

Tagging Info**Fitch Affirms 20 Tranches of Bancaja RMBS 3 to 8** [Ratings](#)

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Fitch Ratings-London/Madrid-11 November 2008: Fitch Ratings has today affirmed 20 tranches from Bancaja RMBS transactions following a satisfactory performance review. The portfolios are backed by loans originated by Caja de Ahorros de Valencia, Castellon y Alicante (Bancaja).

The most seasoned transactions, Bancaja 3 to 7, have shown loans in arrears by more than three months persistently below 0.6% of the outstanding balance. These deals closed between 2002 and 2004 and had a high seasoning at closing ranging from 15 to 40 months. On the other hand, Bancaja 8, which closed in 2005, has seen higher delinquencies than the previous transactions - in the last reporting month they were 1.44% of the current balance. Although higher than the earlier transactions this does not affect the current ratings. Given the current performance trends and the level of credit enhancement (CE) of each deal for the ratings, all tranches have been affirmed.

All the transactions, except Bancaja 3, have a sequential amortisation structure for the notes until the proportion of the junior classes increases to a certain required level of the total note balance. Because the credit enhancement (CE) of Bancaja 4 to 7 has grown to the necessary level, the amortisation of the notes has switched to pro rata and their reserve fund (RF) has also started to amortise. Since this limits their CE growth, and given the expectation of arrears increases in Spain, the Outlooks are changed to Stable from Positive on selected tranches. Bancaja 8 is still paying sequentially and therefore, its CE is still growing, but due to the upward trend of its delinquencies the Outlook of the most junior tranches remains Stable.

In June 2007 the substitution period of Bancaja 3 expired. Thereafter until June 2009, the mortgage principal receipts will be maintained in the fund's principal account. The pay down of the notes using these funds will commence in June 2009. At present EUR141.8m is available to pay down the notes, which will lead to an increase in CE and is reflected in the Outlook change on the class B notes to Positive.

The RF of Bancaja 6 and 7 started to amortise in 2007 and given the current CE levels, rating upgrades could occur if performance remains good. This is reflected in their Positive Outlooks. The CE of Bancaja 4 and 5 will not grow until the RF reaches its floor amount. Because Fitch does not expect this to occur in the next two years, the Outlooks are Stable.

Bancaja is the result of the mergers of four savings banks from the Autonomous Community of Valencia. Bancaja 3 to Bancaja 6 have a high concentration in the region, ranging from 87.6% to 54.6%. The concentration at closing of Bancaja 7 is 48.4%

Fitch has employed its credit-cover multiple methodology in reviewing these transactions to assess the level of credit support available to each class of notes.

The rating actions are as follows:

Bancaja 3, Fondo de Titulizacion de Activos:

Class A (ISIN ES0312882006): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0312882014): affirmed at 'A+'; Outlook revised to Positive from Stable

Class C (ISIN ES0312882022): affirmed at 'BBB'; Outlook Stable

Bancaja 4, Fondo de Titulizacion Activos:

Class A (ISIN ES0312883004): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0312883012): affirmed at 'AAA'; Outlook Stable

Class C (ISIN ES0312883020): affirmed at 'A+'; Outlook revised to Stable from Positive

Bancaja 5, Fondo de Titulizacion de Activos:

Class A (ISIN ES0312884002): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0312884010): affirmed at 'AAA'; Outlook Stable

Class C (ISIN ES0312884028): affirmed at 'A-' (A minus); Outlook revised to Stable from Positive

Bancaja 6, Fondo de Titulizacion de Activos:

Class A2 (ISIN ES0312885017): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0312885025): affirmed at 'AA'; Outlook Positive

Class C (ISIN ES0312885033): affirmed at 'A-' (A minus); Outlook revised to Stable from Positive

Bancaja 7, Fondo de Titulizacion de Activos:

Class A2 (ISIN ES0312886015): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0312886023): affirmed at 'AA-' (AA minus); Outlook Positive

Class C (ISIN ES0312886031): affirmed at 'A-' (A minus); Outlook Positive

Class D (ISIN ES0312886049): affirmed at 'BBB-' (BBB minus); Outlook revised to Stable from Positive

Bancaja 8, Fondo de Titulizacion de Activos:

Class A (ISIN ES0312887005): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0312887013): affirmed at 'A+'; Outlook Positive

Class C (ISIN ES0312887021): affirmed at 'BBB+'; Outlook revised to Stable from Positive

Class D (ISIN ES0312887039): affirmed at 'BB+'; Outlook Stable

Further commentary and performance data on these transactions are available on the agency's subscription web site, www.fitchresearch.com.

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