

FITCH TAKES RATING ACTIONS ON FTPYME BANCAJA 6, FTA

Fitch Ratings-London-26 July 2012: Fitch Ratings has maintained FTPYME Bancaja 6 FTA's class A2 and A3 (G) notes on Rating Watch Negative (RWN), upgraded the class B notes and affirmed the others as follows:

EUR59.0m Class A2 (ISIN ES0339735013): 'Asf'; maintained on RWN

EUR70.3m Class A3 (G) (ISIN ES0339735021): 'Asf'; maintained on RWN

EUR47.5m Class B (ISIN ES0339735039): upgraded to 'B-sf' from 'CCCs'; Outlook Stable

EUR22.5m Class C (ISIN ES0339735047): affirmed at 'CCs'; assign RE of 50%

EUR27.0m Class D (ISIN ES0339735054): affirmed at 'Cs'; assigned RE of 0%

The RWN on the class A2 and A3 (G) notes reflects their material exposure to Banco Santander S.A ('BBB+/-Negative/'F2') which acts as the account bank for the transaction (see 'Fitch Places 212 Spanish SF Tranches on RWN', dated 16 July 2012 at www.fitchratings.com). Fitch expects the implementation of remedial actions in the near term based on correspondence received from the transaction parties.

The upgrade of the class B notes was prompted by increased credit enhancement (CE) due to structural deleveraging. Although the transaction's performance has deteriorated since the last review with high 90-day+ arrears, the CE on the class B note has built up to a level commensurate with a 'B-sf' rating. The tranche can withstand the agency's stresses on obligor concentration and recovery rates at the 'B-sf' rating level which reflects the Stable Outlook.

90-day+ arrears witnessed a sharp increase since the last review in November and amount to 12% of the outstanding portfolio balance as of May. The transaction has a default definition of 18 months overdue and the 12-18 month delinquency bucket stands at 4.2%. Fitch expects additional defaults over the next six months as some of these impairments roll into the default bucket. Current defaults account for 14% of the outstanding portfolio balance; however the volume has dropped to EUR27.92m compared with EUR33m in November due to an uptick in recoveries. The reserve fund is significantly underfunded at EUR2.6m compared with a required amount of EUR27m and is unlikely to build up to the required level again.

The affirmation of the class C notes is reflective of the note's subordinated position in the capital structure and the transaction performance. Fitch assigned a recovery estimate (RE) of 50% to the tranche because 90% of the assets are secured on property collateral with a relatively low weighted average loan-to-value of 45%. Further, the weighted average recovery rate on worked out loans in the transaction is close to 50% as of May.

The class D notes have been affirmed at 'Cs' as the notes were issued to fund the reserve and are not backed by assets. Given the current level of the reserve fund, default on the notes seems inevitable unless the realised recoveries are substantially higher than the agency's expectations.

The portfolio has amortised to 20% of its initial balance. Borrower concentration has been fairly stable since the last review with the top borrower at 2% while the top 20 borrowers make up 19% of the portfolio. One-third of the portfolio is concentrated in the real estate and construction sectors.

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Additional information is available at www.fitchratings.com.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Sources of information: transaction trustee reports

Applicable criteria, 'Global Structured Finance Rating Criteria', dated 06 June 2012, 'Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)', dated 01 June 2012, 'Criteria for Servicing Continuity Risk in Structured Finance', dated 12 August 2011, and 'Counterparty Criteria for Structured Finance Transactions', dated 30 May 2012 are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Global Structured Finance Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=679923

Criteria for Rating Granular Corporate Balance-Sheet Securitisations - SME CLO

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=680636

Criteria for Servicing Continuity Risk in Structured Finance

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=649174

Counterparty Criteria for Structured Finance Transactions

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=678938

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