

Ratings Lowered And Placed On CreditWatch Negative In Spanish SME CLO Deal FTPYME Bancaja 6; Class D Rating Affirmed

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OVERVIEW

- We have reviewed FTPYME Bancaja 6 taking into account the deterioration in the transaction's performance that we have observed in recent months.
- We have lowered our ratings on the class B and C notes and affirmed our ratings on the class D notes.
- We have also updated the CreditWatch negative status of the class A2 and A3 (G) notes to take into account this performance deterioration. The ratings were already on CreditWatch negative for counterparty reasons.
- FTPYME Bancaja 6's portfolio comprises secured and unsecured loans granted to small and medium-sized Spanish entities in their normal course of business.

MADRID (Standard & Poor's) Feb. 16, 2011--Standard & Poor's Ratings Services today lowered its credit ratings on FTPYME Bancaja 6, Fondo de Titulización de Activos' class B and C notes due to asset performance deterioration. For the same reason, we have updated the CreditWatch negative status of our ratings on the class A2 and A3 (G) notes, which were already on CreditWatch negative due to our updated counterparty criteria. We also affirmed our 'D (sf)' rating on the class D notes (see list below).

Today's rating actions follow our analysis of FTPYME Bancaja 6's performance, which is based on the most recent transaction documentation received after the December 2010 payment date. We have observed continuing deterioration in the performance of the underlying collateral.

In particular, as of the last payment date, defaulted loans (defined as loans in arrears for more than 18 months) comprised 11.20% of the outstanding

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balance of assets compared to 4.57% in December 2009.

We placed the class A2 and A3 (G) ratings on CreditWatch negative on Jan. 18, 2011, when our updated counterparty criteria became effective. Given the recently reported level of defaults, we have updated the CreditWatch status of the notes today to additionally take account of the performance deterioration.

The rating actions on the class B and C notes follow our analysis of the issuer's priority of payments and the potential impact of recent developments on cash flows available to service classes B and C. We note that the issuer's priority of payments changes when the cumulative total of defaulted loans calculated as a percentage of the original balance of the A1, A2, A3 (G), B, and C notes reaches certain trigger levels.

The change in payment priorities when trigger levels are breached diverts interest payments due on subordinated notes to help amortize the most senior class of notes. However, interest may still be paid on classes B and C if there are sufficient available amounts in the reserve fund.

For the class B and C notes, the triggers are set at 5.75% and 3.75%, respectively. As of the last payment date, the ratio of cumulative defaults over the original balance was 4.34%. While interest due on class C was therefore diverted in the priority of payments, sufficient amounts remained in the reserve fund to pay timely interest on the notes.

According to our analysis, the continuing depletion of the reserve fund makes it increasingly likely that the issuer may not have sufficient funds to pay interest in full on the class C notes on one of the payment dates in the next 12 months.

In addition, the growing level of defaults in the portfolio has, in our opinion, increased the likelihood that the class B trigger may be breached in the coming months. Our rating on the class B and C notes addresses timely payment of interest. Our analysis indicates a growing likelihood of payment default on classes B and C. We have therefore lowered our rating on the class B notes to 'CCC (sf)' and our rating on the class C notes to 'CCC- (sf)'.

We have affirmed our rating of 'D (sf)' on the class D notes, which defaulted on interest on the June 2009 payment date.

FTPYME Bancaja 6 is an SME CLO transaction originated by Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja). Its portfolio comprises secured and unsecured loans granted to small and medium-sized entities, mainly concentrated in the originator's home market of Valencia. The transaction closed in September 2007.

RELATED CRITERIA AND RESEARCH

- Counterparty And Supporting Obligations Methodology And Assumptions, Dec. 6, 2010

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- Revised Assumptions For Auto Dealer Floorplan ABS Apply To European Transactions, April 8, 2009
- Methodology And Assumptions: Update To The Criteria For Rating European SME Securitizations, Jan. 6, 2009

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RATINGS LIST

Class	To	Rating	From
FTPYME Bancaja 6, Fondo de Titulización de Activos €1.028 Billion Mortgage-Backed Floating-Rate Notes			

RATINGS LOWERED

B	CCC (sf)	BB (sf)
C	CCC- (sf)	B- (sf)

RATINGS PLACED ON CREDITWATCH NEGATIVE

A2	AAA (sf)/Watch Neg	AAA (sf)/Watch Neg
A3 (G)	AAA (sf)/Watch Neg	AAA (sf)/Watch Neg

RATING AFFIRMED

D	D (sf)
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