STANDARD & POOR'S RATINGS SERVICES
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Various Rating Actions Taken In Spanish RMBS Transactions BBVA RMBS 12 And 13 Following Application Of Updated Criteria

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OVERVIEW

- We have reviewed BBVA RMBS 12 and 13 by conducting our credit and cash flow analysis under our updated Spanish RMBS criteria and our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating.
- Following our review, we have taken various rating actions in these transactions.
- BBVA RMBS 12 and 13 are Spanish RMBS transactions, which securitize portfolios of first-ranking mortgage loans granted to Spanish residents.

PARIS (Standard & Poor's) Jan. 23, 2015--Standard & Poor's Ratings Services today took various credit rating actions in BBVA RMBS 12, Fondo de Titulizacion de Activos and BBVA RMBS 13, Fondo de Titulizacion de Activos.

Specifically, we have:
- Affirmed our rating on BBVA RMBS 12's class A notes;
- Raised our rating on BBVA RMBS 12's class B notes; and
- Lowered our ratings on BBVA RMBS 13's class A and B notes (see list below).

Upon publishing our updated criteria for Spanish residential mortgage-backed securities (RMBS criteria) and our updated criteria for rating

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single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), we placed those ratings that could potentially be affected "under criteria observation" (see "Italian And Spanish RMBS And Covered Bond Program Ratings Placed Under Criteria Observation," and "Italy And Spain RMBS Methodology And Assumptions," both published on Sept. 18, 2014, and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on Sept. 19, 2014).

Following our review of these transactions, our ratings that could potentially be affected by the criteria are no longer under criteria observation.

Today's rating actions follow our credit and cash flow analysis of the most recent transaction information received, dated November 2014. Our analysis reflects the application of our RMBS criteria and our RAS criteria.

Under our RAS criteria, we applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so repay timely interest and principal by legal final maturity.

As our long-term rating on the Kingdom of Spain is 'BBB', our RAS criteria cap the maximum potential ratings in these transactions. Our RAS criteria designate the country risk sensitivity for RMBS as 'moderate'. Under our RAS criteria, these transactions' notes can therefore be rated either four or six notches above the sovereign rating, if they have sufficient credit enhancement to pass a "severe" and an "extreme" stress, respectively (see "Understanding Standard & Poor's Rating Definitions," published on June 3, 2009 for our definitions of severe and extreme levels of economic stress).

Credit enhancement has increased in both transactions since closing (see "Related Research").

Class	Available credit enhancement (%)
--BBVA RMBS 12--	
A	22.59
B	5.13
--BBVA RMBS 13--	
A	20.23
B	5.06

Both transactions have amortizing cash reserve funds, which are at their target amounts.

Severe delinquencies of more than 90 days at 0.11% for BBVA RMBS 12 and 0% for BBVA RMBS 13 are on average lower for these transactions than our Spanish RMBS index (see "Spanish RMBS Index Report Q2/Q3 2014: Delinquencies Continue To

Rise As The Housing Market Slowly Recovers," published on Jan. 2, 2015). Defaults are defined as mortgage loans in arrears either equal to, or higher than, 18 months in both transactions. Therefore, neither pool has cumulative defaults.

After applying our RMBS criteria to these transactions, our credit analysis results show an increase in the weighted-average foreclosure frequency (WAFF) in most scenarios. The weighted-average loss severity (WALS) has increased at all rating levels for both transactions.

Rating level	WAFF (%)	WALS (%)	CC (%)
	--BBVA RMBS 12--		
AAA	17.50	52.83	9.25
AA	12.97	48.70	6.32
A	10.58	41.04	4.34
BBB	7.67	36.57	2.80
BB	4.82	33.27	1.60
B	3.98	30.13	1.20
	--BBVA RMBS 13--		
AAA	16.94	54.45	9.22
AA	12.51	50.43	6.31
A	10.24	42.95	4.40
BBB	7.41	38.56	2.86
BB	4.63	35.31	1.63
B	3.84	32.19	1.24

CC--Credit coverage.

Where there are decreases in the WAFF, they are mainly due to adjustment factors that we have applied to the original loan-to-value ratios, the different adjustments that we apply to seasoned loans, geographical province concentration adjustments, and adjustment factors that we apply for jumbo loans under our RMBS criteria. The increases in the WALS are mainly due to the application of our revised market value decline assumptions and the indexing of our valuations under our RMBS criteria. The overall effect is an increase in the required credit coverage for each rating level for both transactions since closing.

Following the application of our RAS criteria and our RMBS criteria, we have determined that our assigned rating on each class of notes in these transactions should be the lower of (i) the rating as capped by our RAS criteria and (ii) the rating that the class of notes can attain under our RMBS criteria.

For BBVA RMBS 12 and 13, the documented applicable downgrade language regarding the bank account agreement supports a maximum achievable rating of

'A- (sf)' and 'A (sf)', respectively, under our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

Our RMBS criteria envisage two different starting points for the recession, at inception and at the end of the third year. Additionally, under our RMBS criteria, we assume a floating fee of 0.50% of the outstanding loan balance as a stressed senior fee assumption.

Both transactions have interest deferral triggers. We do not expect any of these triggers to be breached in the near term.

Our credit and cash flow results indicate that the available credit enhancement for BBVA RMBS 12 and 13's class A notes can withstand our stresses up to two notches above the sovereign rating. Moreover, in light of the cap under our current counterparty criteria, we have affirmed our 'A- (sf)' rating on BBVA RMBS 12's class A notes, and lowered to 'A- (sf)' from 'A (sf)' our rating on BBVA RMBS 13's class A notes.

Our credit and cash flow analysis results indicate that the available credit enhancement for BBVA RMBS 12's class B is commensurate with a higher rating than currently assigned. We have therefore raised to 'BBB (sf)' from 'BBB- (sf)' our rating on this class of notes

Our credit and cash flow analysis results indicate that the available credit enhancement for BBVA RMBS 13's class B notes is commensurate with a lower rating. We have therefore lowered to 'BBB (sf)' from 'A- (sf)' our rating on this class of notes.

We also consider credit stability in our analysis (see "Methodology: Credit Stability Criteria," published on May 3, 2010). To reflect moderate stress conditions, we adjusted our WAFF assumptions for both transactions by assuming additional arrears of 4% and 8% for one-year and three-year horizons, respectively. This did not result in our rating deteriorating below the maximum projected deterioration that we would associate with each relevant rating level, as outlined in our credit stability criteria.

In our opinion, the outlook for the Spanish residential mortgage and real estate market is not benign and we have therefore increased our expected 'B' foreclosure frequency assumption to 3.33% from 2.00%, when we apply our RMBS criteria, to reflect this view (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on Sept. 18, 2014). We base these assumptions on our expectation of modest economic growth, continuing high unemployment, and further falls in house prices, which will level off in 2015.

On the back of improving but still depressed macroeconomic conditions, we don't expect the performance of the transactions in our Spanish RMBS index to improve in 2015.

We expect severe arrears in the portfolio to remain at their current levels, as there are a number of downside risks. These include weak economic growth, high unemployment, and fiscal tightening. On the positive side, we expect interest rates to remain low for the foreseeable future.

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STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties, and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Reports included in this credit rating report are available at http://standardandpoorsdisclosure-17g7.com.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, Sept. 19, 2014
- Italy And Spain RMBS Methodology And Assumptions, Sept. 18, 2014
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Spanish RMBS Index Report Q2/Q3 2014: Delinquencies Continue To Rise As The Housing Market Slowly Recovers, Jan. 2, 2015
- Credit Conditions: The Eurozone Crawls Into 2015 With Weak Momentum, Dec. 4, 2014
- Standard & Poor's Ratings Definitions, Nov. 20, 2014
- Italian And Spanish RMBS And Covered Bond Program Ratings Placed Under Criteria Observation, Sept. 18, 2014
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 2014
- Low Interest Rates Are Underpinning Europe's House Price Recovery, July 28, 2014
- Ratings Assigned To BBVA RMBS 13's Class A And B Spanish RMBS Notes, July

15, 2014
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014
- Ratings Assigned To BBVA RMBS 12's Class A And B Spanish RMBS Notes, Dec. 11, 2013

RATINGS LIST

Class	Rating	
	To	From

BBVA RMBS 12, Fondo de Titulizacion de Activos
€4.35 Billion Asset-Backed Floating-Rate Notes

Rating Affirmed

A	A- (sf)	

Rating Raised

B	BBB (sf)	BBB- (sf)

BBVA RMBS 13, Fondo de Titulizacion de Activos
€4.1 Billion Residential Mortgage-Backed Floating-Rate Notes

Ratings Lowered

A	A- (sf)	A (sf)
B	BBB (sf)	A- (sf)

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