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## Ratings Lowered On Junior Notes In BBVA Consumo 1 And BBVA Consumo 2 Spanish ABS Deals

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MADRID (Standard & Poor's) March 9, 2009—Standard & Poor's Ratings Services today lowered and removed from CreditWatch negative its credit ratings on the class C notes issued by BBVA Consumo 1 Fondo de Titulizacion de Activos and BBVA Consumo 2 Fondo de Titulizacion de Activos. We have affirmed the ratings on all other classes in these deals (see list below).

Today's rating actions follow a full credit and cash flow analysis of the most recent information available for these two transactions originated by Banco Bilbao Vizcaya Argentaria S.A. (BBVA). These analyses show that the class C notes in each transactions cannot maintain their original rating.

We placed BBVA Consumo 1 and 2's class C notes on CreditWatch negative on Dec. 1, 2008 following an initial analysis of the performance of these deals. At that time, the collateral performance had highlighted factors that had increased the possibility of negative rating actions for the junior classes.

Both transactions reached the end of their revolving periods in 2008, in April for BBVA Consumo 1 and in September for BBVA Consumo 2. During these periods the purchases of new assets affected the composition of the pools. As of today, 56% of BBVA Consumo 1's pool comprises loans originated after 2006, while at closing none of the loans was originated after this date. And BBVA Consumo 2' pool currently comprises 85.67% of loans originated after 2006, versus 66.56% at closing. The latest vintage curves show a worse performance

than previous ones. So the shift of pools' arrangement dates toward more recent periods might signal possible future distress.

BBVA Consumo 1 benefits from increased credit enhancement due to the pool's amortization. The current outstanding balance is around 68% of the original balance. At the same time, the cash reserve is not amortizing due to the delinquency level being higher than 1% of loans 90 days or more in arrears, and it is at its required level of €21.75 million. BBVA Consumo 2's current pool represents 87.6% of the original balance. The cash reserve is providing an increasing level of credit support as it is not amortizing. The delinquency rate is higher than the 1% threshold level that stops the amortization of the reserve fund. Currently the reserve fund accounts for €23.4 million, as required.

At present, loans in arrears for more than three months over the outstanding collateral balance are 5.89% (€62.7 million) in BBVA Consumo 1 and 3.82% (€50.2 million) in BBVA Consumo 2. Both transactions registered a relevant increase in their delinquency rates from the previous quarter. This was driven in part by a smaller pool being used as the denominator to calculate the delinquency rate.

Our main concern is the effect of a rapid roll-over of those loans into defaulted loans. These transactions feature a structural mechanism that traps excess spread to provide for defaults. Defaults in these transactions are defined as arrears greater than 12 months. Due to this default-trapping mechanism, cash reserves in the two transactions may be drawn in the near to medium term. As of January 2009, BBVA Consumo 1 had gross cumulative defaults of 0.87% of the original adjusted balance of the pool (i.e., the original balance of the pool plus the amount of new assets purchased during the revolving period); BBVA Consumo 2 had gross cumulative defaults of 1.08%. The recovery rates for these deals were lower than our expectations at closing.

#### RELATED RESEARCH

-- European Consumer Finance Criteria (published in March 2000)

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#### RATINGS LIST

Class	Rating	
	To	From

RATINGS LOWERED AND REMOVED FROM CREDITWATCH NEGATIVE

*Ratings Lowered On Junior Notes In BBVA Consumo 1 And BBVA Consumo 2 Spanish ABS Deals*

BBVA Consumo 1, Fondo de Titulizacion de Activos  
€1.5 Billion Floating-Rate Notes  
C A- A/Watch Neg

BBVA Consumo 2, Fondo de Titulizacion de Activos  
€1.5 Billion Floating-Rate Notes  
C A- A/Watch Neg

RATINGS AFFIRMED

BBVA Consumo 1, Fondo de Titulizacion de Activos  
€1.5 Billion Floating-Rate Notes  
A AAA  
B AA

BBVA Consumo 2, Fondo de Titulizacion de Activos  
€1.5 Billion Floating-Rate Notes  
A AAA  
B AA

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