

**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

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

**Primary Credit Analyst:**

Aleem I Akhtar, London +44 (0) 207 176 8532; aleem.akhtar@spglobal.com

**Secondary Contact:**

Alvaro Astarloa, Madrid (34) 91-389-6940; alvaro.astarloa@spglobal.com

### 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.

## 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

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

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	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)		
---	----------	--	--

Copyright © 2017 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription) and [www.spcapitaliq.com](http://www.spcapitaliq.com) (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.