Otra Información 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 la presente información relevante:

La Agencia de Calificación **Moody's Investors Service** ("**Moody's**"), con fecha 3 de abril de 2023, comunica que ha elevado la calificación asignada a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2**: **Aa1 (sf)** (anterior **Aa2 (sf)**)
- **Serie B:** **Baa1 (sf)** (anterior **Baa3 (sf)**)
- **Serie C:** **Ba2 (sf)** (anterior **B2 (sf)**)

Se adjunta la comunicación emitida por Moody's.

Madrid, 4 de abril de 2023.

MOODY'S

Rating_Action: Moody's upgrades ratings of three notes in VALENCIA HIPOTECARIO 3, FTA

03Apr2023

Milan, April 03, 2023 -- Moody's Investors Service ("Moody's") has today upgraded the ratings of three notes in VALENCIA HIPOTECARIO 3, FTA. The rating action reflects the increased levels of credit enhancement of the affected Notes and better than expected performance of the collateral.

....EUR780.7M Class A2 Notes, Upgraded to Aa1 (sf); previously on Aug 4, 2020 Affirmed Aa2 (sf)

....EUR20.8M Class B Notes, Upgraded to Baa1 (sf); previously on Aug 4, 2020 Affirmed Baa3 (sf)

....EUR9.1M Class C Notes, Upgraded to Ba2 (sf); previously on Aug 4, 2020 Downgraded to B2 (sf)

Maximum achievable rating is Aa1 (sf) for structured finance transactions in Spain, driven by the corresponding local currency country ceiling of the country.

RATINGS RATIONALE

The rating action is prompted by decreased key collateral assumptions, namely the portfolio Expected Loss (EL) and MILAN CE assumptions due to better than expected collateral performance, and an increase in credit enhancement for the affected tranches.

Revision of Key Collateral Assumptions:

As part of the rating action, Moody's reassessed its lifetime loss expectation for the portfolio reflecting the collateral performance to date.

The performance of the transaction has continued to be strong since the last rating action. Total delinquencies have remained stable in the past year, with 90 days plus arrears currently standing at 0.59% of current pool balance. Cumulative defaults currently stand at 3.97% of original pool balance and remain broadly unchanged from a year earlier.

Moody's decreased the expected loss assumption to 2.06% as a percentage of current pool balance, due to the good performance. The revised expected loss assumption corresponds to 2.00% expressed as a percentage of original pool balance down from the previous assumption of 2.15%.

Moody's also assessed loan-by-loan information as part of its detailed transaction review to determine the credit support consistent with target rating levels and the volatility of future losses. As a result, Moody's has decreased the MILAN CE assumption to 7.3% from 9.0%.

Increase in Available Credit Enhancement

The non-amortizing reserve fund led to the increase in the credit enhancement available in the transaction. For instance, the credit enhancement for the most senior tranche affected by today's rating action increased to 10.89% from 9.46% since the last rating action.

While the notes are currently paid pro rata, upon the pool factor decreasing below 10% of original pool balance, this will trigger sequential amortization.

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS Using the MILAN Framework" published in July 2022 and available at https://ratings.moodys.com/api/rmc-documents/390481. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

A Request for Comment was published in which Moody's requested market feedback on potential revisions to its RMBS methodology framework. However, at this time no associated country-specific supplement has been published which would be relevant for the Credit Ratings referenced in this press release.

Request for Comments can be found on the rating methodologies page on https://ratings.moodys.com.

The analysis undertaken by Moody's at the initial assignment of ratings for RMBS securities may focus on aspects that become less relevant or typically remain unchanged during the surveillance stage. Please see "Moody's Approach to Rating RMBS Using the MILAN Framework" for further information on Moody's analysis at the initial rating assignment and the on-going surveillance in RMBS.

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) an increase in available credit enhancement, (3) improvements in the credit quality of the transaction counterparties and (4) a decrease in sovereign risk.

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

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security 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 issuer/deal page for the respective issuer on https://ratings.moodys.com.

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The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

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

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1288235.

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Please see https://ratings.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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