Europea de Titulización
Sociedad Gestora de Fondos de Titulización

Hecho Relevante de BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS** (el "**Fondo**") se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

La Agencia de Calificación **Standard & Poor's Global Ratings ("S&P")** con fecha 9 de julio de 2018, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2**: **AAA (sf)** (anterior **A+ (sf)**)
- **Serie A3**: **AA- (sf)** (anterior **A+ (sf)**)
- **Serie A4**: **A- (sf)** (anterior **BBB+ (sf)**)
- **Serie B**: **BBB (sf)** (anterior **BB (sf)**)

Asimismo, S&P ha confirmado la calificación asignada a la restante Serie de Bonos:

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

Se adjunta la comunicación emitida por S&P.

Madrid, 10 de julio de 2018.

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Various Rating Actions Taken In Spanish RMBS Transaction BBVA RMBS 2 FTA Following Review

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OVERVIEW

- On March 23, 2018, we raised our unsolicited long-term sovereign rating on Spain to 'A-' from 'BBB+'.
- On April 17, 2018, we revised our outlook assumptions for the Spanish residential mortgage market to benign to reflect the improved Spanish residential mortgage and real estate market, and lowered our projected losses at the 'B' rating level for the archetypal Spanish pool.
- On April 24, 2018, we placed on CreditWatch positive our ratings on BBVA RMBS 2, Fondo de Titulizacion de Activos' class A4, B, and C notes, since we needed to conduct a full analysis to determine the impact of these recent events.
- Following our review of this transaction under our relevant criteria, we raised our ratings on the class A2, A3, A4, and B notes and removed the CreditWatch placements from the latter two. At the same time, we affirmed our rating on the class C notes and removed it from CreditWatch.
- BBVA RMBS 2, Fondo de Titulizacion de Activos is a Spanish RMBS transaction that securitizes a portfolio of first-ranking mortgage loans granted to Spanish residents.

MADRID (S&P Global Ratings) July 9, 2018--S&P Global Ratings today took various rating actions in BBVA RMBS 2, Fondo de Titulizacion de Activos (see list below).

Today's rating actions follow the application of our relevant criteria and our full analysis of the most recent transaction information that we received, and reflect the transaction's current structural features (see "Related Criteria"). We also considered our updated outlook assumptions for the Spanish residential mortgage market (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on April 17, 2018). Finally, we have also taken into account the June 25, 2018, swap agreement restructuration.

Our structured finance ratings above the sovereign (RAS) criteria classify the sensitivity of this transaction as moderate (see "Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016). Therefore, after our March 23, 2018, upgrade of Spain to 'A-' from 'BBB+', the highest rating that we can assign to the senior-most tranche in this transaction is six notches above the sovereign rating on Spain, or 'AAA (sf)', if certain conditions are met (see "Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary Consolidation; Outlook Positive"). For all the other tranches, the highest rating that we can assign is four notches above the sovereign rating.

On June 25, 2018, the trustee entered into a new swap agreement on the issuer's behalf. We consider that the transaction's documented replacement mechanisms adequately mitigate its counterparty risk exposure to Banco Bilbao Vizcaya Argentaria S.A. (BBVA; A-/Stable/A-2), as swap provider, up to an 'AAA' rating under our current counterparty criteria. Given the current issuer credit rating on BBVA and the downgrade language defined in the documents, BBVA is posting collateral in an eligible bank account. Therefore, our ratings on the notes are not constrained by our counterparty criteria (see "Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). Additionally, the transaction does not address commingling risk in line with our current counterparty criteria, and we have therefore applied stresses for rating levels above the long-term rating on the collection account holder, BBVA.

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 "Criteria - Structured Finance - General: Methodology And Assumptions: Assessing Pools Of European Residential Loans," 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. Therefore, we revised our expected level of losses for an archetypal Spanish residential pool at the 'B' rating level to 0.9% from 1.6%, in line with table 87 of our European residential loans criteria, by lowering our foreclosure frequency assumption to 2.00% from 3.33% for the archetypal pool at the 'B' rating level (see "Guidance: Methodology And Assumptions: Assessing Pools Of European Residential Loans," published on April 17, 2018).

After applying our European residential loans criteria to this transaction, the overall effect in our credit analysis results is a decrease in the required credit coverage for each rating level compared with our previous review, mainly driven by our revised foreclosure frequency assumptions.

Rating level	WAFF (%)	WALS (%)
AAA	13.06	24.15
AA	9.15	18.50
A	6.97	10.26
BBB	5.22	6.65
BB	3.59	4.62
B	2.30	3.13

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

BBVA RMBS 2's class A2, A3, and A4 notes' credit enhancement (considering current loans and up to six month in arrears) has increased to 9.46%, from 6.20% at our previous full review in Jan. 26, 2016, owing to the amortization of the notes, which is sequential (see "Various Rating Actions Taken In Spanish RMBS Transaction BBVA RMBS 2 Following Sovereign Upgrade"). Similarly, the class B notes' credit enhancement has increased to 3.82% from 1.59%. The class C notes remained undercollateralized by 1.2%. The transaction's performance is improving, albeit from a weak level. As of the March 2018 payment date, the transaction's level of undercollateralization was €21,307,053, versus €53,630,640 at our last full review. The reserve fund has been fully depleted.

Following the application of our criteria, we determined that our assigned ratings on the classes of notes in this transaction should be the lower of (i) the rating that the class of notes can attain under our European residential loans criteria, (ii) the rating as capped by our RAS criteria, or (iii) the rating as capped by our counterparty criteria.

When we apply our stresses under our RAS criteria, the class A2 notes are able to withstand the extreme stresses. In addition, the class A2 notes meet all conditions listed in our criteria to achieve up to six notches above the rating on Spain. As a result, we could rate the A2 notes up to six notches above the long-term sovereign rating (or 'AAA'). At the same time, under our European residential loans criteria, the class A2 notes can support 'AAA' stresses. As such, we have raised to 'AAA (sf)' from 'A+ (sf)' our rating on the class A2 notes.

The class A3 notes are able to withstand the severe stresses under our RAS criteria, and up to 'AA-' under our European residential loans criteria. Therefore, we can rate the class A3 notes up to three notches above the long-term sovereign rating. As such, we have raised to 'AA- (sf)' from 'A+ (sf)' our rating on the class A3 notes.

Under our European residential loans criteria, the class A4 notes have sufficient credit enhancement to withstand our stresses at the 'A-' rating level, if we do not apply commingling stresses. We therefore raised to 'A-

(sf)' from 'BBB+ (sf)' and removed from CreditWatch positive our rating on the class A4 notes. The rating remains linked to our long-term rating on BBVA.

Under our credit and cash flow analysis, the class B notes could withstand our stresses at higher rating levels. However, in our opinion, additional factors, such as the relative position of this class in the capital structure and the lower credit enhancement compared with the senior notes, constrain the rating on this class of notes. Taking all factors into consideration, we have raised to 'BBB (sf)' from 'BB (sf)' and removed from CreditWatch positive our rating on the class B notes. The rating remains linked to our long-term rating on BBVA.

We affirmed and removed from CreditWatch positive our 'B- (sf)' rating on the class C notes following the application of our 'CCC' ratings criteria (see " Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published on Oct. 1, 2012). We apply these criteria because the class C notes fail our cash flow model stresses, but we do not rate them 'CCC' or below because we do not see a one-in-three likelihood of default within 12 months. As with the ratings on the class A4 and B notes, we link our ratings on the class C notes to our long-term rating on BBVA.

BBVA RMBS 2 is a Spanish residential mortgage-backed securities (RMBS) transaction, which closed in March 2007. 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: Methodology And Assumptions: Assessing Pools Of European Residential Loans, Aug. 4, 2017
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016
- 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, March 2, 2015
- Criteria - Structured Finance - General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Criteria - Structured Finance - General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC'

Ratings, Oct. 1, 2012
- Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH
- Spanish RMBS Index Report Q1 2018, May 24, 2018
- Ratings On 213 Tranches In 82 Spanish RMBS Transactions Placed On CreditWatch Positive, April 24, 2018
- Outlook Assumptions For The Spanish Residential Mortgage Market, April 17, 2018
- Guidance: Methodology And Assumptions: Assessing Pools Of European Residential Loans, April 17, 2018
- Reduced Funding Risks Lead To Upgrades At Several Spanish Banks, April 6, 2018
- Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary Consolidation; Outlook Positive, March 23, 2018
- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 2017
- Various Rating Actions Taken In Spanish RMBS Transaction BBVA RMBS 2 Following Sovereign Upgrade, Jan 26, 2016
- 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

RATINGS LIST

Class	Rating To	Rating From

BBVA RMBS 2, Fondo de Titulizacion de Activos
€5 Billion Residential Mortgage-Backed Floating-Rate Notes

Ratings Raised

Class	To	From
A2	AAA (sf)	A+ (sf)
A3	AA- (sf)	A+ (sf)

Ratings Raised And Removed From CreditWatch Positive

Class	To	From
A4	A- (sf)	BBB+ (sf)/Watch Pos
B	BBB (sf)	BB (sf)/Watch Pos

Rating Affirmed And Removed From CreditWatch Positive

C	B- (sf)	B- (sf)/Watch Pos