



Insight beyond the rating.

Date of Release: December 4, 2014

DBRS Upgrades Bankia PYME I FTA Rating

Industry: Sec.--Structured Credit

DBRS Ratings Limited (DBRS) has today upgraded the rating on the EUR 263,145,261.75 Series of Notes issued by Bankia PYME I FTA (the Issuer) to A (low) (sf) from BBB (high) (sf).

The transaction is a cash flow securitisation collateralised by a portfolio of bank loans originated by Bankia S.A. (Bankia) to self-employed individuals and small- and medium-sized enterprises based in Spain. The rating on the Series of Notes addresses the timely payment of interest and the ultimate payment of principal payable on or before the Legal Maturity Date in July 2053.

The rating action reflects an annual review of the transaction. In approximately one year, the Series of Notes is at 58.3% of its initial balance. Given this deleveraging, the current credit enhancement available has increased considerably. Performance is in line with our expectations at closing. As of 31 October 2014, the three-month cumulative delinquency rate was 2.28%. The definition of doubtful loans in the transactions documents is set at 18 months in arrears or classified as bad debt. After less than 12 months since closing, doubtful loans reported are almost zero.

The portfolio maintains a moderate industry and a high obligor concentration, which have been factored into our analysis. The weighted-average life has slightly decreased.

The portfolio annualized probability of default (PD) used has not changed (4.73%).

Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable is “Rating CLOs Backed by Loans to European Small and Medium-Sized Enterprises (SMEs),” which can be found on the DBRS website under Methodologies at <http://www.dbrs.com/about/methodologies>. Other methodologies and criteria referenced in this transaction are listed at the end of this press release.

For a more detailed discussion of sovereign risk impact on Structured Finance ratings, please refer to DBRS commentary “The Effect of Sovereign Risk on Securitisations in the Euro Area” on: <http://www.dbrs.com/industries/bucket/id/10036/name/commentaries/>

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The sources of information used for these ratings include the parties involved in the ratings, including but not limited to the Originator, the Issuer and their agents.

DBRS considers the information made available to it for the purposes of providing these ratings to have been of satisfactory quality.

DBRS does not audit the information it receives in connection with the rating process, and it does not and cannot independently verify that information in every instance.

To assess the impact of changing the transaction parameters on the ratings, DBRS considered the following stress scenarios, as compared to the parameters used to determine the ratings (the Base Case):

- Probability of Default Rates Used: Base Case PD of 4.73%, a 10% and 20% increase on the Base Case PD.
- Recovery Rates Used: Base Case Recovery Rates, corresponding to a recovery rate of 17.99% at the A (low) (sf) stress level, a 10% and 20% decrease in the Base Case Recovery Rates.

DBRS concludes that a hypothetical increase of the base PD by 20%, ceteris paribus, would produce model results suggesting a confirmation of the Series of Notes at A (low) (sf). A hypothetical decrease of the Recovery Rate by 20% would not cause a rating change either. A scenario combining both a hypothetical increase in the PD by 10% and a hypothetical decrease in the Recovery Rate by 10% would also lead to model results suggesting a confirmation of the Series of Notes at A (low) (sf).

It should be noted that the interest rates and other parameters that would normally vary with the rating level, including the recovery rates, were allowed to change as per the DBRS methodologies and criteria.

This is the first rating action since the Initial Rating Date.

Information regarding DBRS ratings, including definitions, policies and methodologies are available on www.dbrs.com

For further information on DBRS's historic default rates published by the European Securities and Markets Administration (ESMA) in a central repository see:

<http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>



For more information on this credit or on this industry, visit www.dbrs.com or contact us at info@dbrs.com.

Ratings assigned by DBRS Ratings Limited are subject to EU regulations only.

Initial Lead Analyst: Simon Ross
Initial Rating Date: 20 December 2013
Initial Rating Committee Chair: Jerry van Koolbergen

Last Rating Date: Not applicable as no last rating date
Lead Surveillance Analyst: Alfonso Candelas
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The rating methodologies and criteria used in the analysis of this transaction can be found at:
<http://www.dbrs.com/about/methodologies>

Legal Criteria for European Structured Finance Transactions
Master European Structured Finance Surveillance Methodology
Rating CLOs Backed by Loans to European Small and Medium-Sized Enterprises (SMEs)
Rating Methodology for CLOs and CDOs of Large Corporate Credit
Cash Flow Assumptions for Corporate Credit Securitizations
Operational Risk Assessment for European Structured Finance Servicers
Unified Interest Rate Model for U.S. and European Structured Credit
Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda

Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
Bankia PYME I FTA	Series of Notes	Upgraded	A (low) (sf)	--	Dec 4, 2014

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