



Tagging Info

Fitch Maintains BBVA-4 on RWN Ratings Endorsement Policy
25 Jul 2012 11:14 AM (EDT)

Fitch Ratings-London-25 July 2012: Fitch Ratings has maintained BBVA-4's Series A2 and B notes on RWN and affirmed Series C as follows:

EUR27m Class A2 (ISIN ES0370458012) 'AA-sf'; maintained on RWN
EUR18m Class B (ISIN ES0370458020) 'AA-sf', maintained on RWN
EUR27m Class C (ISIN ES0370458038) affirmed at 'CCC', assigned Recovery Estimate (RE) of 50%

The RWN on the class A2 and B notes reflects their material exposure to Banco Bilbao Vizcaya Argentaria (BBVA; 'BBB+/'Negative/'F2'), as remedial actions have not been implemented following its downgrade. BBVA is the swap counterparty as well as an account bank. Fitch expects remedial actions to take place in the near term.

The affirmation of the class C notes reflects their failure to withstand Fitch's stresses, declining credit enhancement (CE) and their subordinated position in the capital structure.

The transaction has amortised down to 6% of its original balance with the top one and top ten obligors representing 3.2% and 23.2%, respectively. The concentration by industry is also considerable with exposure to real estate and construction sectors standing at 27%. The pool has a high collateral coverage with 85% of the portfolio backed by mortgages. However, the observed weighted average recovery rate is low at 18%.

There has been some deterioration in the transaction performance during the past year. The reserve fund has further declined and is now underfunded at 13% of its required level. The long-terms arrears are currently at low levels but are likely to go up due to increasing 31 days + and 61 days + arrears. In Fitch's view, the notes' current levels of CE are sufficient to mitigate the pool concentration and deteriorating performance.

The transaction is a cash flow securitisation of a static pool of secured and unsecured loans granted by Banco Bilbao Vizcaya Argentaria to small and medium sized Spanish enterprises.

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Applicable criteria 'Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)', dated 1 June 2012; and 'Counterparty Criteria for Structured Finance Transactions', dated 30 May 2012, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Criteria for Rating Granular Corporate Balance-Sheet Securitisations - SME CLO
Counterparty Criteria for Structured Finance Transactions

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