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Fitch Upgrades One and Affirms 10 Valencia Hipotecario Tranches; Outlooks Revised

Ratings

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Fitch Ratings-London-02 November 2007: Fitch Ratings has upgraded one and affirmed 10 tranches of the Valencia Hipotecario series, following a satisfactory performance review. The affirmations reflect the sustained steady performance of the Valencia Hipotecario series during 2007. Some outlooks have been revised following some changes to ratings, mostly reflecting future expected growth in credit enhancement. The full list of rating actions is given below.

Valencia Hipotecario transactions are backed by loans originated by Banco de Valencia. The pool of loans backing the notes is largely concentrated in the Valencia region. Their portfolios' weighted average LTV is one of the lowest among securitised Spanish residential mortgage loan portfolios. The Valencia transactions' arrears are also below the Fitch Spanish three-month-plus arrears index.

Class D notes in Valencia Hipotecario 2 and 3 were issued to finance the reserve fund. These notes are subject to the same amortisation conditions of the reserve fund. Each reserve fund is subject to a floor of 0.53% and 0.58% of the initial note balance for Valencia Hipotecario 2 and Valencia Hipotecario 3, respectively.

The rating actions are as follows:
Valencia Hipotecario 1, Fondo de Titulizacion de Activos
Class A (ISIN ES0382744003): affirmed at 'AAA'; Outlook Stable
Class B (ISIN ES0382744011): upgraded to 'AA-' (AA minus) from 'A+': Outlook revised to Stable from Positive
Class C (ISIN ES0382744029) : affirmed at 'BBB+'; Outlook Positive

Valencia Hipotecario 2, Fondo de Titulizacion de Activos
Class A (ISIN ES0382745000): affirmed at 'AAA'; Outlook Stable
Class B (ISIN ES0382745018): affirmed at 'A+'; Outlook revised to Positive from Stable
Class C (ISIN ES0382745026): affirmed at 'BBB+'; Outlook Stable
Class D (ISIN ES0382745034): affirmed at 'CCC-' (CCC minus); Outlook Stable

Valencia Hipotecario 3, Fondo de Titulizacion de Activos
Class A2 (ISIN ES0382746016): affirmed at 'AAA'; Outlook Stable
Class B (ISIN ES0382746024): affirmed at 'A+'; Outlook Stable
Class C (ISIN ES0382746032) affirmed at 'BBB'; Outlook Stable
Class D (ISIN ES0382746040): affirmed at 'CCC'; Outlook Stable
Class A1 (ISIN ES0382746008): paid in full in September 2007

Fitch has employed its credit cover multiple methodology in reviewing the deals in order to assess the level of credit support available to each class of notes.

Rating Outlooks for European Structured Finance tranches provide forward-looking information to the market. An Outlook indicates the likely direction of any rating change over a one- to two-year period. For further information on Rating Outlooks, see "Scanning the Horizon - Rating Outlooks in European Structured Finance", dated 1 June 2007 and available at www.fitchratings.com.

Further commentary and performance data on these transactions are available on the agency's subscription website, www.fitchresearch.com.

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