





Press Release

# DBRS Upgrades BBVA RMBS 5 FTA and Removes UR-Pos. Status

RMBS

October 05, 2018

DBRS Ratings Limited (DBRS) took the following rating actions of the bonds issued by BBVA RMBS 5 FTA (the Issuer):

- Series A confirmed at A (high) (sf)
- Series B upgraded to BBB (sf) from BBB (low) (sf)
- Series C confirmed at BB (high) (sf)

Additionally, DBRS removed the Under Review with Positive Implications (UR-Pos.) status of the Series A, Series B and Series C notes (together, the Rated Notes). The ratings of the Rated Notes address the timely payment of interest and ultimate payment of principal on or before the legal final maturity date.

The rating actions are the result of an annual review of the transaction following publication of an update to the “European RMBS Insight: Spanish Addendum” on 2 October 2018, where DBRS updated its house price indexation and market value decline rates to reflect data through the third quarter of 2017.

The Rated Notes were placed UR-Pos. on 1 June 2018, pending DBRS’s analysis of the recent performance of the Spanish real estate market. The UR-Pos. status of the Rated Notes was extended following the publication of the “European RMBS Insight: Spanish Addendum - Request for Comment” on 24 July 2018.

The rating actions are based on the following analytical considerations:

- Portfolio performance, in terms of delinquencies, defaults and losses.
- Portfolio default rate (PD), loss given default (LGD) and expected loss assumptions on the remaining receivables.
- Current available credit enhancement to the notes to cover the expected losses at their respective rating levels.

#### DBRS.com Privacy Statement

By accessing this website you agree to be bound by the DBRS Terms and Conditions and also the Privacy Policy. These are subject to change. Any changes will be incorporated into the Terms and Conditions or Privacy Policy posted to this website from time to time.

## Issuers

BBVA RMBS 5 FTA

## Contacts



### Gareth Levington

Managing Director,  
Global Credit Policy  
+44 20 7855 6607  
[glevington@dbrs.com](mailto:glevington@dbrs.com)



### Andrew Lynch

Assistant Vice  
President, EU  
Surveillance - Global  
Structured Finance  
+44 20 7855 6680  
[alynch@dbrs.com](mailto:alynch@dbrs.com)



### Clare Wootton

Senior Financial  
Analyst, EU  
Surveillance - Global  
Structured Finance  
+44 20 7855 6611  
[cwootton@dbrs.com](mailto:cwootton@dbrs.com)

## PORTFOLIO PERFORMANCE

As of June 2018, the cumulative default ratio was 7.4% and the 90+ delinquency ratio (excluding defaulted loans) was 0.4%.

## PORTFOLIO ASSUMPTIONS

DBRS conducted a loan-by-loan analysis of the remaining pool of receivables and has updated its base case PD and LGD assumptions to 5.7% and 43.4%, respectively.

## CREDIT ENHANCEMENT

As of the June 2018 payment date, credit enhancement to the Series A notes was 23.2%, up from 9.3% at the DBRS initial rating. Credit enhancement to the Series B notes was 13.2%, up from 4.3% at the DBRS initial rating. Credit enhancement to the Series C notes was 10.2%, up from 2.8% at the DBRS initial rating.

Credit enhancement to each class of Rated Notes is provided by subordination of junior classes and a reserve fund, currently at the target level of EUR 242.6 million.

BBVA acts as the account bank for the transaction. The account bank reference rating is A (high) - being one notch below the DBRS public Long-Term Critical Obligations Rating of BBVA of AA (low). On the basis of BBVA's rating and the mitigants outlined in the transaction documents, DBRS considers the risk arising from the exposure to BBVA to be consistent with the rating assigned to the Rated Notes.

### Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable to the ratings 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.

A review of the transaction legal documents was not conducted as the legal documents have remained unchanged since the most recent rating action.

Other methodologies referenced in this transaction are listed at the end of this press release. These may be found on [www.dbrs.com](http://www.dbrs.com) at:

<http://www.dbrs.com/about/methodologies>.

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to "Appendix C: The Impact of Sovereign Ratings on Other DBRS Credit Ratings" of the "Rating Sovereign Governments" methodology at: <http://dbrs.com/research/319564/rating-sovereign->

### DBRS.com Privacy Statement

By accessing this website you agree to be bound by the DBRS Terms and Conditions and also the Privacy Policy. These are subject to change. Any changes will be incorporated into the Terms and Conditions or Privacy Policy posted to this website from time to time.

European DataWarehouse GmbH.

DBRS did not rely upon third-party due diligence in order to conduct its analysis. At the time of the initial rating, DBRS was not supplied with third-party assessments. However, this did not impact the rating analysis.

DBRS considers the data and information available to it for the purposes of providing these ratings to be of satisfactory quality.

DBRS does not audit or independently verify the data or information it receives in connection with the rating process.

The last rating action on this transaction took place on 27 July 2018, when DBRS extended its UR-Pos. status on the Rated Notes.

Information regarding DBRS ratings, including definitions, policies and methodologies is available at [www.dbrs.com](http://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 PD and 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 5.7% and 43.4%, 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 remain at A (high) (sf), assuming no change in the PD. If the PD increases by 50%, the rating of the Series A notes would be expected to remain at A (high) (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 remain at A (high) (sf).

Series A Risk Sensitivity:

- 25% increase in LGD, expected rating of A (high) (sf)
- 50% increase in LGD, expected rating of A (high) (sf)
- 25% increase in PD, expected rating of A (high) (sf)
- 50% increase in PD, expected rating of A (high) (sf)
- 25% increase in PD and 25% increase in LGD, expected rating of A (high) (sf)
- 25% increase in PD and 50% increase in LGD, expected rating of A (high) (sf)
- 50% increase in PD and 25% increase in LGD, expected rating of A (high) (sf)
- 50% increase in PD and 50% increase in LGD, expected rating of A (high) (sf)

#### DBRS.com Privacy Statement

By accessing this website you agree to be bound by the DBRS Terms and Conditions and also the Privacy Policy. These are subject to change. Any changes will be incorporated into the Terms and Conditions or Privacy Policy posted to this website from time to time.

- 25% increase in PD, expected rating of BB (high) (sf)
- 50% increase in PD, expected rating of BB (sf)
- 25% increase in PD and 25% increase in LGD, expected rating of BB (high) (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 (sf)
- 50% increase in PD and 50% increase in LGD, expected rating of BB (sf)

Series C Risk Sensitivity:

- 25% increase in LGD, expected rating of BB (high) (sf)
- 50% increase in LGD, expected rating of BB (high) (sf)
- 25% increase in PD, expected rating of BB (sf)
- 50% increase in PD, expected rating of BB (low) (sf)
- 25% increase in PD and 25% increase in LGD, expected rating of BB (sf)
- 25% increase in PD and 50% increase in LGD, expected rating of BB (sf)
- 50% increase in PD and 25% increase in LGD, expected rating of B (high) (sf)
- 50% increase in PD and 50% increase in LGD, expected rating of B (high) (sf)

For further information on DBRS historic default rates published by the European Securities and Markets Authority ("ESMA") 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 and US regulations only.

Lead Analyst: Andrew Lynch, Assistant Vice President  
Rating Committee Chair: Gareth Levington, Managing Director  
Initial Rating Date: 25 October 2012

DBRS Ratings Limited  
20 Fenchurch Street  
31st Floor  
London  
EC3M 3BY  
United Kingdom

Registered in England and Wales: No. 7139960.

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

- Legal Criteria for European Structured Finance Transactions
- Master European Structured Finance Surveillance Methodology
- Operational Risk Assessment for European Structured Finance Servicers
- European RMBS Insight Methodology
- European RMBS Insight: Spanish Addendum

**DBRS.com Privacy Statement**

By accessing this website you agree to be bound by the DBRS Terms and Conditions and also the Privacy Policy. These are subject to change. Any changes will be incorporated into the Terms and Conditions or Privacy Policy posted to this website from time to time.

<http://www.dbrs.com/research/278375>.

For more information on this credit or on this industry, visit [www.dbrs.com](http://www.dbrs.com) or contact us at [info@dbrs.com](mailto:info@dbrs.com).

## Ratings

Date Issued	Debt Rated	Action	Rating	Trend	Issued
05-Oct-18	Series A (ES0310003001)	Confirmed	A (high) (sf)	--	EU
05-Oct-18	Series B (ES0310003019)	Upgraded	BBB (sf)	--	EU
05-Oct-18	Series C (ES0310003027)	Confirmed	BB (high) (sf)	--	EU

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.

## Related Documents

### Methodology Used:

Operational Risk Assessment for European Structured Finance Servicers (Archived) / October 12, 2017

Interest Rate Stresses for European Structured Finance Transactions / December 18, 2017

Master European Structured Finance Surveillance Methodology / March 27, 2018

European RMBS Insight Methodology / April 12, 2018

Legal Criteria for European Structured Finance Transactions / September 11, 2018

European RMBS Insight: Spanish Addendum / October 2, 2018

### Press Release:

DBRS Takes Rating Actions on Eight BBVA RMBS Transactions

### DBRS.com Privacy Statement

By accessing this website you agree to be bound by the DBRS Terms and Conditions and also the Privacy Policy. These are subject to change. Any changes will be incorporated into the Terms and Conditions or Privacy Policy posted to this website from time to time.

## More from DBRS

[Press Release](#) - September 12, 2018

### DBRS Publishes “Large Canadian Banks Q3 2018 Earnings Round-Up: Volume Growth and Efficiency Initiatives Fuel Strong Results”

[Commentary](#) - September 17, 2018

### Credit Unions: Rising Rates to Reverse Declines in Credit Unions’ Asset Yields

[Commentary](#) - September 20, 2018

### Commercial Aviation Update

[Commentary](#) - September 24, 2018

### The Retail Crossroads: Exploring the Potential for Malls

## Related Events

**11**  
OCTOBER  
2018

Webinar  
**Webinar: Key Considerations in Rating C-PACE ABS**

**12**  
OCTOBER  
2018

London, United Kingdom  
**Sovereign Rating Announcements: Portugal & Slovakia**

**16**  
OCTOBER  
2018

London, United Kingdom  
**SCI's Capital Relief Trades Seminar**

[All Events](#)

[Contact Us](#) [Careers](#) [DBRS Mexico](#)

[Regulatory Affairs](#) [Code of Conduct](#) [Disclaimer](#) [Terms and Conditions](#) [Privacy Policy](#) [Anti-Spam Global Policy](#) [Proprietary Rights](#)

The DBRS group of companies consists of DBRS, Inc. (Delaware, U.S.)(NRSRO, DRO affiliate); DBRS Limited (Ontario, Canada)(DRO, NRSRO affiliate); DBRS Ratings Limited (England and Wales)(CRA, NRSRO affiliate, DRO affiliate); DBRS Ratings México, Institución Calificadora de Valores S.A. de C.V. (Mexico)(CRA, NRSRO affiliate, DRO affiliate); and DBRS Ratings GmbH (Germany). Please note that DBRS Ratings Limited was registered as an NRSRO affiliate on July 14, 2017. DBRS Ratings GmbH is not a registered credit rating agency and does not issue credit ratings. For more information on regulatory registrations, recognitions and approvals, please see: <http://www.dbrs.com/research/225752/highlights.pdf>.

All content © 2018 DBRS Limited, DBRS, Inc., DBRS Ratings Limited, DBRS Ratings México, Institución Calificadora de Valores S.A. de C.V., and DBRS Ratings GmbH. (collectively, DBRS) All rights reserved.

### DBRS.com Privacy Statement

By accessing this website you agree to be bound by the DBRS Terms and Conditions and also the Privacy Policy. These are subject to change. Any changes will be incorporated into the Terms and Conditions or Privacy Policy posted to this website from time to time.