

Rating Assigned In BBVA Consumo 5, FTA's Spanish Consumer Loans Transaction

Primary Credit Analyst:

Rocio Romero Castillo, Madrid (34) 91-389-6968; rocio_romero@standardandpoors.com

Surveillance Credit Analyst:

Paloma Mateo-Guerrero, Madrid (34) 91-788-7211; paloma_mateo-guerrero@standardandpoors.com

OVERVIEW

- We have assigned our 'AAA (sf)' rating to BBVA Consumo 5's floating-rate notes.
- BBVA and BBVA Finanzia are the originators of the consumer loans to be securitized in this transaction.

MADRID (Standard & Poor's) Dec. 21, 2010--Standard & Poor's Ratings Services today assigned its 'AAA (sf)' credit rating to BBVA Consumo 5, Fondo de Titulización de Activos's €900 million floating-rate notes (see list below).

The originators of the loans backing the consumer-loans-backed securities notes are Banco Bilbao Vizcaya Argentaria, S.A. (BBVA; AA/Negative/A-1+), which is one of the main banks in Spain; and BBVA Finanzia Banco de Credito, S.A. (BBVA Finanzia). BBVA Finanzia is 100%-owned by BBVA Group and it specializes in point-of-sale auto loans.

There is an initial revolving period of two years in the transaction. There is an early termination of the revolving period if certain circumstances related to the performance of the securitization arise.

The portfolio to be securitized comprises consumer loans to individuals resident in Spain. About 72% of the loans in the preliminary pool were granted for new vehicle acquisition, and used vehicle loans represented about 23%. Used vehicle loans are limited during the revolving period to 30% of the then-outstanding collateral balance.

Of the preliminary pool, 4% were loans to non-Spanish individuals. During the revolving period, these loans are limited to 6% of the outstanding collateral. All the loans are amortizing, pay monthly installments, and are referenced to fixed rates, which are conditions that need to be met by loans acquired in the revolving period.

During the revolving period, the concentration by region cannot exceed 30%. Loan balances during the revolving period range from €500 to €65,000. During the revolving period, loans originated by BBVA Finanzia will be a minimum of 80% of the outstanding collateral balance; in the preliminary pool, they represent about 92%.

In addition to originating the loans, BBVA and BBVA Finanzia are the servicers of the loans. Also, BBVA is the paying agent, treasury and principal account provider, and interest swap counterparty. As with other Spanish transactions, interest and principal are combined into a single priority of payments. Credit enhancement is provided by a cash reserve, fully funded at closing from a subordinated loan. The cash reserve, which represents 47% of the initial balance of the notes, can amortize once the revolving is over if certain conditions are met (i.e., if the outstanding collateral balance is lower than 50% of the initial balance).

We based the rationale for the rating on the specific characteristics of the consumer loans, in terms of both credit and cash flow. We have not received recent updated static vintage curves of the originators. Instead we were provided with static information on outstanding securitizations of the same originators and dynamic data of the originators. Combined with static vintage curves from previous transactions, we have derived a conservative default rate base case in light of the information provided and an assessment of the deterioration of the performance of the portfolios. Also, we assumed a rating multiple of five in order to stress this base case at 'AAA'.

POTENTIAL EFFECTS OF PROPOSED COUNTERPARTY CRITERIA CHANGES

We have assigned the rating on BBVA CONSUMO 5's rated notes in relation to counterparty risks based on our current criteria "Update And Clarification To Counterparty Criteria For Interest Rate Swap Counterparties. In 'AAA' Rated Transactions," published on April 1, 2009. On Dec. 2, 2010, we announced that we are revising our methodology and assumptions for assessing counterparty and supporting obligations (collectively counterparty risk) for structured transactions (see "Counterparty And Supporting Obligations Methodology And Assumptions"). The updated criteria become effective on Jan. 17, 2011 for all new and outstanding securities that have counterparty obligations, including BBVA CONSUMO 5's rated notes. On the effective date, we expect to place BBVA CONSUMO 5's notes on CreditWatch negative due to their counterparty risk absent changes to the transaction documentation. We would then expect to resolve this CreditWatch placement within six months. It is possible that the ratings on BBVA CONSUMO 5's notes may be affected as a result of this review. On the basis of a counterparty rating of 'AA', the maximum rating impact on the notes may be a downgrade to 'AA+' from 'AAA' ('AA' plus one notch), in the

absence of mitigating factors.

We will publish a new issue report on this transaction in due course.

RELATED CRITERIA AND RESEARCH

- Preliminary Rating Assigned In BBVA Consumo 5, FTA's Spanish Consumer Loans Transaction, Dec. 15, 2010
- Counterparty And Supporting Obligations Methodology And Assumptions, Dec. 6, 2010
- Methodology: Credit Stability Criteria, May 3, 2010
- Methodology: Updated Counterparty Criteria For Derivatives: Eligibility Of 'A-2' Counterparties Removed In 'AAA' Transactions, Oct. 22, 2008
- A Listing Of S&P's New Actions Aimed At Strengthening The Ratings Process, Feb. 7, 2008
- Revised Framework For Applying Counterparty And Supporting Party Criteria, May 8, 2007

Related articles are available on RatingsDirect. Criteria, presales, servicer evaluations, and ratings information can also be found on Standard & Poor's Web site at www.standardandpoors.com. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

RATINGS LIST

BBVA Consumo 5, Fondo de Titulización de Activos
€900 Million Consumer-Loan-Backed Floating-Rate Notes

Class	Rating	Amount (mil. €)
A	AAA (sf)	900

Additional Contact:

Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

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