

Fitch Upgrades BBVA 6 FTPYME to 'B-sf'

Fitch Ratings-Madrid/London-13 July 2015: Fitch Ratings has upgraded BBVA-6 FTPYME, FTA's class B notes and affirmed the class C notes, as follows:

EUR50.3m Class B (ISIN ES0370460026): upgraded to 'B-sf' from 'CCCsf'; Outlook Stable

EUR32.3m Class C (ISIN ES0370460034): affirmed at 'Cs'; Recovery Estimate 0%

The transaction is a cash flow securitisation of a static portfolio of secured and unsecured loans granted by Banco Bilbao Vizcaya Argentaria (BBVA, A-/Stable/F2) to small- and medium-sized enterprises (SMEs) in Spain. The initial balance was EUR1.5bn at closing in June 2007.

KEY RATING DRIVERS

Stable Performance

Overall performance has remained fairly stable over the last 12 months. Loans delinquent over 90 days and 180 days represent 2.3% and 0.6% of the current outstanding balance, compared with 1.6% and 1.4% a year ago while the outstanding principal balance of defaulted assets has decreased to EUR44.5m from EUR50m. Furthermore, the weighted average recovery rate has increased to 45.7% from 42.5%.

Increase Credit Enhancement of Class B

Class B credit enhancement has increased over the last 12 months, based on June 2014 data, to 12.5% from 5.3% as a result of asset amortisation, a smaller principal deficiency ledger and the realisation of additional recoveries. This is reflected in today's upgrade. On the other hand, the class C notes remain heavily under-collateralised while their unpaid cumulative interest stands at EUR1.3m, leading to the affirmation of the notes at 'Cs'

Low Portfolio Factor

The current/original portfolio balance (portfolio factor) stood at 8.01% as of end-May 2015 since only EUR120m assets remain outstanding from the EUR1.5b initial portfolio.. The low portfolio factor also leads to high concentration as the top 10 obligors represent 21.6% of the non-defaulted portfolio while obligors accounting for more than 50 basis points each make up 55.9%.

Kingdom of Spain Guarantee

The structure benefited from the full amortisation of the class A2(G) notes by making use of the

principal guarantee provided by the Kingdom of Spain (BBB+/Stable/F2) to clear the principal deficiency on that class of notes. The amount drawn from the guarantee was EUR14.8m as of the last payment date (22 June 2015). This amount represents a liability senior to the class B notes. This, together with the due EUR7.3m class B principal, results in a principal deficiency of EUR22m,

RATING SENSITIVITIES

Increasing the probability of default by 1.15x or reducing the recovery prospects by 0.85x of all assets in the portfolio could result in a downgrade of the class B notes to 'CCCsf' or below.

The class C notes' rating is at a distressed level and is therefore unlikely to be affected by a further deterioration of the pool.

DUE DILIGENCE USAGE

No third party due diligence was provided or reviewed in relation to this rating action.

DATA ADEQUACY

Fitch has checked the consistency and plausibility of the information it has received about the performance of the asset pool and the transaction. There were no findings that were material to this analysis. Fitch has not reviewed the results of any third party assessment of the asset portfolio information or conducted a review of origination files as part of its ongoing monitoring.

Fitch did not undertake a review of the information provided about the underlying asset pool ahead of the transaction's initial closing. The subsequent performance of the transaction over the years is consistent with the agency's expectations given the operating environment and Fitch is therefore satisfied that the asset pool information relied upon for its initial rating analysis was adequately reliable.

SOURCES OF INFORMATION

The information below was used in the analysis. -

- Loan-by-loan data provided by the Gestora at end-May 2015
- Transaction reporting provided by the Gestora at 22 June 2015 (last payment date).

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Applicable Criteria

Counterparty Criteria for Structured Finance and Covered Bonds (pub. 14 May 2014)

(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=744158)

Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum (pub. 14 May 2014) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=744175)

Criteria for Interest Rate Stresses in Structured Finance Transactions and Covered Bonds (pub. 19 Dec 2014) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=838868)

Criteria for Rating Caps and Limitations in Global Structured Finance Transactions (pub. 28 May 2014) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=748781)

Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs) (pub. 06 Mar 2015) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=863220)

Criteria for Servicing Continuity Risk in Structured Finance (pub. 17 Jul 2014) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=752340)

Criteria for Sovereign Risk in Developed Markets for Structured Finance and Covered Bonds (pub. 20 Feb 2015) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=862115)

Global Structured Finance Rating Criteria (pub. 06 Jul 2015) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=867952)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form

(https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=987807)

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