

Fitch Upgrades FTPYME BANCAJA 1's Class B to 'BBB+' Ratings

Fitch Ratings-London-21 November 2006: Fitch has today upgraded FTPYME BANCAJA 1, FONDO DE TITULIZACION DE ACTIVOS's ("FTPYME BANCAJA 1") Class B notes due July 2023 and affirmed the others as listed below:

EUR194.4 million Class A2(G) (ES0339771026) affirmed at 'AAA'
EUR48.6m Class A2 (ES0339771034) affirmed at 'AAA'
EUR26.6m Class B (ES0339771042) upgraded to 'BBB+' from 'BBB'

FTPYME BANCAJA 1 notes represent a cash flow securitisation of EUR600m loans to small and medium-sized Spanish enterprises ("SMEs") granted by Caja de Ahorros de Valencia Castellon y Alicante ("Bancaja" rated 'A+/'F1'). The Class A2 (G) notes are backed by a guarantee from the Kingdom of Spain (rated 'AAA'/'F1+').

The rating actions reflect the deal's stable performance to date, low delinquency levels and sufficient credit enhancement. As of September 2006 report, the total amount of outstanding delinquencies of more than 90 days is only 1.77% and of arrears over 180 days is only 1.76%. Furthermore, no rating triggers on transaction counterparties have been hit. The credit enhancement has increased due to the amortization of the notes in line with the amortization of the collateral, hence leading to the upgrade of the Class B notes.

The portfolio is currently composed of 1,299 loans, consisting of mortgages (both first- and second-ranking), as well as loans secured with guarantees and private backing. In terms of geographic concentration, the loans are mainly to obligors in Valencia (73.71%) and the largest industry is real estate (36.13%).

FTPYME Bancaja 1 is a special-purpose vehicle incorporated under the laws of Spain with limited liability. Its sole purpose is to acquire a portfolio of loans from Bancaja as collateral for the issuance of fixed income securities. The assets of FTPYME Bancaja 1 were subscribed to by Europea de Titulizacion S.G.F.T., S.A. ("the Sociedad Gestora"). The Sociedad Gestora is a special-purpose management company with limited liability, incorporated under the laws of Spain.

More details on the fund's structure, counterparties involved and functioning are presented in the New Issue report, available on the agency's website, www.derivativefitch.com.

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