<u>Hecho Relevante de</u> **<u>BBVA RMBS 11 FONDO DE TITULIZACIÓN DE ACTIVOS</u>**

En virtud de lo establecido en el apartado 4.1.4 del Módulo Adicional a la Nota de Valores del Folleto Informativo de **BBVA RMBS 11 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 **Standard & Poor's Ratings Services** ("**S&P**"), con fecha 30 de octubre de 2015, comunica que ha confirmado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

  - **Serie A**: **A- (sf)**

  Asimismo, S&P ha subido la calificación asignada a la siguiente Serie de Bonos:

  - **Serie B**: **BBB (sf)** (anterior **BBB- (sf)**)

  Por último, S&P ha bajado la calificación asignada a la restante Serie de Bonos:

  - **Serie C**: **B+ (sf)** (anterior **BB (sf)**)

  Se adjunta la comunicación emitida por S&P.

Madrid, 2 de noviembre de 2015.

Mario Masiá Vicente
Director General

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Various Rating Actions Taken In Spanish RMBS Transaction BBVA RMBS 11 Following Restructuring

30-Oct-2015 13:15 EDT

View Analyst Contact Information

OVERVIEW

As part of BBVA RMBS 11's restructuring, the issuer lowered the required reserve fund balance to €70 million. At the same time, it removed the secondary reserve fund, which was in place to cover senior expenses and interest on the class A notes.
Following our credit and cash flow analysis of the new structure, we have taken various rating actions in the transaction.
BBVA RMBS 11 is a Spanish RMBS transaction, which securitizes a portfolio of first-ranking mortgage loans granted to Spanish residents.

MADRID (Standard & Poor's) Oct. 30, 2015--Standard & Poor's Ratings Services today took various credit rating actions in BBVA RMBS 11, Fondo de Titulizacion de Activos.

Specifically, we have:
Affirmed our 'A- (sf)' rating on the class A notes,
Raised to 'BBB (sf)' from 'BBB- (sf)' our rating on the class B notes, and
Lowered to 'B+ (sf)' from 'BB (sf)' our rating on the class C notes (see list below).

Today's rating actions follow a restructuring of the transaction whereby the issuer lowered the required reserve fund balance to €70.0 million from €178.5 million. Consequently, the available credit enhancement the reserve fund provides has been reduced to 5.80% from 14.79% of the notes' balance. Before the restructuring took place, the reserve fund was at its required level of €178.5 million. At the same time, the issuer removed the secondary reserve fund, which was in place to cover senior expenses and interest on the class A notes.

As with other Spanish transactions, interest and principal are combined into a single priority of payments.

The results of our credit and cash flow analysis show that available credit enhancement for the class A notes is commensurate with a 'A (sf)' rating. However, our rating on the class notes is still capped at 'A- (sf)' by Banco Bilbao Vizcaya Argentaria S.A. (BBVA) as bank account provider. Therefore, we have affirmed our 'A- (sf)' rating on the class A notes. The class B notes are able to withstand the credit and cash flow stresses up to the 'BBB' rating level following the restructure. Before the restructuring, the class B notes' interest ranked subordinate to the replenishment of the secondary reserve fund, which provided liquidity support for the class A notes. As the secondary reserve fund is now being removed as part of the restructure, the transaction no longer traps excess spread to replenish the secondary reserve fund, thereby increasing the liquidity available to the class B notes. We have raised to 'BBB (sf)' from 'BBB- (sf)' our rating on the class B notes to reflect this increased liquidity. The available credit enhancement for the class C notes is no longer commensurate with its current rating. We have therefore lowered to 'B+ (sf)' from 'BB (sf)' our rating on the class C notes.

Delinquency levels in the portfolio backing this transaction are very low and stable. Arrears of 90+ days arrears represent only 0.52% of the outstanding balance of the pool and total arrears represent 1.50% of the outstanding collateral balance, which is well below the Spanish RMBS index residential mortgage-backed securities (RMBS) index (see "Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly," published on Sept. 11, 2015).

Counterparty Risk
We consider that the transaction's documented replacement mechanisms adequately mitigate its counterparty risk exposure to BBVA, as bank account provider, up to a 'A-' rating level under our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). The transaction is exposed to the risk of cash collections becoming commingled in BBVA's account. If our long-term rating on BBVA falls below 'BB+', within 10 calendar days, BBVA should deposit in the issuer's bank account an amount equal to the commingling reserve amount to be applied to pay any amounts that the servicer fails to pay the issuer for the loans. According to our current counterparty criteria, setting up this commingling reserve fully mitigates commingling risk. The rating on the class A notes is capped at 'A- (sf)' by our counterparty criteria.

Sovereign Risk
Under our criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), we applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so repay timely interest and principal by legal final maturity (see "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on May 29, 2015). The class A notes have sufficient credit enhancement to withstand our "severe" stresses (see "Understanding Standard & Poor's Rating Definitions," published on June 3, 2009 for our definitions of severe levels of economic stress). However, they do not pass all of the conditions under paragraph 44 of the RAS criteria. Consequently, our RAS criteria permit a maximum four-notch ratings uplift above the sovereign rating for the class A notes. In combination with the cap under our current counterparty criteria, we have affirmed our 'A- (sf)' rating on the class A notes.

The results of our cash flow analysis indicate that available credit enhancement for the class B notes is commensurate with a 'BBB (sf)' credit rating. Therefore, we have raised to 'BBB (sf)' from 'BBB- (sf)' our rating on the class B notes. The results of our cash flow analysis indicate that available credit enhancement for the class C notes is no longer commensurate with its current rating. Therefore, we have lowered to 'B+ (sf)' from 'BB (sf)' our rating on the class C notes.

RELATED CRITERIA AND RESEARCH

Related Criteria

Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
Italy And Spain RMBS Methodology And Assumptions, Sept. 18, 2014
Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013

Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
Methodology: Credit Stability Criteria, May 3, 2010
Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

Eurozone Economic Outlook: Steady For Now, Despite Slower World Trade, Sept. 30, 2015
Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly, Sept. 11, 2015
2015 EMEA RMBS Scenario And Sensitivity Analysis, Aug. 6, 2015
Low Lending Rates And Stronger Economic Growth Are Reviving Europe's Housing Markets, July 30, 2015
Despite The Turmoil In Greece, Europe's Fragile Growth Continues, July 14 2015
Eurozone Economic Outlook: Will The Catch-Up Lead To A Let-Down?, July 1, 2015
Various Rating Actions Taken In BBVA RMBS 5, 9, 10, And 11 Following Application Of Updated Criteria, Dec. 22, 2014
Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 2014
European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014

RATINGS LIST

Class	Rating	
	To	From
BBVA RMBS 11, Fondo de Titulización de Activos		
€1.385 Billion Mortgage-Backed Floating-Rate Notes		
Rating Affirmed		
A	A- (sf)	
Rating Raised		
B	BBB (sf)	BBB- (sf)
Rating Lowered		
C	B+ (sf)	BB (sf)

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