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## Fitch Downgrades Bancaja 9; Revises Outlook to Negative [Ratings](#)

13 Nov 2008 8:24 AM (EST)

Fitch Ratings-London/Madrid-13 November 2008: Fitch Ratings has today downgraded two junior tranches from Bancaja 9 and revised the Outlook on three Classes to Negative from Stable following a performance review. The portfolio is backed by residential mortgage loans originated by Caja de Ahorros de Valencia, Castellon y Alicante (Bancaja).

This transaction has shown an upward trend of arrears since closing in February 2006; loans in arrears by more than three months reached 3.21% in September 2008. Defaults, defined as loans in arrears by more than 18 months, reached 0.6% in September 2008. Because in the last two quarters the newly defaulted loans have been above the available excess spread (ExS), the reserve fund (RF) has been reduced to EUR21.3m from its target level of EUR22m. As the current level and timing of defaults and delinquencies is higher than originally expected in the rating scenarios of the two most junior tranches, their ratings have been downgraded.

The future development of arrears and defaults, as well as the timing and extent of recoveries, will drive future rating actions. The rate at which arrears translate into defaults has been high. This, together with the increasing delinquencies in the later buckets, will place additional pressure on defaults. Consequently, the pace of newly defaulted loans is expected to increase in the next quarters, leading to anticipated further draws on the RF. The high probability of both a declining RF and further deterioration in performance are reflected in the change in Outlook to Negative.

Bancaja is the result of the merger of four savings banks from the Autonomous Community of Valencia. Bancaja 3 to Bancaja 8 were recently affirmed (Fitch Affirms 20 Tranches of Bancaja RMBS 3 to 8, 11 November 2008). The concentration of loans in Valencia in Bancaja 9 was 37.72% at closing.

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 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 Negative from Stable.

Class C (ISIN ES0 312888037): downgraded to 'BBB' from 'BBB+'; Outlook revised to Negative from Stable.

Class D (ISIN ES0 312888045): downgraded to 'BB-' (BB minus) from 'BB+' Outlook revised to Negative from Stable

Class E (ISIN ES0 ES0312888052): affirmed at 'CCC-' (CCC minus)/Distressed Recovery '3'

Further commentary and performance data on these transactions are available on the agency's subscription web site, [www.fitchresearch.com](http://www.fitchresearch.com).

Contacts: Santiago Isnardi, London, Tel: +44 20 7070 5832; Peter Dossett, +44 20 7862 4027; Andy Brewer, +44 20 7417 3481; Rui Pereira, Madrid, +34 91 702 5774.

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

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