DBRS
Insight beyond the rating.

PYME VALENCIA 2, F.T.A.

Close Date
July 29, 2011

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Ratings

Debt	Par Amount (EUR)	Current Credit Enhancement+	Investor Coupon (p.a.)	DBRS Rating	Rating Action
Series A	167,601,490	EUR 163.56 million	3 Month EURIBOR + 0.30%	AAA (sf)	New Rating
Series B	17,500,000	N/A	3 Month EURIBOR + 0.60%	NR	N/A
Series C	75,000,000	N/A	3 Month EURIBOR + 0.90%	NR	N/A

Notes:

- Credit enhancement of the Series A Bonds is equal to the non-defaulted asset balance plus the aggregate cash balance in the Principal Cash Reserve, minus the balance of the Series A Bonds.

Kingdom of Spain, Sovereign Rating:	AA Negative Trend (as of August 17, 2011)
Transaction Close Date:	12 March 2009
Date of DBRS Rating:	29 July 2011

Note that at the time of this rating Spain was not yet on Negative Trend.

Transaction Summary

PYME VALENCIA 2, F.T.A. (the “Issuer”) is a limited liability company incorporated in accordance with Spanish legislation as a special purpose vehicle (“SPV”) for the purpose of issuing asset-backed securities and acquiring loans and credit lines. The Issuer issued three series of asset-backed notes to finance the purchase of the SME loans (at par). In addition, the Issuer entered into two loans to finance the initial expenses of the SPV and to finance a Reserve Fund account. Principal and 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 Series A Bonds issued by PYME VALENCIA 2, F.T.A. are listed on Page 1. This securitisation has been structured as a public transaction with Series A, Series B and Series C Bonds (the "Bonds"). The Bonds proceeds, at closing, were used to purchase EUR 500 million of SME collateral at par. The Series A Bonds are senior in Priority of Payments to the Series B and Series C. The Series A Bonds are currently supported by 163.56 million subordination provided by the difference between i) the performing notional plus the current balance in the Principal Cash Reserve and ii) the total of the outstanding balance of the Series A Bonds. At closing, the Principal Cash Reserve Amount of EUR 87 million and the Interest Cash Reserve Amount of EUR 10 million were funded by the issuance of a Subordinated Loan granted by Banco de Valencia. Current balance of the Principal Cash Reserve is at EUR 84.7 million and of the Interest Reserve Fund is EUR 2,46 million. The Series A Bonds are rated based on timely payment of interest and principal.

DBRS based the rating 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 Principal Cash Reserve and the Series B and Series C Bonds, and
- the legal and structural integrity of the transaction.

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Rating Rationale

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

- an evaluation of the underlying portfolio of loans granted to Spanish SMEs and entrepreneurs;
- an evaluation of the operational capabilities of the Originator and Servicer;
- an evaluation of the credit quality and potential mitigants to the credit exposure of counterparties to the transaction;
- the historical performance information provided by the Originator;
- the credit enhancement provided through the Series B and C Bonds, the Principal Reserve Fund and the excess interest;
- the structure of the Priority of Payments; and
- the legal and structural integrity of the transaction.

Strengths

- The credit enhancement level of EUR 163.56 million was sufficient to support the "AAA (sf)" rating of the Series A Bonds;
- The Principal Cash Reserve was funded on the Closing Date at EUR 87.00 million and the Required Principal Cash Reserve level cannot be reduced during the first three years of the transaction. The Principal Cash Reserve has a current balance of EUR 84.73 million, which corresponds to 32.6% of the outstanding balance of the Bonds.
- The transaction is a static transaction and the note holders will benefit from the expected amortisations and early prepayments of the loans;

Challenges

- High geographic concentration to obligors in the Valencian Community and Murcia regions of Spain, with approximately 64% and 15% of the portfolio sourced in these respective regions;
- High concentration by industry in construction and Real Estate Activities representing 24% and 19% of the portfolio respectively, collectively representing 43% of the portfolio.
- The challenging economic environment in Spain;
- The potential for borrowers to experience even greater difficulties in paying their loans as interest rates increase. Current EURIBOR levels are at, or close to, historical lows. As interest rates increase in the Euro zone, the higher EURIBOR levels will increase the interest payments required from Spanish borrowers; and
- The lack of an interest rate hedge. The majority of the loans pay either monthly or quarterly but they reset their interest rates on either a semi-annual or annual basis. This means that in a time of increasing interest rates, the reference index of the Bonds, 3 month EURIBOR, will increase at a faster pace than the index on the loans.

Mitigating Factors

- The Principal and Interest Reserve Funds are available to pay the Series A, Series B and Series C Bonds interest and principal, and they can mitigate potential interest rate basis mismatches between the assets and interest payable on the Series A Bonds;
- In the event of defaults in the SME portfolio, the Principal Cash Reserve accelerates payments to the Issuer and diverts interest proceeds until the loss has been recouped;
- Despite the exposure to interest rate risk, DBRS considers a timely interest shortfall on the Series A Bonds would be highly unlikely. This opinion is based on the analysis of the principal proceeds flows from scheduled amortisations and structural features such as the combined waterfall and the availability of the Reserve Funds;
- DBRS maintains either public ratings or private internal assessments to evaluate and monitor the potential risk that counterparties pose to the performance of the Series A Bonds. At the time of

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

Assessment of the Sovereign

DBRS rates the Kingdom of Spain's long-term foreign and local currency debt at AA with Negative trend.

The ratings balance Spain's relatively low public-sector indebtedness and its progress in achieving its fiscal targets with high fiscal deficits, high unemployment, a fragile recovery and a weakened financial sector. The Negative trends reflect the potentially adverse effects of the sharp rise in uncertainty in financial markets on economy-wide funding conditions, and the increased risks to the growth outlook of the United States that could affect both Europe's and Spain's export-based recovery. This concern goes beyond the direct trade link between the United States and Spain, which is limited, as there may be more widespread consequences on growth and trade in Europe.

DBRS recognises the progress that Spain has achieved to date, with a fiscal adjustment program that is on track, ongoing reform of the savings bank sector and a narrowing of the current account deficit. Furthermore, Spain's general government indebtedness is comparatively low. The European Commission forecasts that debt-to-GDP will rise to 68.1% by the end of 2011, which is approximately 15% of GDP below its forecasts for the three largest AAA-rated European economies: France, Germany and the United Kingdom.

At the root of Spain's problems are losses in price-competitiveness combined with a rapid rise in leverage, which fuelled Spain's residential property boom. A large unlisted savings banking sector, accounting for 40% of banking assets, which lent heavily to real estate, coupled with a labour market that performed poorly with losses of almost 11% of employment since the peak in the second quarter of 2008, reveal serious weaknesses. In spite of these shortcomings, the unwinding of economy-wide imbalances is proceeding at varying speeds

Credible debt stabilisation by 2013 in an environment of increased risk aversion, and with modest near-term growth prospects, will continue to require a persistent policy effort, especially with respect to potential slippages by some Autonomous Communities. President Rodríguez Zapatero has called early elections for 20 November 2011, and opinion polls give the opposition People's Party a substantial lead over the ruling Socialist Party. Regardless of the outcome, there is a widespread political consensus on the need for fiscal consolidation, and DBRS expects that the firm commitment to the fiscal adjustment programme will continue.

DBRS could change the trend from Negative to Stable if there is a material reduction in downside risks to the growth outlook of advanced economies, along with more stable financial markets, or if Spain's growth outlook improves. However, downward rating actions could be triggered by significant fiscal slippage, a worsening of growth prospects or if access to funding were to deteriorate materially.

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Transaction Parties and Relevant Dates

Transaction Parties

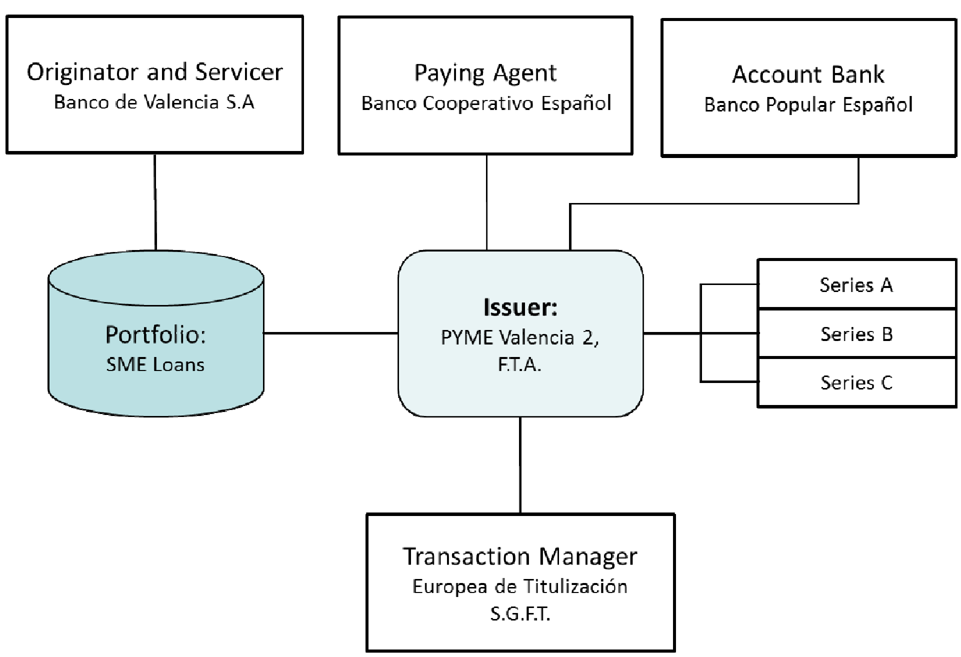
Type	Name	Rating
Issuer	PYME VALENCIA 2, F.T.A.	
Originator/Seller	Banco de Valencia S.A. ("Banco de Valencia")	+
Servicer	Banco de Valencia S.A.	+
Treasury Account Bank	Banco Popular Español S.A ("Banco Popular")	AA (low) / R-1 (mid)
Reserve Account Bank	Banco Popular Español S.A	AA (low) / R-1 (mid)
Subordinated Loan Facility Provider	Banco de Valencia S.A	+
Collateral Administrator	Banco de Valencia S.A	+
Transaction/Fund Manager	EUROPEA DE TITULIZACIÓN S.A. S.G.F.T. ("EdT")	
SPV Manager	EUROPEA DE TITULIZACIÓN S.A. S.G.F.T.	
Paying Agent	Banco Cooperativo Español, S.A. ("Banco Cooperativo")	+
Original Transaction Managers	BANCAJA* and JP MORGAN (Constitution Process)	
Original Arrangers	BANCAJA* and JP MORGAN (Constitution Process)	

Notes:
+ Internal Assessment
* Bancaja, is currently part of the Spanish banking conglomerate Bankia , which was formed from the merger of Caja Madrid, Bancaja, La Caja de Canarias, Caja de Avila, Caixa Laietana, Caja Segovia and Caja Rioja.

Relevant Dates

Type	Date
Issue Date	13 March 2009
Rating by DBRS date	29 July 2011
Next Payment Date	25 September 2011
Payment Frequency	Quarterly, 25th of March, June, September and December
Revolving Period Maturity Date	N/A
Call Date	Outstanding loan balance falls below EUR 50 million
Early Amortisation Date	N/A
Ramp-up Completion Date	100% at closing
Legal Final Maturity Date	25 March 2047

Transaction Structure



Transaction and Counterparty Overview

DBRS evaluates the potential credit impact on DBRS ratings based on the performance of counterparties that face issuers in the capacity of derivative counterparties, account banks, custodian, or other roles. To minimise the impact that the failure of such counterparties would have on the DBRS rated debt, each counterparty is required to satisfy minimum rating, collateral posting or other requirements as outlined in the current publicly available DBRS European legal criteria. For this transaction, each counterparty satisfies such criteria, based upon DBRS public ratings or DBRS private internal assessments of the creditworthiness of counterparties that do not have a public DBRS rating.

Counterparty Name	Role	Minimum Rating	Actual Rating
Banco de Valencia, S.A.	Originator and Servicer	N/A	+
Banco Popular Español, S.A.	Account Bank	BBB (high)/R-1 (low)	AA (low) / R-1 (mid)
Banco Cooperativo Español, S.A.	Paying Agent	BBB (high)/R-1 (low)	+

Note: +Internal Assessment

Please note that that in deals where the Servicer is transferred amounts received on the collateral to the Account Bank within one business day as in the case of this deal, no rating requirement applies to that counterparty. Further, the rating requirement for the Issuer Account Bank and Paying Agent has changed to "A" since this transaction was rated.

Issuer

PYME Valencia 2, F.T.A. (the "issuer") is a special purpose vehicle (SPV) created in accordance with Spanish securitization 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., a management company (the "Management Company or "Sociedad Gestora"). All acts performed and all contracts, transactions or agreements executed by the Management Company on behalf of the Issuer are considered, under Spanish law, as acts performed, and transactions, agreements or contracts executed, by the Issuer.

Originator and Servicer

Banco de Valencia was founded in 1900. Banco de Valencia is a regional bank based in the city of Valencia, where its main activity developed. Banco de Valencia was formerly part of Bancaja Group. Bancaja joined the Bankia conglomerate that formed in 2010. Following the formation of the Bankia conglomerate, Banco de Valencia was acquired by Banco Financiero y de Inversiones, S.A.

Banco de Valencia has 2,234 employees and 437 branches located mainly in the Valencian Community and Murcia regions of Spain. As of 31 December 2010, it had total assets of EUR 23.70 billion, core capital ratio of 7.21% and Tier 1 Ratio of 7.79%.

Banco de Valencia 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. Banco de Valencia will transfer all the collections received on to the Treasury Account within one business day.

Management Company

EdT will act as the Transaction Administrator and legal representative of the Issuer and will be responsible for all administrative functions including waterfall calculations, instructing payments from and to the Treasury Account, maintaining the financial accounting of the Issuer, preparing performance reports and providing information to the regulators and rating agencies. The transaction administrator is also responsible for defending the bondholders' interests in the Issuer, as well as determining whether counterparties should be replaced under certain circumstances.

Collections Account

Banco de Valencia will act as the Collections Account Bank. All collections will be transferred to the Account Bank within one day, reducing the risk of commingling.

Account Bank

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

In the case of a downgrade of the rating of the Account Bank below "BBB (high)", or the withdrawal of the rating, then the Account Bank must be replaced or look for a guarantor within 30 days by a bank with a DBRS rating or internal assessment of at least "A". If there are any costs incurred by this replacement, they will be at the expense of the original Account Bank.

Please note that the rating requirement for the Issuer Account Bank has changed to "A" since this transaction was rated.

Paying Agent

Banco Cooperativo will act as paying agent. Banco Cooperativo will distribute interest and principal to the bondholders and will communicate the interest rate that the Sociedad Gestora will use to calculate the interest rate for the Bonds.

In the case of a downgrade of the rating of the Paying Agent below "BBB (high)", or the withdrawal of the rating, then the Paying Agent must be replaced or look for a guarantor within 30 days by a bank with a DBRS rating or internal assessment of at least "A". If there are any costs incurred by this replacement, they will be at the expense of the original Paying Agent.

Please note that the rating requirement for the Paying Agent has changed to "A" since this transaction was rated.

Origination and Servicing

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

Origination

The origination process starts at the branch network. As the main point of contact with the client, the branch manager elaborates an application summarizing the client's needs and purpose of the loan.

Underwriting Criteria

Banco de Valencia's underwriting procedures centre around assessing the ability of the potential borrower to pay the loan. Therefore, before giving credit to the borrower, the ability of business to generate income to repay the loan must be evaluated.

To calculate the repayment capacity of the client, the Banco de Valencia branch manager uses an electronic file which includes the applicant's financial information as well as internal information for existing clients. This electronic file supports Banco de Valencia's Rating Tool, which forms the basis for an automated system for assessing risk and financial conditions.

Banco de Valencia developed their Rating Model in 2006 and they continue to periodically evaluate and improve it. Their statistical model distinguishes between: Micro, Small, Medium and Big companies and uses financial, qualitative and operative data inputs. The Rating Tool and its inputs generate results which they use to determine the appropriate approval level for the loan application.

The risk department analyst or the branch also creates an Analysis Client Report to analyse:

- Qualitative aspects of the client and as well as characteristics of its sector of activity
- Evolution of company financials
- Historical information about the client within Banco de Valencia
- Business projections (business plan, cash-flow generation, investment policies, etc.)
- Information about the client in the banking system (history of defaults, arrears, etc.)

The loan underwriting process depends on the qualitative and quantitative analysis of the factors mentioned above. The underwriting process is based on a hierarchical system of authorization levels. The authorisation levels are based on a combination of risk profile (rating), loan size, total client exposure and term.

Servicing

Banco de Valencia examines the performance of its clients on an on-going basis and has implemented a monitoring system to allow for the early detection of potential problems and the early-stage management these situations.

As part of the monitoring Banco de Valencia employs an alert system that collects information about each obligor. The alert system shows information about the main characteristics of the loan and the transaction, including but not limited to: total risk, current percentage in arrears, information from delinquency registrars, such as RAI ("Registro de Aceptaciones Impagadas"), ASNEF ("Asociación Nacional de Establecimientos Financieros de Crédito") and CIRBE ("Central de Información de Riesgos portal del banco de España"), and negative equity. The alert screen information determines downgrades in the internal rating. All companies are reviewed at least once a year and the result of the review determines whether Banco de Valencia will continue with the relationship as it is or whether it will look to review it further or reduce or extinguish its exposure.

Arrears Management and Foreclosures

The Monitoring Area and branch staff manage borrowers with loans in arrears of up to 90 days and meet with these clients to try to achieve an agreed-upon solution.

The Recoveries Department administers and manages the processes for loan accounts that are delinquent (in arrears for more than 90 days), and starts the judicial process. The Recoveries Department may work with files that have been in arrears for less than 90 days if review of the borrower necessitates an acceleration in the recovery process.

Banco de Valencia's phases in the recovery management process are listed below:

1. The delinquency file is initiated by the branch, and is controlled by the Recoveries Department.
2. The Recoveries Department checks the solvency of the debtor and produces a report to assist the branches in recovering the amount owed. At the same time the judicial process is started.
3. External lawyers are brought into contact with the debtors and guarantors, and they obtain the solvency reports. If the debtor is working with Banco de Valencia to repay the loan, the bank will try to avoid proceeding with the judicial process.

4. The average time for the filing of a lawsuit is approximately 6 days from the point at which the loan has been arrears at least 90 days.
5. The external lawyer will be in constant communication with the Recoveries Department (External lawyer team) and the branches.

Hedge Agreement

PYME Valencia 2 does not have a hedge agreement. While this could be considered a risk, DBRS feels that this is mitigated by the credit enhancement and the floating percentage on the performing portfolio (97.48%).

Legal Structure

Law(s) Impacting Transaction

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

The securitisation laws do not include a full and complete legal framework for securitisations and, in many respects, the legal analysis relies on general law, including regarding commingling, tax, transfer of assets and risks related to the counterparties of the Issuer. In addition, the general law of the mortgage market, Law 2/1981 and Royal Decree 716/2009 (the "Mortgage Market Laws") are key considerations in MBS 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's Legal Criteria for European Structured Finance Transactions methodology, published July 2011 in the section "Addendum – Spain".

Current Transfer/Assignment of Receivables

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

In this transaction the assignment of the non-mortgage loans from Banco de Valencia to the Issuer is done directly on the date of incorporation by means of their sale from Banco de Valencia to the Issuer. The assignment of the mortgage loans is completed on the incorporation date through the issuance of pass-through certificates and their subscription by the Issuer.

Asset Eligibility Criteria

The following is a selection of the representations given to the Issuer relating to the collateral. For a full list, please see the prospectus.

- All the loans are duly documented and formalised and the corresponding agreements are available to the Management Company.
- All the loans exist, are valid and enforceable.
- Banco de Valencia rightfully holds all the loans, and that there are no restrictions to their sale to the Issuer.

- The loans were originated by Banco de Valencia in its normal course of business and using its normal criteria.
- The loans are being serviced by Banco de Valencia.
- To Banco de Valencia's knowledge, there are no legal claims against the Credit rights that may adversely affect their validity.
- Banco de Valencia has no knowledge of any bankruptcy of any of the borrowers included in this portfolio.

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. The amounts available in the Collection Account will be transferred on a daily basis to the Issuer's Treasury Account opened with Banco Popular Español. On each payment date the amounts available on the Treasury Account will be distributed in accordance with the Priority of Payments as summarised below.

Pre-Enforcement Priority of Payments

(1) Taxes and expenses.
(2) Series A Bonds interest.
(3) Series B Bonds interest unless i) the cumulative balance of the of Doubtful Loans (i.e. defaulted loans) is greater than EUR 205.5 million and ii) the Series A Bonds have not been redeemed in full, at which point interest on the Series B Bonds is paid in position (7) below.
(4) Series C Bonds interest unless i) the cumulative balance of the of Doubtful Loans (i.e. defaulted loans) is greater than EUR 118.5 million and ii) the Series A and Series B Bonds have not been redeemed in full, at which point interest on the Series C Bonds is paid in position (8) below.
(5) Withholding for the Required Interest Cash Reserve.
(6) Withholding for the amortization amount.
(7) Series B Bonds interest if deferred from position 3 above.
(8) Series C Bonds interest if deferred from point 4 above.
(9) Withholding for the Required Principal Cash Reserve.
(10) Subordinated Loan interest.
(11) Subordinated Loan principal.
(12) Start-Up Loan interest.
(13) Start-Up Loan principal.
(14) Servicer fee payment if Banco de Valencia is the Servicer.
(15) Financial intermediation Margin

Post-Enforcement Priority of Payments

(1) Reserve for the final expenses.
(2) Taxes and expenses.
(3) Series A Bonds interest.
(4) Series A Bonds principal.
(5) Series B Bonds interest.
(6) Series B Bonds principal.
(7) Series C Bonds interest.
(8) Series C Bonds principal.
(9) Expenses, interest accrued and repayment of principal for the credit facility, if taken out.
(10) Subordinated Loan Interest.
(11) Subordinated Loan principal.
(12) Start-Up Loan interest.
(13) Start-Up Loan principal.

(14) Servicer fees to Banco de Valencia
(15) Financial Intermediation Margin

Pro Rata Amortisation of the Series B and Series C Bonds

The Series B and Series C Bonds will be paid sequentially after the Series A Bonds unless the following holds.

Series B Bonds

1. The Series B Bonds balance as a percentage of the aggregate outstanding balance of the Bonds must be greater than or equal to 7.0%.
2. The balance of non-defaulted delinquent loans (i.e. in arrears by more than 90 days) is less than 1.25% of the outstanding balance of non-defaulted loans.

Series C Bonds

1. The Series C Bonds balance as a percentage of the aggregate outstanding balance of the Bonds must be greater than or equal to 30.0%.
2. The balance of non-defaulted delinquent loans (i.e. in arrears by more than 90 days) is less than 1.0% of the outstanding balance of non-defaulted loans.

In addition for either the Series B or Series C Bonds to be amortised on a pro rata basis, the following must also hold:

1. The Principal Cash Reserve must equal the Required Principal Cash Reserve amount.
2. The balance of the non-defaulted loans must be greater than EUR 50.0 million.

Payment Timing

Interest due on the notes for each subsequent period is determined 2 days before the current period payment date. The transaction pays interest and principal on a quarterly frequency on the 25 February, May, August and November each year. Interest on the Series A, Series B and Series C Bonds are based on 3 month EURIBOR.

Security

Receivables

The portfolio consists of term loans granted by Banco de Valencia to SMEs and self-employed individuals in Spain. At the time of rating, 77.75% of the outstanding portfolio balance was secured by first lien mortgage on residential and commercial property situated in Spain.

Servicer Agreement

Banco de Valencia will act as the Servicer of the SME loans. The Servicer will continue to manage the collection of all the amounts owed by the Debtors. The Servicer will employ reasonable efforts to guarantee that the payments are collected in accordance with the terms and contractual conditions of the loans.

Mechanics of Servicing

The Servicer is expected to monitor and manage the loans sold to the Issuer using reasonable efforts. It 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.

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 loans

Commingling Risk

The Servicer will pay all of the amounts received from loans to the Issuer's treasury account opened with the account bank within one business day of being collected.

Servicer Termination

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

Credit Enhancement

The Series A Bonds benefit from credit enhancement in the form of the excess of the balance of the loans above the notional of the outstanding balance of the Series A Bonds. Additionally, credit enhancement is provided by the Principal Cash Reserve and the balance held in the Treasury Account to amortise the Bonds. The transaction also benefits from the excess spread that can be used to pay down the Series A Bonds principal under certain conditions according to the Priorities of Payment of the combined waterfall.

At the time of rating the Bonds, the assets of the Issuer were:

Asset	Balance (EUR million)
Non-Defaulted Loans	246.43
Defaulted Credit Rights	14.58
Principal Proceeds	0
Reserve Fund	84.73
Total	**345.74**

Debt	Balance (EUR million)	Credit Enhancement (EUR million) *
Series A	167.60	163.56
Series B	17.50	N/A
Series C	75.00	N/A

Reserve Funds

At closing the Issuer established two reserve funds:

Cash Reserve	Initial Balance (EUR million)	Balance at Rating Date (EUR million)
Principal Cash Reserve	87.00	84.73
Interest Cash Reserve	10.00	2.46

Both reserve funds were financed through the issuance of a loan, the "Subordinated Loan", granted by Banco de Valencia.

As of the rating date, the Principal Cash Reserve balance was EUR 84.73 million and the Interest Cash Reserve was EUR 2.46 million. The Cash Reserves were financed through the issuance of a loan, the "Subordinated Loan", granted by Banco de Valencia.

Reserve Accounts are available on each payment date to cover shortfalls in the priority of payments senior to their replenishment in the waterfall.

PYME VALENCIA 2, F.T.A.

Close Date
July 29, 2011

The Required Principal Cash Reserve shall be the lower of:

1. EUR 87.0 million
2. The higher of :
    a. 34.80% of the outstanding balance of the Bonds
    b. EUR 43.5 million

Notwithstanding the above, the Required Principal Cash Reserve amount cannot be reduced if the following conditions exist on a payment date:

- The issuer is within the first 3 years of issuance.
- On the previous payment date, the Principal Cash Reserve did not achieve the Required Principal Cash Reserve amount.
- the outstanding balance of the non-defaulted delinquent assets (in arrears 90 days or more) is higher than 1.0% of the outstanding balance of the non-defaulted assets.

The Required Interest Cash Reserve shall be the lower of:

1. EUR 10.0 million
2. Twice the aggregate amounts owed in positions (1) to (4) of the priority of payments for the applicable payment date.

Performance Triggers

Interest on the Series B and Series C Bonds can be deferred to a lower priority on the Priority of Payments to either allow excess spread to be used to pay down the Series A Bonds and replenish the Principal Cash Reserve or to prevent Principal Proceeds from the portfolio being used to pay interest on Series B and Series C Bonds if certain default rates are exceeded.

Data Quality

Banco de Valencia has provided a data set regarding the information on the loan portfolio. Banco de Valencia has also provided historical data on the performance of SME loans for loans originated between January 2007 and December 2010. The historical data was organized by vintage with information on the amount of loans over 90 days in arrears as well as recovery 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 Europea de Titulización S.A. S.G.F.T. and Banco de Valencia S.A. DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

Collateral Analysis

Collateral Summary (Non-Defaulted Assets)

Asset Type	SME loans
Borrower Type	SMEs
Loan Type	Term loans
Principal	EUR 246.43million
Number of Loans	1,599
Average Loan Size	EUR 154,113.57
Weighted Average Spread	1.00%
Weighted Average Remaining Term	10.06 years
% Secured	77.75%
Weighted Average Life	5.51 years

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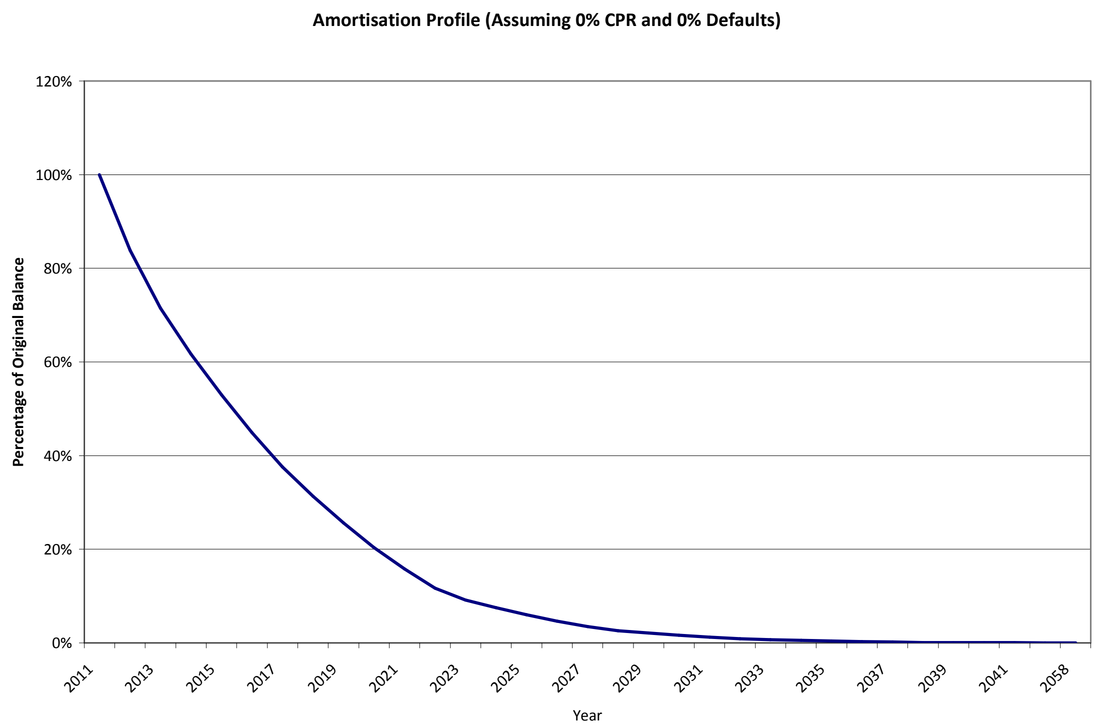
Concentration of Top 10 Borrowers	10.41%
Originated	January 1999 – June 2008
Delinquency Percentages	The Outstanding Balance of the portfolio in payment arrears by 1-30 days, 31-60 days and 61-90 days on the 31 May 2011 was, 5.1%, 1.9% and 2.6%, respectively

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

Amortisation Profile

As of 31 May 2011 the collateral portfolio consisted of 1,599 loans totalling EUR246.43 million and has a weighted average life of 5.51years.



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. Approximately 77.75% of the collateral is secured by first lien mortgage collateral.

Portfolio Distribution – Borrower Location

The portfolio distribution in the regions of Spain reflects Banco de Valencia's regional scope (please see the chart below).

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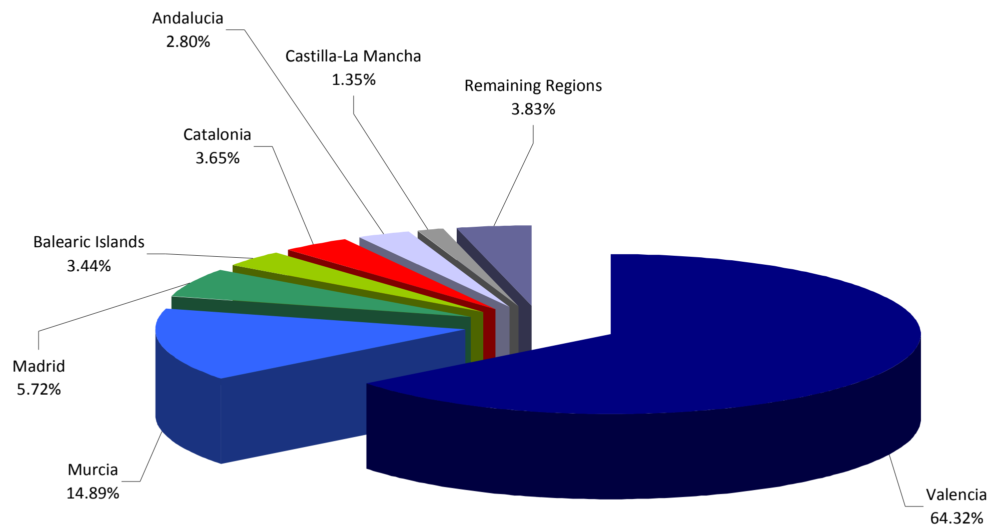

Portfolio Distribution – Borrower Industry Sector Classification

The portfolio exhibits a high concentration in construction and real estate industry, a collective 43.18% of the performance portfolio.

Industry Classification	**Percentage of Balance**
Construction	24.3%
Real Estate	18.9%
Manufacturing	15.7%
Wholesale And Retail Trade; Repair Of Motor Vehicles	11.5%
Professional, Scientific And Technical Activities	7.4%
Hotels & Catering	4.2%
Transportation And Storage	3.7%
Utilities	3.0%
Culture	2.1%
Human Health And Social Work Activities	1.9%
Agriculture	1.9%
Financial And Insurance Activities	1.7%
Other Service Activities	1.5%
Administrative And Support Service Activities	1.4%
Education	0.4%
Other Industries	*0.4%*
Total	**100.0%**

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Portfolio Distribution – Interest Rate

As discussed earlier, this transaction does not have an interest rate swap. As such, it is exposed to two main risks from this:

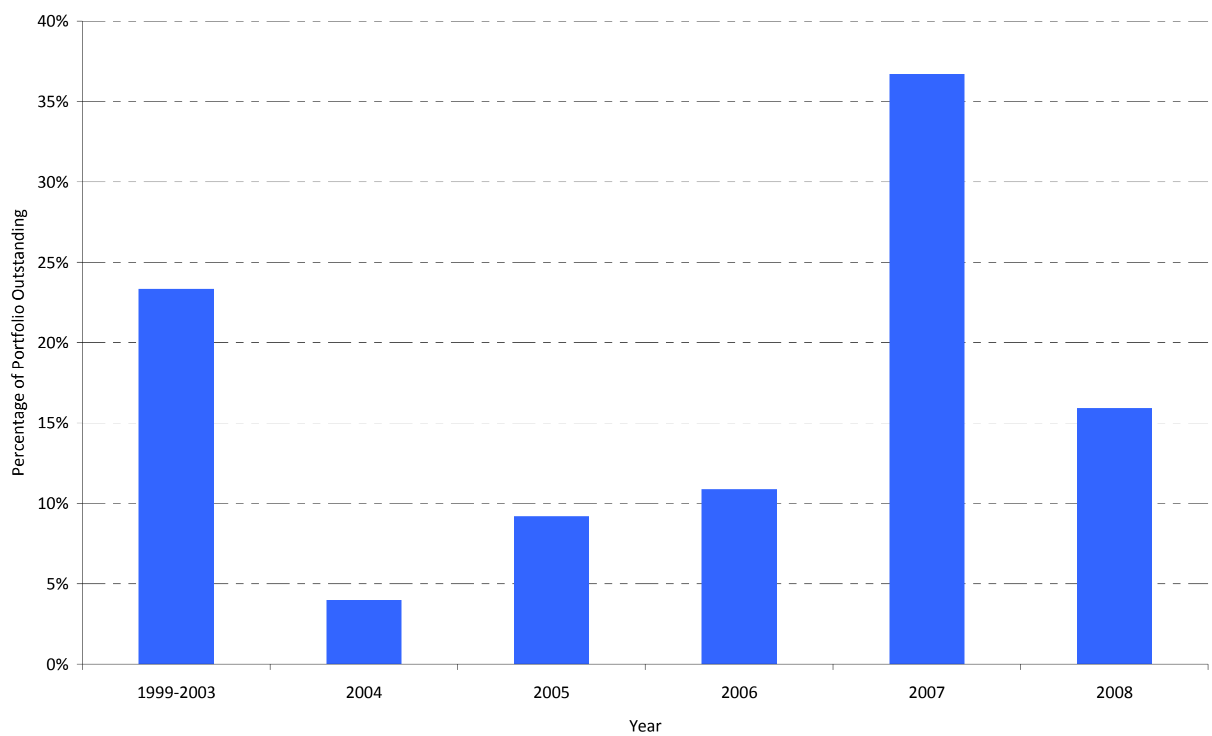
- The difference between the indices on the underlying loans and the 3 month EURIBOR that is used for the Bonds.
- The loans pay on different periods, from 1 month up to 1 year.

However, as the majority of the loans pay at least on a quarterly basis, the risk is tempered.

Approximately 97.48% of floating rate loans. The floating rate loans reference 6-month and 12-month Euribor.

Approximately 84.06% of the loans (by outstanding balance) pay interest on a monthly basis, 11.18% of the loans pay interest on a quarterly basis, and the remaining pay on semi-annual and annual basis.

Portfolio Distribution – Loan Origination by Year



Portfolio Distribution – Largest Exposures

The top ten obligors represent 10.41% of the outstanding balance of the portfolio.

Rank	Balance (EUR million)	Percentage of Portfolio	Region	Industry
1	3.43	1.39%	Andalucia	Professional, Scientific & Technical Services
2	2.93	1.19%	Balearic Islands	Hotels & Food Service
3	2.83	1.15%	Valencia	Arts & Entertainment
4	2.67	1.08%	Valencia	Professional, Scientific & Technical Services
5	2.63	1.07%	Castilla-La Mancha	Professional, Scientific & Technical Services
6	2.51	1.02%	Castilla-Leon	Manufacturing
7	2.43	0.98%	Valencia	Manufacturing

8	2.22	0.90%	Valencia	Automotive Sales & Repair
9	2.05	0.83%	Valencia	Communications & IT
10	1.95	0.79%	Valencia	Professional, Scientific & Technical Services
Total	**25.65**	**10.41%**		

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

DBRS Analysis

Asset Analysis

Based on the analysed portfolio and its characteristics, as well as the Originator's historic default performance, DBRS used its Large Pool Default Model to project a default rate at the "AAA (sf)" stress level. A break even default rate on the rated Notes was determined by using the DBRS CDO Cash Flow Model. The minimum break even default rate is determined over 9 combinations of default timing and interest rate stresses. Referencing the DBRS CLO methodology "Rating Global High-Yield Loan Securitizations, Structured Loans and Tranched Credit Derivatives", published in March 2009, the minimum break even default rate is computed over nine combinations of default timing and interest rate stresses.

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

Average Annualised Default Rate

The average annualised default rate is determined from the historical data supplied by the Originator.

This analysis was carried out on Banco de Valencia's SME loan book historical performance:

- The average annualized default rate for the whole SME loan book is 3.25%;
- The average annualized default rate for loans that are one year old is 2.77%; and
- The average annualized default rate for loans that are more than two years old is 0.77%.

DBRS assumed a portfolio default rate of 3.25% for this transaction.

Correlation

Based on the "Master European Granular Corporate Securitisations (SME CLOs)" methodology, the correlation has to be selected from a range. Despite the high regional concentration of the portfolio in Spain, the portfolio exhibited a very granular industry distribution with a lower than average exposure to the construction and real estate sectors. Since closing, the transaction has performed well, but still has unusually higher WAL compare to the other transaction from the same region. Therefore, DBRS decided to use the high level correlation of 24% for the base case 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 mortgage guarantee, DBRS applies a higher recovery rate than that applied to collateral without a mortgage guarantee. In addition, the recovery rate assumed is lower for higher target ratings, reflecting an additional stress on the higher rated Notes.
As per the DBRS SME methodology, DBRS will assign a senior secured recovery rate to those loans benefiting from first lien mortgage collateral (77.75% of the portfolio). The remaining loans will be treated as senior unsecured. The resulting recovery rates for the Series A Bonds are as follows:

	Portfolio	"AAA" Recovery Rates	"CCC" Recovery Rates
Secured Percentage	77.75%	32%	37%
Unsecured Percentage	22.25%	22%	27%
Total / WA	**100.00%**	**26.83%**	**31.83%**

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Overall Rating Parameter Inputs

The inputs used to calculate the portfolio default rate:

Parameters	Amounts
Weighted Average Life of SME Portfolio (Years)	5.51
Annualised Default Rate	3.25%
Correlation	24%

The expected pool default rate for the various rating stresses based on the inputs described above is presented in the table below:

Target Rating	Correlation	Lifetime Total Default Rate
AAA (sf)	**24.00%**	**69.08%**
AA (high) (sf)	20.00%	61.21%
AA (sf)	20.00%	59.18%
AA (low) (sf)	20.00%	58.10%
A (high) (sf)	17.50%	53.84%
A(sf)	17.50%	52.58%
A (low) (sf)	17.50%	50.60%
BBB (high) (sf)	16.00%	45.47%
BBB (sf)	16.00%	42.24%
BBB (low) (sf)	16.00%	38.53%

Interest Rate Scenarios

The interest rate scenarios are different for notes of different target ratings. For all target ratings, the forward curve is used. In addition, there are two other curves, one that tests the transaction in an "Up" scenario and one for a "Down" scenario. The higher the target rating, the more extreme the interest rate stress.

In general, there are three rating-specific interest rate stress scenarios:

- AAA
- AA/A
- BBB and below

For this transaction, the "AAA" scenario was used.

Default Timing Vectors Scenarios

In addition to the interest rate scenarios, DBRS also varies the timing of when the defaults occur. There are three scenarios, which are used for all target ratings:

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

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

Overall Cash Flow Model Summary

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

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Specifically, in order to pass the "AAA (sf)" rating level, the Series A Bonds must not have any losses when 69.08% of the portfolio is defaulted, as per the default timing vectors above, under all three "AAA" interest rate scenarios.

Cash Flow Model Results

Factor/Result	**Series A Bonds (Amount)**
Recovery Rate Used	29.90%
Recovery Delay(years)	1
Required Lifetime Default Rate(at AAA)	69.08%
Minimum Break Even Default Rate	89.67%
Cushion	20.59%
Result	**PASS**

The results of the break-even default rate analysis indicate that:

- The lowest breakeven default rate (BDR) for all scenarios tested is compared to the portfolio default rate to determine if the structure can withstand each specific rating level. The minimum breakeven default rate for all scenarios tested was 89.67%, compared to the stressed portfolio default rate of 69.08%. The Series A Bonds can thus withstand a higher default level than the level required for the AAA rating. Therefore, DBRS was able to assign "AAA (sf)" ratings to the Series A Bonds

Methodologies Applied

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

- Master European Granular Corporate Securitisations (SME CLOs), September 2010
- Legal Criteria for European Structured Finance Transactions, August 2010
- Rating Global High-Yield Loan Securitizations, Structured Loans and Tranched Credit Derivatives, March 2009,

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

Monitoring and Surveillance

The rating of the Series A Bonds 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 Banco de Valencia, S.A;
- Downgrade, below certain trigger levels, of the public or private internal credit ratings by DBRS of the counterparties engaged in the transaction; and
- Any event of default by the Issuer.

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

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Note:
All figures are in Euros unless otherwise noted.

This report is based on information as of May 31, 2011, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.