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## Ratings Lowered On BBVA Empresas 3's Class A, B, And C Notes, And BBVA Empresas 4's Class A Notes On Counterparty Risk

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### OVERVIEW

- We have conducted our transactions' features review and applied our 2012 counterparty criteria.
- Following our review, we have lowered our ratings on BBVA Empresas 3's class A, B, and C notes, and BBVA Empresas 4's class A notes for counterparty reasons.
- BBVA Empresas 3 and BBVA Empresas 4 each securitizes a single portfolio of loans to Spanish SMEs, self-employed individuals, and corporates.

LONDON (Standard & Poor's) Sept. 21, 2012--Standard & Poor's Ratings Services today lowered to 'A- (sf)' from 'AA' and removed from CreditWatch negative its credit ratings on BBVA Empresas 3, Fondo de Titulización de Activos's class A and B notes, and on BBVA Empresas 4, Fondo de Titulización de Activos's class A notes. At the same time, we have lowered to 'A- (sf)' from 'A(sf)' our rating on BBVA Empresas 3, Fondo de Titulización de Activos's class C notes (see list below).

BBVA Empresas 3 and BBVA Empresas 4 are securitization transactions backed by secured and unsecured loans granted to self-employed individuals, Spanish small and midsize enterprise (SMEs), and corporates.

On Dec. 23, 2011, we placed on CreditWatch negative our ratings on BBVA Empresas 3's class A and B notes, and BBVA Empresas 4's class A notes

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following our downgrade of Banco Bilbao Vizcaya Argentaria S.A. (BBVA; BBB+/Negative/A-2), which acts as bank account provider/guaranteed investment contract provider, collection account provider, paying agent, and swap counterparty in these transactions (see "Ratings On 19 Tranches In 11 Spanish SME Transactions Placed On CreditWatch Negative After Bank Rating Actions").

Today's rating actions follow our assessment of the transactions' performance. We have performed our performance analysis using data from the latest trustee reports (dated August 2012), and taken into account recent amendments to the transactions' documents. We have applied our "Counterparty Risk Framework Methodology And Assumptions").

Following the BBVA downgrade, the transaction documents were amended. They now reflect the BBVA's decision to lower the remedial action rating triggers for all of its counterparty roles. Based on these amendments, and following the application of our 2012 counterparty criteria, the maximum achievable rating in this transaction is 'A- (sf)'.

Performance for both transactions (credit quality of underlying portfolio and structural features) has been within our forecasts for the past year, and credit enhancement levels have increased considerably for all classes of notes because of the deleveraging of the senior class of notes in each transaction. Nonetheless, our ratings in both transactions are constrained by counterparty risk exposure to BBVA.

**BBVA EMPRESAS 3**

The transaction closed in December 2009 and since then, the class A notes have amortized to 24% of the original balance. The transaction's amortization features have increased the level of available credit enhancement for the class A notes to 91.48% from 42.63%, the class B notes to 65.08% from 33.94%, and the class C notes to 52.22% from 29.59% at issuance. The cumulative defaults represent 3.86% of the initial pool balance, based on the latest trustee report available.

**BBVA EMPRESAS 4**

The transaction closed in July 2010 and since then, the class A notes have amortized to 45% of the original balance. The transaction's amortization features have increased the level of available credit enhancement for the class A notes to 70.79% from 51.39% at issuance. The cumulative defaults represent only 1.30% of the initial pool balance, based on the latest trustee report available.

**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

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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

- Counterparty Risk Framework Methodology And Assumptions, May 31, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Ratings On 19 Tranches In 11 Spanish SME Transactions Placed On CreditWatch Negative After Bank Rating Actions, Dec. 23, 2011
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011

RATINGS LIST

Class	Rating	
	To	From

BBVA Empresas 3, Fondo de Titulización de Activos  
€2.6 billion Asset-Backed Floating-Rate Notes

Ratings Lowered And Removed From CreditWatch Negative

A	A- (sf)	AA (sf)/Watch Neg
B	A- (sf)	AA (sf)/Watch Neg

Rating Lowered

C	A- (sf)	A (sf)
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BBVA Empresas 4, Fondo de Titulización de Activos  
€1.7 Billion Asset-Backed Floating-Rate Notes

Rating Lowered

A	A- (sf)	AA (sf)/Watch Neg
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