European - Structured Finance

Structured Credit - Spain

Rating Report 25 January 2013

Insight beyond the rating.

DBRS Ratings Limited

Transaction Close Date
23 December 2009

DBRS Close Date
5 December 2012

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BBVA EMPRESAS 3 F.T.A.

Ratings

Debt	Original Par Amount (EUR)‡	Current Par Amount (EUR)*	Current Credit Enhancement (EUR)*	Investor Spread (per annum)	CUSIP/ISIN	DBRS Rating	Rating Action
Series A	2,210,000,000	430,710,215	649,490,993	3 month EURIBOR + 0.30%	ES0313524003	A (sf)	New Rating
Series B	260,000,000	260,000,000	--	3 month EURIBOR + 0.50%	ES0313524011	--	--
Series C	130,000,000	130,000,000	--	3 month EURIBOR + 0.80%	ES0313524029	--	--

Notes:
‡ Please note that the Par Amount referenced above corresponds to the Original Par at Closing in December 2009.
* The Credit Enhancement is based on the current balance of the portfolio and the current balance of the Reserve Fund

Kingdom of Spain, Sovereign Rating:	A (low), Negative Trend
Transaction Close Date:	21 December 2009
DBRS Rating Date:	5 December 2012

Transaction Summary

BBVA EMPRESAS 3 F.T.A. (the "Issuer"), a "Fondo de Titulización", is a special purpose vehicle ("SPV") incorporated in accordance with Spanish legislation for the purpose of issuing asset-backed securities and acquiring loans. The SPV issued three series of asset-backed Notes to finance the purchase of the small and medium sized ("SME") and large corporates loans (at par) granted by Banco Bilbao Vizcaya Argentaria S.A ("BBVA", the "Originator"). In addition, the SPV entered into a Start-up Loan Facility (EUR 5000,000) to finance the initial expenses of the SPV, and a Subordinated Loan (EUR 494,000,000) to finance a Reserve Fund account. Interest income received by the SPV will be distributed quarterly on the Payment Date according to the Priority of Payments established for payments of the Issuer.

The DBRS ratings of the BBVA EMPRESAS 3, F.T.A. Notes are listed on Page 1.

- Series A Notes due 2038 ("Series A Notes" or "Rated Notes").
- Series B Notes due 2038 ("Series B Notes")
- Series C Notes due 2038 ("Series C Notes")

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

The Series A Notes are senior in interest and principal and are supported by the subordination provided by the Performing Portfolio and the Reserve Fund. The Series B and Series C Notes are junior in interest and principal to the Series A Notes. The rating of the Series A Notes addresses the timely payment of interest and the ultimate payment of principal under the transaction documents.

DBRS has based its analysis on what it regards as the Performing Portfolio, which is the balance of the Collateral minus the amount of the Collateral that is in arrears. According to the portfolio data supplied as of 30 September 2012, the Portfolio contains performing loans with a balance of EUR 655,043,917 and loans that DBRS considers to be non performing (in arrears over 30 days) with a balance of EUR 209,889,992. All of the portfolio analysis in this report is based on the performing balance unless otherwise stated. The determination of the Perfoming Portfolio is shown in the Collateral Analysis section.

The proceeds from the issue of the Asset-Backed Notes was used pay the Originator for the purchase of the Portfolio. As mentioned above, the Subordinated Loan funded the initial balance of the Reserve Fund Amount. The Reserve Fund had an initial balance of EUR 494,000,000 (19% of the initial balance of the Notes). The current balance of the Reserve Fund is EUR 425,157,291 (or 51.87% of the outstanding balance of the Notes). The Reserve Fund can be used to pay down the outstanding principal of the Notes on the Interest Payment Date on which the Notes would be fully repaid.

DBRS based the ratings primarily on:

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

Methodologies Applied

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

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

Rating Rationale

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

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

Strengths

- The credit enhancement levels are sufficient to support the ratings of the Rated Notes.
- The Reserve Fund was funded, on the Transaction Closing Date, at EUR 494.0 million, which corresponded to 19% of the initial aggregate balance of the Notes. As of the DBRS Ratings Date, the Reserve Fund balance was EUR 425.2 million, which corresponded to 51.87% of the current aggregate balance of the Notes.
- Under the Interest Rate Swap Agreement (the "Swap"), the Swap Counterparty will pay the Issuer the weighted average coupon on the Notes plus 0.50% per annum.

Challenges

- The challenging economic environment in Spain.
- The exposure of the Issuer to BBVA as the Originator, Servicer, Account Bank, Paying Agent and Swap Counterparty.
- Moderately high regional concentration in Catalonia (23%) and Valencia (16%).
- Approximately 30% of the Performing Portfolio is exposed to the aggregate Real Estate and Construction sectors.

Mitigating Factors

- The Reserve Fund is available to pay the interest and fee shortfalls in the Priority of Payments.
- The transaction is a static transaction which will allow the Rated Notes to pay down as rapidly as possible.
- The Interest Rate Swap Agreement is intended to mitigate the basis risk as well as potential liquidity risks due to the timing mismatches between payment of the Notes (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 80.5% of its initial balance.
- DBRS maintains public ratings, private ratings, or internal assessments in order to evaluate and monitor the potential risk that counterparties pose to the performance of the Notes. At the time of assigning these ratings, all transactions participants either meet or exceed DBRS counterparty requirements, which are publicly available in the published legal criteria referenced at the end of this report.

Transaction Parties and Relevant Dates

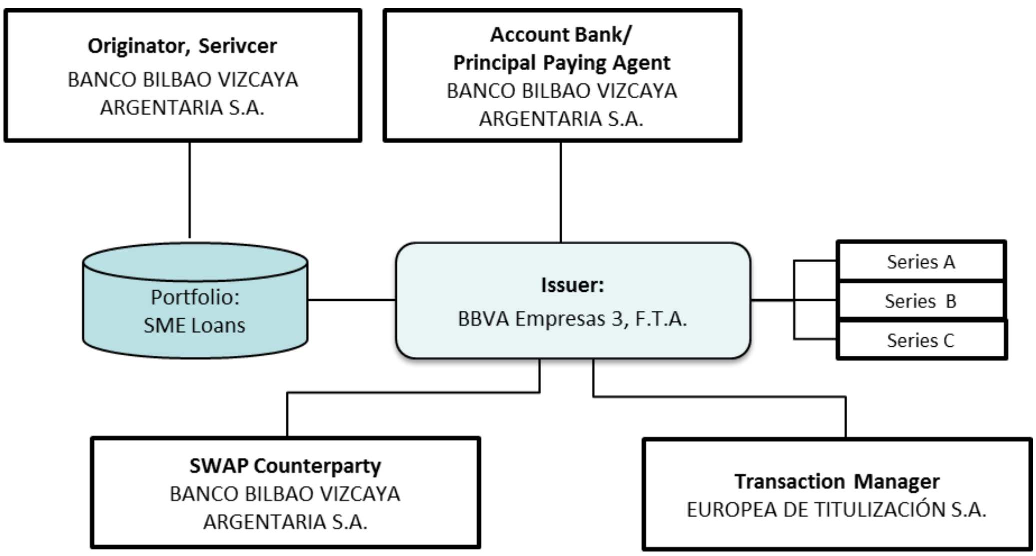
Transaction Parties

Type	Name	Current Rating
Issuer	BBVA EMPRESAS 3 F.T.A.	N/A
Originator/Seller	BBVA	A / R-1(Low) Negative Trend
Servicer	BBVA	A / R-1(Low) Negative Trend
Issuer Account Bank	BBVA	A / R-1(Low) Negative Trend
Swap Counterparty	BBVA	A / R-1(Low) Negative Trend
Paying Agent	BBVA	A / R-1(Low) Negative Trend
Transaction Administrator	Europea de Titulización, S.A., S.G.F.T.	N/A
Arranger	BBVA	A / R-1(Low) Negative Trend

Relevant Dates

Type	Date
Issue Date	21 December 2009
DBRS Rating Date	5 December 2012
First Interest Payment Date after DBRS Rating	24 December 2012
Payment Frequency	Quarterly, on the 24th day of March, June, September, and December
Call Date	When the asset balance is less than the 10% of the original portfolio
Legal Final Maturity Date	24 December 2038

Transaction Structure



BBVA EMPRESAS 3, F.T.A.

Report Date
25 January 2013

Transaction and Counterparty Overview

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

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

Issuer
BBVA EMPRESAS 3 F.T.A. is an SPV created in accordance with Spanish securitisation law and regulated by Royal Decree 926/1998. Under the securitisation laws, the SPV is a separate and independent patrimony from the Originator ("Patrimonio Separado"), but does not have any legal personality or capacity. The Issuer is represented by Europea de Titulización S.A., S.G.F.T (the "Management Company" or "Sociedad Gestora"). All acts performed and all contracts, transactions or agreements executed by the Management Company on behalf of the Issuer are considered, under Spanish law, as acts performed, and transactions, agreements or contracts executed by the Issuer.

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

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

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

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

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

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

As per the transaction documentation, in case of withdrawal of the rating or downgrade of the Long Term Rating of the Account Bank below BBB, the Account Bank must either i) be replaced within 30 calendar days by a financial institution with a DBRS public rating, private rating or private internal assessment of at least an BBB, or ii) find a guarantor with a public rating, private rating, or private internal assessment from DBRS of at least BBB. If there are any costs incurred by these options, they will be at the expense of the original Account Bank or guaranteed Account Bank.

Origination and Servicing

DBRS visited BBVA's headquarters in June 2011. 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 it has 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 BBVA's profits reflects their domestic market share (Spain constitutes 32.4% of profit) and its 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 its 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 A / R-1 (low) with Negative 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 less than EUR 2 million and fewer than 25 employees. Currently, BBVA has approximately one million Commercial Banking clients, distributed primarily in the following sectors: Retail; Agriculture; 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; and 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 (Valencia, 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 statements, 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, then Regional Director, then 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 formalised 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 homogenise the admission criteria and decentralise the decisions.

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

- Quantitative factors: financial estate data, cash flows, financial structure, debts, and 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 organisation, classified by Corporate, Companies, and SMEs.

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 through monthly monitoring committees. In the committee meetings, the current status of the clients and the monitoring risk policies are reviewed, taking into account the different geographical areas and the branches with a similar client portfolio. The client monitoring, however, uses an alert system. The alert system has: general risk alerts; business risk alerts; and rating alerts. The general risk alerts are controlled by a tool using daily and weekly information. When alerts are triggered a meeting is scheduled to review the current situation. The ratings are analysed monthly to determine if the client needs to provide a new balance sheet data, if the rating of the client has dropped significantly, or if the rating is below the BBB threshold, thus necessitating a monitoring review and action plan. The alerts and rating together are used to 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/Externalisation, and Judicial Process. The Recoveries Department starts to work once the loan is in arrears for more than 90 days. 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 15,000) are controlled by the Externalisation Department. The Externalisation Department is responsible for the monitoring process of all smaller delinquent transactions/clients which have been outsourced to specialized recovery companies. 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; and,
- 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 has become 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).

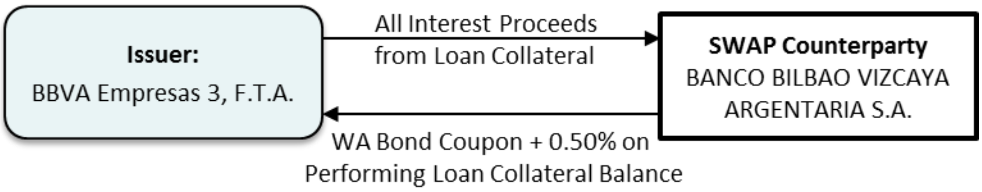
Both Commercial and Large Company or Corporate Banking are processed in a similar manner. However, the Recovery Department and the Legal Department are responsible for the Recovery Process for larger clients, either by the judicial process or refinancing.

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:



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

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 April 2012 in the section “Addendum – Spain”.

Current Transfer/Assignment of Receivables

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

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

Representations Relating to the Loans Given to the Issuer

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

- All the Credit Rights are duly documented and formalised, and the corresponding agreements are available to the Management Company.
- All the Credit Rights exist, are valid and enforceable.
- BBVA rightfully holds all the Credit Rights, and that there are no restrictions to their sale to the Issuer.
- 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 had 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.
- None of the credit rights result from the renegotiation of loans that were in arrears.
- All the borrowers are Corporates or SMEs domiciled in Spain.

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 15 days.

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

Financial Structure

Transaction Cash Flow

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

Priority of Payments

(i) Taxes and ordinary and extraordinary expenses.
(ii) Payment to the Servicer of the fee established in the Servicing Agreement.
(iii) If applicable, net amount under the Swap and any amount due in termination of the Swap if the Issuer is in breach of the Swap.
(iv) Interest due on the Series A Notes.
(v) Interest due on the Series B Notes, unless the cumulative balance of Doubtful Loans is greater than or equal to 25% of the Initial Balance of the Loans, at which point payment is moved to 8th place.
(vi) Interest due on the Series C Notes, unless the cumulative balance of Doubtful Loans is greater than or equal to 20% of the Initial Balance of the Loans, at which point payment is moved to 9th place.
(vii) Amortisation withholding amount.
(viii) Interest due on the Series B Notes when this payment is deferred from 5th place in the order of priority as established therein.
(ix) Interest due on the Series C Notes when this payment is deferred from 6th place in the order of priority as established therein.
(x) Withholding of an amount sufficient for the Required Reserve Fund Amount to be maintained.
(xi) Settlement payment amount payable by the Fund under the Interest Rate Swap Agreement other than in the events provided for in 3rd place above.
(xii) Subordinated Loan interest due.
(xiii) Subordinated Loan principal to the extent amortised.
(xiv) Start-Up Loan interest due.
(xv) Start-Up Loan principal to the extent amortised.
(xvi) 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 Notes.
- If there are circumstances that affect the financial balance of the Issuer.
- If the Management Company is declared bankrupt, and, after four months, there is no replacement.
- If any of the Notes have defaulted.
- If the Management Company has the consent of all note holders to liquidate the Issuer after one year since the inception of the transaction has elapsed.
- Forty two months after the last maturity of the loans.

Liquidation Priority of Payments

(i) Taxes and ordinary and extraordinary expenses.
(ii) Payment to the Servicer of the fee established in the Servicing Agreement.
(iii) Net amount payable by the Issuer upon termination of the Interest Rate Swap Agreement and, only in the event of termination of that Agreement following a breach by the Issuer, or because the Issuer is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amount payable by the Fund.
(iv) Interest due on the Series A Notes.
(v) Principal due on the Series A Notes.
(vi) Interest due on the Series B Notes.
(vii) Principal due on the Series B Notes.
(viii) Interest due on the Series C Notes.
(ix) Principal due on the Series C Notes.
(x) In the event of the credit facility or the loan being arranged payment of the financial expenses accrued and repayment of principal of the credit facility or the loan taken out.
(xi) Settlement payment amount payable by the Fund under the Swap other than in the events provided for in 4th place above.
(xii) Subordinated Loan interest due.
(xiii) Subordinated Loan principal due.
(xiv) Start-Up Loan interest due.
(xv) Start-Up Loan principal due.
(xvi) Financial Intermediation Margin.

Payment Timing

Interest due on the Notes for each subsequent period is determined two days before the start of the current period Payment Date. The transaction pays interest and principal on a quarterly basis on the 24th day of March, June, September, and December. Interest on the Notes is based on 3 months EURIBOR.

Security

Claims

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 45.27% 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 Portfolio SME loans. The Servicer will continue to manage the collection of all the amounts owed by the debtors and that derive from the Credit Rights. The Servicer will employ standard due diligence to ensure that the payments are collected in accordance with the terms and contractual conditions of the Credit Rights.

Mechanics of Servicing

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

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

Commingling Risk

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

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

Servicer Termination

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

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

Credit Enhancement

The Series A Notes benefit from credit enhancement in the form of the excess of the balance of the portfolio above the notional of the outstanding balance of the Series 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 DBRS Rating, the assets of the Issuer were:

Asset (as of the DBRS Rating Date)	Balance (EUR)
Total Current Balance of Credit Rights	864,933,909
Assumed Defaulted Loans (arrears greater than 30 days)	209,889,992
Performing Credit Rights Sub Total	**655,043,917**
Reserve Fund	425,157,291
Performing Asset Sub Total	**1,080,201,208**

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

Current capital structure and credit enhancements of the Series A Notes, Series B Notes and Series C Notes are:

Debt (as of the DBRS Rating Date)	Balance (EUR millions)	Credit Enhancement (EUR millions)
Series A	430.7	649.5
Series B	260.0	389.5
Series C	130.0	259.5

Reserve Account

As of the Issue Date, the balance in the Reserve Fund (the "Initial Reserve Fund") equalled EUR 494,000,000, equivalent to 19% of the initial balance of the Notes. Based on the Portfolio dated as of September 2012, the available Reserve Fund balance as of the DBRS Rating Date was EUR 425,157,291, equivalent to 51.8% of the current balance of the Notes.

The purpose of the Reserve Fund is to:

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

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

- EUR 494,000,000: and
- The higher of:
  - 38.00% of the Outstanding Principal Balance of the Notes.
  - EUR 247,000,000.

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

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

Performance Triggers

Interest on the Series B Notes or the 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 Series A Notes and replenish the Reserve Fund, or to prevent Principal Proceeds from the Portfolio being used to pay interest on the Series B Notes and Series C Notes.

Interest on the Series B Notes will be differed to a lower priority if the cumulative balance of Defaulted Loans is greater than 25% of the Initial Balance of the loans. Interest on the Series C Notes will be deferred to a lower priority if the cumulative balance of Defaulted Loans is greater than 20% of the Initial Balance of the loans (defaulted loans are defined in the transaction documents as loans in arrears for more than 18 months).

Data Quality

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

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

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

Collateral Analysis

Collateral Balance Summary (as of 30 September 2012)

Borrower Type	Micro Enterprise	34.86%,
	Enterprise	29.51%,
	SME	27.63%,
	Other (Corporate, Developer, etc.)	7.99%
Performing Balance (EUR million)		655.04
Number of Loans (performing)		4,551
Number of Borrowers (performing)		4,341
Floating/Fixed Loan Mix	Floating	63.0%
	Fixed	37.0%
Average Loan Size (EUR)		143,934
Average Original Borrower Exposure (EUR)		150,897
Weighted Average Interest Rate	Floating Spread	1.43%
	Fixed Rate	3.01%
Weighted Average Maturity (Years)		6.71
Mortgage 1st Lien Percentage		45.27%
Weighted Average Life (Years)		3.7 years

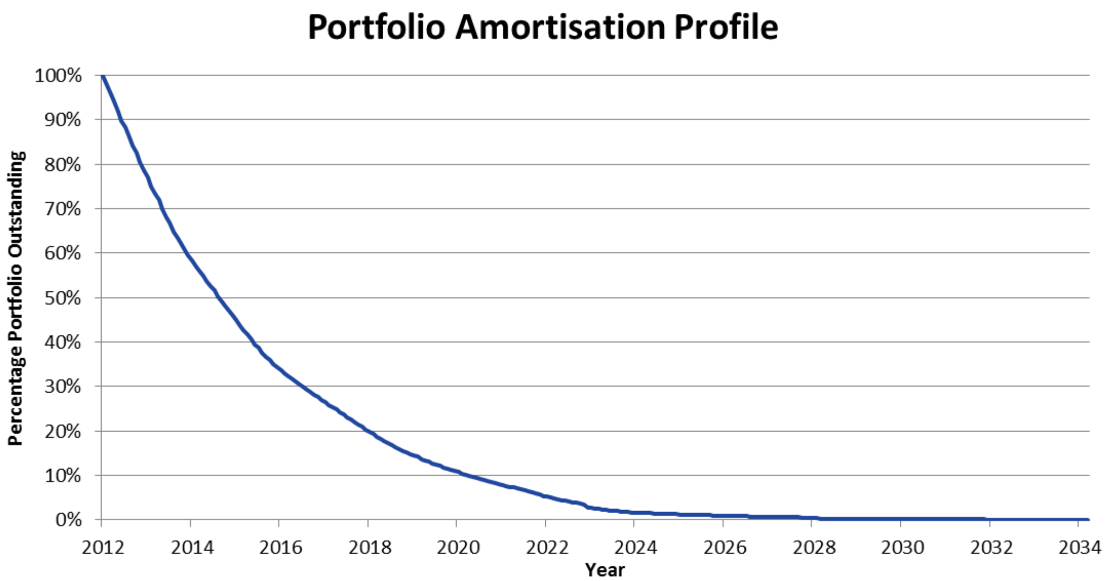
Collateral Balance Summary (as of 30 September 2012) continued

Obligor Concentration	Largest	1.14%
	Top 10 Largest	9.39%
	Top 20 Largest	15.55%
Loan Origination Dates	2001-2009	
Delinquency (EUR million)	Loans in arrears over 30 days	209.9

Source: BBVA and DBRS

Amortisation Profile

As of the DBRS closing date, the collateral portfolio has a weighted average life of 3.7 years. The Series A Notes have been amortising from the First Payment Date. The scheduled amortisation profile (assuming 0% CPR) of the underlying loans is given below.



Source: BBVA and DBRS

Performing 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 assigns a senior secured recovery rate to those loans benefiting from first lien mortgage collateral (45.27% of the

Portfolio). The remaining loans are treated as senior unsecured. The resulting recovery rates for the Series A Notes are:

	Portfolio	AA/A Recovery Rates
Secured Percentage	45.3%	34.5%
Unsecured Percentage	54.7%	24.5%
Total / WA	**100.0%**	**29.03%**

Source: BBVA and DBRS

Performing Portfolio Distribution – Borrower Location by Region

Region	Percentage of Portfolio Balance
Catalonia	23.08%
Valencia	15.95%
Andalucía	13.06%
Madrid	12.43%
Canary Islands	5.01%
Aragón	4.93%
Basque Country	4.85%
Navarra	3.49%
All Other Regions	*17.21%*
Total	**100.00%**

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

Performing Portfolio Distribution – Loan Interest Payment Frequency

Region	Percentage of Portfolio Balance
Semi-Annual	3.36%
Quarterly	18.04%
Monthly	78.60%
Total	**100.00%**

Source: BBVA and DBRS

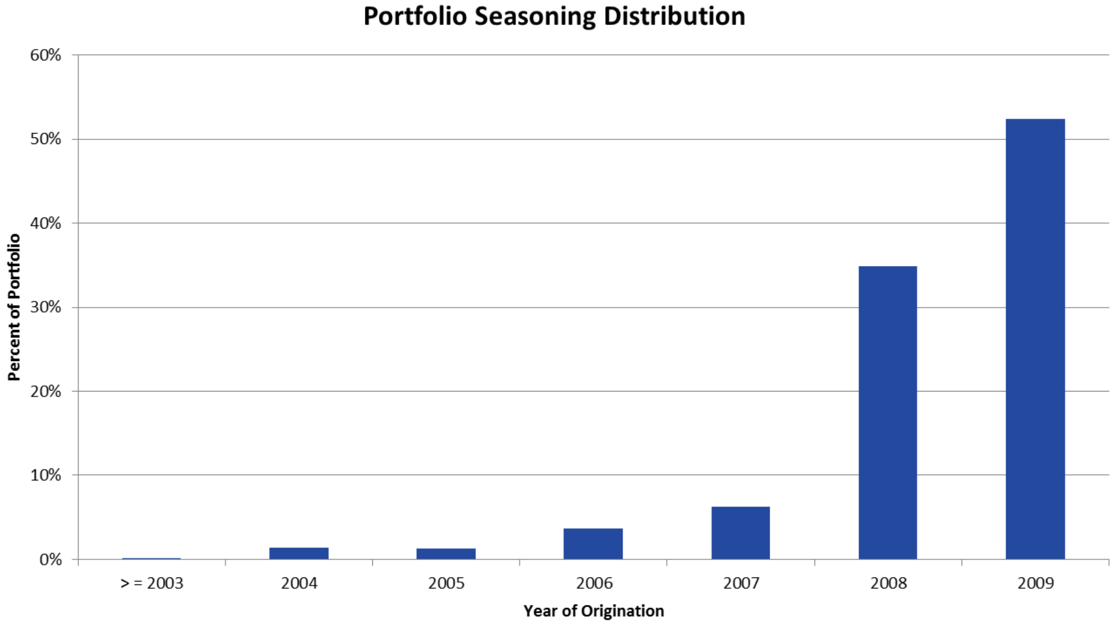
Performing Portfolio Distribution – Borrower Industry Sector Classification

The Portfolio exhibits a reasonable diversity with respect to industry concentrations. Aggregate Construction and Real Estate activities are at approximately 30%, which is comparable to other Spanish SME CLOs originated in 2009, when this deal was originated. Nevertheless, DBRS considers that the rating assigned to the Series A Notes reflects their ability to withstand potential losses caused by poor performance of these two sectors.

Industry Classification	Percentage of Portfolio Balance
Manufacturing	20.35%
Wholesale & Retail Trade; Automotive Repair	16.40%
Real Estate Activities	15.07%
Construction	14.97%
Hotels & Food Service	8.36%
Agriculture	5.62%
Administration & Support	4.21%
Utilities	4.21%
Goods Transportation	3.41%
Health & Social Work	1.88%
Professional, Scientific & Technical Services	1.43%
Communications & IT	0.94%
Other Services	0.80%
All Other Industries	*2.36%*
Total	**100.00%**

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

Performing Portfolio Distribution – Loan Origination by Year



Source: BBVA and DBRS

Performing Portfolio Distribution – Largest Borrower Exposures

The top ten obligors represent 9.39% of the outstanding balance of the performing portfolio balance.

Ranking	Balance (EUR)	Percentage of Portfolio Balance	Region	Industry
1	7,496,090	1.14%	Valencia	Utilities
2	7,125,000	1.09%	Valencia	Real Estate
3	6,714,286	1.03%	Madrid	Construction
4	6,614,182	1.01%	Madrid	Real Estate
5	6,354,283	0.97%	Castilla La Mancha	Construction
6	6,156,595	0.94%	Catalonia	Construction
7	5,564,358	0.85%	Madrid	Real Estate
8	5,375,053	0.82%	Andalucía	Real Estate
9	5,312,500	0.81%	Galicia	Manufacturing
10	4,821,429	0.74%	Navarra	Agriculture
Total	**61,533,775**	**9.39%**		

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

Performing Portfolio Distribution – Amortisation Type

Amortisation Type	Number of Loans	Percentage of Portfolio Balance
French	4,239	81.68%
Pre-set amortisation system	295	16.46%
Bullet	17	1.86%
Total	**4,551**	**100.00%**

Source: BBVA and DBRS

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 required rating level. Break even default rates on the Series A Notes were determined using the DBRS CDO Cash

Flow Model. Referencing the *Master European Granular Corporate Securitisations (SME CLOs)* methodology, the minimum break even default rate is computed over nine combinations of default timing and interest rate stresses.

At the A (sf) rating, the average break even default rate over the nine scenarios 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. The probability of default derived from the historic data provided a base case upon which risk adjustments were applied. A sovereign adjustment was required as the rating if the Kingdom of Spain is below AA (low).

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

Granularity Default Risk

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

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

Sovereign Default Risk

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

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

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

Correlation

Based on the *Master European Granular Corporate Securitisations (SME CLOs)* methodology, the correlation must be selected from a range. The transaction has moderate industry concentrations and moderate regional concentrations (with 23% in Catalonia and 16% in Valencia, as the two largest regional concentrations). Therefore, DBRS decided to use the mid-level correlation of 17.0% at the A (sf) rating level for the analysis.

Recovery Rates

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

1st Lien Mortgage Seniority?	Percentage of Portfolio	AA- A Recovery Rates
Yes	45.27%	34.50%
No	54.73%	24.50%
Total	**100.0%**	
Weighted Average Recovery Rates		**29.03%**

Source: BBVA and DBRS

Overall Rating Parameter Inputs for the Large Pool Model

The inputs used to calculate the portfolio default rate are:

Parameters	Amounts
WAL of Portfolio (Years)	3.7
Assumed 1 Year Default Rate	3.37%
A (sf) Rating Correlation	17.0%

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
A (sf)	17.0%	46.87%

Interest Rate Scenarios

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

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

There are three rating-specific interest rate stress scenarios:

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

For this transaction, the AA/A (sf) scenario was used.

Default Timing Vectors Scenarios

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

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

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

Overall Cash Flow Model Summary

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

Specifically, in order to pass the A (sf) rating level, the Series A Notes must not have any losses when 46.87% of the portfolio is defaulted, as per the default timing vectors above, under all three AA/A interest rate scenarios. In addition, interest must be paid on a timely basis.

Cash Flow Model Results

Factor / Result	Series A Notes
Recovery Rate	29.03%
Recovery Delay (Years)	1 year
Target Rating	A (sf)
Minimum Required Lifetime Default Rate	46.87%
Average Actual Default Rate	89.57%
Cushion	42.70%
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 A (sf) rating. Therefore, DBRS was able to assign A (sf) rating to the Series A Notes. Due to the current counterparty rating triggers in the transaction documents being set at BBB, and as per DBRS criteria, the rating will be capped at A (sf) for the most senior tranche.

Assessment of the Sovereign

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

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

Monitoring and Surveillance

The rating of the 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;
- Default and recovery performance of the portfolio; and
- Any event of default by the Issuer.

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

BBVA EMPRESAS 3, F.T.A.

Report Date
25 January 2013

Note:
All figures are in Euros unless otherwise noted.

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