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COMUNICACIÓN DE HECHO RELEVANTE

CÉDULAS TDA 5, FONDO DE TITULIZACIÓN DE ACTIVOS Descenso de calificación del Bono ES0317045005 por parte de Standard & Poor's.

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

- I. Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Standard & Poor's, con fecha 1 de Agosto 2011, donde se establece la bajada de la calificación para:
 - Bono ES0317045005, de **AAA (sf) Watch Negative** a **AA (sf)**

En Madrid a 2 de Agosto de 2011

Ramón Pérez Hernández
Director General

46 Spanish Multi-Cédulas Downgraded Given Lower Creditworthiness, Increased Concentration, And Updated Credit Risk Model

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OVERVIEW

- We have lowered our ratings in 46 Spanish "repackaged" Spanish covered bonds ("multi-cédulas") transactions and removed them from CreditWatch negative.
- These rating actions affect about €103 billion of multi-cédulas bonds.
- The actions reflect our view of higher credit risk in the multi-cédulas transactions, as a consequence of a deterioration of creditworthiness of the financial institutions participating in the rated transactions in the period from 2008 to early 2011.
- We have also considered the potential impact of increased concentration in the financial institutions sector on specific deals (based on our current observations and future assumptions). We believe the heightened concentration increases the likely impact of an individual financial institution's default on the rated multi-cédula, and the likely duration of the financial institutions' workout periods.
- Finally, the downgrades reflect our adoption of the current version of our credit risk model (CDO Evaluator 5.1).

MADRID (Standard & Poor's) Aug. 1, 2011--Standard & Poor's Ratings Services today lowered its credit ratings in 46 Spanish multi-cédulas transactions and

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affirmed its rating in two transactions. At the same time, we removed our ratings in all 48 transactions from CreditWatch negative.

The complete list of public ratings affected by today's rating actions is available in "Spanish Multi-Cédulas Rating Actions As Of Aug. 1, 2011," published today.

Today's rating actions reflect mainly an increase in credit risk that we have seen in the multi-cédulas transactions driven by a deterioration over the past two years of the credit quality of the financial institutions issuing the repackaged cédulas (the "cédulas issuers"). In our view, the effect of this deteriorating credit quality on the rated multi-cédulas' creditworthiness is magnified by increased concentration of the number of cédulas issuers, and expected longer cédulas issuers' workout periods as a result of an increase in the cédulas issuers' balance sheets. All of these factors are inputs in the current version of the CDO Evaluator model that we use to rate multi-cédulas bonds (CDOE 5.1).

On Sept. 3, 2010, we placed our ratings in 53 multi-cédulas transactions on CreditWatch negative (see "Ratings On 53 Spanish Multi-Cédulas Transactions Placed On CreditWatch Negative"). Since that time, five of the transactions have redeemed.

Of the remaining 48 transactions, following an analysis, we have today affirmed our 'AAA (sf)' rating in two transactions and lowered our 'AAA' ratings in the remaining 46 by between one and nine notches. Table 1 lists the proportion of multi-cédulas bond ratings after today's rating actions, i.e., of the 48 transactions, 4.17% remain rated 'AAA', 10.42% are now rated 'AA+', and so on.

Table 1

Rating	Numbers	(%)
AAA (sf)	2	4.17
AA+ (sf)	5	10.42
AA (sf)	6	12.50
AA- (sf)	7	14.58
A+ (sf)	9	18.75
A (sf)	2	4.17
A- (sf)	9	18.75
BBB+ (sf)	2.5[1]	5.21
BBB (sf)	3.5[1]	7.29
BBB- (sf)	2	4.17

[1]The AyT Cedula Cajas X, F.T.A. transaction includes two classes of bonds with different terms and conditions that carry different ratings which lead to uneven numbers.

Table 2 lists the proportion of multi-cédulas bonds ratings based on the outstanding amount.

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Table 2

	(Mil. €)	(%)
AAA (sf)	1,740	1.66
AA+ (sf)	7,125	6.90
AA (sf)	12,710	12.13
AA- (sf)	14,010	13.37
A+ (sf)	22,853	21.80
A (sf)	3,975	3.79
A- (sf)	20,530	19.59
BBB+ (sf)	9,230	8.81
BBB (sf)	9,105	8.69
BBB- (sf)	3,545	3.38
Total	104,823	100.00
AAA (sf) to A- (sf)		79.13
BBB+ (sf) to BBB- (sf)		20.87

Our rating decisions are a result of a combination of different factors, some of which compound the effect of others on our view of the credit risk of the transactions. These are in particular:

- Our view of a deterioration of the creditworthiness of the cédulas issuers, reflected in lower credit estimates and ratings on most of the issuers in the period from 2008 to early 2011;
- A consolidation within the Spanish savings banks sector;
- Our updated assumptions with regard to correlations between the cédulas issuers and our assignment of new correlation assumptions to the cédulas issuers forming Institutional Protection Schemes (SIPs-Sistema Institucional de Protección);
- Changes to assumptions we make in our analysis regarding the recovery periods if a cédulas issuer defaults, driven by our view of the likely impact of increased balance sheets of almost all the cédulas issuers as a result of consolidation through mergers and the formation of SIPs; and
- Adopting the current version of the credit risk model that we use to rate multi-cédulas bonds, i.e., CDO Evaluator version 5.1 to address updated default rate stresses, correlation assumptions, concentration risks, and model risk, as we stated was our intention in September 2010 when we placed the transactions on CreditWatch negative.

The effect of cédulas issuers' downgrades has not had a linear effect on the final multi-cédulas downgrades as it is being magnified, in our view, by the effect of the increased concentration, increased correlation, likely longer recovery periods, and the current version of the credit risk model, CDO Evaluator version 5.1.

Based on an impact analysis performed on a sample of the multi-cédulas, we have observed that, on average, the isolated effect of the change to our current CDO Evaluator version has contributed to the lowering of the rating by an average of one to two notches.

Our downgrades of credit estimates and ratings on cédulas issuers from 2008 to early 2011 already incorporate our views of the impact on these institutions' credit risk profiles of not only the downturn in this period, but also our expectations about a still difficult environment in 2011 and a protracted recovery thereafter.

The multi-cédulas transactions are repackagings of Spanish cédulas, usually mortgage or public sector covered bonds ("cédulas hipotecarias" or "cédulas territoriales"). Our ratings on the transactions' multi-cédulas bonds reflect our opinion on the likelihood of the full and timely payment of the bonds according to their original terms and conditions.

The cédulas issuers are mostly Spanish savings banks ("cajas de ahorros").

If a cédulas issuer defaults just before the final maturity date, the rated multi-cédulas bonds would, according to their terms and conditions, typically be subject to an extension of the bond's scheduled maturity. Our rating on the multi-cédulas bonds reflects our view on the likelihood that the dedicated reserve fund or liquidity line (the sources of credit enhancement for the bonds) would mitigate potential interest shortfalls during the cédulas issuer's recovery period. The recovery periods that we assumed are equal or shorter in length than the extension period provided for in the terms and conditions of the bonds.

We generally assume that in a default of the cédulas issuer a full recovery on the underlying cédulas and ultimate repayment of their principal would take place, provided the underlying cédulas are sufficiently collateralized.

Nevertheless, based on our latest analysis, we believe the credit enhancement to cover possible interest shortfalls in 46 of the 48 transactions analyzed would not be sufficient to pay interest on all the bonds to a 'AAA' rating level if a cédulas issuer defaults.

CREDIT MOVEMENTS

As part of our analysis, we have taken into account updated credit estimates on each of the cédulas issuers (where neither the cédulas issuer nor the underlying cédulas has a public rating).

According to our rating definitions, a credit estimate is a confidential indication of the likely issuer credit rating. The estimate is based on a variety of sources, including quantitative models, where applicable, and an abbreviated methodology that draws on our analytical experience and sector knowledge. These estimates do not involve direct contact with the obligor's management or in-depth insight into operating, financial, or strategic issues that such contact allows.

The Spanish banking sector has faced a very tough economic and operating environment over the past few years, with economic contraction and an abrupt

adjustment of the real estate sector--to which the savings banks sector was generally, with a few notable exceptions, more exposed than commercial banks in our observations. We expect the environment to remain tough for Spanish financial institutions in 2011, and the recovery thereafter to be only gradual. We have reflected our views of the impact of these factors in the lowering of credit estimates and ratings on the cédulas issuers in the period from 2008 to early 2011.

Accordingly, the weighted-average credit estimates and ratings on cédulas issuers in the multi-cédulas transactions have moved substantially downward since we initially rated the multi-cédulas bonds, and in particular over the above-mentioned period (see table 3). We use these assessments as inputs into the CDO Evaluator credit risk model (see "Spain Embraces Structural Diversity in the Securitization of Covered Bonds," published on Dec. 2, 2004).

The model establishes a scenario default rate (SDR), which is one of the driving variables we use to assess whether the credit enhancement available to each multi-cédulas bond is commensurate with its rating.

The SDR results from the CDO Evaluator credit risk model have increased as deteriorating creditworthiness has resulted in lower credit estimates (and ratings). Increased concentrations have further contributed to rising SDRs, reflecting our view of the heightened importance of individual defaults, both of which imply an increase in the credit enhancement we would deem to be commensurate with a 'AAA' rating.

The SDR is driven among other things by our assumptions on the probability of default of the underlying assets. These assumptions are driven by the maturity and the credit estimates or ratings on the respective assets.

As the probability of default assumed in our analysis substantially increases when credit estimates and ratings on the assets deteriorate from investment to speculative grade, the deteriorating creditworthiness of the cédulas issuers toward these rating categories has an amplifying effect on the SDR results.

In the period from 2008 to early 2011 we have observed an average downgrade rate of the cédulas issuers' credit estimates participating in these transactions by two notches. In the same period the share of cédulas issuers rated in the speculative-grade category has increased to 18.18% from 8.77%, measured as a percentage of cédulas issuer or cédulas hipotecarias ratings that we use as inputs for credit modeling in CDOE 5.1.

Table 3 shows the number of cédulas issuers, and their ratings and credit estimates, assessed in 2008 and currently. For those issuers that have a Standard & Poor's rating on their cédulas hipotecarias, we have used this rating for the current analysis instead of the rating on the issuer. This is the case for Bankia S.A., Caja de Ahorros y Monte de Piedad de Gipuzkoa y San Sebastián (Kuxta), CaixaBank S.A., and Caja de Ahorros y Monte de Piedad de Zaragoza Aragon y Rioja (IberCaja).

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Table 3

Credit estimate/ rating	2008		2011	
	% of total	Number of entities	% of total	Number of entities
aa-/AA- or higher	7.02	4	11.36	5
a+/A+	12.28	7	0.00	0
a/A	15.79	9	6.82	3
a-/A-	14.04	8	6.82	3
bbb+/BBB+	22.81	13	2.27	1
bbb/BBB	17.54	10	18.18	8
bbb-/BBB-	1.75	1	36.36	16
bb+/BB+ or lower	8.77	5	18.18	8
	100.00	57	100.00	44
Total % above 'bbb'/'BBB' in 2008: 71.93%				
Total % above 'bbb'/'BBB' in 2011: 27.27%				

Table 4 shows the evolution of investment- and speculative-grade cédulas issuer ratings from 2008 to 2011 for financial institutions participating as cédulas issuers in these transactions.

Table 4

	2008	2011
Investment-grade (%)	91.23	81.82
Speculative-grade (%)	8.77	18.18
Total	100.00	100.00

MARKET CONSOLIDATION AND RECOVERY PERIODS

The cédulas issuers are mostly Spanish savings banks ("cajas"), with some commercial bank involvement. The savings bank sector has experienced increases in the average balance-sheet size, which, in our view lengthens the likely recovery periods of the cédulas issuer, as we expect larger entities to have a longer workout period to recover from default than smaller ones. A sizeable amount of mergers and consolidation activity has also increased the average balance-sheet size.

In our analysis we have assumed that SIPs have been completed and we have treated each as a single financial group with all group members having the same creditworthiness, based on publicly available information.

In the multi-cédulas transactions that we rate, credit enhancement is available to cover liquidity shortfalls when a cédulas issuer defaults. This is designed to mitigate the risk of losing interest payments on the cédulas. Under our criteria, we generally assume that if there is sufficient overcollateralization of the underlying cédulas, principal and interest due during the workout period on the defaulted cédulas issuer will be recovered in full by the end of the recovery period.

To assess whether the credit enhancement provided is commensurate with our ratings, we compare the liquidity line or reserve fund available with the

stressed (for floating-rate bonds) interest that might need to be paid during the workout of a defaulted cédulas issuer. We assess the enhancement level as the product of the stressed interest rate to be paid on the multi-cédulas, the SDR, and the recovery period.

Table 5 shows the current effective number of cédulas issuers participating in the 48 multi-cédulas transactions reviewed. If we consider the SIPs to be already formed, the number of cédulas issuers falls, as shown in the table.

Table 5

	Number prior to mergers and SIPs	Current Number	Final Number
Cédulas issuers participating in MCs	60	44	36
thereof banks	16	16	16
thereof Cajas	44	28	20
aa)Independent cajas	44	6	6
bb)Cajas following mergers	0	10	10
cc)Cajas involved in SIPs	0	12[1]	4[2]

[1] Before SIP consolidation.

[2] Considering SIPs consolidation.

This consolidation in Spanish savings banks has affected our analysis in two key areas.

Firstly, the increased concentrations typically raise the SDR in each transaction and therefore imply greater enhancement required to maintain the rating at the current level, all things being equal.

The number of cédulas issuers incorporated in our analysis of the 48 transactions has reduced to 44 from 60 and we have already taken into account that the number will further reduce to 36 once all SIPs are completed. When running the CDOE 5.1 model to establish a SDR for each transaction, the model addresses this increased concentration. As a result of the higher concentration of cédulas issuers, there has been an increase in the model's SDR.

Secondly, the mergers and SIPs have, in our view, resulted in the cédulas issuers becoming bigger and therefore we assume a longer recovery period for each cédulas issuer. The recovery period is one of the main drivers in our analysis of the size of the credit enhancement for each multi-cédulas transaction. Primarily, this is because we believe that the length of the recovery period is a key factor in assessing whether the liquidity line would likely cover the interest shortfalls if one of the participating cédulas

issuers defaults.

The weighted-average assumed recovery period has increased since transaction launch to date to 1.91 years from 1.46 years. As a result of the increase in assumed recovery periods, the euro amount of interest at risk when a cédulas issuer defaults will increase.

Both of these factors adversely affect the credit enhancement calculation, which in turn leads to our conclusion that there is no longer sufficient credit enhancement to continue to maintain the ratings on the cédulas at their current levels.

INCREASED CORRELATIONS

In general, we have assumed higher correlations between issuers since our initial analysis of the transactions. This has also increased the SDR in each transaction and thus credit enhancement that we would consider to be commensurate with each rating level.

Therefore, as mentioned above, given that the credit enhancement we consider commensurate with a given rating is the product of the stressed interest rate to be paid on the multi-cédulas bonds, the SDR, and the recovery period, the ratings in these transactions have been significantly affected.

We have lowered our ratings in the 46 transactions to levels that we consider to be commensurate with the current credit enhancement available.

We rate an additional nine multi-cédulas transactions that are not affected by today's rating actions. These transactions have liquidity lines in place that we believe cover the expected interest payments under our 'AAA' default stress scenarios during the extension period, or which benefit from other structural features that we think are likely to help mitigate this risk.

RELATED CRITERIA AND RESEARCH

- Spanish Banks Face Another Demanding Year In 2011, Feb. 22, 2011
- The Restructuring Of Spanish Savings Banks: A Profound Transformation Of The Spanish Banking Industry, Feb. 22, 2011
- Research Update: Kingdom of Spain 'AA/A-1+' Ratings Affirmed On Budgetary Consolidation And Structural Reforms; Outlook Negative, Feb. 1, 2011
- Ratings On 53 Spanish Multi-Cédulas Transactions Placed On CreditWatch Negative, Sept. 3, 2010
- S&P Increases Its Estimate Of Loan Losses For The Spanish Financial System Under The Weight Of Real Estate, June 21, 2010
- Banking Industry Country Risk Assessment: Spain, March 15, 2010
- Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In Covered Bonds, Dec. 16, 2009
- European Legal Criteria For Structured Finance Transactions, Aug. 28, 2008
- Methodology & Assumptions: Applying The Derivative Counterparty Framework

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To Covered Bonds, Feb. 26, 2008

- Spain Embraces Structural Diversity in the Securitization of Covered Bonds
, Dec. 2, 2004

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