

## Ratings On All Notes Placed On CreditWatch Negative In Spanish RMBS Transactions Bancaja 10 And Bancaja 11

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### OVERVIEW

- We have observed continuing deterioration in the portfolio credit quality and increasing delinquency rates across Bancaja 10 And Bancaja 11, and the reserve funds have been fully drawn in both transactions.
- We have placed on CreditWatch negative all classes of notes in Bancaja 10 and Bancaja 11.
- Bancaja (Caja de Ahorros de Valencia, Castellon y Alicante) originated these Spanish RMBS transactions in 2007.

MADRID (Standard & Poor's) July 6, 2010--Standard & Poor's Ratings Services today placed on CreditWatch negative its credit ratings on all classes of notes in Bancaja 10 Fondo de Titulizacion de Activos and Bancaja 11 Fondo de Titulizacion de Activos (see list below).

We have observed a continued deterioration in the credit quality of the underlying portfolios. We reviewed Bancaja 10 and Bancaja 11 in November 2008 and downgraded some of the junior classes due to a rapid increase in long-term arrears (see "Related Criteria And Research" below).

Since then, delinquencies have continued to grow significantly. As per the latest investor report, defaulted loans represented 3.23% of the pool in Bancaja 10, and 3.46% in Bancaja 11--compared with 0.37% and 0.37%, respectively, at the same time last year.

Based on these delinquency figures, we believe the likelihood of a rapid

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increase in defaults, and the fact that both reserve funds have become fully drawn since the last review, may lead to negative rating actions.

Given the transactions' current performance, we anticipate that a significant portion of the current long-term arrears will roll into default--increasing, in our opinion, the likelihood of a breach of the interest-deferral trigger.

The reserve funds in both transactions are fully drawn. We believe this may soon adversely affect the whole structure in both transactions. Also, as credit enhancement for the junior classes decreases, it negatively affects the 'AAA' rated notes even if the interest-deferral trigger has not been breached.

We will now analyze the current characteristics of the underlying portfolios and cash flow mechanics in Bancaja 10 and 11, to investigate whether this warrants any change to the current ratings on the notes. We will report the results of our review and any rating changes in due course.

The Bancaja deals are Spanish residential mortgage-backed securities (RMBS) transactions backed by pools of first-ranking mortgages secured over owner-occupied residential properties in Spain. Bancaja originated the mortgage loans.

### RELATED CRITERIA AND RESEARCH

- Methodology And Assumptions: Update To The Cash Flow Criteria For European RMBS Transactions, Jan. 6, 2009
- Methodology And Assumptions: Update To The Criteria For Rating Spanish Residential Mortgage-Backed Securities, Jan. 6, 2009
- Principles-Based Rating Methodology For Global Structured Finance Securities, May 29, 2007
- Junior Notes In Three Bancaja Deals Placed On CreditWatch Negative, Nov. 3, 2008

Related articles are available on RatingsDirect. Criteria, presales, servicer evaluations, and ratings information can also be found on Standard & Poor's Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

### RATINGS LIST

Class	Rating
To	From

### RATINGS PLACED ON CREDITWATCH NEGATIVE

Bancaja 10, Fondo de Titulizacion de Activos  
€2.631 Billion Mortgage-Backed Floating-Rate Notes

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A2	AAA/Watch Neg	AAA
A3	AAA/Watch Neg	AAA
B	A/Watch Neg	A
C	BBB-/Watch Neg	BBB-
D	BB-/Watch Neg	BB-

Bancaja 11, Fondo de Titulizacion de Activos  
€2.022 Billion Mortgage-Backed Floating-Rate Notes

A2	AAA/Watch Neg	AAA
A3	AAA/Watch Neg	AAA
B	A/Watch Neg	A
C	BBB-/Watch Neg	BBB-
D	BB-/Watch Neg	BB-

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