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

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OVERVIEW

- On the Jan. 27, 2014 interest payment date, BBVA Finanzia Autos 1's class C notes breached its interest deferral trigger and missed an interest payment.
- We have consequently lowered to 'D (sf)' from 'CCC- (sf)' our rating on the class C notes, as 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.
- Following our review of BBVA Finanzia Autos 1's collateral performance, we have affirmed our ratings on the class A and B 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.
- Our ratings are based on our applicable criteria, including our nonsovereign ratings criteria, which are under review. As a result, our future nonsovereign ratings criteria may differ from our current criteria. This change may affect the ratings on all outstanding notes in this transaction.

MADRID (Standard & Poor's) Feb. 26, 2014--Standard & Poor's Ratings Services today lowered to 'D (sf)' from 'CCC- (sf)' its credit rating on BBVA Finanzia Autos 1, Fondo de Titulizacion de Activos' class C notes. At the same time, we have affirmed our 'AA- (sf)' and 'BBB (sf)' ratings on the class A and B notes, respectively (see list below).

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Affirmed*

We have reviewed BBVA Finanzia Autos 1's collateral performance, considering recent delinquency, default, and recovery levels, as well as the transaction's current structural features.

Since our previous review on Dec. 28, 2012, the transaction has paid down significantly (see "Ratings Raised On Spanish ABS Transaction BBVA Finanzia Autos 1's Class A And B Notes; Rating On Class C Notes Lowered"). The outstanding portfolio balance, excluding defaulted loans (defined in this transaction as loans in arrears for more than 12 months), as of the last interest payment date (IPD) in January 2014 was 7.3% of the closing balance, down from 13.4% at our December 2012 review.

Since our previous review, we have continued to observe stabilizing delinquencies, with slight reductions in some arrears buckets. However, long-term delinquencies have continued to roll into defaults. Due to the transaction's deteriorating performance observed so far, and our opinion of increasing uncertainty regarding future macroeconomic performance, we have increased our baseline default rate for the outstanding securitized portfolio. We analyzed the transaction's exposure to credit risk by applying our European Consumer Finance Criteria (see "European Consumer Finance Criteria," published on March 10, 2000).

As of January 2014, cumulative defaults had increased to 8.59% of the original balance from 8.23% a year before. The increase in the level of cumulative defaults has breached the most junior class of notes' interest deferral trigger, which is set at 8.5% in the transaction documents.

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.

As the class C notes breached its interest deferral trigger and missed an interest payment, we have lowered to 'D (sf)' from 'CCC- (sf)' our rating on the class C notes.

The increase in the level of defaults had resulted in the transaction's reserve fund being fully depleted since April 2010. The reserve fund has not been replenished since then due to the lack of available funds under the transaction's priority of payments. As of the last IPD, the transaction had accumulated a principal deficiency of €4.5 million, which is the difference between the accrued redemption on the notes and the available funds in accordance with the priority of payments (the principal deficiency in October 2012 was €4.0 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 increased the available credit enhancement for the class A and B notes. Although the level of available credit enhancement that the performing balance provides 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

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the principal amount outstanding for the class C notes, which therefore continue to be undercollateralized.

The transaction is exposed to counterparty risk through Societe Generale Sucursal en España as guarantor of the bank account provider, and Deutsche Bank AG (London Branch) as a swap provider. Under our current counterparty criteria, we consider that the required minimum rating for the supporting entities and the transaction's replacement mechanisms adequately mitigate its exposure to counterparty risk (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

Following our credit and cash flow analysis, we have concluded that the class A notes in this transaction has sufficient available credit enhancement to allow them to support a 'AAA' rating level.

However, our nonsovereign ratings criteria constrain our rating on the notes at 'AA- (sf)' as, under our criteria, the highest rating we would assign to a structured finance transaction is six notches above the investment-grade rating on the country in which the securitized assets are located (see "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011). This transaction securitizes Spanish consumer assets. Therefore, the highest rating achievable in this transaction is 'AA- (sf)', which is six notches above our 'BBB-' long-term sovereign rating on Spain. Therefore, we have affirmed our 'AA- (sf)' rating on the class A notes.

Following our credit and cash flow analysis, we have determined that the available credit enhancement for the class B notes is commensurate with the currently assigned rating. We have therefore affirmed our 'BBB (sf)' rating on the class B notes.

BBVA Finanzia Autos 1 is backed by a portfolio of Spanish loans granted to purchase new and used cars. Finanzia Banco de Credito S.A.--the consumer finance arm of Banco Bilbao Vizcaya Argentaria S.A.--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.

POTENTIAL EFFECTS OF PROPOSED CRITERIA CHANGES

These ratings are based on our applicable criteria, including those set out in the criteria article "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011. However, please note that these criteria are under review (see "Request For Comment: Methodology And Assumptions For Ratings Above The Sovereign--Single Jurisdiction Structured Finance," published on Oct. 14, 2013). As a result of this review, our future criteria applicable to ratings above the sovereign may differ from our current criteria. This criteria change may affect the ratings on these notes. Until such time that we adopt new criteria, we will continue to rate and surveil these notes using our existing criteria (see "Related Criteria").

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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

- Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- 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

- European Auto ABS Index Report Q3 2013: Robust Collateral Performance Is Likely To Continue, Dec. 18, 2013
- Economic research: These Green Shoots Will Need A Lot Of Watering, Dec. 12, 2013
- Request For Comment: Methodology And Assumptions For Ratings Above The Sovereign--Single Jurisdiction Structured Finance, Oct. 14, 2013
- Ratings Raised On Spanish ABS Transaction BBVA Finanzia Autos 1's Class A And B Notes; Rating On Class C Notes Lowered, Dec. 28, 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 LIST

Class	Rating
To	From

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

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Rating Lowered

C D (sf) CCC- (sf)

Ratings Affirmed

A AA- (sf)

B BBB (sf)

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