

Ratings Lowered On Spanish ABS Deals BBVA Consumo 1 And 2's Class A And B Notes; Class C Notes On CreditWatch Negative

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OVERVIEW

- Based on our review of BBVA Consumo 1 and 2's swap documents under our 2010 counterparty criteria, our ratings on the notes in these transactions are weak-linked to our long-term issuer credit rating, plus one notch, on the related counterparty--currently BBVA, in both transactions.
- On Dec. 21, 2011, we placed on CreditWatch negative our ratings on the class A and B notes in both transactions, following the downgrade of our long-term rating on BBVA.
- Today, based on updated analyses, we have lowered our ratings on the class A and B notes in both transactions.
- At the same time, we have placed on CreditWatch negative our credit ratings on the class C notes in both transactions, for credit reasons.
- The portfolios backing these transactions comprise unsecured consumer loans to Spanish residents, originated and serviced by Banco Bilbao Vizcaya Argentaria and BBVA Finanzia.

MADRID (Standard & Poor's) Feb. 10, 2012--Standard & Poor's Ratings Services today took various credit rating actions in BBVA Consumo 1 Fondo de Titulización de Activos and BBVA Consumo 2 Fondo de Titulización de Activos (see list below).

Specifically, in both transactions we have:

- Lowered and removed from CreditWatch negative our ratings on the class A and B notes for counterparty reasons, and
- Placed on CreditWatch negative our ratings on the class C notes for credit reasons.

Today's downgrades of the class A and B notes follow our reviews of the transactions' performance and the application of our 2010 counterparty criteria (see "Counterparty and Supporting Obligations Methodology and Assumptions," published on Dec. 6, 2010).

In our view, the swap documents in BBVA Consumo 1 and BBVA Consumo 2 do not reflect our 2010 counterparty criteria. We therefore conduct our credit and cash flow analyses on these transactions assuming that they do not benefit from any support on the swaps. Based on these analyses, we have weak-linked our ratings in both transactions to our long-term issuer credit rating (ICR), plus one notch, on the related counterparty--currently Banco Bilbao Vizcaya Argentaria S.A. (BBVA; A+/Watch Neg/A-1), in both transactions. Our ratings in these transactions are therefore capped at 'AA- (sf)'.

On Dec. 21, 2011, we placed on CreditWatch negative our ratings on the class A and B notes in both transactions, following our downgrade of BBVA (see "Spanish Bank BBVA Downgraded To 'A+/A-1' On Bank Criteria Change; Outlook Negative," published on Nov. 29, 2011). Based on our updated analyses of both transactions, we have today lowered to 'AA- (sf)' from 'AA (sf)' and removed from CreditWatch negative our ratings on the class A and B notes.

Our long-term ICR on BBVA remains on CreditWatch negative, where we placed it on Dec. 8, 2011 (see "Ratings On 15 Spanish Banks Placed On CreditWatch Negative Following Similar Rating Action On Spain"). We will reassess both transactions after the resolution of BBVA's CreditWatch negative placement. If we lowered our ICR on BBVA, we would place on CreditWatch negative our ratings on the class A and B notes in both transactions for counterparty reasons, pending updated cash flow analyses.

Today's CreditWatch negative placements of the class C notes follow our credit and cash flow analyses of both transactions in light of updated data on portfolio defaults and recoveries, and our assessment of the deterioration of the Spanish economy.

The transactions are both amortizing and overall enhancement levels have increased due to the pools' amortization. The current outstanding pool balance is 16.9% of the original pool balance for BBVA Consumo 1, and 23.0% for BBVA Consumo 2.

The reserve funds for BBVA Consumo 1 and 2 are at 96.0% and 90.5% of their required levels, respectively. Both funds were partially replenished over the past six or seven interest payment dates.

Based on the latest available investor report from the trustee (dated December 2011), the level of delinquent loans (defined in these transactions as loans in arrears of between three and 12 months from the payment due date) accounted for 1.94% and 2.33% of the outstanding balance of the loans for BBVA Consumo 1 and BBVA Consumo 2, respectively.

Although we have continued to observe stabilizing--or even marginally decreasing in the case of some buckets--delinquency levels since our April 2011 review, long-term delinquencies have continued to roll into defaults.

Based on the latest available data, BBVA Consumo 1 has seen an aggregate of 5.89% of defaulted loans (defined in these transactions as arrears greater than 12 months) over the original balance of the pool, and BBVA Consumo 2 an aggregate of 6.79%.

As these delinquencies continue to roll into defaults, they are associated with low recovery levels on defaulted assets observed in the transactions' portfolios. The levels of recoveries on defaulted assets are lower than our forecasts as of the closing date. As a consequence, we have lowered our previous recovery assumptions, resulting in a significant increase in our loss-given-default expectations.

Following our credit and cash flow analyses of both transactions in light of updated portfolio data on defaults and recoveries, and taking into account the transaction features listed above and the Spanish economic outlook, we consider that our ratings on the class C notes in both transactions are under pressure. We have therefore placed on CreditWatch negative our ratings on these notes.

The initial results showed that the class C notes may no longer be able to withstand our 'A-' rating stresses. Upon receiving updated information and based on our expectations of future defaults, we will rerun the cash flow analyses for both transactions to assess whether credit enhancement levels for the class C notes are sufficient to support any updated modeled default levels and recovery rates at their respective rating categories.

BBVA Consumo 1 and 2 are asset-backed securities transactions. The portfolios backing them comprise unsecured consumer loans to Spanish residents, originated and serviced by BBVA and BBVA Finanzia.

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 Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>.

RELATED CRITERIA AND RESEARCH

- European ABS CreditWatch Placements Linked To Recent Bank Rating Actions, Dec. 21, 2011
- Ratings On 15 Spanish Banks Placed On CreditWatch Negative Following Similar Rating Action On Spain, Dec. 8, 2011
- 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
- S&P's Ratings List For Structured Finance Transactions Following The Downgrade Of 10 Spanish Banks, Oct. 24, 2011
- Spain's Slowing Economy And Depressed Real Estate Market Prompt Negative Rating Actions On 15 Spanish Banks, Oct. 11, 2011
- Various Rating Actions Taken In Spanish ABS Transactions BBVA Consumo 1, BBVA Consumo 2, And BBVA Consumo 3, May 3, 2011
- 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
- Credit Stability Criteria, May 3, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- European Consumer Finance Criteria, March 10, 2000

RATINGS LIST

Class	Rating	From
	To	

RATINGS LOWERED AND REMOVED FROM CREDITWATCH NEGATIVE

BBVA Consumo 1 Fondo de Titulización de Activos
€1.5 Billion Floating-Rate Notes

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

BBVA Consumo 2 Fondo de Titulización de Activos
€1.5 Billion Floating-Rate Notes

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

RATINGS PLACED ON CREDITWATCH NEGATIVE

BBVA Consumo 1 Fondo de Titulización de Activos
€1.5 Billion Floating-Rate Notes

C	A- (sf)/Watch Neg	A-(sf)
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BBVA Consumo 2 Fondo de Titulización de Activos
€1.5 Billion Floating-Rate Notes

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

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