BBVA Autos 2, Fondo de Titulización de Activos

ABS / Spain

*This pre-sale report addresses the structure and characteristics of the proposed transaction based on the information provided to Moody's as of [November 2005]. Investors should be aware that certain issues concerning this transaction have yet to be finalised. Upon conclusive review of all documents and legal information as well as any subsequent changes in information, Moody's will endeavour to assign definitive ratings to this transaction. The **definitive** ratings may differ from the **provisional** ratings set forth in this report. Moody's will disseminate the assignment of definitive ratings through its Client Service Desk. This report does not constitute an offer to sell or a solicitation of an offer to buy any securities, and it may not be used or circulated in connection with any such offer or solicitation.*

Estimated Closing Date

[15 December 2005]

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PROVISIONAL (P) RATINGS

Series	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon
A	(P)**Aaa**	€949.5	94.95	Nov. 19	3mE + [•]%
B	(P)**Aa3**	€20.5	2.05	Nov. 19	3mE + [•]%
C	(P)**A3**	€30.0	3.00	Nov. 19	3mE + [•]%
Total		€1,000.0	100.00		

The ratings address the expected loss posed to investors by the legal final maturity. In Moody's opinion, 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 guaranteeing an excess spread of 3.0% and covering the servicing fee
- Excess spread-trapping mechanism through a 12-month "artificial write-off"
- Granular pool
- Well-diversified pool in terms of geography

Weaknesses and Mitigants

- Limited historical recovery information.
- Up to 10% of the issuance (or 20% on a specific payment date) can be deposited in cash if, during the revolving period, BBVA does not provide a sufficient amount of loans. Such amount would not be covered by the swap, thereby creating a negative carry. This is mitigated by the fact that this amount (1) is not subject to credit risk; and (2) 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.
- The deferral of interest payments on each of Series B and C benefits the repayment of the series senior to each of them, but increases the expected loss on Series B and C themselves. The reserve fund and the subordination have been sized accordingly to account for this deterioration on the expected loss.

STRUCTURE SUMMARY ***(see page 3 for more details)***

Issuer:	BBVA Autos 2, Fondo de Titulización de Activos
Structure Type:	Senior/Mezzanine/Subordinated floating-rate notes
Seller/Originator:	Banco Bilbao Vizcaya Argentaria, S.A. (BBVA, **Aa2**/**P-1**)
Servicer:	BBVA
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	20 February, 20 May, 20 August, 20 November First payment date: 20 February 2006
Credit Enhancement/Reserves:	3.0% excess spread 1.57% reserve fund Subordination of the notes Guaranteed Investment Contract (GIC) account
Hedging:	Interest rate swap
Interest Rate Swap Counterparty:	BBVA
Paying Agent:	BBVA
Note Trustee (Management Company):	Europea de Titulización, S.G.F.T., S.A. (Europea de Titulización)
Arranger:	BBVA Europea de Titulización J.P. Morgan Securities Ltd. (JP Morgan)
Lead Managers:	BBVA Dresdner Bank AG London Branch JP Morgan

COLLATERAL SUMMARY (AS OF 11 OCTOBER 2005) ***(see page 6 for more details)***

Receivables:	Loans granted to individuals resident in Spain to finance the acquisition of a new car
Total amount:	€1,538,130,345
Number of Contracts:	133,753
Number of Borrowers:	132,306
Geographic Diversity:	Andalusia (22%), Catalonia (17%), Valencia (12%)
WA Remaining Term:	6 years
WA Seasoning:	1.3 years
Interest Basis:	100% fixed
WA Interest Rate:	6.7%
Delinquency Status:	No loans more than 30 days in arrears at the time of securitisation
Historical Loss Experience:	Default, recovery and prepayments information provided

NOTES

Series	Subordination	Reserve Fund	Total
A	5.05%	1.57%	6.62%
B	3.00%	1.57%	4.57%
C	0.00%	1.57%	1.57%

TRANSACTION SUMMARY

Cash securitisation of auto loans granted to individuals resident in Spain

BBVA Autos 2, FTA (the "*Fondo*") is a securitisation fund created with the aim of purchasing a pool of loans granted by BBVA to individuals resident in Spain for the purpose of acquiring a new car.

The *Fondo* will issue three series of notes to finance the purchase of the loans (at par):

– A subordinated Series C, rated (P)**A3**

– A mezzanine Series B, rated (P)**Aa3**

– A senior Series A, rated (P)**Aaa**

Each series of notes is supported by the series subordinated to itself, a cash reserve and the excess spread guaranteed under the swap agreement. The swap agreement will also hedge the *Fondo* against (i) the risk derived from having a fixed interest rate on the assets side while having a floating rate on the liabilities side, and (ii) any renegotiation of the loans' interest rate.

In addition, the *Fondo* will benefit from a €[1.5] million subordinated loan provided by BBVA to fund the up-front expenses and the costs of issuing the notes.

The provisional pool consists of 133,753 loans and 132,306 borrowers. Given the nationwide presence of BBVA, the pool is well diversified in terms of geography. All the loans hold a personal guarantee. During the maximum two-year revolving period, eligibility criteria and early amortisation triggers have been put in place to ensure that (1) additional pools have similar features to the initial pool; and (2) the purchase of additional receivables ends as the performance of the transaction deteriorates.

Moody's based the provisional ratings primarily on: (i) an evaluation of the underlying portfolio of loans; (ii) strict eligibility criteria to be complied with by any receivable to be included in the securitised pool; (iii) the early amortisation triggers put in place to stop the purchase of additional loans; (iv) historical performance information; (v) the swap agreement hedging the interest rate risk; (vi) the credit enhancement provided through the GIC accounts, the excess spread, the cash reserve and the subordination of the notes; and (vii) the legal and structural integrity of the transaction.

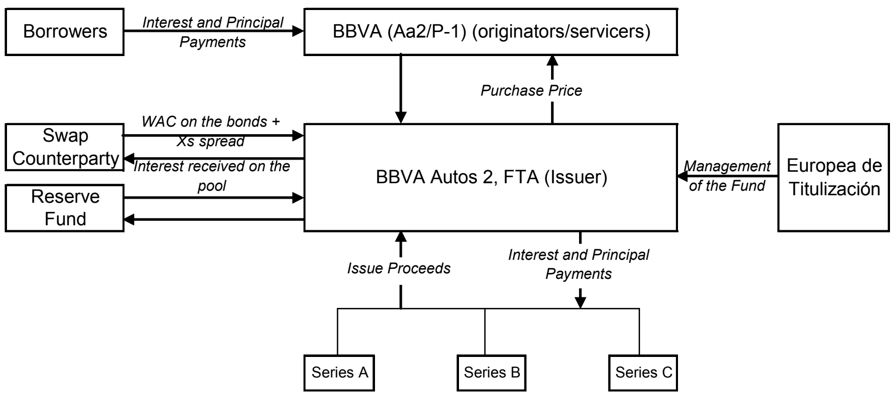
Moody's ratings address the expected loss posed to investors by the legal final maturity. In Moody's opinion, the structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date in November 2019.

The ratings do not address full redemption of the notes on the expected maturity date.

STRUCTURAL AND LEGAL ASPECTS

Deal structure incorporating the following key features: an eight-quarters revolving period, swap agreement guaranteeing 3% of annual excess spread, deferral of interest based on the amount of written-off loans and sequential amortisation of the notes

Chart 1:
Structure Chart



Interest rate swap hedging the interest rate risk and guaranteeing 300 bppa of excess spread

To hedge the *Fondo* against the risk derived from having a fixed interest rate on the assets side while having a floating rate on the liabilities side, it will enter into a swap agreement with BBVA.

According to the swap agreement, on each payment date:

– The Fondo will pay the interest 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.

This swap structure additionally hedges the *Fondo* against any potential renegotiation of the loans' interest rate, and covers the gap between the interest payments received from the pool and the amount of interest due to the notes on the first payment date.

In the event of BBVA's long-term rating being downgraded below **A1**, it will within 30 days have 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 this condition will constitute an event of default under the swap agreement.

Reserve fund to help the Fondo meet its payment obligations

Funded up-front through a subordinated loan provided by BBVA, the reserve fund will be used to cover any potential shortfall on items (1) to (8) of the order of priority (detailed below) on an ongoing basis.

At any point in time during the life of the transaction, the amount requested under the reserve fund will be the lesser of the following amounts:

– 1.57% of the initial balance of the notes
– The higher of:
    - 3.14% of the outstanding balance of the notes
    - 0.785% of the initial balance of the notes

However, the amount requested under the reserve fund will not be reduced:

– During the first three years following the closing date
– On any payment date on which either of the following scenarios occur:
    - The arrears level (defined as the percentage of non-written-off loans that are more than 90 days in arrears) exceeds 1%.
    - The reserve fund is not funded at its required level on the previous payment date.

The GIC provides an annual interest rate equal to the index reference rate of the notes less 0.10%

The treasury account will be held at BBVA. The proceeds from the loans, amounts received under the swap agreement and the reserve fund 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 this rating fall below **P-1**, it will within 30 days have to perform one of the following actions in the indicated order of priority:

– Find a suitably rated guarantor or substitute.
– Collateralise its payment obligations under the treasury account in an amount sufficient to maintain the then current rating of the notes.
– 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 the renegotiation of the loan

The management company authorises BBVA as servicer to renegotiate the interest rate or the maturity of any loan without requiring its approval (although this authorisation can be revoked at any point in time during the life of the transaction). However, BBVA will not be able (1) to renegotiate the interest rate of any loan if the weighted average interest rate of the pool falls below 5%, or (2) to extend the maturity of any loan beyond September 2017. Moreover, the renegotiation of the maturity of the loans is subject to various conditions, of which the following are the most significant:

– The total initial amount of loans on which the maturity has been extended cannot be greater than 10% of the initial amount of the sub-pool.

– The frequency of payments cannot be decreased.

– The amortisation system cannot be modified.

Payment structure allocation

At the closing date, the proceeds from the notes will be used to purchase the loans that will form part of the asset pool. The starting expenses and the notes issuance costs will be financed through a subordinated loan granted by BBVA.

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

1) Costs and fees
2) Any amount due under the swap agreement and swap termination payment if the *Fondo* is the defaulting or the affected party
3) Interest payment to Series A
4) Interest payment to Series B (if not deferred)
5) Interest payment to Series C (if not deferred)
6) Retention of an amount equal to the principal due under the notes
7) Interest payment to Series B (if deferred)
8) Interest payment to Series C (if deferred)
9) Replenishment of the reserve fund
10) Termination payment under the swap agreement (except in the cases contemplated in 2) above)
11) Junior payments

In the event of liquidation of the *Fondo*, the payment structure is modified with the sole aim of ensuring that any amount due to a series is repaid before any payment to a subordinated series is made.

Interest deferral mechanism based on the amount of written-off loans

The payment of interest on Series B and C will be brought to a more junior position if, on any payment date, and for each of these series, the following conditions are met:

– The accumulated amount of written-off loans since closing is higher than 12.5% and 10% of the initial amount of the pool for Series B and C respectively.

– The senior series to it are not fully redeemed.

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 (the difference between these two amounts being the principal deficiency).

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 November 2007, 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 2.2%.
iii. The accumulated amount of written-off loans since closing exceeds 3%
iv. 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.
v. BBVA ceases to be the servicer of the loans.
vi. There is a termination under the swap agreement and no replacement, guarantor or alternative solution is found within 15 days.
vii. The cash reserve 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

Well diversified portfolio of loans across Spain granted to individuals to finance the acquisition of 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 (excluding industrial or commercial vehicles), 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.
– Debtors are not BBVA employees
– The loans have paid at least one instalment.
– 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 September 2017.

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 more than 30 days past due under any of the transferred loans.

Initial portfolio

As of October 2004, the provisional pool comprises 133,753 loans and 132,306 borrowers, for a total amount of €1.538 billion. The loans were originated between 1998 and August 2005, with a weighted average seasoning of 1.3 years and a weighted average remaining life of 6 years. The loan of longest duration matures in September 2015. All the loans bear a fixed interest rate (with a weighted average interest rate of 6.7%) and hold a personal guarantee.

In terms of debtor concentration, the pool is very granular: the highest debtor represents less than 0.01% of the issuance amount.

Chart 2:
Portfolio Breakdown
by Year of Origination

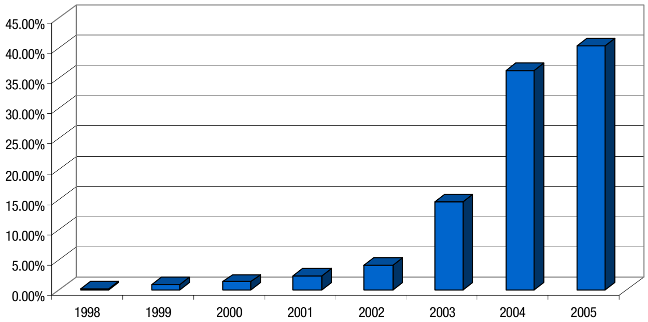


Chart 3:
Portfolio Breakdown
by Year of Maturity

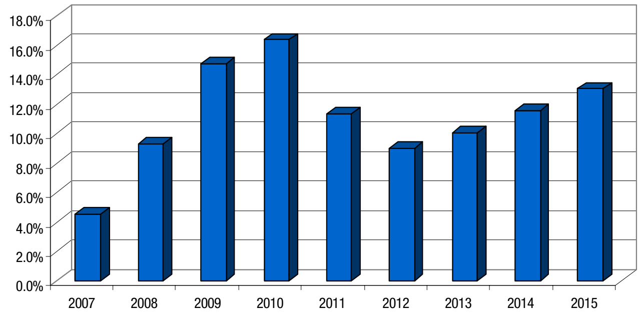


Chart 4:
Portfolio Breakdown
by Interest Rate (in %)

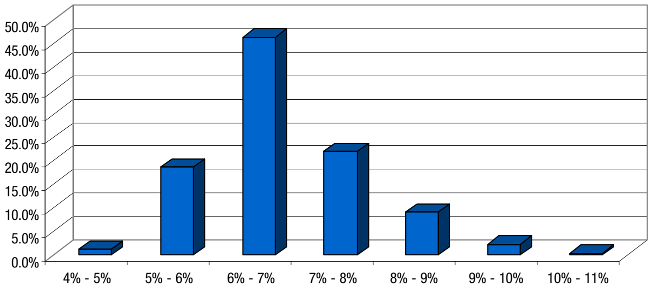
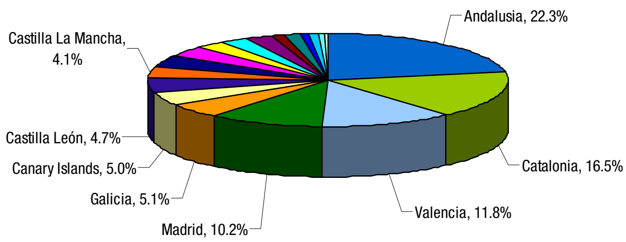


Chart 5:
Portfolio Breakdown
by Geographic Diversity



Global eligibility criteria for the additional pools

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 aggregate outstanding balance of the pool belonging to debtors within the same region is not over 25% 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.

Just for the loans included in each additional pool, eligibility criteria have been set to guarantee (1) a minimum weighted average seasoning of three months; and (2) a maximum remaining weighted average life of 3.85 years.

ORIGINATOR, SERVICER, PAYING AGENT AND MANAGEMENT COMPANY

BBVA, the second-largest financial group in Spain and with a strong focus in the Spanish retail segment, is the originator and servicer of the asset pool

With total assets amounting €378 billion in June 2005, BBVA is the second-largest financial group in Spain and one of the major financial institutions incorporated in Europe, with more than 90,000 employees and 7,000 branches worldwide. 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 and the market leader in Mexico. 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, albeit improving, economic conditions in Spain and the inherent volatility of earnings generated from Latin America.

Retail banking in Spain and Portugal remains BBVA's main contributor to profits, accounting for approximately 45% of net attributable income in December 2004. In Spain, where the bank's domestic retail banking franchise accounts for the bulk of the Iberian business, BBVA has 3,410 branches and employs 30,784 staff. 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% of total loans at the end of 2004, compared to 1.7% at the end of the previous year. 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 the end of 2004, the non-performing loan ratio for the retail banking business in Spain and Portugal was 0.6%.

Duties as servicer and originator

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

In the event of BBVA being declared bankrupt, failing to perform its obligations as servicer or being affected by a deterioration in its financial situation, 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 new servicer.

Moody's believes that BBVA is capable of fulfilling its servicing obligations in the transaction.

Likewise, the management company may require BBVA, upon an insolvency process or because the management company considers it appropriate, to notify the transfer of the loans to the *Fondo* to the relevant debtors. Should the relevant originator fail to comply with this obligation within 5 business days, the notification would then be carried out by the management company.

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

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 capital of the *gestora* (trustee). 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%). Currently Europea de Titulización carries out the management of 45 securitisation funds.

MOODY'S ANALYSIS

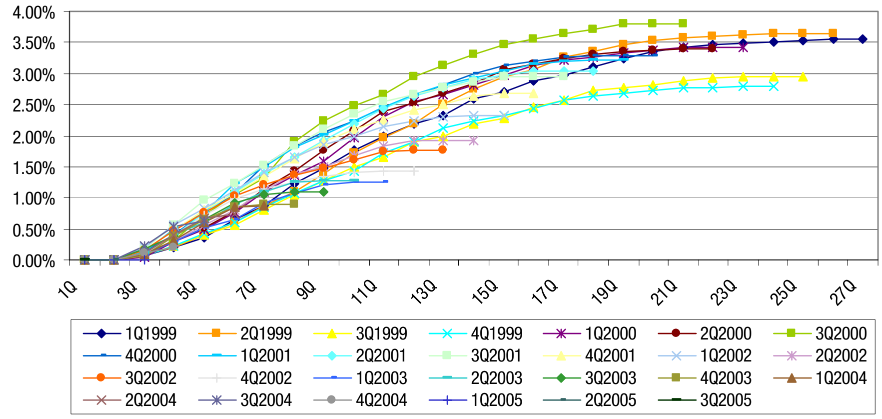
Moody's used a lognormal approach based on mean default and recovery rates estimations

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 (with different assumptions for the initial and additional pools), (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 derived from historical information, although, for the first item, Moody's could only give partial benefit to the information provided since it did not match the format required by Moody's.

Quantitative analysis

Chart 6:

Cumulative Gross Loss Rate per Quarter of Origination



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 3.0% and a standard deviation of 1.2% for the initial pool, and a mean of 3.3% and a standard deviation of 1.2% for the additional pools.

On the basis of this distribution as well as other assumptions for recoveries, delinquency and prepayments, and in order 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 provisional ratings assigned.

Structural Analysis

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

Legal Analysis

Moody's verified 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 the portfolio performance and counterparty ratings

Europea de Titulización will, in its capacity as management company, prepare quarterly monitoring reports on the portfolio and on 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 the transaction on an ongoing basis to ensure that its transaction continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

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:

– **NEW ISSUE REPORT & PERFORMANCE OVERVIEWS**: "BBVA Autos 1, FTA", December 2004

– **SPECIAL REPORT**: *"Structural Features in the Spanish RMBS Market – Artificial Write-Off Mechanisms: Trapping the Spread"*, January 2004

– **RATING METHODOLOGY**: "The Lognormal Method Applied to ABS Analysis", July 2000

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