

September 17, 2009

## Ratings Lowered On Class D Notes In FTPYME Bancaja 3's Spanish ABS Of SMEs Transaction

**Surveillance Credit Analyst:**

Chiara Sardelli, Madrid (34) 91-389-6966; chiara\_sardelli@standardandpoors.com

**OVERVIEW**

- An ineligible swap counterparty in this transaction has not been replaced.
- We lowered the rating on the class D notes and affirmed all other classes of notes in FTPYME Bancaja 3.
- FTPYME Bancaja 3 is a Spanish ABS of SMEs transaction.

MADRID (Standard & Poor's) Sept. 17, 2009--Standard & Poor's Ratings Services today lowered and removed from CreditWatch negative its credit rating on the class D notes issued by FTPYME Bancaja 3, Fondo de Titulizacion de Activos. At the same time, we affirmed our ratings on all other classes of notes in this transaction (see list below).

In June 2009, we placed FTPYME Bancaja 3's class D notes on CreditWatch negative due to the transaction's exposure to an ineligible swap counterparty, Caja de Ahorros de Valencia, Castellon y Alicante (Bancaja; NR). We withdrew the rating on Bancaja on Dec. 10, 2008 (see "Related Research" below). According to our published criteria, an unrated derivative counterparty is not an eligible supporting party at any rating level.

We understand that Bancaja will not be replaced as the swap counterparty in this transaction. According to our updated credit and cash flow analysis, the class D notes cannot maintain their current rating if we assume that the swap

## *Ratings Lowered On Class D Notes In FTPYME Bancaja 3's Spanish ABS Of SMEs Transaction*

is no longer in place. At the same time, our analysis warrants an affirmation of the class A3(G), B, and C notes.

Under the swap agreement, the swap guarantees an interest rate equal to the weighted-average interest rate of the notes plus a margin of 87 basis points. We assessed the rating effect of the additional stress due to the basis-risk exposure if the swap contract was no longer in place. We sized the basis risk as a function of the difference between the maximum interest payable on the notes and the minimum interest receivable on the underlying assets.

We based our updated credit analysis on the latest loan-level data received for the underlying portfolio. We focused on real estate and construction sector exposures, and the concentration of loans granted for development. As of the July investor report, the collateral shows a 49.29% concentration in real estate and construction and a 55.83% concentration of loans originated in the Valencia region.

According to the most recent data, 90+ day delinquencies accounted for 8.44% of FTPYME Bancaja 3's current portfolio. Cumulative defaults were 0.41% of the original balance. On the last payment date, the fund generated enough excess spread to replenish the cash reserve to its required level of €5 million, after the issuer drew on it at the March interest payment date.

### RELATED RESEARCH

- Methodology And Assumptions: Update To The Criteria For Rating European SME Securitizations, Jan. 6, 2009
- Updated Counterparty Criteria For Derivatives: Eligibility Of 'A-2' Counterparties Removed In 'AAA' Transactions, Oct. 22, 2008
- Ratings Lowered On Junior And Mezzanine Notes In FTPYME Bancaja 3 And 6 Spanish SME Deals, April 6, 2009
- Caja de Ahorros de Valencia, Castellón y Alicante Ratings Withdrawn At Bancaja's Request, Dec. 10, 2008

Related articles are available on RatingsDirect. Criteria, presales, servicer evaluations, and ratings information can also be found on Standard & Poor's Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

### RATINGS LIST

Class	Rating	
	To	From

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

Rating Lowered And Removed From CreditWatch Negative



Copyright © 2009 by Standard & Poors Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved. No part of this information may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P. S&P, its affiliates, and/or their third-party providers have exclusive proprietary rights in the information, including ratings, credit-related analyses and data, provided herein. This information shall not be used for any unlawful or unauthorized purposes. Neither S&P, nor its affiliates, nor their third-party providers guarantee the accuracy, completeness, timeliness or availability of any information. S&P, its affiliates or their third-party providers and their directors, officers, shareholders, employees or agents are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of such information. S&P, ITS AFFILIATES AND THEIR THIRD-PARTY PROVIDERS 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. In no event shall S&P, its affiliates or their third-party providers and their directors, officers, shareholders, employees or agents 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) in connection with any use of the information contained herein even if advised of the possibility of such damages.

The ratings and credit-related analyses of S&P and its affiliates and the observations contained herein are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or make any investment decisions. S&P assumes no obligation to update any information following publication. Users of the information contained herein should not rely on any of it in making any investment decision. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. 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. S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of each of these 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 non-public information received in connection with each analytical process.

S&P's Ratings Services business may receive compensation for its ratings and credit-related 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) (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).

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.7280 or by e-mail to: [research\\_request@standardandpoors.com](mailto:research_request@standardandpoors.com).

Copyright © 1994-2009 by Standard & Poors Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. All Rights Reserved.

The McGraw-Hill Companies