Publication Date: Oct. 24, 2007

Cash Flow Balance Sheet Corporate CDO Pool Presale Report

BBVA Empresas 1, Fondo de Titulización de Activos

€1.45 Billion Floating-Rate Notes

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Series	Prelim. rating*	Prelim. amount (Mil. €)	Available credit support (%)	Interest	Legal final maturity
A1	AAA	1,000.0	11.30	Three-month EURIBOR plus a margin	July 22, 2047
A2	AAA	200.0	11.30	Three-month EURIBOR plus a margin	July 22, 2047
A3	AAA	121.6	11.30	Three-month EURIBOR plus a margin	July 22, 2047
B	A-	50.1	7.85	Three-month EURIBOR plus a margin	July 22, 2047
C	BBB	78.3	2.45	Three-month EURIBOR plus a margin	July 22, 2047

**The rating on each series of securities is preliminary as of Oct. 24, 2007, and subject to change at any time. Initial 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.*

Transaction Participants	
Originator	Banco Bilbao Vizcaya Argentaria, S.A.
Arrangers	Banco Bilbao Vizcaya Argentaria, S.A. and Europea de Titulización S.G.F.T., S.A.
Trustee	Europea de Titulización S.G.F.T., 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. and European Investment Bank
Subordinated loan provider	Banco Bilbao Vizcaya Argentaria, S.A.
Startup loan provider	Banco Bilbao Vizcaya Argentaria, S.A.

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

Transaction Key Features*	
Expected closing date	October 2007
Collateral	Loans granted to Spanish SMEs and corporates
Principal outstanding (Mil. €)	1,674
Country of origination	Spain
Concentration	Largest 10 obligors (11.40% of provisional pool); regional concentration: Madrid (17.82%), Valencia (14.19%), Basque Country (12.03%), and Andalucía (11.31%); industrial concentration: real estate and renting activities (20.90%), trade and vehicle reparations activities (12.76%), beverage (11.90%), and construction (10.80%). The 10 major industries represent 82.50% of the pool
Average current loan size balance (€)	413,549.80
Loan size range (€)	2,047.55 to 21,432,000
Weighted-average interest rate (%)	4.88
Arrears	There will be no loans with arrears for more than one month at closing
Redemption profile	Amortizing
Excess spread at closing¶ (bps)	50
Subordinated loan (Mil. €)	35.525

**Pool data as of Sept. 26, 2007.*
¶Available through the interest swap contract.

Transaction Summary

Standard & Poor's Ratings Services has assigned preliminary credit ratings to the €1.45 billion floating-rate notes to be issued by BBVA Empresas 1 Fondo de Titulización de Activos (BBVA Empresas 1).

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 Empresas 1 a €1.45 billion closed portfolio of secured and unsecured loans granted to Spanish SMEs and corporates.

To fund this purchase, Europea de Titulización S.G.F.T., S.A., the trustee, will issue three series of floating-rate, quarterly paying notes, on behalf of BBVA Empresas 1.

Notable Features

BBVA Empresas 1 will be the ninth CLO to be completed by BBVA of its loans to SME corporate clients. This securitization will comprise a mixed pool of underlying mortgage-backed and other guarantee assets.

The preliminary 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 50 bps), comfort provided by various other contracts, the rating on BBVA (AA-/Positive/A-1+), and the downgrade language in all of that entity's 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 rating on the servicer, and the subordinated loan, which will fully fund the reserve fund on the closing date.
- BBVA is an experienced originator and servicer, with nine CLO transactions, five RMBS, one MBS, three auto loan transactions, two consumer loan transactions, and a leasing transaction, to date.
- Of the pool, 27.39% is mortgage loans and 19.41% are first-lien mortgages.
- A swap agreement will hedge the interest rate risk, leave a spread of 50 bps in the transaction, and pay for the servicer fees and the weighted-average cost of bonds.
- 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.
- Good-quality historical information has been provided.

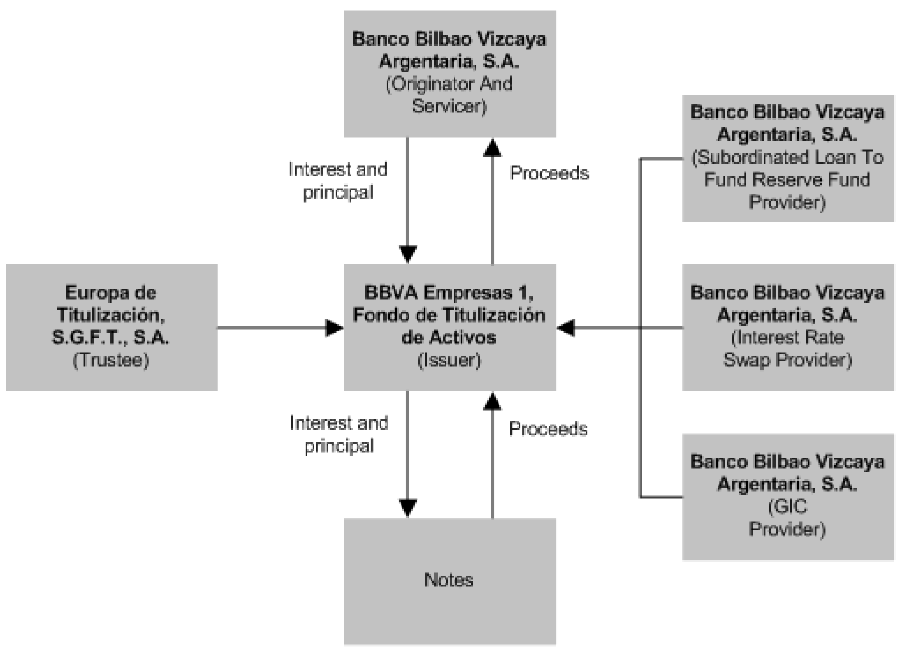
Concerns and mitigating factors

- There is limited geographical concentration risk because 55.35% of the outstanding balance of the pool is in four regions: Madrid (17.82%), Valencia (14.19%), Basque Country (12.03%), and Andalusia (11.31%). Geographical concentrations in the major economic regions of Madrid, Valencia, Basque Country, and Andalusia have been taken into account in the credit analysis.
- There is a high borrower concentration risk, as the top 10 borrowers represent 11.40% of the pool and the biggest borrower represents 1.28% of the pool. Borrower concentrations have been taken into account in the credit analysis stressing the default rates at each rating level.
- The originator will sweep collections no later than seven days from collection to the issuer's account, generating commingling risk. As long as BBVA is rated 'A-1+', the weekly sweep frequency of collections will have 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 to partially mitigate commingling risk.
- The 'BBB' rating on the series C notes is weak-linked to the rating on BBVA (AA-/Positive/A-1+) as servicer. If the rating on the originator falls below that on the series C notes, Standard & Poor's will review the ratings on the notes. Standard & Poor's will carry out constant surveillance on the series C notes.

Transaction Structure

At closing, BBVA will sell to BBVA Empresas 1 a closed portfolio of loans that have been granted to Spanish SMEs and corporates. BBVA Empresas 1 will fund this purchase by issuing three classes of notes (a total of five series of notes) through the trustee, Europea de Titulización S.G.F.T. (see chart 1).

Chart 1: BBVA Empresas 1, Fondo de Titulización de Activos Transaction 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 issuer is a "*fondo de titulización de activos*" created for the sole purpose of purchasing the unsecured loans and the mortgage certificates from BBVA, issuing the notes, and carrying out related activities. The assets will be insulated from the insolvency of the originator and the trustee.

The principal and interest on the notes will be paid quarterly following a determined priority of payments.

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

The series A2 notes will start amortizing on Jan. 22, 2010, according to a predetermined scheduled repayment calendar.

The series A3 notes will amortize sequentially to the series A1 notes unless a breach of trigger occurs (see "*Redemption of the notes*").

As in other Spanish transactions, interest and principal from the underlying assets will be combined into a single priority of payments. A cumulative default ratio test will protect senior noteholders by subordinating the payment of junior interest further down the priority of payments.

Trustee Or "Sociedad 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.

Europea de Titulización S.G.F.T., as trustee, will, on the issuer's behalf, 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 will be 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.

BBVA is the second-largest financial institution in Spain (69% of its business takes place in Spain). The bank has market shares of 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 is well diversified in terms of business mix in all countries in which it operates. It is established 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 Sept. 26, 2007, the provisional pool comprised 4,050 secured and unsecured loans. Total borrowers amounted to 3,506. The pool was originated between 1993 and May 2007. The weighted-average seasoning is 20 months.

Of the outstanding amount of the pool, 27.39% is secured by mortgages over properties and commercial premises situated in Spain.

The pool is not granular and has concentration at the obligor level. The largest obligor represents 1.28% of the provisional pool and the largest 10 obligors represent 11.40%.

The weighted-average LTV ratio of the first-ranking mortgages of the pool is 54.99%**.**

Of the pool, 57.81% is more than 12 months' seasoned.

The weighted-average remaining life of the pool is 75.03 months, with 36.89% of the pool maturing within five years (see table 1).

Table 1: Distribution By Seasoning

Date buckets	Number of loans	%	Outstanding balance	%
From Jan. 1, 1993 to June 30, 1993	2	0.05	56,492.30	0.00
From July 1, 1995 to Dec. 31, 1995	4	0.10	69,785.69	0.00
From Jan. 1, 1996 to June 30, 1996	3	0.07	70,267.90	0.00
From July 1, 1996 to Dec. 31, 1996	5	0.12	253,311.45	0.02
From Jan. 1, 1997 to June 30, 1997	7	0.17	278,090.02	0.02
From July 1, 1997 to Dec. 31, 1997	4	0.10	79,192.14	0.00
From Jan. 1, 1998 to June 30, 1998	10	0.25	1,289,465.08	0.08
From July 1, 1998 to Dec. 31, 1998	9	0.22	833,798.31	0.05
From Jan. 1, 1999 to June 30, 1999	6	0.15	5,391,142.51	0.32
From July 1, 1999 to Dec. 31, 1999	6	0.15	361,485.04	0.02
From Jan. 1, 2000 to June 30, 2000	10	0.25	1,357,887.73	0.08
From July 1, 2000 to Dec. 31, 2000	12	0.30	2,213,325.27	0.13
From Jan. 1, 2001 to June 30, 2001	14	0.35	923,787.19	0.06
From July 1, 2001 to Dec. 31, 2001	23	0.57	5,051,588.70	0.30
From Jan. 1, 2002 to June 30, 2002	27	0.67	7,611,090.17	0.45
From July 1, 2002 to Dec. 31, 2002	30	0.74	10,717,151.49	0.64
From Jan. 1, 2003 to June 30, 2003	73	1.80	18,347,230.78	1.10
From July 1, 2003 to Dec. 31, 2003	111	2.74	49,941,478.85	2.98
From Jan. 1, 2004 to June 30, 2004	210	5.19	111,283,562.60	6.64
From July 1, 2004 to Dec. 31, 2004	162	4.00	84,467,398.49	5.04
From Jan. 1, 2005 to June 30, 2005	254	6.27	165,009,542.66	9.85
From July 1, 2005 to Dec. 31, 2005	238	5.88	170,919,278.28	10.20
From Jan. 1, 2006 to June 30, 2006	648	16.00	331,695,723.44	19.80
From July 1, 2006 to Dec. 31, 2006	497	12.27	288,596,335.34	17.23
From Jan. 1, 2007 to June 30, 2007	1,685	41.60	418,058,286.16	24.96
Total	4,050	100.00	1,674,876,697.59	100.00
Weighted-average seasoning	20.26	—	—	—
Minimum	3.88	—	—	—
Maximum	176.22	—	—	—

The five largest regions cover 64.97% of the outstanding balance of the pool (see table 2).

Table 2: Geographic Distribution				
Region	Number of loans	%	Outstanding balance	%
Madrid	585	14.44	298,413,091.19	17.82
Valencia	683	16.86	237,678,203.62	14.19
Basque Country	329	8.12	201,435,172.04	12.03
Andalucia	572	14.12	189,489,324.56	11.31
Catalonia	141	3.48	161,191,888.42	9.62
Canary Islands	332	8.20	93,905,100.60	5.61
Galicia	228	5.63	74,343,443.31	4.44
Castilla-León	226	5.58	67,531,789.92	4.03
Murcia	142	3.51	57,881,395.19	3.46
Navarra	54	1.33	53,712,413.81	3.21
Balearic Islands	96	2.37	46,661,804.97	2.79
Aragon	160	3.95	44,836,797.45	2.68
Extremadura	84	2.07	42,785,914.08	2.55
Castilla La Mancha	206	5.09	39,641,952.71	2.37
Asturias	113	2.79	31,934,669.27	1.91
La Rioja	34	0.84	23,083,607.05	1.38
Cantabria	60	1.48	10,164,176.90	0.61
Ceuta	3	0.07	94,317.76	0.01
Melilla	2	0.05	91,634.74	0.01
Total	4,050	100.00	1,674,876,697.59	100.00

At closing, the pool will have no loans with arrears of more than one month.

The largest industry concentration is real estate and renting activities, which, combined, represent 20.9% of the pool. The second-highest concentration is retail and vehicle reparations activities (12.76%), followed by the beverage industry (11.90%) and construction (10.80%). The 10 major industries represent 82.5% of the pool.

Of the pool, 92.90% is indexed to floating rates, with nearly 92.52% 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 4.88% and the weighted-average margin on the floating pool is 62 bps over the various indices.

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.

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

Chart 2 shows the historical levels of loans becoming delinquent after arrears amount to 90 days (by quarter of origination).

Chart 2: Historical Levels Of Loans Becoming Delinquent After Arrears Amount To 90 Days (By Quarter Of Origination)

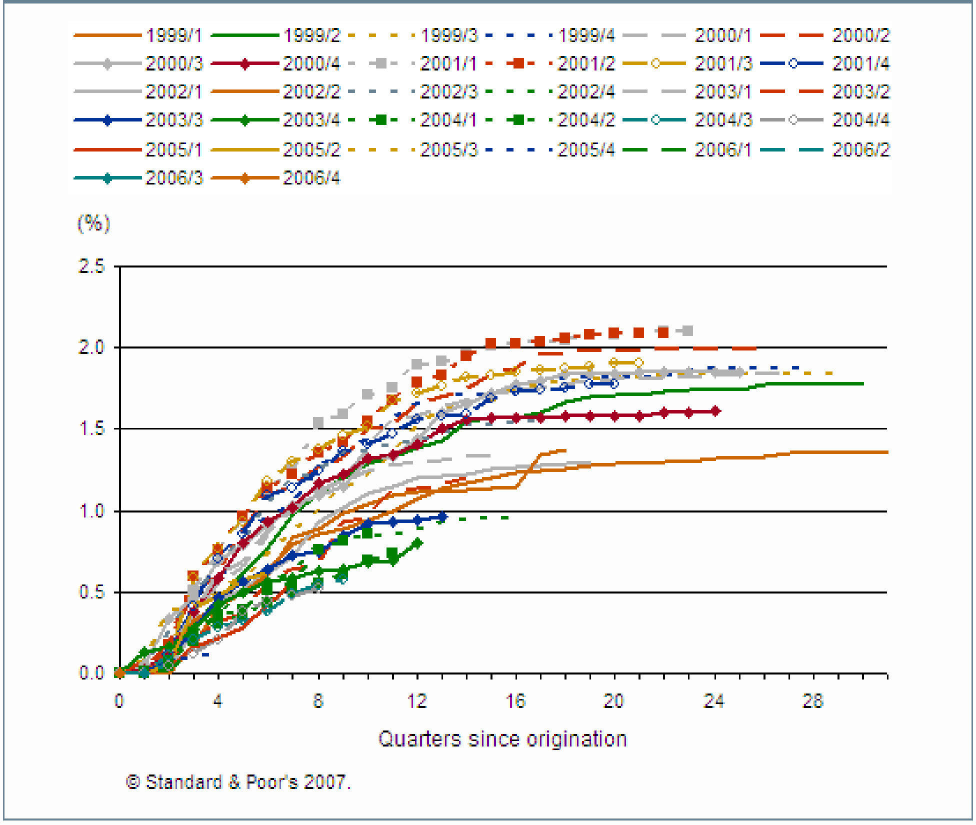
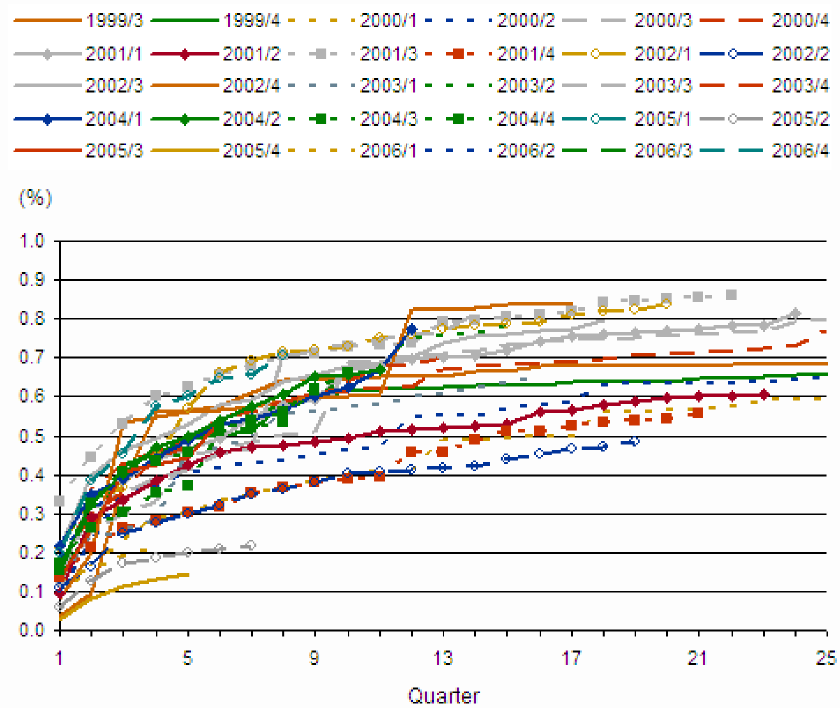


Chart 3 shows the historical levels of recoveries from the default (described as 90-day arrears) by quarter.

Chart 3: Historical Levels Of Recoveries From The Default (Described As 90-Day Arrears) By 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 the issuer's behalf with BBVA. The pace of sweep may be accelerated if BBVA's creditworthiness decreases and would be swept daily if its rating is downgraded below 'A-2'. This partially mitigates the potential risk of funds being commingled within the originator's accounts.

The minimum rating required to be the bank account provider is 'A-1', so if BBVA is downgraded below 'A-1', remedy actions should be taken following Standard & Poor's "*Revised Framework For Applying Counterparty And Supporting Party Criteria*" (see "*Criteria Referenced*").

Reserve account

The originator will provide a subordinated loan of €35.525 million, which will fund the reserve fund at closing.

The reserve fund will be fixed for the first three years, and it will be able to amortize after this initial period. Its minimum required levels will be established at the minimum amount of:

- 2.45% of the initial balance of the notes; or
- The higher of 4.90% of the outstanding principal balance of the notes and 1.30% of the initial balance of the notes.

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.

Interest swap agreement

On BBVA Empresas 1's behalf, 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 50 bps per year on the outstanding balance of the performing loans (up to three months in arrears), the servicing fee amount.

The minimum rating required to be the swap counterparty is 'A-1', so if BBVA is downgraded below 'A-1', remedy actions should be taken following the eligible direct support downgrade language described in Standard & Poor's "*Revised Framework For Applying Counterparty And Supporting Party Criteria*" (see "*Criteria Referenced*").

All the costs of the remedies will be borne by the downgraded counterparty.

Redemption of the notes

Amortization will occur for the:

- Series A1 notes, from the first payment date until fully amortized;
- Series A3 notes, once the class notes are fully amortized until fully redeemed;
- Series B notes, once the series A1, A2, and A3 notes are fully redeemed;
- Series C notes, once the series B notes are fully redeemed; and
- Series A2 notes, according to a predetermined scheduled repayment calendar.

The available amortization fund in each payment date will be equal to the balance of the capital repayment fund.

The capital repayment fund, on each payment date, will be the difference between:

- The principal outstanding balance under all the classes of notes; and
- The principal outstanding balance of all outstanding non-doubtful loans (no more than 12 months in arrears).

The series A1 amortization amount is the available amortization fund, net of the amounts applied to the amortization of the series A2 notes as per their amortization schedule.

If the outstanding balance of delinquent loans exceeds 3% of the outstanding balance of non-doubtful loans, the series A1, A2, and A3 notes will amortize pro rata.

Conditions for pro rata amortization of the junior tranches are as follows: the series B and C notes will amortize pro rata with the series A1, A2, and A3 notes if:

- The ratio of the aggregate balance of delinquent loans to the aggregate balance of non-doubtful loans is below 1.25% for the series B notes and below 1.00% for the series C notes;
- The total outstanding principal balance of the series B and C notes represents at least 6.91% and 10.80% of the outstanding principal balance of all the notes;
- The cash reserve is at the required amount after the previous payment date; and
- The total outstanding balance of the non-doubtful SME loan portfolio is equal to or greater than 10% of the initial balance of the SME loan portfolio.

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 will ensure 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 will be 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 7.3%, interest on the class B notes will pay in a lower position in the priority of payments, until the series A1, A2, and A3 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 5%, interest on the class C notes will pay in a lower position in the priority of payments, until the series A1, A2, A3, 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.

Key Performance Indicators

Key performance indicators for this transaction include:

- Rating migration of the collateral and default levels;
- The scenario default rate and the breakeven default rate for each tranche;
- Different concentrations of the collateral;
- Collateral prepayment levels and the ability to source and reinvest in suitable collateral; and
- The evolution of the ratings on the supporting parties.

Criteria Referenced

- "*Revised Framework For Applying Counterparty And Supporting Party Criteria*" (published on May 8, 2007).
- "*European Legal Criteria for Structured Finance Transactions*" (published on March 23, 2005).
- "*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

- "*European Structured Finance Performance Outlook 2007—Fundamental Risks Increasing, But Forecast For Ratings Remains Benign*" (published on Jan. 10, 2007).
- "*Transition Study: 2006 Sees Upgrades Dominate For Third Successive Year In European Structured Finance*" (published on Jan. 10, 2007).
- "*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, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. The criteria can also be found on Standard & Poor's Web site at www.standardandpoors.com.