Otra Información Relevante de **BBVA RMBS 20 FONDO DE TITULIZACIÓN**

En virtud de lo establecido en el Folleto Informativo de **BBVA RMBS 20 FONDO DE TITULIZACIÓN** (el "**Fondo**") se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES la presente información relevante:

- La Agencia de Calificación **Scope Ratings GmbH ("Scope")** con fecha 28 de noviembre de 2022, comunica que ha afirmado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

  - **Serie A:** **AAA_{SF}**

- Asimismo, con fecha 28 de noviembre de 2022, comunica que ha elevado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

  - **Serie B:** **$BBB+_{SF}$** (anterior calificación: **$BBB-_{SF}$**)

Se adjunta la comunicación emitida por Scope.

Madrid, 20 de diciembre de 2022.

MONDAY, 28/11/2022 - Scope Ratings GmbH

Scope affirms class A of BBVA RMBS 20, FT following calculation error correction - Spain RMBS

Scope Ratings GmbH (Scope) has reviewed the performance of BBVA RMBS 20, FT and has taken the following rating actions following a calculation error correction:

Rating action

Scope Ratings GmbH (Scope) has reviewed the performance of the notes issued by BBVA RMBS 20 FT and corrected an analytical error. The rating actions are as follows:

Series A (ISIN ES0305567002), EUR 2,102.2m: affirmed at AAA$_{SF}$

Series B (ISIN ES0305567010), EUR 150.0m: upgraded to BBB+$_{SF}$ from BBB-$_{SF}$

The ratings address the timely payment of interest and repayment of principal on or before the final maturity date.

The rating action incorporates the correction of a calculation error. Previously, the transaction was modelled with an incorrect swap notional. This error is now corrected and has no impact on the class A and two notches impact on class B assigned ratings. Under the corrected modelling, both classes benefit from higher swap payments in most default rate scenarios. Scope undertook a full analytical review.

Transaction overview

BBVA RMBS 20 FT was an initially EUR 2,500m static cash securitisation consisting of prime residential mortgage loans originated and serviced by Banco Bilbao Vizcaya Argentaria SA (BBVA) and extended to individual borrowers to finance properties in Spain.

The securitised portfolio consists of first-lien mortgages extended to borrowers' resident in Spain. The mortgage loans in the portfolio were originated between 2001 and 2021, with 86.7% originated from 2017 onwards. The initial portfolio had a seasoning of 2.5 years and a weighted average remaining time to maturity of 24.9 years.

The portfolio at closing was subject to certain credit-positive eligibility restrictions, such as the exclusion of mortgages that are more than 30 days in arrears, under an active moratorium, restructured or delinquent. The mortgage loans have generally been used to purchase finished houses and had a low weighted average loan-to-value of 69.6%.

BBVA provides all money handling services including the holding of bank accounts, mortgage servicing and interest rate hedging. The rated instruments amortise sequentially and benefit from an amortising 5% cash reserve, which is fully funded at closing. Excess spread of 1% is contractually available through an interest rate swap.

The transaction closed on 14 June 2021 and has its legal final maturity on 14 February 2065.

Performance update

The review considered the investor reporting up to October 2022.

Over the first 17 months of transaction life, the performance has been satisfactory and in line with our expectations. Non-current mortgages less than 90 days in arrears account for 1.56% of the current balance. Mortgages more than 90 days in arrears account for 0.04% of the current balance. Mortgages in arrears exceeding the transaction's default definition are at 0.01%. The current portfolio is 87.6% of the initial portfolio, in line with our expectations under a 5% constant prepayment rate.

There has been no material change in the level of credit support for the rated notes. The series A and B notes amortise sequentially.

Rating rationale

The ratings reflect: i) the legal and financial structure of the transaction; ii) the quality of the underlying collateral in the context of the Spanish macroeconomic environment; and iii) the exposure to BBVA as the transaction's major counterparty.

Credit enhancement of the rated notes, 12.2% and 5.6% for class A and B, respectively, stems from their respective subordination levels as well as the cash reserve. The structure benefits from an interest rate swap with BBVA, which protects the notes from interest rate risk and provides 1% of excess spread.

The ratings also account for the underlying portfolio's credit quality, considering its expected performance under the current and future macroeconomic conditions in Spain. The amortising mortgages have a good credit performance, reflecting the generally prime status of mortgage borrowers in the portfolio, its high seasoning and proven crisis resilience.

BBVA performs all money handling roles in this transaction, including the roles of servicer, account bank and interest swap provider. The ratings reflect the counterparty risk exposure to the bank as well as the replacement of the bank in various roles at the loss of a BBB rating. Scope maintains a non-public credit assessment on BBVA. Europea de Titulización S.G.F.T. (EdT) manages the transaction.

Key rating drivers

Simple structure and credit enhancement (positive)[1,2]. The transaction is static and the notes amortise fully sequentially. In addition, the subordination, cash reserve and excess spread from the interest rate swap provide significant credit enhancement to protect both the senior and junior notes from losses in the underlying portfolio.

Portfolio characteristics (positive)[1,2]. The current loan-to-value ratio is 65%. All underlying mortgaged assets are owner-occupied. The top four regions (Catalonia, Andalusia, Madrid and Valencia), accounting for 69.2% of the portfolio, are among Spain's wealthiest and represent the natural footprint of BBVA's mortgage origination business.

Positive portfolio selection (positive)[1,2]. All loans are first-lien mortgages granted to individuals to purchase their main residence. Loans that were previously restructured or were under an active moratorium were excluded from the securitised portfolio.

Interest rate swap (positive)[1,2]. The interest rate swap with BBVA partially mitigates the asset-liability interest rate mismatch. BBVA will receive all interest collected on the portfolio in exchange for paying an amount equal to the Series A and B interest costs and a 1% excess spread, based on the non-delinquent balance of the assets.

Liquidity risk (negative)[1,2]**.** The positioning of the cash reserve replenishment before the payment of the Series B notes' interest exposes the tranche to the risk of non-timely payment of interest, even in relatively benign default rate scenarios. The excess spread from the swap partially mitigates this risk and we incorporated the impact of this transaction structural element in our analysis.

Counterparty concentration (negative)[1,2]**.** BBVA performs all counterparty roles in this transaction. A default of the bank without prior replacement is highly likely to result in a default on the transaction. The rating of the Series B notes is constrained by the credit quality of BBVA, as the entire credit enhancement of the notes, i.e. the cash reserve and the excess spread from the interest rate swap, is exposed to the bank.

Rating-change drivers

Positive. Stabilisation of Spanish macroeconomic conditions with a return to the pre-pandemic norm.

Negative. A significant deterioration in **BBVA's credit profile** may adversely impact the ratings of Series B.

Negative. Spanish macroeconomic uncertainty in relation to the global geopolitical context. The current geopolitical tensions may weigh negatively on collateral pool performance, as higher inflation may affect the capacity of borrowers to repay.

Quantitative analysis and assumptions

Scope used a cash flow model to analyse the transaction and applied a statistical distribution of defaults when modelling the granular collateral pool. Scope assumed that portfolio defaults followed an inverse Gaussian distribution when calculating the expected loss of the rated tranches. The analysis also provided the expected weighted average life of each tranche. Scope considered asset and liability amortisation.

Scope's analytical assumptions for the 90-days-past-due mean default rate and default rate coefficient of variation was rebased to 2.85% and 93.4% from 3% and 90%, respectively. Scope maintained its recovery rate assumptions from closing applying rating-conditional recovery rates of 39.0% for Series A, and 54.6% for Series B. The unchanged recovery timing has a vectorised recovery schedule and a weighted average recovery lag of about two years. Scope's assumption regarding the stressed high prepayment rate of 5% remained unchanged.

Sensitivity analysis

Scope tested the resilience of the ratings to deviations in the main input parameters: the mean default rate and the portfolio recovery rate. This analysis has the sole purpose of illustrating the sensitivity of the ratings to input assumptions and is not indicative of expected or likely scenarios.

The following shows how the results change compared to the assigned ratings in the event of: i) an increase in the mean default rate by 50%; and ii) a reduction in the recovery rate by 50%, respectively:

Series A: sensitivity to default rate, zero notches; sensitivity to the recovery rate, zero notches;

Series B: sensitivity to default rate, zero notches; sensitivity to the recovery rate, zero notches.

Rating driver references

1 Internal information and documents of the issuer, originator and arranger

2 Public fund information

Stress testing

Stress testing was considered in the quantitative analysis by considering scenarios that stress factors, like defaults and Credit-Rating-adjusted recoveries, contributing to sensitivity of Credit Ratings and consider the likelihood of severe collateral losses or impaired cash flows. The impact on the rated instruments is weighted by the assumptions of the likelihood of the events in such scenarios occurring.

Cash flow analysis

Scope Ratings performed a cash flow analysis of the transaction with the use of Scope Ratings' Cash Flow SF EL Model Version 1.1 incorporating relevant asset assumptions and taking into account the transaction's main structural features, such as the instruments' priority of payments, the instruments' size and coupons. The outcome of the analysis is an expected loss rate and an expected weighted average life for the instruments based on the generated cash flows.

Methodology

The methodologies used for these Credit Ratings, (General Structured Finance Rating Methodology, 17 December 2021; Counterparty Risk Methodology, 14 July 2022), are available on https://scoperatings.com/governance-and-policies/rating-governance/methodologies.

The model used for these Credit Ratings is (Cash Flow SF EL Model Version 1.1), available in Scope Ratings' list of models, published under https://scoperatings.com/governance-and-policies/rating-governance/methodologies.

Information on the meaning of each Credit Rating category, including definitions of default, recoveries, Outlooks and Under Review, can be viewed in 'Rating Definitions – Credit Ratings, Ancillary and Other Services', published on https://www.scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Historical default rates of the entities rated by Scope Ratings can be viewed in the Credit Rating performance report at https://scoperatings.com/governance-and-policies/regulatory/eu-regulation. Also refer to the central platform (CEREP) of the European Securities and Markets Authority (ESMA): http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml. A comprehensive clarification of Scope Ratings' definitions of default and Credit Rating notations can be found at https://www.scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Guidance and information on how environmental, social or governance factors (ESG factors) are incorporated into the Credit Rating can be found in the respective sections of the methodologies or guidance documents provided on https://scoperatings.com/governance-and-policies/rating-governance/methodologies.

Solicitation, key sources and quality of information

The Rated Entity and/or its Related Third Parties participated in the Credit Rating process.

The following substantially material sources of information were used to prepare the Credit Ratings: public domain, the Rated Entity, the Rated Entities' Related Third Parties, third parties and Scope Ratings' internal sources.

Scope Ratings considers the quality of information available to Scope Ratings on the Rated Entity or instrument to be satisfactory. The information and data supporting the/these Credit Ratings originate from sources Scope Ratings considers to be reliable and accurate. Scope Ratings does not, however, independently verify the reliability and accuracy of the information and data.

Scope Ratings has received a third-party asset due diligence assessment/asset audit at closing. The external due diligence assessment/asset audit/internal analysis was considered when preparing the Credit Ratings and it has no impact on the Credit Ratings.

Prior to the issuance of the Credit Rating action, the Rated Entity was given the opportunity to review the Credit Ratings and the principal grounds on which the Credit Ratings are based. Following that review, the Credit Ratings were not amended before being issued.

Regulatory disclosures

The/These Credit Ratings are issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0. The Credit Ratings are UK-endorsed.

Lead analyst: Martin Hartmann, Associate Director

Person responsible for approval of the Credit Ratings: Antonio Casado, Executive Director

The final Credit Rating were first released by Scope Ratings on 15 June 2021. The Credit Ratings were last updated on 28 March 2022.

Potential conflicts

See www.scoperatings.com under Governance & Policies/EU Regulation/Disclosures for a list of potential conflicts of interest related to the issuance of Credit Ratings.

Conditions of use / exclusion of liability

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