

**Material Event  
concerning**

**BBVA EMPRESAS 4 FONDO DE TITULIZACION DE ACTIVOS**

Pursuant to the Prospectus for **BBVA EMPRESAS 4 FONDO DE TITULIZACION DE ACTIVOS** (the “**Fund**”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- The Rating Agency **Moody’s Investors Service (“Moody’s”)** advised on June 20, 2013 that it has affirmed the rating assigned to the Bonds issued by the Fund:
  - **Bonds: A3 (sf)** (previously **A3 (sf)**, under review)

Enclosed herewith is the communication issued by Moody’s.

Madrid, June 21, 2013.

Mario Masiá Vicente  
General Manager

**Rating Action: Moody's Takes Multiple Actions on BBVA Empresas Spanish ABS SME Notes**

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Global Credit Research - 20 Jun 2013

London, 20 June 2013 -- Moody's Investors Service has today downgraded by one notch the junior tranche of BBVA Empresas 5 and upgraded by three to four notches the ratings of the junior and mezzanine tranches of BBVA Empresas 3 and BBVA Empresas 6. At the same time, Moody's confirmed the ratings of six tranches (rated from B3 (sf) to A3 (sf)) of BBVA Empresas 3, BBVA Empresas 4, BBVA Empresas 5 and BBVA Empresas 6. While increased counterparty risk and exposure to borrower concentration triggered the downgrade of the junior tranche of BBVA Empresas 5, sufficient credit enhancement, which protects against sovereign and counterparty risk, primarily drove the rating upgrades and confirmations.

Today's rating action concludes the review for downgrade initiated by Moody's on 02 July 2012. The four transactions are Spanish asset-backed securities transactions backed by loans to small and medium-sized enterprises (SME ABS) that were originated by Banco Bilbao Vizcaya Argentina S.A (BBVA, Baa3/P-3). For a detailed list of the affected ratings, see towards the end of the ratings rationale section.

**RATINGS RATIONALE**

Today's rating action primarily reflects the availability of sufficient credit enhancement to address sovereign and increased counterparty risk. The introduction of new adjustments to Moody's modelling assumptions to account for the effect of deterioration in sovereign creditworthiness has had no effect on the ratings of six classes of notes in the four transactions. Furthermore, the current level of credit enhancement available under the Class C notes of BBVA Empresas 3 (63.5%) and under the Class B notes of BBVA Empresas 6 (39.7%) in the form of reserve funds and/or subordination is sufficient to support the following upgrades: to Baa1 (sf) from Ba2 (sf) for the Class C notes of BBVA Empresas 3 and to Baa3 (sf) from Ba3 (sf) for the Class B notes of BBVA Empresas 6.

While sovereign risk is largely mitigated by the high level of credit enhancement (39.0%) as of March 2013, increased counterparty risk and exposure to borrower concentration drove the downgrade of the Class B notes of BBVA Empresas 5. As the credit enhancement is entirely in the form of a reserve fund held at BBVA, the Class B notes are strongly linked to BBVA's rating. In addition, the exposure to the five biggest borrowers in the transaction amounts currently to 15%, which could lead to large losses should any of these borrowers default. As a result, Moody's downgraded the Class B notes to Baa1 (sf) from A3 (sf).

The credit enhancement levels in BBVA Empresas 3 on 25 March 2013 were 126.7%, 84.6% and 63.5% for the Class A, B and C notes, respectively. The cumulative defaults in the collateral pool adds up to 5.5% of the initial pool balance as of April 2013.

The credit enhancement level in BBVA Empresas 4 on 25 February 2013 was 103.9%, which is entirely in the form of a reserve fund. The cumulative default recorded in the collateral pool adds up to 3.0% of the initial pool balance as of the end of April 2013.

The credit enhancement levels in BBVA Empresas 5 on 14 March 2013 were 82.9%, and 39.0% respectively for the Class A and B notes. The cumulative default recorded in the collateral pool adds up to 0.8% of the initial pool balance as of mid-May 2013.

The credit enhancement levels in BBVA Empresas 6 on 14 May 2013 were 71.5%, 39.7% and 19.1% respectively for Class A, B and C notes. There is limited cumulative default recorded in the collateral pool as of mid-May 2013.

**- Additional Factors Better Reflect Increased Sovereign Risk**

Moody's has supplemented its analysis to determine the loss distribution of securitised portfolios with two additional factors, the maximum achievable rating in a given country (the local currency country risk ceiling) and the applicable portfolio credit enhancement for this rating. With the introduction of these additional factors, Moody's intends to better reflect increased sovereign risk in its quantitative analysis, in particular for mezzanine and junior tranches. See "Structured Finance Transactions: Assessing the Impact of Sovereign Risk" for a more detailed explanation of the additional parameters. This report is available on [www.moody's.com](http://www.moody's.com) and can be accessed via

the following link: [http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBS\\_SF319988](http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBS_SF319988).

The Spanish country ceiling is A3, which is the maximum rating that Moody's will assign to a domestic Spanish issuer including structured finance transactions backed by Spanish receivables. The portfolio credit enhancement represents the required credit enhancement under the senior tranche for it to achieve the country ceiling. By lowering the maximum achievable rating, the revised methodology alters the loss distribution curve and implies an increased probability of high loss scenarios.

Under the updated methodology incorporating sovereign risk on ABS transactions, loss distribution volatility increases to capture increased sovereign-related risks. Given the expected loss of a portfolio and the shape of the loss distribution, the combination of the highest achievable rating in a country for structured finance and the applicable credit enhancement for this rating uniquely determines the volatility of the portfolio distribution, which the coefficient of variation (CoV) typically measures for ABS transactions. A higher applicable credit enhancement for a given rating ceiling or a lower rating ceiling with the same applicable credit enhancement both translate into a higher CoV.

#### - Moody's Revises Key Collateral Assumptions

Moody's maintained its default and recovery rate assumptions for the transactions, which it updated on 21 December 2012 (see "Moody's updates key collateral assumptions in Italian and Spanish ABS transactions backed by portfolio of consumer and auto loans" [[http://www.moodys.com/research/Moodys-updates-key-collateral-assumptions-in-Italian-and-Spanish-ABS--PR\\_262879](http://www.moodys.com/research/Moodys-updates-key-collateral-assumptions-in-Italian-and-Spanish-ABS--PR_262879)]). According to the updated methodology, Moody's increased the CoV, which is a measure of volatility.

For BBVA Empresas 3, Moody's current default assumption is 18.2% of the current portfolio and the assumption for the fixed recovery rate is 45%. Moody's has increased the CoV to 56.5% from 40.0%, which, combined with the revised key collateral assumptions, corresponded to a portfolio credit enhancement of 24.7%.

For BBVA Empresas 4, Moody's current default assumption is 17.1% of the current portfolio and the assumption for the fixed recovery rate is 45%. Moody's has increased the CoV to 60.3% from 48.5%, which, combined with the revised key collateral assumptions, corresponded to a portfolio credit enhancement of 24.6%.

For BBVA Empresas 5, Moody's current default assumption is 14.9% of the current portfolio and the assumption for the fixed recovery rate is 42.5%. Moody's has increased the CoV to 60.1% from 42.6%, which, combined with the revised key collateral assumptions, corresponded to a portfolio credit enhancement of 21.5%.

For BBVA Empresas 6, Moody's current default assumption is 20.2% of the current portfolio and the assumption for the fixed recovery rate is 46.5%. Moody's has increased the CoV to 57.8% from 40.1%, which, combined with the revised key collateral assumptions, corresponded to a portfolio credit enhancement of 26.0%.

In addition, Moody's incorporated stress scenarios in its analysis to cover for the fact that the pools in Empresas 5 and 6 are highly concentrated and that this concentration levels are not embedded in its CoV and portfolio credit enhancement levels, which assume a granular portfolio.

#### - Moody's Has Considered Exposure to Counterparty Risk

The conclusion of Moody's rating review also takes into consideration the increased exposure to commingling due to weakened counterparty creditworthiness.

In the four transactions, BBVA acts as servicer and transfers collections on the second business day following receipt to the issuers' account held by BBVA. Moody's has incorporated into its analysis the potential default of BBVA as servicer and issuer account bank, which could expose the transaction to a loss of the reserve fund as well as a three-month commingling loss. Ultimately, the linkage to BBVA only negatively affects the Class B notes in BBVA Empresas 5 because of the size of the reserve fund.

The four transactions are also exposed to BBVA acting as swap counterparty. As part of its analysis, Moody's took into account the counterparty risk related to these swaps, which has no negative impact on the ratings of the notes at this time.

#### - Other Developments May Negatively Affect the Notes

In consideration of Moody's new adjustments, any further sovereign downgrade would negatively affect structured finance ratings through the application of the country ceiling or maximum achievable rating, as well as potentially

increased portfolio credit enhancement requirements for a given rating.

As the euro area crisis continues, the ratings of structured finance notes remain exposed to the uncertainties of credit conditions in the general economy. The deteriorating creditworthiness of euro area sovereigns as well as the weakening credit profile of the global banking sector could further negatively affect the ratings of the notes.

Moody's describes additional factors that may affect the ratings in its Request for Comment, "Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cashflow Transactions: Request for Comment", 02 July 2012.

In reviewing these transactions, Moody's used ABSROM to model the cash flows and determine the loss for each tranche. The cash flow model evaluates all default scenarios that are then weighted considering the probabilities of the inverse normal distribution assumed for the portfolio default rate. In each default scenario, Moody's calculates the corresponding loss for each class of notes given the incoming cash flows from the assets and the outgoing payments to third parties and noteholders. Therefore, the expected loss for each tranche is the sum product of the probability of occurrence of each default scenario and the loss derived from the cash flow model in each default scenario for each tranche.

As such, Moody's analysis encompasses the assessment of stressed scenarios.

In the context of the rating review, Moody's has remodelled the transactions and adjusted a number of inputs to reflect the new approach described above.

## METHODOLOGIES

The methodologies used in these ratings were "Moody's Approach to Rating EMEA SME Balance Sheet Securitisations", published in May 2013 and "The Temporary Use of Cash in Structured Finance Transactions: Eligible Investment and Bank Guidelines", published in March 2013. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

## LIST OF AFFECTED RATINGS

Issuer: BBVA Empresas 3, FTA

...EUR2210M A Notes, Confirmed at A3 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Remained On Review for Possible Downgrade

...EUR260M B Notes, Confirmed at A3 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Remained On Review for Possible Downgrade

...EUR130M C Notes, Upgraded to Baa1 (sf); previously on Feb 18, 2011 Assigned Ba2 (sf)

Issuer: BBVA Empresas 4, FTA

...EUR1700M A Notes, Confirmed at A3 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Remained On Review for Possible Downgrade

Issuer: BBVA Empresas 5, FTA

...EUR975M A Notes, Confirmed at A3 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Remained On Review for Possible Downgrade

...EUR275M B Notes, Downgraded to Baa1 (sf); previously on Jul 2, 2012 A3 (sf) Placed Under Review for Possible Downgrade

Issuer: BBVA Empresas 6, FTA

...EUR804M A Notes, Confirmed at A3 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Remained On Review for Possible Downgrade

...EUR240M B Notes, Upgraded to Baa3 (sf); previously on Jul 2, 2012 Ba3 (sf) Placed Under Review for Possible Downgrade

...EUR156M C Notes, Confirmed at B3 (sf); previously on Jul 2, 2012 B3 (sf) Placed Under Review for Possible

Downgrade

## REGULATORY DISCLOSURES

Moody's did not receive or take into account a third-party assessment on the due diligence performed regarding the underlying assets or financial instruments related to the monitoring of these transactions in the past six months.

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