



Tagging Info

Fitch Takes Various Actions on Bancaja Series Spanish RMBS Ratings

06 Aug 2010 10:08 AM (EDT)

Fitch Ratings-London-06 August 2010: Fitch Ratings has today upgraded one, downgraded four and affirmed 20 tranches from the Bancaja, Fondo de Titulizacion Hipotecarios y de Activos Series (Bancaja) Spanish RMBS transactions originated by Caja de Ahorros de Valencia, Castellon y Alicante. The agency has downgraded four tranches from the Bancaja 9 transaction that has experienced reserve fund draws at each of the last 8 interest payment dates due to deteriorating collateral performance. Fitch has also upgraded the Class B tranche in Bancaja 3, reflecting the strong collateral performance and deleveraging of this highly seasoned transaction. A full rating breakdown is provided at the end on this comment.

The performance of the early transactions in the Bancaja series has remained strong. The low weighted average loan to value ratios (LTV), in the range of 30%-60%, have contributed to the low level of arrears and defaults seen in these transactions, and also reduce the likelihood of losses, even given Fitch's expectations for a 25%-30% house price decline in Spain. The older transactions have also experienced defaults that have been spread out since closing, allowing the transactions to efficiently utilise excess spread without drawing on their reserve fund.

Bancaja 4-7 have switched to a pro-rata note amortisation, and Fitch expects this to also occur in Bancaja 3. Although pro-rata amortisation of the notes will accelerate note pay-down, along with an amortising reserve fund, it also limits credit enhancement growth. Fitch notes that the current credit enhancement levels provide sufficient support and therefore have affirmed all the ratings.

Although the sequential amortisation of the notes is having a positive impact on the credit enhancement growth in Bancaja 8 and 9, continued reserve fund draws have offset this positive trend. Given the current volume of loans within the higher delinquency buckets and the limited excess spread generated, the agency expects further draws in these two transactions which will limit the credit support the notes get from subordination. The current level of loans in arrears for more than three months have been high at 1.98% and 3.29%, respectively for Bancaja 8 FTA at the end of June and Bancaja 9 FTA as of the June 2010 interest payment date (IPD). This is in comparison to the older transactions within the series which have experienced 3M+ arrears in the range of 0.24%-0.80%.

Following the downgrade of Caja de Ahorros de Valencia, Castellon y Alicante (Bancaja) by Fitch from BBB+/F2 to BBB/F3 on 1 June 2010, the agency was informed that remedial actions were taken to mitigate the exposure to Bancaja. Bancaja is the Interest Rate Swap Counterparty for Bancaja 3 and 4 transactions. For further information on the remedial action please refer to Fitch's public commentary titled "No Impact on Bancaja and Banco de Valencia SF Deals from Downgrade", published on 3 August 2010.

The rating actions are as follows:

Bancaja 3, Fondo de Titulizacion de Activos:

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

Class B (ISIN ES0312882014): upgraded to 'AA' from 'A+'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

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

Bancaja 4, Fondo de Titulizacion Hipotecaria:

Class A (ISIN ES0312883004): affirmed at 'AAA'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'

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

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

Bancaja 5, Fondo de Titulizacion de Activos:

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

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

Class C (ISIN ES0312884028): affirmed at 'A-' (A minus); Outlook Stable; assigned a Loss Severity rating of 'LS-1'

Bancaja 6, Fondo de Titulizacion de Activos:

Class A2 (ISIN ESO312885017): affirmed at 'AAA'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'
Class B (ISIN ESO312885025): affirmed at 'AA'; Outlook revised to Stable from Positive; assigned a Loss Severity rating of 'LS-1'
Class C (ISIN ESO312885033): affirmed at 'A-' (A minus); Outlook Stable; assigned a Loss Severity rating of 'LS-2'

Bancaja 7, Fondo de Titulizacion de Activos:

Class A2 (ISINES0312886015): affirmed at 'AAA'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'
Class B (ISIN ESO312886023): affirmed at 'AA-' (AA minus); Outlook revised to Stable from Positive; assigned a Loss Severity rating of 'LS-1'
Class C (ISINES0312886031): affirmed at 'A-' (A minus); Outlook revised to Stable from Positive; assigned a Loss Severity rating of 'LS-2'
Class D (ISINES0312886049): affirmed at 'BBB-' (BBB minus); Outlook Stable; assigned a Loss Severity rating of 'LS-2'

Bancaja 8, Fondo de Titulizacion de Activos:

Class A (ISIN ESO312887005): affirmed at 'AAA'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'
Class B (ISIN ESO312887013): affirmed at 'A+'; Outlook revised to Stable from Positive; assigned a Loss Severity rating of 'LS-2'
Class C (ISIN ESO312887021): affirmed at 'BBB+'; Outlook Stable; assigned a Loss Severity rating of 'LS-3'
Class D (ISIN ESO312887039): affirmed at 'BB+'; Outlook revised to Negative from Stable; assigned a Loss Severity rating of 'LS-3'

Bancaja 9, Fondo de Titulizacion de Activos:

Class A2 (ISIN ESO312888011): affirmed at 'AAA'; Outlook Stable; assigned a Loss Severity rating of 'LS-1'
Class B (ISIN ESO312888029): downgraded to 'A' from 'A+'; Outlook Negative; assigned a Loss Severity rating of 'LS-3'
Class C (ISIN ESO312888037): downgraded to 'BB' from 'BBB'; Outlook Negative; assigned a Loss Severity rating of 'LS-3'
Class D (ISIN ESO312888045): downgraded to 'B' from 'BB-'; Outlook Negative; assigned a Loss Severity rating of 'LS-3'
Class E (ISIN ESO312888052): downgraded to 'CC' from 'CCC-'; assigned a Recovery rating of 'RR5'

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

Fitch's Recovery Ratings (RR), introduced in 2005, are a relative indicator of creditor recovery on a given obligation in the event of a default. An overview of Fitch's RR methodology can be found at www.fitchratings.com/recovery.

Further commentary and performance data on the transaction are also available at www.fitchratings.com.

Contacts: Aksel Etingu, London, Tel: +44 (0) 20 7682 7135; Carlos Masip, Madrid, Tel: +34 91 702 5773.

Media Relations: Julian Dennison, London, Tel: +44 020 7682 7480, Email: julian.dennison@fitchratings.com.

Additional information is available at www.fitchratings.com.

Related Research:

EMEA Residential Mortgage Loss Criteria Addendum - Spain
EMEA Structured Finance Snapshot: July 2010 (Multimedia)

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE.