

Hecho Relevante de **BANKINTER 3 FTPYME FONDO DE TITULIZACIÓN DE ACTIVOS**

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

- La Agencia de Calificación **Standard & Poor’s Global Ratings** (“**S&P**”) con fecha 31 de julio de 2018, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- | | | |
|-----------------------|-----------------|------------------------------|
| • Serie A2: | AAA (sf) | (anterior AA- (sf)) |
| • Serie A3(G): | AAA (sf) | (anterior AA- (sf)) |
| • Serie B: | A+ (sf) | (anterior BBB+ (sf)) |
| • Serie C: | BB- (sf) | (anterior B (sf)) |
| • Serie D: | B (sf) | (anterior CCC+ (sf)) |

La calificación asignada a la siguiente Serie de Bonos permanece sin cambios:

- **Serie E:** **D (sf)**

Se adjunta la comunicación emitida por S&P.

Madrid, 1 de agosto de 2018.

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

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OVERVIEW

- We have reviewed Bankinter 3 FTPYME's performance and applied our relevant criteria.
- Following our review, we have raised and removed from CreditWatch Positive our ratings on the class A2, A3(G), and B notes.
- At the same time, we have raised our ratings on the class C and D notes, and affirmed our rating on the class E notes.
- Bankinter 3 FTPYME is a single-jurisdiction cash flow CLO transaction backed by SME loans. It closed in November 2007 and is currently amortizing.

LONDON (S&P Global Ratings) July 31, 2018--S&P Global Ratings today raised and removed them CreditWatch Positive its credit ratings on Bankinter 3 FTPYME, Fondo de Titulizacion de Activos' class A2, A3(G), and B notes. At the same time, we have raised our ratings on the class C and D notes, and affirmed our rating on the class E notes (see list below).

Bankinter 3 FTPYME is a single-jurisdiction cash flow collateralized loan obligation (CLO) transaction securitizing a portfolio of small and midsize enterprise (SME) loans that were originated by Bankinter S.A. in Spain. The transaction closed in November 2007.

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). The portfolio's credit quality is 'b', based on our qualitative originator assessment on Bankinter as strong and that Spain's banking industry country risk assessment (BICRA) is 4 (see "Banking Industry Country Risk Assessment: Spain," published on Dec. 14, 2017).

Taking the above into account and considering the originator's average annual observed default frequency, we have applied a downward adjustment of one notch to the 'b+' archetypal average credit quality.

As a result of these factors, and based on our assessment of the portfolio's average credit quality, we generated our 'AAA' scenario default rate (SDR) of 62.58%.

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 8%.

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 the observed historical recoveries.

As a result of this analysis, our WARR assumption in a 'AAA' rating scenario was 31.64%. 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 Spain is 'A-'.

CASH FLOW ANALYSIS

The results of our credit and cash flow analysis indicate that all classes of notes have increased available credit enhancement, which, in our view, has primarily been driven by deleveraging of the transaction since our previous full review (see "Various Rating Actions Taken In Spanish SME CLO Transaction Bankinter 3 FTPYME Following Review," published on Dec. 16, 2016).

Under our structured finance ratings above the sovereign criteria (RAS criteria), we can rate a securitization up to four notches above our long-term foreign currency rating on the sovereign if the tranche can withstand severe stresses (see "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016). However, if all six of the conditions in paragraph 42 of the RAS criteria are met (including credit enhancement being sufficient to pass an extreme stress), we can assign ratings in this transaction up to a maximum of six notches (two additional notches of uplift) above the sovereign rating. For the class A2 and A3(G) notes, our analysis indicates that they can withstand severe stresses. We have therefore raised to 'AAA (sf)' from 'AA- (sf)' and removed our ratings on these notes from CreditWatch positive.

Our analysis indicates that the class B notes can withstand severe levels of stress as prescribed under the RAS criteria. Our analysis highlights that the increase in credit enhancement allows the rating to achieve a 'A+' level. Taking this and the results of our credit and cash flow analysis into account, we have raised to 'A+ (sf)' from 'BBB+ (sf)' and removed from CreditWatch positive our rating on the class B notes.

Our credit and cash flow analysis of the class C and D notes indicates that they can achieve ratings higher than those currently assigned, primarily driven by increased levels of credit enhancement since our previous review. While our analysis shows that the notes can achieve ratings in the 'BBB' category, much of the credit afforded to the notes derives from the reserve fund, assuming that it continues to remain outstanding at its original amount. We note however that the reserve fund may amortize over time if certain conditions are met, which may erode the level of available credit enhancement. We have factored this scenario into our credit and cash flow analysis of the class C and D notes. We have therefore raised to 'BB- (sf)' from 'B (sf)' our rating on the class C notes, and to 'B (sf)' from 'CCC+ (sf)' our rating on the class D notes.

The class E notes remain in default and so we have affirmed our 'D (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 - CDOs: Mapping A Third Party's Internal Credit Scoring System To Standard & Poor's Global Rating Scale, May 8, 2014
- General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013
- 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: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- Banking Industry Country Risk Assessment: Spain, Dec. 14, 2017
- 2017 EMEA Structured Credit Scenario And Sensitivity Analysis, July 6, 2017
- Various Rating Actions Taken In Spanish SME CLO Transaction Bankinter 3 FTPYME Following Review, Dec. 16, 2016
- 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

RATINGS LIST

Class	Rating
	To From

Bankinter 3 FTPYME, Fondo de Titulizacion de Activos
€617.4 Million Asset-Backed Floating-Rate Notes

Ratings Raised and Removed from CreditWatch Positive

A2	AAA (sf)	AA- (sf) /Watch Pos
A3(G)	AAA (sf)	AA- (sf) /Watch Pos

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

B	A+ (sf)	BBB+ (sf) /Watch Pos
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Ratings Raised

C	BB- (sf)	B (sf)
D	B (sf)	CCC+ (sf)

Rating Affirmed

E	D (sf)
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