

C. N. M. V.  
Dirección General de Mercados e Inversores  
C/ Miguel Ángel 11  
Madrid

## **COMUNICACIÓN DE HECHO RELEVANTE**

### **PROGRAMA CÉDULAS, FONDO DE TITULIZACIÓN DE ACTIVOS Perspectiva negativa de la calificación por parte de Fitch Ratings**

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 Fitch Ratings, con fecha 22 de diciembre por la cual se establece la perspectiva negativa de las siguientes calificaciones:
  - Serie A1, de **AA(sf)** a **AA(sf)/Rating Watch Negative**
  - Serie A3, de **AA(sf)** a **AA(sf)/Rating Watch Negative**
  - Serie A4, de **AA(sf)** a **AA(sf)/Rating Watch Negative**
  - Serie A5, de **AA(sf)** a **AA(sf)/Rating Watch Negative**
  - Serie A6, de **AA(sf)** a **AA(sf)/Rating Watch Negative**

En Madrid a 23 de diciembre de 2011

Ramón Pérez Hernández  
Director General



Tagging Info

## Fitch Places 45 Classes of Multi-Issuer Cedulas Hipotecarias on Rating Watch Negative

Ratings  
22 Dec 2011 12:37 PM (EST)

**Link to Fitch Ratings' Report:** [Fitch Places 45 Classes of Multi-Issuer Cedulas Hipotecarias on Rating Watch Negative](#)

Fitch Ratings-Madrid/London-22 December 2011: Fitch Ratings has placed 45 classes of multi-issuer cedulas hipotecarias (CDOs of Spanish covered-bonds or MICH) on Rating Watch Negative (RWN), maintains one on RWN, and affirms one with a Negative Outlook. These actions result in 41 out of a total of 42 Fitch-rated MICH transactions being on RWN.

The details on the rating actions on a transaction basis are available at [www.fitchratings.com](http://www.fitchratings.com) or by clicking on the link above.

Fitch has placed the ratings on RWN of those transactions where the agency's analysis indicates that the current ratings would be downgraded, in the absence of adequate issuer-specific over-collateralisation (OC) statements to address the potential volatility of OC ratios of issuers with a low short term rating (i.e. 'F3' or below).

The rating actions follow Fitch's MICH sector review incorporating cover pool data as of the end-Q311 for most CH issuers and the current ratings of participant financial institutions. The action also reflects the new public OC statement made by Banco de Valencia ('BB-/Stable/'B') which effectively resolves the reason for the RWN on IM Cedulas 2 which is nevertheless maintained on RWN because of this rating action.

Fitch reviewed the MICH sector based on its four-stage analysis of risk drivers, in line with its criteria. These risk drivers are: OC ratios, liquidity support, excessive participant concentration, and counterparty criteria compliance.

As per Fitch's criteria, rating actions have been driven by the lowest individual rating driver of each transaction. The agency highlights that the limiting driving factor for the ratings is the OC ratio of the weakest issuer in a transaction, when compared to the supporting OC ratios calculated by Fitch for that issuer (i.e. OC ratios that would allow for a full recovery upon default of the CH of that issuer under different rating scenarios).

The agency only gave full credit to total OC ratios (i.e. OCs calculated on the total mortgage book of the issuer) for issuers with higher short-term ratings (i.e. 'F2' or above). Fitch considered OC levels equal to public OC statements when such statements were available and the issuer was rated 'F3' or below. Otherwise, the agency has considered a sensitivity analysis by incorporating a haircut in the range of 25% to 50% to the total OC ratios (floored at the legal OC minimum of 25%).

Fitch will resolve these RWNs before 22 March 2011, allowing participating issuers to determine whether they want to take any voluntary action to support the ratings, and time for the implementation of whatever action they decide to take.

The agency acknowledges that there is downgrade pressure on the ratings that could be mitigated if total OC ratios for the weakest issuers were higher or public OC statements were made available. The agency understands that some issuers' short term rating has been downgraded since the last review of the MICH sector in March 2011 and this has affected the credit that Fitch gives to the total OC of such issuers.

The agency believes that some present OC statements have become less effective as they were designed to take past performance references (both expected default rates and expected recovery rates). Furthermore, the expected settlement market value of cover pools is now lower as refinancing spreads have widened in a context of sovereign debt crises. Fitch now considers higher supporting OC ratios for each issuer and rating scenario than those calculated during the last review, as Fitch has updated both its RMBS and SME CLO criteria and has updated the refinancing spreads for each rating scenario.

Fitch indicates that the MICH sector on RWN could be downgraded to the 'A' or 'BBB' category if the aforementioned factors are not addressed by issuers during the next three months.

Fitch does not consider that available liquidity support, excessive participant concentration, or counterparty criteria compliance is currently a limiting driver for any of the outstanding ratings.

The agency's MICH rating methodology is based on the "first dollar loss principle" implying that if the weakest link in the CDO failed in a particular stress scenario, regardless of its participation in the overall transaction it would imply a default of the transaction as a whole under such rating stress. MICH transactions have traditionally comprised CHs issued by multiple Spanish financial entities.

Fitch has considered the current consolidation in the Spanish financial sector including outright mergers. For ongoing consolidations which do not yet have a public rating, Fitch considered the expected ratings of future consolidated entities.

The agency notes that there may be further financial sector consolidation, which would trigger rating revisions in the MICH sector as and when they occur.

More details will be found in a special report "Multi-Issuer Cedulas Hipotecarias CR Tracker", which will be published in January 2012 and will be available on [www.fitchratings.com](http://www.fitchratings.com).

Contacts:

Primary Analyst  
Carlos Terre  
Director  
+34 917 025 772  
Fitch Ratings Spain - Madrid  
General Castanos, 11, 1  
28004 Madrid, Spain

Secondary Analyst  
Ada Suria  
Analyst  
+34 917 025 778

Committee Chairperson  
Juan Garcia  
Senior Director  
+34 917 025 774

Media Relations: Christian Giesen, Frankfurt am Main, Tel: + 49 (0) 69 7680 762 32, Email: [christian.giesen@fitchratings.com](mailto:christian.giesen@fitchratings.com).

Additional information is available at [www.fitchratings.com](http://www.fitchratings.com). The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable criteria "Rating Criteria for Multi-Issuer Cedulas Hipotecarias", 29 Aug 2011; "EMEA Criteria Addendum - Spain - Mortgage Loss and Cash Flow Assumptions", 11 August 2011; "Rating Criteria for European Granular Corporate Balance-Sheet Securitisations (SME CLOs)", dated 6 June 2011; and "Counterparty Criteria for Structured Finance Transactions", dated 14 March 2011 are available at [www.fitchratings.com](http://www.fitchratings.com).

**Applicable Criteria and Related Research:**

EMEA Criteria Addendum - Spain - Mortgage Loss and Cash Flow Assumptions  
Criteria for Rating European Granular Corporate Balance-Sheet Securitisations (SME CLOs)  
Counterparty Criteria for Structured Finance Transactions

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE.

Copyright © 2011 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries.