

Otra información 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 la presente información relevante:

La Agencia de Calificación **Standard & Poor’s Global Ratings (“S&P”)** con fecha 3 de noviembre de 2020, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A4: AA+ (sf)** (anterior **AA (sf)**)
- **Serie B: A+ (sf)** (anterior **A (sf)**)
- **Serie C: BB+ (sf)** (anterior **BB (sf)**)

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

- **Serie A3: AAA (sf)**

Se adjunta la comunicación emitida por S&P.

Madrid, 23 de noviembre de 2020.

BBVA RMBS 2 Spanish RMBS Ratings Raised On Three Classes Of Notes; One Class Affirmed Following Review

November 3, 2020

Overview

- Following our review of BBVA RMBS 2, we have raised our ratings on the class A4, B, and C notes.
- At the same time, we have affirmed our rating on the class A3 notes.
- BBVA RMBS 2 is a Spanish RMBS transaction that securitizes a portfolio of first-ranking mortgage loans granted to Spanish residents.

MADRID (S&P Global Ratings) Nov. 3, 2020--S&P Global Ratings today raised its credit ratings on BBVA RMBS 2, Fondo de Titulizacion de Activos' class A4, B, and C notes to 'AA+ (sf)', 'A+ (sf)', and 'BB+ (sf)', from 'AA (sf)', 'A (sf)', and 'BB (sf)', respectively. At the same time, we have affirmed our 'AAA (sf)' rating on the class A3 notes.

Today's rating actions follow our full analysis of the most recent information that we have received and reflect the transaction's current structural features. Our review reflects the application of our relevant criteria (see "Related Criteria").

Our analysis also considers the transaction's sensitivity to the potential repercussions of the coronavirus outbreak. Of the pool, 5.70% has been granted payment holidays so far under the Spanish legal and sectorial moratorium schemes. In our analysis, we considered what could happen should these payment holidays become arrears in the future and the liquidity risk they could present. We also accounted for the notes' sensitivity to a 12-month increase in recovery timing from our standard assumption of 42 months.

The analytical framework in our structured finance sovereign risk criteria assesses a security's ability to withstand a sovereign default scenario (see "Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions," published on Jan. 30, 2019). These criteria classify the transaction's sensitivity as low. Therefore, the highest rating that we can assign to the tranches in this transaction is six notches above the unsolicited sovereign rating on Spain, or 'AAA'.

On May 1, 2020, we revised our mortgage market outlook for Spain due to the updated macroeconomic expectations (see "Residential Mortgage Market Outlooks Updated For 13 European Jurisdictions Following Revised Economic Forecasts"). We therefore increased our base

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foreclosure frequencies in our analysis at the 'B' to 'AA+' ratings.

Since our previous rating action, our weighted-average foreclosure frequency assumptions have increased due to the slight increase in arrears and the change in the base foreclosure frequencies (see "BBVA RMBS 2 Spanish RMBS Ratings Raised On Four Classes; One Affirmed," published on July 30, 2019). However, this is partially offset by a decrease in the weighted-average loss severity assumptions, in turn due to the decreased current loan-to-value ratio but higher market value declines.

Table 1

Credit Analysis Results

Rating	WAFF (%)	WALS (%)	Credit coverage (%)
AAA	12.44	17.08	2.12
AA	8.77	11.30	0.99
A	6.71	4.85	0.33
BBB	5.13	2.61	0.13
BB	3.54	2.00	0.07
B	2.37	2.00	0.05

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

Credit enhancement available in BBVA RMBS 2 has increased since our previous review because:

- The sequential amortization of the notes; and
- The reserve fund has been replenished to 84.4% of its target level in September 2020 from 33.20% at our previous review. The reserve fund was fully depleted from September 2010 to September 2018, as it was used to provision for loans in foreclosure and in arrears over 12 months.

Banco Bilbao Vizcaya Argentaria S.A. (BBVA; A-/Negative/A-2) is the servicer of this pool of loans. BBVA has a standardized, integrated, and centralized servicing platform. It is a servicer for many Spanish RMBS transactions. The transaction's performance has benefited from BBVA's active servicing policies. The servicer continues to acquire nonperforming loans and repossessed properties from the fund. As of the September investor report, loan-level arrears of 90 days or more currently stand at 0.42%. Overall delinquencies remain well below our Spanish RMBS index (see "Spanish RMBS Index Report Q2 2020," published on Sept. 8, 2020). The outstanding balance of defaults, defined as loans in arrears for a period equal to or greater than 12 months, and loans undergoing foreclosure proceedings represent 1.70% of the outstanding pool balance. At the same time, the cumulative defaults in the transaction, currently at 6.39%, are still far from reaching the interest deferral trigger for the class C notes, which is set at 10.00%.

We have also applied our counterparty criteria (see "Counterparty Risk Framework: Methodology And Assumptions," published on March 8, 2019).

Societe Generale S.A. (Madrid Branch) is the transaction bank account provider, while BBVA provides an interest rate swap. The transaction's documented replacement mechanisms adequately mitigate its counterparty risk exposure up to a 'AAA' rating.

Currently, our rating on the class C notes is linked to our long-term issuer credit rating (ICR) on the servicer, BBVA, because in our cash flow analysis we exclude the application of a commingling loss at rating levels at and below the ICR on the servicer.

BBVA RMBS 2 Spanish RMBS Ratings Raised On Three Classes Of Notes; One Class Affirmed Following Review

The available credit enhancement for all classes of notes has increased since our previous reviews due to the increase of the reserve fund and the amortization of the class A3 notes. The transaction is currently paying sequentially.

Table 2

Available Credit Enhancement

Class	Current review (%)	Previous review (%)
A3	15.96	10.93
A4	15.96	10.93
B	8.59	4.58
C	2.04	(1.07)

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

Our credit and cash flow results indicate that the credit enhancement available for the class A3 notes is still commensurate with our 'AAA' rating. We have therefore affirmed our 'AAA (sf)' rating on the class A3 notes.

We have raised to 'AA+ (sf)' from 'AA (sf)', to 'A+ (sf)' from 'A (sf)', and to 'BB+ (sf)' from 'BB (sf)' our ratings on the class A4, B, and C notes, respectively. These notes could withstand stresses at higher ratings under our credit and cash flow analysis due to the increased credit enhancement. However, we have limited our upgrades based on their position in the waterfall, the current deteriorating macroeconomic environment, and the risk that payment holidays could become arrears in the future.

S&P Global Ratings acknowledges a high degree of uncertainty about the evolution of the coronavirus pandemic. The current consensus among health experts is that COVID-19 will remain a threat until a vaccine or effective treatment becomes widely available, which could be around mid-2021. We are using this assumption in assessing the economic and credit implications associated with the pandemic (see our research here: www.spglobal.com/ratings). As the situation evolves, we will update our assumptions and estimates accordingly.

Related Criteria

- 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
- 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

BBVA RMBS 2 Spanish RMBS Ratings Raised On Three Classes Of Notes; One Class Affirmed Following Review

- 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: Global Derivative Agreement Criteria, June 24, 2013
- Criteria | Structured Finance | General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- Pandemic Won't Derail European Housing Price Rises, Oct. 20, 2020
- Spain Outlook Revised To Negative From Stable On Mounting Fiscal and Structural Challenges; Affirmed At 'A/A-1', Sept. 18, 2020
- Spanish RMBS Index Report Q2 2020, Sept. 8, 2020
- S&P Global Ratings Definitions, Aug. 8, 2020
- Banking Industry Country Risk Assessment: Spain, June 18, 2020
- Government Job Support Will Stem European Housing Market Price Falls, May 15, 2020
- Residential Mortgage Market Outlooks Updated For 13 European Jurisdictions Following Revised Economic Forecasts, May 1, 2020
- BBVA RMBS 2 Spanish RMBS Ratings Raised On Four Classes; One Affirmed, July 30, 2019
- 2017 EMEA RMBS 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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