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## Ratings Raised On All Classes Of Notes In Spanish ABS Transactions BBVA Consumo 1 And 2 Due To Swap Counterparty Action

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### OVERVIEW

- On March 25, 2013, the swap documents in BBVA Consumo 1 and BBVA Consumo 2 were amended to comply with our 2012 counterparty criteria, and Deutsche Bank (London branch) replaced BBVA as the swap provider.
- Following our counterparty risk analysis under our 2012 counterparty criteria, and based on the application of our nonsovereign ratings criteria, we have raised our ratings on all classes of notes in these two transactions.
- Banco Bilbao Vizcaya Argentaria originated and serviced the consumer loans backing these Spanish ABS transactions, which closed in May 2006 and November 2006, respectively.

MADRID (Standard & Poor's) June 26, 2013--Standard & Poor's Ratings Services today raised its credit ratings on the class A, B, and C notes in both BBVA Consumo 1 Fondo de Titulizacion de Activos and BBVA Consumo 2 Fondo de Titulizacion de Activos (see list below).

Today's rating actions follow our assessment of counterparty risk under our 2012 counterparty criteria, and the application of our nonsovereign ratings criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on Nov. 29, 2012 and "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," June 14, 2011).

On May 24, 2012, we took various rating actions in BBVA Consumo 1 and BBVA Consumo 2, following the application of our 2012 counterparty criteria and our credit and cash flow analysis without giving benefit to the swap agreement (see "Ratings Lowered On Spanish ABS Transactions BBVA Consumo 1 And 2's Class B And C Notes; Class A Ratings Affirmed"). We did not give benefit to the swap as the swap documents in these transactions did not reflect our 2012 counterparty criteria.

Based on the trustee's latest available investor report (dated May 2013), the pools are quite seasoned, with low pool factors (the percentage of the pool's outstanding aggregate principal balance): 8.00% in BBVA Consumo 1 and 11.09% in BBVA Consumo 2. Overall, credit enhancement has increased in these transactions and is more than double the available credit enhancement levels at our last review in May 2012.

We have continued to observe stabilizing delinquency levels--or even marginally decreasing for some delinquency buckets--since our May 2012 review. The rate of increase in the cumulative default rates in both transactions also appears to be stabilizing.

Both reserve funds have been fully replenished since April 2012 and June 2012 in BBVA Consumo 1 and BBVA Consumo 2, respectively. As of the latest interest payment date (April 2013 for BBVA Consumo 1 and June 2013 for BBVA Consumo 2), the reserve funds for BBVA Consumo 1 and BBVA Consumo 2 are at 100% of their required levels.

On March 25, 2013, the swap documents in BBVA Consumo 1 and BBVA Consumo 2 were amended to comply with our 2012 counterparty criteria, and Deutsche Bank AG (London branch) (A+/Watch Neg/A-1) has replaced BBVA as the swap provider. Due to the new downgrade provisions and our 'A+' long-term issuer credit rating (ICR) on Deutsche Bank (London branch) as the replacement swap counterparty, we have now conducted our cash flow analysis giving benefit to the swap agreement.

The swap agreement in these transactions provides a significant amount of support to the structures. The swap counterparty pays three-month EURIBOR (Euro Interbank Offered Rate), plus the weighted-average margin of the notes, plus a margin of 325 basis points (bps), plus the servicing fees.

Due to the new downgrade provisions and our 'A+' long-term ICR on Deutsche Bank (London branch) as the replacement swap counterparty, we now consider that swap counterparty risk does not constrain our ratings on the notes in these transactions.

Following our cash flow analysis giving benefit to the swap, we have concluded that the class A and B notes in these transactions have sufficient available credit enhancement to allow them to support 'AAA (sf)' ratings.

However, our nonsovereign ratings criteria constrain our ratings 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). These transactions securitize Spanish consumer assets. Therefore, the highest rating achievable in these transactions is 'AA- (sf)', which is six notches above our 'BBB-' long-term sovereign rating on Spain. Therefore, we have raised our ratings on the class A and B notes in both transactions to 'AA- (sf)'.

Our credit and cash flow analysis indicates that the available credit enhancement for the class C notes in these transactions is commensurate with higher ratings. Taking into account the available credit enhancement for the class C notes (19.14% in BBVA Consumo 1 and 16.17% in BBVA Consumo 2, based on subordination and the cash reserves), we have raised our 'BBB (sf)' ratings on the class C notes in these transactions to 'A+ (sf)' in BBVA Consumo 1 and to 'BBB+ (sf)' in BBVA Consumo 2.

In line with our scenario analysis approach, we have run two scenarios to test the stability of the assigned ratings (see "Scenario Analysis: Gross Default Rates And Excess Spread Hold The Answer To Future European Auto ABS Performance," published on May 12, 2009). The results show that under the scenario modeling moderate stress conditions (scenario 1), the ratings on the notes would not suffer more than the maximum projected deterioration that we would associate with each rating level in the one-year horizon, as contemplated in our credit stability criteria (see "Methodology: Credit Stability Criteria," published on May 3, 2010).

BBVA Consumo 1 and BBVA Consumo 2 are asset-backed securities transactions that closed in May 2006 and November 2006, with a weighted-average seasoning of 21.60 and 12.55 months, respectively. The portfolios backing these transactions comprise unsecured consumer loans to Spanish residents, originated and serviced by Banco Bilbao Vizcaya Argentaria, S.A..

#### 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 Reports included in this credit rating report are available at <http://standardandpoorsdisclosure-17g7.com>.

#### RELATED CRITERIA AND RESEARCH

Related Criteria

- Counterparty Risk Framework Methodology And Assumptions, Nov. 29, 2012
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- European Consumer Finance Criteria, March 10, 2000

#### Related Research

- Entrenched In Recession, Europe Seeks A Balance Between Deleveraging And Growth, March 26, 2013
- Ratings Lowered On Spanish ABS Transactions BBVA Consumo 1 And 2's Class B And C Notes; Class A Ratings Affirmed, May 24, 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
- Scenario Analysis: Gross Default Rates And Excess Spread Hold The Answer To Future European Auto ABS Performance, May 12, 2009

#### RATINGS LIST

| Class | Rating | From |
|-------|--------|------|
|       | To     |      |

#### Ratings Raised

BBVA Consumo 1 Fondo de Titulizacion de Activos  
€1.5 Billion Floating-Rate Asset-Backed Notes

|   |          |          |
|---|----------|----------|
| A | AA- (sf) | A+ (sf)  |
| B | AA- (sf) | A- (sf)  |
| C | A+ (sf)  | BBB (sf) |

BBVA Consumo 2 Fondo de Titulizacion de Activos  
€1.5 Billion Floating-Rate Asset-Backed Notes

|   |           |          |
|---|-----------|----------|
| A | AA- (sf)  | A+ (sf)  |
| B | AA- (sf)  | A- (sf)  |
| C | BBB+ (sf) | BBB (sf) |

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