

Rating Action: Moody's confirms the ratings of four notes and affirms the rating of one note in Bancaja 10, FTA and Bancaja 11, FTA

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London, 12 February 2015 -- Moody's Investors Service has today confirmed the ratings of four notes and affirmed the rating of one note in two Spanish residential mortgage-backed securities (RMBS) transactions: Bancaja 10, FTA and Bancaja 11, FTA.

Today's rating action concludes the review of four notes initiated on 23 January 2015, following the upgrade of the Spanish country ceiling to Aa2 from A1 (http://www.moody.com/viewresearchdoc.aspx?docid=PR_316959).

Please refer to the end of the Ratings Rationale section for a list of affected ratings.

RATINGS RATIONALE

Today's rating confirmations and an affirmation takes into account (1) the current level of credit enhancement available to each class of notes, (2) the benefit of the increased country ceiling and (3) the exposure to counterparty risk.

-- Pro-rata versus sequential amortization of class A notes

There is a performance trigger in the two transactions that could switch the amortization and loss allocation within the class A2 and A3 notes from currently sequential to pro-rata. This trigger will be hit once the sum of the outstanding class A2 and A3 notes is higher than the performing portfolio balance (including loans up to 90+days in arrears) plus the mortgage loan principal repayment income amount received during the Determination Period. Moody's believes that this event is very likely to happen in its expected scenario as reflected in the ratings.

-- Key collateral assumptions

The key collateral assumptions have not been updated as part of this review. The performance of the underlying asset portfolios remains in line with Moody's assumptions. In addition, Moody's has a stable outlook for Spanish ABS and RMBS transactions. The Expected Loss for Bancaja 10, FTA and Bancaja 11, FTA remains at 7.6% and 8.8% over original pool balance respectively. The MILAN CE assumption has been kept at 20% for both transactions.

-- Exposure to Counterparties

Moody's rating analysis also took into consideration the exposure to key transaction counterparties including the roles of servicer, account bank and swap provider.

Today's rating action takes into account the servicer commingling exposure to Bankia, S.A. (B1/NP) for Bancaja 10, FTA and Bancaja 11, FTA. Moody's also assessed the exposure to JPMorgan Chase Bank, N.A., London Branch (Aa3/(P)P-1) acting as swap counterparty to Bancaja 10, FTA and of HSBC Bank plc (Aa3/P-1) as swap counterparty to Bancaja 11, FTA.

Principal Methodology

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS Using the MILAN Framework" published in January 2015. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

Factors that would lead to an upgrade or downgrade of the ratings:

Factors or circumstances that could lead to an upgrade of the ratings include (1) further reduction in sovereign risk, (2) performance of the underlying collateral that is better than Moody's expected, (3) deleveraging of the capital structure and (4) improvements in the credit quality of the transaction counterparties.

Factors or circumstances that could lead to a downgrade of the ratings include (1) an increase in sovereign risk,

(2) performance of the underlying collateral that is worse than Moody's expects, (3) deterioration in the notes' available credit enhancement and (4) deterioration in the credit quality of the transaction counterparties.

List of Affected Ratings:

Issuer: BANCAJA 10 FONDO DE TITULIZACION DE ACTIVOS

...EUR 1537M Class A2 Notes, Confirmed at Baa3 (sf); previously on Jan 23, 2015 Baa3 (sf) Placed Under Review for Possible Upgrade

...EUR 500M Class A3 Notes, Confirmed at Baa3 (sf); previously on Jan 23, 2015 Baa3 (sf) Placed Under Review for Possible Upgrade

...EUR 65M Class B Notes, Affirmed Caa2 (sf); previously on Sep 22, 2014 Downgraded to Caa2 (sf)

Issuer: BANCAJA 11 FONDO DE TITULIZACION DE ACTIVOS

...EUR 1193M Class A2 Notes, Confirmed at Ba3 (sf); previously on Jan 23, 2015 Ba3 (sf) Placed Under Review for Possible Upgrade

...EUR 440M Class A3 Notes, Confirmed at Ba3 (sf); previously on Jan 23, 2015 Ba3 (sf) Placed Under Review for Possible Upgrade

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

Moody's did not receive or take into account a third-party assessment on the due diligence performed regarding the underlying assets or financial instruments related to the monitoring of these transactions in the past six months.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

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Cristina Quintana
Associate Analyst
Structured Finance Group
Moody's Investors Service Ltd.
One Canada Square
Canary Wharf
London E14 5FA
United Kingdom
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Barbara Rismondo
Senior Vice President/Manager
Structured Finance Group
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Releasing Office:
Moody's Investors Service Ltd.
One Canada Square
Canary Wharf
London E14 5FA
United Kingdom
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454



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