Hecho Relevante de BBVA RMBS 3 Fondo de Titulización de Activos

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 3 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 Moody's Investors Service (“Moody's”) con fecha 21 de diciembre de 2011, comunica que ha puesto bajo revisión para posible descenso las calificaciones asignadas a las siguientes Series de Bonos emitidas por el Fondo:
  - Serie A1: Ba1 (sf), bajo revisión (anterior Ba1 (sf))
  - Serie A2: Ba1 (sf), bajo revisión (anterior Ba1 (sf))
  - Serie A3: Ba1 (sf), bajo revisión (anterior Ba1 (sf))

Las calificaciones asignadas a las restantes Series de Bonos permanecen sin cambios:
  - Serie B: Caa3 (sf)
  - Serie C: C (sf)

Se adjunta la comunicación emitida por Moody’s.

Madrid, 22 de diciembre de 2011.

Mario Masiá Vicente
Director General
Announcement: Moody's Investors Service has placed on review for possible downgrade the senior notes issued by BBVA RMBS 3 FTA

Global Credit Research - 21 Dec 2011

Approximately 2,050 Million of Debt Securities Affected.

Madrid, December 21, 2011 -- Moody's Investors Service has placed on review for possible downgrade the senior notes of BBVA RMBS 3 FTA because of worse-than expected collateral performance.

Issuer : BBVA RMBS 3 FTA

....EUR1,200M A1 Notes, Ba1 (sf) Placed Under Review for Possible Downgrade; previously on Apr 15, 2011 Downgraded to Ba1 (sf)

....EUR595.5M A2 Notes, Ba1 (sf) Placed Under Review for Possible Downgrade; previously on Apr 15, 2011 Downgraded to Ba1 (sf)

....EUR960M A3 Notes, Ba1 (sf) Placed Under Review for Possible Downgrade; previously on Apr 15, 2011 Downgraded to Ba1 (sf)

RATINGS RATIONALE

Today's rating action reflects (i) the performance to date of the transaction; (ii) the level of credit enhancement supporting the notes; and (iii) Moody's negative outlook for Spanish RMBS collateral. Today's rating action also takes into consideration updated reporting information on recovery rates.

TRANSACTION PERFORMANCE

BBVA RMBS 3 closed in July 2007. The transactions is backed by a portfolio of first-ranking mortgage loans originated by BBVA (Aa3/P-1) and secured on residential properties located in Spain. The loans were originated between 2003 and 2007, with current weighted average loan-to-value standing at 80.65%. A significant share of the securitised mortgage loans was originated via brokers (30.8%) and loans to non-Spanish nationals (1.50%) are also included in the pool. BBVA acts as servicer, paying agent and swap counterparty to the transactions.

Reserve fund and Principal Deficiency (PDL): the increasing levels of defaulted loans has ultimately caused the full depletion of the reserve fund and is currently triggering an unpaid PDL. The unpaid PDL has increase to EUR 128 million, corresponding to 100% of the most junior note and 25% of the class B notes, from EUR 104 million in April 2011

Loans more than 90 days in arrears represented 3.56% of the current portfolio balance as of November 2011, while cumulative defaults amounted to 6.38% of the original portfolio balance. The last figure does not include loans reposessed before being 12 months in arrears. Outstanding reposessions represented 3.49% of original pool balance as of November 2011. The pool factor was 74% as of November 2011. The recovery rates previously reported was overstated as recovery rates was considering repossession (either payment in kind or properties allocated to the fondo after the auction) as 100% recovery. The cumulative recovery rate in this transaction as of November 2011 is 5.22%

KEY COLLATERAL ASSUMPTIONS REVISED

Moody's will revise its expected loss assumptions and will assess the loan-by-loan information to
determine the MILAN Aaa CE, considering the current amount of realized losses, the new available information on recovery rates and severity analysis for the non-defaulted portion of the portfolio. In the revision of its assumptions Moody's will consider the negative outlook for the Spanish collateral performance and in particular the expectations that house prices will continue to fall in 2012 as described below.

These assumptions remain subject to uncertainties such as the future general economic activity, interest rates and house prices. If realised recovery rates were to be lower or default rates were to be higher than assumed, the rating would be negatively affected.

OUTLOOK FOR SPANISH RMBS

Moody's outlook for Spanish RMBS transactions in 2012 is negative. Rising unemployment and falling disposable incomes resulting from slowing economic growth will weigh on households' ability to service their debts. Moody's expects that house prices in Spain will fall in 2012 mainly because of an oversupply of houses and weak demand. Falling house prices will lead to lower recovery values on RMBS that use residential property as collateral. Poor housing market liquidity will lead to less certainty about whether a property can be sold and will increase the time it takes to sell the property.

As noted in Moody's comment 'Rising Severity of Euro Area Sovereign Crisis Threatens Credit Standing of All EU Sovereigns' (28 November 2011), the risk of sovereign defaults or the exit of countries from the Euro area is rising. As a result, Moody's could lower the maximum achievable rating for structured finance transactions in some countries, which could result in rating downgrades.

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS in Europe, Middle East, and Africa," published in October 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

In rating these transactions, Moody's used ABSROM to model the cash flows and determine the loss for each tranche. The cash flow model evaluates all default scenarios that are then weighted considering the probabilities of the lognormal distribution assumed for the portfolio default rate. In each default scenario, the corresponding loss for each class of notes is calculated given the incoming cash flows from the assets and the outgoing payments to third parties and note holders. Therefore, the expected loss for each tranche is the sum product of (i) the probability of occurrence of each default scenario; and (ii) the loss derived from the cash flow model in each default scenario for each tranche.

As such, Moody's analysis encompasses the assessment of stressed scenarios.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

The rating has been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.
Information sources used to prepare the rating are the following: parties involved in the ratings, and public information.

Moody's did not receive or take into account a third-party assessment on the due diligence performed regarding the underlying assets or financial instruments related to the monitoring of this transaction in the past six months.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing this review.

Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

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Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody’s legal entity that has issued the rating.

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