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Dirección General de Mercados e Inversores
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Madrid

COMUNICACIÓN DE OTRA INFORMACIÓN RELEVANTE

PROGRAMA CÉDULAS TDA, FONDO DE TITULIZACIÓN DE ACTIVOS Actuaciones sobre las calificaciones de los bonos por parte de Fitch Ratings.

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. comunica la siguiente información relevante:

I. Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Fitch Ratings, con fecha 05 de Octubre de 2020, donde se lleva a cabo la siguiente actuación:

- Serie A4 ISIN: ES0371622012, de **A (sf) / perspectiva de revisión negativa a A (sf) / perspectiva negativa.**

En Madrid a 05 de Octubre de 2020

Ramón Pérez Hernández
Consejero Delegado



RATING ACTION COMMENTARY

Fitch removes Programa Cédulas TDA Series A4 from RWN; affirms at 'A'

Mon 05 Oct, 2020 - 10:11 ET

Fitch Ratings - Madrid - 05 Oct 2020: Fitch Ratings has affirmed Programa Cédulas TDA, FTA Series A4 Multi-Issuer Cédulas Hipotecarias' (MICH) Long-Term rating at 'A'. At the same time, Fitch resolved the Rating Watch Negative (RWN) and assigned a Negative Outlook to the notes' rating. A full list of rating actions is below.

KEY RATING DRIVERS

Obligor Concentration Risk

The rating of this MICH series is capped at 'A' due to the presence of obligor concentration risk linked to Bankia S.A. (BBB/Rating Watch Positive (RWP)/F2) that represents 33.5% of the underlying asset portfolio in volume terms, consistent with Fitch's Multi-Issuer Cédulas Hipotecarias Rating Criteria. Fitch expects the obligor concentration risk to increase once the announced merger between CaixaBank, S.A. (BBB+/Negative/F2) and Bankia S.A. is completed - with the transaction has a target date of 1Q21 - as the resultant entity would become the series' largest participating bank, equivalent to 38% of the asset portfolio. This risk will be assessed upon completion of the merger and when further information is available. See: "Fitch Places Bankia on RWP, Affirms CaixaBank on Merger Announcement" published 29 September 2020 at www.fitchratings.com.

Liquidity Support

The RWP on Bankia's Issuer Default Rating (IDR) is not mirrored in Programa Cedulas TDA Series A4's rating because at scenarios higher than the current 'A' the liquidity provisions would be insufficient to mitigate liquidity shortfalls. In the 'A' rating scenario commensurate with the notes' rating, Fitch views the transaction as sufficiently protected by liquidity arrangements to ensure payment continuity on the securitisation notes in the event of underlying assets defaulting. This is, despite the minimal shortfall in the notes' coupon coverage under a 'A' rating scenario suggested by Fitch's MICH model, marginally below the one-year expectation as defined by Fitch's MICH Criteria.

Negative Outlook Driven by Participating Banks

The Negative Outlook reflects the possibility of rating downgrades in the short-to-medium term, as the IDR of most of the participating banks within the series are on Negative Outlook. A weaker rating profile of the participating banks in a MICH transaction implies a larger default rate expectation and a larger liquidity need to ensure payment continuity on the MICH bonds.

Ample OC Compensates for Pandemic-Related Stresses

Fitch expects the coronavirus crisis to negatively affect the performance of Spanish residential mortgages and commercial loans, as rapid job losses are taking place, consumer demand is suffering and various markets are depressed. To reflect such adverse macroeconomic circumstances, Fitch's credit analysis of the cover pool has accommodated additional sensitivities linked to larger projected losses, which are fully compensated by the participating banks' overcollateralisation (OC) ratios.

As of September 2020, relied-upon OC ratios across all the participating banks in Programa Cedulas TDA Series A4 ranged between 281% and 64%, which are much larger than the estimated supporting OC ratios in an 'A' rating scenario that were between 43% and 31%. The smallest buffer between relied-upon OC and supporting OC ratios in a 'A' rating scenario across all participating banks within the series was 31pp.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

The introduction of dedicated liquidity protection mechanisms that effectively mitigate payment interruption risk on the Spanish covered bonds could lead to a positive rating action. This is because Spanish covered bonds have hard bullet redemptions while the cover assets gradually amortise.

An upgrade to Bankia's IDR complemented with stronger structural liquidity could also lead to a positive rating action, as the rating of Programa Cedulas TDA Series A4 is capped to the bank rating, reflecting obligor concentration risk.

Upgrades to other participating banks that imply smaller liquidity needs, all else being equal, could lead to a positive rating action.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

A downgrade to Bankia's IDR could lead to negative rating action, as the rating of Programa Cedulas TDA Series A4 is capped to the bank rating, reflecting obligor concentration risk.

Downgrades to other participating banks that imply larger liquidity needs, all else being equal, could lead to negative rating action.

A fall in the relied-upon OC of the banks below the supporting OC levels could also lead to negative rating action. Supporting OC for a given bank will be affected, among others, by the characteristics of the cover pool securing the covered bonds and Fitch's refinancing spread assumptions.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit

[\[https://www.fitchratings.com/site/re/10111579\]](https://www.fitchratings.com/site/re/10111579)

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The rating on Programa Cedulas TDA Series A4 is capped to Bankia's Long-Term IDR.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
Programa Cedulas TDA, FTA				
• senior secured, Mortgage Covered Bonds, MICH Series A4	LT	A Rating Outlook Negative	Affirmed	A Rating Watch Negative

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Fitch Ratings Interest Rate Stress Assumptions for Structured Finance and Covered Bonds \(Excel\) \(pub. 06 Dec 2019\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub. 06 Dec 2019\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub. 29 Jan 2020\)](#)

[Global Structured Finance Rating Criteria \(pub. 17 Jun 2020\) \(including rating assumption sensitivity\)](#)

[Multi-Issuer Cedulas Hipotecarias Rating Criteria \(pub. 03 Sep 2020\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub. 23 Sep 2020\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

MICH Model, v4.35.2 (1)

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

Programa Cedulas TDA, FTA

EU Issued

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Structured Finance: Covered Bonds Non-Bank Financial Institutions Structured Finance

Banks Europe Spain
