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## Ratings On Certain Notes In BBVA Autos 2 And BBVA Finanzia 1 Put On Watch Neg; BBVA Autos 1 Affirmed

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**OVERVIEW**

- The CreditWatch placements reflect our opinion that a significant portion of delinquent loans may roll into default in the short to medium term compared with the current level of credit enhancement available.
- We expect the weak outlook for the Spanish economy and the higher unemployment rate to lead to higher delinquency and default rates.
- We have placed on CreditWatch negative our ratings on BBVA Autos 2's class C notes and BBVA Finanzia 1's class B and C notes.
- We have affirmed all the other notes in these two deals and all the notes issued by BBVA Autos 1.
- All three deals are backed by portfolios of Spanish loans granted to purchase new and used cars.

MADRID (Standard & Poor's) June 23, 2009--Standard & Poor's Ratings Services today placed on CreditWatch negative its credit ratings on the class C notes issued by BBVA Autos 2, Fondo de Titulizacion de Activos and the class B and C notes issued by BBVA Finanzia Autos 1, Fondo de Titulizacion de Activos. At the same time, we affirmed our ratings on all the other classes in these two transactions and on all the notes issued by BBVA Autos 1, Fondo de Titulizacion de Activos (see list below).

Today's CreditWatch placements follow our preliminary review of the deals'

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performance. Our initial analysis has highlighted that the probability of negative rating actions for certain junior classes in BBVA Autos 2 and in BBVA Finanzia Autos 1 have increased. In these two transactions, the current level of 90+ day delinquent loans is significantly higher than the credit support provided by the reserve fund. If a large portion of those loans roll into defaults in the near future, the cash reserve might be drawn, reducing the credit enhancement available. We expect the default and delinquency rates to increase due to the worsening economic environment and the negative outlook for the Spanish unemployment rate.

Compared with these two deals, BBVA Autos 1 is reporting a lower level of delinquencies and higher credit support coming from the subordinated credit agreement.

**BBVA AUTOS 1**

BBVA Autos 1 closed in October 2004 and the revolving period ended two years later. As of May, the outstanding pool balance was 27.8% of the balance at closing. The low pool factor has led to a substantial increase in credit enhancement. According to our calculation, 90+ day delinquent loans net of defaulted loans account for 2.67% of the outstanding pool balance. Defaulted loans defined as loans in arrears for more than 12 months represent 1.12% of the original balance.

The transaction trigger level for deferring the interest for the junior classes is based on available funds. The deal features a subordinated credit agreement that provides up to €20 million of credit enhancement. As a result, we believe that the current ratings are still commensurate with the risk embedded in the transaction.

**BBVA AUTOS 2**

BBVA Autos 2 closed in December 2005 and the revolving period ended in December 2007. It is performing worse than BBVA Autos 1, reporting higher delinquency rates after the same number of quarters. As of May, we calculated that 90+ day delinquencies net of defaulted loans were 3.19% of the outstanding balance, compared with a cash reserve of 2.64% of the total note balance. Currently, the reserve is €15.03 million, lower than the required level of €15.70 million.

Increasing defaults have eroded the excess spread provided by the 300 basis point margin guaranteed by the swap agreement. The trigger for the deferral of interest is based on cumulative defaults. Interest payments on the class C notes will be postponed if cumulative defaults are more than 10% of the original balance. According to the latest available information, the current trigger level is equal to 1.87%, showing an increasing trend.

**BBVA FINANZIA AUTOS 1**

BBVA Finanzia Autos 1 closed in April 2007. Its revolving period ended in

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April 2008, one year earlier than expected when the delinquency rate breached the 2.2% trigger level. Our calculations show that as of May, 90+ day delinquencies net of defaulted loans were 4.48% of the outstanding balance, compared with a cash reserve of 1.80% of the total note balance. On the last couple of payment dates, the issuer drew almost €3 million from the cash reserve. Currently, the reserve is €10.7 million, lower than the required level of €13.52 million.

According to the latest investor report, cumulative defaults have shown a steep increase to 1.96% of the initial balance from 0.94% at the end of 2008. Interest payments on the class C notes will be postponed if written-off loans are more than 8.5% of the original balance. Although BBVA Finanzia Autos 1 is still far away from this threshold, the increasing defaults indicate that current ratings on the junior and mezzanine notes may no longer be commensurate with the risk embedded in the transaction.

We will now conduct a credit and cash flow analysis of BBVA Auto 2 and BBVA Finanzia Autos 1, taking into consideration the effect of the current Spanish economic outlook on our default rate assumptions. This will allow us to ascertain whether credit enhancement levels for the classes on CreditWatch are sufficient to support the current ratings.

Banco Bilbao Vizcaya Argentaria, S.A. originated the pools backing BBVA Autos 1 and BBVA Autos 2. BBVA Finanzia 1's pool was originated by Finanzia Banco de Credito S.A., the consumer finance arm of BBVA.

RELATED RESEARCH

- Revised Framework For Applying Counterparty And Supporting Party Criteria (published on May 8, 2007)
- European Consumer Finance Criteria (published on March 1, 2000)

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RATINGS LIST

Class	To	Rating	From
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RATINGS PLACED ON CREDITWATCH NEGATIVE

BBVA Autos 2, Fondo de Titulizacion de Activos  
€1 Billion Floating-Rate Asset-Backed Notes

C	A/Watch Neg	A
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BBVA Finanzia Autos 1, Fondo de Titulizacion de Activos  
€800 Million Asset-Backed Floating-Rate Notes

B	A/Watch Neg	A
C	BBB/Watch Neg	BBB

RATINGS AFFIRMED

BBVA Autos 1, Fondo de Titulizacion de Activos  
€1 Billion Floating-Rate Asset-Backed Notes

A	AAA
B	AA
C	A

BBVA Autos 2, Fondo de Titulizacion de Activos  
€1 Billion Floating-Rate Asset-Backed Notes

A	AAA
B	AA-

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

A	AAA
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