

C. N. M. V.  
Dirección General de Mercados e Inversores  
C/ Edison 4  
Madrid

## **COMUNICACIÓN DE HECHO RELEVANTE**

### **EMPRESAS HIPOTECARIO TDA CAM3, FONDO DE TITULIZACIÓN DE ACTIVOS.**

#### **Actuaciones sobre las calificaciones de los bonos por parte de Standard & Poor´s.**

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A.  
comunica el siguiente Hecho Relevante:

I. Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Standard & Poor´s con fecha 31 de octubre de 2014, donde se llevan a cabo las siguientes actuaciones:

- Serie A2, de **BBB+** (sf) a **BBB** (sf).
- Serie B, de **B+** (sf) a **B-** (sf).
- Serie C, afirmado como **CCC-** (sf)

En Madrid a 3 de noviembre de 2014

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# RatingsDirect®

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## Various Rating Actions Taken In Spanish SME CLO Transaction Empresas Hipotecario TDA CAM 3 Following Criteria Update

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### OVERVIEW

- We have reviewed Empresas Hipotecario TDA CAM 3 under our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating.
- We have also applied our SME CLO and current counterparty criteria to perform our credit and cash flow analysis.
- Following our review, we have lowered our ratings on the class A2 and B notes and have affirmed our rating on the class C notes.
- Empresas Hipotecario TDA CAM 3 is a single-jurisdiction cash flow CLO transaction backed by SME loans. It closed in July 2006 and is currently amortizing.

LONDON (Standard & Poor's) Oct. 31, 2014--Standard & Poor's Ratings Services today lowered its credit ratings on Empresas Hipotecario TDA CAM 3, Fondo de Titulizacion de Activos' class A2 and B notes. At the same time, we have affirmed our 'CCC- (sf)' rating on the class C notes (see list below).

Upon publishing our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), we placed those ratings that could potentially be affected "under criteria

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observation" (see "EMEA Structured Finance, Covered Bond, And Multicedulas Ratings Placed Under Criteria Observation" and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on Sept. 18, 2014 and Sept. 19, 2014, respectively).

Following our review of this transaction, our ratings that could potentially be affected by the criteria are no longer under criteria observation.

We have used data from the June 2014 investor report to perform our credit and cash flow analysis and have applied our European small and midsize enterprise (SME) collateralized loan obligation (CLO) criteria and our current counterparty criteria (see "European SME CLO Methodology And Assumptions," published on Jan. 10, 2013, and "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). For ratings in this transaction that are above our rating on the sovereign, we have also applied our RAS criteria.

#### CREDIT ANALYSIS

Empresas Hipotecario TDA CAM 3 is a single-jurisdiction cash flow CLO transaction securitizing a portfolio of SME loans that was originated by BANCO CAM S.A.U. in Spain. The transaction closed in July 2006.

We have applied our European SME CLO criteria to determine the scenario default rate (SDR)--the minimum level of portfolio defaults that we expect each tranche to be able to withstand at a specific rating level using CDO Evaluator.

To determine the SDR, we adjusted the archetypical European SME average 'b+' credit quality to reflect two factors (country and originator and portfolio selection adjustments).

We ranked the originator into the moderate category (see tables 1, 2, and 3 in our European SME CLO criteria). Taking into account Spain's Banking Industry Country Risk Assessment (BICRA) score of 6 and the originator's average annual observed default frequency, we have applied a downward adjustment of one notch to the 'b+' archetypical average credit quality (see "Banking Industry Country Risk Assessment Update: October 2014," published on Oct. 8, 2014). To address differences in the creditworthiness of the securitized portfolio compared with the originator's entire loan book, we further adjusted the average credit quality by three notches (see table 4 in our European SME CLO criteria).

As a result of these adjustments, our average credit quality assessment of the portfolio was 'ccc', which we used to generate our 'AAA' SDR of 89.32%.

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 originator'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

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creditworthiness. As a result of this analysis, our 'B' SDR is 17.52%.

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 "European SME CLO Methodology And Assumptions") and observed historical recoveries. We also factored in the actual recoveries from the historical defaulted assets to derive our recovery rate assumptions to be applied in our cash flow analysis.

As a result of this analysis, our WARR assumption in a 'A' rating scenario was 29.19%. The recovery rates at more junior rating levels were higher (as outlined in our European SME CLO criteria).

#### COUNTRY RISK

Our long-term rating on the Kingdom of Spain is 'BBB'. Our RAS criteria require the tranche to have sufficient credit enhancement to pass a minimum of a "severe" stress to qualify to be rated above the sovereign (see "Understanding Standard & Poor's Rating Definitions," published on June 3, 2009 for our definitions of severe and extreme levels of economic stress).

#### CASH FLOW ANALYSIS

We used the reported portfolio balance that we considered to be performing, the principal cash balance, the current weighted-average spread, and the weighted-average recovery rates that we considered to be appropriate. We subjected the capital structure to various cash flow stress scenarios, incorporating different default patterns and timings 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.

Under our RAS criteria, we can rate a securitization up to four notches above our foreign currency rating on the sovereign if the tranche can withstand "severe" stresses. However, if all six of the conditions in paragraph 48 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. The available credit enhancement for the class A2 notes cannot withstand "severe" stresses. We have therefore lowered to 'BBB (sf)' from 'BBB+ (sf)' our rating on this class of notes.

Our credit and cash flow analysis shows that the available credit enhancement for the class B notes is not commensurate with its current rating. We have therefore lowered to 'B- (sf)' from 'B+ (sf)' our rating on this class of notes.

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We have affirmed our 'CCC- (sf)' rating on the class C notes as the available credit enhancement for this class is commensurate with our currently assigned rating.

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

Related Criteria

- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, Sept. 19, 2014
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- European SME CLO Methodology And Assumptions, Jan. 10, 2013
- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012

Related Research

- Banking Industry Country Risk Assessment Update: October 2014, Oct. 8, 2014
- EMEA Structured Finance, Covered Bond, And Multicedulas Ratings Placed Under Criteria Observation, Sept. 18, 2014
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014
- Various Rating Actions Taken In Empresas Hipotecario TDA CAM 3 Following European SME CLO Criteria Update, April 19, 2013
- European SME Mapping Model, Jan. 25, 2013
- S&P Announcement: CDO Evaluator Version 6.0.1 Released, Aug. 7, 2012

RATINGS LIST

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Class	To	Rating	From
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Empresas Hipotecario TDA CAM 3, Fondo de Titulizacion de Activos  
€750 Million Mortgage-Backed Floating-Rate Notes

Ratings Lowered

A2	BBB (sf)	BBB+ (sf)
B	B- (sf)	B+ (sf)

Rating Affirmed

C	CCC- (sf)
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