

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 abril de 2024, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie B:** **AA- (sf)** (anterior, **A- (sf)**)
- **Serie C:** **BB- (sf)** (anterior, **B (sf)**)

Asimismo, S&P ha confirmado las calificaciones asignadas a las restantes Series de Bonos:

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

Se adjunta la comunicación emitida por S&P.

Madrid, 31 de mayo de 2024

BBVA Consumo 10 Fondo de Titulizacion Spanish Consumer ABS Ratings Raised On Class B And C Notes; Class A Notes Affirmed

April 30, 2024

Overview

- We have reviewed the performance of BBVA Consumo 10 Fondo De Titulizacion by conducting our credit and cash flow analysis and applying our relevant criteria.
- Following our review, we raised our ratings on the class B and C notes and affirmed our rating on the class A notes.
- BBVA Consumo 10 is a Spanish ABS transaction that securitizes a portfolio of consumer loans originated by BBVA.

MADRID (S&P Global Ratings) April 30, 2024--S&P Global Ratings today raised to 'AA- (sf)' from 'A- (sf)' and to 'BB- (sf)' from 'B (sf)' its credit ratings on BBVA Consumo 10 Fondo De Titulizacion's class B and C notes, respectively. At the same time, we affirmed our 'AA (sf)' rating on the class A notes.

Our ratings address timely payment of interest and principal for all notes.

Today's rating actions 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 analyzed the transaction's credit risk under our global consumer ABS criteria (see "Related Criteria"). In our view, BBVA Consumo 10's cumulative gross losses have been in line with our assumptions at our previous review (see "BBVA Consumo 10 Fondo de Titulizacion Spanish Consumer ABS Notes Ratings Affirmed," published on June 22, 2023). As a result, we maintained our base-case gross loss assumption at 4.95%. At the same time, we lowered to 4.4x from 5.0x our multiples based on the remaining term of the collateral and the current pool factor at the 'AAA' rating level.

The transaction is amortizing sequentially since March 2021. Credit enhancement is provided through subordination, excess spread, and cash reserve. The reserve fund is amortizing and is at its required level of €2.5 million, as of the investor report in March 2023. The cash reserve is part of the available cash and is used to cover any shortfalls in the senior fees. It flows down the combined waterfall once the class A, B, and C notes are fully paid down. The pool factor is currently at 24.6%, and the available credit enhancement for the class A, B, C, D notes has

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increased to 39.15%, 27.36%, 10.68%, and 4.58%, from 24.35%, 17.06%, 6.75%, and 2.98% in our previous review, respectively. We only rate the class A to C notes in this transaction.

We have applied a recovery rate of 15% with a 45% haircut at the 'AAA' rating level in our cash flow analysis, in line with our previous review. This equates to a 8.25% stressed recovery rate. We have maintained the recovery lag of 12 months, which is unchanged since closing.

Table 1

Credit assumption summary ('AAA')

| | Current review | 2023 review |
|--|-----------------------|--------------------|
| Base-case cumulative rate assumption (%) | 4.95 | 4.95 |
| Remaining losses applied in our analysis (%) | 9.13 | 7.74 |
| Stress multiple at 'AAA' (x) | 4.4 | 5.0 |
| Stress multiple at 'AA' (x) | 3.6 | 4.0 |
| Stress multiple at 'B' (x) | 1.30 | 1.50 |
| Recovery haircut at 'AAA' (%) | 45.0 | 45.0 |
| Recovery haircut at 'AA' (%) | 40.0 | 40.0 |
| Recovery haircut at 'B' (%) | 10.0 | 10.0 |
| Stressed cumulative recovery (%)* | 8.25 | 8.25 |
| Stressed net loss (%) | 36.8 | 35.5 |

*100% of recoveries are realized 12 months after default.

Our cash flow analysis, including our sensitivity analysis, indicates that the available credit enhancement for the class A notes in this transaction is sufficient to withstand the credit and cash flow stresses that we apply at the 'AA' rating level. We therefore affirmed our 'AA (sf)' rating on the class A notes.

At the same time, our cash flow and sensitivity analysis showed that class B and C notes could withstand stresses compatible with 'AA- (sf)' and 'BB- (sf)' ratings, respectively. Therefore, we raised to 'AA- (sf)' from 'A- (sf)' and to 'BB- (sf)' from 'B (sf)' our ratings on the class B and C notes, respectively.

We consider the transaction's resilience in case of additional stresses to some key variables, in particular defaults and recoveries to determine our forward-looking view.

In our view, the ability of the borrowers to repay their consumer loans will be highly correlated to macroeconomic conditions, particularly the unemployment rate and, to a lesser extent, consumer price inflation and interest rates. As of today, our forecast on unemployment rates for Spain is 11.5% for 2024 and our forecast for inflation is 3.0%.

We therefore ran additional scenarios with increased gross defaults up to 30% and reduced expected recoveries by up to 30%. The results of the above sensitivity analysis indicate a deterioration of no more than two categories on the notes, which is in line with the credit stability considerations in our rating definitions.

Table 2

Sensitivity analysis assumptions

| | Recovery rate base case (%) | | |
|----------------------------------|------------------------------------|------|------|
| Gross default rate base case (%) | 0 | (10) | (30) |

Table 2

Sensitivity analysis assumptions (cont.)

| | | | |
|----|------------|------------|------------|
| 0 | Base case | Scenario 3 | Scenario 4 |
| 10 | Scenario 1 | Scenario 5 | Scenario 7 |
| 30 | Scenario 2 | Scenario 6 | Scenario 8 |

Table 3

Sensitivity analysis

| | Base run | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--------------------------|----------|--------------------------|--------------------------|------|------|--------------------------|--------------------------|--------------------------|--------------------------|
| Gross loss base case (%) | 4.95 | 5.45 | 6.44 | 4.95 | 4.95 | 5.45 | 6.44 | 5.45 | 6.44 |
| Recovery rate (%) | 15 | 15 | 15 | 13.5 | 10.5 | 13.5 | 13.5 | 10.5 | 10.5 |
| Remaining losses (%) | 9.13 | 12.05 | 17.84 | 9.13 | 9.13 | 12.05 | 17.84 | 12.05 | 17.84 |
| Class A | AAA | AA | A | AAA | AAA | AA | A- | AA | A- |
| Class B | AA- | A- | BB+ | AA- | AA- | A- | BB+ | A- | BB+ |
| Class C | BB- | 'CCC' category and below | 'CCC' category and below | BB- | BB- | 'CCC' category and below | 'CCC' category and below | 'CCC' category and below | 'CCC' category and below |

Operational and legal risks continue to be adequately mitigated, in our view, and do not constrain our ratings on the 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: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- 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

- Spain 'A/A-1' Ratings Affirmed; Outlook Stable, March 15, 2024
- Economic Outlook Eurozone Q4 2023: Slower Growth, Faster Tightening, Sept. 25, 2023
- BBVA Consumo 10 Fondo de Titulizacion Spanish Consumer ABS Notes Ratings Affirmed, June 22, 2023
- S&P Global Ratings Definitions, June 9, 2023
- How Much Is Enough? Information Quality Standards For The EMEA RMBS And ABS Rating Process, Jan. 8, 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

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