BBVA Autos 1, FTA

BBVA
ABS – Auto Loans
Spain

CLOSING DATE
29 October 2004

Lead Analyst

Alberto Postigo
Analyst
Madrid
(34) 91 702 6604
Alberto.Postigo@moodys.com

Backup Analyst

Henry Charpentier
AVP Analyst
Madrid
(34) 91 702 6606
Henry.Charpentier@moodys.com

London

Edward Bowden
EMEA Investor Liaison
(44) 20 7772 5454
Edward.Bowden@moodys.com

Client Service Desk

London: (44) 20 7772 5454
csdlondon@moodys.com

Monitoring

London: (44) 20 7772 5399
monitor.london@moodys.com

Madrid: (34) 91 702 6601
monitor.madrid@moodys.com

WEBSITE

www.moodys.com

RATINGS

Series	Rating	Amount	% of Total	Legal Final Maturity	Maturity Expected
A	**Aaa**	€950,000,000	95.00	June 2016	March 2014
B	**Aa3**	€23,000,000	2.3	June 2016	March 2014
C	**A1**	€27,000,000	2.7	June 2016	March 2014
Total		€1,000,000,000	100		

The ratings address the expected loss posed to investors by the legal final maturity. The structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date. 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.

OPINION

Strengths of the Transaction

- Interest rate swap provided by BBVA (**Aa2**/**P-1**), guaranteeing an excess spread of 3.0%
- Excess spread-trapping mechanism through a 12-month "artificial write-off"
- Well-diversified pool in terms of geography

Weaknesses and Mitigants

- The deferral of interest payments on Series B and C benefits the repayment of senior series, but increases the default probability on the first series. This negative effect on Series B and C is mitigated by setting the deferral trigger at a level at which the increase in the probability of default is consistent with the rating assigned to the Series B and C notes.
- Up to 10% of the issuance (or 20% on a specific payment date) can be deposited in cash if BBVA does not provide a sufficient amount of loans during the revolving period. Such amount would not be covered by the swap, creating a negative carry. This is mitigated by the fact that this cash would be held in the treasury account, accruing an annual interest rate equal to the index reference rate of the notes, less 0.10%.
- A revolving period of up to eight quarters could trigger a decline in the credit quality of the portfolio. This is mitigated by strict eligibility criteria for any additional loan, and early amortisation triggers.

STRUCTURE SUMMARY

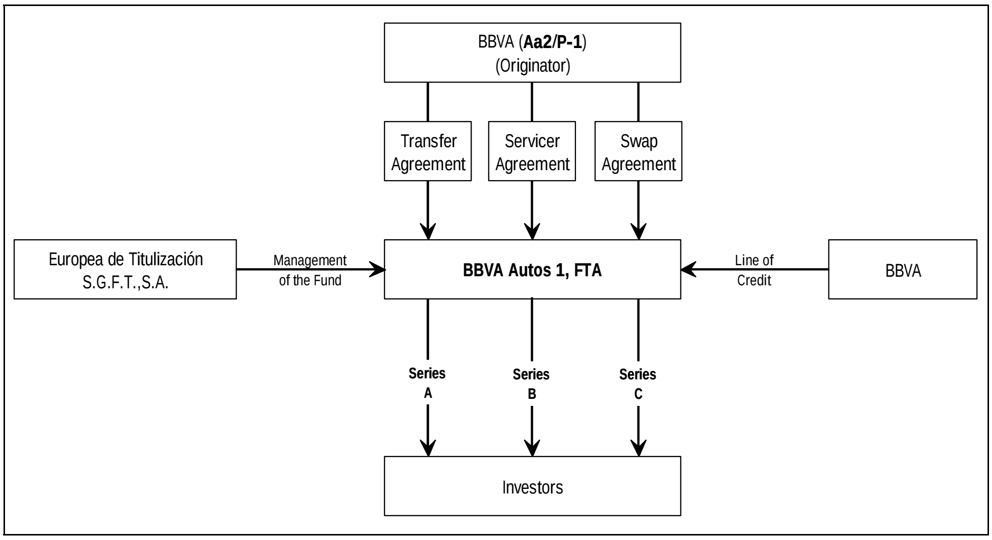
Issuer:	BBVA Autos 1, Fondo de Titulización de Activos
Structure Type:	Senior/Mezzanine/Subordinated floating-rate notes
Seller/Servicer:	Banco Bilbao Vizcaya Argentaria, S.A. (BBVA, **Aa2**/**P-1**)
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	20 March, 20 June, 20 September, 20 December First payment date: 20 December 2004
Issue Price:	100%
Credit Enhancement/Reserves:	3.0% excess spread 2.0% line of credit Subordination of the notes
Hedging:	Interest rate swap to cover interest rate risk
Interest Rate Swap Counterparty:	BBVA
Paying Agent:	BBVA
Management Company (*Gestora*):	Europea de Titulización, S.G.F.T., S.A.
Arranger:	BBVA, JP Morgan Securities LTD (JP Morgan)
Lead Managers:	BBVA, JP Morgan

PROVISIONAL POOL (AS OF 21 JULY 2004)

Receivables:	Loans granted to individuals to finance the acquisition of a new car
Total Amount:	€1.349 billion
Number of Contracts:	162,758
Number of Borrowers:	161,470
Geographic Diversity:	Andalusia (20.68%), Catalonia (17.34%), Region of Valencia (14.96%)
WA Seasoning:	2.31 years
WA Remaining Term:	4.52 years
WA Interest Rate (current):	7.62%
Interest Basis:	100% fixed
Delinquency Status:	Not in arrears at the time of securitisation

STRUCTURAL AND LEGAL ASPECTS

Auto loan transaction incorporates an eight-quarter revolving period and a swap agreement guaranteeing 3.0% of annual excess spread



Through this deal, BBVA is selling a portfolio of auto loans to BBVA Autos 1, FTA (the "Fondo"), which in turn will issue three series of notes to finance the purchase of the loans (at par). The capital structure consists of:

- A subordinated Series C, rated **A1**
- A mezzanine Series B, rated **Aa3**
- A senior Series A, rated **Aaa**

Each series of notes is supported by the series subordinated to itself, a line of credit and the excess spread guaranteed under the swap agreement with BBVA. The swap agreement will also hedge the Fondo against the risk generated by having different index reference rates and reset dates for assets and notes.

In addition, the Fondo will benefit from a €1.25 million subordinated loan provided by BBVA to fund the starting expenses and the notes' issuance costs.

Interest rate swap guaranteeing 300 bppa of excess spread

According to the swap agreement entered into between the Fondo and BBVA, on each payment date:

- The Fondo will pay the interest actually received from the loans since the previous payment date.
- BBVA will pay the sum of (1) the weighted average coupon on the notes, plus 300 bppa, over a notional calculated as the daily average of the outstanding amount of loans not more than 90 days in arrears since the last payment date; and (2) the servicer fee due on that payment date.

The excess spread thus provided through the swap agreement constitutes the first layer of protection for investors.

In the event of BBVA's long-term rating being downgraded below **A1**, it will have 30 days within which to (1) collateralise its obligation under the swap in an amount sufficient to maintain the then current rating of the notes; and/or (2) find a suitably rated guarantor or substitute. Any failure by BBVA to comply with these conditions will constitute an event of default under the swap agreement.

Line of credit to help the Fondo meet its payment obligations

The second layer of protection against losses is a line of credit provided by BBVA. It will be used to cover any potential shortfall on items (1) to (11) of the order of priority on an ongoing basis.

At any given point in time, the amount available under the line of credit will be the lesser of the following amounts:

1) 2.0% of the initial balance of the notes
2) The higher of the following amounts:

- 4% of the outstanding balance of the notes
- 1.0% of the initial balance of the notes

The amount available under the line of credit will not be reduced on the payment date on which any of the following scenarios occurs:

- The arrears level (defined as the percentage of non-written-off loans which are more than 90 days in arrears) exceeds 1%.
- There is any amount drawn from the line of credit.

In addition to these triggers, if BBVA loses its **P-1** rating, the line of credit will automatically be drawn and deposited in the treasury account in the form of a cash reserve within ten business days, unless BBVA obtains a first demand guarantee from a **P-1**-rated entity.

Borrower payments swept into the treasury account on a weekly basis

The treasury account will be held at BBVA. The proceeds from the loans, amounts received under the swap agreement and the reserve fund (if funded) will be deposited in the treasury account.

Moody's has set up some triggers in order to protect the treasury account from a possible downgrade of BBVA's short-term rating. Should BBVA's short-term rating fall below **P-1**, it will have to perform any of the following actions in the indicated order of priority within 30 business days:

1) Find a suitably rated guarantor or substitute.
2) Collateralise its payment obligations under the treasury account in an amount sufficient to maintain the then current rating of the notes.
3) Invest the outstanding amount of the treasury account in securities issued by a **P-1**-rated entity.

BBVA guarantees an annual yield of the amounts deposited in the treasury account, equal to the index reference rate of the notes, less 0.10%.

During the revolving period, any amount retained as principal due, which is not used on a payment date for the acquisition of loans, will be transferred to a special account held at BBVA (namely, the principal account). This account is subject to the same triggers and the same yield as the treasury account, and will be automatically cancelled on the payment date following the end of the revolving period.

Limitations on renegotiation of both the interest rate and the maturity of the loans

Any renegotiation of the terms and conditions of the loans is subject to the *gestora*'s approval. Exceptionally, the *gestora* may authorise BBVA to renegotiate the interest rate or maturity of the loans without requiring its approval. However, BBVA will not be able to (1) renegotiate the interest rate of any loan if the weighted average interest rate of the pool falls below 5.0% or (2) extend the maturity of any loan beyond 30 March 2014. Moreover, the renegotiation of the maturity of the loans is subject to various conditions, of which the following are the most significant:

1. The global initial amount of loans on which the maturity has been extended cannot be greater than 10% of the initial amount of the pool.
2. The frequency of payments cannot be decreased.
3. The repayment system cannot be modified.

Payment structure allocation

On each quarterly payment date, the Fondo's available funds (principal and interest received from the asset pool, the line of credit, amounts received under the swap agreement and interest earned on the transaction accounts) will be applied in the following simplified order of priority:

1) Cost and fees
2) Servicing fee
3) Any amount due under the swap agreement and swap termination payment, if the Fondo is the defaulting or the sole affected party
4) Interest payment to Series A
5) Interest payment to Series B (if not deferred)
6) Interest payment to Series C (if not deferred)
7) First amortisation fund
8) Interest payment to Series B notes (if deferred)
9) Second amortisation fund
10) Interest payment to Series C notes (if deferred)
11) Third amortisation fund
12) Reimbursement of any amounts drawn from the line of credit or replenishment of the reserve fund (if funded)
13) Interest on the line of credit
14) Termination payment under the swap agreement
15) Junior expenses

Interest Deferral Mechanism

The payment of interest on the Series B and C will be brought to a more junior position upon the occurrence of the following criteria:

Series B:	The difference between (1) the outstanding amount of series A and (2) the sum of (i) the outstanding amount of the principal account, (ii) the Fondo's available funds after the repayment of the first five items of the payment structure, and (iii) the outstanding amount of the non written-off loans, is greater than zero.
Series C:	The difference between (1) the outstanding amount of series A and B and (2) the sum of (i) the outstanding amount of the principal account, (ii) the Fondo's available funds after the repayment of the first six items of the payment structure, and (iii) the outstanding amount of the non-written-off loans, is greater than zero.

The principal due to the notes incorporates a 12-month "artificial write-off" mechanism

The transaction's structure benefits from an "artificial write-off" mechanism. This mechanism is implicit in the definition of the principal due under the notes, which is calculated as the difference between (1) the outstanding amount of the notes and (2) the outstanding amount of the non-written-off loans (the "written-off loans" being defined as those loans with any amount due but unpaid for more than 12 months (or earlier, if the management company considers that there are no reasonable expectations of recovery under each such loan)).

The "artificial write-off" speeds up the off-balance sheet of a non-performing loan; thus, the amount of notes collateralised by non-performing loans is minimised, and, consequently, the negative carry. However, the most important benefit for the transaction is that the amount of excess spread trapped in the structure is larger (the excess spread between the "artificial write-off" time and the "natural write-off" time would otherwise be lost). Therefore, the transaction makes better use of the excess spread, allowing for lower levels of other credit enhancement figures.

A principal deficiency will occur, on any payment date, if the issuer's available funds are not sufficient to reimburse the principal due under the notes, according to the cash flow rules stated above.

Retention of principal due

The principal due will be retained through three amortisation funds. This mechanism only makes sense when any of the interest deferral triggers is hit, and ensures that, once the Series A notes are sufficiently collateralised by loans less than 12 months in arrears, the deferred interest on Series B is repaid before a further amortisation of the notes. A similar rationale applies to the payment of deferred interest on Series C.

The amount captured under the three amortisation funds, together with the outstanding amount of the principal account, will constitute the "principal available funds".

Principal due allocation mechanism and revolving period

During the revolving period, the principal available funds will be used for the purchase of additional loans to BBVA. This period will last until the payment date of September 2006, or, if earlier, upon the breach on a payment date of any of the early amortisation triggers, mainly:

i. An insolvency, failure to pay or bankruptcy in respect of BBVA.
ii. The arrears level exceeds 2.5%.
iii. The outstanding amount of the non-written-off loans is less than:
    a) 90% of the outstanding amount of the notes after the purchase on the two previous payment dates.
    b) 80% of the outstanding amount of the notes after the purchase on the previous payment date.
iv. BBVA stops being the servicer of the loans.
v. There is a termination under the swap agreement and no replacement, guarantor or alternative solution can be found.
vi. There are amounts drawn from the line of credit or the cash reserve (if funded) is not funded at the required level.

Loans to be acquired during the revolving period will be purchased at par and will have to comply with the eligibility criteria (see "Collateral" section). At any point in time, the outstanding amount of loans cannot be greater than €1.0 billion

Following the termination of the revolving period, the principal available funds will be used for the amortisation of the notes on a fully sequential basis and by order of seniority.

COLLATERAL

Securitisation of a portfolio of loans granted to individuals for the purpose of acquiring a new car

The portfolio will consist of loans granted to individuals resident in Spain for the purpose of financing the acquisition of a new car, and will have been originated by BBVA in its normal course of business. The loans (both the initial and the additional loans) will have to comply with the following criteria:

- The amount granted under the loan contract is less than the car's purchase price.
- The loans have accrued at least two instalments.
- The loans will amortise through monthly instalments, paid by direct debit, and will bear a fixed interest rate.
- No loan incorporates any type of balloon payments or deferred payments of interest or principal.
- The outstanding amount of any loan is less than €60,000.
- No loan will mature later than March 2014.

The originator guarantees that, as of the transfer date, none of the loan agreements will have been breached. Additionally, on that date, there will be no amounts due and unpaid under any of the transferred loans.

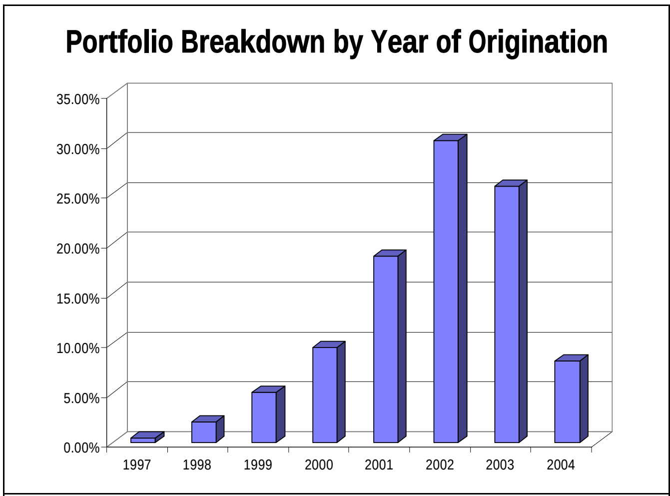
Initial portfolio

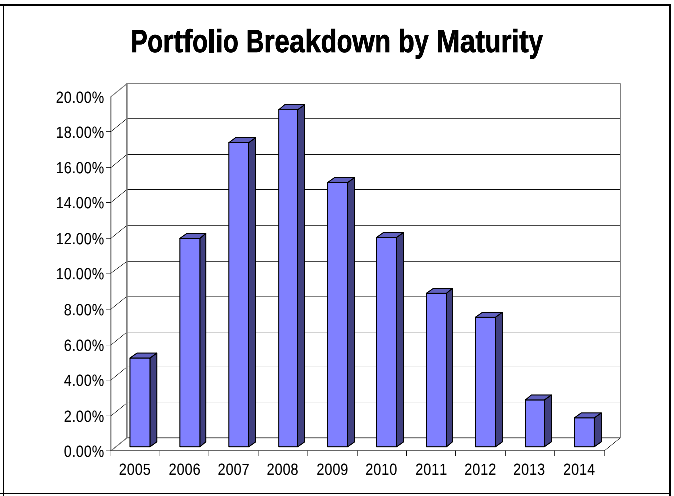
As of July 2004, the provisional pool comprises 162,758 loans and 161,470 borrowers, for a total amount of €1.349 billion. The loans were originated between 1997 and June 2004, with a weighted average seasoning of 2.31 years and a weighted average remaining life of 4.52 years. The loan of longest duration matures in March 2014. 100% of the loans hold a personal guarantee.

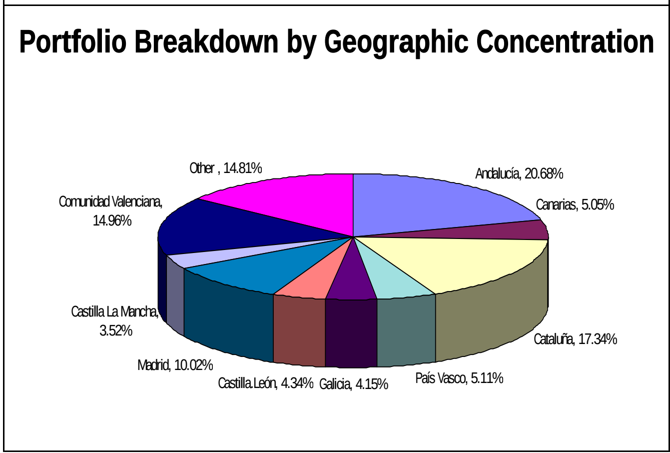
Global eligibility criteria for the additional portfolios

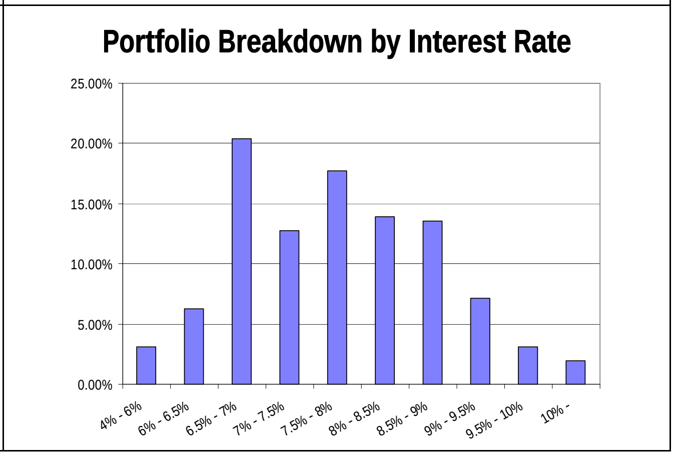
In addition to the individual criteria mentioned above, the combination of the existing loans and the new loans will have to comply with the following criteria after each purchase date:

- The weighted average interest rate is at least equal to 5%.
- The weighted average seasoning is at least of six months.
- The aggregate outstanding balance of the pool belonging to debtors within the same region is not over 30% of the outstanding balance.
- The aggregate outstanding balance of the pool belonging to debtors within the three most represented regions is not over 60% of the outstanding balance.









ORIGINATOR, SERVICER, PAYING AGENT AND MANAGEMENT COMPANY

BBVA, the second largest financial group in Spain, will act as originator and servicer of the asset pool

With total assets amounting €316 billion in June 2004, BBVA is the second-largest financial group in Spain. The group enjoys impressive market shares and a strong competitive position in Spain across all business segments, as well as in Latin America, where BBVA is also the second major financial group. In Moody's opinion, BBVA's leading positions across a wide range of products should continue to allow the group to sustain good recurring earning power for the foreseeable future, despite less favourable, although improving, economic conditions in Spain and the inherent volatility of earnings coming from Latin America.

Retail banking in Spain and Portugal remains BBVA's main contributor to profits, accounting for approximately 46% of net attributable income in June 2004. In Spain, where the bank's domestic retail banking accounts for the bulk of the Iberian business, BBVA has 3,361 branches and 30,784 employees. Mortgage lending is the main growth driver, although other business segments are also showing high growth rates, underpinned by the implementation of focused strategies on both the individual and SME segments.

The group's overall asset quality has been gradually improving on a quarterly basis, with non-performing loans accounting for 1.2% of total loans at end-June 2004, compared to 1.4% in the previous quarter. All main franchises showed a positive performance. Domestically, asset quality is performing better than anticipated, despite weaker economic conditions. A deterioration remains a possibility, especially if interest rates pick up, given that the bulk of the system's lending is at variable rates. At end-March 2004, the non-performing loan ratio for the retail banking business in Spain and Portugal was 0.75%.

Servicer

BBVA will act as servicer of the loans, and will transfer the proceeds of the loans to the treasury account on a weekly basis.

In the event of BBVA being declared bankrupt or failing to perform its obligations as servicer, either it or the management company will have to designate a new suitable institution as guarantor of BBVA's obligations under the servicing agreement, or even as a new servicer. Otherwise, the management company itself would step in as servicer of the loans.

Paying Agent

BBVA will act as paying agent of the Fondo. In the event of BBVA's short term rating falling below **P-1**, it will within 30 days have to be replaced in its role of paying agent by a suitably rated institution.

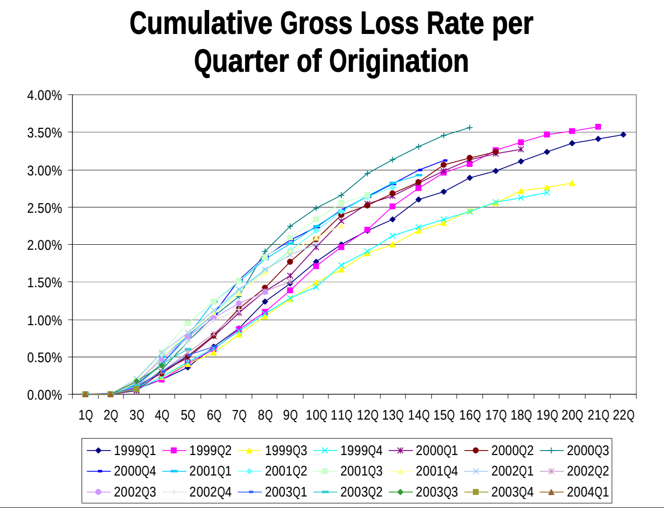
Management Company

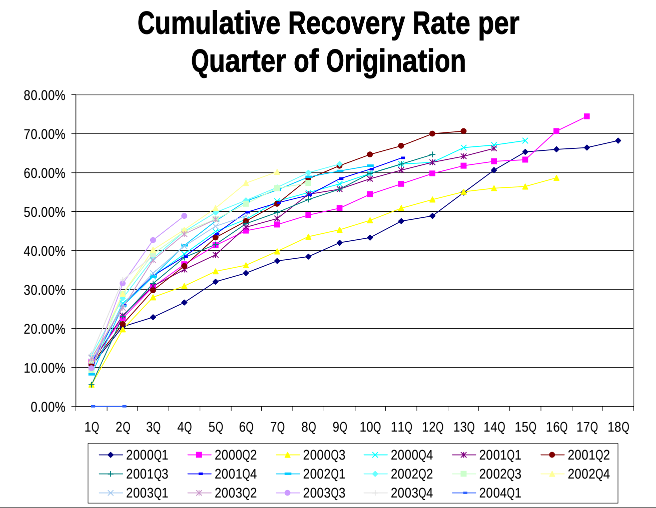
The management company (*gestora*), Europea de Titulización, is a company with substantial experience in the Spanish securitisation market. Its obligations within the structure are guaranteed by its shareholders, with respect to their proportion of the holding. BBVA accounts for 83% of the *gestora's* capital. The remainder is owned by 15 institutions, including JP Morgan (4%), Caja de Ahorros del Mediterráneo (1.54%), Bankinter (1.53%), Barclays Bank (1.53%) and Citibank España (1.53%).

MOODY'S ANALYSIS

Moody's used a lognormal approach based on mean default and recovery rates estimations

Moody's based its analysis on the historical performance of sample pools similar to the pool being securitised. The main parameters for the default rate (mean and standard deviation) were derived from historical data, and later adjusted for (1) the seasoning of the portfolio, (2) an expected less favourable macro-economic environment and (3) other qualitative aspects. It is important to note that a loan has been considered as 'defaulted' after 180 days past due. Assumptions for recoveries, delinquency and prepayments were also established.





Quantitative modelling

Moody's used an expected loss methodology that reflects the probability of default for each series of notes times the severity of the loss expected for each series of notes. For the purposes of this analysis, gross losses were assumed to be lognormally distributed, with a mean of 3.67% and a standard deviation of 0.92% for the initial pool, and a mean of 4.72% and a standard deviation of 1.18% for the additional pools. On the basis of this distribution, and to allocate losses to the notes in accordance with their priority of payment and relative size, Moody's built a cash flow model that reproduces all deal-specific characteristics. The sensitivity to a variation in the initial assumptions was also tested. Weighting each default scenario's severity result on the notes with its probability of occurrence, Moody's calculated the expected loss level for each series of notes which, combined with each series' expected average life, is consistent with the ratings assigned.

Structural analysis

Moody's considers how the cash flows generated by the collateral are allocated to the parties within the transaction, and the extent to which various structural features of the transaction may provide additional protection to investors, or themselves act as a source of risk. In addition, Moody's ensures that the transaction is not affected by the bankruptcy of the originator or the servicer of the portfolio.

Legal analysis

Moody's ensures that the legal documents correctly reflect the structure of the deal, as well as the assumptions made in its analysis.

RATING SENSITIVITIES AND MONITORING

The rating of the notes depends on portfolio performance and counterparty ratings

Europea de Titulización, S.G.F.T., S.A. will, in its capacity as management company, prepare quarterly monitoring reports on the portfolio and payments to the notes. These reports will detail the amounts received by the issuer during each collection period and will provide portfolio data.

Moody's will monitor this transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes to the rating will be publicly announced and disseminated through Moody's Client Service Desk. For updated monitoring information, please contact monitor.madrid@moodys.com.

RELATED RESEARCH

Visit Moodys.com for further details

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions, please refer to the following reports:

- SPECIAL REPORT: "The Lognormal Method Applied to ABS Analysis", July 2002
- SPECIAL REPORT: "Structural Features in the Spanish RMBS Market – Artificial Write-Off Mechanisms: Trapping the Spread", January 2004

SF48836isf