S&P Global Ratings

RatingsDirect®

Ratings Raised On Spanish Consumer ABS Transaction BBVA Consumo 6's Class A And B Notes

Primary Credit Analyst:
Ignacio T Estruga, Madrid (34) 91-389-6964; ignacio.estruga@spglobal.com

Secondary Contact:
Filip Popovic, London (44) 20-7176-2205; filip.popovic@spglobal.com

OVERVIEW

- Following our review of BBVA Consumo 6's performance, we have raised our ratings on the class A and B notes.
- We believe that the transaction's positive performance, the buildup of credit enhancement, and improved macroeconomic environment support higher ratings.
- The transaction's collateral comprises Spanish consumer loans that BBVA originated.

MADRID (S&P Global Ratings) April 11, 2018--S&P Global Ratings today raised to 'A (sf)' from 'A- (sf)' its credit rating on BBVA Consumo 6, Fondo de Titulización de Activos' class A notes. At the same time, we have raised to 'B (sf)' from 'B- (sf)' our rating on the class B notes (see list below).

Today's upgrades follow our review of the transaction's performance and the application of our relevant criteria (see "Related Criteria").

BBVA Consumo 6 securitizes a portfolio of Spanish consumer loan receivables, which Banco Bilbao Vizcaya Argentaria S.A. (BBVA) originated and granted to its private customer base in the ordinary course of its business.

We have analyzed credit risk under our European consumer asset-backed securities (ABS) criteria using the transaction's historical performance data (see "Criteria - Structured Finance - ABS: European Consumer Finance Criteria," published on March 10, 2000). The data show that the default level is lower than our expectations at our previous full review (see "Rating Raised On Spanish Consumer Loan Transaction BBVA Consumo 6's Class A Notes Following Review," published on Feb. 17, 2017). With a current seasoning of approximately 4.8 years, we consider the portfolio to be well seasoned as 100% of the loans are past the peak loss period. Available excess spread continues to be sufficient to cover defaults, leaving the notes and collateral balance at par. Additionally, in our base-case scenario, we forecast that Spain will record GDP growth of 2.7% in 2018, 2.3% in 2019, and 1.9% in 2020, compared with 3.1% in 2017. We also expect unemployment rates to continue to improve. As a result, we have lowered our gross loss base-case assumptions to 7.0% from 11.0% at closing. We have left our base recovery rate of 35% unchanged since our previous review.

The January 2018 investor report shows that the percentage of the pool's outstanding aggregate principal balance (the pool factor) is 31.9%. The available credit enhancement for the class A notes has increased to 62.9% (from 34.4% in February 2017), and to 15.7% (from 8.6% in February 2017) for the class B notes. In our view, this increase is largely due to the notes' sequential amortization and the transaction's good performance.

The transaction's documented replacement mechanisms adequately mitigate its counterparty risk exposure to BBVA, as bank account provider, up to a 'A' rating level under our current counterparty criteria (see "Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). Therefore, our ratings on the notes are capped at 'A (sf)' by our counterparty criteria.

Under our European consumer criteria, the class A and B notes have sufficient credit enhancement to withstand our stresses at the 'AA' and 'B' rating levels, respectively. At the same time, the class A notes have sufficient credit enhancement to withstand a severe stress scenario under our structured finance ratings above the sovereign criteria (RAS criteria), and can therefore be rated up to four notches above our unsolicited foreign currency long-term sovereign rating on Spain (A-/Positive/A-2), or 'AA' (see "Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016). The class B notes are not constrained by the application of our RAS criteria.

Following the application of our European consumer ABS criteria, our structured finance ratings above the sovereign (RAS) criteria, and our counterparty criteria, we have determined that our assigned rating on each class of notes in this transaction should be the lower of (i) the rating that the class of notes can attain under our European consumer ABS criteria, (ii) the rating as capped by our RAS criteria, and (iii) the maximum supported rating as per our counterparty criteria. We have therefore raised to 'A (sf)' from 'A- (sf)' our rating on the class A notes, and to 'B (sf)' from 'B- (sf)' our rating on the class B notes.

RELATED CRITERIA

- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016
- 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 - ABS: Global Methodology And Assumptions For Assessing The Credit Quality Of Securitized Consumer Receivables, Oct. 9, 2014
- Criteria - Structured Finance - General: Global Framework For Cash Flow Analysis Of Structured Finance Securities, Oct. 9, 2014
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- 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
- Criteria - Structured Finance - ABS: European Consumer Finance Criteria, March 10, 2000

RELATED RESEARCH

- EMEA March 2018--Trade And Market Volatility Threaten To Overshadow Brexit , March 28, 2018
- The Eurozone Has Reached Cruising Altitude, March 28, 2018
- Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary Consolidation; Outlook Positive, March 23, 2018
- European Economic Snapshots For 1Q 2018 Published, Feb. 16, 2018
- 2017 EMEA ABS Scenario And Sensitivity Analysis, July 6, 2017
- Rating Raised On Spanish Consumer Loan Transaction BBVA Consumo 6's Class A Notes Following Review, Feb. 17, 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
- How We Rate And Monitor EMEA Structured Finance Transactions, March 24, 2016
- Ratings Lowered On BBVA Consumo 6's Class A And B Spanish Consumer Loan Notes Following Restructuring, Oct. 29, 2015

- New Issue: BBVA Consumo 6, Fondo de Titulizacion de Activos, Oct. 14, 2014

RATINGS LIST

Class	Rating To	Rating From
BBVA Consumo 6, Fondo de Titulización de Activos		
€336 Million Asset-Backed Fixed-Rate Notes Including A Subordinated Loan		
Ratings Raised		
A	A (sf)	A- (sf)
B	B (sf)	B- (sf)