

Ratings Lowered In Spanish ABS Transaction BBVA Consumo 3 Following Credit Deterioration

Surveillance Credit Analyst:

Virginie Couchet, Madrid (34) 91-389-6959; virginie_couchet@standardandpoors.com

OVERVIEW

- We have reviewed the performance of the transaction's underlying collateral and its structural features.
- We have observed persistent deterioration in the credit quality of the underlying portfolio, which indicates that future defaults are likely to increase, and we do not believe that the current levels of credit enhancement are commensurate with the ratings on the class A and B notes.
- We have thus lowered and removed from CreditWatch negative our rating on the class B notes.
- We have also lowered our rating on the class A notes.
- The collateral comprises a portfolio of Spanish consumer loans originated by Banco Bilbao Vizcaya Argentaria and BBVA Finanzia.

MADRID (Standard & Poor's) July 15, 2011--Standard & Poor's Ratings Services today lowered and removed from CreditWatch negative its credit rating on BBVA Consumo 3 Fondo de Titulizacion de Activos' class B notes. At the same time, we lowered our rating on the class A notes (see list below).

On May 3, 2011, we affirmed the rating on BBVA Consumo 3's class A notes, and placed the rating on the class B notes on CreditWatch negative due to deteriorating levels of credit enhancement (see "Various Rating Actions Taken In Spanish ABS Transactions BBVA Consumo 1, BBVA Consumo 2, And BBVA Consumo 3").

BBVA Consumo 3 closed in April 2008 and its revolving period ended one year ahead of the February 2010 scheduled due date, due to a breach of the 90-day

Ratings Lowered In Spanish ABS Transaction BBVA Consumo 3 Following Credit Deterioration

delinquency early-amortization trigger of 2.2%.

The current outstanding balance is about 44% of the closing balance. Even though the transaction's amortization features have increased the level of credit enhancement for the class A notes, an increase in the level of defaults has resulted in a depletion of the transaction's reserve fund since August 2009, which is currently at 40% of its required level.

As of May 2011, loans more than three months in arrears and not yet defaulted accounted for 2.37% of the outstanding balance. The current level of the cash reserve is 1.84% of the notes' outstanding principal, compared with 2.30% at closing.

The cumulative level of defaults since closing (including interest), based on the original balance of the portfolio, stands at 5.28%. As a result, we have revised upwards our base case gross loss assumptions. The class B interest-deferral trigger is set at 8.80%. We have also revised downwards our recovery rate base-case assumption to 12%, as a result of lower recoveries observed in the transaction. These factors have also lowered the level of credit enhancement available to the class B notes.

Based on the review of our credit analysis assumptions in terms of default and recoveries, and taking into account the current level of support available to the class A notes in the capital structure, our cash flow analysis indicates that a 'AA (sf)' rating is appropriate for the class A notes. We have consequently lowered to 'AA (sf)' from 'AA+ (sf)' our rating on this class.

The level of credit enhancement available to the class B notes has significantly decreased since closing. Based on the insufficient credit enhancement available to support a 'BBB (sf)' rating in our cash flow analysis, we have lowered to 'BB- (sf)' from 'BBB (sf)' and removed from CreditWatch negative our rating on the class B notes. However, we believe that the notes are not vulnerable to nonpayment of interest in the short term.

The portfolio backing this Spanish asset-backed securities transaction comprises unsecured consumer loans made to Spanish residents and originated and serviced by Banco Bilbao Vizcaya Argentaria, S.A. and BBVA Finanzia.

RELATED CRITERIA AND RESEARCH

- Various Rating Actions Taken In Spanish ABS Transactions BBVA Consumo 1, BBVA Consumo 2, And BBVA Consumo 3, May 3, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- EMEA Structured Finance CreditWatch Actions In Connection With Revised Counterparty Criteria, Jan. 18, 2011
- Counterparty And Supporting Obligations Update, Jan. 13, 2011
- Counterparty And Supporting Obligations Methodology And Assumptions, Dec. 6, 2010
- Methodology: Credit Stability Criteria, May 3, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings Lowered In Spanish ABS Transaction BBVA Consumo 3 Following Credit Deterioration

- Ratings Lowered On Santander Financiacion 1's Class C, D, And E Spanish ABS, Aug. 10, 2009
- Default Modeling for European Consumer Asset-Backed Securitizations, June 23, 2003
- European Consumer Finance Criteria, March 10, 2000

Related articles are available on RatingsDirect. Criteria, presales, servicer evaluations, and ratings information can also be found on Standard & Poor's Web site at www.standardandpoors.com. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

RATINGS LIST

Class	To	Rating	From
BBVA Consumo 3, Fondo de Titulizacion de Activos €1.360 Billion Floating-Rate Notes			
Rating Lowered And Removed From CreditWatch Negative			
B	BB- (sf)		BBB (sf)/Watch Neg
Rating Lowered			
A	AA (sf)		AA+ (sf)

Additional Contact:

Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

Copyright © 2011 by Standard & Poors Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

The McGraw-Hill Companies