

## **FITCH TAKES RATING ACTIONS ON BBVA HIPOTECARIO 3, F.T.A.**

Fitch Ratings-London-20 July 2012: Fitch Ratings has taken the following rating actions on BBVA Hipotecario 3, F.T.A.'s notes:

EUR153.3m Class A2 (ISIN ES0314227010): 'AA-sf'; maintained on Rating Watch Negative (RWN)

EUR46.5m Class B (ISIN ES0314227028): 'Asf'; maintained on RWN

EUR15.7m Class C (ISIN ES0314227036): affirmed at 'BBsf'; Outlook Stable

Fitch has maintained the class A2 and B notes on RWN due to the transaction's exposure to Banco Bilbao Vizcaya Argentaria (BBVA; 'BBB+/'Negative/'F2'). BBVA, which acts as the account bank in the transaction, was downgraded on 11 June 2012 and is currently not an eligible counterparty according to transaction documentation (see "Fitch Places 212 Spanish SF Tranches on RWN", dated 16 July 2012 at [www.fitchratings.com](http://www.fitchratings.com)).

The affirmation of the class C notes reflects high levels of credit enhancement (CE). This has been increasing as a result of deleveraging, which has offset deteriorating portfolio performance. Loans more than 90 days in arrears currently represent 4.0% of the portfolio balance, up from 0.9% in August 2011. The portfolio remains granular with the largest obligor accounting for 1.3% of the portfolio notional and the ten largest obligors making up 10.5% of the portfolio notional.

BBVA Hipotecario 3, F.T.A. (the issuer) is a static cash flow SME CLO originated by Banco Bilbao Vizcaya Argentaria. At closing the issuer used the note proceeds to purchase a EUR1.45bn portfolio of secured loans granted to Spanish small and medium enterprises and self-employed individuals.

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com). The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Source of information: The information used to assess these ratings was sourced from periodic investor reports and the trustee.

Applicable criteria 'Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)', dated 1 June 2012; and 'Counterparty Criteria for Structured Finance Transactions', dated 30 May 2012 , are available at [www.fitchratings.com](http://www.fitchratings.com).

**Applicable Criteria and Related Research:**

Criteria for Rating Granular Corporate Balance-Sheet Securitisations - SME CLO

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=680636](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=680636)

Counterparty Criteria for Structured Finance Transactions

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=678938](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=678938)

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