

**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 June 13, 2016 that it has upgraded the rating assigned to the following Bond Series issued by the Fund:

- **Series B: Baa1 (sf)** (previously **Ba1 (sf)**)

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, June 14, 2016.

Mario Masiá Vicente  
General Manager

**Rating Action: Moody's upgrades ratings in 10 Spanish ABS SME deals**

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Global Credit Research - 13 Jun 2016

Madrid, June 13, 2016 -- Moody's Investors Service has today upgraded the ratings of 18 subordinated tranches in 10 Spanish asset-backed securities (ABS) transactions. All of the transactions are backed by loans to small and medium-sized enterprises (ABS SMEs) loans located in Spain.

Please click on this link [http://www.moody's.com/viewresearchdoc.aspx?docid=PBS\\_SF433954](http://www.moody's.com/viewresearchdoc.aspx?docid=PBS_SF433954) for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

**RATINGS RATIONALE**

Please click on this link [http://www.moody's.com/viewresearchdoc.aspx?docid=PBS\\_SF433954](http://www.moody's.com/viewresearchdoc.aspx?docid=PBS_SF433954) for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

•Key Rationale for Action and Constraining Factor(s)

Today's upgrades reflect (1) the affected tranches' increased credit enhancement following the deals' deleveraging; and (2) the stable performance observed.

Moody's has incorporated the results of its sensitivity analysis regarding borrower concentration in the affected deals. In the cases of SANTANDER EMPRESAS 2, FTA, PYME VALENCIA 1, FTA and GC FTPYME SABADELL 6, FTA an increase on credit enhancement since last rating review provides a higher coverage of largest debtors, however, these are still having some tranches constrained by borrower concentration.

Key Collateral Assumptions

Default probabilities (DP) as well as recovery rate (RR) assumptions have remained unchanged given the stable performance of the transactions with the exception of RR being decreased in IM Grupo Banco Popular Empresas VI, FTA to 30% from 35%.

**PRINCIPAL METHODOLOGY**

The principal methodology used in these ratings was "Moody's Global Approach to Rating SME Balance Sheet Securitizations", published in October 2015. Please see the Ratings Methodologies page on [www.moody's.com](http://www.moody's.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) performance of the underlying collateral that is better than Moody's expected, (2) deleveraging of the capital structure, (3) improvements in the credit quality of the transaction counterparties, and (4) reduction in sovereign risk.

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

**REGULATORY DISCLOSURES**

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- Lead Analyst
- Releasing Office

- Person Approving the Credit Rating

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.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

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.

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 credit rating action on the support provider and in relation to each particular credit 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](http://www.moodys.com).

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The relevant office for each credit rating is identified in "Debt/deal box" on the Ratings tab in the Debt/Deal List section of each issuer/entity page of the Website.

The below contact information is provided for information purposes only. Please see the ratings tab of the issuer page at [www.moodys.com](http://www.moodys.com), for each of the ratings covered, Moody's disclosures on the lead analyst and the Moody's legal entity that has issued the ratings.

Please see [www.moodys.com](http://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.

Please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for additional regulatory disclosures for each credit rating.

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