

Material Event
concerning

BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS

Pursuant to the Prospectus for **BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS** (the “**Fund**”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- The Rating Agency **Fitch Ratings** (“**Fitch**”) advised on August 10, 2015 that it has upgraded the ratings assigned to the following Bond Series issued by the fund:
 - **Series A2: Bsf** (previously **CCCsf**, outlook stable)
 - **Series A3: Bsf** (previously **CCCsf**, outlook stable)
 - **Series A4: Bsf** (previously **CCCsf**, outlook stable)
 - **Series B: CCCsf** (previously **CCsf**)

In addition, Fitch has affirmed the rating assigned to the remaining Bond Series:

- **Series C: CCsf,**

Enclosed herewith is the communication issued by Fitch.

Madrid, August 11, 2015.

Mario Masiá Vicente
General Manager

FITCH UPGRADES 4 TRANCHES OF BBVA RMBS SERIES; AFFIRMS 9 OTHERS

Fitch Ratings-London-10 August 2015: Fitch Ratings has upgraded four tranches of BBVA RMBS series and affirmed nine others. The series comprise three Spanish prime RMBS originated and serviced by Banco Bilbao Vizcaya Argentaria (BBVA; A-/Stable/F2). A full list of rating actions is available below.

KEY RATING DRIVERS

Additional Information Clarifies Subjective Defaults

Fitch has received additional information from the trustee Europea de Titilizacion (EdT) about the management of subjective defaults, defined as loans whose underlying property has been taken into possession by the SPV prior to the loan reaching the 12-months default classification.

The trustee confirmed that subjective defaults have been excluded from the balance of gross defaults and removed from the outstanding portfolio balance when the property is repossessed by the SPV.

Contrary to the agency's previous understanding, subjective defaults are being provisioned within the waterfall of payments with available excess spread and cash reserves, currently fully depleted. EdT has confirmed to Fitch that the cumulative balance of defaulted assets, inclusive of subjective defaults, has reached 5.4% of the initial portfolio balance in BBVA 1 and in BBVA 2 and 12.5% in BBVA 3 (compared with 4% for BBVA 1 and 2 and 9.7% for BBVA 3 without subjective defaults).

The clarification about provisioning has triggered the revision of Fitch assumptions regarding available credit enhancement across the transactions, which has led to today's upgrade of BBVA RMBS 2 notes and the revision of Outlooks.

Subjective Defaults Distort Asset Performance

Fitch would have expected most subjective defaults to be classified and reported as doubtful loans, rather than removed from collateral balance. In Fitch's opinion, unreported subjective defaults imply that the arrears ratios are a poor performance indicator, and the removal of subjective defaults from the collateral balance makes the estimation of principal collections from underlying borrowers challenging.

Interest Deferral Triggers Delayed

The exclusion of subjective defaults from the balance of doubtful loans implies that the deferral of mezzanine and junior notes interest could be delayed. This is material for tranche C of BBVA 3 because cumulative defaults are currently reported at 9.7%, just below the 10% interest deferral trigger established in the documentation. If subjective defaults are added to the doubtful classification cumulative default would be 12.5%, implying that the class C interest deferral trigger would have been breached.

RATING SENSITIVITIES

Deterioration in asset performance or recovery expectations beyond Fitch's standard assumptions would trigger negative rating action.

DUE DILIGENCE USAGE

No third party due diligence was provided or reviewed 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 pool and the transaction. There were no findings that were material to this analysis. 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.

SOURCES OF INFORMATION

The information below was used in the analysis.

- Information about subjective defaults provided by Europea de Titulizacion as of end-June 2015.
- Loan-by-loan data provided by Europea de Titulizacion as of end-June 2015.
- Loan enforcement data provided by Europea de Titulizacion as of end-June 2015.
- Transaction reporting provided by Europea de Titulizacion as of end-June 2015.

MODELS

https://www.fitchratings.com/web_content/pages/rmbs/emea-rmbs-surveillance-model.htm

EMEA RMBS Surveillance Model.

BBVA RMBS 1, FTA:

Class A2 (ISIN ES0314147010): affirmed at 'BBSf'; Outlook revised to Stable from Negative

Class A3 (ISIN ES0314147028): affirmed at 'BBSf'; Outlook revised to Stable from Negative

Class B (ISIN ES0314147036): affirmed at 'CCCSf'; Recovery Estimate 75%

Class C (ISIN ES0314147044): affirmed at 'CCsf'; Recovery Estimate 0%

BBVA RMBS 2, FTA:

Class A2 (ISIN ES0314148018): upgraded to 'Bsf' from 'CCCSf'; Outlook Stable

Class A3 (ISIN ES0314148026): upgraded to 'Bsf' from 'CCCSf'; Outlook Stable

Class A4 (ISIN ES0314148034): upgraded to 'Bsf' from 'CCCSf'; Outlook Stable

Class B (ISIN ES0314148042): upgraded to 'CCCSf' from 'CCsf'; Recovery Estimate 65%

Class C (ISIN ES0314148059): affirmed at 'CCsf'; Recovery Estimate 0%

BBVA RMBS 3, FTA:

Class A1 (ISIN ES0314149008): affirmed at 'CCCSf'; Recovery Estimate 90%

Class A2 (ISIN ES0314149016): affirmed at 'CCCSf'; Recovery Estimate 90%

Class B (ISIN ES0314149032): affirmed at 'CCsf'; Recovery Estimate 0%

Class C (ISIN ES0314149040): affirmed at 'CCsf'; Recovery Estimate 0%

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Additional information is available at www.fitchratings.com.

Applicable Criteria

EMEA Residential Mortgage Loss Criteria (pub. 31 Mar 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=864266

Counterparty Criteria for Structured Finance and Covered Bonds (pub. 14 May 2014)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=744158

Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum (pub. 14 May 2014)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=744175

Criteria Addendum: Spain - Residential Mortgage Assumptions (pub. 10 Jun 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=866760

Criteria for Rating Caps and Limitations in Global Structured Finance Transactions (pub. 28 May 2014)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=748781

Criteria for Sovereign Risk in Developed Markets for Structured Finance and Covered Bonds (pub. 20 Feb 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=862115

EMEA RMBS Cash Flow Analysis Criteria (pub. 31 Mar 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=864265

EMEA RMBS Master Rating Criteria (pub. 31 Mar 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=864273

Global Structured Finance Rating Criteria (pub. 06 Jul 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=867952

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