



## Fitch Affirms 23 Tranches, Downgrades 3 of Bancaja RMBS series; Outlook Negative

Fitch Ratings has affirmed 23 tranches and downgraded three tranches of the Bancaja transactions (Bancaja 3, 4, 5, 6, 7, 8, 9 and 13) a series of Spanish RMBS transactions. Most of the transactions closed between 2002 and 2006, whilst Bancaja 13 closed in 2009. A full list of rating actions is available at [www.fitchratings.com](http://www.fitchratings.com) or by clicking on the link above.

### KEY RATING DRIVERS

#### Divergence In Asset Performance Across Deals

The earlier Bancaja deals (Bancaja 3-7), comprise highly seasoned, low weighted average current loan-to-value ratio mortgages. Despite the difficult macroeconomic environment, the performance of these deals has remained stable. This is highlighted by the comparatively low three months+ arrears levels, which range between 1.1 % (Bancaja 6) and 1.86% (Bancaja 7).

The later deals, Bancaja 8, 9 and 13, have not performed as well. The weaker performance of the underlying portfolios can be attributed to the more adverse loan characteristics (eg a higher proportion of temporary or self-employed borrowers). A comparison of three months+ arrears of these deals with transactions of the same vintage shows that Bancaja 8, 9 and 13 are among the worst performers. The weaker performance is further evidenced by reserve fund draws caused by high volumes of defaults that are being provisioned for. The level of defaults combined with reserve fund draws have triggered a downgrade of the class B, C and D notes, as the level of credit enhancement available to these tranches is insufficient to withstand the respective rating stresses. Fitch also notes that the insufficient revenue has led to interest deferral on the uncollateralised class E notes of Bancaja 9, which has been on-going since June 2008 and is expected to continue in the upcoming payment dates, given the pipeline of late stage arrears.

#### Pro Rata Amortisation

The good performance of the underlying assets has resulted in the continued pro rata amortisation of Bancaja 3's class A and B notes, as well as the full structure of Bancaja 5. This is expected to continue on the upcoming payment dates. A breach in an arrears trigger in Bancaja 6 has led to a switch to sequential amortisation of the class C notes, while the rest of the structure continues to pay pro rata. The rest of the deals in the series continue to pay down sequentially as a result of arrears being in excess of the trigger levels.

### RATING SENSITIVITIES

Deterioration in asset performance may result from either economic factors, in particular the increasing effect of unemployment or the implementation of more stringent criteria for recognition of delinquent and defaulted borrowers, as is the case for some of the banks that have recently been subject to state intervention. A corresponding increase in new defaults and associated pressure on excess spread levels and reserve funds could result in negative rating action, particularly at the lower end of the capital structures.

#### Sovereign Downgrades

A decline in the creditworthiness of the Spanish sovereign would have affect the ratings of the notes subject to the sovereign cap which is currently 'AA-sf'.

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Deal Legal Name	Class	CUSIP	ISIN	Prior Rating	Prior Recovery Estimate	Prior Rating Watch/Outlook	Rating Action	New Rating	Rating Type	New Recovery Estimate	New Rating Watch / Outlook	Rating Action Effective Date	Surveillance Analyst
Bancaja 13, FTA	Class A		ES0312847009	A- sf		Rating Outlook Negative	Affirmed	A- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Paic, Sanja	
Bancaja 3, FTA	Class A		ES0312882006	AA- sf		Rating Outlook Negative	Affirmed	AA- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 3, FTA	Class B		ES0312882014	AA- sf		Rating Outlook Negative	Affirmed	AA- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 3, FTA	Class C		ES0312882022	BBB sf		Rating Outlook Negative	Affirmed	BBB sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 4, FTH	Class A		ES0312883004	AA- sf		Rating Outlook Negative	Affirmed	AA- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 4, FTH	Class B		ES0312883012	AA- sf		Rating Outlook Negative	Affirmed	AA- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 4, FTH	Class C		ES0312883020	BBB+ sf		Rating Outlook Negative	Affirmed	BBB+ sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 5, FTA	Class A		ES0312884002	AA- sf		Rating Outlook Negative	Affirmed	AA- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 5, FTA	Class B		ES0312884010	AA- sf		Rating Outlook Negative	Affirmed	AA- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 5, FTA	Class C		ES0312884028	A- sf		Rating Outlook Negative	Affirmed	A- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 6, FTA	Class A2		ES0312885017	AA- sf		Rating Outlook Negative	Affirmed	AA- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 6, FTA	Class B		ES0312885025	AA- sf		Rating Outlook Negative	Affirmed	AA- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 6, FTA	Class C		ES0312885033	A- sf		Rating Outlook Negative	Affirmed	A- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 7, FTA	Class A2		ES0312886015	AA- sf		Rating Outlook Negative	Affirmed	AA- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 7, FTA	Class B		ES0312886023	AA- sf		Rating Outlook Negative	Affirmed	AA- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 7, FTA	Class C		ES0312886031	A- sf		Rating Outlook Negative	Affirmed	A- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 7, FTA	Class D		ES0312886049	BB sf		Rating Outlook Negative	Affirmed	BB sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 8, FTA	Class A		ES0312887005	AA- sf		Rating Outlook Negative	Affirmed	AA- sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 8, FTA	Class B		ES0312887013	A+ sf		Rating Outlook Negative	Downgrade	A sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 8, FTA	Class C		ES0312887021	BBB+ sf		Rating Outlook Negative	Downgrade	BBB sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 8, FTA	Class D		ES0312887039	BB+ sf		Rating Outlook Negative	Downgrade	BB sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 9, FTA	Series A2		ES0312888011	A sf		Rating Outlook Negative	Affirmed	A sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 9, FTA	Series B		ES0312888029	BBB sf		Rating Outlook Negative	Affirmed	BBB sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 9, FTA	Series C		ES0312888037	BB sf		Rating Outlook Negative	Affirmed	BB sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 9, FTA	Series D		ES0312888045	B sf		Rating Outlook Negative	Affirmed	B sf	Long Term Rating		Rating Outlook Negative	02 oct 2013 Tinti, Mirella	
Bancaja 9, FTA	Series E		ES0312888052	CC sf	RE 0%	Rating Watch Off	Affirmed	CC sf	Long Term Rating			02 oct 2013 Tinti, Mirella	