



Fitch Affirms Ayt Kutxa Hipotecario IV, FTA

15 Feb 2012 2:58 PM (EST)

Fitch Ratings-London/Madrid-15 February 2012: Fitch Ratings has affirmed Ayt Kutxa Hipotecario IV, FTA class A1 and A2 notes, as follows:

Class A1 (ISIN ES0312306006): affirmed at 'A+sf'; Outlook Stable;

Class A2 (ISIN ES0312306014): affirmed at 'A+sf'; Outlook Stable.

The affirmations reflect Fitch's analysis of the performance of the underlying assets, which has been in line with the agency's initial expectations. Ayt Kutxa Hipotecario IV, FTA is a Spanish RMBS transaction, comprising loans originated by Kutxabank S.A. (former Caja de Ahorros y Monte de Piedad de Guipuzkoa y San Sebastian, 'A-/Negative/'F2').

Since transaction close loans in arrears by more than three months remained below 0.6% of the current outstanding balance of the pool. The low levels of loans in arrears can be attributed to both the current lower interest rate environment, as well as the fact that late stage arrears are rolling through to default. As a result, the cumulative balance of defaulted loans, defined as loans in arrears by more than 18 months, stood at 0.7% of the initial portfolio. Despite the current macroeconomic environment in Spain, given the predominantly prime nature of the underlying loans in the pool, Fitch believes that the number of borrowers falling into late stage arrears or default will remain low, and for this reason the ratings of the notes were affirmed.

The sequential amortisation of the notes has led to a repayment of 33% of the class A1 notes, and a slow build up of the credit enhancement (CE) available to the rated notes. As of the latest interest payment date the CE of the class A notes was calculated as 13.9%.

The credit support available to the senior notes is also provided by a reserve fund, which currently stands at EUR93.8m (93.8% of its target amount). The reserve fund draws reported on the January and July 2011 IPDs were caused by provisions made for defaulted loans incurred in the period, which exceeded the gross excess spread (0.11% on average) generated by the pool. As of January 2012 a decline in period defaults, as well as a notable inflow of period recoveries led to a EUR0.014m replenishment of the reserve fund. In Fitch's opinion, the current pipeline of loans in arrears may lead to further reserve fund draws on the upcoming payment dates. However, the agency believes that the current level of credit support available to the rated notes is sufficient to mitigate such minor draws. For this reason the Outlooks on the notes remain Stable.

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Additional information is available on www.fitchratings.com. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Sources of information - in addition to those mentioned in the applicable criteria, the sources of information used to assess these ratings were Investor Reports and loan-by-loan data.

Applicable criteria, 'EMEA Residential Mortgage Loss Criteria' dated 16 August 2011; '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:

[EMEA Residential Mortgage Loss Criteria](#)

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

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