

Press Releases



Insight beyond the rating.

Date of Release: June 28, 2017

DBRS Takes Rating Actions on BBVA EMPRESAS 4 FTA and BBVA-10 PYME FT

DBRS Ratings Limited (DBRS) has today taken rating actions on two SME CLOs originated by Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) transactions as follows:

BBVA EMPRESAS 4 FTA (BBVA 4):

-- Series of Notes confirmed at A (high) (sf)

BBVA-10 PYME FT (BBVA 10):

-- Series A Notes confirmed at A (high) (sf)

-- Series B Notes upgraded to B (sf) from CCC (sf)

The ratings of the BBVA 4 Series of Notes and BBVA 10 Series A Notes address the timely payment of interest and the ultimate payment of principal on or before the legal final maturity date.

The rating of BBVA 10 Series B Notes addresses the ultimate payment of interest and principal on or before the legal final maturity date.

Today's rating actions follow an annual review of the transactions and are based on the following analytical considerations:

- Portfolio performance in terms of delinquencies and defaults, as of the May 2017 payment date for BBVA 4 and April 2017 payment date for BBVA 10.
- Probability of Default (PD) rate for the remaining collateral pools.
- The Credit Enhancement (CE) available to the rated notes.

Both transactions are cash flow securitisations collateralised by a portfolio of bank loans originated and serviced by BBVA to self-employed individuals and small and medium-sized enterprises (SMEs) based in Spain.

PORTFOLIO PERFORMANCE

The portfolios of both transactions are performing within DBRS's expectations. For BBVA 4, the 90+ delinquency ratio was at 2.34%, as of May 2017, and the cumulative default ratio is 5.54%. For BBVA 10, the 90+ delinquency ratio was at 0.29%, as of May 2017, and the cumulative default ratio remains

at 0%.

PORTFOLIO ASSUMPTIONS

As of closing, DBRS has kept the same PD assumptions on the remaining collateral pools for both transactions. Base Case PD rates used: 3.78% for BBVA 4 and 4.44% for BBVA 10.

CREDIT ENHANCEMENT

The CEs available to all rated notes have continued to increase as the transactions continue to deleverage. The CE available to each series of rated notes was 42.58% for the BBVA 4 Series of Notes, as of the May 2017 payment date, and 47.72% and 8.37% for the BBVA 10 Series A and B Notes, respectively, as of the April payment date. The increase in the CE prompted today's confirmation and upgrade rating actions.

BBVA acts as the Account Bank provider for both BBVA 4 and BBVA 10 transactions. The account bank reference rating of 'A' – being one notch below the DBRS public Long-Term Critical Obligations Rating of BBVA of A (high) – complies with the Minimum Institution Rating, given the rating assigned to the most senior class of rated notes in each transaction, as described in DBRS's "Legal Criteria for European Structured Finance Transactions" methodology.

Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable to the ratings is: "Rating CLOs Backed by Loans to European SMEs".

DBRS has applied the principal methodology consistently and conducted a review of the transactions in accordance with the principal methodology.

A review of the transactions' legal documents was not conducted as the documents have remained unchanged since the most recent rating actions.

Other methodologies referenced in these transactions are listed at the end of this press release.

These may be found on www.dbrs.com at: <http://www.dbrs.com/about/methodologies>.

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to DBRS commentary "The Effect of Sovereign Risk on Securitisations in the Euro Area" on: <http://www.dbrs.com/industries/bucket/id/10036/name/commentaries/>.

The sources of data and information used for these ratings include information provided by Europea de Titulización S.A., S.G.F.T. and loan-level data from the European DataWarehouse GmbH.

DBRS did not rely upon third-party due diligence in order to conduct its analysis.

At the time of the initial rating of BBVA 4, DBRS was not supplied with third-party assessments. At the time of the initial rating of BBVA-10, DBRS was supplied with third-party assessments. However,

this did not impact the rating analysis.

DBRS considers the data and information available to it for the purposes of providing these ratings to be of satisfactory quality.

DBRS does not audit or independently verify the data or information it receives in connection with the rating process.

The last rating action on both transactions took place on 1 August 2016 when DBRS upgraded the BBVA 4 Series of Notes to A (high) (sf) from A (sf) and the BBVA 10 Series A and B Notes to A (high) (sf) and CCC (sf) from A (low) (sf) and CCC (low) (sf), respectively.

The lead analyst responsibilities for these transactions have been transferred to Francesco Amato.

Information regarding DBRS ratings, including definitions, policies and methodologies, is available on www.dbrs.com.

To assess the impact of changing the transaction parameters on the rating, DBRS considered the following stress scenarios, as compared to the parameters used to determine the rating (the base case):

BBVA 4

-- Probability of Default Rates Used: base case PD of 3.78% a 10% increase of the base case and a 20% increase of the base case PD.

-- Recovery Rates Used: base case recovery rates, corresponding to a recovery rate of 71.09% at the A (high) (sf) stress level for the Series of Notes, a 10% and 20% decrease in the base case recovery rates. Note that the percentage decreases in the recovery rates are assumed for the other stress recovery rate levels.

DBRS concludes that a hypothetical increase of the base case PD by 20%, ceteris paribus, would lead to a downgrade of the Series of Notes to A (low) (sf) and a hypothetical decrease of the recovery rate by 20%, ceteris paribus, would lead to a confirmation of the Series of Notes at A (high) (sf). A scenario combining both an increase in the base case PD by 10% and a decrease in the base case recovery rate by 10%, ceteris paribus, would lead to a downgrade of the Series of Notes to A (low) (sf).

BBVA 10

-- Probability of Default Rates Used: base case PD of 4.44% a 10% increase of the base case and a 20% increase of the base case PD.

-- Recovery Rates Used: base case recovery rates of 42.65% at the A (high) (sf) stress level and 52.40% at the B (sf) stress level for the Series A Notes and Series B Notes, respectively, a 10% and 20% decrease in the base case recovery rates.

DBRS concludes that a hypothetical increase of the base case PD by 20% or a hypothetical decrease of the recovery rate by 20%, ceteris paribus, would lead to a confirmation of the Series A Notes at A (high) (sf). A scenario combining both an increase in the base case PD by 10% and a decrease in the base case recovery rate by 10%, ceteris paribus, would also lead to a confirmation of the Series A

Notes at A (high) (sf).

Regarding the Series B Notes, a hypothetical increase of the base case PD by 20% or a hypothetical decrease of the base case recovery rate by 20%, ceteris paribus, would lead to a downgrade of the Series B Notes to B (low) (sf) and a hypothetical decrease of the recovery rate by 20% would lead to a confirmation of the Series B Notes at B (sf). A scenario combining both an increase in the base case PD by 10% and a decrease in the base case recovery rate by 10% would lead to a downgrade of the Series B Notes to B (low) (sf).

For further information on DBRS historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

Ratings assigned by DBRS Ratings Limited are subject to EU regulations only.

BBVA 4

Lead Analyst: Francesco Amato, Financial Analyst
Rating Committee Chair: Christian Aufsatz, Managing Director
Initial Rating Date: 7 November 2012

BBVA 10

Lead Analyst: Francesco Amato, Financial Analyst
Rating Committee Chair: Christian Aufsatz, Managing Director
Initial Rating Date: 10 December 2015

DBRS Ratings Limited

20 Fenchurch Street, 31st Floor, London EC3M 3BY
United Kingdom
Registered in England and Wales: No. 7139960

The rating methodologies used in the analysis of this transaction can be found at:
<http://www.dbrs.com/about/methodologies>.

- Legal Criteria for European Structured Finance Transactions
- Master European Structured Finance Surveillance Methodology
- Rating CLOs Backed by Loans to European SMEs
- Rating CLOs and CDOs of Large Corporate Credit
- Operational Risk Assessment for European Structured Finance Servicers
- European RMBS Insight: Spanish Addendum
- Unified Interest Rate Model for European Securitisations
- Cash Flow Assumptions for Corporate Credit Securitisations

A description of how DBRS analyses structured finance transactions and how the methodologies are collectively applied can be found at: <http://www.dbrs.com/research/278375>.

Ratings

Issuer	Debt Rated	Rating Action	Rating	Trend	Notes Published	Issued
BBVA EMPRESAS 4 FTA	Series of Notes	Confirmed	A (high) (sf)	--	Jun 28, 2017	EU
BBVA-10 PYME FT	Series A Notes	Confirmed	A (high) (sf)	--	Jun 28, 2017	EU
BBVA-10 PYME FT	Series B Notes	Upgraded	B (sf)	--	Jun 28, 2017	EU

US = USA Issued, NRSRO

CA = Canada Issued, NRSRO

EU = EU Issued

E = [EU Endorsed](#)

[Unsolicited Participating With Access](#)

[Unsolicited Participating Without Access](#)

[Unsolicited Non-participating](#)

ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE [DISCLAIMERS AND LIMITATIONS](#) AND ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING [DEFINITIONS](#), [POLICIES](#), [RATING SCALES](#) AND [METHODOLOGIES](#).

Contacts

Francesco Amato
Financial Analyst, EU Surveillance - Global Structured Finance
+44 20 7855 6631
famato@dbrs.com

Joana Seara Da Costa
Senior Financial Analyst, EU Surveillance - Global Structured Finance
+44 20 7855 6692
JSearaDaCosta@dbrs.com

Christian Aufsatz
Managing Director, Head of European Structured Finance
+44 20 7855 6664
CAufsatz@dbrs.com

Carlos Silva
Senior Vice President, Head of EU Structured Credit
+44 20 7855 6604
carlos.silva@dbrs.com

Copyright © 2017, DBRS Limited, DBRS, Inc. and DBRS Ratings Limited (collectively, DBRS). All rights reserved. The information upon which DBRS ratings and reports are based is obtained by DBRS from sources DBRS believes to be reliable. DBRS does not audit the information it receives in connection with the rating process, and it does not and cannot independently verify that information in every instance. The extent of any factual investigation or independent verification depends on facts and circumstances. DBRS ratings, reports and any other information provided by DBRS are provided "as is" and without representation or warranty of any kind. DBRS hereby disclaims any representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose or non-infringement of any of such information. In no event shall DBRS or its directors, officers, employees, independent contractors, agents and representatives (collectively, DBRS Representatives) be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error or omission or for any damages resulting therefrom, or (2) for any direct, indirect,

incidental, special, compensatory or consequential damages arising from any use of ratings and rating reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS or any DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. Ratings and other opinions issued by DBRS are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness or recommendations to purchase, sell or hold any securities. A report providing a DBRS rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. DBRS receives compensation for its rating activities from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings and from subscribers to its website. DBRS is not responsible for the content or operation of third party websites accessed through hypertext or other computer links and DBRS shall have no liability to any person or entity for the use of such third party websites. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS. ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE DISCLAIMERS AND LIMITATIONS AT <http://www.dbrs.com/about/disclaimer>. ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES, RATING SCALES AND METHODOLOGIES, ARE AVAILABLE ON <http://www.dbrs.com>.



[close Request a DBRS.com Trial Now!](#) or [Contact Us](#) to get started.