

Hecho Relevante de VALENCIA HIPOTECARIO 3 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el apartado 4 del Módulo Adicional a la Nota de Valores del Folleto Informativo de **VALENCIA HIPOTECARIO 3 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 **Fitch Ratings** comunica en relación a la calificación crediticia asignada a **Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja** ("**Bancaja**") que con fecha 19 de diciembre de 2008 ha bajado la calificación a largo plazo a **A-** desde **A**, con perspectiva estable, y ha bajado la calificación a corto plazo a **F2** desde **F1**.

Se adjunta el comunicado emitido por Fitch Ratings.

- Esta circunstancia se informa en la medida que Bancaja es:
 - (i) contraparte del Fondo del Contrato de Agencia de Pagos de los Bonos; y
 - (ii) avalista de Banco de Valencia S.A. como contraparte del Fondo del Contrato de Apertura de Cuenta a Tipo de Interés Garantizado (Cuenta de Tesorería).

Asimismo, dicha circunstancia da lugar a la adopción de alguna de las medidas previstas en los Contratos relacionados en el párrafo anterior.

Madrid, 26 de diciembre de 2008.



Mario Masiá Vicente
Director General



Fitch Downgrades Bancaja's IDR to 'A-' and Individual Rating to 'B/C'; Outlook Stable

[Ratings](#)

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Fitch Ratings-Barcelona/London-19 December 2008: Fitch Ratings has today downgraded Caja de Ahorros de Valencia Castellon y Alicante's (Bancaja) Long-term Issuer Default Rating (IDR) to 'A-' (A minus) from 'A', Short-term IDR to 'F2' from 'F1' and Individual rating to 'B/C' from 'B'. The Outlook for the Long-term IDR remains Stable. At the same time, Fitch has affirmed Bancaja's Support rating at '3' and Support Rating Floor at 'BB+'. Consequently Fitch has also downgraded Bancaja's senior debt to 'A-' (A minus) from 'A', subordinated debt to 'BBB+' from 'A-' (A minus) and preference shares to 'BBB' from 'BBB+'.

The rating actions reflect Bancaja's risk concentration to Spain's construction and real estate sectors (36% of lending at end-September 2008) and asset quality pressures this will pose in the context of an abrupt deterioration in the Spanish economy and housing market and rising unemployment. There has been acceleration in the number of corporate defaults and debt restructurings in Spanish real estate companies since the summer of 2008, which represents a challenge for Bancaja, as well as other Spanish banks, in terms of profitability and asset quality. Furthermore, the rating actions also reflect the fact that a large proportion of Bancaja's funding is obtained from the wholesale markets with large maturities until 2010 and a relatively tight capital base for its risk profile. Wholesale and interbank markets remain disrupted and there is strong competition for customer deposits in Spain. As such the caja will have to continue actively managing the refinancing of its short- to medium-term maturities. The funding pressures and the expected deterioration in asset quality are factored in its current ratings.

The Stable Outlook on the Long-term IDR reflects Bancaja's strong regional franchise and healthy pre-impairment operating profitability. This, together with a good cost/income ratio (49% in 9M08) and EUR0.9bn of generic reserves provides Bancaja with financial flexibility and should assist the caja in coping with the complex operating environment and higher loan impairment provisions. Risk concentration is somewhat mitigated by the pro-active management of its risk exposures and sound collateral levels. Its impaired to total loans ratio was 2.9% at end-September 2008 (66% loan loss coverage), although asset quality indicators will inevitably deteriorate further in 2009.

The bank is working to rebalance its funding structure and it is aiming to increase customer deposits. Regulatory capital ratios appear reasonable at a regulatory Tier 1 ratio of 7.5% at end-September 2008 but must be placed in the context of high risk concentration. Bancaja does have certain flexibility to improve this ratio, either by managing risk weighted assets or through potential unrealised capital gains.

Bancaja holds a controlling 38.4% stake in Banco de Valencia. Its activities are centred in the Autonomous Community of Valencia but expansion has led to 42% of the group's branches being situated outside Valencia. Its main activities are retail commercial banking.

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