



Tagging Info

Fitch Takes Rating Actions on Consumo Bancaja 1 FTA Ratings Endorsement Policy
18 May 2012 10:57 AM (EDT)

Fitch Ratings-London-18 May 2012: Fitch Ratings has taken the following rating actions on Consumo Bancaja 1 FTA's notes:

EUR11.6m class A notes: upgraded to 'AAAsf' from 'AAsf'; Outlook Negative
EUR14.7m class B notes: affirmed at 'Asf'; Outlook revised to Stable from Negative
EUR19.2m class C notes: downgraded to 'CCsf' from 'CCCsf'; assigned Recovery Estimate of 80%
EUR12.9m class D notes: downgraded to 'Csf' from 'CCsf'; assigned Recovery Estimate of 0%

The upgrade of the class A notes reflects the fact that although the transaction has been performing below Fitch's expectations, it has amortised substantially since the last rating action. The downgrade of the classes C and D is due to undercollateralisation from the fully drawn reserve fund and uncleared principal deficiency ledger (PDL) balance, which is now less likely to be cleared due to the small remaining pool size.

The notes have continued to amortise sequentially and the class A notes are expected to be repaid in full within the next two interest payment dates (IPD). Credit enhancement (CE) for the senior class is substantial at 67.8% and the agency believes that this is adequate to upgrade it to 'AAAsf'. The Negative Outlook reflects the Negative Outlook on the Spanish sovereign.

CE for the class C notes is currently negative at -3.4%. While the PDL balance (EUR1.52m) has been decreasing slightly over the past four IPDs, Fitch does not believe that that recoveries and excess spread will be sufficient to fully compensate for the prospective shortfall on this class.

The class D notes were initially uncollateralised and intended to fund the reserve, which has been fully drawn since February 2008. In light of the already undercollateralised class C, the agency does not consider it likely that the class D notes will repay principal. This is reflected in the Recovery Estimate of 0%.

Defaults have stabilised slightly since their substantial increase in previous periods, but remain cumulatively above Fitch's expectations. The cumulative default ratio was 4.7% in April 2012 and the cumulative loss ratio was 4.07%. Fitch's original base case figures for the same period of seasoning were 2.68% and 1.43%, respectively. To date, recoveries amount to 13.4% of the cumulative defaulted amount, less than a quarter of Fitch's expectation, which was 46.68%. The reserve fund was fully funded at closing at EUR12.9m. It began being drawn on the February 2008 IPD and was fully depleted as of the August 2010 IPD. The transaction's PDL is currently EUR1.52m.

The gap between original expected losses and actual losses has widened, but is in line with Fitch's observations in the Spanish consumer market. Spain's ongoing economic environment is likely to be the main performance driver.

Consumo Bancaja 1 Fondo de Titulizacion de Activos is a true sale securitisation of a pool of consumer and auto loans originated in Spain by Caja de Ahorros de Valencia Castellon y Alicante (Bancaja, now Bankia, 'BBB+/Stable/F2') in June 2006. The proportion of auto loans was 44% at closing. The revolving period, which was due to end in August 2008, terminated in May 2008 due to an early amortisation event. The notes have amortised sequentially and the outstanding value of the notes was 9.7% of its original balance as of last IPD in February 2012.

At closing, CE was 7.80% for class A, 5.35% for class B and 2.15% for class C. As of the February 2012 IPD, CE levels were at 67.8%, 35.48% and -3.36%, respectively.

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Source of Information: servicer reports and payments reports provided by the issuer.

Applicable criteria, 'Global Structured Finance Rating Criteria', dated 4 August 2011, and 'EMEA Consumer ABS Rating Criteria', dated 14 July 2011, are available on www.fitchratings.com.

Applicable Criteria and Related Research:

Global Structured Finance Rating Criteria
EMEA Consumer ABS Rating Criteria

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