

# FitchRatings

**Fitch Downgrades Consumo Bancaja 1**  
**04 Mar 2010 9:48 AM (EST)**

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Fitch Ratings-London/Madrid-04 March 2010: Fitch Ratings has today downgraded the senior and mezzanine note tranches issued by Consumo Bancaja 1 - Fondo de Titulizacion de Activos (Consumo Bancaja 1). Two of the downgraded tranches have Negative Outlooks. The downgrades have mainly been driven by a further deterioration in the pool performance as a result of Spain's ongoing economic downturn.

The rating actions are as follows:

EUR199.8m class A notes: downgraded to 'AA' from 'AAA'; Outlook Negative, 'LS-1'  
EUR14.7m class B notes: downgraded to 'A' from 'AA-'; Outlook Negative; Loss Severity (LS) rating revised to 'LS-2' from 'LS-3'  
EUR19.2m class C notes: downgraded to 'CCC' from 'BB+'; assigned Recovery Rating (RR) of 'RR3'  
EUR12.9m class D notes: affirmed at 'CC'; Recovery Rating revised to 'RR6' from 'RR4'

The collateral is backed by a mixed pool of unsecured consumer and auto loans with assets primarily concentrated in the Spanish region of Valencia, representing approximately 73% of the pool at end 2009, making it more vulnerable to the economic crisis in the country.

Asset performance has continued to worsen since the previous review in July 2009 with current gross defaults, as percentage of the remaining pool, registering 8.8% in December 2009. As a result of the low recoveries achieved to date, the net loss rate reached 7.9% at YE2009. The transaction has to continue relying on drawing from the reserve fund to cover the extent of the loan losses that can not be offset by the guaranteed excess spread in the structure. As of November 2009, the reserve had a remaining balance of EUR4.57m compared with EUR12.9m at closing. The credit enhancement of the junior tranche has been weakened as a consequence of the continuing decline in the reserve.

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. Various scenarios have been assessed with different stresses applied for the next 18 months. The expected default rate of 7% of the remaining collateral, has been applied, and in each case recoveries of 15% to 25% have been assumed. The expected losses will be compared with the current available credit enhancement at each rating level in accordance with Fitch's 'EMEA Consumer ABS Rating Criteria'. Although the defaults and recoveries are the key factors driving the rating actions, other factors such as collateral composition, pool de-leveraging and the prepayment rate have also been taken into account.

The class C and D notes have been assigned with a Recovery Rating that is commensurate with its current expected losses which may or may not be recovered by the notes final legal maturity date.

Applicable criteria, 'EMEA Consumer ABS Rating Criteria', dated 1 September, 2009, and 'Global Structured Finance Rating Criteria', dated 30 September, 2009, are available on [www.fitchratings.com](http://www.fitchratings.com).

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Fitch's Recovery Ratings (RR), introduced in 2005, are a relative indicator of creditor recovery on a given obligation in the event of a default. An overview of Fitch's RR methodology can be found at [www.fitchratings.com/recovery](http://www.fitchratings.com/recovery).

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

EMEA Structured Finance Snapshot:

Further information on Fitch's EMEA structured finance offering can be found in "EMEA Structured Finance Snapshot", which is available at [www.fitchratings.com](http://www.fitchratings.com). The Snapshot consolidates and highlights the key research and commentary produced by the agency's EMEA structured finance group and includes previously unpublished Fitch data and multimedia content that will be updated each quarter.

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