Hecho Relevante de BBVA RMBS 1 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de BBVA RMBS 1 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 la calificación asignada a la Serie de Bonos emitidos por el Fondo:

- **Serie B**: BBB+sf, perspectiva estable (anterior BBBsf)

Asimismo, ha confirmado las calificaciones de las restantes Series del Fondo:

- **Serie A2**: A+sf, perspectiva estable
- **Serie A3**: A+sf, perspectiva estable
- **Serie C**: Bs, perspectiva estable

Se adjunta la comunicación emitida por Fitch.

Madrid, 4 de noviembre de 2019.
Correction: Fitch Upgrades 8 tranche 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
BBVA RMBS 3, FTA

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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)
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