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**Fitch Upgrades BBVA 3 FTPYME, TDA** Ratings Endorsement Policy

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Fitch Ratings-London-16 June 2014: Fitch Ratings has upgraded BBVA 3 FTPYME, TDA's class C notes and affirmed the class B notes as follows:

Class B notes affirmed at 'AA+sf', Outlook Stable  
Class C notes upgraded to 'Asf' from 'BBBsf', Outlook Stable

BBVA 3 FTPYME is a cash flow securitisation of loans to small- and medium-sized Spanish enterprises (SMEs) granted by Banco Bilbao Vizcaya Argentaria.

**KEY RATING DRIVERS**

The upgrade reflects strong increases in credit enhancement due to natural amortisation of the underlying portfolio over the last 12 months. Since then, the class A2(G) notes were repaid in full and class B notes have been amortised to 28% of their initial balance, from 43% a year ago. Consequently, credit enhancement on the class B notes has increased to 93% from 53%.

Overall the transaction's portfolio has deleveraged to 2.3% of its initial balance, down from 3.3% a year ago. This has led to a marginal increase in portfolio concentration, a trend that Fitch expects to continue with further amortisation. Defaults have increased over the last 12 months to 19% from 11%, whereas delinquencies of over 90 days decreased significantly to 0.99% of the outstanding balance from 4.12%.

The rating of the class B notes is constrained by the rating cap of 'AA+/'Stable for Spanish structured finance transactions.

**RATING SENSITIVITIES**

Fitch incorporated two stress tests in its analysis to simulate the ratings sensitivity to a change in the underlying assumptions. The first test addressed an increase in default probabilities by 25%, whereas the second addressed a reduction of the recovery rates by 25%. Neither test indicated that a negative rating action would be triggered.

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Additional information is available at [www.fitchratings.com](http://www.fitchratings.com).

Sources of Information:  
Investor Reports

Applicable criteria: 'Global Structured Finance Rating Criteria', dated 24 May 2013; 'Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)', dated 5 March 2014; 'Counterparty Criteria for Structured

Finance and Covered Bonds', dated 14 May 2014 are available at [www.fitchratings.com](http://www.fitchratings.com).

**Applicable Criteria and Related Research:**

Global Structured Finance Rating Criteria

Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)

Counterparty Criteria for Structured Finance and Covered Bonds

**Additional Disclosure**

Solicitation Status

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