Publication Date: June 28, 2007

Presale Report: RMBS/Prime/Spain

Bancaja 11, Fondo de Titulización de Activos

€2.026 Billion Mortgage-Backed Floating-Rate Notes

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This presale report is based on information as of June 28, 2007. The credit ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final credit ratings that differ from the preliminary credit ratings.

Class	Prelim. rating*	Prelim. amount (Mil. €)	Available credit support¶ (%)	Interest	Legal final maturity
A1	AAA	260.0	6.50	Three-month EURIBOR plus a margin	April 27, 2050
A2	AAA	1,193.0	6.50	Three-month EURIBOR plus a margin	April 27, 2050
A3	AAA	440.0	6.50	Three-month EURIBOR plus a margin	April 27, 2050
B	A	63.0	3.35	Three-month EURIBOR plus a margin	April 27, 2050
C	BBB	24.0	2.15	Three-month EURIBOR plus a margin	April 27, 2050
D	BB	20.0	1.15	Three-month EURIBOR plus a margin	April 27, 2050
E§	CCC-	26.0	N/A	Three-month EURIBOR plus a margin	April 27, 2050

**The rating on each class of securities is preliminary as of June 28, 2007, and subject to change at any time. Final credit ratings are expected to be assigned on the closing date subject to a satisfactory review of the transaction documents and legal opinion, and completion of a corporate overview. Standard & Poor's ratings address timely interest and ultimate principal.*
§The class E notes will fully fund the cash reserve account at closing. The issuance amount may be €22.9 million depending on the scenario in which the swap counterparty receives an amount to be determined at closing.
¶This credit support uses current figures.
N/A—Not applicable.

Transaction Participants	
Originator	Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja)
Arranger	Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja)
Seller	Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja)
Servicer	Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja)
Trustee	Europea de Titulización S.G.F.T., S.A.
Interest swap counterparty	To be determined
GIC provider	Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja)
Lead managers	Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja), JPMorgan Securities Ltd., Calyon, and Natixis S.A.

Supporting Ratings	
Institution/role	Ratings
Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja) as GIC provider	A+/Stable/A-1
Interest swap counterparty	An entity rated at least 'A-1'

Transaction Key Features	
Expected closing date	July 2007
Collateral	First-ranking residential mortgages
Principal outstanding (€)	2,315,284,096
Country of origination	Spain
Geographical concentration	Valencia (34.47%), Catalonia (14.59%), and Andalusia (11.99%)
Weighted-average LTV ratio (%)	75.85
Average loan size balance (€)	153,046
Loan size range (€)	From 994 to 547,111
Weighted-average seasoning (months)	12.12
Weighted-average mortgage interest rate (%)	4.59
Weighted-average margin (%)	0.89
Arrears	No arrears for more than 30 days at closing
Redemption profile	Amortizing
Cash reserve at closing (%)(depending on the scenario in which the swap counterparty receives an amount to be determined at closing)	1.145-1.300
Liquidity facility size	None
Mortgage priority	100% of pool are first-lien mortgages

Transaction Summary

Standard & Poor's Ratings Services has assigned preliminary credit ratings to the €2.026 billion mortgage-backed floating-rate notes to be issued by Bancaja 11, Fondo de Titulización de Activos, an SPE.

Bancaja 11's sole purposes will be to purchase the collateral from Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja), issue the notes, and carry out related activities. The issuer will hold a distinct and closed pool of assets available for distribution to the noteholders. The assets are insulated from the insolvency of the originator and the trustee.

The originator of this transaction is Bancaja.

The mortgage loans representing the collateral of the transaction are transmission certificates (CTHs). These loans are mainly originated in Valencia, Andalucía, and Catalonia, have first-ranking security, and are for the purpose of property acquisition.

The issuer will acquire a group of mortgages loans held by Bancaja granted to individuals domiciled in Spain. The acquisition of the mortgage loans will take place by Bancaja issuing the notes and subscribing to the CTHs.

Notable Features

This will be Bancaja's 11th RMBS securitization.

This transaction is very similar to its previous RMBS transactions, both in terms of the structure and the characteristics of the collateral backing the notes.

As in other Spanish transactions, interest and principal will be combined into a single priority of payments, with triggers in the payment of the interest of subordinated notes to protect the senior class.

Sectoral Credit Highlights

Spain's economic growth has consistently exceeded that of the Eurozone over the past six years and its population of 44 million has been boosted by a net inflow of over three million since the beginning of the century. These dynamic factors have translated into a boom in the construction sector and a sharp acceleration in house price inflation since the mid-1990s. In the eight years to 2005, Spanish house prices increased 114% in real terms.

Since the end of 2005, however, the Spanish housing market has been sending signals that, although conflicting, could point to the beginning of a slowdown. On the one hand, house price inflation, albeit still vigorous, has been edging down. The latest figures indicate that house prices grew by an annual 11.6% in the second quarter of 2006, compared with 12.5% and 17.0% for the same periods in 2005 and 2004, respectively. Mortgage growth has also started to decline, although it remains at a very high level (26% year-on-year in the second quarter of 2006). As interest rates continued to rise through the first quarter of 2007, it is reasonable to expect a marked slowdown in demand and house price inflation in 2007 and beyond.

Strengths, Concerns, And Mitigating Factors

Strengths

- The collateral is a prime mortgage loans pool. It comprises first-ranking mortgages secured over residential owner-occupied properties in Spain, with a weighted-average current LTV ratio of 75.85%.
- There is adequate credit enhancement for the target ratings. The cash reserve, fully funded at the issue date by the class E notes, and the excess spread of the pool, will both be available to cover any interest or principal shortfalls.
- Principal amortization will take into account loans more than 18 months in arrears, with these amounts being amortized in addition to scheduled amortization through the trapping of excess spread. This has the effect of accelerating the amortization of the notes if arrears increase.
- Bancaja is an experienced servicer. It already manages 21 structured finance transactions.

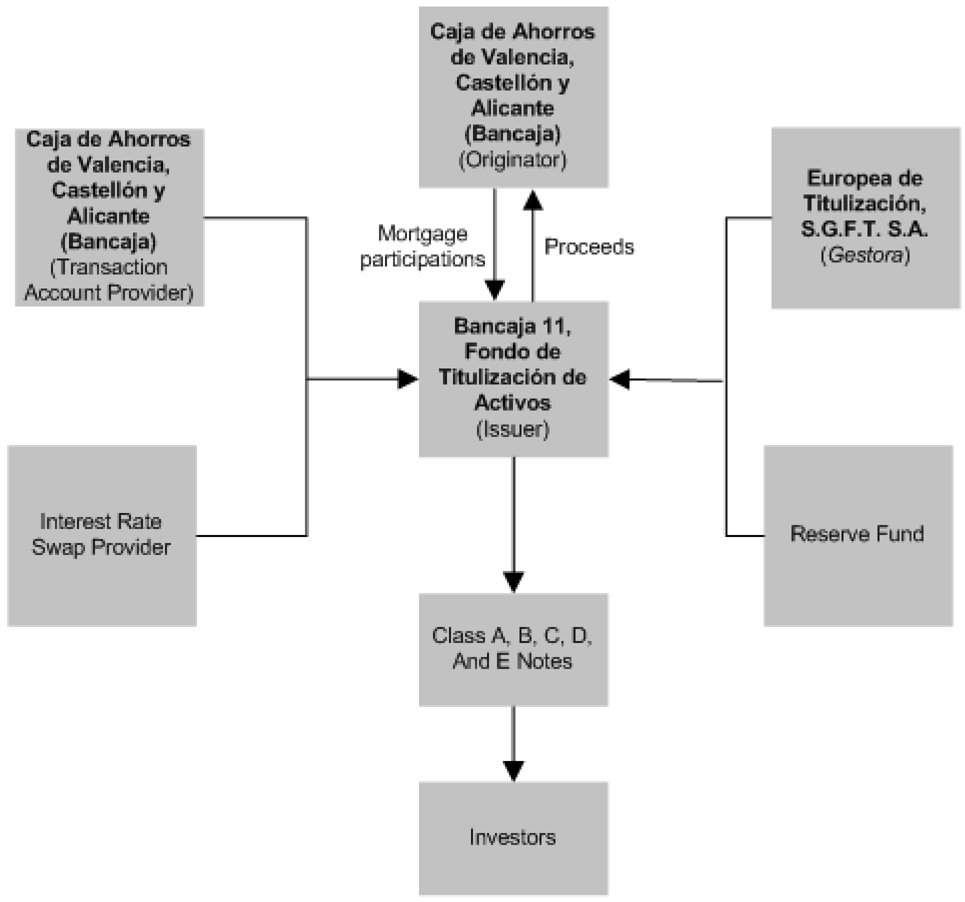
Concerns
• Principal will be used to pay interest and may divert funds from the senior notes to "subsidize" the junior notes. • Of the loans, 61.03% are concentrated in three regions, Valencia, Catalonia, and Andalusia. Valencia is the bank's historical market and Andalusia and Catalonia are among the most populated regions in Spain. • Mortgage collections will be sent to the GIC seven days after their arrival in the collection account, increasing the commingling risk.

Mitigating factors
• A trigger in the priority of payments will protect the senior noteholders if there is a stressful pool performance environment. • In its credit analysis, Standard & Poor's has taken geographical concentration into account. • The potential cash flow imbalance has been included in Standard & Poor's analysis; and the interest swap mitigates any concerns about interest rates in this transaction. • Commingling risk was sized within the transaction as credit enhancement.

Transaction Structure

The structure of the transaction is shown in chart 1.

Chart 1: Bancaja 11, Fondo de Titulización de Activos Transaction Structure



Each mortgage participation and transmission certificate will represent a securitized mortgage loan. The CTHs will entitle Bancaja 11 to any rights and proceeds due under principal and interest on the mortgage loans.

The total outstanding amount of the mortgage loans to be purchased is expected to be €2 billion. To fund the purchase of collateral, Bancaja 11 will issue five classes of notes, classes A, B, C, D, and E. The class A notes will in turn be divided in three tranches of notes, the A1, A2, and A3 notes.

Bancaja will collect the amounts due under the mortgages and will service the collateral.

Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja), (the originator)
Bancaja is Spain's third-largest savings bank and sixth-largest financial institution. Although it maintains a dominant position in its home market of the Valencia region, expansion into other Spanish regions gives the savings bank increasing geographic diversification. Bancaja's business profile is mainly focused on commercial banking, which represented 70% of net income at year-end 2005, with an increasing contribution from a wider variety of business such as bancassurance (7%), private banking (7%), and real estate activities (16%)

Bancaja has maintained its stronghold in its home market, with a 23% market share by loans and 30% by deposits in the past few years. This strong market position results from the series of mergers among savings banks in the Valencia region that created Bancaja in the early 1990s, and has been maintained since then. Bancaja's presence in the Valencia region is reinforced by its 38%-owned subsidiary, Banco de Valencia, a regional bank that accounts for approximately 20% of the Bancaja group's loan book.

Located along the eastern Mediterranean coast and with 4.7 million inhabitants at year-end 2005, the Valencia region has a well-diversified economy, with tourism, construction, transport, and trade being its main sectors. Good regional growth prospects for the coming years will benefit Bancaja's banking business.

Apart from its position in the Valencia region, 40% of Bancaja's network (587 branches) and 35% of its business was located outside its home market as of Sept. 30, 2006, which increases its geographic diversification. This network has been built through the combination of gradual expansion before 2001, which positioned Bancaja in many Spanish regions, and the opening of 246 branches in 2004-2005 to strengthen its position in those areas already covered and extend its presence to all Spanish provinces.

Bancaja's core business targets individuals and SMEs. Companies and real estate developers are serviced through a specialized branch network. Bancaja is engaged in asset management, private banking, and brokerage activities. Bancassurance is well developed through a joint venture with Aviva PLC (A+/Stable/--) that resulted from the sale of a 50% stake in its insurance subsidiary to the U.K. group in 2000.

The issuer will enter into two interest swap agreements with an adequately rated counterparty with a minimum short term rating of 'A-1' to hedge any basis and interest risk due to the difference between the index of the pool and the reference interest rate of the notes. The issuer will pay a weighted-average EURIBOR of:

- The past 12 months for loans that reset annually; and
- The past six months for loans that reset semiannually.

The collateral will be serviced by Bancaja, which will collect the amounts due under the mortgage loans. The servicer will transfer these amounts to the issuer's transaction account seven days later. The amounts held will receive a guaranteed interest rate equal to three-month EURIBOR.

All interest and principal received can be mixed to pay principal and interest due under the notes. A trigger will be implemented so that in a stressful economic environment the more senior notes will be amortized before interest on the subordinated classes of notes is paid (see *"Priority Of Payments"*).

Europea de Titulización S.G.F.T., S.A. (fund manager or trustee equivalent)
The trustee is Europea de Titulización. The creation of the trustee was authorized by the Ministry of Economy and Treasury on Dec. 17, 1992. Under the legislation for mortgage securitization in Spain, the day-to-day operations of the SPE will be managed by the trustee, which represents and defends the interests of the noteholders. The trustee, on behalf of the SPE, will enter into certain contracts (financial services agreements, two swaps agreements, and a subordinated loan to finance the initial expenses) needed to

protect it against credit losses and liquidity shortfalls that are assumed to arise in connection with the holding of the CTHs. In this transaction, the main responsibilities of the trustee will be to create the SPE, issue the notes on behalf of the fund, calculate the interest rate on the notes, notify noteholders of any relevant information applicable to the notes, and organize the annual audit.

Collateral Description

As of May 31, 2007, the provisional pool comprised 15,128 amortizing first-ranking mortgages secured over residential properties in Spain.

Mortgage loan interest rates

The pool comprises floating-rate mortgage loans that are indexed to one-year EURIBOR. The mortgages in the pool have a weighted-average margin of 89 bps. The weighted-average interest rate is 4.59%.

Main features

The provisional pool of mortgage loans comprises 15,128 amortizing loans secured by a first-ranking mortgage over residential properties in Spain. At the sale date of the notes, none of the loans will be in arrears by more than 30 days.

The main features of the collateral include:

- Of the pool, 61.03% is concentrated in Valencia, Catalonia, and Andalusia (see chart 2).
- The pool was originated between 2000 and 2006. The weighted-average seasoning is 12 months, with 44.03% of the pool being originated more than 12 months ago (see chart 3).
- The weighted-average LTV ratio is 75.85%, the minimum 0.53%, and the maximum LTV ratio is 100.00% (see chart 4).
- There are no caps or floors in the pool.

Chart 2: Geographic Distribution

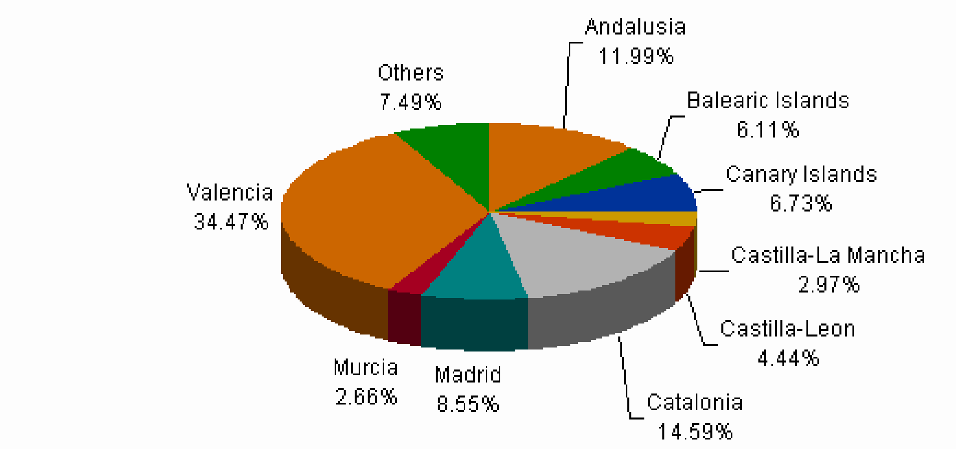


Chart 3: Seasoning Distribution

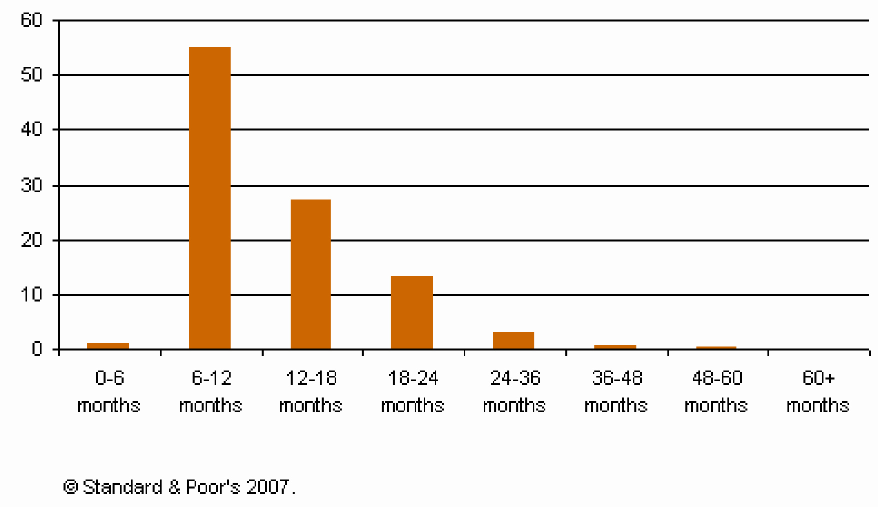
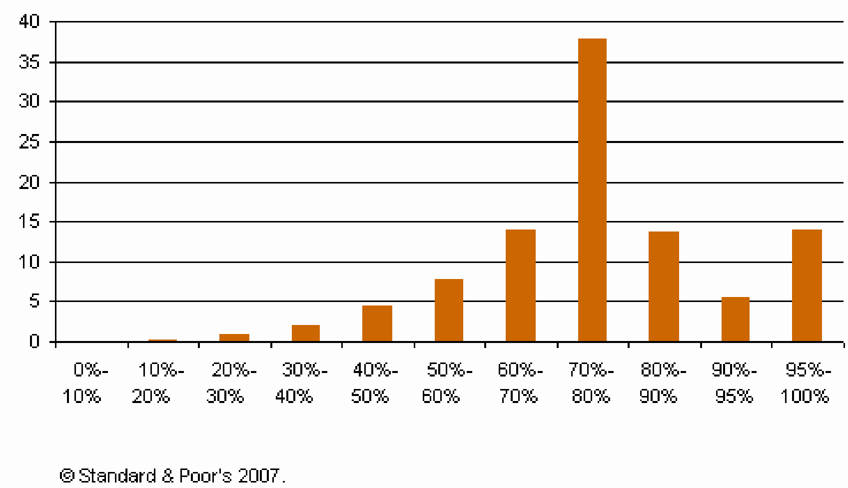


Chart 4: LTV Ratio Distribution



Collateral risk assessment

Standard & Poor's conducted a loan-level analysis to assess the credit risk of the pool of mortgages. The collateral risk assessment analyzed the foreclosure frequency and loss severity of each loan in the collateral pool. These depend on the characteristics of the borrower, the loan, and the rating on the notes. The potential loss associated with a loan can be calculated by multiplying the foreclosure frequency by the loss severity.

To quantify the potential losses associated with the entire pool, Standard & Poor's calculates a WAFF and a WALS at each rating level. The product of WAFF and WALS variables estimates the required loss protection during the life of the collateral in the absence of additional mitigating factors. The higher the targeted rating, the higher the required enhancement level.

Credit Structure

Cash collection and transaction accounts

Borrowers pay monthly into an account in the name of Bancaja. The funds are then moved to the treasury account in the name of the securitization fund held at Bancaja seven days after the receipt of the cash-flows.

Amortization account

If the class A1 notes fully amortizes before January 2009, all the amounts due for the amortization of the rest of the notes will be deposited in the amortization account until that day. The amounts will be then used for the amortization of the notes.

Bank accounts downgrade language

According to Standard & Poor's "*Revised Framework For Applying Counterparty And Supporting Party Criteria*", if the bank account provider is downgraded below 'A-1', it has 60 days to it becomes an ineligible counterparty and it must:

- Find a replacement with a short-term rating of at least 'A-1',
- Find an adequate Standard & Poor's guarantor with a short-term rating of at least 'A-1', or
- Make eligible investments that have maturities of up to 60 calendar days rated at least 'A-1'. Eligible investments rated at least 'A-1' with terms greater than 60 days will be permitted if there is a provision to remove the investments from the transaction within 60 days of a downgrade below 'A-1'.

Any counterparty replacement or guarantee will be subject to rating confirmation. All the costs of the remedies will be borne by the downgraded counterparty.

Reserve fund

A reserve fund will be fully funded at closing using the proceeds of the class E notes. The final amount of the fund will depend on the cost of the swap counterparty. The reserve fund amount will be fixed for the first three years. Thereafter, the required amount will be the minimum of

- Half the original amount held at the reserve fund initial outstanding balance); or
- The outstanding principal on the class A1, A2, A3, B, C, and D notes multiplied by twice the percentage represented originally by the reserve fund.

The reserve fund will not decrease if:

- The ratio of: (i) balance of loans in arrears for more than 90 days; to (ii) the outstanding balance of the mortgages, is equal to or greater than 1%;
- The required reserve fund amount was not fully funded on the previous payment date; or
- The weighted-average margin of the pool is less than 66 bps.

Interest swap agreement

The *gestora* will enter into two swap agreements with an entity rated at least 'A-1' on behalf of Bancaja 11. These swaps will provide protection against adverse interest rate resetting and movements.

The issuer will pay a weighted-average of 12-month EURIBOR over:

- The past 12 months for loans that reset annually; and
- The past six months for loans that reset semiannually.

The counterparty will pay the index reference rate of the notes plus/minus a spread depending on the amount determined for the reserve fund.

Downgrade language

As per Standard & Poor's "*Revised Framework For Applying Counterparty And Supporting Party Criteria*" (see "*Related Articles*"), if the swap counterparty is downgraded to 'A-2', it will still be an eligible counterparty if it is agreed in 10 days that it will collateralize 100% of the contract's mark to market complying with Standard & Poor's requirements. If this option is not taken, then the swap counterparty would become ineligible and one of the following two options will have to be taken:

- Within 60 days, find a replacement with a short-term rating of at least 'A-1', or
- Within 60 days, find a guarantor with a short-term rating of at least 'A-1'.

If the swap counterparty is downgraded to 'A-3' it becomes an ineligible counterparty and it must agree in 10 days to deliver additional collateral, no less than 25% of the mark-to-market obligation, complying with Standard & Poor's requirements.

In the mean time, and after having complied with the previous steps, one of the two following options will have to be taken :

- Within 60 days, find a replacement with a short-term rating of at least 'A-1', or
- Within 60 days, find an adequate Standard & Poor's guarantor with a short-term rating of at least 'A-1'.

If an ineligible counterparty is not replaced within the remedy period, the rating of the notes may be lowered to levels that could be supported by the counterparty's then-current rating. The amount of collateral will be taken into consideration in analyzing the transaction after a counterparty is downgraded.

Any counterparty replacement or guarantee will be subject to rating confirmation. All the costs of the remedies will be borne by the downgraded counterparty.

Priority of payments

There is a single priority of payments, mixing interest and principal. The pre-enforcement priority of payments is:

- Senior fees;
- Net swap payments and any swap settlement amount, when the cause is attributable to the issuer;
- Class A interest (A1, A2, and A3);
- Class B interest (if not deferred);
- Class C interest (if not deferred);
- Class D interest (if not deferred);
- Withholding for amortization of the class A1, A2, A3, B, C, and D notes;
- Class B interest, if deferred;
- Class C interest, if deferred;
- Class D interest, if deferred;
- Replenishment of the reserve fund;
- Class E interest;
- Class E principal;
- Swap termination payments
- Interest due on the start-up loan;
- Principal due on the start-up loan;
- Administration fee; and
- Payment of the financial intermediation margin.

All interest and principal received can be mixed to pay principal and interest due under the notes. A trigger will be implemented so that in a stressful economic environment the more senior notes will be amortized before interest on the subordinated classes of notes is paid.

Interest deferral triggers

Triggers will be implemented to subordinate interest on the more junior notes for the benefit of payment of principal on the more senior notes. The triggers will be activated if defaults reach certain levels depending on the rating on the relevant class.

The triggers will be:

- The accumulated level of defaults being more than 10.9% of the initial amount of the pool, in which case interest on the class B notes will be postponed; and
- The accumulated level of defaults being more than 7.4% of the initial amount of the pool, in which case interest on the class C notes will be postponed.
- The accumulated level of defaults being more than 5.62% of the initial amount of the pool, in which case interest on the class D notes will be postponed

Redemption of the notes
Unless early redemption occurs, the notes will be redeemed on April 27, 2050 at the latest, which is more than 30 months after the maturity of the longest-term mortgage in the pool.

At any payment date, the amount of principal due under the notes (the amortization amount) will be calculated as the difference between the outstanding balance of the notes and the performing balance of the assets, which excludes loans more than 18 months past due and arrears (considered as defaulted in this transaction). The notes will redeem sequentially, and if conditions are met, they will amortize pro rata after the class A1 notes have been fully amortized.

Class A (A1, A2, and A3) amortization conditions
The class A1 note amortization will start on the first payment date.

Once the class A1 notes have fully amortized, the class A2 notes will start to amortize. Once these have fully amortized, the class A3 notes will start to amortize.

If the class A1 notes have fully amortized, the class A2 notes will start amortizing on Jan. 27, 2009.

The class A notes will redeem pro rata if the proportion between the outstanding balance of the non-defaulted collateral, plus the current available amounts to amortize the notes divided by the outstanding amount of the class A notes is less than 1.

Once the class A notes have fully amortized, the class B notes will start to amortize, until their full redemption, followed by the rest of the classes except for the class E notes which will fund the reserve fund.

Class B, C, and D notes pro rata amortization conditions
The class B, C, and D notes will redeem sequentially until the pro rata conditions are met. At this point, the notes will redeem pro rata if:

- The proportion of subordinated notes to the total outstanding level of the notes has been multiplied by 1.8x since closing;
- The reserve fund is at its required level;
- The outstanding balance of loans more than 90 days delinquent over the balance of the notes is less than 1.10% for the class B notes, 0.85% for the class C notes, and 0.60% for the class D notes; and
- The outstanding balance of the notes is greater than 10% of the original balance of the transaction.

Standard & Poor's Stress Test

Standard & Poor's analysis includes a conservative assessment of the credit risk inherent in the transaction. The credit enhancement levels have been sized after analyzing the impact that severe stress scenarios would have on the mortgage loan collateral. As a result of this analysis, Standard & Poor's estimated the largest amount of potential losses that could occur as a result of these stress scenarios and set the amount of loss protection required on the notes.

Specific penalties were applied regarding the levels of aggregate defaults expected on the pool to reflect the foreclosure frequency attached to specific assets and/or the location of assets, and any terms and conditions that might increase or decrease credit risk. Standard & Poor's analysis fully reflects the specific features of the Spanish market with respect to loss severity regarding foreclosure costs and foreclosure periods.

A cash flow model simulating the portfolio's performance within the transaction's documented structure was run under certain rating scenarios to stress liquidity and the level of excess spread in the transaction. Prepayment level, fees, and expenses paid by the issuer, and delinquencies were the most important parameters stressed in all the runs.

Key Performance Indicators

Continual surveillance will be maintained on the transaction until the notes mature or are otherwise retired. To do this, regular servicer reports detailing the performance of the underlying collateral will be analyzed, supporting ratings will be monitored, pool cuts will be assessed and regular contact will be made with the servicer to ensure that minimum servicing standards are being sustained and that any material changes in the servicer's operations are communicated and assessed.

The key performance indicators in the surveillance of this transaction will be:

- Use of the reserve fund;
- Constant prepayment rates;
- Increases in credit enhancement for the notes;
- Arrears levels, especially the cumulative ratio of loans which are three months past due; and
- The principal deficiency amount;
- The evolution of the ratings on the supporting parties; and
- The cumulative gross default rate level.

Criteria Referenced

- "*European Legal Criteria for Structured Finance Transactions*" (published on March 23, 2005).
- "*Rating Affirmations And Their Impact On Investors*" (published on April 20, 2005).
- "*Cash Flow Criteria for European RMBS Transactions*" (published on Nov. 20, 2003).
- "*Revised Framework for Applying Counterparty and Supporting Party Criteria*" (published on May 8, 2007).
- "*Criteria For Rating Spanish Residential Mortgage-Backed Securities*" (published in March 2002).
- "*Global Interest Rate and Currency Swaps: Calculating the Collateral Required Amount*" (published on Feb. 26, 2004).
- "*Methodology Behind European RMBS Indices*" (published on Nov. 8, 2004).

Related Articles

- "*Transition Study: 2006 Sees Upgrades Dominate For Third Successive Year In European Structured Finance*" (published on Jan. 10, 2007).
- "*European Banks Manage Capital Through Recent Mortgage Risk Transfers*" (published on Dec. 9, 2005).
- "*Sophistication Of Mortgage Credit Pricing To Benefit European RMBS*" (published on Oct. 10, 2005).
- "*Mortgage Securitization Growth In Spain Outweighs Expected Fall In SME Transactions*" (published on Jan. 26, 2005).
- "*Stellar Growth In Spanish Securitization To Help It Maintain Europe's Number Two Slot*" (published in June 2004).

All criteria and related articles are available on RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. The criteria can also be found on Standard & Poor's Web site at www.standardandpoors.com.

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