

**Hecho Relevante de**

**BANCAJA 11 Fondo de Titulización de Activos**

En virtud de lo establecido en el apartado 4.1.4 del Módulo Adicional a la Nota de Valores del Folleto Informativo de **BANCAJA 11 Fondo de Titulización de Activos** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Moody’s Investors Service** (“**Moody’s**”), con fecha 12 de febrero de 2010, comunica que ha bajado las calificaciones asignadas a las siguientes Series de Bonos emitidos por **BANCAJA 11 Fondo de Titulización de Activos**:
  - **Serie A2:** **A2** (anterior **Aa2**, bajo revisión)
  - **Serie A3:** **A2** (anterior **Aa2**, bajo revisión)
  - **Serie B:** **Caa1** (anterior **Ba1**, bajo revisión)
  - **Serie C:** **Ca** (anterior **B1**, bajo revisión)
  - **Serie D:** **C** (anterior **Caa2**, bajo revisión)

La calificación asignada a la restante Serie de Bonos permanece sin cambios:

- **Serie E:** **C**

Se adjunta la nota de prensa emitida por Moody’s.

Madrid, 12 de febrero de 2010

Mario Masiá Vicente  
Director General



Moody's Investors Service

## Rating Action: **Moody's downgrades several Spanish RMBS notes issued by Bancaja 9, Bancaja 10 and Bancaja 11**

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Global Credit Research - 12 Feb 2010

### **Approximately EUR 4.66 billion of debt securities affected**

Madrid, February 12, 2010 -- Moody's Investors Service announced today that it has downgraded the ratings of:

- A2, C and D notes issued by Bancaja 9 (BJ 9).
- A2, A3, B, C and D notes issued by Bancaja 10 (BJ 10).
- A2, A3, B, C and D notes issued by Bancaja 11 (BJ 11).

and confirmed the ratings of B notes issued by BJ 9.

Last rating action date for BJ 9 was 30 Nov 2009. Last rating action date for BJ 10 and BJ 11 was 05 June 2009.

All the notes issued by BJ 9, BJ 10 and BJ 11, with the exception of equity tranches, were placed on review for possible downgrade due to the prolonged deterioration and worse-than-expected performance of the collateral backing the notes. These actions also reflected Moody's negative sector outlook for Spanish RMBS and the weakening of the macro-economic environment in Spain. The long-term and short-term ratings of Bancaja were downgraded to A3/P-2 from A2/P-1 on 15 June 2009. This has been considered in the analysis.

### PORTFOLIO PERFORMANCE

BJ 9, BJ 10 and BJ 11 closed in February 2006, January 2007 and July 2007 respectively. The three transactions are backed by a portfolio of first-ranking mortgage loans secured on residential properties located in Spain, for an overall balance at closing of EUR 2 billion (BJ 9), EUR 2.6 billion (BJ 10) and EUR 2 billion (BJ 11). The collateral backing the three transactions includes loans with high Loan-to-Value (LTV over 80%), weighted average LTVs standing at 67%, 71.6% and 72.24% respectively as of the end December 2009. The pools are fairly exposed to the Mediterranean coast, mainly to the region of Valencia, where Bancaja has its highest expertise, with 36%, 34% and 35% of pools' concentration.

The collateral performance in BJ 9, BJ 10 and BJ 11 has further deteriorated since the last rating review in February 2009, when Moody's took action on all notes with the exception of BJ 9 A2. Moody's notes that the share of loans being written-off has significantly increased in recent periods: cumulative write-offs rose to 1.73%, 1.54% and 1.91% of original pool balance in BJ 9, BJ 10 and BJ 11 respectively at the end of December 2009, compared to 0.57%, 0.09% and 0% of original balance at the end of December 2008. Loans that have been in arrears for 90 days or above, including defaulted loans, amounted to 9.27%, 10.47% and 12.12% of original pool balance at December 2009 compared to respectively 5.2%, 4.2% and 4.6% as at the last rating review.

Moody's observes that the ratio of loans more than 90 days in arrears as a percentage of current pool balance, has recently improved and it is currently equal to 6.18%, 6.77% and 6.52% of current pool balance in BJ 9, BJ 10 and BJ 11 respectively -- Moody's believes that the stabilization in arrears may be attributed to various factors such as : 1) the low interest rate environment, 2) the effect of repurchases of loans renegotiated outside the scope of documentations' permitted variations and 3) the arrears reporting method. In fact, outstanding balance of loans over 90 days in arrears excludes defaults while the outstanding pool balance includes them. The rapid increase in defaulted loans compared to a slower increase in delinquencies may distort the 90 days arrears figure which is computed as a ratio where the numerator is the balance of loans over 90 days and the denominator is the outstanding pool balance. Despite the seemingly improving arrears trends in the deals recently, we remain concerned about the prolonged weakening in macro-economic conditions in Spain.

The weak performance of BJ 9, BJ 10 and BJ 11 was driven by difficult economic conditions such as increasing unemployment and declining house prices. Moody's did not receive information on the origination channel in the securitised pools but has confirmed that Bancaja, as most market participants, has used external channels such as brokers. Additionally, loans to non-Spanish nationals (representing about 16.50%, 18% and 14.6% of current pool balances respectively) are observed to be experiencing significantly higher defaults than loans granted to Spanish

borrowers.

#### RESERVE FUNDS / AMORTISATION

The rapidly increasing levels of defaulted loans ultimately resulted in draws to the reserve funds in the three transactions which currently stand at 56.20%, 46.89% and 6.8% of their target balance, 1.10%, 0.74% and 0.10% of the notes balance. Available funds in both transactions will ultimately increase as recoveries from written-off loans are collected. However, Moody's remains concerned about the uncertainty relating to the timing and the amount of recoveries. So far, recoveries amount to 39.4%, 22.62% and 29.49% of cumulative defaults in BJ 9, BJ 10 and BJ 11 respectively. Considering the pace of the recoveries is slower than that of new defaults the reserve funds are expected to be drawn further.

The amortization of the mezzanine and junior notes is likely to remain sequential as a consequence of the breach of pro-rata amortization triggers. In relation to A2 and A3 for BJ 10 and BJ 11, both pro-rata and sequential amortization have taken place in the recent periods as the transactions triggers were either breached or close to being breached. Expectations are that if performance deteriorates, triggers may be breached for a number of periods resulting in pro-rata amortization of the senior notes in these two transactions.

#### REMEDIAL ACTIONS TAKEN FOLLOWING BANCAJA DOWNGRADE TO A3/P2

No actions were taken in relation to swaps as Bancaja is not swap counterparty in any of these transactions.

The treasury accounts that were held at Bancaja were transferred to Caja Madrid (A1/P-1) in the case of BJ 9 and Banco Sabadell (A2/P-1) for BJ 10 and BJ 11 after the loss of P-1 as required by the transaction documents. Bancaja was replaced by Banco Cooperativo (A1/P1) for BJ 9 and BBVA (Aa2/P-1) for BJ 10 and BJ 11 as paying agent, following the downgrade of Bancaja.

In the review Moody's has assessed the commingling risk exposure, taking into account that sweeping to the treasury account in the name of the Fondo takes place 2 days after collection. Initially sweeping was done weekly and documentation contemplated more frequent sweeping in case of downgrade of Bancaja's short-term rating below P-1.

#### INSUFFICIENT LIQUIDITY IN THE DEALS

The main exposure to Bancaja in BJ 9, BJ 10 and BJ 11 is linked to the servicing role that Bancaja plays in the transactions. Moody's notes that the reserve funds of the transactions are currently drawn, almost depleted in the case of BJ 11. If the reserve funds are fully depleted there would be no other sources of liquidity available in the transactions. Moody's believes that the absence of liquidity in the transactions could impair the ability of the Issuer to make timely payment of interest on the Notes, particularly in case of a servicing transfer. Moody's considers that the risk of a missed payment of interest on the Class A2 of BJ 9 is not commensurate with a Aaa-rating and therefore has downgraded the rating for this class of notes.

#### REVISED LIFETIME LOSS AND MILAN Aaa CE

Moody's has reassessed its lifetime loss expectation for BJ 9, BJ 10 and BJ 11 to account for the collateral performance to date as well as our expectations for these transactions in the context of a current macroeconomic environment in Spain. On the basis of the rapid increase in defaulted loans, faster than the increase in recoveries, in BJ 9, BJ 10 and BJ 11, we have updated the portfolio expected loss assumption from 1.60% to 2.10% of original balance in BJ 9, from 1.75% to 2.70% of original balance in BJ 10 and from 1.90% to 3.15% of original balance in BJ 11.

As part of its analysis, Moody's has also assessed loan-by-loan information for the outstanding portfolios to determine the credit support consistent with target rating levels and the volatility of the distribution of future losses. As a result, Moody's has revised its MILAN Aaa credit enhancement (MILAN Aaa CE) assumptions to 8% for BJ 9, 11.5% for BJ 10 and 12.5% for BJ 11, up from respectively 6.5%, 8% and 9% as at the last rating review. The loss expectation and the Milan Aaa CE are the two key parameters used by Moody's to calibrate its loss distribution curve, which is one of the core inputs in the cash-flow model it uses to rate RMBS transactions. Current credit enhancement under the Class A notes (including subordination and reserve fund) is 9.78%, 8.04% and 6.8% for BJ 9, BJ 10 and BJ 11 respectively as at the last payment date for each of them

Moody's ratings address the expected loss posed to investors by the legal final maturity of the notes. Moody's ratings address only the credit risks associated with the transaction. Other risks have not been addressed, but may have a significant effect on yield to investors.

Moody's monitors the transactions referred to in this press release using the rating methodology for Spanish RMBS

transactions as described in the report "Moody's Updated Methodology for Rating Spanish RMBS," July 2008, and "Revising Default/Loss Assumptions Over the Life of an ABS/RMBS Transaction," December 2008. These reports can be found at [www.moody.com](http://www.moody.com) in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website. In addition, Moody's publishes a weekly summary of structured finance credit, ratings and methodologies, available to all registered users of our website, at [www.moody.com/SFQuickCheck](http://www.moody.com/SFQuickCheck).

#### LIST OF DETAILED RATING ACTIONS

Issuer: Bancaja 9 Fondo de Titulización de Activos

Class A2, Downgraded to Aa1; previously on Nov 30, 2009 Aaa Placed Under Review for Possible Downgrade.

Class B, Confirmed A3; previously on Nov 30, 2009 A3 Placed Under Review for Possible Downgrade.

Class C, Downgraded to B2; previously on Nov 30, 2009 Ba2 Placed Under Review for Possible Downgrade.

Class D, Downgraded to Ca; previously on Nov 30, 2009 B3 Placed Under Review for Possible Downgrade.

Issuer: Bancaja 10 Fondo de Titulización de Activos

Class A2, Downgraded to Aa3; previously on Jun 5, 2009 Aa1 Placed Under Review for Possible Downgrade.

Class A3, Downgraded to Aa3; previously on Jun 5, 2009 Aa1 Placed Under Review for Possible Downgrade.

Class B, Downgraded to Ba2; previously on Jun 5, 2009 Baa2 Placed Under Review for Possible Downgrade.

Class C, Downgraded to Caa3; previously on Jun 5, 2009 B1 Placed Under Review for Possible Downgrade.

Class D, Downgraded to C; previously on Jun 5, 2009 Caa1 Placed Under Review for Possible Downgrade.

Issuer: Bancaja 11 Fondo de Titulización de Activos

Class A2, Downgraded to A2; previously on Jun 5, 2009 Aa2 Placed Under Review for Possible Downgrade.

Class A3, Downgraded to A2; previously on Jun 5, 2009 Aa2 Placed Under Review for Possible Downgrade.

Class B, Downgraded to Caa1; previously on Jun 5, 2009 Ba1 Placed Under Review for Possible Downgrade.

Class C, Downgraded to Ca; previously on Jun 5, 2009 B1 Placed Under Review for Possible Downgrade.

Class D, Downgraded to C; previously on Jun 5, 2009 Caa2 Placed Under Review for Possible Downgrade.

London

Barbara Rismondo

VP - Senior Credit Officer

Structured Finance Group

Moody's Investors Service Ltd.

JOURNALISTS: 44 20 7772 5456

SUBSCRIBERS: 44 20 7772 5454

Madrid

Maria Turbica Manrique

Analyst

Structured Finance Group

Moody's Investors Service Espana, S.A.

JOURNALISTS: 44 20 7772 5456

SUBSCRIBERS: 44 20 7772 5454



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