Europea de Titulización
Sociedad Gestora de Fondos de Titulización

Hecho Relevante de BBVA EMPRESAS 1 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **BBVA EMPRESAS 1 FONDO DE TITULIZACIÓN DE ACTIVOS** (el "**Fondo**") se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Standard and Poor's Ratings Services (S&P)**, con fecha 21 de marzo de 2014, comunica que ha subido las calificaciones asignadas a las Series de Bonos emitidos por el Fondo:
    - **Serie B**: **AA- (sf)** (anterior **A+ (sf)**)
    - **Serie C**: **B+ (sf)** (anterior **CCC+ (sf)**)

  Se adjunta la comunicación emitida por S&P.

Madrid, 24 de marzo de 2014.

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Ratings Raised On BBVA Empresas 1's Class B And C Spanish Cash Flow SME CLO Notes

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OVERVIEW

- We have reviewed BBVA Empresas 1's performance, using data from the January 2014 trustee report, and have applied our relevant criteria as part of our credit and cash flow analysis.
- Following our review, we have raised our ratings on the class B and C notes.
- BBVA Empresas 1 is a cash flow CLO transaction that securitizes a portfolio of loans, which BBVA originated and granted to Spanish SMEs. The transaction closed in November 2007.

MADRID (Standard & Poor's) March 21, 2014--Standard & Poor's Ratings Services today raised its credit ratings on BBVA Empresas 1, Fondo de Titulizacion's class B and C notes (see list below).

Today's upgrades follow our review of the transaction's performance. We have based our credit and cash flow analysis on the trustee report for the January 2014 interest payment date (the collateral information is as of Dec. 31, 2013) and the servicer's portfolio data, and have applied our relevant criteria (see "Related Criteria").

CREDIT ANALYSIS

BBVA Empresas 1'S collateral is a closed portfolio of secured (55.04%) and unsecured (44.96%) loans granted to Spanish small and midsize enterprises

(SMEs) originated by Banco Bilbao Vizcaya Argentaria S.A. (BBVA). The pool is geographically concentrated in Madrid, which accounts for 29.60% of the pool's outstanding balance. We consider the pool's real estate sector concentration to be limited, at 15.49%. This is in line with concentrations that we see in other Spanish SME portfolios. Since closing, obligor concentration has increased due to the pool's deleveraging. The top one, five, and 10 obligors represent 7.88%, 29.54%, and 40.15% of the pool's outstanding balance, respectively. We also addressed concentration risk in our supplemental tests (see "Supplemental Tests").

We calculated credit enhancement based on the pool's outstanding balance, excluding defaults, as of Dec. 31, 2013. Available credit enhancement for the notes is provided by subordination (for the class B notes, only), the performing pool, the reserve fund, and excess spread. Since November 2012, available credit enhancement for the class B has increased to 70.38% from 32.28%, and for the class C notes to 16.09% from -2.60%, respectively. We have therefore raised our ratings on the class B and C notes, following our cash flow analysis.

We have applied our criteria for European SME collateralized loan obligations (CLOs) to determine the transaction's scenario default rates (SDRs) (see " European SME CLO Methodology And Assumptions," published on Jan. 10, 2013). The SDR is the minimum level of portfolio defaults that we expect each tranche to support the specific rating level using Standard & Poor's CDO Evaluator.

Our qualitative originator assessment is moderate because of the lack of data from the originator. Taking into account Spain's Banking Industry Country Risk Assessment (BICRA) of 6, we have applied a one-notch decrease to the archetypical European SME average credit quality assessment under our criteria. We applied a three-notch portfolio selection decrease based on the transaction's performance. As a result, our average credit quality assessment of the portfolio is 'ccc'. Since the originator did not provide internal credit scores, we assumed that each loan's credit quality is equal to our average 'ccc' credit quality assessment.

We interpolated the SDRs for rating levels between 'B' and 'AAA', in line with our European SME CLO criteria.

Under our CDO Evaluator, we determined that the portfolio's 'AAA' SDR is 85.58%. We consider that the high level of the 'AAA' SDR is due to the portfolio's obligor concentration, industry concentration in the real estate sector, and our average 'ccc' credit quality assessment.

We have reviewed historical originator default data, and assessed market trends and developments, macroeconomic factors, changes in country risk, and the way these factors are likely to affect the loan portfolio's creditworthiness.

Total delinquencies are at their historical peak of 13.94%, which mainly steam from defaulted assets. The levels of 30 to 360 day arrears only represent

1.57% of the total delinquencies. As a consequence of the increase in defaulted assets, given that the structure has to artificially write off those loans, the reserve fund is not at its required level under the transaction documents. This mechanism enables trapping of excess spread. Cumulative defaults represent 2.20% of the pool's closing balance. We accounted for these cumulative defaults and the loans' estimated remaining weighted-average life when deriving our 'B' SDR, which is 1.76%.

RECOVERY RATE ANALYSIS

At each liability rating level, taking into account the observed historical recoveries, we assumed a weighted-average recovery rate (WARR) by taking into consideration observed cumulative recoveries, the asset type, its seniority, and the country recovery grouping (see table 7 in our European SME CLO criteria).

As a result of this analysis, our WARR assumptions in 'AA-' and 'B+' scenarios were 26.41% and 40%, respectively.

CASH FLOW ANALYSIS

We subjected the capital structure to various cash flow scenarios, incorporating different default patterns and interest rate curves, to determine each tranche's passing rating level under our European SME CLO criteria. We did not give benefit to the swap in our analysis (see "Counterparty Risk").

The reserve fund represents 18.78% of the outstanding notes' balance. Although the class B notes can withstand our stresses at a 'AA+' level, sovereign risk constrains our rating on these notes at a 'AA-' level (see "Sovereign Risk"). Our supplemental tests constrain our rating on the class C notes at a 'B+' level--otherwise, they can withstand our stresses at a 'BBB+' level.

SUPPLEMENTAL TESTS

Our supplemental tests take into account obligor concentration, industry concentration, and regional concentration for the 'AAA' and 'AA' rating categories, and only obligor concentration for the remaining rating categories.

COUNTERPARTY RISK

The documented downgrade provisions for Banco Bilbao Vizcaya Argentaria S.A. (BBVA) in its role as swap counterparty are not in line with our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). We therefore did not give benefit to the swap in our analysis.

The documented downgrade provisions for BBVA as the bank account provider are also not in line with our current counterparty criteria. Societe Generale S.A.

(Madrid Branch) is the guarantor of the bank account provider. Under our current counterparty criteria, our 'A/Negative/A-1' rating on the guarantor supports our ratings in this transaction. Our rating on the bank account provider therefore does not constrain our ratings on the notes.

SOVEREIGN RISK

Our nonsovereign ratings criteria constrain our rating on the class B notes at 'AA- (sf)', as, under these criteria, the highest rating we would assign to a structured finance transaction is six notches above the investment-grade rating on the country in which the securitized assets are located (see "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011). Because this transaction securitizes Spanish SME loans, and our criteria deem it to have low sensitivity or exposure to sovereign risk, the highest rating achievable is 'AA-', which is six notches above our 'BBB-' long-term sovereign rating on Spain.

RATING ACTIONS

Following our full analysis described above, we have raised our ratings on class B and C notes. The reserve fund, credit enhancement from the performing pool, and excess spread in the transaction is sufficient to support our ratings on these classes of notes, in our view.

BBVA Empresas 1 is a cash flow CLO transaction that securitizes a portfolio of loans, which Banco Bilbao Vizcaya Argentaria S.A. originated and granted to Spanish SMEs. The transaction closed in November 2007.

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 Report included in this credit rating report is available at http://standardandpoorsdisclosure-17g7.com .

RELATED CRITERIA AND RESEARCH

Related Criteria

- Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013

- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- European SME CLO Methodology And Assumptions, Jan. 10, 2013
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Principles of Credit Ratings, Feb. 16, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- Update To Global Methodologies And Assumptions For Corporate Cash Flow And Synthetic CDOs, Sept. 17, 2009
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Sovereign Ratings And Country T&C Assessments, Feb. 28, 2014
- Banking Industry Country Risk Assessment Update: February 2014, Feb. 5, 2014
- Economic Research: These Green Shoots Will Need A Lot Of Watering, Dec. 12, 2013
- Methodology And Assumptions: Advance Notice Of Proposed Criteria Change: Ratings Above The Sovereign--Structured Finance, April 12, 2013
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011

RATINGS LIST

Ratings Raised

BBVA Empresas 1, Fondo de Titulizacion de Activos
€1.45 Billion Floating-Rate Notes

Class	Rating	
	To	From
B	AA- (sf)	A+ (sf)
C	B+ (sf)	CCC+ (sf)

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