MOODY'S
INVESTORS SERVICE

NEW ISSUE REPORT

BBVA EMPRESAS 3, FTA

ABS/SME Loans/Spain

Closing Date	Rating Date
21 Dec 2009	18 Feb 2011

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Definitive Ratings

Series	Rating	Closing Amount (Million €)	Outstanding Amount (Million €)*	% Of Notes	Legal Final Maturity	Coupon	Subordination	Reserve Fund	Total Credit Enhancement**
A	Aaa (sf)	2,210.0	1,953.6	83.36%	Dec-2038	3mEur +0.30%	16.64%	21.08%	37.72%
B	A1 (sf)	260.0	260.0	11.09%	Dec-2038	3mEur +0.50%	5.55%	21.08%	26.63%
C	Ba2 (sf)	130.0	130.0	5.55%	Dec-2038	3mEur +0.80%	0%	21.08%	21.08%
Total		**2,600.0**	**2,343.6**	**100%**					

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

* As of September 2010 payment date.

** No benefit attributed to excess spread.

Vscore for the sector:	Medium/High
Vscore for the subject transaction:	Medium/High

The subject transaction is a cash securitisation of small- and medium-sized enterprise (SME) and corporate loans extended to obligors located in Spain, and is a static structure. The portfolio consists of standard loans, some secured by real estate and some unsecured, used to fund general working capital and long-term business expansion.

Asset Summary (as of 31 August 2010)

Sellers/Originators:	Banco Bilbao Vizcaya Argentaria S.A. (BBVA) (Aa2/P-1/B-; Long Term Rating : Under review - Possible Downgrade) – at rating date BBVA ratings were not under review but outlook was negative.
Servicer(s):	BBVA
Receivables:	Standard loans mainly granted to Spanish companies of all sizes.
Methodology Used:	» Refining the ABS SME Approach: Moody's Probability of Default Assumptions In The Rating Analysis of Granular Small and Mid-sized Enterprise Portfolios in EMEA, March 2009 (SF141058) » Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890)
Model Used:	ABSROM
Total Amount:	€2,343.6 million
Length of Revolving Period:	Static
Number of Loans:	15,695
Number of Borrowers:	14,829
Effective Number:	1,152
WA Remaining Term:	5.68 years

Asset Summary (Continued)

WA Seasoning:	1.68 years
WAL Years:	3 years (assuming 0% CPR)
Interest Basis:	3.73%
WA Current LTV (First Lien):	51% (100% of mortgage secured sub-pool is first lien)
Delinquency Status:	7.54% more than 30 days in arrears. 4.87% more than 60 days. 2.79% more than 90 days.

Liabilities, Credit Enhancement and Liquidity

Excess Spread Range:	0.50% guaranteed by the swap agreement
Credit Enhancement/Reserves:	0.50% excess spread 21.08% reserve fund
Form of Liquidity:	Cash reserve and principal to pay interest
Number of Interest Payments Covered by Liquidity:	No liquidity line. However, as of the rating date the cash reserve covers more than 4 years of interest and senior fees even considering three-month EURIBOR equal to 4% and 0.5% of stressed senior fees
% of Reserve Fund Dedicated to Liquidity:	None. Cash reserve does not have a liquidity ledger.
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date.
Payment Dates:	24 March, 24 June, 24 September, 24 December
Hedging Arrangements:	Interest rate swap covering the interest rate risk
Excess Spread Range:	0.50% guaranteed by the swap agreement

Counterparties

Issuer:	BBVA EMPRESAS 3, FTA
Sellers/Originators:	BBVA
Servicer:	BBVA
Back-up Servicer:	None
Back-up Servicer Facilitator:	Europea de Titulización plays this role as part of its functions as management company
Cash Manager:	Europea de Titulización S.A, S.G.F.T
Back-up Cash Manager:	None
Interest Rate Swap Counterparty:	BBVA
F/X Swap Counterparty:	Not applicable
Basis Counterparty:	Not applicable
Issuer Account Bank:	BBVA
Collection Account Bank:	BBVA
Paying Agent:	BBVA
Note Trustee (Management Company):	Europea de Titulización S.A, S.G.F.T (N.R)
Issuer Administrator:	Europea de Titulización S.A, S.G.F.T (N.R)
Arranger:	BBVA
Lead Managers:	BBVA Europea de Titulización S.A, S.G.F.T (N.R)
Other Parties:	N/A

Moody's View

Outlook for the Sector:	Negative
Unique Feature:	Asset type and structure previously seen in the market.
Degree of Linkage to Originator:	BBVA will act as servicer, interest rate swap counterparty, issuer account bank (replacement eligible entity or a eligible guarantor will need to be found if BBVA is downgraded below P-1) and paying agent (replacement eligible entity or a eligible guarantor will need to be found if BBVA is downgraded below P-1).
Originator's Securitisation History:	
# of Precedent Transactions in Sector:	Eleven precedent SME transactions originated by BBVA
% of Book Securitised:	Around 15.4% of its total SME portfolio (this deal represents 2.8%) as of September 2010
Behaviour of Precedent Transactions:	The performance of previous SME deals originated by BBVA is in line with the market average.
Key Differences between Subject and Precedent Transactions:	No relevant differences with most precedent transactions.
Portfolio Relative Performance:	
Default Rate Assumed/Ranking:	18.2%/ Slightly higher than peer group. Comparison on Default Rate can be found in "Benchmark Analysis".
Coefficient of Variation Assumed on Default Rate/Ranking:	40%/Lower than peer group. Comparison on Default Rate can be found in "Benchmark Analysis".
Recovery Rate Assumed/Ranking:	50%/In line with peer group. Comparison on Default Rate can be found in "Benchmark Analysis".
Delinquencies Observed in Portfolio:	Not made available.
Comment	
Potential Rating Sensitivity:	
Chart Interpretation:	When the rating was assigned, if the assumed default probability of 18.2% used in determining the initial rating was changed to 22.2% and the recovery rate of 50% was changed to 40%, the model-indicated rating for the Series A Notes would change from Aaa to A1.
Factors Which Could Lead to a Downgrade:	In addition to the counterparty linkage, the following factors may have a significant impact on the subject transaction's ratings: further deterioration in the real estate market (beyond the recovery lag and stress that was modelled) and regulatory changes either at national or regional level.

TABLE 1

		Recovery Rate		
	Portfolio Wa Pd Assumption[3]	50%	45%	40%
Series A	18.2%	**Aaa***	Aaa (0)	Aa1 (1)
	20.2%	Aa1 (1)	Aa1 (1)	Aa2 (2)
	22.2%	Aa1 (1)	Aa3 (3)	A1 (4)
Series B	18.2%	**A1***	A1 (0)	A2 (1)
	20.2%	A3 (2)	A3 (2)	Baa1 (3)
	22.2%	Baa1 (3)	Baa1 (3)	Baa2 (4)
Series C	18.2%	**Ba2***	Ba2 (0)	Ba2 (0)
	20.2%	Ba3 (1)	Ba3 (1)	Ba3 (1)
	22.2%	B1 (2)	B1 (2)	B1 (2)

1. Results are model-indicated ratings, which are one of the many inputs considered by rating committees, which take quantitative and qualitative factors into account in determining actual ratings. The analysis assumes that the deal has not aged. The model does not intend to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might have differed if key rating input parameters were varied.
2. Results under base case assumptions indicated by ' * '. Change in model-indicated rating (# of notches) is noted in parentheses.
3. Moody's estimates a cumulative mean DP for the portfolio and the corresponding proxy rating applying its SME methodology, please refer to 'Refining the ABS SME Approach: Moody's Probability of Default Assumptions in the Rating Analysis of Granular Small and Mid-sized Enterprise Portfolios in EMEA' published in March 2009.

Composite V Score

Breakdown Of The V Scores Assigned To			Sector	Transaction	Remarks
Composite Score: Low, Medium or High			M/H	M/H	
1	**Sector Historical Data Adequacy and Performance Variability**		**M/H**	**M/H**	
	1.1	Quality of Historical Data for the Sector	M/H	M/H	» Same as sector score.
	1.2	Sector's Historical Performance Variability	M/H	M/H	» Same as sector score.
	1.3	Sector's Historical Downgrade Rate	M/H	M/H	» Same as sector score.
2	**Issuer/Sponsor/Originator Historical Data Adequacy, Performance Variability and Quality of Disclosure**		**M/H**	**M/H**	
	2.1	Quality of Historical Data for the Issuer/Sponsor/ Originator	M/H	M/H	» Same as sector score. » Internal ratings and scoring with the corresponding PD and LGD info has been provided as well on a line by line basis. » Cumulative historical information on defaults and recoveries has been made available for previously securitized pools » The information received on prepayments refers to the securitised portfolios as well.
	2.2	Issuer/Sponsor/Originator's Historical Performance Variability	M/H	M/H	» Same as sector score.
	2.3	Disclosure of Securitisation Collateral Pool Characteristics	L/M	L	» Detailed loan-by-loan data on an extensive list of fields has been provided for the analysis of the transaction. » Information on BBVA's internal rating system (two models out of four already certified by the Bank of Spain) has been provided line by line: scoring, DPs, LGD, risk segments.
	2.4	Disclosure of Securitisation Performance	M	M	» Same as sector score. » As for most deals in this mature market, Moody's has not received a specific template for the monitoring report. Expectations are that the management company Europea de Titulización will continue providing at least the same amount and quality of data as it is currently doing for previous deals.
3	**Complexity and Market Value Sensitivity**		**M**	**M**	**» Same as sector score.**
	3.1	Transaction Complexity	M	M	» Same as sector score.
	3.2	Analytic Complexity	M	M	» Same as sector score.
	3.3	Market Value Sensitivity	M	M	» Same as sector score.
4	**Governance**		**L/M**	**L/M**	
	4.1	Experience of, Arrangements Among and Oversight of Transaction Parties	L/M	L/M	» Same as sector score.
	4.2	Back-up Servicer Arrangement	L	L	» Same as sector score. No agreement in place due to the high rating of BBVA.
	4.3	Alignment of Interests	L/M	L/M	» Same as sector score.
	4.4	Legal, Regulatory, or Other Uncertainty	L/M	L/M	» Same as sector score.

Strengths and Concerns

Strengths:

- **Very granular pool** (effective number of obligors over 1,000)
- **Companies size:** Around 8.7% of the portfolio are corporates with a turnover above €50 million.
- **Short WAL:** The pool has a relatively short weighted-average remaining term (approximately 5.68 years) and weighted-average life (3 years) for SME deals. This implies a lower degree of uncertainty regarding Moody's quantitative assumptions.
- **Portfolio Security:** 40% of the portfolio is secured over first-lien real estate properties. Weighted average loan-to-value (WA LTV) is 51%.
- **Hedging:** There is a strong swap agreement provided by BBVA guaranteeing an excess spread of 0.50%.
- **Waterfall:** Simple structure
- **Grace periods:** Very low proportion of loans (2.5%) corresponds to loans currently under principal grace periods.

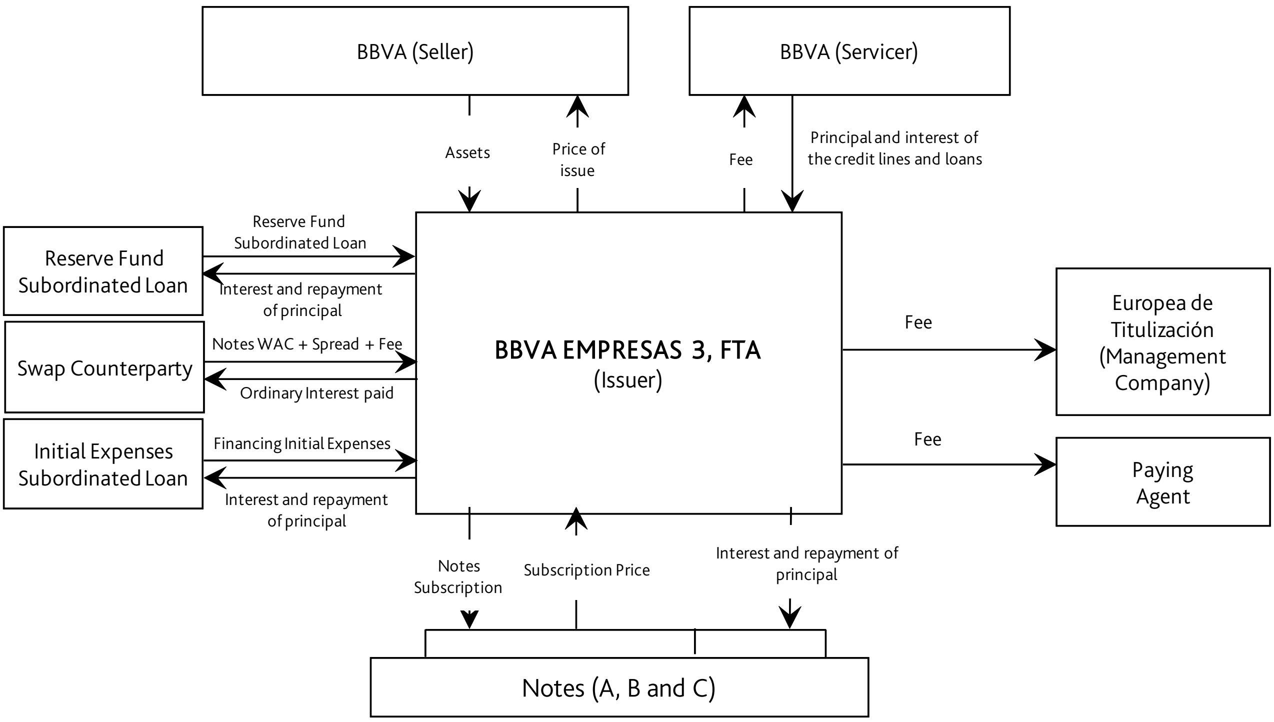
Concerns and Mitigants:

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

- **Exposure to real estate:** 36.5% of the portfolio is exposed to the Construction and Building sector (according to Moody's industry classification), and 9.7% correspond to loans granted to Real Estate developers. This feature has been taken into account in Moody's quantitative analysis as more fully explained in "Treatment of Concerns".
- **Portfolio Arrears:** 7.54% of the pool is more than 30 days in arrears as of the pool cut-off date. This risk was treated in Moody's quantitative analysis again as further explained under "Treatment of Concerns"
- **Bullet loans:** Bullet loans represent 3.8% of the securitised pool. This risk was treated in Moody's quantitative analysis as further explained under "Treatment of Concerns".
- **Commingling Risk:** The structure does not contemplate any commingling reserve if the servicer (BBVA) is downgraded below Baa3. This risk was modeled by Moody's but he impact is very limited due to the high rating of BBVA.
- **Deferral of interest:** The deferral of interest payments on each of Series B and C benefits the repayment of the series senior to each of them, but increases the expected loss on them. The sizes of the reserve fund and the subordination address this deterioration on the expected loss.
- **Pro-rata amortisation:** The pro-rata amortisation of Series B and C will lead to reduced credit enhancement of the senior series in absolute terms. This is partially mitigated by some triggers, which were envisioned to interrupt the pro-rata amortisation of the notes if the performance of the transaction deteriorates.

Structure, Legal Aspects and Associated Risks

CHART 1
Structure Chart



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

1. Senior expenses
2. Swap payment : amount due under the swap agreement and swap termination payment if the Fondo is the defaulting or affected party
3. Interest on Series A
4. Interest on Series B (if not deferred)
5. Interest on Series C (if not deferred)
6. Principal repayment
7. Interest on Series B (if deferred)
8. Interest on Series C (if deferred)
9. Reserve fund replenishment
10. Junior costs

The notes amortise sequentially. However, once about half of the portfolio has amortised, the amortisation will switch to pro-rata but could switch back to sequential, subject to certain triggers described below.

Allocation of Payments/PDL mechanism: A principal deficiency ledger (PDL) is defined as the negative difference between the principal available funds and a target principal amount. A target principal amount is the difference between the notes' outstanding principal (taking into account any amount withdrawn from the guarantee for principal payments) and the performing assets. A non-performing asset is defined as one with any amount due but unpaid for more than 18 months, one classified as such by the originator or one written off according to management's discretion.

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

Performance Triggers:

Trigger	Conditions	Consequence
Interest deferral	The cumulative (since closing) non-performing level exceeds 25.0% and 20.0% for Series B and C, respectively.	Interest payments on Series B and/or C will be brought to a more junior position (until the series senior to them are fully redeemed) and will be paid after the principal repayment.
Termination of pro-rata amortisation	The arrears level (defined as the percentage of non-written off loans more than 90 days in arrears) exceeds 1.25% and 1.00% for Series B and C; or The reserve fund is not funded at its required level on that payment date; or The portfolio balance is less than 10% of the initial portfolio balance;	Switch back to sequential amortisation
Termination of Reserve Fund Amortisation	The arrears level exceeds 1.0%; or The reserve fund is not funded at its required level on the corresponding payment date; or Less than three years have elapsed since closing.	The target amount of the reserve fund will not be reduced on any payment date on which these occur

Reserve Fund: At closing the reserve fund was been funded up front with a subordinated loan granted by the originator for an amount equal to 19% of the notes. It provides both credit and liquidity protection to the notes.

When three years have elapsed since the transaction's closing, the reserve fund may amortise over the life of the transaction to the lower of the following amounts:

» 19% of the initial balance of the notes

The higher of:

» 38% of the outstanding balance of the notes

» 9.5% of the initial balance of the notes

The reserve fund will be used to cover potential shortfalls on interest or principal on an ongoing basis. At the payment date of September 2010 it represented 21.08% of the then-outstanding balance of the notes.

Assets:

Asset transfer:

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

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

Claw-back risk upon default of the Originator: Claw-back risk is limited to those activities performed during a period of two years prior to the declaration of the bankruptcy state, even in the absence of fraud. However, in no case the activities performed under the regular activity of the originator may be cancelled as the transfer of credit rights forms part of the normal activity of BBVA.

Interest Rate Mismatch: 34% of the portfolio corresponds to fixed-rate loans and 66% to floating-rate loans (mainly 3-month, 6-months and 12-months EURIBOR), whereas the notes will be floating liabilities (3-month EURIBOR). As a result, the Fondo will be subject to base rate mismatch risk on the floating portion of the portfolio (i.e. the risk that the reference rate used to compute the interest amount payable on the notes will differ from the interest rate payable on the underlying SME loans) and fixed-floating risk (i.e. the risk that the reference rate of the notes will differ from the interest rates payable on this portion of the portfolio).

Mitigant: The Fondo will enter into a swap agreement with BBVA to mitigate these risks and obtain a minimum level of excess spread. Under the swap agreement:

» The Fondo will pay BBVA the **ordinary interest** actually received from the loans.

» BBVA will pay the weighted-average interest rate on the notes plus **50 bppa** over a notional equal to the outstanding amount of non-delinquent loans.

The *Fondo* will be exposed to reductions in the notional due to loans rolling into arrears over 90 days. If these loans become current again, the arrears amount, corresponding to ordinary interest, received from borrowers would be passed on to the swap counterparty.

The excess spread provided through the swap agreement constitutes the first layer of protection for investors.

The swap documentation complies with Moody's criteria for swap counterparties de-linkage.

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

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

» Trigger in place to increase the sweeping frequency. If BBVA's short-term rating falls below P-1, it will transfer collections daily into the treasury account.

» Triggers are in place to protect the treasury account from a possible downgrade of the GIC provider's short-term rating. If BBVA's short-term rating falls below P-1, it will have find a suitably rated guarantor or substitute.

» BBVA's current high rating is a significant mitigant of the insolvency risk.

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

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

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

Originator Profile, Servicer Profile and Operating Risks

Date of Operations Review:	Not applicable. Last operational review to BBVA was in July 2010

Originator Background:

Rating:	Banco Bilbao Vizcaya Argentaria S.A. (BBVA) (Aa2/P-1/B-; Long Term Rating : Under review - Possible Downgrade) – at rating date BBVA ratings were not under review but outlook was negative.
Financial Institution Group Outlook for Sector:	Negative
Ownership Structure:	Not made available
Asset Size:	Not made available
% of Total Book Securitised:	Not made available
Transaction as % of Total Book:	Not made available
% of Transaction Retained:	100%

Servicer & Back-Up Servicer Background:

Servicer and Its Rating:	Banco Bilbao Vizcaya Argentaria S.A. (BBVA) (Aa2/P-1/B-; Long Term Rating : Under review - Possible Downgrade) – at rating date BBVA ratings were not under review but outlook was negative.
Total Number of Receivables Serviced:	N/A
Number of Staff:	BBVA Group : over 100,000 employees and over 7,000 branches worldwide as of 31 December 2010
Servicer Assessment:	
Strength of Back-up Servicer Arrangement:	N/A
Back-up Servicer and Its Rating:	N/A
Ownership Structure:	N/A
Regulated by:	N/A
Total Number of Receivables Serviced:	N/A
Number of Staff:	N/A

Originator Related Triggers

Key Servicer Termination Events:	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders)
Downgrade of Original Servicer's Rating to Certain Level	N/A
Appointment of Back-up Servicer Upon:	N/A
Key Cash Manager Termination Events:	Insolvency
Notification of Obligors of True Sale	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders).
Conversion to Daily Sweep	Loss of BBVA's P-1 rating
Notification of Redirection of Payments to SPV's Account	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders).
Accumulation of Set Off Reserve	N/A

Receivable Administration:	
Method of Payment:	100% by direct debit
% of Obligors with Account at Originator:	100%
Distribution of Payment Dates:	Not made available.

Cash Manager:

Cash Manager and Its Rating:	Europea de Titulización S.A, S.G.F.T (N.R)
Main Responsibilities:	» Keeping the Fund's accounts separate from the management company's. » Complying with its formal, documentary and reporting duties to the CNMV, the rating agencies and any other supervisory body. » Appointing and, if necessary, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts. » Complying with the calculation duties provided for and taking the actions laid down in the Deed of Constitution and in the Prospectus. » Checking that the mortgage credit income amount actually received by the Fund matches the amounts that must be received by the Fund, on the terms of issue of the pass-through certificates and on the terms of the relevant mortgage credits. » Calculating and determining on each determination date the principal to be amortised and repaid on each bond series on the relevant payment date. » Watching that the amounts credited to the treasury account return the yield set in the agreement. » Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the bonds. » Calculating the available funds, the available funds for the notes amortisation, the liquidation available funds and the payment or withholding obligations to be complied with, and applying the same in the priority of payments or, as the case may be, in the liquidation priority of payments. » The management company may extend or amend the agreements entered into on behalf of the Fund, and substitute, as necessary, each of the Fund service providers on the terms provided for in each agreement.
Calculation Timeline:	Determination Date: Five days before the payment date.
Back-up Cash Manager and Its Rating:	Europea de Titulización is majority owned (over 80%) by BBVA
Main Responsibilities of Back-up Cash Manager:	*N/A*

Collateral Description (as of 31 August 2010)

CHART 2
Portfolio Breakdown by Year of Origination

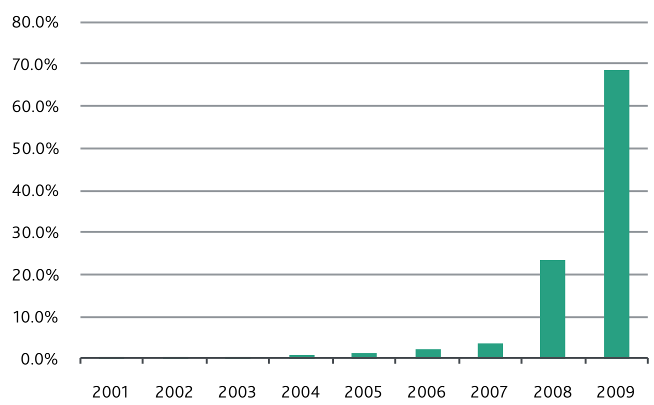


CHART 3
Portfolio Breakdown by Year of Maturity

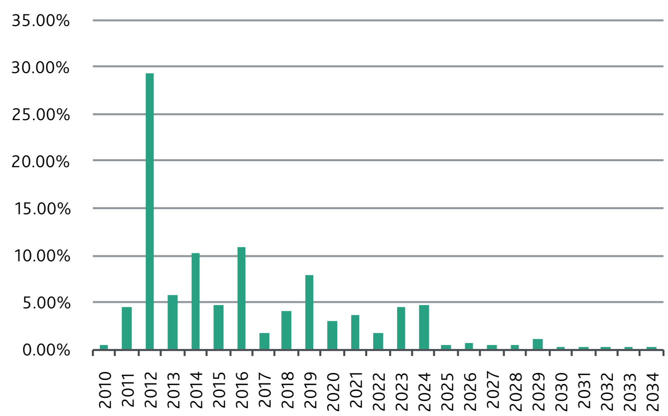


CHART 4
Portfolio Breakdown by Industry Diversification

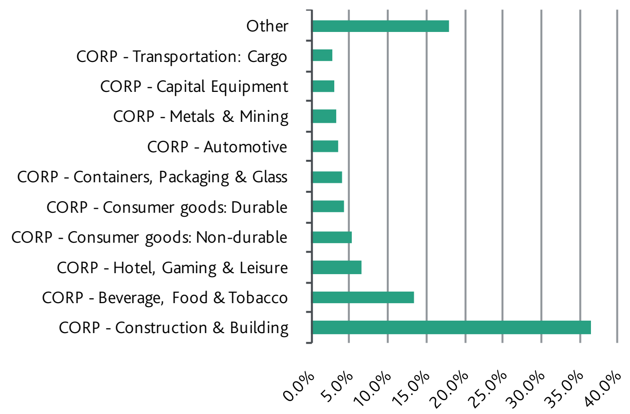


CHART 5
Portfolio Breakdown by Guarantee Type

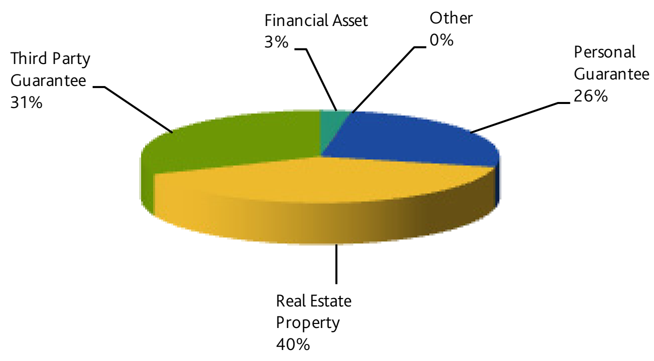


CHART 6

Mortgage Guarantee breakdown by Property Type

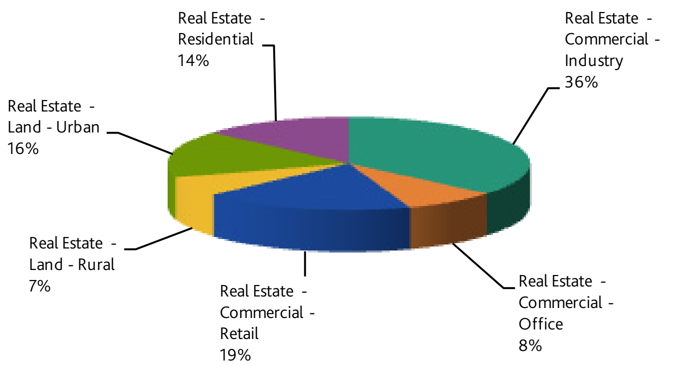
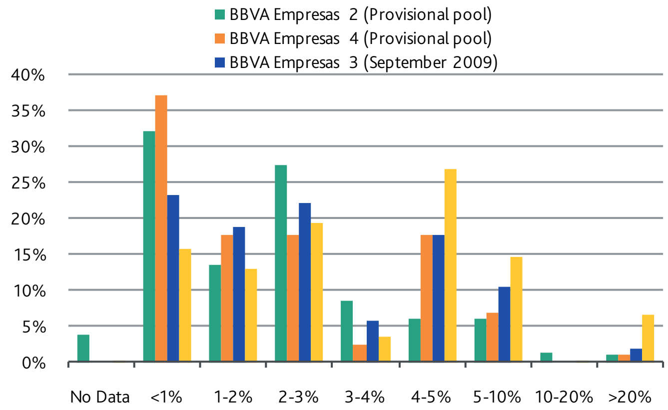


CHART 7

1 Year DP according to BBVA's Internal ratings



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

Product Description: The portfolio consists of standard loans extended to Spanish companies. Some are secured by real estate and some unsecured and all are used to fund general working capital and/or long-term business expansion. The portfolio breakdown by company size, is 34.6% Micro-enterprises (turnover less than €2 million), 56.6% SMEs (turnover between €2 million and €50 million) and 8.7% Corporate (turnover over €50 million). The loans were originated between 2001 and 2009, with a weighted-average seasoning of 1.68 years and a weighted-average remaining term of 5.58 years. The longest loan matures in November 2034. Geographically, the pool is concentrated in Catalonia (19.1%), Madrid (15.9%) and Valencia (15.0%). Loans are either subject to pre-defined amortisation calendar (16.28%), French amortisation (79.9%) and bullet amortisation (3.82%).

Only 2.5% of the portfolio corresponds to loans currently under principal grace periods.

In terms of debtor concentration, the pool includes exposures up to 0.61% of the current issuance amount. Around 36.5% of the portfolio is concentrated in the "Construction and Building" sector according to Moody's industry classification. The Real Estate Developer sector represents 9.7% of the total pool.

Eligibility Criteria:

The key eligibility criteria were as follows:

» The loans have been granted to non-financial enterprises located in Spain.

» The pool does not include lease contracts or syndicated loans

» The mortgaged real estate properties have been built and they are located in Spain

» The loans are repaid by direct debit.

» All loans are denominated in euros.

» 100% of the principal of the loans has been drawn.

Additional Information on Borrowers:

Top Debtor Concentration:	0.61%	
Top 5 Debtors:	2.87%	
Top 10 Debtors:	4.91%	
Top 25 Debtors:	9.89%	
Industry Concentration:	Construction & Building	36.50%
	Beverage, Food & Tobacco	13.34%
	Hotel, Gaming & Leisure	6.56%
Geographic Diversity:	Catalonia (19.1%), Madrid (15.9%) and Valencia (15.0%)	

Additional Information on Portfolio:

Number of Contracts:	15,695	
Type of Contracts:	100% standard loans.	
Contract Amortisation Style:	79.9% French, 16.28% PACs, 3.82% Bullet	
% Large Corporates:	8.7% (annual turnover > €50 million)	
% Bullet Loans:	3.82%	
% Real Estate Developers:	9.7%	
WA Interest Rate:	3.71%	
LTV(first-lien):	51%	
Guarantees:	Real Estate Property	40.11%
	Third Party Guarantee	31.23%
	Personal Guarantee	25.85%
	Financial Asset	2.77%
	Other	0.03%
Mortgage Guarantees:	Real Estate - Commercial - Industry	14.53%
	Real Estate - Commercial - Office	3.33%
	Real Estate - Commercial - Retail	7.54%
	Real Estate - Land - Rural	2.74%
	Real Estate - Land - Urban	6.55%
	Real Estate - Residential	5.43%

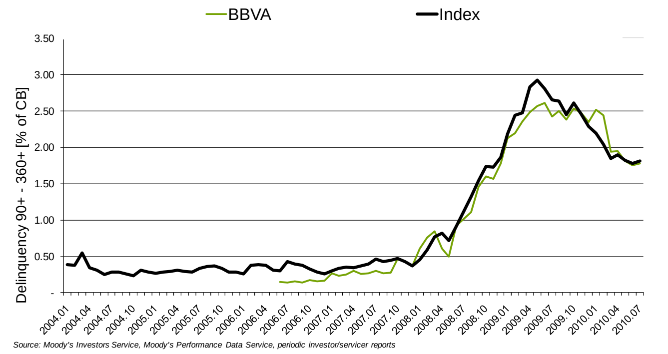
Credit Analysis

Precedent Transactions' Performance: BBVA is one of the most active originators in the securitisation of SME loans in Spain. The performance of the originator's precedent transactions is average compared to the rest of Spanish originators in the SME segment.

As of September 2010, the 90-360 delinquencies for BBVA's deals were around 1.8% (very much in line with the market index).

CHART 8

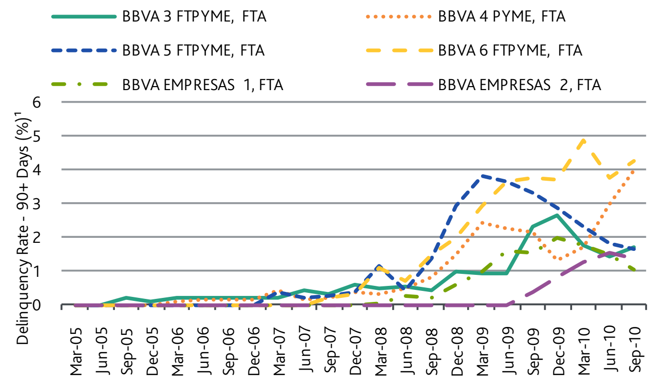
Delinquencies 90 - 360 BBVA transactions vs. market index



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

CHART 9

Delinquencies 90+ in previous BBVA transactions



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

Default Definition: The definition of a defaulted asset in this transaction is one which is more than 18 months in arrears.

Data Quantity and Content: Moody's has not received specific historical data (by quarter of origination) to perform a vintage analysis. However, Moody's has received historical information from the previous deals and line-by-line information on default probabilities according to BBVA's internal ratings/scorings for the provisional pool. The average Default Probability (over one year) and the Loss Given Default, according to BBVA's internal analysis, are equal to 6.8% and 31%, respectively.

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

Assumptions: Note other values may result in achieving the same ratings.

Assumptions	
CPR:	8%
Distribution:	Inverse Normal
Default Rate:	18.2%
Stdev/mean:	40%
Timing of default:	Flat over next 3years (6 months lag)
Recoveries:	Mean 50% (stochastic recoveries)
Recovery lag:	50% (in 2nd year) and 50% (in 3rd year)
Correlation Default/ Recoveries:	20%
Amortisation profile:	Actual pool amortisation
Fees:	0.50%
Fees floor:	€25,000
Euribor (three-month):	4%
PDL definition:	18 months
Write-off:	18 months

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

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

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

Borrower's main sector of activity	Rating Proxy
Construction & building	B2
Real Estate Developer	Caa1
Other industries	Ba3

The above assumptions include some adjustments that take into account the current macro-economic environment (generally in the range of one-two notches) as well as the originator's underwriting ability. BBVA's default rates is average the Spanish markets (see Chart 8), therefore Moody's has taken into consideration the current performance of BBVA's SME deals in its assumptions.

Moody's further adjusted the assumptions to account for the size of the companies (one notch down for micro and small enterprises). Finally, we also adjusted the PD assumptions according to the loan characteristics. For bullet loans the PD was increased considering an additional one year exposure to default at the time of refinancing. For loans with current or potential principal grace period or potential holiday payment an additional 10% PD stress was applied.

Timing of defaults: Moody's tested several timing of default curves to assess the robustness of the ratings. In the base-case scenario, the timing of defaults curve assumed is flat over 3 years (with 6 months lag).

Derivation of Recovery Rate Assumption: Assumptions for recoveries were made on the basis of (i) historical recovery information available from previous deals of BBVA: (ii) statistical information on the Spanish SME market; (iii) feedback from Moody's corporate team; and (iv) other quantitative and pool derived aspects. Regarding the last point, Moody's estimated the recovery rate on the secured portion of the portfolio based on the property valuation data, applying conservative haircuts to take into account property price deflation and associated costs to the recovery process. Moody's has taken into consideration the proportion of loans backed by first-lien mortgage loans (40%), the low WA LTV (51%) and the type of properties.

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

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

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

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

Treatment of Concerns:

» **Exposure to real estate:** Approximately 36.5% of the portfolio is exposed to the Construction and Building sector (according to Moody's industry classification) and 9.7% correspond to loans granted to Real Estate developers. Moody's assumed a higher default probability for obligors operating in this industry (rating proxy equal to B2 and Caa1 respectively) than for the rest of obligors (rating proxy equal to Ba3). BBVA's default rates have recently deteriorated, although they remain in line with the market average.

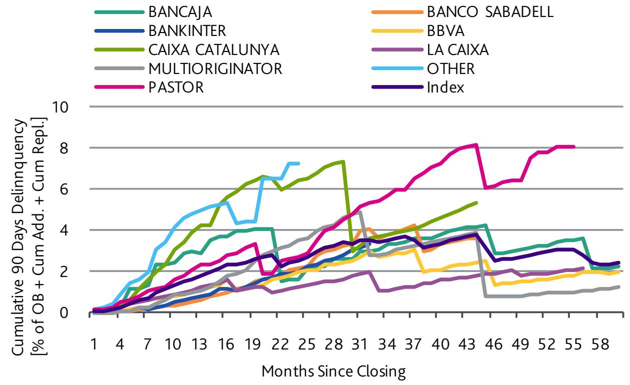
» **Bullet loans:** The portfolio has a 3.8% exposure to bullet loans. Moody's has adjusted the PD assumptions according to these loan characteristics. For bullet loans the PD was increased considering an additional one year exposure to default at the time of refinancing.

Benchmark Analysis

Performance Relative to Sector: Chart 11 shows the outstanding proportion of cumulative delinquencies in Moody's rated Spanish SME transactions grouped by originator. Please note that performance shown is affected by several factors, such as the age of the transaction, the pool specifics characteristics, the presence of a revolving period, etc. The performance of BBVA's transactions is better than the index even though its default rates have recently deteriorated.

CHART 11

Spanish SME 90+ Cumulative delinquencies (by Originator)



Source: Moody's Investors Service, periodic investor reports

Benchmark Table

Deal Name	Bbva Empresas 4, FTA	Foncaixa Ftgencat 7, FTA	Foncaixa Empresas 1, FTA
Country	Spain	Spain	Spain
Closing Date	21/07/2010	01/10/2009	23/03/2009
Currency of Rated Issuance	Euro	Euro	Euros
Rated Notes Volume (excluding NR and Equity)	1,700,000,000	1,000,000,000	6,000,000,000
Originator (1)	BBVA	"la Caixa"	"la Caixa"
Long-term Rating	Aa2	Aa2	Aa1
Short-term Rating	P-1	P-1	P-1
Servicer (1)	BBVA	"la Caixa"	"la Caixa"
Long-term Rating	Aa2	Aa2	Aa1
Short-term Rating	P-1	P-1	P-1
Contract Information (as % Total Pool)			
(Fully) amortising contracts %	91.5%	98.40%	95.90%
Bullet / balloon contracts %	8.5%	1.60%	4.10%
Method of payment - Direct Debit (minimum payment)	100%	100%	100%
Floating rate contracts %	76.60%	85.70%	97.00%
Fixed rate contracts %	23.40%	14.30%	3.00%
WA initial yield (Total Pool)	3.14%	4.55%	5.31%
WAL of Total Pool (in years)	3.7	3.5	4.4
WA seasoning (in years)	1.2	2.1	2.7
WA remaining term (in years)	6.6	7.8	11.8
Portfolio share in arrears > 30 days %	0.00%	0.00%	0.00%
No. of contracts	4,723	29,901	33,742
Obligor Information (as % Total Pool)			
No. of obligors	4,432	16,105	25,855
Name 1st largest industry	Construction & Building	Construction & Building	Construction & Building
2nd largest industry	Beverage, Food & Tobacco	Beverage, Food & Tobacco	Diversified/Conglomorated Sector
3rd largest industry	Hotel, Gaming & Leisure	Consumer goods: Non-durable	Hotel, Gaming & Leisure
Size % 1st largest industry	40.6%	32.80%	27.89%
2nd largest industry	13.0 %	7.00%	17.39%
3rd largest industry	11.6%	6.80%	7.91%
Effective Number (obligor group level)	351	2,010	928
Single obligor (group) concentration %	1.18%	0.59%	2.03%
Top 10 obligor (group) concentration %	9.21%	3.85%	10.60%
Collateral Information (as % Total Pool)			
WA RE collateralisation level (WA LTV)	43%	61.60%	53.00%
Collateralised by first lien mortgage	43%	8.80%	62.30%
Geographical Stratification (as % Total Pool)			
Name 1st largest region	Catalonia	Catalonia	Madrid
2nd largest region	Madrid		Catalonia
3rd largest region	Valencia		Andalusia
Size % 1st largest region	19%	100.00%	27.01%
2nd largest region	17.5%		30.30%
3rd largest region	11.6%		15.28%

Deal Name		Bbva Empresas 4, FTA	Foncaixa Ftgencat 7, FTA	Foncaixa Empresas 1, FTA
Country		Spain	Spain	Spain
Asset Assumptions				
Gross default / Net loss definition in this deal		18 months	12 months	12 months
Type of default / loss distribution		User Defined	Inverse Normal	Inverse Normal
Moody's equivalent rating for Non-RE subpool		Ba3	Ba2	Ba3
Moody's equivalent rating for RE subpool		B2	Ba3	B1
Mean gross default rate - initial pool		17.10%	17.30%	13.00%
Stdev.		8.3%	7.80%	5.85%
CoV		48.5%	45.11%	45.00%
Stochastic Recoveries modelled?		Yes	Yes	Yes
Mean recovery rate		50%	58.00%	58.00%
Stdev. recovery rate (if any)		20.00%	20.00%	20.00%
Recovery lag (in months)		-	21.38	90.00
Correlation severity / default		10.00%	10.00%	10.00%
Correlation severity		10.00%	10.00%	10.00%
Prepayment Rate(s)		8%	5%	7%
Fees		0.50% outstanding balance / 25,000 floor	0.50% outstanding balance / 25,000 floor	0.50% outstanding balance / 25,000 floor
Capital structure (as % Total Pool)				
Size of	Aaa rated class	100.00%	87.00%	87.25%
	Aa3 rated class			
	A3 rated class		2.50%	
	Baa3 rated class		10.50%	4.75%
	Ba3 rated class			8.00%
	B2 rated class			
	Equity			10.50%
Reserve fund		36.00%	15.50%	10.50%

(1) Ratings and entities names are as of transaction closing date.

Parameter Sensitivities

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

Parameter sensitivities for this transaction were calculated in the following manner: Moody's assumed nine scenarios derived from the combination of mean default rate: 18.2% (base case), 20.2% (base + 2%) and 22.2% (base + 4%) and recovery rate: 50% (base case), 45% (base – 5%) and 40% (base – 10%). The 18.2% default and 50% recovery rate scenario represents the base case assumptions used in the initial rating process.

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

TABLE 5

Series A

		Recovery Rate		
		50%	**45%**	**40%**
Portfolio WA PD Assumption	**18.2%**	**Aaa***	Aaa (0)	Aa1 (1)
	20.2%	Aa1 (1)	Aa1 (1)	Aa2 (2)
	22.2%	Aa1 (1)	Aa3 (3)	A1 (4)

TABLE 6

Series B

		Recovery Rate		
		50%	**45%**	**40%**
Portfolio WA PD Assumption	**18.2%**	**A1***	A1 (0)	A2 (1)
	20.2%	A3(2)	A3(2)	Baa1 (3)
	22.2%	Baa1 (3)	Baa1 (3)	Baa2 (4)

TABLE 7

Series C

		Recovery Rate		
		50%	**45%**	**40%**
Portfolio WA PD Assumption	**18.2%**	**Ba2***	Ba2(0)	Ba2(0)
	20.2%	Ba3(1)	Ba3(1)	Ba3(1)
	22.2%	B1 (2)	B1 (2)	B1 (2)

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

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

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

Worst-case scenarios: When the rating was assigned, if the assumed default probability of 18.2% used in determining the initial rating was changed to 22.2% and the recovery rate of 50% was changed to 40%, the model-indicated rating for the Series A Notes would change from Aaa to A1.

Monitoring

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

Originator Linkage: BBVA will act as servicer, interest rate swap counterparty, issuer account bank (replacement eligible entity or a eligible guarantor will need to be found if BBVA is downgraded below P-1) and paying agent (replacement eligible entity or a eligible guarantor will need to be found if BBVA is downgraded below P-1).

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

COUNTERPARTY RATING TRIGGERS	CONDITION	REMEDIES
Interest Rate Swap Counterparty	In accordance with Moody's swap guidelines*	
Issuer Account Bank	Loss of P-1	Replace/Eligible guarantor
Servicer	NA	
Liquidity Facility Provider	NA	
Other		

* See Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Transactions Moody's Methodology, October 2010

Monitoring Report: Moody's has reviewed the standard monitoring report (publicly available at the management company website for previous similar deals) and would like to receive the following important data in addition to the information reflected on the report:

- All the transaction's triggers details
- The amount of gross excess spread before write offs
- Quarterly loan-by-loan pool evolution reports (including recovery data)

Moody's Related Research

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

Methodologies

» Refining the ABS SME Approach: Moody's Probability of Default assumptions in the rating analysis of granular Small and Mid-sized Enterprise portfolios in EMEA, March 2009 (SF141058)

» Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890)

Rating Implementation Guidance

» Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Cashflow Transactions Moody's Methodology, May 2006 (SF73248)

Performance Overviews

» BBVA Empresas 2, Fondo de Titulización de Activos

» BBVA Empresas 1, Fondo de Titulización de Activos

» BBVA-6 FTPYME, Fondo de Titulización de Activos

» BBVA-5 FTPYME, Fondo de Titulización de Activos

» BBVA-4 PYME, Fondo de Titulización de Activos

» BBVA-3 FTPYME, Fondo de Titulización de Activos

Pre-Sale Reports

» BBVA Empresas 2, Fondo de Titulización de Activos, March 2009 (SF165010)

» BBVA Empresas 1, Fondo de Titulización de Activos, October 2007 (SF112316)

» BBVA-6 FTPYME, Fondo de Titulización de Activos, June 2007 (SF99887)

» BBVA-5 FTPYME, Fondo de Titulización de Activos, October 2006 (SF83565)

» BBVA-4 PYME, Fondo de Titulización de Activos, September 2005 (SF61111)

» BBVA-3 FTPYME, Fondo de Titulización de Activos, November 2004 (SF47008)

Special Reports

» Spanish SME Performance Indexes – July 2011

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

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

Moody's publishes a weekly summary of structured finance credit, ratings and methodologies, available to all registered users of our website, at http://www.moodys.com/SFQuickCheck.

Appendix 1: Originator's Underwriting and Collection Practices

Originator Ability:	With reported assets of €553 billion at end-December 2010, BBVA is Spain's second-largest domestic bank with market shares around 13% in loans and 10% in deposits at end-December 2010. The Iberian franchise contributes to around 45% of net income. BBVA has also built up a solid franchise in Latin America, holding a 33% share of loans and 27% share of deposits in Mexico and a 10% share of both loans and deposits in South America as at December 2010, and a leading position in the pension fund business, with a market share of around 23% in the region.
Sales and Marketing Practices:	» Number employees: Around 29,000 » Origination channels (on average for total bank's portfolio): Branch (100%) as broker origination was stopped by the end of 2007 » Incentive-based compensation: yes
Underwriting Policies and Procedures:	» Underwriting function is provided by 3,300 branches organised in 69 regional sub-areas, which are coordinated by seven regional areas. » Authorisation level is based on the loan amount and scoring/rating result, and varies by branch type and employee level. There are six employee levels that represent the degrees of experience. » Exceptions are very infrequent. » Loan credit is analysed based on borrower payment capacity and borrower profile. All loans go through the rating/scoring system and there are a number of filters. » Credit history and indebtedness checks are performed through CIRBE and ASNEF. Internal information on BBVA customer accounts is also searched.
Collateral Valuation Policies and Procedures:	» Valuation process: In line with standard practise in the market (valuators certified by the Bank of Spain)
Closing Policies and Procedures:	» BBVA has a specialised centre that handles all the paperwork and takes care of reconciliation of system data and origination files.
Credit Risk Management:	» Bad loan performance is assessed relative to the characteristics of the loans in the branch in order to detect actual servicing weaknesses; the issue is passed onto the area servicing head. » BBVA has a proactive approach towards risk throughout the whole life of the loan during the surveillance and origination process. Risk control is carried out by an experienced team using specialised, internally developed tools.
Originator Stability:	
Quality Controls and Audits:	» Regular loan book audits at branch level and central risk department level. » Audits of underwriting practices to policy compliance are performed on a regular basis by internal and external auditors as well as the Bank of Spain. » The servicing collection activities are under the same code of conduct, internal and external auditing procedures as the rest of the activities of the bank. » BBVA has a fraud prevention department. There is an internal code of conduct whereby, in case of suspicion, all employees know how to proceed and transfer the deal to the fraud prevention department for its analysis.
Regulated by:	» Bank of Spain
Management Strength and Staff Quality	» Staff has access to policies via the intranet. » BBVA has 225 direct employees to help with underwriting. Otherwise, the bank works closely with various external companies that help with some mechanical parts of the process, such as telephone calls. » Employees are trained on a continuous basis to meet area and market needs.
Technology	» Centralised system to list borrowers in arrears and new arrears daily, notify the branches and manage letters. » Integrated system for arrears management and reporting. » A back-up system is in place and there is currently work in progress on an improved system to reduce disaster recovery times. » Back-up servers are in a different location. » There is a contingency plan in place and quarterly tests on the back up system.
Arrears Management:	
Number of Receivables per Collector:	» No data available
Staff Description:	» 225 employees in central offices dedicated to servicing. » Staff turnover varies depending on the phase. In the early stage of the arrears, the branch network and specialised employees are involved. The average tenure within the company in these departments is 3-4 years. For the late-stage arrears, there is a more specialised workforce with an experience of 15-20 years within the company, since more judicial and banking knowledge is needed. » Compensation is linked to collection performance through a bonus scheme.
Early Stage Arrears Practices:	» Automated alert and messaging system. Separate process for clients (six or more months of open account history) and no clients. » Branch employees are assigned delinquent borrowers to manage the arrears and foreclosure process. » Arrangement of face-to-face meetings in the early arrears. » Workload prioritisation by the higher loan principal balance.
Late Stage Arrears Practices:	» Loan is passed to the late arrears and foreclosure team after 90 days. » Creation of a late arrears and foreclosure department as a separate centralised business unit (early 2008). » In-house legal team » Late-arrears management provided by central services after 90 days and until the case is filed to court. This is in addition to the arrears management activities of the branch.
Average Time to Repossess:	» Not available
Loan Modifications:	» In line with market general practises.

» contacts continued from page 1

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