**Otra Información Relevante de BBVA CONSUMO 8 FONDO DE TITULIZACIÓN**

En virtud de lo establecido en el Folleto Informativo de **BBVA CONSUMO 8 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 26 de marzo de 2021, comunica que ha elevado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

    - **Serie B:** $\mathbf{BB+_{SF}}$ (anterior $\mathbf{BB_{SF}}$)

Asimismo, Scope ha afirmado la calificación de la restante Serie de Bonos emitidos por el fondo:

- **Serie A:** $\mathbf{AAA_{SF}}$

Se adjunta la comunicación emitida por Scope.

Madrid, 29 de marzo de 2021.

# Scope upgrades to AAA(SF) Serie A of BBVA Consumo 9 FT - Spanish Consumer ABS

**Scope Ratings GmbH (Scope) has affirmed Serie A and upgraded Serie B of BBVA Consumo 8 FT and upgraded the rated notes for BBVA Consumo 9 FT.**

## Rating action

The rating actions are as follows:

**BBVA Consumo 8 FT:**

**Serie A (ISIN ES0305155006): EUR 121.3m outstanding: affirmed at $AAA_{SF}$**

**Serie B (ISIN ES0305155014): EUR 87.5m outstanding: upgraded to $BB+_{SF}$ from $BB_{SF}$**

**BBVA Consumo 9 FT:**

**Serie A (ISIN ES0305252001): EUR 438.9m outstanding: upgraded to $AAA_{SF}$ from $AA_{SF}$**

**Serie B (ISIN ES0305252019): EUR 123.8m outstanding: upgraded to $BB-_{SF}$ from $B_{SF}$**

Scope's review considered transaction performance data up to January 2021 for BBVA Consumo 8 FT and December 2020 for BBVA Consumo 9 FT.

## Transaction overview

BBVA Consumo 8 FT and 9 FT are post-replenishment securitisations of fully amortising unsecured consumer loans. The loans were originated and granted by Banco Bilbao Vizcaya Argentaria SA (BBVA) to individual residents in Spain to finance consumer activities. The priority of payments are sequential and the notes' amortisation references the non-defaulted balance of the portfolio, as well as any accelerated amortisation from default provisioning using excess spread. The transaction legal maturity dates for BBVA Consumo 8 FT and 9 FT are 21 October 2029 and 21 September 2033 respectively.

## Rating rationale

The rating actions are supported by: i) structural deleveraging and the build-up of credit enhancement; ii) a high excess spread; iii) liquidity and credit protection via a liquidity reserve currently at target levels; and iv) robust structural protection provided by sequential principal amortisation. However, ongoing macro-economic uncertainty and performance uncertainty for borrowers protected by loan payment moratoriums due to Covid-19 somewhat limits potential upside in the near term.

Credit enhancement from subordination has increased since closing as follows:

BBVA Consumo 8 FT Class A notes: 57.0% from 17.0%,

BBVA Consumo 8 FT Class B notes: 15.1% from 4.5%,

BBVA Consumo 9 FT Class A notes: 33.0% from 13.5%,

BBVA Consumo 9 FT Class B notes: 11.0% from 4.5%.

Current portfolio yields are substantially higher than expectations at closing, providing more excess spread to provision for defaults and helping to offset non-cash flowing loans protected by payment moratoriums. The current weighted average portfolio yields are as follows:

BBVA Consumo 8 FT: 7.36%

BBVA Consumo 9 FT: 7.26%

The observed cumulative gross default ratios and 90+ days-past-due cumulative delinquency rates, respectively, are as follows:

BBVA Consumo 8 FT: 1.75% and 3.94%,

BBVA Consumo 9 FT: 1.97% and 3.27%.

Both transactions have an 18-month default definition.

BBVA performs all counterparty roles. Credit risk arising from the exposure to BBVA as the account bank and paying agent is mitigated by structural risk-substitution covenants. BBVA will be replaced in the role of account bank and paying agent upon the loss of a BBB rating, in line with Scope's counterparty criteria.

## Key rating drivers

**CREDIT-POSITIVE (+)**

**Increased credit enhancement levels.** Credit enhancement levels have increased since closing, with the credit enhancement of the Class A notes of BBVA Consumo 8 FT and 9 FT at 57.0% and 33.0% respectively.[1,2]

**Excess spread.** The current portfolio yield is very high compared to the rate payable in the rated notes across both transactions. Scope expects that net excess spread will remain high, even after accounting for potential yield compression and stressed servicing fees.[1,2]

**Strong liquidity.** The reserve fund currently sits at its target level of 4.5% of notes issued for both transactions.[1,2]

**Static portfolio.** The portfolio is now static, discontinuing the risk of negative asset quality migration.[1,2]

**CREDIT-NEGATIVE (-)**

**Weak macro-economic outlook.** The Spanish economy is currently challenged by two adverse events, Covid-19 and the general economic slowdown in Europe, which Scope expects to result in rising unemployment and decreasing household income.[3]

**Weak recoveries.** Observed recoveries are below Scope expectations at closing.[1,2]

**Market risk from clean-up call (negative).** The terms of the serie B clean-up call option result in market value risk for the serie B notes. This risk is mitigated by BBVA's incentives in this transaction. BBVA would face reputational risk if it decided to benefit from adverse market conditions at the cost of investors.[4]

**Counterparty concentration.** BBVA performs all counterparty roles in the transaction. Counterparty risk from financial exposure to BBVA as account bank and paying agent is mitigated by both the bank's high credit quality and a replacement mechanism should its issuer rating fall below BBB.[4]

## Rating-change drivers

**Positive.** A faster-than-expected Spanish economic recovery after the Covid-19 pandemic may drive stronger performance and could positively impact the ratings.

**Negative.** A spike in delinquent and defaulted loans following the expiration of loan moratoriums could negatively impact the ratings.

## Quantitative analysis and assumptions

Scope performed a cash flow analysis, considering the portfolios' characteristics and the main structural features. Scope applied its large homogenous portfolio approximation approach when analysing collateral pools and projecting cash flows over their amortisation period. The cash flow analysis considered the probability distribution of each portfolio's default rate, following an inverse Gaussian distribution, to calculate the expected loss of each rated tranche. The analysis also provided the expected weighted average life of each tranche. Scope considered the assets and liabilities' amortisation and the evolution of the pool's composition.

Scope considered the assets' amortisation schedule and assumed a default timing reflecting a constant default intensity. This accounts for observed default behaviour and reduced duration risk as a result of portfolio deleveraging, resulting in an updated remaining lifetime mean default rate and coefficient of variation.

Scope assumed the following remaining lifetime mean default rates, coefficient of variations, and base case rating-conditional recovery rates, respectively:

BBVA Consumo 8 FT: 7.3%, 54.0% and 15.0%,

BBVA Consumo 9 FT: 7.6%, 42.6%, and 15.3%.

Scope decreased its rating-conditional recovery rate assumptions for BBVA Consumo 8 FT due to low observed recovery rates.

Scope increased its weighted average yield assumptions for both transactions to more closely align them with the reported portfolio weighted average coupon.

## Sensitivity analysis

Scope tested the resilience of the ratings against deviations of the main input parameters: the portfolio 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 for each rated tranche change compared to the assigned ratings when the assumed mean default rate increases by 50%, or the portfolio's expected recovery rate decreases by 50%, respectively:

- BBVA Consumo 8 FT Class A notes: sensitivity to probability of default, zero notches; sensitivity to recovery rates, zero notches

- BBVA Consumo 8 FT Class B notes: sensitivity to probability of default, one notch; sensitivity to recovery rates, zero notches

- BBVA Consumo 9 FT Class A notes: sensitivity to probability of default, zero notches; sensitivity to recovery rates, zero notches

- BBVA Consumo 9 FT Class B notes: sensitivity to probability of default, zero notches; sensitivity to recovery rates, zero notches

### Rating driver references

1. Transaction reporting (BBVA Consumo 8 FT)
2. Transaction reporting(BBVA Consumo 9 FT)
3. Scope's 2021 Sovereign Outlook
4. Transaction documents (confidential)

### Stress testing

Stress testing was performed by applying Credit-Rating-adjusted recovery rate assumptions.

### 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 default and recovery rate assumptions over the portfolio's amortisation period, taking into account the transaction's main structural features, such as the notes' priorities of payment, the notes' size and coupons. The outcome of the analysis is an expected loss and an expected weighted average life for the notes.

### Methodology

The methodologies used for these Credit Ratings (General Structured Finance Rating Methodology, published 14 December 2020; Consumer and Auto ABS Rating Methodology, published 3 March 2021; Methodology for Counterparty Risk in Structured Finance, published 8 July 2020) are available on https://www.scoperatings.com/#!methodology/list.
The model used for this Credit Ratings (Scope Cash Flow SF/EL Model Version 1.1) is available in Scope Ratings' list of models, published under: https://www.scoperatings.com/#!methodology/list.
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-scale. Historical default rates of the entities rated by Scope Ratings can be viewed in the Credit Rating performance report at https://www.scoperatings.com/#governance-and-policies/regulatory-ESMA. 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-scale. 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://www.scoperatings.com/#!methodology/list.

### Solicitation, key sources and quality of information

The Rated Entity and 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 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 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.

At closing Scope Ratings has received a third-party asset audit. The external asset audit 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

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.

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

The final Credit Ratings for BBVA Consumo 8 FT were first released by Scope Ratings on 22 July 2016. The Credit Ratings were last updated on 3 April 2020.

The final Credit Ratings for BBVA Consumo 9 FT were first released by Scope Ratings on 28 March 2017. The Credit Ratings were last updated on 31 January 2019.

### Potential conflicts

Please 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



## About Scope Ratings GmbH

Scope Ratings GmbH is part of the Scope Group with headquarters in Berlin and offices in Frankfurt, London, Madrid, Milan, Oslo and Paris. As the leading European credit rating agency, the company specialises in the analysis and ratings of financial institutions, corporates, structured finance, project finance and public finance. Scope Ratings offers a credit risk analysis that is opinion-driven, forward-looking and non-mechanistic, an approach which adds to a greater diversity of opinions for institutional investors. Scope Ratings is a credit rating agency registered in accordance with the EU rating regulation and operating in the European Union with ECAI status.

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