

## **Fitch Affirms Consumo Bancaja 1 FTA**

Fitch Ratings-London-01 June 2011: Fitch Ratings has affirmed Consumo Bancaja 1 FTA's ratings, as follows:

EUR65.6m class A notes: affirmed at 'AAsf'; Outlook revised to Stable from Negative; Loss Severity (LS) Rating 'LS-1'

EUR14.7m class B notes: affirmed at 'Asf'; Outlook Negative; LS Rating 'LS-3'

EUR19.2m class C notes: affirmed at 'CCCsfs'; assigned Recovery Rating 'RR4'

EUR12.9m class D notes: affirmed at 'CCsfs'; assigned Recovery Rating 'RR6'

The affirmation reflects the fact that although the transaction has been performing below Fitch's expectations, it has not deteriorated substantially since the last rating action and has continued to amortise sequentially. Credit enhancement for the senior classes has increased and the agency believes that this is adequate for protecting the current ratings. However, the class D undercollateralised note is likely to incur losses, as the reserve fund is currently fully drawn. Moreover, the agency does not consider it likely that recoveries and excess spread will be enough to fully replenish the reserve.

Defaults have been substantially higher than Fitch's expectations. The cumulative default ratio (CDR) was 4.39% in April 2011 and the cumulative loss ratio (CLR) was 3.91%. Fitch's original base case figures for the same period of seasoning were 2.68% and 1.43%, respectively. To date, recoveries amount to 10.96% of the cumulative defaulted amount, less than a quarter of Fitch's expectation, which was 46.68%. The reserve fund was fully funded at closing at EUR12.9m. It began being withdrawn on the February 2008 interest payment date (IPD) and was zero as of the August 2010 IPD. The transaction's principal deficiency ledger (PDL) is EUR1.6m.

The gap between expected losses and actual losses has been sharply widening. The dramatic change in Spain's economic conditions is likely to be the main driver of the striking difference between expectations and actual performance.

Fitch has revised its assumptions on the expected defaults and recoveries in its forecast model to reflect the current loss severity incorporating the current delinquency trend. Several scenarios have been assessed with different stresses applied. Expected default rates between 7% and 9.5% have been applied, as well as recoveries between 15% and 65%. Resulting expected losses have been compared with the current available credit enhancement at each rating level in accordance with Fitch's 'EMEA Consumer ABS Rating Criteria'.

Consumo Bancaja 1 Fondo de Titulización de Activos is a true sale securitisation of a pool of consumer and auto loans originated in Spain by Caja de Ahorros de Valencia Castellón y Alicante (Bancaja, the seller, servicer, swap provider and formerly account bank; rated 'A-/Stable/F2') in June 2006. The proportion of auto loans was 44% at closing. The revolving period, which was due to end in August 2008, terminated in May 2008 due to an early amortisation event. The notes have amortised sequentially and the outstanding value of the notes was 15.9% of its original balance as of last IPD in February 2011.

At closing, the credit enhancement (CE) for this transaction was 7.80% for class A, 5.35% for class B and 2.15% for class C. As of the February 2011 IPD, CE levels were 32.45%, 17.68% and -1.61%, respectively.

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Additional information is available at [www.fitchratings.com](http://www.fitchratings.com).

Source of Information: servicer reports and payments reports provided by the issuer.

Applicable criteria, 'Global Structured Finance Rating Criteria', dated 13 August 2010, and 'EMEA Consumer ABS Rating Criteria', dated 1 September 2009, are available on [www.fitchratings.com](http://www.fitchratings.com).