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## Ratings Lowered On Spanish ABS Transactions BBVA Consumo 4 And BBVA Consumo 5's Class A Notes

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### OVERVIEW

- We have received amendments to the bank account, paying agency, and swap agreements in BBVA Consumo 4 and BBVA Consumo 5, reflecting our 2012 counterparty criteria and also lowering the minimum-rating-required triggers.
- Under our 2012 counterparty criteria, we classify the type of support Banco Bilbao Vizcaya Argentaria (BBVA) provides as treasury account provider as bank account limited, which allows for a higher maximum potential rating on the notes than the substantial support category under our (superseded) 2010 counterparty criteria. However, as the minimum-rating-required triggers have been lowered, under our criteria the ratings on the class A notes in these transactions are capped at 'A-(sf)'.  
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- We have thus lowered our ratings on the class A notes in BBVA Consumo 4 and 5 to 'A- (sf)' and removed them from CreditWatch negative.
- BBVA Consumo 4 and 5 are Spanish ABS transactions that securitize loans originated and serviced by BBVA and BBVA Finanzia.

MADRID (Standard & Poor's) July 31, 2012--Standard & Poor's Ratings Services today lowered and removed from CreditWatch negative its credit ratings on BBVA Consumo 4 Fondo de Titulización de Activos and BBVA Consumo 5, Fondo de Titulización de Activos' class A notes (see list below).

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BBVA Consumo 4 closed in December 2009, but we were not engaged to rate the notes at that time. We assigned our rating on the class A notes on March 28, 2011. The current outstanding balance is about 52.37% of the closing balance. Its revolving period ended six months ahead of the September 2011 scheduled due date, due to a breach of the 90-day delinquency early-amortization trigger of 2.2% (as of March 2011, 90+ day arrears comprised 2.66% of the outstanding collateral balance).

BBVA Consumo 5 closed in December 2010, and features a revolving period that is scheduled to terminate in November 2012. This revolving period can terminate early if certain circumstances related to the performance of the underlying portfolio backing this transaction arise. We understand that currently, the termination of the revolving period has not been triggered.

On Dec. 21, 2011, we lowered and placed on CreditWatch negative our ratings on BBVA Consumo 4 and BBVA Consumo 5's class A notes (see "Ratings On 35 Eurozone Public Finance Entities On CreditWatch With Negative Implications Following Sovereign Actions"). Our ratings on the class A notes in these transactions were constrained to the issuer credit rating (ICR) on Banco Bilbao Vizcaya Argentaria S.A. (BBVA; acting as bank account provider) plus one notch, as the type of direct support that BBVA provided in this transaction was classified as direct substantial under our (superseded) 2010 counterparty criteria (see "Counterparty And Supporting Obligations Methodology And Assumptions," published on Dec. 6, 2010).

Based on the latest available investor reports from the trustee (dated June 2012), the reported ratio of cumulative defaults (defined in these transactions as loans delinquent for more than 18 months) in BBVA Consumo 4 represented 1.56% of the securitized portfolio balance--compared with 0.14% as of the June 2011 payment date). Due to the closing date of BBVA Consumo 5 (December 2010), the ratio of cumulative defaults as of June 2012 is very low, at 0.05% of the securitized portfolio balance.

The cumulative default rate in these transactions is within our default assumptions. However, the levels of recoveries on defaulted assets are lower than our original recovery forecasts. As a consequence, we have lowered our original recovery assumptions in these transactions, resulting in an increase in our loss-given-default expectations.

Subordination of the class B notes and the reserve fund (which represents 21% of the initial balance of the notes) provides credit support to the class A notes in BBVA Consumo 4. A cash reserve that represents 47% of the initial balance of the portfolio provides credit support to the class A notes in BBVA Consumo 5. The transactions' amortization features have increased the level of credit enhancement for the class A notes in both transactions.

Based on our review of our credit analysis assumptions in terms of defaults and recoveries, and taking into account the current level of support available to the class A notes in the capital structures, our cash flow analysis indicates that our ratings on the class A notes in these transactions are not

currently constrained by the performance of the transactions' underlying collateral and structural features.

Today's rating actions follow amendments to the treasury account, paying agency, and interest swap agreements in these transactions. BBVA (as arranger) has amended the downgrade language in these agreements reflecting our 2012 counterparty criteria and also lowering the minimum-rating-required triggers (see "Counterparty Risk Framework Methodology And Assumptions," published on May 31, 2012).

Under our 2012 counterparty criteria, we classify the type of support BBVA provides as treasury account provider as bank account limited, which allows for a higher maximum potential rating on the notes than the substantial support category under our (superseded) 2010 counterparty criteria.

However, as the minimum-rating-required triggers have been lowered, under our criteria the ratings on the class A notes in these transactions are capped at 'A- (sf)', which is the current long-term ICR on BBVA (acting as treasury account provider, paying agent, and interest swap counterparty) plus one notch. We have therefore lowered our ratings on the class A notes in BBVA Consumo 4 and BBVA Consumo 5 to 'A- (sf)' from 'AA- (sf)' and 'AA (sf)', respectively, and removed them from CreditWatch negative.

The portfolio securitized comprises loans granted for vehicle acquisitions and other consumer loans to individuals resident in Spain. The loans are originated and serviced by BBVA and BBVA Finanzia Banco de Crédito, S.A.

#### 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 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 Reports included in this credit rating report are available at <http://standardandpoorsdisclosure-17g7.com>.

#### RELATED CRITERIA AND RESEARCH

- Counterparty Risk Framework Methodology And Assumptions, May 31, 2012
- Negative Rating Actions On 16 Spanish Banks Following Sovereign Downgrade, April 30, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Ratings On 35 Eurozone Public Finance Entities On CreditWatch With Negative Implications Following Sovereign Actions, Dec. 21, 2011

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- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- European Consumer Finance Criteria, March 10, 2000

RATINGS LIST

Class	To	Rating	From
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Ratings Lowered And Removed From CreditWatch Negative

BBVA Consumo 4, Fondo de Titulización de Activos  
€1.1 Billion Asset-Backed Floating-Rate Bonds

A	A- (sf)	AA- (sf)/Watch Neg
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BBVA Consumo 5, Fondo de Titulización de Activos  
€900 Million Asset-Backed Bonds

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