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CDO Cash Flow Balance Sheet Corporate CDO Pool Presale Report

BBVA-4 PYME, Fondo de Titulización de Activos

€1.25 Billion Mortgage-Backed Floating-Rate Notes

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Class	Prelim. rating*	Prelim. amount (Mil. €)	Available credit support (%)	Interest	Legal final maturity
A1**	AAA	300.0	7.55	Three-month EURIBOR plus a margin	Aug. 19, 2038
A2	AAA	879.3	7.55	Three-month EURIBOR plus a margin	Aug. 19, 2038
B	AA-	28.8	5.25	Three-month EURIBOR plus a margin	Aug. 19, 2038
C	BBB	41.9	1.90	Three-month EURIBOR plus a margin	Aug. 19, 2038

*The rating on each class of securities is preliminary as of Sept. 7, 2005, and subject to change at any time. Final credit ratings are expected to be assigned on the closing date subject to a satisfactory review of the transaction documents and legal opinion, and completion of a corporate overview. Standard & Poor's ratings address timely interest and ultimate principal on the notes.

**The class A1 notes will start to amortize on Feb. 19, 2007. Until that date, all amounts due to the redemption of the notes will be deposited in an amortization account.

Transaction Participants	
Originator	Banco Bilbao Vizcaya Argentaria, S.A.
Arrangers	Banco Bilbao Vizcaya Argentaria, S.A.; J.P. Morgan Securities Ltd. and Europea de Titulización, SGFT, S.A.
Trustee	Europea de Titulización SGFT, S.A.
Servicer	Banco Bilbao Vizcaya Argentaria, S.A.
Interest swap counterparty	Banco Bilbao Vizcaya Argentaria, S.A.
GIC and bank account provider	Banco Bilbao Vizcaya Argentaria, S.A.
Paying agent	Banco Bilbao Vizcaya Argentaria, S.A.
Underwriters	Banco Bilbao Vizcaya Argentaria, S.A.; J.P. Morgan Securities Ltd.; and Calyon, Spanish branch
Subordinated loan provider	Banco Bilbao Vizcaya Argentaria, S.A.

Supporting Ratings	
Institution/role	Ratings
Banco Bilbao Vizcaya Argentaria, S.A. as servicer, GIC and bank account provider, subordinated loan provider, and swap counterparty	AA-/Stable/A-1+

Transaction Key Features*	
Expected closing date	Sept. 22, 2005
CDO asset type	Loans
Structure type	Cash
Portfolio composition	Spanish SME loans
Purpose of transaction	Balance sheet
Rating approach	Actuarial
Portfolio management type	Static
Liability structure	Reserve fund fully funded at closing
Collateral description	Loans to SMEs
Weighted-average seasoning of assets (months)	17.5
Weighted-average remaining life of assets (months)	72.19
Principal outstanding (Mil. €)	1,531.96
Country of origination	Spain
Concentration (%)	Largest 10 obligors (3.50% of provisional pool); regional concentration (20.57% in Catalonia, 14.61% in Madrid, and 12.24% in Andalusia region); industrial concentration (18.82% in real estate and construction, 10.83% wholesale, and 8.13% in other private firm-based activities). The 10 major industries represent 64.84% of the pool.
Average current loan size balance (€)	223,286
Loan size range (€)	4,957 – 6,000,000
Weighted-average interest rate (%)	2.998
Arrears	There will be no loans with arrears at closing.
Redemption profile	Amortizing
Excess spread at closing** (%)	0.65
Subordinated loan (Mil. €)	23.75
*Pool data as of Aug. 23, 2005. **Available through the interest-swap contract.	

Transaction Summary

Preliminary credit ratings have been assigned to the €1.25 billion mortgage-backed floating-rate notes to be issued by BBVA-4 PYME, Fondo de Titulización de Activos (BBVA-4 PYME).

The originator is Banco Bilbao Vizcaya Argentaria, S.A. (BBVA), the second-largest Spanish banking group and the ninth in the Eurozone by market capitalization.

At closing, BBVA will sell to BBVA-4 PYME a €1.25 billion closed portfolio of secured and unsecured loans granted to Spanish SMEs.

To fund this purchase on behalf of BBVA-4 PYME, Europea de Titulización SGFT, S.A., the trustee, will issue four classes of floating-rate, quarterly paying notes.

Notable Features

BBVA-4 PYME is the fourth CLO completed by BBVA of its loans originated to SME corporate clients. This securitization comprises a mixed pool of underlying mortgage-backed and unsecured assets.

The ratings on the notes reflect the subordination of the respective classes of notes below them, the reserve fund, the presence of the interest-rate swap (which provides excess spread of 65 bps), comfort provided by various other contracts, the rating on BBVA (AA-/Stable/A-1+), and the downgrade language in all its roles, including that of servicer.

Strengths, Concerns, And Mitigating Factors

Strengths

- Credit enhancement adequately covers the various stresses applied to the transaction. Credit enhancement is provided by subordination, the available excess spread, the servicer's rating, and the subordinated loan, which will fully fund the reserve fund on the closing date.
- BBVA is an experienced originator and servicer, with three CLO transactions, three RMBS transactions, an auto loan transaction, and a municipalities transaction to date.
- Nearly 27.26% of the pool are mortgage loans, all of which are first-lien mortgages.
- A swap agreement hedges the interest-rate risk, leaves a spread of 65 bps in the transaction, pays for the servicer fees, and covers the negative carry created during the lockout period before the amortization of the notes starts.
- Principal amortization of the notes will be accelerated if there are loans more than 12 months past due, using trapped excess spread and by the amount equivalent to the outstanding balance of those overdue loans.

Concerns

- There is limited concentration risk because 47.42% of the outstanding balance of the pool is in three regions: Catalonia (20.57%), Madrid (14.61%), and Andalusia (12.24%).
- The originator sweeps collections no later than seven days from collection to the issuer's account, generating commingling risk.
- Negative carry may be generated because there will be no principal payment on the bonds until Feb. 19, 2007, and assets will amortize during that period.

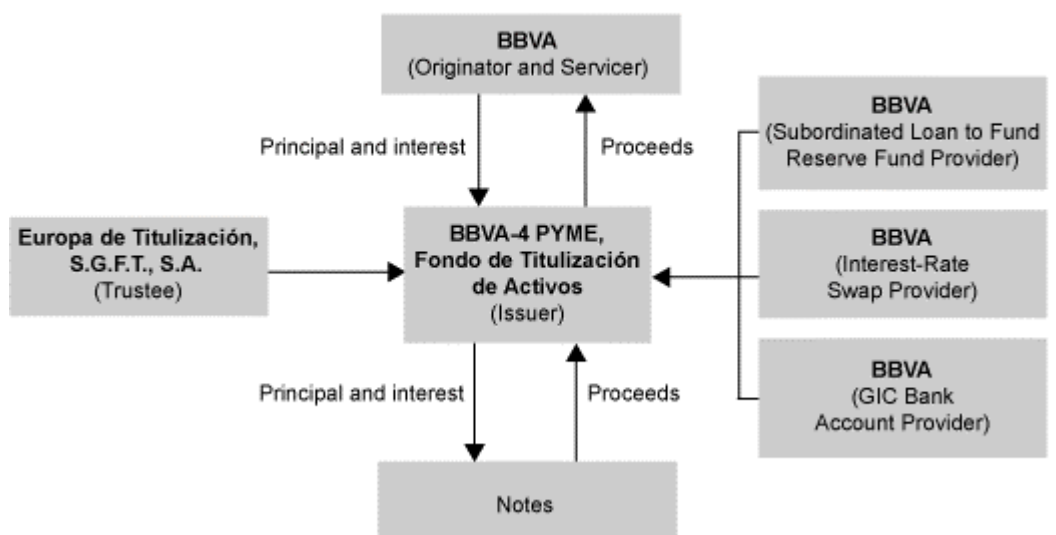
Mitigating factors

- Geographical concentrations in the major economic regions of Catalonia, Madrid, and Andalusia have been taken into account in the credit analysis.
- As long as BBVA is rated 'A-1+', the weekly sweep frequency of collections has no impact on commingling risk. If it were to be downgraded below 'A-2', BBVA would accelerate to daily sweeps to the issuer's account. This partially mitigates commingling risk. Moreover, the fund manager will take action should the rating on the servicer be deemed to affect the rating on the notes. In this case, BBVA will seek within 30 days to obtain a guarantee from an 'A-1+' rated bank or fund a commingling reserve. Standard & Poor's sized the funding required as the equivalent of one month's collection with a prepayment rate at least equal to the twelve-month moving average historical rate.
- The swap agreement will cover the potential negative carry generated. There is adequate downgrade language for the bank account provider where funds will be held.

Transaction Structure

At closing, BBVA will sell to BBVA-4 PYME a closed portfolio of loans that have been granted to Spanish SMEs. BBVA-4 PYME will fund this purchase by issuing four classes of notes through the trustee, Europea de Titulización SGFT (see chart 1).

Chart 1
BBVA-4 PYME, Fondo de Titulización de Activos Structure



The issuer is not a separate entity at law, but holds a distinct and closed pool of assets available for distribution to the noteholders. The assets are insulated from the insolvency of the originator and trustee.

The principal and interest on the notes will be paid in arrears quarterly, commencing Nov. 19, 2005 for the interest amounts, and Feb. 19, 2007 for the principal amounts.

The transaction features some structural enhancements provided by the swap agreement, amortization of the notes, the reserve fund, and the servicing provided by BBVA.

There is a lockout period from the closing date until Feb. 19, 2007, when the class A1 notes will start amortizing.

The class A2 notes will amortize sequentially to the class A1 notes unless a breach of trigger occurs (see "*Redemption of the notes*"). Any negative carry created during the lockout period will be funded through the swap payments.

As in other Spanish transactions, interest and principal from the underlying assets are combined into a single priority of payments. A cumulative default ratio test protects

senior noteholders by subordinating the payment of junior interest further down the priority of payments.

Transaction Participants

BBVA-4 PYME, Fondo de Titulización de Activos (issuer)

The issuer, BBVA-4 PYME, is a "*fondo de titulización de activos*" created for the sole purpose of purchasing the unsecured loans and the mortgage participations from BBVA, issuing the notes, and carrying on related activities. The assets are insulated from the insolvency of the originator and the trustee.

Europea de Titulización Sociedad Gestora de Fondos de Titulización S.A. (trustee or gestora)

The creation of the "*sociedad gestora*" (trustee) was authorized by the Ministry of Economy and Treasury on Jan. 19, 1993. Under the legislation for securitizations in Spain, the day-to-day operations of the issuer will be managed by the trustee, which represents and defends the interests of the noteholders.

The trustee, on behalf of the issuer, will enter into certain contracts (such as GICs, a swap agreement, and subordinated credit facilities and loans). These contracts are needed to protect it against certain credit losses and liquidity shortfalls that are assumed to arise in connection with the holding of the mortgage participations and the unsecured loans.

In this transaction, the main responsibilities of the trustee are to create the issuer, issue the notes on behalf of the issuer, calculate the interest rate on the notes, notify noteholders of any relevant information applicable to the notes and mortgage participations, and organize the annual audit.

Banco Bilbao Vizcaya Argentaria, S.A. (originator and servicer)

BBVA is the second-largest financial institution in Spain (69% of its business takes place in Spain). The bank has market shares between 13% and 20% in all business segments of Spanish financial services. Its nationwide network of 3,665 branches services 21% of the Spanish bankable population and 35% of SMEs. BBVA's second most important market is Mexico, where its 99.7%-owned subsidiary BBVA Bancomer S.A. (foreign currency BBB/Stable/A-3; local currency BBB+/Stable/A-2) enjoys a pre-eminent position, with market shares of between 22% and 29% in banking, insurance, and pension fund businesses. BBVA Bancomer has around 10 million clients, serviced through 1,653 branches.

BBVA is well diversified in terms of business mix in all countries where it operates. It operates in a wide array of retail, wholesale, and investment banking businesses. They include not only traditional banking activities, but also asset management, insurance, private banking, consumer banking, and investments in equity holdings, among others. The bank's major strength is its large client base of individuals and corporates. These customers are offered a wide range of financial services products through extensive branch networks in Spain and most Latin American markets.

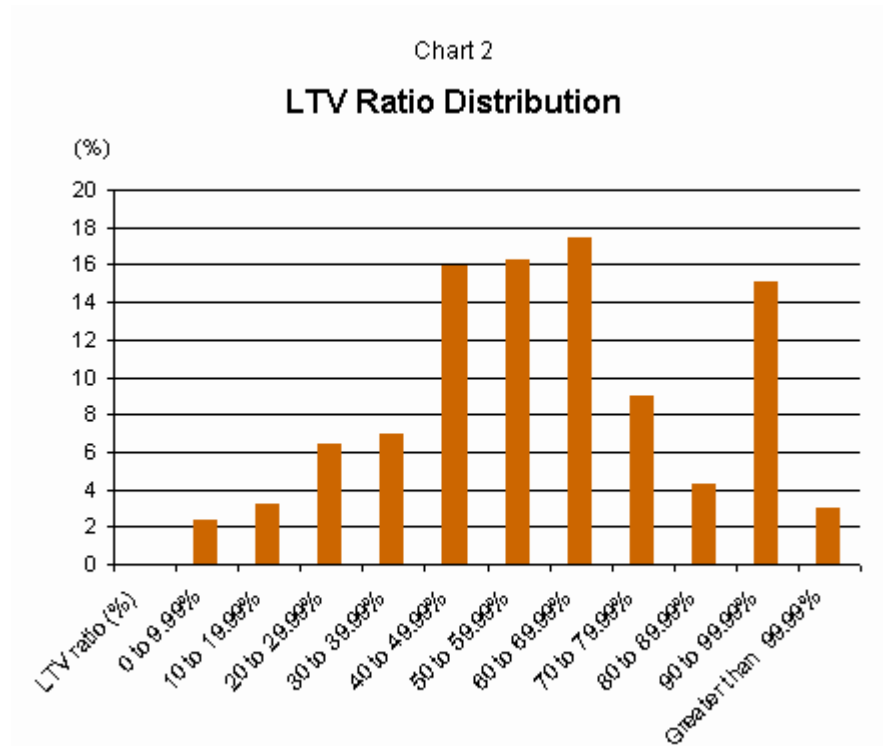
Collateral Description

As of Aug. 23, 2005, the provisional pool consisted of 6,861 secured and unsecured loans. Total borrowers amounted to 5,542. The pool was originated between 1997 and 2005. The weighted-average seasoning is 17.5 months.

Of the outstanding amount of the pool, 27.26% is secured by first-lien mortgages over properties and commercial premises situated in Spain.

The pool is granular and has no concentration at the obligor level. The largest obligor represents 0.39% of the provisional pool and the largest 10 obligors represent 3.50%.

The weighted-average LTV ratio of the secured pool that amounts to €17.3 million is 60% (see chart 2).

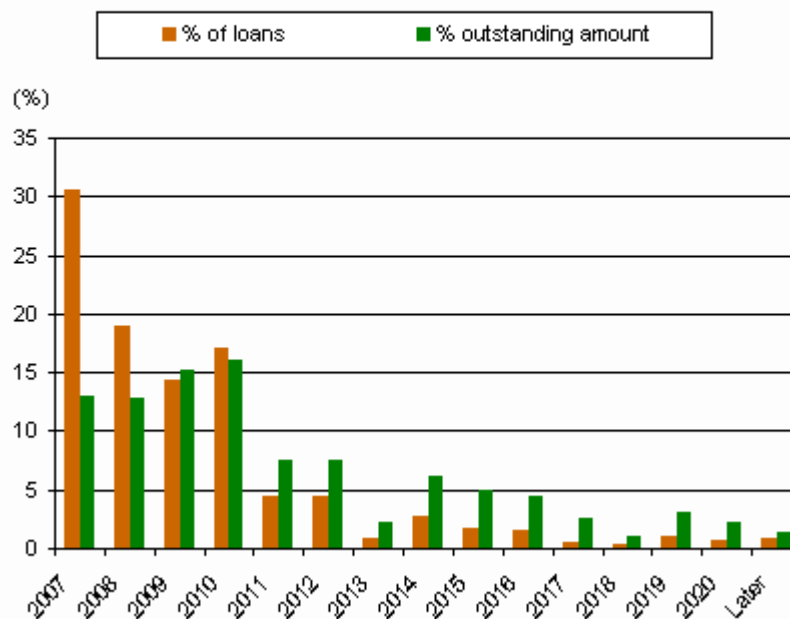


Of the pool, 50.11% is more than 12 months seasoned (see table 1).

	Percentage of loans	Percentage of pool balance
1997	0.22	0.39
1998	0.06	0.16
1999	0.23	0.26
2000	0.86	1.12
2001	1.60	3.14
2002	8.60	8.01
2003	13.04	18.25
2004	43.52	41.42
2005	31.86	27.25

The weighted-average remaining life of the pool is 72.19 months, with 56.89% of the pool maturing within five years (see chart 3).

Chart 3
Distribution Of The Pool By Year Of Maturity



The five largest regions cover 70.65% of the outstanding balance of the pool (see table 2).

Region	Percentage of the loans	Percentage of the pool balance
Catalonia	18.89	20.57
Madrid	12.68	14.61
Andalusia	13.96	12.24
Valencia	14.69	12.10
Basque Country	8.79	11.13
Castilla y León	4.91	4.74
Canary Islands	5.12	4.57
Galicia	3.57	3.26
Aragon	2.65	2.96
Castilla La Mancha	3.41	2.79
Other	11.32	11.03

At closing, the pool will have no loans with arrears. As of Aug. 23, 2005, the outstanding amount of loans in arrears amounted to 0.07% of the provisional pool.

The largest industry concentration is in building and development activities, which, combined, represent 18.82% of the pool. The second-highest concentration is wholesale (10.83%), followed by other private firm-based activities (6.26%). The 10 major industries represent 64.84% of the pool.

Of the pool, 91.20% is indexed to floating rates (see table 3), with nearly 90.13% of the total outstanding amount of the pool referenced to EURIBOR and MIBOR (Madrid interbank offered rate). The assets have a weighted-average interest rate of 2.998% and the weighted-average margin of the floating pool is 72 bps over the various indices. The interest rates range from 2.00% to 11.07%.

Index rate	Percentage of the loans	Percentage of the pool balance
EURIBOR/MIBOR 6 months	50.87	41.16
EURIBOR/MIBOR 3 months	23.06	29.52
EURIBOR/MIBOR 1 year	9.95	13.24
IRPH* banks	0.55	0.93
IRPH all entities	0.31	0.14
Other	15.26	15.01

*IRPH-Indice de Referencia de los Prestamos Hipotecarios or the average rate of Spanish lending institutions calculated by the Bank of Spain.

Collateral Risk Assessment

Standard & Poor's conducted an actuarial analysis on historical data provided by the originator to assess the credit risk of the pool, following the methodology explained in "Securitizing Spanish-Originated Loans to Small and Midsize Enterprises" (see "Related Articles").

With the historical data provided by the originator, Standard & Poor's is able to determine a foreclosure probability and a loss rate at each rating level.

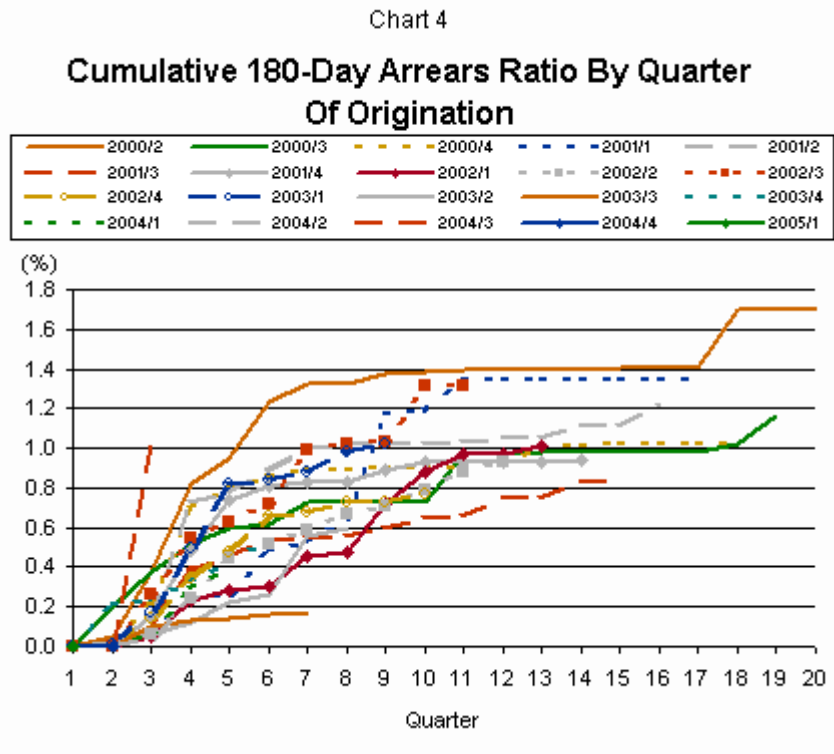
The product of these two variables gives an estimate of the required loss protection during the life of the collateral in the absence of additional mitigating factors. The higher the targeted rating, the higher the required enhancement level.

For Spanish CDOs of SMEs, the actuarial analysis is conducted on historical data from 90 days past due. For this transaction, however, as was done in BBVA-3 FTPYME, Standard & Poor's has used historical cumulative data from 180 days. This is due to the fact that the originator will start an active recovery process from 90 days. Until then, it will closely monitor the arrears and will treat them as delinquency.

This has an impact on the recoveries, as recoveries from 180 days arrears will be lower than in the case of 90 days past due loans.

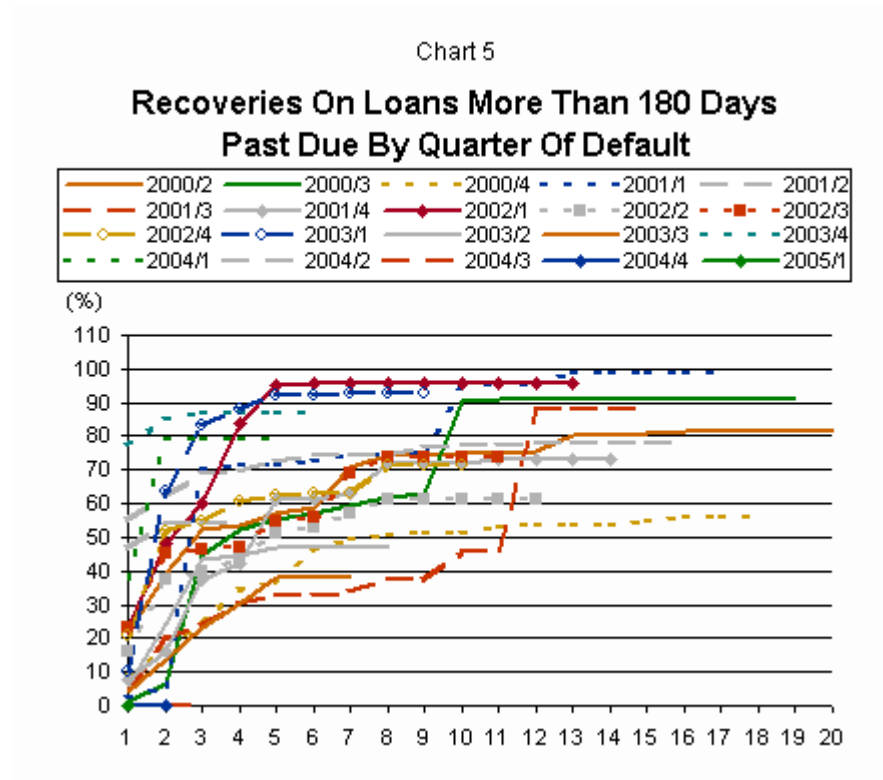
Standard & Poor's has factored this into its analysis by including an additional delinquency curve, which would capture and stress the delinquencies between 90 days and 180 days over the life of the transaction.

Chart 4 shows historical levels of loans becoming delinquent after arrears amount to 180 days (by quarter of origination).



Standard & Poor's has given credit to the seasoning of the pool as the loans in the transaction stem from the same origination vintages. This results in lower default rates as part of the curve is not to be covered.

Chart 5 shows historical levels of recoveries, from the default (described as 180-day arrears) quarter.



Credit Structure

Cash collection arrangements

BBVA, as servicer, collects the amounts due under the loans and transfers them no later than the second business day after the seventh calendar day. Its collections to the treasury account are held on behalf of the issuer with BBVA. The pace of sweep may be accelerated if BBVA's creditworthiness decreases and would be swept daily should its rating be downgraded below 'A-2'. This partially mitigates the potential risk of funds being commingled within the originator's accounts.

The fund manager will grant further protection to the issuer by taking action should the rating on the servicer be deemed to affect the rating on the notes.

In that case, the fund manager will, within 30 days ask BBVA to:

- Obtain a guarantee from an 'A-1+' rated bank; or
- Fund a commingling reserve.

Standard & Poor's sized the funding required as the equivalent of one month's collection with a prepayment rate at least equal to the twelve-month moving-average of the historical rate.

Cash collection accounts

At closing, the trustee will open two bank accounts with BBVA on behalf of the issuer:

- The treasury account, which will hold the reserve fund, all the collections made during the three months before a note payment date, and any other amounts in connection with the mortgage loans and unsecured loans; and
- The amortization account, which will aggregate the funds available for the amortization of the class A1 notes. Amounts will be transferred to this account and held in the name of the issuer at BBVA, on every note payment date until Feb. 19, 2007.

Amortization of the notes will start on Feb. 19, 2007. The amortization account will then be cancelled and funds will accumulate directly in the treasury account.

Both the treasury and amortization accounts have a guaranteed contractual interest rate of three-month EURIBOR minus 10 bps per year.

Downgrade language to treasury account (GIC account)

If the rating on BBVA is lowered to 'A-1' and the amounts held in the issuer's accounts with BBVA exceed 20% of the outstanding amount of the notes, the trustee will notify Standard & Poor's. Subject to confirmation by Standard & Poor's, the trustee will seek a first-demand guarantee from an 'A-1+' rated entity on the excess of funds or open a new bank account (the excess funds account) with an 'A-1+' rated entity, where this excess will be deposited.

Should the treasury account or the amortization account provider (BBVA) be downgraded below 'A-1', the trustee will, within 30 days, take the relevant action, subject to ratings confirmation by Standard & Poor's. The main alternatives are:

- To obtain a guarantee from another entity rated at least 'A-1'; or
- To transfer the account to an 'A-1' rated institution.

If BBVA is subsequently upgraded to 'A-1', the treasury account may be transferred back to BBVA.

Interest swap agreement

On behalf of BBVA-4 PYME, the trustee will enter into a swap agreement with BBVA. This swap will provide protection against adverse interest-rate resetting and movements.

The issuer will pay the swap counterparty the total of interest actually received from the loans.

The issuer will receive from the swap counterparty an amount equivalent to the weighted-average coupon of the notes plus 65 bps per year on the outstanding balance of the performing loans (up to three months in arrears) and the servicing fee amount.

During the lockout period, the issuer will also receive the weighted-average margin on the class A1 notes plus 10 bps per year on the daily average amount held of the amortization account and the excess fund account, if needed.

If the swap counterparty is downgraded below 'A-1', the counterparty has 30 days to either find a substitute with a short-term rating of at least 'A-1', find a guarantor with a short-term rating of at least 'A-1', or post collateral complying with Standard & Poor's requirements.

If the rating on the swap counterparty is lowered below 'BBB-', it must be substituted by a new counterparty rated at least 'A-1'.

Subordinated loan and creation of the reserve fund

The originator will provide a subordinated loan of €23.75 million, which will fund the reserve fund.

The reserve fund will be able to amortize from the beginning of the transaction. Its minimum required levels will be established at the maximum amount of:

- 3.80% of the outstanding balance of the notes; or
- €1.875 million (which represents 50% of the original value of the reserve at the closing date).

It will not amortize if, on a previous payment date, it was not at its required minimum level, or if the arrears ratio (three months past due) is greater than 1%. The reserve fund will be used to pay interest and principal of the notes if insufficient funds are available.

Redemption of the notes

Unless early redemption occurs, the notes will be redeemed at their legal final maturity 42 months after the maturity of the longest-term loan in the pool.

The amount of principal to be amortized at each payment date will be the difference between (i) the outstanding balance of the notes, and (ii) the amounts held in the issuer's account to amortize the notes during the lockout period and the outstanding balance of the non-defaulted loans.

Principal payments to the class A1 noteholders will start on Feb. 19, 2007. During the lockout period, the amounts payable to the class A1 noteholders will be deposited in the amortization account. In any event, any amounts to amortize the class A1 notes held in this account will be paid to noteholders in February 2007.

The class A1 and A2 notes will pay sequentially unless the arrears ratio is greater than 1.5% on the payment date. If this condition is satisfied, the class A1 and A2 notes would be amortized pro rata.

The class B and C notes will pay pro rata only if several conditions are met, including that their respective proportions have doubled compared with that at closing, the reserve fund is at its required level, and the asset balance is not less than 10% of that at issuance.

Priority Of Payments

On each quarterly interest payment date, the issuer will pay in arrears the interest due to the noteholders. To make the payments, the issuer's available funds include the proceeds of the interest swap, the reserve fund, and, if necessary, principal received under the loans and any other proceeds received in connection with the loans.

All interest and principal received can be mixed to pay principal and interest due under the notes. A trigger ensures that in a stressful economic environment, the more senior notes are amortized before interest on the subordinated classes of notes is paid.

Interest on the class B and C notes is subject to a deferral on a given payment date to a lower position in the priority of payments in the following situations.

Class B notes

If the cumulative ratio of defaulted loans (outstanding balance of the loans when qualified as defaulted divided by the balance of the pool at closing) is greater than 9.85%, interest on the class B notes will pay in a lower position in the priority of payments, until the class A1 and A2 notes redeem.

Class C notes

If the cumulative ratio of defaulted loans (outstanding balance of the loans when qualified as defaulted divided by the balance of the pool at closing) is greater than 7.35%, interest on the class C notes will pay in a lower position in the priority of payments, until the class A1, A2, and B notes redeem.

Standard & Poor's Stress Test

Standard & Poor's analysis included a conservative assessment of the credit risk inherent in the transaction, as described in "*Collateral Risk Assessment*".

The credit enhancement levels were sized after analyzing the effect that severe stress scenarios would have on the loan collateral. As a result of this analysis, Standard & Poor's estimated the largest amount of potential losses that could occur as a result of these stress scenarios and set the amount of loss protection required on the notes.

A cash flow model simulating the portfolio's performance within the transaction's documented structure was run under certain rating scenarios to stress liquidity and the level of excess spread in the transaction. Prepayment levels, fees and expenses paid by the issuer, the default pattern, and interest rates were the most important parameters stressed in all the runs.

Surveillance Details

Continual surveillance will be maintained on the transaction until the notes mature or are otherwise retired. To do this, regular servicer reports detailing the performance of the underlying collateral will be analyzed, pool cuts will be received on a quarterly basis, supporting ratings will be monitored, and regular contact will be made with the servicer to ensure that minimum servicing standards are being sustained and that any material changes in the servicer's operations are communicated and assessed.

Criteria Referenced

- "*Global Interest Rate and Currency Swaps: Calculating the Collateral Required Amount*" (published on Feb. 26, 2004).
- "*Standard & Poor's Global Interest Rate and Swap Counterparty Rating Criteria Expanded*" (published on Dec. 17, 2003).
- "*Global Cash Flow and Synthetic Criteria*" (published on March 21, 2002).
- "*Global CBO/CLO Criteria*" (published on June 1, 1999).
- "*Standard & Poor's Rating Methodology for CLOs Backed by European Small- and Midsize-Enterprise Loans*" (published on Jan. 30, 2003).

Related Articles

- "*CDO Spotlight: Credit Risk Tracker Strengthens Rating Analysis of CLOs of European SME Loans*" (published June 10, 2004).
- "*Securitizing Spanish-Originated Loans to Small and Midsize Enterprises*" (published on April 7, 2003).
- "*Stellar Growth in Spanish Securitization to Help it Maintain Europe's Number Two Slot*" (published on June 2, 2004).

All criteria and related articles are available on RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. The criteria can also be found on Standard & Poor's Web site at www.standardandpoors.com.

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