

## S&P Corrects By Raising Rating On Spanish CLO Transaction EDT FTPYME Pastor 3's Class B Notes To 'AAA (sf)'

**Surveillance Credit Analyst:**

Soledad Martinez-Tercero, Madrid (34) 91-389-6954; soledad\_martinez-tercero@standardandpoors.com

**Secondary Contact:**

Virginie Couchet, Madrid (34) 91-389-6959; virginie\_couchet@standardandpoors.com

### OVERVIEW

- On May 8, 2012, we erroneously lowered our rating on EDT FTPYME Pastor 3's class B notes, following our downgrade of the Kingdom of Spain.
- As this class of notes benefits from a European Investment Fund guarantee, we have today corrected this error by raising our rating on the class B notes to 'AAA (sf)'.
- EDT FTPYME Pastor 3 is a 2005-vintage CLO transaction of secured and unsecured loans granted by Banco Pastor to Spanish SMEs.

MADRID (Standard & Poor's) May 31, 2012--Standard & Poor's Ratings Services today corrected by raising to 'AAA (sf)' from 'AA+ (sf)' its credit rating on EDT FTPYME Pastor 3 Fondo de Titulización de Activos' class B notes (see list below).

On April 26, 2012, we lowered to 'BBB+' from 'A' our long-term sovereign rating on the Kingdom of Spain (BBB+/Negative/A-2), in light of Spain's deteriorating economy (see "Ratings On Spain Lowered To 'BBB+/A-2' On Debt Concerns; Outlook Negative"). Under our 2011 nonsovereign ratings criteria, we cap our ratings on structured finance transactions with assets in investment-grade-rated European Economic and Monetary Union (EMU or eurozone) sovereigns at six notches above our rating on the related sovereign (see "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011). Therefore, our criteria now cap our ratings on transactions with underlying assets in Spain at 'AA+' (from 'AAA'

before our downgrade of Spain).

Due to an error, we applied these criteria and, on May 8, 2012, lowered to 'AA+ (sf)' from 'AAA (sf)' our rating on EDT FTPYME Pastor 3's class B notes (see "Various Rating Actions Taken On 98 Tranches In 85 Spanish Securitizations Following Sovereign Downgrade").

However, as this class of notes has been guaranteed by the European Investment Fund (EIF; AAA/Stable/A-1+) since closing, we should have applied our 2008 guarantee criteria, not our 2011 nonsovereign ratings criteria to this transaction (see "European Legal Criteria For Structured Finance Transactions," published on Aug. 28, 2008). We have therefore corrected this error by raising our rating on EDT FTPYME Pastor 3's class B notes back to 'AAA (sf)', to reflect the support provided by the EIF guarantee.

EDT FTPYME Pastor 3 is a Spanish collateralized loan obligation (CLO) transaction that closed in December 2005. This portfolio, originated by Banco Pastor S.A., comprises secured and unsecured loans granted to Spanish small and midsize enterprises (SMEs) in their normal course of business.

#### 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

- Various Rating Actions Taken On 98 Tranches In 85 Spanish Securitizations Following Sovereign Downgrade, May 8, 2012
- Ratings On Spain Lowered To 'BBB+/A-2' On Debt Concerns; Outlook Negative, April 26, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Request For Comment: Counterparty And Supporting Obligations Methodology And Assumptions--Expanded Framework, Nov. 21, 2011
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- Counterparty And Supporting Obligations Update, Jan. 13, 2011

- Counterparty and Supporting Obligations Methodology and Assumptions, Dec. 6, 2010
- Methodology And Assumptions: Update To The Criteria For Rating European SME Securitizations, Jan. 6, 2009
- European Legal Criteria For Structured Finance Transactions, Aug. 28, 2008

**Additional Contact:**

Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

Copyright © 2012 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, 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 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).