

Hecho Relevante de BANCAJA – BVA VPO 1 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **BANCAJA – BVA VPO 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 **Standard & Poor’s Ratings Services (“S&P”)**, con fecha 11 de marzo de 2015, comunica que ha elevado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie A: A (sf)** (anterior **BBB- (sf)**)

Se adjunta la comunicación emitida por S&P.

Madrid, 11 de marzo de 2015.

Mario Masiá Vicente
Director General

RatingsDirect®

Rating Raised On BANCAJA – BVA VPO 1's Class A Spanish RMBS Notes Following Application Of Updated Criteria

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OVERVIEW

- We have reviewed BANCAJA – BVA VPO 1 by conducting our credit and cash flow analysis under our updated Spanish RMBS criteria, our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating, and our current counterparty criteria.
- Following our review, we have raised to 'A (sf)' from 'BBB- (sf)' our rating on the class A notes.
- BANCAJA – BVA VPO 1 is a Spanish RMBS transaction, which closed in April 2009 and we first rated in March 2011. The pool comprises state-subsidized and non-subsidized mortgage loans, primarily in Valencia. Caja de Ahorros de Valencia Castellón y Alicante (Bancaja; now Bankia) and Banco de Valencia originated the pool.

LONDON (Standard & Poor's) March 11, 2015--Standard & Poor's Ratings Services today raised to 'A (sf)' from 'BBB- (sf)' its credit rating on BANCAJA – BVA VPO 1 FONDO DE TITULIZACION DE ACTIVOS' class A notes.

Upon publishing our updated criteria for Spanish residential mortgage-backed securities (RMBS criteria) and our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), we placed those ratings that could potentially be

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affected "under criteria observation" (see "Italian And Spanish RMBS And Covered Bond Program Ratings Placed Under Criteria Observation," and "Italy And Spain RMBS Methodology And Assumptions," both published on Sept. 18, 2014, and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on Sept. 19, 2014).

Following our review of this transaction, our ratings that could potentially be affected by the criteria are no longer under criteria observation.

Today's rating action follows our credit and cash flow analysis of the transaction information that we have received in October 2014. Our analysis reflects the application of our RMBS criteria, our RAS criteria, and our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

Under our RAS criteria, we applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so repay timely interest and principal by legal final maturity.

Our RAS criteria designate the country risk sensitivity for RMBS as "moderate". Under our RAS criteria, this transaction's notes can therefore be rated four notches above the sovereign rating, if they have sufficient credit enhancement to pass a minimum of a "severe" stress. However, if all six of the conditions in paragraph 48 of the RAS criteria are met, we could potentially assign ratings up to a maximum of six notches (two additional notches of uplift) above the sovereign rating, subject to credit enhancement being sufficient to pass an "extreme" stress (see "Understanding Standard & Poor's Rating Definitions," published on June 3, 2009 for our definitions of severe and extreme levels of economic stress).

As our long-term rating on the Kingdom of Spain is 'BBB', our RAS criteria cap at 'AA (sf)' the maximum potential rating in this transaction for the class A notes.

The transaction features an interest deferral trigger for the unrated B, C, and D notes, set at 12%, 10%, and 8% of cumulative defaults, respectively, over the closing portfolio balance. We don't expect the trigger to be breached in the near term.

Credit enhancement has increased to 17.29% from 16.49% since our June 27, 2013 review (see "Rating Lowered On Spanish RMBS Transaction BANCAJA - BVA VPO 1's Class A Notes Following Review").

Class	Available credit enhancement (%)
A	17.29
B	14.16
C	12.11

D

9.16

This transaction features a non-amortizing reserve fund, which currently represents 9.16% of the outstanding balance of the mortgage assets.

Severe delinquencies of more than 90 days at 1.09% are on average lower for this transaction than our Spanish RMBS index (see "Spanish RMBS Index Report Q2/Q3 2014: Delinquencies Continue To Rise As The Housing Market Slowly Recovers," published on Jan. 2, 2015). Defaults are defined as mortgage loans in arrears for more than 18 months in this transaction. Cumulative defaults represent 0.73%. Prepayment levels remain low (although they have been increasing over the last few quarters) and the transaction is unlikely to pay down significantly in the near term, in our opinion.

After applying our RMBS criteria to this transaction, our credit analysis results show an increase in the weighted-average foreclosure frequency (WAFF) and the weighted-average loss severity (WALS) for each rating level.

Rating level	WAFF (%)	WALS (%)
AAA	24.4	15.2
AA	18.5	12.2
A	15.24	9.22
BBB	11.19	8.47
BB	7.16	7.96
B	5.98	7.46

The increase in the WAFF is mainly due to the higher seasoning only partially offsetting the higher original loan-to-value and regional concentration adjustments. The increase in the WALS is mainly due to the application of our revised market value decline assumptions. The overall effect is an increase in the required credit coverage for each rating level.

Following the application of our RAS criteria and our RMBS criteria, we have determined that our assigned rating on the class A notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria, (ii) the rating that the class of notes can attain under our RMBS criteria, and (iii) the rating as capped by our current counterparty criteria. In this transaction, both the RAS criteria and our current counterparty criteria cap our rating on the class A notes at 'A (sf)'.

The downgrade language in the bank account and guaranteed investment contract (GIC) documentation in this transaction is in line with our current counterparty criteria. If we were to lower our long-term rating on Banco Santander S.A. (BBB+/Stable/A-2) as bank account and GIC provider below the documented trigger of 'BBB', the transaction documents state that it will take remedy actions within 60 calendar days. According to our current counterparty criteria, the maximum potential rating commensurate with such a trigger is 'A (sf)'.

The transaction has an interest rate swap, provided by Banco Bilbao Vizcaya

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Argentaria S.A. (BBVA; BBB/Stable/A-2), but in line with our previous review, we have not given any benefit to this in our analysis. This is because the swap documentation does not contain any remedial actions in line with our current counterparty criteria. If we were to give benefit to the swap, our ratings on the notes would be capped at our long-term issuer credit rating on BBVA.

Taking into account the results of our updated credit and cash flow analysis and the application of our RAS criteria and counterparty criteria, we have raised to 'A (sf)' from 'BBB- (sf)' our rating on the class A notes.

In our opinion, the outlook for the Spanish residential mortgage and real estate market is not benign and we have therefore increased our expected 'B' foreclosure frequency assumption to 3.33% from 2.00%, when we apply our RMBS criteria, to reflect this view (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on Sept. 18, 2014). We base these assumptions on our expectation of modest economic growth, continuing high unemployment, and house prices leveling off in 2015.

On the back of improving but still depressed macroeconomic conditions, we don't expect the performance of the transactions in our Spanish RMBS index to improve in 2015.

We expect severe arrears in the portfolio to remain at their current levels, as there are a number of downside risks. These include inflation, weak economic growth, high unemployment, and fiscal tightening. On the positive side, we expect interest rates to remain low for the foreseeable future.

BANCAJA - BVA VPO 1 is a Spanish RMBS transaction, which closed in April 2009 and we first rated in March 2011. It securitizes a pool of Spanish state-subsidized and non-subsidized mortgage loans that Caja de Ahorros de Valencia Castellón y Alicante (Bancaja; now Bankia S.A.) and Banco de Valencia S.A. originated, mainly in the Valencia region.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties, and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>.

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