

Hecho Relevante de VALENCIA HIPOTECARIO 1 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **VALENCIA HIPOTECARIO 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 **Moody’s Investors Service (Moody’s)**, con fecha 20 de marzo de 2013, comunica que ha bajado las calificaciones asignadas a las Series de Bonos emitidos por el Fondo:
 - **Serie A: Baa1 (sf)** (anterior **A3 (sf)**, bajo revisión)
 - **Serie B: Ba2 (sf)** (anterior **Baa1 (sf)**, bajo revisión)
 - **Serie C: B1 (sf)** (anterior **Baa3 (sf)**, bajo revisión)

Se adjunta la comunicación emitida por Moody’s.

Madrid, 21 de marzo de 2013.

Mario Masiá Vicente
Director General

Rating Action: Moody's downgrades 11 notes in four Valencia Hipotecario Spanish RMBS transactions

Global Credit Research - 20 Mar 2013

London, 20 March 2013 -- Moody's Investors Service has today downgraded the ratings of seven junior and four senior notes in four Spanish residential mortgage-backed securities (RMBS) transactions: Valencia Hipotecario 1, FTA, Valencia Hipotecario 2, FTH, Valencia Hipotecario 3, FTA and Valencia Hipotecario 5, FTA. Moody's confirmed the ratings of the junior notes in Valencia Hipotecario 5, FTA. Insufficiency of credit enhancement to address sovereign risk has prompted today's action.

Today's rating action concludes the review of five notes placed on review on 2 July 2012, following Moody's downgrade of Spanish government bond ratings to Baa3 from A3 on 13 June 2012. This rating action also concludes the review of seven notes placed on review on 23 November 2012, following Moody's revision of key collateral assumptions for the entire Spanish RMBS market (http://www.moody's.com/research/Moodys-review-of-Spanish-RMBS-sector-triggers-rating-actions-on--PR_260528).

See towards the end of the ratings rationale section of this press release for a detailed list of affected ratings.

RATINGS RATIONALE

Today's rating action reflects primarily the insufficiency of credit enhancement to address sovereign risk. Moody's confirmed the ratings of securities whose credit enhancement and structural features provided enough protection against sovereign and counterparty risk.

The determination of the applicable credit enhancement that drives today's rating actions reflects the introduction of additional factors in Moody's analysis to better measure the impact of sovereign risk on structured finance transactions (see "Structured Finance Transactions: Assessing the Impact of Sovereign Risk", 11 March 2013). This report is available on www.moody's.com and can be accessed via the following link (http://www.moody's.com/viewresearchdoc.aspx?docid=PBS_SF319988)

-- Additional Factors Better Reflect Increased Sovereign Risk

Moody's has supplemented its analysis to determine the loss distribution of securitised portfolios with two additional factors, the maximum achievable rating in a given country (the Local Currency Country Risk Ceiling) and the applicable portfolio credit enhancement for this rating. With the introduction of these additional factors, Moody's intends to better reflect increased sovereign risk in its quantitative analysis, in particular for mezzanine and junior tranches.

The Spanish country ceiling, and therefore the maximum rating that Moody's will assign to a domestic Spanish issuer including structured finance transactions backed by Spanish receivables, is A3. Moody's Individual Loan Analysis Credit Enhancement (MILAN CE) represents the required credit enhancement under the senior tranche for it to achieve the country ceiling. By lowering the maximum achievable rating for a given MILAN, the revised methodology alters the loss distribution curve and implies an increased probability of high loss scenarios.

-- Revision of Key Collateral Assumptions

Moody's has not revised the transactions' key collateral assumptions and has maintained the lifetime expected loss (EL) and MILAN CE assumptions revised in November 2012.

Valencia Hipotecario 1, FTA; EL 0.46% and MILAN CE 10.0%

Valencia Hipotecario 2, FTH; EL 2.09% and MILAN CE 10.0%

Valencia Hipotecario 3, FTA; EL 2.53% and MILAN CE 12.5%

Valencia Hipotecario 5, FTA; EL 6.68% and MILAN CE 19.3%

-- Exposure to Counterparty

As part of its analysis Moody's assessed the exposure of Valencia Hipotecario 1, FTA and Valencia Hipotecario 2, FTH to Banco de Valencia (Ba3/NP, on review for possible upgrade) and of Valencia Hipotecario 3, FTA to Banco Bilbao Vizcaya Argentaria, S.A. (Baa3/P-3) acting as swap counterparties. Moody's notes that, following the breach of the second rating trigger, the swap in these three transactions does not reflect Moody's de-linkage criteria. The rating agency has assessed the probability and effect of a default of the swap counterparty on the ability of the issuer to meet its obligations under the transaction. Additionally, Moody's has examined the effect of the loss of any benefit from the swap and any obligation the issuer may have to make a termination payment. In conclusion, these factors will not negatively affect the ratings on the notes in these three transactions.

-- Other Developments May Negatively Affect the Notes

In consideration of Moody's new adjustments, any further sovereign downgrade would negatively affect structured finance ratings through the application of the country ceiling or maximum achievable rating, as well as potentially increased portfolio credit enhancement requirements for a given rating.

As the euro area crisis continues, the ratings of structured finance notes remain exposed to the uncertainties of credit conditions in the general economy. The deteriorating creditworthiness of euro area sovereigns as well as the weakening credit profile of the global banking sector could further negatively affect the ratings of the notes.

Additional factors that may affect the ratings are described in "Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cashflow Transactions: Request for Comment" (http://www.moody.com/researchdocumentcontentpage.aspx?docid=PBS_SF289772), published on 2 July 2012.

PRINCIPAL METHODOLOGIES

The principal methodology used in these ratings was Moody's Approach to Rating RMBS Using the MILAN Framework published in March 2013. Please see the Credit Policy page on www.moody.com for a copy of this methodology

Other factors used in these ratings are described in "The Temporary Use of Cash in Structured Finance Transactions: Eligible Investment and Bank Guidelines", published in March 2013.

In reviewing 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 noteholders. Therefore, the expected loss or EL 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.

In the context of the rating review, the transactions have been remodeled and some inputs have been adjusted to reflect the new approach described above. In addition, for Valencia Hipotecario 2, FTH and Valencia Hipotecario 3 FTA, the input for the principal to pay interest on junior notes has been corrected during the review.

LIST OF AFFECTED SECURITIES

Issuer: VALENCIA HIPOTECARIO 1 FONDO DE TITULIZACION DE ACTIVOS

....EUR454.3MA Notes, Downgraded to Baa1 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Placed Under Review for Possible Downgrade

....EUR11.8MB Notes, Downgraded to Ba2 (sf); previously on Nov 23, 2012 Downgraded to Baa1 (sf) and Remained On Review for Possible Downgrade

....EUR5.9MC Notes, Downgraded to B1 (sf); previously on Jul 2, 2012 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: Valencia Hipotecario 2 Fondo de Titulización Hipotecario

...EUR909.5MA Notes, Downgraded to Baa1 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Placed Under Review for Possible Downgrade

...EUR21.2M B Notes, Downgraded to Ba3 (sf); previously on Nov 23, 2012 Downgraded to Baa2 (sf) and Remained On Review for Possible Downgrade

...EUR9.4M C Notes, Downgraded to Caa2 (sf); previously on Nov 23, 2012 Downgraded to B3 (sf) and Remained On Review for Possible Downgrade

Issuer: VALENCIA HIPOTECARIO 3 Fondo de Titulización de Activos

...EUR780.7MA2 Notes, Downgraded to Baa2 (sf); previously on Nov 23, 2012 Downgraded to Baa1 (sf) and Remained On Review for Possible Downgrade

...EUR20.8M B Notes, Downgraded to B3 (sf); previously on Nov 23, 2012 Downgraded to Baa3 (sf) and Remained On Review for Possible Downgrade

...EUR9.1M C Notes, Downgraded to Caa2 (sf); previously on Nov 23, 2012 Downgraded to B3 (sf) and Remained On Review for Possible Downgrade

Issuer: VALENCIA HIPOTECARIO 5 FONDO DE TITULIZACIÓN DE ACTIVOS

...EUR468MA Notes, Downgraded to Baa2 (sf); previously on Nov 23, 2012 Downgraded to Baa1 (sf) and Remained On Review for Possible Downgrade

...EUR5M B Notes, Downgraded to B1 (sf); previously on Jul 2, 2012 Ba1 (sf) Placed Under Review for Possible Downgrade

...EUR27M C Notes, Confirmed at Caa2 (sf); previously on Jul 2, 2012 Caa2 (sf) Placed Under Review for Possible Downgrade

REGULATORY DISCLOSURES

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 these transactions in the past six months.

For ratings issued on a program, series or category/class of debt, this announcement provides certain 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 certain 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 certain 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.

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