



## AMENDED: FITCH MAINTAINS FTPYME BANCAJA 3 ON RWN

Fitch Ratings-London-03 August 2012: (This version corrects the ISIN numbers on the earlier RAC)

Fitch Ratings has maintained FTPYME Bancaja 3 FTA's class A3 (G) and B notes on Rating Watch Negative (RWN) and affirmed the class C and D notes as follows:

Class A3 (G) (ISIN ES0304501028): 'AA-sf'; maintained on RWN

Class B (ISIN ES0304501036): 'AA-sf'; maintained on RWN

Class C (ISIN ES0304501044): affirmed at 'Bsf'; Outlook revised to Negative from Stable

Class D (ISIN ES0304501051): affirmed at 'CCCsf'; assigned RE of 50%

The RWN on the class A3 (G) and B notes reflects their material exposure to Banco Santander S.A ('BBB+/Negative/'F2') which acts as the account bank for the transaction (see 'Fitch Places 212 Spanish SF Tranches on RWN', dated 16 July 2012 at [www.fitchratings.com](http://www.fitchratings.com)). Fitch expects the implementation of remedial actions in the near term based on correspondence received from the transaction parties.

There has been a sharp increase in 90-day+ arrears since the last review in December and amount to 9.5% of the outstanding portfolio balance as of June. The transaction has a default definition of 18 months overdue and most of the arrears are currently in the 180-360 day arrears bucket. Fitch expects a rise in defaults in the near term as some of these arrears roll into default. Current defaults account for 12% of the outstanding portfolio balance; however the volume dropped marginally since the last review due to recoveries. The reserve fund is significantly underfunded at EUR1.6m compared with a required amount of EUR5.0m.

Nevertheless, the credit enhancement on class A3 (G) and B has significantly built up due to deleveraging and the notes have sufficient credit protection against further portfolio deterioration. The affirmation of the class C note reflects the notes' ability to withstand Fitch's stresses on default probability and recoveries at the 'Bsf' level. The Outlook has been revised to Negative from Stable due to the rising 90+ delinquencies and concentration, both at the obligor and industry level.

The affirmation of the class D notes reflects the note's subordinated position in the capital structure and the transaction's performance. Furthermore, the tranche is vulnerable to obligor concentration as a default of any of the top obligors would wipe out the reserve fund and expose the tranche to potential losses. Fitch assigned a recovery estimate (RE) of 50% to the tranche based on its mean loss expectation for the portfolio.

The portfolio has amortised to 7% of its initial balance and as a result the concentration levels are gradually increasing. The top borrower constitutes 4.5% of the portfolio while top 20 borrowers make up 37%. About 40% of the portfolio is concentrated in the real estate and construction sectors. 98% of the assets are secured on property collateral and the weighted average recovery rate on worked out loans is about 40% as of June.

Contact:

Lead Surveillance Analyst

Aleem Akhtar

Analyst

+44 20 3530 1310

Fitch Ratings Limited

30 North Colonnade

London E14 5GN

Committee Chairperson  
Matthias Neugebauer  
Senior Director  
+44 20 3530 1561

Media Relations: Mark Morley, London, Tel: +44 0203 530 1526, Email: mark.morley@fitchratings.com; Sandro Scenga, New York, Tel: +1 212-908-0278, Email: sandro.scenga@fitchratings.com.

Additional information is available at [www.fitchratings.com](http://www.fitchratings.com). The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Sources of information: transaction trustee reports

Applicable criteria, 'Global Structured Finance Rating Criteria', dated 06 June 2012, 'Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)', dated 01 June 2012, 'Criteria for Servicing Continuity Risk in Structured Finance', dated 12 August 2011, and 'Counterparty Criteria for Structured Finance Transactions', dated 30 May 2012 are available at [www.fitchratings.com](http://www.fitchratings.com).

Applicable Criteria and Related Research:

Global Structured Finance Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=679923](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=679923)

Criteria for Rating Granular Corporate Balance-Sheet Securitisations - SME CLO

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=680636](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=680636)

Criteria for Servicing Continuity Risk in Structured Finance

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=649174](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=649174)

Counterparty Criteria for Structured Finance Transactions

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=678938](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=678938)

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE.