

Hecho Relevante de

BBVA RMBS 3 FONDO DE TITULIZACION DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **BBVA RMBS 3 FONDO DE TITULIZACION 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 julio de 2015, comunica que ha confirmado las calificaciones asignadas a las Series de Bonos emitidos por el Fondo:
 - **Serie A1:** **CCCs**
 - **Serie A2:** **CCCs**
 - **Serie B:** **CCs**
 - **Serie C:** **CCs**

Se adjunta la comunicación emitida por Fitch.

Madrid, 3 de agosto de 2015.

Mario Masiá Vicente
Director General

Fitch Ratings

Fitch Downgrades 4 Tranches of BBVA RMBS Series; Affirms 9

Fitch Ratings-London-31 July 2015: Fitch Ratings has downgraded four and affirmed nine tranches of the BBVA RMBS series, three Spanish prime RMBS originated and serviced by Banco Bilbao Vizcaya Argentaria (BBVA; A-/Stable/F2). A full list of rating actions is below.

KEY RATING DRIVERS

Defaults Increase

The cumulative volume of reported defaults, defined as loans in arrears over 12 months, had increased to 4% in BBVA 1 and 2 from 3.7% and 9.7% in BBVA 3 from 9% of the initial pool balance as of June 2015. In addition, Fitch received information about subjective defaults, which are loans where the underlying property has been taken into possession by the SPV prior to the loan reaching the 12-months default classification (doubtful loans). As a result, Fitch estimates the cumulative balance of defaults, including subjective defaults, has reached 5.4% in BBVA 1 and in BBVA 2 and 12.5% in BBVA 3 of the initial portfolio balance.

Subjective defaults increase the uncertainty about the transactions' future performance, especially as the arrears ratios do not offer a meaningful indicator of collateral performance trends. For example, the balance of loans in arrears over 90 days stands between 0.5% (BBVA 1) and 0.8% (BBVA 3) of the current pool as of June 2015.

Reduced Credit Support

The recognition of subjective defaults in Fitch's analysis implies a reduction in the credit support available to the rated notes. Although credit enhancement is still adequate to support the ratings and withstand associated stresses for BBVA 1, it is one of the main drivers, combined with weak asset performance, of the downgrade of the senior and mezzanine notes in BBVA 2.

Large Pipeline of Unprovisioned Defaults

Subjective defaults imply that the outstanding balance of defaulted loans which are not fully provisioned (unprovisioned defaults) is larger than currently reported by the trustee in the range of 0.7% (BBVA 1) and 10.9% (BBVA 3) of outstanding note balances. The agency estimates that the balance of unprovisioned defaults including subjective defaults ranges between 3.2% (BBVA 1) and 15.9% (BBVA 3) of the current notes' balance.

Payment Holidays, Loan Modifications

Fitch notes that between 9% (BBVA 1) and 21.8% (BBVA 3) of the current pools are currently on payment holidays. In addition, between 0.8% (BBVA 2) and 1.2% (BBVA 3) of the current portfolios have undergone an extension of their original maturity. Fitch attached higher probabilities of default to

these loans to account for the weaker borrower profile, compared with loans that are not exercising the payment holiday option. This factor contributed to the downgrades of BBVA 2 and the Negative Outlook on BBVA 1.

Recovery Expectations

Fitch received information on real estate foreclosures that showed repossessed properties have been sold with an average discount of 60% from their original values. As a result, the agency increased its standard Spanish market value decline assumption to account for this effect when deriving recovery expectations on future defaults of the securitised portfolios.

RATING SENSITIVITIES

Deterioration in asset performance or recovery expectations beyond Fitch's 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.

- 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

EMEA RMBS Surveillance Model. (https://www.fitchratings.com/web_content/pages/rmbs/emea-rmbs-surveillance-model.htm)

BBVA RMBS 1, FTA:

Class A2 (ISIN ES0314147010): affirmed at 'BBsf'; Outlook Negative
Class A3 (ISIN ES0314147028): affirmed at 'BBsf'; Outlook Negative
Class B (ISIN ES0314147036): affirmed at 'CCCs'; Recovery Estimate 60%
Class C (ISIN ES0314147044): affirmed at 'CCsf'; Recovery Estimate 0%

BBVA RMBS 2, FTA:

Class A2 (ISIN ES0314148018): downgraded to 'CCCs' from 'Bsf'; Recovery Estimate 95%
Class A3 (ISIN ES0314148026): downgraded to 'CCCs' from 'Bsf'; Recovery Estimate 95%
Class A4 (ISIN ES0314148034): downgraded to 'CCCs' from 'Bsf'; Recovery Estimate 95%
Class B (ISIN ES0314148042): downgraded to 'CCsf' from 'CCCs'; Recovery Estimate 0%
Class C (ISIN ES0314148059): affirmed at 'CCsf'; Recovery Estimate 0%

BBVA RMBS 3, FTA:

Class A1 (ISIN ES0314149008): affirmed at 'CCCs'; Recovery Estimate 90%
Class A2 (ISIN ES0314149016): affirmed at 'CCCs'; 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)
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)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form
(https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=988837)
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