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Ratings Raised On Spanish ABS Transaction BBVA Finanzia Autos 1's Class A And B Notes; Rating On Class C Notes Lowered

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OVERVIEW

- We have reviewed BBVA Finanzia Autos 1's collateral performance, considering recent delinquency, default, and recovery levels, as well as the transaction's structural features.
- Following our review, we have raised our ratings on BBVA Finanzia Autos 1's class A and B notes to reflect the significant increase in the level of available credit enhancement since our last review in July 2011, due to the amortization of the senior notes.
- At the same time, we have lowered to 'CCC- (sf)' from 'CCC (sf)' our rating on the class C notes.
- BBVA Finanzia Autos 1, originated by Finanzia Banco de Crédito, is backed by a portfolio of Spanish loans granted to purchase new and used cars.

MADRID (Standard & Poor's) Dec. 28, 2012--Standard & Poor's Ratings Services today raised its credit ratings on BBVA Finanzia Autos 1, Fondo de Titulizacion de Activos' class A and B notes. At the same time, we have lowered to 'CCC- (sf)' from 'CCC (sf)' our rating on the class C notes (see list below).

On July 15, 2011, we lowered our ratings on the class A and B notes to 'A (sf)' and 'BB (sf)', respectively, and affirmed our 'CCC (sf)' rating on the class C notes, in light of the significant performance deterioration that we had observed, including rising cumulative defaults, which had exceeded our expectations (see "Ratings Lowered In Spanish ABS Transaction BBVA Finanzia Autos 1 Following Credit Deterioration").

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Since then, the transaction has paid down significantly. The outstanding pool balance has decreased to 15.0% of the closing balance as of the last interest payment date (IPD) in October 2012 from 32.5% at our last review (using data from the April 2011 IPD).

Based on the latest available investor report from the trustee (dated November 2012), long-term delinquent loans (defined in this transaction as loans in arrears for between three and 12 months) accounted for 4.19% of the outstanding portfolio balance excluding defaults--compared with 3.62% of the outstanding portfolio balance excluding defaults in April 2011.

As of November 2012, cumulative defaults had increased to 6.47% of the original balance, compared with 5.88% year-on-year, which exceeded our expectations in July 2011. The increase in the level of defaults has resulted in the transaction's reserve fund being fully depleted since April 2010. Since then, the reserve fund has not been replenished because the performing collateral balance has decreased as defaults keep increasing. As of the last IPD, the transaction accumulated €4.2 million of principal deficiency, which is the difference between the principal withholding on the notes and the available funds in accordance with the priority of payments (the principal deficiency in April 2011 stood at €3 million).

However, despite this principal deficiency, the paydown of the assets has led to a high level of senior note amortization, which has in turn resulted in the level of credit enhancement rising for the class A and B notes.

Given the significant increase in credit enhancement available to the class A and B notes, our ratings on the notes in this transaction are not constrained by the long-term issuer credit rating (ICR) on the swap provider, Banco Bilbao Vizcaya Argentaria S.A. (BBVA; BBB-/Negative/A-3). On Oct. 15, 2012, we lowered our ICR on BBVA to 'BBB-/A-3' from 'BBB+/A-2' (see "Various Rating Actions On Spanish Financial Institutions Following Sovereign Downgrade"). Since Oct. 15, 2012, our short-term rating on BBVA has been below the level required by the transaction documents, which do not reflect our 2012 counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on Nov. 29, 2012). Therefore, we have conducted our cash flow analysis assuming that the transaction does not benefit from any support under the swap agreement.

Even without the benefit of the swap, because of the high seasoning of the collateral in this transaction and the increased level of credit enhancement available to these notes, the class A notes can achieve a 'AA+ (sf)' rating and the class B notes can achieve a 'BBB (sf)' rating under our 2012 counterparty criteria.

Nevertheless, under our criteria on nonsovereign ratings, the maximum achievable rating for Spanish structured finance transactions is capped at six notches above the rating of the Kingdom of Spain (BBB-/Negative/A-3) (see "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And

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Assumptions," published on June 14, 2011). Accordingly, our rating on the class A notes is limited to 'AA- (sf)' because of this sovereign cap. Therefore, we have raised our ratings on the class A and B notes to 'AA- (sf)' from 'A (sf)' and to 'BBB (sf)' from 'BB (sf)', respectively.

Although the level of credit enhancement provided by the performing balance is positive for the class A and B notes, it is negative for the class C notes. As a result, there is insufficient performing collateral available to fully repay the principal amount outstanding for the class C notes, which are undercollateralized by 14.35% of their current balance.

We have therefore lowered our rating on the class C notes to 'CCC- (sf)' from 'CCC (sf)', to reflect our opinion that the issuer is unlikely to have the capacity to meet its financial commitment in respect of the principal due at maturity on this class of notes (see "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published on Oct. 1, 2012). Our ratings on the notes in this transaction address the timely payment of interest due under the rated notes, and ultimate payment of principal at maturity of the rated notes.

Our ratings on the notes in this transaction are not constrained by the ICR on the treasury account provider and paying agent. BBVA is the treasury account provider and benefits from a guarantee from the Spanish branch of Soci t  G n rale. Under our 2012 counterparty criteria, Soci t  G n rale (A/Negative/A-1) is considered an eligible counterparty at the current rating levels on the notes. The Spanish branch of Soci t  G n rale has also replaced BBVA as paying agent. The replacement language in this agreement also complies with our 2012 counterparty criteria.

Finanzia Banco de Credito S.A.--the consumer finance arm of BBVA--originated the transaction, which closed in April 2007. The revolving period ended in April 2008, one year ahead of the scheduled date, because the delinquency rate was higher than the trigger threshold level.

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

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- Counterparty Risk Framework Methodology And Assumptions, Nov. 29, 2012
- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- European Consumer Finance Criteria, March 10, 2000

Related Research

- Various Rating Actions On Spanish Financial Institutions Following Sovereign Downgrade, Oct. 15, 2012
- Negative Rating Actions On 16 Spanish Banks Following Sovereign Downgrade, April 30, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011
- Ratings Lowered In Spanish ABS Transaction BBVA Finanzia Autos 1 Following Credit Deterioration, July 15, 2011

RATINGS LIST

Class	Rating	Rating
	To	From

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

Ratings Raised

A	AA- (sf)	A (sf)
B	BBB (sf)	BB (sf)

Rating Lowered

C	CCC- (sf)	CCC (sf)
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