for in the fourth place above.
(xiii) Payment of Subordinated Loan interest due.
(xiv) Repayment of Subordinated Loan principal.
(xv) Payment of Start-Up Loan interest due.
(xvi) Repayment of Start-Up Loan principal.
(xvii) Payment of the Financial Intermediation Margin.

Payment Timing
Interest due on the Bonds 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 16th day of February, May, August, and November. Interest on the Bonds is based on 3 month EURIBOR.

Security

Receivables
The portfolio consists of Credit Rights granted by BBVA to corporates, SMEs and self-employed individuals in Spain. At the time of the rating, approximately 48.6% of the outstanding balance of Credit Rights was secured by first lien mortgages on residential and commercial property situated in Spain.

Servicer Agreement

BBVA will act as the Servicer of the 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 one business day of being collected to the Issuer's Treasury Account opened with the Accounts Bank. However, as the Account Bank is BBVA, there is a significant amount of exposure for the Issuer to BBVA as it will be holding the following for the Issuer:

- Maximum Reserve Fund: EUR 465.95 million
- Estimated Maximum Principal Proceeds: EUR 200.00 million
- Estimated Maximum Interest Proceeds: EUR 20.00 million

DBRS is comfortable with this because of the financial strength of BBVA, as demonstrated by the then-DBRS long-term rating of AA, and the current DBRS long-term rating of AA (low).

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 ceased to have the necessary authorization 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 Bonds. 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 Class A Notes benefit from credit enhancement in the form of the excess of the balance of the Credit Rights above the notional of the outstanding balance of the Class A Notes. Additionally, credit enhancement is provided by the Reserve Fund. The transaction also benefits from the excess spread that can be used to replenish the Reserve Fund in case of defaults of the Credit Rights.

At the time of rating the Series A Notes, the assets of the Issuer were:

Asset (as of the DBRS Rating Date)	Balance (EUR millions)
Total Credit Rights	1,270.43
Defaulted Loans (Rated C or D by BBVA)	30.79
Assumed Defaulted Loans (arrears greater than 30 days)	93.47
Performing Credit Rights Sub Total	**1,164.66**
Cash Reserve	451.73
Performing Asset Sub Total	**1,616.39**

Debt (as of the DBRS Rating Date)	Balance (EUR millions)	Credit Enhancement (EUR millions)
Series A	837.23	779.16
Series B	153.90	625.26
Series C	279.30	345.96

Reserve Fund

As of the Issue Date, the balance in the Cash Reserve (the "Initial Cash Reserve") equalled EUR 465.975 million. Based on the portfolio dated as of August 2011, the available Reserve Fund balance as of the DBRS Rating Date was EUR 451.73 million.

The purpose of the Cash Reserve 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 Bonds.

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

- EUR 465,975,000.
- The higher of:
  - 32.70% of the Outstanding Principal Balance of the Bonds.
  - EUR 232,987,500.

No reduction of the Required Cash Reserve 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 Cash Reserve cannot achieve its Required Cash Reserve 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 or Series C 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 Class 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 differed to a lower priority if the cumulative balance of Doubtful Loans is greater than EUR 712.5 million. Interest on the Series C Notes will be deferred to a lower priority if the cumulative balance of Doubtful Loans is greater than EUR 513.0 million.

Data Quality

BBVA provided historical data to DBRS to support the analysis of this transaction; however, the information provided by BBVA was not consistent with the DBRS data template. As a result, the data provided by BBVA is considered to be below-average quality.

BBVA provided historical default and delinquency information by notional amount, whereas DBRS requests this information based on the number of loans. By expressing delinquency information in notional amounts, there is a potential positive impact from large notional corporate borrowers, which generally have lower default rates. This data is used to derive the average annual default rate for corporate borrowers, which is a key input parameter in DBRS analysis. Though results are originator and portfolio dependant, DBRS has observed with identical data pools that default rates provided by notional amount could be two to three times lower than the default rate by number of loans. DBRS was unable to obtain additional information from BBVA to determine the potential extent of such a skew in the BBVA portfolio, and as a result applied its own judgement in determining the potential impact. DBRS considered the quality of information provided, and adjusted its analysis to compensate for this lack of information. DBRS multiplied the average annual default rate determined based on the information provided by BBVA by a factor of two in order to compensate for the quality and type of information.

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.

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Collateral Analysis

Collateral Summary

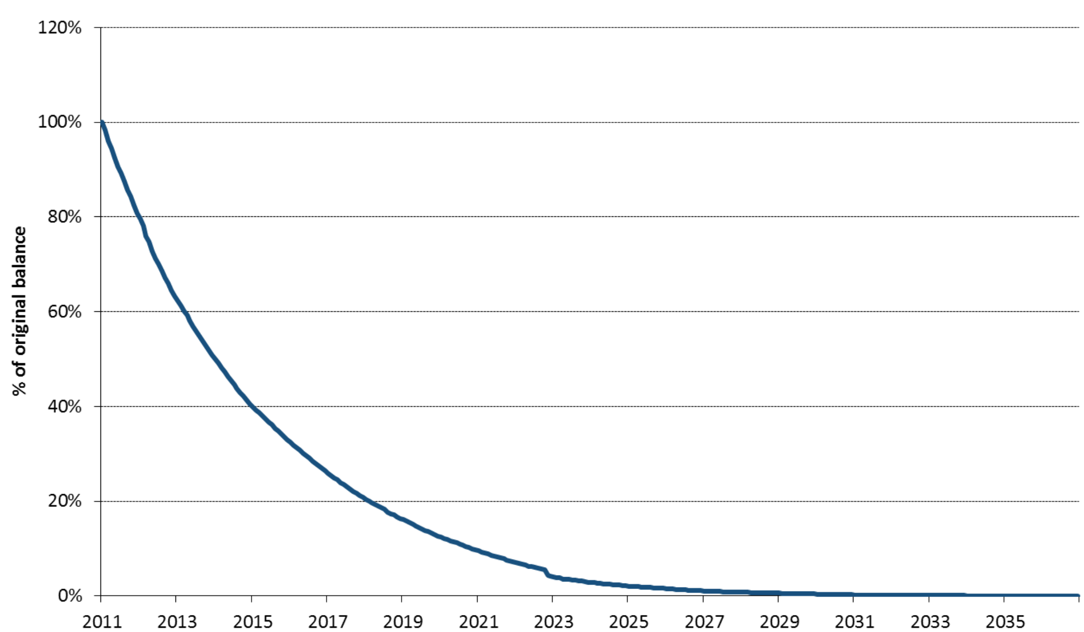
Asset Type	SME loans	
Borrower Type	Corporate	14.16%,
	Micro Enterprise	33.11%
	SME	21.91%
	Enterprise	27.30%,
	Other	3.52%
Performing Balance (EUR million)	1,164.66	
Number of Loans (Excl defaulted)	7,777	
Number of Borrowers (Excl defaulted)	7,192	
Floating/Fixed	Floating	95.82%
	Fixed	4.18%
Average Loan Size (EUR)	149,757	
Average Original Borrower Exposure (EUR)	161,939	
Weighted Average Floating Spread	0.70%	
Weighted Average Interest Rate	5.34%	
Weighted Average Maturity	4.76 years	
First Lien Mortgage Guarantee Percentage	48.60%	
Weighted Average Life	4.23 years	
Obligor Concentration	Largest	2.43%
	Top 10 Largest	14.50%
	Top 20 Largest	21.38%
Credit Rights Origination Dates	1993 - 2008	
Delinquency (EUR million)	Over 90 Days in Arrears	21.09

Source: BBVA and DBRS

Amortisation Profile

As of the DBRS closing date, the collateral portfolio has a weighted average life of 4.23 years. The Class A Notes have been amortising from the first Payment Date. The scheduled amortisation profile (assuming 0% CPR) of the underlying loans is below.

Amortisation Profile (assuming 0% CPR)



Source: BBVA and DBRS

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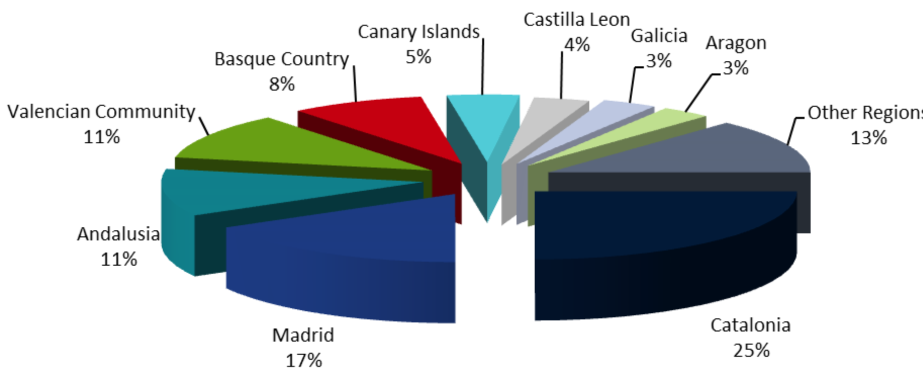
Portfolio Distribution – Collateral Type

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 (48.60% of the portfolio). The remaining loans will be treated as senior unsecured. The resulting recovery rates for the Series A Notes and Series B Notes are:

	Portfolio	AAA Recovery Rates
Secured Percentage	48.60%	32.00%
Unsecured Percentage	51.40%	22.00%
Total / WA	**100.00%**	**26.86%**

Portfolio Distribution – Borrower Location by Region



Source: BBVA and DBRS

Portfolio Distribution – Borrower Industry Sector Classification

The portfolio exhibits a reasonable diversity of industry types. Aggregate construction plus real estate activities are at approximately 24.17%, which is low compared to other Spanish SME CLOs.

Industry Classification (as of the DBRS Close Date)	Percentage of Balance
Manufacturing	19.90%
Automotive Sales & Repair	18.24%
Real Estate	14.31%
Hotels & Food Service	10.89%
Construction	9.86%
Agriculture	5.15%
Finance & Insurance	4.54%
Administration & Support	4.53%
Health & Social Work	2.64%
Goods Transportation	2.30%
Professional, Scientific & Technical Services	2.02%
Other Services	1.48%
All other industries	4.14%
Total	**100.0%**

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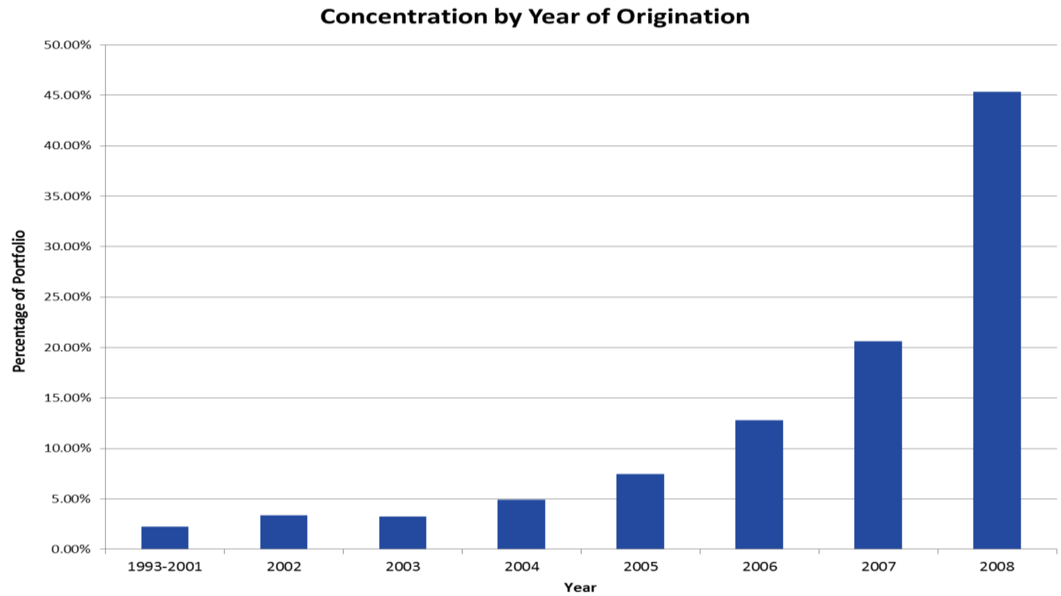
Portfolio Distribution – Loan Origination by Year



Source: BBVA and DBRS

Portfolio Distribution – Largest Exposures
The top ten obligors represent 14.5% of the outstanding balance of the portfolio.

Rank (as of the Close Date)	Balance (EUR million)	Percentage of portfolio	Region	Industry
1	28.31	2.43%	Madrid	Hotels & Food Service
2	24.06	2.07%	Catalonia	Real Estate
3	21.35	1.83%	Madrid	Finance & Insurance
4	19.44	1.67%	Catalonia	Real Estate
5	16.98	1.46%	Valencian Community	Admin. & Support
6	15.07	1.29%	Valencian Community	Construction
7	13.57	1.17%	Madrid	Manufacturing
8	10.84	0.93%	Catalonia	Manufacturing
9	9.95	0.85%	Andalusia	Construction
10	9.28	0.80%	Basque Country	Health & Social Work
Total	**168.85**	**14.50%**		

Note: Due to rounding, the items in the columns might not add up to the stated totals

DBRS Analysis

Asset Analysis

Based on the analysed portfolio and its characteristics, as well as the Originator's historic default performance, DBRS used its Large Pool Default Model to determine a lifetime default rate at the AAA (sf) rating level. Break even default rates on the Bonds were determined using the DBRS CDO Cash Flow Model. Referencing to the *Rating Global High-Yield Loan Securitizations, Structured Loans and Tranched Credit Derivatives* methodology, published in March 2009, the minimum break even default rate is computed over nine combinations of default timing and interest rate stresses.

- At the AAA (sf) rating, the break even default rates for each scenario must exceed the level from the Large Pool Model.

Average Annualised Default Rate
The average annualised default rate is determined from the historical data supplied by the Originator. BBVA supplied the default details on their SME loan book historical performance using notional values,

not number of loans. As mentioned before, DBRS has found that this understates the default rate needed in our analysis. The adjusted annualised default rate for BBVA was therefore set at 2.5%.

Correlation

Based on the *Master European Granular Corporate Securitisations (SME CLOs)* methodology, the correlation was selected from a range. Compared to other Spanish SME transactions, the regional and industry concentrations are not excessive. Therefore, DBRS decided to use the mid-level correlations of 22.0% at the AAA (sf) 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 a mortgage guarantee. In addition, the recovery rates assumed are lower for higher target ratings, reflecting an additional stress on the higher rated Notes.

Mortgage Guarantee?	Percentage of Portfolio	AAA Recovery Rates
Yes	48.60%	32.00%
No	51.40%	22.00%
Weighted Average Recovery Rates		**26.86%**

Overall Rating Parameter Inputs for the Large Pool Model

The inputs used to calculate the portfolio default rate are:

Parameters	Amounts
Weighted Average Life of SME Portfolio (Years)	4.23
Assumed 1 Year Default Rate	2.5%
“AAA” Correlation	22.0%

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
AAA (sf)	22.0%	59.1%

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 an adequate 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 than they are for a target rating of BB. The increasing and decreasing interest rate stress scenarios are referred to as the “Up scenario” and the “Down scenario” respectively.

There are three rating-specific interest rate stress scenarios:

- AAA
- AA/A
- BBB and below

For this transaction, the “AAA” scenario was used.

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Default Timing Vectors Scenarios

In addition to the interest rate scenarios, DBRS also varies the timing of when the defaults occur. 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 AAA (sf) rating level, the Class A Notes must not have any losses when 59.09% of the portfolio is defaulted, as per the default timing vectors above, under all three AAA interest rate scenarios.

Cash Flow Model Results

Factor / Result	Series A Notes
Recovery Rate	26.86%
Recovery Delay (Years)	1.0
Minimum Required Lifetime Default Rate	59.1%
Minimum Actual Default Rate	85.9%
Cushion	26.8%
Result	**PASS**

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 AAA rating. Therefore, DBRS was able to assign AAA (sf) ratings to the Series A Notes.

Methodologies Applied

The following are the primary methodologies 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*, August 2011
- *Rating Global High-Yield Loan Securitizations, Structured Loans and Tranched Credit Derivatives*, March 2009.
- *Swap Criteria for European Structured Finance Transactions* July 2011
- *Unified Interest Rate Model for U.S. RMBS Transactions* October 2011
- *Master European Structured Finance Surveillance Methodology* July 2011

Please note that since this transaction was rated by DBRS, the last five methodologies above have been updated.

Monitoring and Surveillance

The rating of the Series A 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; and
- Any event of default by the Issuer.

DBRS will monitor the transaction on an ongoing 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 November 2011, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.