STANDARD & POOR'S

STRUCTURED FINANCE

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BBVA Consumo 3, Fondo de Titulización de Activos

€975 Million Asset-Backed Floating-Rate Notes

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Class	Rating*	Amount (Mil. €)	Available credit support (%)	Interest	Legal final maturity
A	AAA	916.5	6.0	Three-month EURIBOR plus 30 bps	Feb. 22, 2022
B	A-	58.5	2.3	Three-month EURIBOR plus 80 bps	Feb. 22, 2022

**Standard & Poor's ratings address timely interest and ultimate principal.*
EURIBOR—European interbank offered rate.

Transaction Participants	
Originators	Banco Bilbao Vizcaya Argentaria, S.A. and BBVA Finanzia Banco de Credito, S.A.
Arrangers	Banco Bilbao Vizcaya Argentaria, S.A. and Europea de Titulización S.G.F.T., S.A.
Servicers	Banco Bilbao Vizcaya Argentaria, S.A. and BBVA Finanzia Banco de Credito, S.A.
Fund manager	Europea de Titulización S.G.F.T., S.A.
Interest swap counterparty	Banco Bilbao Vizcaya Argentaria, S.A.
Transaction account provider	Banco Bilbao Vizcaya Argentaria, S.A.
Guarantee provider	Banco Bilbao Vizcaya Argentaria, S.A.

Supporting Ratings	
Institution/role	Ratings
Banco Bilbao Vizcaya Argentaria, S.A. as servicer, transaction account provider, interest swap counterparty, and guarantor.	AA/Stable/A-1+

Transaction Key Features	
Closing date	April 16, 2008
Collateral	Portfolio of unsecured consumer loans granted to Spanish residents
Country of origin	Spain
Total receivables (Mil. €)	974.99
Geographic concentration	Andalucia (20.13%), Catalonia (19.72%), Valencia (12.60%), and Madrid (12.00%)
Average loan size balance (€)	14,924.33
Number of loans at closing	65,330
Weighted-average seasoning (months)	10.92
Weighted-average interest rate (%)	7.55
Redemption profile	Fully amortizing
Excess spread at closing	Guaranteed by the swap
Revolving period	From May 22, 2008 to Feb. 22, 2010

Transaction Summary

Standard & Poor's Ratings Services has assigned credit ratings to the €975 million asset-backed floating-rate notes issued by BBVA Consumo 3, Fondo de Titulización de Activos.

This is a securitization of Spanish unsecured consumer loans. Table 1 summarizes the key features of the notes.

Table 1: Note Summary	
Settlement	Euroclear and Iberclear
Governing law	Spanish
Note amount	€100,000
Business day convention	Actual/360, TARGET, and Madrid business days
Listing	AIAF Mercado de Renta Fija, Madrid, Spain
Clean-up call	When the aggregate principal amount of outstanding loans is less than 10% of the aggregate issue amount, subject to certain conditions

The originators of the loans are Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) and BBVA Finanzia Banco de Credito, S.A. (BBVA Finanzia). The securitized portfolio comprises unsecured loans, either performing or in arrears up to 30 days, made to individuals resident in Spain.

The loans were originated by BBVA and BBVA Finanzia, which have a multi-channel consumer loan origination strategy.

There is a revolving period, which begins on May 22, 2008 and ends on Feb. 22, 2010, inclusive. During this time, all principal proceeds are used to buy new assets for the pool.

As in other Spanish transactions rated this year there is an option of setting up a contingent commingling reserve if the short-term rating on BBVA, as servicer, is lowered below 'A-2'.

Strengths, Concerns, And Mitigating Factors

Strengths

- BBVA is one of the leading lenders in the Spanish loan market and a strong and experienced servicer.
- BBVA has unconditional, irrevocable, and joint and several surety, expressly waiving the benefit of discussion, priority, and division, for fulfillment of the obligations of BBVA Finanzia as servicer.
- The pool is diversified and granular with 65,330 loans. There is limited geographic concentration risk as no single region in Spain accounts for more than 25% of the collateral.
- The weighted-average interest rate is relatively high at 7.55%.
- Standard & Poor's received high quality historical data.
- Principal collections can be used to pay interest on all classes. However, in some circumstances, payment of class B note interest is subordinated to a lower position in the priority of payments.
- The transaction payment structure and the credit structure (subordination, excess spread, and cash reserve) are considered adequate for the ratings assigned.

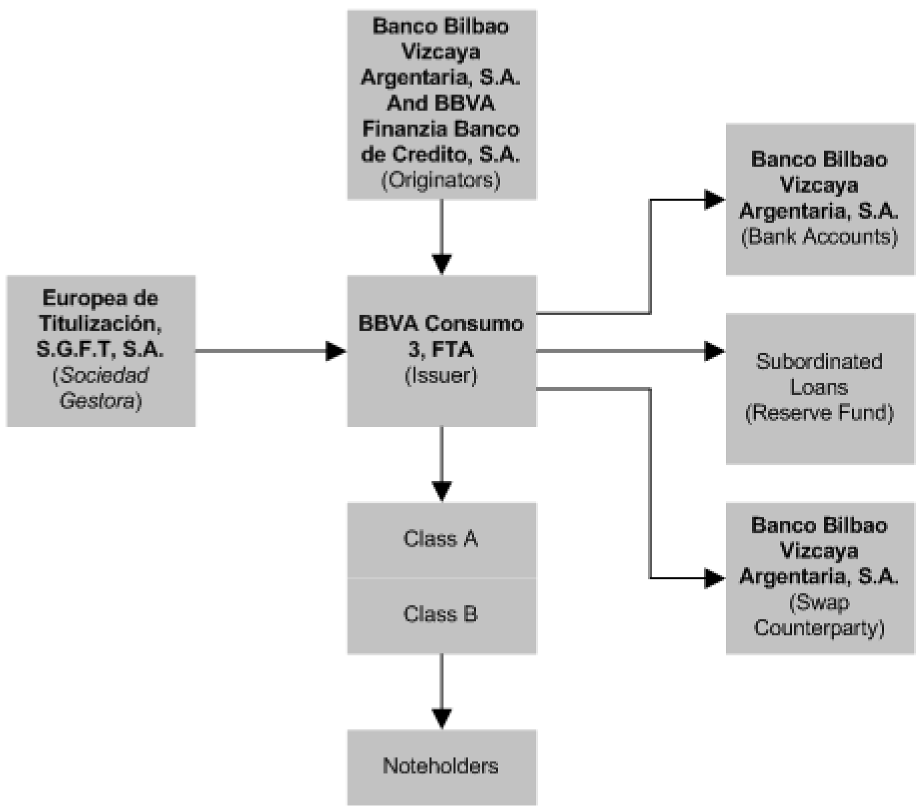
Concerns and mitigating factors

- There is a revolving period of one year and 10 months, which can alter the credit quality and characteristics of the portfolio. The eligibility criteria ensure that the characteristics of the portfolio remain within established parameters during the revolving period. The individual loan and portfolio-wide eligibility criteria are quite protective and prevent pool quality deterioration during the revolving period.
- The cash reserve is amortizing, resulting in a potential reduction of credit enhancement when the structure may need it. For example, if the pool experiences high prepayments, there may be a risk of adverse selection, so that loans of a lesser credit quality comprise more of the pool than at closing. The cash reserve does not amortize for the first two years of the transaction. It does not reduce when arrears exceed 1% or if the cash reserve is not at its required level on the previous interest payment date (IPD). Standard & Poor's has taken into account this structural feature in its cash flow analysis.
- The loans pay a fixed rate of interest but the notes pay a floating rate of interest. The issuer and BBVA entered into an interest rate swap agreement to hedge against any interest rate mismatch.
- BBVA is a deposit-taking institution and all borrowers hold an account at BBVA. This gives rise to potential set-off issues if BBVA becomes insolvent. There are structural features in the transaction that mitigate set-off risk and there are no employee loans in the portfolio.

Transaction Structure

On the closing date, the issuer purchased a portfolio of unsecured consumer loan receivables with an outstanding balance of €975 million. It issued two classes of notes (see chart 1). All the notes pay interest at the end of every quarter at three-month EURIBOR plus a class-specific margin given in the opening table.

Chart 1: BBVA Consumo 3, Fondo de Titulización de Activos Transaction Structure



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Priority of payments

Funds available on each IPD include principal and interest from the portfolio, amounts in the issuer accounts, the cash reserve, net amounts from the swap, and any other amounts belonging to the issuer. These amounts are applied in the following order:

- Senior fees and expenses;
- Swap amounts (excluding termination costs if the swap counterparty is the defaulting party);
- Interest on the class A notes;
- Interest on the class B notes, unless deferred;
- Amortization amount of the notes (subsequent to the revolving period, the notes amortize sequentially);
- Payment of the class B note interest, if deferred;
- Top-up of the reserve; and
- Junior payments (i.e., repayment of subordinated loans, start-up loans, etc.).

Deferral of the class B note interest to a lower place in the priority of payments occurs if the cumulative gross default ratio is greater than 8.8%, and if the class A notes have not completely amortized.

The notes redeem by the difference between the outstanding balance of the respective classes of notes and the outstanding balance of the non-defaulted assets.

During the revolving period, the amortization amount is used to purchase additional assets at par.

In a post-enforcement (*liquidación*) scenario, the priority of payments would be such that principal and interest would be paid according to the seniority of each class of notes, with no deferral triggers.

Swap

Due to the fixed rate payable on the underlying loans and the floating rate payable on the notes, BBVA provides an interest rate swap to mitigate any interest rate mismatch risk.

Under the terms of the swap, the issuer pays all interest accrued and paid on the portfolio to the swap counterparty and receives:

- The three-month EURIBOR rate plus the weighted-average spread of the notes plus 2.75% on the notional amount (equal to the balance of the performing loans and loans in arrears up to 90 days);
- During the revolving period, an amount covering the difference between the coupons paid on the notes and the interest yielded by the principal account (to cover negative carry); and
- The portfolio's administration and servicer fee.

Given that the swap counterparty also pays the servicing fee, if BBVA is no longer an eligible swap counterparty, remedy actions should be taken following the Standard & Poor's "*Revised Framework For Applying Counterparty And Supporting Party Criteria*" (see "*Criteria Referenced*"), and BBVA must bear any replacement cost.

Revolving Period and early amortization

There is a revolving period, which begins on May 22, 2008 and ends on Feb. 22, 2010, inclusive. During this time, all principal proceeds are used to purchase new assets for the pool. The revolving period terminates early if:

- Cumulative delinquencies (loans in arrears of more than 90 days) are greater than 2.2% of the outstanding balance of the assets;
- The cumulative defaults (loans which are 12 months past due) exceed a target based on the original closing balance and derived from multiplying 0.375% by the number of payment dates that have elapsed since closing;
- Any interest on the notes is unpaid;
- During two consecutive payment dates, the outstanding balance of the collateral (not more than 12 months past due) is lower than 90% of the outstanding balance of the notes;
- The reserve fund is not at its required amount;
- On the preceding IPD, the outstanding balance of the collateral (not more than 12 months past due) is lower than 80% of the outstanding balance of the notes;
- There is a termination under the swap and no replacement, guarantor, or alternative solution can be found within 15 business days;
- A change in Spanish tax legislation makes the additional sale of collateral excessively costly for the servicers;
- BBVA and BBVA Finanzia's annual accounts, closed on December 31 of the previous year, present a condition relative to the solvency of the originator or to the securitized loans;
- BBVA or BBVA Finanzia becomes insolvent; or
- BBVA or BBVA Finanzia is substituted as servicer.

If any of these events occur, the revolving period terminates and the issuer would use all the principal collections to sequentially redeem the notes.

Eligibility criteria
During the revolving period, the issuer can purchase additional underlying loans. These underlying loans are subject to individual and pool eligibility criteria tests. For individual loans, the main eligibility criteria are:

- The borrower must be an individual and a Spanish resident;
- The obligor must not be an employee of BBVA or BBVA Finanzia;
- The loan must be euro-denominated;
- The maturity of the underlying loan must not be later than Jan. 31, 2020;
- The whole principal of the loans must have been drawn;
- At least 12 months has to elapse between the date the fund buys the loan and the final maturity of the loan;
- The loan has a fixed interest rate;
- The principal of the loans must be between €500 and €65,000 and between €10,000 and €65,000 for the "PIDE" loans;
- A minimum of one installment must have been paid and there must be no pending arrears (for more than 30 days);
- The loan must be repaid in monthly installments;
- There must be no interest-only loans and no loans with grace periods;
- The loan must not be in a payment holiday period; and
- The loan cannot defer interest or principal.

On a portfolio basis, the eligibility criteria are:

- A minimum of 25% and a maximum of 37.00% for BBVA and a maximum of 75% for BBVA Finanzia;
- The weighted-average interest must not be lower than 5%;
- The weighted-average seasoning of the pool must be equal to or greater than six months;
- The weighted-average seasoning of the additional loan must be equal or greater to three months;
- The weighted-average life of the additional pool must be less than 3.85 years (assuming a continual payment rate of 0.00%).
- The maximum concentration in a single Spanish autonomous community must be limited to 25% of the outstanding balance of the pool;
- The top three Spanish autonomous communities must be lower than 60%; and
- The limit of the concentration of the 10 largest borrowers in the pool is 0.07%.

Cash reserve
BBVA and BBVA Finanzia provided two subordinated loans to fund the reserve fund. The amounts in the reserve fund are held in the treasury account held in the issuer's name at BBVA. The reserve fund can be drawn on IPDs to cover the issuer's senior fees and expenses, and interest and principal on all classes of notes.

At closing, the subordinated loan funding the reserve fund was 2.3% of the note balance. On each IPD, the amount required is the lower of:

- 2.3% of the initial note balance; and
- The higher of: (i) 4.60% of the outstanding note balance and (ii) 1.15% of the initial note balance.

If in the first two years, arrears are greater than 1% of the outstanding balance of the performing loans, and if the reserve fund, if formed, is not at its required level, there is no reduction in the amount of the subordinated loan.

Flow of funds

All borrowers pay monthly into the collection account held at BBVA. All collected amounts belonging to the issuer are transferred daily with a seven-day delay into a treasury account held at BBVA in the issuer's name. There is also a guaranteed investment period (GIC) ("*Cuenta de Principales*") held at BBVA in the issuer's name, which retains the available principal deposit amounts that are not used to buy additional consumer loans during the revolving period.

If BBVA is no longer rated 'A-1', remedy actions should be taken following the Standard & Poor's "*Revised Framework For Applying Counterparty And Supporting Party Criteria*" (see "*Criteria Referenced*").

Commingling reserve

If BBVA as servicer is downgraded below a short-term rating of 'A-2', then:

- As soon as reasonably practicable, and in any event within 30 calendar days, the servicer, at its own cost, procures an eligible and suitably rated guarantor with at least a short-term rating of 'A-1'. The guarantor provides the issuer with a first-demand unconditional, irrevocable guarantee equal to the commingling reserve amount applied toward payment to the issuer of any amounts the servicer must pay or remit to the issuer for the loans, but fails to pay or remit. This amount, if required to be paid, is deposited in an issuer bank account to be opened and maintained in accordance with the bank account agreement and the cash management agreement. The guarantee is subject to Standard & Poor's review and approval at the time the downgrade occurs; or
- As soon as reasonably practicable, and in any event within 10 calendar days, the servicer deposits to an issuer bank account (opened in the issuer's name and maintained in accordance with the bank account agreement and the cash management agreement) an amount equal to the commingling reserve amount to be applied toward payment to the issuer of any amounts the servicer must pay or remit to the issuer for the loans, but fails to pay or remit due to the servicer's insolvency.

Alternatively, the servicer requests Standard & Poor's written confirmation that the ratings on the notes will not be adversely affected.

On the date this commingling reserve is required, the initial amount is equal to a sufficient amount of the then principal amount then outstanding to avoid affecting the rating on the notes.

Collateral Description

The provisional pool comprises loans granted by BBVA and BBVA Finanzia. All of the products securitized, except "PIDE" loans, were used as collateral in previous transactions. The following table shows the loans that could be added during the revolving period. At closing just PIDE loans, new car "*crediconsumo"*, and old car *crediconsumo* will be included (see table 2).

Table 2: Collateral Description		
Product	Originator	Previous deals
Other consumer five years *crediconsumo*	BBVA	BBVA Consumo 1 and 2
New car *crediconsumo*	BBVA	BBVA Autos 1 and 2
Other consumer eight years *crediconsumo*	BBVA	BBVA Consumo 1 and 2
Refurbishment *crediconsumo*	BBVA	BBVA Consumo 1 and 2
PIDE	BBVA	-
Old car *crediconsumo*	BBVA	BBVA Autos 1 and 2
Parking/flats *crediconsumo*	BBVA	BBVA Consumo 1 and 2
Business loan up to five years	BBVA	BBVA Consumo 1 and 2
Creditón instantáneo	BBVA	BBVA Consumo 1 and 2
Crediconsumo UCP	BBVA	BBVA Consumo 1 and 2
Business loan up to seven years	BBVA	BBVA Consumo 1 and 2
New car *crediconsumo*	BBVA Finanzia	BBVA Finanzia Autos 1
Old car *crediconsumo*	BBVA Finanzia	BBVA Finanzia Autos 1

The only new product securitized is PIDE. It is the originator that selects the potential client, and offers this type of loan. Not all the clients of the originator can access this facility. Once the client has been selected as a potential user of the facility, they can make draws for a minimum of €600 (the maximum depends on the raking assigned by the originator). All the draws included in the pool are over €10,000, meaning that all of them were processed in branches (amounts below €10,000 can be processed via the internet or cash points).

This type of loan is the best performing in the consumer pool of the bank, followed by loans granted to buy cars.

Although the provisional pool only includes PIDE loans, new car *crediconsumo*, old car *crediconsumo* loans, and during the revolving period other type of loans (listed above), can be bought. Standard & Poor's has taken into account the performance of all the loan types that may be included in the pool.

The provisional pool comprises unsecured loans made to individuals resident in Spain. The loans are originated and serviced by BBVA and BBVA Finanzia. All loans in the provisional pool (and included in the final pool) are fully amortizing, monthly-installment loans (see table 3).

Table 3: Provisional Pool Composition As At Jan. 5, 2008	
Number of receivables	65,330
Aggregate principal balance (Mil. €)	974.99
Average principal balance (€)	14,924.23
Weighted-average seasoning (months)	10.92
Weighted-average interest rate (%)	7.55
Range of interest rates (%)	3.99 to 15.00

All the loans pay a fixed rate of interest, with most paying between 5.50% and 10.00%. The weighted-average interest rate is 7.55%. Charts 2 to 4 show certain characteristics of the collateral pool.

Chart 2: Geographic Distribution

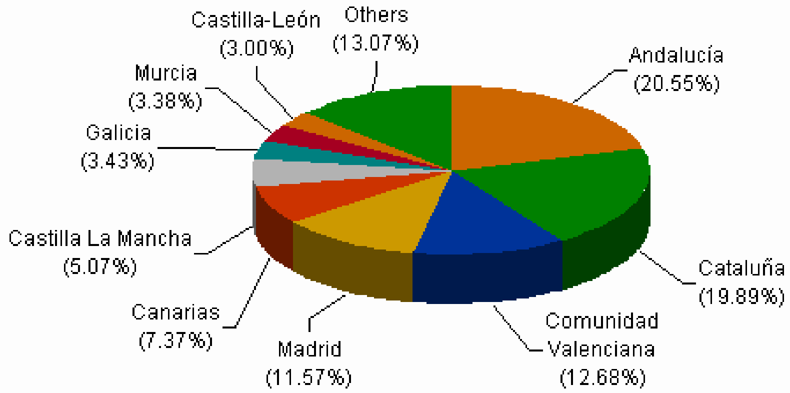

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Chart 3: Distribution Of Loans By Seasoning

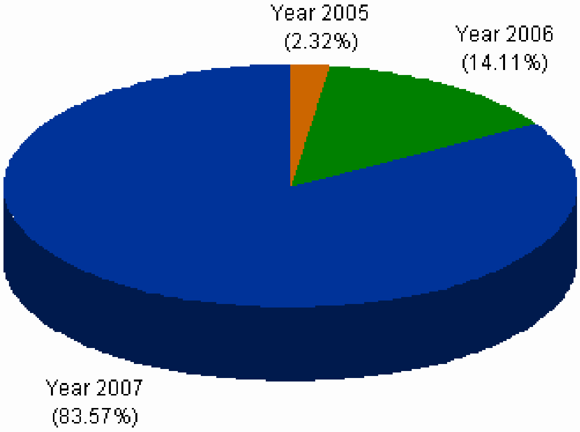

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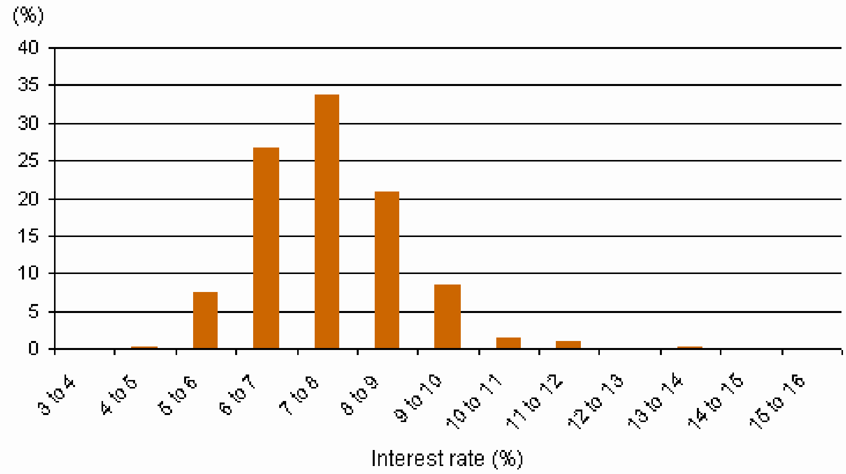
Chart 4: Distribution Of Loans By Interest Rate



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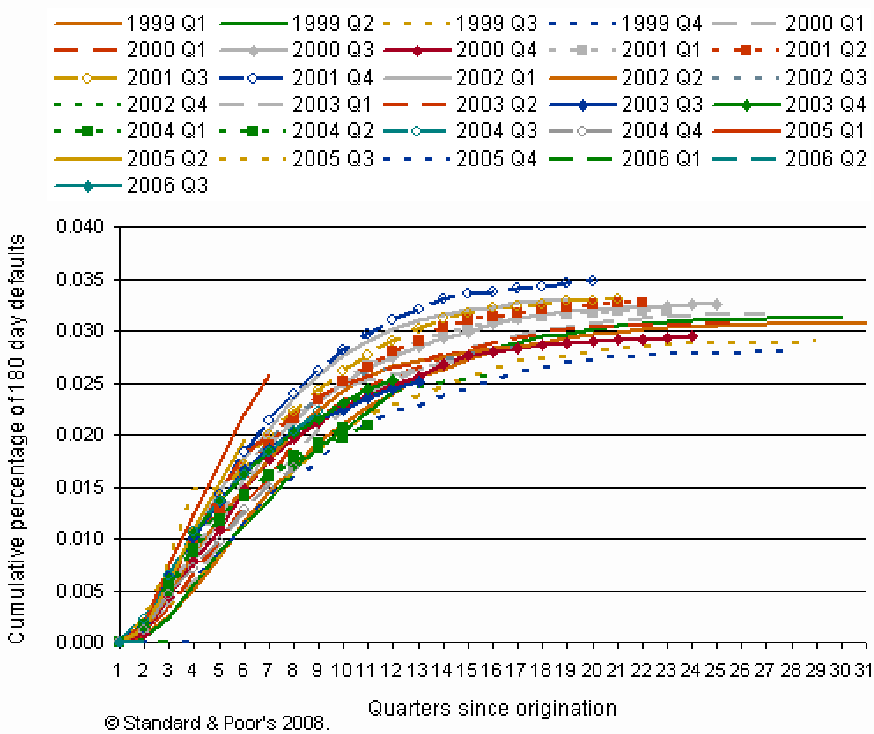
Credit Analysis

Standard & Poor's conducted an actuarial analysis on historical data provided by the originator to assess the credit risk of the pool. With the historical data provided by the originator, Standard & Poor's can determine a foreclosure probability and a loss rate at each rating level. The product of these two variables gives an estimate of the required loss protection during the life of the collateral in the absence of additional mitigating factors. The higher the targeted rating, the higher the required enhancement level.

Default Assumption

In the transaction, the loss is recognized as soon as an agreement defaults if it is more than 18 months in arrears. The calculation of the cumulated default base-case assumption was based on the historical data provided by BBVA (see chart 5). The base-case was set at 3.9%.

Chart 5: Cumulative Defaults Per Year Of Origination



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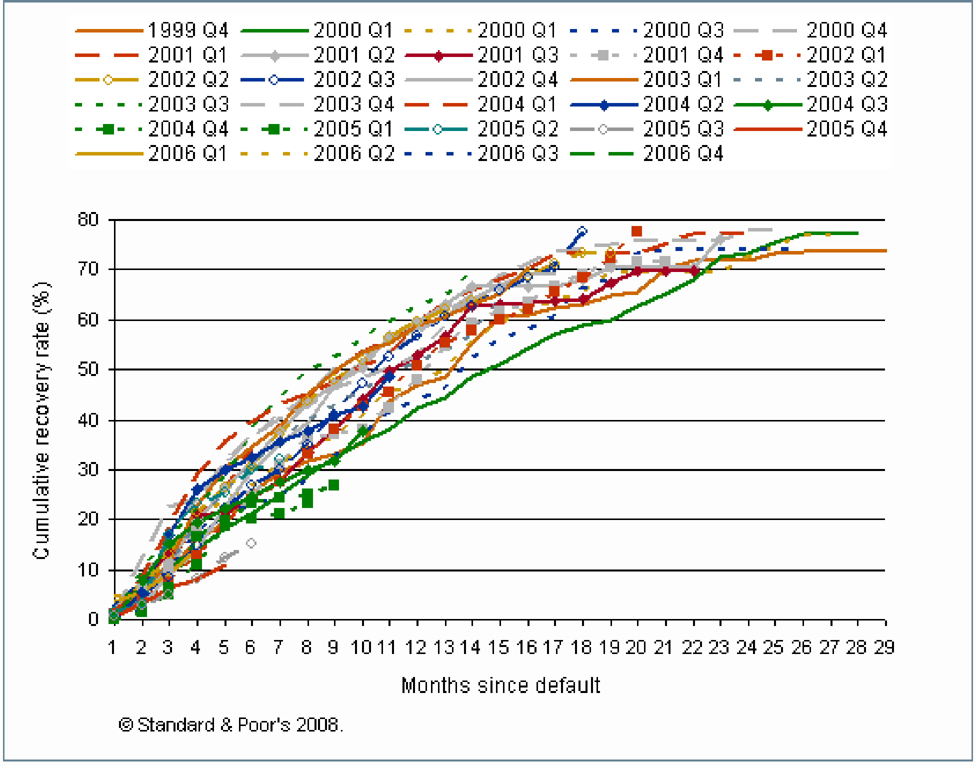
Recoveries

For this transaction, Standard & Poor's assumes that the issuer would regain 30% of the recoveries nine months after a payment default and 70% of the recoveries 24 months after a payment default (see chart 6).

Chart 6: Cumulative Recovery Rates On Loans 180 Days Past Due



Based on the historical data provided by both originators, the value of recoveries is 100% minus the loss severity assumed at each rating level. Standard & Poor's calculates the loss severity assumed at each rating level by applying different haircuts to the base-case assumed, which is 53%.

Table 4 shows the haircuts applied and the loss severity assumed at each rating level.

Table 4: Recovery Levels			
Rating	Haircut (%)	Recovery (%)	Loss severity (%)
AAA	45	29.15	70.85
A	30	37.10	62.90

Cash Flow Analysis

Prepayments

Prepayments correspond to the early exercise of the purchase option by the leasing receivables. Standard & Poor's stressed the annual prepayment rate up to 24.0% and down to 0.5%.

Yield

Standard & Poor's modeled the assets as yielding the minimum rate guaranteed by the eligibility criteria.

Commingling

Standard & Poor's did not model any commingling stress, as there is downgrade language that sets up the foundation of a contingent commingling reserve if the administrator is downgraded below 'A-2' (see "*Commingling Reserve*").

Timing of defaults

Standard & Poor's assumes that defaults occur periodically in amounts calculated as a percentage of the default rate. The timing of defaults in this transaction follows one path where 1/36 of the default rate is applied over three years.

Interest and prepayment rates

Standard & Poor's modeled three interest rate scenarios—up, down, and flat—using both high and low prepayment assumptions. Interest rates were 4.5% at the time of modeling and were modeled to rise by 2% a month to a cap of 12% ("up" scenario) and a floor of 2% ("down" scenario).

Monitoring And Surveillance

Standard & Poor's maintains continual surveillance on the transaction until the notes mature or are otherwise retired. To do this, Standard & Poor's analyzes regular reports from the *gestora* detailing the performance of the underlying collateral, monitors supporting ratings, assesses pool cuts, and makes regular contact with the *gestora* to ensure that minimum servicing standards are being sustained and that any material changes in the servicer's operations are communicated and assessed.

Some of the key indicators analyzed are:

- Arrears levels, especially the cumulative ratio of loans that are three months past due;
- The cumulative default ratio;
- Collateral prepayment levels and the ability to source and reinvest in suitable collateral; and
- The evolution of the ratings on the supporting parties.

Criteria Referenced

- "*Revised Framework For Applying Counterparty And Supporting Party Criteria*" (published on May 8, 2007).
- "*Global Interest Rate and Currency Swaps: Calculating the Collateral Required Amount*" (published on Feb. 26, 2004).
- "*Standard & Poor's Global Interest Rate and Swap Counterparty Rating Criteria Expanded*" (published on Dec. 17, 2003).
- "*European Legal Criteria for Structured Finance Transactions*" (published on March 23, 2005).
- "*Default Modeling for European Consumer Asset-Backed Securitizations*" (published in June 2003).

Related Articles

- "*New Issue: BBVA Consumo 1 Fondo de Titulizacion de Activos*" (published on May 18, 2006).
- "*New Issue: BBVA Consumo 2 Fondo de Titulización de Activos*" (published on Jan. 19, 2007).
- "*New Issue: BBVA Autos 1 Fondo de Titulizacion de Activos*" (published on Dec. 7, 2004).
- "*New Issue: BBVA Autos 2 Fondo de Titulizacion de Activos*" (published on Jan. 5, 2006).
- "*New Issue: BBVA Finanzia Autos 1, Fondo de Titulizacion de Activos*" (published on July 2, 2007).
- "*Lightening The Burden Of European ABS Surveillance*" (published on Sept. 7, 2005).
- "*RMBS And Cédulas Should Boost Spanish Securitization Market Further In 2005*" (published on July 28, 2005).
- "*European Auto ABS Performance Report*" (published quarterly).

All criteria and related articles are available on RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. The criteria can also be found on Standard & Poor's Web site at www.standardandpoors.com.

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