



STANDARD & POOR'S RATINGS SERVICES

McGRAW HILL FINANCIAL

Ratings Lowered On BBVA Consumo 6's Class A And B Spanish Consumer Loan Notes Following Restructuring

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OVERVIEW

As part of BBVA Consumo 6's restructuring, the issuer lowered the required reserve fund to €15 million from €36 million.

Following our credit and cash flow analysis of the new structure, we have today lowered our ratings on the class A and B notes to reflect the decreased available credit enhancement.

BBVA Consumo 6 securitized a portfolio of Spanish consumer loans that BBVA originated.

MADRID (Standard & Poor's) Oct. 29, 2015--Standard & Poor's Ratings Services today lowered its credit ratings on BBVA Consumo 6, Fondo de Titulizacion de Activos' class A and B notes (see list below).

Today's downgrades follow a restructuring of the transaction, whereby the issuer reduced the required reserve fund balance to €15 million from €36 million.

Consequently, the available credit enhancement provided by the reserve fund has reduced to 5% from 12% of the notes' balance. The transaction is still in its revolving period, ending in January 2016, as long as no early amortization triggers are breached.

As with other Spanish asset-backed securities transactions, interest and principal are combined into a single priority of payments.

As a result of the restructuring, the available credit enhancement for the class A and B notes is lower than at closing in October 2014. Our credit and cash flow analysis now indicates that the credit enhancement is no longer commensurate with our currently assigned ratings on both classes of notes. We have therefore lowered to 'BBB (sf)' from 'A (sf)' and to 'B- (sf)' from 'B (sf)' our ratings on the class A and B notes, respectively.

Delinquencies in the portfolio backing this transaction are in line with our assumptions. Severe arrears of more than 90 days represent 78 basis points over the outstanding balance of the pool. According to the transaction documentation, if the outstanding balance of 90+ days arrears exceeds 2.20% of the outstanding collateral balance, the revolving period will terminate early. We do not expect this to happen.

Counterparty Risk

We consider that the transaction's documented replacement mechanisms adequately mitigate its counterparty risk exposure to Banco Bilbao Vizcaya Argentaria S.A. (BBVA) as the bank account provider up to a 'A' rating level under our current counterparty criteria (see "[Counterparty Risk Framework Methodology And Assumptions](#)," published on June 25, 2013). The transaction is exposed to the risk of cash collections becoming commingled in BBVA's account. Under the documentation, BBVA transfers the collected funds in two business days to the treasury account, which is held with BBVA in the issuer's name.

According to our current counterparty criteria, the two-day time limit fully mitigates commingling risk.

Sovereign Risk

The results of our cash flow analysis indicate that the class A and B notes do not have sufficient credit enhancement to be rated above the long-term sovereign rating on Spain at 'BBB+' (see "[Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance](#)," published on May 29, 2015).

RELATED CRITERIA AND RESEARCH

Related Criteria

[Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance](#), May 29, 2015
[Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD](#), March 2, 2015
[Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance](#), Sept. 13, 2013
[Counterparty Risk Framework Methodology And Assumptions](#), June 25, 2013
[Criteria Methodology Applied To Fees, Expenses, And Indemnifications](#), July 12, 2012
[Credit Stability Criteria](#), May 3, 2010
[Understanding Standard & Poor's Rating Definitions](#), June 3, 2009
[European Consumer Finance Criteria](#), March 10, 2000

Related Research

[Research Update: Kingdom of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable](#), Oct. 2, 2015
[Eurozone Economic Outlook: Steady For Now, Despite Slower World Trade](#), Sept. 30, 2015
[2015 EMEA ABS Scenario And Sensitivity Analysis](#), Aug. 6, 2015
[Ratings Assigned To Spanish Consumer Loan Transaction BBVA Consumo 6's Class A And B Notes](#), Oct. 14, 2014
[Credit Conditions: Europe Decelerates \(Again\) Amid Rising Geopolitical Risks](#), Sept. 16, 2014
[European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors](#), July 8, 2014
[Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality](#), July 2, 2014

RATINGS LIST

Class	Rating	
	To	From

BBVA Consumo 6, Fondo de Titulización de Activos
€336 Million Asset-Backed Fixed-Rate Notes Including A Subordinated Loan

Ratings Lowered

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

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