

**Otra Información Relevante de****BBVA CONSUMO 10 FONDO DE TITULIZACIÓN**

En virtud de lo establecido en el Folleto Informativo de **BBVA CONSUMO 10 FONDO DE TITULIZACIÓN** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES la presente información relevante:

- La Agencia de Calificación **Standard & Poor’s Global Ratings** (“S&P”) con fecha 30 de junio de 2022, comunica que ha afirmado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A:** **AA (sf)**
- **Serie B:** **A- (sf)**
- **Serie C:** **B (sf)**

Se adjunta la comunicación emitida por S&P.

Madrid, 30 de junio de 2022.

# BBVA Consumo 10 Fondo de Titulizacion Spanish Consumer ABS Notes Ratings Affirmed

June 30, 2022

## Overview

- We reviewed BBVA Consumo 10's performance by conducting our analysis of the transaction's underlying assets and structural features.
- Following our review, we affirmed our ratings on all classes of notes.
- BBVA Consumo 10 is a Spanish ABS transaction that securitizes a portfolio of consumer loans originated by BBVA.

MADRID (S&P Global Ratings) June 30, 2022--S&P Global Ratings today affirmed its 'AA (sf)', 'A- (sf)', and 'B (sf)' credit ratings on BBVA Consumo 10 Fondo de Titulizacion's class A, B, and C notes, respectively.

Today's affirmations follow our review of the transaction's performance and the application of our current criteria. They also reflect our assessment of the payment structure according to the transaction documents (see "Related Criteria").

We lowered our growth forecasts for the eurozone economy to 2.6% this year and 1.9% in 2023 (from 2.7% and 2.2% in our interim forecasts in May 2022), as growth headwinds strengthen. Higher inflationary pressures are the main driver of our downward revision. We now expect consumer price inflation to reach 7.0% this year and 3.4% in 2023 (from 6.4% and 3.0% previously) on the back of higher energy and food prices resulting from the current geopolitical context. Lower international demand is also expected to dampen growth. Although elevated inflation is overall credit negative for all borrowers, inevitably some borrowers will be more negatively affected than others. To the extent inflationary pressures materialize more quickly or more severely than currently expected, risks may emerge. We consider the borrowers in the transaction to be prime borrowers and as such they will generally have high resilience to inflationary pressures. The borrowers in this transaction pay fixed interest rates. As a result, we do not expect them to face near-term pressure from a rate rise perspective.

The transaction closed in July 2019 and, after an 18-month revolving phase, began to amortize in March 2021 (see "Related Research"). The pool balance declined to €1.1 billion as of the June 2022 payment date from €2.0 billion at closing, bringing the current pool factor (the outstanding collateral balance as a proportion of the original collateral balance) to approximately 55%. The reserve fund is amortizing and is at its required level of €5.24 million. The fully sequential repayment of principal lowered the class A notes' balance to €908.89 million from €1,810.00 million in July 2019, resulting in increased credit enhancement of 18% for this class of notes,

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compared with 10% at closing. Similarly, the available credit enhancement for the class B and C notes increased to 12.67% and 5.10%, respectively, from 7.10% and 3.00% over the same period.

We analyzed credit risk under our global consumer ABS criteria using the transaction's historical gross loss data (see "Related Criteria"). In our view, BBVA Consumo 10's cumulative gross losses have been higher than our assumptions at closing. As a result, we increased our base-case gross loss assumption to 4.00% from 3.75% in our previous full review in July 2020 (see "Related Research").

The observed cumulative recoveries are lower than our expectations at closing. We therefore decreased the recoveries base case to 15% from 20%.

We maintained the recovery rate haircuts unchanged (see table below).

Table 1

### Credit Assumptions

Parameter	Current
Gross loss base case (%)	4.00
Gross loss multiple ('AAA')	5.00
Gross loss multiple ('AA')	4.00
Gross loss multiple ('A')	3.00
Gross loss multiple ('BB')	1.75
Recovery rate base case (%)	15.00
Haircut ('AAA') (%)	45.00
Haircut ('AA') (%)	40.00
Haircut ('A') (%)	35.00
Haircut ('BB') (%)	25.00

Our operational and legal risk analyses are unchanged since closing. The transaction account is held with Banco Bilbao Vizcaya Argentaria S.A. (BBVA; A/Stable/A-1). The downgrade language and replacement mechanisms are in line with our current counterparty criteria to support up to a 'AA (sf)' rating on the notes.

Our analysis indicates that the available credit enhancement for the class A, B, and C notes is sufficient to withstand the credit and cash flow stresses that we apply at the 'AA', 'A-', and 'B' ratings, respectively.

The class B and C notes can withstand stresses at higher ratings than those assigned. However, we affirmed our ratings on those classes of notes to reflect their overall credit enhancement and position in the waterfall. In addition, we expect the junior tranches to have a longer duration than the senior tranche, meaning that they are more vulnerable and sensitive to tail-end risk.

The class A notes' cash flow results yield a 'AAA (sf)' rating, but the counterparty cap on the bank account limits the maximum achievable rating to 'AA (sf)'. We therefore affirmed our 'AA (sf)' rating on the class A notes.

## **Related Criteria**

- Criteria | Structured Finance | ABS: Global Consumer ABS Methodology And Assumptions, March 31, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

## **Related Research**

- Economic Outlook Eurozone Q3: Inflation Dulls The Post-COVID Bounce, June 27, 2022
- ESG Industry Report Card: Auto Asset-Backed Securities, March 31, 2021
- BBVA Consumo 10 Fondo De Titulizacion Spanish Consumer ABS Ratings Affirmed, July 29, 2020
- New Issue: BBVA Consumo 10 Fondo de Titulizacion, July 9, 2019
- 2017 EMEA ABS Scenario And Sensitivity Analysis, July 6, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- Scenario Analysis: Gross Default Rates And Excess Spread Hold The Answer To Future European Auto ABS Performance, May 12, 2009

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