

**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 **Fitch Ratings** (“Fitch”) con fecha 12 de abril de 2024, comunica que ha confirmado la calificación asignada a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A4: A+sf**
- **Serie B: A-sf**
- **Serie C: BBB+sf**

Se adjunta la comunicación emitida por Fitch.

Madrid, 30 de mayo de 2024

## RATING ACTION COMMENTARY

# Fitch Upgrades 1 Tranche of BBVA RMBS 3; Affirms BBVA RMBS 1, & 2 and Santander Hipotecario 3

Fri 12 Apr, 2024 - 9:31 ET

Fitch Ratings - Madrid - 12 Apr 2024: Fitch Ratings has upgraded one tranche of BBVA RMBS 3, FTA. The remaining tranches have been affirmed. Fitch has also affirmed BBVA RMBS 1, FTA, BBVA RMBS 2, FTA and FTA, Santander Hipotecario 3. A full list of rating actions is below.

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	PRIOR ↕
BBVA RMBS 1, FTA		
Class A3 ES0314147028	LT A+sf Rating Outlook Stable Affirmed	A+sf Rating Outlook Stable
Class B ES0314147036	LT A+sf Rating Outlook Stable Affirmed	A+sf Rating Outlook Stable
Class C ES0314147044	LT BBBsf Rating Outlook Stable Affirmed	BBBsf Rating Outlook Stable
BBVA RMBS 2, FTA		

Class A4 ES0314148034	LT	A+sf Rating Outlook Stable	A+sf Rating Outlook Stable
		Affirmed	
Class B ES0314148042	LT	A-sf Rating Outlook Stable	A-sf Rating Outlook Stable
		Affirmed	
Class C ES0314148059	LT	BBB+sf Rating Outlook Stable	BBB+sf Rating Outlook Stable
		Affirmed	
FTA, Santander Hipotecario 3			
Class A1 ES0338093000	LT	A-sf Rating Outlook Stable	A-sf Rating Outlook Stable
		Affirmed	

[VIEW ADDITIONAL RATING DETAILS](#)

## TRANSACTION SUMMARY

The transactions comprise Spanish mortgages serviced by Banco Bilbao Vizcaya Argentaria S.A. (BBB+/Stable/F2) and Banco Santander S.A. (A-/Stable/F2).

## KEY RATING DRIVERS

**Payment Interruption Risk Immaterial:** Following the update of Fitch's Global Structured Finance Rating Criteria on 19 January 2024, payment interruption risk (PIR) in the event of a servicer disruption is immaterial up to 'AA+sf' instead of 'A+sf' previously. The PIR cap has been updated for all transactions, as interest deferability is permitted under transaction documentation for all rated notes, the transactions' documentation includes a defined mechanism for the repayment of deferred amounts, deferrals are a common structural feature in Spanish RMBS and interest deferrals do not constitute an event of default.

**Counterparty Risk Constraints:** For the BBVA deals, the derivative provider has not complied with contractually-defined minimum ratings and remedial actions, resulting in the notes' ratings being capped at the higher of the counterparty's applicable rating (BBVA, Derivative Counterparty Rating A-) and the rating that can be supported by

transaction cash flows on an unhedged basis. This is in accordance with Fitch's Structure Finance and Covered Bonds Counterparty Rating Criteria as the agency views the derivatives as material for the rating analysis.

BBVA 3's class A2 notes are also capped at 'A+sf' reflecting the absence of counterparty remedial actions when the transaction account bank (BBVA, which is an operational continuity bank) failed to meet the contractually-defined minimum ratings.

**Credit Enhancement to Increase:** The rating actions reflect Fitch's view that the notes are sufficiently protected by credit enhancement (CE) to absorb the projected losses commensurate with corresponding rating scenarios. For BBVA 1 and BBVA 2, we expect CE to gradually increase considering the pro-rata note amortisation and the non-amortising reserve funds. We also expect CE to continue increasing for BBVA 3 and Santander 3's senior notes given the prevailing sequential amortisation. The very low or negative CE ratios for BBVA 3 and Santander 3's class B and lower notes are reflected in their low sub-investment-grade ratings.

**Weaker Recoveries on BBVA Deals (Criteria Variation):** Fitch continues to apply a 25% haircut to the ResiGlobal model estimated recovery rates for the BBVA RMBS transactions, considering the low record of cumulative recoveries on defaults of about 35% as per the latest reporting date, which compares with an average of about 65% observed for the rest of Fitch-rated Spanish RMBS transactions. This is a variation from the European RMBS Rating Criteria and has a maximum model-implied rating impact of minus three notches.

For BBVA 1 and BBVA 2, Fitch has revised the ESG Relevance Score considering the update of the PIR assessment. These transactions have an elevated ESG Relevance Score for Transaction Parties & Operational Risk due to the breach of derivative provider minimum ratings and the absence of remedial actions, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

BBVA 3 has an elevated ESG Relevance Score for Transaction Parties & Operational Risk due to the breach of derivative provider and transaction account bank minimum ratings and the absence of remedial actions, which have a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

Long-term asset performance deterioration such as increased delinquencies or larger defaults, which could be driven by changes to macroeconomic conditions, interest-rate increases or borrower behaviour. For instance, a combined scenario of increased defaults and decreased recoveries by 15% each could trigger downgrades of up to nine notches.

For BBVA 2's class B ratings that are capped and linked to the derivative provider's rating due to excessive counterparty risk exposure, a downgrade of the derivative provider's rating.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

Stable to improved asset performance driven by stable delinquencies and defaults would lead to increasing CE and potentially upgrades. For instance, a combination of decreased defaults and increased recoveries by 15% each could trigger upgrades of up to three notches.

For BBVA 2's class B ratings that are capped and linked to the derivative provider's rating due to excessive counterparty risk exposure, an upgrade of the derivative provider's rating subject to sufficient CE able to compensate for the stresses of higher rating scenarios.

For BBVA 3's class A2 notes, implementation of remedial actions on the transaction account bank that became ineligible as per contractually defined triggers.

### **CRITERIA VARIATION**

A criteria variation of -25% recovery rate is applicable to the BBVA deals, in line with past reviews, with a maximum impact of minus three notches.

### **USE OF THIRD PARTY DUE DILIGENCE PURSUANT TO SEC RULE 17G -10**

Form ABS Due Diligence-15E was not provided to, or reviewed by, Fitch in relation to this rating action.

### **DATA ADEQUACY**

BBVA RMBS 1, FTA, BBVA RMBS 2, FTA, BBVA RMBS 3, FTA, FTA, Santander Hipotecario 3

Fitch has checked the consistency and plausibility of the information it has received about the performance of the asset pools and the transactions. Fitch has not reviewed

the results of any third party assessment of the asset portfolio information or conducted a review of origination files as part of its ongoing monitoring.

Fitch did not undertake a review of the information provided about the underlying asset pools ahead of the transaction's BBVA RMBS 1, FTA, BBVA RMBS 2, FTA, BBVA RMBS 3, FTA, and FTA, Santander Hipotecario 3 initial closing. The subsequent performance of the transactions over the years is consistent with the agency's expectations given the operating environment and Fitch is therefore satisfied that the asset pool information relied upon for its initial rating analysis was adequately reliable.

Overall, and together with any assumptions referred to above, Fitch's assessment of the information relied upon for the agency's rating analysis according to its applicable rating methodologies indicates that it is adequately reliable.

For Santander 3, because the latest loan-by-loan portfolio data sourced from EDW is dated Jan-2022, Fitch used such data file and removed loans that would have amortised to date. Fitch views the ResiGlobal model output of this transaction to adequately capture the risky attributes of the portfolio, which is also influenced by the high granularity of the portfolio and its static nature. Moreover, the rating analysis took into consideration the latest transaction investor report dated Jan-2024.

For BBVA 2 & 3 deals, because the latest loan-by-loan portfolio data did not include information about origination channel, Fitch credit analysis assumed a 30% exposure to broker origination consistent with the information as of the closing dates.

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

For Santander 3, because the latest loan-by-loan portfolio data sourced from EDW is dated January 2022, Fitch used the data file and removed loans that would have amortised to date. Fitch views the ResiGlobal model output of this transaction to adequately capture the risky attributes of the portfolio, which is also influenced by the high granularity of the portfolio and its static nature. Moreover, the rating analysis took into consideration the latest transaction investor report dated Jan-2024

## **PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS**

BBVA 2's class B notes' rating is capped and linked to the derivative provider rating due to the absence of remedial actions when the counterparty failed to maintain the

contractually-defined minimum ratings, and Fitch's view that the derivatives are material for the rating analysis.

## **ESG CONSIDERATIONS**

For BBVA 1 and BBVA 2, Fitch has revised the ESG Relevance Score to '4' from '5' considering the update of the PIR assessment. These transactions have an ESG Relevance Score of '4' for Transaction Parties & Operational Risk due to the breach of derivative provider minimum ratings and the absence of remedial actions, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

BBVA 3 has an ESG Relevance Score of '4' for Transaction Parties & Operational Risk due to the breach of derivative provider and transaction account bank minimum ratings and the absence of remedial actions, which have a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

For Santander 3, Fitch has revised the ESG relevance score to '3' from '4' considering the update of the PIR assessment.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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## **APPLICABLE CRITERIA**

[European RMBS Rating Criteria \(pub. 21 Jun 2023\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub. 07 Jul 2023\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub. 28 Nov 2023\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub. 28 Nov 2023\)](#)

[Global Structured Finance Rating Criteria \(pub. 19 Jan 2024\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub. 05 Apr 2024\)](#)

## **APPLICABLE MODELS**

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Multi-Asset Cash Flow Model, v3.1.1 (1)

ResiGlobal Model: Europe, v1.8.11 (1)

## **ADDITIONAL DISCLOSURES**

[Dodd-Frank Rating Information Disclosure Form](#)

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## Endorsement Policy

### ENDORSEMENT STATUS

BBVA RMBS 1, FTA	EU Issued, UK Endorsed
BBVA RMBS 2, FTA	EU Issued, UK Endorsed
BBVA RMBS 3, FTA	EU Issued, UK Endorsed
FTA, Santander Hipotecario 3	EU Issued, UK Endorsed

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