

## Ratings Raised On BBVA RMBS 11's Class B And C Spanish RMBS Notes; Class A Rating Affirmed

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### OVERVIEW

- We have reviewed BBVA RMBS 11's performance by conducting our credit and cash flow analysis and by applying our relevant criteria.
- Following our review, we have raised our ratings on the class B and C notes.
- At the same time, we have affirmed our rating on the class A notes.
- BBVA RMBS 11 is a Spanish RMBS transaction, which securitizes a portfolio of first-ranking mortgage loans granted to Spanish residents.

MADRID (S&P Global Ratings) Feb. 6, 2018--S&P Global Ratings today raised its credit ratings on BBVA RMBS 11, Fondo de Titulizacion de Activos' class B and C notes. At the same time, we have affirmed our rating on the class A notes (see list below).

Today's rating actions follow the application of our related criteria and our credit and cash flow analysis of the most recent transaction information received as of the January 2018 payment date. Our analysis reflects the application of our European residential loans criteria, our current counterparty criteria, and our structured finance ratings above the sovereign criteria (RAS criteria; see "Methodology And Assumptions: Assessing Pools Of European Residential Loans," published on Aug. 4, 2017, "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013, and "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions,"

published on Aug. 8, 2016).

Severe delinquencies (+90 days) have decreased to 0.84% in December 2017 from 0.97% at our previous review, and are below our Spanish residential mortgage-backed securities (RMBS) index (see "Various Rating Actions Taken In Spanish RMBS Transaction BBVA RMBS 11 Following restructuring," published on Oct. 30, 2015, and "Spanish RMBS Index Report Q3 2017," published on Nov. 22, 2017). Cumulative defaults, since closing in June 2012, have accrued up to 1.9% of the closing collateral balance.

After applying our European residential loans criteria to this transaction, our credit analysis results show a decrease in both the weighted-average foreclosure frequency (WAFF) and the weighted-average loss severity (WALS) for all rating levels.

The current WAFF levels reflect the benefit from the increased seasoning and the transaction's improving performance. The decreased WALS factors the decrease in the current loan-to-value ratio, due to the pool's amortization, coupled with the application of our revised market value decline assumptions. The overall effect is a decrease in the required credit coverage for all rating levels.

The notes redeem sequentially and the reserve fund has remained fully funded, which has increased the available credit enhancement for all classes of notes.

We have determined that our assigned rating on each class of notes in this transaction should be the lower of (i) the rating as capped by our current counterparty criteria, (ii) the rating that the class of notes can attain under our European residential loans criteria, and (iii) the rating as capped by our RAS criteria.

We consider that the documented replacement mechanisms adequately mitigate counterparty risk exposure to Banco Bilbao Vizcaya Argentaria S.A., as bank account provider, up to a 'A-' rating. Therefore, our current counterparty criteria cap our ratings on the notes in this transaction at 'A- (sf)'.

Under our European residential loans criteria, the class A, B, and C notes have sufficient credit enhancement to withstand our stresses at the 'AA-', 'A-', and 'BB' rating levels, respectively. The improvements when compared with our previous full review are mainly due to higher credit enhancement and our lower credit coverage assumptions.

The class A notes have sufficient credit enhancement to withstand a severe stress scenario under our RAS criteria, and can therefore be rated up to three notches above our long-term rating on Spain (unsolicited; BBB+/Positive/A-2), or 'A+'. At the same time, the available credit enhancement for the class B notes is not sufficient to withstand our severe stresses. Our rating on this class of notes is therefore constrained at the sovereign level.

Taking these factors into account, we have affirmed our 'A- (sf)' rating on the class A notes. At the same time, we have raised to 'BBB+ (sf)' from 'BBB (sf)' our rating on the class B notes and to 'BB (sf)' from 'B+ (sf)' our rating on the class C notes.

BBVA RMBS 11 is a Spanish RMBS transaction, which closed in June 2012. The transaction securitizes a pool of first-ranking mortgage loans granted to prime borrowers, which BBVA originated. The portfolio is mainly located in Catalonia, Andalucía, and Madrid.

#### RELATED CRITERIA

- 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: 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 - 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

#### RELATED RESEARCH

- Outlook Assumptions For the Spanish Residential Mortgage Market, Dec. 27, 2017
- Spanish RMBS Index Report Q3 2017, Nov. 22, 2017
- Kingdom Of Spain 'BBB+/A-2' Ratings Affirmed; Outlook Positive, Sept. 29, 2017
- 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
- Various Rating Actions Taken In Spanish RMBS Transaction BBVA RMBS 11 Following restructuring, Oct. 30, 2015

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RATINGS LIST

Class	Rating
To	From
BBVA RMBS 11, Fondo de Titulizacion de Activos €1.385 Billion Asset-Backed Floating-Rate Notes	

Rating Affirmed

A	A- (sf)
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Ratings Raised

B	BBB+ (sf)	BBB (sf)
C	BB (sf)	B+ (sf)

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