

Material Event
concerning

PYME VALENCIA 1 FONDO DE TITULIZACION DE ACTIVOS

Pursuant to the Prospectus for **PYME VALENCIA 1 FONDO DE TITULIZACION DE ACTIVOS** (the “**Fund**”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- The Rating Agency **Moody’s Investors Service** (“**Moody’s**”) advised on October 27, 2014 that it has upgraded the rating assigned to the following Bond Series issued by the Fund:

- **Series A2: A1 (sf)** (previously **A3 (sf)**, under review)

In addition, Moody’s has downgraded the rating assigned to the following Bond Series:

- **Series B: Ba1 (sf)** (previously **Baa3 (sf)**, under review)

The ratings assigned to the other Bond Series remain unchanged:

- **Series C: Caa3 (sf)**
- **Series D: C (sf)**
- **Series E: C(sf)**

Enclosed herewith is the communication issued by Moody’s.

Madrid, October 28, 2014.

Mario Masiá Vicente
General Manager

Rating Action: Moody's takes rating actions on four Spanish SME ABS transactions

Global Credit Research - 27 Oct 2014

Madrid, October 27, 2014 -- Moody's Investors Service has today upgraded the ratings on seven notes, confirmed the rating on one note and downgraded the ratings on four notes in four Spanish asset-backed securities (ABS) transactions: CAIXA PENEDES PYMES 1 TDA, FTA (CAIXA PENEDES PYMES 1), GAT FTGENCAT 2006, FTA (GAT FTGENCAT 2006), GC FTGENCAT CAIXA TARRAGONA 1, FTA (GC CAIXA TARRAGONA 1), and PYME VALENCIA 1, FTA (PYME VALENCIA 1).

Today's rating action concludes the review of 11 notes initiated on 17 March 2014, following the upgrade of the Spanish sovereign rating to Baa2 from Baa3 and the resulting increase of the local-currency country ceiling to A1 from A3 (http://www.moody.com/viewresearchdoc.aspx?docid=PR_292078). The sovereign rating upgrade reflected improvements in institutional strength and reduced susceptibility to event risk associated with lower government liquidity and banking sector risks.

Please refer to the end of the Ratings Rationale section for a list of affected ratings.

RATINGS RATIONALE

Today's upgrades reflect (1) the increase in the Spanish local-currency country ceiling to A1 and (2) sufficiency of credit enhancement in the affected transactions. The downgrade of four tranches in three transactions (CAIXA PENEDES PYMES 1, GC CAIXA TARRAGONA 1 and PYME VALENCIA 1) was due to the continued weak performance of those transactions, which reduced the credit enhancement available to those tranches, and increased borrower concentration issues.

-- Reduced sovereign risk

Moody's upgraded the Spanish sovereign rating to Baa2 in February 2014, which resulted in an increase in the local-currency country ceiling to A1. 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 A1 (sf).

The increase of credit enhancement, combined with the reduction in sovereign risk, has prompted the upgrade of seven notes. Weak performance in CAIXA PENEDES PYMES 1, GC CAIXA TARRAGONA 1 and PYME VALENCIA 1, resulting in reduced credit enhancement, and increased borrower concentration risk, prompted a downgrade of some tranches.

-- Key collateral assumptions

Moody's has updated some of the key collateral assumptions as part of this review. In CAIXA PENEDES PYMES 1 and GC CAIXA TARRAGONA 1, the performance of the underlying asset portfolio was worse than expected by Moody's, prompting the increase in the default probability assumption over the remaining life of the transaction. For the two other transactions, the performance of the underlying asset portfolios remains in line with Moody's assumptions. Moody's also has a stable outlook for Spanish ABS and RMBS transactions (http://www.moody.com/viewresearchdoc.aspx?docid=PBS_SF373727).

In CAIXA PENEDES PYMES 1, the updated default probability (DP) on the current balance of 22.6% (corresponding to a DP on the original balance of 20.7%), together with an unchanged recovery rate of 52.5% and an updated volatility of 59.8%, corresponds to an updated portfolio credit enhancement of 28.4%. The increased credit enhancement available to class A and B prompted their upgrade while the credit enhancement reduction of class C prompted its downgrade.

In GAT FTGENCAT 2006, the unchanged DP on the current balance of 20.0% (corresponding to a DP on the original balance of 15.2%), together with an unchanged recovery rate of 50.0% and an updated volatility of 51.0%, corresponds to an updated portfolio credit enhancement of 25.8%. Borrower concentration risk constrained class C's rating, with its credit enhancement covering for the six largest borrowers.

In GC CAIXA TARRAGONA 1, the updated DP on the current balance of 30.3% (corresponding to a DP on the original balance of 30.7%), together with an updated recovery rate of 50.0% and an updated volatility of 48.9%, corresponds to an updated portfolio credit enhancement of 34.3%.

In PYME VALENCIA 1, the unchanged DP on the current balance of 25.0% (corresponding to a DP on the original balance of 21.6%), together with an unchanged recovery rate of 45.0% and an updated volatility of 46.3%, corresponds to an unchanged portfolio credit enhancement of 34.4%. Borrower concentration risk constrained class B's rating, with its credit enhancement covering for the five largest borrowers.

-- Exposure to counterparties

Moody's rating analysis also took into consideration the exposure to key transaction counterparties. In CAIXA PENEDES PYMES 1, the servicer is Banco Sabadell S.A. (Ba2 / NP); in GAT FTGENCAT 2006 and GC CAIXA TARRAGONA 1, it is Catalunya Banc SA (B3 / NP); and in PYME VALENCIA 1, it is Caixabank (Baa3 / P-3). BNP Paribas Securities Services (A1 / P-1) holds the reserve fund in CAIXA PENEDES PYMES 1, while Barclays Bank (A2 / P-1) holds it in all three other transactions.

All four transactions have interest rate swaps: the counterparties are JP Morgan Chase Bank, N.A., London Branch (Aa3 / P-1) in CAIXA PENEDES PYMES 1, Catalunya Banc SA in GAT FTGENCAT 2006, CECABANK S.A. (Ba3 / NP) in GC CAIXA TARRAGONA 1 and Banco Bilbao Vizcaya Argentaria S.A. (BBVA, Baa2 / P-2) in PYME VALENCIA 1. Moody's notes that the ratings on class B notes in GC CAIXA TARRAGONA 1 and on class B notes in PYME VALENCIA 1 are strongly linked to the respective swap counterparty's given the structure of the swap agreement. Indeed, in those two transactions, the special purpose vehicle pays the interest amounts received under the portfolio of assets to the counterparty and receives the weighted average coupon on a notional equal to the notes outstanding balance, including the unpaid principal deficiency ledger (PDL) if any, plus some guaranteed excess spread. Therefore, in the presence of PDL, the special purpose vehicle will receive interests on a notional, which is greater than the actual notional of performing assets, increasing the actual excess spread available to the structure.

In its analysis, Moody's has taken into account the linkage to the swap counterparty given the benefit the swap provides to the transaction.

PRINCIPAL METHODOLOGY

The principal methodology used was "Moody's Global Approach to Rating SME Balance Sheet Securitizations", published in January 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Factors that would lead to an upgrade or downgrade of the ratings:

Factors or circumstances that could lead to an upgrade of the ratings include (1) further reduction in sovereign risk, (2) better-than-expected performance of the underlying collateral, (3) deleveraging of the capital structure and (4) improvements in the credit quality of the transaction counterparties.

Factors or circumstances that could lead to a downgrade of the ratings include (1) an increase in sovereign risk, (2) worse-than-expected performance of the underlying collateral, (3) deterioration in the notes' available credit enhancement and (4) deterioration in the credit quality of the transaction counterparties.

LIST OF AFFECTED RATINGS

Issuer: CAIXA PENEDES PYMES 1 TDA, FTA

...EUR726M A Notes, Upgraded to A1 (sf); previously on Mar 17, 2014 A3 (sf) Placed Under Review for Possible Upgrade

...EUR44.6M B Notes, Upgraded to Ba2 (sf); previously on Mar 17, 2014 Ba3 (sf) Placed Under Review for Possible Upgrade

...EUR19.4M C Notes, Downgraded to Caa3 (sf); previously on Apr 18, 2013 Upgraded to Caa1 (sf)

Issuer: GAT FTGENCAT 2006, FTA

...EUR239.1M A2(G) Notes, Upgraded to A1 (sf); previously on Mar 17, 2014 A3 (sf) Placed Under Review for

Possible Upgrade

...EUR5.1M B Notes, Upgraded to A1 (sf); previously on Mar 17, 2014 A3 (sf) Placed Under Review for Possible Upgrade

...EUR12.3M C Notes, Confirmed at Ba2 (sf); previously on Mar 17, 2014 Ba2 (sf) Placed Under Review for Possible Upgrade

Issuer: GC FTGENCAT CAIXA TARRAGONA 1, FTA

...EUR93.2M AG Notes, Upgraded to A1 (sf); previously on Mar 17, 2014 A3 (sf) Placed Under Review for Possible Upgrade

...EUR104.3M AS Notes, Upgraded to A1 (sf); previously on Mar 17, 2014 A3 (sf) Placed Under Review for Possible Upgrade

...EUR25.7M B Notes, Downgraded to Ba2 (sf); previously on Mar 17, 2014 Baa1 (sf) Placed Under Review for Possible Upgrade

...EUR16.8M C Notes, Downgraded to Caa3 (sf); previously on Mar 17, 2014 B3 (sf) Placed Under Review for Possible Upgrade

Issuer: PYME VALENCIA 1, FTA

...EUR574.8M A2 Notes, Upgraded to A1 (sf); previously on Mar 17, 2014 A3 (sf) Placed Under Review for Possible Upgrade

...EUR47.6M B Notes, Downgraded to Ba1 (sf); previously on Mar 17, 2014 Baa3 (sf) Placed Under Review for Possible Upgrade

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

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.

The analysis includes an assessment of collateral characteristics and performance to determine the expected collateral loss or a range of expected collateral losses or cash flows to the rated instruments. As a second step, Moody's estimates expected collateral losses or cash flows using a quantitative tool that takes into account credit enhancement, loss allocation and other structural features, to derive the expected loss for each rated instrument.

As the section on loss and cash flow analysis describes, Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

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Antonio Tena
Asst Vice President - Analyst
Structured Finance Group
Moody's Investors Service Espana, S.A.
Calle Principe de Vergara, 131, 6 Planta
Madrid 28002
Spain
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Carole Gintz
Senior Vice President/Manager
Structured Finance Group
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Releasing Office:
Moody's Investors Service Espana, S.A.
Calle Principe de Vergara, 131, 6 Planta
Madrid 28002
Spain
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

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