

Bancaja 13, FTA

New Issue

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Capital Structure

Class	Amount (EUR)	Final Maturity	Rating	CE (%)	Outlook	TT ^a (%)	TTLM ^b
A	2,259.5	April 2052	A-sf	18.86	Stable	87.9	18.3
B	152.0	April 2052	NR	12.95	NR	5.9	1.3
C	159.3	April 2052	NR	6.75	NR	6.2	1.3
Total Issuance	2,570.8						

Closing occurred on 11 December 08. The transfer of the portfolio to the issuer occurred on 11 December 08. The ratings assigned above are based on the portfolio information as of 11 February 11, provided by the originator

^a Tranche Thickness (TT) percentage – ratio of class size to collateral balance

^b Tranche Thickness Loss Multiple – TT% divided by Fitch's base case loss expectation. See also "Structured Finance Tranche Thickness Metrics", dated July 2011

Transaction Summary

This transaction is a cash flow securitisation of a EUR2,895m static pool of amortising mortgages to individuals that originally closed in December 2008; it was rated by Fitch Ratings in April 2011. The mortgage loans are backed by first homes granted by Caja de Ahorros de Valencia, Castellon y Alicante (Bancaja, the seller, now part of Bankia, S.A.U. rated 'A-/Stable/'F2') to individuals resident in Spain.

The ratings address the payment of interest on the notes according to the terms and conditions of the documentation, and the repayment of principal by the notes' legal final maturity date.

Key Rating Drivers

Multiple High-risk Portfolio Characteristics: The collateral risk characteristics are not those of a prime portfolio. 45.35% of the collateral has been originated through non-traditional branch network channels. In addition, 45.27% of the loans had a grace period at the time of origination and 8.26% of the loans had been granted to non Spanish borrowers.

Debt-to-income (DTI) Ratio: The reported DTI on a loan-by-loan level should be adjusted to account for potential future interest rate rises. The Fitch DTI implies that 41.5% of the portfolio is classified under DTI class 5, which suggests more than 50% of gross family income is assigned to service the mortgage loan.

Long Tenors: The WA remaining term, which is above 30 years, is longer than the market average. This is an important risk factor which has been captured within the credit risk of the transaction.

Reserve Fund Increased: Upon the assignment of ratings by Fitch in April 2011, the reserve fund was increased to EUR173.5m from the initial EUR156.3m and the transaction documents were amended to reflect Fitch's applicable criteria.

Margin Reduction Possible: 85% of the pool may see a margin reduction if the borrowers contract additional financial products with Bancaja; this may represent a potential liquidity stress for the transaction. Fitch has taken this into account when modelling cash flows for the transaction, assuming the maximum margin reduction possible from day one.

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Rating Sensitivity¹

In addition to Fitch's stated criteria, the agency analysed the structure's sensitivity to the potential variability of key model assumptions.

Rating Sensitivity to Defaults

Fitch determined that the 'A-sf' rating on the class A would not be materially affected by any of the default sensitivity scenarios considered. Fitch believes that the considerable credit enhancement which has built up since closing protects the senior notes from unexpected increases in default rates.

Rating Sensitivity to Default Rates

	Class A
Original rating	A-sf
10% increase in default rates	BBB+sf
25% increase in default rates	BBBsf
40% increase in default rates	BBB-sf

Source: Fitch

Rating Sensitivity to Recovery Rates

Fitch considers variations in recoveries to be one of the key drivers of rating volatility, as reduced recoveries exacerbate the negative carry already present in the structure. The agency expects the impact of any changes in recovery prospects to have a stronger impact on the ratings.

Rating Sensitivity to Recovery Rates

	Class A
Original rating	A-sf
10% decrease in recovery rates	BBB+sf
25% decrease in recovery rates	BBBsf
40% decrease in recovery rates	BB+sf

Source: Fitch

Rating Sensitivity to Shifts in Multiple Factors

Finally, Fitch tested the sensitivity to joint stresses on asset quality and recovery expectations. The agency determined that a combination of increased defaults and reduced recoveries would place a significant stress on the structure and would cause the class A to suffer a downgrade to below investment-grade (IG) rating under very harsh sensitivity scenarios.

Rating Sensitivity to Default Rates and Recovery Rates

	Class A
Original rating	A-sf
Scenario 1: 10% increase in default rates, 10% decrease in recovery rates	BBBsf
Scenario 2: 25% increase in default rates, 25% decrease in recovery rates	BBB-sf
Scenario 3: 40% increase in default rates, 40% decrease in recovery rates	NRsf

Source: Fitch

Model, Criteria Application and Data Adequacy

Fitch was given static historical delinquency and recovery data as well as dynamic delinquencies (based on loans more than 90 days in arrears), for the overall portfolio of the seller. The agency received loan-by-loan information for nearly all the field data under its updated RMBS data requirements. For missing or incomplete fields — eg DTI was missing for 12.2% of the pool — Fitch has applied conservative assumptions.

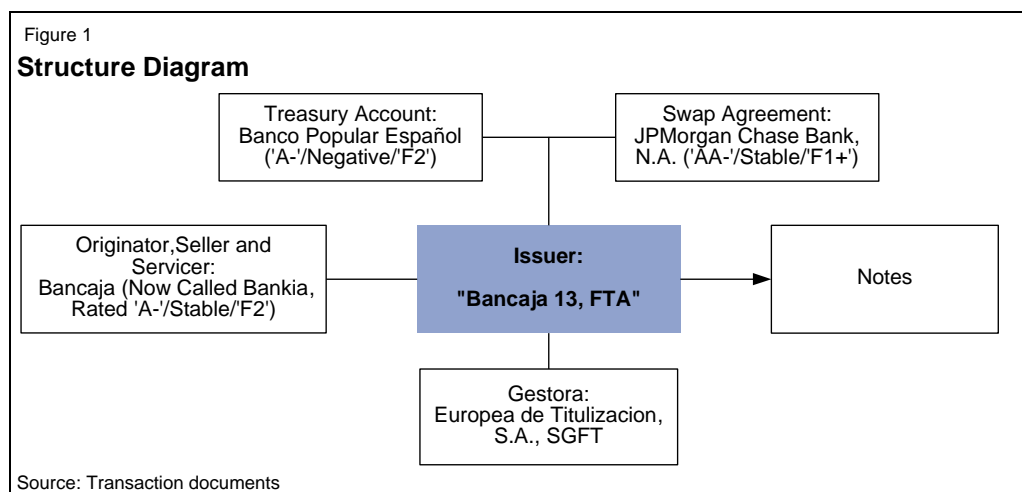
¹ These sensitivities only describe the model-implied impact of a change in one of the input variables. This is designed to provide information about the sensitivity of the rating to model assumptions. It should not be used as an indicator of possible future performance

Key Parties

- **Originator, Seller and Servicer of the Collateral:** Bancaja, now Bankia, S.A.U. 'A-/Stable/'F2'
- **Account Bank:** Banco Popular Español, 'A-/Negative/'F2'
- **Paying Agent:** Banco Cooperativo Español, 'A/ Stable/'F1'
- **Swap Provider:** JPMorgan Chase Bank N.A., 'AA-'/'Stable/'F1+'
- **Fund:** Bancaja 13, Fondo de Titulización de Activos
- **Management Company:** Europea de Titulización S.G.F.T

Fitch has analysed the obligor default risk using its proprietary Spanish RMBS default model; this is based on the criteria for analysing securities backed by Spanish residential mortgage loans which has been updated since the assignment of the ratings (see “*EMEA Criteria Addendum – Spain. Mortgage Loss and Cash Flow Assumptions*”, dated July 2011). The agency’s proprietary cash flow model has been used to complete the rating analysis and simulate the transaction cash flows and capital structure. Fitch’s cash flow model has been customised to account for the specific features of the deal.

Transaction and Legal Structure



Legal Framework

The issuer is a limited-liability SPV incorporated under the laws of Spain — Spanish Securitisation Law 19/1992 and Royal Decree 26/1998 — the sole purpose of which is to acquire the mortgage loans from Bancaja as collateral for the issuance of quarterly-paying notes. However, under Spanish law, mortgage loans are not actually transferred as this would entail a lengthy process of re-registering the mortgages at the property registry. Instead, mortgage originators are permitted to issue mortgage participations (PH) and mortgage certificates (CTH).

At closing, both the PHs and the CTHs were acquired from the seller on behalf of the fund by Europea de Titulización, S.A., S.G.F.T. (the management company), a limited liability company incorporated under the laws of Spain, the activities of which are limited to the management of securitisation funds.

The cash bond administration (CBA) function for this transaction will be carried out by Europea de Titulización, S.A., S.G.F.T., The management company, which is supervised by the Comisión Nacional del Mercado de Valores (CNMV), is responsible for cash reconciliation, waterfall calculations and their reporting, including the monitoring of applicable triggers. It will also be responsible for taking any action in the interests of the noteholders, such as the replacement of the servicer, account bank or swap counterparty

Representations and Warranties

The seller has provided the issuer with market standard representations and warranties concerning the features of the mortgages, as well as the general and legal circumstances of the loans and the properties in each portfolio. Fitch believes the following representations and warranties to be the most relevant from a credit standpoint.

1. All mortgage loans are first lien and secured by real estate properties, without any ownership constraints.
2. The loans have been originated directly to individuals and also through subrogation of real estate development loans.

3. At closing in December 2008, none of the loans included in the pool was in arrears by more than 30 days.
4. All debtors are individuals resident in Spain, none of them employed by Bancaja.
5. All properties are situated in Spain. All residential properties that make up the collateral are finished dwellings and have been appraised by valuation companies registered with the Bank of Spain.
6. All mortgage loans pay by direct debit to the issuer bank account, with interest and capital payments made monthly.

Substitution

Like most Spanish RMBS transactions, only those loans that do not comply with the representations and warranties will be allowed to be substituted. Such substitution must follow the rules laid out in the transaction documentation and Spanish Securitisation Law.

Loans that have breached the representations or warranties will either be fully amortised or substituted with a mortgage similar in amount and characteristics. The substitution will have to be approved by the management company. The substitution cost will be paid by the originator.

Permitted Variations

As stipulated in Article 25 of Royal Decree 685/1982, the seller, in administering the mortgage loans, may not, without the consent of the managing company, voluntarily cancel the mortgages forming the collateral for reasons other than the full amortisation of the loan.

Additionally, it will not renounce the mortgage loans, modify or restructure them, cancel them in whole or in part, or permit an extension, or in general take any action that diminishes the legal effectiveness or the economic value of the mortgage loans, except for the modifications listed below.

- The contracts allow subrogation of mortgage loans only in cases where the characteristics of the new debtor are similar to those of the original debtor and are originated under the same guidelines and upon approval by the gestora.
- Changes in mortgage loan margins will be limited to the WA margin of the collateral and will not fall below 70bp. To reflect this possibility, when Fitch modelled the transaction, the WA margin of the collateral was capped at 0.70% from closing.
- The servicer may agree to decrease or increase the remaining life of the mortgage loan in question by changing the amortisation profile. Any extension is limited to the final maturity of the certificates. In no case will the extension exceed the final maturity of the last securitised mortgage loan. The outstanding amount of the mortgage loans on which the extension of maturity could be allowed will not exceed 10% of the initial aggregate pool principal balance transferred to the fund.

Historically, limited loan modifications or restructurings have been reported for existing RMBS transactions. However, given the downturn in the housing market and macroeconomic conditions, many lenders have expanded their loan modification and restructuring programmes as part of loss mitigation strategies. Fitch expects that all loan modifications or restructurings will be conducted within the above limits.

Disclaimer

For the avoidance of doubt, Fitch relies, in its credit analysis, on legal and/or tax opinions provided by transaction counsel. As Fitch has always made clear, Fitch does not provide legal and/or tax advice or confirm that the legal and/or tax opinions or any other transaction documents or any transaction structures are sufficient for any purpose. The disclaimer at the foot of this report makes it clear that this report does not constitute legal, tax and/or structuring advice from Fitch, and should not be used or interpreted as legal, tax and/or structuring advice

from Fitch. Should readers of this report need legal, tax and/or structuring advice, they are urged to contact relevant advisers in the relevant jurisdictions.

Asset Analysis

As of February 2011, the portfolio had an outstanding balance of EUR2,575m, comprising 15,881 mortgage loans. The aggregate portfolio had a WA original loan-to-value (OLTV) of 78.4% and a WA current LTV (CLTV) of 75.0%, calculated based on each individual loan amount as a percentage of the guaranteeing asset value, as indicated by the seller. In line with Fitch’s criteria, the agency gave credit to 50% of positive house price indexation and to 100% of negative house price indexation. Considering the very limited seasoning of the pool and the decreasing house price environment, the resulting WA indexed CLTV is 84.8%.

With regards to the most representative vintages of origination, 55.0% of the portfolio value was originated in 2008. Fitch expects credit enhancement to accumulate at a slow pace, given the relatively moderate speed of prepayments in a recessionary environment

Lender Adjustment

Fitch’s base default probabilities assume that origination, underwriting and servicing practices and procedures are in line with those of a standard Spanish lender with market expertise. As part of its analysis, the agency performs an operational review of the originator to assess the origination, underwriting and servicing capabilities of the seller. The agency also considers certain elements not factored into the loan-by-loan analysis, either because they are not available or because they are only applicable on an aggregate basis, such as: (i) historical performance of the mortgage loans originated by the lenders; (ii) length of historical performance observation period; (iii) performance of previously securitised deals; and (iv) undisclosed information.

When comparing historical information provided for the issuer’s portfolio with the WA frequency of foreclosure (FF) resulting from the loan-by-loan analysis, Fitch concluded that no further adjustment was needed. This indicates that the risk attributes of the portfolio have already been captured by the overall probability-of-default matrix and the adjustments made in light of the loan and borrower characteristics.

High Presence of Principal Grace Period Loans, Extended Maturities and Broker-originated Loans

44.5% of the pool by volume benefited from a principal grace period. Taking into consideration the weaker borrower profile that usually demands this type of affordability product, Fitch has applied a 20% incremental FF hit.

With regards to the extended maturities, 71% of the collateral has a remaining term to maturity above 30 years (considered standard in Spain). Figure 2 displays the breakdown of the remaining term to maturity for the loans in the pool in months.

Given that a term to maturity above 30 years is indicative of a weaker payment capacity and that the general underwriting guidelines of Bancaja’s origination policies also set a maturity limit of 40 years, an incremental FF of up to 30% has been applied to such loans.

45.4% of the pool by volume was originated through brokers. Taking into consideration the significantly weaker borrower profile that is usually channelled via these intermediates, Fitch has applied a 100% incremental FF hit.

Figure 2

Original Term to Maturity (Months) (%)	
<61	0.0
61-120	0.5
121-180	1.5
181-240	4.1
241-300	8.1
301-360	14.1
361-420	12.8
421-480	58.9
481-540	0.0
541-600	0.0
Total	100.0

Source: Fitch

Affordability

Fitch was provided with loan-by-loan DTI information for 100% of the pool in a consistent manner for this transaction. To apply long-term average interest rate stresses to the floating-rate mortgage loans, the agency has conducted its own DTI calculations. These are based on the information provided about the monthly net income of the borrowers, the length of the loan, and the average long-term interest rate.

Figure 3

DTI Class Distribution According to Fitch Calculations

DTI class/% of the pool	Fitch calculation	Data provided
Class 1	4.7	7.9
Class 2	10.6	15.0
Class 3	19.7	32.0
Class 4	23.9	32.9
Class 5	41.1	
No info		12.2

Source: Fitch

Borrower Profile

The seller provided employment data on a loan-by-loan basis for 96.1% of the loans in the portfolio. 81.3% of the borrowers are either employees of a third party or public workers; 13.3% are self-employed borrowers and 1.43% are unemployed. For all loans without information, or where the borrower is self employed or unemployed, the base foreclosure frequency (FF) was increased by 25%.

Property Type

The pool comprises 100% of first homes in Spain. Fitch calculated the recovery rate by assigning to each property the market value decline (MVD) corresponding to the region where it is located. Within the portfolio, only 7.2% of properties had values above or below the market average for their respective regions. Fitch applied a "jumbo haircut", in accordance with its criteria.

Geographical Concentration

The pool benefits from moderate geographical diversification. However, Fitch has noted an element of regional concentration in the Autonomous Community of Valencia, representing 36.6% of the pool. Fitch applied a regional concentration probability of default hit of 15% on all loans backed by assets located in the Autonomous Community of Valencia.

Default Model Output

Figure 4 illustrates the asset analysis results across different rating scenarios. Fitch has used these WAFF and WA recovery rate (RR) levels when modelling the transaction cash flows.

Figure 4

Fitch Default Model Output

Rating level (%)	WAFF ^a	WARR ^b	MVD ^c
A	29.9	48.3	50.0
B	12.1	60.5	38.0

Recovery time (3.5 years): Interest accrued on contractual rate for 3.5 years at 'A'

Recovery cost: 4% of original valuation

^a Weighted-average foreclosure frequency

^b Weighted-average recovery rate

^c Market value decline

Source: Fitch

Financial Structure and Cash Flow Modelling

The notes issued by the fund are floating-rate quarterly-paying securities, based on three-month Euribor plus a margin. Interest and principal collections are handled jointly through a combined priority of payments.

Banco Popular Español ('A-/Negative/'F2') acts as bank account while Banco Cooperativo Espanol ('A'/Stable/'F1') acts as paying agent. A treasury account, held in the name of the fund at Banco Popular Español, receives all incoming cash flows from the mortgage pool every two days. The reserve fund will also be held at the treasury account. All amounts held in the treasury account receive a guaranteed interest rate equal to three-month Euribor.

Credit Enhancement

Subordination: At July 2011, structural credit enhancement (CE) for the class A notes, equivalent to 19.15%, was provided by the subordination of classes B (6.0%) and C (6.3%), plus a reserve fund (RF) of 6.8%.

Reserve Fund (RF): Upon the assignment of ratings by Fitch in April 2011, the reserve fund was increased to EUR173.5m from the initial EUR156.3m. The RF can amortise, subject to conditions typically seen in Spanish RMBS (ie after three years since closing, with arrears over 90 days lower than 1%, and subject to an absolute floor of EUR86.8m).

Excess Spread: The excess spread available in the transaction is generated from the different reference interest rate and margins on the portfolio versus the collateral (given the fact that the swap hedges basis risk and reset risk only).

The WA margin of the notes (0.34%) is lower than the WA margin of the collateral (0.9%). This remains the case even if Fitch assumes the WA margin of the collateral will be reduced to the maximum possible from day one according to the renegotiation policies of each loan (0.6%).

Notes' Amortisation

On each quarterly payment date, the combined ordinary priority of payments will be:

1. ordinary and extraordinary expenses of the fund;
2. net swap payments;
3. interest payments on the class A notes;
4. interest on the class B notes unless deferred (interest on the class B notes will be deferred if the cumulative balance of defaulted assets is above 19.0% of the original balance);
5. interest on the class C notes unless deferred (interest on the class C notes will be deferred if the cumulative balance of defaulted assets is above 17.0% of the original balance);
6. principal on the notes according to the principal redemption rules;
7. interest on the class B notes if deferred;
8. interest on the class C notes if deferred;
9. replenishment of the reserve fund; and
10. other subordinated amounts, including payments due under the swap in the event of a swap counterparty default, and interest and principal on the start-up loan and liquidity line.

Principal redemption on the notes is allocated sequentially, beginning with the class A notes and only moving through the subordinated classes once they have been redeemed in full.

The class B and C notes can amortise pro rata with the class A notes if: the reserve fund is fully funded on the respective payment date; the relative size of the respective series has doubled since closing (in relation to the outstanding amounts of the class A, B, and C notes); the total outstanding note balance is equal to or higher than 10% of the initial note balance; and the current balance of loans more than 90 days in arrears is less than 1.25% and 1.0% of the outstanding balance of the collateral for the class B and C respectively (excluding written-off loans).

An amount equivalent to loans more than 18 months in arrears will be fully provisioned for and written off using available excess spread and reserve fund amounts.

The legal final maturity date for the notes is April 2052, three years after the final scheduled maturity date for all loans in the collateral pool. Fitch considers this delay adequate to ensure that collections from the mortgages will be sufficient to redeem the obligations of the fund for any defaulted loans.

All notes are subject to a clean-up call option in favour of the management company, when less than 10% of the initial collateral balance remains outstanding.

Scenario Testing

Fitch has tested the structure under the default distributions described in its “*EMEA RMBS Cash Flow Analysis Criteria*” (see *Related Research*). Different default vectors have been tested, combined with different prepayments (high/low) and different interest-rate environments (rising/stable/decreasing). Assumptions used under individual scenarios were in accordance with Fitch’s cash flow analysis criteria for RMBS.

To evaluate the contribution of structural elements, such as excess spread, the reserve fund and other factors, Fitch modelled the cash flows from the mortgages based on the WARR and WAFF provided by the loan-by-loan collateral analysis.

The cash flow model assumes that defaults are spread over the first seven years following origination, starting straight after closing. The analysis simulates the cost of carrying defaulted loans as the difference between the performing balance of the mortgages and the notional note balance. Excess spread and the RF must be sufficient to cover the cost of carry until recoveries are received after 42 months under an ‘Asf’ scenario.

Fitch ran various stress tests on the key variables affecting the cash flows generated by each mortgage portfolio, including prepayment speed, interest rates, default and recovery rates, the timing of recession, WA margin compression and delinquencies. The agency also modelled prepayments, which can affect certain components of a transaction (primarily, they lower the absolute amount of excess spread, which provides an important contribution to the total credit enhancement in the structure).

However, as principal repayments are directed towards the rated notes, they benefit from higher credit enhancement as a result of the increase in subordination. Prepayments may also cause adverse selection, as the strongest obligors are likely to be most inclined to prepay, which would leave the pool dominated by weaker obligors as the collateral ages. The high level of prepayments peaks at 15.0% under an ‘A-sf’ scenario. The low level of prepayments was modelled at 5.0% per year.

The most stressful scenario within the cash flow is, among other things, driven by: the balance of performing loans decreasing very rapidly, due to ‘A-sf’-led assumptions such as high prepayments; and defaults continuing to rise. This creates a high liquidity stress with very low cash flows received from the pool. The liquidity stress ends with the arrival of recovery proceeds from the loans.

Counterparty Risk

Fitch considers that counterparty risk present in the structure has been adequately addressed via remedial actions detailed within the transaction documents. The documentation considers downgrade language with respect to all counterparties to be in line with existing Fitch criteria.

The transaction is not significantly exposed to a single counterparty, given the various and different entities involved with specific responsibilities. While Banco Popular Español is the bank account, Banco Cooperativo is the paying agent and JPMorgan Chase Bank N.A the swap counterparty. However, the misalignment between the downgrading language of the

swap documents and Fitch's Counterparty Criteria means the senior note rating is constrained at the rating of JPMorgan Chase Bank.

Seller

The seller performs the role of servicer of the loans, as is the case for all Spanish RMBS transactions. To protect investors, if the seller is unable to continue servicing the collateral, the management company must appoint a replacement servicing company in accordance with Spanish securitisation law. The situations envisaged for servicer replacement are bankruptcy, intervention by the Bank of Spain or liquidation of the entity.

As part of its analysis, the agency performed an operational review of the originator to assess the origination, underwriting and servicing capabilities of the seller. Additionally, the agency conducted a file review on a randomly selected sample of securitised loans to review the actual implementation of the underwriting standards on real cases. Please note that this operational review and file sampling does not constitute any form of due diligence, and Fitch relies upon the accuracy of data given to it.

Set-Off Risk

The issuer could be affected by the set-off rights of borrowers with deposits in accounts held with Bancaja. However, this risk is mitigated as the seller commits itself in the documentation to remedying such circumstance if it arises at any point during the life of the transaction. The documents indicate that any amounts set-off by the borrowers will be compensated by the seller. Hence, no loss is expected to be borne by the issuer.

However, if the seller becomes insolvent, it cannot be relied upon to continue to compensate the fund for set-off amounts. Fitch derives comfort from Spanish law, where, upon the insolvency of the seller (or the borrower), or upon notification to the borrower of the assignment of the receivable, set-off is not valid. Hence, the only risk remaining is that of set-off being invoked and claimed prior to insolvency, but where the seller became insolvent before compensating the fund. Note that amounts that can be set-off do not relate to the entire mortgage loan amount, but rather to the payments then becoming due, ie the monthly instalments. The risk therefore remains limited and presents a very mild liquidity stress.

Servicer

As part of its analysis, Fitch has reviewed and analysed Bancaja's origination and servicing guidelines. Fitch visits the bank's premises on a regular basis, meeting the originator and servicer managers responsible for the mortgage loan department. Fitch visited Bancaja in March 2010. See *Appendix 2* for additional details on underwriting and servicing procedures.

Commingling Risk

The payments made by the mortgagors, as well as any other amounts to which the fund is entitled as holder of the mortgage certificates, will be placed in the treasury account every two days and will consist of the income received from the certificates during the previous collection period. Therefore, commingling risk could arise in the event of servicer disruption, considering the notification period between such disruption and the establishment of an alternative servicer. The commingling risk is mitigated by the existing rating of the seller and the downgrade language in the transaction documentation, which is in line with Fitch's criteria.

Hedge Provider

The interest rate hedging mechanism in place mitigates the risk of any mismatch between the mortgage indices — mostly monthly averages of 12-month Euribor — and the notes, indexed to three-month Euribor.

Under the two swap agreements, the fund will pay the swap counterparty WA 12-month Euribor, taking into account the distribution of annual and semi-annual reset dates on the collateral as of the closing date. In return, it will receive three-month Euribor (plus a positive margin of 0.13%)

over a notional defined as the balance of the performing and delinquent collateral that is less than 18 months in arrears.

Although the swap agreements will mitigate the basis risk on the collateral, they will not guarantee minimum excess spread to the fund during the life of the transaction. Therefore, any risk of margin compression on the collateral will be assumed by the fund. If the swap counterparty is downgraded below 'A'/F1', it will, within 30 days, take one of the following steps:

- find a replacement counterparty with a rating of at least 'A'/F1';
- find an entity rated at least 'A'/F1' to guarantee its obligations under the swap agreements; or
- cash- or security-collateralise its obligations in an amount satisfactory to existing Fitch criteria.

Account Bank

Banco Popular Español acts as bank account while Banco Cooperativo Espanol acts as paying agent. The sociedad gestora, on behalf of the fund, has opened a treasury account held in the name of the fund at Banco Popular Español, which receives all incoming cash flows from the mortgage pool every two days. Amounts held at the treasury account receive a guaranteed interest rate equal to three-month Euribor.

Concerning the treasury account — and given that the maximum rating does not exceed 'A+sf' — if Banco Popular Español's Short-Term Issuer Default Rating (IDR) is lowered below 'F2', or its Long-Term IDR is lowered below 'BBB+', the management company will be required to take one of the following steps within 30 days: (i) obtain from an entity rated at least 'BBB+'/'F2' a first demand guarantee as security for the amounts deposited in the treasury accounts; or (ii) transfer the treasury accounts to an entity rated at least 'BBB+'/'F2'.

Performance Analytics

The ratings reflect the current risks to the transaction, while performance outside of expectations or the occurrence of certain events may trigger positive or negative rating actions. Indications that cumulative defaults could rise above the estimated base-case assumption of 20% for the life of the transaction could potentially trigger rating actions by Fitch, if the level of CE built up is not sufficient at the time of performance deterioration.

Fitch will monitor the transaction regularly and as warranted by events. Its structured finance performance analytics team ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk. Details of the transaction's performance are available to subscribers at www.fitchresearch.com.

Related Research

Publication^a

General rating and structured finance criteria	
Global Structured Finance Rating Criteria	August 2011
Special-Purpose Vehicles in Structured Finance Transactions	June 2011
Counterparty risk criteria	
Counterparty Criteria for Structured Finance Transactions	March 2011
Counterparty Criteria for Structured Finance Transactions: Derivative Addendum	March 2011
Issuer's currency swap obligations rating criteria	
Criteria for Rating Currency Swap Obligations of an SPV in Structured Finance Transactions	August 2011
Interest-rate criteria	
Criteria for Interest Rate Stresses in Structured Finance Transactions	March 2011
Country-specific criteria	
EMEA Criteria Addendum – Spain. Mortgage Loss and Cash Flow Assumptions	July 2011
EMEA Residential Mortgage Loss Criteria	June 2011
Country-specific market studies	
Foreclosure Management and Loan Modifications in Spanish RMBS	June 2011

All the above research is available at www.fitchratings.com

^a Criteria can be updated or amended: readers should always make reference to the last criteria available at www.fitchratings.com

Source: Fitch

Appendix A: Transaction Comparison

Comparison Table

	Bancaja 13, FTA	MBS Bancaja 8, FTA	TDA CAM 12, FTA	TDA CAM 11, FTA
Fitch's rating assignment date	1 Apr 2011	24 Dec 2010	28 Oct 2010	28 Oct 2010
Total issuance (EUR)	2,570,830,137	450,000,000	1,653,572,166	1,408,100,840
Final ratings (%)				
AAA		61.00		
A+			90.81	88.29
A-	87.97			2.34
BB			9.19	
BB-				9.37
NR	12.03	39.00		
Initial reserve (% of initial balance)	6.75	5.0	4.6	4.0
Target reserve (% of current balance)	13.5	10.0	9.2	8.0
WAFF (%)				
AAA	39.14	49.78	34.41	38.87
AA	33.79	43.40	29.86	33.88
A	29.91	38.77	26.53	30.13
BBB	22.21	29.53	20.10	23.19
BB	14.38	20.02	13.32	15.76
		43.40	29.86	33.88
WARR (%)				
AAA	34.30	37.52	52.13	46.16
AA	37.67	43.33	57.03	50.69
A	41.07	47.39	61.78	55.10
BBB	44.55	51.49	66.39	59.47
BB	48.16	55.89	70.91	63.91
Portfolio				
Collateral balance (EUR)	2,570,830,137	450,000,000	1,653,572,166	1,408,100,840
Number of borrowers	15,881	3,521	15,821	11,359
Average current balance per borrower (EUR)	162,204	159,444	105,126	125,753
WA seasoning (months)	42	24.5	39.7	28.5
(%)				
WA margin	2.05	2.52	2.81	2.83
WA OLTV	78.37	86.41	70.90	72.20
WA DTI	43.60	42.67	35.60	34.56
Self-employed	18.56	24.00	22.30	22.90
Second homes	0.00	7.95	24.60	16.80
Subsidised loans	0.00	0.00	3.47	1.68
WACLTV	75.01	88.74	62.50	66.70
WACLTV (indexed values)	84.77	88.74	65.30	73.60
WAOLTV>90%	40.27	80.80	12.30	19.40
WAOLTV>100%	0.27	0.00	0.48	0.00

Source: Transaction documents and Fitch

Appendix B: Servicing and Origination

The bank's credit analysis for mortgage loans focuses on the borrower's ability to honour their debt payments in a timely fashion, based on stresses of monthly instalments. The information analysed includes DTI ratios (with a maximum allowable level of 45%), data from CIRBE (a Bank of Spain database that gathers information on borrower exposures and non-payments from all Spanish entities and individuals) and Experian or RAI (the *Registro de Aceptación de Impagos*), in addition to other credit parameters that evidence the applicant's financial stability. The credit limit for self-employed individuals is based on the tax declaration presented to the tax authority. The scoring assigns a minimal weighting to other sources of income declared by the applicant.

The majority of the properties are valued by TINSA, Tasaciones Inmobiliarias S.A., Spain's largest valuation company, which is registered with and regulated by the Bank of Spain.

Mortgages in arrears are managed by the branches for the first 30 days, and thereafter by ACINSA, a dedicated primary servicing company which is a subsidiary of Bancaja. Several letters, automatically originated by the bank's system, are sent and calls made; their frequency and content depends on the level of exposure to the borrower. After 75 days, ACINSA, together with the branch office and the credit risk department, decides whether to take the case to court or start a friendly recovery process.

The documentation and procedures required for the foreclosure process are prepared as soon as is deemed necessary (even before 75 days of delinquency) to enable the lawyers to commence proceedings within 24 hours of a decision to do so. In the event it is decided to take the case to court, during the next 30 days, ACINSA will continue the out-of-court recovery procedure. According to Bancaja, the foreclosure process usually takes 12 months.

Appendix C: Transaction Overview

Bancaja 13, Fondo de Titulizacion de Activos

Spain/RMBS

Capital Structure

Class	Rating	Size (%)	Size (EURm)	CE (%)	Interest rate	PMT freq	Maturity	Margin (%)	ISIN
A	A-	87.7	2,212.8	19.1	3 months Euribor plus 0.3%	quarterly	April 2052	0.3	ES0312847009
Cash reserve		6.8	172.2						
Step up date		n.a.	n.a.						
Swap		Basis swap							

Source: Fitch

Key Information

Closing date	December 2008	Parties	
Country of assets	Spain	Seller/originator	Bancaja, now Bankia
Country of SPV	Spain	Servicer	Bancaja, now Bankia
Structure	Static, true sale, combined waterfall	Arranger	Europea de Titulización SA, S.G.F.T
Analysts	carlos.masip@fitchratings.com	Principal paying agent	Banco Cooperativo Español
	covadonga.aybar@fitchratings.com	Cash collection account provider	Banco Popular Español
	sf_surveillance@fitchratings.com	Swap counterparty	JPMorgan Chase Bank N.A.

Source: Fitch

Summary

Rating drivers

- Multiple high-risk portfolio characteristics: the collateral risk characteristics are not those of a prime portfolio, since 45.35% of the collateral has been originated through non-traditional branch network channels. In addition, 45.27% of the loans had a grace period at the time of origination and 8.26% of the loans had been granted to non-Spanish borrowers.
- Fitch calculated DTI ratio: the reported DTI on a loan-by-loan level should be adjusted to account for potential future interest rate rises. The Fitch-calculated DTI implies that 41.5% of the portfolio is classified under DTI class 5; this suggests more than 50% of gross family income is assigned to service the mortgage loan. The WA Fitch-calculated DTI is 43.6%.
- High proportion of loans in principal grace period: 46% of the portfolio value benefits from a principal grace period of 36 months since the loan formalisation date; this is an important risk factor which has been captured within the credit risk of the transaction.
- Long tenors: the WA remaining term of 35 years is longer than the market average. This is an important risk factor which has been captured within the credit risk of the transaction.
- Margin reduction possible: 85% of the pool may see a margin reduction if the borrowers contract additional financial products with Bancaja. This may represent a potential liquidity stress for the transaction which Fitch has taken into account when modelling cash flows of the transaction (assuming the maximum margin reduction possible from day one).
- Reserve fund increased upon rating assignment: upon the assignment of ratings by Fitch in April 2011, the reserve fund was increased to EUR173.5m from the initial EUR156.3m and the transaction documents were amended to reflect Fitch's applicable criteria.

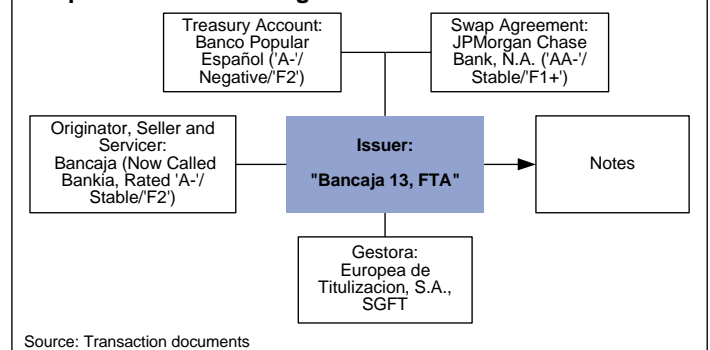
Source: Fitch

Fitch Default Model Output

Rating level	AAA	AA	A	BBB
WAFF (%)	39.1	33.8	29.9	22.2
WARR (%)	40.3	44.3	48.3	52.4
Loss severity (%)	68	64	59	52.8
MVD	57.6	53.6	50	45.7

Source: Fitch

Simplified Structure Diagram



Source: Transaction documents

Collateral Summary

Provisional pool characteristics (as of February 2011)

Original principal balance (ISO)	2,771,391,119	Regional concentration (%)	
Current principal balance (ISO)	2,575,959,581	Comunidad Valenciana	36.5
Average current loan per borrower (ISO)	162,203.87	Catalunya	15.2
Number of borrowers	15,881	Andalucia	14.5
Number of loans	15,881	Madrid	9.2
Seasoning (years)			
Loan to value (LTV) (%)		Loans in principal grace period (%)	
WA OLV	78.4	Lien position:	
WA CLTV	75.0	First ranking	100
		Jumbo (%)	7.1
Mortgage characteristics		Payments	
Government subsidised (%)	0	Payment frequency	Monthly 100
Second home (%)	0	Payment method	Direct debit 100
Interest rate type		Performing loans (%)	
Floating rate loans (%)	100	WA DTI (%)	60.8
		Employment status (% of self-employed)	13.8
WA interest (%)	2.05		
Interest index (%)	Euribor 12 months (100%)		

Source: Transaction documents

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