

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 Ratings Services (“S&P”)**, con fecha 26 de enero de 2016, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:
 - **Serie A2: A+ (sf)** (anterior **BBB (sf)**)
 - **Serie A3: A+ (sf)** (anterior **BBB (sf)**)
 - **Serie A4: BBB+ (sf)** (anterior **BB+ (sf)**)

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

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

Se adjunta la comunicación emitida por S&P.

Madrid, 27 de enero de 2016.

José Luis Casillas González
Apoderado

Paula Torres Esperante
Apoderada



STANDARD & POOR'S RATINGS SERVICES

McGRAW HILL FINANCIAL

Various Rating Actions Taken In Spanish RMBS Transaction BBVA RMBS 2 Following Sovereign Upgrade

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OVERVIEW

On Oct. 2, 2015, we raised to 'BBB+' from 'BBB' our long-term sovereign rating on Spain.

Following the application of our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating, we have raised our ratings on BBVA RMBS 2's class A2, A3, and A4 notes.

At the same time, we have affirmed our ratings on the class B and C notes. BBVA RMBS 2 is a Spanish RMBS transaction, which closed in March 2007 and securitizes first-ranking mortgage loans. BBVA originated the pool, which comprises loans granted to prime borrowers, mainly located in Catalonia, Andalucia, and Madrid.

LONDON (Standard & Poor's) Jan. 26, 2016--Standard & Poor's Ratings Services today raised its credit ratings on BBVA RMBS 2, Fondo de Titulizacion de Activos's class A2, A3, and A4 notes. At the same time, we have affirmed our ratings on the class B and C notes (see list below).

Today's rating actions follow our Oct. 2, 2015 raising to 'BBB+' from 'BBB' of our long-term sovereign rating on Spain and the application of our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria; see "[Kingdom Of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable](#)" and "[Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance](#)," published on May 29, 2015).

We have also applied our Spanish residential mortgage-backed securities (RMBS) criteria, as part of our credit and cash flow analysis, and our current counterparty criteria (see "[Italy And Spain RMBS Methodology And Assumptions](#)," published on Sept. 18, 2014, and "[Counterparty Risk Framework Methodology And Assumptions](#)," published on June 25, 2013).

Under our RAS criteria, we have applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so repay timely interest and principal by legal final maturity.

Our RAS criteria designate the country risk sensitivity for RMBS as moderate. This transaction's notes can therefore be rated four notches above the sovereign rating, if they have sufficient credit enhancement to pass a minimum of a severe stress. However, if all six of the conditions in paragraph 44 of our RAS criteria are met, we can assign ratings up to a maximum of six notches (two additional notches of uplift) above the sovereign rating, subject to credit enhancement being sufficient to pass an extreme stress (see "[Understanding Standard & Poor's Rating Definitions](#)," published on June 3, 2009 for our definitions of severe and extreme levels of economic stress).

Following the application of our RAS criteria, our current counterparty criteria, and our RMBS criteria, we have determined that our assigned rating

on each class of notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria, (ii) the rating as capped by our counterparty criteria, and (iii) the rating that the class of notes can attain under our RMBS criteria. In this transaction, our ratings on the class A2 and A3 notes are constrained by our current counterparty criteria.

The transaction's performance remains stable, albeit weak. As of December 2015, the transaction's level of undercollateralization was €53,630,640, compared with €55,894,080 12 months ago. As a result of continued weak performance, the volume of cumulative defaults rose to 5.56% of the initial balance by December 2015. In a stress scenario, the transaction is now closer to breaching the cumulative interest deferral triggers that reprioritize the combined waterfall in favor of the class A2, A3, and A4 notes.

When we apply our severe stresses under our RAS criteria, the class C interest deferral triggers are being breached due to the higher observed cumulative defaults. As a result, the class A2, and A3 notes are now able to withstand the severe stresses.

Despite the breach of both the class B and C notes' interest deferral triggers in our extreme stress scenarios, the A2 and A3 notes have insufficient available credit enhancement to withstand these stresses. As a result, we can only rate the notes up to four notches above the long-term sovereign rating.

However, the application of our current counterparty criteria caps the maximum potential rating in this transaction at 'A+ (sf)'. This is because, under our criteria, the long-term rating on the swap counterparty, Deutsche Bank AG (London Branch) (BBB+/Stable/A-2), can only support a 'A+' rating under replacement option 1 without collateral.

We have therefore raised to 'A+ (sf)' from 'BBB (sf)' our ratings on the class A2 and A3 notes.

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, Banco Bilbao Vizcaya Argentaria S.A. (BBVA) (BBB+/Stable/A-2). The class A4 notes are now able to support a 'BBB+ (sf)' rating level under our Spanish RMBS criteria when we do not apply our transaction-specific commingling stresses. We have therefore raised to 'BBB+ (sf)' from 'BB+ (sf)' our rating on the class A4 notes. This rating is now linked to our long-term rating on BBVA.

We have affirmed our 'BB (sf)' rating on the class B notes following the results of our cash flow analysis, under which we did not apply our transaction-specific commingling stresses. At the same time, we have affirmed 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 this 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 class A4 notes, we link our ratings on the class B and C notes to our long-term rating on BBVA.

In our opinion, the outlook for the Spanish residential mortgage and real estate market is not benign. We therefore increased our expected 'B' foreclosure frequency assumption to 3.33% from 2.00% when we apply our RMBS criteria (see ["Outlook Assumptions For The Spanish Residential Mortgage Market,"](#) published on Sept. 18, 2014). We base these assumptions on our expectation of continuing high unemployment in 2016.

Spain's economic recovery is gaining momentum, but this is currently only

supporting a marginal improvement in the collateral performance of transactions in our Spanish RMBS index. Despite positive macroeconomic indicators and low interest rates, persistent high unemployment and low household income ratios continue to constrain the RMBS sector's nascent recovery, in our view.

We expect severe arrears in the portfolio to remain vulnerable to downside risks. These include high unemployment and fiscal tightening. On the positive side, we expect interest rates to remain low for the foreseeable future and anticipate stronger economic growth.

BBVA RMBS 2 is a Spanish 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, Andalucía, and Madrid.

RELATED CRITERIA AND RESEARCH

Related Criteria

[Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance](#), May 29, 2015
[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
[Global Framework For Assessing Operational Risk In Structured Finance Transactions](#), Oct. 9, 2014
[Italy And Spain RMBS Methodology And Assumptions](#), Sept. 18, 2014
[Assessing Bank Branch Creditworthiness](#), Oct. 14, 2013
[Methodology Applied To Bank Branch-Supported Transactions](#), Oct. 14, 2013
[Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance](#), Sept. 13, 2013
[Counterparty Risk Framework Methodology And Assumptions](#), June 25, 2013
[Global Derivative Agreement Criteria](#), June 24, 2013
[Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings](#), Oct. 1, 2012
[Criteria Methodology Applied To Fees, Expenses, And Indemnifications](#), July 12, 2012
[Global Investment Criteria For Temporary Investments In Transaction Accounts](#), May 31, 2012
[Methodology: Credit Stability Criteria](#), May 3, 2010
[Understanding Standard & Poor's Rating Definitions](#), June 3, 2009

Related Research

[Kingdom Of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable](#), Oct. 2, 2015
[Eurozone Economic Outlook: Steady For Now, Despite Slower World Trade](#), Sept. 30, 2015
[Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly](#), Sept. 11, 2015
[2015 EMEA RMBS Scenario And Sensitivity Analysis](#), Aug. 6, 2015
[Low Lending Rates And Stronger Economic Growth Are Reviving Europe's Housing Markets](#), July 30, 2015
[Despite The Turmoil In Greece, Europe's Fragile Growth Continues](#), July 14, 2015
[Various Rating Actions Taken In Spanish RMBS Transaction BBVA RMBS 2 Following Application Of Updated Criteria](#), Feb. 25, 2015
[Outlook Assumptions For The Spanish Residential Mortgage Market](#), Sept. 18, 2014
[European Structured Finance Scenario And Sensitivity Analysis 2014: The](#)

RATINGS LIST

Class	Rating	
	To	From

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

Ratings Raised

A2	A+ (sf)	BBB (sf)
A3	A+ (sf)	BBB (sf)
A4	BBB+ (sf)	BB+ (sf)

Ratings Affirmed

B	BB (sf)
C	B- (sf)

Primary Credit Analyst: Ibrahim Bundu-kamara, London +44-20-7176 1231;
Ibrahim.Bundu-Kamara@standardandpoors.com

Secondary Contact: Victorien Pichon, London +44 (0) 207 176 3949;
victorien.pichon@standardandpoors.com

Additional Contact: Structured Finance Europe;
StructuredFinanceEurope@standardandpoors.com

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