

RMBS

BBVA RMBS 11, FTA

Close Date
13 June 2012

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Ratings

Debt	Original Balance Euro Million	Original CE	Investor Coupon (p.a.)	ISIN	DBRS Rating	DBRS Action
Series A	1,204.00	26.75%	Euribor 3M + 0.30%	ES0369995008	AA (sf)	New Rating
Series B	119.00	18.25%	Euribor 3M + 0.50%	ES0369995016	BBB(sf)	New Rating
Series C	77.00	12.75%	Euribor 3M + 0.90%	ES0369995024	B (high) (sf)	New Rating
Interest Reserve Fund	42.00					
Main Reserve Fund(4)	178.50					

Notes:

1. As of closing date.
2. Credit enhancement is a percentage of Series A + Series B + Series C
3. Class A credit enhancement consists of Series B, Series C subordination (18.25%) and the Reserve Fund (12.75%).
4. Reserve Fund is equal to 12.75% of Class A + Series B.

Transaction Summary

This is a securitisation of prime residential mortgage loans originated by Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA"). The portfolio was transferred at closing to the fund BBVA RMBS 11, FTA ("the Issuer") a securitisation fund set up under Spanish securitisation law. The Series A, Series B and Series C Bonds ("the Rated Bonds") were issued to finance the portfolio purchase price at closing. The transaction is managed by Europea de Titulización, SGFT ("the Management Company"). The Portfolio is serviced by BBVA.

At closing, the Series A Bonds credit enhancement was 26.75%, comprised of EUR 119.00mn subordinated Series B Bonds, EUR 77.00mn Series C Bonds and EUR 178.50mn Main Reserve Fund. The Series A Bonds also benefit from full sequential amortisation without the possibility of pro-rata amortisation with any other series.

The Series B Bonds initial credit enhancement was 18.25%, comprised of EUR 77mn subordinated Series C Bonds and EUR 178.50mn Main Reserve Fund.

The Series C Bonds initial credit enhancement was 12.75%, comprised of EUR 178.50mn Main Reserve Fund.

The collateral mortgage pool consists of prime high LTV (>80%) residential mortgages granted to individuals resident in Spain. The portfolio is mainly comprised of variable rate loans referenced to 12 Month Euribor with a semi-annual reset frequency and guaranteed by lien on first residential properties.

Notable Features:

- The mortgage collateral pool allows certain modifications to loan contracts. DBRS has applied additional stresses to account for the impact of possible loan modifications on the collateral pool.

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- In June 2013, BBVA announced that floors will no longer be applied on new and existing BBVA originated mortgage loans, as a consequence the interest rates for some borrowers were reduced. Although this can aid borrower affordability, it is also reducing cash flows to the transaction. Interest rate floors were not taken into account for the cash flow analysis of the Rated Bonds.

At closing the following Strengths, Challenges and Mitigating Factors were identified:

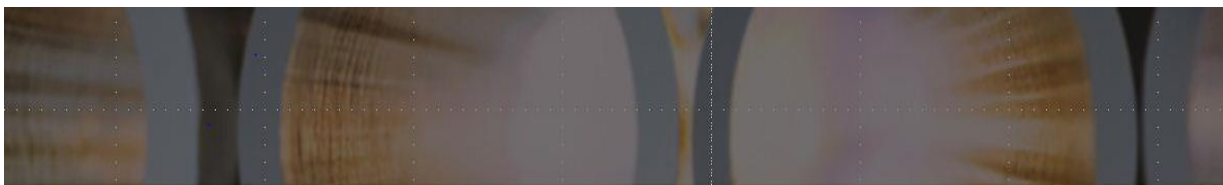
Strengths

- The mortgage portfolio is well seasoned at 2.59 years.
- The collateral pool is granular with 8,330 loans.
- High concentration of loans originated post-crisis. 73.92% of loans granted between 2008 and 2012.
- The portfolio is geographically well distributed among the largest autonomous communities in Spain.
- The Series A Bonds benefit from full sequential amortisation.
- The Main Reserve Fund provides credit support to cover senior fees and any shortfalls on interest and principal on Series A and Series B Bonds.
- Recent BBVA transactions have performed strongly relative to other Spanish RMBS transactions. .

Challenges and Mitigating Factors

- BBVA allows for certain loan modifications on their mortgage loan products. **Mitigants:** (i) Loan modifications are mainly granted to performing borrowers, (ii) additional stresses were applied to the base case assumptions and (iii) loan modifications are limited by the permitted variation as explained in the transaction structure section.
- At closing the weighted average un-indexed LTV of the portfolio was 86.92%. **Mitigant:** Recently closed high LTV BBVA transactions are among the best performing in the Spanish RMBS market.
- Macroeconomic conditions in Spain remain weak, with uncertainty in financial markets and unemployment at 25.98% as of Q3 2013 (Instituto Nacional de Estadística, or “INE” data). The austerity measures implemented by the government of Spain on individuals are negatively affecting portfolios credit performance. **Mitigants:** (i) Series A, Series B and Series C Bonds are able to withstand stressed cash flow assumptions relating to defaults and recovery values, (ii) the Main Reserve Fund provides credit support to Series A, Series B and Series C Bonds and (iii) a sovereign stress was applied to the base case.
- Property values continued to decrease in 2013. This trend is not expected to reverse in the medium term, which will negatively impact recovery rates on foreclosed properties. House prices have currently declined by 36.24% from peak values according to INE data as of Q3 2013. Tinsa peak to current house price decline stands at 39.10% as of September 2013. **Mitigant:** Spanish MVDs were stressed to reflect DBRS’ outlook on the Spanish housing market.
- Un-hedged basis risk exists in the transaction. **Mitigants:** (i) The basis risk is limited as the collateral is mainly referenced to 12 Month Euribor, with all loans paying monthly and the majority have an interest rate reset period of 6 months. In comparison the Rated Bonds pay 3 Month Euribor. Historically, the 12 Month Euribor has always been significantly higher than 3 Month Euribor rate and as such in a normal interest rate environment it is advantageous that asset are priced to 12 months Euribor and liabilities to 3 months (ii) The Main Reserve Fund, Interest Reserve Fund, subordinated Series B and Series C Bonds and potential excess spread could also help to mitigate basis risk in this transaction.

Rating Rationale



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The DBRS Ratings Limited ("DBRS") rating of the Rated Bonds addresses the timely payment of interest and full payment of principal by the legal final maturity date in accordance with the terms and conditions of the Notes. DBRS based the rating on:

- The transaction's capital structure and form and sufficiency of available credit enhancement.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to terms in which they have invested.
- The transaction parties' capabilities with respect to originations, underwriting, servicing and financial strength.
- The credit quality of the collateral.
- A review of the legal structure, transaction documents and opinions.

Sovereign Assessment

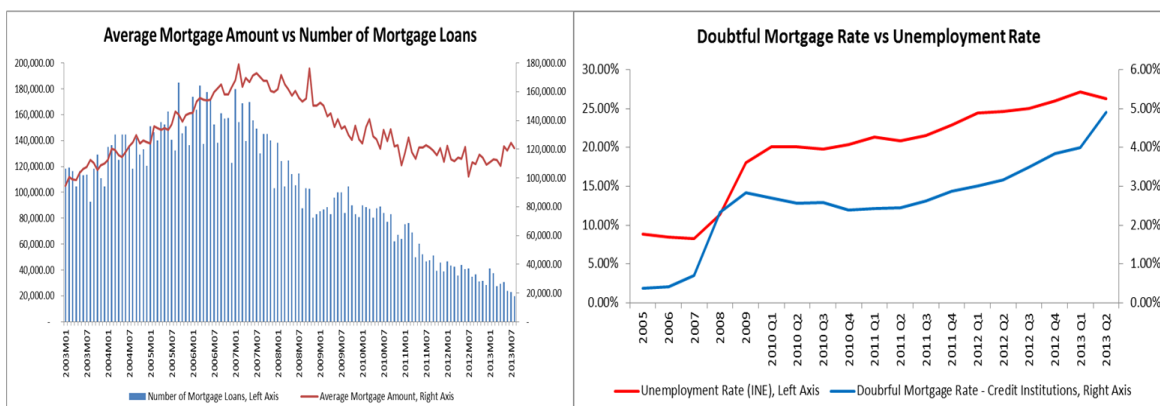
As of the date of this report, DBRS rates the Kingdom of Spain A (Low) with a Negative Trend. For more information, please refer to the most recent published press release by DBRS available from www.dbrs.com.

Sector Analysis

The macroeconomic situation in Spain remains weak with unemployment at historical high levels and borrowers' delinquency rates steadily rising. The austerity measures implemented by the government of Spain also contributed to reduce borrowers' affordability and increase defaults.

Mortgage Market

The Bank of Spain doubtful mortgages rate for financial institutions initially reached its peak in 2009 at 2.84%, thereafter doubtful mortgages declined to 2.38% in Q4 2010. Since then doubtful mortgages have steadily increased to reach a new peak of 4.91% as of Q2 2013. This upward trend is not expected to change in the medium term as the unemployment rate is still expected to remain at high levels in the short to medium term. Although the unemployment rate fell by 28bps since the last quarter, it has risen on an annual basis with the unemployment level at 25.98% (INE, Q3 2013). The overall level of doubtful mortgage loans appears to be correlated to unemployment, albeit the gap between arrears and the level of unemployment is larger than might be expected



Source: Instituto Nacional de Estadística (INE) and Bank of Spain

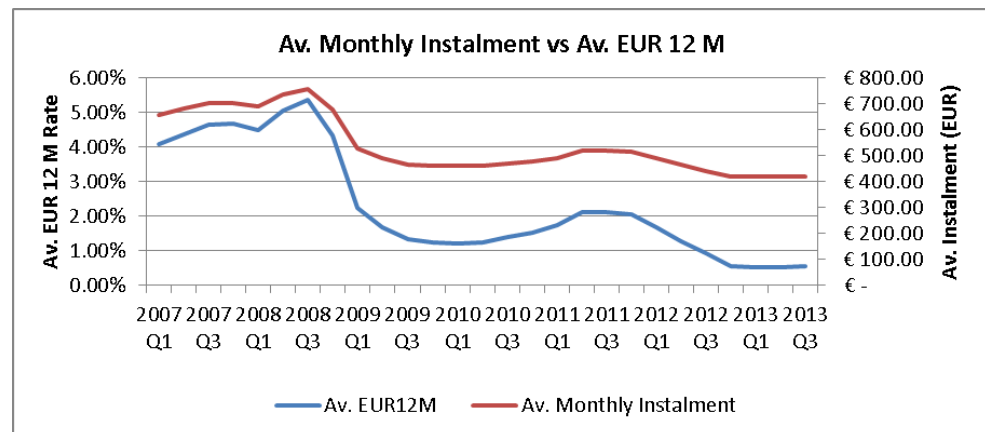
Housing demand and housing credit supply remains constrained. The number of mortgages originated continued to decline with 19,646 mortgages originated in August 2013 (average amount=EUR 120,900.95). This amount is significantly lower compared to the same month in 2007 when 129,961 mortgages were originated with an average loan amount of EUR 170,606.10.



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The current performance trends and future expectations are also linked to the low interest rate environment. This has allowed mortgage borrowers in Spain to remain current. The low interest rate environment is particularly relevant in Spain as mortgages are generally variable rate. These types of mortgages are typically referenced to 3, 6 or 12 month Euribor/Mibor. Spanish borrowers have benefited from approximately 44.7% decrease on their monthly instalments since Q3 2008 (assuming: Mortgage loan= EUR 125,000, Term=25 years, 12 months Euribor = 5.37% in Q3 2008 versus 0.56% in Q3 2013).



Housing Market

Following the burst of the housing bubble in Spain, house prices have declined by 36.24% from the peak value, Q3 2013. The house price declines are not homogeneous across Spain. Madrid and the north east autonomous communities are the regions where the current house price declines are above the national level.

House Prices in Spain - Peak to Through Analysis



GI= General Index, PC= Portfolio Concentration
Source: INE HPI Base 2007

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The total number of properties in Spain is 25.21¹ million, 3.68 million of which are second homes and 3.4 million are empty properties. Empty properties are deemed to be properties available for sale, rent or abandoned. Due to low housing demand and the limited supply of finance, it is expected the oversupply of properties will remain high and consequently weigh on the recovery of house prices in the near future.

Transaction Parties and Relevant Dates

Transaction Parties

Type	Name	Rating
Issuer	BBVA RMBS 11, FTA	N/A
Originator/Seller	BBVA	A /Neg Trend/R-1L/Stable
Servicer	BBVA	A /Neg Trend/R-1L/Stable
Ultimate Back-up Servicer	NA	NA
Account Bank	BBVA	A /Neg Trend/R-1L/Stable
Paying Agent	BBVA	A /Neg Trend/R-1L/Stable
Arranger and Management Company	Europea de Titulización, SGFT	NR

Relevant Dates

Type	Date
Closing Date	13 June 2012
First Interest Payment Date	22 October 2012
Payment Frequency	Quarterly
Payment Dates	22 nd day of January, April, July and October in each year
Collection Period	Each day of any calendar month
Legal Final Maturity Date	22 October 2055

Origination and Servicing

DBRS conducted an operational review of BBVA's mortgage operations in October 2012 in Madrid, Spain. DBRS considers the originations and servicing practices of BBVA to be consistent with those observed among other Spanish lenders.

The initial creation of the BBVA group began in 1857 when the Spanish Board of Trade sponsored the creation of Banco de Bilbao, and until the 1890s this was the only bank in the area surrounding Bilbao. Several mergers and acquisitions throughout the 20th century with the likes of Banco del Comercio and Banca Catalana led to Banco de Bilbao and Banco de Vizcaya merging in 1988 to form BBV. Furthermore in 1998, the Corporacion Bancaria de Espana, along with Caja Postal (created in 1909), Banco Hipotecario (formed in 1972) and Banco Exterior (created in 1929) merged to form Argentaria. BBVA was created in 1999 by the merger of two banks: Banco de Bilbao Vizcaya and Argentaria. The final integration of the group's retail businesses in Spain in 2001 led to the creation of the large branch network under the BBVA banner.

BBVA is currently the 2nd largest bank in Spain and has operations in approximately 40 countries and has a large franchise in Latin America. Over the last several years, the bank has expanded into the U.S. and Asia. As of the end-June 2012, BBVA had total assets of approximately €550bn.

Origination and Underwriting

All loans are sourced entirely through BBVA's branch network which incorporates Business Centres for large companies and franchises for new projects. BBVA operates from a network of 3,443 branches across Spain.

¹ 2011 Census of population and properties published by INE on April 2013



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BBVA offers the standard products common in the Spanish market, including secured loans sometimes backed by mortgages, and unsecured loans and facilities. Unsecured products are generally short term, typically less than 18 months. Secured loans such as mortgages have a maximum term of 30 years, although an additional five years can be added following a review by credit risk and management approval. Variable and fixed rates are available as well as monthly, quarterly and semi-annual payment options, although monthly is the most common and represents over half of all loans within the bank's portfolio.

Underwriting

Applications for credit are always originated at the branch that the borrower transacts or has a relationship with. In order to assess an application, BBVA must review a series of statements to include an application form, identity documents, proof of income and title deeds where appropriate. The data collected is input into the credit system to check whether the applicant is already a customer of BBVA or is included on any list of defaulters. The outcome of the credit system can be Positive, Negative or Doubtful. Negative loans must be referred to a central unit as the branch cannot authorise such applications.

The credit system decision is used in conjunction with an independent view of the lending policy and rules of BBVA to ensure acceptability. The credit system sets out to assess the data with proactive scoring or reactive scoring, and the risk parameters of each individual application decide which route the loan application will take.

The Methodology Unit of BBVA Group's Risks Area is responsible for subsequently gauging the scoring model.

Summary strengths

- No external sourcing channels for new originations.
- Standard lending policy across all regions and centralised decision making authority.

Summary weaknesses

- Overrides to credit policy are allowed.

Mitigant: Clear separation of authorisation process exists with the risk management division responsible for the override process, and centralised credit division approval for all overrides.

Servicing

The operational loan management department, centralised in Madrid, is responsible for all loan management and servicing activities of all BBVA loans. Primary borrower contact is managed at the branch level including early arrears management activities.

As part of its operational assessment, DBRS reviewed the bank's systems relating to origination and servicing and believes them to be sufficient to meet BBVA's operational needs.

Like most Spanish banks, payments are primarily made through direct debit although borrowers can submit payments via bank transfer or pay directly at the branch. The majority of loans are on monthly payment schedules although the portfolio does include some quarterly, semi-annual and annual schedules which are in-line with the overall Spanish market.

The bank follows standard collections and arrears management strategies including compliance with regulatory guidelines surrounding delinquency, watch list and default definitions. Borrower contact is managed through the local branch. Automated, standard letters are generated through the servicing system and sent to the borrower around day 10 and day 45. The bank's internal rating system is used to monitor the loan - including updates to the rating - and helps to set the appropriate workout strategy. Legal proceedings are generally initiated after a loan is officially classified as a default and all previous attempts at an out-of-court resolution have been exhausted.

Timelines and recovery rates are consistent with BBVA's peers.

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Summary strengths

- Standard Spanish servicing practices.
- Timelines and recovery rates are consistent with BBVA's peers.

Summary weaknesses

- N/A.

Opinion on Back-Up Servicer: No backup servicer at closing of BBVA RMBS 11, FTA. DBRS believes that BBVA's current financial condition mitigates the risk of a disruption in servicing following a servicer event of default including insolvency.

Collateral Analysis Details**Data Quality**

DBRS was provided with historical dynamic and static performance data on previously originated BBVA RMBS transactions and a set of stratification tables and loan by loan information related to the Portfolio (as defined below).

- Historical quarterly static default and recovery data on the entire high-LTV BBVA mortgage portfolio, covering a period of 8 years.
- Quarterly historical cumulative delinquency, default and recovery data on existing BBVA-originated RMBS transactions (excluding VPO deal BBVA RMBS 8, FTA).
- Repossession data on foreclosed loans.
- Loan by loan data.
- Stratification tables on the securitised portfolio.

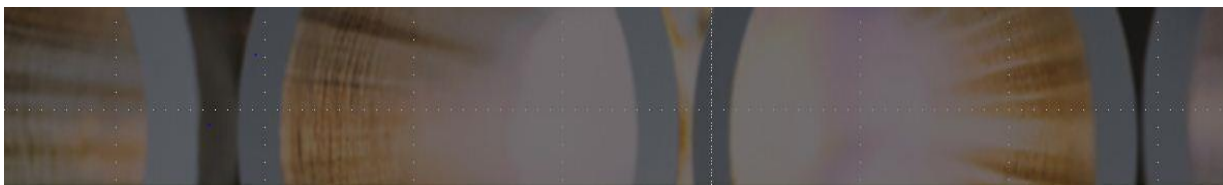
DBRS considered the data to be of satisfactory quality for the purposes of its analysis.

Collateral Analysis

Summary characteristics and stratifications for the portfolio as of 22 May 2012:

Summary	
Number of Loans	8,330
Number of Borrowers	8,330
Original Balance	1,514,789,359
Current Balance	1,459,258,521
Average Loan Size	175,181
Largest Loan	2,134,162
Smallest Loan	33,764
Largest Property	2,380,434
Smallest Property	40,000
WA Original Term (years)	36.01
WA Remaining Term (years)	31.84
WA Seasoning (years)	2.59
WAC	3.15%
WAS	0.99%
WA Current un-indexed LTV	86.92%
WA Original un-indexed LTV	93.72%

99.37% of the mortgage loan portfolio is referenced to 12 Month Euribor and 94.09% of the loans reset their reference rate semi-annually.



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The mortgage portfolio was 2.59 years seasoned at transaction close. DBRS regards this as a credit positive as borrowers have already exhibited a strong willingness to pay; therefore default risk is considered lower compared to non-seasoned borrowers.

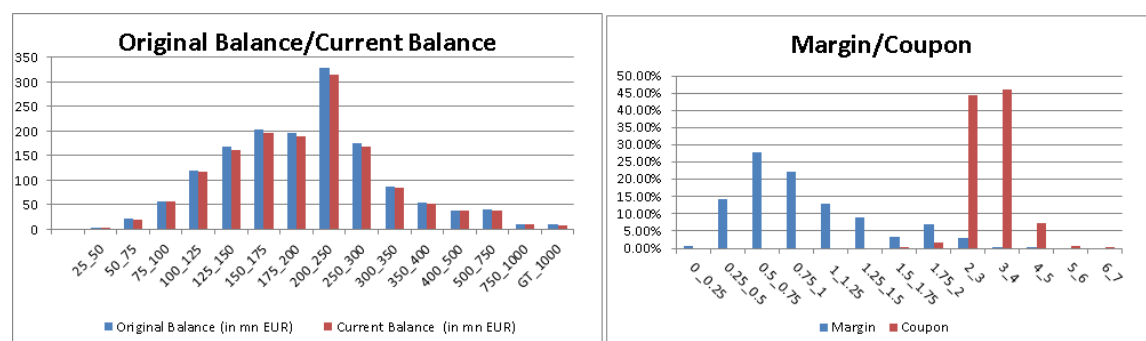
73.92% of the mortgage loans in the collateral pool (by outstanding) was originated in 2008 and after. DBRS expects loans originated post 2007 to exhibit better performances as they were generally granted under tighter lending criteria.

The portfolio has a 2.92% exposure to Viviendas de Protección Oficial ("VPO"). VPO loans are part of Spanish government social housing programs which aim to provide housing to low income borrowers. VPO loans are granted under stricter lending criteria than non-VPO loans. VPOs residential properties are offered at below-market prices. The government provides subsidies to the construction companies which facilitate lower sale prices on the properties. Evidence suggests that VPO loans perform better than regular mortgages. This is supported by historical performance of VPO transactions.

See the portfolio stratification tables in the Appendix.

Distribution by balance, margin and coupon:

The weighted average coupon of the mortgage pool is 3.15% and the weighted average margin over floating rate stands at 0.99%.



Portfolio geographical distribution:

The portfolio is geographically well diversified throughout the largest autonomous communities in Spain. The top 3 portfolio concentrations by autonomous communities are Madrid (21.91%), Cataluña (18.99%) and Andalucía (14.62%).

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Portfolio Concentration by Autonomous Communities



BBVA type of loan modifications:

Most of the mortgages in the securitised portfolio allow certain loan amendments subject to predetermined criteria which depend on the type of mortgage product.

Maturity date extension

93.33% of the mortgage portfolio contains loans where the borrower has the option to extend the maturity of the loan. Throughout the term of the loan, borrowers have the possibility to request to extend thematurity (multiple times). Maturity extensions are permitted only if the borrower is current in respect of any loan payment and the loan fulfils the following requirements:

- Each maturity extension must not exceed 60 months and not be shorter than 12 months of the original term of the loan.
- That the due date of the last instalment following all maturity extensions has to fall within 10 years of the maturity date initially stated at the time of the initial advance.
- Un-indexed LTV must be lower than 80%.

Mitigant: The maturity extension cannot be beyond February, 4th 2052.

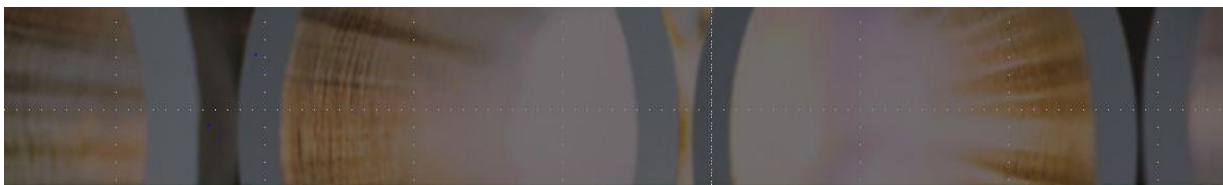
Payment holiday

93.53% of the mortgage loan portfolio has the option to apply for payment deferrals. Borrowers can request to defer up to 2 instalments each year but not more than 10 throughout the term of the loan. Payment deferrals are subject to the conditions below:

- 12 months have elapsed since the last payment deferral.
- The borrower has not been delinquent in the last 12 months preceding the current payment deferral.
- Un-indexed LTV must be lower than 80%.

Type of interest rate change

86.40% of the mortgage loan portfolio has the option to change the reference interest rate. Borrowers can opt to change the type of reference interest rate once the loan is 12 months seasoned. The types of changes permitted are:



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- Constant interest rate: This option locks the interest rate of the loan for 36 months and references to IRPH Financial Institutions interest rate. The borrower must be current on their payments in the last 36 months.
- Variable interest rate (12 Month Euribor): This option resets the interest rate every 6 months and references Euribor. The borrower must be current on their payments on every year.

Mitigant(s): IRPH has been historically higher than Euribor rates, thus borrowers exposed to Euribor rates are unlikely to request a switch to IRPH.

Changes on the amortisation profile

86.40% of the mortgage pool can opt to change the amortisation profile of the loan from French amortising to French amortising with a balloon payment. Borrower can request this change provided that The balloon payment amount is within 10% and 30% of the current loan balance. This modification is subject to BBVA approval.

Mitigant(s): The mortgage pool contains 11.50% of loans that were granted balloon payments. The average balloon payment at maturity is EUR 5,910. This amount is relatively low when compared to the weighted average loan amount of EUR 175,181.

Margin reduction

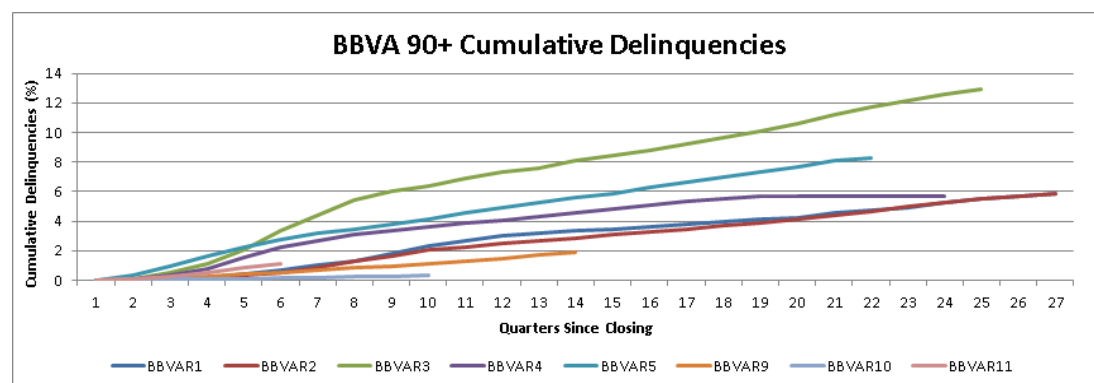
74.79% of the borrowers of the mortgage collateral pool can request a margin reduction provided that such borrower is current on their payment and has acquired the following BBVA products:

- Group A: Direct salary payment, credit card and household insurance. Up to 0.20% margin reduction.
- Group B: Life insurance or current loan repayment insurance. Up to 0.25% margin reduction.
- Group C: Individual social insurance or pension plan. Up to 0.30% margin reduction.

Historical Performance

Cumulative Delinquencies:

The graph below represents quarterly period analysis on 90+ cumulative delinquency data on all BBVA-originated RMBS deals since respective closing date. The worst performing deal is BBVA3 with the cumulative delinquency level at 12.93%. However, this deal exhibits a high concentration of loans originated in 2006 and 2007 at the peak of the Spanish housing market. 90+ levels of recently originated transactions such as BBVA9, BBVA10 and BBVA11 remain low.



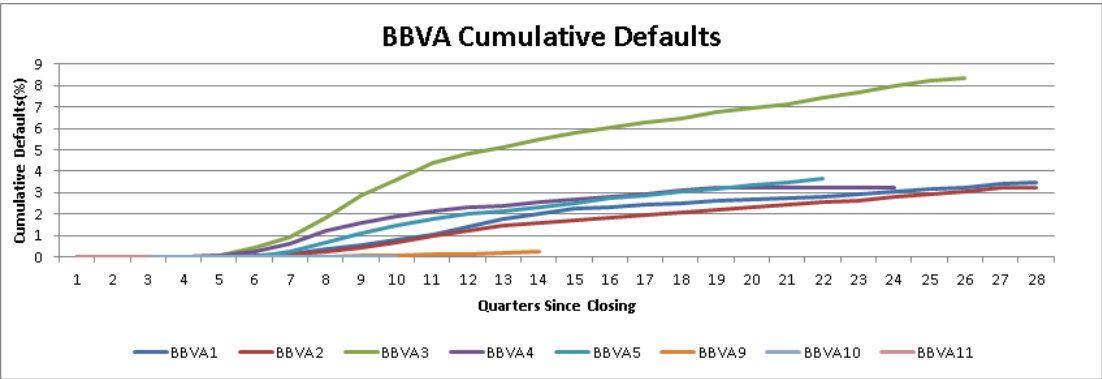
Cumulative Defaults:

Cumulative Defaults on BBVA originated transactions remain at levels below 4% with the exception of BBVA3 which is at 8.34%. The definition of default on BBVA1 to BBVA4 is 12 months in arrears versus 18 months in arrear for BBVA5, BBVA9, BBVA10 and BBVA11.

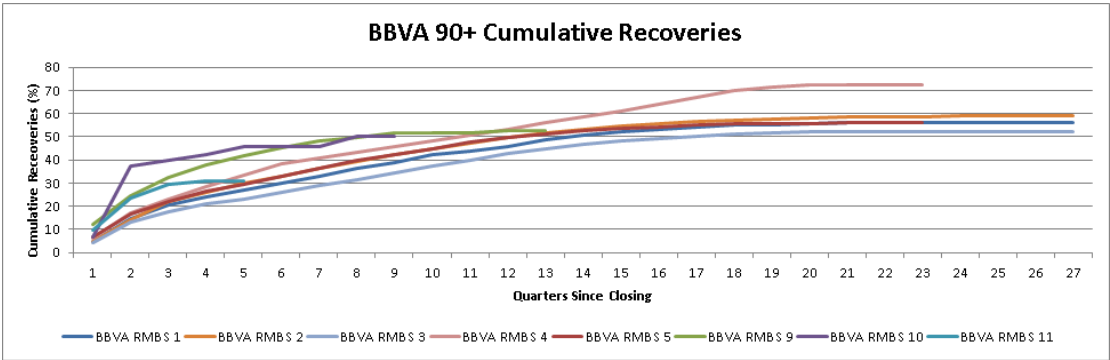


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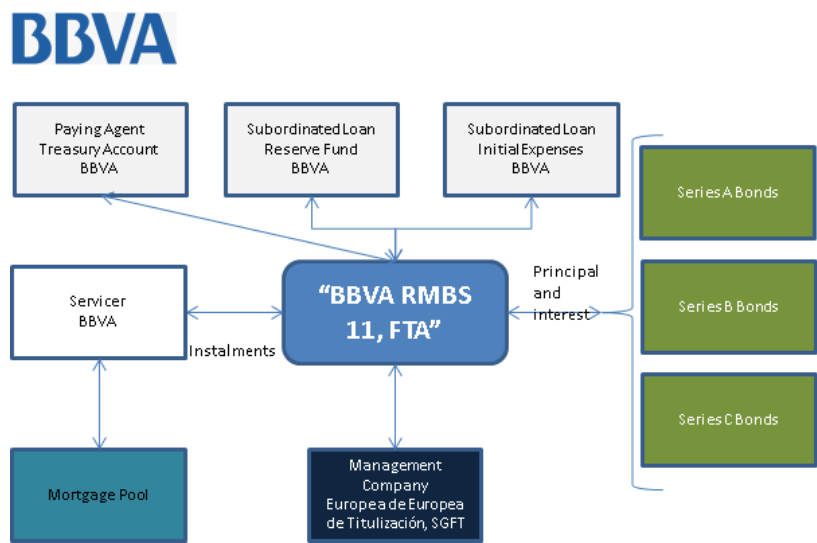


Cumulative Recoveries:
On average recovery data indicates that over 30% of 90+ delinquent loan amounts are recovered after 2 years.



Transaction Structure

Transaction Diagram



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Structural Features**Transaction Overview**

The Bonds were issued to finance the acquisition of the Portfolio at close. In addition, BBVA granted two subordinated loans to fund (a) Main Reserve Fund and Interest Reserve Fund and (b) loan for initial expenses.

Available Funds

The transaction has a combined waterfall. The available funds can be summarised as:

- Principal collections
- Ordinary interest and interest on unpaid interest
- Amounts standing to the credit of the Reserve Funds (Main Reserve Fund and Interest Reserve Fund)
- Return on amounts deposited in the bank account on the previous payment date
- Any amount derived from the collateral mortgage pool, such as the proceeds from the sale of foreclosed properties.
- On the first payment date the unused proceeds of the loan for initial expenses

Credit Enhancement

As explained on page 1.

Pre-Enforcement Waterfall

The available funds are distributed through the following combined waterfall:

1. Senior fees;
2. Interest on Series A Bonds;
3. Replenishment of Interest Reserve Fund up to its required amount as explained below;
4. Interest on Series B Bonds (except in case of Interest deferral);
5. Interest on Series C Bonds (except in case of Interest deferral);
6. Retention for amortisation;
7. Interest on Series B Bonds (in case of Interest deferral);
8. Interest on Series C Bonds (in case of Interest deferral);
9. Replenishment of the Main Reserve Fund up to the Target Reserve Fund Amount as explained below;
10. Interest on subordinated loan;
11. Principal on subordinated loan;
12. Interest on subordinated loan for initial expenses;
13. Principal on subordinated loan for initial expenses;
14. Administration Fees;
15. Payment of the financial intermediation margin.

Upon liquidation of the Issuer at the legal final maturity date or early termination of the Issuer, the following items will be distributed through the Post-Enforcement Waterfall:

- (i) The Available Funds.
- (ii) Amount received by the Issuer after the sale of the remaining mortgage portfolio.
- (iii) Loan to pay down the outstanding balance of the bonds.

Post-Enforcement Waterfall

1. Expenses related to the liquidation of the Fund or liquidation of taxes, admin or advertising costs;
2. Payment of Taxes and ordinary and extraordinary expenses;
3. Interest on Series A Bonds;
4. Principal on Series A Bonds;
5. Interest on Series B Bonds;

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6. Principal on Series B Bonds;
7. Interest on Series C Bonds;
8. Principal on Series C Bonds;
9. Reimbursement of the loan to pay down remaining outstanding amount of the bonds (Item (iii) detailed above);
10. Interest on subordinated loan;
11. Principal on subordinated loan;
12. Interest on subordinated loan for initial expenses;
13. Principal on subordinated loan for initial expenses;
14. Administration fees;
15. Payment of the financial intermediation margin.

Principal amortisation

The "Retention for Amortisation" of the Rated Bonds (item 6 of the Pre-Enforcement waterfall above) is defined as the difference, if positive, between (i) remaining outstanding amount of the Bonds and (ii) the current performing collateral balance.

Principal amortisation of Series A Bonds will be made on each payment date in an amount equal to the available funds for amortisation. The available funds for amortisation will be applied according to waterfall explained above.

The available funds for amortisation will be applied to Series A Bonds until they are redeemed in full. Thereafter the available funds for amortisation can be used to redeem Series B Bonds until they are redeemed in full. Series C Bonds will amortise once Series B Bonds are paid down in full.

Interest Deferral Triggers

Series B Bonds interest will be deferred to step 7 of the Pre-Enforcement waterfall if the cumulative outstanding amount of doubtful loans, as a percentage of the current outstanding balance, is higher than 15%.

Series C Bonds interest will be deferred to step 8 of the Pre-Enforcement waterfall if the cumulative outstanding amount of doubtful loans, as a percentage of the current outstanding balance, is higher than 10%.

Reserve Fund

A subordinated loan granted at closing in an amount equal to 15.75% of total Bonds (EUR 220.5mm) will fund the Main Reserve Fund and the Interest Reserve Fund.

Main Reserve Fund:

A EUR 178.5mn subordinated loan will be disbursed at closing to fund the Main Reserve Fund. The Main Reserve Fund covers senior fees, interest and principal shortfall on the Rated Bonds.

On each payment date the Target Reserve Fund Amount will be the lesser of (i) and (ii):

- (i) EUR 178.5mn
- (ii) The higher of (a) 25.5% remaining balance of the Rated Bonds and (b) EUR 89.25mn.

Interest Reserve Fund:

The Interest Reserve Fund will be funded at closing for an amount equal to EUR 42mm. Thereafter, the required Interest Reserve Fund amount at any time will be the lesser of (i) and (ii):

- (i) EUR 42mm, or
- (ii) The higher of (a) 6% Outstanding Balance of the Rated Bonds, and (b) EUR 21mm

The Main Reserve Fund and Interest Reserve Fund will not amortise if any of the following events occurs:

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- Delinquent loans are higher than 1% of the current outstanding balance.
- The Main Reserve Fund is not replenished to the Target Reserve Fund Amount.
- 3 years have not elapsed since close of the transaction.

Permitted variations

The servicer can conduct variations on the terms of the loans within the mortgage portfolio upon request and with the consent of the Management Company. Nonetheless, the following permitted variations could be made without the Management Company consent, subject to the certain limit concentrations, explained below:

Interest rate re-negotiations:

- Variable rates can only be linked to Mibor/Euribor.
- Weighted average spread of the collateral pool must be at least 0.5%.

Maturity extension:

- Number of loans modified cannot exceed 10% the original balance of the Bonds.
- Loan maturity extension must comply with the requirement of loan modifications explained below.

In any case, maturity extension must fulfil the following requirements:

- The extended maturity date must be before 4 February 2052.
- The frequency of amortisation payment is maintained or increased.

Loan modifications explained on the collateral analysis section are constrained by the permitted variation of the Fund.

Definitions

Doubtful loans/Default loans: 18 months in arrears

Delinquent loans: 90+ in arrears

Transaction Accounts**Cash Collection**

At closing the Management Company on behalf of the fund will open a treasury bank account at BBVA. The account will hold the following amounts, among others:

- Principal and interest collections.
- Any amount derived from the collateral mortgage pool, such as the proceeds received from the sale of foreclosed properties.
- The reserve fund amount (Main Reserve Fund and Interest Reserve Fund).
- Return on the amounts deposited in the bank account.

Any amount deposited in the banks account will return Euribor 12m +0.1%. The transaction documentation complies with DBRS methodology on bank accounts.

Commingling

All mortgage payments from the pool are collected by the servicer through direct debit. Payments are transferred from the servicer account to the treasury account in the name of the Issuer 7 business days after receipt. In the event of insolvency of BBVA and until notification is served on the relevant borrowers to redirect their payment, it is possible that collections belonging to the Issuer may be commingled with other funds belonging to BBVA. DBRS believes that BBVA's current financial condition mitigates the risk of a disruption in servicing following a servicer event of default including insolvency.

Interest Rate Risk

The transaction is exposed to un-hedged basis risk. The interest receipts from the mortgages are referenced to floating rate indexes of 12 Month Euribor (99.37%) and IRPH (0.63%), with 94.09% of the

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portfolio resetting semi-annually. The interest payable on the Rated Bonds is referenced to 3 Month Euribor. The shorter reset frequency of the mortgage loans (as compared to the 12 month standard interest rate reset period offered in standard Spanish mortgages), the Reserve Fund, subordinated Bonds and excess spread help mitigate the basis risk in this transaction. DBRS accounts for this risk in its cash flow modelling using its Unified Interest Rate Methodology.

Cash Flow Analysis

Summary of Cash Flow Analysis

The DBRS cash flow model assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds and interest rates. Based on a combination of these assumptions, a total of 16 cash flow scenarios were applied to test the performance of the Rated Bonds (see table below).

Scenario	Prepayments	Default Timing	Interest Rate
1	0%	Front	Upwards
2	0%	Front	Flat/Down
3	0%	Back	Upwards
4	0%	Back	Flat/Down
5	5%	Front	Upwards
6	5%	Front	Flat/Down
7	5%	Back	Upwards
8	5%	Back	Flat/Down
9	10%	Front	Upwards
10	10%	Front	Flat/Down
11	10%	Back	Upwards
12	10%	Back	Flat/Down
13	20%	Front	Upwards
14	20%	Front	Flat/Down
15	20%	Back	Upwards
16	20%	Back	Flat/Down

Asset Analysis Results

Based on the performance data provided, DBRS determined a benchmark 2 year PD of 1.42%.

Using this benchmark 2 year PD, DBRS calculated the lifetime PD and loss given default by assessing the individual risk characteristics associated with each loan, as discussed in the DBRS Master European Residential Mortgage-Backed Securities Rating Methodology. The table below details the lifetime PD, loss given default and expected loss for Series A Bonds at AA (sf), Series B Bonds at BBB (sf), Series C Bonds at B (high) (sf) and Base Case stresses.

	Rating	PD	LGD	Expected Loss
Series A	AA (sf)	27.46%	48.94%	13.44%
Series B	BBB (sf)	19.18%	44.31%	10.45%
Series C	B (high) (sf)	11.10%	25.88%	2.87%
Base Case	B (sf)	8.88%	24.56%	2.18%

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Prepayment Speeds

The four prepayment scenarios tested are 0%, 5%, 10% and 20% CPR.

Timing of Defaults and Recoveries

DBRS tested both a front- and back-loaded default timing curve.

DBRS assumed recovery proceeds will not be available for the deal until 48 months from the date a loan becomes 90 days past due

Interest Rate Stresses

DBRS applied its standard interest rate stresses as detailed in the Unified Interest Rate Model for European Securitisations.

Legal Structure**Law(s) Impacting Transaction**

The mortgage loans comprising the portfolio have been assigned to the Issuer pursuant to the Escritura de Constitución (Issuer Deed of Incorporation) in a true sale transaction in accordance with Spanish securitisation regulations (Law 19/1992 and Royal Decree 926/1998). In order to avoid re-registering the mortgage loans in the name of the Issuer and incurring a stamp duty, the loans are conveyed by way of Certificados de Transmisión de Hipoteca (CTH) or “Mortgage Transfer Certificates” and Participaciones Hipotecarias (PH) “Participation Certificates”. The CTH and PH represent an undivided interest in the underlying mortgage loans and convey to the Issuer all ownership rights as if the mortgage loans were re-registered in the Issuer’s name, in accordance with Law 2/1981 and Royal Decree 716/2009. The Noteholders are unsecured creditors of the Issuer. In Spain there is no nationwide registry where creditors can record their security interest in assets other than in the Land Registry (Registro de la Propiedad) for real estate assets and the Registry on Movable Property (Registro de Bienes Muebles) for among others, vehicles/equipment, certain credit rights and other type of assets. Thus, a security interest in favour of the Noteholders is not possible. In DBRS view, the limitation on the Issuer’s activities effectively mitigates the risk due to lack of a security interest on the portfolio.

The Originator’s counsel rendered an opinion with respect to (a) corporate good standing of Originator, Issuer and Management Company, (b) enforceability of documents against Originator and Issuer, (c) “True Sale” of assets from Originator to Issuer and (d) tax regime of the Issuer and the Notes.

Set-Off**Set-Off Risk**

Upon an insolvency of the Originator, borrowers may invoke the right to set-off the amount they owe the Originator at any given time, by any amounts due and payable to them from the Originator. Set off in Spanish transactions tends to be limited as only unpaid instalments that are viewed as fully due and payable prior to the declaration of insolvency might be offset against the deposits held by the originators.

Transaction Counterparty Risk

BBVA is both the originator and servicer for the transaction. BBVA may be replaced as servicer following termination by the Management Company, Insolvency of servicer and/or Bank of Spain intervention.

Methodologies Applied



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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 information is listed in this report:

- Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda
- Legal Criteria for European Structured Finance Transactions
- Operational Risk Methodology for EU Structured Finance Servicers
- Unified Interest Rate Model Methodology for European Securitisations

Monitoring and Surveillance

The transaction will be monitored in accordance with the Master European Structured Finance Surveillance Methodology, available at www.dbrs.com.

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Appendix:

Stratifications	# Loans	% Loans	# Balance (mn)	% Balance
Type of Amortisation				
French Amortisation with a balloon payment	869	10.43%	167.83	11.50%
French Amortisation	7,461	89.57%	1,291.43	88.50%
Vintage of Origination				
2012	164	1.97%	21.73	1.49%
2011	3,888	46.67%	623.92	42.76%
2010	1,446	17.36%	271.12	18.58%
2009	345	4.14%	66.66	4.57%
2008	457	5.49%	95.18	6.52%
2007	778	9.34%	158.98	10.89%
2006	727	8.73%	132.46	9.08%
2005	394	4.73%	69.30	4.75%
2004	113	1.36%	17.14	1.17%
2003	16	0.19%	2.54	0.17%
<2003	2	0.02%	0.22	0.02%
Type of Interest Rate				
12 Month Euribor	8,274	99.33%	1,450.08	99.37%
IRPH all Entities	54	0.65%	8.89	0.61%
IRPH Banks	2	0.02%	0.25	0.02%
Reset Frequency				
Semi-annual	7,829	93.99%	1,373.06	94.09%
Annual	482	5.79%	83.50	5.72%
Tri-annual	19	0.23%	2.70	0.18%
Lien				
First Lien	8,330	100.00%	1,459.26	100.00%
Second Lien	0	0.00%	0.00	0.00%
Nationality				
National	7,781	93.41%	1,371.98	94.02%
Foreigner Resident in Spain	549	6.59%	87.28	5.98%
Number of Borrowers				
1	2,837	34.06%	423.88	29.05%
2	5,161	61.96%	974.05	66.75%
3	235	2.82%	41.54	2.85%
4	97	1.16%	19.80	1.36%
Type of Job				
Employed	7,523	90.31%	1,297.02	88.88%
Self-Employed	807	9.69%	162.24	11.12%
Purpose				
Purchase	7,812	93.78%	1,367.52	93.71%
Remortgage	498	5.98%	89.77	6.15%
Renovation	20	0.24%	1.97	0.13%
Type of Home				
First Home	7,967	95.64%	1,404.49	96.25%
Second Home	363	4.36%	54.77	3.75%
VPO (subsidy properties)				
Non VPO	7,974	95.73%	1,416.72	97.08%
VPO	356	4.27%	42.54	2.92%
Number of Properties that Guarantee the Loans				
1	7,125	85.53%	1,216.28	83.35%
2	898	10.78%	171.42	11.75%
3	282	3.39%	65.41	4.48%
4	23	0.28%	5.63	0.39%
5	2	0.02%	0.53	0.04%



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Note:

All figures are in **EUR** unless otherwise noted.

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

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