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DBRS Confirms and Upgrades Ratings of BBVA Consumo 6, F.T.A.

Bloomberg: DBRS Confirms and Upgrades Ratings of BBVA Consumo 6, F.T.A.

Industry Group: Structured Finance

Sub-Industry: ABS – Consumer Loans

Region: Europe

DBRS Ratings Limited (DBRS) took the following rating actions on the notes issued by BBVA Consumo 6, F.T.A. (the Issuer):

- Series A confirmed at A (high) (sf)
- Series B upgraded to A (sf) from BBB (sf)

The ratings on the notes address the timely payment of interest and ultimate payment of principal on or before the legal final maturity date.

The confirmation follows an annual review of the transaction and is based on the following analytical considerations:

- Portfolio performance, in terms of delinquencies and defaults.
- Probability of default (PD), loss given default (LGD) and expected losses on the remaining receivables.
- The current credit enhancement (CE) available to the notes to cover the expected losses at the respective rating levels.

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 October 2014.

PORTFOLIO PERFORMANCE AND ASSUMPTIONS

As of July 2018, loan receivables more than 90 days delinquent represented 0.1% of the outstanding portfolio balance and the cumulative default rate represented 0.9% of the original portfolio balance including additional replenishment amounts. Both arrears and defaults remained low and within DBRS's expectations. DBRS maintained its base case default rate and recovery assumptions at 9.5% and 18.0%, respectively.

CREDIT ENHANCEMENT

As of the July 2018 payment date, the CE available to the Series A notes increased to 86.4%, up from 46.7% one year ago. The CE available to the Series B notes increased to 21.6%, up from 11.7% 12 months ago. The sources of CE for the notes are subordination and the Cash Reserve.

The transaction benefits from a Cash Reserve, currently at its target level of EUR 15 million, which is available to cover shortfalls in senior fees, interest as well as principal on the notes.



BBVA is the account bank provider in the transaction. Based on the account bank reference rating of BBVA of A (high), which is one notch below its DBRS Long-Term Critical Obligations Rating of AA (low), and the mitigants outlined in the transaction documents, DBRS considers the risk arising from the exposure to the account bank to be consistent with 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.

A review of the transaction's 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 by Europea de Titulizacion S.A., S.G.F.T. and loan-level data from 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 not 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 3 October 2017, when DBRS upgraded its rating of the Series A notes to A (high) (sf) from A (sf) and upgraded its rating of the Series B notes to BBB (sf) from B (high) (sf).

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 base case PD and LGD for the remaining collateral pool based on a review of the current assets and the transaction’s eligibility criteria. 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 assumptions for the revolving pool are 9.5% and 82.0%, 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 remain at A (high) (sf), assuming no change in the PD. If the PD increases by 50%, the rating of the Series A notes would be expected to remain at A (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 remain at A (high) (sf).

Series B Risk Sensitivity:

- 25% increase in LGD, expected rating of A (high) (sf)
- 50% increase in LGD, expected rating of A (high) (sf)
- 25% increase in PD, expected rating of A (high) (sf)
- 50% increase in PD, expected rating of A (high) (sf)
- 25% increase in PD and 25% increase in LGD, expected rating of A (high) (sf)
- 25% increase in PD and 50% increase in LGD, expected rating of A (high) (sf)
- 50% increase in PD and 25% increase in LGD, expected rating of A (high) (sf)
- 50% increase in PD and 50% increase in LGD, expected rating of A (high) (sf)

Series B Risk Sensitivity:

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

For further information on DBRS historical 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: Gareth Levington, Managing Director
Initial Rating Date: 9 October 2014



DBRS Ratings Limited
20 Fenchurch Street
31st Floor
London
EC3M 3BY
United Kingdom
Registered in England and Wales: No. 7139960.

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

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>
BBVA Consumo 6, F.T.A.	Series A (ES0305044002)	Confirmed	A (high) (sf)
BBVA Consumo 6, F.T.A.	Series B (ES0305044010)	Upgraded	A (sf)



Contacts

Name: Andrew Lynch
Title: Assistant Vice President, EU Surveillance – Global Structured Finance
Phone number: +44 20 7855 6680
E-mail: alynch@dbrs.com

Name: Nathan Levy
Title: Financial Analyst, EU Surveillance – Global Structured Finance
Phone number: +44 20 7855 6645
E-mail: nlevy@dbrs.com

Name: Alfonso Candelas
Title: Senior Vice President, Head of European Surveillance – Global Structured Finance
Phone number: +44 20 7855 6624
E-mail: acandelasbernal@dbrs.com

Name: Christian Aufsatz
Title: Managing Director, Head of European Structured Finance – Global Structured Finance
Phone number: +44 20 7855 6664
E-mail: caufsatz@dbrs.com

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