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## Various Rating Actions Taken In Spanish SME CLO Transaction FTPYME Bancaja 6 Following Review

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### OVERVIEW

- Since our last review in 2011, FTPYME Bancaja 6's class A1 notes have fully amortized and the class A2 and A3 notes have continued to amortize, increasing the available credit enhancement for these classes of notes.
- We have lowered our rating on the class B notes due to continuing deterioration of collateral performance.
- We have affirmed our ratings on the class A2 and A3 notes since these ratings are constrained by the ratings on the Kingdom of Spain.
- FTPYME Bancaja 6 closed in September 2007 and is collateralized by loans granted to Spanish SMEs originated by Bancaja.

LONDON (Standard & Poor's) Nov. 14, 2012--Standard & Poor's Ratings Services today lowered its credit rating on FTPYME Bancaja 6, Fondo de Titulizacion de Activos' class B notes. At the same time, we have affirmed our ratings on all other classes of notes (see list below).

Today's rating actions follow our assessment of the transaction's performance since our previous review of the underlying portfolio's credit quality and capital structure in May 2011 (see "Various Rating Actions Taken In Spanish SME CLO Transaction FTPYME Bancaja 6," published on May. 24, 2011). We have also applied our 2012 counterparty criteria, our criteria for rating European small and midsize enterprise (SME) securitizations, and our nonsovereign ratings criteria (see "Counterparty Risk Framework Methodology And Assumptions,

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" published on May 31, 2012, "Update To The Criteria For Rating European SME Securitizations," published on Jan. 6, 2009, and "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011).

We have performed our credit and cash flow analysis using data from the September 2012 trustee report. We have observed full amortization of the class A1 notes and significant amortization of the class A2 and A3 notes in accordance with the transaction documents. This has resulted in higher subordination for the class A2, A3, and B notes. We have also observed increasing cumulative defaults (defined in the transaction documents as loans in arrears for more than 18 months) in the portfolio and higher regional concentration risk.

The number of loans has reduced to 1,144 from 2,856 at closing in 2007, with the top 10 obligors accounting for 11.9% of the outstanding pool balance. Obligor are diversified among 18 regions of Spain, however Valencia now accounts for over 47% of the outstanding balance.

The reserve fund now totals €0.6 million, which constitutes only a fraction of the required level of €27 million under the transaction documents.

We subjected the capital structure to our cash flow analysis, based on the methodology and assumptions outlined in our 2009 European SMEs criteria. We used the reported portfolio balance that we considered to be performing, the reserve fund balance, and the current weighted-average coupon. We also incorporated default and recovery rates to the cash flow model that we considered to be appropriate based on the transaction's past performance, and considering Spain's current difficult market conditions. We incorporated various cash flow stress scenarios using various default patterns, interest rate scenarios, and recovery timings.

In our analysis we assumed a stressed commingling loss level of monthly interest and principal because the interest and principal collections are transferred to the issuer's account only once a month.

In our view, the increased credit enhancement levels due to the transaction's amortization have helped to mitigate the risk of higher defaults for the class A2 and A3 notes. The effect of higher defaults, however, will make full repayment of the class B, C and D notes unlikely. Consequently, we have lowered to 'CCC- (sf)' from 'CCC (sf)' our rating on the class B notes, and have affirmed our 'CCC- (sf)' and 'D (sf)' ratings on the class C and D notes, respectively.

Although the results of our cash flow analysis suggest higher ratings for the class A2 and A3 notes, we have affirmed our 'AA- (sf)' ratings on these notes as a result of the application of our nonsovereign ratings criteria. Under these criteria, the highest rating we would assign to a structured finance transaction is six notches above the investment-grade rating on the country in which the securitized assets are located. Since Spain's current rating is

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BBB-/Negative/A-3, the maximum rating achievable in this transaction is 'AA-(sf)'.

BNP Paribas (A+/Negative/A-1) acts as a swap counterparty in the transaction. We assumed that it will continue to perform its obligations under the swap agreements because the application of our 2012 counterparty criteria indicates that the swap counterparty can support a maximum 'AA-(sf)' rating.

FTPYME Bancaja 6 closed in September 2007 and is collateralized by loans granted to Spanish SMEs originated by Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja).

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities.

The Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>.

RELATED CRITERIA AND RESEARCH

- Counterparty Risk Framework Methodology And Assumptions, May 31, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Ratings On 19 Tranches In 11 Spanish SME Transactions Placed On CreditWatch Negative After Bank Rating Actions, Dec. 23, 2011
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2012
- Principles Of Credit Ratings, Feb. 16, 2011
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Update To The Criteria For Rating European SME Securitizations, Jan. 6, 2009

RATINGS LIST

Class	Rating	Rating
	To	From
FTPYME Bancaja 6, Fondo de Titulizacion de Activos €1.028 Billion Mortgage-Backed Floating-Rate Notes		
Rating Lowered		
B	CCC- (sf)	CCC (sf)

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Ratings Affirmed

A2	AA- (sf)
A3 (9)	AA- (sf)
C	CCC- (sf)
D	D (sf)

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