

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 **S&P Global Ratings (“S&P”)** con fecha 7 de marzo de 2024, comunica que ha elevado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

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

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

- **Serie A4: AAA (sf)**
- **Serie B: AAA (sf)**

Se adjunta la comunicación emitida por S&P.

Madrid, 8 de marzo de 2024.

BBVA RMBS 2 Spanish RMBS Rating Raised On Class C Notes Following Review; Two Classes Affirmed

March 7, 2024

Overview

- Following our review of BBVA RMBS 2, we raised our rating on the class C notes and affirmed our ratings on the class A4 and B notes.
- BBVA RMBS 2 is a Spanish RMBS transaction, which closed in March 2007 and securitizes first-ranking mortgage loans. Banco Bilbao Vizcaya Argentaria originated the pool, which comprises loans granted to prime borrowers, mainly located in Catalonia, Andalucia, and Madrid.

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MADRID (S&P Global Ratings) March 7, 2024--S&P Global Ratings today raised its credit rating on BBVA RMBS 2, Fondo de Titulizacion de Activos's class C notes to 'AA- (sf)' from 'A+ (sf)'. At the same time, we affirmed our 'AAA (sf)' ratings on the class A4 and B notes.

Today's rating actions reflect our full analysis of the most recent information that we have received and the transaction's current structural features.

After applying our global RMBS criteria, our expected losses decreased due to the lower weighted-average foreclosure frequency (WAFF) and weighted-average loss severity (WALS) assumptions. Our WAFF assumptions have decreased due to the lower effective loan-to-value (LTV) ratio. In addition, our WALS assumptions have decreased due to the lower current LTV. This was partially offset by an increase in jumbo loans and our residential market value decline assumptions. At the same time, overall credit enhancement continues to increase. Today's upgrade reflects the lower expected losses as well as the higher available credit enhancement.

Credit analysis results

Rating	WAFF (%)	WALS (%)
AAA	8.69	2.51
AA	6.03	2.00
A	4.70	2.00
BBB	3.64	2.00
BB	2.53	2.00
B	1.75	2.00

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

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Loan-level arrears are low at 1.37%. Overall delinquencies remain well below our Spanish RMBS index at 6.21% (see "Related Research").

Cumulative defaults, defined as loans in arrears for a period equal to or greater than 12 months, represent 6.54% of the closing pool balance. The interest deferral trigger for the class C notes is not at risk of being breached because it is defined at 10%, and we do not expect this level to be reached in the near or medium term.

The notes are repaying pro rata and the reserve fund is at its floor level of €27.5 million.

Our operational, rating above the sovereign, and legal risk analyses remain unchanged since our last review. Therefore, the ratings assigned are not capped by any of these criteria.

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.

Our ratings on the notes are de-linked from our long-term issuer credit rating (ICR) on the servicer, BBVA, because we have stressed commingling loss for ratings above BBVA's ICR.

The servicer, BBVA, has a standardized, integrated, and centralized servicing platform. It is a servicer for many Spanish RMBS transactions, and its transactions' historical performance has outperformed our Spanish RMBS index.

In our analysis we have considered the transaction's resilience in case of additional stresses, such as increased defaults, to determine our forward-looking view. We also considered a sensitivity analysis of the notes' ability to withstand lower and delayed recoveries on defaulted assets.

In our view, the ability of the borrowers to repay their mortgage loans will be highly correlated to macroeconomic conditions, particularly the unemployment rate, consumer price inflation, and interest rates. Our current forecast on policy interest rates for Spain in 2024 is 3.75%, and our forecasts for unemployment for 2024 and 2025 are 12.1% and 12.0%, respectively.

Furthermore, a decline in house prices typically affects the level of realized recoveries. For Spain, in 2024 and in 2025, we expect them to decrease by 0.3% in 2024 and increase by 1.5% in 2025.

We therefore ran two additional scenarios with increased defaults of 1.1x and 1.3x. The results of the above sensitivity analysis indicate no deterioration.

A general downturn of the housing market may delay recoveries. We have also run extended recovery timings and lower recovery assumptions.

Our credit and cash flow results, including our sensitivity analysis, indicate that the credit enhancement available for the class A4 and B notes is still commensurate with the 'AAA' rating level. We therefore affirmed our 'AAA (sf)' ratings on the class A4 and B notes.

We raised to 'AA- (sf)' from 'A+ (sf)' our rating on the class C notes. These notes could withstand stresses at higher rating under our credit and cash flow analysis; however, we have limited our upgrade based on the notes' overall credit enhancement and position in the waterfall. In addition, the most junior class of notes are expected to have a longer duration than the senior and mezzanine tranches, meaning that they are more vulnerable to tail-end risk.

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Related Criteria

- 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
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 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: Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Criteria | Structured Finance | General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- A Primer On Spain's RMBS Market, Feb. 6, 2024
- European RMBS Index Report Q4 2023, Feb. 2, 2024
- European Housing Markets: Forecast Brightens Amid Ongoing Correction, Jan. 25, 2024
- Economic Research: 2023: The ECB Changes Camps and 2024: The Labor Market Litmus Test, Dec. 14, 2023
- Economic Outlook Eurozone Q1 2024: Headed For A Soft Landing, Nov. 27, 2023
- BBVA RMBS 2 Ratings Raised On Two Classes; One Class Affirmed Following Review, Feb. 23, 2023
- 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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