Europea de Titulización
Sociedad Gestora de Fondos de Titulización

Hecho Relevante de FTPYME BANCAJA 3 FONDO DE TITULIZACION DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **FTPYME BANCAJA 3 FONDO DE TITULIZACION DE ACTIVOS** (el "**Fondo**") se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Standard and Poor's Ratings Services (S&P)**, con fecha 24 de agosto de 2017, comunica que ha elevado la calificación asignada a la Serie de Bonos emitidos por el Fondo:
    - **Serie C**: **AA-sf**, (anterior **BBB+sf**)

Asimismo, S&P ha confirmado la calificación asignada a la restante Serie de Bonos:

- **Serie D**: **CCCsf**

Se adjunta la comunicación emitida por S&P.

Madrid, 29 de agosto de 2017.

Javier Eiriz Aguilera
Director General

S&P Global
Ratings

RatingsDirect®

Various Rating Actions Taken In Spanish SME CLO Transaction FTPYME Bancaja 3 Following Review

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OVERVIEW

- We have reviewed FTPYME Bancaja 3's performance and applied our relevant criteria.
- Following our review, we have raised to 'AA- (sf)' from 'BBB+ (sf)' our rating on the class C notes.
- At the same time, we have affirmed our 'CCC (sf)' rating on the class D notes.
- FTPYME Bancaja 3 is a cash flow CLO transaction backed by an amortizing portfolio of SME loans originated by Caja de Ahorros de Valencia, Castellón y Alicante in Spain.

LONDON (S&P Global Ratings) Aug. 24, 2017--S&P Global Ratings today raised to 'AA- (sf)' from 'BBB+ (sf)' its credit rating on FTPYME Bancaja 3, Fondo de Titulizacion de Activos' class C notes. At the same time, we have affirmed our 'CCC (sf)' rating on the class D notes (see list below).

FTPYME Bancaja 3 is a single-jurisdiction cash flow collateralized loan obligation (CLO) transaction securitizing a portfolio of small and midsize enterprise (SME) loans that Caja de Ahorros de Valencia, Castellón y Alicante (merged into Bankia S.A. in December 2010) originated in Spain. The transaction closed in October 2004.

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CREDIT ANALYSIS

We have applied our European SME CLO criteria to assess the portfolio's average credit quality (see "European SME CLO Methodology And Assumptions," published on Jan. 10, 2013). In our opinion, the credit quality of the portfolio is 'ccc', based on the following factors:

- Our qualitative originator assessment on Bankia is moderate.
- Spain's Banking Industry Country Risk Assessment (BICRA) is 5 (see " Banking Industry Country Risk Assessment Update: February 2017," published on Feb. 1, 2017).
- We received only limited information on the credit quality of the originator's entire loan book.

We used our 'ccc' average credit quality assessment of the portfolio to generate our 'AAA' scenario default rate (SDR) of 86%.

We have calculated the 'B' SDR, based primarily on our analysis of historical SME performance data and our projections of the transaction's future performance. We have reviewed the portfolio's historical default data, and assessed market developments, macroeconomic factors, changes in country risk, and the way these factors are likely to affect the loan portfolio's creditworthiness. As a result of this analysis, our 'B' SDR is 16%.

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

RECOVERY RATE ANALYSIS

At each liability rating level, we assumed a weighted-average recovery rate (WARR) by taking into consideration the asset type (secured/unsecured) and the country recovery grouping (see table 7 in our European SME CLO criteria) and observed historical recoveries.

As a result of this analysis, our WARR assumption in a 'AAA' rating scenario was 31.50%. The recovery rates at more junior rating levels were higher (as outlined in our European SME CLO criteria).

CASH FLOW ANALYSIS

We used the portfolio balance that the servicer considered to be performing, the current weighted-average spread, and the WARRs that we considered to be appropriate. We subjected the capital structure to various cash flow stress scenarios, incorporating different default patterns and interest rate curves, to determine the rating level, based on the available credit enhancement for each class of notes under our European SME CLO criteria.

COUNTRY RISK

Our foreign currency long-term sovereign rating on the Kingdom of Spain is 'BBB+'.

The results of our credit and cash flow analysis indicate that the class C notes have sufficient credit enhancement to withstand higher defaults, and are able to pass the severe sovereign default stress test in our structured finance ratings above the sovereign (RAS) criteria (see "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016). Under these criteria, we can rate a securitization up to four notches above our foreign currency rating on the sovereign if the tranche can withstand severe stresses. Taking into account the results of our credit and cash flow analysis and the application of our RAS criteria, we have raised to 'AA- (sf)' from 'BBB+ (sf)' our rating on the class C notes.

Our analysis indicates that the available credit enhancement for the class D notes is commensurate with the currently assigned rating. We have therefore affirmed our 'CCC (sf)' rating on this class of notes.

RELATED CRITERIA

- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016
- Criteria - Structured Finance - General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Criteria - Structured Finance - General: Global Derivative Agreement Criteria, June 24, 2013
- Criteria - Structured Finance - CDOs: European SME CLO Methodology And Assumptions, Jan. 10, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- 2017 EMEA Structured Credit Scenario And Sensitivity Analysis, July 6, 2017
- Banking Industry Country Risk Assessment Update: February 2017, Feb. 1, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The

Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- Various Rating Actions Taken In Spanish SME CLO Transaction FTPYME Bancaja 3 Following Review, Aug. 19, 2016

RATINGS LIST

Class	Rating To	Rating From

FTPYME Bancaja 3, Fondo de Titulizacion de Activos
€900 Million Floating-Rate Notes

Rating Raised

C	AA- (sf)	BBB+ (sf)

Rating Affirmed

D	CCC (sf)