

## Ratings Lowered On Spanish SME CLO Transactions BBVA Empresas 3 And 4's Class A Notes For Counterparty Reasons

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OVERVIEW

- In July 2011, we affirmed our ratings on BBVA Empresas 3 and BBVA Empresas 4's class A notes for counterparty reasons.
- Since then, we have received evidence of amendments to the bank account agreement for both transactions.
- Therefore, under our 2010 counterparty criteria, our ratings on the class A notes are constrained to the issuer credit rating on BBVA (acting as bank account provider) plus one notch.
- We have thus lowered our ratings on the class A notes in both transactions to 'AA (sf)' from 'AAA (sf)'.
- BBVA originated the Spanish SME loans securitized in these transactions.
- These ratings are based on our criteria for counterparty and supporting party risk. However, these criteria are under review due to a proposed expansion. As a result of this review, our future counterparty criteria may differ from our current criteria. The criteria change may affect the ratings on all outstanding notes in this transaction.

MADRID (Standard & Poor's) Nov. 28, 2011--Standard & Poor's Ratings Services today lowered to 'AA (sf)' from 'AAA (sf)' its credit ratings on the class A notes in BBVA Empresas 3, Fondo de Titulización de Activos and BBVA Empresas 4, Fondo de Titulización de Activos (see list below).

Today's rating actions follow amendments to the bank account agreement in these transactions. Therefore, our analysis indicates that, under our 2010 counterparty criteria, our ratings on the class A notes are constrained to the issuer credit rating (ICR) on Banco Bilbao Vizcaya Argentaria, S.A. (BBVA)

(acting as bank account provider) plus one notch (see "Counterparty And Supporting Obligations Methodology And Assumptions," published on Dec. 6, 2010).

In BBVA Empresas 3, a cash reserve and subordination of the class B and C notes provides credit enhancement to the class A notes. At closing, a subordinated loan, which represented 19% of the initial portfolio balance, fully funded the reserve fund.

In BBVA Empresas 4, a cash reserve--fully funded at closing by a subordinated loan representing 36% of the portfolio balance--provides credit enhancement to the class A notes.

In addition to originating the loans, BBVA is the servicer of the loans. Also, BBVA is the paying agent, treasury and principal account provider, and interest swap counterparty in these two transactions.

On Oct. 11, 2011, we lowered by one notch our long-term counterparty credit ratings on 10 Spanish financial institutions, including BBVA (see "Spain's Slowing Economy And Depressed Real Estate Market Prompt Negative Rating Actions On 15 Spanish Banks").

Subsequently, BBVA amended the downgrade language in the bank account agreement in these two transactions, lowering the minimum-rating-required trigger to 'A (sf)' from 'AA (sf)'. Our analysis indicates that this amendment constrains the ratings on the class A notes to the ICR on BBVA (acting as bank account provider) plus one notch. The type of direct support provided by BBVA in these transactions is classified as direct substantial under our 2010 counterparty criteria.

For this reason, we have lowered the ratings on the class A notes in both transactions to 'AA (sf)' from 'AAA (sf)', which is equivalent to the current long-term ICR on BBVA plus one notch.

The other classes of notes in BBVA Empresas 3 are unaffected by today's rating actions. BBVA Empresas 4 only features one class of rated notes.

The securitized portfolio comprises secured and unsecured loans made to Spanish small and midsize enterprise (SME) entities. The weighted-average seasoning of the loans at closing was 12 months for BBVA Empresas 3, and 16 months for BBVA Empresas 4. Both transactions are static and have been amortizing since their first interest payment date. The pool factors for BBVA Empresas 3 and 4 are 50.47% and 63.84%, respectively.

#### POTENTIAL EFFECTS OF PROPOSED CRITERIA CHANGES

We have taken today's rating actions based on our criteria for counterparty and supporting party risk (see "Related Criteria And Research"). However, these criteria are under review due to a proposed expansion (see "Request For Comment: Counterparty And Supporting Obligations Methodology And

Assumptions--Expanded Framework," published on Nov. 21, 2011).

As a result of this review, our future counterparty criteria may differ from our current criteria. The criteria change may affect the ratings on all outstanding notes in these transactions. Until such time that we adopt new criteria, we will continue to rate and surveil these transactions using our existing criteria (see "Related Criteria And Research").

#### RELATED CRITERIA AND RESEARCH

- Request For Comment: Counterparty And Supporting Obligations Methodology And Assumptions--Expanded Framework, Nov. 21, 2011
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011
- Spain's Slowing Economy And Depressed Real Estate Market Prompt Negative Rating Actions On 15 Spanish Banks, Oct. 11, 2011.
- Ratings List Resolving European Structured Finance Counterparty CreditWatch Placements--July 19, 2011 Review, July 19, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- Counterparty And Supporting Obligations Update, Jan. 13, 2011
- Counterparty And Supporting Obligations Methodology And Assumptions, Dec. 6, 2010

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](http://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	Rating
To	From

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

Rating Lowered

A	AA (sf)	AAA (sf)
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Ratings Unaffected

B	AA (sf)
C	A (sf)

BBVA Empresas 4, Fondo de Titulización de Activos  
€1.70 Billion Asset-Backed Floating-Rate Notes

Rating Lowered

A                      AA (sf)                      AAA (sf)

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