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## Fitch Upgrades BBVA Empresas 6's class B notes to 'A-(sf)' Ratings Endorsement

Policy

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Fitch Ratings-London-10 November 2014: Fitch Ratings has upgraded BBVA Empresas 6's class B notes and affirmed the remaining notes as follows:

Class A (ES0314586001): affirmed at 'A+sf'; Outlook Stable

Class B (ES0314586019): upgraded to 'A-sf' from 'BBB+sf'; Outlook Stable

Class C (ES0314586027): affirmed at 'BBsf'; Outlook Negative

BBVA Empresas 6 is a static, cash flow securitisation of an initial EUR1.2bn portfolio of secured and unsecured loans granted by BBVA to Spanish SMEs, self-employed individuals, large enterprises and corporates, for the purpose of financing business activities.

### KEY RATING DRIVERS

The upgrade on the class B notes reflects a substantial increase in credit enhancement over the last 12 months due to natural amortisation. As a result, the outstanding portfolio balance has been reduced to 38.78% from 53.53% of the initial pool balance and credit enhancement on class B notes increased to 55.8% from 43.3% accordingly. In addition arrears over 90 days have decreased to 6.7% from 15.16% of the outstanding balance during the same period.

The rating of the class A notes is capped at 'A+sf' by the counterparty exposure to BBVA (A-/Stable/F2) as direct support account bank. This is because the class A notes require the liquidity provided by the reserve fund to ensure timely payment of interest upon a servicer disruption.

The affirmation of the class C notes reflects stable credit enhancement for this particular tranche. While overall delinquencies have decreased over the last 12 months, some of them have rolled into the current defaulted bucket, which now represents 17.5% of the outstanding balance, compared with 3.73% a year ago. The reserve fund remains underfunded; it has been reduced by a further EUR47m and currently stands at EUR88.7m, compared with the required amount of EUR144m. The Negative Outlook on class C notes reflects the vulnerability of the notes to deterioration in the portfolio quality and to recoveries on defaulted loans remaining low.

### RATING SENSITIVITIES

In our ratings sensitivity analysis we found that a 25% decrease in recovery rates and a 25% increase in default probabilities have had no impact on the class A or B notes, but would result in a downgrade on the class C notes.

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Sources of Information:  
Investor Reports

Applicable criteria, Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs), dated 05 March 2014, Counterparty Criteria for Structured Finance and Covered Bonds dated 14 May 2014, are available on [www.fitchratings.com](http://www.fitchratings.com).

**Applicable Criteria and Related Research:**

Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)  
Counterparty Criteria for Structured Finance and Covered Bonds

Additional Disclosure  
Solicitation Status

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