



Fitch Affirms PYME Bancaja 5, F.T.A. Ratings Endorsement Policy

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Fitch Ratings-London-14 June 2013: Fitch Ratings has affirmed PYME Bancaja 5, F.T.A.'s notes, as follows:

EUR21.4m class A3 (ISIN ES0372259020): affirmed at 'AA-sf'; Outlook Negative
EUR62.7m class B (ISIN ES0372259038): affirmed at 'BBBs'; Outlook Negative
EUR24.1m class C (ISIN ES0372259046): affirmed at 'CCCs'; Recovery Estimate revised to RE 50%
EUR28.8m class D (ISIN ES0372259053): affirmed at 'Csf'; RE 0%

KEY RATING DRIVERS

The affirmation on the class A3 reflects a rating cap on Spanish structured finance of 'AA-sf' and a Negative Outlook due to the Outlook on the Kingdom of Spain ('BBB'/Negative/'F2').

The affirmation of the class B and C notes reflects the high levels of credit enhancement (CE). CE has been increasing as a result of deleveraging, which has offset deteriorating portfolio performance. Current defaults are up to EUR23.3m from EUR20.8m in June 2012 or 18.56% of the current balance. In addition, the reserve fund declined to EUR6.9m from EUR8.7m at the previous review, below its required level of EUR28.8m.

The class C notes are approximately 50% supported by performing collateral. Of the remaining collateral, the recovery would need to be approximately 33% for the note to be paid in full. The current weighted average recovery rate is approximately 38%.

The Negative Outlook for the class B notes reflects the notes' vulnerability to rising obligor concentration in the portfolio. The largest obligor currently accounts for 2.9% of the portfolio balance, up from 2.4% in June 2012.

RATING SENSITIVITIES

The agency incorporated two additional stress tests in their analysis to determine the ratings' sensitivity. The first addressed a reduction of recovery expectations, whereas the second simulated an increased default probability. In both stress tests, class A3's ratings are stable. However, in both scenarios a rating action on classes B and C would be likely.

PYME Bancaja 5, F.T.A. (the issuer) is a static cash flow SME CLO originated by Caja de Ahorros de Valencia, Castellon y Alicante (Bancaja), now part of Bankia S.A. ('BBB'/Negative/'F2'). On closing the issuer used the note proceeds to purchase a EUR1.15bn portfolio of secured and unsecured loans granted to Spanish small and medium enterprises and self-employed individuals.

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Additional information is available on www.fitchratings.com.

Source of information: The information used to assess these ratings was sourced from periodic investor reports and the trustee.

Applicable criteria 'Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)', dated 28 March 2013; and 'Counterparty Criteria for Structured Finance Transactions and Covered Bonds', dated 13 May 2013 are available at 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

Additional Disclosure

Solicitation Status

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