



Fitch Upgrades Consumo Bancaja 1 FTA's Class C; Affirms Class D

Policy

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Fitch Ratings-London-18 December 2014: Fitch Ratings has upgraded Consumo Bancaja 1 FTA's class C and affirmed the class D notes as follows:

EUR1.2m class C: upgraded to 'Bsf'; Stable Outlook from 'CCsf'; Recovery Estimate 80%

EUR12.9m class D: affirmed at 'Csf'; increased Recovery Estimate to 10% from 0%

KEY RATING DRIVERS

The upgrade of the class C is reflective of its high amortisation to date, increasing credit enhancement and consistent recovery performance. The affirmation of the class D notes underlines the limited protection from losses due to the underfunded reserve fund (RF) which they initially funded.

While defaults have been flattening out in recent periods (cumulative defaults were 4.9% as of November 2014) the transaction's performance and ultimate repayment relies primarily on recoveries which have been stable over the past 30 months and to date accumulate to about 18%. Recoveries have also contributed to eliminating the principal deficiency ledger (PDL) balance and partially replenishing the reserve fund to EUR653k (5.1% of the target amount).

Overall delinquency levels have been high yet stable, with delinquencies above 30 days at 8.0% and above 90 days at 6.5% in November 2014.

The remaining asset pool is granular with an average outstanding loan balance of EUR3,799. The weighted average remaining life is currently around 28 months.

Based on defaults and recoveries to date, Fitch's expectations of the transaction's lifetime defaults and recoveries are 5% and 15% respectively.

RATING SENSITIVITIES

At this stage, the class C notes are primarily sensitive to recoveries from which they can benefit until the legal final maturity date (May 2020). Therefore any significant drop in recovery prospects could lead to a default.

The uncollateralised class D notes' rating of 'C' is very likely to default. To pay down the outstanding amount of EUR12.9m the class D is mostly dependent on future recovery performance.

The transaction is a securitisation of Spanish consumer loan receivables originated by Bankia S.A. (BBB-/Negative/F3).

More performance data on Consumo Bancaja 1, FTA is available at www.fitchratings.com.

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Additional information is available on www.fitchratings.com.

Sources of information: Investor reports

Applicable criteria, 'Global Structured Finance Rating Criteria', dated 04 August 2014; 'Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)', dated 05 March 2014; 'EMEA Consumer ABS Rating Criteria', dated 24 June 2014; 'Counterparty Criteria for Structured Finance and Covered Bonds', dated 14 May 2014; are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Global Structured Finance Rating Criteria

Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)

EMEA Consumer ABS Rating Criteria

Counterparty Criteria for Structured Finance and Covered Bonds

Additional Disclosure

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