

Hecho Relevante de

BBVA RMBS 3 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **BBVA RMBS 3 FONDO DE TITULIZACIÓN DE ACTIVOS** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

La Agencia de Calificación **Fitch Ratings** (“Fitch”), con fecha 31 de octubre de 2019, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A1:** **B+sf**, perspectiva estable (anterior **Bsf**)
- **Serie A2:** **B+sf**, perspectiva estable (anterior **Bsf**)

Asimismo, Fitch ha confirmado las restantes Series de Bonos del Fondo:

- **Serie B:** **CCsf**
- **Serie C:** **Csf**

Se adjunta la comunicación emitida por Fitch.

Madrid, 4 de noviembre de 2019.

31 Oct 2019 | Upgrade

Correction: Fitch Upgrades 8 tranches of 4 Spanish RMBS; Affirms 13 Others

Fitch Ratings-Madrid-31 October 2019:

This replaces a rating action commentary published on 30 October 2019 to correct the Rating Outlook on BBVA RMBS 2 class C notes to Stable.

Fitch Ratings has upgraded eight and affirmed 13 tranches of four Spanish RMBS transactions. All Outlooks are Stable.

A full list of rating actions is at the end of this rating action commentary.

Transaction Summary

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

KEY RATING DRIVERS

Rising Credit Enhancement (CE) in Short-Term

Fitch expects CE ratios to continue increasing for all transactions in the short term due to the prevailing sequential amortisation of the notes. However, for BBVA 1 and 2, CE ratios could decrease if the pro-rata amortisation mechanism is activated with the application of a reverse sequential amortisation of the notes until targets for outstanding notes as a share of the total notes' balance are met (double the initial percentage for non-senior tranches). For example, BBVA 1 class A notes' CE could fall to around 18.9% from 24.2% at present. The switch to pro-rata is subject to satisfactory performance triggers, such as the reserve funds being at their respective target amounts (currently at 62.8% and 55.7% for BBVA 1 and BBVA 2 respectively).

Payment Interruption Risk Caps Ratings

The 'A+sf' rating on BBVA 1 and BBVA 2 class A notes reflects the exposure of these transactions to payment interruption risk, as Fitch assesses the available cash reserves as insufficient to cover

stressed senior fees, net swap payments and stressed senior note interest amounts in the event of a servicer disruption.

High Seasoning; Stable Asset Performance

The rating actions reflect Fitch's expectation of stable credit trends given the significant seasoning of the securitised portfolios of around 14 years, a prevailing low interest rate environment and a benign Spanish macroeconomic outlook. Three-month plus arrears (excluding defaults) as a percentage of the current pool balances remain below 1% across the transactions as of the latest reporting date.

Cumulative gross defaults for these transactions are high but show signs of continuous flattening, ranging between 6.2% for BBVA RMBS 1 and 13.9% for BBVA RMBS 3 relative to the initial portfolio balances as of the latest reporting periods. Defaults are defined as loans in arrears for more than 12 and 18 months for BBVA RMBS and Santander 3, respectively. These high levels of cumulative defaults are above the average 6% for other Spanish RMBS rated by Fitch as of September 2019, and are partly explained by the high original loan-to-value ratios of these portfolios.

The large volume of defaults has resulted in negative CE ratios in some junior tranches, of which Santander 3 class E notes are the most affected. It has also led to interest payments of junior tranches in BBVA RMBS 3 and Santander 3 being deferred to a subordinate position in the waterfall of payments.

RATING SENSITIVITIES

A worsening of the Spanish macroeconomic environment, especially employment conditions, or an abrupt shift of interest rates could jeopardise the underlying borrowers' affordability. This could have negative rating implications, especially for junior tranches that are less protected by structural CE. For BBVA RMBS 1 and BBVA RMBS 2, as long as payment interruption risk is not fully mitigated, the maximum achievable rating of these transactions will remain capped at 'A+sf' in accordance with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria.

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 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

Loan-by-loan data sourced from the European Data Warehouse as at:

May 2019 for BBVA RMBS 1 and 2

July 2019 for BBVA RMBS 3 and Santander Hipotecario 3

Issuer and servicer reports provided by Europea de Titulizacion SGFT, S.A. and Santander de Titulizacion SGFT, S.A. as at:

August 2019 for BBVA RMBS 1, 2 and 3

July 2019 for Santander Hipotecario 3

For BBVA 2, BBVA 3 and Santander 3, because loan-by-loan portfolio data sourced from the European Data Warehouse did not contain information about broker origination loans in the portfolio, Fitch assumed the proportion of mortgages originated via third-party brokers to remain at 30%, 30% and 6% respectively of the portfolio current balances, identical to the proportions as of the closing date.

MODELS

<https://www.fitchratings.com/site/structuredfinance/rmbs/resiglobal>

<https://www.fitchratings.com/site/structuredfinance/emeacfm>

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the transactions, either due to their nature or to the way in which they are being managed.

BBVA RMBS 1, FTA has an ESG Relevance Score of 5 for Transaction & Collateral Structure due to payment interruption risk, which has a negative impact on the credit profile, and is highly relevant to the rating, resulting in a change to the rating of three notches.

BBVA RMBS 2, FTA has an ESG Relevance Score of 5 for Transaction & Collateral Structure due to payment interruption risk, which has a negative impact on the credit profile, and is highly relevant to the rating, resulting in a change to the rating of one notch.

BBVA RMBS 3, FTA has an ESG Relevance Score of 4 for Transaction & Collateral Structure due the exposure to payment interruption risk, 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.

BBVA RMBS 1, FTA

----Class A2 ES0314147010; Long Term Rating; Affirmed; A+sf; RO:Sta

----Class A3 ES0314147028; Long Term Rating; Affirmed; A+sf; RO:Sta

----Class B ES0314147036; Long Term Rating; Upgrade; BBB+sf; RO:Sta

----Class C ES0314147044; Long Term Rating; Affirmed; Bsf; RO:Sta

BBVA RMBS 2, FTA

----Class A2 ES0314148018; Long Term Rating; Affirmed; A+sf; RO:Sta

----Class A3 ES0314148026; Long Term Rating; Affirmed; A+sf; RO:Sta

----Class A4 ES0314148034; Long Term Rating; Affirmed; A+sf; RO:Sta

----Class B ES0314148042; Long Term Rating; Upgrade; A-sf; RO:Sta

----Class C ES0314148059; Long Term Rating; Upgrade; B+sf; RO:Sta

FTA, Santander Hipotecario 3

----Class A1 ES0338093000; Long Term Rating; Upgrade; Bsf; RO:Sta

----Class A2 ES0338093018; Long Term Rating; Upgrade; Bsf; RO:Sta

----Class A3 ES0338093026; Long Term Rating; Upgrade; Bsf; RO:Sta
----Class B ES0338093034; Long Term Rating; Affirmed; CCsf
----Class C ES0338093042; Long Term Rating; Affirmed; Csf
----Class D ES0338093059; Long Term Rating; Affirmed; Csf
----Class E ES0338093067; Long Term Rating; Affirmed; Csf
----Class F (RF) ES0338093075; Long Term Rating; Affirmed; Csf
BBVA RMBS 3, FTA
----A1 ES0314149008; Long Term Rating; Upgrade; B+sf; RO:Sta
----A2 ES0314149016; Long Term Rating; Upgrade; B+sf; RO:Sta
----B ES0314149032; Long Term Rating; Affirmed; CCsf
----C ES0314149040; Long Term Rating; Affirmed; Csf

Contacts:

Surveillance Rating Analyst

Pablo Rubio,

Analyst

+34 91 076 1984

Fitch Ratings Spain - Madrid

Paseo de la Castellana 31 9ºB

Madrid 28046

Committee Chairperson

Juan David Garcia,

Senior Director

+34 91 702 5774

Media Relations: Athos Larkou, London, Tel: +44 20 3530 1549, Email:

athos.larkou@thefitchgroup.com

Additional information is available on www.fitchratings.com

Applicable Criteria

[European RMBS Rating Criteria \(pub. 25 Oct 2019\)](#)

[Global Structured Finance Rating Criteria \(pub. 02 May 2019\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub. 18 Apr 2019\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub. 18 Apr 2019\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub. 23 Oct 2018\)](#)

Additional Disclosures

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

[Solicitation Status](#)

[Endorsement Policy](#)

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK:

[HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT [WWW.FITCHRATINGS.COM](http://www.fitchratings.com). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT [HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://www.fitchratings.com/site/regulatory). FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2019 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings

and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier

than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001. Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

ENDORSEMENT POLICY - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the [EU Regulatory Disclosures](#) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.