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 26 de agosto de 2021, comunica que ha elevado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie C**: **BBB-sf** (anterior **B+sf**)

Asimismo, Fitch ha confirmado las calificaciones asignadas a las restantes Series de Bonos:

- **Serie A3**: **A+sf**
- **Serie A4:** **A+sf**
- **Serie B**: **A-sf**

Se adjunta la comunicación emitida por Fitch.

Madrid, 29 de septiembre de 2021.

26 AUG 2021

Fitch Upgrades 8 Tranches of 4 Spanish RMBS

Fitch Ratings - Madrid - 26 Aug 2021: Fitch Ratings has upgraded eight tranches of four Spanish RMBS transactions and affirmed the others. Fitch has also removed eight tranches from Rating Watch Positive (RWP). The Outlooks are Stable for all notes. A full list of rating actions is below.

Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
BBVA RMBS 1, FTA					
• Class A2 ES0314147010	LT	A+sf	Affirmed		A+sf
• Class A3 ES0314147028	LT	A+sf	Affirmed		A+sf
• Class B ES0314147036	LT	A-sf	Upgrade		BBB+sf
• Class C ES0314147044	LT	BB-sf	Upgrade		Bsf
BBVA RMBS 2, FTA					

ENTITY/DEBT	RATING			RECOVERY	PRIOR
• Class A3 ES0314148026	LT	A+sf	Affirmed		A+sf
• Class A4 ES0314148034	LT	A+sf	Affirmed		A+sf
• Class B ES0314148042	LT	A-sf	Affirmed		A-sf
• Class C ES0314148059	LT	BBB-sf	Upgrade		B+sf
FTA, Santander Hipotecario 3					
• Class A1 ES0338093000	LT	BBsf	Upgrade		Bsf
• Class A2 ES0338093018	LT	BBsf	Upgrade		Bsf
• Class	LT	BBsf	Upgrade		Bsf

ENTITY/DEBT	RATING			RECOVERY	PRIOR
A3 ES0338093026					
• Class B ES0338093034	LT	CCsf	Affirmed		CCsf
• Class C ES0338093042	LT	Csf	Affirmed		Csf
• Class D ES0338093059	LT	Csf	Affirmed		Csf
• Class E ES0338093067	LT	Csf	Affirmed		Csf
• Class F (RF) ES0338093075	LT	Csf	Affirmed		Csf
BBVA RMBS 3, FTA					
• A1 ES0314149008	LT	BB+sf	Upgrade		B+sf

ENTITY/DEBT	RATING			RECOVERY	PRIOR
• A2 ES0314149016	LT	BB+sf ◘	Upgrade		B+sf ⬘
• B ES0314149032	LT	CCsf	Affirmed		CCsf
• C ES0314149040	LT	Csf	Affirmed		Csf

RATINGS KEY	OUTLOOK	WATCH
POSITIVE	⊕	⬘
NEGATIVE	⊖	⬙
EVOLVING	◉	◆
STABLE	◘	

Transaction Summary

The transactions comprise Spanish mortgages serviced by Banco Bilbao Vizcaya Argentaria S.A. (BBB+/Stable/F2) for BBVA RMBS 1-3 and Banco Santander S.A. (A-/Stable/F2) for Santander Hipotecario 3 (Santander 3).

KEY RATING DRIVERS

Stable Performance; Additional Stresses Removed

The upgrades, removal from RWP and Stable Outlooks reflect a broadly stable asset performance outlook. This is driven by a low share of loans in arrears over 90 days (ranging between 0.1% and 0.6% of the current portfolio balances) and the improved macro-economic outlook for Spain as described in Fitch's latest Global Economic Outlook dated June 2021.

The rating action also reflects the removal of the additional stresses in relation to the coronavirus outbreak and legal developments in Catalonia as announced on 22 July 2021 (see "Fitch Retires EMEA RMBS Coronavirus Additional Stress Scenario Analysis, Except UK Non-Conforming", "Fitch Retires Additional Stress Scenario Analysis for Spanish RMBS Linked to Catalonia Decree Law", and "Correction: Fitch Places or Maintains 121 EMEA RMBS Ratings on RWP on Additional Stress Scenario

Retirement" at www.fitchratings.com).

Increased Credit Enhancement

The affirmations and upgrades reflect Fitch's view that the notes are sufficiently protected by credit enhancement (CE) to absorb the projected losses commensurate with existing and higher rating scenarios. Fitch expects CE ratios to continue increasing for all transactions in the short term due to prevailing sequential amortisation of the notes.

However, CE ratios for BBVA 1 and BBVA 2 could decrease if the pro-rata amortisation mechanism is activated with the application of a reverse sequential amortisation of the notes until the target class B and C balances as a share of total notes balance are met (i.e. tranche thickness targets, defined as double the initial size). For example, BBVA 1 class A CE could reduce to around 19.9% from 31.7% at present. The switch to pro-rata is subject to performance triggers, such as the reserve funds being at their respective target amounts (currently at 88.3% and 98.1% in BBVA 1 and BBVA 2, respectively). For BBVA 3 and Santander 3, CE is expected to continue increasing given the prevailing sequential amortisation of the notes.

Weaker-Than-Expected Recoveries

Fitch has applied a 25% haircut to the asset model-estimated recovery rates for the BBVA RMBS transactions, considering the record of cumulative recoveries on defaults of about 34% as per the latest reporting date, which compares against an average of about 65% observed for the rest of Fitch-rated Spanish RMBS transactions. This is a variation from the European RMBS Criteria and has a maximum model-implied rating impact of minus three notches (class C notes of BBVA 1 and 2).

Payment Interruption Risk Caps Ratings

All transactions remain exposed to unmitigated payment interruption risk (PiR) in the event of a servicer disruption, as the available structural mitigants are deemed insufficient to cover stressed senior fees, net swap payments and senior note interest due amounts while an alternative servicer arrangement is being implemented. As a result, the maximum achievable rating remains at 'A+sf' as per Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria.

BBVA 1 and BBVA 2 each has an Environmental, Social and Governance (ESG) Relevance Score of '5' for Transaction & Collateral Structure due to unmitigated PiR.

BBVA 3 has an ESG Relevance Score of '4' for Transaction & Collateral Structure due the exposure to PiR. In addition, it has an ESG Relevance Score of '4' for Transaction Parties & Operational Risk due to the breach of account bank replacement triggers.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/ downgrade:

The transactions' performance may be affected by changes in market conditions and economic environment. Weakening economic performance is strongly correlated to increasing levels of delinquencies and defaults that could reduce CE available to the notes.

Additionally, unanticipated declines in recoveries could also result in lower net proceeds, which may make certain note ratings susceptible to negative rating actions depending on the extent of the decline in recoveries. Fitch conducts sensitivity analyses by stressing both a transaction's base-case foreclosure frequency (FF) and recovery rate (RR) assumptions, and examining the rating implications on all classes of issued notes. A 15% increase in the weighted average (WA) FF and a 15% decrease in the WARR could result in downgrades of up to five notches.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

For the senior notes of all transactions, whose ratings are currently capped at 'A+sf' due to unmitigated PiR, improved liquidity protection against a servicer disruption event could result in an upgrade.

Stable to improved asset performance driven by stable delinquencies and defaults would lead to increasing CE ratios and, potentially, upgrades. A decrease in the WAFF of 15% and an increase in the WARR of 15% could imply upgrades of up to three notches.

Best/Worst Case Rating Scenario

International scale credit ratings of Structured Finance transactions have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of seven notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of seven notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAAsf' to 'Dsf'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579.

CRITERIA VARIATION

Fitch has applied a 25% haircut to the asset model-estimated recovery rates for the BBVA RMBS transactions.

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

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 transactions' 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, 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.

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 Hipotecario 3, because the loan-by-loan portfolio data sourced from the European Data Warehouse did not include information about the "occupancy type" of most of the underlying properties, Fitch assumed all loans as "no data" and did not apply any additional FF adjustment to such loans. Despite such data adjustment, the data was considered to be adequate for the rating analysis as it captures the risky attributes of the portfolio.

ESG Considerations

BBVA RMBS 1 and BBVA RMBS 2 each has an ESG Relevance Score of '5' for Transaction & Collateral Structure due to unmitigated PiR, which has a negative impact on the credit profile, and is highly relevant to the rating, resulting in a downward adjustment to the ratings by at least one notch.

BBVA RMBS 3 has an ESG Relevance Score of '4' for Transaction & Collateral Structure due the exposure to PiR, which could have a negative impact on the credit profile and is relevant to the ratings in conjunction with other factors. In addition, it has an ESG Relevance Score of '4' for Transaction Parties & Operational Risk due to the breach of account bank replacement triggers, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

Except for the matters discussed above, the highest level of ESG credit relevance, if present, is a score of '3' - ESG issues are credit neutral or have only a minimal credit impact on the entities, either due to their nature or the way in which they are being managed by the entities. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

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Applicable Criteria

European RMBS Rating Criteria - Effective from 19 July 2021 to 16 September 2021 (pub.19 Jul 2021) (including rating assumption sensitivity)

Global Structured Finance Rating Criteria (pub.24 Mar 2021) (including rating assumption sensitivity)

Structured Finance and Covered Bonds Counterparty Rating Criteria (pub.29 Jan 2020)

Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub.29 Jan 2020)

Structured Finance and Covered Bonds Country Risk Rating Criteria (pub.23 Sep 2020)

Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub.13 Nov 2020)

Applicable Models

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

Multi-Asset Cash Flow Model, v2.10.0 (1) (2) (3) (4) (5) (6) (7) (8) (9)

ResiGlobal Model: Europe, v1.7.1 (1)

Additional Disclosures

Solicitation Status

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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