



Fitch Affirms FTPYME Bancaja 2 Ratings Endorsement Policy

29 Apr 2015 11:55 AM (EDT)

Fitch Ratings-London/ Madrid-29 April 2015: Fitch Ratings has affirmed FTPYME Bancaja 2, F.T.A.'s class B and C notes and revised the Outlook on the senior notes as follows:

Class B (ISIN ES0339751036): affirmed at 'BBBs'; Outlook Revised to Positive from Stable

Class C (ISIN ES0339751044): affirmed at 'CCCs'; Recovery Estimate revised to 95% from 40%

FTPYME Bancaja 2, F.T.A., is a granular cash flow securitisation of a static portfolio of secured and unsecured loans granted to Spanish small- and medium-sized enterprises by Bancaja (now part of Bankia S.A rated BBB-/Negative/F3).

KEY RATING DRIVERS

Increased Credit Enhancement

The Outlook and Recovery Estimate revisions reflect the credit enhancement that has built up due to the deleveraging of the asset pool. Credit enhancement amounts to 40% and 9.7% for the class B and C notes respectively, up from 27.1% and 5.5% in April 2014.

Low Portfolio Factor

Ninety-six per cent of the pool has amortised, yielding a portfolio factor of only 3.9%. The reserve fund amounts to EUR1.4m and represents 9.7% of the outstanding balance of the notes and hence provides another source of credit enhancement to the notes.

Portfolio Performance

Current 90d+ delinquencies stand at 2.2% while cumulative defaults since closing in September 2003 amount to EUR9.5m, which represents less than 2% of the initial balance. On the other hand, cumulative recoveries are lower than expected as they stand at 47% of defaulted loans, even though the portfolio is mostly secured and has an average loan-to-value of 27%.

High Portfolio Concentration

The portfolio is highly concentrated as it is at the end of its life and it consists of only 306 non-defaulted loans. Loans to obligors representing more than 50 basis points each represent 55.9% of the non-defaulted portfolio while the top 10 obligors account for 22.5% of the performing portfolio.

RATING SENSITIVITIES

Applying a 1.25x default rate multiplier or a 0.75x recovery rate multiplier to all assets in the portfolio would not result in a downgrade of the notes.

Contact:

Lead Surveillance Analyst

Manuel Conthe

Analyst

+34 917 024 625

Fitch Ratings Espana SAU

Plaza Colon 2, Torre II

28046 Madrid

Committee Chairperson

Matthias Neugebauer

Senior Director

+44 203 530 1099

Media Relations: Athos Larkou, London, Tel: +44 203 530 1549, Email: athos.larkou@fitchratings.com.

Additional information is available at www.fitchratings.com.

Sources of information: The information used to monitor the ratings was provided by the originator and the trustee. The agency also relied on historical information provided by the arranger during the new issue rating analysis.

Fitch's analysis of Representations, Warranties & Enforcement Mechanisms for transactions rated on or after 26 November 2011, can be found in the pre-sale or new issue report appendix. In addition refer to the special report "Representations, Warranties, and Enforcement Mechanisms in Global Structured Finance Transactions" dated 17 April 2012 at www.fitchratings.com. A comparison of the transaction's RW&Es to those typical for that asset class is available by accessing the presale or new issue reports.

Applicable criteria, 'Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)' dated 6 March 2015, 'Counterparty Criteria for Structured Finance and Covered Bonds' dated 14 May 2014, 'Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum' dated 14 May 2014, 'Criteria for Sovereign Risk in Developed Markets for Structured Finance and Covered Bonds' dated 20 February 2015 and 'Global Structured Finance Rating Criteria' dated 30 March 2015, are available on www.fitchratings.com.

Applicable Criteria and Related Research:

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
Criteria for Sovereign Risk in Developed Markets for Structured Finance and Covered Bonds
Global Structured Finance Rating Criteria

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 © 2015 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries.