

**Rating Action: BBVA Consumo 2, FTA**

**Moody's takes action on notes issued by BBVA Consumo 2, FTA**

Frankfurt, December 09, 2008 -- Moody's Investors Service has taken the following rating action on the notes issued by BBVA Consumo 2, Fondo de Titulización de Activos:

-Series C Notes, Current Rating: A2, downgraded to Baa1.

Date of previous rating action: 28 November 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 revised assumptions for the mean default, standard deviation and recovery rate. BBVA Consumo 2, FTA is the fourth consumer loan-backed securitisation transaction carried out by Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA"). In contrast to the bank's three previous transactions, which were backed either exclusively by auto loans or exclusively by non-auto consumer loans, the securitised pool in this deal comprises a mixture of both types of loan.

As of the last reporting date on October 31 2008, the outstanding amount of defaulted loans reached EUR 11.8 million. A loan is written-off once it has been more than 12 months delinquent or if the management company considers that there are no reasonable expectations of recovery under each such loan. In addition, the outstanding delinquencies 90+ days increased from 1.9% to 2.1% of current portfolio balance during the past quarter. As of September 2008, the pool factor stood at 99%, a reduction of 1% 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 3.8% of original balance and has assumed a standard deviation of 1.29%. This compares to a 3.2% mean default and 0.97% standard deviation at closing. Furthermore, Moody's has lowered its expected recovery rate on defaulted loans to 30% from a range of 30% to 45% 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 is "The Lognormal Method applied to ABS Analysis" published in July 2000, which can be found at [www.moody.com](http://www.moody.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 December 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. For further information on this transaction or on the rating action of BBVA Consumo 1, Fondo de Titulización de Activos, please see Moody's website at [www.moody.com](http://www.moody.com) or contact Moody's Client Service Desk on (+44-20) 7772 5454.

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