

Bancaja 10's Class B Spanish RMBS Notes Rating Lowered To 'D (sf)' Due To Interest Deferral Breach

November 29, 2022

Overview

- Due to the increase in the level of cumulative defaults, Bancaja 10's class B notes breached their interest deferral trigger on the Feb. 22, 2018 payment date. Given the previous negative interest rate environment, this class of notes had not accrued any interest until the November 2022 interest payment date, when the class B notes failed to make timely payment of interest.
- We therefore lowered to 'D (sf)' from 'CC (sf)' our rating on the class B notes.
- Bancaja 10 is a Spanish RMBS transaction that closed in January 2007 and securitizes residential mortgage loans. Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja; now Caixabank S.A.) originated the pools, which are mainly located in the Valencia region.

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MADRID (S&P Global Ratings) Nov. 29, 2022--S&P Global Ratings today lowered to 'D (sf)' from 'CC (sf)' its credit rating on Bancaja 10, Fondo de Titulización de Activos' class B notes.

All the other classes of notes are unaffected by today's rating action.

The level of cumulative defaults over the original portfolio balance increased to 10.93% on the Feb. 22, 2018 interest payment date (IPD). Under the transaction documents, the class B notes' interest deferral trigger is based on the level of cumulative defaults over the original securitized balance. Due to the increase in the level of defaults, the class B notes breached their 10.90% interest deferral trigger but given the negative interest rate environment, this class of note was not accruing any interest and no default materialized. Given the rising interest rate environment, the class B notes have now failed to make timely payment of interest as the payment of interest on the class B notes has been subordinated below the repayment of the class A notes that are currently under an amortization deficit of €4.4 million.

Our ratings in Bancaja 10's address timely interest and ultimate principal payments (see "New Issue: Bancaja 10, Fondo de Titulización de Activos," published on July 30, 2007). We expect the interest shortfalls to last for a period of more than 12 months. Therefore, in line with our principles of credit ratings criteria, we have lowered to 'D (sf)' from 'CC (sf)' our rating on the class B notes (see "Related Criteria").

Bancaja 10 is a Spanish residential mortgage-backed securities (RMBS) transaction that closed in January 2007 and securitizes residential mortgage loans. Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja; now Bankia S.A.) originated the pools, which are mainly located in the Valencia region.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Criteria | Structured Finance | General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- EMEA Structured Finance Chart Book: November 2022, Nov. 16, 2022
- European RMBS Market Update Q4 2022: The New Normal For How Long?, Nov. 9, 2022
- Metropolitano de Tenerife Outlook Revised To Stable From Negative After Similar Action On Spain, April 1, 2022
- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- New Issue: Bancaja 10, Fondo de Titulización de Activos, July 30, 2007

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