

## Structured Credit Spain Presale Report

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\* Expected ratings do not reflect final ratings and are based on information provided by the arrangers as of 17 May 2007. 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. The prospectus and other offering material should be reviewed prior to any purchase.

### Related Research

For further information please refer to the following (available at [www.derivativefitch.com](http://www.derivativefitch.com)):

- “European SME CDO Rating Criteria”, dated 27 March 2007
- “Global Rating Criteria for Collateralised Debt Obligations”, dated 4 October 2006
- “Interest Rate Risk in Structured Finance Transactions – Euribor” dated 1 November 2006
- “Pan-European SME CDO Performance Tracker”, dated 28 February 2007

## BBVA-6 FTPYME, Fondo De Titulización De Activos

### Expected Ratings\*

Class	Amount (EURm)	Legal Final Maturity	Rating	CE (%) <sup>2</sup>
A1	1201.90	March 2046	AAA	6.93
A2 (G) <sup>1</sup>	215.50	March 2046	AAA	6.93
B	50.30	March 2046	AA-	3.57
C	32.30	March 2046	BBB+	1.42
RF	21.30	March 2046	NR	n.a.

<sup>1</sup> The Kingdom of Spain will guarantee the ultimate payment of interest and principal on the A2 (G) notes

<sup>2</sup> 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

### Summary

This transaction is a cash flow securitisation of a EUR1.5bn 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 has assigned expected ratings to the notes (the notes) to be issued by BBVA-6 FTPYME, FTA (the issuer) as indicated above. The Kingdom of Spain (rated ‘AAA/F1+’, the guarantor) will guarantee ultimate payment of interest and principal on the class A2 (G) notes.

BBVA continues to be an active player in the Spanish securitisation arena with a total of 18 transactions. This is the eighth SME loan securitisation that BBVA has brought to the market, following BBVA PYME 5, FTA, rated by Fitch in October 2006 (please see the separate report at [www.fitchratings.com](http://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.

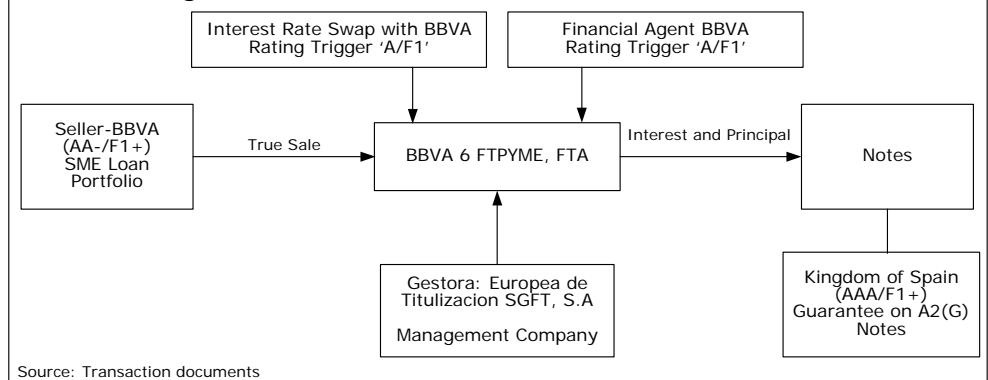
The issuer, a limited liability special-purpose vehicle incorporated under the laws of Spain, will be legally represented and managed by Europea de Titulización, SGFT, SA (the sociedad gestora), whose activities are limited to the management of securitisation funds.

The expected ratings are based on the quality of the collateral, 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 on or before the legal final maturity date.

### Credit Committee Highlights

- The structure benefits from a guarantee scheme whereby the Kingdom of Spain will guarantee the ultimate payment of principal and interest on the class A2 (G) notes. However, the standalone rating of the class A2 (G) notes has been stressed to a ‘AAA’ rating scenario, and the ‘AAA’ expected rating assigned to these notes is not dependent on the guarantor’s rating (see *Guarantee*).

### Structure Diagram



- The agency has used its VECTOR SME model as a primarily quantitative tool to approximate rating default rates (RDR), rating recovery rates (RRR) and rating loss rates (RLR) on the collateral for the various rating stress scenarios. Details on the agency's new European SME CDO criteria are presented in the report entitled "European SME CDO Rating Criteria" dated 27 March 2007 and available at [www.derivativefitch.com](http://www.derivativefitch.com) (see *Credit Analysis*).
- As most of the secured collateral (i.e. 94.0% 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. Note that 7.1% of the outstanding collateral balance is secured on bare/undeveloped land, which has been accounted for in the recovery rate calculations by assuming conservative Market Value Decline (MVD) indicators ranging between 68.6% and 50.0% for the AAA and BBB scenarios, respectively. See *Credit Analysis*.
- The collateral is very granular with no single obligor representing more than 0.39% of the overall portfolio and the top 10 obligors accounting for 3.30% in volume terms. Similarly, no significant regional or industrial concentration was identified.

### BBVA 6, 5 and 4 Deal Comparison

(%)	BBVA-6 FTPYME	BBVA-5 FTPYME	BBVA-4 PYME
No. of loans	9,327	15,221	6,726
Loans secured by first-ranking mortgages (%)	36.4	29.0	29.6
Largest 10 obligors (%)	3.3	3.29	3.3
Largest region (%)	19.5	14.6	20.4
Notes issued at closing (EURm)	1,500	1,900	1,250
WA seasoning (months)	15.1	19.3	17
WA time to maturity (months)	82	79.3	77
Weighted-average life (no prepayments) at closing (years)	3.9	3.8	3.5

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.

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 Titulización, 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

#### Provisional Collateral Portfolio Characteristics

**Underlying Securities:** 9,327 loans granted to SMEs in Spain

**Total Amount:** EUR1.8bn of which EUR1.5bn will be selected at closing

#### Structure

**Issuer:** BBVA-6 FTPYME, Fondo De Titulización De Activos

**Total Amount:** EUR1.5bn

**Management Company:** Europea de Titulización, S.A., S.G.F.T.

**Originator:** Banco Bilbao Vizcaya Argentaria (BBVA, rated 'AA-/F1+')

**Paying Agent:** BBVA

**Swap Counterparty:** BBVA

**Treasury Account (GIC Account):** BBVA

**Closing Date:** 14 June 2007 (expected)

**Scheduled Maturity Date:** September 2042

**Legal Maturity Date:** March 2046

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 every seventh day. 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 qualified investment opportunities in line with Fitch criteria detailed in report entitled "*Counterparty Risk in Structured Finance: Qualified Investment Criteria*" dated 30 June 2004 and available at [www.fitchratings.com](http://www.fitchratings.com).

### Priority of Payments

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

1. expenses, taxes and servicing fees;
2. net payment under the swap agreement (if applicable), and any swap termination payment solely in the event of the issuer not meeting its obligations under the swap agreement;

3. class A1 and A2 interest, and reimbursement of amounts drawn under the guarantee of the Kingdom of Spain (if applicable) to pay A2 (G) interest. Note that no interest is due on drawn amounts;
4. class B interest (if not deferred);
5. class C interest (if not deferred);
6. principal repayment of the notes in order of seniority, including any amounts drawn under the guarantee of the Kingdom of Spain (if applicable) to pay A2 (G) principal (see *Amortisation of the Notes* and *Guarantee*);
7. class B interest if deferred, which will occur if the cumulative level of defaults, defined as loans in arrears over 12 months, exceeds 6.5% of the original collateral balance;
8. class C interest if deferred, when the cumulative level of defaults exceeds 5.0% of the original collateral balance;
9. reserve fund top-up if required (see *Reserve Fund*); and
10. subordinated amounts, including reimbursement and remuneration of the subordinated loan to cover initial expenses, and liquidation payments due under the swap agreement in the event of the swap counterparty failing to meet its obligations under such agreement.

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 September 2007 and quarterly thereafter. All notes will amortise sequentially on a pass-through basis after the class A1 notes have been redeemed in full.

Nonetheless, when the ratio of cumulative defaults is greater than 3.0% of the original collateral balance, the outstanding balances of the A1 and A2 (G) notes will amortise pro rata.

In addition, and provided that the outstanding balances of the class B and class C notes represent twice their original percentages with respect 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 and A2 (G)) subject to the following conditions:

- the delinquency ratio, defined as loans more than 90 days in arrears over the outstanding balance of non-defaulted loans, is less than 1.25% for the class B notes and 1.00% for the class C notes;
- no pro rata amortisation is applicable on the class A1 and A2 (G) notes;
- the amount of the reserve fund is at the required level; and
- the outstanding balance of non-defaulted collateral is greater than 10% of the original notes balance.

### **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.

### **Reserve Fund**

A reserve fund equivalent to 1.42% of the original balance of the class A to C notes will be funded at closing through a subordinated loan granted by BBVA to the issuer. Subject to the following conditions, the reserve fund will be permitted to amortise to the greater of 0.71% of the original collateral balance and 2.84% of the outstanding collateral balance:

- The balance of loans more than 90 days in arrears is less than 1.0% of the outstanding non-defaulted collateral.
- On the preceding payment date, the reserve fund was at its required amount.

- More than three years have lapsed since the closing date of the transaction.

### Swap Agreement

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 on the notional amount, which is defined as the sum of performing loans up to 90 days in arrears, and in return it will receive three-month Euribor plus the weighted-average (WA) spread on the notes plus 65bp on the same notional amount. Note that the issuer will also receive the servicing fee on the collateral if the servicer is replaced.

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.

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 equivalent to the servicing fees of the collateral in the event of the servicer being replaced, 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 equivalent to 100bp times the WA Life of the collateral calculated with zero prepayments times the outstanding collateral balance with regards to this servicing replacement cost feature. 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](http://www.fitchratings.com).

### Guarantee

The guarantee attached to the class A2 (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 drawn under the guarantee will be considered an obligation of the issuer, and will be repaid to the guarantor through the priority of payments on the next available payment date (see above). Reimbursement of amounts drawn to cover A2 (G) interest will rank pari passu with A1 and A2 (G) note interest, while repayment of drawn amounts to pay A2 (G) principal will rank ahead of the A2 (G) principal or after when a principal

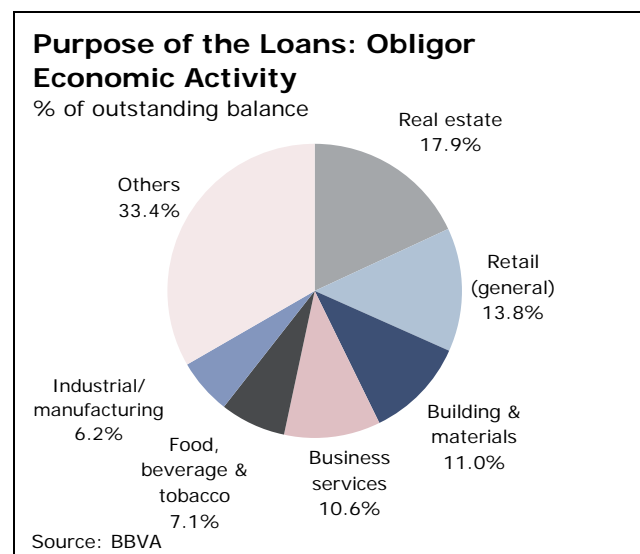
amortisation deficit is identified. The guarantor will charge an upfront fee equivalent to 0.15% of the guaranteed amount, which will be payable using monies from the start-up subordinated loan granted by BBVA to the issuer.

Although the A2 (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, which has been verified to be in line with a 'AAA' stress scenario.

## Collateral

At closing, the final portfolio will have an outstanding balance of EUR1.5bn and will consist of loans selected from a provisional portfolio of 9,327 loans. As of 8 May 2007, the provisional portfolio's main characteristics, in volume terms, were:

1. the top obligor represented 0.39% and the top 10 totalled 3.30%;
2. 36.4% was secured on first-ranking mortgages of which 94.0% corresponded to commercial properties. Note that 5.2% of the collateral is secured on bare land assets;
3. the original and current loan-to-value (LTV) ratios of secured loans were 67.1% and 58.6%, respectively;
4. borrowers within the real estate and construction industry classes accounted for approximately 29%;
5. 19.5% of the obligors are located in the region of Catalonia and 15.5% in Madrid;
6. the WA seasoning was 15.1 months;
7. 89.3% of the loans are linked to a variable interest rate;
8. the WA coupon was 4.7%; and
9. the WA spread was 0.76%.



## Credit Analysis

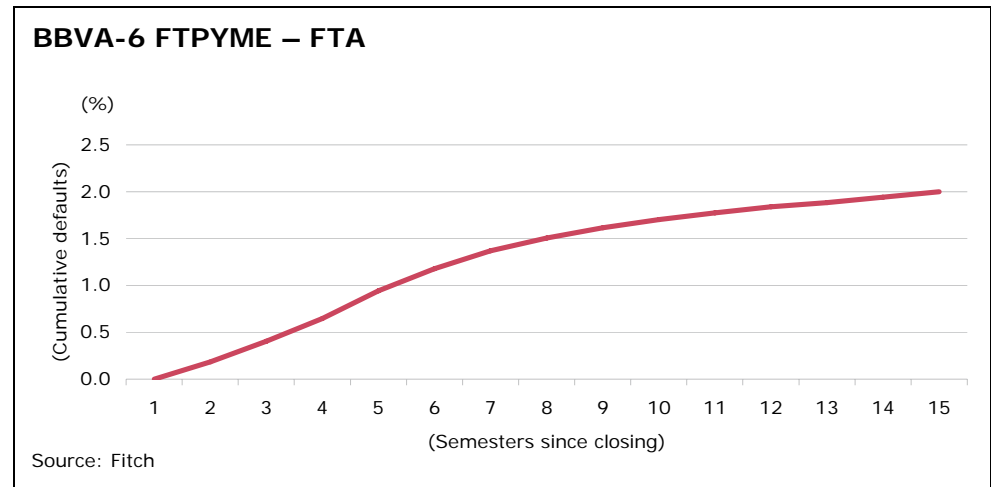
Fitch analysed this transaction in accordance to the European SME criteria entitled "*European SME CDO Rating Criteria*" published on 27 March 2007. It used its main quantitative tool, Fitch Default VECTOR SME model, and the agency's proprietary cash flow model.

### Default Probability

Using delinquency data provided by BBVA dating back to 2000, and extrapolating the series to a seven-year horizon based on the SME Tracker methodology (see report "*Pan-European SME CDO Performance Tracker*", dated 28 February 2007 and available at



www.derivativefitch.com), Fitch was able to derive a base case default rate of 2.0%. The chart below illustrates the cumulative base-case defaults for this transaction.



To approximate the RDR of the collateral under the various stress scenarios, Fitch run VECTOR SME detailing individual loan-by-loan characteristics such as industry class, outstanding amounts, obligor ID, and amortisation profile. The simulation has accounted for the geographical and industry class distribution of the collateral, as 19.5% is located in Catalonia and 29% is linked to Real Estate and construction activities. VECTOR SME has estimated a Portfolio Correlation Level (PCL) of 3.18% for the collateral.

The collateral is exposed to annual and bullet payment frequency as well as principal grace period loans. To address such credit risk on these loans, Fitch has stressed upwards the base case default probability assumption for these loans only by 1.25x to account for annual payments, 1.25x for bullet payments, 1.05x for interest grace period loans. Moreover, the agency applied a 1.25x default hit for loans in arrears up to 30 days.

Based on 150,000 scenario runs, the following were the main outputs of the VECTOR SME model.

#### VECTOR SME Outputs and Recovery Results

Rating	RDR (%)	RRR (%)	RLR (%)	MVD (%)
AAA	8.87	45.12	4.87	52.3
AA	7.54	47.74	3.94	45.8
A+	4.96	50.82	2.44	40.5
BBB+	3.55	53.23	1.66	35.4
BB+	2.98	54.64	1.35	31.4

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 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](http://www.fitchratings.com). The resulting MVDs were calibrated to reflect the geographical concentration of the collateral in this portfolio.

In connection with the security available on bare/undeveloped land assets (7.1% of the collateral in volume terms), and as no historical evidence on MVD indicators is available for the analysis, Fitch adopted a conservative assumption by stressing the existing indicators normally assigned to traditional commercial real estate assets such as offices, retail outlets, hotels or warehouses. The MVD ratios applied ranged between 68.6% and 50.0% for the AAA and BBB scenarios, respectively.

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](http://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 in previous page.

### 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 78% of the defaults would occur in the first 36 months after closing, in line with the criteria that is detailed in the report entitled "*Global Rating Criteria for Collateralised Debt Obligations*" dated 4 October 2006 and available at [www.derivativefitch.com](http://www.derivativefitch.com).

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 "*Interest Rate Risk in Structured Finance Transactions – Euribor*" dated 1 November 2006 and available at [www.derivativefitch.com](http://www.derivativefitch.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, 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 rates used in the cash flow model range from 20.0% under a 'AAA' scenario to 10.0% in a 'B' scenario. 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

As part of the rating process, Fitch has reviewed and analysed BBVA's origination and servicing guidelines. An operational visit to BBVA conducted by Fitch's analysts took place in December 2006.

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 such as 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 monitor the transaction regularly and as warranted by events. Its structured finance performance analytics ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk. Fitch will report the performance of this transaction against the base case default curve outlined in the report entitled "*Pan European SME CDO Performance Tracker*". Along with this tool, other details of the transaction's performance will be available to subscribers at [www.derivativefitch.com](http://www.derivativefitch.com).

As it can be seen on the latest issue of the "*Pan European SME CDO Performance Tracker*", dated 28 February 2007, the overall level of average defaults of Spanish SME CDO transactions has been stable. In November 2006 Fitch conducted a performance review of previous SME loan securitisations by BBVA with the following rating actions:

- BBVA-2 FTPYME ICO- Class DSA and ESA upgraded, remaining classes affirmed.
- BBVA-3 FTPYME ICO- Series B upgraded, remaining classes affirmed
- BBVA 4 PYME- All notes affirmed.

Please contact the Fitch analysts listed on the first page of this report with any queries regarding the initial analysis or the ongoing performance.

## BBVA-6 FTPYME, F.T.A. – Spain/CDO

### Capital Structure

Class	Expected rating	Size (%) <sup>a</sup>	Size (EURm)	CE (%)	PMT freq	Expected legal maturity	Coupon
A1	AAA	80.13	1201.90	6.93	Quarterly	March 2046	3M Euribor + spread
A2 (G) <sup>a</sup>	AAA	14.37	215.50	6.93	Quarterly	March 2046	3M Euribor + spread
B	AA	3.35	50.30	3.57	Quarterly	March 2046	3M Euribor + spread
C	BBB+	2.15	32.30	1.42	Quarterly	March 2046	3M Euribor + spread
Reserve fund	NR	1.42	21.30	n.a.	Quarterly	n.a.	3M Euribor + spread

<sup>a</sup> The Kingdom of Spain will guarantee the ultimate payment of interest and principal to the class A2 (G) notes  
Source: Transaction documents, the seller and Fitch

### Key Information

		Role	Party (trigger)
<b>Closing date</b>	14 June 2007 (expected)	<b>Originator</b>	BBVA, Europea de Titulización SGFT, SA
<b>Country of assets</b>	Spain	<b>Structurer</b>	BBVA
<b>Structure</b>	Pass-through, sequential, pro rata under certain conditions	<b>Issuer</b>	BBVA-6 FTPYME, F.T.A.
<b>Type of assets</b>	SME secured and unsecured loans	<b>Trustee</b>	Europea de Titulización SGFT, SA
<b>Currency of assets</b>	EUR	<b>Originator/ servicer of the collateral</b>	BBVA ('F1')
<b>Currency of notes</b>	EUR	<b>Financial agent</b>	BBVA ('F1')
<b>Primary analyst</b>	henry.gallego@derivativefitch.com	<b>Swap counterparty</b>	BBVA ('A/F1')
<b>Secondary analyst</b>	gaston.wieder@derivativefitch.com		
<b>Performance analyst</b>	christiane.kuti@derivativefitch.com		

Source: Transaction documents, the seller and Fitch

### Collateral: Pool Characteristics as of 8 May 2007<sup>a</sup>

Current principal balance (EURm)	1,768.0	Largest region – Catalonia (%)	19.5
Loans (no.)	9,327	Top five regions (%)	69.3
Current WAL	3.9	Linked to obligors in real estate and construction activities (%)	29.0
(zero prepayments, years)			
WA coupon (%)	4.70	Top four industry sectors (%)	53.4
WA spread (%)	0.76	Backed by first-ranking mortgages (%)	36.4
Fixed interest rate (%)	10.7	WA original LTV (for mortgages) (%)	67.1
Floating rate (%)	89.3	WA current LTV (for mortgages) (%)	58.6
Top one obligor (%)	0.39	Annual payment loans (%)	1.6
Top 10 obligors (%)	3.30	Principal grace period loans (%)	11.8
Obligors (no.)	8,231	Loans up to 30 days in arrears (%)	5.8
WA seasoning (months)	15.1	Longest maturity	Jun 2042
WA remaining term (months)	82	Shortest maturity	Jan 2008

<sup>a</sup> All percentages as a proportion of the provisional collateral outstanding balance  
Source: Transaction documents, the seller and Fitch

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