

**Rating Action: BBVA Consumo 1, FTA**

**Moody's takes action on notes issued by BBVA Consumo 1, FTA**

Frankfurt, December 09, 2008 -- Moody's Investors Service has taken the following rating action on the notes issued by BBVA Consumo 1, Fondo de Titulización de Activos:

- Class B Notes, Current Rating: Aa3, placed under review for possible downgrade; and
- Class C Notes, Current Rating: A2, downgraded to Baa2, and placed under review for possible downgrade.

Date of last rating action: 11 May 2006 - no action since closing.

The rating action was prompted by the worse-than-expected portfolio performance and the expectation of a less favourable macro economic environment in Spain. Today's rating action takes into account Moody's revised assumptions for the mean default rate, standard deviation and recovery rate. BBVA Consumo 1, FTA is the third consumer loan transaction carried out by Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA", Aa1), but the first transaction not to include auto loans.

As of the last reporting date on 31 October 2008, the outstanding amount of defaulted loans reached EUR 16.7 million. A loan is written-off once it has been more than 12 months delinquent or if the servicer considers that there are no reasonable expectations of recovery for such a loan. In addition, the outstanding delinquencies 90+ days increased from 2.9% to 4.2% of current portfolio balance during the past quarter. As of July 2008, the pool factor stood at 89%, a reduction of 10% from the previous reporting period.

Moody's rating action is primarily based on the information made available through investor reports. Additionally, Moody's was provided by the servicer with historical information relating to the evolution of delinquent loans more than 6 months delinquent.

Taking into account the current amount of defaulted loan receivables and completing a roll-rate and severity analysis for the non-defaulted portion of the portfolio, Moody's has adjusted its initial default rate expectations to 3.4% of original balance and has assumed a standard deviation of 1.03%. This compares to a 3.1% mean default and 0.78% standard deviation at closing. Furthermore, Moody's has lowered its expected recovery rate on defaulted loans to 30% from a range of 30% to 40% at closing. The constant prepayment rate assumed in the cash flow model was reduced to 15%. In Moody's opinion, the revised assumptions are in line with the expected performance of the portfolio.

The principal methodology used in rating and monitoring the transaction was "The Lognormal Method applied to ABS Analysis" published in July 2000, which can be found at [www.moodys.com](http://www.moodys.com) in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating and monitoring this issue can also be found in the Credit Policy & Methodologies directory.

The ratings address the expected loss posed to investors by the legal final maturity (20 January 2020). Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

Moody's will continue to monitor the transaction on an ongoing basis and expects to conclude the review of the Class B and C Notes over the next 3 to 6 months. For further information on this transaction or on the rating action of BBVA Consumo 2, Fondo de Titulización de Activos, please see Moody's website at [www.moodys.com](http://www.moodys.com) or contact Moody's Client Service Desk on (+44-20) 7772 5454.

Frankfurt  
Marie-Jeanne Kerschkamp  
Managing Director  
Structured Finance Group  
Moody's Deutschland GmbH  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

Frankfurt  
Olimpia da Silva  
Associate Analyst  
Structured Finance Group  
Moody's Deutschland GmbH  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

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