

Hecho Relevante de EdT FTPYME PASTOR 3 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el apartado 4.2.d del Capítulo III del Folleto Informativo de **EdT FTPYME PASTOR 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 & Poor’s Ratings Services** (“**S&P**”), con fecha 7 de julio de 2011, comunica que ha confirmado las calificaciones asignadas a las Series de Bonos emitidos por el Fondo:
 - **Serie A1:** **AAA (sf)** (anterior **AAA (sf)**, observación negativa)
 - **Serie A2(G):** **AAA (sf)** (anterior **AAA (sf)**, observación negativa)
 - **Serie B:** **AAA (sf)** (anterior **AAA (sf)**, observación negativa)
 - **Serie C:** **BB (sf)**

Se adjunta la comunicación emitida por S&P.

Madrid, 7 de julio de 2011.

Mario Masiá Vicente
Director General

Ratings Affirmed In Spanish CLO Of SMEs Transaction EDT FTPYME PASTOR 3 Following Review

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OVERVIEW

- We have reviewed the performance of the transaction's underlying collateral and structural features.
- We believe that the current levels of credit enhancement are commensurate with the ratings on the class A1, A2(G), and C notes, and we have therefore affirmed our ratings on these notes.
- We have also affirmed our rating on the class B notes on the basis of their link to the rating on the European Investment Fund, acting as guarantor of the class B notes.
- Following the application of our 2010 counterparty criteria, we have affirmed and removed from CreditWatch negative our ratings on the class A1, A2(G), and B notes.
- The collateral comprises a portfolio of secured and unsecured loans made to Spanish SMEs. These loans were originated by and are serviced by Banco Pastor. The transaction closed in December 2005.

MADRID (Standard & Poor's) July 7, 2011--Standard & Poor's Ratings Services today affirmed its credit ratings on EDT FTPYME PASTOR 3, Fondo de Titulizacion de Activos's class A1, A2(G), B, and C notes. At the same time, we removed our ratings on classes A1, A2(G), and B from CreditWatch negative (see list below).

We have performed a review of the transaction's collateral performance and structural features. We have taken today's rating actions in light of the current performance of the underlying collateral backing this transaction, and a strengthening of the credit enhancement available to the rated notes.

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Since our last review (June 2009--see "Related Criteria And Research"), we have observed that the level of short-term delinquencies has been decreasing as of the latest interest payment dates, and we associate this with a rollover of long-term delinquencies into defaults. In our view, this indicates that there are insufficient proceeds available to the issuer to cure such long-term delinquencies.

The transaction documents define defaulted assets in EDT FTPYME PASTOR 3 as assets that have been in arrears for more than 18 months. While the level of defaults has increased, the recoveries associated with these defaulted assets are low, averaging 18%. We have consequently lowered our recovery assumptions, taking into account the recovery data reported by the trustee, as well as the level of recoveries we have observed in similar Spanish transactions backed by the same type of loans with the same vintage and the same servicer of the loans (Banco Pastor S.A.).

Due to the seasoning of the transaction, and because the underlying collateral is now highly amortized (the pool factor as of the last interest payment date was 13.70%), the transaction is exposed to an increased level of concentration risk in terms of obligors. The top 20 obligors in this deal represent 39% of the current portfolio amount, and delinquencies have been accruing among these top 20 obligors. The top obligor represents 4.95% of the current portfolio, while the top five and top 10 obligors represent 18.15% and 27.79% of the current portfolio, respectively.

As of the most recent payment date in April 2011, the reported ratio of cumulative defaults represented 2.43% of the original portfolio balance securitized at closing, and 17.72% of the current portfolio balance. In terms of industry concentration, the biggest sectors represented in the current portfolio are the real estate and construction industry (25.39, combined), and the retail sector (19.40%). In terms of geographic concentration, the two most represented regions in this transaction are Galicia and Madrid, which is in line with the geographic breakdown of the closing portfolio.

This increase in defaults is associated with a lack of recoveries and the high level of obligor concentration. Also, the transaction is becoming highly sensitive to variations in the level of performing collateral that is available to the transaction to service the amounts due under the notes.

At the same time, the increase in the level of cumulative defaults, calculated as a percentage of the closing portfolio, is 2.43%, versus 17.72% of the current portfolio balance. This is well below the trigger for the interest-deferral mechanism on classes B and C. If the level of cumulative defaults were to reach 5.61% and 7.70% of the closing portfolio balance for classes C and B respectively, then interest payments due under these notes would be diverted toward the payment of amounts due on the most senior classes.

Credit enhancement for the notes is provided by:

- The subordination of junior notes;
- The level of excess spread generated by the performing balance of collateral;
- Excess spread received by the fund under the swap, which guarantees 95 basis points of excess spread to the deal; and
- The reserve fund, which will be used to cure defaults arising in the transaction.

The level of the reserve fund has been decreasing since the April 2009 payment date, and no replenishments have taken place since that date. Currently, the reserve fund is not at its required level, therefore lowering the recourse of the class C notes against an increase in defaults in the underlying pool.

In our view, the increase in defaults associated with the decrease of the reserve fund and the increase of the obligor concentration risk are concerning factors. However, we believe such risks are offset by the increase in the credit enhancement from the junior classes due to the significant amortization of classes A1 and A2(G), and to a lesser extent, due to the amortization of the class B notes (these three classes are now being repaid on a pro rata basis, while the repayment of class C is still sequential to the repayment of most senior classes).

The amortization of the senior notes means that the cost of the liabilities is significantly lower than the weighted-average spread generated by the underlying performing portfolio--therefore generating a significant amount of positive carry in this transaction (i.e., where the fund receives more from the underlying portfolio than it currently has to service under the notes). The portfolio mainly comprises floating-rate loans that reset mostly on an annual basis, and the rated notes are on the other hand indexed to the three-month EURIBOR index. In our view, this exposes the transaction to a significant level of reset and basis risk, but this is mitigated by the swap features in place in this transaction.

In order to resolve the CreditWatch negative placements on classes A1, A2(G), and B following the implementation of our 2010 counterparty criteria (which became effective on Jan. 18, 2011), we have analyzed the transaction without giving credit to the swap provided by Confederacion Espanola de Cajas de Ahorros (CECA; A/Negative/A-1). The ratings on these classes are not affected by the swap removal, due to the seasoning of the transaction and the level of excess spread generated by the underlying performing collateral.

Based on the review of our credit analysis assumptions in terms of default and recoveries, and taking into account the current level of support available to the rated notes in the capital structure, the class A1 and A2(G) notes achieve a 'AAA (sf)' rating in our cash flow review, while the class C notes achieve a 'BB (sf)' rating based on our cash flow analysis. We have consequently affirmed and removed from CreditWatch negative our ratings on the class A1 and A2(G) notes, and affirmed our rating on the class C notes. The class A2(G) notes feature a guarantee provided by the Kingdom of Spain. As the guarantee features do not comply with our guarantee criteria, we do not give any credit

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to this guarantee in our analysis (see "European Legal Criteria For Structured Finance Transactions," published Aug. 28, 2008).

The class B rating reflects the guarantee features available to this class of notes, with the rating on the European Investment Fund (AAA/Stable/A-1+) providing this guarantee. Following our review of the guarantee features, and on the basis that the rating on class B is fully weak-linked to the rating on the guarantor, we have consequently affirmed and removed from CreditWatch negative our rating on the class B notes, as our rating on these notes is equal to the rating on the guarantee provider.

RELATED CRITERIA AND RESEARCH

- Principles Of Credit Ratings, Feb. 16, 2011
- EMEA Structured Finance CreditWatch Actions In Connection With Revised Counterparty Criteria, Jan. 18, 2011
- Counterparty And Supporting Obligations Update, Jan. 13, 2011
- Counterparty And Supporting Obligations Methodology And Assumptions, Dec. 6, 2010
- Methodology: Credit Stability Criteria, May 3, 2010
- Ratings Lowered In TDA Empresas Pastor 5 And Ratings Affirmed In EDT FTPYME Pastor 3 Spanish ABS Of SME Deals, June 3, 2009
- European Legal Criteria For Structured Finance Transactions, Aug. 28, 2008
- Standard & Poor's Rating Methodology for CLOs Backed by European Small- and Midsize-Enterprise Loans, Jan. 30, 2003

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RATINGS LIST

Class	Rating
To	From

EDT FTPYME PASTOR 3, Fondo de Titulizacion de Activos
€520 Million Floating-Rate Notes

Ratings Affirmed And Removed From CreditWatch Negative

A1	AAA (sf)	AAA (sf)/Watch Neg
A2 (G)	AAA (sf)	AAA (sf)/Watch Neg
B	AAA (sf)	AAA (sf)/Watch Neg

Rating Affirmed

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C BB (sf)

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