

Structured Finance

RMBS

Issue: 1,344,000,000 EUR

Coupon: EUR3M + 0.50%

Amortization: sequential



First rating date: 10/05/2016

Review date: 30/04/2021

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Rating Action

Axesor Rating raises BBVA RMBS 16 FT Class A rating from “AA(sf)” to “AA+(sf)”

Executive Summary

BBVA RMBS 16 FT (the "Fund") is a granular securitisation fund with a static pool of first-ranking residential mortgage loans granted to individuals, secured over properties located in Spain and structured under Spanish legislation. The fund's target was to obtain funding and liquidity by issuing bonds. The residential mortgage loans were originated by Banco Bilbao Vizcaya Argentaria S.A ("BBVA") and assigned to the Fund on May 2016. BBVA is the servicer of the mortgage loans. The transaction is managed by Europea de Titulización, S.A., SGFT ("EdT"). The legal maturity date is August 17, 2064.

Given the uncertain impact in the economy in the short term due to COVID-19, Axesor will monitor the performance of the transaction with the aim to see the evolution of the main drivers of the transaction, to ensure that the assigned ratings remain consistent regarding the uncertain negative effects as they materialize. Also, Axesor will pay special attention to the performance of the overall portfolio and prepayment rates, which are the main drivers that could potentially impact the Credit Enhancement (CE) of the fund.

Class	Rating	Outstanding Principal Balance (€)	Coupon	Credit Enhancement ¹ 2020	Credit Enhancement ² 2021	Legal Maturity Date
A	AA+(sf)	882.391.373	EUR 3M + 0.50%	25,95%	28,11%	17/08/2064
Loan B	NR ³	256.000.000	EUR 3M + 0.15%	5,19%	5,62%	17/08/2064
Reserve Fund	-	64.000.000				

1* Credit enhancement as of last payment date(17/02/2020)

2* Credit enhancement as of last payment date (17/02/2021).

3* NR = Non-rated

Key Fundamentals

- ▶ The Credit Enhancement of the transaction has improved from 25.95% to 28.11% for the Class A: the Pass-Through amortizations of the bond have led to an improvement of the CE of the fund, by increasing the level of subordination from Loan B and the reserve fund.
- ▶ The Idealized rating curve and sensitivity analyses show an improvement in the level of stress that the transaction supports: a general improvement of current conditions such as, better collateral seasoning, improved Recovery Rate and lower Loan to Value lead to an overall improvement in the transaction assets side.
- ▶ Combined Loan to Value % (CLTV%) showing a decrease from 65.1% at the beginning of the transaction to 63.1% in march 2021: levels of CLTV% were adjusted in october 2019 due to changes in real estate appraisal.

- ▶ Accumulated Defaults remain in low levels and below 0.6%: Despite the steady increase in the accumulated portfolio defaults reaching 0.53% through march 2021, they remain below Axesor's intital expectations in different stress testing scenarios.
- ▶ Annual prepayment rate increased from 3.5% to 3.9%: Despite the increase of the portfolio's prepayment rate, it remains similar with other outstanding transactions in the markets and with Axesor's expectations.

Sensitivity Analysis

Factors that could potentially affect the determined rating (individually or collectively)

▶ **Positive Factors (↑):**

An overall improvement in the CE of the Transaction including seasoning, recoveries, defaults, Loan to Value and prepayment would enhance the collateral of the transaction and thus, the Rating.

▶ **Negative Factors (↓):**

A worsen in macroeconomic conditions due to the COVID-19 Pandemic, which could trigger a strong increase in the delinquencies of the portfolio and negatively impact the collateral and reduce the fund's overall ability to meet its financial obligations.

Description of the Transaction

Description of the Transaction and Magnitudes

BBVA RMBS 16 FT is a granular securitization fund of € 1,600MM with a static pool of first-ranking residential mortgage loans granted to individuals, secured over properties located in Spain and structured under Spanish Legislation. The fund was established with the goal to obtain funding and liquidity. The residential mortgage loans were originated by Banco Bilbao Vizcaya Argentaria S.A ("BBVA") and assigned to the Fund on May 2016. BBVA is the servicer of the mortgage loans. The transaction is managed by Europea de Titulización S.A., SGFT ("EdT"). The legal maturity date is August 17, 2064.

Main figures

Issuer	BBVA RMBS 16 FT
Purpose	Liquidity and Funding
Asset class	Residential Mortgage Loans
Originator/Seller/Servicer	BBVA
Constitution Date	09/05/2016
Closing Date	11/05/2016
Performing Assets balance (as of 31/03/2021)	€1,123,937,666.16
Series A Notes balance + Loan B balance	€ 1,138,391,373
Listing	AIAF
Settlement	IBERCLEAR
Clean-Up Call	10%
Payment Date	Quarterly (February, May, August, November)

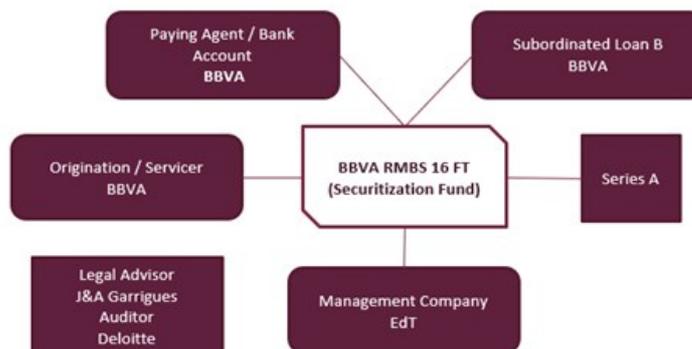
Source: EdT

Participants

Participants	Role
Banco Bilbao Vizcaya Argentaria, S.A.	Originator/Seller
Banco Bilbao Vizcaya Argentaria, S.A.	Servicer
BBVA and EdT	Arrangers
Europea de Titulización S.A., SGFT	Management Company
Banco Bilbao Vizcaya Argentaria S.A	Paying Agent
Banco Bilbao Vizcaya Argentaria S.A	Bank Account
Deloitte & Touche España, S.L.	Auditor of the assets assigned to the Fund
J&A Garrigues, S.L.P	Legal Advisor

Source: EdT

Diagram of the Transaction



Regulatory information

Sources of information

The credit rating assigned in this report has been made solicited by the originator of the assets, taking part in the process. The credit rating is based in:

1. Public information from public access sources.
2. Information provided by the originator of assets assigned or that shall be assigned to the securitization fund.

From the time of the assignment of the credit rating, all information provided by the originator of the assets, by the servicer of the assets (other than the originator) or by a third participant in the transaction, shall be reviewed and analyzed with the aim to assess the following issues:

1. The performance of the credit quality of the assets comprising the collateral of the Fund.
2. The level of credit enhancement.
3. The evolution of the quantitative triggers of the Fund.
4. The evolution of the qualitative triggers (counterparty risks).

The information has been thoroughly reviewed to ensure that it is valid, coherent and consistent and it is considered as satisfactory. Nevertheless, Axesor Rating assumes no responsibility for the accuracy of the information provided and the conclusions drawn from it.

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies, and in accordance with the Structured Finance Rating Methodology that can be consulted on www.axesor-rating.com/en-US/about-axesor/methodology and according to the Structured Finance Rating scale available at www.axesor-rating.com/en-US/about-axesor/rating-scale.
- Axesor publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months axesor has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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