Press Releases

Date of Release: June 20, 2016

DBRS Confirms Ratings on BBVA Consumo 7, FT

DBRS Ratings Limited (DBRS) has today taken the following rating actions on the bonds issued by BBVA Consumo 7, FT (the Issuer):

-- Series A Notes confirmed at A (sf).
-- Series B Notes confirmed at BB (high) (sf).

The rating actions on the Series A and Series B Notes are based on the following analytical considerations as described more fully below:

-- Portfolio performance, in terms of delinquencies and defaults, as of April 2016.
-- Default, recovery and loss assumptions on the collateral pool.
-- Current available credit enhancement to the Series A and Series B Notes to cover the expected losses at the A (sf) and BB (high) (sf) rating levels respectively.

The Issuer is a securitisation of Spanish consumer loan receivables originated and serviced by Banco Bilbao Vizcaya Argentaria, S.A. (BBVA). The transaction is currently in its revolving period which is scheduled to end in December 2016.

As of April 2016, two- to three-month arrears were at 0.08% and the 90+ delinquency ratio was 0.32%. Gross cumulative defaults were at zero.

Credit enhancement to the Series A Notes is currently at 19.00% and credit enhancement to the Series B Notes is currently at 4.50%, both stable because of the revolving period. Credit enhancement is provided by subordination of junior classes and the Cash Reserve.

The transaction benefits from a Cash Reserve, currently funded to the target level of EUR 65.25 million, and is available to cover senior fees, interest and principal on Series A and Series B.

BBVA is the account bank for the transaction. The account bank reference rating of “A” – being one notch below the DBRS public Long-Term Critical Obligations Rating of BBVA at A (high) – complies with the Minimum Institution Rating given the rating assigned to the Series A Notes, as
described in DBRS’s “Legal Criteria for European Structured Finance Transactions” methodology.

Notes:
All figures are in euros unless otherwise noted.

The principal methodology applicable is the Master European Structured Finance Surveillance Methodology. DBRS has applied the principal methodology consistently and conducted a review of the transaction in accordance with the principal methodology. A review of the transaction’s legal documents was not conducted as the documents have remained unchanged since the most recent rating action.

Other methodologies and criteria referenced in this transaction are listed at the end of this press release. This may be found on www.dbrs.com at http://www.dbrs.com/about/methodologies.

An asset and a cash flow analysis were both conducted. However, due to the inclusion of a revolving period in the transaction, and no change in assumptions, the initial analysis based on worst-case replenishment criteria set forth in the transaction legal documents was assumed.

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to the DBRS commentary “The Effect of Sovereign Risk on Securitisations in the Euro Area” found at http://www.dbrs.com/industries/bucket/id/10036/name/commentaries.

The sources of information used for this rating include monthly reports provided by Europea de Titulizacion S.A., S.G.F.T. and data from the European DataWarehouse.

DBRS does not rely upon third-party due diligence in order to conduct its analysis. DBRS was not supplied with third-party assessments; however, this did not impact the rating analysis.

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.

This is the first rating action since the Initial Rating Date. The lead responsibilities for this transaction have been transferred to Andrew Lynch.

Information regarding DBRS ratings, including definitions, policies and methodologies is available at www.dbrs.com.

To assess the impact of changing the transaction parameters on the rating, DBRS considered the following stress scenarios as compared with 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 loans for the Issuer are 13.21% and 56.83%, respectively.
-- 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 Series A Notes would be expected to fall to BBB (high) (sf), assuming no change in the PD. If the PD increases by 50%, the rating for the Series A Notes would be expected to fall to BBB (high) (sf), assuming no change in the LGD. Furthermore, if both the PD and LGD increase by 50%, the rating of the Series A Notes would be expected to fall to BB (sf).

Series A Notes Risk Sensitivity:
-- 25% increase in LGD, expected rating of A (low) (sf).
-- 50% increase in LGD, expected rating of BBB (high) (sf).
-- 25% increase in PD, expected rating of A (low) (sf).
-- 50% increase in PD, expected rating of BBB (high) (sf).
-- 25% increase in PD and 25% increase in LGD, expected rating of BBB (sf).
-- 25% increase in PD and 50% increase in LGD, expected rating of BBB (low) (sf).
-- 50% increase in PD and 25% increase in LGD, expected rating of BBB (low) (sf).
-- 50% increase in PD and 50% increase in LGD, expected rating of BB (sf).

Series B Notes Risk Sensitivity:
-- 25% increase in LGD, expected rating of B (high) (sf).
-- 50% increase in LGD, expected rating below B (sf).
-- 25% increase in PD, expected rating of B (high) (sf).
-- 50% increase in PD, expected rating below B (sf).
-- 25% increase in PD and 25% increase in LGD, expected rating below B (sf).
-- 25% increase in PD and 50% increase in LGD, expected rating below B (sf).
-- 50% increase in PD and 25% increase in LGD, expected rating below B (sf).
-- 50% increase in PD and 50% increase in LGD, expected rating below B (sf).

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

Initial Lead Analyst: María López
Initial Rating Date: 28 July 2015
Initial Rating Committee Chair: Chuck Weilamann

Lead Surveillance Analyst: Andrew Lynch, Senior Financial Analyst
Rating Committee Chair: Diana Turner, Senior Vice President

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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
-- Rating European Consumer and Commercial Asset-Backed Securitisations
-- Unified Interest Rate Model for European Securitisations

A description of how DBRS analyses structured finance transactions and how the methodologies are collectively applied can be found at http://www.dbrs.com/research/278375.

For more information on this credit or on this industry, visit www.dbrs.com or contact us at info@dbrs.com.

### Ratings

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