

Fitch Upgrades 30 Spanish RMBS Tranches

Fitch Ratings-London/Madrid-28 November 2006: Fitch Ratings has today upgraded 30 tranches of Spanish residential mortgage-backed securities ("RMBS") transactions and affirmed a further 129 tranches following a satisfactory performance review.

Spanish RMBS transactions have continued to perform well in 2006, despite a higher interest rate environment. The healthy performance has been based on the overall strength of the Spanish economy and the servicing capabilities of many originators. Furthermore, the upgrades result from sequential amortisation of the senior notes and a high level of prepayments means that many transactions have experienced rapid de-leveraging. Considering the healthy state of Spain's main macroeconomic indicators, in particular the low unemployment rate, Fitch expects the performance to remain stable.

Arrear levels, defined as two months or more in arrears, have been rising in many of the transactions, particularly in the TDA CAM series. TDA CAM 2, Fondo de Titulizacion de Activos ("CAM II") has displayed the highest arrears to date, reaching 1.02% of the outstanding mortgage balance in April 2005. Since then, the arrears have been improving to now account for 0.49% of the outstanding balance. TDA CAM 4, Fondo de Titulizacion de Activos ("CAM IV"), issued in February 2005, and TDA CAM 5, Fondo de Titulizacion de Activos ("CAM V"), issued in September 2005, also display an upward trend in arrears levels, which currently show little sign of stabilising. Nevertheless, overall arrears levels still remain some of the lowest seen in Europe to date.

The TDA CAM transactions and the Bancaja transactions have particularly high proportion of loans located in the Valencia region. Additionally, they also have higher weighted average original loan-to-values ("WA OLV") than most other Spanish transactions. In Fitch's view, these factors could be contributing to the higher level of arrears. The September 2006 performance report for Bancaja 8, (issued in April 2005), shows arrears levels of 0.93% of the outstanding mortgage balance.

Fondo de Titulizacion de Activos, UCI 14 ("UCI 14") is also experiencing much higher arrears levels than any other transaction. However, this is not unexpected given that the lender, Union de Creditos Inmobiliarios E.F.C. S.A. ("UCI") is a pioneer and specialist in the low-equity segment. It targets young households with a limited employment history and other clients that are usually not well served by the traditional banks.

The AyT Genova Hipotecario series ("AyT Genova"), originated by Barclays Bank SA ("BBSA") have outperformed most other Spanish transactions to date. This is driven by the fact that BBSA's transactions traditionally exhibit a relatively low LTV ratio and contain loans that are primarily offered to high net worth Spanish clients.

Foncaixa deals are also experiencing very low arrears levels, though it should be noted that the newer Foncaixa operations have a payment holiday up to two years, where the borrower has the option of taking one or more forbearance periods for the payments under the initial drawdown only. During this time the borrower does not have to pay principal but does have to continue paying interest.

In most transactions, reserve funds can amortise up to a fixed percentage of the note outstanding balance subject to an absolute floor and arrear triggers, among others. To date no triggers have been breached. Additionally, some transactions will revert to pro rata amortisation once certain conditions have been met. These structural features will limit the potential for future upgrades as credit enhancement remains the same as a percentage and decreases in absolute terms.

Hipocat 9, Fondo de Titulizacion de Activos:

Class A1 (ISIN ES0345721007) affirmed at 'AAA'
Class A2a (ISIN ES0345721015) affirmed at 'AAA'
Class A2b (ISIN ES0345721023) affirmed at 'AAA'
Class B (ISIN ES0345721031) affirmed at 'AA+'
Class C (ISIN ES0345721049) affirmed at 'A+'
Class D (ISIN ES0345721056) affirmed at 'BBB+'
Class E (ISIN ES0345721064) affirmed at 'CC'

Hipotebansa VIII Fondo de Titulizacion Hipotecaria, S.A.:

Class A (ISIN ES0315227001) affirmed at 'AAA'
Class B (ISIN ES0315227019) upgraded to 'A+' from 'A'

Hipotebansa IX Fondo de Titulizacion Hipotecaria, S.A.:

Class A (ISIN ES0338676002) affirmed at 'AAA'
Class B (ISIN ES0338676010) upgraded to 'A+' from 'A'

MBS Bancaja 1, Fondo de Titulizacion de Activos;

Class A (ISIN ES0361794003) affirmed at 'AAA'
Class B (ISIN ES0361794011) affirmed at 'AAA'
Class C (ISIN ES0361794029) upgraded to 'AA-' (AA minus) from 'A+'
Class D (ISIN ES0361794007) upgraded at 'BBB+' from 'BBB'.

MBS Bancaja 2, Fondo de Titulizacion de Activos;

Class A (ISIN ES0361795000) affirmed at 'AAA'
Class B (ISIN ES0361795018) affirmed at 'AA'
Class C (ISIN ES0361795026) affirmed at 'A+'
Class D (ISIN ES0361795034) affirmed at 'BBB+'
Class E (ISIN ES0361795042) affirmed at 'BB+'
Class F (ISIN ES0361795059) affirmed at 'CC'

Rural Hipotecario VI, Fondo de Titulizacion de Activos;

Class A (ISIN ES0374306001) affirmed at 'AAA'
Class B (ISIN ES0374306019) affirmed at 'A'
Class C (ISIN ES0374306027) affirmed at 'BBB'

Rural Hipotecario VII, Fondo de Titulizacion de Activos;

Class A1 (ISIN ES0366366005) affirmed at 'AAA'
Class A2 (ISIN ES0366366013) affirmed at 'AAA'
Class B (ISIN ES0366366021) affirmed at 'A-' (A minus)
Class C (ISIN ES0366366039) affirmed at 'BBB-' (BBB minus)

Rural Hipotecario Global I, Fondo de Titulizacion de Activos;

Class A (ISIN ES0374273003) affirmed at 'AAA'
Class B (ISIN ES0374273011) affirmed at 'A'
Class C (ISIN ES0374273029) affirmed at 'BBB+'
Class D (ISIN ES0374273037) affirmed at 'BB'
Class E (ISIN ES0374273045) affirmed at 'CC'