



Fitch: Sale of Cajasur to BBK Will Positively Impact Multi-Issuer Cedulas
28 Jul 2010 4:00 AM (EDT)

Fitch Ratings-London/Madrid-28 July 2010: Fitch Ratings comments today that the transfer of Caja de Ahorros y Monte de Piedad de Cordoba's (Cajasur) assets and liabilities to Bilbao Bizcaia Kutxa (BBK) will have a positive effect on the multi-issuer cedulas hipotecarias (CH) transactions exposed to Cajasur and a neutral impact on the transactions exposed to BBK.

Spain's Fund for Orderly Bank Restructuring (FROB) announced the transfer of Cajasur's assets and liabilities to BBK on 16 July 2010 as part of the restructuring plan drawn up for Cajasur. On 22 July Fitch placed the LT rating of BBK in RWN while affirming its ratings at A+/F1, the ratings of Cajasur remain at BB+/B/RWP.

The transfer deal is primarily positive for those CH transactions that are exposed solely to Cajasur. These transactions will benefit from a strengthened credit profile and increased protection due to BBK's higher collateralisation ratios. Cajasur has CHs outstanding in 18 Fitch-rated multi-issuer CH classes totalling around EUR2,910m.

While the acquisition of Cajasur is expected to result in lower collateralisation levels for BBK, Fitch expects those levels to remain comfortably above the RCR (rating collateralisation rate) levels the agency deems sufficient to withstand its 'AAA' rating stress tests. Prior to the acquisition, BBK participated in 13 Fitch-rated multi-issuer CH classes with a total exposure of EUR2,400m.

BBK and Cajasur have cross participations in seven multi-issuer CH classes. For these particular series, Fitch expects the resulting increased concentration to have a neutral to minimum impact on the assessment of the external liquidity support adequacy. This is due to the fact that the cross participations occur in transactions that are well diversified (with between 23 and 28 issuers) and the combined exposure will remain relatively small (totalling between 8.4% and 14.6%). In addition, the impact of the increased concentration is expected to be at least partially mitigated by an improvement in credit quality.

Cajasur was the subject of regulatory intervention by the Bank of Spain via the FROB on 22 May 2010. Prior to the state intervention, Cajasur maintained a total mortgage book of EUR10,924m to back the EUR4,624m of total cedulas outstanding, resulting in a total collateralisation ratio (TCR) of 236%, according to data from 31 March. This represents a positive cushion of about 40% to the level Fitch estimates to be needed to withstand a 'AAA' stress based on the data received on the cover pool.

For comparison, BBK's total mortgage book stands at EUR12,996m while the amount of cedulas outstanding totalled EUR3,863m, implying a TCR of 336%, according to data from 31 March. Fitch's 'AAA' RCR for BBK stands at 171%. Following the acquisition, BBK's total mortgage book will stand at around EUR23,920m, while the cedulas outstanding will amount to EUR8,487m. This implies a new TCR of 282%.

For additional information, please see the 22 July 2010 comment, entitled 'Fitch Places BBK on Watch Negative; CajaSur Maintained on Watch Positive', which is available on the agency's website at www.fitchratings.com. The following related research is also available on the website: 'Multi-Issuer Cedulas Hipotecarias OC Tracker', dated 29 June 2010, 'Fund for Orderly Bank Restructuring - Spain', dated 3 July 2009.

Contacts: Carlos Silva, London, Tel: +44 (0) 20 7682 7430; Jeremy Carter, +44 (0) 20 7682 7522; Jeffery Cromartie, CFA, +44 (0) 20 7664 0072; Alvaro Gil, Madrid, +34 917 025 777.

Media Relations: Julian Dennison, London, Tel: +44 020 7682 7480, Email: julian.dennison@fitchratings.com.

Additional information is available at www.fitchratings.com.

Related Research:

EMEA Structured Finance Snapshot - April 2010 (Multimedia)

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK:

[HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE.