



# S&P Global

## Ratings

# (/en\_US/web/guest/home) BBVA RMBS 10 Class B Spanish RMBS Rating Raised Following Review; Class A Rating Affirmed

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[View Analyst Contact Information](#)[Table of Contents](#)[Overview](#)[Related Criteria](#)[Related Research](#)

### Ratings List

Issuer	Class	Rating to	Rating from
BBVA RMBS 10, Fondo de Titulizacion de Activos	A	A- (sf)	A- (sf)
	B	BBB (sf)	BBB- (sf)

### Overview

Following our review of BBVA RMBS 10 under our relevant criteria, we have raised our rating on the class B notes and affirmed our rating on the class A notes.

BBVA RMBS 10 is a Spanish RMBS transaction, which securitizes a portfolio of first-ranking mortgage loans granted to Spanish residents.

MADRID (S&P Global Ratings) June 25, 2019--S&P Global Ratings today raised to 'BBB (sf)' from 'BBB- (sf)' its credit rating on BBVA RMBS 10, Fondo de Titulizacion de Activos' class B notes. At the same time, we affirmed our 'A- (sf)' rating on the class A notes (see list above).

Today's rating actions follow the application of our relevant criteria and our full analysis of the most recent transaction information that we have received, and reflect the transaction's current structural features (see "Related Criteria").

The analytical framework in our revised structured finance sovereign risk criteria assesses a security's ability to withstand a sovereign default scenario (see "Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourceld/10836964)," published on Jan. 30, 2019). These criteria classify the sensitivity of this transaction as low. Therefore, the highest rating that we can assign to the tranches in these transactions is six notches above the unsolicited Spanish sovereign rating, or 'AAA (sf)', if certain conditions are met.

In order to rate a structured finance tranche above a sovereign that is rated 'A+' and below, we account for the impact of a sovereign default to determine if under such stress the security continues to meet its obligations. For Spanish transactions, we typically use asset-class specific assumptions from our standard 'A' run to replicate the impact of the sovereign default scenario.

Banco Bilbao Vizcaya Argentaria S.A. (BBVA; A-/Negative/A-2) is the transaction bank account provider. We consider that the transactions' documented replacement mechanisms adequately mitigate their counterparty risk exposure, up to a 'A-' rating (see "Counterparty Risk Framework: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourceld/10861340)," published on March 8, 2019). Therefore, our ratings on all of the notes issued by BBVA RMBS 10 are capped at 'A- (sf)'.

Our European residential loans criteria, as applicable to Spanish residential loans, establish how our loan-level analysis incorporates our current opinion of the local market outlook (see "Methodology And Assumptions: Assessing Pools Of European Residential Loans (/en\_US/web/guest/article/-/view/sourcelId/10154538)," published on Aug. 4, 2017). Our current outlook for the Spanish housing and mortgage markets, as well as for the overall economy in Spain, is benign.

Below are the credit analysis results after applying our European residential loans criteria to this transaction.

Rating level	WAFF And WALs Levels	
	WAFF (%)	WALS (%)
AAA	23.28	54.47
AA	15.73	48.76
A	11.81	38.97
BBB	8.70	32.94
BB	5.59	28.44
B	3.24	24.18

WAFF--Weighted-average foreclosure frequency. WALs--Weighted-average loss severity.

Available credit enhancement for BBVA RMBS 10's class A and B notes has increased to 26.5% and 7.0%, respectively, from 25.3% and 6.7% at our previous full review, owing to the notes' sequential amortization (see "Various Rating Actions Taken On BBVA RMBS 10's Spanish RMBS Notes Following Review (/en\_US/web/guest/article/-/view/sourcelId/10603704)," published on June 29, 2018). The reserve fund is at target and meets all required conditions to amortize.

The borrowers have the option of extending and reducing the maturity of the underlying loans, as well as to request a reduced margin. We have incorporated these flexibilities in our cash flow analysis.

Following the application of our revised criteria, we have determined that our assigned ratings on the classes of notes in this transaction should be the lower of (i) the rating as capped by our sovereign risk criteria, (ii) the rating as capped by our counterparty criteria, or (iii) the rating that the class of notes can attain under our European residential loans criteria. Our ratings on the notes are not capped by the application of our sovereign risk criteria, but they are capped by our counterparty criteria. Therefore, we have raised our rating on BBVA RMBS 10's class B notes to 'BBB (sf)' from 'BBB- (sf)'.

We have affirmed our 'A- (sf)' rating on BBVA RMBS 10's class A notes as it is capped by the application of our counterparty criteria at this rating level.

BBVA RMBS 10 is a Spanish residential mortgage-backed securities (RMBS) transaction, which closed in June 2011. The transaction securitizes a pool of first-ranking mortgage loans granted to prime borrowers, which BBVA originated. The portfolio is mainly located in Catalonia, Andalusia, and Madrid.

## Related Criteria

Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions

(/en\_US/web/guest/article/-/view/sourcelId/10861340), March 8, 2019

Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourcelId/10836964), Jan. 30, 2019

Criteria | Structured Finance | General: Methodology And Assumptions: Assessing Pools Of European Residential Loans (/en\_US/web/guest/article/-/view/sourcelId/10154538), Aug. 4, 2017

Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology

(/en\_US/web/guest/article/-/view/sourcelId/9733017), March 29, 2017

Criteria | Structured Finance | General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD

(/en\_US/web/guest/article/-/view/sourcelId/9049216), March 2, 2015

Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions (/en\_US/web/guest/article/-/view/sourcelId/8737366), Oct. 9, 2014

Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications (/en\_US/web/guest/article/-/view/sourcelId/7430465), July 12, 2012

General Criteria: Methodology: Credit Stability Criteria (/en\_US/web/guest/article/-/view/sourcelId/5961504), May 3, 2010

Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment (/en\_US/web/guest/article/-/view/sourcelId/5428209), May 28, 2009

## Related Research

Spain 'A-/A-2' Ratings Affirmed; Outlook Positive (/en\_US/web/guest/article/-/view/sourcelId/10914629), March 22, 2019

Spanish RMBS Index Report Q1 2019 (/en\_US/web/guest/article/-/view/sourcelId/10987832), May 28, 2019

Why 2019 Could Be A Good Year For Spanish RMBS Ratings (/en\_US/web/guest/article/-/view/sourcelId/10866061), Feb. 6, 2019

Various Rating Actions Taken In Spanish RMBS Transactions BBVA RMBS 11, 12, And 13 Following Review (/en\_US/web/guest/article/-/view/sourcelId/10560177), May 30, 2018  
Outlook Assumptions For The Spanish Residential Mortgage Market (/en\_US/web/guest/article/-/view/sourcelId/10501493), April 17, 2018  
2017 EMEA RMBS Scenario And Sensitivity Analysis (/en\_US/web/guest/article/-/view/sourcelId/10156650), July 6, 2017  
Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors (/en\_US/web/guest/article/-/view/sourcelId/9913417), Dec. 16, 2016  
European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors (/en\_US/web/guest/article/-/view/sourcelId/9914948), Dec. 16, 2016

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