

C. N. M. V.
Dirección General de Mercados e Inversores
Pº Castellana, 19
Madrid

COMUNICACIÓN DE HECHO RELEVANTE

TDA 7, FONDO DE TITULIZACIÓN DE ACTIVOS Bajada de Calificación Moody's Investors Service y Fitch Ratings a Caja España

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. comunica el siguiente Hecho Relevante:

- I. De acuerdo con la información publicada el día 11 de noviembre, el rating a corto plazo de la entidad Caja España ha sido rebajado de P1 a P2 por Moody's Investors Service. Asimismo, de acuerdo con la información publicada el día 27 de octubre, el rating a corto plazo de la entidad Caja España ha sido rebajado de F1 a F2 por Fitch Ratings. Este hecho afecta a las actuaciones a realizar por Caja España al ser la entidad donde está abierta una Cuenta de Reinversión del Fondo. Por lo tanto, y al objeto de mantener la calificación de los bonos emitidos por el Fondo, la Sociedad Gestora transferirá los recursos depositados en dicha cuenta a la Cuenta de Tesorería del Fondo abierta en el Instituto de Crédito Oficial.
- II. Adjuntamos las notas de prensa de Moody's Investors Service y Fitch Ratings, por la que han hecho público las bajadas de calificación de la mencionada entidad.

En Madrid a 13 de noviembre de 2008

Ramón Pérez Hernández
Director General

[Tagging Info](#)

Fitch Downgrades Caja Espana to Short-term IDR 'F2'; Changes Outlook to Negative; Affirms IDR 'A-' [Ratings](#)

27 Oct 2008 10:10 AM (EDT)

Fitch Ratings-London/Barcelona-27 October 2008: Fitch Ratings has today downgraded Caja Espana de Inversiones, Caja de Ahorros y Monte de Piedad's (Caja Espana) Short-term Issuer Default Rating (IDR) to 'F2' from 'F1' and Individual rating to 'C' from 'B/C'. Fitch has simultaneously revised Caja Espana's Outlook on its Long-term IDR to Negative from Stable. Its Long-term IDR 'A-' (A minus), Support '3' and Support Rating Floor 'BB+' are affirmed. Consequently, Fitch has also affirmed Caja Espana's senior debt at 'A-' (A minus) and preference shares at 'BBB'.

The rating actions reflect the caja's decline in profitability, risk concentration in the real estate and construction sectors, deterioration in asset quality indicators and appetite for market risk through equity investments. The caja faces the challenge of actively managing its real estate exposure, while defending asset quality and margins in a more complex operating and economic environment. The ratings also factor in its good franchise in its home region, and adequate liquidity and capital base.

Fitch notes that the Spanish economy and housing market have experienced a more abrupt slowdown than was initially expected, while financial market disruption continues. This has had an impact on Spanish banks' asset quality and profitability, which is likely to continue into 2009.

However, in Fitch's opinion, the Spanish banking system as a whole has reasonable buffers to absorb deterioration in asset quality through core retail banking earnings, generic loan impairment reserves required by the Bank of Spain, potential unrealised capital gains at some institutions and adequate solvency. In addition, the system benefits from a sound regulatory and supervisory framework. Fitch views the recent support measures announced by the Spanish government to be a positive in boosting confidence in the banking system and believes it will help strengthen financial stability.

Caja Espana's H108 profitability was affected by lower fees and other operating income, due to declining loan volumes and financial operations. Higher capital gains were used to increase the loan impairment charge (mainly of specific nature and included real estate loans that were still performing).

Loan growth of 20% between 2004 and 2007 was lower than at many cajas. Loan-granting criteria were tightened in Q406, reducing single-name concentration. However, real estate exposure, which is mainly focused on small primary-residential projects, accounted for a high 33% of total loans at end-H108. On the other hand, loans to individuals accounted for 45% of the total (mostly to residential mortgages).

At end-H108, the equity portfolio, which is concentrated in a few long-term equity stakes, accounted for a high 64% of Fitch eligible capital. Its gross revaluation reserves decreased to EUR48m from EUR264m in 2007 due to stock market volatility.

Liquidity is supported by rising customer deposits in 2008 (70% of end-H108 loans) and the caja's comfortable level of unused ECB discountable liquid assets. Capital markets funding has helped to fund loan growth, particularly since 2004, and was diversified by issuance amount and instrument, with rising mid-term maturities. At end-H108, its total Basel II capital ratio was 11.47%.

Caja Espana is Spain's 13th-largest savings banks (or caja) by end-2007 assets. It is based in the Spanish region of Castilla-Leon, where most of its core retail banking activities are centred.

Contact: Carmen Munoz, Barcelona, Tel: +34 93 323 8408.

Media Relations: Julian Dennison, London, Tel: +44 020 7682 7480, Email: julian.dennison@fitchratings.com.

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Rating Action: Caja Espana de Inversiones

Moody's downgrades Caja Espana to A3/P-2/C-, negative outlook

Madrid, November 11, 2008 -- Moody's Investors Service today downgraded the long-term bank deposit and senior debt ratings of Caja España de Inversiones (Caja España) to A3 from A2 and its bank financial strength rating (BFSR) to C- from C. The short-term debt and deposit ratings were also downgraded to Prime-2 from Prime-1. The outlook on the long-term debt and deposit ratings and BFSR is now negative.

According to Moody's, the downgrades of Caja España's ratings were prompted by the combination of the following factors:

- (1) The rapid deterioration in its asset quality indicators, particularly in the real estate development and construction sectors, but also in lending to individuals. The overall NPL ratio increased to 5.54% in September 2008 from 1.75% in December 2007.
- (2) The bank's high top name concentration and lending exposure to the real estate and construction sectors (which is now more in line with A3/C- rated peers than A2/C).
- (3) Its relatively modest capacity to absorb risk -- such as a significant further deterioration in asset quality or the default of a top exposure -- which is also now more in line with A3/C- rated peers.

Moody's has assigned a negative outlook to Caja España's ratings, reflecting the pressures that are likely to arise in the event that the pace of deterioration in asset quality observed in the first three quarters of 2008 continues until year-end and, more significantly, during the first few months of 2009. Therefore, the negative outlook signals the potential for further downward rating migration in the event of a continued acceleration in problem loans over the coming months.

Caja España's A3/C- ratings also take into account the bank's efforts to reduce its exposure to the real estate and construction sectors since 2007 and the decreasing risk profile of the loan book according to Moody's internal assessment.

The rating also incorporates the bank's strong liquidity positioning and conservative liquidity management, enabling it to withstand a prolonged shutdown of the wholesale markets.

Moody's will continue to closely monitor Caja España, in particular developments in its problem loans and real estate exposure. In this regard, further negative rating pressure could arise in the event of a material deterioration in asset quality indicators. According to Moody's stress tests, an NPL ratio above 7.5%-8% would trigger a significant growth in Caja España's provisioning requirements and thus a considerable weakening of its risk absorption capacity.

Caja España's debt and deposit ratings incorporate Moody's assessment of a moderate likelihood of support by the Spanish savings banks group and a high likelihood of systemic support. As a result, these ratings enjoy a two-notch uplift to A3/Prime-2 from the bank's Baa2 baseline credit assessment (the measure of its standalone financial strength that maps from the C- BFSR).

Downgrades:

- ..Issuer: Caja España de Inversiones
- .Bank Financial Strength Rating, Downgraded to C- from C
- .LT Bank Deposit, Downgraded to A3 from A2
- .Senior Unsecured Debt, Downgraded to A3 from A2
- .Subordinate Debt, Downgraded to Baa1 from A3
- .Junior Subordinate Debt, Downgraded to Baa1 from A3

.ST Bank Deposit, Downgraded to Prime-2 from Prime-1

..Issuer: Caja España de Inversiones Sociedad de Participaciones Preferentes

.Preferred Stock to Baa2 from Baa1

Outlook Actions:

..Issuer: Caja España de Inversiones

.Outlook, Changed to Negative from Stable

..Issuer: Caja España de Inversiones Sociedad de Participaciones Preferentes

.Outlook, Changed to Negative from Stable

Caja España is headquartered in León and reported total assets of EUR22.8 billion at the end of September of 2008.

London
Johannes Wassenberg
Managing Director
Financial Institutions Group
Moody's Investors Service Ltd.
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

London
Javier Rodriguez
Analyst
Financial Institutions Group
Moody's Investors Service Ltd.
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

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