



Fitch Affirms FTPYME Bancaja 6 Ratings Endorsement Policy

12 Jul 2013 6:32 AM (EDT)

Fitch Ratings-London-12 July 2013: Fitch Ratings has affirmed FTPYME Bancaja 6 FTA's notes as follows:

Class A2 notes (ES0339735013): affirmed at 'Asf', Outlook Negative

Class A3 notes (ES0339735021): affirmed at 'Asf', Outlook Negative

Class B notes (ES0339735039): affirmed at 'B-sf', Outlook revised to Negative from Stable

Class C notes (ES0339735047): affirmed at 'CCsf', Recovery Estimate 20%

Class D notes (ES0339735054): affirmed at 'Csf', Recovery Estimate 0%

KEY RATING DRIVERS

The affirmation of the notes' ratings reflects the sufficiency of available credit enhancement (CE) to allow the notes withstanding current rating stresses. The class B notes' Outlook has been revised to Negative from Stable due to the volatile performance of the transaction and expected further deterioration.

The transaction has faced deterioration in performance over the past year that Fitch believes this is likely to continue. The longer dated buckets of delinquencies have increased as have defaults. The increase in defaults led to the depletion of the reserve fund in December 2012 and the appearance of principal deficiency ledger (PDL) balance, increased since then, accumulating EUR2.2m as of May 2013's investor report. Delinquencies over 90 days and 180 days have increased to 13.9% and 12.7% respectively since the previous annual review in July 2012, while defaults also increased to 21%.

The transaction's portfolio has deleveraged since the previous review to 16.4% of the balance at closing offsetting the deterioration in performance, and allowing class A to amortise to 3.6% of its initial balance being likely to pay in full in the next three payment dates. The largest borrower now represents 2.4% and 32 borrowers accounted for more than 0.5% as of May 2013. Real estate sector exposure is moderate at 33.5% of the current portfolio balance.

The class A notes' rating is constrained by the exposure to the transaction's payment interruption risk as no source of liquidity is available for the notes while the reserve fund is depleted and no other dedicated liquidity is in place.

Therefore in case of a default of the servicer Bankia (BBB/Rating Watch Negative/F2) the notes would be exposed to a potential disruption in the collection of cash flows from the pool that could affect the timely payments on the notes.

FTPYME Bancaja 6 is a cash flow securitisation of loans to small- and medium-sized Spanish enterprises (SMEs) granted by former Caja de Ahorros de Valencia, Castellon y Alicante, now Bankia S.A.

RATING SENSITIVITIES

As part of its analysis, Fitch considered the sensitivity of the notes' ratings to the stresses on defaults and recovery rates. These stresses had no material negative impact on the ratings.

An increase in defaults of 25% or a haircut in recovery rates of 25% would have negative impact on the rating of the notes of at most one notch for the senior notes.

Contact:

Lead Surveillance Analyst:

Ada Suria

Analyst

+44 20 3530 1646

Fitch Ratings Limited

30 North Colonnade

London E14 5GN

Committee Chairperson

Matthias Neugebauer

Managing Director

+44 20 3530 1099

Media Relations: Sandro Scenga, New York, Tel: +1 212-908-0278, Email: sandro.scenga@fitchratings.com.

Additional information is available on www.fitchratings.com.

Sources of information: transaction trustee reports.

Applicable criteria: 'Global Structured Finance Rating Criteria', dated 24 May 2013; 'Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)', dated 28 March 2013; 'Counterparty Criteria for Structured Finance Transactions', dated 13 May 2013; 'Counterparty Criteria for Structured Finance Transactions: Derivative Addendum', dated 13 May 2013, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Global Structured Finance Rating Criteria

Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)

Counterparty Criteria for Structured Finance and Covered Bonds

Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum

Additional Disclosure

Solicitation Status

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2013 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries.