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COMUNICACIÓN DE HECHO RELEVANTE

CM BANCAJA , FONDO DE TITULIZACIÓN DE ACTIVOS Bajada de Calificación por parte de Fitch Ratings a Bancaja.

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 1 de junio de 2010, el rating a corto plazo de la entidad Bancaja ha sido rebajado de F2 a F3 por Fitch. Bancaja, como administrador de los préstamos titulizados en el fondo, se ve afectado por dicha bajada de calificación. Al objeto de mantener la calificación de los bonos emitidos por el Fondo, Bancaja iniciará los procesos necesarios de acuerdo a los criterios establecidos por la agencia de calificación.
- II. Adjuntamos nota de prensa de Fitch, por la que se comunican a esta Sociedad Gestora la bajada de calificación de la mencionada entidad.

En Madrid a 16 de junio de 2010

Ramón Pérez Hernández
Director General

Fitch Downgrades Bancaja to 'BBB'/Stable Outlook; Downgrades Individual Rating to 'C/D' [Ratings](#)

01 Jun 2010 8:25 AM (EDT)

Fitch Ratings-London/Barcelona-01 June 2010: Fitch Ratings has today downgraded Caja de Ahorros de Valencia, Castellon y Alicante's (Bancaja) Long-term Issuer Default Rating (IDR) to 'BBB' from 'BBB+' and downgraded the Short-term IDR to 'F3' from 'F2'. The Outlook on the Long-term IDR is Stable. Fitch has simultaneously downgraded Bancaja's Individual Rating to 'C/D' from 'C'. The agency has affirmed Bancaja's Support Rating at '3' and Support Rating Floor at 'BB+'.

Fitch has also downgraded Bancaja's senior debt to 'BBB' from 'BBB+' and subordinated debt to 'BBB-' from 'BBB'. With respect to the bank's hybrid capital issues, the agency has downgraded Bancaja's outstanding upper tier 2 subordinated debt to 'BB+' from 'BBB-' and downgraded its preference shares to 'BB-' from 'BB', in line with Fitch's criteria for rating capital instruments.

The rating actions reflect the further deterioration of Bancaja's asset quality and operating profitability due to Spain's weak economy, which has been largely influenced by the downturn in the property market. Fitch believes that a recovery of the Spanish economy will be muted over the next few years. Bancaja continues to have high sector risk concentration to the real estate and construction sector, as well as a significant level of real estate foreclosed assets. The caja will also face liquidity and funding challenges due to its reliance, albeit reduced, on wholesale funds with some refinancing concentration in 2012. The Stable Outlook on the Long-term IDR reflects Bancaja's strong regional franchise (which should help support revenues), the financial flexibility provided by its contained cost base and its improved deposit base and regulatory capital adequacy.

Margin compression, largely due to higher funding costs, lower equity-accounted earnings and high loan impairment charges explained Bancaja's sharp decline in operating profit in 2009. Non-recurrent capital gains supported net income. The caja's contained cost base supported a sound cost/income ratio of 51% in 2009. The latter should help provide Bancaja with the financial flexibility to face increased profitability pressures in 2010. The caja could also rely on non-recurrent gains and generic loan impairment reserves.

Bancaja's largest risk stems from loans, which is related to strong average annual loan growth of 31% in 2004-2007. This has resulted in high risk concentration to the real estate/construction sector (34% of end-2009 loans) and add-on risks from residential mortgages with weaker credit attributes, particularly from 2005-2006 vintages. Although the impaired/loans ratio remains in line with the average sector at 5% at end-Q110, this was helped by active real estate asset foreclosures and loan refinancing. The caja's credit risk profile benefits from granularity provided by a relatively significant proportion of loans to individuals and relatively low single-name risk concentration. Bancaja is also exposed to market risk from some equity investments.

Fitch views positively Bancaja's improvement in its funding mix in 2009 supported by 16% growth in deposits (67% of loans excluding securitisations at end-2009 compared to 57% at end-2008). This, together with state-guaranteed issues helped to reduce ECB funding. However, Bancaja's reliance on wholesale funding remains, with concentrated maturities in 2012, posing liquidity and funding challenges ahead due to the present difficulties affecting access to the wholesale markets and strong competition for deposits. Risk mitigating factors include the deleveraging of the caja's balance sheet and deposit growth in 2010, assets in readily available ECB eligible assets at end-2009 as well as some assets that could be made liquid. Sales of equities could also provide liquidity if needed.

Fitch views Bancaja's current capital levels as necessary in view of its risk profile. At end-Q110, its Tier 1 capital ratio was 8.1% (core capital ratio of 7%), which included a relatively large level of minority interest at end-2009 and are proportionately related to the risk-weighted assets of Bancaja Inversiones S.A. (a holding company 69.98% owned by Bancaja and where the main equity investments are grouped) and Banco de Valencia.

Bancaja is the parent bank of Spain's sixth-largest banking group. It holds a controlling 38.4% stake in a regional bank in Valencia, Banco de Valencia.

In Fitch's rating criteria, a bank's standalone risk is reflected in Fitch's Individual ratings and the prospect of external support is reflected in Fitch's Support ratings. Collectively these ratings drive Fitch's Long- and Short-term IDRs.

Applicable criteria, 'Global Financial Institutions Rating Criteria', 'Rating Hybrid Securities' and 'Equity Credit for Hybrids & Other Capital Securities', all dated 29 December 2009, are available at www.fitchratings.com.

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Additional information is available at www.fitchratings.com.

Related Research:

[Global Financial Institutions Rating Criteria](#)
[Rating Hybrid Securities](#)
[Equity Credit for Hybrids & Other Capital Securities - Amended](#)

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