

# MOODY'S

## INVESTORS SERVICE

### CREDIT OPINION

23 March 2017

#### Pre-Sale

### Closing Date

[29 March 2017]

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## BBVA Consumo 9, FT

BBVA will issue New Consumer Loan Transaction in Spain

### Capital Structure

Exhibit 1

#### Provisional Ratings

| Series | Rating        | Amount (million) | % of (Assets) | Legal Final Maturity | Coupon | Subordination <sup>(1)</sup> | Reserve Fund <sup>(2)</sup> | Total Credit Enhancement <sup>(3)</sup> |
|--------|---------------|------------------|---------------|----------------------|--------|------------------------------|-----------------------------|---|
| A      | (P)<br>A3(sf) | € [1251.2]       | [91.0]%       | [Sep-33]             | [0.7]% | [9.0]%                       | [4.5]%                      | [13.5]%                                 |
| B      | NR            | € [123.8]        | [9.0]%        | [Sep-33]             | [1.0]% | [0.0]%                       | [4.5]%                      | [4.5]%                                  |
| Total  |               | € [1,375.0]      | 100%          |                      |        |                              |                             |   |

The ratings address the expected loss posed to investors by the legal final maturity. In Moody's opinion the structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

(1) At closing.

(2) As of initial pool balance.

(3) No benefit attributed to excess spread.

Source: Moody's Investors Service

### Summary Rating Rationale

BBVA Consumo 9 is a 1.5 year revolving cash securitisation of consumer loan receivables extended by Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA", Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits) to obligors located in Spain.

Our analysis focused, among other things, on (i) an evaluation of the underlying portfolio of receivables; (ii) historical performance on defaults and recoveries from January 2009 to December 2016; (iii) the credit enhancement provided by excess spread, subordination and cash reserve; (iv) the liquidity support available in the transaction by way of principal to pay interest, cash reserve and excess spread, (v) the criteria for portfolio substitution and (vi) the legal and structural aspects of the transaction.

This pre-sale report addresses the structure and characteristics of the proposed transaction based on the information provided to Moody's as of 23 March 2017. Investors should be aware that certain issues concerning this transaction have yet to be finalized. Upon conclusive review of all documents and legal information as well as any subsequent changes in information, Moody's will endeavor to assign definitive ratings to this transaction. The definitive ratings may differ from the provisional ratings set forth in this report. Moody's will disseminate the assignment of definitive ratings through its Client Service Desk. This report does not constitute an offer to sell or a solicitation of an offer to buy any securities, and it may not be used or circulated in connection with any such offer or solicitation.

Our cumulative default expectation for the asset pool is [6.75]%, recovery rate is [20.0]% and Aa2 portfolio credit enhancement (PCE) is [19.0]%.

At the time the rating was assigned, the model output indicated that Class A would have achieved a Baa1(sf) rating if the cumulative mean default probability (DP) had been as high as 7.75%, and the recovery rate as low as 10.0% (all other factors being constant).

Please note that the analysis in this report is derived from the provisional pool as of [March 6, 2017]. Moody's understands that the final pool will be randomly selected from the provisional pool.

## Credit Strengths

- » **Portfolio composition:** The securitised portfolio is highly granular with the largest and 20 largest borrower representing [0.007]% and [0.117]% of the pool, respectively. (See "Asset Description" – "Assets at Closing" – "Pool Characteristics")
- » **Financial strength of BBVA:** BBVA is rated Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits and is acting as originator, servicer and account bank provider in the transaction. The bank's sound credit profile limits deal exposure to operational issues: specifically likelihood of interruption in the portfolio servicing during the lifetime of the deal is limited. Furthermore, the bank has significant experience in origination and servicing of consumer loan portfolios.
- » **High Excess Spread:** The initial portfolio yields a weighted average interest rate of approximately [6.97]%. In addition, the eligibility criteria provide for a weighted average minimum portfolio yield of [5.5]% after the addition of receivables during the revolving period.
- » **Interest and Principal on Class B fully subordinated to Class A, with Class B interest deferral triggers:** Class B interest will be deferred after PDL payment and reserve fund replenishment if defaults exceed certain levels. The Class B notes are always fully subordinated to the Class A notes.
- » **Back-up servicing facilitator via issuer management company:** The representative of noteholders/issuer management company will identify a back-up servicer upon BBVA's insolvency, administration by the Bank of Spain, or uncured breach of material obligations.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

## Credit Challenges

- » **Limited historical information:** Historical default data provided by BBVA is not in line with the transaction's default definition. Moody's has factored this when deriving its modelling assumptions as further explained under "Asset Analysis".
- » **High degree of linkage to BBVA:** BBVA (Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits) is acting as originator, servicer, collection account bank and issuer account bank provider of the transaction. There are suitable replacement triggers in place to offset this risk.
- » **Commingling risk:** Commingling risk on collections is mitigated - to a limited degree - by (i) the rating of the servicer at closing and (ii) by the sweep of collections after 2 business days from the Servicer Collection Account into the Issuer Collection Account. Moody's has factored this when deriving its modelling assumptions as further explained under "Credit Analysis".

## Key Characteristics

The exhibit below describes the main asset characteristics of the securitised portfolio. WA and WAL stand for weighted average and weighted average life, respectively.

Exhibit 2

|   |   |
|---|---|
| Seller/Originator:                                    | Banco Bilbao Vizcaya Argentaria, S.A., "BBVA" (Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits)                     |
| Servicer(s):  | Banco Bilbao Vizcaya Argentaria, S.A., "BBVA" (Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits)                     |
| Receivables:  | Loans granted to individuals residing in Spain to finance the purchase of consumer goods and services               |
| Total Amount:   | Provisional pool outstanding balance: EUR [1,424.4] million   |
| Length of Revolving Period in years:                  | [1.5] years   |
| Number of Borrowers                                   | [157,544]   |
| Number of Contracts                                   | [169,230]   |
| WA Remaining Term in years:                           | [5.36]  |
| WA Seasoning in months:                               | [11.35]   |
| WAL of Initial Portfolio in Years (excl. repayments): | [1.95] years  |
| WA Portfolio Interest Rate:                           | [6.97]%   |
| Delinquency Status:                                   | No loans in arrears for more than 30 days   |
| Cumulative Default Rate Observed:                     | Total book cumulative average vintage value between Jan. 2009- Dec. 2016: 10.3% (cumulative 180+ delinquency proxy) |
| Recovery Rate Observed:                               | Total book cumulative average vintage value between Jan. 2009- Dec. 2016: 21.6% (cumulative 180+ delinquency proxy) |
| Delinquencies:  | No dynamic delinquency data   |
| Cumulative Default rate (modelled):                   | [6.75]% in line with peer group in the Spanish consumer loans market  |
| Recovery rate (modelled):                             | [20.0]% in line with peer group in the Spanish consumer loans market  |
| Aa2 Portfolio Credit Enhancement (PCE):               | [19.0]% in line with peer group in the Spanish consumer loans market  |

The exhibit below shows the counterparties associated with the transaction.

Exhibit 3

**Securitization Structure Characteristics**

| <b>Transaction Parties</b>                           | <b>At Closing</b>   |
|--|---|
| Issuer:  | BBVA Consumo 9, FT  |
| Back-up Servicer(s):                                 | N/A   |
| Back-up Servicer Facilitator(s):                     | Europea de Titulizacion ("EdT") (Not Rated). 88.2% owned by BBVA  |
| Cash Manager:  | Europea de Titulizacion ("EdT") (Not Rated). 88.2% owned by BBVA  |
| Back-up Cash Manager:                                | N/A   |
| Calculation Agent/Computational Agent:               | Europea de Titulizacion ("EdT") (Not Rated). 88.2% owned by BBVA  |
| Back-up Calculation/Computational Agent:             | N/A   |
| Swap Counterparty:                                   | N/A   |
| Issuer Account Bank:                                 | Banco Bilbao Vizcaya Argentaria, S.A., "BBVA" (Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits)   |
| Collection Account Bank:                             | Banco Bilbao Vizcaya Argentaria, S.A., "BBVA" (Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits)   |
| Paying Agent:  | Banco Bilbao Vizcaya Argentaria, S.A., "BBVA" (Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits)   |
| Note Trustee:  | Europea de Titulizacion ("EdT") (Not Rated). 88.2% owned by BBVA  |
| Issuer Administrator/ Corporate Servicer Provider:   | Europea de Titulizacion ("EdT") (Not Rated). 88.2% owned by BBVA  |
| Arranger:  | Europea de Titulizacion ("EdT") (Not Rated). 88.2% owned by BBVA  |
| Lead Manager(s):                                     | Banco Bilbao Vizcaya Argentaria, S.A., "BBVA" (Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits)   |
| Senior Co-Manager:                                   | N/A   |
| Custodian:   | N/A   |
| <b>Liabilities, Credit Enhancement and Liquidity</b> |   |
| Annualized Excess Spread at Closing:                 | Weighted average asset yield minus senior costs, coupons on Class A and Class B notes   |
| Credit Enhancement/Reserves:                         | [1.8]% annualized stressed excess spread at closing (as modelled)<br>Amortising reserve fund representing [4.5]% of Class A and B Notes |
| Form of Liquidity:                                   | Excess spread, reserve fund, principal to pay interest mechanism  |
| Number of Interest Payments Covered by Liquidity:    | [10.9]  |
| Interest Payments:                                   | Quarterly in arrears on each payment date   |
| Principal Payments:                                  | Pass-through on each payment date   |
| Payment Dates:                                       | 21 March, 21 June, 21 September, and 21 December of each year<br>First payment date: 21 June, 2017                                      |
| Hedging Arrangements:                                | N/A   |

## Asset Overview

The securitised portfolio consists of unsecured consumer loans used for several purposes, such as new or used car acquisition, property improvement and other undefined or general purposes.

## Asset Description

Data and information on the portfolio set out in this report is based on the provisional portfolio as at [6 March 2017] and as further described in the prospectus. Similar data and information for the final portfolio has not yet been provided to Moody's, however, Moody's understands that the final portfolio will be randomly selected from the provisional portfolio such that the final portfolio size will be as close as possible to the issued notes size.

## Assets as of Cut-off Date

### POOL CHARACTERISTICS

The balance of the provisional portfolio equals approximately €[1,424.4] million, over [169,230] loans. The weighted average remaining maturity of the portfolio is [64.3] months and weighted average seasoning is [11.35] months. [21.6]% of loans in this portfolio were used to purchase new or used cars. [87.9]% of the loans are fixed rate, while [12.1]% are floating rate.

All loans are annuity style amortising loans, paying monthly through direct debit. The loans can be prepaid at no penalty. All the loans were originated via the seller's network of branches, located across Spain. All loans have been granted to individuals residing in Spain, although [2.4]% were non-Spanish nationals.

The exhibit below summarizes additional information of the portfolio.

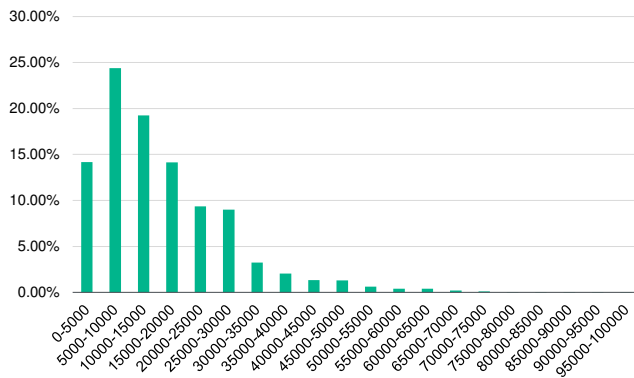
Exhibit 4

### Additional Information on Asset Characteristics

|                                       |                       |
|---------------------------------------|-----------------------|
| Weighted Average Loan Balance:        | EUR [8,416.96]        |
| Origination Channel:                  | 100% through branches |
| <b>Geographic Concentration</b>       |                       |
| 1st largest region:                   | Andalucía ([18.88]%)  |
| 2nd largest region:                   | Cataluña ([16.52]%)   |
| 3rd largest region:                   | Madrid ([12.34]%)     |
| <b>Obligor Concentration</b>          |                       |
| Single obligor (group) concentration: | [0.007]%              |
| Top 5 obligor (group) concentration:  | [0.03]%               |
| Top 10 obligor (group) concentration: | [0.06]%               |
| Top 20 obligor (group) concentration: | [0.12]%               |

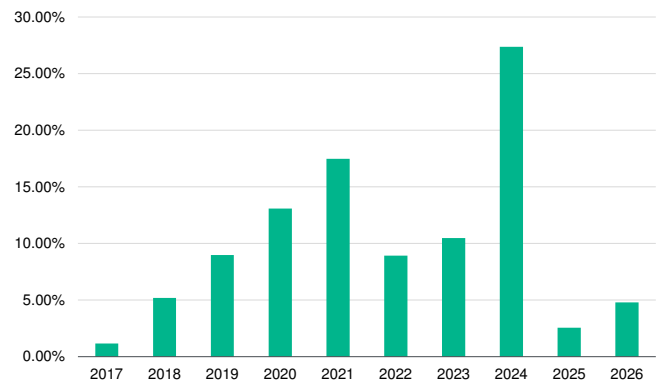
The exhibits below describe the distribution of the portfolio's outstanding balance and maturity year.

Exhibit 5

**Portfolio Breakdown by Outstanding Balance**

Source: Europea de Titulización

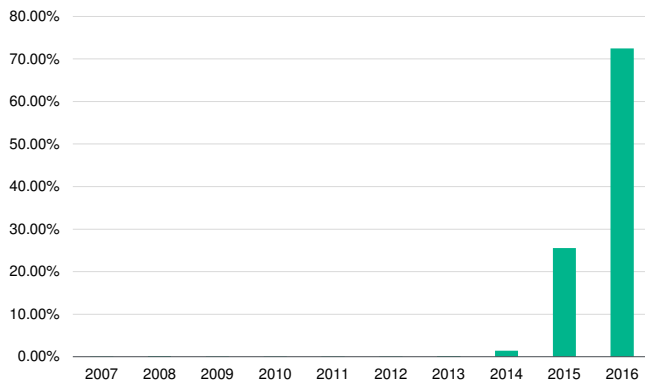
Exhibit 6

**Portfolio Breakdown by Maturity Year**

Source: Europea de Titulización

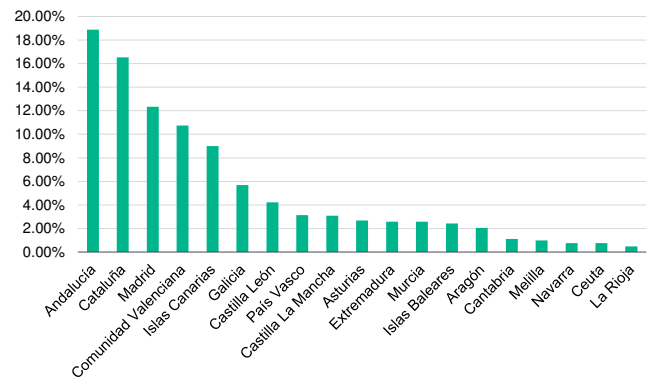
The exhibits below show the breakdown by origination year and regional concentration as percent of outstanding balance.

Exhibit 7

**Portfolio Breakdown by Origination Year**

Source: Europea de Titulización

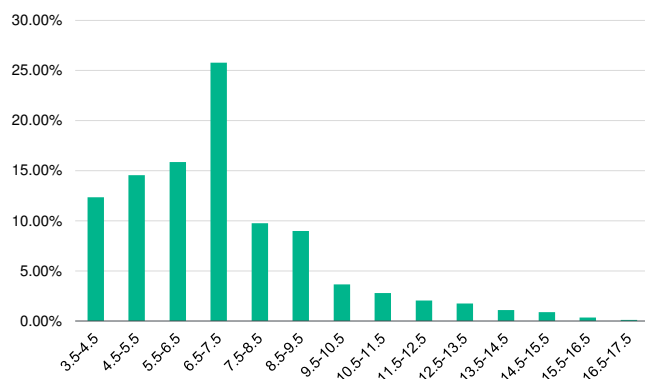
Exhibit 8

**Portfolio Breakdown by Regional Concentration**

Source: Europea de Titulización

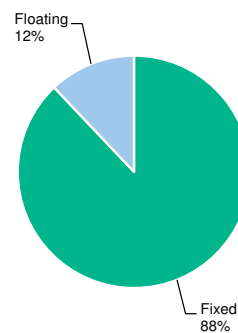
The exhibits below show the portfolio breakdown by interest rate and type of interest rate (fixed/floating) as percent of outstanding balance.

Exhibit 9

**Portfolio Breakdown by Interest Rate**

Source: Europea de Titulización

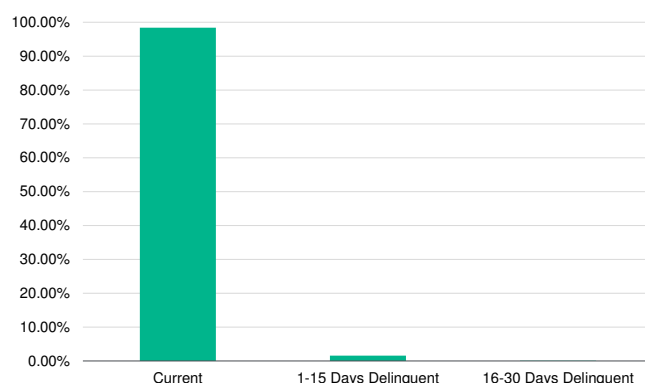
Exhibit 10

**Portfolio Breakdown by Type of Interest Rate (Fixed/Floating)**

Source: Europea de Titulización

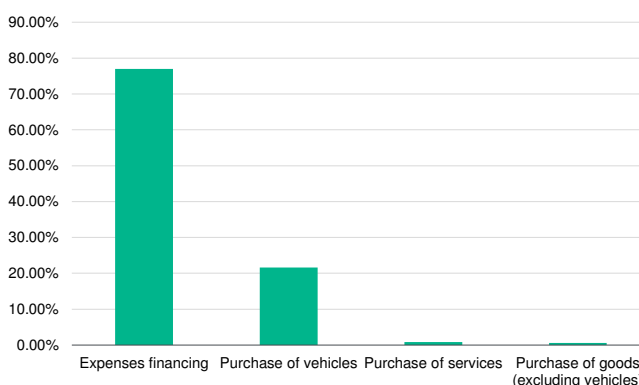
The exhibits below show the portfolio breakdown by arrears status and loan purpose as percent of outstanding balance.

Exhibit 11

**Portfolio Breakdown by Arrears Status**

Source: Europea de Titulización

Exhibit 12

**Portfolio Breakdown by Loan purpose**

Source: Europea de Titulización

**Eligibility Criteria**

The key eligibility criteria for loans to be included in the final portfolio are as follows:

- » The borrower is a Spanish resident.
- » The borrower is not employed by the originator.
- » The loan contract is denominated in euros.
- » The loan's remaining maturity is at least 12 months but does not exceed [30 September 2028].
- » The loan outstanding principal balance ranges from 500 to 100,000 euros.
- » The loan contract has a fixed interest rate or a floating interest rate linked to 1 year Euribor.
- » No fixed interest rate loan's nominal interest rate is lower than 3.5%.
- » Minimum of 1 paid instalment.



- » It is not more than 30 days delinquent.
- » Loan contracts have monthly annuity style instalments.
- » The loans do not permit interest deferral.

#### Originator and Servicer

On 17 February 2017, we met with BBVA (Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits). BBVA acts as originator and servicer in the BBVA Consumo 9, FT transaction.

[BBVA has a full banking license under the Spanish regulatory framework. BBVA's total consolidated assets are approximately EUR 740.9 billion as of March 2016. BBVA is Spain's second-largest financial group; and second largest domestic bank with market shares of 15.7% in loans and 14.2% in deposits as at end December 2015.]

The products are consumer loans marketed through BBVA branches to private individuals. Underwriting of the contracts is strictly done at BBVA level. A scoring system is in place to assess borrower's credit risk in line with the market standards.

Arrears up to 90 days are managed at branch level with support of a central functions ad-hoc team and some outsourcing to debt collection agencies. In terms of arrears exceeding 90 days, there is an ad hoc recoveries team and outsourcing to lawyers and debt collection agencies.

The exhibit below summarises the main characteristics of the originator's .

Exhibit 13

### Originator Profile, Servicer Profile and Operating Risks

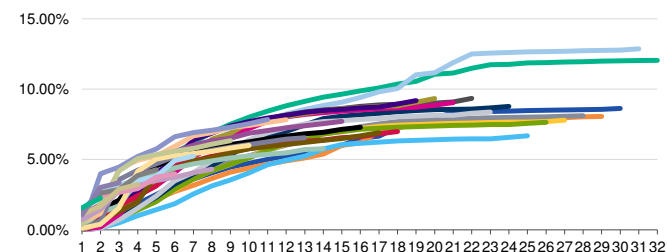
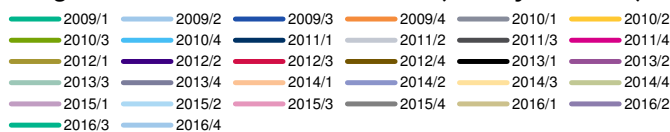
|   |  |
|---|--|
| Date of Operations Review:                      | 17-Feb-17                                |
| <b>Originator Background</b>                    |  |
| Rating:   | Baa1(cr)/P-2(cr); A3 LT Bank Deposits    |
| Financial Institution Group Outlook for Sector: | Stable                                   |
| Ownership Structure:                            | N/A                                      |
| Asset Size:                                     | € [*] Mn (Consumer loan book)            |
| % of Total Book Securitised:                    | [*]% (Consumer loan book)                |
| Transaction as % of Total Book:                 | [*]%                                     |
| % of Transaction Retained:                      | 100%                                     |
| <b>Servicer Background</b>                      |  |
| Rating:   | Baa1(cr)/P-2(cr); A3 LT Bank Deposits    |
| Regulated by:                                   | Bank of Spain                            |
| Total number of Receivables Serviced:           | [*]                                      |
| Number of Staff:                                | 139,000 as at the time of BBVA Consumo 8 |
| <b>Receivables Administration</b>               |  |
| Method of Payment of Borrowers in the Pool:     | 100% direct debit                        |
| % of Obligor with Account at Originator:        | N/A                                      |
| Distribution of Payment Dates:                  | Evenly throughout the month              |

The originator provided us with historical data on its whole book of branch originated consumer loans. Static vintage data was provided on 90+ days in arrears and 180+ days in arrears and recovery rates after 90+ days in arrears and 180+ days in arrears, for the period from January 2009 to December 2016. The data covers the recent recession experienced in Spain. The default and recovery data does not match the transaction's default definition of 18 months. Moody's received line by line data on the provisional portfolio. We also received prepayment data from precedent transactions. In our view, the quantity and quality of data received is slightly below average compared to transactions that have achieved high investment-grade ratings in this sector in other European countries, which was factored into the base case assumptions.

The exhibits below show static cumulative defaults and recovery rates based on 90+ days in arrears definition since origination for the Total Portfolio covering the period January 2009 to December 2016.

Exhibit 14

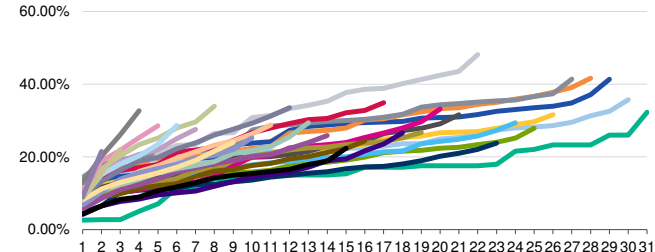
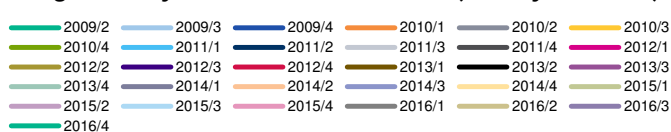
### Vintage Default Data for the Total Portfolio (90+ days in arrears)



Source: BBVA

Exhibit 15

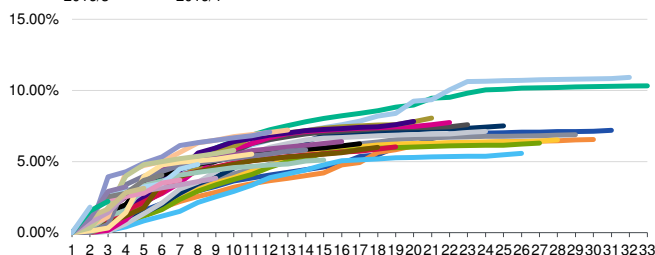
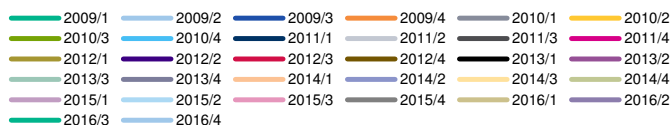
### Vintage Recovery Data for the Total Portfolio (90+ days in arrears)



Source: BBVA

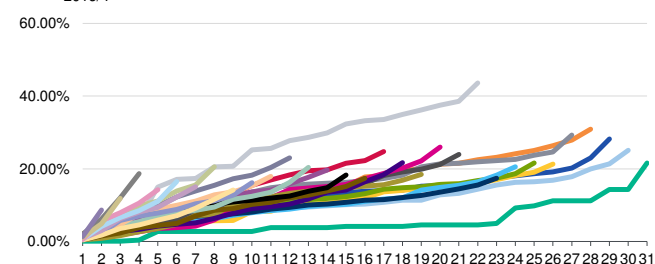
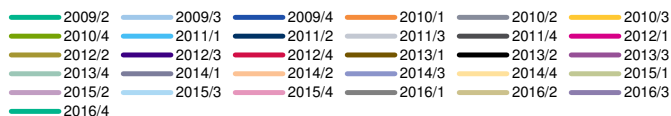
The exhibits below show static cumulative defaults and recovery rates based on 180+ days in arrears definition since origination for the Total Portfolio covering the period January 2009 to December 2016.

Exhibit 16

**Vintage Default Data for the Total Portfolio (180+ days in arrears)**

Source: BBVA

Exhibit 17

**Vintage Recovery Data for the Total Portfolio (180+ days in arrears)**

Source: BBVA

**Revolving Period and Replenishment Criteria**

The structure has a revolving period of 1.5 years, during which the issuer will use principal redemptions from the consumer loans to purchase additional portfolios from the seller. The addition of loans can expose noteholders to additional credit risk.

In addition to the original eligibility criteria, the following replenishment criteria apply to the whole securitised portfolio of the Issuer, and partly mitigate the additional credit risk of adding new loans to the portfolio:

- » The weighted average interest rate must be at least 5.5%.
- » The weighted average seasoning must be at least 6 months.
- » The weighted average remaining term is at most 7 years.
- » The maximum regional concentration cannot exceed 22.5% and the sum of the top three regions shall not exceed 60%.
- » The top 1 and 10 borrower concentration cannot exceed 0.008% and 0.07% respectively of the outstanding principal balance.
- » At least 60% of the pool's debtors must be either pensioners or full time employed.
- » Floating interest rate loans shall not exceed 15%.
- » Non-Spanish borrowers shall not exceed 4%.

Criteria relating to substituted assets only:

- » Each loan must have at least 3 months seasoning.
- » The weighted average life of new assets is no more than 4 years on a 0% CPR assumption.

## Asset Analysis

### Primary Asset Analysis

Our analysis of the credit quality of the assets includes an examination of the loan default distribution of the securitised pool, based on our assumptions and historical data.

#### LOAN DEFAULT DISTRIBUTION

The first step in the analysis was to define a default distribution of the pool of loans to be securitised. Because of the large number of loans, we used a continuous distribution to approximate the default distribution: the lognormal distribution. The probability default distribution associates a probability with each potential future default scenario for the portfolio. This distribution has hence been applied to numerous default scenarios on the asset side to derive the level of losses on the notes.

Two main parameters determine the shape of the default distribution: the mean default and the portfolio credit enhancement ("PCE"). The expected default captures our expectations of performance considering the current economic outlook, while PCE captures the loss we expect the portfolio to suffer in the event of a severe recession scenario. We generally derive these parameters from the historical data; we may make adjustments based on further analytical elements such as performance trends, differences in portfolio composition or changes in servicing practices among others.

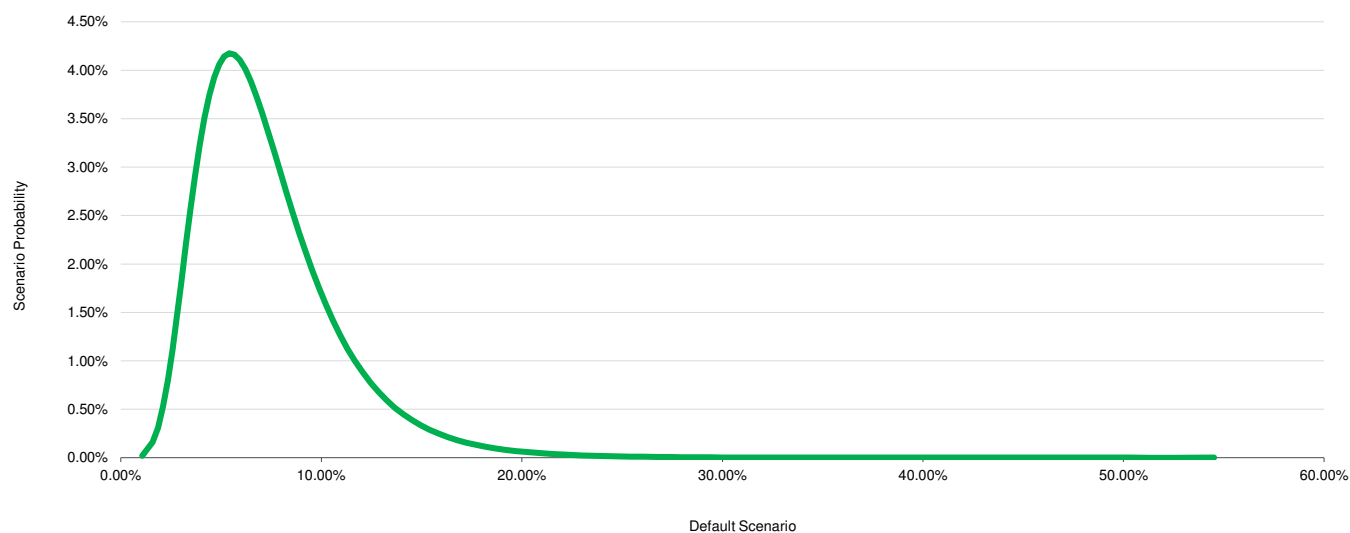
#### INCORPORATING SOVEREIGN RISK TO ABS TRANSACTIONS

Moody's maximum achievable rating in a given country (the Local Currency Country Risk Ceiling, or "LCC") is incorporated in the default curve. The current Spanish LCC is Aa2, and is the maximum rating that Moody's will assign to notes issued by a domestic Spanish issuer including structured finance transactions backed by Spanish receivables.

The exhibit below shows the log normal default distribution of the portfolio.

Exhibit 18

#### Lognormal Default Probability Distribution



Source: Moody's Investors Service

#### DERIVATION OF LOAN DEFAULT RATE EXPECTATION

The portfolio's expected mean default rate of [6.75]% is in line with Spanish consumer loan transactions and is based on Moody's assessment of the lifetime expectation for the pool taking into account (i) historic performance of the loan book of the originator, (ii) benchmark transactions, and (iii) other qualitative considerations.

We stressed the results from the historical data analysis to account for (1) differences between the historical data provided and transaction default definition, (2) limited benchmarks in the Spanish consumer loans market, (3) the expected outlook for the Spanish economy in the medium term, and (4) the volatile European economic environment.

#### DERIVATION OF RECOVERY RATE ASSUMPTION

Portfolio expected recoveries of [20.0]% are in line with the Spanish consumer loan average and based on (i) the recovery performance of previous BBVA Consumo transactions, and (ii) the types of securitised products, especially given the fact that the share of auto loans is relatively low ([21.6]%). Assumptions for recoveries have hence been made on the basis of (i) historical performance information of previous deals, (ii) statistical information on the Spanish consumer loan market, (iii) benchmark transactions, and (iv) other qualitative and pool-derived aspects.

#### DERIVATION OF PORTFOLIO CREDIT ENHANCEMENT ("PCE")

The PCE of [19.0]% is in line with other Spanish consumer loan peers and is based on Moody's assessment of the pool taking into account the relative ranking to originator peers in the Spanish consumer loans market.

The PCE of [19.0]% results in an implied coefficient of variation ("CoV") of [45.9]%.

The PCE has been defined following analysis of the data variability, as well as by benchmarking this portfolio with prior and similar transactions. Factors that affect the potential variability of a pool's credit losses are: (i) historical data variability, (ii) quantity, quality and relevance of historical performance data, (iii) originator and servicer quality and (iv) certain structural features, such as the revolving period.

#### COMMINGLING RISK

BBVA (Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits) collects all payments under the loans in this pool into a collection account under its name. Most payments are made via direct debit. In the event of a servicer bankruptcy, and until notification has been delivered to the borrowers, debtors would continue to pay into BBVA's account, and hence commingling losses could arise. There is no early notification trigger prior to BBVA's insolvency.

#### SET-OFF RISK

Nearly all the obligors also have accounts with BBVA but the risk from deposits set-off is limited in Spain because only unpaid installments that are considered as fully due and payable prior to the declaration of insolvency of BBVA might be offset against deposits held by the borrower.

### Comparables

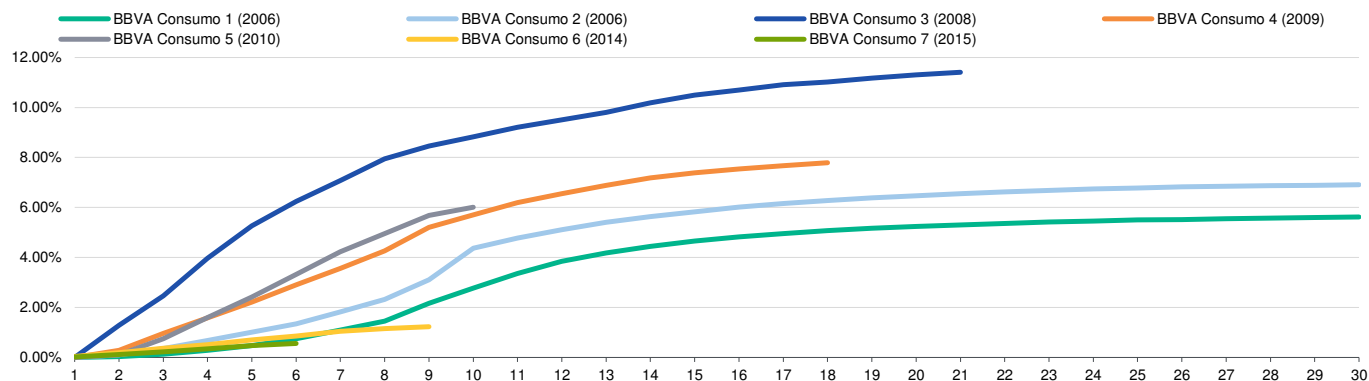
#### PRIOR TRANSACTIONS

*Precedent transaction performance:*

- » In November 2009, BBVA Consumo 2 and BBVA Consumo 3 were subject to downgrade actions due to the deterioration of the collateral performance and the greater than expected weakening of macroeconomic conditions in Spain.
- » However, in January 2015 the rated notes of BBVA Consumo 3 were upgraded to A1 from Baa3. Subsequently the rated notes were placed for possible upgrade in March 2015 together with the rated notes of BBVA Consumo 4 following the upgrade of the local currency country ceiling to Aa2 from A1.

The exhibit below shows the performance of precedent transactions originated by BBVA.

Exhibit 19

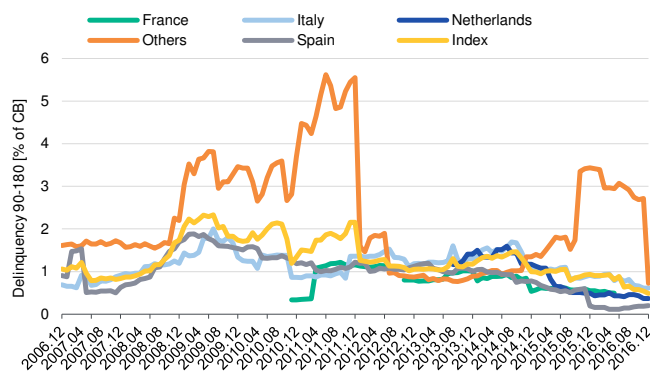
**90+ days cumulative delinquency rate for BBVA ABS transactions (calendar quarters after the Fund is established)**

Source: Europea de Titulización

**TRANSACTIONS OF OTHER SELLER/SERVICERS**

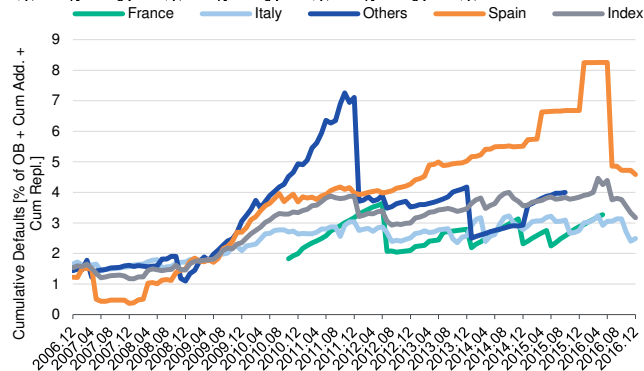
The exhibits below show the performance of comparable transactions among originators in Europe.

Exhibit 20

**EMEA Consumer Loan ABS 90-180 Days Delinquency**

Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

Exhibit 21

**EMEA Consumer Loan ABS Defaults**

Source: Moody's Investors Service, periodic investor/servicer reports

The exhibit below shows a benchmark table including portfolio characteristics of comparable transactions in Spain.

Exhibit 22

## Comparable Transactions - Asset Characteristics

| Deal Name  | BBVA Consumo 9, FT | FT Santander Consumo 2          | Caixabank Consumo 2, FT | BBVA Consumo 7, FT | BBVA Consumo 5, FT        |
|--|--------------------|---------------------------------|-------------------------|--------------------|---------------------------|
| Country  | Spain              | Spain                           | Spain                   | Spain              | Spain                     |
| Closing Date                                       | 29/03/2017         | 9/12/2016                       | 28/06/2016              | 29/07/2015         | 22/12/2010                |
| Currency of Rated Issuance                         | EUR                | EUR                             | EUR                     | EUR                | EUR                       |
| Rated Notes Volume (excluding NR and Equity)       | 1,251,200,000      | 1,015,000,000                   | 1,300,000,000           | 1,450,000,000      | 900,000,000               |
| Originator   | BBVA               | Banco Santander, S.A.           | CaixaBank, S.A.         | BBVA               | 8% BBVA 92% BBVA Finanzia |
| Captive finance company?                           | No                 | No                              | No                      | No                 | No                        |
| Long-term Rating                                   | A3                 | P(A3)                           | Baa2                    | A3                 | Aa2 / NR                  |
| Short term Rating                                  | P-2                | P-2                             | (P)P-2                  | P-2                | P-1 / NR                  |
| Name of Servicer                                   | 100% BBVA          | Banco Santander, S.A.           | CaixaBank, S.A.         | 100% BBVA          | 8% BBVA 92% BBVA Finanzia |
| Long-term Rating                                   | A3                 | P(A3)                           | Baa2                    | A3                 | Aa2 / NR                  |
| Short term Rating                                  | P-2                | P-2                             | (P)P-2                  | P-2                | P-1 / NR                  |
| Auto loan receivables %                            | [21.62]%           | 0%                              | N/A                     | 21.00%             | 95.00%                    |
| Personal loan receivables %                        | N/A                | 100%                            | N/A                     | N/A                | N/A                       |
| Debt consolidation receivables %                   | N/A                | N/A                             | N/A                     | N/A                | N/A                       |
| Portion of (fully) amortising contracts %          | 100.00%            | 100.00%                         | 100.00%                 | 100.00%            | 100.00%                   |
| Portion of bullet / balloon contracts %            | 0.00%              | 0.00%                           | 0.00%                   | 0.00%              | 0.00%                     |
| Portion of pure bullet / balloon payments %        | N/A                | 0.00%                           | 0.00%                   | N/A                | N/A                       |
| Method of payment - Direct Debit (minimum payment) | 100.00%            | 100.00%                         | 100.00%                 | 100.00%            | 100.00%                   |
| Fixed rate contracts %                             | [87.93]%           | 91.84%                          | 100.00%                 | 96.00%             | 100.00%                   |
| WA initial yield (Total Pool)                      | [6.97]%            | 9.56%                           | 7.27%                   | 9.10%              | 8.60%                     |
| Minimum yield for additional portfolios p.a.       | N/A                | Min total portfolio yield of 8% | N/A                     | N/A                | N/A                       |
| WAL of Total Pool initially (in years)             | [1.95]             | 2.00                            | 11.6                    | 2.6                | 3                         |
| WA original term (in years)                        | [6.3]              | 5.90                            | 9.7                     | 7.00               | 6.7                       |
| WA seasoning (in years)                            | [0.95]             | 1.74                            | 2.6                     | 2.20               | 1.5                       |
| WA remaining term (in years)                       | [5.36]             | 4.16                            | 7.1                     | 4.60               | 5                         |
| No. of contracts                                   | [169,230]          | 149,976                         | 145,036                 | 213,974            | 90,559                    |
| No. of obligors                                    | [157,544]          | 138,988                         | 136,652                 | 191,577            | 90,191                    |
| Top single obligor (group) concentration %         | [0.007]%           | 0.02%                           | 0.21%                   | 0.00%              | 0.01%                     |
| Top 5 obligor (group) concentration %              | [0.03]%            | 0.11%                           | 0.88%                   | 0.02%              | 0.03%                     |
| Top 10 obligor (group) concentration %             | [0.06]%            | 0.18%                           | 1.07%                   | 0.04%              | 0.05%                     |
| Top 20 obligor (group) concentration %             | [0.12]%            | 0.22%                           | 1.23%                   | 0.09%              | 0.12%                     |
| Private obligors %                                 | 100.00%            | 100.00%                         | 100.00%                 | 100.00%            | 100.00%                   |
| Commercial obligors %                              | N/A                | 0.00%                           | 0.00%                   | N/A                | N/A                       |
| Name of 1st largest region                         | [Andalucia]        | Madrid                          | Cataluña                | Andalucia          | Andalucia                 |
| 2nd largest region                                 | [Cataluña]         | Andalucia                       | Andalucia               | Cataluña           | Cataluña                  |
| 3rd largest region                                 | [Madrid]           | Cataluña                        | Madrid                  | Madrid             | Madrid                    |
| Size (%) 1st largest region                        | [18.88]%           | 20.05%                          | 34.13%                  | 19.10%             | 22.20%                    |
| 2nd largest region                                 | [16.52]%           | 17.65%                          | 16.92%                  | 14.60%             | 20.50%                    |
| 3rd largest region                                 | [12.34]%           | 11.50%                          | 11.48%                  | 12.00%             | 14.10%                    |

Exhibit 23

## Comparable Transaction - Asset Assumptions

| Deal Name   | BBVA Consumo 9, FT  | FT Santander Consumo 2                              | Caixabank Consumo 2, FT                            | BBVA Consumo 7, FT  | BBVA Consumo 5, FT  |
|---|---|---|--|---|---|
| Gross default / Net loss definition in this deal    | 18 months   | 12 months   | 12 months  | 18 months   | 18 months   |
| Default Definition captured by data?                | No  | No  | No   | No  | No  |
| Data available for each subpool?                    | No  | N/A   | No   | No  | No  |
| Period Covered by Vintage data (in years)           | 8   | 8   | 8  | 8   | 5   |
| Type of default / loss distribution                 | Lognormal   | Lognormal   | Lognormal  | Lognormal   | Lognormal   |
| Model running on defaults/losses                    | Defaults  | Defaults  | Defaults   | Defaults  | Defaults  |
| Mean gross default/net loss rate - initial pool     | [6.75]%   | 5.50%   | 6.50%  | 8.00%   | 12.50%  |
| Mean gross default/net loss rate - replenished pool | [6.75]%   | 5.50%   | N/A  | 8.00%   | 14.00%  |
| Default timing curve                                | [Sine (6-7-22)]   | Sine (2-5-14) / Sine (2-6-17) for subsequent pools  | Sine(4-7-18) quarters                              | Sine(6-9-26)  | Sine(6-8-15)  |
| Mean recovery rate                                  | [20.0]%   | 25.0%   | 35.0%  | 20.00%  | 30.00%  |
| Recovery lag (in months)                            | [60% after 1 year; 20% after 2 years; 10% after 3 years; 10% after 4 years] | 50%/25%/25% each year after default                 | 50% after 2 years, 50% after 3 years               | 60% after 1 year; 20% after 2 years; 10% after 3 years; 10% after 4 years | 60% after 1 year; 20% after 2 years; 10% after 3 years; 10% after 4 years |
| PCE   | Aa2 PCE: [19.0]%<br>[10% first 18 months; 15% thereafter]                   | Aa2 PCE: 18%<br>10% first 18 months; 15% thereafter | Aa2 PCE: 18%<br>5% first 18 months, 10% thereafter | Aa2 PCE: 19%  | N/A   |
| Prepayment Rate(s)                                  | N/A   | N/A   | N/A  | 5%  | 5%  |
| Seasoning as modelled (in months)                   | N/A   | N/A   | N/A  | N/A   | N/A   |
| Stressed Fees modelled                              | 1.00%   | 1.00%   | 1.00%  | 0.50%   | 0.50%   |
| Assumed Portfolio Yield p.a. - initial pool         | [6.01]%   | 8.90%   | Stressed portfolio yield                           | 8.50%   | 1.75%   |
| Assumed Portfolio Yield p.a. - additional pool      | [4.79]%   | 7.72%   | N/A  | 7.50%   | N/A   |
| Index Rate assumed in 1st period                    | N/A   | 0.00%   | 0.50%  | N/A   | N/A   |

Source: Moody's Investors Service

## ORIGINATOR/SERVICER QUALITY

The main strengths of the originator in this transaction are its several years of experience in the Spanish consumer loan market and its large market share meaning that it does not target niche consumer segments. It also has well established processes for underwriting loans.

The main challenge to originator quality is getting to know the risk of loans granted to non-existing clients. However, the portfolio includes more than 60% of pre-approved loans, where the customers are known for the bank for at least 6 months and behavioural limits are set for them.

BBVA (Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits) also acts as servicer. No back up servicer is in place at closing. However, BBVA is investment grade, and the management company acts as a back up servicing facilitator, in that it will be charged to find a replacement servicer in case BBVA is unable to continue as servicer. (See "Securitization Analysis - Additional Analysis - Replacement of the Servicer" for additional information.)

## Securitization Structure Overview

BBVA Consumo 9 is a 1.5 years revolving cash securitisation. Our analysis of the structural characteristics of the transaction included a review of the excess spread, amortising cash reserve, and principal to pay interest to noteholders.



## Securitization Structure Description

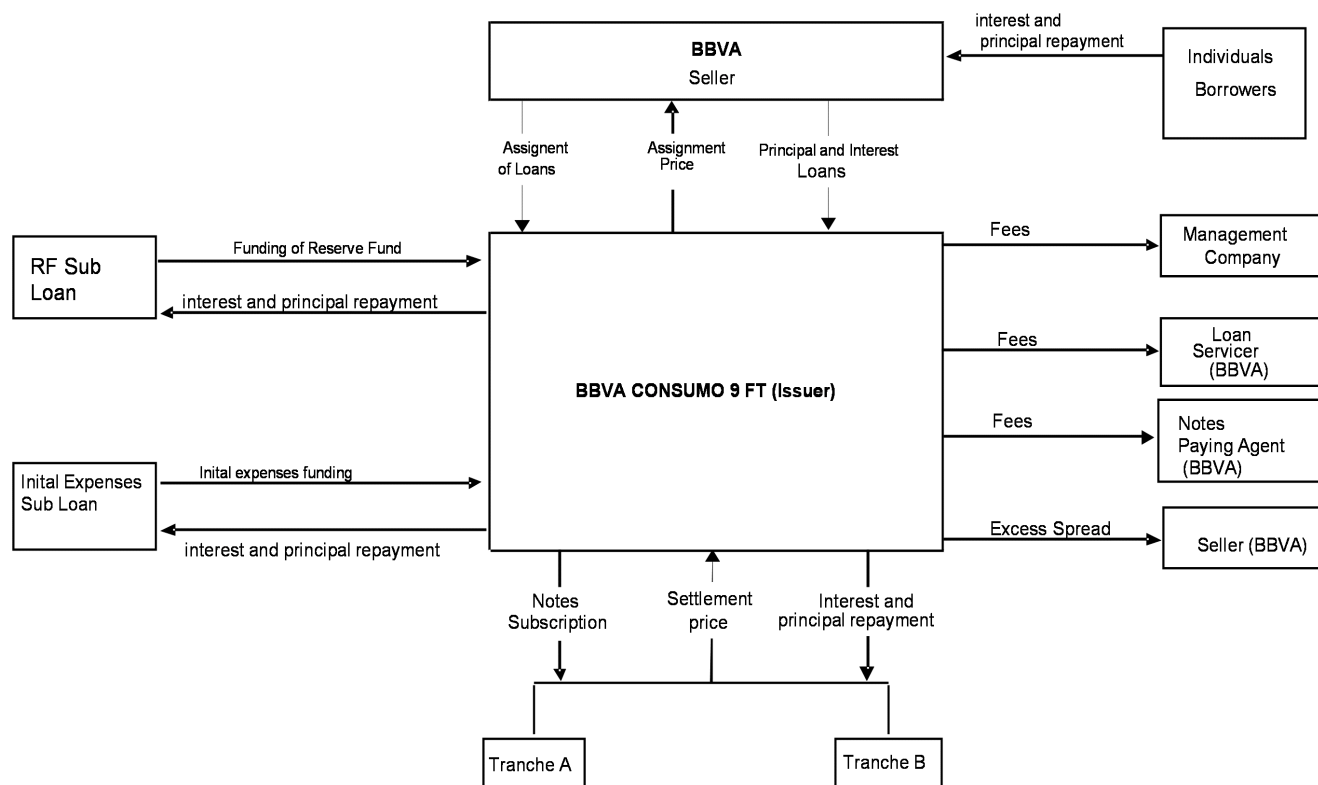
The Issuer is a special purpose vehicle incorporated under the laws of Spain. Interest on the notes is paid quarterly.

### Structural Diagram

Below is a structural diagram for the transaction, illustrating the relationship between the issuer, BBVA Consumo 9, FT, and the other transaction parties.

Exhibit 24

**Structural Diagram for BBVA Consumo 9, FT**



BBVA

### Detailed Description of the Structure

The transaction structure is a senior subordinated structure with a reserve fund.

#### CREDIT ENHANCEMENT

Credit enhancement in the transaction includes excess spread, an amortising cash reserve, and subordination of the notes.

#### ALLOCATION OF PAYMENTS/WATERFALL

On each payment date, the issuer's available funds - interest collections and recoveries received from defaulted loans, the reserve fund, and principal from the loans - will be applied in the simplified order of priority of the interest waterfall described below. Nominally the pre-enforcement interest and principal waterfalls are separated, but in practice there is principal to pay interest (except for deferred Class B interest).

#### Interest waterfall

1. Senior expenses;
2. Interest on Class A;

3. Interest on Class B unless it has been deferred;
4. Funds to the principal ledger equal to difference between current notes balance and non-defaulted loans balance, (or during the revolving period, the non-defaulted loans balance plus the amounts standing to the credit of the principal account);
5. Interest on Class B if deferred;
6. Towards replenishing the reserve fund to its required level;
7. Junior expenses.

Class B interest will be deferred if the cumulative percentage of loans more than 90 days but less than 18 months past due ("*morosos*") exceeds 5% of the original pool balance.

#### Principal waterfall

Items credited at line 4 of the interest waterfall as well as any amounts remaining in the principal account of the issuer will be applied as follows at each payment date:

1. During the replenishment period, to buy new loans up to the maximum issuance amount of 1,375 million;
2. After the replenishment period, to amortise Class A fully;
3. After the replenishment period, to amortise Class B fully.

#### Post-enforcement waterfall:

All cashflows whatsoever received by the issuer or held in its accounts will be applied as follows, at each payment date following an issuer enforcement event in the following simplified manner:

1. Senior expenses;
2. Interest on Class A;
3. Principal on Class A;
4. Interest on Class A;
5. Principal on Class B;
6. Junior expenses.

Allocation of payments/PDL-like mechanism: The definition of the notes required amortisation amount ensures that excess spread and recoveries will be applied toward reducing defaults of the period and previous periods. The target principal amortisation amount after the replenishment period has ended is the difference between the aggregate outstanding note principal balance and the performing assets remaining in the portfolio. Assets are deemed to be non performing at 18 months past due if not already written off.

#### **CASH RESERVE**

The 4.5% reserve fund is fully funded at the closing date via a subordinated loan provided by BBVA. The reserve fund is available to cover principal shortfalls due to defaults and interest on Class A and B unless Class B interest has been deferred. Reserve fund released amounts also flow through the waterfalls of the issuer.

After two years have elapsed the reserve fund may amortise subject to all the below conditions being met:

- » Once its relative size has reached 9.00% of the notes outstanding balance, subject to a floor of 2.25% of the original pool balance;
- » 90+ days arrears are below 1% where the percentage is calculated as the outstanding balance of delinquent loans over the non defaulted pool balance;

- » The reserve fund was fully funded at the previous note payment date as well as on the current payment date.

#### PERFORMANCE TRIGGERS

The revolving period will stop and early amortisation of the notes will be triggered if any of the following conditions apply:

- » 90+ days arrears rate exceeds 2.2% of the current pool balance (excluding written-off loans);
- » The issuer has not re-invested cash from principal amortisation in new receivables during the revolving period, whereby the cash balance exceeds 10% of the notes outstanding for two or more payment dates; or if such amount exceeds 20% of the notes for one payment date;
- » Any non-payment of Class A or B interest;
- » The reserve fund is not funded to its required level;
- » The cumulative default level exceeds the product of 0.375% and the number of payment dates since closing; or
- » BBVA is in default or becomes insolvent.
- » BBVA annual audited financial statements as of 31/12/2017 disclose a reservation/qualification about its solvency.

#### ORIGINATOR/SERVICER/CASH MANAGER RELATED TRIGGERS

The appointment of the servicer will be terminated if any of the following events occur (always at the discretion of the management company):

- » Insolvency of the servicer;
- » Administration by the Bank of Spain;
- » Breach of obligation;
- » Servicer's financial condition being detrimental to the fund or noteholders' interest.

The appointment of the cash manager will be terminated if any of the following events occur:

- » Insolvency of the cash manager;
- » Failure to perform material obligations that is not remedied within the grace period.

#### OTHER COUNTERPARTY RATING TRIGGERS

The issuer account bank will be replaced if its long term bank deposit Rating falls below Baa3. The paying agent will be replaced if its long term bank deposit Rating falls below Baa3.

#### EXCESS SPREAD

All assigned loans will be purchased by the issuer at par. The weighted-average portfolio interest rate of the initial portfolio is [6.97]% and the minimum weighted average portfolio interest rate after replenishment is [5.5]%. Having deducted stressed senior fees, and stressed the yield further for prepayments and potential yield renegotiations, the issued notes benefit from an estimated [1.8]% of excess spread.

Excess spread represents the first layer of credit enhancement as well as a limited liquidity cushion to the transaction. Such excess spread will however vary depending on actual costs, portfolio amortisation, prepayment rates and default levels as well as on a potential portfolio rate compression as the underlying consumer loan contracts redeem/prepay.

The revolving period allows lower yielding assets to be substituted into the pool. Also, as the highest yielding assets could have a propensity to prepay, and yield renegotiations are possible, subject to an overall securitised portfolio weighted average floor of [5.5]%, the excess spread could be compressed further. This is the reason we used an excess spread value of [1.8]% in our cash flow modelling of the notes.

**INTEREST RATE MISMATCH**

C. [88]% of the underlying loan contracts and the notes are all fixed rate and denominated in EUR. Therefore, the only source of interest rate mismatch for these relates to potential portfolio yield compression.

In terms of the c. [12]% floating rate loans, the issuer will be subject to fixed-floating mismatch, although this is mitigated by the eligibility criteria that margin over 1-year Euribor of the floating rate loans in the pool shall be at least 3.50%. Additionally, there is an eligibility criteria which provides that floating rate loans shall not exceed 15% of the pool.

**ASSET TRANSFER/TRUE SALE/BANKRUPTCY REMOTENESS**

The purchase of the asset portfolio is financed by the issuance of (i) Class A Notes and (ii) Class B Notes. The purchase is a true sale of the loan receivables and ancillary receivables under Spanish law to the issuer for the benefit of the noteholders.

The Issuer is a special purpose vehicle incorporated under the laws of Spain as a *Sociedad Gestora de Fondos de Titulización*.

**CASH MANAGER**

Europea de Titulización ("EdT"), 88.2% owned by BBVA, acts as cash manager in the transaction. The cash manager's main responsibilities are the preparation of the investor report, making payments according to the waterfall and drawing on the cash reserve and other sources of liquidity. The cash manager will make cash flow calculations on each monthly payment date including the yearly interest payment dates. Events that could lead to termination of the cash manager include insolvency and a failure to perform that the cash manager does not remedy within the grace period.

There is no back-up cash manager appointed at closing.

**REPLACEMENT OF THE SERVICER**

EdT will act as *de facto* back-up servicing facilitator in case BBVA can no longer act as servicer, as it will use reasonable commercial endeavours to find a back-up servicer in case of a servicer insolvency or another servicer termination event. In the event of servicer insolvency or another event, the transaction will have available the principal to pay interest, the cash reserve and excess spread.

Exhibit 25

**Back-up Servicer Facilitator**

|                                       |   |
|---------------------------------------|---|
| Back-up Servicer Facilitator:         | Europea de Titulización   |
| Rating:                               | NR  |
| Ownership Structure:                  | 88.2% owned by BBVA (Baa1/P-2; Baa1(cr)/P-2(cr); A3 LT Bank Deposits) |
| Regulated by:                         | Bank of Spain   |
| Total Number of Receivables Serviced: | N/A   |
| Number of Staff:                      | N/A   |

## Securitization Structure Analysis

### Primary Analysis

We base our primary analysis of the transaction structure on the default distribution of the portfolio in order to derive our cash flow model.

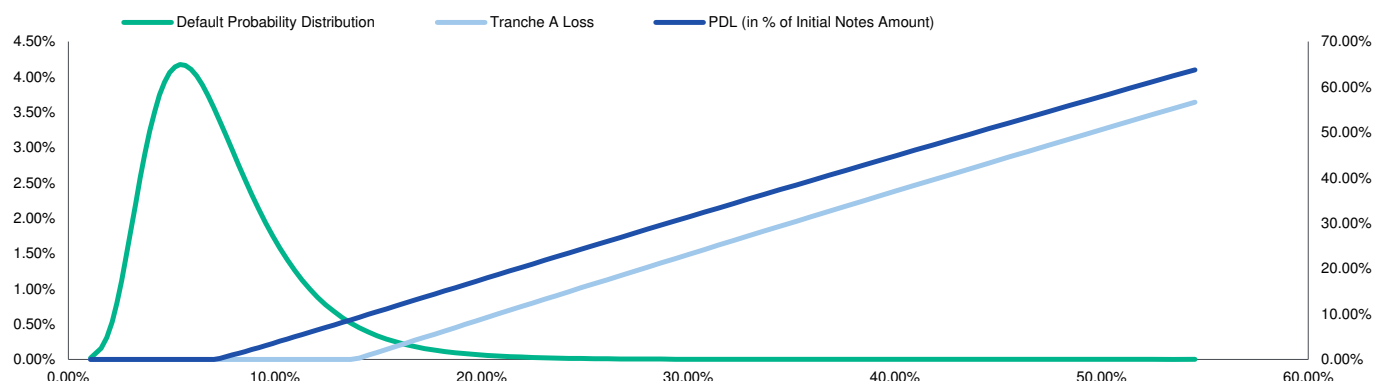
#### TRANCHING OF THE NOTES

We used a lognormal distribution to describe the default distribution of the portfolio. We used this distribution in the cash flow model to ultimately derive the level of losses on the notes under each default scenario.

The chart below represents the default distribution (green line) that we used in modelling loans/lessee defaults.

Exhibit 26

#### Lognormal Loan Default Probability Distribution including Tranche A losses and PDL as % of Initial Notes Amount



Source: Moody's Investors Service

We considered the allocation to each of the parties within the transaction of the cash flows that the collateral generates, and the extent to which the structural features of the transaction might themselves provide additional credit protection to investors, or alternatively act as a further source of risk in addition to the intrinsic risk of the loan assets. For example, we analysed the strength of early amortisation triggers.

As a first step towards determining the theoretical rating of the notes, we used an expected-loss methodology that reflects the probability of default for the notes multiplied by the severity of the loss expected for the notes.

In order to allocate losses to the notes in accordance with their priority of payment and relative size, we used a cash-flow model (ABSROM) that reproduces most of the deal-specific characteristics.

We have already described above the main input parameters of the model. The result of weighting each severity of loss output (the result of inputting each default scenario into ABSROM) with the probability of occurrence, is both the expected loss for the notes as well as the expected average life.

We then compare both values to Moody's Idealised Expected Loss table.

#### TIMING OF DEFAULTS

We have tested different timings for the default curve to assess the robustness of the ratings. In the base case scenario, the timing of defaults curve assumed is sinus, with first default occurring with a 18-month lag (according to transaction definition), a peak at quarter 7 and last default at quarter 22.

#### DEFAULT DEFINITION

The definition of a defaulted loan receivable in this transaction is one (1) which is more than 18 months in arrears or (2) where the borrower has declared bankruptcy and the servicer had to terminate the receivable early as a consequence, or (3) the servicer has determined that the owed amount is uncollectable.

Exhibit 27

## Comparable Transactions - Structural Features

| Deal Name  | BBVA Consumo 9, FT   | FT Santander Consumo 2                        | Caixabank Consumo 2, FT                 | BBVA Consumo 7, FT   | BBVA Consumo 5, FT   |
|--|--|---|---|--|--|
| Revolving Period (in years)                              | 1.5  | 2.3   | Static                                  | 1.00   | 2.00   |
| Credit reserve ("RF") available and when can it be used? | Yes, to cover interest and provision for defaulted loans                             | Yes   | Yes                                     | Yes  | Yes  |
| Size of credit RF ongoing (as % of rated notes)          | 4.50%  | 1.50%   | 4.00%                                   | 4.50%  | 47.00%   |
| RF amortisation floor (as % of initial total pool)       | 2.25%  | 0.75% of the Class A-E initial notes balances | 2.00%                                   | 2.25% of original notes balance  | 23.5% of original pool balance   |
| Set-off risk?  | No   | Yes   | Yes                                     | N/A  | N/A  |
| Set-off mitigant   | N/A  | N/A   | N/A                                     | N/A  | N/A  |
| Commingling Risk?  | Yes  | Yes   | Yes                                     | Yes  | Yes  |
| Commingling mitigant                                     | Payments are transferred every two days to the issuer account in the name of the SPV | Transfers made every two days                 | Daily sweep                             | Payments are transferred every two days to the issuer account in the name of the SPV | Payments are transferred on a weekly basis to the treasury account. A commingling reserve will be funded upon trigger breach |
| Back-up servicer appointed if servicer rated below       | N/A  | N/A   | At discretion of the management company | N/A  | N/A  |
| Back-up Servicer name                                    | N/A  | N/A   | None at closing                         | N/A  | N/A  |
| Back-up Servicer facilitator                             | Europea de Titulizacion ("EdT") (Not Rated). 88.2% owned by BBVA                     | Banco Santander, S.A. (A3/P-2)                | GestiCaixa S.G.F.T., S.A.               | Europea de Titulizacion ("EdT") (Not Rated). 87.5% owned by BBVA                     | Europea de Titulizacion ("EdT") (Not Rated). 87.5% owned by BBVA   |
| Swap in place?   | N/A  | No  | No                                      | N/A  | N/A  |
| Swap counterparty Long-term Rating                       | N/A  | N/A   | N/A                                     | N/A  | N/A  |
| Short-term Rating  | N/A  | N/A   | N/A                                     | N/A  | N/A  |
| Type of Swap   | N/A  | N/A   | N/A                                     | N/A  | N/A  |
| Size of Aaa rated class                                  | N/A  | N/A   | N/A                                     | N/A  | 100%   |
| Aa2 rated class  | N/A  | 86.50%  | N/A                                     | N/A  | N/A  |
| Aa3 rated class  | N/A  | N/A   | 90.00%                                  | 85.50%   | N/A  |
| A rated class  | 91.00%   | 5.00%   | N/A                                     | N/A  | N/A  |
| Baa rated class  | N/A  | 5.00%   | N/A                                     | N/A  | N/A  |
| Ba rated class   | N/A  | 3.50%   | N/A                                     | N/A  | N/A  |
| B rated class  | N/A  | 1.50%   | N/A                                     | 14.50%   | N/A  |
| NR class   | 9.00%  | N/A   | N/A                                     | N/A  | N/A  |
| Reserve fund as % of initial total pool                  | 4.50%  | 1.50%   | 4.00%                                   | 4.50%  | 47.50%   |
| Annualised net excess spread as modelled                 | N/A  | 2.99%   | 2.40%                                   | 6.00%  | 1.75%  |

## Additional Structure Analysis

### ASSET TRANSFER, TRUE SALE AND BANKRUPTCY REMOTENESS

We consider the purchase of the loan receivables to be an effective true sale under Spanish law and the Issuer which to be a bankruptcy remote entity. Our assessment is based on the analysis of the transaction documentation and takes into account the legal opinion provided by the transaction counsel.

### CASH RESERVE

Due to the amortising reserve fund structure, where it is available for defaults and also to amortise the notes at the end of the transaction, we consider the reserve fund in this transaction as being in line with other comparable consumer loan ABS transactions.

### COMMINGLING RISK

Commingling risk is mitigated by payment transfer within one day to the issuer account in the name of the SPV and held at BBVA. In addition, obligors will be notified about the assignment and instructed to redirect payments to the issuer account by the BUS facilitator upon BBVA's insolvency.

We have taken into account a commingling loss of 0.55 months in the cash flow model to estimate the expected loss of the notes in the event of commingling, which we derived from an assumption of one month of collections being commingled at the originators default. We were given benefit (i) to the daily sweep mechanism from closing, (ii) the fact 100% of the underlying debtors pay through direct debit and (iii) a 45% recovery rate on the commingled funds.

### SET-OFF RISK

Nearly all the obligors also have accounts with BBVA but the risk from deposits set-off is limited in Spain because only unpaid installments that are considered as fully due and payable prior to the declaration of insolvency of BBVA might be offset against deposits held by the borrower.

## Monitoring

We will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

*Data Quality:* The transaction will provide a finalised investor report and discuss it with a Moody's analyst. This report will include all necessary information for Moody's to monitor the transaction.

*Data Availability:* EdT will provide the investor report. Transaction documentation will set out a timeline for the investor report. EdT will publish the priority of payment section on the interest payment date and will publish the completed report on each quarterly payment date. The investor report will be published quarterly. The frequency of the interest payment date is quarterly during both the revolving period and during the amortisation period. Investor reports will be publicly available on EdT website.

## Parameter Sensitivities

Parameter sensitivities provide a quantitative, model-indicated calculation of the number of notches that a Moody's rated structured finance security may vary if certain input parameters used in the initial rating process differed. The analysis assumes that the deal has not aged. It is not intended to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might differ as certain key parameters vary.

Parameter sensitivities for this transaction have been calculated in the following manner: We tested 9 scenarios derived from the combination of mean loan default: [6.75]% (base case), [7.25]% (base case + 0.50%), [7.75]% (base case + 1.00%) and recovery rate: [20.0]% (base case), [15.0]% (base case - 5%), [10.0]% (base case - 10%). The [6.75]% / [20.0]% scenario would represent the base case assumptions used in the initial rating process.

The exhibits below show the parameter sensitivities for this transaction with respect to all rated tranches.

Exhibit 28

### Tranche A

|                         | Recovery Rate |        |          |
|-------------------------|---------------|--------|----------|
|                         | 20.00%        | 15.00% | 10.00%   |
| Cumulative Default Rate | 6.75%         | A3*    | A3(0)    |
|                         | 7.25%         | A3(0)  | A3(0)    |
|                         | 7.75%         | A3(0)  | Baa1(-1) |

\* Results under base case assumptions indicated by asterisk '\*'. Change in model output (# of notches) is noted in parentheses.

**Worse case scenarios:** At the time the rating was assigned, the model output indicated that Class A would have achieved Baa1(sf) with a mean default rate as high as [7.75]% and a recovery rate of [20.0]% (all other factors unchanged).



**LCC sensitivities:** The tables below show sensitivities for this transaction if the local currency ceiling (LCC) and the account bank reference points would have been different, while assuming the same bank replacement triggers and all else being equal.

Exhibit 29

**LCC Sensitivity Tranche A**

|     |     | Account Bank |        |        |
|-----|-----|--------------|--------|--------|
|     |     | A1           | A3     | Baa2   |
| LCC | Aa1 | A2(+1)       | A2(+1) | A2(+1) |
|     | Aa2 | A3(0)        | A3*    | A3(0)  |
|     | Aa3 | A3(0)        | A3(0)  | A3(0)  |

\* Results under base case assumptions indicated by asterisk '\*'. Change in model output (# of notches) is noted in parentheses.

## Modelling Assumptions

Please be aware that other values within a range of the notional amount listed below may result in the same rating being achieved.

Exhibit 30

### Modelling assumptions

|  |   |
|--|---|
| Default Distribution:                              | Lognormal   |
| Cumulative Defaults (Initial/Revolving Portfolio): | [6.75]%   |
| Default Definition:                                | 18 months   |
| Aa2 Portfolio Credit Enhancement:                  | [19.0]%   |
| Timing of Defaults:                                | Sine([6-7-22])  |
| Recovery rate:                                     | [20.0]%   |
| Recovery lag:                                      | [60% after 1 year; 20% after 2 years; 10% after 3 years; 10% after 4 years] |
| Residual Value Inputs:                             | N/A   |
| Conditional Prepayment Rate (CPR):                 | [10% first 18 months; 15% thereafter]                                       |
| Amortization Profile:                              | Scheduled portfolio amortization  |
| Portfolio Yield (as modelled):                     | [6.01]% for the initial portfolio and [4.79]% for the subsequent portfolio  |
| Fees (as modelled):                                | 1.00%   |
| PDL definition:                                    | Gross defaults  |
| Index Rate:  | 0.50%   |
| Set-off Amount:                                    | N/A   |

## Appendix 1: Summary of Originator's Underwriting Policies and Procedures

Not provided.

## Appendix 2: Summary of Servicer's Collection Procedures

Not provided.

## Moody's Related Research

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions, please refer to the following reports:

### Methodology Used:

- » [Moody's Approach to Rating Consumer Loan-Backed ABS, September 2015](#)

### New Issue Report:

- » [BBVA Consumo 7, FT, July 2015](#)

### Credit Opinion:

- » [Banco Bilbao Vizcaya Argentaria, S.A., December 2016](#)

### Cross Sector Rating Methodologies:

- » [The Temporary Use of Cash in Structured Finance Transactions: Eligible Investment and Bank Guidelines, December 2015](#)
- » [Global Structured Finance Operational Risk Guidelines, March 2015](#)

### Special Comments:

- » [Sovereigns – Brexit and European Union - Direct impact is minor, but may have credit implications for those with less policy space, July 2016](#)
- » [Spain's New Securitisation Law Gives Originators More Flexibility and Improves the Management of Some Credit Risks, April 2015](#)

### Special Report:

- » [EMEA Consumer Loans ABS Indices, December 2016](#)

Please note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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