

Hecho Relevante de VALENCIA HIPOTECARIO 3 FONDO DE TITULIZACION DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **VALENCIA HIPOTECARIO 3 FONDO DE TITULIZACION 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 21 de julio de 2016, comunica que ha confirmado las calificaciones asignadas a las Series de Bonos emitidos por el Fondo:
 - **Serie A2:** **AA-sf**, perspectiva estable
 - **Serie B:** **BBBsf**, perspectiva estable
 - **Serie C:** **BB+sf**, perspectiva estable (anterior **BB+sf**, perspectiva negativa)
 - **Serie D:** **CCCsf**

Se adjunta la comunicación emitida por Fitch.

Madrid, 22 de julio de 2016.

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Apoderado

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Apoderada



Fitch Affirms Valencia Hipotecario RMBS Series

Fitch Ratings-London-21 July 2016: Fitch Ratings has affirmed the Valencia Hipotecario series, three Spanish RMBS transactions originated by Banco de Valencia (now CaixaBank, S.A.; BBB/Positive/F2). A full list of rating actions is at the end of this rating action commentary.

KEY RATING DRIVERS

Stable Performance

The affirmations reflect the robust performance of the securitised portfolios. Cumulative gross defaults as a percentage of the original portfolio balances remain limited and below Fitch's Prime Index for Spanish RMBS (5.5%). Late stage arrears (mortgages with at least three monthly payments overdue) remain broadly stable, between 0.5% (Valencia Hipotecario 1, Fondo de Titulizacion de Activos; VH1) and 1.3% (Valencia Hipotecario 2, Fondo de Titulizacion de Hipotecaria; VH2) of the current pool, while slightly above Fitch's prime Spanish RMBS index of 0.9%. The agency expects these levels to remain stable given the current economic environment and stable performance of the deals in recent months.

Reserve Fund Replenishments

The transactions' structures allow for the full provisioning of defaulted loans, which are defined as loans in arrears by more than 18 months. After continuous replenishments during 2015 the reserve funds of VH1, VH2 and Valencia Hipotecario 3, Fondo de Titulizacion de Activos (VH3) reached their targets in November, October and December 2015, respectively. Since then no further draws have taken place.

Sufficient Credit Enhancement (CE)

VH1 is currently paying pro-rata as the relevant triggers have been met. Fitch expects VH3 to also switch to pro rata in the next 12 months, while VH2 is likely to continue to amortise sequentially due to a breach of the arrears trigger. In Fitch's view, regardless of the amortisation profile, the available credit enhancement across the series is sufficient to withstand the associated rating stresses, which is reflected in the affirmations.

The combination of the current CE and fully funded reserve fund provides sufficient stability for VH3's class C notes' rating as reflected by the revision of the Outlook to Stable from Negative.

Maturity Extensions

Fitch has analysed the extent of maturity extensions that have taken place. In the analysis, the agency classified these loans as in arrears by more than three months, reflecting its view of their increased likelihood of default. The additional stress applied to these loans had no material effect on Fitch's view of the current credit support available to the rated tranches, as reflected in their affirmation.

Payment Interruption Risk

The current reserve fund levels provide sufficient liquidity to cover at least six months of senior fees and interest on the senior notes in case of default of the servicer or the collection account bank.

RATING SENSITIVITIES

Deterioration in asset performance may result from economic factors, in particular the increasing effect of unemployment. A corresponding increase in new defaults and associated pressure on excess spread levels and reserve funds could lead to negative rating action.

DUE DILIGENCE USAGE

No third party due diligence was provided or reviewed in relation to this rating action.

DATA ADEQUACY

Fitch has checked the consistency and plausibility of the information it has received about the performance of the asset pools and the transactions. There were no findings that were material to this analysis. 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:

The information below was used in the analysis.

-Loan-by-loan downloaded from the European Data Warehouse with the following cut-off dates:

24 February 2016 for VH1

19 January 2016 for VH2

16 March 2016 for VH3

-Transaction reporting provided by Europea de Titulizacion SGFT, S.A. since close and until:

24 May 2016 for VH1

25 April 2016 for VH2

22 June 2016 for VH3

- Maturity extension provided by Europea de Titulizacion SGFT, S.A. with a cut-of date of 31 December 2015

Models

The models below were used in the analysis. Click on the link for a description of the model.

ResiEMEA. (<https://www.fitchratings.com/jsp/creditdesk/ToolsAndModels.faces?context=2&detail=135>)

EMEA RMBS Surveillance Model. (https://www.fitchratings.com/web_content/pages/rmbs/emea-rmbs-surveillance-model.htm)

EMEA

Cash Flow Model. (https://www.fitchratings.com/web_content/pages/sf/emea-cash-flow-model.htm)

The rating actions are as follows:

Valencia Hipotecario 1, Fondo de Titulizacion de Activos:

Class A (ISIN ES0382744003): affirmed at 'AA+sf'; Outlook Stable

Class B (ISIN ES0382744011): affirmed at 'AA-sf'; Outlook Stable

Class C (ISIN ES0382744029): affirmed at 'Asf'; Outlook Stable

Valencia Hipotecario 2, Fondo de Titulizacion de Hipotecaria:

Class A (ISIN ES0382745000): affirmed at 'AA+sf'; Outlook Stable

Class B (ISIN ES0382745018): affirmed at 'A-sf'; Outlook Stable

Class C (ISIN ES0382745026): affirmed at 'BB+sf'; Outlook Stable

Class D (ISIN ES0382745034): affirmed at 'CCCs'; Recovery Estimate 50%

Valencia Hipotecario 3, Fondo de Titulizacion de Activos:

Class A2 (ISIN ES0382746016): affirmed at 'AA-sf'; Outlook Stable
Class B (ISIN ES0382746024): affirmed at 'BBBsf'; Outlook Stable
Class C (ISIN ES0382746032): affirmed at 'BB+sf'; Outlook revised to Stable from Negative
Class D (ISIN ES0382746040): affirmed at 'CCCs'; Recovery Estimate 70%

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Applicable Criteria

Counterparty Criteria for Structured Finance and Covered Bonds (pub. 18 Jul 2016)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=884963&cft=0)

Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum (pub. 18 Jul

2016) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=884964&cft=0)

Criteria Addendum: Spain - Residential Mortgage Assumptions (pub. 24 Aug 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=869918&cft=0)Criteria for Interest Rate Stresses in Structured Finance Transactions and Covered Bonds (pub. 17
May 2016) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=879815&cft=0)

Criteria for Servicing Continuity Risk in Structured Finance (pub. 17 Dec 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=875586&cft=0)

EMEA RMBS Rating Criteria (pub. 18 May 2016)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=881836&cft=0)

Global Structured Finance Rating Criteria (pub. 27 Jun 2016)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=883130&cft=0)**Additional Disclosures**

Dodd-Frank Rating Information Disclosure Form

[https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?](https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=1009226&cft=0)[pr_id=1009226&cft=0](https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=1009226&cft=0))Solicitation Status (https://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=1009226)Endorsement Policy ([https://www.fitchratings.com/jsp/creditdesk/PolicyRegulation.faces?](https://www.fitchratings.com/jsp/creditdesk/PolicyRegulation.faces?context=2&detail=31)
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