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DBRS Takes Rating Actions on BBVA Consumo 6 FTA

Industry: Sec.--Credit Card & Consumer Lending

DBRS Ratings Limited (DBRS) has today taken the following rating actions on the bonds issued by BBVA Consumo 6 FTA (the Issuer):

- Series A notes downgraded to A (low) (sf) from A (sf)
- Series B notes downgraded to B (high) (sf) from BBB (low) (sf)

The rating action reflects the following analytical considerations, as described more fully below:

- An amendment to the transaction signed on 23 October 2015.
- Portfolio performance, in terms of delinquencies and defaults, as of the July 2015 payment date.
- Current available credit enhancement to the Series A and Series B notes to cover the expected losses at the A (low) (sf) and B (high) (sf) rating levels, respectively.

BBVA Consumo 6 FTA is a securitisation of Spanish consumer loan receivables originated and serviced by Banco Bilbao Vizcaya Argentaria, S.A. (BBVA).

The structural amendment consists of a reduction in the reserve fund as well as the introduction of a floor at 0% on the interest rate of the notes. The reserve fund has been reduced to EUR 15.00 million (compared to EUR 36.00 million at the DBRS initial rating), and the new target balance will be set as the lower of EUR 15.00 million or 10.00% of the outstanding principal of the notes, subject to a floor of EUR 7.50 million.

The transaction is currently in its revolving period, which will terminate in January 2016. There are purchase termination triggers to mitigate the potential portfolio performance deterioration. All have been passing to date.

As of the July 2015 payment date, two- to three-month arrears are at 0.63%, up slightly since the closing date in October 2014. The 90+ delinquency ratio was at 0.32%. The current gross cumulative default ratio is at zero.

Post-restructure, credit enhancement to the Series A notes is 20.00%, compared to 27.00% at the



DBRS initial rating. Credit enhancement to the Series A notes consists of subordination of the Series B notes and the reserve fund. Credit enhancement to the Series B notes is 5.00%, compared to 12.00% at the DBRS initial rating. Credit enhancement to the Series B notes consists solely of the reserve fund.

BBVA is the account bank for the transaction. The DBRS public rating of BBVA at “A” 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 is the Master European Structured Finance Surveillance Methodology, which can be found on www.dbrs.com at <http://www.dbrs.com/about/methodologies>. Other methodologies and criteria referenced in this transaction are listed at the end of this press release.

DBRS has applied the principal methodology consistently and conducted a review of the transaction in accordance with the principal methodology. DBRS conducted a review of the amendments to the deed of constitution of the fund, which spells out the amendments under consideration, along with the relative notification to CNMV. The other transaction legal documents have remained unchanged since the most recent rating action, and were not reviewed.

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

The sources of information used for this rating include information provided by Europea de Titulizacion S.A., S.G.F.T. and data from the European DataWarehouse.

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 impact the rating analysis.

DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

DBRS does not audit the information it receives in connection with the rating process, and it does not

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and cannot independently verify that information in every instance.

The last rating action on this transaction took place on 15 October 2014, when DBRS assigned final ratings to the Series A and Series B notes.

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 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 12.31% and 65.69%, 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 (sf), assuming no change in the PD. If the PD increases by 50%, the rating for the Series A notes would be expected to fall to BBB (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 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 (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 BB (high) (sf)
- 50% increase in PD and 25% increase in LGD, expected rating of BB (high) (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 (low) (sf)
- 50% increase in LGD, expected rating below B (sf)
- 25% increase in PD, expected rating of B (low) (sf)



- 50% increase in PD, expected rating 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 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.

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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 (September 2015)
- 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 (October 2015)
- 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>.

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Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
BBVA Consumo 6, F.T.A.	Series A	Downgraded	A (low) (sf)	--	Oct 27, 2015
BBVA Consumo 6, F.T.A.	Series B	Downgraded	B (high) (sf)	--	Oct 27, 2015

For more information on this credit or on this industry, visit www.dbrs.com or contact us at info@dbrs.com.

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