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## Cash Flow Balance Sheet Corporate CDO Pool Presale Report

### BBVA-7 FTGENCAT Fondo de Titulización de Activos €250 Million Floating-Rate Notes

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Series	Prelim. rating*	Prelim. amount (Mil. €)	Available credit support (%)	Interest	Legal final maturity
A1	AAA	112.0	13.78	Three-month EURIBOR plus a margin	July 21, 2040
A2 (G)†	AAA	112.3	13.78	Three-month EURIBOR plus a margin	July 21, 2040
B	A	11.9	9.02	Three-month EURIBOR plus a margin	July 21, 2040
C	BBB-	13.8	3.50	Three-month EURIBOR plus a margin	July 21, 2040

\*The rating on each series of securities is preliminary as of Feb. 5, 2008, 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.

†The series A2 (G) notes will be protected by a guarantee from the Autonomous Community of Catalonia (AA/Stable/—). The standalone preliminary rating on the series A2(G) notes is 'AAA'.

#### 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.
Subordinated loan provider	Banco Bilbao Vizcaya Argentaria, S.A.
Startup loan provider	Banco Bilbao Vizcaya Argentaria, S.A.

#### Supporting Ratings

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

#### Transaction Key Features\*

Expected closing date	February 2008
Collateral	Loans granted to Spanish SMEs and corporates based in the region of Catalonia
Principal outstanding (Mil. €)	290,868,801.85
Country of origination	Spain
Concentration	Largest 10 obligors (10.77% of provisional pool); regional concentration (100% Catalonia industrial concentration); real estate and renting activities (35.27%); trade and vehicle reparations activities (15.38%); and construction (6.84%). The five major industries represent 66.78% of the pool
Average current loan size balance (€)	231,215.26
Loan size range (€)	1,114.62 to 3,778,500.00
Weighted-average interest rate (%)	5.26
Arrears	At closing there will be no loans with arrears more than one month
Redemption profile	Amortizing
Excess spread at closing, available through the interest swap contract (bps)	50
Subordinated loan (Mil. €)	8.75

\*Pool data as of Dec. 28, 2007.

## Transaction Summary

Standard & Poor's Ratings Services has assigned preliminary credit ratings to the floating-rate notes to be issued by BBVA-7 FTGENCAT Fondo de Titulización de Activos (the issuer).

The originator is Banco Bilbao Vizcaya Argentaria, S.A. (BBVA; AA-/Positive/A-1+), the second-largest Spanish banking group and the ninth-largest in the Eurozone by market capitalization. At closing, BBVA will sell to the issuer a €250 million closed portfolio of secured and unsecured loans granted to Spanish SMEs and corporates based in the region of Catalonia.

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

## Notable Features

This transaction will be the 10th 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 series 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, 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 will be provided by subordination, the available excess spread, and the subordinated loan, which will fully fund the reserve fund on the closing date.
- BBVA is an experienced originator and servicer, with 10 CLO transactions, five RMBS, one MBS, three auto loan transactions, two consumer loan transactions, and a leasing transaction.
- Of the pool, 48.38% represents mortgage loans. Generally, mortgage loans carry a higher level of recoveries.
- A swap agreement will hedge the interest rate risk and leave a spread of 50 bps in the transaction. This spread will be available to pay the servicer fees and the weighted-average cost of notes.
- Principal amortization of the notes will be accelerated if there are loans more than 12 months past due. This will be done by using trapped excess spread and by the amount equivalent to the outstanding balance of those overdue loans.
- Good-quality historical information was provided to Standard & Poor's.
- The A2 (G) notes benefit from a guarantee provided by the autonomous community of Catalonia (AA/Stable/—).

### *Concerns and mitigating factors*

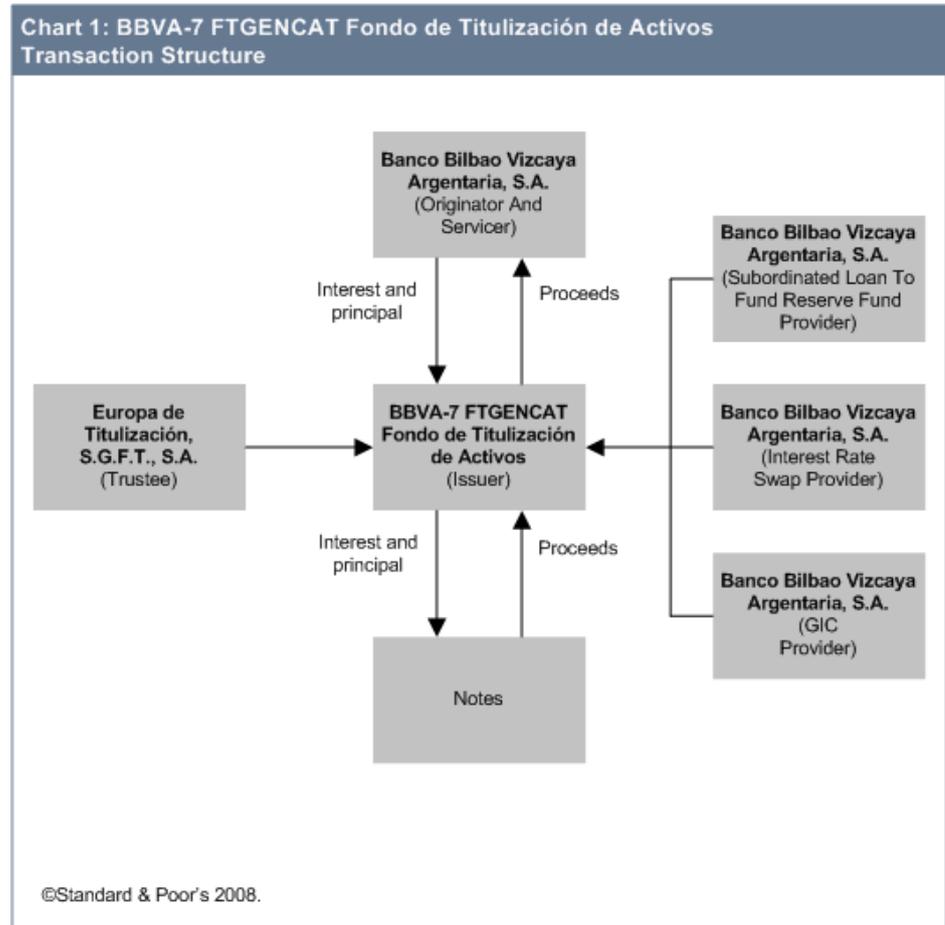
- There is a high borrower concentration risk, as the top 10 borrowers represent 10.77% of the provisional pool and the biggest borrower represents 1.29% of the provisional pool. Borrower concentrations were taken into account in the credit analysis stressing the default rates at each rating level.
- There is a high geographical concentration risk, as all the loans in the preliminary pool have been granted to Catalan SMEs. Geographical concentrations were taken into account in the credit analysis stressing the default rates at each rating level.
- Industry concentration is also a concern with 35.27% of the preliminary pool corresponding to SMEs in the real estate and renting activities sectors. In particular, concerns arise in relation to the 3.9% of the provisional pool granted to developers, as these loans are likely to be the most vulnerable to real estate market performance fluctuations. The real estate sector is significant in the SME economy and none of these loans will imply construction risk for the issuer. Standard & Poor's has taken into account industry concentration in its credit analysis.
- 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 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 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-7 FTGENCAT will fund the purchase of the closed portfolio by issuing four series of notes through the trustee, Europea de Titulización S.G.F.T. (see chart 1).



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 (G) 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"

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 the issuer's behalf, 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 where 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. 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

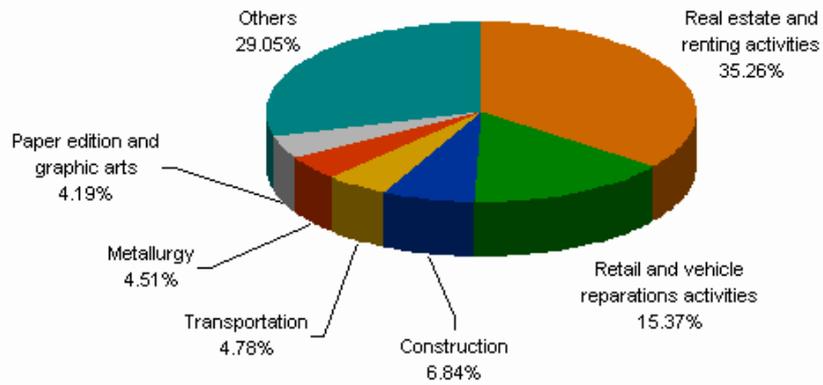
As of Dec. 28, 2007, the provisional pool comprised 1,258 secured and unsecured loans, and the total number of borrowers was 1,073. The pool was originated between January 1994 and December 2007, and the weighted-average seasoning is 16.18 months.

Of the outstanding amount of the pool, 48.38% is secured by mortgages over properties and commercial premises in Spain.

The pool is not granular and has concentration at the obligor level. The largest obligor represents 1.29% of the provisional pool and the largest 10 obligors represent 10.77%. Of the pool, 40.45% is more than 12 months' seasoned. The weighted-average remaining life of the pool is 91 months, with 44.96% of the pool maturing within five years. The pool is 100% exposed to Catalonia, and at closing, the pool will have no loans with arrearages of more than one month.

The largest industry concentration is real estate and renting activities, which, combined, represent 35.27% of the pool. The second-highest concentration is retail and vehicle reparations activities (15.38%), followed by construction (6.84%). The five major industries represent 66.78% of the pool.

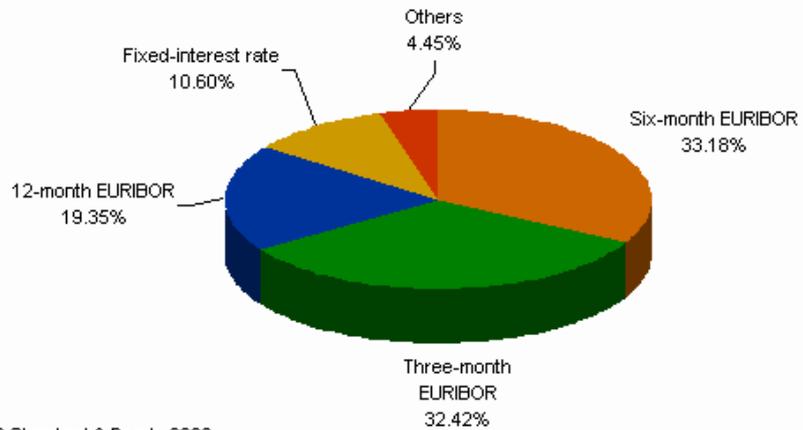
Chart 2: Industry Concentration



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Of the pool, 89.73% is indexed to floating rates, with nearly 88.39% of the total outstanding amount of the pool referenced to EURIBOR and MIBOR (Madrid interbank offered rate). The assets indexed to floating rates have a weighted-average interest rate of 5.25% and the weighted-average margin on the floating pool is 70.36 bps over the various indices.

Chart 3: Interest Rate Of The Pool



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*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 was 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 4 shows the historical levels of loans becoming delinquent after arrears amount to 90 days (by quarter of origination).

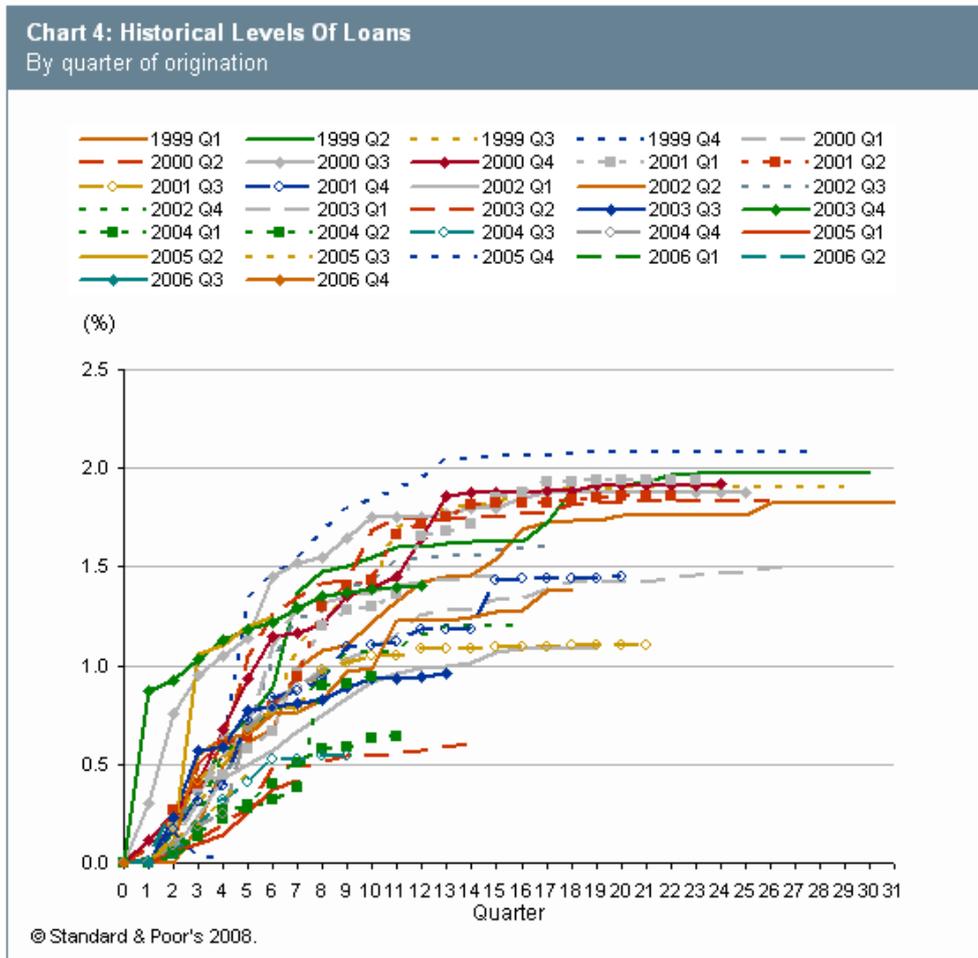
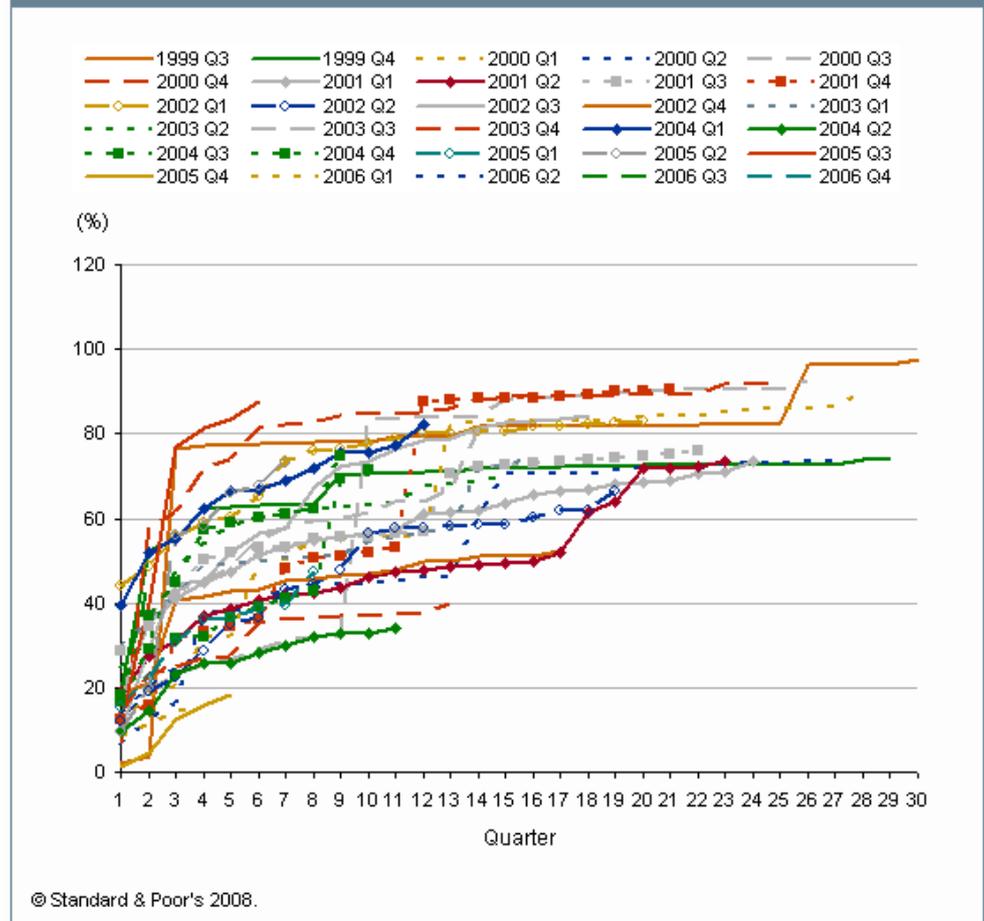


Chart 5 shows the historical levels of recoveries from the default (described as 90-day arrears) by quarter or origination.

**Chart 5: Historical Levels Of Recoveries**

By quarter of origination



## Credit Structure

### *Cash collection arrangements*

BBVA, as servicer, will collect 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 will be held on the issuer's behalf with BBVA. The regularity of the cash sweep may be accelerated if BBVA's creditworthiness deteriorates and would be swept daily if its rating was lowered 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").

### *Guarantee from the government of Catalonia*

The guarantee program by the government of the autonomous community of Catalonia (FTGENCAT) was set up in late 2002 to promote access to a more diversified source of financing for the Catalonian SME (PYME) sector.

### *Reserve account*

The originator will provide a subordinated loan of €8.75 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:

- 3.50% of the initial balance of the notes; or

- The higher of 7.00% of the outstanding principal balance of the notes and 1.75% 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 funds are insufficient.

*Interest swap agreement*

On the issuer'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), and the servicing fee amount.

This type of swap provides not only a hedge for the interest rate risk, but also credit support to the transaction, given that it covers the substitute servicing fee, the weighted-average coupon of the notes, and it also guarantees a spread of 50 bps in the transaction.

Documents will provide that if the swap provider is downgraded below 'A-1', it would become an ineligible counterparty and within 10 days must collateralize 125% of the contract's mark to market complying with Standard & Poor's requirements. The downgraded swap provider would then have 60 days to:

- Find a replacement with a short-term rating of at least 'A-1'; or
- Find an adequate guarantor with a short-term rating of at least 'A-1' that complies with Standard & Poor's criteria.

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

Standard & Poor's analysis assumes that a replacement of the ineligible counterparty will occur. However, given the bespoke nature of this swap, it may be more difficult to find a replacement. Therefore, the market should understand and consider the risk of downgrade of the transaction, if a replacement is not found.

*Redemption of the notes*

Amortization will occur for the:

- Series A1 notes, from the first payment date until fully amortized;
- Series A2(G) notes, once the series A1 notes are fully amortized
- Series B notes, once the series A1 and A2(G), notes are fully redeemed; and
- Series C notes, once the series B notes are fully redeemed.

The available amortization fund on 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 series 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(G) 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 and A2(G) notes will amortize pro rata.

The conditions for the pro rata amortization of the series B and C notes are that they will amortize pro rata with the series A1 and A2(G) 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 9.52% and 11.04% 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 in the following order:

- Fees;
- Administration fees;
- Net payments under the swap agreement (other than swap termination payments due to a default or breach of contract by the swap counterparty);
- Interest on the series A1 and A2(G) notes;
- Interest on the series B notes if not deferred;
- Interest on the series C notes if not deferred;
- Amortization of the series A1, A2(G) notes, and the series B and C notes;
- Interest on the series B notes if, deferred;
- Interest on the series C notes if, deferred;
- Replenishment of cash reserve;
- Swap termination payments, if any, when the issuer is not the defaulting party;
- Interest and principal payments under the subordinated loan;
- Interest payments and principal repayments under the subordinated startup loan; and
- Any remaining margin paid back to the issuer.

A trigger will ensure that in a stressful economic environment, the more senior notes are amortized before interest on the subordinated series of notes is paid.

Interest on the series 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.

### *Series 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 7.85%, interest on the series B notes will pay in a lower position in the priority of payments, until the series A1 and A2 (G) notes redeem.

### *Series 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 5.05% interest on the series C notes will pay in a lower position in the priority of payments, until the series A1, A2 (G) notes, and series 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 will 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

- *"Transition Study: European Structured Finance Ratings Stable In 2007, But Pockets Of Weakness Emerged"* (published on Jan. 25, 2008).
- *"European Structured Finance Performance Outlook 2007—Fundamental Risks Increasing, But Forecast For Ratings Remains Benign"* (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](http://www.ratingsdirect.com). The criteria can also be found on Standard & Poor's Web site at [www.standardandpoors.com](http://www.standardandpoors.com).

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