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Various Rating Actions Taken In Spanish ABS Transaction BBVA Consumo 2 Following Application Of Updated Criteria

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OVERVIEW

- We have reviewed BBVA Consumo 2 by conducting our credit and cash flow analysis under our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating.
- Following our review, we have affirmed our 'AA (sf)' rating on the class B notes and have raised to 'A+ (sf)' from 'BBB+ (sf)' our rating on the class C notes.
- BBVA Consumo 2 is a Spanish ABS transaction, which closed in November 2006. Banco Bilbao Vizcaya Argentaria originated the pool, which comprises unsecured consumer loans granted to individuals resident in Spain.

FRANKFURT (Standard & Poor's) March 5, 2015--Standard & Poor's Ratings Services today affirmed its 'AA (sf)' credit rating on BBVA Consumo 2 Fondo de Titulizacion de Activos' class B notes. At the same time, we have raised to 'A+ (sf)' from 'BBB+ (sf)' our rating on the class C notes (see list below).

Upon publishing our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), we placed those ratings that could potentially be affected "under criteria observation" (see "EMEA Structured Finance, Covered Bond, And Multicedulas Ratings Placed Under Criteria Observation," published on Sept. 18, 2014, and "

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Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on Sept. 19, 2014).

Following our review of this transaction, our ratings that could potentially be affected by the criteria are no longer under criteria observation.

Today's rating actions follow our credit and cash flow analysis of the most recent transaction information that we have received dated January 2015. Our analysis reflects the application of our RAS criteria.

Under our RAS criteria, we applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so repay timely interest and principal by legal final maturity.

Our RAS criteria designate the country risk sensitivity for asset-backed securities (ABS) as 'moderate'. Under our RAS criteria, this transaction's notes can therefore be rated four notches above the sovereign rating, if they have sufficient credit enhancement to pass a minimum of a "severe" stress. However, as all six of the conditions in paragraph 48 of the RAS criteria are met, we can assign ratings in this transaction up to a maximum of six notches (two additional notches of uplift) above the sovereign rating, subject to credit enhancement being sufficient to pass an "extreme" stress (see "Understanding Standard & Poor's Rating Definitions," published on June 3, 2009 for our definitions of severe and extreme levels of economic stress).

As our long-term rating on the Kingdom of Spain is 'BBB', our RAS criteria cap at 'AA (sf)' the maximum potential rating in this transaction for the class B notes. The maximum potential rating for the class C notes is 'A+ (sf)'.

We have analyzed credit risk under our European consumer finance criteria, using the transaction's historical gross loss and recovery data (see "European Consumer Finance Criteria," published on March 10, 2000). As of the January 2015 servicer report, cumulative delinquencies of 90+ days since the beginning of the amortization period totaled 4.61% of the initial pool size, which is below our expectations in our previous review (see "Ratings Lowered On Spanish ABS Transactions BBVA Consumo 1 And 2's Class B And C Notes; Class A Ratings Affirmed," published on May 24, 2012). Recovery levels as of the January 2015 servicer report are also slightly better than our expectations in April 2013. Based on the transaction's improved performance, we have revised our base-case gross loss assumption to 4.7% from 6.4% and our recovery base-case assumption to 28.0% from 20.0%. These revised base cases incorporate our forecasts for the Spanish economy which, in our view, should not be detrimental to the transaction's performance (see "The Eurozone Crawls Into 2015 With Weak Momentum," published on Dec. 4, 2014).

Our ratings reflect our assessment of the transaction's payment structure. The transaction included a two-year revolving period, which ended in September 2008. As of the January 2015 servicer report, the assets' outstanding

principal balance amounted to €60 million and represented about 4.0% of the initial portfolio size. Since the end of the revolving period, the notes have amortized fully sequentially. As of the January 2015 servicer report, the class B and C notes' outstanding principal balance amounted to €1.6 million and €42.8 million and represented 9.6% and 100.0% of their initial size, respectively. Due to deleveraging, the available credit enhancement for the class B notes has increased to 135% from 41% since our previous review. The cash reserve has not amortized following a performance trigger breach and is at its required level of €23.4 million.

We consider that the available credit enhancement for the class B notes is commensurate with the currently assigned rating. We have therefore affirmed our 'AA (sf)' rating on the class B notes. The available credit enhancement for the class C notes is commensurate with a higher rating than currently assigned. We have therefore raised to 'A+ (sf)' from 'BBB+ (sf)' our rating on the class C notes.

Our operational and legal risk analysis is unchanged since closing. In our view, the transaction's replacement and posting mechanisms adequately mitigate the counterparty risks that the notes are exposed to. The transaction is exposed to Société Générale as bank account provider and to Deutsche Bank AG (London branch) as the swap counterparty (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

BBVA Consumo 2 is a Spanish ABS transaction, which closed in November 2006. Banco Bilbao Vizcaya Argentaria S.A. originated the pool, which comprises unsecured consumer loans granted to individuals resident in Spain.

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

Related Criteria

- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, Sept. 19, 2014

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- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Methodology: Credit Stability Criteria, May 3, 2010
- European Consumer Finance Criteria, March 10, 2000

Related Research

- Credit Conditions: The Eurozone Crawls Into 2015 With Weak Momentum, Dec. 4, 2014
- Standard & Poor's Ratings Definitions, Nov. 20, 2014
- EMEA Structured Finance, Covered Bond, And Multicedulas Ratings Placed Under Criteria Observation, Sept. 18, 2014
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 2014
- Credit Conditions: Europe Decelerates (Again) Amid Rising Geopolitical Risks, Sept. 16, 2014
- Low Interest Rates Are Underpinning Europe's House Price Recovery, July 28, 2014
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014
- Ratings Lowered On Spanish ABS Transactions BBVA Consumo 1 And 2's Class B And C Notes; Class A Ratings Affirmed, May 24, 2012

RATINGS LIST

Class	Rating
To	From

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

Rating Affirmed

B	AA (sf)
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Rating Raised

C	A+ (sf)	BBB+ (sf)
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