STANDARD & POOR'S
RATINGS SERVICES

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Various Rating Actions Taken In Spanish SME CLO Transaction FTPYME Bancaja 6 Following European SME CLO Criteria Update

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OVERVIEW

- We have reviewed the performance of FTPYME Bancaja 6, using data from the Jan. 31, 2013 trustee report, and have performed our credit and cash flow analysis applying our updated European SME CLO criteria.
- On Jan. 17, 2013, when our updated European SME CLO criteria became effective, we placed on CreditWatch negative our ratings on the class A2 and class A3(G) notes.
- Following our review, we have lowered our rating on the class A3(G) notes.
- At the same time, we have affirmed and removed from CreditWatch negative our rating on the class A2 notes and have affirmed our ratings on the class B, C, and D notes.
- FTPYME Bancaja 6 closed in September 2007 and securitizes secured loans granted to Spanish SMEs. Bankia is the originator of the transaction.

PARIS (Standard & Poor's) April 25, 2013--Standard & Poor's Ratings Services today took various credit rating actions in FTPYME Bancaja 6, Fondo de Titulizacion de Activos.

Specifically, we have:
- Lowered to 'A (sf)' from 'AA- (sf)' and removed from CreditWatch negative

our rating on the class A3(G) notes;
- Affirmed and removed from CreditWatch negative our 'AA-(sf)' rating on the class A2 notes; and
- Affirmed our 'D (sf)' ratings on the class B, C, and D notes (see list below).

Today's rating actions follow the application of our updated criteria for European collateralized loan obligations (CLOs) backed by small and midsize enterprises (SMEs), as well as our assessment of the transaction's performance using the latest available investor report and portfolio data from the servicer (see "European SME CLO Methodology And Assumptions," published on Jan. 10, 2013).

On Jan. 17, 2013, when our updated European SME CLO criteria became effective, we placed on CreditWatch negative our ratings on the class A2 and A3(G) notes (see "Ratings On 100 Tranches In 33 European SME CLO Transactions Placed On CreditWatch Negative Following Criteria Update").

CREDIT ANALYSIS

We have applied our updated European SME CLO criteria to determine the scenario default rates (SDRs) for this transaction.

Because of the lack of data provided, our qualitative originator assessment is moderate. Taking into account Spain's Banking Industry Country Risk Assessment (BICRA) of 6 and a moderate qualitative assessment, we have applied a downward adjustment of one notch to the archetypical European SME average credit quality assessment.

We further applied a portfolio selection adjustment of minus three notches due to the transaction's continued deteriorating performance. As a result, our average credit quality assessment of the portfolio is 'ccc'.

The cumulative defaults over the original balance (defined in the transaction documents as loans that are in arrears for more than 18 months) is still increasing, up to 6.87% in January 2013 from 4.61% in March 2011.

The class B, C, and D notes have continued to experience interest shortfalls since our previous February 2013 review (see "Ratings Lowered To 'D (sf)' On SME CLO Transaction FTPYME Bancaja 6's Class B And C Notes Due To Interest Shortfall," published on Feb. 19, 2013). Therefore, we have affirmed our 'D (sf)' ratings on the class B, C, and D notes.

The originator did not provide us with internal credit scores, therefore, we assumed that each loan in the portfolio had a credit quality that is equal to our average credit quality assessment of the portfolio. We then used CDO Evaluator to determine the portfolio's 'AAA' SDR, which is 86.95%.

We have reviewed historical originator default data, and assessed market trends and developments, macroeconomic factors, changes in country risk, and the way these factors are likely to affect the loan portfolio's creditworthiness (see "Entrenched In Recession, Europe Seeks A Balance Between Deleveraging And Growth," published on March 26, 2013).

As a result of this analysis, our 'B' SDR is 8%.

The SDRs for rating levels between 'B' and 'AAA' are interpolated in accordance with our European SME CLO criteria.

COUNTRY RISK

Given that our long-term rating on the Kingdom of Spain is 'BBB-', according to our nonsovereign ratings criteria, we have affirmed and removed from CreditWatch negative our 'AA- (sf)' rating on the class A2 notes (see " Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011).

The structure has significantly deleveraged, with only 5% of the class A2 notes remaining outstanding. This has increased available credit enhancement for these notes to 83%.

RECOVERY RATE ANALYSIS

At each liability rating level, we assumed a weighted-average recovery rate (WARR) by taking into consideration observed historical recoveries.

As a result of this analysis, our WARR assumptions in 'AA' and 'A' scenarios were 20% and 22%, respectively.

CASH FLOW ANALYSIS

We subjected the capital structure to various cash flow scenarios, incorporating different default patterns and interest rate curves, to determine each tranche's passing rating level under our European SME CLO criteria.

We observed that the portfolio contains a wide range of spread levels. We consider that there is a risk that, should defaults affect the highest-paying loans more than others, the pool's yield would tend to decrease over time. This could limit the transaction's ability to service the rated notes. Therefore, we have applied a yield compression stress in our cash flow analysis.

Our cash flow analysis indicates that the level of credit enhancement available to the class A3(G) notes is commensurate with a 'A (sf)' rating. Therefore, we have lowered to 'A (sf)' from 'AA- (sf)' and removed from CreditWatch negative our rating on the class A3(G) notes.

SUPPLEMENTAL TESTS

Our ratings on the class A2, A3(G), B, C, and D notes were not constrained by the application of any of our supplemental tests.

FTPYME Bancaja 6 closed in September 2007 and is collateralized by loans granted to Spanish SMEs. The originator is Bankia S.A.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at http://standardandpoorsdisclosure-17g7.com .

RELATED CRITERIA AND RESEARCH

Related Criteria

- European SME CLO Methodology And Assumptions, Jan. 10, 2013
- Counterparty Risk Framework Methodology And Assumptions, Nov. 29, 2012
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Entrenched In Recession, Europe Seeks A Balance Between Deleveraging And Growth, March 26, 2013
- Ratings Lowered To 'D (sf)' On SME CLO Transaction FTPYME Bancaja 6's Class B And C Notes Due To Interest Shortfall, Feb. 19, 2013
- European SME Mapping Model, Jan. 25, 2013
- Ratings On 100 Tranches In 33 European SME CLO Transactions Placed On CreditWatch Negative Following Criteria Update, Jan. 17, 2013
- Various Rating Actions Taken In Spanish SME CLO Transaction FTPYME Bancaja 6 Following Review, Nov. 14, 2012
- S&P Announcement: CDO Evaluator Version 6.0.1 Released, Aug. 7, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011
- New Issue: FTPYME Bancaja 6, Fondo de Titulización de Activos, Feb. 11, 2008

RATINGS LIST

Class	Rating	
	To	From
FTPYME Bancaja 6, Fondo de Titulizacion de Activos		
€1.028 Billion Mortgage-Backed Floating-Rate Notes		
Rating Affirmed And Removed From CreditWatch Negative		
A2	AA- (sf)	AA- (sf)/Watch Neg
Rating Lowered And Removed From CreditWatch Negative		
A3(G)	A (sf)	AA- (sf)/Watch Neg
Ratings Affirmed		
B	D (sf)	
C	D (sf)	
D	D (sf)	

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