Insight beyond the rating.

Date of Release: June 17, 2015

DBRS Upgrades Rating on BBVA Consumo 3 F.T.A.

DBRS Ratings Limited (DBRS) has today taken the following rating action on the bond issued by BBVA Consumo 3 F.T.A. (the Issuer):

-- Series B notes upgraded to AA (low) (sf) from A (sf).

The upgrade on the Series B notes is based on the following analytical considerations, as described more fully below:

-- Portfolio performance, in terms of delinquencies and defaults, as of the February 2015 payment date.
-- Actual default rate, recovery rate and expected losses are within DBRS's expectations.
-- Additional cash flow analysis of the Series B notes without the benefit of the cash reserve.

BBVA Consumo 3 F.T.A. is a securitisation of Spanish consumer loan receivables originated and serviced by Banco Bilbao Vizcaya Argentaria (BBVA).

As of February 2015, two- to three-month arrears were at 1.60%, and the 90+ delinquency ratio was at 2.59%. The cumulative default ratio was 7.26%.

As of the February 2015 payment date, credit enhancement to the Series B notes was 47.94%, up from 18.86% last year. Credit enhancement to the Series B notes consists of the cash reserve.

As of the February 2015 payment date, the cash reserve was at EUR 22,357,147.90, below the target level of EUR 22,425,000.00.

BBVA holds the Treasury Account for the transaction. The DBRS public rating of BBVA at "A" complies with the Minimum Institution Rating given the rating assigned to the Series B notes, as described in DBRS's "Legal Criteria for European Structured Finance Transactions" methodology. BBVA is the swap counterparty for the transaction. The DBRS public rating of BBVA at "A" is equal to the First Rating Threshold as described in DBRS's "Derivative Criteria for European Structured Finance Transactions" methodology.

The Issuer has replacement triggers for the Treasury Account, where, in the event that BBVA were to be downgraded below BBB by DBRS, the Management Company shall find a replacement institution, which is rated at least BBB by DBRS. However, the DBRS Legal Criteria for European Structured Finance Transactions as of 31 December 2014 indicates that an Account Bank's having the minimum rating of "A" with respect to a AAA or AA transaction combined with a provision to replace within 30 calendar days of a downgrade below that level is generally sufficient to mitigate the risk of that counterparty's default.

Given the combination of the current rating of BBVA and the replacement provision described above, additional cash flow analysis for the Series B notes included scenarios where the transaction did not benefit from the cash reserve. In these scenarios, the Series B notes were able to withstand DBRS expected losses at the AA (low) (sf) rating level.

BBVA is the swap counterparty for the transaction. The DBRS public rating of BBVA at "A" meets the minimum criteria for BBVA to act as swap counterparty as described in DBRS's "Derivative Criteria for European Structured Finance Transactions" methodology.

Notes:
All figures are in euros unless otherwise noted.

The principal methodology applicable 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. Other methodologies referenced in this transaction are listed at the end of this press release and may be found on www.dbrs.com at http://www.dbrs.com/about/methodologies.

For a more detailed discussion of sovereign risk impact on Structured Finance ratings, please refer to DBRS's "The Effect of Sovereign Risk on Securitisations in the Euro Area" commentary at http://www.dbrs.com/industries/bucket/id/10036/name/commentaries/.

The sources of information used for this rating include investor reports provided by Europea de Titulización, S.A., S.G.F.T. and data from the European DataWarehouse. DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

DBRS does not rely upon third-party due diligence in order to conduct its analysis. DBRS was not supplied with third-party assessments; however, this did not affect the rating analysis.

DBRS does not audit the information it receives in connection with the rating process, and it does not and cannot independently verify that information in every instance.

The last rating action on this transaction took place on 23 December 2014, when DBRS discontinued the rating on the Series A notes due to repayment.

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 probability of default (PD) and loss given default (LGD) for the pool based on a review of the transaction performance. Adverse changes to 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 receivables for the Issuer are 14.10% and 87.55%, 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 B notes would be expected to remain at AA (low) (sf), assuming no change in the PD. If the PD increases by 50%, the rating for the Series B notes would be expected to fall to A (low) (sf), assuming no change in the LGD. Furthermore, if both the PD and LGD increase by 50%, the rating of the Series B notes would be expected to fall to A (low) (sf).

Series B notes Risk Sensitivity:
-- 25% increase in LGD, expected rating of AA (low) (sf)
-- 50% increase in LGD, expected rating of AA (low) (sf)
-- 25% increase in PD, expected rating of AA (low) (sf)
-- 50% increase in PD, expected rating of A (low) (sf)
-- 25% increase in PD and 25% increase in LGD, expected rating of A (sf)
-- 25% increase in PD and 50% increase in LGD, expected rating of A (sf)
-- 50% increase in PD and 25% increase in LGD, expected rating of A (low) (sf)
-- 50% increase in PD and 50% increase in LGD, expected rating of A (low) (sf)

For further information on DBRS historic default rates published by the European Securities and Markets Administration 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 regulations only.

Initial Lead Analyst: Bruno Franco
Initial Rating Date: 18 April 2013
Initial Rating Committee Chair: Claire Mezzanotte

Lead Surveillance Analyst: Elisa Scalco
Rating Committee Chair: Diana Turner

DBRS Ratings Limited

1 Minster Court, 10th Floor
Mincing Lane
London
EC3R 7AA
United Kingdom
Registered in England and Wales: No. 7139960.

The rating methodologies and criteria used in the analysis of this transaction can be found at http://www.dbrs.com/about/methodologies.

-- Legal Criteria for European Structured Finance Transactions (December 2014)
-- Derivative Criteria for European Structured Finance Transactions (October 2014)
-- Master European Structured Finance Surveillance Methodology (April 2015)
-- Operational Risk Assessment for European Structured Finance Servicers (January 2015)
-- Rating European Consumer and Commercial Asset-Backed Securitisations (December 2014)
-- Unified Interest Rate Model for European Securitisations (January 2013)

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.

Ratings

Issuer	Debt Rated	Rating Action	Rating	Trend	Notes	Published	Issued
BBVA Consumo 3 F.T.A.	Series B	Upgraded	AA (low) (sf)	--		Jun 17, 2015	EU

US = USA Issued, NRSRO
CA = Canada Issued, NRSRO
EU = EU Issued
E = EU Endorsed
Unsolicited Participating
Unsolicited Non-participating

ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE DISCLAIMERS AND LIMITATIONS AND ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES, RATING SCALES AND METHODOLOGIES.

Contacts

Elisa Scalco
Assistant Vice President, EU ABS - Global Structured Finance
+44 20 7855 6681

escalco@dbrs.com

Andrew Lynch
Financial Analyst, EU Surveillance - Global Structured Finance
+44 20 7855 6680
alynch@dbrs.com

Copyright © 2015, DBRS Limited, DBRS, Inc. and DBRS Ratings Limited (collectively, DBRS). All rights reserved. The information upon which DBRS ratings and reports are based is obtained by DBRS from sources DBRS believes to be reliable. DBRS does not audit the information it receives in connection with the rating process, and it does not and cannot independently verify that information in every instance. The extent of any factual investigation or independent verification depends on facts and circumstances. DBRS ratings, reports and any other information provided by DBRS are provided "as is" and without representation or warranty of any kind. DBRS hereby disclaims any representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose or non-infringement of any of such information. In no event shall DBRS or its directors, officers, employees, independent contractors, agents and representatives (collectively, DBRS Representatives) be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error or omission or for any damages resulting therefrom, or (2) for any direct, indirect, incidental, special, compensatory or consequential damages arising from any use of ratings and rating reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS or any DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. Ratings and other opinions issued by DBRS are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness or recommendations to purchase, sell or hold any securities. A report providing a DBRS rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. DBRS receives compensation for its rating activities from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings and from subscribers to its website. DBRS is not responsible for the content or operation of third party websites accessed through hypertext or other computer links and DBRS shall have no liability to any person or entity for the use of such third party websites. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS. ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE DISCLAIMERS AND LIMITATIONS AT http://www.dbrs.com/about/disclaimer. ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES, RATING SCALES AND METHODOLOGIES, ARE AVAILABLE ON http://www.dbrs.com.

close Request a DBRS.com Trial Now! or Contact Us to get started.