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Rating Action

EthiFinance Ratings ("the Agency") upgrades the credit rating from "AA_(sf)" to "AA_(sf)" to the Bonds issued by BBVA RMBS 17, FT.

Executive Summary

BBVA RMBS 17 FT (the "Fund"), is a granular securitization fund with a static pool of first-ranking prime residential mortgage loans granted to individuals, secured over properties located in Spain and structured under the Spanish Legislation. The Fund was established with the goal of obtaining liquidity. The residential mortgage loans were originated by Banco Bilbao Vizcaya Argentaria S.A. ("BBVA") and assigned to the Fund in November 2016. The legal maturity date is August 16, 2066.

In order to correctly assess the Fund's current and future performance EthiFinance Ratings considers the macroeconomic environment, and factors such as the prepayment rate, the delinquency rate, and the Loan-to-Value of the portfolio. These indicators are closely monitored by EthiFinance Ratings in order to determine how they could potentially impact the Fund, with special emphasis on the impact they could have on the Bonds' credit enhancement. The credit enhancements of the Bonds are the B Loan and the Reserve Fund.

Class	Rating	Initial Balance (million €)	Outstanding Balance (millions €)	Coupon	Credit Enhancement August 2023	Credit Enhancement September 2022
Bonds	AA+(sf)	1584,0	714,6	EUR 3M + 0.30%	30,95%	25,66%
B Loan	Not Rated	216,0	216,0	EUR 3M + 0.15%	7,74%	6,42%
Reserve Fund	-	72,0	72,0	-	-	-

Rating Fundamentals

- **The Credit Enhancement of the Bond has increased to 30.95%.** Since the last Rating report, the credit enhancement of the Bond has increased in 5.29pp. A higher credit enhancement strengthens the creditworthiness of the Bonds as now the Fund can absorb a higher percentage of losses before the Bonds suffer any losses.
- **The Conditional Prepayment Rate (CPR) has been significantly high for the past 16 months.** The last 16-month average of the monthly CPR is 12.52% which is 9.76pp higher than the historical average of the monthly CPR. The steep increase of the CPR has resulted in a faster amortization of the Bonds and an increase of the credit enhancement.
- **The Fund has had a steep rise in delinquencies since the beginning of 2022.** Since the end of December 2021, the 3+ month delinquent loans outstanding balance has increased by 72.9%, and the 18+ month delinquent loans outstanding balance increased by 67.4%. This is a consequence of tighter macroeconomic conditions, with increasing interest rates and high inflation. Despite the fact that there has been a significant increase in the outstanding balance of the delinquent loans the delinquency rate is still in acceptable level with a 3-month rate of 0.32 % and an 18-month rate of 0.20%.
- **For 6 months there have been almost no recoveries of delinquent loans.** The vintage recovery analysis shows that only the 2023 vintage has made a recovery in the past 6 months. The recovery of the 2023 vintage was 0.04% of its total balance in the last 6 months. It is worth noting that all vintages have recovered more than 20% of their balance and that the 2017 vintage has been fully recovered.
- **There has been a significant increase in the interest accrued by the residential mortgage loans.** Since August 2022, the weighted average interest rate increased 3.54pp to 5.51%. The increase has been driven by the growth of the reference interest rate of the loans. There has

also been an increase in the number of loans that pay a fixed interest rate. At the end of September 2023, the loans that pay a fixed interest rate represent 1.71% of the portfolio's outstanding balance.

Sensitivity analysis

Factors that could (individually or collectively) impact the rating

- **Positive factors (↑).**

A significant increase in the Credit Enhancement as a result of faster amortization of the Bonds, in conjunction with a similar amortization of the loans. Additionally, a decrease in the delinquency rates and/or the Loan-to-Value can lead to an upgrade of the credit rating. Furthermore, an improvement in the macroeconomic scenario can also have a positive impact on the creditworthiness of the Bonds.

- **Negative factors (↓).**

An economic scenario that stresses the debtors' payment capacity would increase the delinquency rate and slow the amortization of the loans, which would add negative pressure to the operation and diminish, to a certain extent, the speed at which the Bonds are being amortized.

Description of the Transaction

BBVA RMBS 17, FT is a granular securitization fund with a static pool of first-ranking prime residential mortgage loans granted to individuals, secured over properties located in Spain, and structured under Spanish Legislation. The Fund issued in November 2016 Bond for a total balance of €1,584 million. The Fund was established with the goal of obtaining funding and liquidity. The residential mortgage loans were originated by Banco Bilbao Vizcaya Argentaria S.A. ("BBVA") and assigned to The Fund in November 2016. BBVA is the servicer of mortgage loans. The transaction is managed by Europea de Titulización S.A, S.G.F.T. ("EdT"). The legal maturity date is August 16, 2066.

Description	
Issuer	BBVA RMBS 17 FT
Purpose	Liquidity and Funding
Asset class	Residential Mortgage Loans
Originator/Seller/Servicer	BBVA
Constitution Date	11/21/16
Closing Date	11/23/16
Residential Mortgage Loans balance (as of 31/08/2023)	922.592.236 €
Liabilities: Series A Notes balance + B Loan balance + Reserve Fund (as of 31/08/2023)	1.002.638.074 €
Treasury Account (as of 31/08/2023)	79.225.410 €
Listing	AIAF
Settlement	IBERCLEAR
Clean-Up Call	10%
Payment Dates	Quarterly (February, May, August, November)

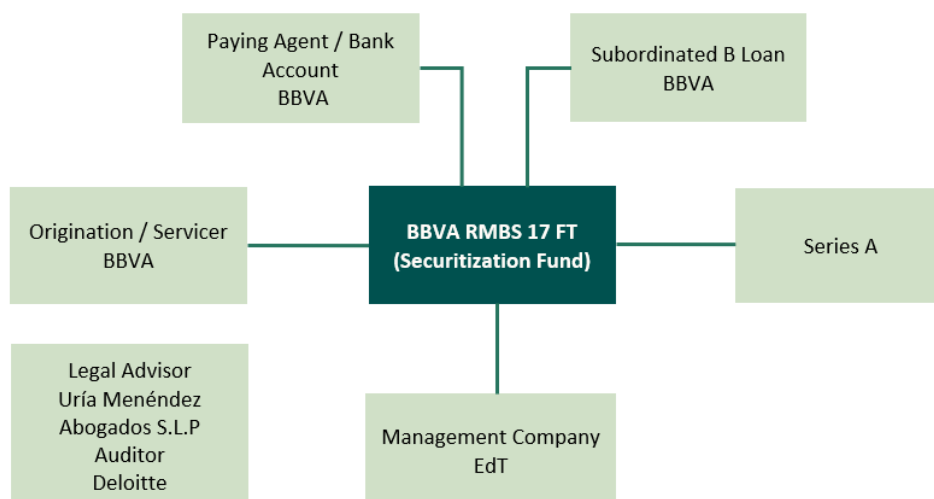
Source: EdT

Participants

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

Source: EdT

Operation Diagram



Description of the Servicer

Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA") is the third largest banking institution in Spain in terms of total assets. In addition to maintaining a leading position in the Spanish market, it is the largest financial institution in Mexico and has leading franchises in Turkey and South America. BBVA's business model encompasses retail banking, wholesale banking, insurance, and asset management activities.

In addition to its good geographical and business diversification, BBVA shows higher profitability and efficiency than its main peers. BBVA manifests a great commitment to digitalization in order to leverage the growth of its business. However, BBVA's exposure to emerging economies, as well as the expected deterioration in the credit quality of debtors in light of the current economic outlook, could affect the Bank's financial profile.

BBVA acts as servicer, bank account provider, and paying agent of the transaction. In October 2023, EthiFinance Ratings confirmed the long-term credit rating of BBVA at "A".

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:

- Public information from public access sources.
- 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:

- The performance of the credit quality of the assets comprising the collateral of the Fund.
- The level of credit enhancement.
- The evolution of the quantitative triggers of the Fund.
- 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, EthiFinance Ratings 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 <https://www.ethifinance.com/en/ratings/methodologies> and according to the Structured Finance Rating scale available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings 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 EthiFinance Ratings 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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