Structured Finance

Credit Products/Spain
Presale Report

BBVA-5 FTPYME, Fondo De Titulización De Activos

Expected Ratings*

EUR1,900.0m Floating-Rate Notes

Class	Amount (EURm)	Legal Final Maturity	Rating	CE (%)[3]
A1	1,472.80	March 2039	AAA	6.65
A2	200.00	March 2039	AAA	6.65
A3 (G)[1]	130.30	March 2039	AAA	6.65
B	39.90	March 2039	AA	4.55
C[2]	57.00	March 2039	AAA	1.55
RF	29.45	March 2039	NR	n.a.

[1] The Kingdom of Spain will guarantee the A3 (G) notes.
[2] European Investment Fund will guarantee the Class C notes.
[3] The credit enhancement ("CE") levels are complemented with a guaranteed excess spread of 65bp payable under the swap agreement to the issuer.
RF-Reserve fund.

Analysts

Henry Gallego
+34 91 702 4612
henry.gallego@fitchratings.com

Laura Franco
+34 91 702 4612
laura.franco@fitchratings.com

Performance Analytics

Constantinos Tavlas
+44 20 7417 4233
london.cdosurveillance@fitchratings.com

* Expected ratings do not reflect final ratings and are based on information provided by the fund as of 5 October 2006. Final ratings are contingent on final documents conforming to information already received as well as on satisfactory legal opinion. Ratings are not a recommendation to buy, sell or hold any security. All offering material should be reviewed prior to any purchase.

Related Research

The following special reports provide additional detail on Fitch's rating approach to, and the performance of, the CDO market; all are available at www.fitchratings.com:

- "*Global Rating Criteria for Collateralised Debt Obligations*", dated 4 October 2006
- "*Pan-European SME CDO Performance Tracker*", dated 28 September 2006
- "*A Guide to Cash Flow Analysis for RMBS in Europe*", dated 20 December 2002
- "*Fitch Issuer Report Grades May 2006 Update*", dated 5 June 2006

Summary

This transaction is a cash flow securitisation of a EUR1.9 billion static pool of secured and unsecured loans ("the collateral") granted by Banco Bilbao Vizcaya Argentaria ("BBVA" or "the originator", rated 'AA-/F1+') to small- and medium-sized enterprises ("SMEs") in Spain. Fitch Ratings has assigned expected ratings to the notes ("the notes") to be issued by BBVA-5 FTPYME, FTA ("the issuer") as indicated at left. The Kingdom of Spain and the European Investment Fund (both rated 'AAA/F1+', the "guarantors") will guarantee ultimate payment of interest and principal on the class A3 (G) and class C notes, respectively.

BBVA continues to be an active player in the Spanish securitisation arena with a total of 13 transactions. This is the fifth single seller SME loan securitisation that BBVA has brought to the market, following BBVA PYME 4, FTA, rated by Fitch in September 2005 (please see the separate report at www.fitchratings.com under New Issue report). The pool characteristics of this transaction and its predecessors are similar as shown in the comparison table on page 2.

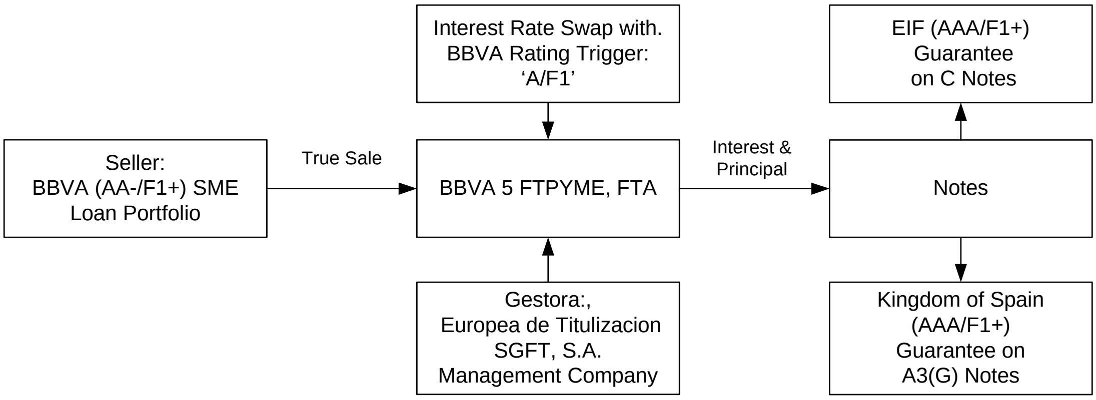
The issuer, a limited liability special-purpose vehicle incorporated under the laws of Spain, will be legally represented and managed by Europea de Titulización, SGFT, SA ("the *sociedad gestora*"), and a special-purpose management company with limited liability.

The expected ratings are based on the quality of the collateral, the available credit enhancement ("CE"), the financial structure of the deal, the underwriting and servicing of the collateral and the *sociedad gestora*'s administrative capabilities. The expected ratings address payment of interest on the notes according to the terms and conditions of the documentation, subject to a deferral trigger for the class B and C notes, as well as the repayment of principal at legal maturity. In addition, the first layer of loss protection is provided by BBVA under an interest rate swap that guarantees an excess spread of 65bp.

Credit Committee Highlights

- The structure benefits from two types of guarantee schemes. The Kingdom of Spain will guarantee the class A3 (G) and the European Investment Fund ("EIF") guarantees the class C notes. While the former scheme guarantee ultimate repayment of principal and interest on the relevant notes, the latter one guarantees the timely payment of interest and ultimate repayment of principal.
- The standalone rating of the class A3 (G) notes has been stressed to a 'AAA' rating scenario. Therefore, the 'AAA' expected rating assigned to these notes is not dependent on the guarantee offered by the Kingdom of Spain. Contrarily, the rating of the class C note is dependent on the rating of the guarantee as it has been stressed to a 'BBB' rating scenario (see *Guarantee*).

Structure Diagram



Source: Transaction documents

- The class A2 notes have a defined amortisation schedule, which commences in March 2009 and is expected to be complete in June 2012. The 'AAA' rating assigned to these notes was sized using conservative constant prepayment rate ("CPR") scenarios (see *Cash Flow Analysis*). However, if no funds are sufficient to amortise these notes on every scheduled payment date, any unpaid amounts will be due on the following payment date until they have been redeemed in their entirety. Consequently, it is not mandatory to execute the amortisation payment on these notes in line with the defined schedule and as such the legal final maturity of these notes is the same as the other classes of notes (i.e. March 2039).

- As most of the secured collateral (i.e. 94.5% in volume terms) is in the form of commercial real estate assets, the credit analysis has combined elements of the collateralised debt obligations ("CDO") approach that Fitch uses to rate Spanish SME CDO transactions with elements of the commercial mortgage-backed securities ("CMBS") approach (see *Credit Analysis*).

- The collateral is very granular with no single obligor representing more than 0.35% of the overall portfolio and the top 10 obligors accounting for 3.20% in volume terms. Similarly, no significant regional or industrial concentration was identified.

BBVA 5, 4 and 3 Deal Comparison

	FTPYME BBVA 5	PYME BBVA 4	BBVA Hipotecario 3
Number of Loans	15,159	6,726	8,558
Loans Secured by First Ranking Mortgages (%)	33.0	27.3	100
Largest 10 Obligors (%)	3.2	3.5	4.3
Largest Region (%)			
Notes Issued at Closing (EURm)	1,900	1,250	1,450
WA Seasoning (Months)	19.9	17	29
WA Time to Maturity (Months)	77.8	73	115
Weighted-Average Life (No Prepayments) at Closing (Years)	3.8	3.3	5.2

Source: Fitch

Structure

The sole purpose of the issuer is to acquire credit rights from BBVA, which in turn will serve as collateral for the issuance of sequentially subordinated, pass-through and floating-rate notes, linked to three-month Euribor, which will amortise on a quarterly basis. However, class A2 notes have a defined amortisation schedule starting in March 2009.

The legal final maturity date for all the notes will be three years after the maturity of the longest dated SME loan, this delay having been deemed adequate to ensure that collections from the loans are sufficient to redeem the obligations of the issuer in respect of any defaulted collateral.

The cash bond administration function for this transaction will be carried out by the *sociedad gestora*, a company supervised by the Comisión Nacional del Mercado de Valores whose activities are limited to the management of securitisation funds. Europea de Titulizacion, SGFT SA, incorporated under Spanish law in 1993, has been actively involved in the structuring of the deal. After closing, the *sociedad gestora* will be responsible for cash reconciliation, waterfall calculations and their reporting, including the monitoring of applicable triggers. It will also be responsible for taking any action in the interest of the noteholders, such as the replacement of the servicers, account bank or swap counterparty.

Key Information

Portfolio Characteristics
As of 12 September 2006

Number and Type of Loans: 15,159 loans to SMEs in Spain, of which 33.0% by volume is secured on first-ranking mortgages

Total Amount: EUR1,900.0m

Structure

Issuer: BBVA-5 FTPYME, FTA

Total Notes Amount: EUR1,900.0m

Management Company: Europea de Titulización, SGFT, SA

Originator: Banco Bilbao Vizcaya Argentaria S.A. ("BBVA", rated 'AA-/F1+')

Paying Agent: BBVA

Swap Counterparty: BBVA

Treasury Account (GIC Account): BBVA

Scheduled Final Maturity: March 2036

Final Legal Maturity: March 2039

Interest and principal collections are dealt with jointly through the combined priority of payments described below. A treasury account will be held in the name of the issuer at BBVA in which all the funds received from the collateral will be deposited. The amounts credited to this account will receive a guaranteed interest rate of three-month Euribor minus 10bp. With regard to this account, if BBVA's Short-term rating is lowered below 'F1', the *sociedad gestora* will be required to take one of the following steps within 30 days:

1. find a third party rated at least 'F1' to guarantee BBVA's obligations;
2. transfer the treasury account to another entity rated at least 'F1';
3. if unable to effect either of the above, provide a guarantee in the form of financial assets rated at least on a par with the Kingdom of Spain ('AAA/F1+'); or
4. if unable to effect the above options, invest the balance of the treasury account temporarily until the next payment date in fixed-income assets issued by entities rated at least 'F1' when the remaining time to maturity is 30 days or more.

Priority of Payments

On each quarterly payment date, commencing in March 2007, the combined ordinary priority of payments will be as follows:

1. expenses, taxes and servicing fees;
2. payment under the swap agreement (if applicable);
3. class A1, A2 and A3 (G) interest *pari passu*, and reimbursement of the Kingdom of Spain of any amount drawn under the guarantee;
4. class B interest (if not deferred);
5. class C interest and reimbursement of any amount drawn under the guarantee from the EIF on class C (if not deferred);
6. EIF guarantee fees payment (if not deferred);
7. principal in order of seniority (see *Amortisation of the Notes*);
8. class B interest if deferred, which will occur if the cumulative level of defaults, defined as loans in arrears over 12 months, exceeds 6.50% of the original collateral balance;
9. class C interest if deferred, when the cumulative level of defaults exceeds 5.00% of the original collateral balance;
10. EIF guarantee fee payments if deferred, which will occur when the class C interest amounts are also deferred;
11. reserve fund top-up if required (see *Reserve Fund*); and
12. subordinated amounts, including reimbursement and remuneration of the subordinated loan to cover initial expenses.

The structure will cover ordinary and extraordinary expenses through the 0.65% excess spread that is guaranteed by the swap agreement (see *Swap Agreement*). Initial expenses will be covered through an additional subordinated loan agreement granted by BBVA to the issuer before closing.

Amortisation of the Notes

The first payment date on the notes will be in March 2007 and quarterly thereafter. All classes will amortise sequentially on a pass-through basis after the class A1 notes have been redeemed in full. However, the A2 notes will amortise in accordance with the amortisation schedule starting in March 2009.

Nonetheless, when the ratio of cumulative defaults is greater than 1.50% of the original collateral balance, the outstanding balances of the A1, A2 and A3 (G) notes will amortise pro rata. Note that if the pro rata trigger is activated, the A2 notes amortisation scheduled payments will cease in order to allocate available funds accordingly among the class A investors.

In addition, and provided that the outstanding balances of the class B and class C notes remain above 4.20% and 6.00%, respectively, of the outstanding balance of all the notes, the class B and

C notes will amortise *pro rata* with the class A notes (classes A1, A2 and A3 (G)) subject to the following conditions:

- the delinquency ratio is less than 1.25% for the class B notes and 1.00% for the class C notes;
- the difference between the outstanding balance of the notes and the available funds for amortisation is equal to or less than zero;
- the amount of the reserve fund is at the required level; and
- the outstanding balance of performing loans is greater than 10% of the original notes balance.

The EIF has the option but not the obligation for an early amortisation of the class C notes. If the EIF decides to exercise such option it must pay the issuer the outstanding balance of these notes plus any interest due.

Call Option

All notes are subject to a clean-up call option in favour of the *sociedad gestora* when less than 10% of the initial collateral balance remains outstanding.

Swap Agreements

The issuer will enter into a swap agreement with BBVA (the "swap counterparty") to hedge any interest rate, basis and payment frequency risk within the structure.

The issuer will pay the swap counterparty the interest received and in return it will receive three-month Euribor plus the weighted-average ("WA") spread on the notes plus 65bp on the notional amount (which is defined as the sum of performing loans up to 90 days in arrears). It also receives the servicing fee on the collateral if the servicer is replaced, and the EIF periodic fees.

The swap agreement has the following main effects:

1. It hedges the interest rate mismatch caused by the collateral that pays a fixed interest rate while the notes pay a floating rate indexed to three-month Euribor.
2. It hedges the basis rate mismatch arising from the different reference indices (i.e. one-, two-, three-, six- and 12-month Euribor versus the three-month Euribor for the notes).
3. It hedges the reset risk arising from the mismatch between the interest rate reset dates on the loans, and those on the notes, which pay quarterly.
4. It pays a guaranteed spread (65bp) on the notional amount over the life of the transaction, thereby neutralising any compression in the WA margin on the loans and offsetting the increase in note funding costs over time.
5. It pays all the cost covering the risk of servicer replacement.
6. It covers EIF periodic fees.

If BBVA is downgraded below 'A/F1', it will, within 30 days, take one of the following steps:

- find an entity rated at least 'A/F1' to guarantee its obligations under the swap agreement;
- find a replacement counterparty rated at least 'A/F1'; or
- adequately cash- or security-collateralise its obligations.

Based on the special characteristics of the swap agreement, which will pay to the issuer an amount linked to a notional definition that is in line with the balance of the classes A to C notes, Fitch, in its cash flow analysis, included the benefit of these payments considering the appropriate rating downgrade language incorporated in the documents. This language will ensure that the mark-to market value of the swap takes into account the cost that could be incurred should the counterparty need to be replaced. Indeed, if BBVA is downgraded below 'A/F1' and when posting of collateral is the action of choice, it will, within 15 calendar days, report to Fitch the formula to calculate the mark-to market swap and therefore the amount to be posted as collateral. If the formula was not in line with Fitch´s criteria, the mark-to market formula would have to account for an additional amount to be determined by the agency in line with its swap criteria. For details on the method used to calculate the collateral amount see "*Counterparty Risk in Structured Finance Transactions: Swap Criteria*", dated 13 September 2004 and available at www.fitchratings.com.

Reserve Fund

The reserve fund, representing 1.55% of the original note balance, will be fully funded at closing and deposited in the treasury account. The required reserve fund amount on any payment date will be the minimum of:

- 1.55% of the original note balance; and
- the higher of 3.10% of the current note balance or 0.78% of the original note balance.

The amortisation of the reserve fund is subject to: (i) the delinquency ratio remaining below 1.0% of non-defaulted collateral, (ii) the closing date of the transaction being more than two years earlier, and (iii) on the previous payment date, the reserve fund being replenished to its required amount.

Guarantees

The guarantee attached to the class A3 (G) notes forms part of the FTPYME programme whereby the Kingdom of Spain guarantees the ultimate payment of interest and principal until final legal maturity.

Any amounts paid through the guarantee will be considered an obligation of the issuer. Amounts drawn under the guarantee will be repaid by the Kingdom of Spain through the priority of payments (see above), and will rank *pari passu* with interest on the class A3 (G) notes. No interest will be due on the guarantee.

Although the A3 (G) notes benefit from the unconditional guarantee of the *Kingdom of Spain*, the 'AAA' expected rating assigned to these notes is not dependent on the guarantee. Rather, the expected rating is supported by available CE at closing.

The class C notes benefit from the unconditional guarantee (timely payment of interest and ultimate repayment of principal) from the EIF, an entity in the European Investment Bank dedicated to financing and promoting the development of SMEs in the EU by providing guarantees to financial institutions that cover credits to these type of obligors.

The rating of the class C notes has been stressed to a 'BBB' scenario; hence, these bonds are credit-linked to the 'AAA' rating of the guarantor. This guarantee has a periodic fee, which is paid by the swap counterparty.

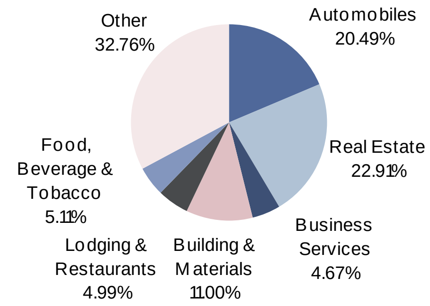
■ Collateral

At closing, the final portfolio will have an outstanding balance of EUR1,900m and will consist of loans selected from a provisional portfolio of 15,159 loans. As of 12 September 2006, the provisional portfolio's main characteristics, in volume terms, were:

1. the top obligor represented 0.35% and the top 10 totalled 3.20%;
2. 33.0% was secured on first-ranking mortgages of which 94.5% corresponded to commercial properties;
3. real estate securities, which includes building and materials, and construction accounted for approximately 33.0%;
4. 16.5% of the obligors are located in the region of Valencia and 13.1% in Catalunya;
5. the WA seasoning was 19.9 months;
6. 90.07% of the loans are linked to a variable interest rate;
7. the WA coupon was 3.85%;
8. the WA spread was 0.74%; and
9. the original and current loan-to-value ("LTV") ratios were 64.1% and 54.4%, respectively.

Purpose of the Loans: Obligor Economic Activity

% of Outstanding Balance



Source: BBVA

■ Credit Analysis

The key sections of Fitch's analysis are the calculation of the default probabilities, mainly derived from vintage data provided by the originator, and the definition of tiered recovery rates for the various stress scenarios. These results were combined with the structural features of the transaction and analysed in a cash flow model. Fitch verified that the CE level of each one of the classes of notes would ensure that the payment of interest is met according to the terms and conditions of the documentation, and that ultimate repayment of principal is materialised before and until the legal final maturity date under the respective stress scenario.

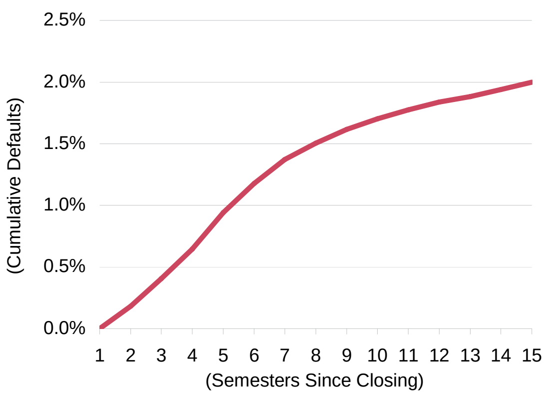
Since the obligation to repay all the loans lies solely with the borrowers themselves rather than being reliant on the real estate assets or any tenancy agreement linked to the properties that secure the collateral, Fitch based its default probability analysis on the credit quality of the borrowers rather than the income-generating capacity of the underlying properties. As indicated below, the specific characteristics of the commercial and residential properties securing the loans were studied as part of the recovery analysis.

Default Probability

Using default data provided by the originator that dates back to 2001 and extrapolating value after seven years of origination based on the SME Tracker methodology, Fitch was able to derive a WA default rate. The agency then applied multiples to obtain the default probabilities for the higher rating categories. Furthermore, to account for regional and obligor concentration risks present in this pool, these levels were stressed under the different rating scenarios in line with previous transactions and the recommendation from credit committee.

Based on Fitch's Pan-European SME CDO Performance Tracker methodology (see report "*Pan-European SME CDO Performance Tracker*", dated 28 September 2006 and available at www.fitchratings.com), the chart below illustrates the expected cumulative base-case defaults for this transaction.

BBVA-5 FTPYME – FTA



Source: Fitch

Recovery Rate

Fitch's recovery model employs a loan-by-loan review taking into consideration the type of security, the geographical location and the characteristics of the loan that may influence default probability and recoveries. Key to the agency's analysis is the estimated stressed value of the assets under the different rating scenarios, which is determined by identifying market value decline ("MVD") ratios for the different property types.

Mortgages on commercial property were factored using the analytical approach used for CMBS transactions, through the implementation of rental value decline ("RVD") ratios and income capitalisation rates for specific property types. RVDs are based on historical volatility observations for the real estate market in Europe: the greater the volatility of a particular property type, the lower the potential stressed rent achieved in the future and, therefore, the higher its RVD.

The income capitalisation rate of a property can be expressed as the yield generated in the market by properties with similar features and use (e.g. hotels will normally return a different yield from retail units). More information on Fitch's CMBS methodology can be found in the special report "*European Property Income Model – "The Logic*", dated 9 June 2004 and available at www.fitchratings.com. The resulting MVDs were calibrated to reflect the geographical concentration of the collateral in this portfolio.

For the residential mortgages, the standard Spanish RMBS MVDs were factored. Finally, with regard to the unsecured loans, the agency assigned the senior unsecured recovery assumption that is defined by VECTOR for Spanish exposures that range between 28% and 35% for 'AAA' and 'B' scenarios, respectively (see "*Global Rating Criteria for Collateralised Debt Obligations*", dated 4 October 2006 and available at www.fitchratings.com). The final WA recovery rates were calculated by blending those rates of the secured and unsecured sub-portfolios considering their respective sizes in volume terms as detailed in the table below.

Default Probability and Recovery Rates

Rating	DP (%)	RR (%)
AAA	10.0	44.14
AA	8.0	44.88
BBB	4.0	49.92
Base Case	2.0	52.73

Source: Fitch

Cash Flow Modelling

Fitch modelled the cash flow mechanics of this transaction using the default probabilities and recovery rates detailed above.

The cash flow model assumed that defaults can occur in front- and back-loaded sequences. Although it depends on the specific amortisation profile of the collateral, a back-loaded sequence is generally more stressful, as most of the defaults would peak well into the life of the transaction. Therefore, substantial amounts of excess spread would already have been paid out by the structure before any provisioning mechanism was triggered. In this case, in a front-loaded stress scenario nearly 70% of the defaults would occur in the first 24 months after closing.

The analysis calculated the cost of carrying defaulted loans as the difference between the performing balance of the collateral and the notional note balance until all the recovery proceeds are collected. Excess spread, the reserve fund and principal collections must be sufficient to cover the carrying cost until all recoveries are received. Interest rates were stressed upwards over time as per the criteria definitions included in the report "*Global Rating Criteria for Collateralised Debt Obligations*", dated 4 October 2006 and available at www.fitchratings.com.

CE analysis also took into account the interest deferral mechanism in place for the class B and C notes, which will redirect funds away from the junior notes and towards the more senior notes if the size of the cumulative level of defaults exceeds the triggers defined for each class of notes. Should the triggers be hit, interest on the class B and C notes may not be received for a certain period of time, but will, in any case, be received prior to the maturity date.

In addition, the agency modelled prepayments, which can affect certain components of a transaction. Primarily, they lower the absolute amount of excess spread, which is an important component of the structure's total CE. On the other hand, since the principal repayment is directed to the senior classes, those notes benefit from higher CE as a result of the increase in subordination.

Prepayments will more likely lead to a decline in the WA margin on the underlying collateral, as high margin loans would be more motivated to prepay than those with low margins. However, this margin compression risk is fully mitigated by the guarantee spread payable under the swap. The prepayment rate used in the cash flow model is 20.0% under a 'AAA', 15.0% at 'A' and 12.5% at 'BBB' scenarios. With regards to the low prepayments stress that is in line with a 'AAA' rating scenario, Fitch applied an annual level that adjusts downwards from a base case ratio to 2.5%.

Fitch's recovery calculation assumed foreclosure costs to be 10% of the outstanding loan amount; it also assumed a three-year lapse between the date of default and the recovery date.

Origination and Servicing

BBVA is the parent of Spain's second-largest banking group and also among the largest international banking groups, with assets dominated by retail banking activities. It is the result of the merger between Banco Bilbao Vizcaya and Argentaria, Caja Postal y Banco Hipotecario, in 2000. The group has a well diversified business mix in all regions where it operates, with strong retail franchises in Spain and Latin America.

BBVA's credit approval practices and business model for mortgage and SME exposures draw a distinction between the more industrial types of obligors, internally classified as those with more than 10 but fewer than 250 employees (i.e. SME and corporate types), and those with fewer than 10 employees, including self-employed obligors (i.e. retail type). The first group (i.e. SMEs and corporates) represents approximately 10% of BBVA's current loan book by number of obligors. Consequently, the majority of the bank's SME clients belong to the retail group, which is much more fragmented and requires more intensive contact and greater individual efforts at a branch level.

BBVA coordinates and manages its retail portfolio through a network of branches organised into 13 regional units, each of which has its own credit risk and surveillance teams. These teams are responsible, among other duties, for maintaining the credit quality of the loan book and assisting in day-to-day business operations. Every regional unit reports to a central retail banking department, which also consists of credit risk, surveillance and business development teams. The credit approval process involves the following four levels of credit authority: relationship manager (limit assigned on a case-by-case basis); branches (up to EUR200,000); regional units (up to EUR3.0m or EUR4.0m); and central services. The specific approval limit assigned to each unit depends on its size, geographical coverage and business potential, among other factors.

Similarly, origination and lending processes for the SME- and corporate-type exposures are managed through a group of 213 branches that are organised into eight regional business units, each of which has credit risk, surveillance and business development departments that offer support to the branches beneath. The credit approval process involves five different sanction levels: relationship managers; branches (between EUR90,000 and EUR1.6m); regional units (up to EUR5.0m); SME directors (up to EUR7.0m); and the board of directors for Spain and Portugal. Almost 70% of all credit applications by number and 18% by volume are evaluated at the branch level.

BBVA uses an internally developed credit scoring system for obligors with sales larger than EUR0.9m, which was adjusted for SME obligors in September 2002. Financial and non-financial information is analysed and input into the credit-scoring system, which is based on a scale from 0 to 100 points (100 being the best score).

The rating is generally reviewed by BBVA's credit analysts on an annual basis, although reviews can occur more frequently, depending on the nature of the business or the addition of relevant information.

BBVA's analytical approach is based on the borrower's repayment capacity rather than the nature of the securities pledged (if applicable). Customers are grouped into risk units that bring different companies, seen as financially interlinked, under a single umbrella. Additional data checks are performed through databases like CIRBE (a Bank of Spain database that provides information on borrower exposure and non-payment for all Spanish entities and individuals) or the RAI (*Registro Aceptación Impagados*).

Delinquent borrowers are identified through an automated system, which delivers alerts to branch managers on a regular basis. Loans that remain delinquent after 60 days and have outstanding balances in excess of EUR30,000 are presented to a committee headed by the director of the relevant regional unit's credit department. The committee will decide upon the most appropriate course of action, which may be to transfer the file to the recoveries team for the launch of legal proceedings.

Only when the bank can take no further action internally or when the credit quality of the borrowers appears to be very low will BBVA outsource recoveries to external agencies. However, all legal action will always be conducted by BBVA internally.

BBVA has set up a recoveries team ("*Centro Especial de Recuperaciones*") for each regional business unit, which offers support in terms of legal and workout procedures. Currently more than 275 employees are working in these centres.

■ Performance Analytics

Fitch will report the performance of this transaction against the base case default curve outlined in the "*Pan-European SME CDO Performance Tracker*" report. Along with this tool, other details of the transaction's performance will be available to subscribers at www.fitchresearch.com. Please call the Fitch analysts listed on the first page of this report for any queries regarding the initial analysis or the ongoing performance.

Fitch will monitor the transaction regularly and as warranted by events. Its structured finance performance analytics team ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk.

■ Issuer Report Grade

Fitch has recently introduced Issuer Report Scores as part of an ongoing effort to improve the transparency of transaction performance to investors. Transactions are scored on a system ranging from one star (meets basic requirements) to five stars (outstanding).

For further information on the agency's Issuer Report Scores, please see the reports "*Fitch Issuer Report Grades*", dated 25 November 2004 and "*Fitch Issuer Report Grades May 2006 Update*", dated 5 June 2006, both of which are available at www.fitchratings.com.

The BBVA transactions have a current score of 4, which equate to "Good" according to Fitch's published reporting standards.

BBVA-5 FTPYME, F.T.A. — Spain/CDO

Capital Structure

Class	Rating	Size (%)	Size (EURm)	CE (%)	PMT Freq	Final Legal Maturity	Coupon
A1	AAA	77.52	1,472.80	6.65	Quarterly	March 2039	3m-Euribor + Spread
A2	AAA	10.53	200.00	6.65	Quarterly	March 2039	3m-Euribor + Spread
A3 (G)[1]	AAA	6.86	130.30	6.65	Quarterly	March 2039	3m-Euribor + Spread
B	AA	2.10	39.90	4.55	Quarterly	March 2039	3m-Euribor + Spread
C[2]	AAA	3.00	57.00	1.55	Quarterly	March 2039	3m-Euribor + Spread
Reserve Fund	NR	1.55	29.45	n.a.			

[1] The Kingdom of Spain will guarantee the class A3 (G) notes.
[2] European Investment Fund will guarantee the class C notes.

Key Information

Closing Date	26 October 2006 (Expected)	**Role**	**Party (Trigger)**
Country of Assets	Spain	**Arrangers**	BBVA, Europea de Titulización SGFT, SA, Dresdner Kleinwort.
Structure	Pass-through, sequential, pro rata under certain conditions	**Originator/Servicer of the Loans**	BBVA ('F1')
Type of Assets	SME secured and unsecured loans	**Issuer**	BBVA-5 FTPYME, F.T.A.
Currency of Assets	EUR	**Servicer of the Notes**	Europea de Titulización SGFT, SA
Currency of Notes	EUR	**Financial Agent**	BBVA ('F1')
Primary Analyst	henry.gallego@fitchratings.com	**GIC Account**	BBVA ('F1')
Secondary Analyst	laura.franco@fitchratings.com	**Swap Counterparty**	BBVA ('A/F1')
Performance Analyst	constantinos.tavlas@fitchratings.com		

Collateral: Pool Characteristics as of 12 September 2006*

Current Principal Balance (EUR)	2,223,359,151	Largest Region (%) -Valencia	16.5
Loans (No.)	15,159	Top Five Regions (%)[1]	56.9
Current WAL (Zero Prepayments, Years)	4.5	Linked to Obligors in Real Estate Business & Construction (%)	33.0
WA Coupon (%)	3.85	Top Four Industry Sectors (%)	62.5
WA Spread (%)	0.74	Backed by First-Ranking Mortgages (%)	33.0
% Fixed Interest Rate	9.93	WA Original LTV (for Mortgages) (%)	64.1
% Floating Rate	90.07	WA Current LTV (for Mortgages) (%)	54.4
Top 1 Obligor (%)*	0.35	Longest Maturity	Feb 2036
Top 5 Obligors (%)	1.68	Shortest Maturity	Oct 2006
Top 10 Obligors (%)	3.20	WA Seasoning (Months)	19.9
Obligors (No.)	13,043	WA Time to Maturity (Months)	77.8

* All percentages as a proportion of the provisional collateral outstanding balance.
[1] This percentage refers to Autonomous Communities in Spain.
Source: Transaction documents, the seller and Fitch