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DBRS Confirms Ratings on BBVA Consumo 9 FT

Bloomberg: DBRS Confirms Ratings on BBVA Consumo 9 FT

Industry Group: Structured Finance

Sub-Industry: Consumer Loans

Region: Europe

DBRS Ratings Limited (DBRS) confirmed its ratings on the bonds issued by BBVA Consumo 9 FT (the Issuer):

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

The rating on the Series A Notes addresses the timely payment of interest and ultimate payment of principal on or before September 2033 (the Final Maturity Date). The rating on the Series B Notes addresses the ultimate payment of interest and principal on or before the Final Maturity Date.

The rating actions follow an annual review of the transaction and are based on the following analytical considerations:

- Portfolio performance, in terms of delinquencies, defaults and losses, as of the December 2017 payment date.
- Probability of default (PD), loss given default (LGD) and expected loss assumptions on the remaining receivables.
- Current available credit enhancement to the notes to cover the expected losses at their respective rating levels.
- No revolving termination events have occurred.

The Issuer is a securitisation of Spanish consumer loan receivables originated and serviced by Banco Bilbao Vizcaya Argentaria, S.A. (BBVA). The transaction closed in March 2017.

PORTFOLIO PERFORMANCE

As of December 2017, two- to three-month arrears represented 0.2% of the outstanding portfolio, up from 0.1% in June 2017 and the 90+ delinquency ratio was 0.5%, up from 0.1% in June 2017. As of December 2017, the gross cumulative default ratio was at zero.

PORTFOLIO ASSUMPTIONS

DBRS conducted a loan-by-loan analysis of the remaining pool of receivables and has maintained its base case PD and LGD assumptions at 10.1% and 80.2% respectively.

CREDIT ENHANCEMENT

As of the December 2017 payment date, credit enhancement to the Series A Notes was 13.5% and credit enhancement to the Series B Notes was 4.5%, stable since the DBRS initial rating because of the transaction's revolving period, scheduled to end on the September 2018 payment date. Credit enhancement is provided by subordination of junior classes and the Cash Reserve.



The transaction benefits from a Cash Reserve of EUR 61.9 million, available to cover senior fees, interest and principal on the Series A Notes and Series B Notes.

BBVA acts as 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 of 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 to the ratings 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.

An asset and a cashflow analysis were both conducted. Due to the inclusion of a revolving period in the transaction, the analysis continues to be based on the worst-case replenishment criteria set forth in the transaction legal documents.

A review of the transaction legal documents was not conducted as the legal documents have remained unchanged since the most recent rating action.

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

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to "Appendix C: The Impact of Sovereign Ratings on Other DBRS Credit Ratings" of the "Rating Sovereign Governments" methodology at: <http://dbrs.com/research/319564/rating-sovereign-governments.pdf>.

The sources of data and information used for these ratings include investor reports provided by Europea de Titulización, S.A., S.G.F.T. and loan-level data provided by the European DataWarehouse GmbH.

DBRS did not rely upon third-party due diligence in order to conduct its analysis.

At the time of the initial rating, DBRS was supplied with third-party assessments. However, this did not impact the rating analysis.

DBRS considers the data and information available to it for the purposes of providing these ratings to be of satisfactory quality.

DBRS does not audit or independently verify the data or information it receives in connection with the rating process.

The last rating action on this transaction took place on 28 March 2017, when DBRS finalised its provisional ratings on the notes.

The lead analyst 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 PD and 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 10.1% and 80.2%, 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 (low) (sf), assuming no change in the PD. If the PD increases by 50%, the rating of the Series A Notes would be expected to fall to BBB (low) (sf), assuming no change in the PD. Furthermore, if both the PD and LGD increase by 50%, the rating of the Series A Notes would be expected to fall to B (high) (sf).

Series A Notes Risk Sensitivity:

- 25% increase in LGD, expected rating of BBB (high) (sf)
- 50% increase in LGD, expected rating of BBB (low) (sf)
- 25% increase in PD, expected rating of BBB (high) (sf)
- 50% increase in PD, expected rating of BBB (low) (sf)
- 25% increase in PD and 25% increase in LGD, expected rating of BBB (low) (sf)
- 25% increase in PD and 50% increase in LGD, expected rating of BB (sf)
- 50% increase in PD and 25% increase in LGD, expected rating of BB (sf)
- 50% increase in PD and 50% increase in LGD, expected rating of B (high) (sf)

Series B Notes Risk Sensitivity:

- 25% increase in LGD, expected rating of B (high) (sf)
- 50% increase in LGD, expected rating of below B (sf)
- 25% increase in PD, expected rating of B (high) (sf)
- 50% increase in PD, expected rating of 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 Authority (“ESMA”) 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 and US regulations only.

Lead Analyst: Andrew Lynch, Assistant Vice President
Rating Committee Chair: Christian Aufsatz, Managing Director
Initial Rating Date: 23 March 2017



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The rating methodologies 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
- Operational Risk Assessment for European Structured Finance Originators
- Interest Rate Stresses for European Structured Finance Transactions

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.

<u>Issuer</u>	<u>Debt Rated</u>	<u>Rating Action</u>	<u>Rating</u>	<u>Trend</u>
BBVA Consumo 9 FT	Series A Notes (ES0305252001)	Confirmed	A (sf)	-
BBVA Consumo 9 FT	Series B Notes (ES0305252019)	Confirmed	BB (sf)	-

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