

Hecho Relevante de

BBVA-10 PYME FONDO DE TITULIZACIÓN

En virtud de lo establecido en el Folleto Informativo de **BBVA-10 PYME FONDO DE TITULIZACIÓN** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Scope Ratings AG (Scope)**, con fecha 13 de diciembre de 2016, comunica que ha elevado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie A:** **AAA_{SF}** (anterior **AA_{SF}**)

Asimismo, Scope ha confirmado la calificación asignada a la restante Serie de Bonos:

- **Serie B:** **B_{SF}**

Se adjunta la comunicación emitida por Scope.

Madrid, 14 de diciembre de 2016.

José Luis Casillas González
Apoderado

Paula Torres Esperante
Apoderada

Scope upgrades BBVA-10 PYME FT to AAA (SF) – Spanish SME ABS

Scope Ratings upgrades the senior tranche of BBVA-10 PYME FT to AAA (SF) from AA- (SF) as a result of robust collateral performance and faster-than-expected amortisation. EUR 562.3m of debt is affected.

The rating actions on the notes issued by BBVA-10 PYME, FT are as follows:

Series A (ISIN: ES0305110001), upgrade to AAA_{SF} from AA-_{SF}

Series B (ISIN: ES0305110019), affirmation at B+_{SF}

Rating rationale

The Series A upgrade to AAA reflects the good collateral performance and the faster-than-expected portfolio amortisation. The amortisation of the strictly sequential notes resulted in an increase of the tranche's credit enhancement to 39.5% from 28.5% at closing. Scope maintains a positive outlook on the economic recovery in Spain. The tranche's short weighted average life of 1.7 years (initially 2.2 years) reflects positively on the rating. Total delinquencies (i.e. more than 1 day) are low, at 1.5% of the current portfolio balance; '90+ days past due' delinquencies are low at 0.18%, as of 31 October 2016. In addition, the rating factors in the counterparty risk exposure to BBVA SA (A/S-1/Stable Outlook) as servicer, account bank and paying agent. Counterparty risk is mitigated by the credit quality of the bank, the effective replacement of the bank at the loss of BBB, and the notes' short remaining life.

The affirmation of the rating on the Series B notes primarily reflects the good performance of the underlying collateral and the credit enhancement of 6.9% of the outstanding portfolio balance, up from 5% at closing. BBVA holds the fully funded reserve fund, the only source of credit enhancement of the tranche. Scope assumes the Spanish economic recovery will continue in the short term, although long-term uncertainty remains, mainly because of labour market and fiscal imbalances.

Portfolio performance

Fast amortisation. The portfolio has amortised to 72.1% of the initial balance during the first 11 months of the transaction's life, which includes a prepayment rate from closing of 13.1%. The outstanding portfolio remains granular with 3,358 exposures. Scope expects the amortisation to slow down.

Low delinquencies. Total delinquencies (i.e. more than one day in arrears) are low at 1.5% of the outstanding balance as of 31 October 2016, of which 50.6% are delinquent for less than 30 days and have a high likelihood of being cured. No defaults have been recorded to date due to the long default definition of 18 months; there are no subjective defaults.

Scope has received monthly transaction-performance reporting for the 11 months since closing.

Quantitative assumptions

Scope analysed the transaction with the same modelling assumptions as at closing, but adjusted for portfolio amortisation and the reduction in average portfolio interest. Transaction modelling details are provided in the rating report, which was published at closing and is freely available at our website, www.scooperatings.com.

Notes

BBVA-10 PYME, FT is a EUR 780.0m cash flow securitisation of secured and unsecured credits to small and medium-sized enterprises (SMEs). BBVA SA originated the assets to finance the regular business needs of customers in Spain. The transaction closed on 16 December 2015 and has a legal maturity of 20 January 2048.

Legal and regulatory disclosures

Important information

Information pursuant to Regulation (EC) No 1060/2009 on credit rating agencies, as amended by Regulations (EU) No. 513/2011 and (EU) No. 462/2013

Responsibility

The party responsible for the dissemination of the financial analysis is Scope Ratings AG, Berlin, District Court for Berlin (Charlottenburg) HRB 161306 B, Executive Board: Torsten Hinrichs (CEO), Dr. Stefan Bund, Dr. Sven Janssen.

The rating analysis has been prepared by Sebastian Dietzsch, Lead Analyst. Guillaume Jolivet, Committee Chair, is the analyst responsible for approving the rating.

Rating history

Instrument; ISIN; Date; Rating action Rating

ES0305110001; 09.12.2015; Preliminary; (P) AA-SF

ES0305110019; 09.12.2015; Preliminary; (P) B+SF

ES0305110001; 16.12.2015; Initial; AA-SF

ES0305110019; 16.12.2015; Initial; B+SF

Information on interests and conflicts of interest

The rating was prepared independently by Scope Ratings but for a fee based on a mandate of the issuer of the investment, represented by the management company.

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Key sources of information for the rating

Monthly transaction performance reports for the period from the closing date to 31 October 2016.

Scope Ratings considers the quality of the available information on the evaluated entity to be satisfactory. Scope ensured as far as possible that the sources are reliable before drawing upon them, but did not verify each item of information specified in the sources independently.

Examination of the rating by the rated entity prior to publication

Prior to publication, the rated entity was given the opportunity to examine the rating and the rating drivers, including the principal grounds on which the credit rating or rating outlook is based. The rated entity was subsequently provided with at least one full working day, to point out any factual errors, or to appeal the rating decision and deliver additional material information. Following that examination, the rating was not modified.

Methodology

The methodology applicable for this rating is “SME ABS Rating Methodology”, dated June 2016 and the ‘Methodology for Counterparty Risk in Structured Finance’, dated August 2016. Both files are available on www.scooperatings.com. The historical default rates of Scope Ratings can be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA): <http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>. A comprehensive clarification of Scope’s default rating, definitions of rating notations and further information on the analysis components of a rating can be found in the documents on methodologies on the rating agency’s website.

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About Scope Ratings AG

Scope Ratings AG, a part of the Scope Group, is the leading European credit rating agency, with headquarters in Berlin and offices in Frankfurt, London, Paris, Madrid and Milan. The company specialises in the analysis and ratings of financial institutions, corporates, debt instruments, structured finance, project finance and public finance. Scope Ratings AG offers a credit risk analysis that is opinion-driven, forward-looking and non-mechanistic – an approach which adds to a greater diversity of opinions for institutional investors. Scope Ratings AG is an ESMA-accredited rating agency operating in the European Union with ECAI status.

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