MOODY'S
INVESTORS SERVICE

NEW ISSUE REPORT

EMPRESAS BANESTO 5, FTA

ABS/SME Loans/Spain

Closing Date

13 September 2010

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Definitive Ratings

Series	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon	Subordi-nation	Reserve fund	Total Credit Enhancement*
A	Aaa	1344	84.00%	Sep-51	3mEur +0.80%	16.00%	17.00%	33.00%
B	Aa3	96	6.00%	Sep-51	3mEur +1.25%	10.00%	17.00%	27.00%
C	Baa3	160	10.00%	Sep-51	3mEur +2.00%	0.00%	17.00%	17.00%
Total		1.600	100					

The ratings address the expected loss posed to investors by the legal final maturity. [In Moody's opinion the structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date.] Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

* No benefit attributed to excess spread.

Vscore for the sector:	Medium/High
Vscore for the subject transaction:	Medium/High

This transaction is a cash securitisation of loans extended to small and medium enterprises located in Spain and is a static structure. The portfolio consist of commercial loans, some secured by real estate and some unsecured, used to fund general working capital and long-term business expansion.

Asset Summary

Sellers/Originators:	Banco Español de Crédito, S.A. ("Banesto") (Aa3/P-1/C-; negative outlook)
Servicer(s):	Banco Español de Crédito, S.A. ("Banesto") (Aa3/P-1/C-; negative outlook)
Receivables:	Loans to Spanish Small and Medium Enterprises
Methodology Used:	» Refining the ABS SME Approach: Moody's Probability of Default Assumptions In The Rating Analysis of Granular Small and Mid-sized Enterprise Portfolios in EMEA", March 2009 (SF141058) » Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890) » Moody's Approach to Rating CDOs of SMEs in Europe, February 2007 (SF90480)
Model Used:	CDOROM & ABSROM
Total Amount:	€1,600 million
Length of Revolving Period:	Static
Number of Loans:	6.206
Number of Borrowers:	5.693
Effective Number:	180
WA Remaining Term:	6.41 years

Asset Summary (Continued)

WA Seasoning:	1.12 years
WAL Years:	3.6 years (assuming 0% CPR)
Interest Basis:	2.88%
WA Current LTV (First Lien)*:	53%
Delinquency Status:	1.49% in arrears > 30 days
Default Rate Observed:	3.8%
Recovery Rate Observed:	77%
Coefficient of Variation:	75%

Liabilities, Credit Enhancement and Liquidity

Excess Spread Range:	0.75% guaranteed by the swap agreement
Credit Enhancement/Reserves:	0.75% excess spread 17.00% reserve fund Subordination of the notes
Form of Liquidity:	Cash reserve and principal to pay interest
Number of Interest Payments Covered by Liquidity:	No liquidity line. However, at closing cash reserve covers more than four years of interest and senior fees even considering three-month EURIBOR equal to 4% and 0.5% of stressed senior fees
% of Reserve Fund Dedicated to Liquidity:	None. Cash reserve does not have a liquidity ledger
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date.
Payment Dates:	18thof January, April, July and November, First payment date: 18 November 2010
Hedging Arrangements:	Interest rate swap covering the interest rate risk
Excess Spread Range:	0.75% guaranteed by the swap agreement

Counterparties

Issuer:	EMPRESAS BANESTO 5, FTA
Sellers/Originators:	“Banesto” (Aa3/P-1/C-; negative outlook)
Servicer:	“Banesto” (Aa3/P-1/C-; negative outlook)
Back-up Servicer:	None
Back-up Servicer Facilitator:	None
Cash Manager:	Santander de Titulización S.G.F.T;
Back-up Cash Manager:	None
Interest Rate Swap Counterparty:	“Banesto” (Aa3/P-1/C-; negative outlook)
F/X Swap Counterparty:	Not applicable
Basis Counterparty:	Not applicable
Issuer Account Bank:	“Banesto” (Aa3/P-1/C-; negative outlook)
Collection Account Bank:	“Banesto” (Aa3/P-1/C-; negative outlook)
Paying Agent:	“Banesto” (Aa3/P-1/C-; negative outlook)
Note Trustee (Management Company):	Santander de Titulización S.G.F.T;
Issuer Administrator:	Santander de Titulización S.G.F.T;
Arranger:	“Banesto” (Aa3/P-1/C-; negative outlook)
Lead Managers:	“Banesto” (Aa3/P-1/C-; negative outlook) Santander de Titulización S.G.F.T;
Other Parties:	N/A

Moody's View

Outlook for the Sector:	Negative
Unique Feature:	Asset type and structure previously seen in the market.
Degree of Linkage to Originator:	"Banesto" will act as servicer **(a back-up servicer will be appointed if "Banesto" is downgraded below Baa3).**
Originator's Securitisation History:	
# of Precedent Transactions in Sector:	Four precedent SME transactions originated by "Banesto".
% of Book Securitised:	12% (NOT including the present transaction, update pending)
Behaviour of Precedent Transactions:	The performance of previous SME deals originated by "Banesto" is in line with the market average.
Key Differences between Subject and Precedent Transactions:	None
Portfolio Relative Performance:	
Default Rate Assumed/Ranking:	**16.35% /** higher than peer group. Comparison on Default Rate can be found in "Benchmark Analysis".
Coefficient of Variation Assumed on Default Rate/Ranking:	**43%** / In line with volatility for peer group. Comparison on Default Rate can be found in "Benchmark Analysis".
Recovery Rate Assumed/Ranking:	**45%** / lower than group. Comparison on Default Rate can be found in "Benchmark Analysis".
Delinquencies Observed in Portfolio:	Lower than peer group.
Comment	
Potential Rating Sensitivity:	
Chart Interpretation:	When the rating was assigned, the model output indicated that Series A would have achieved a "Aa range" rating even if the cumulative mean DP was as high as 18.7% and even assuming a recovery rate as low as 40%, whilst the Series B and Series C would have been A3 and Ba2, respectively, in the same scenario.
Factors Which Could Lead to a Downgrade:	In addition to the counterparty linkage, the following factors may have a significant impact on the subject transaction's ratings: further deterioration in the real estate market (beyond the recovery lag and stress that was modelled) and regulatory changes either at national or regional level.

TABLE 1

	Portfolio WA PD Assumption	Recovery Rate		
		45%	**40%**	**35%**
Series A	**16.3%**	**Aaa***	Aa1 (1)	Aa2 (2)
	18.7%	Aaa (0)	Aa1(1)	Aa2 (2)
	24.8%	Aa3(3)	A2 (5)	A3 (6)
Series B				
	16.3%	**Aa3***	A1 (1)	A2 (2)
	18.7%	A2 (2)	A2(2)	A3(3)
	24.8%	Baa2 (5)	Baa3 (6)	Ba1 (10)
Series C				
	16.3%	**Baa3***	Ba1(1)	Ba2 (2)
	18.7%	Baa3 (1)	Ba1(1)	Ba2 (2)
	24.8%	B2 (5)	B3 (6)	Caa1 (7)

1. Results are model-indicated ratings, which are one of the many inputs considered by rating committees, which take quantitative and qualitative factors into account in determining actual ratings. The analysis assumes that the deal has not aged. It is not intended to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might have differed if key rating input parameters were varied.

2. Results under base case assumptions indicated by ' * '. Change in model-indicated rating (# of notches) is noted in parentheses.

3. Moody's estimates a cumulative mean DP for the portfolio and the corresponding proxy rating applying its SME methodology, please refer to 'Refining the ABS SME Approach: Moody's Probability of Default Assumptions in the Rating Analysis of Granular Small and Mid-sized Enterprise Portfolios in EMEA' published in March 2009.

Composite V Score

Breakdown of the V Scores Assigned to		Sector	Transaction	Remarks
Composite Score: Low, Medium or High		M/H	M/H	
1	**Sector Historical Data Adequacy and Performance Variability**	**M/H**	**M/H**	
1.1	Quality of Historical Data for the Sector	M/H	M/H	
1.2	Sector's Historical Performance Variability	M/H	M/H	
1.3	Sector's Historical Downgrade Rate	M/H	M/H	
2	**Issuer/Sponsor/Originator Historical Data Adequacy, Performance Variability and Quality of Disclosure**	**M/H**	**M/H**	
2.1	Quality of Historical Data for the Issuer/Sponsor/ Originator	M/H	M/H	» Same as sector score. » Moody's has received data from 2001 through 2008 (as at end of year situation) on delinquencies over 90 days,. » Internal ratings and scoring with the corresponding PD has been provided. » However, no cumulative historical information has been made available. » No information received on prepayments received.
2.2	Issuer/Sponsor/Originator's Historical Performance Variability	M/H	M/H	» Banesto has an overall lower default rate compared to other Spanish originators, however this is not reflected in the secutizations.
2.3	Disclosure of Securitisation Collateral Pool Characteristics	L/M	L	» Detailed loan-by-loan data on an extensive list of fields has been provided for the analysis of the transaction. » Information on Banesto's internal rating system (certified by the Bank of Spain) has been provided.
2.4	Disclosure of Securitisation Performance	M	M/H	» No cumulative default data available for Banesto as it is not report it in their performance overviews
3	**Complexity and Market Value Sensitivity**	**M**	**M**	» **Same as sector score.**
3.1	Transaction Complexity	M	M	» Same as sector score.
3.2	Analytic Complexity	M	M	» Same as sector score.
3.3	Market Value Sensitivity	M	M	» Same as sector score.
4	**Governance**	**L/M**	**L/M**	
4.1	Experience of, Arrangements Among and Oversight of Transaction Parties	L/M	L/M	» Same as sector score.
4.2	Back-up Servicer Arrangement	L	L	» Same as sector score: investment grade servicer with "loss of Baa3" to appoint a new back up servicer.
4.3	Alignment of Interests	L/M	L/M	» Same as sector score.
4.4	Legal, Regulatory, or Other Uncertainty	L/M	L/M	» Same as sector score.

Strengths and Concerns

Strengths:

- **Hedging:** An interest swap agreement will guarantee the weighted-average margin on the notes plus 0.75% of excess spread, and the servicing fees in case of substitution of Banesto as servicer.
- **Back-up servicing:** The originator will identify a back-up servicer if "Banesto" is downgraded below **Baa3**. At this stage, the back-up servicer will enter into a back-up servicer agreement, but will effectively step in only at the discretion of the management company
- **Portfolio Security and Arrears:** 29% of the portfolio is backed by a mortgage guarantee (Weighted Average Loan-to-Value (LTV) is around 53%, and 100% are first-lien mortgages). No loans in arrears for more than 30 days have been included in the final portfolio and loans in arrears for less than 30 days are less than 1.5% of the portfolio.
- **Highly rated entity:** Banesto (Aa3/P-1/C-; negative outlook) has one of the highest ratings in Spain.

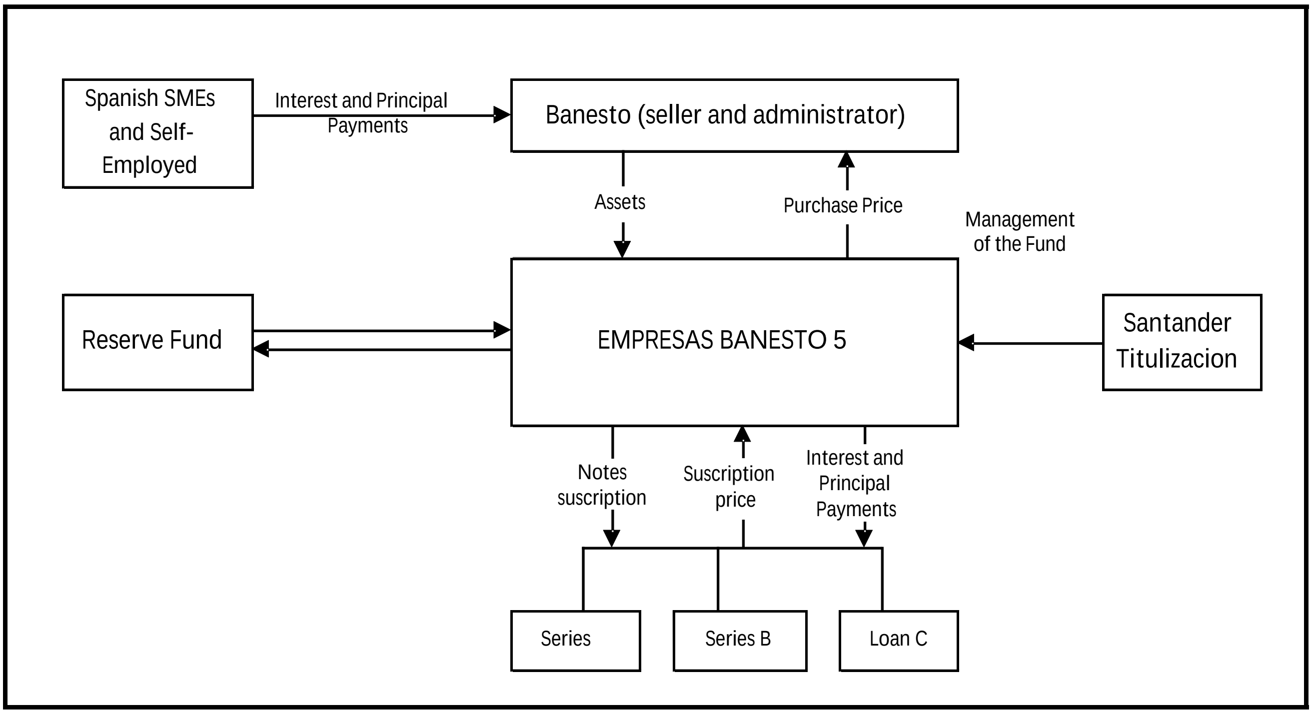
Concerns and Mitigants:

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

- **Exposure to real estate:** 24% of the portfolio is exposed to the Construction and Building sector (according to Moody's industry classification), and 13% correspond to loans granted to real estate developers. This has been taken into account in Moody's quantitative analysis as more fully explained in "Treatment of Concerns".
- **Principal grace periods:** The portfolio has a relatively high exposure (24%)to loans with an initial grace period. As described in the section "Credit Analysis", probability of default assumptions was adjusted for loans with these features.
- **Commingling Risk:** The structure does not contemplate any commingling reserve if the servicer ("Banesto") is downgraded below Baa3. This risk is mitigated by the high rating of "Banesto" (Aa3/P-1).
- **Bullet loans:** Bullet loans represent 19% of the securitised pool. This risk was treated in Moody's quantitative analysis as further explained under "Treatment of Concerns".
- **Deferral of interest:** The deferral of interest payments on each of Series B and C is beneficial to the repayment of the prior raking Series A, but increases the expected loss for Series B and C. The size of the reserve fund and the subordination take into account this deterioration on the expected loss.

Structure, Legal Aspects and Associated Risks

CHART 1
Structure Chart



Allocation of Payments/Waterfall: On each quarterly payment date, the *Fondo's* available funds (i.e. amounts received from the portfolio, the reserve fund, amounts received under the swap agreement, and interest earned on the treasury account) will be applied in the following simplified order of priority:

1. Senior expenses
2. Interest on Series A; Interest on Series B; Interest on Series C
3. Principal on Series A; Principal on Series B; Principal on Series C
4. Reserve fund replenishment
5. Junior costs

The notes will amortize sequentially.

Allocation of Payments/PDL mechanism: A principal deficiency ledger (PDL) is defined as the negative difference between the principal available funds and a target principal amount. A target principal amount is the difference between the notes' outstanding principal (taking into account any amount withdrawn from the guarantee for principal payments) and the performing assets. A non-performing asset is defined as one with any amount due but unpaid for more than 18 months, one classified as such by the originator or one written off according to management's discretion.

The "artificial write-off" speeds up the amortisation of non-performing loans (NPLs); thus, the amount of notes collateralised by NPLs is minimised, and, consequently, the negative carry. However, the most significant benefit for the transaction is that the amount of excess spread trapped in the structure is larger (the excess spread between the "artificial write-off" time and the "natural write-off" time would otherwise be lost). Therefore, the transaction makes better use of the excess spread, allowing for lower levels of other credit enhancement figures.

Performance Triggers:

Trigger	Conditions	Consequence
Interest deferral	The cumulative non-performing level exceeds 30.0% and 20.0% for Series B and C, respectively.	Interest payments on Series B and/or C notes will be brought to a more junior position on the waterfall (until the series senior to them are fully redeemed) and will be paid after the principal repayment.
Termination of Reserve Fund Amortisation	The arrears level exceeds 1.0%; or The reserve fund is not funded at its required level on the previous payment date; or Less than three years have elapsed since closing.	The target amount of the reserve fund will not be reduced on any payment date on which these occur

Reserve Fund: The reserve fund has been funded up front with a subordinated loan granted by the originator for an amount equal to 17.00% of the notes. It provides both credit and liquidity protection to the notes.

After the first three years of the transaction, the reserve fund may amortise over the life of the transaction so that it amounts to the lower of the following:

» 17.00% of the initial balance of the Series A, B and C notesThe higher of:

38.0% of the outstanding balance of the Series A, B and C notes and

9.5% of the initial balance of the Series A, B and C notes

It will be used to cover potential shortfalls on interest or principal on an ongoing basis.

Subordination of interest: The payment of interest on Series B and C will be brought to a more junior position if, on any payment date, and for each of these series, the conditions in the table above are met.

Assets:

Asset transfer:

True Sale: According to the legal opinion received, the sale of credit rights has been carried out in compliance with Spanish securitisation law.

Bankruptcy Remoteness: Under Spanish securitisation law, a Spanish SPV (FTA/FTH) is not subject to the Spanish Insolvency Act. Only the management company, acting in the best interest of the noteholders, can decide to liquidate the *Fondo*.

Claw-back risk upon default of the Originator: Claw-back risk is limited to those activities performed during a period of two years prior to the declaration of the bankruptcy state, even in the absence of fraud. However, in no case the activities performed under the regular activity of the originator may be cancelled as the transfer of credit rights forms part of the normal activity of Banesto.

Interest Rate Mismatch: 11% of the portfolio corresponds to fixed-rate loans and 89% to floating-rate loans (24% 12-month EURIBOR and 32% 3-month EURIBOR), whereas the notes will be floating liabilities (three-month EURIBOR). As a result, the *Fondo* will be subject to base rate mismatch risk on the floating portion of the portfolio (i.e. the risk that the reference rate used to compute the interest amount payable on the notes will differ from the interest rate payable on the underlying SME loans) and fixed-floating risk (i.e. the risk that the reference rate of the notes will differ from the interest rates payable on this portion of the portfolio).

Mitigant: The *Fondo* will enter into a swap agreement with “Banesto” to mitigate these risks and obtain a minimum level of excess spread. Under the swap agreement:

» The *Fondo* will pay the actual amount of interest received from the loans since the previous payment date.

» The swap counterparty will pay the weighted-average interest rate on the notes plus 75 bps, over a notional equal to the daily average outstanding balance of the Loans, which are not in arrears for over ninety (90) days.

The *Fondo* will be exposed to reductions in the notional due to loans rolling into arrears over 90 days. If these loans become current again, the arrears amount, corresponding to ordinary interest, received from borrowers would be passed on to the swap counterparty.

Cash Commingling: “Banesto” collects all of the payments under the loans in its portfolio under a direct debit scheme into its account and transfers them every two days to a treasury account in the name of the SPV. As a result, in the event of insolvency of Banesto, until notification is delivered to the relevant debtors to redirect their payments, payments by the underlying debtors will continue to be collected by Banesto and may be commingled with other funds belonging to Banesto.

The transaction does not contemplate setting up any commingling reserve if Banesto’s financial strength deteriorates as protection if the servicer does not transfer received collections to the *Fondo*.

Mitigant: Payments are transferred **every two** days to the treasury account in the name of the SPV held by Banesto.

» Triggers are in place to protect the treasury account from a possible downgrade of the GIC provider’s short-term rating. If “Banesto’s” short-term rating falls below P-1, it will have find a suitably rated guarantor or substitute.

» Banesto may notify the debtors of the transfer of the loans in order to perfect the sale. The management company also has the ability to carry out the notification.

Set-off: 100% of obligors have accounts with the seller.

Mitigant: Set-off is very limited because only unpaid instalments prior to the declaration of insolvency might be offset against the deposits hold by the debtors (considered as fully due and payable prior to the insolvency); one month of potential setoff is accounted for in the cashflow model.

Originator Profile, Servicer Profile and Operating Risks

Date of Operations Review:	15/05/2010

Originator Background:

Rating:	"Banesto" (Aa3/P-1/C-; negative outlook)
Financial Institution Group Outlook for Sector:	Negative
Ownership Structure:	N/A
Asset Size:	68.5 billion of loans and credit to SMEs
% of Total Book Securitised:	Around 12% (TBC)
Transaction as % of Total Book:	3% (TBC)
% of Transaction Retained:	100%

Servicer & Back-Up Servicer Background:

Servicer and Its Rating:	"Banesto" (Aa3/P-1/C-; negative outlook)
Total Number of Receivables Serviced:	N/A
Number of Staff:	8,000
Servicer Assessment:	
Strength of Back-up Servicer Arrangement:	N/A
Back-up Servicer and Its Rating:	N/A
Ownership Structure:	N/A
Regulated by:	N/A
Total Number of Receivables Serviced:	N/A
Number of Staff:	N/A

Originator Related Triggers	
Key Servicer Termination Events:	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders)
Downgrade of Original Servicer's Rating to Certain Level	N/A
Appointment of Back-up Servicer Upon:	Loss of "Banesto"'s Baa3 rating
Key Cash Manager Termination Events:	Insolvency
Notification of Obligors of True Sale	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders).
Conversion to Daily Sweep	None (sweep is done daily).
Notification of Redirection of Payments to SPV's Account	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders).
Accumulation of Set Off Reserve	N/A

Receivable Administration:	
Method of Payment:	100% by direct debit
% of Obligors with Account at Originator:	100%
Distribution of Payment Dates:	Around 85% on day one of each month.

Cash Manager:

Cash Manager and Its Rating:	Santander Titulizacion S.G.F.T; S.A (N.R)
Main Responsibilities:	» Keeping the Fund's accounts separate from the management company's. » Complying with its formal, documentary and reporting duties to the CNMV, the rating agencies and any other supervisory body. » Appointing and, if necessary, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts. » Complying with the calculation duties provided for and taking the actions laid down in the Deed of Constitution and in the Prospectus. » Checking that the mortgage credit income amount actually received by the Fund matches the amounts that must be received by the Fund, on the terms of issue of the pass-through certificates and on the terms of the relevant mortgage credits. » Calculating and determining on each determination date the principal to be amortised and repaid on each bond series on the relevant payment date. » Watching that the amounts credited to the treasury account return the yield set in the agreement. » Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the bonds.

	» Calculating the available funds, the available funds for amortisation of Series A, B and C, the liquidation available funds and the payment or withholding obligations to be complied with, and applying the same in the priority of payments or, as the case may be, in the liquidation priority of payments. » The management company may extend or amend the agreements entered into on behalf of the Fund, and substitute, as necessary, each of the Fund service providers on the terms provided for in each agreement.
Calculation Timeline:	Determination Date: Three days before the payment date.
Back-up Cash Manager and Its Rating:	N/A
Main Responsibilities of Back-up Cash Manager:	N/A

Collateral Description

CHART 2

Portfolio Breakdown by Year of Origination

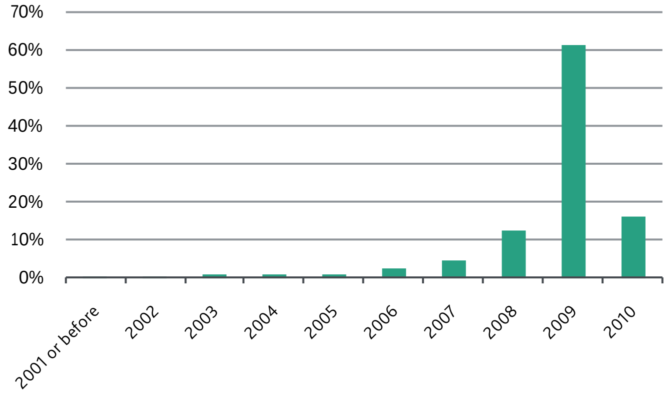


CHART 3

Portfolio Breakdown by Year of Maturity

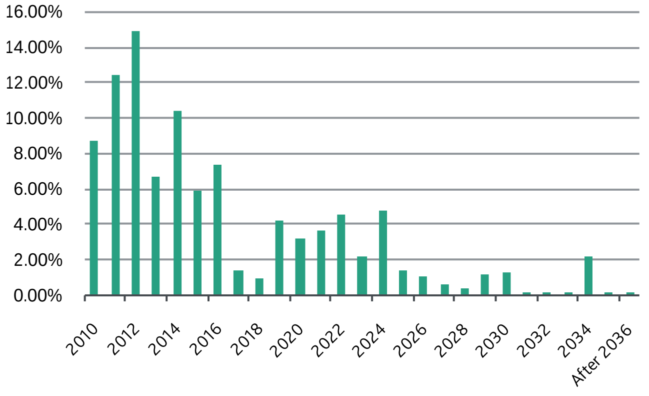


CHART 4

Portfolio Breakdown by Industry Diversification

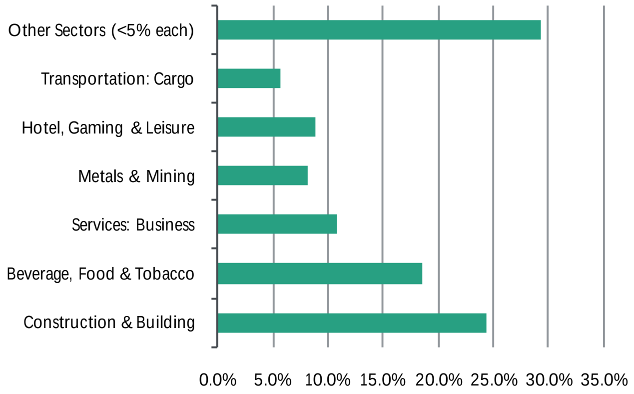


CHART 5

Portfolio Breakdown by Guarantee Type

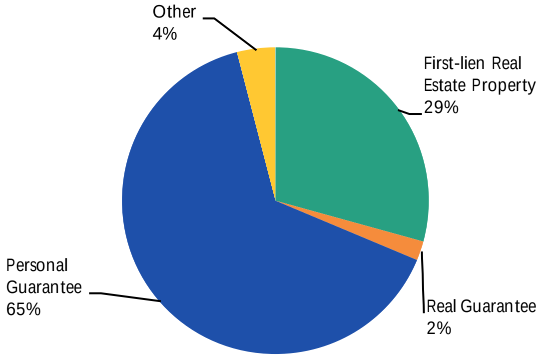


CHART 6

Mortgage Guarantee breakdown by Property Type

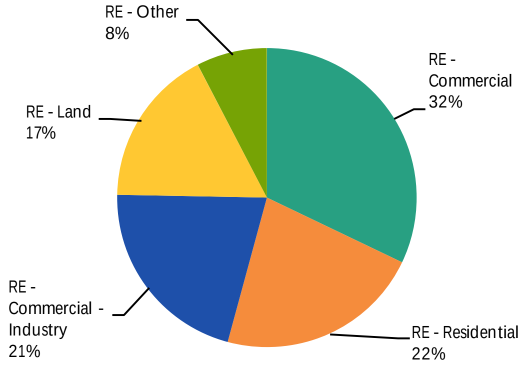
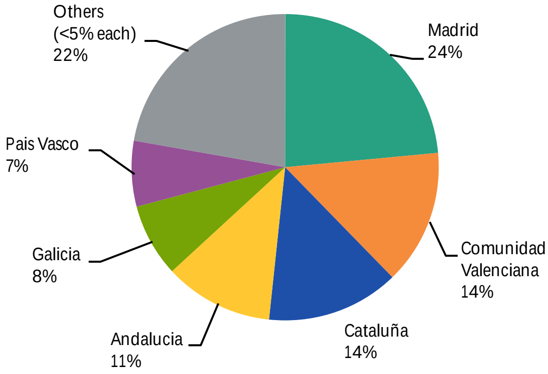


CHART 7

Portfolio Breakdown by Geography



Audits: Performed by Deloitte, S.L. in compliance with the Spanish regulatory framework.

Product Description: The portfolio consists of credit and commercial loans extended to Spanish SMEs to fund general working capital and long term business expansion. Some are secured by real estate mortgages and some are unsecured. The portfolio breakdown by company size is 23.9% micro and small enterprises (turnover less than €6 million), 61.1% medium enterprises (turnover between €6 million and €100 million) and 14.9% big enterprises (turnover over €100 million) There are no self employed. The tenor of the product varies (from 1 to 30 years) depending on the purpose of the loans. Loans are either subject to standard French amortization (81%), or are bullet loans (19%).

Eligibility Criteria:

The key eligibility criteria are as follows:

- All the loans/lines of credits have been formalised under public deed.
- All the loans are euro-denominated and have repaid at least one instalment.
- 100% of the principal of the loans has been drawn.
- All the mortgaged properties are fully developed and located in Spain

The pool will not include syndicated loans or refinancing loans/credits. Loans in arrears have been excluded first when selecting the final pool from the provisional one.

Additional Information on Borrowers:

Top Debtor Concentration:	3.1%
Top 5 Debtors:	10.8%
Top 10 Debtors:	20.1%
Top 25 Debtors:	33.1%
Industry Concentration:	Construction & Building 24.3%; Beverage, Food & Tobacco 18.6%; Services: Business: 10.8%
Geographic Diversity:	Madrid 24% Valencia 14%

Additional Information on Portfolio:

Number of Contracts:	6.206
Type of Contracts:	19% credit lines and 77% standard loans.
Contract Amortisation Style:	81% French, 19% bullet
% Large Corporates:	14.9%
% Bullet Loans:	19%
% Real Estate Developers:	13%
WA Interest Rate:	2.88%
Internal Rating (1):	PD=4.4%
LTV(first-lien) (2):	53%
Guarantees:	Mortgage - First lien 29%; Real 2%; Personal 64% Other 4%
Mortgage Guarantees:	Commercial 32%; Residential 22%; Industrial 21%; Land17%; Other: 8%

(1) Information available for 98% of the portfolio.

(2) Prior ranks not provided for second-lien loans, which are not included in this average. The LTV for lines of credit has been calculated assuming that all these products withdraw the maximum amount possible under each line.

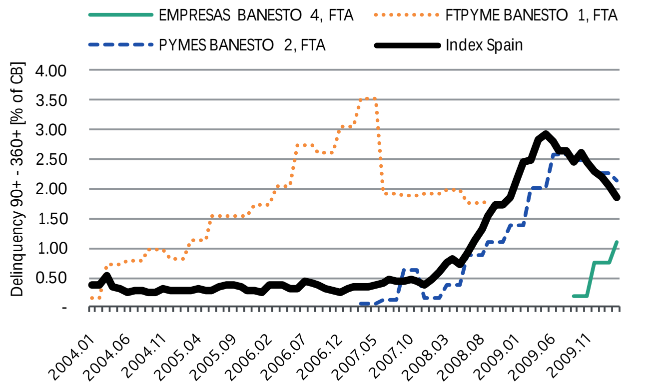
Credit Analysis

Precedent Transactions' Performance: The performance of the originator's precedent transactions shows an average performance among the Spanish originators in the SME segment.

As of January 2010, the 90-360 delinquencies for "Banesto deals were equal to 1. 7% (higher than the market index).

CHART 8

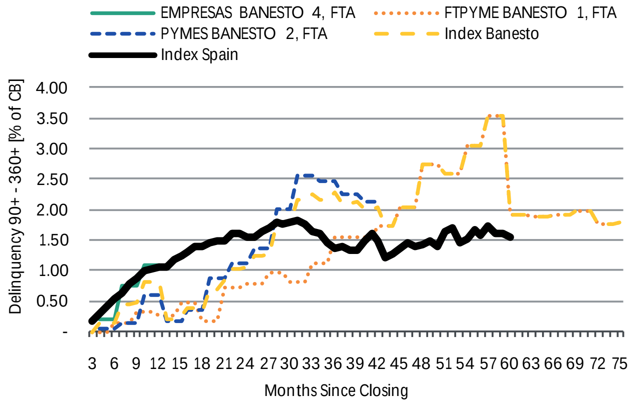
Delinquencies 90 - 360 "Banesto" transactions vs market index



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

CHART 9

Delinquencies 90 - 360 Banesto transactions vs market index



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

Default Definition: The definition of a defaulted asset in this transaction is one which is more than 18 months in arrears or where the obligor is bankrupt.

Data Quantity and Content: Moody's has not received data by quarter of origination to perform a vintage analysis. However, Moody's has received line-by-line information on default probabilities according to Banestos internal ratings/scorings. The average Default Probability (over one year), according to "Banesto"'s internal analysis, are equal to 4.4%

In addition, Moody's has available meaningful information about historical performance of previous Banesto SME deals, as shown in Charts 7 to 9. Moody's notes that the monitoring information from Banesto deals shows an average performance.

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

Assumptions: Note other values within a range of the notional amount listed below may result in achieving the same ratings.

Assumptions	
CPR:	5%
Distribution:	Actual distribution
Default rate:	16.35%
Stdev/mean:	43%
Timing of default:	Flat over first 3.65 years
Recoveries:	Mean 45% (stochastic recoveries)
Recovery lag:	50% (in 2nd year after default) and 50% (in 3rd year)
Correlation Default/ Recoveries:	20%
Amortisation profile:	Actual pool amortization
Fees:	0.50%
Fees floor:	€25,000
Euribor (three-month):	4%
PDL definition:	18 months
Write-off:	18 months

Derivation of default rate assumption: Moody's analysed historical performance data as well as other sources of information (i.e. performance monitoring data on previous deals, macroeconomic data) to determine the default assumption. It should be noted that historical data provided by Banesto does not capture an entire stressed economic cycle given that the last economic crisis was in the early 1990s and vintages prior to 2007 reflect positive economic conditions. New vintages show higher default rates, reflecting a deterioration of the performance under the current stressed economic conditions. However, those vintages are still too less seasonal to allow a meaningful extrapolation analysis.

As a result, Moody's has complemented historical data analysis with a top-down approach, as detailed below. Given that the top borrowers represent a significant portion of the securitised portfolio, and given the absence of public ratings or Moody's credit estimates available for these borrowers, Moody's made conservative default probability (PD) assumptions for the top 10 borrowers; in the range of B1-Caa2 depending on the sector of activity and specific information on the borrower and on the loan purpose, but not on any other information such as financial statements or discussions with management. Thus, these probabilities are viewed as conservative. For the rest of the pool Moody's split the portfolio into three sub-pools based on the economic sector where the debtor was active: (1) Construction and Building; (2) Real Estate Developers; and (3) all other industries. Moody's rating proxies assumed are shown in the table below

Borrower's main sector of activity	Rating Proxy
Construction & building	B2
Other industries	B1

The above assumptions include some adjustments that take into account the current macro-economic environment (generally in the range of one-two notches) as well as the originator's underwriting ability. Banesto's default rates are average compared to the Spanish market (see Chart 12), therefore Moody's has taken into consideration the current performance of Banesto's SME deals in its assumptions.

Moody's further adjusted the assumptions to account for the size of the companies (one notch down for micro and small enterprises). Finally, we also adjusted the PD assumptions according to the loan characteristics. For bullet loans the PD was increased considering an additional one year exposure to default at the time of refinancing. For loans with current or potential principal grace period or potential holiday payment an additional 10% PD stress was applied.

The standard deviation of the default distribution was determined (using CDOROM) by splitting the portfolio into 35 sectors of activity and assuming a fixed pair-wise correlation parameter where the inter-industry correlation was stressed to 5%.

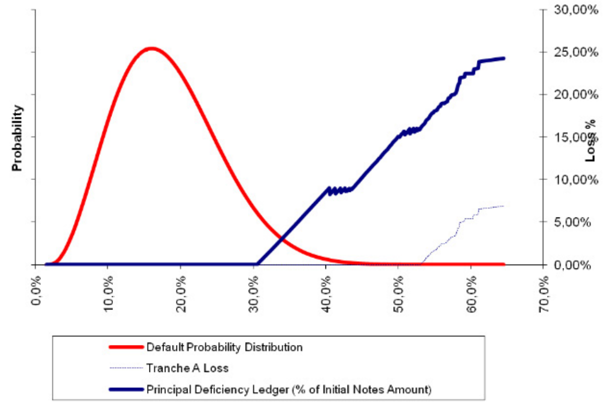
Timing of defaults: Moody's tested several timing of default curves to assess the robustness of the ratings. In the base-case scenario, the timing of defaults curve assumed is flat over 3.6 (with a 12-month lag).

Derivation of Recovery Rate Assumption*:* Assumptions for recoveries were made on the basis of (i) historical recovery information available from previous deals of Banesto: (ii) statistical information on the Spanish SME market; (iii) feedback from Moody's corporate team; and (iv) other quantitative and pool derived aspects. Regarding the last point, Moody's estimated the recovery rate on the secured portion of the portfolio based on the property valuation data, applying conservative haircuts to take into account property price deflation and associated costs to the recovery process. Moody's has taken into consideration the high proportion of loans backed **by** first-lien mortgage loans (47% with the relatively low WALTV (51%) over the maximum drawable amount and the type of properties.

Modelling Approach: Given the number of assets and the size of the exposures in the portfolio (see section entitled "Collateral Description"), Moody's decided to derive the gross default distribution curve through a two-factor Monte-Carlo approach, rather than assuming that it follows a given general density law. Moody's tested the credit enhancement levels by using ABSROM cash flow model, which has been adjusted to take into account a number of structural features.

To determine the rating assigned to each series of notes, Moody's used an expected loss methodology that reflected the probability of default for each series of notes. With this purpose, and in order to allocate losses to the notes in accordance with their priority of payments and relatively size, Moody's built a cash flow model that reproduce many deal-specific characteristics (the main input parameter of the model is described in the table above). Weighting each default scenario's severity result on the notes with its probability of occurrence, Moody's calculated the expected loss average for each series of the notes as well as the expected average life. Moody's then compared the quantitative values to the Moody's idealised expected loss table to determine the ratings assigned to each series of the notes.

CHART 10
Defaults Distribution and Loss Sensitivity



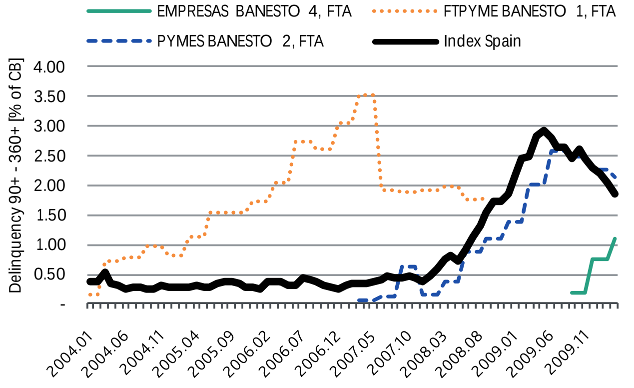
Treatment of Concerns:

- **Exposure to real estate***:* Approximately 28% of the portfolio is exposed to the Construction and Building sector (according to Moody's industry classification). Moody's assumed a higher default probability for obligors operating in this industry (rating proxy equal to B2) than for the rest of obligors (rating proxy equal to B1). "Banesto´s default rates have recently deteriorated, although this is line with the Spanish market.
- **Concentrated portfolio:** The portfolio's effective number is 211, calculated considering the provisional portfolio. The definitive portfolio will be selected totalling €1,750 million of this €1,887 million portfolio and no eligibility criteria or additional structural protections limiting top obligor selection are available (nor will the portfolio be available prior to issuance of the Notes). Therefore, Moody's has treated this in its quantitative assumptions similar to many other Spanish SME transactions by taking the most concentrated portfolio. The effective number for the most concentrated portfolio, 181, has been modelled. In addition, as highlighted above, Moody's has taken conservative probability of default assumptions for the top obligors.
- **Bullet loans and grace periods:** The portfolio has a relatively high exposure to bullet loans and loans with principal grace periods (approximately 19% of the loans are bullet and approximately 19% of the portfolio benefits from a grace period). As described in the Section "Credit Analysis", probability of default assumptions were adjusted for loans with these features.

Benchmark Analysis

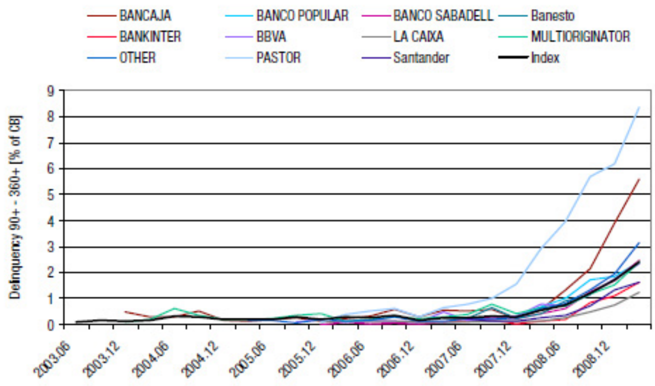
Performance Relative to Sector: In Moody's view, the historical performance of 90 days past due compares negatively to other recent transactions in this sector. Chart 12 shows the outstanding proportion of delinquencies in Moody's rated Spanish SME. Please note that performance shown is affected by several factors, such as the age of the transaction, the pool specifics characteristics, the presence of a revolving period, etc.

CHART 11
From Banesto Empresas 4



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

CHART 12
Spanish SME 90-360 Days Deliquency Trend
(by Originator)



Source: Moody's Investors Service, periodic investor reports

Benchmark Table:

	Banesto Empresas 5	Banesto Empresas 4	Focaixa Andalucia	BBVA Empresa 4
Country	**Spain**	Spain	Spain	Spain
Other countries	**No**	No	No	No
2Closing date	**August 2010**	may-09	March 2010	July 2010
Originator	**Banesto**	Banesto	La Caixa	BBVA
Originator's rating	**(Aa3/P-1/C-; negative outlook)**	Aa2/P-1; on review for possible downgrade	Aa2 / P-1 / B-	Aa2/P-1/B- ; negative outlook
% Fully amortising	**81%**	48.00%	97.5%	91%
% Grace Period	**19%**	33.00%	13.6%	32%
% Bullet Loans	**19%**	19.00%	2.50%	9%
% Revolving Credit Facilities	**No**	No	No	No
% Mortgage	**29%**	35%	73%	44%
% corporates	**15%**	14%		20.5%
Top region %	**24%**	31.00%	100% Andalusia	19%
Top industry %	**24%**	24.00%	30%	40%
Industry	**Construction & Building**	Construction & Building	Construction & Building	Construction & Building
Term	**6,4**	5,9	13,1	6,52
Seasoning	**1,1**	1,5	2,6	1,23
WAL	**3,6**	3,6	7.5	3,7
Amount in arrears > 30 days total	**0%**	0% at closing	0% at closing	0
WA Margin (above swap rate)	**0,75%**	0.75%	0.75%	0.5%
Efective Number	**211**	111	625	437
Mean	**16.35%**	14%	20%/46% CoV	17.1%
LGD	**9%**	9.7%-10.4%	8%	8%
Equivalent credit quality of total portfolio	**B2**	B1-	B1	B2
RR Mean total	**45% Stochastic**	30% for default scenarios below 2.5 times the mean default and 25% for higher default scenarios	60%	50%
RR Stdev	**20,00%**	Fix recovery rate	20%	20%
Corr Default - Severities	**10,00%**	0%	10%	10%
Corr Severities - Severities	**10,00%**	0%	10%	10%
Fees	**0,50%**	0,50%	0,50%	0,50%
CPR	**5,00%**	5%	5%	8%
Global	**5,00%**	6%	6%	5%
Distribution	**Monte Carlo from CDOROM**	Monte Carlo from CDOROM	Inverse Normal	Monte Carlo from CDOROM
Aaa CE	**33%**	40,30%	36,00%	35.5%
RF	**17%**	20,30%	18% (for A3)	35.5%

Parameter Sensitivities

Parameter Sensitivities provide a quantitative, model-indicated calculation of the number of notches that a Moody's-rated structured finance security may vary if certain input parameters used in the initial rating process differed. The analysis assumes that the deal has not aged. It is not intended to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might differ as certain key parameters vary.

Parameter sensitivities for this transaction were calculated in the following manner: Moody's assumed nine scenarios derived from the combination of mean default rate: 16.3% (base case), 18.7% (base + 2.5%) and 25.0% (base + 5%) and recovery rate: 45% (base case), 40% (base –5%) and 35% (base – 10%). The 20% - 45% scenario represents the base case assumptions used in the initial rating process.

The charts below show the parameter sensitivities for this transaction with respect to all Moody's rated tranches*.

	Portfolio WA PD Assumption	Recovery Rate		
		45%	40%	35%
Series A	16.3%	Aaa*	Aa1 (1)	Aa2 (2)
	18.7%	Aaa (0)	Aa1(1)	Aa2 (2)
	24.8%	Aa3(3)	A2 (5)	A3 (6)
Series B				
	16.3%	Aa3*	A1 (1)	A2 (2)
	18.7%	A2 (2)	A2(2)	A3(3)
	24.8%	Baa2 (5)	Baa3 (6)	Ba1 (10)
Series C				
	16.3%	Baa3*	Ba1(1)	Ba2 (2)
	18.7%	Baa3 (1)	Ba1(1)	Ba2 (2)
	24.8%	B2 (5)	B3 (6)	Caa1 (7)

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

Worst-case scenarios: At the time the rating was assigned, the model output indicated that Series A would have achieved a "Aa range" rating even if the cumulative mean DP was as high as 25% and even assuming a recovery rate as low as 35%, whilst the Series B and Series C would have been A3 and Ba2, respectively, in the same scenario.

Monitoring

Moody's will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

Originator Linkage: Banesto will act as servicer (a back-up servicer will be appointed if Banesto is downgraded below Baa3).

Significant Influences: In addition to the counterparty issues noted, the following factors may have a significant impact on the subject transaction's ratings: further deterioration in the real estate market beyond the recovery lag and stress which was modelled.

Counterparty Rating Triggers	Condition	Remedies
Interest Rate Swap Counterparty	In accordance with Moody's swap guidelines*	
Issuer Account Bank	Loss of P-1	Replace/Eligible guarantor
Servicer	Loss of Baa3	Appointment of back up servicer
Liquidity Facility Provider	NA	
Other		

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

Monitoring Report: Moody's has reviewed the standard monitoring report (publicly available at the management company website for previous similar deals) and would like to receive the following important data in addition to the information reflected on the report:

» All the transaction's triggers details

» The cumulative 90 days "defaults" (as obtained for the rating process of the deal)

» The amount of gross excess spread before write offs

» Prepaid principal amount.

» Quarterly loan-by-loan pool evolution reports (including recovery data)

Related Research

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions please refer to the following reports:

Methodologies Used:

» Refining the ABS SME Approach: Moody's Probability of Default assumptions in the rating analysis of granular Small and Mid-sized Enterprise portfolios in EMEA", March 2009 (SF141058)

» Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890)

» Moody's Approach to Rating the CDOs of SMEs in Europe, February 2007 (SF90480)

» Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Cashflow Transactions Moody's Methodology, May 2006 (SF73248)

Credit Opinion:

» Banco Espanol de Credito, S.A. (Banesto), March 2010

Performance Overviews:

» Empresas Banesto 4, FTA, July 2011

» PYMES Banesto 2, FTA, June 2010 ,

» FTPYME Banesto 1, FTA, January 2009

Pre-Sale Reports:

» Empresas Banesto 4, **FTA**, June 2009 (SF168011)

» PYMES Banesto 2, FTA, October 2006, (SF84801)

» FTPYME Banesto 1, FTA, June 2002 (S F14125)

Special Reports:

» Spanish SME Q2 2009 Indices, September 2009 (SF176866)

» Structural Features in the Spanish RMBS Market – Artificial Write-Off Mechanisms: Trapping the Spread", January 2004 (SF29881)

» Moody's Approach to Rating the CDOs of SMEs in Europe, February 2007 (SF90480)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Appendix 1: Originator's Underwriting and Collection Practices

Originator Ability:	
Sales and Marketing Practices:	» Number employees: 8,000 » Origination channels: 100% branch (%) » Incentive based compensation: Yes
Underwriting Policies and Procedures:	» Automatic underwriting: Not available » % Approval rate: Not available » % loans manually underwritten: Not available » % of loans underwritten at branch level (as opposed to central office): Not available » % exceptions to underwriting policy: Not available » Income and credit history verification: Yes » Internal credit scoring and use of external bureaus: Yes
Collateral Valuation Policies and Procedures:	» Advance rate against purchase price: Not available » Valuation process: Yes (in compliance with market standards and legal requirements)
Closing Policies and Procedures:	» Reconciliation of data on system and origination files: Yes
Credit Risk Management:	» Strategic target market and product type: Yes
Originator Stability:	
Quality Controls and Audits:	» Frequency of external and internal audits, particularly underwriting practices to policy and collection practices: Not available » Fraud prevention process: Yes
Regulated by:	» Bank of Spain
Management Strength and Staff Quality	» Average tenure with company: Not available » Average Turnover of underwriting staff and length of tenor for head of credit risk management: Not available » Compensation structure i.e. incentive for receivables growth: Not available
Arrears Management:	
# of Receivables per Collector:	» Not made available.
Staff Description:	» Average tenure with company: Not available » Turnover: Not available » Compensation structure i.e. incentive for collections achieved: Not available
Early Stage Arrears Practices:	» Automated dial centre? Yes » Letter sent day 3; calls made day 2 and day 90
Late Stage Arrears Practices:	» When passed to litigation team? 150 days » Involvement of external collectors or law firms: No » Sales of past due accounts: Not available
Average Time to Repossess:	» Not made available.
Loan Modifications:	» What constitutes a loan modification? Not available » Who can loan modifications be offered to? Not available » Approval process for modifications? Yes » Income verification as part of modification? Yes » Performance of modified loans Not available

Report Number: SF222941