

Material Event
concerning

BANCAJA 3 FONDO DE TITULIZACIÓN DE ACTIVOS

Pursuant to Chapter III, section 5.2, of the Prospectus for **BANCAJA 3 FONDO DE TITULIZACION DE ACTIVOS** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- The Rating Agency **Fitch Ratings** (“Fitch”), advised on May 10, 2011 that it has affirmed the rating assigned to the Bond Series issued by the Fund:
 - **Series A:** **AAAsf**, outlook stable
 - **Series B:** **AAsf**, outlook stable
 - **Series C:** **BBBsf**, outlook stable

Enclosed herewith is the communication issued by Fitch Ratings.

Madrid, May 10, 2011.

Mario Masiá Vicente
General Manager

FITCH AFFIRMS 25 TRANCHES OF BANCAJA SPANISH RMBS

Fitch Ratings-London/Madrid-10 May 2011: Fitch Ratings has affirmed 25 tranches of seven Bancaja RMBS transactions, a series of Spanish RMBS. The portfolios are backed by loans originated by Bancaja ('A-/Stable/'F2'). A full list of rating actions is at the end of this comment.

Bancaja 3-7 transactions have shown strong collateral performance despite geographical concentration in Valencia. The portfolios' average current loan to value ratios (CLTV) range between 31% (Bancaja 3) and 57% (for Bancaja 6) and the loans in the pools are well seasoned (6-12 years). As a result, the performance of the transactions has been well in line with Fitch's expectations. In March 2011, loans in arrears by more than 90 days ranged between 0.40% and 0.84% for Bancaja 3 and Bancaja 7, respectively. Meanwhile, the level of gross cumulative defaults over initial collateral balances was in the range of 0.08% to 0.43%. Due to the low volume of loans in the delinquency pipeline, Fitch expects limited movements in the current arrears and default levels and, as a result, the agency has affirmed the ratings of these deals.

The performance of Bancaja 8 and 9 transactions differs from the more seasoned Bancaja 3-7 deals with arrears levels reaching 1.77% and 1.82% of the current portfolios respectively as of March 2011. Cumulative gross defaults ratio, defined as loans in arrears by more than 18 months over initial collateral balance, reached 1.64% and 3.60% in March 2011. These higher arrears and default levels were anticipated given the characteristics of the collateral, with loans that were originated during the height of the housing boom and coincide with the originator's expansion strategy outside its core region of Valencia. Bancaja 8 and 9 have original LTV (OLTV) and CLTV in the range of 75% and 62% respectively.

Similar to most Spanish RMBS, all Bancaja transactions benefit from a provisioning mechanism whereby defaults are written off using gross excess spread. Over the last two payment periods, new defaulted loans within Bancaja 8 and 9 series have been lower in volume than the available excess spread, and consequently the transactions have been able to partially replenish their reserve funds. As of March 2011, Bancaja 8 and 9's reserve funds stood at 97% and 48% of their target amounts. Given the current trend in arrears, in Fitch's view, further replenishment of the reserves may occur on upcoming payment dates. As a result, Fitch has revised the Outlook on Bancaja 9's class B notes to Stable, while maintaining the Negative Outlook assigned to the junior tranches in these deals.

The originator, Bancaja, has gone through a merger process with other Spanish financial institutions to form Banco Financiero y de Ahorros Group (BFA Group; rated 'A-/Stable/'F2'). The Bancaja series have different degrees of exposure to Bancaja, which acts as swap provider in Bancaja 3 and Bancaja 4 and servicer for all of them. However, given the cash collateralisation of the swap agreements in place and the frequency of collateral collections transfers from the servicer to the SPV account banks every two business days, Fitch's considers that counterparty risk is well mitigated and is broadly in line with Fitch's criteria.

The rating actions are as follows:

Bancaja 3, Fondo de Titulización de Activos:

Class A (ISIN ES0312882006): affirmed at 'AAAsf'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Class B (ISIN ES0312882014): affirmed at 'AAsf'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Class C (ISIN ES0312882022): affirmed at 'BBBsf'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Bancaja 4, Fondo de Titulización Hipotecaria:

Class A (ISIN ES0312883004): affirmed at 'AAAsf'; Outlook Stable; assigned a Loss Severity

rating of 'LS-1'

Class B (ISIN ES0312883012): affirmed at 'AAAsf'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Class C (ISIN ES0312883020): affirmed at 'A+sf'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Bancaja 5, Fondo de Titulizacion de Activos:

Class A (ISIN ES0312884002): affirmed at 'AAAsf'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Class B (ISIN ES0312884010): affirmed at 'AAAsf'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Class C (ISIN ES0312884028): affirmed at 'A-sf'; Outlook Stable; assigned a Loss Severity rating of 'LS-2'

Bancaja 6, Fondo de Titulizacion de Activos:

Class A2 (ISIN ESO312885017): affirmed at 'AAAsf'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Class B (ISIN ESO312885025): affirmed at 'AAsf'; Outlook Stable; assigned a Loss Severity rating of 'LS-2'

Class C (ISIN ESO312885033): affirmed at 'A-sf'; Outlook Stable; assigned a Loss Severity rating of 'LS-3'

Bancaja 7, Fondo de Titulizacion de Activos:

Class A2 (ISINES0312886015): affirmed at 'AAAsf'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Class B (ISIN ES0312886023): affirmed at 'AA-sf'; Outlook Stable; assigned a Loss Severity rating of 'LS-2'

Class C (ISINES0312886031): affirmed at 'A-sf'; Outlook Stable; assigned a Loss Severity rating of 'LS-2'

Class D (ISINES0312886049): affirmed at 'BBB-sf'; Outlook Stable; assigned a Loss Severity rating of 'LS-3'

Bancaja 8, Fondo de Titulizacion de Activos:

Class A (ISIN ES0312887005): affirmed at 'AAAsf'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Class B (ISIN ES0312887013): affirmed at 'A+sf'; Outlook Stable; assigned a Loss Severity rating of 'LS-3'

Class C (ISIN ES0312887021): affirmed at 'BBB+sf'; Outlook Stable; assigned a Loss Severity rating of 'LS-4'

Class D (ISIN ES0312887039): affirmed at 'BB+sf'; Outlook Negative; assigned a Loss Severity rating of 'LS-4'

Bancaja 9, Fondo de Titulizacion de Activos:

Class A2 (ISIN ES0312888011): affirmed at 'AAAsf'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Class B (ISIN ES0312888029): affirmed at 'Asf'; Outlook revised to Stable from Negative; assigned a Loss Severity rating of 'LS-3'

Class C (ISIN ES0312888037): affirmed at 'BBsf'; Outlook Negative; assigned a Loss Severity rating of 'LS-3'

Class D (ISIN ES0312888045): affirmed at 'Bsf'; Outlook Negative; assigned a Loss Severity rating of 'LS-4'

Class E (ISIN ES0312888052): affirmed at 'CCsf'; assigned a Recovery rating of 'RR5'

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Additional information is available at www.fitchratings.com.

Sources of information - in addition to those mentioned in the applicable criteria, the sources of information used to assess these ratings were Investor Reports.

Applicable criteria, 'EMEA Residential Mortgage Loss Criteria', and 'EMEA Residential Mortgage Loss Criteria Addendum - Spain', both dated 23 February 2010 and available at www.fitchratings.com.

Applicable Criteria and Related Research:

EMEA Residential Mortgage Loss Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=500786

EMEA Residential Mortgage Loss Criteria Addendum - Spain

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=500764

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