

Various Rating Actions Taken On BBVA RMBS 11 And 13's Spanish RMBS Notes Following Review

Primary Credit Analyst:

Nicolas Cabrera, CFA, Madrid + 34 91 788 7241; nicolas.cabrera@spglobal.com

Research Contributor:

Tripti Gawankar, CRISIL Global Analytical Center, an S&P affiliate, Mumbai

OVERVIEW

- On March 23, 2018, we raised our unsolicited long-term sovereign rating on Spain to 'A-' from 'BBB+'.
- On April 17, 2018, we revised our outlook assumptions for the Spanish residential mortgage market to benign to reflect the improved Spanish residential mortgage and real estate market, and lowered our projected losses at the 'B' rating level for the archetypal Spanish pool.
- Following our review of these transactions under our relevant criteria, we have taken various rating actions.
- The two funds are Spanish RMBS transactions, which securitize a portfolio of first-ranking mortgage loans granted to Spanish residents.

MADRID (S&P Global Ratings) May 29, 2019--S&P Global Ratings today took various credit rating actions in two Spanish residential mortgage-backed securities (RMBS) transactions: BBVA RMBS 11, Fondo de Titulizacion de Activos and BBVA RMBS 13, Fondo de Titulizacion de Activos (see list below).

Today's rating actions follow the application of our relevant criteria and our full analysis of the most recent transaction information that we have received, and reflect the transaction's current structural features (see "Related Criteria"). We have also considered our updated outlook assumptions for the Spanish residential mortgage market (see "Outlook Assumptions For The

Spanish Residential Mortgage Market," published on April 17, 2018).

The analytical framework in our revised structured finance sovereign risk criteria assesses a security's ability to withstand a sovereign default scenario (see "Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions," published on Jan. 30, 2019). These criteria classify the sensitivity of this transaction as low. Therefore, the highest rating that we can assign to the tranches in these transactions is six notches above the Spanish sovereign rating, or 'AAA (sf)', if certain conditions are met.

In order to rate a structured finance tranche above a sovereign that is rated 'A+' and below, we account for the impact of a sovereign default to determine if under such stress the security continues to meet its obligations. For Spanish transactions, we typically use asset-class specific assumptions from our standard 'A' run to replicate the impact of the sovereign default scenario.

Banco Bilbao Vizcaya Argentaria S.A. (BBVA; A-/Negative/A-2) is the transaction bank account provider in all three transactions. We consider that the transactions' documented replacement mechanisms adequately mitigate their counterparty risk exposure, up to a 'A-' rating for BBVA RMBS 11 and up to 'A' for BBVA RMBS 13, under our current counterparty criteria (see "Counterparty Risk Framework: Methodology And Assumptions," published on March 8, 2019). Therefore, these criteria cap our ratings on all of the notes issued by BBVA RMBS 11 at 'A- (sf)', and at 'A (sf)' for all of BBVA RMBS 13's classes of notes.

Our European residential loans criteria, as applicable to Spanish residential loans, establish how our loan-level analysis incorporates our current opinion of the local market outlook (see "Methodology And Assumptions: Assessing Pools Of European Residential Loans," published on Aug. 4, 2017). Our current outlook for the Spanish housing and mortgage markets, as well as for the overall economy in Spain, is benign.

Below are the credit analysis results after applying our European residential loans criteria to this transaction.

BBVA RMBS 11

Rating level	WAFF (%)	WALS (%)
AAA	28.15	55.22
AA	19.15	49.53
A	14.44	39.75
BBB	10.66	33.70
BB	6.92	29.19
B	4.06	24.91

BBVA RMBS 13

Various Rating Actions Taken On BBVA RMBS 11 And 13's Spanish RMBS Notes Following Review

Rating level	WAFF (%)	WALS (%)
AAA	14.58	45.04
AA	9.97	38.78
A	7.54	28.38
BBB	5.60	22.25
BB	3.71	17.90
B	2.24	14.05

WAFF--Weighted-average foreclosure frequency.

WALS--Weighted-average loss severity.

Available credit enhancement for BBVA RMBS 11's class A, B, and C notes has increased to 26.6%, 14.7%, and 7.0%, respectively, from 25.2%, 14.1%, and 6.9% at our previous full review, owing to the notes' sequential amortization (see "Various Rating Actions Taken In Spanish RMBS Transactions BBVA RMBS 11, 12, And 13 Following Review," published on May 30, 2018). The reserve fund is at target and meets all required conditions to amortize.

The available credit enhancement for BBVA RMBS 13's class A and B notes has increased to 26.3% and 6.6%, respectively, from 24.9% and 6.2% at our previous full review, owing to the notes' sequential amortization. The reserve fund is at target and meets all required conditions to amortize.

Following the application of our revised criteria, we have determined that our assigned ratings on the classes of notes in this transaction should be the lower of (i) the rating as capped by our sovereign risk criteria, (ii) the rating as capped by our counterparty criteria, or (iii) the rating that the class of notes can attain under our European residential loans criteria. Our ratings on the notes are not capped by the application of our sovereign risk criteria, but they are capped by our counterparty criteria. Therefore, we have raised our rating on BBVA RMBS 11's class C notes to 'BBB- (sf)' from 'BB (sf)'. We have raised our rating on BBVA RMBS 13's class B notes to 'A (sf)' from 'A- (sf)'.

We have affirmed our ratings on BBVA RMBS 11's class A and B notes at 'A- (sf)' and our rating on BBVA RMBS 13's class A notes at 'A (sf)' as they are capped by our counterparty criteria at these rating levels.

BBVA RMBS 11 and 13 are Spanish RMBS transactions, which closed between June 2012 and July 2014. The transactions securitize pools of first-ranking mortgage loans granted to prime borrowers, which BBVA originated. The portfolios are mainly located in Catalonia, Andalucía, and Madrid.

RELATED CRITERIA

- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In

Various Rating Actions Taken On BBVA RMBS 11 And 13's Spanish RMBS Notes Following Review

Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019

- Criteria | Structured Finance | General: Methodology And Assumptions: Assessing Pools Of European Residential Loans, Aug. 4, 2017
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- European Economic Snapshots: Domestic Demand Still A Safety Net, April 12, 2019
- Spain 'A-/A-2' Ratings Affirmed; Outlook Positive, March 22, 2019
- European RMBS Index Report 2018, Feb. 19, 2019
- Spanish RMBS Index Report Q4 2018, Feb. 19, 2019
- Europe's Housing Markets Ease Off The Accelerator, Feb. 19, 2019
- Why 2019 Could Be A Good Year For Spanish RMBS Ratings, Feb. 6, 2019
- Various Rating Actions Taken In Spanish RMBS Transactions BBVA RMBS 11, 12, And 13 Following Review, May 30, 2018
- Outlook Assumptions For The Spanish Residential Mortgage Market, April 17, 2018
- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016

RATINGS RAISED

Class	Rating	
	To	From
BBVA RMBS 11, Fondo de Titulizacion de Activos		
C	BBB- (sf)	BB (sf)
BBVA RMBS 13, Fondo de Titulizacion de Activos		
B	A (sf)	A- (sf)

Various Rating Actions Taken On BBVA RMBS 11 And 13's Spanish RMBS Notes Following Review

RATINGS AFFIRMED

Class	Rating
-------	--------

BBVA RMBS 11, Fondo de Titulizacion de Activos

A	A- (sf)
---	---------

B	A- (sf)
---	---------

BBVA RMBS 13, Fondo de Titulizacion de Activos

A	A (sf)
---	--------

Copyright © 2019 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.