MOODY'S
INVESTORS SERVICE

NEW ISSUE REPORT

BBVA RMBS 5 FTA

RMBS / Prime / SPAIN

Closing Date	Rating Date
26 May 2008	17 February 2011

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Definitive Ratings

Class	Rating	Closing Amount (€ Mil)	Outstanding Amount (€ Mil)	% Of Notes	Payment Type	Legal Final Maturity	Coupon	Subordi-nation* (%)	Reserve Fund* (%)	Total Credit Enhance-ment** (%)
A	A2 (sf)	4,675	3,694	91.91	Pass-through	Mar 2061	3-month EURIBOR + 30 bps	8.09	1.51	9.60
B	N.R. (sf)	250	250	6.22	Pass-through	Mar 2061	3-month EURIBOR + 70 bps	1.87	1.51	3.38
C	N.R. (sf)	75	75	1.87	Pass-through	Mar 2061	3-month EURIBOR + 110 bps	0.00	1.51	1.51
Total		**5,000**	**4,019**	**100.00**						

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 a percentage of all notes outstanding
** No benefit attributed to excess spread

V Score for the sector (Spanish RMBS):	Medium
V Score for the subject transaction:	Medium

This transaction is a static cash flow securitisation of a portfolio of prime mortgage loans secured by residential properties in Spain.

Asset Summary (Definitive Pool as of 31 January 2011)

Seller(s)/ originator(s):	BBVA (Aa2 under review for possible downgrade / P-1)
Servicer(s):	BBVA (Aa2 under review for possible downgrade / P-1)
Receivables:	First-lien mortgage loans to individuals, and secured by properties in Spain
Methodology Used:	» Moody's updated methodology for rating Spanish RMBS, 29 July 2008 (SF133138) » V Scores and Parameter Sensitivities in the Major EMEA RMBS Subsectors, April 2009 (SF158654) » Cash Flow Analysis in EMEA RMBS: Testing Features with the MARCO Model (Moody's Analyser of Residential Cash Flows), January 2006 (SF58290)
Models Used:	MILAN (Spain settings) & ABSROM
Total Amount:	€4.019 million
Length of Revolving Period:	Static
Number of Borrowers:	24,463
Borrower concentration:	Top 20 borrowers comprise 0.40% of the pool
WA Remaining Term:	30.83 years
WA Seasoning:	3.90 years

Asset Summary (Continued)

Interest Basis:	100% floating-rate loans indexed to EURIBOR and IRPH
WA Current LTV:	79.28%
WA Original LTV:	82.93%
Moody's calculated WA indexed LTV:	92.08%
Borrower credit profile:	Prime borrowers
Delinquency Status:	18.52% of loans are more than 30 days in arrears, and 1.58% are more than 90 days in arrears as of 31/01/ 2011.

Liabilities, Credit Enhancement and Liquidity

Excess Spread At Closing:	0.40% + WA note coupon provided by the swap
Credit Enhancement/Reserves:	0.40% Excess spread 1.51% amortising reserve fund Subordination of the notes Guaranteed Investment Contract (GIC) account earning 3-Month EURIBOR minus 10 bps
Form of Liquidity:	Excess spread, reserve fund, principal to pay interest mechanism
Number of Interest Payments Covered by Liquidity:	N/A
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	20 March, 20 June, 20September, 20 December First payment date: 22 September 2008
Hedging Arrangements:	Interest rate swap to hedge interest rate risk in the transaction and securing the interest rate notes, plus a margin equal to 40 bps

Counterparties

Issuer:	BBVA RMBS 5, Fondo de Titulización de Activos
Sellers/Originators:	BBVA (Aa2 under review for possible downgrade / P-1)
Contractual Primary Servicer(s):	BBVA (Aa2 under review for possible downgrade / P-1)
Sub-Servicer(s):	None
Back-up Servicer(s):	None
Back-up Servicer Facilitator:	None
Cash Manager:	Europea de Titulización S.G.F.T., S.A ("EdT") (not rated)
Back-up Cash Manager:	None
Calculation Agent/Computational agent:	EdT
Back-up Calculation/Computational Agent:	None
Swap Counterparty:	BBVA (Aa2 under review for possible downgrade / P-1)
Treasury Account Bank:	BBVA (Aa2 under review for possible downgrade / P-1)
Reinvestment Account Bank:	BBVA (Aa2 under review for possible downgrade / P-1)
Paying Agent:	BBVA (Aa2 under review for possible downgrade / P-1)
Note Trustee (Manager Company):	EdT
Issuer Administrator/Corporate Service Provider:	N/A
Arranger:	EdT
Lead Manager(s):	BBVA (Aa2 under review for possible downgrade / P-1)

Moody's View

Outlook for the Sector:	Negative
Unique Feature:	Asset type and structure in line with prior transactions originated by BBVA
Degree of Linkage to Originator:	BBVA acts as servicer for its own portfolio. There is no back-up servicing agreement in place at closing. BBVA also acts as swap counterparty, issuer account bank, collection account bank, treasury account holder and paying agent.
Originator's Securitisation History:	
Number of Precedent Transactions in Sector:	8
% of Book Securitised:	39%
Behaviour of Precedent Transactions:	Delinquencies and losses reported on prior transactions of this issuer are high but better than other high loan-to-value (HLTV) issuers

Key Differences between Subject and Precedent Transactions:	Asset type and structure in line with prior transactions originated by BBVA
Portfolio Relative Performance:	
Expected Loss/Ranking:	4.75% slightly lower than other HLTV deals.
MILAN Aaa CE/Ranking:	14.65% slightly lower than other HLTV deals
Weighted-Average Aaa Stress Rate For House Prices:	45.48%

Potential Rating Sensitivity:	
Table Interpretation:	At the time the rating was assigned, the model output indicated that class A would have achieved A2 if the expected loss was as high as 5.70%, assuming a MILAN Aaa CE at 14.65%, and all other factors being constant.
Factors Which Could Lead to a Downgrade:	Deterioration in the real-estate market and the transaction performance beyond modelled stress, or unforeseen regulatory changes

TABLE 1
Class A 1

		Milan Aaa CE			
		14.65%	17.58%	20.51%	23.44%
Median expected loss	4.75%	A2*	A2 (2)	A3 (1)	A3 (1)
	5.70%	A2 (0)	A3 (1)	Baa1 (2)	Baa2 (3)
	6.65%	Baa1 (2)	Baa2 (3)	Baa3 (4)	Baa3(4)
	7.60%	Baa3 (4)	Ba1 (5)	Ba1 (5)	Ba1 (5)

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

Composite V Score

Breakdown Of The V Scores Assigned To		Spain RMBS Sector	Trans-action	Remarks
Composite Score: Low (L), Low/Medium (L/M), Medium (M), Medium/High (M/H), or High (H) "Low" reflects lowest level of uncertainty in estimating credit risk relative to other Structured Finance instruments.		M	M	
1	Sector Historical Data Adequacy and Performance Variability	**M**	**M**	
1.1	Quality of Historical Data for the Sector	M	M	» Same as sector score
1.2	Sector's Historical Performance Variability	M	M	» Same as sector score
1.3	Sector's Historical Downgrade Rate	L/M	M	» HLTV deals from different originators have been severely downgraded recently
2	Issuer/Sponsor/Originator Historical Data Adequacy, Performance Variability and Quality of Disclosure	**M**	**M/H**	
2.1	Quality of Historical Data for the Issuer/Sponsor/Originator	M	M/H	» Global data on performance for BBVA's HLTV mortgage loans received, showing arrears levels since 2002 » Vintage data was not provided
2.2	Issuer/Sponsor/Originator's Historical Performance Variability	M	M	» Former HLTV deals from BBVA show better performance than other HLTV originators in Spain
2.3	Disclosure of Securitisation Collateral Pool Characteristics	M	M	» Same as sector score
2.4	Disclosure of Securitisation Performance	L/M	L/M	» Good level of data received from the previous eight RMBS deals from BBVA
3	Complexity and Market Value Sensitivity	**L/M**	**M**	
3.1	Transaction Complexity	L/M	M	» HLTV pools are more exposed to house price declines
3.2	Analytic Complexity	L/M	L/M	» Used standard MILAN and cash flow models
3.3	Market Value Sensitivity	L/M	L/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	» BBVA has ten years of experience in securitisation, and more than 30 deals issued
4.2	Back-up Servicer Arrangement	L	L	» If BBVA is downgraded below Baa3, It will appoint a Back-up servicer
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:

Asset quality: Particular strengths related to the portfolio include:

- **Seasoning:** The portfolio is relatively well seasoned with a weighted average seasoning of approximately3.90 years
- **Civil servants**: 8.95% of the portfolio corresponds to Spanish civil servants.
- **Hedging arrangements:** An interest rate swap agreement will guarantee the EURIBOR on the notes plus excess spread of 0.40%.

Artificial write-off mechanism: excess spread-trapping mechanism through an 18-month "artificial write-off"

Commingling risk: The transaction is partially exposed to commingling risk. This risk is mitigated by several provisions. If BBVA's short-term rating falls below P-1, the payments will be transferred daily. If BBVA's long-term debt and deposit ratings are downgraded below Baa3, a commingling reserve covering one month of collections from the loans will be deposited with, or a credit facility will be provided by a suitably rated entity.

Back-up servicing: If BBVA is downgraded below Baa3, It will appoint a Back-up servicer, who will only step in at the discretion of the management company**.**

Concerns and Mitigants:

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

Reserve fund is not fully funded: The reserve fund has been utilised due to the rapidly increasing levels of delinquent and written-off loans. According to the latest investor report, the reserve fund is at 43% of the target amount. Currently, the reserve fund represents 1.51% of the outstanding note balance.

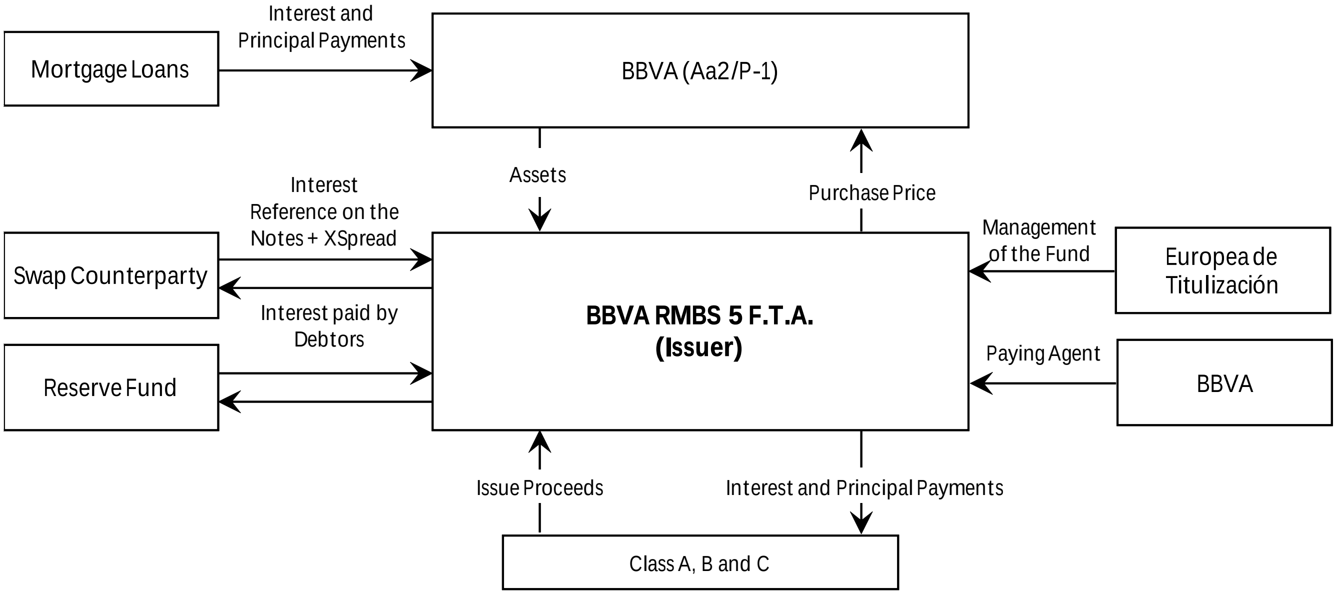
Loan Characteristics:

- **Weighted-Average LTV**: 44.86% mortgage loans with a current LTV above 80%. The weighted-average current LTV (based on valuation at origination) of 79.28% is higher than the market average.
- **Brokers:** 13.16% of the pool corresponds to loans originated via brokers. In Moody's view, loans initially originated via brokers have a riskier profile than standard branch origination (see "Treatment of Concerns" section for more details).
- **Borrowers receiving the unemployment subsidy:** Currently, in 9.37% of the portfolio at least one of the debtors is already receiving the unemployment subsidy.
- **New residents**: 7.19% of the pool corresponds to loans granted to non-national borrowers. In Moody's view, new residents have a riskier profile than permanent residents (see "Treatment of Concerns" section for more details).
- **Number of Borrowers:** 6.34% of the loans have more than two borrowers. Moody's has applied standard penalties as described in the "Treatment of Concerns" section.
- **Amortisation**: 92.99% of the portfolio can request a semi-bullet final payment,(see "Treatment of Concerns" section for more details).

Economic conditions: Weak economic prospects in Spain, with a rising unemployment rate, will likely increase the level of delinquencies in the short to medium term. This risk is mitigated by an increased expected loss.

Structure, Legal Aspects and Associated Risks

CHART 1
Structure Chart



Allocation Of Payments Revenue Waterfall:

Allocation of payments/pre-accelerated revenue waterfall: On each quarterly payment date, the issuer's available funds (i.e. interest amounts received from the portfolio, the reserve fund, under the swap agreement, and interest earned on the issuer's account) will be applied in the following simplified order of priority:

1. Senior expenses;
2. Interest payments to swap counterparty and swap termination payments if the issuer is the defaulting party;
3. Interest on Class A
4. Interest on Class B (if not deferred)
5. Interest on Class C (if not deferred)
6. Retention of an amount equal to the principal due under the notes to amortise the notes (target principal amount)
7. Replenishment of the reserve fund
8. Termination payment under the swap agreement (except if the counterparty is the defaulting party or the only affected party)
9. Repayment of subordinated loans

Originator consideration Allocation of Payments/PDL-like mechanism:

A principal deficiency ledger (PDL**)** is defined as the negative difference between the principal available funds and a target principal amount. A target principal amount is the difference between the notes' outstanding principal and the performing assets. A non-performing asset is defined as one with any amount due but unpaid for more than 18 months or one written off according to management's discretion

Performance Triggers:

Trigger	Conditions	Remedies/Cure
Pro rata Amortisation	The arrears level (loans more than 90 days in arrears, excluding the written off loans) is less than 1.25% for Class B and 1.00% for Class C; and The reserve fund is at the required level; and The loan balance is no less than 10% of the initial balance; and The subordination below Class A is equal to or higher than 2x the initial subordination.	If the conditions are not met, principal receipts will be allocated sequentially until fully redeemed to Class A, then to Class B, and then to Class C; otherwise they will be allocated pro-rata. Trigger is curable.
Reserve Fund Amortisation	The arrears level (defined as the percentage of loans that are more than 90 days in arrears) exceeds 1.00%; or The reserve fund is not funded at its required level on the previous 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
Interest Deferral	The cumulative level of written-off loans exceeds 14.00% and 10.33% for Classes B and C, respectively.	If the conditions are met, interest payment on these classes of notes will be postponed to the principal payment of the more senior notes in the payment waterfall

Reserve Fund:

The reserve fund has been utilised due to the rapidly increasing levels of delinquent and written-off loans. According to the latest investor report, the reserve fund is at 43% of the target amount. Currently, the reserve fund represents 1.51% of the current note balance.

» At close: 2.84% of original notes

» Amortising to: 5.68% of current notes

» Floor: 1.42% of original notes

After the first three years from closing, the reserve fund may amortise over the life of the transaction subject to the reserve fund amortisation trigger.

The reserve fund will be replenished after the principal payment of the notes. Through these mechanisms, Moody's considers that the reserve fund in this transaction is in line with other comparable Spanish RMBS transactions

Liquidity:

» Swap payments

» The principal to pay interest mechanism

» The reserve fund available to pay interest and principal

Subordination of interest:

The payment of interest on Class B and C will be brought to a more junior position in the waterfall if, on any payment date, the conditions described under the interest deferral triggers are met.

Assets:

Asset transfer:

Asset transfer:

True Sale: According to the legal opinion received, the securitisation of assets will be carried out in compliance with the Spanish Securitisation Law.

Bankruptcy Remoteness: Under the Spanish Securitisation Law, a Spanish SPV (FTA/FTH) is not subject to the Spanish Insolvency Law. It is only the management company, acting in the best interest of the noteholders, which can decide to liquidate the *Fondo*.

Interest rate mismatch

100% of the portfolio corresponds to floating rate loans linked to EURIBOR, IRPH reference rate, whereas the notes are linked to three-month EURIBOR and reset every quarter on the determination dates. As a result, the SPV will be subject to base rate mismatch risk

Mitigant: The *Fondo* entered into a swap agreement with **BBVA** to mitigate these risks and obtain a defined asset margin. Under the swap agreement:

» The *Fondo* will pay the interest actually received from all the loans during the previous quarter.

» The swap counterparty will pay the notes' coupon plus 40 bps, over a notional calculated as the daily average of outstanding amount of the non-written-off loans that are less than 90 days in arrears.

The swap documentation complies with Moody's swap criteria and has been articulated under the financial framework agreement (Contrato Marco de Operaciones Financieras or **CMOF)**.

Cash Commingling

All of the payments under the loans in this pool are collected by the servicer under a direct debit scheme into the originator's account. Transfers from this account to the treasury account, held with **BBVA** in the name of the *Fondo*, take place on a monthly basis. Consequently, in the event of insolvency of the originator and until notification is delivered to the relevant debtors to redirect their payments, payments by the underlying debtors will continue to be collected by the servicer and may be commingled with other funds belonging to BBVA.

Mitigant:

» On loss of P-1, payments are transferred daily to the treasury account in the name of the *Fondo*.

» If BBVA is downgraded below Baa3, a commingling reserve covering one month of collections from the loans will be deposited with, or a credit facility will be provided by a suitably rated entity

» In the event of insolvency, administration by the Bank of Spain, liquidation or substitution of the servicer, or because the management company deems it reasonable, the management company may demand that the servicer (i) notifies obligors of the portfolio's transfer to the *Fondo* and (ii) advises obligors that payments on their loans will only be effective as a discharge if made into the treasury account in the name of the issuer. 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 that are regarded as fully due and payable prior to the declaration of insolvency might be offset against the deposits held by the originator.

Permitted variations

Any renegotiation of the terms and conditions of the loans is subject to the management company's approval. The management company may authorise **servicer** to renegotiate the interest rate or maturity of the loans without requiring its approval.

Mitigant: Servicer will not be able to extend the maturity of any loan beyond July 2057. Moreover, the renegotiation of the maturity of the loans is subject to various conditions, of which the following are the most significant:

1. The global initial amount of loans on which the maturity has been extended cannot be greater than 10% of the initial amount of the pool.
2. The frequency of payments cannot be decreased.
3. The amortisation profile cannot be modified

Originator Profile, Servicer Profile and Operating Risks

Date of Operations Review:	March 2010

Originator Background: BBVA

Rating:	» Aa2 under review for possible downgrade /P-1
Financial Institution Group Outlook:	» Negative
Ownership Structure:	» N/A
Asset Size:	» €77.5 billion as at end 2009 (residential mortgages)
% of Total Book Securitised:	» 39% of residential mortgages securitised
Transaction as % of Total Book:	» 1.7%
% of Transaction Retained:	» 100%

Originator Assessment	**Main Strengths (+) and Challenges(-)**
Overall Assessment:	Above-Average BBVA is one of the largest Spanish lenders. Its underwriting policies and marketing practices are in line with market standards. A positive factor is its above-average stability in the Spanish market.
Originator Ability	
Sales & Marketing Practices	+ BBVA holds a market share of 12.8% of the Spanish mortgage market (as of 2009). + Strong commercial network (3,300 branches) - Some broker origination in recent years (6.3% in this securitised portfolio), though recently reduced to 2.8% of the total origination during 2009.
Underwriting Policies & Procedures	+ BBVA's prompt response to the current crisis facilitated a reinforcement of underwriting criteria and tool developments in 2008. Almost 60% of the current portfolio originated in 2009 may benefit from these improved practises. +/- Underwriting function is provided by the branch network (also for brokers' applications), organised in 69 Regional sub-areas, which are coordinated by seven regional areas. + The scoring model is based on internal data and is audited and reviewed periodically (including back-testing, fit of predictive model and readjustment of risk factors) by internal teams and the external regulator. Processes appear to be in line with the high standards required from a major institution. + The scoring system discriminates between non-clients and those clients with account history. A borrower is considered a bank client if it has an account with the lender for more than six month with relevant activity (e.g. salary payments, direct debits, pension contributions) + BBVA discriminates between borrowers with temporary contract and those with permanent contracts, and these fields are filed in their IT systems. +/- Approvals are only authorised at the Central Risk Unit level for certain characteristics (LTV>80%, or > €200,000-250,000, or Negative Scoring). The current portfolio is subject to the first condition (LTV>80%). Central Risk Unit: created in 2008 and based in Madrid. Prior to 2008, underwriting teams were distributed on a regional basis. The country is split into six different regional areas with one coordinator per area, and 39 analysts. Different underwriting criteria for each region. Ratio: 230 monthly applications/analyst - Since 2008, BBVA requires a personal guarantor for any mortgage with LTV>80%. Guarantors have a key importance in HLTV underwriting (52% of the current portfolio has guarantors). There is some risk of overestimating the positive effect of guarantors, in lowering the probability of default and mainly on severity upon default. - Affordability: Interest rate is not stressed in the debt-to-income (DTI) calculation. Full income verification, in line with Spanish standards. Average DTI: 35%. Maximum DTI: 45%.
Property Valuation Policies & Procedures	+/- Full valuation used for all house purchases. BBVA works with a list of 14 valuers. Quality of valuations in Spain is standardised by the Bank of Spain, which certifies valuers. +/- Before 2008, each branch might choose one out of three valuations (from the total list of 14). Since 2008, the branch can choose one out of two valuations. - Brokers worked with a lower number of valuers (five).
Closing Policies & Procedures	+/- Standard procedures for checking documents (two most recent payslips, national identity card, employment contract, recent loan statement, proof of additional assets or tax return for self-employed) and managing the closing process (i.e. ensuring that mortgage deeds are registered) +/- It usually takes 13 days in total from application to closing.
Credit Risk Management	+/- The current Credit Risk Department, created in 2006, performs the control and monitoring of tools, models, statistics and data (Risk Analysis Unit, 14 staff) and supports the regional network providing specific solutions (Network Risk Unit, 10 staff). + The department receives input from the regional managers in monthly meetings, and reports to the senior management the analysis, based on monthly information, discriminating origination channel, borrower profile, LTV, regions. + They also monitor the performance per area and branch, sizing the efficiency on recoveries. All this information is used to assess corrective actions.
Originator Stability	
Quality Control & Audit	+ Quality controls (30 staff) managed through the line and include regular competence checks on each underwriter, monitoring the accuracy of data on each mortgage file, the documents proving such data and any breach of scoring outputs. + Monthly controls are applied to a random selection of mortgage loans (around 3,200 mortgages controlled per month). + Breaches of scoring inputs that exceed 15% in any branch will result in penalties being imposed on all the staff salaries from the relevant branch. + External audit reviews are performed periodically.
Management Strength & Staff Quality	+ Separate risk functions + Good hierarchy for decision making and access to intranet resources. + Underwriters also give advice to branches and data processing team
Technology	+ Adequate legacy system, back-up and contingency plan.

Servicer Background: BBVA

Rating:	»	Aa2 under review for possible downgrade /P-1
Total Number of Mortgages Serviced:	»	877,000
Number of Staff:	»	225

Servicer assessment:	**Main Strengths And Challenges**
Overall Assessment:	Above-Average
Servicer Ability	
Loan Administration	+/- BBVA does not outsource any of its residential mortgages servicing activities. + It strengthened its legal team with external lawyers during 2009 to improve its servicing capacity.
Early Arrears Management	+ Large collections staff with a mix of experienced and junior employees + Collections approach modified according to borrower's risk category + BBVA has been fairly quick at observing and adjusting its servicing criteria to the downturn. During late 2007 and the first half 2008, new processes for early arrears management were implemented and deployed across branches and central departments as follows: assignment of a counsellor to the borrower for the life of the special servicing period; branches always own the risk of originated loans; increased bonus linked to servicing performance; increased staffing levels at the servicing central resources; and servicing responsibilities per geographic area (currently 69 areas in Spain) plus about two area coordinators within each region. An additional 83 staff were recruited in 2008. + Central resources are focused on helping the weakest performing branches: 80 Analysts based at the branch level to support them with early arrears management. + Preventative Alerts: a significant number of preventative alerts in place, i.e. delinquencies in other credit products, unpaid receivables, credit cards drawn in order to make mortgage payments. + Automatic process depends on whether or not the borrower is a client (see Underwriting Policies & Procedures section for client definition). +/- An increase of maturity is the most common permitted renegotiation. + 70% of loans 30 days in arrears cure before reaching 90 days in arrears. - Partial payments (that reach principal) update the loan into a new arrears bucket. Priority of payments is as follows (i) arrears penalty interest, (ii) unpaid nominal interest and (iii) principal. Arrears penalty interest is 23%. Partial payment is typically a disincentive to cure positions. + Clients that cannot be located (e.g. foreigners leaving the country) are accelerated into foreclosure process.
Loss Mitigation and Asset Management	+ 14,750 foreclosure proceedings currently open. +/- Late arrears management carried out by central services. These arrears are added to the cure effort during the period after 90 days until the case is filed with the court: on average about 87 days (i.e. from 90 days arrears to 180 days arrears) (10 staff) + Branch counsellor still with the case and in charge of following up. The counsellor will seek to cure during the period up to auction date. + Based on the lender's recent experience, the foreclosure process takes 18 months from the 90 days arrears period to end of auction. If the property is not sold in the auction, another 2 to 3 years are needed to execute. Foreclosure costs are on average 8% (sale related) plus all the costs by the court. - 2,700 repossessions in 2009 vs 50 repossessions in 2006.
Servicer Stability	
Management Strength & Staff Quality	+ Significant experience within management team
IT & Reporting	+ Well established systems and reporting. Existing system for daily tracking and reporting. + Management system: Alerts, tracks borrower arrears account, classifies arrears, records negotiation follow ups, automatic letters, records sales activity, property management. Tracking foreclosure costs, workload and progress for each lawyer. + Reporting system: Combines the data from above-mentioned management system with court action information to allow the generation of daily and monthly statistics on the tracking of the recovery process. Allows set up of alerts to highlight delays in the process for a loan. + A back-up system is in place, and system improvements are under way to reduce disaster recovery times. Back-up servers are in a different location. A contingency plan is in place and quarterly tests are performed on the back-up system.
Quality control & Audit	+ Regular external audits and loan book audits at the branch and central risk department levels. In each review, transactions are randomly selected and there is a review of scoring system inputs and supporting documentation.
Strength of Back-up Servicer Arrangement:	+ Back-up servicer appointed if BBVA is downgraded below Baa3

Cash Manager: Europea de Titulización, S.G.F.T.; S.A

Rating:	»	Europea de Titulización S.G .F.T.; S.A ("EdT") (not rated)
Main Responsibilities:	»	Complying with its formal, documentary and reporting duties to the Spanish stock market regulator (Comisión Nacional del Mercado de Valores or CNMV), the rating agencies and any other supervisory body. » Complying with the calculation duties (including calculation of available funds, withholding obligations) provided for, and taking the actions laid down in the Deed of Constitution and the Prospectus. » Calculating and determining on each determination date the principal to be amortised and repaid on each bond series on the relevant payment date. » Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions. » The management company may extend or amend the agreements entered into on behalf of the Fund, and substitute each of the Fund service providers on the relevant terms provided for in each agreement.
Calculation Timeline:	»	Determination date (five business days before the payment date)
Back-up Cash Manager and Its Rating:	»	None
Main Responsibilities of Back-up Cash Manager:	»	N/A

Originator/Servicer/Cash Manager Related Triggers	
Key Servicer Termination Events:	Insolvency, administration by the Bank of Spain, breach of servicer's obligations, or servicer's financial condition being detrimental to the Fund or noteholders' interests (always at the management company's discretion)
Appointment of Back-up Servicer Upon:	Insolvency, administration by the Bank of Spain, liquidation or because the management company deems it reasonable (always at the discretion of the management company)
Key Cash Manager Termination Events:	Insolvency
Appointment of Back-up Cash Manager Upon:	None
Notification of Obligors of True Sale	Insolvency, administration by the Bank of Spain, liquidation or substitution of the servicer, or because the management company deems it reasonable (always at the discretion of the management company)
Conversion to weekly Sweep (if original sweep is not daily)	If the servicer is downgraded below P-1, the payments will be performed on a weekly basis
Notification of Redirection of Payments to SPV's Account	Insolvency, administration by the Bank of Spain, liquidation or substitution of the servicer, or because the management company deems it reasonable (always at the discretion of the management company)
Accumulation of Set Off Reserve	N/A
Build up of Commingling Reserve	Not applied

Collateral Description (Definitive pool as of 31/01/2011)

CHART 2
Portfolio Breakdown by period of Origination

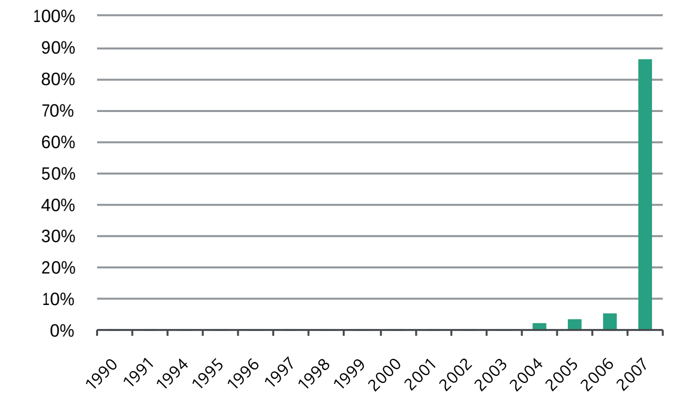


CHART 3
Portfolio Breakdown by Maturity

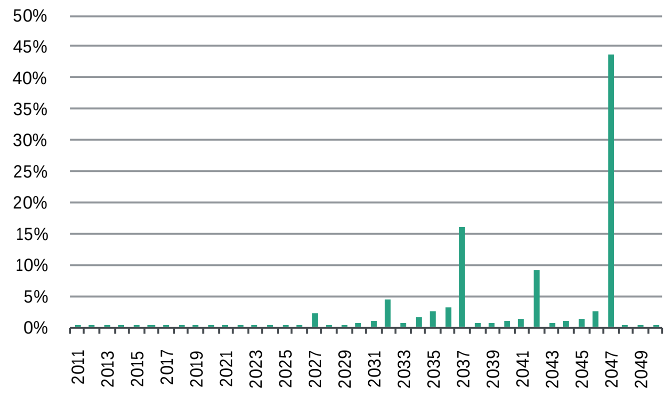


CHART 4
Portfolio Breakdown by LTV

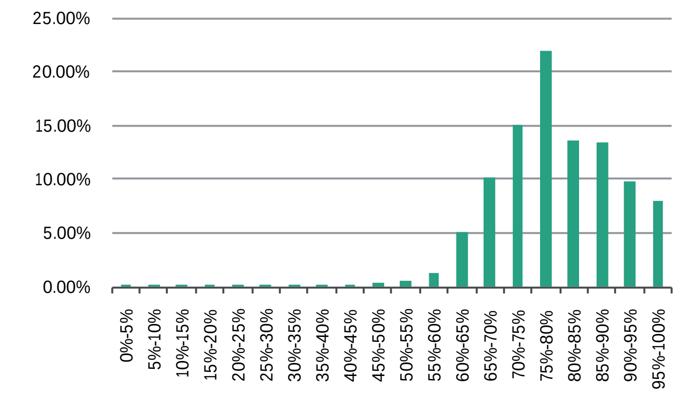
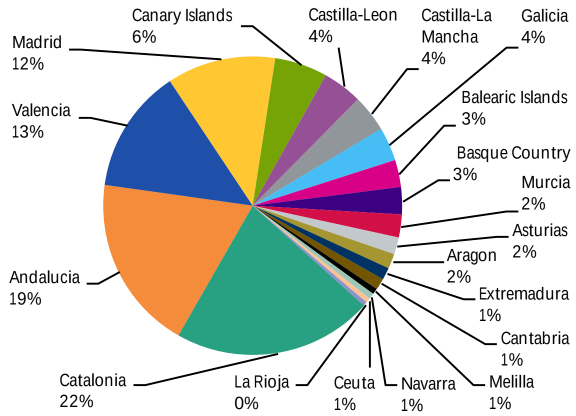


CHART 5
Portfolio Breakdown by Geography



Product Description: The assets backing the notes are first-ranking prime mortgage loans originated by BBVA. All the loans in the pool are secured on residential properties located in Spain.

Eligibility Criteria: The key eligibility criteria as reflected in representations include the following:

» The mortgage loans exist and are valid and enforceable

» The mortgage loans are secured with a first ranked real estate mortgage

» The mortgage loans are all denominated and payable exclusively in euros

» The mortgaged properties are all completed and have been appraised by duly qualified institutions approved by the Bank of Spain

» The appraisal value considered and reported for all calculation purposes was the maximum legal value under the official protection system

» No loans in arrears at closing

» The originator has strictly adhered to the relevant policies in force for granting credit in registering each mortgage certificate

» None of the mortgage credit facilities are in a grace period at closing

» Each mortgage certificate must be registered in the relevant property registry and represent an economic first-ranking claim on the corresponding property

Credit Analysis

Previous Transactions' Performance:

» BBVA 2 and 4 are performing worse than Moody's expectations as of closing. The share of non-defaulted loans more than 90 days in arrears has recently stabilised, in line with market trend and helped by the low interest rates. However, delinquent loans have rolled to defaults and cumulative defaults have risen rapidly, reaching 2.05% of original pool balance in BBVA 2, and 2.62% of original pool balance in BBVA 4 as at August 2010, up from 0.97% and 1.23%, respectively, a year earlier. Cumulative defaults figures include loans delinquent for more than 12 months as well as loans corresponding to repossessions taking place before being 12 month in arrears.

» On the basis of the increasing trend in defaults in the two transactions and Moody's negative sector outlook for Spanish RMBS, we have updated the portfolios expected loss assumptions to 2.28% of original pool balance in BBVA 2 and 2.71% of original pool balance in BBVA 4, up from 0.52% and 0.54%, respectively, at closing

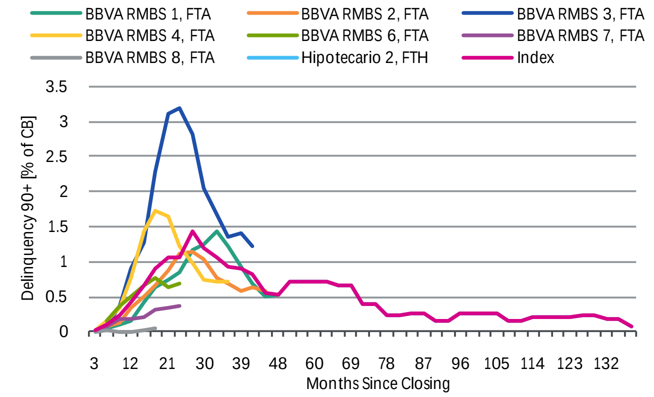
» BBVA RMBS 1: loans more than 90 days in arrears represented 0.54% of the current portfolio balance as of December 2010, while cumulative defaults amounted to 2.31% of the original portfolio balance. The latter figure does not include repossessions that occur before being 12 months in arrears. Outstanding repossessions represented 0.80% of original pool balance as of December 2010. The pool factor was 70.20% as of the same date. The reserve fund is at 10.62% of its target level.

» BBVA RMBS 3: Loans more than 90 days in arrears represented 1.23% of the current portfolio balance as of November 2010, while cumulative defaults amounted to 5.44% of the original portfolio balance. The latter figure does not include loans repossessed before being 12 months in arrears. Outstanding repossessions represented 1.42% of original pool balance as of November 2010. The pool factor was 76.11% as of the same date. The reserve fund is fully drawn and there is an unpaid PDL of €97.31 million, larger than the class C balance.

» BBVA RMBS 6: Loans more than 90 days in arrears represented 0.68% of the current portfolio balance as of October 2010, while cumulative defaults amounted to 0.24% of the original portfolio balance. The latter figure does not include loans repossessed before being 12 months in arrears. Outstanding repossessions represented 0.19% of original pool balance as of October 2010. The pool factor was 83.42% as of the same date. The reserve fund has been drawn for three periods and is currently at 88.49% of its target level.

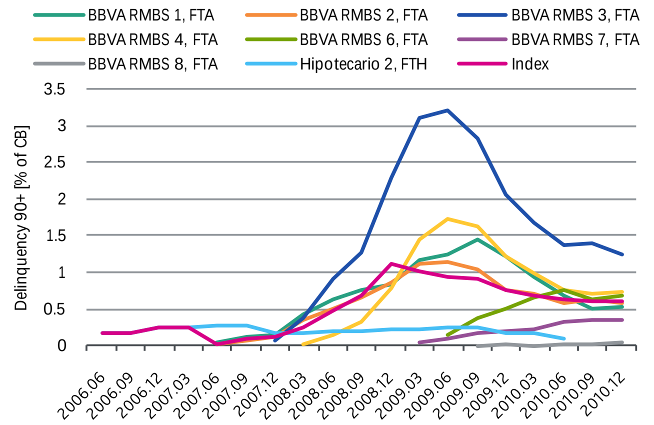
» Focusing on high LTV deals, the performance of the originator's precedent high LTV transactions show the lowest default rates in this segment of the Spanish RMBS market

CHART 6
BBVA RMBS deals 90+ Days Delinquency



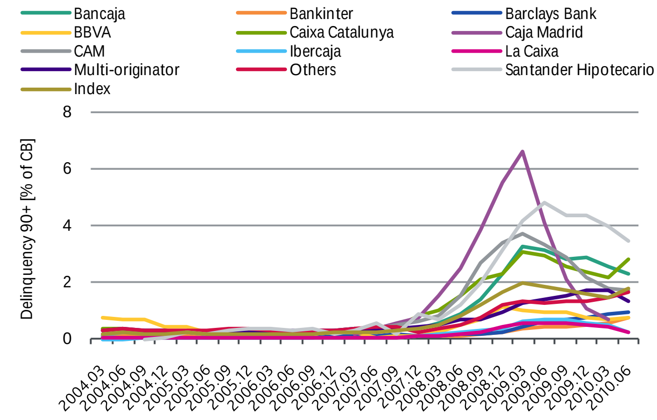
Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

CHART 7
BBVA RMBS deals 90+ Days Delinquency



S
ource: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

CHART 8
Spanish RMBS 90+ Days Delinquency - trend by originator



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

Data Quantity and Content:

» Moody's received data for the period 1998-2008 reflecting 90 days cumulative information and 365 days cumulative information.

» In addition, Moody's has received meaningful information about outstanding deals

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

CHART 9

Cumulative 90 + Arrears BBVA deals

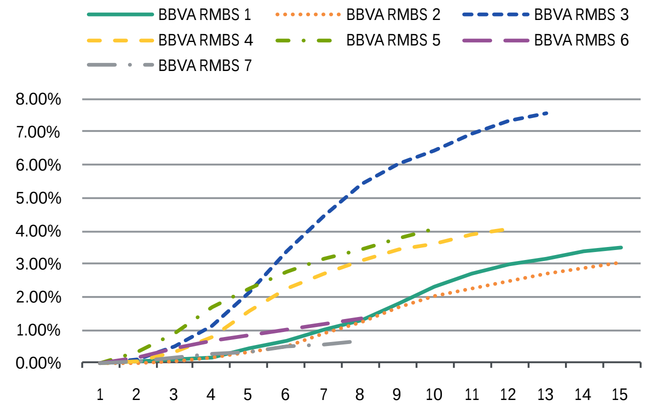
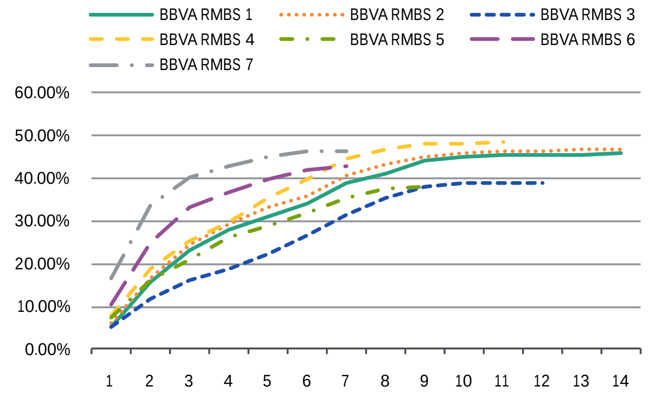


CHART 10

Cumulative Recoveries 90 + Arrears BBVA Deals



Assumptions and definitions Other values within a range of the notional amount listed below may result in achieving the same ratings.

Assumptions	
Spread compression / Margin analysis	Not Applicable. Swap guarantee 65 bps
Stressed Fees	0.30% p.a. + €50,000 fixed fees
Definitions	
WA asset margin	0.69%
WA asset margin after reset	N/A
Asset reset date	100% annually, spread over the year
Liabilities reset date	EURIBOR resets quarterly
Interest on cash	3-month-EURIBOR
Actual Fees	Not Provided
Write off Definition	Artificial write off definition (18 months)

Modelling Approach

Loss Distribution: The first step in our analysis is to determine a loss distribution of the pool of mortgages to be securitised. Due to the large number of loans and supporting historical data, Moody's uses a continuous distribution to approximate the loss distribution: the "lognormal" distribution.

In order to determine the shape of the curve, two parameters are needed: the expected loss and the volatility around this expected loss. These parameters are derived from two important sources: historical loss data and the loan-by-loan model.

Moody's uses performance data provided by the originator in addition to other relevant data in order to extrapolate expected losses for the loan pool. Examples of data include market and sector wide performance data, the performance of other securitisations, and other originators' data.

To calculate the volatility under "stressed" scenarios, Moody's takes into account historical data. However, observed historical volatility may not be significant (given insufficient data points, or incomplete data), and in addition may not be representative for the future as it is based on the previous economic environments.

Consequently, Moody's determines a number representing the enhancement that would be required for a pool of mortgages to obtain a rating consistent with Aaa under highly stressed conditions. This enhancement number (the "MILAN Aaa CE" number) is produced by using a loan-by-loan model, which looks at each loan in the pool individually and based on its individual characteristics such as LTV or other identified drivers of risk, will produce a benchmark CE number. This assumes stressed recovery rates (through house price decline), time to recovery, interest rates and costs to foreclosure. The weighted-average benchmark CE number will then be adjusted according to positive and negative characteristics of each loan or of the pool as a whole to produce the MILAN Aaa CE number.

Modelling assumption: The MILAN Aaa CE number and the expected loss number form the basis of Rating Committee discussions and are used to derive the lognormal distribution of the pool losses.

The standard deviation of the distribution is found by setting the expected loss of the area of the lognormal distribution beyond the MILAN Aaa CE equal to the expected loss that is consistent with the idealised expected loss of a Aaa tranche.

Tranching of the notes: Once the loss distribution of the pool under consideration has been computed, a cash flow model is used to assess the impact of structural features of the transaction. It calculates the average lives and the losses experienced by the notes for every loss scenario for the portfolio. Based on these numbers, the expected loss and the weighted-average lives for the notes are calculated as weighted averages based on the probabilities of the respective scenarios. The expected loss on each tranche together with the notes' weighted-average life determines the rating, which is consistent with Moody's target losses for each rating category.

The rating of the notes is therefore based on our analysis of:

» The characteristics of the mortgage pool backing the notes

» The relative roll-rate levels and arrears in this type of lending compared to conventional lending

» Sector-wide and originator specific performance data

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

» The roles of the swap and hedging providers

» The legal and structural integrity of the issue

Treatment of Concerns:

Loan characteristics:

» **Weighted-average LTV**: 44.86 of the loans have an LTV above 80%, and 17.87% of the loans have an LTV above 90%. The weighted-average current LTV (based on valuation at origination) is 79.28%, which is higher than the Spanish RMBS and in line with other Spanish high LTV transactions. LTV is the main driver of default for Moody's in the MILAN analysis.

» **Broker Origination:** BBVA has reported 13.22% of broker origination. The higher credit risk for loans initiated via brokers is a weakness for the deal, taking into consideration the highest default probability observed for this origination channel. Moody's has applied a penalty of 50% in the MILAN model. Brokers represent less than 11.2% of BBVA's global mortgage book, while they represent 13.22% of this deal.

» **Option to switch from floating to fixed-rate loans** (or vice versa): From a collateral analysis perspective, these loans have not been considered riskier than pure floating- rate loans. In the MILAN analysis, these loans have been treated as floating-rate loans. From a cash flow perspective, the swap counterparty will mitigate this risk.

» **New residents**: BBVA has reported 7.19% of new residents in the current portfolio. The higher credit risk for loans granted to new residents has been taken into account in Moody's analysis, applying a 200% penalty on such loans.

» **Number of Borrowers**: 6.40% of the loans have more than two borrowers. Typically the Spanish benchmark residential mortgage loan is granted to a single obligor or to a couple. There has been a development in loan products in Spain whereby a single loan is granted to a group of borrowers (3, 4 or more) for the acquisition on a single family property. Moody's views this loan characteristic as generally more negative from a credit standpoint. (MILAN adjustment 20% for 3 borrowers, 40% for 4 borrowers)

» **Options affecting the amortisation profile**: Almost all the loans in the portfolio incorporate features that impact the portfolio amortisation profile, such as the option to modify the maturity (97.39% of the pool) or enable a semi-bullet payment at maturity(92.96%). Moody's has applied a penalty of 15% to loans with option of semi-bullet payments at maturity. Given these two characteristics, the pass-through amortisation of the notes can be significantly affected: a significant demand of such options will delay the principal repayment scheduled, while riskier borrowers may force back loaded scenarios of losses. Moody's has assessed the impact of such scenarios in the notes' ratings.

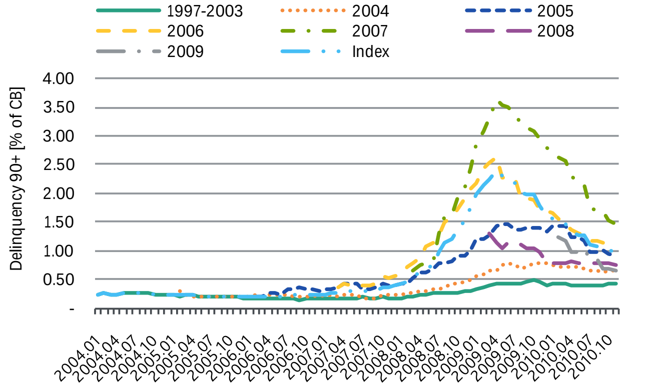
» **Payment holiday**: 99.4% of the portfolio can enjoy a payment holiday, though no loan will be under such condition as of closing. The maximum period for a payment holiday is only two months, therefore the liquidity risk due to this option is mitigated by the swap.

Benchmark Analysis

Performance Relative to Sector: In Moody's view, the historical performance of 90+ days delinquencies and defaults of the six previous transactions compares positively to other transactions in this sector. Within its peer group of Spanish transactions, **BBVA** transactions are some of the best performers

CHART 11

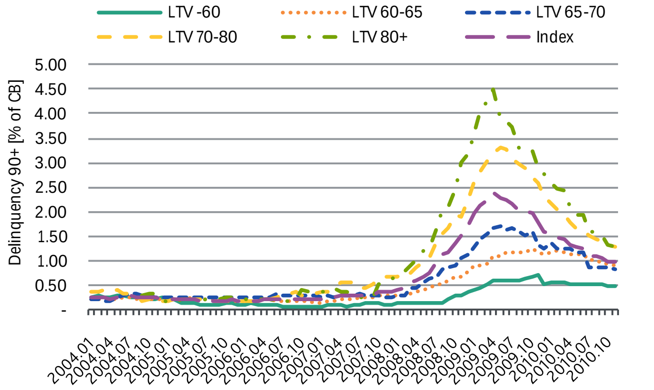
Spanish RMBS 90+ Days Delinquency - Trend By Originator



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

CHART 12

Spanish RMBS 90+ Days Delinquency - Trend By LTV



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

Benchmark Table

Deal Name	BBVA RMBS 5	BBVA RMBS 9	Santander Hipotecario 6	Popular MBS 2	HIPOCAT 19
Closing date	**May 2008**	**April 2010**	**April 2010**	**April 2010**	**October 2009**
Information from	Final Pool	Final Pool	Provisional Pool	Provisional Pool	Provisional Pool
Originator	BBVA	BBVA	BANCO SANTANDER	BANCO POPULAR	CAIXA CATALUNYA
Servicer	BBVA	BBVA	BANCO SANTANDER	BANCO POPULAR	CAIXA CATALUNYA
MILAN Aaa CE	14.65%	17.0%	30.0%	22.5%	26.0%
Expected Loss	4.75%	4.5%	12.0%	6.0%	7.5%
PORTFOLIO STRATIFICATION					
Avg. Current LTV	79.28%	87.5%	89.1%	89.3%	70.6%
% Current LTV > 70%	81.99%	100%	99.9%	90.3%	58.2%
% Current LTV > 80%	44.86%	100%	96.8%	83.1%	34.6%
% Current LTV > 90%	18.80%	33.1%	38.9%	55.0%	20.0%
Avg. Current LTV indexed*	87.16%	91.3%	90.8%	90.1%	Not Publicly Available
% Self Employed	12.86%	8.1%	0%	ND	Not Publicly Available
% Brokers	13.22%	6.3%	12.1%	0.0%	ND
% New Residents	7.19%	2.3%	9.6%	6.1% 9.0% No Data	19.2%
% Temp Workers	13.25%	12.6%	ND	ND	ND
% Non-owner Occupied (Includes: Partial Owner)	3.77%	3.0%	2.3%	2.3%	0.0%
% Fixed interest	0.0%	0.0%	0.4%	0.1%	0.0%
Max regional concentration	Castilla La Macha (22%)	Andalusia (23%)	Madrid (21%)	Andalusia (33%)	Catalonia (68%)
% in arrears at closing		0.0%	6.7%	2.0%	Not Publicly Available
PORTFOLIO DATA					
Current Balance	€4,030.0 million	€1,295.1 million	€1,148 million	€686 million	€897.4 million
Average Loan (Borrower)	€164,779	€171,600	€183,800	€141,500	€131,300
Borrower top 20 (as % of pool bal)	0.39%	0.9%	2.1%	2.4%	1.7%
WA interest rate	3.05%	3.05%	2.73%	3.31%	4.63%
Stabilised margin**	N/A	N/A	N/A	N/A	N/A
Average seasoning in years	3.90	1.3	2.3	3.0	3.5
Average time to maturity in years	30.83	34.6	30.2	28.0	26.4
Maximum maturity date	Feb 2050	Jan 2050	Dec 2054	Aug 2049	Mar 2049
Average House Price stress rate***	87.16%	44.5%	45.2%	43.8%	45.5%
Average House Price change§	8.38%	-4.3%	-1.9%	-0.8%	10.0%
STRUCTURAL FEATURES					
Notes Payment Frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Replenishment Periods	No	No	No	No	No
Total Aaa size	93.50%	100%	83.0%	87.0%	70.0%
Reserve Fund at Closing§§	2.84%	20.5%	20.0%	8.0%	2.8%
Reserve Fund Fully Funded at Closing?§§	2.84%	20.5%	20.0%	8.0%	2.8%
Reserve Fund Floor§§	1.42%	10.25%	10.0%	4.0%	Non-Amortising Reserve Fund
Hedge in place	Yes	Yes	Yes	Yes	No
Principal to pay interest	Yes	Yes	Yes	Yes	Yes

* As per Moody's calculation.

** Margin after all loans reset.

*** As per Moody's MILAN methodology for Aaa scenario.

§ As per Moody's calculation.

§§ Of original note balance.

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. This analysis 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. For more information on V Score and Parameter sensitivity methodology for RMBS, please refer to "V Scores and Parameter Sensitivities in the Major EMEA RMBS Sectors" published in April 2009.

We calculated the parameter sensitivities for this transaction in the following manner: Moody's assumed 16 loss distributions derived from the combinations of MILAN Aaa Credit Enhancement: 10.35% (base case), 12.42% (base x 1.2), 14.49% (base x 1.4), 16.65% (base x 1.6) and expected loss: 2.0% (base case), 3%, 4% and 6%. The 10.35%/2.0% scenario would represent the base-case assumptions used in the initial rating process.

The tables below show the parameter sensitivities for this transaction with respect to the rated notes.

TABLE 3

Class A		Milan Aaa CE			
		14.65%	17.58%	20.51%	23.44%
Median Expected Loss	4.75%	A2*	A2 (2)	A3 (1)	A3 (1)
	5.70%	A2 (0)	A3 (1)	Baa1 (2)	Baa2 (3)
	6.65%	Baa1 (2)	Baa2 (3)	Baa3 (4)	Baa3(4)
	7.60%	Baa3 (4)	Ba1 (5)	Ba1 (5)	Ba1 (5)

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

Worse-case scenarios: At the time the rating was assigned, the model output indicated that the A rated notes would have achieved A2 if the expected loss was as high as 4.75% and MILAN Aaa CE 14.65% if all other factors remained the same.

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** is the originator, servicer, cash manager, swap provider, account bank and subordinated loan provider. There is no back-up servicing agreement, but there are triggers in place for both the swap counterparty and the paying agent functions. The lack of a back-up servicing agreement is partially mitigated by the rating-based triggers summarised in the table below.

Significant Influences: In addition to the counterparty issues, the following factor may have a significant impact on this deal's ratings:

» Further deterioration in the general economic conditions and specifically the real-estate market beyond the current consensus.

Counterparty Rating Triggers	Condition	Remedies
Interest Rate Swap Counterparty	In accordance with Moody's swap guidelines*	
Treasury Account Bank	Loss of P-1	Replace or find a P-1 rated guarantor, or substitute within 30 days

* See Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Transactions Moody's Methodology, 15 May 2006.

Monitoring Report:

Data Quality:

» The investor report format is finalised and discussed with Moody's analyst.

» The report includes all necessary information, enabling Moody's to monitor the transaction.

» Loan modifications for arrears management are not specifically reported.

Data Availability:

» Report provided by EdT

» The timeline for investor reports is provided in the transaction documentation. The priority of payments section is published in the investor report.

» The completed report is published within seven business days after each payment date.

» The investor report and the IPD (Interest Payment date) report are published quarterly. Portfolio information is provided monthly.

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 Used:

» Moody's Updated Methodology for Rating Spanish RMBS, July 2008 (SF133138)

» Cash Flow Analysis in EMEA RMBS: Testing Features with the MARCO Model (Moody's Analyser of Residential Cash Flows), January 2006 (SF58290)

» Moody's Updated Methodology for Set-Off in Dutch RMBS, November 2009 (SF179373)

» Cash Flow Analysis of Synthetic ABS/RMBS Transactions, September 2009 (SF143743)

» Interest Rate Risk in UK RMBS – Moody's Approach, October 2007 (SF110489)

» Moody's Approach to Automated Valuation Models in Rating UK RMBS, August 2008 (SF121128)

» A Framework for Stressing House Prices in RMBS Transactions in EMEA, July 2008 (SF131751)

» V Scores and Parameter Sensitivities in the Major EMEA RMBS Subsectors, April 2009 (SF158654)

Index Report:

» Spanish RMBS Indices, January 2011 (SF233600)

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.

» contacts continued from page 1

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Report Number: SF237338