



Fitch Affirms IM Cajamar 5 & 6 and Bancaja 13

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Fitch Ratings-London/Madrid-23 February 2012: Fitch Ratings has affirmed IM Cajamar 5 & 6 and Bancaja 13 Spanish RMBS and removed eight tranches from Rating Watch Negative (RWN). A full list of rating actions is at the end of this commentary.

The rating actions follow the implementation of remedial actions addressing the downgrade of Banco Popular Espanol's (BPE; 'BBB+'/'RWN'/'F2') Long-term Issuer Default Rating (IDR). The agency also conducted a full performance review of the three transactions, and assigned Negative Outlooks to six tranches, reflecting concerns over the future performance of the assets in the pools.

The notes were placed on RWN on 18 November 2011 due to exposure to BPE, which acted as the swap collateral posting bank in IM Cajamar 5 and 6, and the account bank in Bancaja 13. Fitch has received confirmation that the issuers have now replaced BPE with Banco Santander ('A'/'Negative'/'F1'). In Fitch's view, the change in account bank and swap collateral bank to Banco Santander fully mitigates the risk to which the transactions were exposed and for that reason the agency has removed notes rated 'A-sf' and above from RWN.

IM Cajamar 5 and 6

The two IM Cajamar transactions are securitisations of mortgage loans originated by Cajamar, most of which were originated at the peak of the market. Historically, the two portfolios have seen poorer performance than the two more seasoned transactions in the series (IM Cajamar 3 and 4), as reflected in the level of gross cumulative defaults reported to date. As of January 2012 the total balance of loans in arrears by more than 12 months (defaults) since transaction close, stood at 2.2% and 3.9% of the original portfolio balances of IM Cajamar 5 and 6, respectively. Given the pace at which these defaults have been incurred, the excess spread generated by the structures has been insufficient to fully cover the period provisions, which is why the issuers have been utilising their reserve funds. In more recent periods, the recoveries received on defaulted loans have led to a reduction in the reserve fund draws (IM Cajamar 6), as well as steady replenishment (IM Cajamar 5).

In Fitch's view, the two transactions are highly dependent on future recoveries. The agency understands that most of the recoveries flowing through to the structure are coming from repossessed properties that are taken to auction and in most cases are being bought by Cajamar. Given the current tightening in liquidity on the market, Fitch remains cautious about Cajamar's ability to continue to provide such support to the issuers, which is why the agency has assigned a Negative Outlook to most of the notes.

The Negative Outlooks also reflect Fitch's concern over the future default rates. The agency notes that although the three months plus arrears figure has remained stable for the past 12 months, the roll-through rates of loans across arrears buckets remains high. In addition, early stage arrears have shown signs of deterioration recently and may translate into higher default rates and further reserve fund draws.

Bancaja 13

Bancaja 13 is a securitisation of mortgage loans originated by Bancaja. The portfolio includes a high portion of loans with adverse credit characteristics: nearly 45% of broker-originated loans, 8.3% of non-Spanish borrowers, as well as a significant proportion of self-employed borrowers. Such characteristics are typically linked to higher default probabilities. In addition, at the time of rating assignment in April 2011, approximately 46% of the borrowers were in their principal grace period (weighted average grace period of the loans in the pool is 72 months). In Fitch's view, the recent increase in three-months plus arrears can be attributed to the expiration of the grace period and payment shock to which the

underlying borrowers are now subject. As of January 2012, loans in arrears by more than three months made up 2.1% of the current portfolio balance, up from 1% in April 2011. Meanwhile, gross excess spread remains sufficient to cover provisions on defaulted loans (defined as loans in arrears by more than 18 months), which is why the reserve fund remains at its target amount of EUR173.5m. The fully funded reserve fund, along with subordination provided by classes B and C remain sufficient to withstand the 'A-sf' stresses and for this reason the class A notes were affirmed at their current rating.

The rating actions are as follows:

IM Cajamar 5:

Class A (ISIN ES0347566004) affirmed at 'AAAsf'; Off RWN; Outlook Negative
Class B (ISIN ES0347566012) affirmed at 'AAsf'; Off RWN; Outlook Negative
Class C (ISIN ES0347566020) affirmed at 'Asf'; Off RWN; Outlook Negative
Class D (ISIN ES0347566038) affirmed at 'BBsf'; Off RWN; Outlook Negative
Class E (ISIN ES0347566046) affirmed at 'CC'; Recovery Estimate 10%

IM Cajamar 6:

Class A (ISIN ES0347559009) affirmed at 'AAsf'; Off RWN; Outlook Stable
Class B (ISIN ES0347559017) affirmed at 'Asf'; Off RWN; Outlook Negative
Class C (ISIN ES0347559025) affirmed at 'BBBsf'; Off RWN; Outlook Negative
Class D (ISIN ES0347559033) affirmed at 'CCCsf'; Recovery Estimate 35%
Class E (ISIN ES0347559041) affirmed at 'CCsf'; Recovery Estimate 0%

Bancaja 13:

Class A (ISIN ES0312847009) affirmed at 'A-sf'; Off RWN; Outlook Stable

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Sources of information - in addition to those mentioned in the applicable criteria, the sources of information used to assess the ratings were investor reports.

Applicable criteria: 'Global Structured Finance Rating Criteria', dated 4 August 2011 'EMEA Residential Mortgage Loss Criteria' dated 16 August 2011, and 'EMEA Criteria Addendum - Spain - Mortgage Loss and Cash Flow Assumptions', dated 11 August 2011 are available

at www.fitchratings.com.

Applicable Criteria and Related Research:

[Global Structured Finance Rating Criteria](#)

[EMEA Residential Mortgage Loss Criteria](#)

[EMEA Criteria Addendum - Spain - Mortgage Loss and Cash Flow Assumptions](#)

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