

## Ratings Lowered On Class A And B Notes In Spanish ABS Transaction BBVA Consumo 3

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### OVERVIEW

- In July 2011, we lowered our ratings on BBVA Consumo 3's class A and B notes due to increased collateral credit deterioration.
- We have again reviewed the performance of the transaction's underlying collateral and structural features.
- We have observed persistent deterioration in the credit quality of the underlying portfolio, which indicates that future defaults are likely to increase.
- We believe that the current levels of credit enhancement are not commensurate with the ratings on the class A and B notes, and we have therefore lowered our ratings on these classes.
- The collateral comprises a portfolio of Spanish consumer loans originated by BBVA and BBVA Finanzia.

MADRID (Standard & Poor's) Dec. 21, 2011--Standard & Poor's Ratings Services today lowered its credit ratings on the class A and B notes in BBVA Consumo 3 Fondo de Titulizacion de Activos, following our credit and cash flow analysis (see list below).

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 delinquency early-amortization trigger of 2.2%.

The current outstanding balance is about 36.19% of the closing balance. Since our last review, the level of loans more than three months in arrears and not yet defaulted has increased to 2.98% of the outstanding balance, as of November 2011 (up from 2.37% as of May 2011).

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As of the most recent payment date in November 2011, the reported ratio of cumulative defaults--defined in this transaction as loans delinquent for more than 12 months--represented 5.72% of the original portfolio balance securitized at closing (compared with 5.29% as of the May 2011 payment date).

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 reserve fund not being at its required level since August 2009, and currently stands at 35% of its required level.

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 structure, our cash flow analysis indicates that a 'A (sf)' rating is appropriate for the class A notes. We have consequently lowered to 'A (sf)' from 'AA (sf)' our rating on this class.

The level of credit enhancement available to the class B notes has decreased since closing. Based on the insufficient credit enhancement available to the class B notes to support a 'BB- (sf)' rating in our cash flow analysis, we have lowered it to 'B+ (sf)'. 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, originated and serviced by Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) and BBVA Finanzia.

#### STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

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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

- Spanish Bank BBVA Downgraded To 'A+/A-1' On Bank Criteria Change; Outlook Negative, Nov. 29, 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 Lowered In Spanish ABS Transaction BBVA Consumo 3 Following Credit Deterioration, July 15, 2011

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- 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
- European Consumer Finance Criteria, March 10, 2000

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RATINGS LIST

Class	To	Rating	From
BBVA Consumo 3 Fondo de Titulizacion de Activos €975 Million Asset-Backed Floating-Rate Notes			

Ratings Lowered

A	A (sf)	AA (sf)
B	B+ (sf)	BB- (sf)

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