

Rating On Spanish ABS Transaction BBVA Consumo 5's Class A Notes Lowered For Counterparty Reasons

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OVERVIEW

- In July 2011, we affirmed our rating on BBVA Consumo 5's class A notes for counterparty reasons.
- Since then, we have received evidence of amendments to the bank account agreement.
- Therefore, under our 2010 counterparty criteria, our rating on the class A notes is constrained to the issuer credit rating on BBVA (acting as bank account provider) plus one notch.
- We have thus lowered our rating on the class A notes to 'AA (sf)' from 'AAA (sf)'.
- BBVA and BBVA Finanzia are the originators of the consumer loans securitized in this transaction.

MADRID (Standard & Poor's) Nov. 16, 2011--Standard & Poor's Ratings Services today lowered to 'AA (sf)' from 'AAA (sf)' its credit rating on BBVA Consumo 5, Fondo de Titulización de Activos' class A notes.

Today's rating action follows amendments to the bank account agreement in this transaction. Therefore, our analysis indicates that, under our 2010 counterparty criteria, our rating on the class A notes is constrained to the issuer credit rating (ICR) on BBVA (acting as bank account provider) plus one notch (see "Counterparty And Supporting Obligations Methodology And Assumptions," published on Dec. 6, 2010).

Due to the low seasoning of the portfolio and the recent closing date of this transaction (December 2010), there is currently no deterioration of the

performance of the underlying collateral backing this transaction. No defaults have accrued yet, as in this transaction defaulted loans are defined as loans in arrears for more than 18 months.

The transaction features a revolving period that will terminate in November 2012. This revolving period can terminate early if certain circumstances related to the performance of the underlying portfolio backing this transaction arise. Currently, the termination of the revolving period has not been triggered.

Credit enhancement to the class A notes is provided by a cash reserve, which was fully funded at closing from a subordinated loan, which represents 47% of the initial balance of the portfolio.

In addition to originating the loans, Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) and BBVA Finanzia Banco de Credito, S.A. (BBVA Finanzia) are the servicers of the loans. Also, BBVA is the paying agent, treasury and principal account provider, and interest swap counterparty.

On Oct. 11, 2011, we lowered by one notch our long-term counterparty credit ratings on 10 Spanish financial institutions, including BBVA (see "Spain's Slowing Economy And Depressed Real Estate Market Prompt Negative Rating Actions On 15 Spanish Banks").

On Oct. 24, 2011, BBVA amended the downgrade language in the bank account agreement in this transaction, lowering the minimum-rating-required trigger to 'A (sf)' from 'AA (sf)'. Our analysis indicates that this amendment constrains the rating on the class A notes to the ICR on BBVA (acting as bank account provider) plus one notch. The type of direct support provided by BBVA in this transaction is classified as direct substantial under our 2010 counterparty criteria.

For this reason, we have lowered the rating on the class A notes to 'AA (sf)' from 'AAA (sf)', which is equivalent to the current long-term ICR on BBVA plus one notch.

The portfolio securitized comprises consumer loans to individuals resident in Spain. Currently, about 73% of the loans in the pool were granted for new vehicle acquisition (72% as of closing), used vehicle loans represented about 22% (23% as of closing), and the remainder are other consumer loans. Used vehicle loans are limited during the revolving period to 30% of the then-outstanding collateral balance.

RELATED CRITERIA AND RESEARCH

- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011
- Spain's Slowing Economy And Depressed Real Estate Market Prompt Negative Rating Actions On 15 Spanish Banks, Oct. 11, 2011
- Ratings List Resolving European Structured Finance Counterparty

CreditWatch Placements—July 12, 2011 Review, July 12, 2011

- Principles Of Credit Ratings, Feb. 16, 2011
- Rating On BBVA Consumo 5 Placed On CreditWatch Negative After Counterparty Criteria Update, Feb. 3, 2011
- Counterparty And Supporting Obligations Update, Jan. 13, 2011
- Counterparty And Supporting Obligations Methodology And Assumptions, Dec. 6, 2010
- European Consumer Finance Criteria, March 10, 2000

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