MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades Consumo Bancaja 1, FTA's class C notes

Global Credit Research - 23 Oct 2015

Madrid, October 23, 2015 -- Moody's Investors Service has today upgraded Consumo Bancaja 1, FTA's class C notes to A2(sf) from Ca(sf).

Today's upgrade reflects the very high level of credit enhancement which increased rapidly over the last 12 months combined with its stabilising performance.

Consumo Bancaja 1, FTA is an asset-backed securities (ABS) transaction backed by consumer loans located in Spain and originated by Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja) in 2006, the former entity which is now part of Bankia, S.A (Ba3). The transaction's pool factor is at 0.1% and is backed by less than 200 consumer loans.

Please see a list of affected rating at the end of the Ratings Rationale section.

RATINGS RATIONALE

- Full cash collateralisation of the notes

The Class C notes' credit enhancement has significantly increased over the last 18 months. The class C notes are the most senior notes outstanding in the transaction and are fully cash collateralised by the reserve fund representing 207.17% of the notes balance. Reserve fund is currently held at Barclays Bank plc (A2/P-1).

- Stable Performance

Arrears of 90 days and above in the pool have decreased to 2.15% in August 2015 from 8.04% in August 2014. At the same time, recoveries from part defaults have started to increase and allowed for the replenishment of the reserve fund from EUR0M to EUR1.42M within the last 18 months. As of August 2015, cumulative recoveries on past defaults are around 19% but represent a larger percentage when compared to the remaining balance of the class C notes.

- Exposure to Counterparties

The conclusion of Moody's review also reflects exposure to: 1) Bankia, S.A (Ba3), which acts as servicer; 2) BNP Paribas (A1/P-1) and The Royal Bank of Scotland plc (A3/P-2) as swap providers; and 3) Barclays Bank plc (A2/P-1) as issuer account bank.

- PRINCIPAL METHODOLOGY

The principal methodology used in this rating was "Moody's Approach to Rating Consumer Loan-Backed ABS" published in September 2015. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

FACTORS THAT WOULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING:

Factors or circumstances that could lead to an upgrade of the ratings include (1) further increase in credit enhancement (2) improvements in the credit quality of the transaction counterparties; (3) better performance of the underlying collateral and (4) reduction in sovereign risk.

Factors or circumstances that could lead to a downgrade of the ratings include (1) deterioration in the notes' available credit enhancement; (2) deterioration in the credit quality of the transaction counterparties; (3) performance of the underlying collateral that is worse than Moody's expected and (4) an increase in sovereign risk.

LIST OF AFFECTED RATING:

Issuer: Consumo Bancaja 1, FTA

....EUR19.2M C Notes, Upgraded to A2 (sf); previously on Nov 3, 2009 Downgraded to Ca (sf)

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

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