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Madrid

COMUNICACIÓN DE HECHO RELEVANTE

TDA 29 , FONDO DE TITULIZACIÓN DE ACTIVOS Bajada de Calificación Fitch Ratings a Banco Guipuzcoano

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

- I. Respecto al fondo arriba mencionado y de acuerdo con la información publicada por Fitch Ratings el día 9 de diciembre, el rating a corto y largo plazo de la entidad Banco Guipuzcoano ha sido rebajado de F1 a F2 y de A a A- por Fitch Ratings. Por lo tanto, y al objeto de mantener la calificación de los bonos emitidos por el Fondo, se iniciarán los procesos necesarios de acuerdo a los criterios de la agencia de calificación.
- II. Con motivo de la bajada de calificación por parte de Moodys, con fecha 4 de diciembre se procedió a sustituir a Banco Guipuzcoano como entidad en la que estaba abierta la cuenta de reinversión, por Banco Sabadell. Este hecho fue comunicado en dicha fecha como Hecho Relevante.
- III. Adjuntamos nota de prensa de Fitch Ratings, por la que se comunica a esta Sociedad Gestora la bajada de calificación de la mencionada entidad.

En Madrid a 10 de diciembre de 2008

Ramón Pérez Hernández
Director General



Fitch Downgrades Banco Guipuzcoano's IDR to 'A-'; Revises Outlook to Negative

Ratings

09 Dec 2008 9:36 AM (EST)

Fitch Ratings-Barcelona/London-09 December 2008: Fitch Ratings has today downgraded Banco Guipuzcoano's (Guipuzcoano) Long-term Issuer Default rating (IDR) to 'A-' (A minus) from 'A', Short-term IDR to 'F2' from 'F1' and Individual rating to 'C' from 'B/C'. The agency has simultaneously revised the Outlook on the Long-term IDR to Negative from Stable. At the same time, its Support rating of '3' and Support Rating Floor of 'BB' have been affirmed. Fitch has also downgraded Guipuzcoano's senior debt to 'A-' (A minus) from 'A' and subordinated debt to 'BBB+' from 'A-' (A minus). The rating actions taken today have an impact on Guipuzcoano's covered bond ratings, which are explained in a separate rating action commentary.

The rating actions reflect Guipuzcoano's weakening asset quality and operating profitability in the context of the abrupt deterioration of the Spanish economy and housing sector. There has been acceleration in the number of corporate defaults and debt restructurings in the Spanish real estate sector since the summer of 2008. Profitability and asset quality are likely to come under further pressure due to the complex operating environment, subdued business volumes and the fact that funding costs will not return to pre-liquidity crisis levels. Management will be challenged to manage these issues, as well as reduce sector risk concentration and rebalance Guipuzcoano's funding profile, which if not addressed successfully could exert downward pressure on its Long-term IDR. On the other hand, Guipuzcoano benefits from its good franchise in one of the wealthiest regions of Spain, which support a stable deposit base, sound management and satisfactory capital levels.

Guipuzcoano's profitability remained stable in Q308, due to a sustained net interest margin and relatively sound cost control. Loan impairment charges remained stable despite asset quality deterioration, as the bank used generic reserves to absorb higher specific loan impairment charges. These developments helped to offset lower non-interest revenues, particularly from real estate equity accounted affiliates.

Guipuzcoano's main risk comes from its loan book (82% of assets at end-Q308), particularly to SME. However, strong loan growth in the past four years increased its exposure to the real estate and construction sectors, which, at 32% of total loans at end-Q308 represents a high risk given the abrupt slowdown in the Spanish economy and housing market. It also has some exposure through equity investments. Some mitigation is achieved by sound collaterals and proactive management of the loan portfolio. Loans to individuals, mostly residential mortgages, accounted for 31% of total loans. The impaired/total loans ratio was 2.64% (cover: 90%) at end-Q308. Fitch expects asset quality to deteriorate in the next two years.

Liquidity is supported by a stable customer deposit base (around 50% of total loans) and relatively diversified wholesale funding, albeit dominated by securitisations and commercial paper. Capital adequacy ratios remained satisfactory, with a Basel II Tier 1 ratio of 7.7% at end-Q308.

Guipuzcoano is the 38th-largest Spanish banking group by end-2007 total assets. While based in the Basque Country, it has a respectable national network of 267 branches (1,349 staff) at end-Q308. Basque savings banks Bilbao Bizkaia Kutxa and Caja de Ahorros de Guipuzcoa y San Sebastian are its largest single shareholders, with stakes of 14.5% and 9.9%, respectively, at end-Q308.

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