

Press Releases



Insight beyond the rating.

Date of Release: October 21, 2014

DBRS Confirms the Ratings on BBVA RMBS 9, FTA

DBRS Ratings Limited (“DBRS”) has reviewed BBVA RMBS 9, FTA (the “Issuer”) and confirmed the ratings to the Senior Notes at ‘A’ (sf).

The confirmation of the ratings to the Senior Notes is based upon the following analytical considerations, as described more fully below:

- Portfolio performance, in terms of delinquencies and defaults, as of the June 2014 payment date.
- Updated portfolio default rate, loss given default and expected loss assumptions for the remaining collateral pool.
- Incorporation of a sovereign related stress component in the rating analysis to address the impact of macroeconomic variables on collateral performance given the long-term foreign and local currency rating of ‘A’ (low) for the Kingdom of Spain.
- Current available credit enhancement to the Senior Notes to cover the expected losses at the ‘A’ (sf) rating level.

BBVA RMBS 9, FTA is a securitisation of a portfolio of first lien mortgage loans originated and serviced by Banco Bilbao Vizcaya Argentaria S.A. (“BBVA”).

The portfolio is well-seasoned (just under 6 years) and geographically diversified across Spain with some concentrations in the regions of Andalucia (22.58%), Madrid (17.19%) and Catalonia (11.15%).

The 90+ delinquency ratio has remained relatively stable since September 2013 and it is currently at 0.59%. The current cumulative default ratio (as a percentage of the original balance) has been increasing since transaction close in April 2010, but it is still relatively low at 0.23%.

The Senior Notes are supported by a reserve fund set up at transaction close with the proceeds of a subordinated loan. Credit enhancement for the Senior Notes (as a percentage of the performing portfolio) increased steadily to 24.34% from 19.78% at closing in April 2010. The reserve fund is available to protect the Senior Notes against both interest and principal shortfall on an on-going basis and is only allowed to amortise under certain conditions. Additionally, the reserve fund is subject to a floor of EUR 132.74 million. The current balance of the reserve fund is EUR 265.47 million and it is at the current target level.

BBVA serves the roles of Account Bank (as holder of the Treasury Account) and Paying Agent for this transaction. BBVA Issuer and Senior Debt rating by DBRS is currently at ‘A’, which is above the Minimum Institution Rating given the rating assigned to the Senior Notes, as described in the DBRS Legal Criteria for European Structured Finance.

Notes:

All figures are in Euro unless otherwise noted.

The principal methodology applicable is the Master European Structured Finance Surveillance Methodology. Other methodologies and criteria referenced in this transaction are listed at the end of this press release.

This can be found on www.dbrs.com at:
<http://www.dbrs.com/about/methodologies>

For a more detailed discussion of 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 information used for this rating include payment reports provided by Europea de Titulización, S.A., S.G.F.T. and data from the European DataWarehouse. DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

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 last rating action on this transaction took place on 19 November 2013, when DBRS confirmed the rating of 'A' (sf) to the Senior Notes.

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

To assess the impact of the 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"):

- DBRS expected a lifetime base case Probability of Default (PD) and Loss Given Default (LGD) for the pool based on a review of the current assets. Adverse changes to asset performance may cause stresses to base case assumptions and therefore have a negative effect on credit ratings.
- The base case PD and LGD of the current pool of mortgages for the Issuer are 4.15% and 42.00%, respectively. At the A (sf) rating level, the corresponding PD is 16.39% and the LGD is 53.80%.
- The Risk Sensitivity overview below illustrates the ratings expected if the PD and LGD increase by a certain percentage over the base case assumption. For example, if the LGD increases by 50%, the rating of the Senior Notes would be expected to remain at 'A' (sf), assuming no change in the PD. If the PD increases by 50%, the rating for the Senior Notes would be expected to remain at 'A' (sf), assuming no change in the LGD. Furthermore, if both PD and LGD increase by 50%, the rating of the Senior Notes would be expected to remain at 'A' (sf).

Senior Notes Risk Sensitivity:

- 25% increase in LGD, expected rating of 'A' (sf)
- 50% increase in LGD, expected rating of 'A' (sf)
- 25% increase in PD, expected rating of 'A' (sf)
- 50% increase in PD, expected rating of 'A' (sf)
- 25% increase in PD and 25% increase in LGD, expected rating of 'A' (sf)
- 25% increase in PD and 50% increase in LGD, expected rating of 'A' (sf)
- 50% increase in PD and 25% increase in LGD, expected rating of 'A' (sf)
- 50% increase in PD and 50% increase in LGD, expected rating of 'A' (sf)

For further information on DBRS historic default rates published by the European Securities and Markets Administration ("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.

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The rating methodologies and criteria 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

Operational Risk Assessment for European Structured Finance Servicers

Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda

Unified Interest Rate Model for European Securitizations

Ratings

Issuer	Debt Rated	Rating Action	Rating Trend	Notes Published	Issued
BBVA RMBS 9, FTA	Senior Notes	Confirmed	A (sf) --	Oct 21, 2014	EU US = USA Issued, NRSRO CA = Canada Issued, NRSRO EU = EU Issued E = EU Endorsed

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