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## Rating Affirmed On Spanish Transaction BBVA RMBS 9's Class A Notes Following Restructuring

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### OVERVIEW

- As part of BBVA RMBS 9's restructuring, the issuer lowered the required reserve fund balance. At the same time, the class A notes have partially amortized with the proceeds of the issuance of the Loan B, which will not be rated.
- Following our credit and cash flow analysis of the new structure, we have affirmed our 'A- (sf)' rating on the class A notes.
- BBVA RMBS 9 is a Spanish RMBS transaction, which securitizes a portfolio of first-ranking mortgage loans granted to Spanish residents.

MADRID (Standard & Poor's) Oct. 30, 2015--Standard & Poor's Ratings Services today affirmed its 'A- (sf)' credit rating on BBVA RMBS 9, Fondo de Titulizacion de Activos' class A notes.

Today's affirmation follows a restructuring of the transaction whereby the issuer lowered the required reserve fund balance to €64.75 million from €265.475 million. Consequently, the available credit enhancement the reserve fund provides has been reduced to 6.41% from 26.28% of the balance of the class A notes and the Loan B. However, as part of the restructuring, the class A notes have amortized by €140,000,119, to €870,186,128 from €1,010,186,247, with the proceeds of the issuance of the Loan B. Therefore, the class A notes' credit enhancement from subordination plus the reserve fund totals 19.05%.

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

The results of our credit and cash flow analysis show that available credit

enhancement for the class A notes is still commensurate with a 'A- (sf)' rating. Therefore, we have affirmed our 'A- (sf)' rating on the class A notes.

The transaction closed in April 2010 and has a very low level of arrears. The maximum level of total arrears was 1.24% in March 2012. Arrears of 90+ days represent only 0.34% of the outstanding balance of the pool and total arrears represent 1.37% of the outstanding collateral balance. These arrears levels are well below the Spanish residential mortgage-backed securities (RMBS) index (see "Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly," published on Sept. 11, 2015).

#### 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 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, if our long-term rating on BBVA falls below 'BBB-', within 10 calendar days, BBVA should deposit in the issuer's bank account an amount equal to the commingling reserve amount to be applied to pay any amounts the servicer fails to pay the issuer for the loans. According to our current counterparty criteria, setting up this commingling reserve fully mitigates commingling risk. The rating on the class A notes is capped at 'A- (sf)' by our counterparty criteria.

#### Sovereign Risk

Under our criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), we applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so repay timely interest and principal by legal final maturity (see "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on May 29, 2015). The class A notes have sufficient credit enhancement to withstand our "severe" stresses (see "Understanding Standard & Poor's Rating Definitions," published on June 3, 2009 for our definitions of severe levels of economic stress). However, they do not pass all of the conditions under paragraph 44 of the RAS criteria. Consequently, our RAS criteria permit a maximum four-notch ratings uplift above the sovereign rating for the class A notes. However, in light of the cap under our current counterparty criteria, we have affirmed our 'A- (sf)' rating on the class A notes.

#### 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

- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Italy And Spain RMBS Methodology And Assumptions, Sept. 18, 2014
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

#### Related Research

- Eurozone Economic Outlook: Steady For Now, Despite Slower World Trade, Sept. 30, 2015
- Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly, Sept. 11, 2015
- 2015 EMEA RMBS Scenario And Sensitivity Analysis, Aug. 6, 2015
- Low Lending Rates And Stronger Economic Growth Are Reviving Europe's Housing Markets, July 30, 2015
- Despite The Turmoil In Greece, Europe's Fragile Growth Continues, July 14 2015
- Eurozone Economic Outlook: Will The Catch-Up Lead To A Let-Down?, July 1, 2015
- Various Rating Actions Taken In BBVA RMBS 5, 9, 10, And 11 Following Application Of Updated Criteria, Dec. 22, 2014
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 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

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