

**Material Event  
concerning**

**BBVA CONSUMO 1 Fondo de Titulización de Activos**

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **BBVA CONSUMO 1 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- The Rating Agency **Moody’s Investor Service** (“**Moody’s**”) advised on March 19, that it has affirmed the ratings assigned to the Bond Series issued by **BBVA CONSUMO 1 Fondo de Titulización de Activos**:
  - **Series A:**      **Aaa**                      (previously **Aaa**, under review for possible downgrade)
  - **Series B:**      **A2**                                      (previously **A2**, under review for possible downgrade)
  - **Series C:**      **Ba2**                                      (previously **Ba2**, under review for possible downgrade)

Enclosed herewith is the communication issued by Moody’s.

Madrid, March 22, 2010.

Mario Masiá Vicente  
General Manager



Moody's Investors Service

## Rating Action: **Moody's confirms the ratings of all notes issued by BBVA Consumo 1, FTA Spanish consumer loan ABS**

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Global Credit Research - 19 Mar 2010

### **Approximately EUR631.6 million of debt securities downgraded**

Frankfurt, March 19, 2010 -- Moody's Investors Service has today confirmed the ratings of the following notes issued by BBVA Consumo 1, FTA:

- Class A notes, Confirmed at Aaa, previously on 22 December 2009 placed under review for possible downgrade
- Class B notes, Confirmed at A2, previously on 22 December 2009 placed under review for possible downgrade
- Class C notes, Confirmed at Ba2, previously on 22 December 2009 placed under review for possible downgrade

The rating review was prompted by the worse-than-expected collateral performance during H2 2009. Higher than initially expected defaults resulted in a reduction of the available reserve fund to 51% of its target level as of January 2010, and a consequent reduction of BBVA Consumo 1, FTA's available credit enhancement. In particular, Moody's analysed the potential of higher default and lower recovery levels due to the uncertainty currently surrounding the Spanish economy, and their resulting impact on the outstanding capital structure.

#### Collateral performance

In contrast to its previous reviews in April and December 2009, Moody's found that BBVA Consumo 1 FTA's performance trend has stabilised over the past months. This is best illustrated by the decrease in the 90+ days arrears level, the slowdown in marginal defaults and the sound reported recovery rates. At the end of February 2010, the 90+ days arrear level stood at 2.63% compared to 3.24% in July 2009. During the same time, marginal default rates started dropping from a yearly average of 1% to a level in the 0.6% to 0.8% range. The marginal default rate measures the periodic default rate as a percentage of the current balance. Moody's considered loans more than six months in arrears as defaulted. As of January 2010, the cumulative amount of loans more than six months in arrears stood at 3.34% of total assets securitised. Recovery rates on loans which are six or 12 months in arrears (artificially written-off loans) have been stable for more than a year in a range of 35% and 20%, respectively, following recoveries on defaulted vintage curves.

#### Economic situation

In its analysis, Moody's considered various information such as macro-economic indicators, portfolio characteristics and performance data made available from the management company Europea de Titulizacion, S.G.F.T, SA (EdT). Firstly, Moody's took into account key macro-economic drivers behind a collateral deterioration, in particular, unemployment and GDP contraction. At the time of the last rating action in April 2009, the unemployment rate was 17.4% and ended 2009 at 18.8%. Forecasts for 2010 are that it will reach 19.9%. In addition, Moody's tried to compare and benchmark the current performance of the transactions to similar Spanish auto and consumer loan transactions. Moody's took into consideration the geographic concentration of the borrowers, the vintages of the year the loans were originated, the loan purpose and the origination channels.

#### Cumulative default and volatility rate adjustments

Moody's also took the current amount of cumulative 180 days plus delinquencies into account and conducted a roll rate analysis for the non-delinquent pool portion. Moody's concluded on a cumulative default rate of 6.7% of the outstanding portfolio. This translates into a cumulative default number of 5% of total securitised assets, which equals the assumption Moody's reached during the transaction's last review in April 2009. The stabilising trend observed in the recently reported delinquency and default numbers is the main influence of Moody's decision to not adjust its cumulative default expectation on total assets securitised. However, Moody's negative outlook for the Spanish consumer loan sector, combined with the general weaker financial situation of Spanish households resulted in a revised volatility rate of 27.5% compared to 25% as of the last review date in April 2009. Moody's believes that the overall weaker economic conditions of Spanish borrowers could potentially lead to a higher deviation from Moody's mean cumulative default scenario compared to the April 2009 portfolio. Moody's defines volatility as the standard deviation divided by the cumulative default rate.

## Recovery and prepayment rate adjustments

Moody's maintained the recovery rate at 30%. The past performance of the recovery rate on loans more than six months in arrears of older default vintages was stable at around 30%-40%. The youngest vintage curves also showed a similarly stable performance, already trending to 20%. Over time, Moody's assumes that these vintages will also reach a 30% recovery rate level. In addition, Moody's tested various sensitivity scenarios on cumulative default, recovery and volatility rates. Moody's also ran sensitivities on the prepayment rate assumption in its cash flow model ranging from 10% to 20%. Subject to the actual performance reported for this transaction of the CPR, Moody's confirmed the prepayment rate at 15%.

## Collateral description

BBVA Consumo 1, FTA is a Spanish consumer ABS transaction issued by Banco Bilbao Vizcaya Argentaria (BBVA) and closed in May 2006. The assets included in the initial portfolio were originated between 1999 and 2005. After a two-year revolving period, the current pool contained mainly loans originated in the 2006 and 2007 vintages. The assets securitised are loans granted by BBVA to individuals resident in Spain for the purpose of financing consumer goods and services. The geographical concentration has not changed significantly from the initial portfolio and still has a major focus on Andalusia, Catalonia, Madrid and the Region of Valencia. The pool factor of the total securitised portfolio as of end January 2010 was 25%.

The ratings address the expected loss posed to investors by the legal final maturity date (January 2020). In Moody's opinion, the structure allows for timely payment of interest and ultimate payment of principal at par on or before the final maturity date.

Moody's sector outlook for Spanish consumer ABS is negative.

The principal methodologies used in rating this transaction were Moody's "The Lognormal Method Applied to ABS Analysis," published in July 2000 and "Revising Default/Loss Assumptions Over the Life of an ABS/RMBS Transaction," published in December 2008 and available on [www.moodys.com](http://www.moodys.com) in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website. Further information on Moody's analysis of this transaction is available on [www.moodys.com](http://www.moodys.com). In addition, Moody's publishes a weekly summary of structured finance credit, ratings and methodologies, available to all registered users of our website, at [www.moodys.com/SFQuickCheck](http://www.moodys.com/SFQuickCheck).

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