



axesor structured finance rating

BBVA RMBS 16 FT - RMBS

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1 Introduction

The risk rating given in this report has been drawn up as requested by the rated entity, which has also taken part in the process.

The report draws from public information and private information provided by the rated entity itself. The main source of information used is the rating book provided by the company.

Accordingly, our ratings are based on documents and information provided voluntarily and public and private information provided by the rated entity.

The information has been used by our experienced and specialised risk analysts in line with best practice. Furthermore, where it was considered necessary, the information was thoroughly reviewed to ensure that it was valid and consistent. Nevertheless, axesor rating assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months axesor has provided ancillary services to the rated entity and its related third parties. However, according to our Conflict of Interest Policy, it does not involve a conflict of interest, since the aggregate sale does not exceed 5% of net turnover.

The **methodology** used to obtain the ratings was created under the regulatory framework of European Parliament Regulation 1060/2009 on Rating Agencies. Details of this methodology are freely available on our website, www.axesor-rating.es.

1.1 Rating scale

The **rating scale**, ranges from AAA (highest credit quality) to Default and is applied to reflect the credit quality assigned to the notes. It reflects the timely payment of interest and the ultimate payment of principal of the notes, on the legal maturity date established in the documentation.

2 Executive Summary

BBVA RMBS 16 FT is a granular securitisation fund with static pool of secured loans and structured under Spanish legislation. The fund's target is to obtain funding and liquidity by issuing bonds. The collateral consists of a portfolio of residential mortgage loans originated by Banco Bilbao Vizcaya Argentaria S.A ("BBVA"). The legal maturity date is August 17, 2064.

2.1 Rating

Class	Rating	Notional (Thds€)	Coupon	Credit Enhancement	Legal Maturity Date
A	AA-(sf)	1.275.261	EUR 3M + 0.50%	20.90%	17/08/2064
Loan B	-	256	EUR 3M + 0.15%	-	17/08/2064
RF	-	64			

The rating addresses the timely payment of interest and the ultimate payment of principal on the Class A notes by the legal maturity date established on the prospectus. All figures in the report refer to the pool cut as of 31 March 2017.

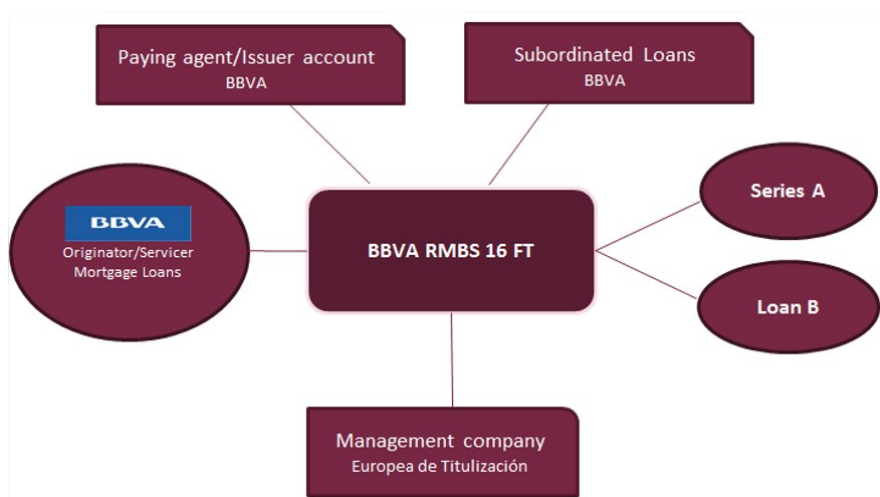
2.2 Issuance

Issuance Data	
Issuer	BBVA RMBS 16 FT
Purpose	Liquidity and Funding
Fund type	Closed
Asset class	Residential Mortgage Loans
Originator/Seller/Servicer	BBVA
Constitution Date	09/05/2016
Closing Date	11/05/2016
Assets(miles€)	1.515.960
Liabilities (miles€)	1.531.261
ISIN Class A	ES0305132005
Listing	AIAF
Settlement	IBERCLEAR
Call	10%
Payment Date	Quarterly (February, May, August, November)
1st Payment Date	17/08/2016
Legal Maturity Date	17/08/2064

2.3 Participants

Participants	Function
Banco Bilbao Vizcaya Argentaria S.A	Originator/Seller
Banco Bilbao Vizcaya Argentaria S.A	Servicer
BBVA and Europea de titulización S.A.	Arranger
Europea de titulización S.A.	Management Company
Banco Bilbao Vizcaya Argentaria S.A	Paying Agent
Banco Bilbao Vizcaya Argentaria S.A	Issuer Account
Deloitte&Touche España, S.L.	Auditor
J&A Garrigues, S.L.P	Legal Adviser

2.4 Transaction Diagram



Madrid, 28 April 2017

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3 Rating Rationale

Axesor rating has today affirmed its credit rating on the notes issued by BBVA RMBS 16 FT.

The rating addresses the timely payment of interests and the ultimate payment of principal on the Class A notes by legal final maturity in August 2064.

BBVA RMBS 16 FT is a granular cash-flow securitization transaction of a EUR 1515m static portfolio of Spanish mortgage loans originated by BBVA. The assets backing the notes are mortgage loans secured by residential properties located in Spain. The portfolio will be serviced by BBVA.

The portfolio has amortised in line with our expectation, at 96.55% of the initial portfolio balance. The portfolio remains granular with over 11,000 mortgages. The cumulative constant prepayment rate to date is 2.08%. Delinquency levels (over 90 days in arrears) remain low at 0.12% and the transaction does not have any defaulted assets to date due to the long default definition of 18 months.

Credit enhancement for the senior tranche has increased to 20.90% from 20% at closing due to the deleveraging of the transaction. Following the application of our credit and cash flow stresses, the available credit enhancement for the senior class notes is commensurate with a AA_(sf) rating.

The transaction is exposed to counterparty risk through Banco Bilbao Vizcaya Argentaria S.A. as bank account provider and paying agent. The transaction's documented rating requirements for Banco Bilbao Vizcaya Argentaria S.A. under its different roles and its replacement mechanisms adequately mitigate its exposure to counterparty risk.

4 Monitoring

From the time of issuance the rating, the information provided by the management company, the originator or any other participant in the transaction will be reviewed and monitored as follows:

- The quality of the Collateral
- The level of credit enhancement
- Counterparties
- Triggers

As a rule, the frequency of review of the rating will be annually but it might be subject to a prior review under any events that may affect the credit quality of the notes.

5 Methodology

Axesor applied the following methodology to conduct the analysis of the transaction: STRUCTURED FINANCE CRITERIA.

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The credit rating contained in this document has been elaborated in accordance with the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 regarding credit rating agencies and in accordance with the methodology developed by the AGENCY to this effect. Further details regarding this methodology can be consulted in the corporate website www.axesor-rating.es.

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