



# Bancaja 10's Class B Spanish RMBS Notes Rating Lowered To 'D (sf)' Due To Interest Deferral Breach

November 29, 2022

## Overview

- Due to the increase in the level of cumulative defaults, Bancaja 10's class B notes breached their interest deferral trigger on the Feb. 22, 2018 payment date. Given the previous negative interest rate environment, this class of notes had not accrued any interest until the November 2022 interest payment date, when the class B notes failed to make timely payment of interest.
- We therefore lowered to 'D (sf)' from 'CC (sf)' our rating on the class B notes.
- Bancaja 10 is a Spanish RMBS transaction that closed in January 2007 and securitizes residential mortgage loans. Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja; now Caixabank S.A.) originated the pools, which are mainly located in the Valencia region.

## PRIMARY CREDIT ANALYST

**Nicolas Cabrera, CFA**  
Madrid  
+ 34 91 788 7241  
nicolas.cabrera  
@spglobal.com

MADRID (S&P Global Ratings) Nov. 29, 2022--S&P Global Ratings today lowered to 'D (sf)' from 'CC (sf)' its credit rating on Bancaja 10, Fondo de Titulización de Activos' class B notes.

All the other classes of notes are unaffected by today's rating action.

The level of cumulative defaults over the original portfolio balance increased to 10.93% on the Feb. 22, 2018 interest payment date (IPD). Under the transaction documents, the class B notes' interest deferral trigger is based on the level of cumulative defaults over the original securitized balance. Due to the increase in the level of defaults, the class B notes breached their 10.90% interest deferral trigger but given the negative interest rate environment, this class of note was not accruing any interest and no default materialized. Given the rising interest rate environment, the class B notes have now failed to make timely payment of interest as the payment of interest on the class B notes has been subordinated below the repayment of the class A notes that are currently under an amortization deficit of €4.4 million.

Our ratings in Bancaja 10's address timely interest and ultimate principal payments (see "New Issue: Bancaja 10, Fondo de Titulización de Activos," published on July 30, 2007). We expect the interest shortfalls to last for a period of more than 12 months. Therefore, in line with our principles of credit ratings criteria, we have lowered to 'D (sf)' from 'CC (sf)' our rating on the class B notes (see "Related Criteria").

Bancaja 10 is a Spanish residential mortgage-backed securities (RMBS) transaction that closed in January 2007 and securitizes residential mortgage loans. Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja; now Bankia S.A.) originated the pools, which are mainly located in the Valencia region.

## **Related Criteria**

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Criteria | Structured Finance | General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

## **Related Research**

- EMEA Structured Finance Chart Book: November 2022, Nov. 16, 2022
- European RMBS Market Update Q4 2022: The New Normal For How Long?, Nov. 9, 2022
- Metropolitano de Tenerife Outlook Revised To Stable From Negative After Similar Action On Spain, April 1, 2022
- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- New Issue: Bancaja 10, Fondo de Titulización de Activos, July 30, 2007

Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.