

Ratings Lowered On All Tranches Of BBVA Finanzia Autos 1's Spanish Auto ABS Transaction

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OVERVIEW

- Today's rating actions are driven by several factors: there has been a continuous deterioration of the transaction's performance, and an erosion of credit enhancement due to the issuer making repeated reserve fund draws.
- We lowered our ratings on all the notes issued by BBVA Finanzia Autos 1.
- The deal is backed by a portfolio of Spanish loans granted to purchase new and used cars.

MADRID (Standard & Poor's) Feb. 1, 2010--Standard & Poor's Ratings Services today lowered and removed from CreditWatch negative all of BBVA Finanzia Autos 1, Fondo de Titulizacion de Activos' notes (see list below).

Today's rating actions follow our credit and cash flow analysis.

As of December 2009, the fund had accrued almost €19 million of loans in arrears between 90 and 365 days, representing 4.06% of the outstanding balance of the collateral pool. We consider that the deal is exposed to the risk that a large portion of these delinquent loans may default in the short to medium term (defaulted loans are defined as loans in arrears for more than 12 months). We expect the current adverse employment and wage dynamics in Spain to continue to weigh on the performance of consumer loans.

Defaults have already started to erode credit enhancement in the transaction because the issuer has made repeated drawings on the cash reserve (the first-loss piece in the transaction). As of the January interest payment date,

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the reserve fund balance was €1.7 million, 12.59% of its target amount.

A rapid increase in defaulted loans may also trigger a deferral in interest payments on the class C notes. The issuer defers interest payments on this class if written-off loans are more than 8.5% of the original collateral balance. As per the last investor report, write-offs were 4.28% of the original collateral balance.

A further issue is the actual level of recoveries, which are currently coming through at a lower level than we had initially expected. As per the last investor report, the deal recovered 41.65% of arrears over 90 days, and 8.93% on defaulted loans.

Consequently, we revised our assumptions on defaults and recoveries for this transaction. Our credit and cash flow analysis shows that the current available credit enhancement is not sufficient to maintain the current ratings.

BBVA Finanzia 1's pool was originated by Finanzia Banco de Credito S.A., the consumer finance arm of BBVA. It closed in April 2007 and its revolving period ended in April 2008, one year ahead of the scheduled date, because the delinquency rate was higher than the trigger threshold level.

RELATED RESEARCH

- Standard & Poor's Revises Criteria Assumptions For Auto Dealer Floorplan ABS, Feb. 5, 2009

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RATINGS LIST

Class	Rating
To	From

BBVA Finanzia Autos 1, Fondo de Titulizacion de Activos
€800 Million Asset-Backed Floating-Rate Notes

RATING LOWERED AND REMOVED FROM CREDITWATCH NEGATIVE

A	AA+	AAA/Watch Neg
B	A-	A/Watch Neg
C	BB-	BB/Watch Neg

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