

Fitch Upgrades 7 Tranches of Bancaja RMBS deals [Ratings](#)

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Fitch Ratings-London-20 June 2007: Fitch Ratings has today upgraded seven tranches from Bancaja RMBS transactions and affirmed a further 18, following a satisfactory performance review. The portfolios are backed by loans originated by Caja de Ahorros de Valencia, Castellon y Alicante (Bancaja).

The oldest transactions, mainly those well seasoned at closing, such as Bancaja 3, Fondo de Titulizacion de Activos (Bancaja 3), Bancaja 5 Fondo de Titulizacion de Activos (Bancaja 5), and Bancaja 6, Fondo de Titulizacion de Activos (Bancaja 6), have consistently shown low arrears levels below Fitch's Spanish Three-Months Delinquency Index. Bancaja 4, Fondo de Titulizacion de Activos (Bancaja 4) and Bancaja 7, Fondo de Titulizacion de Activos (Bancaja 7), have shown slightly higher arrears, ranging from 0.31% to 0.33%. The more recent issues, Bancaja 8, Fondo de Titulizacion de Activos (Bancaja 8) and Bancaja 9, Fondo de Titulizacion de Activos (Bancaja 9), have shown rising three month-plus arrears, standing at 0.67% and 0.81%, respectively, according to the latest reports. These high arrears may be due to their substantially lower seasoning relative to other deals in the series at closing at 10.9 and 11.2 months respectively.

With the exception of Bancaja 3, all the transactions have sequential amortisation of the notes until the proportion of the more junior classes is double that of closing. Bancaja 3 has had a substitution period, which expired in June 2007. Starting from the end of the substitution period till June 2009, mortgage principal receipts will be maintained in the fund's principal account for this deal.

Bancaja 4 and Bancaja 5 have already switched to pro rata and their reserve funds have started to amortise. Bancaja 6 and Bancaja 7 reserve fund proportions are double those at closing and hence are expected to begin amortising.

The high principal payment rate (PPR) and the sequential payments have had a strong impact on building the levels of credit enhancement. Consequently, the more seasoned transactions have been upgraded.

Bancaja is the result of the mergers of four savings banks from the Autonomous Community of Valencia but in April 2004, Bancaja launched its 2004-2007 strategic plan, centred on increasing its presence outside Valencia. Deals issued before 2004 - Bancaja 3 to Bancaja 6 - have a high concentration in the region, ranging from 87.6% to 54.6%. The concentration at closing in later transactions - Bancaja 7 - diminished to 48.4% while that in Bancaja 9 was 37.72%, the lowest of the Bancaja deals.

The deals' current loan-to-values (CLTV) have been on an upwards trend, ranging from 58.5% in Bancaja 3 to 74.5% in Bancaja 9. The PPR of all the deals has been high, at an average of 17.44%, which is above the Spanish average. Since closing, the concentration in Valencia and the CLTV have diminished, and hence there has been no negative selection.

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 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) upgraded to 'AAA' from 'AA+'. Outlook revised to Stable from Positive
 Class C (ISIN ES0312883020) affirmed at 'A+'. Outlook Positive

Bancaja 5, Fondo de Titulizacion de Activos:
 Class A (ISIN ES0312884002) affirmed at 'AAA'. Outlook Stable
 Class B (ISIN ES0312884010) upgraded to 'AAA' from 'AA+'. Outlook revised to Stable from Positive

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

Bancaja 6, Fondo de Titulizacion de Activos:

Class A2 (ISIN ESO312885017) affirmed at 'AAA'. Outlook Stable

Class B (ISIN ESO312885025) upgraded to 'AA' from 'AA-' (AA minus). Outlook Positive

Class C (ISIN ESO312885033) upgraded to 'A-' (A minus) from 'BBB+'. Outlook Positive

Bancaja 7, Fondo de Titulizacion de Activos:

Class A2 (ISINES0312886015) affirmed at 'AAA'. Outlook Stable

Class B (ISIN ES0312886023) upgraded to 'AA-' (AA minus) from A+'. Outlook revised to Positive from Stable

Class C (ISINES0312886031) upgraded to 'A-' (A minus) from 'BBB+'. Outlook revised to Positive from Stable

Class D (ISINES0312886049) upgraded to 'BBB-' (BBB minus) from BB+'. Outlook revised to Positive from Stable

Bancaja 8, Fondo de Titulizacion de Activos:

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

Class B (ISIN ES0312887013) affirmed at 'A+'. Outlook revised to Positive from Stable

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

Class D (ISIN ES0312887039) affirmed at 'BB+'. Outlook revised to Positive from Stable

Bancaja 9, Fondo de Titulizacion de Activos:

Class A2 (ISIN ES0 312888011) affirmed at 'AAA'. Outlook Stable

Class B (ISIN ES0 312888029) affirmed at 'A+'. Outlook revised to Positive from Stable

Class C (ISIN ES0 312888037) affirmed at 'BBB+'. Outlook revised to Positive from Stable

Class D (ISIN ES0 312888045) affirmed at 'BB+'. Outlook revised to Positive from Stable

Class E affirmed at 'CCC-' (CCC minus). 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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